

# 2015 Veris Impact Report

Our Collective Achievements



**VERIS**

Wealth  
Partners

Values. Wealth. Sustainability.

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# 2015 Veris Impact Report

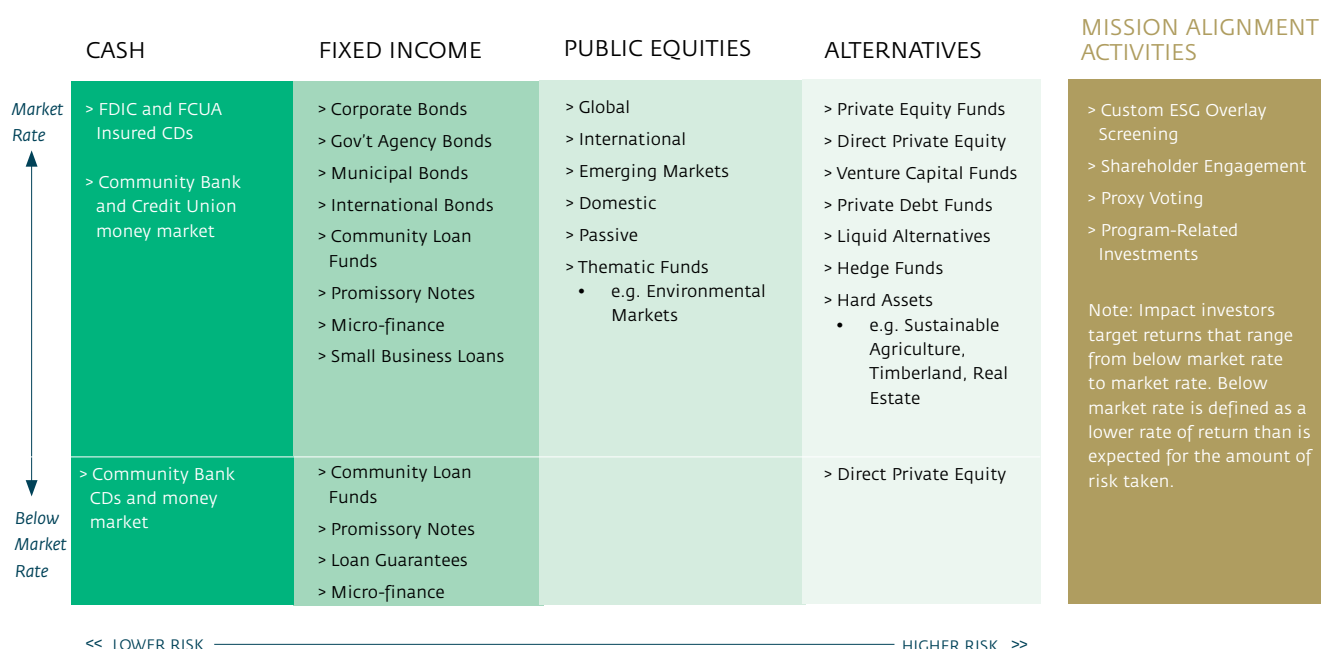
We are proud to share the inaugural Veris Impact Report, our first annual analysis looking at the state of impact of the managers with whom we invest and the companies in which they invest. Veris and our clients work in an amazing ecosystem of thousands of sustainable investment managers, companies, researchers, and non-profits. The data and stories highlighted in this report are an illustration of the power of this growing collaboration. Together, we are transforming our communities, our environment, and the companies we do business with. The 2015 Veris Impact Report is as much a celebration of the progress we have made in social and environmental impact as it is a roadmap to the future.

A key part of this analysis is impact reporting, a much-needed tool for investors and the industry. A growing number of funds, and the companies they invest in, are adopting frameworks and metrics to better measure

social and environmental impact. As a result, we now have an opportunity to aggregate reported metrics from many different sources. Impact reporting is a multi-faceted, complex endeavor and is still very much in its infancy. Our focus on measuring impact wherever we can is critical in assessing the performance of our managers and the companies they invest in.

