

An aerial photograph showing several rows of blue solar panels installed on a lush green field. The panels are arranged in a grid pattern, and the surrounding vegetation is vibrant green. A semi-transparent green banner is overlaid across the top half of the image, containing the title text.

2018 / 2019 Impact Report



VERIS

Wealth
Partners

Values. Wealth. Sustainability.

Sustainable and Impact Investing Continues to Transform Business and The Capital Markets

Investing for Social and Environmental Gain Accelerate In 2018

Are Environmental, Social and Governance (ESG) research guidelines the new standard for managing the world's capital?

Since our last Impact Report a year ago, an even stronger case can be made for the materiality of ESG in investing capital.

Today, a growing number of asset managers around the world – not just impact and sustainable investors – are integrating ESG criteria to evaluate their portfolios. Notably, asset managers who haven't viewed themselves as impact or sustainable investors are starting to use ESG as a primary investment approach, and for good reason: Public and private companies following ESG criteria in their business practices often uncover risks or identify opportunities others don't see. ¹

We also believe companies following sustainable business practices tend to do better on social, environmental and governance issues, such as pay equity, reducing carbon emissions, and women on boards and in leadership.

For those who believe in the promise of aligning wealth with values, the long-term trend is positive. After more than two decades of advocating ESG, the impact investing community's approach is being embraced by the mainstream. This fundamental shift in thinking could have an ongoing positive impact and lead to even more capital flowing to sustainable businesses. If that happens, it points toward true systemic change.

ESG Capital Follows

In 2018, sustainable investing assets worldwide reached \$30.7 trillion, a stunning 34% increase in two years, according to the Global Sustainable Investment Alliance. ² New research by Morningstar also indicates that 72% of investors have high or moderate interest in sustainable investing.

More Progress in Measuring Progress

Another very positive development over the past year is the collective progress in measuring impact investments. New analytics, tools and frameworks are emerging to improve the tracking and evaluation of impact portfolios. The larger goal is to determine whether capital invested in companies or projects is actually helping disadvantaged peoples, communities, and the environment. Since Veris was founded in 2007, the firm has focused on deep due diligence to verify the authenticity of the intended impact. This remains one of the foundational principles of our firm.

In the wake of the Yellow Vest protests in France, global unrest, and growing income inequality, we intensified our focus on income, gender and racial inequality, as well

as social mobility. We urge the investment world to take aim at social equality, which is one of the key issues of the 21st century. Our worry is that in 20 years, democratic economies will no longer function if capital markets do not invest in social equality. To that end, we see new opportunities to direct capital to climate justice solutions, as the pages ahead will show. While there has been real progress in adopting environmental sustainability goals, more work needs to be done to address pay gaps, as well as gender and racial inequality.

Celebrate the Victories

The strong momentum toward sustainable and impact investing also has been very heartening for clients and the Veris team. As a wealth management firm 100% focused on impact investing, it's highly motivating to see the growing adoption of ESG research and Impact and Sustainable investing. We believe much more is possible if capital keeps flowing to innovative companies, social entrepreneurs, and other solutions that create a more just and equitable world.

As we do every year, our Impact Report is also a progress report on Veris' five investment themes: 1) Climate Solutions & the Environment; 2) Community Wealth Building & Social Equality; 3) Sustainable Agriculture & Food Systems; 4) Gender Lens Investing; and 5) Mindfulness & Sustainability. Also featured in the 4th Annual Veris Impact Report are perspectives on how companies are driving sustainability; a summary on Active Ownership and engagement; trends in private equity, debt, and community investments; and a report on Veris' commitment to climate change.

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



The Impact Field Continues To Develop

Among the notable highlights in 2018 at the macro level:

Investors Doubled Down on Impact

US SIF's 2018 Trends Report found that assets managed in the United States with a Sustainable, Responsible or Impact mandate have grown to \$11.6 trillion. That is 26% of all assets under professional management in the country – a 38% increase from \$8.7 trillion in 2016.

Regenerative Farming Grows

The creation of at least 54 U.S.-based investment vehicles, with nearly \$50 billion in assets, that incorporate regenerative practice in their agricultural investment strategies. Practices that improve soil health include rotational grazing, outdoor pastures for animal welfare and fair working conditions and pricing for workers and consumers.

Millennials Are Changing the Investment Journey

Baby boomers are about to pass an estimated \$30 trillion in wealth to Millennials within the next few years, according to Forbes. This generational transfer will create new opportunities for Millennials to invest in companies and solution that benefit all of humanity. A Fidelity Charitable study in 2018 found that 77% of affluent Millennials have put money into an impact investment.

