

# 2017 Impact Report

## A Breakthrough Year



**VERIS**

Wealth  
Partners

Values. Wealth. Sustainability.



# 2017: Another Breakthrough Year For Impact Investing

## Institutional Investors Move Big Into The Impact Space

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2017 was another breakthrough year for impact and sustainable investing.

Individuals and families continued to dedicate increasing amounts of capital to impact investments seeking to achieve both market performance and positive social and environmental impact. But the big takeaway from 2017 is that institutional investors proceeded with a new sense of urgency to position themselves as impact providers and experts.

In what we view as a paradigm shift, many traditional investment firms previously tentative about impact investing made significant new commitments to the impact space. A key reason is the growing recognition that impact and sustainable investing are not only a way to grow assets under management, they can also be profitable for investment portfolios while satisfying the values of a new generation of clients.

Companies focused on sustainability and good governance tend to perform well compared to companies that are not. These firms are frequently high-growth companies that use technology to innovate, are more responsive to their stakeholders and are leaders in empowering their employees, while creating new sustainable products and global supply chains.

The further mainstreaming of impact investing in 2017 validates what Team Veris knew long before impact investing became the new darling of wealth managers: That investment capital can deliver financial performance and social benefit at the same time. Veris is equally proud of its contributions over the past 12 months. We'll highlight these successes in the pages that follow.





# The Momentum Accelerates

*Among the notable highlights in 2017 at the macro level:*

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- Mainstream institutional investors such as Blackrock, Vanguard, Fidelity, and PIMCO have either launched or plan to launch impact solutions. The private equity firm TPG alone raised the largest impact investment fund to date – the \$2 billion global TPG Rise Fund.
  - The Ford Foundation announced one of the largest impact commitments by a private foundation – \$1 billion to address affordable housing and financial inclusion.
  - Assets dedicated to Gender Lens Investing, which are focused on companies empowering women and girls, reached an all-time high of \$2.2 billion in 2017.
  - Green Bonds, which track the environmental impact of bond proceeds, rose 67 percent to a record \$163 billion.
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## The Veris Impact

As an impact wealth management firm and a pioneer in impact investing, Veris Wealth Partners played a vital role in helping clients execute their wealth management objectives. At the same time, our team continued to develop new ideas and find investment solutions in its five thematic areas: Climate Change & the Environment, Community Wealth Building & Social Equality, Sustainable Agriculture & Food Systems, Mindfulness & Sustainability and Gender Lens Investing. We discuss these areas of focus in detail in the pages ahead.

# Veris Accomplishments in 2017

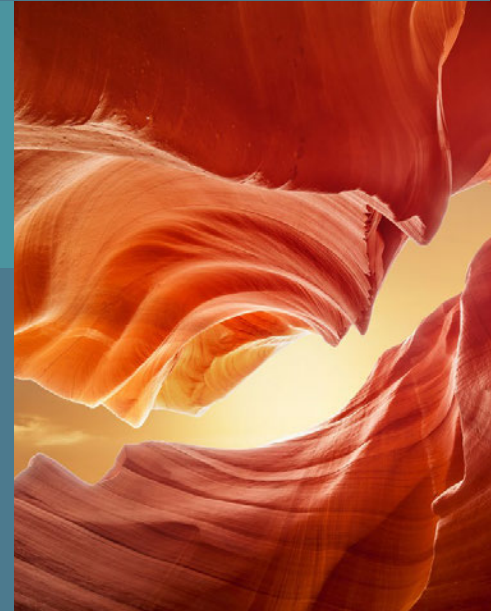
- Veris celebrated its 10<sup>th</sup> anniversary providing impact wealth management to clients around the nation.

- Veris reached a milestone of \$1 billion in client assets under management.

- Veris was named as a *Best for the World* B Corporation for the sixth year in a row.

- Veris provided consulting expertise to private foundations, including The Ford Foundation and Surdna Foundation.

- On average, 40 percent of fund investment teams that Veris hired, and that reported to us, were women. On average, 22 percent were people of color.



- Veris public equity managers filed or co-filed 30 shareholder resolutions to encourage greater diversity and pay equity (57% increase year-on-year); 32 resolutions to mitigate climate change; 18 resolutions to strengthen human rights, indigenous rights protections, worker conditions or ensure sustainable supply chain management; and 17 resolutions demanding disclosure of corporate lobbying and political spending in Washington, D.C.

- Veris approved its 40<sup>th</sup> high-impact private market fund for client portfolios.

- Veris clients helped to create more than 80,000 affordable housing units, 140,000 jobs, 24,000 educational opportunities, helped serve more than 600,000 patients through health programs and helped finance more than 1,000 social enterprises or nonprofits.<sup>1</sup>

- Capital provided by Veris clients contributed to protecting over 500,000 acres of sustainably managed forest and farmland, helped offset more than 2 million metric tons of carbon dioxide emissions and generated over 3.5 million megawatt hours of renewable energy.

## Veris Impact Across Asset Classes

Veris takes a total-portfolio approach to impact investing. We work with managers across all asset classes to create performance-driven investment strategies that align wealth with values. The chart on the next page shows the impact areas that our investments targeted in 2017.



