

Strategic Plan

2023–2025





A New Strategy to Face Our New Reality

The past three years have heralded a new era of global uncertainty. We face multiple ongoing, intertwined crises, crises that are becoming increasingly common and complex. But the chaos of the past three years and the glaring spotlight that has been thrown on the flaws in our economic and political system have also made one thing very clear: the sustainable investing revolution has begun and is here to stay.

Why? While it's true that investor demand for impact products is reaching new heights,¹ the reason for sustainable investing's staying power is much more fundamental. As UN Secretary António Guterres said in reference to climate change, "The science is clear. So is the math."² If we are to continue to thrive for generations to come, there is simply no other way. We must shift our financial system to be more innovative, more sustainable, more resilient. And that means society has to change its traditional approach to investment, integrating sustainability and inclusivity as core convictions.

While the sustainable investing transition is ultimately inevitable, it doesn't mean that altering the systems

that allocate capital will be easy or happen on the timeline we need to avoid catastrophe. Our job, as an organization, and as an impact investing industry, is to use the unprecedented level of resources and attention the industry has received as a result of the pandemic to prove that impact investing can deliver on its promise of prosperity for people and planet. To do that, we must address the key challenge preventing the widespread adoption of impact investing: infrastructure.

For impact investing to be adopted widely, there needs to be better market infrastructure, meaning the appropriate products and services that move money at scale to solutions that are delivering financial, social, and environmental returns. Building this infrastructure requires intimate knowledge of the needs of investors (supply), the needs of the market (demand), and the pipes (the operational, legal, and regulatory infrastructure) required to effectively connect the two.

Our 2023-2025 strategy is focused on expanding our platform to contribute to this needed infrastructure. With nearly 30 years of experience we are well poised to offer new solutions. We have an aerial view of the

¹ <https://www.morganstanley.com/press-releases/sustainable-signals>

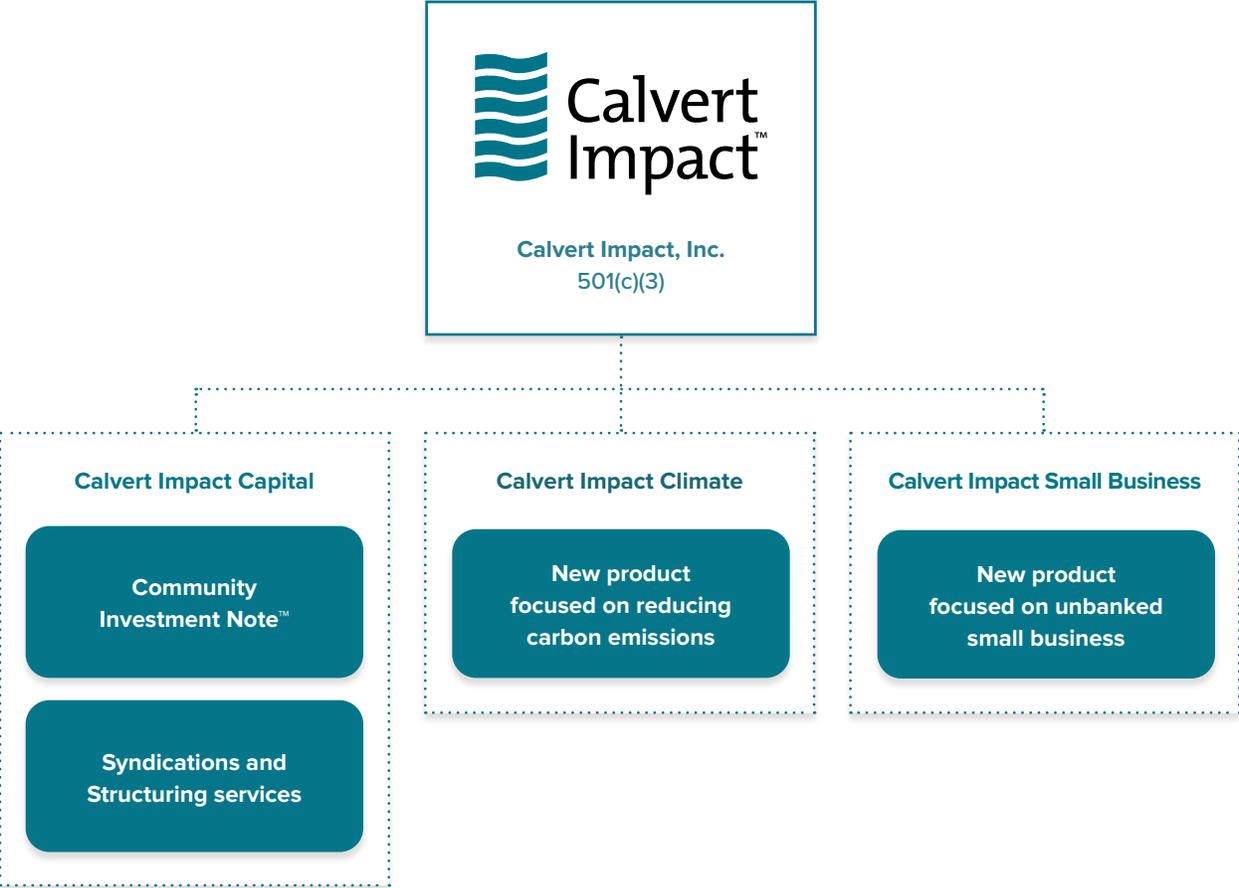
² <https://www.washingtonpost.com/climate-environment/2022/03/21/15c-climate-guterres-life-support>

