



# 2022 IMPACT REPORT

 **VERIS** | Wealth Partners

Values. Wealth. Sustainability.

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# 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 as “believes,” “anticipates,” “plans,” “expects,” “projects,” and other similar words, that indicate future possibilities. Due to known and unknown risks, other uncertainties and factors, actual results may differ materially from the expectations portrayed in such forward-looking statements.

Veris requested that managers provide impact results for calendar year 2021. However, the information presented may reflect impact results prior to calendar year 2021 because of delayed reporting by underlying managers. The impact metrics presented herein are compiled based on information reported by managers and funds utilized by Veris and are estimated and unaudited. Data (including,

without limitation, information pertaining to impact results) has been provided by third parties. While we believe such information provided by third parties to be reliable, we make no guarantees as to the accuracy or completeness of the information presented. No assumptions should be drawn as to whether the results of other portfolio companies of managers and funds utilized by Veris compare positively or negatively with the results of the portfolio companies highlighted in this report. There are other portfolio companies of managers and funds utilized by Veris which have not achieved their intended impact results. Past performance is no guarantee of future results.

Individual case studies are presented to highlight the challenges faced with respect to each impact theme on which Veris concentrates its efforts and how each highlighted company proceeds to address such challenges. Impact results presented in such case studies are not necessarily representative or indicative of whether other portfolio companies of managers or funds utilized by Veris have experienced similar results or have approached making an impact in the same manner as the companies described herein.

# CEO FOREWORD



## DEAR READERS, VERIS CLIENTS, AND ARTISANS OF IMPACT:

It is my pleasure to welcome you to Veris Wealth Partners' 2022 Impact Report. Offering an array of data and stories that illustrate the impact of our investments and our firm's operations, this report demonstrates our investment themes in action while detailing the results of our work in shareholder activism, our efforts to dismantle obstacles to diversity, equity, inclusion, and belonging within our firm and across our industry, and much more.

### OUR COMMITMENT TO IMPACT

Veris remains steadfast in our conviction that we cannot improve the world we live in if we do not leverage the power of capital markets towards sustainable and regenerative solutions.

Admittedly, impact reporting is an imperfect science that grapples with issues of causation vs. correlation. Though we agree there is much to refine and standardize on impact measurement, we believe that process has begun through regulatory efforts and that any current imperfections in the process should not deter Veris, our clients, or our investment managers from continuing to align our financial capital with our values or our firm's mission to create an equitable, just and sustainable world.

### CRITICISM AND ESG MAINSTREAMING

This year has been tumultuous for the Environment, Social and Governance (ESG) and impact investing industry, as we have seen significant politically-motivated attacks on our sector. The list of critics is long, from GOP Governors in Florida, Texas and West Virginia, State Comptrollers, businessmen (Peter Thiel and Elon Musk), and the former Vice President of the United States. Veris rallied with our colleagues across the industry to coordinate our responses to these attacks through US SIF, Confluence Philanthropy, As You Sow and other organizations. I encourage anyone reading this report to glean some well-crafted talking points about our sector from [esgtruths.com](https://www.esgtruths.com).

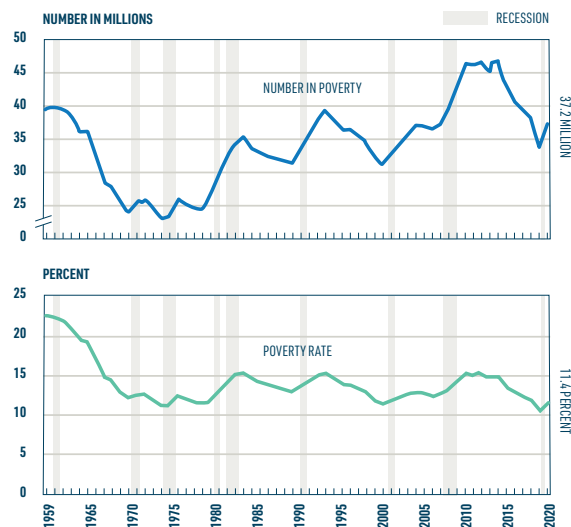
The ESG sector also came under attack as Russia's war in Ukraine exacerbated food security challenges in certain geographies and drove an energy crisis globally. We believe the subsequent hike in oil prices was inappropriately attributed to ESG investing as oil and gas stocks tend to score poorly from an ESG analysis standpoint, and thus are weighted lower or screened out of portfolios altogether by asset managers. Much more communication is needed to explain what ESG analysis actually is: an expansive approach to investment analysis, which incorporates real-world externalities of investments.

The good news is that, despite the attacks, ESG investing has become a dominant trend that markets can no longer ignore. Not so long ago, most investors, regulators, and politicians did not even know what ESG/impact investing was. Today, the SEC is seeking to create a standard taxonomy on ESG funds and is looking to implement certain standards for tracking GHG emissions of investment funds.

## GREATER NEED FOR IMPACT CAPITAL

Communicating the benefits of socially-responsible investing is important, but we believe the most pressing need is for more investment in these solutions - especially in solutions designed to provide immediate positive impact for communities in need. Our poverty rate was already on the rise - hitting 12.8% in 2021 according to the US Census Bureau.<sup>1</sup> Conditions are likely to worsen as poverty levels systematically increase during recessions and we believe that recessionary pressures are well underway, despite a strong labor market. We hope that American investors continue to invest in communities in need during this challenging time, especially in under-resourced communities of color that face systemic racial discrimination in private investment and public sector support.

**NUMBER IN POVERTY AND POVERTY RATE: 1959 TO 2020**  
(Population as of March of the following year)



Notes: The data for 2017 and beyond reflect the implementation of an updated processing system. The data for 2013 and beyond reflect the implementation of the redesigned income questions. Refer to Table B-4 for historical footnotes. The data points are placed at the midpoints of the respective years. Information on recessions is available in Appendix A. Information on confidentiality protection, sampling error, nonsampling error, and definitions is available [here](#).

Source: U.S. Census Bureau, Current Population Survey, 1960 to 2021 Annual Social and Economic Supplements (CPS ASEC).

We also hope to see more capital flow into Community Development Financial Institutions (CDFIs). In this economic environment, our approach is needed more than ever to complement public sector and philanthropic efforts. No single tool can be a proverbial silver bullet solution to poverty's ills - even within the world's largest economy.

While we are very committed to our work, despite its challenges, we also aim to further our mission with joy. I believe we can be more powerful and united as a movement if we collaborate on finding solutions - across our industry (see our section on industry collaborations) and celebrate our joint successes.

## A YEAR OF CELEBRATION: VERIS' 15TH ANNIVERSARY

In that spirit and with this Impact Report, we celebrate Veris Wealth Partners' 15th anniversary. Our founders had a vision to create a different type of financial institution, one where mission-alignment was not optional - but core to the firm. Veris was created to serve families, individuals and foundations/ endowments who wish to do away with the cognitive dissonance of granting money for a cause and investing in a way that ignores real world negative and positive externalities. Finance is not agnostic, and we believe every investment has an impact, whether we choose to acknowledge it or not. Our firm's Founders were well ahead of the curve. Fifteen years after Veris began this journey, many wealth management and other investment firms have caught on to this important movement, but Veris remains distinct in our 100% commitment to having an impact.

Through a great recession, volatile markets, a global pandemic, and attacks against our sector steeped in deep misunderstanding, Veris has grown. We owe this to our wonderful clients who believe finance can be a force for justice and sustainability, to our talented team, and to our founders - whom I thank for making such a powerful dream a reality.

The author Victor Hugo once said, "Nothing is more powerful than an idea whose time has come." We believe Veris is part of that broader idea, of conscious and sustainable capital, whose time has finally come.

We believe more than ever in our mission, and we thank you for walking alongside us in the journey.

To a better world, together,  
Stephanie Cohn Rupp

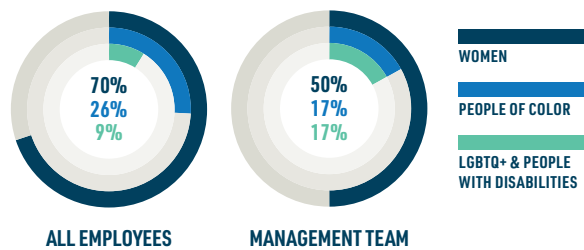
# EXECUTIVE SUMMARY

**15TH ANNIVERSARY** of providing impact and ESG investing services to our clients

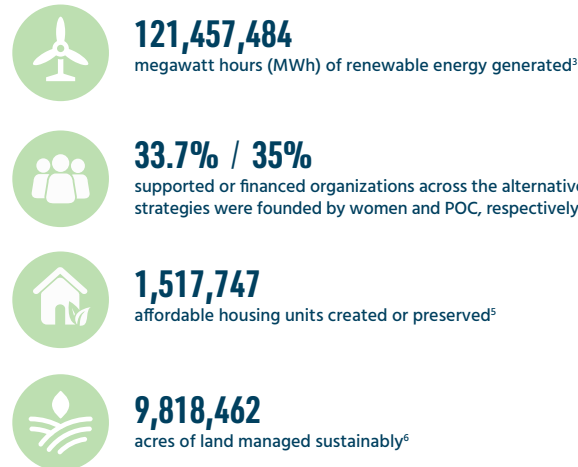
**"OUR FOUNDERS** had a vision to create a different type of financial institution, one where mission-alignment was not an option – but core to who we are."