In this report, we start with a big-picture overview of notable impact achievements by asset class, and then move to exploring stories of impact in each of Veris' five thematic areas.

Veris helps clients achieve impact across all asset classes in their portfolios by researching and selecting investment managers that are committed to sustainable impact. Our managers invest across numerous asset classes, including public equity, fixed income, community investments, and private equity & debt.







# Public Company Impact

## Sustainable Business Innovation

Investments in public companies are a significant component of our clients' portfolios. Below, we outline two of the primary ways in which public companies create impact: 1) Transforming their business practices to become more sustainable, and 2) Active-ownership by company shareholders.

### Transformational Business Practices

Starting more than 20 years ago, pioneering companies in the U.S. and abroad began exploring and implementing sustainable business practices. They looked at all aspects of their operations: changing company culture to attract the best and most diverse people; introducing efficiencies to save energy, recycle, eliminate harmful chemicals; and creating new consumer or business products/services ranging from solar to organic food to green building and electric cars.

These firms are examples of “sustainable companies of the future” driven by innovation, creativity, diversity and solving real world problems – not creating or exacerbating them. These firms believe climate change is real. Many are working hard, with their own

resources, to help build a renewable energy economy over the next 10 years.

The investment managers that Veris approves all focus on investing in top sustainable companies for two reasons. First, it is part of their investment thesis. Second, and perhaps more importantly, they know these companies are creating greater long-term value for their stakeholders than their competitors. Sustainable companies are leading the way in creating positive change.

Finally, and perhaps most hopefully, the academic and investment research is now conclusive about the competitiveness and productivity of sustainable business and investing. As David Blood, co-founder of Generation Investment Management said recently in an interview with Veris: “The issue of whether sustainable business benefits the world is essentially settled thanks to hundreds of major academic studies from the best universities in the world.”

Quite a difference from 20 years ago. Or even 10 years ago, when Veris was founded.



“Corporate social responsibility is not just about managing, reducing and avoiding risk, it is about creating opportunities, generating improved performance, and leaving the risks far behind”

—Sunil Misser, Head of Global Sustainability Practice, PwC

# Active Ownership by Company Shareholders

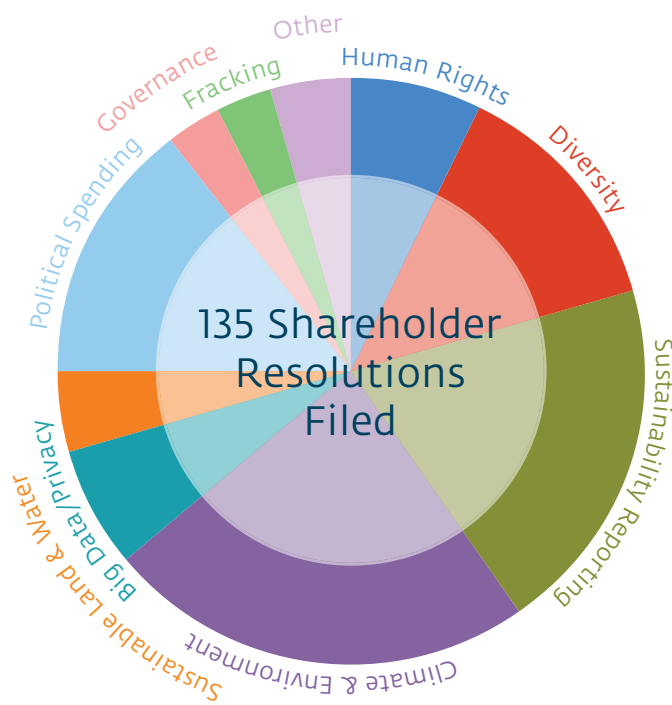
Active ownership by company shareholders has been critical in helping companies change their business practices and become more sustainable across their operations. It has also empowered shareholders to become active advocates for sustainability. These are some of the most widely-used strategies by activist shareholders:

- Proxy Voting
- Shareholder Resolutions
- Dialogue with Companies
- Public Policy Activism
- Screening
- Environmental, Social, and Governance (ESG) Analysis

Many of Veris' public equity managers vote proxies or engage in dialogue with boards and directors to advocate for ESG business practices. As a result, our clients are catalysts for change by directing capital to managers and companies focused on sustainability. All of this has a powerful impact on corporate policies and behavior. Veris is proud to partner with a leader in ESG shareholder advocacy, As You Sow, a research and advocacy group that promotes corporate accountability through shareholder action. Veris also partners with INCR/CERES, the leading national advocate for Climate

Change solutions and corporate action to build a low-carbon economy.