industry and can see its flaws and opportunities; we have a deep commitment to the communities we serve; we have strong relationships across markets and stakeholders. We are working to capitalize on these strengths to expand our business and build a lasting, systems-changing institution.

To do so, we have created a new corporate structure that gives us the flexibility required to meet market needs with creativity and efficiency; a structure that enables us to shift from selling a single product to a building a multi-product and service platform that will allow capital markets to better access impact opportunities.

Introducing Calvert Impact:

PURPOSE
To enable capital to respond to the need for urgent transformative change.



This new nonprofit parent company, Calvert Impact, Inc., will provide a platform from which we can expand and diversify our activities in lending, structuring services, and new product development—allowing us to create more opportunities for investors to channel capital to communities that need it. Calvert Impact will serve as our parent brand, uniting several product-specific subsidiaries that each address a different market need. Calvert Impact Capital is now a nonprofit subsidiary of Calvert Impact and will continue to issue our flagship Community Investment Note™ and maintain its capitalization, staff, and operations. Two new nonprofit subsidiaries, Calvert Impact Climate and Calvert Impact Small Business, will be issuing products for investors focused on reducing carbon and supporting unbanked small businesses.

Why is this new structure necessary? Over the past several years, we expanded our syndications services, structuring and consulting work and arranged a series of new investment funds. But expanding beyond services to bring new investment products to market required a more flexible structure that allows us to innovate without affecting Calvert Impact Capital and the Community Investment Note™ program.

Our mission hasn't changed: we remain dedicated to making impact investable through products and services that change the world. Now, we have more tools to achieve it.





We are shifting from selling a single product to building a **multi-product platform** that allows the capital markets to access better impact opportunities.

Reflection

Calvert Impact Capital has grown significantly over nearly three decades but has remained dedicated to our founding purpose: putting capital to work in communities where it is needed most and ensuring that impact investing is accessible to everyone.

Taken together, our work has yielded exciting results. Over the last 27 years, we have:



Raised a total of \$4 billion from more than 20,000 investors through all products and services to support financial intermediaries and enterprises serving their communities



Structured and/or syndicated more than \$750 million on behalf of borrowers and partners



Achieved 100% repayment rate to investors and less than 1% underlying portfolio charge-off rate since inception



Built five small business recovery programs to support unbanked small businesses throughout the pandemic

This rich history—the result of hard work from our staff and Board and deep collaboration with partners throughout the industry—provides the foundation, brand, and platform that will drive our future. Despite different leadership, strategies, and business practices, we recognize common principles that continue to drive us today:

MARKET LEADERSHIP

We have continually pursued new products, sectors and strategies early in their maturation cycle in risk-appropriate ways. The breadth and depth of our work allows us to see trends early and capitalize on new opportunities, with the hope that others will follow our lead.