– VERIS CEO, STEPHANIE COHN RUPP

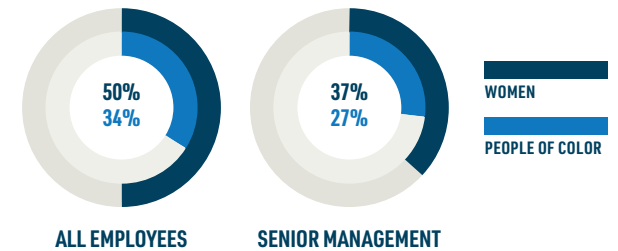
**VERIS IS A MAJORITY WOMEN-LED FIRM** – we need to do more on racial diversity



## IMPACT METRICS HIGHLIGHTS\*



**VERIS EDI MANAGER** due diligence framework launched\*\*



Average diversity across Veris approved managers

**"WE BELIEVE** future opportunities for impact investors can be seen in our collective efforts to support a just transition."

– VERIS CIO, MICHAEL LENT

**VERIS PLEDGED TO BE NET ZERO** before 2040

**9 PUBLIC POLICY LETTERS** Signed in 2021

\* The metrics above are some of the impact reported by Veris approved managers. More managers reported impact metrics to Veris in 2022 than in 2021.

\*\* Many of our managers are diverse at the employee level but the diversity drops off at the senior management level; however, this is significantly better than the overall financial services industry.<sup>2</sup>

# FIRM HISTORY & CORPORATE IMPACT

## 15-Year Anniversary

Veris was founded in 2007 by five courageous founders who had a vision to build a values-driven wealth management firm fully devoted to impact investing across asset classes. Patricia Farrar-Rivas, Michael Lent, Steve Fahrer, Anders Ferguson, and David Hills dreamt of an innovative firm focused on a mission to create an equitable, just, and sustainable world.

The last 15 years may have tested Veris at times but we have persevered and remained independent while a lot of our collaborators merged with or were acquired by larger players. No challenge we've faced, from the Great Recession of 2008 to the recent attacks on ESG investing as "woke finance," has or will deter us from our mission. We are proud of our collective efforts and the positive impact we have helped achieve.

Through it all, our clients have been our greatest motivators. Veris was only able to grow while remaining 100% mission-focused over the past 15 years because our clients are firmly committed to impact. Activists in their own right, we are continually inspired by the ferocity of our clients' commitment to justice, equity, and sustainability. None of this would have been possible without our clients, and their willingness to allocate financial capital where their mission and values stand.

To our clients, we thank you for the trust you have placed in us over these extraordinary 15 years!








**NO CHALLENGE WE'VE FACED...HAS OR WILL  
DETER US FROM OUR MISSION.**



# 15 YEARS

## Firm Highlights

Here is a timeline highlighting significant events and milestones drawn from Veris Wealth Partners' 15 year history.

 <p><b>2007</b></p>	 <p><b>2008-2009</b></p>	 <p><b>2011</b></p>	 <p><b>2012</b></p>	 <p><b>2016</b></p>	 <p><b>2020</b></p>	 <p><b>2022</b></p>
<p>Veris founded to help clients align their wealth with their values.</p>	<p>The firm's client base grows despite the Great Recession.</p>	<p>Veris develops its own Impact Investment themes across asset classes &amp; is certified as a B Corp.</p>	<p>Veris publishes Gender Lens Investing research mapping a nascent industry.</p>	<p>Veris officially establishes a first-time fund manager investment policy.*</p>	<p>We respond to the COVID-19 crisis, a new generation begins leading Veris &amp; the firm evolves its themes.</p>	<p>Veris exceeds \$2B in AUM, remains independent &amp; welcomes minority investor Rosemont Investment Group.</p> <p>We launch our own EDI due diligence framework, expand shareholder &amp; policy initiatives and defend ESG investing.</p>

### WHY IS VERIS A B CORP?

Veris is a Certified B Corp because we believe in the power of business as a force for good. B Corp Certification signals we meet extraordinary high standards of social & environmental responsibility. We are honored to be a part of this amazing community of business leaders who share our vision.

\* Veris initially started investing in first time fund managers in 2011.



## Diversity, Equity, Inclusion, & Belonging

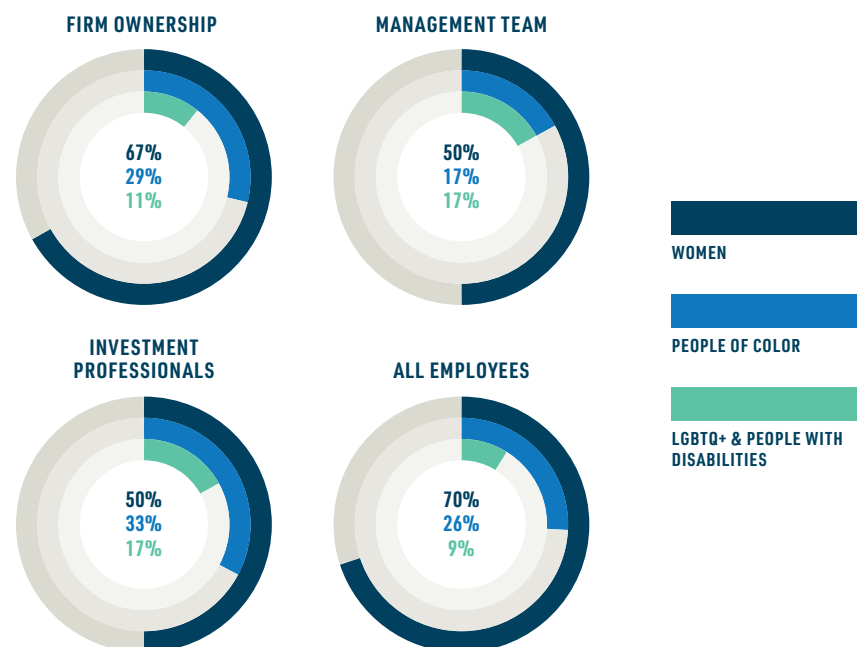
Veris has made a strong commitment to Diversity, Equity, Inclusion, and Belonging (DEIB). In service of that commitment, we are actively working to foster a more inclusive economy, expand economic and financial access, remove barriers faced by historically marginalized communities, and cultivate a sense of belonging that transcends representation. This work aligns our firm’s values and our vision to build a more just, equitable, and sustainable world for all humanity. As we strive to transform ourselves and our industry, our firm formed a DEIB committee and has taken the following action steps:

- 1 Held internal training to proactively begin addressing inherent and unconscious bias across the firm
- 2 Embarked on a two-year program with Natalie Burke and CommonHealth Action to ensure equitable leadership development and implementation of strategic plans on equity
- 3 Implemented more inclusive recruiting practices and job announcement language
- 4 Expanded our network to recruit through diverse networks
- 5 Completed pay equity analysis
- 6 Signed onto DEIB commitments including the Confluence Belonging Pledge, the ISS Racial Justice Action Call, & Due Diligence 2.0

We understand that DEIB must touch every aspect of our work: how we hire and create a culture of belonging, how we select vendors, and how we invest. We believe that diversifying who sits at the decision-making table is key to achieving DEIB goals.

### DIVERSITY METRICS ACROSS THE FIRM

Veris has been a women-led company since inception. We are continually working to diversify our team and build a culture of belonging that is inclusive in terms of disability, race, religion, sexual orientation, gender identity, veteran-status and other markers of identity. As of the end of 2021:



To ensure that we continue advancing towards our goals for Diversity, Equity, Inclusion, and Belonging, we have implemented proactive hiring practices to access more diverse channels for recruiting at all levels.

## Net Zero Commitment

Veris Wealth Partners formalized our longstanding goal to achieve Net-Zero carbon emissions by signing onto The Small and Medium Enterprise (SME) Climate Commitment. Veris has pledged to:



Reducing our carbon footprint has been important to Veris since our firm's inception. By signing onto the SME Climate Commitment, Veris publicly reconfirms our belief that climate change poses grave threats to the natural world, humanity, and the global economy and our conviction that all businesses have a responsibility to be part of the solution.

In 2021 our firm's carbon footprint was 45.43 metric tons, 100% of which we offset through Native, a fellow B Corp with a global portfolio of carbon offsets approved by The Gold Standard and other leading standards. Native's offsets, for which Veris paid \$22 per metric ton of CO<sub>2</sub>, help fund projects that have a positive environmental and social impact. This year, Veris employees voted for our offsets to support the Northern Kenya Rangelands Project.

### NORTHERN KENYA RANGELANDS PROJECT

Climate change, worsening droughts, and overgrazing livestock have eroded and damaged the rangelands of northern Kenya. The Northern Kenya Rangelands Project partnered with local pastoral nomads to help solve these challenges by making livestock grazing more sustainable in the region.