Sustainable Lending Hits Record Highs

Fixed Income instruments to promote sustainability goals jumped 26% in 2018 to a record \$247 billion, according to Bloomberg New Energy Finance. Green bonds made up the bulk of that amount and totaled \$182.2 billion. A single new product, sustainability-linked loans, hit \$36.4 billion.³

Veris Accomplishments in 2018

- On average, the investment teams hired by Veris are 38% women and 23% People of Color.⁴

- Veris public equity managers filed or co-filed over 100 shareholder resolutions. They include 31 resolutions to mitigate climate change; 24 to encourage greater diversity and pay equity; 15 demanding disclosure of corporate lobbying and political spending in Washington, D.C.; and 10 related to executive compensation and governance.

- Veris clients helped create more than 1.3 million affordable housing units, 1.3 million jobs, and 600,000 educational opportunities; helped serve more than 800,000 patients through health programs; and helped finance more than 3,000 social enterprises or nonprofits.⁵

- Capital provided by Veris clients contributed to protecting almost 2 million acres of sustainably managed forest and farmland. That capital also helped offset more than 9.7 million metric tons of carbon dioxide emissions and generated over 6 million megawatt hours of renewable energy.



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Veris Impact Across Asset Classes

Veris works with managers across all asset classes to create performance-driven investment strategies that align wealth with values. The following chart shows the impact areas that our investments targeted in 2018.

		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					✓

Public Companies Are Driving Sustainability

Business, arguably, is the most powerful change agent in the material world.

If the past half century taught us anything, it's that positive change in business behavior can have an enormous positive impact on the planet and on society.

A Short History of Transformative Business Behavior

Fifty years ago, pioneers in sustainability, investing and business began experimenting by building socially responsible companies. They were largely motivated to halt the degradation of the environment and improve society overall. In retrospect, these visionary founders were perhaps more focused on integrating their sustainable missions than today's leaders, who are laser-focused on sustainable business performance and mission.

Thirty years ago, this perspective began shifting. The first wave of these companies, like organic foods firms, started combining into much larger public and private companies, often global. There were many reasons for the change, and at the heart of it, public companies wanted innovative, sustainable product ideas consumers would buy. They wanted to learn to innovate in new ways.

Twenty years ago, a new generation of executive leaders in public companies pivoted again. Quietly at first, and then with increasing frequency, public and large private companies realized that sustainability was as much about innovation and business performance as it was about forging a better world. The emphasis became much more about integrating a multiplicity of worldviews into business operations for business transformation and performance.

Over the past five years, all of these trends have converged into a dynamic new business ethos: Innovation equals sustainability and vice versa. Great, sustainable companies can be more profitable. That's because they continually innovate and become more efficient; they succeed by doing more with less waste. And they view the integration of positive societal and environmental change as an integral business strategy – a new way of knowing founded on the interconnectedness animating physics and biology.

A Better Way

We believe the following trends will continue the current trajectory of progress over the next 50 years.

- **The world is crying out for dramatic new solutions in the face of enormous challenges.** Entrepreneurs can be catalysts for transformative breakthroughs. For example, Tesla electrified transportation and chemical company Braskem is taking oil out of plastic. Sustainable and impact investors, along with businesses themselves, are using their experience for the betterment of the planet.
- **People are driving sustainability.** Employees from bottom to top increasingly want to work for sustainable companies. At the same time, more consumers are buying sustainable products and solutions, and they are deliberately choosing to support firms with these shared values.⁶
- **We believe sustainable companies can remake entire industries.** Because new business models often lead to higher profitability, companies are investing in sustainable business practices. Research confirms that sustainable, innovative companies often outperform competitors in terms of operational costs, supply chain efficiency and reputational risk.⁷

- **We believe innovation is the key.** A corporate culture of sustainability unlocks creativity and cultivates disruptive ideas. When employees are encouraged to see the world differently, the spirit of innovation can result in smarter systems and business processes. In turn, companies can produce next-generation products and services.

- **Measurement matters even more.** The significant number of new approaches to impact reporting is helping companies and investors put capital to its highest and best uses. More precise measurement enables stakeholders and management to see the differences in performance. Better evaluation methodologies also highlight environmental, social and governance factors. They lead to more sustainable Key Performance Indicators (KPIs) that measure and may drive greater business performance. As important, new sustainable accounting systems by global accounting firms such as Deloitte are also changing impact measurement.⁸

Not long ago, few global CEO/CFOs could have imagined the sophistication of today's sustainable accounting and measurement tools.⁹ Nor could they have ever asked the question, "What happens when carbon becomes a risk on a corporate balance sheet?" This issue sets in motion a whole new set of provocative questions for management teams and their shareholders operations.