MARKET CREATION

We focus on building capacity and market infrastructure to create long-term solutions to long-term challenges. We maintain a systems mindset, pursuing the path that may require patience in the near-term, but keeps the bigger vision and desired results in mind.

NO MARGIN, NO MISSION

We reject the common bifurcated mindset that requires a choice between financial results and positive impact. We prioritize both, with the goal of generating financial resiliency and lasting impact, driven by more inclusive and accessible markets.

TRANSPARENCY & COLLABORATION

We share our work to demonstrate what can be done, taking care not to overhype. We work collaboratively with others to jointly address common challenges.



Investors want more product options that meet their needs while authentically addressing our most pressing global challenges.

Calvert Impact Enterprise Strategy

Our 2023-2025 strategy is focused on how we build better connections between the capital markets and organizations that have demonstrated the ability to deliver impact at scale.

The new corporate structure allows us to expand and diversify our work, bringing a broader set of tools to our partners and clients. The three main tools that we will seek to expand over the next three years in response to needs of our partners include:



Direct Deployment



New Product Development



Structuring Services

We will do this by taking a “client-first” approach, working with strong partners to provide capital solutions in pursuit of growth. Our focus is to help those with a proven track record access the scale and efficiency of institutional capital and the broader capital markets so they can deliver outsized impact, tailored to their needs and stage of growth. Focusing on this segment of the market will create the volume required to shift behaviors within the financial system at a magnitude that matters. This does not mean we are leaving innovation behind—this strategy requires that we continue building the pipeline for the scalable solutions of tomorrow.

Capital Raising Strategy

For the past 27 years, capital raising has largely focused on our flagship Community Investment Note product and going forward will also include new products. As our most recent [investor survey](#) clearly shows, **investors want more product options that meet their needs while authentically addressing our most pressing global challenges**. Our focus remains on providing investors and their financial advisors with accessible, risk-mitigated, and financially attractive products that create genuine, measurable impact. Leveraging our successful track record, investor-friendly product structures, and the deep relationships and distribution we've built from our own online investment platform to over 135 brokerage platforms, we strive to make impact investing accessible and scalable.

Over the next three years, we plan to grow and diversify our investor and advisor base through the Community Investment Note™ and new products. We will leverage our staff and systems for strong relationships, expanded distribution, and industry positioning to establish Calvert Impact as a leading multi-product manager.

Impact Measurement and Management Strategy

Impact measurement and management (IMM) is both a portfolio function and a corporate function and we have developed a fully integrated system that supports impact data collection, management, analysis, and reporting across the organization. As one of the first signatories to the [Operating Principles for Impact Management](#), we have received independent verification of our alignment with key Impact Principles to measure, monitor, verify, and disclose our impact and have released our first three annual [disclosure statements](#), leading the field in adoption of this critical framework. Our CEO has served on the Impact Principles Advisory Board since 2019, providing guidance to ensure this new industry standard remains grounded in practice.

Going forward, we will use the lessons learned measuring and managing impact in the Community Investment Note™ portfolio and apply those takeaways to how we implement IMM practices across our structuring services and new product development. We are committed to bringing the Community Investment Note's high standards for transparency and integrity to our IMM strategies for all Calvert Impact products.

Calvert Impact Capital, Inc. Portfolio Strategy

The Community Investment Note™ portfolio strategy is to grow capital solutions that strengthen communities, expand access to capital, and address climate change. We believe community-facing intermediaries, who are experts in their sectors and drive authentic, on-the-ground impact, are a critical part of the infrastructure necessary to build scalable impact markets. We finance lenders, fund managers, and other intermediaries in ways that advance their development to help prove, grow, and scale the market solutions they provide.

Within our broader enterprise strategy, the Community Investment Note™ portfolio is the proving ground where we learn and scale what works, and ultimately help to develop the pipeline of sustainable solutions for broader market adoption.