The Project's efforts to regenerate 4.7 million acres of grasslands will seek to improve soil health while sequestering an additional 50 million tons of carbon over the next 30 years. Local families, communities, and wildlife all benefit from improved pasture quality. Healthier livestock is more valuable – family incomes go up while livestock loss and grazing conflicts are reduced. Increasing the health of the local ecosystem helps rhinos, zebras, giraffes and other wildlife - including four endangered species - become healthier and more resilient.

The Northern Kenya Rangelands Project is one of only 17 initiatives certified to the Triple Gold Level under the Climate, Community and Biodiversity Alliance's standards. The project is also validated to the Verified Carbon Standard from Verra, one of the sector's leading and most respected carbon standards, using its sustainable grasslands methodology).<sup>8</sup>



# OUR IMPACT INVESTMENT APPROACH



## The Veris Investment Philosophy

Veris seeks to meaningfully contribute to a more equitable, just, and sustainable world through our investments. It is our view that investors can have positive social and environmental impact across all asset classes.

We believe that ESG Integrated & thematic investing and shareholder advocacy in public markets along with impact private funds and community investment notes can drive positive impact while approximating the performance of the respective asset class. As a firm, we:

- Invest with managers that integrate ESG principles in their investment process or align with our four themes
- Believe that the integration of material ESG factors can mitigate risk & have a positive impact on returns
- Champion the idea that racial and gender diverse teams can improve outcomes by providing more perspectives on the risks and opportunities of various investments
- Seek to invest with diverse managers who incorporate Equity, Diversity, and Inclusion, (EDI) in their investments
- Monitor the performance and impact metrics of our managers and report the data to our clients

### OUR CLIENTS' GOALS DRIVE OUR PROCESS

Our clients' financial and impact goals are at the core of our investment philosophy and they drive our portfolio construction process. Veris partners with our clients to:

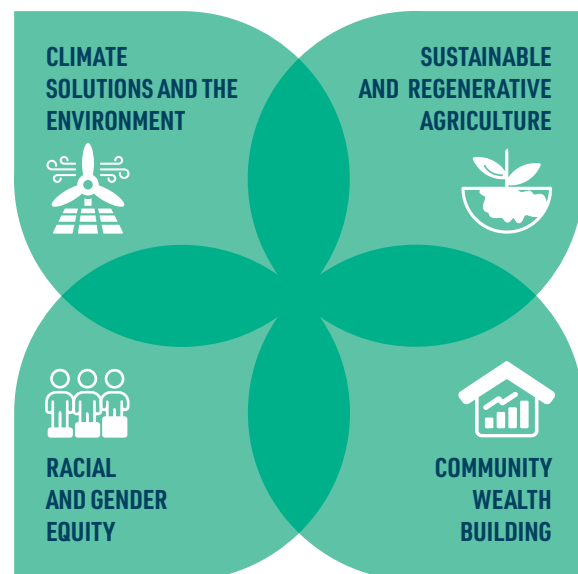
- Understand all short-term spending needs and future expenditures we need to plan for
- Identify strategies that serve the client's impact goals and financial goals
- Determine the target allocation to various asset classes based on the liquidity and long-term growth goals of the client and the optimal impact strategies that are compatible with those plans

By partnering our expertise with our clients' priorities, we strive to provide results that synthesize their financial and impact goals.

## Intersectionality & Our Thematic Approach to Investing

Guided by our vision for an equitable, just, and sustainable world, Veris focuses on creating long-term positive environmental and social impact in four thematic areas.

We seek and invest in intentional opportunities connected to these themes across all asset classes in public and private markets. Veris takes an intersectional approach in selecting our investment themes because we recognize that social and environmental challenges are complex and intertwined.



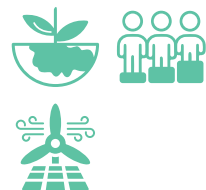
A long-standing lack of racial and gender diversity among decision-makers in the financial services industry contributes to unequal access to capital and opportunities for minority business owners and founders.



Low-income communities and communities of color face disproportionate systemic barriers that exacerbate long-standing inequities and inhibit wealth creation, including lack of access to capital, quality education and healthcare, safe affordable housing and transportation, healthy food, and clean water, while also bearing the brunt of the impacts of climate change.



Women experience the greatest burdens of climate change globally because extreme weather events result in displacement of families, income loss, food insecurity, and health complications.



The conventional practices of the agricultural industry in the US, i.e. increasing crop yields through excess use of pesticides and fertilizer, contributes to climate change by negatively impacting soil health and carbon sequestration while polluting air and drinking water and damaging human health. These negative impacts are disproportionately experienced by low-income communities and people of color.

The solutions we seek to invest in are as intersectional as the challenges they aim to solve. For example, an investment that fits into our Sustainable and Regenerative Agriculture theme might address specific environmental and climate change related challenges while creating good jobs and building wealth in historically marginalized communities and also expanding access to nutritious food in a way that will improve health outcomes among the poor.

## Focus for 2023: Addressing Environmental and Climate Justice

We believe the worst impacts of climate change and environmental degradation have fallen disproportionately on people of color and low-income communities and countries. The Environmental Protection Agency (EPA) released a report in 2021 detailing how America's communities of color and low-income communities are among those most likely to suffer harm from poorer air quality, extreme temperatures, flooding, and other crises related to climate change.<sup>9</sup>

The percentage of Black, Latinx, and AAPI populations in neighborhoods where commercial waste facilities are located is 1.7x, 2.3x and 1.8x greater than in non-host areas.<sup>10</sup> Poverty rates in host neighborhoods within 3 kilometers (1.8 miles) of the nation's hazardous waste facilities are 1.5x greater than non-host areas. The health impacts on residents is so stark that researchers have discovered that your ZIP code is a strong indicator of how healthy you are likely to be.<sup>11</sup> And pollution and extreme weather events worsen outcomes in communities already impacted by economic disparities. Many studies have shown that BIPOC communities are more likely to face barriers to access to health care while also experiencing worse health outcomes than whites.<sup>12</sup>

The Environmental Justice Movement, which traces its roots to the Civil Rights Movement, was started primarily by people of color who sought to address the inequity of environmental protection in their communities – such as the disproportionate exposure of poor and marginalized communities to harms associated with resource extraction, hazardous waste, and pollution. Similarly, the Climate Justice Movement acknowledges that climate change can have differing social, economic, public health, and other adverse impacts on under-resourced populations.

There is an enormous push for a just transition as we tackle climate change and associated socio-economic challenges. The Environmental and Climate Justice Movements have grown to address disparities that perpetuate inequality – in air quality, for example, as well as in access to education,<sup>13</sup> healthcare,<sup>14</sup> healthy food, and transportation.<sup>15</sup> Disparities like these can be somewhat addressed through investments in solutions in these sectors and communities.

### THE NEED FOR INVESTABLE ENVIRONMENTAL AND CLIMATE JUSTICE SOLUTIONS

While there are many investable opportunities that touch upon certain components of environmental and climate justice – like green affordable housing projects, electrification through renewable energy infrastructure, regenerative farming practices, access to capital, education, and healthcare for low and middle income (LMI) communities – we believe there aren't many intentional investable solutions that tackle environmental and climate justice head on. For example, we believe there is a need for more solutions that support renewable energy projects in LMI communities and communities of color. Furthermore, we believe that these projects are more likely to achieve the intended impact if they are owned and led by diverse owners and hire employees from those communities because they uniquely understand their communities and what is needed. The positive impact of renewable energy projects on these communities (i.e. lower

pollution, better health outcomes...etc.) need to be documented and verified.



Veris is constantly looking to collaborate with other impact investors in creating and financing investable solutions for environmental and climate justice. We believe that a coalition of catalytic investors need to come together to assess the risk of not funding environmental and climate justice solutions, signal and create intentional environmental and climate justice investable solutions that include structures like extremely patient debt and equity capital, blended finance, alternative risk adjusted return profiles, place-based solutions, etc. However, given the enormous investment required to tackle these challenges, there needs to be sound policy initiatives at the local, state, federal, and global level to back these investments.

WE BELIEVE THE WORST IMPACTS OF CLIMATE CHANGE AND ENVIRONMENTAL DEGRADATION HAVE FALLEN DISPROPORTIONATELY ON PEOPLE OF COLOR AND LOW-INCOME COMMUNITIES AND COUNTRIES.