		Community Investments / CDFIs	Private Debt / Equity	Real Assets	Public Fixed Income	Public Equity
Climate Solutions & Environment	Renewable & Clean Energy	✓	✓	✓	✓	✓
	Water Infrastructure / Water Management	✓	✓	✓	✓	✓
	Energy Efficiency / Green Buildings / Resource Optimization	✓	✓	✓	✓	✓
	Green Business / Ecotourism	✓		✓		✓
	Environmental Technology Solutions / Infrastructure	✓	✓	✓	✓	✓
	Green Chemistry / Products		✓		✓	✓
	Waste Management / Recycling / Circular Economy	✓	✓	✓	✓	✓
	Fossil Fuel Free / Low-Carbon Economy / Carbon Sequestration	✓	✓	✓	✓	✓
Gender Lens Investing	Women in Leadership / Management Diversity	✓	✓		✓	✓
	Women and People of Color Entrepreneurs	✓	✓		✓	✓
	Women & Girls Empowerment / Economic & Educational Opps	✓	✓		✓	
	Products & Services for Women	✓	✓		✓	✓
	LGBTQ Equality	✓	✓			✓
Community Wealth Building & Social Justice	Affordable Housing / Homeownership Assistance	✓	✓	✓	✓	
	Education / Early Childhood Development	✓	✓	✓	✓	
	Small Business Finance / SME	✓	✓	✓	✓	✓
	Financial Inclusion / Microfinance / Access to Credit	✓	✓			
	Health & Wellness / Nutrition	✓	✓	✓	✓	✓
	Quality Jobs / Workforce	✓	✓	✓		✓
	Arts & Creativity	✓				
	Indigenous Rights / Refugees / Immigrants	✓		✓		✓
	Inclusive / Community Economic Development	✓	✓	✓	✓	
Sustainable Agriculture & Food Systems	Sustainable Timber & Forestry			✓		✓
	Sustainable / Organic / Regenerative Farming	✓	✓	✓		✓
	Habitat Conservation	✓	✓	✓	✓	
	Sustainable Fisheries / Aquaculture	✓	✓	✓		
	Sustainable Food System Support	✓	✓	✓		✓
Shareholder Engagement Campaigns & ESG	Human Rights / Supply Chain / Conflict Minerals / Child Labor					✓
	Drug Pricing Transparency					✓
	Political Spending / Lobbying Disclosure					✓
	Sustainability / Carbon Emissions Disclosure / GHG Goals					✓
	Workforce Policies / Wage Gap / Executive Compensation					✓
	Responsible Marketing					✓
	Broad Environmental, Social, & Governance					✓

The 3rd Annual Veris Impact Report also features perspectives on innovative public companies; a summary on Active Ownership and engagement; trends in private equity, debt and community investments, along with public debt and equity investments; an analysis of Veris' five impact investing themes; and a report on Veris' commitment to climate change.

We hope you enjoy this year's report and welcome your feedback. – Team Veris

# Public Companies Are Driving Sustainability

*Public companies committed to sustainable innovation are playing a growing role in transforming the global economy.*

In 2017, we saw a continuation of this encouraging trend. More companies are realizing that sustainability is not only a smart business strategy that improves financial results, it also benefits their shareholders and the environment.

Increasingly successful sustainable companies start at the top, in C-Suites and boardrooms. Both the boards and their executive leaders embrace new cultures of innovation to achieve sustainability goals. These commitments can empower their teams, at all levels, to help shape and create sustainable innovations, small or large, from their station in the company.

In the past year, we've seen this commitment translated into new thinking that is addressing climate change and the environment, while placing more emphasis on positively impacting the communities in which companies operate. Equally important, sustainability can lead to growing inclusion of wealth creation for investors, workers and partners.

## Sustainability = Innovation

The business case for sustainable business practices gets even stronger with each passing year.

A worldwide body of research confirms that operationalizing sustainability often makes companies more efficient in their supply chains and systems. The process typically

involves the implementation of new technology and process improvements that enable companies to do more with less negative impact on the world.

There is still far more work to do in terms of growing fair wages and inspired workplaces. David Blood, Co-Founder and Managing Partner of Generation Investment Management, observes many public companies are finding that “Sustainability = Innovation” and vice versa. These are the companies they look for.

As companies evolve, they frequently transform how they approach opportunities, solve problems and ultimately create value.

In the words of renowned sustainability leader William McDonough, companies begin thinking in terms of “good design.”<sup>2</sup> That, in turn, stimulates creativity that reduces the negative byproducts of their operations, such as pollution or environmental degradation. The interconnectedness of products, the environment, workers, stakeholders, customers, and financial success have a cumulative positive effect for individual companies and society as a whole.

*Ford Motor Company is an illustrative example of how it can work. The automaker met its carbon manufacturing emissions reductions eight years early and is now setting targets for renewable energy and automobile electrification.<sup>3</sup>*

## Communicating The Benefits

A study by MIT Sloan Management Review and the Boston Consulting Group (BCG) found that the most successful sustainable companies articulate the positive impact sustainability has on their business.<sup>4</sup>



The key message in this research: Sustainable business practices can uncover new revenue streams, reduce risk, power innovation and lead to better business models.

In another study, MIT and BCG found that when a manager's compensation is aligned with sustainability – as it is at Unilever – the process multiplies. The study's authors found that these public companies typically look beyond product and focus on the economic, social, and political impacts of their business.<sup>5</sup>

The benefits of sustainability on a company's brand are also significant. Brands today create 30% of total corporate market value.<sup>6</sup> Brands communicate a company's mission and story. When sustainability is an integral part of a company's brand, significant new opportunities to connect with their customers and build "brand loyalty" can emerge.

At the same time, when executive-level officers, managers and employees buy-in to sustainability, new cultures and values can

motivate and inform employee behavior and inspire innovation. This has a positive, self-reinforcing effect on all of a firm's stakeholders. Consumers experience this via products that inspire and motivate our shopping habits: from electric cars to organic baby food to clean water.

We are seeing companies putting new focus on their labor practices and product design. In fact, sustainability attracts top people.<sup>7</sup> Recently, Deloitte found that a company's values are a key differentiator in recruiting and retaining employees, particularly in today's full-employment economy.<sup>8</sup> This is especially true of younger professionals, who want to work for companies solving the world's problems, not perpetuating them.