- **Impact Investing is delivering even more positive impact.** Fifty years ago, the first socially responsible investing ("SRI") mutual fund was launched. In the U.S., the millennium started with less than 5% of total assets managed with SRI criteria. Today, it's about 25%.¹⁰ This is a remarkable achievement. More importantly, the underlying investment trend reinforces the positive correlation in business performance when management teams are guided by ESG principles. We believe a virtuous cycle is created when individual and institutional investors increasingly invest in sustainable companies. The profitability of sustainable companies, in turn, produces new generations of sustainable products and services. This continual cycle comes back full circle to Adam Smith's vision of the unity of purpose of business and society.

The integration of impact investing, impact companies, impact financial and ESG performance is changing the world for the better. Veris is proud to be part of this movement.



The following sections of the 2018-2019 Impact Report provide greater detail about the progress of the impact and sustainable investing ecosystem.

Impact Through Active Ownership

Active ownership is one of the the most impactful ways sustainable investors can influence public markets. Active ownership is the strategy in which company shareholders advocate, encourage, and sometimes demand, that public companies improve their environmental footprint, community impact, or worker conditions. In 2018, several Veris public equity managers were effective change agents. These managers typically vote their proxies at annual shareholder meetings in support of Environmental, Social, and Governance (ESG) guidelines. They also initiate direct dialogue with companies and often sit down with management teams to discuss opportunities to become more sustainable. When dialogue fails, shareholder resolutions are filed with the SEC to pressure the management team towards change.

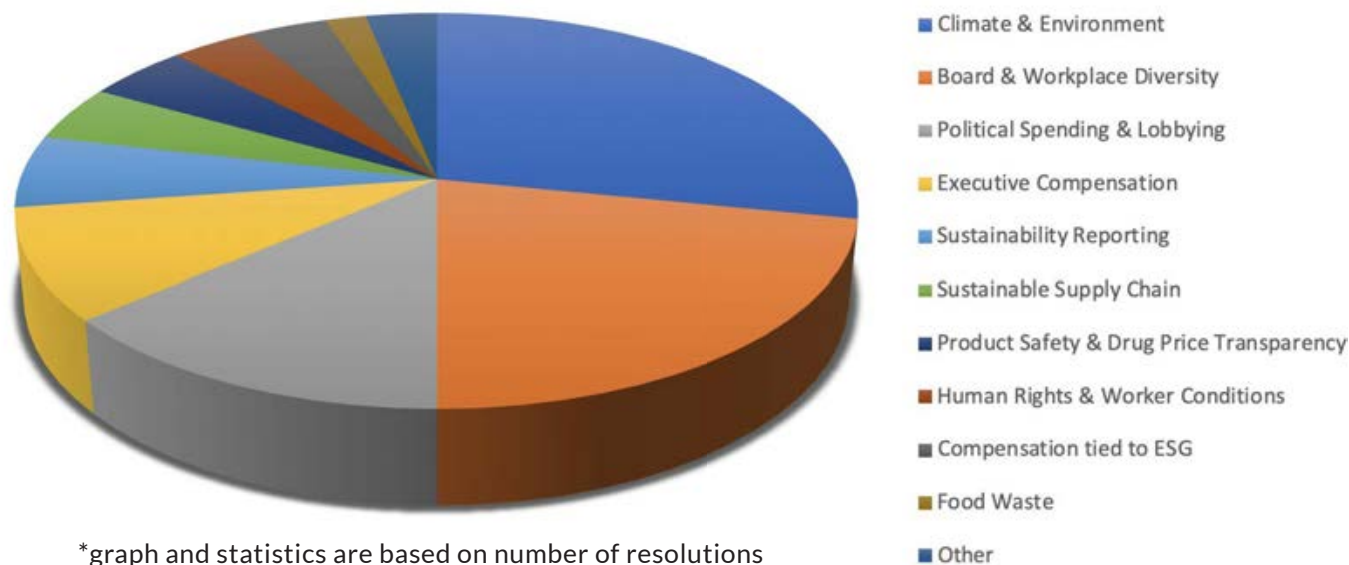
Recently, some corporate interests have tried to reduce the rights of shareholders. They are seeking to insulate management teams from activist shareholders who see opportunities to change the governance, social and environmental practices of companies. Veris has strategically partnered with managers who champion active ownership. Veris wants to ensure its clients retain a seat at the table with corporate giants of the global economy. ¹¹



Additionally, Veris seeks to work with investment managers who align with the impact values of our clients. These managers incorporate ESG analysis into their investment selection to identify the sustainable industry leaders – the companies of the future. They often screen, or exclude, an industry or company harmful to society or the natural world. Collectively, impact investors have made great strides curbing deleterious activity and modifying business models based on extraction and exploitation.