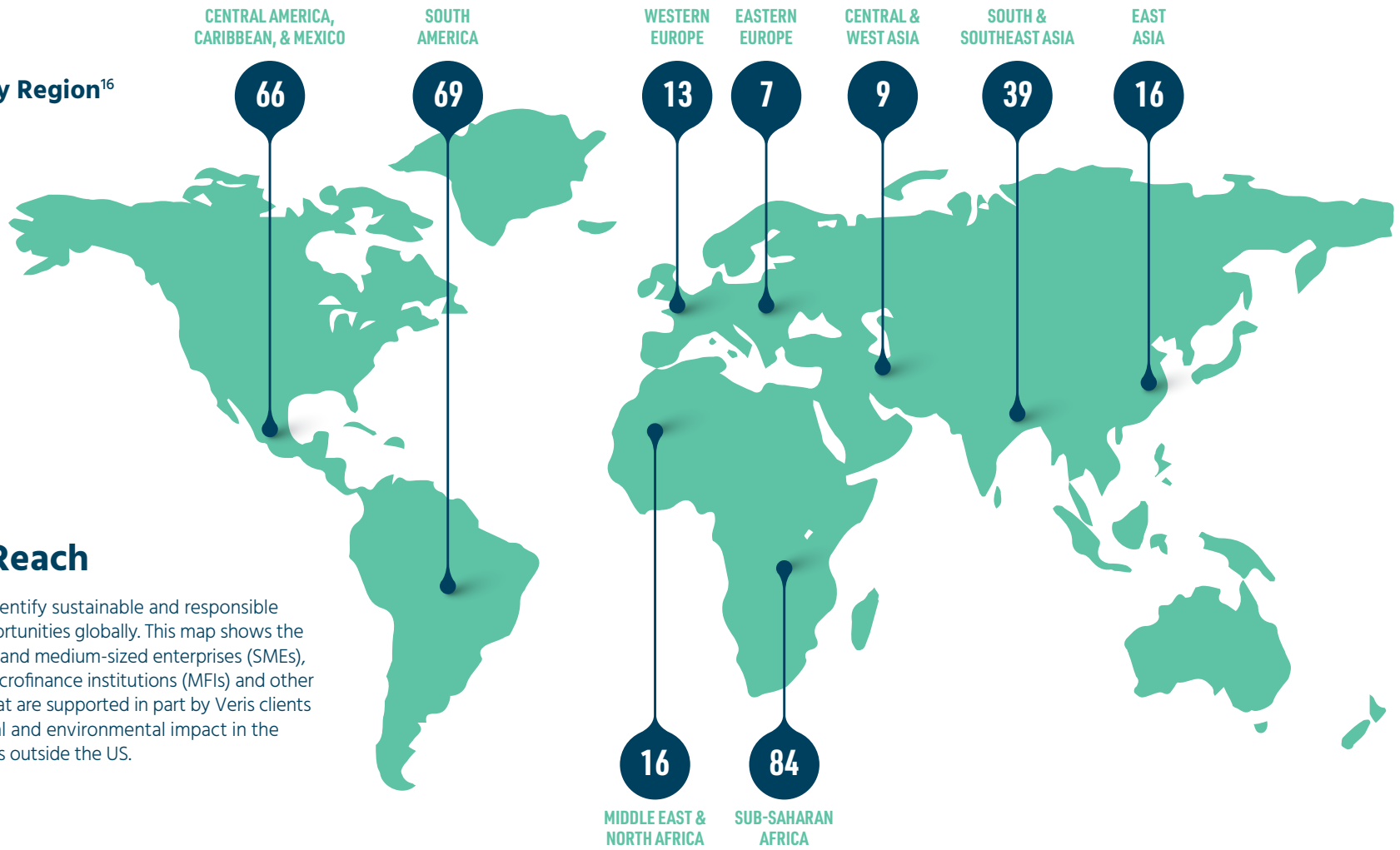
We believe the impact investment industry needs to work with entrepreneurs, nonprofits, policy makers, and institutions like green banks and CDFIs to ensure systems-level change and that community voices are heard and considered in investment decision making and these opportunities are not extractive to the communities we are trying to help. We also need different lenses to address inequities in the US versus non-US countries while identifying opportunities that address environmental and climate justice.

## Impact Across Asset Classes

The chart below shows the impact areas our investments targeted in 2021.

	COMMUNITY INVESTMENTS/ CDFIS	PRIVATE DEBT / EQUITY / VENTURE CAPITAL	REAL ASSETS	PUBLIC FIXED INCOME	PUBLIC EQUITY
 Climate Solutions & the Environment	Renewable & Clean Energy	✓	✓	✓	✓
	Water Infrastructure / Water Management		✓	✓	✓
	Fossil Fuel Free	✓	✓	✓	✓
	Circular Economy / Waste Management / Recycling	✓	✓	✓	✓
	Energy Efficiency		✓	✓	✓
	Green Buildings	✓	✓	✓	✓
	Electric Mobility		✓		✓
	Green Chemistry / Products		✓		
 Racial and Gender Equity	Women on Board / Management / Workplace	✓	✓	✓	✓
	People of Color on Board / Management / Workplace	✓	✓	✓	✓
	Women and People of Color Entrepreneurs and Owners	✓	✓		
	Products & Services for Women and People of Color	✓	✓	✓	
	LGBTQ+ Equality	✓			
	Indigenous Rights / Refugees / Immigrants	✓	✓		✓
	Women & Girls Empowerment	✓	✓		
 Community Wealth Building	Quality Jobs	✓	✓		
	Education / Early Childhood Development	✓	✓	✓	
	Health & Wellness / Nutrition	✓	✓	✓	✓
	Access to Fair and Affordable Capital / Financial Inclusion	✓	✓		✓
	Small Business Finance / SME	✓	✓		✓
	Affordable Housing / Homeownership Assistance	✓	✓	✓	✓
	Community Economic Development	✓			✓
	Microfinance	✓	✓		
	Arts & Creativity	✓			
 Sustainable & Regenerative Agriculture	Sustainable / Organic / Regenerative Farming	✓	✓	✓	✓
	Sustainable Food System	✓	✓	✓	✓
	Biodiversity	✓		✓	✓
	Habitat Conservation	✓		✓	
	Sustainable Fisheries / Aquaculture	✓			
	Sustainable Timber & Forestry			✓	
 Shareholder Advocacy & ESG Integration	ESG Integration	✓	✓	✓	✓
	Shareholder and Portfolio Company Engagement	✓	✓	✓	✓
	Public Policy Advocacy	✓	✓	✓	✓
	Shareholder Proposal				
	ESG Proxy Voting				

## Holdings by Region<sup>16</sup>



## Global Reach

Veris seeks to identify sustainable and responsible investment opportunities globally. This map shows the number of small and medium-sized enterprises (SMEs), cooperatives, microfinance institutions (MFIs) and other organizations that are supported in part by Veris clients that target social and environmental impact in the following regions outside the US.

## EDI Manager Due Diligence Framework

Racial and Gender Equity investing is not only a core theme on our investment platform, but also a core value of the firm. A core tenet of our Investment Philosophy is that race and gender diverse managers who use an Equity Diversity and Inclusion (EDI) lens in their investment process can improve outcomes by providing more perspectives on the risks and opportunities of various investments.

Veris has been a leader in gender lens investing. We have also invested in Community Development Financial Institutions (CDFIs) and public and private market strategies focused on underrepresented people of color and women fund managers, founders, and communities that have been at the forefront of racial equity and social justice investing practices since founding in 2007.

When we perform due diligence, EDI (diversity metrics, EDI commitment, EDI lens in investment process, other EDI policies at the firm level including pay equity and suppliers/vendor policies, etc.) is a significant component of adding managers to our priority pipeline, due diligence, Investment Committee discussion and approval process. We are very intentional about our process not being a “check the box” exercise.

To fully analyze and integrate EDI into our due diligence, we created our own EDI manager framework, definitions, and pathways for managers to become EDI managers – which we believe are best-in-class within their asset class on our platform. We define an EDI manager as best-in-class when they not only have diverse employees, management, board, and ownership, but also EDI policies and plans to implement them, and EDI lens in the investment process.

Based on the responses from our managers, we classify our managers in five different categories –

- 1 EDI watchlist** (needs improvement)
- 2 EDI aspirational** (those that are making significant improvement year over year)
- 3 EDI firm** (diverse firms with strong EDI policies and implementation)
- 4 EDI investment process** (explicit EDI lens in the investment process and engage with portfolio companies)
- 5 EDI manager** (best-in-class manager that is both an EDI firm and incorporates EDI in their investment process)

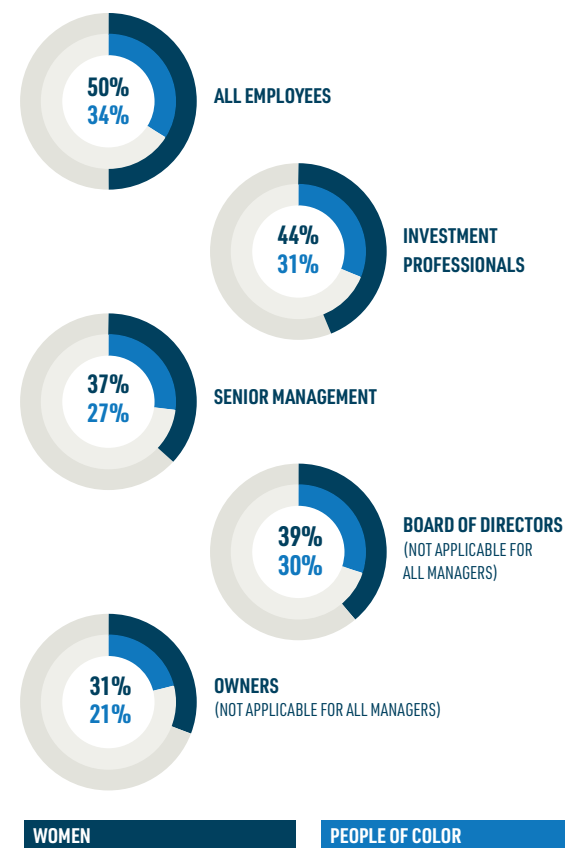
We also use this data to engage with our managers to further drive EDI – not all managers report this data and engagement is sometimes necessary.