The strategic framework for the portfolio over the next three years builds on our strong base of long-standing intermediary relationships and prioritizes building new counterparty relationships in high growth markets. We will remain open to opportunities to help demonstrate new solutions in nascent markets, but we will prioritize those with strong promise for scale, embedded within proven intermediary capacity, and/or leveraging strategic credit enhancements.

Most portfolio growth is expected to be generated from climate sectors (renewable energy, environmental sustainability, and sustainable agriculture), and we will aim to maintain an equal balance between our US and International exposure.

Syndications & Structuring Strategy

Our syndications services were piloted in 2017 and formalized in 2018 to respond to a market need for more effective connections between institutional investors interested in high impact transactions and demand for aggregated credit from our borrowers and similar intermediaries.

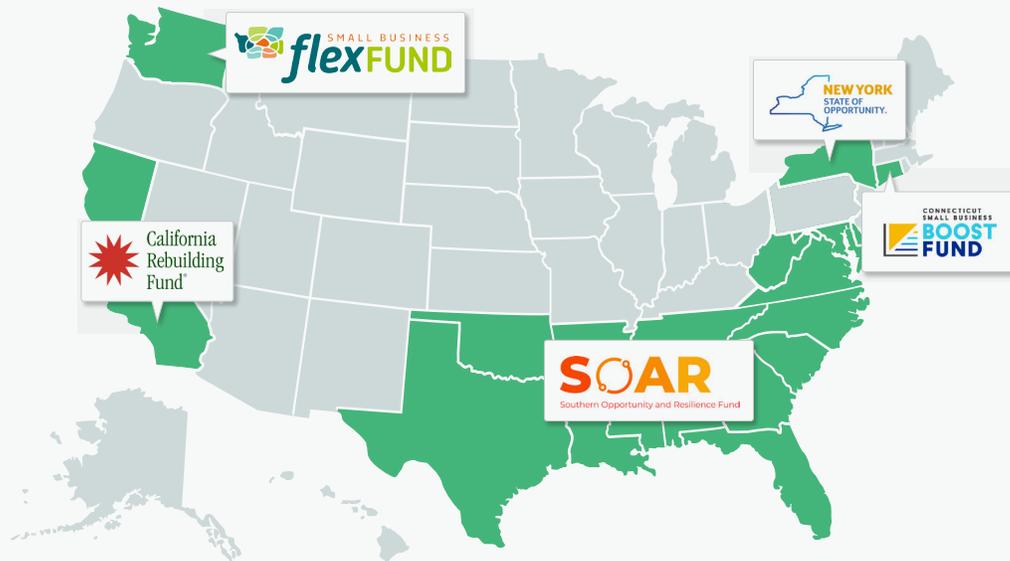
Since inception, we have supported 30 clients and syndicated, arranged or supported \$760 million in transactions across sectors and geographies. We have engaged with

more than 80 institutional investors—including corporations, insurance companies, foundations, family offices, advisors, and many others—that have committed capital to our clients.

Our syndications and structuring services expanded significantly over the last three years as we evolved into supporting the design, creation and implementation of a series of recovery funds to support small businesses throughout the pandemic in partnership with a broad coalition of CDFIs. We have raised \$450 million to date across five programs active in 19 states and the District of Columbia, including the New York Forward Loan Fund, the California Rebuilding Fund, the Southern Opportunity and Resilience Fund, the Washington Small Business Flex Fund, and the Connecticut Small Business Boost Fund which, together, have supported more than 4,500 small businesses, 70% of them owned by women or BIPOC entrepreneurs. We are excited to take lessons from this work to continue pushing for more efficient sources of capital to support unbanked businesses.

We look forward to leveraging this function to continue supporting the capital needs across the community and climate finance ecosystem to drive more efficient and flexible funding sources for our partners.

Small Business Recovery Funds





Conclusion

With the launch of Calvert Impact, we hope to unleash new solutions to address climate change and inequality. We have long rejected and disproved the notion that impact and financial returns are at odds. **Now our goal is to demonstrate that there is no trade-off between integrity and scale.** We know the window for action is finite. We need to act quickly, act boldly, and act in partnership. We hope you'll join us as we chart this new course.

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