Veris is proud to work with the following organizations, which are effectively pushing companies toward positive change: **CDP** (formerly Carbon Disclosure Project), a non-profit that developed and runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts; **As You Sow**, a national shareholder advocacy coalition; **CERES Investor Network on Climate Risk**, a leader in climate change advocacy; **The Forum for Sustainable and Responsible Investment (US SIF)**, the national membership association for sustainable, responsible and impact investors.

In 2018, public equity managers who work with Veris filed or co-filed 110 shareholder resolutions. Of those, 49 (45%) successfully prompted companies to agree on the proposed steps for improvement.



Community Impact Notes Private Equity & Fixed Income

For many years, Veris has helped clients make high-impact investments in funds that finance private companies. Since our last Impact Report, there were material increases in the impact our clients had from their capital, as outlined below. The elevated impact was in part due to the addition of several high-quality managers in 2018. The investments, which help deliver positive change in communities across the U.S. and globally, are categorized in accordance with IRIS metrics. IRIS, which stands for Impact Reporting and Investment Standards, is the generally accepted system for measuring, managing, and optimizing impact. In 2018, our managers reported the following aggregated results:

1,337,000



Jobs Created or Preserved¹²

Recent job growth reports show that the U.S. economy is continuing to expand, but without middle- and working-class families seeing much of the benefit.¹³

1,393,563



Affordable Housing Units Created or Preserved¹⁴

Millions of low-income Americans are paying 70% or more of their incomes for shelter, while rents continue to rise and the construction of affordable housing lags far behind the need.¹⁵

3,261



Small Businesses, Social Enterprises or Nonprofits Financed¹⁶

Small businesses are essential to the country's ability to grow economic output, entrepreneurship, and private sector employment.¹⁷

8,006,610



Underserved Borrowers Financed¹⁸

There are 1.7 billion people who lack access to basic financial services globally, and a \$5.2 trillion funding gap to micro, small, and medium-sized enterprises.¹⁹

633,640



Educational Opportunities Financed/Access to Education²⁰

Around the world, more than 72 million children lack access to basic education because of poverty and inequalities that originate in gender, health and cultural identity.²¹

848,515



Patients Reached by Health Facilities/Health Programs²²

About one in four Americans is without a health center to receive regular medical services, and almost one in five Americans under age 65 years does not have medical insurance coverage.²³

1,980,896



Acres of Sustainably Managed Land²⁴

Selecting the right land use, and implementing sustainable and regenerative land management, is critical for minimizing land degradation, rehabilitating degraded land, ensuring the sustainable use of land resources and maximizing resilience.²⁵

9,769,727



Metric Tons of CO² Offset or Avoided²⁶

Carbon dioxide emissions in the U.S. increased by about 2.9% between 1990 and 2017.²⁷

6,114,684



Megawatt-Hours of Renewable Energy Produced²⁸

Technologies that can help America move away from fossil fuels, such as solar panels, wind turbines and electric cars, have gone from novelties to core features of the nation's energy landscape.



Global Reach

In addition to generating positive local and domestic impact, Veris identifies sustainable investment opportunities around the world. This map of our global scope outlines, by region, the number of small and medium-sized enterprises (SMEs), cooperatives, microfinance institutions (MFIs) and other organizations that are supported in part by Veris clients.²⁹



The United Nations Sustainable Development Goals (SDGs), developed in 2015 with consensus of almost 200 countries, have set an ambitious agenda that includes ending hunger and poverty while arresting climate change. Meeting the SDGs is expected to cost an estimated \$5 trillion to \$7 trillion annually. Thus, it is imperative for private sector and impact investors to play a significant role in achieving these goals. The 2018 UN SDG Progress Report showed mixed results. Positive progress was achieved in significantly reducing people living in poverty, lowering child and maternal mortality, expanding access to electricity and banking, and helping eradicate several diseases. However, the report found that world hunger and severe food insecurity has increased. Meanwhile, gender inequality and pay gaps persist, and progress in education lags and remains unequal.