In 2021, we set internal targets for Veris to significantly increase the number of approved EDI managers and those that have an explicit EDI lens in the investment process on our platform in the next five years. To achieve that goal, we actively source and identify managers and/or funds that are significantly owned or led by women and or Black, Indigenous and People of Color and have made a commitment to ensure 2/3rds of all new managers we perform due diligence on are either EDI managers or have an explicit EDI lens in their investment process. We will seek to assess this every year.

Veris Wealth Partners has created a framework for what constitutes a diverse firm. We apply this standard to our investment managers but also to ourselves. Candidly, Veris does not currently meet its own criteria for what constitutes an Equity Diversity and Inclusion (EDI) manager,

though we have a plan to review all our policies and procedures with our expert EDI consultant, including our recruiting practices to help us meet our goals.

### DIVERSITY ACROSS VERIS APPROVED MANAGERS IN 2021:



*\*Based on 90%-96% of Veris approved managers reporting on gender diversity metrics and 85%-93% of Veris approved managers reporting on racial diversity metrics, depending on the asset class.*



## Active Ownership

We believe active ownership is a powerful tool that impact investors can use to drive change in the publicly listed companies they are invested in. Veris Wealth Partners takes a multi-pronged approach to active ownership. As a firm, Veris:

- Provides clients with opportunities to be involved in shareholder resolutions as sponsors and endorses through shareholder advocacy groups
- Leads efforts to drive public policy changes and encourages our clients to sign on to these efforts
- Seeks to identify best-in-class managers who actively engage with portfolio companies on ESG topics, file shareholder resolutions and vote proxy in alignment with ESG guidelines.

### 2021 CLIENT INVOLVEMENT IN SHAREHOLDER RESOLUTIONS & ENGAGEMENTS

Veris works with our clients, managers, shareholder advocacy groups, and custodians to provide our clients with the opportunity to voice their concerns and vote for positive corporate ESG outcomes. Over the past year we have seen an increase in shareholder resolutions focused on climate change, DEI, and Human Rights.

This was a highly active year for client advocacy and engagement at Veris. During the 2021 - 2022 proxy season,<sup>17</sup> Veris clients sponsored and endorsed a total of 616 shareholder resolution opportunities including 31

resolution sponsorships and 585 resolution endorsements and supported shareholder resolutions at a total of 45 companies including Microsoft, Meta Platforms, Alphabet Inc., Amazon.com Inc., UnitedHealth Group and Nike. For example, 73 Veris clients supported the resolution filed with Microsoft.

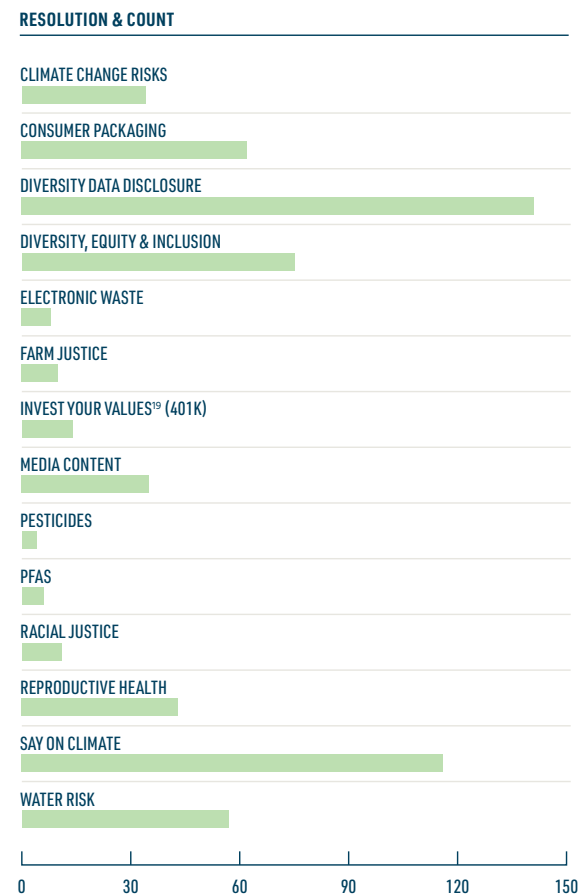
We believe both sponsorships and endorsements are important. A shareholder resolution cannot be put forth without the sponsorship of an individual, organization and a co-lead. Once a resolution is sponsored, shareholders are then needed to provide endorsements. The greater the number of endorsers, the stronger the message to companies.

#### Highlight: Shareholder Resolution Filed with Nike\*

In the 2020 shareholder resolution season, a resolution was filed asking Nike to report on diversity data that received 35% approval. Investors had concerns due to serious allegations of a pervasive culture of discrimination and missteps related to EDI at Nike over the last five years. Building on the momentum of receiving 35% votes in favor the prior season, a follow-on resolution was filed again in 2021. The 2021 resolution had the largest number of sponsors and endorsers of all resolutions presented in 2021. This Nike resolution was also sponsored by Veris clients.

The resolution was ultimately withdrawn because Nike committed to releasing its recruitment and promotion rates of its employees by the end of 2024. The report data will be broken down by gender, race and ethnicity.<sup>18</sup> This showcases the power of shareholder resolutions in changing corporate behavior and transparency.

### Veris Shareholder Resolutions 2021 Highlights



*\*The foregoing example of engagement and activism is designed to highlight how Veris works to provide opportunities to clients to participate in impacting change with portfolio companies. No inference should be drawn as to whether all such initiatives are successful as some initiatives will invariably not yield the desired impact.*

## 2022-2023 Shareholder Resolutions & Engagements Outlook

As Veris and its partners look ahead to the 2022-2023 shareholder resolutions and engagement season, we are encouraged to see an increasing number of companies engaging in conversations with shareholders and agreeing to items listed in resolutions. In the upcoming season, we expect to see even more initiatives focused on Climate, DEI, and Reproductive Rights including:

- Climate resolutions in accordance with the Paris Agreement, like the “Say on Climate” initiative focused on GHG emission reduction goals and disclosures
- Human Rights related resolutions addressing racial, gender, and economic inequities
- Resolutions addressing women’s rights and access to healthcare including birth control and abortion services in the aftermath of the reversal of Roe V. Wade

As shareholders and partners in the community, we need to listen to companies and watch what they are doing so we can track whether or not they are implementing the actions they say they are committed to.

## 2021 PUBLIC POLICY ACTIONS

In addition to endorsing and sponsoring shareholder resolutions, Veris and our clients are also effecting change in public policy. We signed numerous letters addressing policy issues in 2021 including several letters to President Biden and his administration recommending:

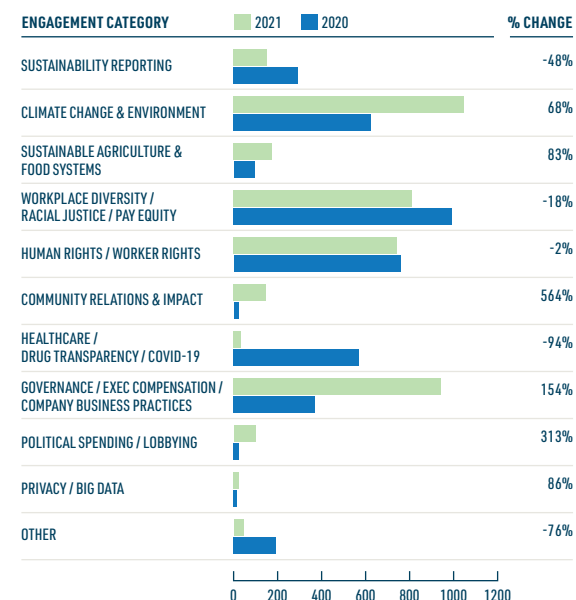
- The creation of a White House Office of Sustainable Finance and Business, advance corporate transparency on ESG issues and protect shareholder rights
- Policy resolutions included in US SIF’s Toward a Just and Sustainable Economy that addressed the coronavirus pandemic, racial injustice, economic equality and climate change
- Prioritization of policies to advance reproductive and maternal health and rights

## 2021 APPROVED MANAGERS INVOLVEMENT IN SHAREHOLDER RESOLUTIONS & ENGAGEMENTS

### Engagements by Public Equity Managers

In addition to our clients’ direct involvement in shareholder advocacy efforts, a number of our approved public equity managers actively engage with portfolio companies to influence and encourage them towards meaningful change on material ESG factors and relevant issues. If engagements are not successful, they may file shareholder resolutions.