In 2015, Veris' public equity managers filed or co-filed 135 shareholder resolutions, 53 of which successfully prompted the company to agree on steps toward the improvements proposed. These resolutions are filed on a range of issues from Climate & Environment to Human Rights & Supply Chain. In 2015 Veris managers filed shareholder resolutions on the following issues:



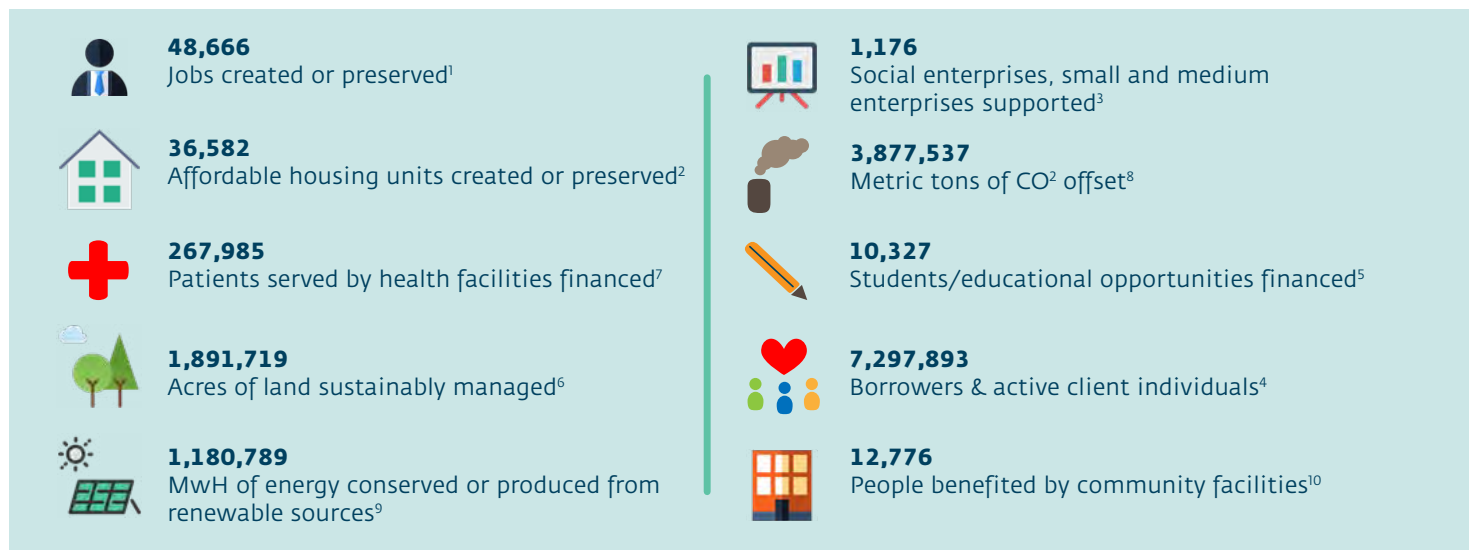
*Disclaimer: Not all Veris managers vote proxies, file shareholder resolutions, or engage in dialogue on Veris client's behalf.*