Veris clients have long invested in solutions that align with the SDGs. Each of our thematic focus areas support the SDGs, with significant overlap and mutual reinforcement. While IRIS metrics provide guidance at a granular level, the SDGs evaluate systemic impact. The SDGs 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 

2018/2019 Impact By Theme

Veris monitors the 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.



Climate Solutions & the Environment

Private Market Solutions



The 2018 UN SDG Progress Report found that the Earth's forests continue to shrink, down from 4.1 billion hectares in 2000 to 4 billion in 2015.³⁰

In the Pacific Northwest, forests provide many economic, social, and environmental benefits. The Douglas-firs, Sitka spruces, and western hemlocks support the health of the ecosystem. They capture and store carbon; protect natural habitats for wildlife, insects and fish (many threatened or endangered); naturally filter drinking water; and provide jobs and economic security for local communities. The sequestration of carbon by forests is also a potential game-changer in developing environmental solutions to climate change and in neutralizing industrialized forestry practices jeopardizing the region's ecosystem. One fund, Ecotrust Forest Management, is promoting and executing climate-smart forest management. This approach can extract up to twice as much carbon from the atmosphere as traditional methods. Supporting long-term conservation of forests, the fund works with Native American Tribes to understand and support their land ownership and forest management capacity. The fund helps to transition ownership of forestland to indigenous communities.

Public Company Solutions



Electricity generation from clean sources has doubled since 2008 but, without further action, the Energy Information Agency predicts that U.S. carbon dioxide emissions from energy will remain at current levels until 2050.³¹

Since 2018, biopharmaceutical company Celgene has been a member of the U.S. Environmental Protection Agency's Green Power Partnership. That partnership recognizes companies committed to using renewable sources of energy. In total, Celgene's U.S. facilities get 73% of their electricity from wind, a clean and renewable source of energy.



In aggregate, EPA Green Power Partners are using more than 36 billion kilowatt hours of green power yearly. That is equivalent to the electricity generated by 14.6 million tons of coal or the power produced by more than 32,000 football fields covered with solar panels, according to the EPA.

Active Ownership



In 2018, Veris reconfirmed its commitment to support CDP, formerly known as the Carbon Disclosure Project.

CDP is responsible for the annual global process in which public companies disclose greenhouse gas emissions, water usage and intensity, energy use, supply chain and waste management. Each year, CDP sends its climate change questionnaire to more than 6,000 companies in the U.S. and internationally, along with emerging markets. These disclosures form the basis of investor decision-making regarding how well a company manages its environmental risk and carbon and water footprint. The majority of impact investment managers use this data to construct portfolios. As a result, they can incentivize companies to reduce these negative environmental footprints. We believe CDP's work is essential in promoting greater corporate sustainability.

A five-year engagement campaign by Trillium Asset Management demonstrates the positive impact shareholders can have. Methane is a greenhouse gas more than twice as potent as carbon dioxide. In 2018, EOG Resources (oil and natural gas exploration and production company) committed to set both qualitative and quantitative targets to reduce methane emissions. This result was the culmination of five years of shareholder dialogue with EOG.

Community Wealth Building & Social Equality

Private Market Solutions

Income inequality in America has reached levels not seen since the Great Depression, according to new research by UC Berkeley professor Gabriel Zucman.

The share of wealth of the top 1% has soared to 40% in 2016 from 25% in the 1980s.³² A study on social mobility published in 2018 by Harvard and Stanford also confirms institutionalized racism is prevalent in America. The data shows that black boys, even those that grow up wealthy, earn less in adulthood than white boys from similar backgrounds.³³ An emerging fund manager with whom Veris clients have invested is addressing these disparities head on. Impact America Fund invests in minority and women-owned businesses, often in urban communities neglected by traditional financing. The Impact American team, consisting of six people of color (five are women), seeks to build local business infrastructure, prepare workforces for the Next Economy, and help communities coordinate resources to meet their needs.

Public Company Solutions

Community wealth building focuses on building collaborative, inclusive and locally controlled economies. In early 2018, eBay launched its Retail Revival program to re-invigorate small businesses in three communities. As part of the program, eBay helped brick-and-mortar businesses create an online presence to make their products and solutions accessible to customers around the world. eBay's business partners received in-depth training, dedicated coaching, and promotional support to power their expansion in the digital marketplace. eBay had great success in the first three cities and expanded the program to another two in early 2019. The company plans to add more around the world, while it continues to make a concerted effort to internally address equality. In 2014, eBay's board was only 9% women; about 11% of its executive leadership was female. Through shareholder engagement, eBay agreed to take steps to amend its governance guidelines. The company pledged to actively seek out highly qualified women and individuals from minority groups for board appointments. The company also hired a chief diversity officer in 2017. As of late 2018, the representation of women on the board and in management at eBay had surpassed 30%. Today, the company is among the highest-rated companies globally for advancing women into senior leadership positions.