Separately, McKinsey & Company found that many companies pursue sustainability because it is part of their corporate values and improves the health of their businesses over time.<sup>9</sup> These companies often create executive-level sustainability positions with budgets to effectively implement these programs.

## Sustainability Powers Performance

Increasingly, investors view public companies committed to sustainability as potentially strong performers. That's because sustainability often includes technology investment and process improvements that strengthen their competitiveness.

As a result, more capital is going to sustainable companies. A recent Harvard Business School research paper came to that very conclusion: "Using calendar-

time portfolio stock return regressions, we find that firms with good performance on material sustainability issues significantly outperform firms with poor performance on these issues, suggesting that investments in sustainability issues are shareholder-value enhancing."<sup>10</sup>

Companies in Veris' portfolios are at different stages of integrating sustainable business practices. Several of these companies are featured in the latter half of this Impact Report. By taking a deeper look at these companies, we can see the important role that innovative public companies play in creating meaningful impact in the world.

# Impact Through Active Shareholder Ownership

In 2017, active ownership remained a powerful tool for improving the diversity of corporate boardrooms and inciting companies to adopt sustainable business practices. Veris prefers investment managers that utilize a variety of methods to advance these goals. These managers typically vote their proxies at annual meetings based on Environmental, Social and Governance (ESG) factors. They also engage in direct dialogue with company management. When dialogue fails, many initiate shareholder resolutions, or proposals, to be voted on by all stockholders.

Ownership in public companies gives sustainable investors – Veris clients – a seat at the table with some of the largest investors in the global economy. This collective effort continues to be effective in motivating public companies to act.<sup>11</sup>

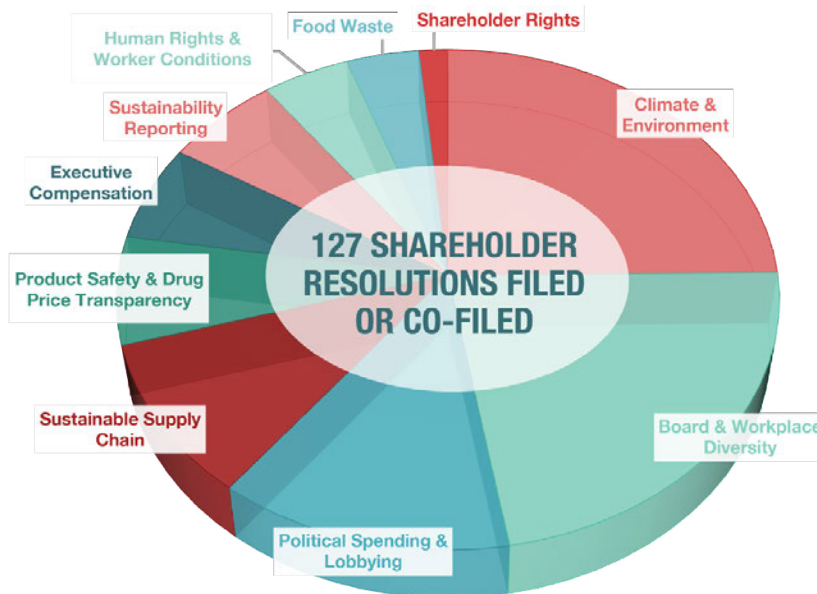
⌘ Shareholder Resolutions	⌘ Exclusionary Screening
⌘ Proxy Voting	⌘ Public Policy Activism
⌘ Direct Dialogue with Companies	⌘ Thematic Impact Strategies
⌘ Environmental, Social, and Governance (ESG) Analysis	

Veris investment managers select companies that align with the impact values of clients. They incorporate ESG analysis to identify the sustainable industry leaders. Often, they utilize screens that exclude a particular industry or company, such as military contractors and weapons manufacturers; fossil fuel companies; and large agribusinesses that use factory farming, among others.

While there is progress, much work still needs to be done. Many companies remain dominated by business models based on exploitation of natural resources and employees while marginalizing community stakeholders and human rights. Veris is proud to partner with the following organizations, which are effectively pushing companies toward positive change: **As You Sow**, a national shareholder advocacy coalition, **CERES Investor Network on Climate Risk**, a leader in climate change advocacy, and **The Forum for Sustainable and Responsible Investment (US SIF)**, the national membership association for sustainable, responsible and impact investors.



In 2017, Veris public equity managers filed or co-filed 127 shareholder resolutions. Fifty-five (43%) of these resolutions successfully prompted companies to agree on steps toward the improvements proposed.



## Community Impact Notes Private Equity & Fixed Income

Veris helps clients make high-impact investments in funds financing social enterprises and community-based organizations. The investments helped create positive change in communities across the U.S. and globally. In 2017, our managers reported the following aggregated results:

**142,501**



### Jobs Created or Preserved<sup>12</sup>

Quality jobs that pay living wages and provide benefits are critical as wages for a typical worker have been stagnant since the 1970s.<sup>13</sup>

**81,036**



### Affordable Housing Units Created or Preserved<sup>14</sup>

One-third of U.S. homeowners and almost half of all renters are struggling to make rent or mortgage payments.<sup>15</sup>

**1,062**



### Small Businesses, Social Enterprises or Nonprofits Financed<sup>16</sup>

American small businesses have provided 66 percent of all new net jobs since the 1970s.<sup>17</sup>

**13,556,708**



### **Underserved Borrowers Financed<sup>18</sup>**

One in four American households have no bank account or look outside the banking system for credit<sup>19</sup>. 1.7 billion people lack access to financial services globally.<sup>20</sup>

**24,666**



### **Educational Opportunities Financed/Access to Education<sup>21</sup>**

The National Assessment of Education Progress (“America’s Report Card”) shows significant education achievement gaps based on income and race persist in the U.S.<sup>22</sup>

**677,174**



### **Patients Reached by Health Facilities/Health Programs<sup>23</sup>**

Twenty-nine million Americans lack health insurance<sup>24</sup> and 40 percent who are insured experience financial barriers to care due to high deductibles.<sup>25</sup>

**500,592**



### **Acres of Sustainably Managed Land<sup>26</sup>**

Roughly one-third of the world’s protected land is threatened by intense pressure from human activity and development.<sup>27</sup>

**2,398,403**



### **Metric Tons of CO<sub>2</sub> Offset or Avoided<sup>28</sup>**

To meet the 2015 Paris Agreement (COP 21) goal of limiting global warming to 2°C, we must de-carbonize our economies.