It is important to mention that these engagements usually take place over several years, and while many of the engagements resulted in favorable outcomes and company commitments, not all engagements lead to successful outcomes. In 2021, there were 4,225 Engagements with Holding Companies by 12 of our approved public equity managers across the following issues:



Note - Graph and statistics are based on the number of engagements by Veris approved managers in 2020 and in 2021.

These numbers reveal a 7% increase in the total number of public equity managers engagements in 2021 over 2020. The addition of four new public equity managers reporting engagements to Veris in 2021 contributed to this growth, but other factors also had a meaningful impact. The jump in engagements focused on Political Spending & Lobbying, for example, can likely also be explained by changes to campaign contribution laws.

We believe the slight decline seen in the number of engagements related to Workplace Diversity, Racial Justice, & Pay Equity can be attributed to the effectiveness of our managers’ engagement efforts over the past two years. We are glad to see more companies are making

commitments to improve on diversity disclosures and setting diversity and inclusion goals, but we believe that more needs to be done. Veris will continue to track how our managers are engaging with companies to ensure they are making progress towards their commitments.

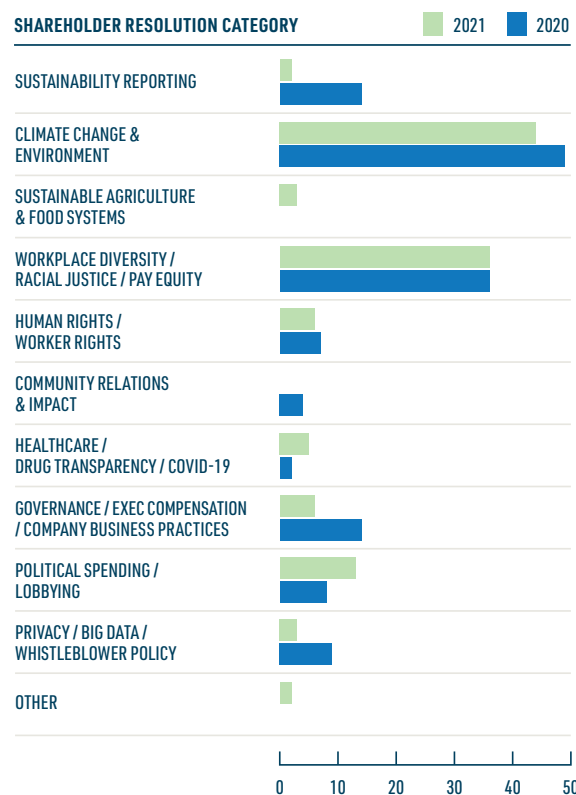
**Highlight: Climate Change Engagements by Veris Global Sustainability Fund (VGSF)\***

In 2020, the underlying manager of VGSF, Generation Investment Management, committed to a Net-Zero Target by 2040. This was followed up with the announcement of interim targets of 60% Science-Based Target (SBT) coverage across all assets under management by 2025 and 100% SBT coverage by 2030. SBT aligns with 1.5°C scenario and requires coverage of 67% of scope 3 emissions and goes through a validation process by technical experts. As part of the commitment, the manager conducted 72 engagements in 2021 with a focus on climate change and improved emissions disclosure. In addition, the manager signaled that it would continue to vote against the re-election of the chairs of portfolio companies that did not disclose their emissions either in company reporting or via CDP (Carbon Disclosure Project). The system-level engagement by the manager has resulted in the percentage of companies participating in the Science Based Targets initiative (SBTi) and/or with 2040 Net-Zero commitments increasing from 27% in Q3 2020 to 43% in Q4 2021. The most recent success was Alibaba, which decided to join SBTi in December 2021 and subsequently disclosed its emissions for the first time.

**Shareholder Resolutions Filed by Public Equity Managers**

When engagements don't yield fruitful outcomes, our public equity managers may file shareholder resolutions to get support from other equity holders on key ESG topics.

In 2021, Veris approved public equity managers filed or co-filed 120 shareholder resolutions across a breadth of topics ranging from climate change to racial justice. Due to successful engagements and company commitments, our public equity managers withdrew 70 or 58% of these shareholder resolutions.



Note - Graph and statistics are based on the number of shareholder resolutions filed by Veris approved managers in 2020 and in 2021.

**Engagements by Fixed Income Managers**

More and more of our approved fixed income managers are using engagement as a tool with bond issuers on a wide range of ESG and impact themes to drive change and assess the credit risk of the portfolio holdings.

**Highlight: Engagement by Domini to Increase Access to Affordable Housing\***

In 2021, Domini Impact Investments engaged with Freddie Mac Multifamily on the issue of the declining affordability of manufactured homes and mobile home parks.<sup>20</sup>

Manufactured homes provide affordable housing to millions of low-income families across America. Owners typically purchase their mobile homes via chattel mortgage loans (which are guaranteed by Fannie Mae and Freddie Mac) while renting land. An uptick in the purchase of these loans by private investors followed by subsequent rent increases has resulted in increased numbers of evictions.

The Domini team encouraged Freddie Mac to add specific protections in favor of mobile homeowners and renters, including limitations on price hikes by private investors, transparency in rental agreements, flexibility in paying rent during times of economic distress, and other practices that help mobile home renters work toward ownership of the mobile parks. Noting that discrimination in housing has been a driver of the racial wealth gap, the Domini team also urged Freddie Mac to explore available avenues for affordability and home ownership among communities of color and in high-poverty areas.

Following this engagement, Freddie Mac added new protections for mobile-home renters and tenants including a 1-year renewable home lease for renters, 30-day written notice of the rent increase, a 5-day grace period, the right to sell, and the right to sub-lease and sign the pad sublease.

\*The foregoing examples of engagement and activism is designed to highlight how Veris approved managers work with portfolio companies and issuers to create change. No inference should be drawn as to whether all such initiatives are successful as some initiatives will invariably not yield the desired impact.

# IMPACT BY THEME

Veris seeks to express the mission and values of our clients by constructing unique thematic portfolios in alignment with our four impact themes. To illustrate the types of investments found in thematic portfolios, we will highlight one publicly traded company (Public Market Solution) and one privately-held company (Private Market Solution) for each theme.

Since Veris is a manager of managers, we do not directly select these companies, instead, we hire outstanding investment managers who further the financial goals and mission-alignment of our clients and our firm.

We use the Impact Measurement Project's five dimensions of impact in our impact measurement practice and identify relevant SDGs based on the solutions.



**CLIMATE  
SOLUTIONS AND THE  
ENVIRONMENT**



**COMMUNITY  
WEALTH  
BUILDING**



**RACIAL  
AND GENDER  
EQUITY**



**SUSTAINABLE  
AND REGENERATIVE  
AGRICULTURE**

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IMPACT THEME  
**CLIMATE SOLUTIONS  
 AND THE ENVIRONMENT**



Veris aims to mitigate and adapt to climate change through investments in a variety of solutions including solar and wind power and other renewables, energy circularity and energy-efficiency, green consumer products, sustainable waste management and in the conservation of natural resources.

We believe pollution and climate change disproportionately harm people of color, families living in poverty, and other vulnerable communities globally. As such, the intersectionality and positive impact of climate and environmental solutions on low-and-moderate income communities and communities of color, public health,

etc. are more important now than ever. Veris is actively looking for investable opportunities related to environmental and climate justice. For environmental justice campaigns to succeed, we need both policy changes as well as catalytic capital allocation to these solutions.

**IMPACT METRICS FOR PRIVATE AND PUBLIC FUNDS**

Aggregate impact reported across our approved alternative strategies:



**52,767,415**

Metric Tons (MT) of Greenhouse Gas (GHG) avoided or reduced<sup>21</sup>



**12,202,557**

megawatt hours (MWh) of renewable energy generated<sup>22</sup>



**153,334**

tons of waste reduced through recycling, recovery, and substitution programs<sup>23</sup>



**55.3%**

weighted average reduction in carbon intensity (tCO2e/USD 1mm) of approved public equity strategies vs. respective benchmarks<sup>24</sup>



**109,254,927**

megawatt hours (MWh) of renewable energy generated<sup>25</sup>



**135,107,099**

tons of waste reduced through recycling, recovery, and substitution programs<sup>26</sup>

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**PRIVATE INVESTMENT SOLUTION**



**VERIS APPROVED MANAGER: SJF VENTURES<sup>28</sup>**

**SUSTAINABLE DEVELOPMENT GOALS**



Photo credit: TemperPack

## The Challenge

- Containers and packaging make up 28% of municipal solid waste in the US, according to the EPA. Cold-chain packaging like Styrofoam®, also known as Expanded Polystyrene (EPS), is considered the fifth largest source of hazardous waste in the US.<sup>29</sup>
- EPS is energy intensive to manufacture, creates an outsized carbon footprint, and has health implications for workers exposed to its components: Styrene and Benzene.<sup>30</sup>
- Microscopic EPS pieces make their way into oceans where they are consumed by marine life – causing threats to marine ecosystems, human health, and the economies of fishing communities.<sup>31</sup>

## Solution<sup>32</sup>

- TemperPack developed ClimaCell® thermal liners – sustainable and recyclable cold-chain packaging used to ship food, pharmaceuticals, and other perishable goods.
- Matching the functionality and scalability of Styrofoam, ClimaCell reduces landfilling, produces 65% less emissions than Styrofoam manufacturing, and prevents release of toxins.
- With the support of SJF Ventures and 60 Decibels, TemperPack surveyed their hourly manufacturing facility employees about their compensation, benefits, and job satisfaction to ensure they are creating high-quality, long-term employment opportunities.