# Community Investments | Private Equity | Fixed Income

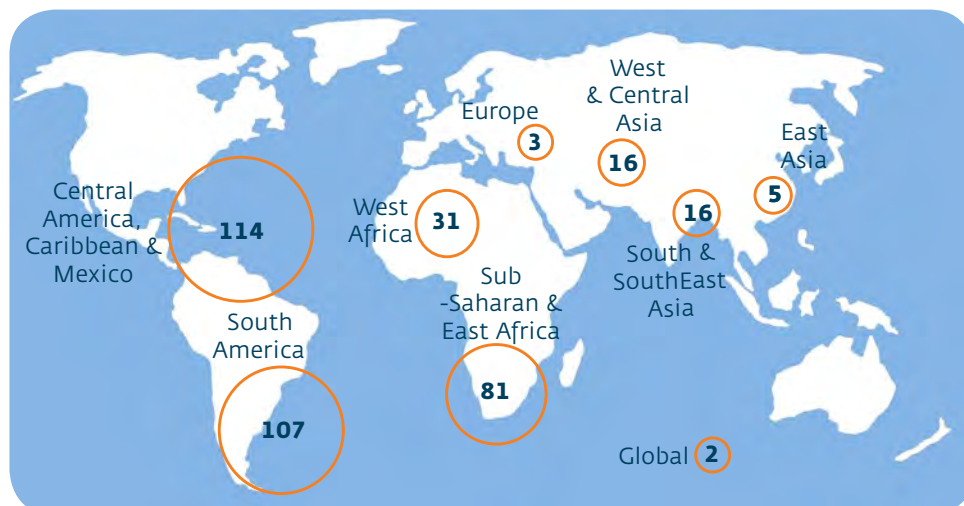
In addition to public company equities, Veris recommends what we believe are the best investments in all asset classes based on our independent research.

By investing in private equity, fixed income, and community development funds, together we have helped create these outstanding results:



In addition to generating positive local and domestic impact, we identify sustainable investment opportunities globally. This map of our global scope details by region

the number of small and medium enterprises (SMEs), microfinance institutions (MFIs), and other organizations that are supported in part by Veris clients<sup>11</sup>.







## 2015 Impact by Theme

In this section, we look at a number of innovative firms and solutions in Veris' five thematic areas: 1. Climate Solutions and Environment; 2. Gender Lens Investing; 3. Community Wealth Building and Social Justice; 4. Sustainable Agriculture and Food Systems; 5. Mindfulness and Sustainability. As a firm, we identified these themes as our strategic priorities and have developed significant investment and sector expertise in each of these areas.

### Climate Solutions & Environment



**The Lyme Timber Company** is a private investment manager that acquires and protects critical land and water ecosystems throughout the United States. In 2015, it made a particularly impactful investment

and purchased over 68,000 acres of The Lyme St. Croix Forest. The acquisition was the largest land conservation purchase in Wisconsin history and protects the rare and important natural pine barrens. This species of trees hosts unique threatened species, such as the Canada lynx, Karner blue butterfly, sharp-tailed grouse, grey wolf, several migratory birds, and the black bear. The approximately 80 lakes on the land host over 100 fish species. The investment preserves the St. Croix and Bois-Brule headwaters, which maintain the health of waters downstream. It also safeguards drinking water for many communities. The purchase leverages 2.4 million acres of previously conserved land, multiplying the ecological benefit by preventing forest fragmentation and reducing risk of fire.



**Ormat Technologies**, a public renewable energy company, is the market leader in developing and operating geothermal plants that produce low carbon electricity. The company was an early pioneer in large-scale solar photovoltaic (PV) technology and “recovered energy” generation that captures unused, wasted heat from industrial processes and converts it into electricity with zero or low CO2 emissions. Over 50 years, Ormat has manufactured over 2,000 megawatts (MW) of geothermal and recovered energy plants located in 29 countries – all operating without fossil fuel consumption. In 2015, Ormat signed The American Business Act on Climate Pledge, committing to produce 4.5 million MWh of clean, renewable energy annually. Two of the company’s geothermal plants are registered under the UN Framework Convention on Climate Change’s trading regime, which could result in an 83,000-ton offset of carbon emissions each year.