**3,746,601**



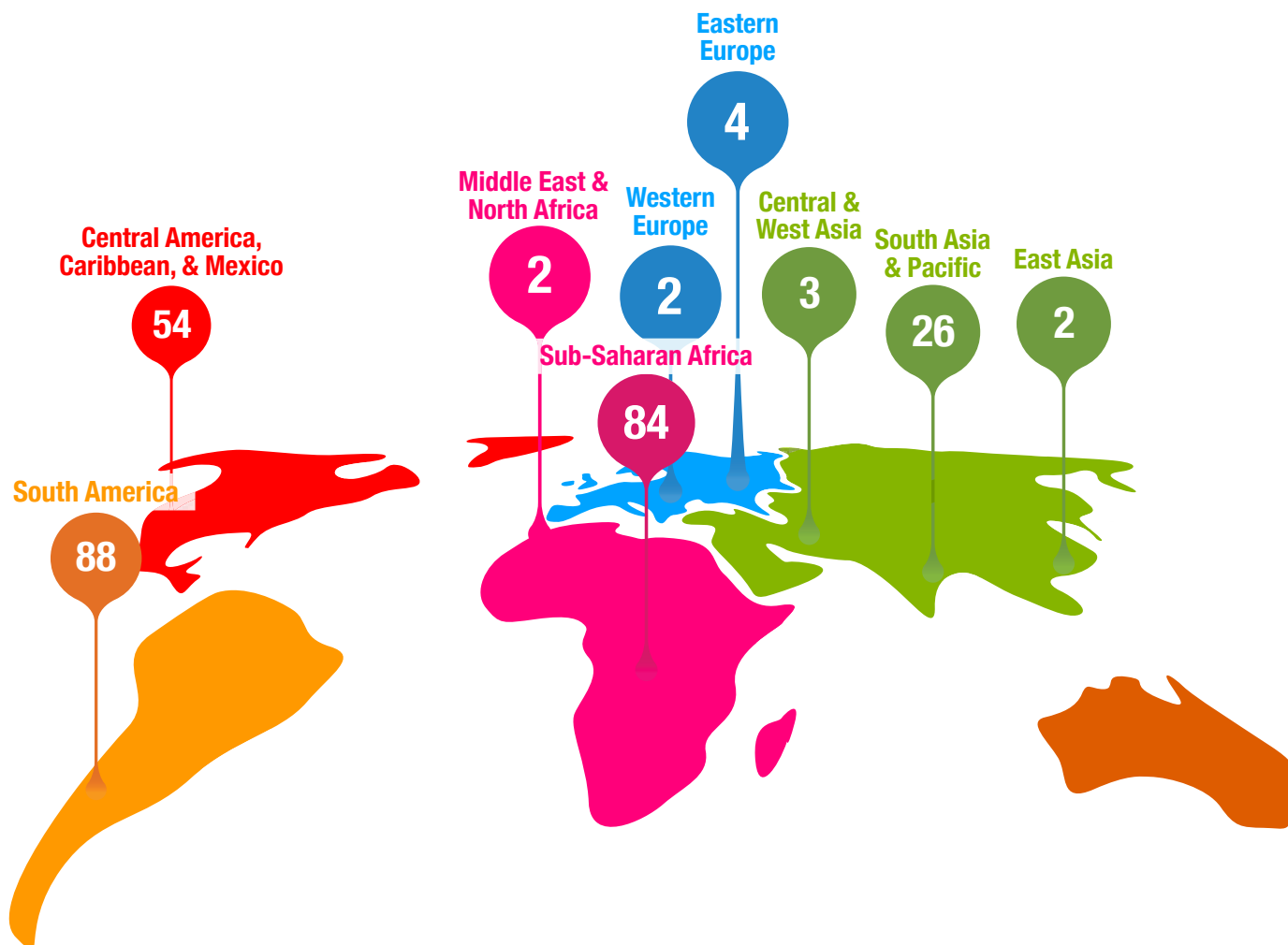
### **Megawatt-Hours of Renewable Energy Produced<sup>29</sup>**

Mitigating climate change requires transitioning to renewable energy, which has become more cost competitive and is the fastest growing source of electricity.



# Global Reach

Veris identifies sustainable investment opportunities around the world. This map of our global scope outlines, by region (outside North America), the number of small and medium-sized enterprises (SMEs), cooperatives, microfinance institutions (MFIs) and other organizations that are supported in part by Veris clients.<sup>30</sup>



To reverse climate change and create a more equitable, peaceful, and prosperous planet, the 193 members of the United Nations developed the ambitious Sustainable Development Goals (SDGs). To meet the SDGs, also known as “The Global Goals,” the U.N. has called upon governments, NGOs and the private sector to work together. In 2017, impact investors stepped up to the challenge, enthusiastically embracing the Global Goals, which will cost an estimated \$5 to \$7 trillion annually to achieve.