Active Ownership

The opioid crisis has adversely effected many communities and, unfortunately, the number of opioid-related deaths continues to increase nationwide.³⁴ In 2018, Domini Impact Investments engaged in dialogue with 135 companies, many of them related to public health and safety, human rights, and community relations. One of Domini's topics of engagement is the opioid crisis, an issue that has had disastrous consequences for communities across the country. Domini co-filed a shareholder proposal at Walgreens requesting a report on the Board's efforts since 2012 "to more effectively monitor and manage financial and reputational risks related to the opioid crisis." Earlier this year, the proposal received a rare majority vote from shareholders, with 60.5% support. Domini believes this victory has sent an important signal to Walgreens and other retail pharmacies that investors do not want to ignore the ravages of the opioid crisis.

Sustainable Agriculture & Food Systems

Private Market Solutions

Sustainable food systems are imperative to feed the growing population and minimize the effects of climate change.

Since 1985, BlueHub Capital (formerly known as Boston Community Capital) has shared this mission: To help build healthy communities where low-income people live and work. Over the past 34 years, this CDFI (Community Development Financial Institution) has invested over \$2 billion. Blue Capital has supported organizations and businesses that help preserve affordable housing, prevent foreclosure, extend education, strengthen communities, expand access to quality healthcare, conserve natural resources, and grow businesses. One such project is the Bornstein & Pearl Food Production Center in Boston, Massachusetts.

The Bornstein & Pearl Building in Boston's Dorchester neighborhood was a meat-processing facility and major employer in the community for 60 years. When Pearl Meats shut down in 2007, those jobs vanished, and the building remained vacant for a decade. The BlueHub Loan Fund made a loan to enable the Dorchester Bay Economic Development Corporation to acquire the building and lease the rehabbed space to CommonWealth Kitchen, an incubator for over 45 small businesses. The loan from BlueHub Loan Fund put a blighted building back to use. The loan also supports local food entrepreneurs whose higher production costs might otherwise have prevented the businesses from getting started.

Public Company Solutions

Consumers are increasingly aware of the impact that food has on the environment and are looking to support sustainable food providers.

Darden Restaurants has worked to promote sustainability and best practices among its suppliers. It recently announced a new Animal Welfare Policy calling for the humane treatment of animals. Darden wants to ensure animals in its supply chain are treated with respect and care. In support of their new approach, Darden seeks to minimize animal suffering, improve humane slaughter practices and animal transportation, and encourage the responsible use of antibiotics.

Darden is also committed to reducing the environmental impact of its physical footprint – which includes more than 1,700 restaurants, 10 distribution centers and a corporate headquarters. To help drive performance, in 2009 the company established a set of targets to reduce per-restaurant energy and water use by 15% by 2015. It also established a new goal of sending zero waste to landfills over time. Darden exceeded both its water and energy use goals by reducing per restaurant water use by 22.5% and per restaurant energy use by 17%. The company succeeded by retrofitting lighting with more efficient bulbs, implementing new energy management systems, deploying water-saving cooking technologies, and installing irrigation optimization systems.

Active Ownership

According to the U.N. Food and Agriculture Organization, 30% of food is wasted globally across the supply chain and contributes 8% of total global greenhouse gas emissions.³⁵

In the last six months of 2018, Trillium Asset Management filed 24 shareholder proposals and engaged many more companies. The firm's ongoing dialogue with Target led the retailer to set a goal to cut its food waste in half by 2025. Similarly, United Natural Foods will be rolling out a food waste pilot program beginning in 2019.



Investment Manager Diversity – Surpassing the Industry Benchmark

Veris believes that companies embracing diversity are better positioned to succeed. Each year, we encourage our fund managers to disclose the gender and racial diversity of their investment professionals, senior leadership, and total workforce. We hope that asking these questions, and letting our managers know that these topics are important to us, will inspire firms to build more diverse teams and advance gender and racial equity.

In 2018, 38% of investment professionals at Veris' asset managers were women – four times the average of the financial services industry.^{36,37} Twenty-three percent of the investment professionals employed at Veris' asset managers were people of color.³⁸ Veris continues to monitor the diversity among our managers and the industry at large. We believe there is positive momentum towards increased diversity and will emphasize the benefits of such diversity as we talk to and evaluate managers.