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Following a two-year campaign of dialogue with home improvement retailer Lowe’s, **Domini Social Investments** and **Trillium Asset Management** co-filed a shareholder proposal on behalf of their investors to urge the company to eliminate its use of controversial insecticides known to be harmful to honey-bee populations. Bees are important pollinators and play a critical role in maintaining the ecological health of birds, mammals, plants, and humans. As a result of Domini’s and Trillium’s joint effort, paired with activism from environmental NGOs, Lowe’s announced it will phase out use of the toxic chemical, distribute educational materials to customers, and finance pollinator gardens. That will help replenish bee colonies and increase transparency in its corporate social responsibility. Other retailers, including Home Depot and Whole Foods, have followed. The White House established the Pollinator Health Task Force to promote the honeybee’s crucial role in our ecosystem.

## Gender Lens Investing



Veris is a recognized leader in Gender Lens Investing, which focuses on companies and initiatives that support: 1) women’s leadership, 2) women’s access to capital, 3) products and services beneficial to women and girls, 4) workplace equity, and 5) related shareholder engagement and policy work. Investments that satisfy one or more of these criteria can deliver greater impact to women and girls, and ultimately society as a whole – including men. McKinsey has found that companies in the top quartile for gender or racial diversity are more likely to have financial returns above their national industry medians.

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In 2015, there was a notable increase in capital flowing to women as a result of Gender Lens Investing. For example, women made up 58% of clients for microfinance lender **MicroVest**, 36% of investees for agricultural investor **Root Capital**, and 53% of **Northern California Community Loan Fund’s** borrowers in 2015. **Coastal Enterprises, Inc.** invested in 15 women-owned businesses in 2015. Veris supports efforts to promote equality, and recognize the progress to be made in coming years to engender deeper equity within the constructs of gender, race, creed, sexual orientation, and physical ability.

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**American Water Works Company** is a public company addressing gender equity in the utilities industry, a traditionally male field. Led by women, the company is the largest American water and wastewater utility company, serving more than 15 million Americans and 1,600 communities in 45 states. Women comprise more than half of the board of directors, and 42% of the company’s executive officers. CEO Susan Story and CFO Linda Sullivan oversee more than 6,700 full-time employees and have incorporated diversity hiring goals throughout the business.



“There is no question that we can deliver on our shared responsibility to put an end to poverty, leave no one behind, and create a world of dignity for all”

—UN Secretary General, Ban-Ki Moon

## Sustainable Agriculture & Food Systems



With human population expected to reach 9 billion by 2040, food security is a global challenge. The world's ability to feed people will depend on our success in sustainable agricultural practices that preserve biodiversity, produce higher yields, and maintain human and ecosystem health.

**Root Capital** invests in farmer associations and cooperatives in South and Central America and Africa. Root's goal is to improve rural prosperity and promote climate-smart agriculture through lending and technical assistance. In 2015, Root was active in 28 countries and financed 277 businesses from over 587,000 food producers. Root also supported 319 agricultural businesses by providing technical assistance. Root has had a critical impact in many regions where farmers were devastated by a combination of severe weather from El Niño, the spread of fungus known as coffee leaf rust or “La Roya,” and volatile commodity prices and currencies.

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**Unilever** is a global producer of sustainable food and consumer products and is focused on sustainability in a variety of areas. It is working to address global challenges such as under- and over-nutrition in developing nations; to improve health, hygiene, and sanitation; and to reduce waste, water usage, and

greenhouse gases. Unilever has developed a nine-pillar Sustainable Living Plan that seeks to reduce calories, sugar, salt, and remove trans fats from its food products by 2020. Its commitment to nutrition aligns with guidance from the World Health Organization Global Action Plan for the Prevention of Non-Communicable Diseases and supports UN Goal of Zero Hunger. Knorr, Unilever's biggest brand, is piloting a nutrition program in Nigeria to fight iron-deficiency and anemia, a major public health issue in the region. Unilever's largest product category – Personal Care – is Vaseline. It is critical in war-torn and disaster areas for healing skin. The company's Qinyuan and Domestos units, makers of water purifiers and toilet cleaning respectively, have helped improve water quality and sanitation in many emerging markets.