Veris clients have long invested in solutions that align with the Global Goals. Each of our thematic focus areas addresses several of the Goals, with great overlap and mutual reinforcement. The SDGs evaluate systemic impact and provide a common framework and vision to create a more sustainable and inclusive future. In solidarity with our colleagues in the public, nonprofit and private sectors, Veris will continue to support the global effort to accomplish the U.N. Sustainable Development Goals.

Veris Investment Theme	U.N. Sustainable Development Goal	
Community Wealth Building & Social Equality	1 NO POVERTY 	2 ZERO HUNGER 
	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 
	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 
	11 SUSTAINABLE CITIES AND COMMUNITIES 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 
Climate Change & the Environment	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 
	11 SUSTAINABLE CITIES AND COMMUNITIES 	9 INDUSTRIES, INNOVATION AND INFRASTRUCTURE 
	13 CLIMATE ACTION 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
	15 LIFE ON LAND 	14 LIFE BELOW WATER 
Gender Lens Investing	2 ZERO HUNGER 	5 GENDER EQUALITY 
	10 REDUCED INEQUALITIES 	
Sustainable Agriculture & Food Systems	2 ZERO HUNGER 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
	13 CLIMATE ACTION 	14 LIFE BELOW WATER 
	15 LIFE ON LAND 	
Mindfulness & Sustainability	9 INDUSTRIES, INNOVATION AND INFRASTRUCTURE 	11 SUSTAINABLE CITIES AND COMMUNITIES 
	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 

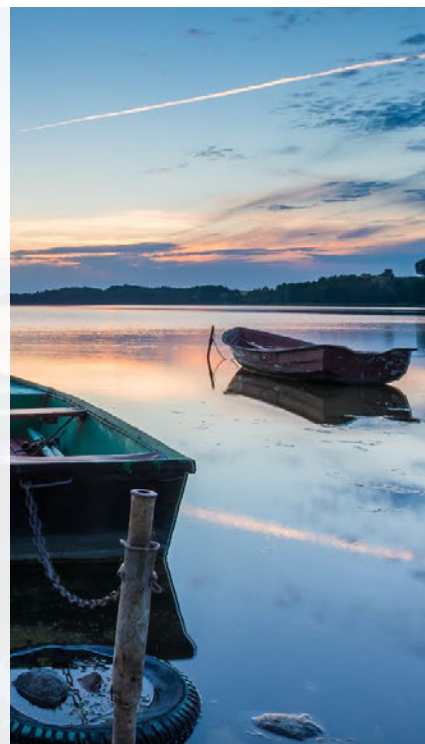


# 2017 Impact By Theme

Veris looks at the entire universe of investment opportunities for clients, with a special focus on five thematic areas:

- 1) Climate Solutions & the Environment
- 2) Community Wealth Building & Social Equality
- 3) Sustainable Agriculture & Food Systems
- 4) Gender Lens Investing
- 5) Mindfulness & Sustainability

These themes are the firm's long-term strategic priorities. We have developed significant investment and sector expertise in each of these areas. The following highlights were produced with the help of the investment research firm Sustainalytics and from impact reporting from investment managers.<sup>31</sup>



## Climate Solutions & the Environment

### Private Market Solutions



**Protecting forests is a key goal in arresting climatic change, and in 2017, Lyme Timber Company played a critical role in the preservation effort.**

As recognized by the Paris Climate Agreement, maintaining the rich biodiversity and productive capacity of American forests reduces carbon emissions and helps ensure survival of ecosystems. The World Wildlife Fund estimates that if the current rate of deforestation continues, eleven of the most ecologically important forests globally will be gone in 15 years.<sup>32</sup>



Since 1976, **Lyme Timber Company** has invested in and sustainably managed over 1.5 million acres of timberland and rural real estate.

Ninety-six percent of the land has been permanently protected through conservation easements, which restrict development. In doing so, the company helps sequester carbon, preserve and restore freshwater resources, improve air quality, prevent fires, create jobs, generate property tax revenue and revitalize habitats. In 2017, Lyme purchased 163,000 acres in the rugged Appalachian Mountains of West Virginia to sustainably harvest timber. The enterprise will support up to 70 high-paying jobs for contractors and truckers in this economically-distressed region. Property purchased by Lyme often runs adjacent to



larger protected properties, resulting in consistent sustainable practices integral to preserving fragile ecosystems. In 2017, Lyme's land contributed to 3.1 million acres of contiguous protected forests in America.

## Public Company Solutions



**Freshwater sources available worldwide have declined 26 percent over the past 25 years, and today one in nine people lack access to clean water, according to the Union of Concerned Scientists.<sup>33</sup>**

**Xylem** is a leading global provider of technologies seeking to mitigate the severe stress on water sources due to climate change, population growth, urbanization and agricultural demands. Xylem's solutions promote the efficient use of water in agricultural, public utilities, residential and commercial buildings, and industrial settings. The company pioneered a wide range of water-efficient products such as pumps, smart water networks, and wastewater mixers that are saving and providing clean water, while reducing pollution of rivers and lakes. Xylem has raised industry standards for sustainability and now operates in more than 150 countries. In 2017, Xylem launched a new self-cleaning pump product that reduces emissions by 90 percent and fuel consumption by 10 percent and can be operated by smartphones or tablets. In response to the destruction of Puerto Rico by Hurricane Maria, Xylem is providing financial assistance to victims. It is also funding construction of 10 aqua towers in remote areas that will provide 10,000 liters of clean water daily.

## Active Ownership



**In 2017, Veris became a signatory of the Climate Action 100+ Initiative.**

The five-year investor initiative, backed by organizations with \$30 trillion in assets, engages the largest greenhouse gas emitters. The coalition is spearheaded by the nonprofit shareholder activist organization Ceres, which is leading the clean energy initiative. Several Veris managers have had prolonged direct dialogue with the companies in their portfolios to encourage better environmental stewardship.