Gender Lens Investing

Private Market Solutions

Advancing women's equality should benefit the global economy. When women have financial control, they are more likely to put money back into their communities and families.³⁹

The Akola Project was founded by Brittany Merrill Underwood in Uganda in 2007. Akola, which means “she works” in a local Ugandan dialect, is today based in Dallas and is dedicated to creating and providing jobs for women who are caring for an average of 10 dependents. Akola's mission is to have its entire supply chain – fabrication, assembly, shipping and office work – benefit women in need. The nonprofit organization has a rapidly growing jewelry business that employs women facing high barriers to employment. In Dallas, Akola provides living wage jobs for women who are living in poverty. Those workers are single mothers, formerly incarcerated women and survivors of domestic violence and trafficking. In Uganda, the organization has provided job training, professional development and living wages to women while helping entire communities.



Public Company Solutions

Studies show that greater gender diversity is a predictor of long-term value creation and lower stock price volatility.⁴⁰

Microsoft Corp. believes the company's continued success depends on the diverse experiences and ideas of its workforce. To help foster diversity and inclusion, Microsoft supports Employee Resource Groups and Employee Networks. These unique groups can provide career development and networking opportunities, as well as activities to promote community engagement and cultural awareness. One such group is Women@Microsoft, which helps attract, retain, and develop women around the world. Its programs are intended to ignite the interest of girls in technology careers, support women-focused initiatives and organizations, and provide career and professional development resources for women once they are Microsoft employees. Since 2015, women in tech roles at Microsoft have increased by 3.1% to 19.9%, and by 2.2% in leadership roles to 19.7%.⁴¹

Active Ownership

According to Harvard Business Review, women make the majority of consumer decisions: 94% of furniture, 92% of vacations, 91% of homes, 60% of cars and 51% of consumer electronics. The power of women as consumers should continue to grow if their labor force participation rate rises.⁴²

The Aperio Group is attacking gender issues in multiple ways. In partnership with Proxy Impact, Aperio created The Women's Inclusion Project to increase gender diversity and promote equal pay in US corporations. This program gives investors the opportunity to join shareholder initiatives that change corporate business practices. Through dialogue with companies and shareholder resolutions, investor concerns are brought to management and actively foster change, often in collaboration with other stakeholders. Investors allow their shares to be used in filing shareholder resolutions that ask companies for disclosure and policy changes about women-oriented issues. In addition, Aperio also launched the Women's Inclusion Strategy, whose mission is to deploy impact investment capital with a gender lens. Aperio's objective is to address society's market failure to fully value the contributions of women and girls. To reflect that goal in its public equity portfolio, the Women's Inclusion Strategy invests in companies that have more women on their boards and in senior management, offer equal opportunity to women, and observe their human rights. Aperio wants companies to have at least one woman on the board and at least one female executive. It also avoids companies that derive more than 10% of their revenue from adult entertainment because those activities don't support a society that fully values women and girls.



Mindfulness & Sustainability

Private Market Solutions

Implicit bias is pervasive in traditional finance. While almost 40% of Americans are non-white, minorities own only 3.7% of private equity firms and manage just 3.4% of assets, according to the Stanford Graduate School of Business.⁴³ The same study found women own just 1.9% of private equity firms and manage 1.5% of assets.

Of the \$85 billion in venture capital funding to businesses in 2017, only 2.2% went to female founders, while female entrepreneurs of color receive less than 1% each year.⁴⁴ The VC database firm CrunchBase found that VC funding for female founders was 16% between 2009 and 2017.⁴⁵ Research from Stanford GSB revealed that only 1% of Latina-owned businesses received VC capital between 2007 and 2012.⁴⁶ In 2018, Veris clients invested in Illumen Capital, a firm dedicated to reducing implicit bias. In partnership with Stanford, Illumen will hold bias-reduction workshops and trainings with the funds in which it invests. The goal is to understand unconscious bias and how it contributes to disparities in VC capital allocation.

Public Company Solutions

The mindful shift to a “circular economy” involves designing out waste and pollution, keeping products and materials in use, and regenerating natural systems to promote a more sustainable future.⁴⁷

International Flavors & Fragrances (IFF) produces flavors, fragrances and cosmetic actives. It was named to Barron's 100 Most Sustainable Companies List in 2018. The company's sustainability vision is to lead positive transformational changes toward a regenerative, healthy and abundant world, and is based on the concept of a circular economy, one that is restorative and regenerative by design. IFF has set impact goals for eliminating waste by using clean renewable energy, responsibly sourcing raw ingredients and advancing water stewardship. By 2025, IFF wants to reduce absolute greenhouse gas emissions by 30%. It is also working with suppliers to set reduction targets and report annual emissions based on hard science. Also promising is the company's effort to procure 75% of its electricity portfolio from renewable sources and eliminate landfill waste at all major manufacturing facilities. It plans to reduce its freshwater consumption by using recycled water for more than half of its nonproduct operations.