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In 2015 the **Northern California Community Loan Fund** (NCCLF) launched a food lending initiative to invest in food companies that support health and wellness, local wealth building, and income security for residents of Central Valley, California. Despite being one of America's most productive farming regions, Central Valley residents lack access to fresh, local, healthy food. The majority of the food they produce is shipped to more prosperous regions. Low-skilled jobs and high rates of unemployment have led to poverty in the Central Valley. In response, NCCLF is investing to create and preserve quality jobs, while promoting access to healthy and affordable food.



## Community Wealth Building & Social Justice



The lack of affordable housing remains a key reason for the growing income inequality in America. Stagnant wages and rising costs of living have contributed to 45 million people (nearly 15%) living below the poverty line, according to the most recent U.S. Census in 2014<sup>12</sup>. One of **Boston Community Capital's** (BCC) investment initiatives was designed to address the issue by purchasing distressed mortgages, renegotiating the loan payments with the owners and ultimately reducing the debt burden on borrowers. BCC's borrowers include teachers, nurses, mechanics, firefighters, veterans and parents of soldiers in Iraq and Afghanistan. Operating in Massachusetts, Maryland, Rhode Island, New Jersey, and Illinois, BCC has invested \$85 million to buy over 500 loans. The result has been a \$46 million reduction in outstanding mortgage balances. Since 2009, BCC has kept over 560 families from foreclosure and has reduced their monthly mortgage payments by 38% on average. In 2015 alone, BCC helped prevent 86 evictions.

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**The Reinvestment Fund** partnered with BCC in 2015 to refinance a loan for The Leaguers, one of the largest social services agencies in Newark, New Jersey. The Leaguers mission is to “enhance quality of life for children and families” and “foster self-growth, personal empowerment and pride in one’s community.”<sup>13</sup> The Leaguers provide Head Start education, childcare, pregnancy services, engagement with new fathers, mentorship, and health and nutrition services to over 1,000 low-income children and parents each year. The Reinvestment Fund/BCC loan helped construct a 44,000 square foot headquarters and classroom building for The Leaguers in downtown Newark.

**Starbucks** was ethically sourcing coffee beans long before the fair trade movement started. Now the world's largest coffee retailer, Starbucks has strengthened its commitment to social impact and social justice. In 2015, 99% of its 551 million pounds of coffee was ethically sourced. It created eight farmer support centers for producers in Africa, Asia, and Latin America. Starbucks issued the pioneering \$500 million U.S. Corporate Sustainability Bond, the proceeds of which will support its Coffee and Farmer Equity (C.A.F.E.) program. Among other things, the program provides assistance for farmers when weather conditions damage or kill coffee plants and impede the stable flow of product. The company pays baristas a higher wage than current regulations mandate and offers to pay full tuition for employees to obtain online degrees. Its initiatives supporting job creation, healthcare, and race relations often place Starbucks in the center of our national discourse on the most important issues facing America. The company recently pledged to hire 10,000 refugees in the 75 countries where it operates, addressing one of our most pressing global social challenges.

## Mindfulness & Sustainability



On the remote Hawaiian island of Lana'i, 44% of the population lives below the poverty level, and access to healthcare is sparse. Most cannot afford the flight to Honolulu for health services. Prior to a 2015 investment by Veris manager **Coastal Enterprises, Inc.**, the local health center had no obstetrics, mammography, psychiatry, inpatient substance abuse services, or oral health care. To improve health access in this rural community, CEI constructed a 6,800-square foot healthcare facility. It was built to standards certified by the U.S. Green Building Council Leadership in Energy and Environmental Design. It has a dramatic impact. The facility has doubled the Lana'i Community

Health Center patient capacity. It has nine exam rooms, dental x-ray machinery, lab facilities, and a conference, administrative, and community activity room. This impact investment is making a real difference in the lives of people on the island.