Since 2013, **Boston Common Asset Management** has engaged numerous companies on water use and water risk, including Panasonic, Orix, EOG Resources, VF Corporation, Kao, and J. Front Retailing.

In 2017, after a multi-year engagement, Boston Common influenced its longtime holding, Apache Corporation, to develop more sustainable water use practices. That includes using more brackish water, water recycling, and reducing the freshwater used in its hydraulic fracturing. As sustainable investors, Boston Common believes that investing in fossil fuel companies and changing them for the better has significant impact. Without a shareholder-watchdog like Boston Common, Apache may have ignored sustainability considerations altogether.

Veris manager Green Century Funds agrees. The Fund noted "even corporate sustainability leaders have room for improvement."



In 2017, Green Century engaged 41 companies on climate change, health, and natural resource conservation. Twenty of those engagements involved in which Green Century has great expertise: tropical forest preservation. Green Century successfully engaged Target and Conagra Brands and made progress with Kroger in 2017. That effort followed Green Century's success in persuading Archer Daniels Midland, Kellogg's, and Wilmar, Asia's largest agribusiness, to commit to zero-deforestation.

## Community Wealth Building & Social Equality

### Private Market Solutions

The U.S. is facing a severe housing shortage. In 2017, the Rose Affordable Housing Preservation Fund IV continued to be a leader in developing and maintaining affordable housing. An estimated 25 million units of government subsidized housing will expire by 2025.<sup>34</sup> Currently, almost 19 million renters and homeowners pay more than half their income toward housing.<sup>35</sup> Growing evidence points to housing as a main driver of wealth disparity in America.<sup>36</sup>

The Rose Fund acquires and transforms regulated and market-rate housing into affordable, energy-efficient, and transit-oriented green buildings for Low-and-Moderate-Income families. The Fund focuses on high-demand, supply-constrained metropolitan regions such as New York City, Chicago, Seattle, and San Francisco. In 2017, Veris' Director of Research, Jessica Lowrey was selected to serve on the Rose Fund Impact Advisory Committee to counsel on impact goals, strategy, implementation, and measurement.

In Detroit, the Fund's Plymouth Square and Cambridge Towers properties, with a combined 530 affordable housing units, work cooperatively to combat food insecurity through the Communities of Opportunity Program. The program provides on-site pantries with food counseling, a mobile grocery store, Meals on Wheels, breakfast and dinner clubs, and fruit and vegetables' vouchers. Rose is also committed to increasing the amount of renewable energy at buildings and will add 1.5 megawatts of clean power by 2020. It also invests in environmental retrofits to improve air quality, conserve water, and increase the overall well-being of its residents. Rose partners with Enterprise Community Partners and others to study the impact of housing-based social services on health and access to opportunity.





## Public Company Solutions

Great progress has been made in thwarting infectious diseases and GlaxoSmithKline (GSK) continued to make important contributions in the global fight against deadly contagions in 2017. GSK, a large producer of essential medicines and vaccines, believes it has a responsibility to help ensure patient access in developing countries. Last year, GSK ranked No. 1 on the Access to Medicine Index and Access to Vaccines Index. The company has expanded access in developing countries by introducing tiered, or differential pricing. This discounting allows low-income countries to afford life-saving medication. For the Least Developed Countries category, prices are capped at 25 percent of that in the European Union.

GSK is also committed to ending malaria's debilitating grip in tropical regions. The disease kills 430,000 people each year, 70 percent of whom are children under the age of five. Partnering with the Bill & Melinda Gates Foundation and PATH Center for Vaccines, GSK scientists developed the first-ever malaria vaccine. The vaccine was recently approved for testing in Sub-Saharan Africa after 17 years of development. GSK is also in late-stage trials to establish a functional cure for

sufferers of HIV/AIDS. Importantly, unlike most in the pharmaceutical industry, GSK stopped paying healthcare professionals for marketing its products, a questionable practice that raises ethical questions in treating patients. While it's critical for investors to remain vigilant in holding Big Pharma accountable, GSK is setting a laudable example for others to follow.

## Active Ownership

In 2017, Domini Impact Investments and Trillium Asset Management were among the leaders in pressing for social change through active ownership. Trillium continued to engage Marathon Petroleum over its human rights policies and its involvement in the Dakota Access Pipeline (DAPL). As part of this effort, Trillium collaborated with the Oneida Tribe of Wisconsin on the treatment of indigenous people. Meanwhile, a two-year campaign by Domini and Trillium prompted Chipotle Mexican Grill to acknowledge, for the first time, the need to maintain a minimum standard of living for workers. Domini also pressured Michael Kors and Sysco to adopt policies to protect migrant workers in their supply chains. Further, Domini joined a coalition to urge banks and other financiers of private prisons to stop profiting from mass incarceration.





# Sustainable Agriculture & Food Systems

## Private Market Solutions

A staggering 40 percent of food in America is wasted. This preventable, misallocation of resources generates pollution equivalent to the emissions from 37 million cars, according to the Natural Resources Defense Council. In 2017, **Fresh Source Capital Fund I** played a key role in addressing food waste. The Fund originates loans and makes equity investments in companies building and improving local, healthy food production and agricultural systems in America. Fresh Source has invested in technologies for efficient, year-round distribution of locally sourced produce, seafood, dairy, and other agricultural products. One of its portfolio companies, Imperfect Produce, re-purposes and monetizes wasted or unpurchased perishable food that is still nutritious and delicious. Altogether, Fresh Source Fund I has supported 545 farms producing healthy food; helped divert over 9.3 million pounds of potential food waste to consumption; supported 500 local jobs; and invested \$21 million in farm equipment. Forty percent of the Fund's entrepreneurs are women and 40 percent of board representation of portfolio companies are women. The Fund is making progress to increase access to healthy food options and reduce waste.