Active Ownership

Materials and wastes offer an often-overlooked opportunity to improve an organization's sustainability, prevent greenhouse gas emissions and reduce costs.

Boston Common Asset Management was founded in 2003. It is women-led and uses shareholder leverage to influence corporate and industry practices globally, often in collaboration with investor coalitions and activist organizations. Since 2015, Boston Common has led an initiative to promote "Eco-Efficiency" among its portfolio companies. Companies can improve their resource productivity and bottom line by limiting energy use, minimizing water waste, and reducing waste disposal costs. As an example, a company diverting its waste from a landfill can reduce the operational cost of disposal and then repurpose that "waste" for another company to fuel its own process.

Embracing this idea could help companies become more sustainable and profitable. Boston Common launched the Eco-Efficiency initiative for portfolio companies with the highest greenhouse gas emissions after analyzing the carbon footprint of each of its core strategies. Phase 1 of the engagement centered on energy and water usage. In Phase 2, Boston Common is broadening its focus to include waste by encouraging companies to turn wastes into resources, reduce costs, and improve product quality.

2018 Veris Carbon Footprint

Veris is committed to reducing our carbon footprint as well as offsetting 100% of carbon used in our operations. On an annual basis, we calculate our carbon footprint to achieve three sustainability goals, as part of our effort to be good stewards of the environment.

- Quantify firm's operational impact on climate change, and seek improvement
- Align our practices with our investment values
- Offset 100% of emissions to neutralize the negative environmental effects of fossil fuel use (primarily a function of air travel)

To mitigate these emissions, Veris purchased \$2,304 in carbon offsets to offset our 149 tons of carbon emitted. They were purchased through fellow B Corp Native Energy. Native Energy's offset projects are priced at \$15.50 per ton of CO₂ and invested in projects that have a positive environmental and social impact. This year, Veris employees voted to support the Honduras Coffee Growers Clean Water Project (detailed below).

Honduras Coffee Growers Clean Water Project

This effort by Native Energy and the Honduran Association of Coffee Producers (AHPROCAFE), aims to provide clean drinking water to rural communities in four regions of Honduras, particularly those communities involved in the coffee production process. The project uses BioSand water filtration technology.

Access to clean drinking water means families contract fewer illnesses. Avoided burning of wood indoors for boiling water means less household and ambient air pollution, which improves health and well-being for families. Both cleaner water and cleaner indoor air are particularly important for the health of children under the age of five. Avoided deforestation helps preserve habitats and biodiversity and means families – most often women and girls – spend less time gathering firewood.

Improving access to clean drinking water not only helps the people living and working in Honduras, it makes the coffee supply chain more resilient by allowing producers of quality coffee to avoid fuel, medicine, and clean water costs and invest those savings in their farm, their children's education, and their livelihood overall.

The project is monitored annually and verified to the Gold Standard, a leading independent standard for voluntary carbon reduction projects. Among other parameters, the usage rate of the filters, the quality of the filtered water, and the amount of water consumed by the households, as well as the reduction in burning of wood, is monitored for a 10-year period. The Honduras Clean Water Project is designed to follow the United Nations Framework Convention on Climate Change's (UNFCCC) protocol for low greenhouse gas emitting water purification systems. The project is being independently validated as a Gold Standard Microscale Project.





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Lead authors of this report are Anders Ferguson, Partner and Casey Verbeck, Partner and Director of Marketing and Business Development. Veris would like to extend a special thank you to Luke Seidl, who helped create the original Impact Report in 2016 and spent many hours on this year's report before leaving to join Kiva.org in May. Additional authors for this report include consultants Greg Berardi, CEO, Blue Marlin Partners, and Chris Baldwin with contributions from Garrett Markley, Client Services Associate, Jessica Lowrey, Director of Research and Nicole Davis, Partner.

Disclosure

This Impact Report is intended for informational purposes only, provides only a summary of topics discussed, and reflects the opinions of Veris. The contents should not be construed as a recommendation of any investment manager, fund or security. Readers should consult their financial advisors to determine if the managers, companies, or funds referenced in the report are appropriate for their personal investment. 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. Past performance is not indicative of future results. The information contained in this report contains certain forward-looking statements, often characterized by words such





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Let's Work Together

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