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Ten million infants die annually in developing nations due to complications at birth, such as obstruction of the vaginal canal that affects women with underdeveloped bodies<sup>14</sup>. Global health-tech and medical device innovator **Becton, Dickinson and Company** (BD) is a publicly-traded company that is working to produce an affordable device. Developed with the World Health Organization, the device could reduce infant and maternal mortality in areas where Caesarean sections are not possible. The Odon Device inflates a lubricated polyethylene sleeve around the baby's head in the birth canal to assist in delivery. BD has also developed life-saving and enhancing treatments, vaccines, and delivery instruments for over 100 years. The company operates medical and life sciences businesses that produce everything from low-cost syringes and intravenous catheters to antiseptic products, laparoscopic surgical tools, respiratory ventilation systems, and diagnostics for infectious diseases. Its goal is to improve drug therapy, enhance the quality and speed of care, and ensure the health of the most vulnerable.

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\*In an effort to support the growing movement to establish more common language in impact reporting, Veris has referenced, where appropriate, the Impact Reporting and Investment Standards (IRIS) catalog developed by the Global Impact Investing Initiative (GIIN). In this report, Veris has aggregated the common impact outputs managers reported in 2015 to highlight the types of activities managers engage in and track.

## Looking Ahead

Clearly, 2015 was a year of great progress and achievement in the world of impact investing, yet there is much more to do. We need more innovative solutions to address the planet's most difficult problems, and we need continued improvement in the way we measure the impacts of investments. But if the 2015 report tells us anything, it is that those committed to impact are having a very positive effect. We just need to keep pushing hard and keep working together.

### About Veris Wealth Partners

Veris Wealth Partners, LLC is an independent, partner-owned wealth management firm that aligns investors' wealth with their financial and social objectives. Veris believes that superior investment performance and positive impact are complementary parts of a holistic investment strategy. Veris has been a certified B-Corporation since 2011. Veris is based in San Francisco with offices in New York, Portsmouth, and Boulder.

[veriswp.com](http://veriswp.com)

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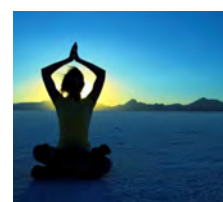
### Let's Work Together

Interested in talking to Veris about how we can help you align your values and your wealth?

Please contact Casey Verbeck

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## About the Authors



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**Casey Verbeck** is Director, Business Development. He leads strategy and business development for Veris Wealth Partners. Casey is very skilled in helping families, individuals and foundations align their wealth with their values. He is a member of the firm's Marketing and Business Development team with a national purview on marketing.

## Footnotes and Sources

<sup>13</sup> Veris Managers Reporting. Corresponds with IRIS Metric PI4874

<sup>211</sup> Veris Managers Reporting. Corresponds with IRIS Metrics PI9652 and PI4940

<sup>311</sup> Veris Managers Reporting. Corresponds with IRIS Metrics PI9652 and PI4940

<sup>410</sup> Veris Managers Reporting. Corresponds with IRIS Metric PI9327

<sup>53</sup> Veris Managers Reporting. Corresponds with IRIS Metric PI2822

<sup>64</sup> Veris Managers Reporting. Corresponds with IRIS Metric 0I6912

<sup>73</sup> Veris Managers Reporting. Corresponds with IRIS Metric PI2822

<sup>83</sup> Veris Managers Reporting. Corresponds with IRIS Metric 0I6697

<sup>93</sup> Veris Managers Reporting. Corresponds with IRIS Metric PI5842

<sup>105</sup> Veris Managers Reporting. Corresponds with IRIS Metric PI4060

<sup>114</sup> Veris Managers Reporting.

<sup>12</sup>Income, Poverty, and Health Insurance Coverage in the United States: 2013. U.S. Census Bureau.

<sup>13</sup>About Us: The Leaguers, Inc. Retrieved June 28, 2016.

<sup>14</sup>Mortality, Infant, Encyclopedia of Infant and Early Childhood Development, 2008, ISBN: 978-0-12-370877-9, pages 343-359.

Disclaimer: These metrics represent aggregated data collected from Veris' external investment managers. There is no guarantee that Veris' client assets are invested in all companies for which impact results or stories have been provided. Additionally, the numbers only represent the impact of Veris client's assets in that those assets are a portion of the pool of funds used to create the collective impact discussed in this report. This report contains information derived from third party sources. Although we believe these third party sources to be reliable, we make no representations as to the accuracy or completeness of any information derived from such sources, and take no responsibility therefore.

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