## Public Company Solutions

In 2017, **United Natural Foods (UNFI)** continued to be a leading provider of natural, organic foods in America. UNFI is the largest supplier of healthy food, personal care products, supplements, perishables and fresh produce to Whole Foods and the nation's Food-Cooperatives. UNFI reaches more than 30 million consumers each year at Whole Foods alone. The company has been named to Food Logistics' Top Green Providers list for four consecutive years.

Ninety-eight percent of eggs distributed by UNFI are cage-free. Eighty-five percent of the seafood it sells from suppliers have sustainability-related certifications, such as from the Marine Stewardship Council. UNFI has set goals to ensure that poultry and egg suppliers meet all Global Animal Partnership guidelines by 2024. UNFI believes it has a responsibility to be a corporate citizen that

supports new organic farmers and protects hundreds of varieties of seeds through the FoodCorps program. In addition, 50 percent of its independent directors are female. As a result, UNFI was recognized in 2017 as a Women on Boards Winning Company for the sixth year in a row.



## Active Ownership

In 2017, Aperio Group partnered with As You Sow, a nonprofit leader in shareholder advocacy and corporate accountability, in filing 22 shareholder proposals. A Veris manager, Aperio championed a variety of successful initiatives in sustainable agriculture, including antibiotic use, factory farming and consumer packaging. Among Aperio's successful campaigns was an agreement by Hormel Foods to strengthen its water stewardship policy and develop a comprehensive sustainable agriculture policy. Hormel will examine its sourcing, animal producers, and feed grain growers to assess water risk. It will also establish time-bound goals for improving water management.

The collaboration between Aperio and As You Sow also motivated Restaurant Brands International (Burger King, Tim Hortons) to end its practice of purchasing chicken treated with antibiotics. Target also agreed to work with its suppliers and peers to discuss replacing foam packaging with less harmful alternatives. And, Amazon agreed to begin dialogue on eliminating foam packaging in 2017. Foam is a ubiquitous, inexpensive form of consumer packaging that has a devastating environmental impact on oceans, marine life and human health. By reducing the volume of this petroleum-based, non-biodegradable material, we can reduce the amount of foam that winds up in the trash and ultimately landfills.



# Veris Manager Diversity

Veris believes that companies embracing diversity are better positioned to succeed. As we reported last year, we encourage our fund managers to disclose the gender diversity of their investment professionals, senior leadership, and total workforce. For this year's report, we extended our request to include people of color in an effort to better understand the racial diversity of our fund managers. We hope that asking the question will inspire firms to build more diverse teams and advance gender and racial equity.

So how did we do?

On average, **40 percent** of investment professionals at fund managers hired by Veris were women. This figure is based on reports from 30 managers. 19 managers did not report and were not included in the calculation. On average, **22 percent** of investment professionals at fund managers hired by Veris were people of color, based on 28 managers reporting and 21 not reporting. We gave fund managers discretion to define investment professionals. While there is not a good industry benchmark to compare, we believe the teams we hire are more diverse than the traditional investment industry. The good news is that more funds managed by women and people of color are launching each year. Veris looks forward to meeting with them.

## Gender Lens Investing

### Private Market Solutions

In 2017, Calvert Impact Capital remained a leader in Gender Lens Investing (GLI), five years after it launched the Women Investing in Women, or WIN-WIN Initiative. Women around the world invest 90 percent of their income into their families and community. Their decisions stimulate the economy and serve to increase access to healthcare, education, and healthy foods. According to Calvert, "it's smart economics."<sup>37</sup> Calvert manages \$400 million in investments in affordable housing, education, health, renewable energy and microloans in the U.S. and abroad, applying a Gender Lens to empower women and girls.

In many developing countries, "energy poverty" disproportionately affects women. Empowering women and girls means access to energy such as clean cookstoves, electricity for income-generating activities and solar lanterns for homework at night. The WIN-WIN initiative has provided over 950,000 women with improved access to clean energy. In Rwanda and Tanzania, portfolio company Off Grid Electric supplies electricity from solar to over 50,000 people per month where power is unreliable.<sup>38</sup>



## Public Company Solutions

Cisco Systems, a leader in high-tech solutions, telecom and networking hardware, is consistently ranked among the most sustainable companies because of its **commitment to transparency and workforce diversity**. The company provides extensive disclosure about its Environmental, Social, and Governance management and requires its human resources team to create diverse interview panels to ensure fair hiring and employee diversity. It is one of the few companies committed to reducing the gender pay gap and has implemented flexible and remote work practices. Cisco is a lead impact investor with Melinda Gates in Aspect Ventures, a gender lens, women-managed fund addressing underrepresentation of women and minorities in businesses and boardrooms.

## Active Ownership

In 2017, the world watched as courageous victims of sexual abuse came forward to confront their often-high-profile perpetrators and the companies that turned a blind eye. The #MeToo movement has initiated a long-overdue national examination of gender inequality, misogyny, harassment and corporate accountability. Veris managers **Trillium Asset Management** and **Pax World Funds** lead the effort to hold companies accountable. They filed shareholder proposals with 23 companies last year. They leveraged their expertise as shareholder advocates and agitators for more gender and racial diversity; strong harassment policies; greater protections based on gender identity, sexual orientation and expression; pay equity; and increased transparency about human resources practices. Trillium pressured Google's parent company, Alphabet, about its lackluster efforts to promote diversity at every level of the company. Trillium filed a proposal on behalf of the Global Fund for Women and Maine Women's Fund, calling for a more diverse executive committee. Following on its successful campaigns to increase diversity at Apple, eBay, and Amazon, Pax filed seven shareholder proposals regarding pay equity in 2017. Of those, five resulted in enhanced disclosure about pay inequities.