## Impact<sup>33</sup>

- ClimaCell usage displaced 65 million and 16 million pounds of CO<sub>2</sub> emissions in 2021 and 2019, respectively – 70% from raw materials and 30% from manufacturing.
- TemperPack diverted 13,000 pounds of waste in 2021 using various recycling services (TerraCycle, N.O.P.E and TFC Recycling) at their Richmond facility.<sup>34</sup>
- Following the insights from the 60 Decibels survey, TemperPack is implementing upskilling and training programs to improve overall employability, created clear career growth pathways, and largely transitioned its temporary workers to direct hires.

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**PUBLIC  
INVESTMENT  
SOLUTION**



**VERIS APPROVED MANAGER: BOSTON COMMON ASSET MANAGEMENT**<sup>36</sup>

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



## The Challenge

- 60% of electricity in the US is produced through burning fossil fuels – mostly coal and natural gas.<sup>37</sup>
- Electricity production generated 25% of all greenhouse gas (GHG) emissions in the US in 2020.<sup>38</sup>
- While renewable energy production has a significantly lower carbon footprint, it still produces CO<sub>2</sub> emissions (through transportation & construction of offshore turbines for wind power, for example).<sup>39</sup>

## Solution

- Orsted develops, builds, & operates offshore and onshore wind farms alongside other renewable energy products and is phasing out buying and selling of natural gas.<sup>40</sup>
- Orsted committed to being carbon neutral in its power generation by 2025 and across its entire footprint by 2040 by working with its suppliers to decarbonize its value chain. Its Net Zero targets were verified by the Science-Based Targets Initiative (SBTi).<sup>41</sup>
- Orsted currently recycles 95% of turbines and aims to recycle 100%.<sup>42</sup>

## Impact<sup>43</sup>

- Wind energy produces around 11 grams of CO<sub>2</sub> per kilowatt-hour (g CO<sub>2</sub>/kWh) of electricity generated, which is 1.12% and 2.4% of emissions from coal and natural gas, respectively.<sup>44</sup>
- Orsted reduced Scope 1 and 2 GHG intensity by 87% and Scope 3 carbon emissions of its supply chain by 38% in 2021 versus the baseline in 2006.
- Orsted also diverted 67% of waste from disposal through recycling in 2021.

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IMPACT THEME  
**COMMUNITY WEALTH BUILDING**



Community wealth building and social justice solutions aim to eliminate discrimination, promote human rights, and spread prosperity while ensuring sustainable economic growth.

We seek to invest in companies and funds that support marginalized communities that have been systematically excluded from mainstream economic success through access to capital for home and business

ownership, education, healthcare and various other opportunities that provide living wage and green affordable housing solutions.

**IMPACT METRICS FOR PRIVATE AND PUBLIC FUNDS**

Aggregate impact reported across our approved alternative strategies:



**909,490**

jobs created or supported<sup>45</sup>



**29,202**

jobs created or supported in low-income areas<sup>46</sup>



**4,858,709**

SMEs supported or financed<sup>47</sup>



**67,539**

affordable housing units created or preserved<sup>48</sup>



**1,244,085**

patient visits to health facilities supported or financed<sup>49</sup>



**300,663**

educational opportunities financed for students in need<sup>50</sup>



**1,450,208**

affordable housing units created or preserved<sup>51</sup>



**2,904,515**

affordable mortgages provided<sup>52</sup>

Aggregate impact reported across our approved fixed income strategies:

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IMPACT THEME  
**COMMUNITY WEALTH BUILDING**

**PRIVATE INVESTMENT SOLUTION**



**VERIS APPROVED MANAGER: COASTAL ENTERPRISES, INC. (“CEI”)**<sup>54</sup>

**SUSTAINABLE DEVELOPMENT GOALS**



Photo credit: Rwanda Bean Coffee

## The Challenge

- 67% of Black-owned firms are evaluated as medium or high credit risk (compared to 28% white-owned firms). Systemic barriers make it harder for Black business owners to access financing.<sup>55</sup>
- The number of immigrant business owners in the US dropped by 36% during the COVID-19 pandemic – slowing critical job creation & exacerbating wealth inequality.<sup>56</sup>
- 44% of the world’s smallholder coffee farmers live in poverty and 22% in extreme poverty.<sup>57</sup> Rwandan coffee farmers typically receive less than 1% of what consumers pay for a cappuccino.<sup>58</sup>

## Solution<sup>59</sup>

- Rwanda Bean Company (RBC) was founded by immigrant Mike Mwendata in Portland, Maine with a mission to support Rwandan coffee farmers.
- RBC sources coffee from Rwandan Coffee Farmers’ Cooperative and they are committed to buying coffee cherries for twice the farm gate price & profit sharing.
- CEI’s working capital loan enabled RBC to secure necessary inventory to grow and diversify its revenue stream, while continuing to buy directly from farmer co-ops.

## Impact<sup>60</sup>

- Financing helped RBC retain seven employees and they plan to continue creating new full-time, year round employment opportunities in Maine.
- 50% of RBC’s profits go to Rwandan farmers for health-care, education, and infrastructure services.
- RBC raised \$20k to build a daycare & school in Gisagara and they have provided health insurance to over 1,100 Rwandan farmers and their families.

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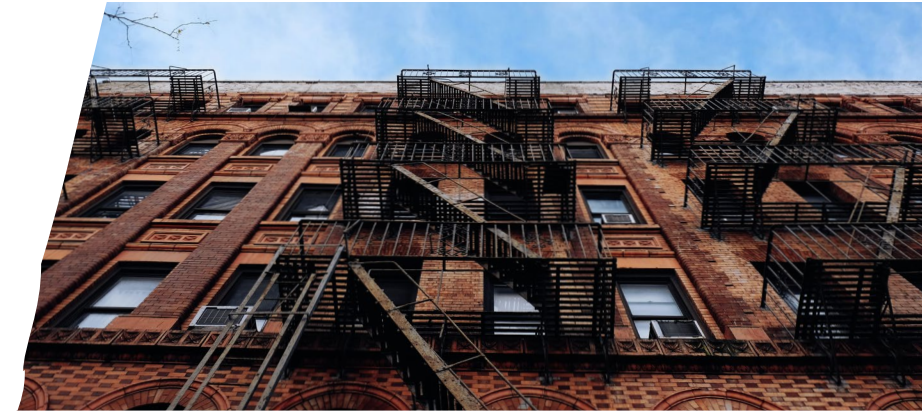
IMPACT THEME  
**COMMUNITY WEALTH BUILDING**

**PUBLIC  
INVESTMENT  
SOLUTION**



**VERIS APPROVED MANAGER: TIAA-CREF<sup>62</sup>**

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



## The Challenge

- Nearly 1/3 of US households, mostly renters, spent over 30% of their earnings on shelter in 2020 including 14% that were severely cost-burdened – spending over half of their incomes on housing costs.<sup>63</sup>
- The record surge in home prices and rents, coupled with soaring prices for food, gas, & other necessities, is increasing housing insecurity, especially among low-income households.<sup>64</sup>
- Demand for affordable housing outstrips supply across the US. In Illinois alone, there are over 450k extremely low-income households and only ~164k affordable and available rental homes across the state.<sup>65</sup>

## Solution<sup>66</sup>

- The Chicago Housing Authority (CHA) is the primary municipal agency responsible for providing housing assistance in Chicago.
- CHA provides affordable housing solutions through Public Housing, Housing Choice Voucher, & Project-Based Voucher programs.
- CHA serves 63k+ low-income households and ~133k individual residents across Chicago.

## Impact<sup>67</sup>

- 204 new affordable housing units were supported by proceeds from CHA bond issuances.
- \$17 million of proceeds were allocated across 8 affordable housing projects in 2021, with \$13 million supporting the first phase of a development with 32% of units designated as public or income-restricted housing.
- 85% of households served by CHA in 2021 were extremely Low-Income families including 77% headed by women, 83% African American, 9% Hispanic, 5% white, 2% Asian, <1% American Indian/Alaska Native, and <1% Native Hawaiian/Other Pacific Islander and 36% of the households have a family member with a disability.<sup>68</sup>

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IMPACT THEME  
**RACIAL AND GENDER EQUITY**



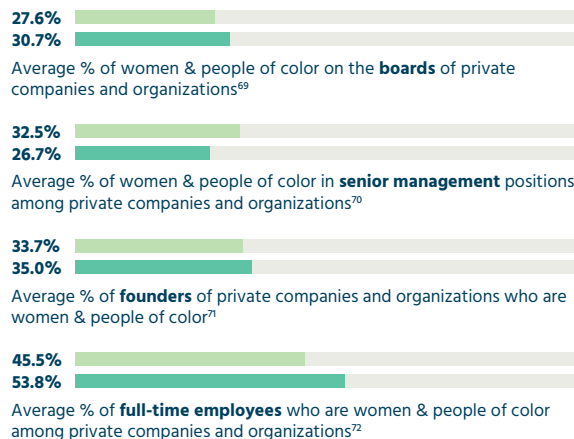
This theme includes investments that build gender and racial equity and those that remove obstacles to opportunities for people of color and women. As a firm that recognizes intersectionality and the need for solutions that address multifaceted challenges – Racial & Gender Equity is an overarching theme for Veris.

