

INTERVIEW: Achieving B Corp Status And What It Means For Veris Wealth Partners

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Veris Wealth Partners is unique in that it is one of only a few players in the industry to have been named “Best For The World” by B Lab.

As stated on the non-profit’s website, B Corp is to businesses what the Fair Trade certification is to coffee or USDA Organic certification is to milk. B Corps must meet rigorous standards of social and environmental performance, accountability and transparency.

“As a firm specializing in impact investing, our B Corp status synchs perfectly what we do: aligning wealth with values to create positive social benefit while focused on strong investment performance and profitability,” said Patricia Farrar-Rivas, chief executive at Veris.

The wealth management firm has come a long way since launching in 2007, adding around \$90-100 million a year in new assets to reach some \$700 million today. It works with individuals, family foundations and endowments – as well as advisors – from offices in New York City, New Hampshire and California.

Family Wealth Report recently spoke to Farrar-Rivas in greater detail about the firm’s genesis and goals for 2015 and beyond.

Sustainability and impact investing is a huge, global topic - although the premise that a blend of environmental, social and governance factors can significantly influence investment performance while also “doing good” is certainly not a new idea. In a 2010 study by Accenture and the United Nations Global Compact, 93 per cent of some 770 corporate chief executives said sustainability would be “critical” to the future success of their firms, despite the economic downturn.

And the wealth management sector has certainly since been ramping up its efforts to provide investment products that take into account ESG issues, as end-clients increasingly think about how they can simultaneously be good stewards of wealth and reap a return on their investments.

For Veris, this is all part of the wealth management parcel - its philosophy and DNA. But more and more players are entering the space, Farrar-Rivas has observed. Bank of America, US Trust and Morgan Stanley – to name just a few – have really intensified their focus on the issue over the past year or so.

Indeed, Andrew Sieg of BoA Merrill Lynch last year said that “one of the most pronounced trends we’ve seen in recent years is the call for wealth to have a productive impact on our environment, our communities, and our society broadly, in addition to earning an investment return.”

Becoming a B Corp “gave us a roadmap for areas we wanted to improve,” Farrar-Rivas said, adding that the firm has “involved everyone in that process” - from improving its benefits package and reviewing vendors down to what detergent is bought to wash the dishes. “The recognition of being ‘Best for the World’...the feedback that I get and how I measure that personally is that people come in and already know we’re B Corp.”

Echoing this, the majority of Veris' clients – 95 per cent – have portfolios where most of their investments incorporate ESG criteria. Next-gen investors and women are particularly interested in impact investing (women represent over half of the firm's client base).

Looking ahead

Veris is now looking to extend its reach even further by attracting more of a mainstream audience.

And a big part of that involves making sure its two pillars – wealth management and impact investing – are of equal standing because sometimes the two can become disjointed, or are perceived that way.

“We need to elevate that message,” she said. “We are seeing more mainstream clients coming to us and dipping their toes in. We've seen people start with \$2 million and now have \$8 or \$10 million with us.”

In line with this, the firm is also looking at how it can make its solutions and advice available to other advisors as demand has “driven them to look at the opportunity more.” As an example, Farrar-Rivas said the firm is seeing managers increasingly avoiding fossil fuels from a business and investment philosophy point of view, versus from a client demand point of view.

As impact investing covers so many thematic areas, Farrar-Rivas believes that the clearer advisors are about the specific issues being addressed for a client, the stronger message they will be able to convey about what a particular investment means and how it will play out.

When it all began

Asked about what she thinks really catalyzed the impact investing trend, Farrar-Rivas cited a combination of the work carried out by institutional players like the UN PRI and Rockefeller, as well as natural disasters such as Hurricane Katrina and Sandy, which has helped people – and institutions – recognize the need to think more rationally about how, as global citizens, we use our resources. And, of course, the financial crisis has undoubtedly played a huge role, too.

“And I think the world ‘impact’ has made a difference,” Farrar-Rivas said. “We have moved from being a business looking at what we don't want to invest in...to what do we want to invest in; i.e. who is providing the solutions.”

In terms of the challenges ahead, Farrar-Rivas said these are “also what is the most motivating.”

She explained: “We are in the midst of a rapidly expanding industry; this is what we have been wishing for many years. For impact investing to solve our most pressing social and environmental problems, we also need business, non-profit and policy professionals working together. We need strong demand from investors to invest directly in high impact companies and their local businesses.”

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