## Mindfulness & Sustainability

### Private Market Solutions

**Dirt Capital** continued to be among the most innovative investors in regenerative farming, a growing area of opportunity for sustainable investors. Regenerative farming is holistic land management in which farmers seek to revitalize lands

that have been degraded for centuries. These farmers employ practices that rejuvenate ecosystems, water integrity, and biodiversity. They think critically about ways to improve farm life and the livelihood of farm communities and to support healthy local food systems. Dirt invests in US farmland in Northeastern states in



lease-to-own partnerships with sustainable farmers. Its strategic goal is to facilitate land access and financial security for farmers, while keeping farmland productive and sustainably managed. It also provides capital to help growers own their own farms. Dirt is currently invested in 17 farms producing organic dairy, fruits and vegetables, grass-fed beef and cheese.

## Public Company Solutions

**Salesforce.com was Fortune's No. 1 company to work for in 2017 and set a laudatory example in key areas.** Last year, Salesforce made salary adjustments to 11 percent of its workforce to equalize pay. The company is committed to pay equity for all new hires going forward. Also last year, Salesforce demonstrated a strong commitment to workplace equality with its opposition to discriminatory bills and laws targeting LGBTQ communities in certain US states. The company's leadership has been

outspoken supporters of immigrants and refugees. Its nonprofit arm, Salesforce.org, gave \$12 million to the San Francisco and Oakland unified school districts to support students from immigrant and refugee families.

Founder and CEO Mark Benioff has "a head for mindfulness and meditation," according to Business Insider.<sup>39</sup> In building the new Salesforce Tower in San Francisco, Benioff and colleagues built a meditation room on each floor dubbed "Mindfulness Zones." In addition to these enlightened business practices, the company offers flexible telecommuting, sick days for all employees, college tuition reimbursement, favorable health and wellness benefits and strong non-discrimination policies. For all these reasons, Fortune singled out Salesforce with one of its top honors.

## Active Ownership

Understanding labor conditions in supply chains is critical. In 2013, an eight-story commercial property collapsed in Dhaka, the densely populated capital of Bangladesh. The structural failure of the building killed 1,134 people and injured 2,500. The Rana Plaza tragedy focused attention on egregious labor and environmental practices in the garment industry, specifically workplace safety, child labor and human rights abuses. The owners, garment factory executives, ignored warnings that the building was unsound. Over 200 institutional investors, including

Veris managers Domini Impact Investments, Dana Investment Advisors, Pax World Funds, Boston Common Asset Management and Trillium Asset Management, launched the Bangladesh Accord on Fire and Building Safety. The coalition, with over \$4.3 trillion in assets under management and now in its fourth year, continued to pressure retailers, suppliers and global brands to strengthen protections for workers. The coalition is working to ensure living wages and safety in the garment industry and prevent tragedies like the one in Dhaka.



# 2017 Veris Carbon Footprint

At Veris, we are committed to reducing our carbon footprint as part of a broader mission to advance sustainability. The firm calculates its carbon footprint annually to achieve three sustainability goals we believe are vital to our mission:

- We quantify our firm's operational impact on climate change
- We closely align our practice with our investment values
- We offset emissions to neutralize the negative environmental effects of our energy use

The major factors contributing to our carbon footprint are office electricity use (based on size and location), air travel, commuting and waste. We're pleased to report a significant drop in carbon emissions in 2017, primarily due to fewer flight miles. In 2016, flight miles represented 94.57 tons of CO<sub>2</sub>, compared to 62.59 tons of CO<sub>2</sub> in 2017. In 2017, Veris employees and its business operations produced 124.78 tons of carbon emissions, a 24% decrease from our carbon footprint of 165 tons in 2016.

To mitigate these emissions, Veris purchased \$1,934 in carbon offsets through Native Energy. Native Energy's offset projects cost \$15.50 per ton of CO<sub>2</sub> and invest in projects that will have a positive environmental and social impact. This year, Veris' employees chose the Northern Kenya Improved Grasslands Project. The project has a large environmental and social benefit to the people in the region.

## Northern Kenya Improved Grasslands Project

The goal of the Northern Kenya Improved Grasslands Project is to help wildlife and people coexist, while strengthening Kenya's economic well-being and limiting greenhouse gasses. The project will develop and implement new, rotational grazing plans monitored by grazing "assistants." The grazing plan limits greenhouse gasses by creating healthier grass and root depth. The results: less livestock loss during drought, sustained meat and milk production, stronger connections to the land, less time required for herding travel and reduced conflict over the land. Part of the project's goal is to increase economic stability and independence through new income streams for the community. The individuals who participate in the project gain access to the "Livestock to Markets" program, a mobile market that purchases cattle directly from pastoralists. This eliminates middlemen and long-distance travel.





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## Disclosure

This Impact Report is intended for information purposes only. It is not a recommendation of any investment manager, fund or security. The information provided illustrates efforts to influence social and environmental issues. The selection was unrelated to financial performance and collected from various sources all of which are believed to be reliable but have not been independently verified. Impact figures are generally approximate values.

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## Let's Work Together

Veris Wealth Partners is an impact wealth management firm serving individuals, families and private foundations across the U.S. The Veris team helps clients achieve their financial objectives by aligning their wealth with their values. Veris believes that superior investment performance and positive impact are complementary parts of a holistic investment strategy. Veris develops customized strategies that manage and preserve wealth across generations by investing in companies focused on sustainability and Environmental, Social and Governance (ESG) principles. To learn more about our capabilities, contact Casey Verbeck, Partner, at [cverbeck@veriswp.com](mailto:cverbeck@veriswp.com) or 303.352.4181.

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