We look beyond solutions focused only on board diversity to seek out those that increase diversity at all levels. Veris also seeks opportunities to support founders

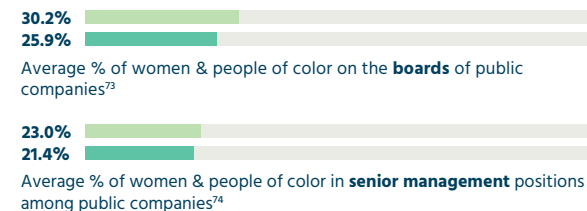
that draw on their own lived experiences as women and people of color to create products and services that have a positive environmental and social impact.

**IMPACT METRICS FOR PRIVATE AND PUBLIC FUNDS**

Aggregate impact reported across our approved alternative strategies:



Aggregate impact reported across our approved public equity strategies:



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## IMPACT THEME RACIAL AND GENDER EQUITY

PRIVATE  
INVESTMENT  
SOLUTION



VERIS APPROVED MANAGER: **IMPACT AMERICA FUND**<sup>76</sup>

SUSTAINABLE  
DEVELOPMENT  
GOALS



Photo credit: SMBX

## The Challenge

- Small businesses generate 44% of US economic activity<sup>77</sup> but persistent racial inequities create financial challenges for businesses owned by people of color.<sup>78</sup>
- In 2021, 35% of white-owned small businesses received full funding, compared to 19% of Hispanic-owned firms, 16% of Black-owned firms, and 15% of Asian-owned firms.<sup>79</sup>

## Solution<sup>80</sup>

- SMBX developed a crowdfunding platform that helps small and medium sized businesses (SMBs) raise capital by issuing bonds directly to the public in \$10 increments; This solution offers SMB owners a new and accessible source for raising capital from their community and gives people the option to invest in the growth of their local businesses for a monthly principal and interest payment.
- SMBX helped launch the Rebuild Bond Program in Washington, D.C. to accelerate \$5 million in low-cost bond funding to small businesses in historically disadvantaged wards of the city.<sup>81</sup>

## Impact<sup>82</sup>

- In 2021, 27 businesses across 20 states raised \$2 million in bonds through the platform – a 31% increase from the previous year.
- 56% of the capital raised on the platform was for women-owned businesses, 45% for minority-owned businesses and specifically 16% was for black-owned businesses, and 8% LGBTQ-owned businesses.

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## IMPACT THEME RACIAL AND GENDER EQUITY

PUBLIC  
INVESTMENT  
SOLUTION

DISCOVER<sup>® 83</sup>

VERIS APPROVED MANAGER: IMPAX ASSET MANAGEMENT<sup>84</sup>

SUSTAINABLE  
DEVELOPMENT  
GOALS



### The Challenge

- Women, Black, & Latinx people are disproportionately underrepresented in the workforce among Fortune 500 companies.<sup>85</sup>
- Less than 1/4 of the largest companies in the US disclose internal gender pay equity analysis. Of those that do, only 35% report exact women-to-men adjusted or unadjusted pay ratios while 19% report no pay gap without providing ratio details.<sup>86</sup>
- Fortune 500 companies currently direct an average of only 2%, or \$125 billion, of total spend to minority-owned businesses.<sup>87</sup>

### Solution

- Ongoing engagement with Impax led Discover to publish pay equity analysis in 2018 and its first Diversity, Equity, and Inclusion Transparency Report in 2022.
- Discover set goals to increase representation of women and ethnic minorities at all management levels to 50% and 40%, respectively, and to increase Black and Latinx representation at all management levels to 15% by 2025.<sup>88</sup>
- The company aims to establish equity measures to identify and address potential biases to improve recruiting, retention, & internal mobility, and to support diverse suppliers to enhance financial inclusion.<sup>89</sup>

### Impact<sup>90</sup>

- Discover’s workforce diversity exceeds or matches workforce availability in the areas where they operate and women and people of color are more highly represented relative to other banking and technology sector companies in the US.
- Since 2018, women and minorities at Discover have earned on average between \$0.99-\$1.03 for every \$1 earned by men and non-minorities, after accounting for factors such as tenure, role, and geography.
- In 2021, Discover increased spending on diverse suppliers, which includes veteran-, minority-, and woman-owned businesses by more than 30% from 2020.<sup>91</sup>

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# IMPACT THEME SUSTAINABLE AND REGENERATIVE AGRICULTURE



Within this theme, Veris seeks out agricultural sector opportunities to preserve biodiversity, reduce and capture carbon emissions, increase productivity and ensure food security, and to improve the financial well-being of farmers.

We focus on sustainable approaches to agriculture, with a preference for regenerative solutions – including enhanced crop rotations, cover cropping, reduced tillage, and use of precision agriculture.

Because we believe farm ownership is critical to building wealth and ensuring representation of BIPOC farmers in providing healthy food to communities of color, we also seek solutions that provide access to capital for BIPOC farmers to own farmland and transition to regenerative practices.

## IMPACT METRICS FOR PRIVATE AND PUBLIC FUNDS

Aggregate impact reported across our approved alternative strategies:



**4,879,314**

acres of land managed sustainably<sup>92</sup>



**23,384**

acres planted with native tree species<sup>93</sup>



**4,939,148**

acres of land managed sustainably<sup>94</sup>

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IMPACT THEME

# SUSTAINABLE AND REGENERATIVE AGRICULTURE

PRIVATE INVESTMENT SOLUTION



## VERIS APPROVED MANAGER: DIRT CAPITAL PARTNERS

(in collaboration with Kitchen Table Advisor and People's Land Fund)

### SUSTAINABLE DEVELOPMENT GOALS



Photo credit: Watsonville Land Project

## The Challenge

- There is a lack of affordable farmland for smallholder farmers - with high prices driven by concentration of land ownership & industrial agriculture practices.<sup>95</sup>
- Latinx farmers lack equitable access to opportunity because of systemic discrimination, language & cultural barriers, and other factors.<sup>96</sup>
- The transition from traditional to sustainable agriculture practices requires a skilled workforce, access to capital and technology, and time.<sup>97</sup>

## Solution<sup>98</sup>

- Dirt Capital, in partnership with Kitchen Table Advisor and People's Land Fund, acquired 170 acres of organic farmland with a plan to transfer management and ownership to create 5 to 10 Latinx, immigrant-led organic farms within 7 years.
- This partnership led to a blended finance structure (including equity, low-cost loans at 0-2% interest, & grants) that ensures this land is affordable for Latinx farmers.
- A majority of farmers who will own the land commit to using sustainable & regenerative practices including enhanced crop rotation, cover cropping, reduced tillage, & drip irrigation.

## Impact<sup>99</sup>

- Farmers of color who have been locked out of farmland ownership will gain access to opportunities for long term land stability.
- Sustainable farming practices – such as increasing permanent crop plantings, using organic matter, & rotating crops – improve soil health and carbon sequestration and promote climate resilience.
- Conservation easements will permanently ensure the land will only be used for agricultural purposes.

Any portfolio company examples and results presented herein should not be construed as representative of all investments of the manager or fund in question. For additional important disclosures pertaining to the information contained herein, please see [page 3](#)



IMPACT THEME  
**SUSTAINABLE AND REGENERATIVE AGRICULTURE**

**PUBLIC  
INVESTMENT  
SOLUTION**



**JOHN DEERE**<sup>100</sup>

**VERIS APPROVED MANAGER: IMPAX ASSET MANAGEMENT**<sup>101</sup>

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



## The Challenge

- The agricultural sector produces 11% of all annual GHG emissions in the US.<sup>102</sup>
- Traditional agricultural practices rely on fertilizers that account for ~50% of US GHG emissions from the production of N<sub>2</sub>O (Nitrous Oxide).<sup>103</sup>
- Climate change is likely to increase pressure on land and water use and reduce yield, and require adaptive practices from farmers, fisheries, and aquaculture producers over time.<sup>104</sup>

## Solution<sup>105</sup>

- Precision ag products, like Deere's crop care equipment that optimizes use of herbicides & fertilizers, help ensure that more farmland is sustainably engaged.
- Deere set goals to improve nitrogen use to lower N<sub>2</sub>O emissions without harming yield, to increase crop protection efficiency by 20%, & to reduce GHG emissions by 15% for its ag customer base by 2030.
- Science-based targets are set for its Scope 1, 2 & 3 GHG emissions & Deere committed to 95% recyclability of product materials and 65% sustainable content in machines.

## Impact<sup>106</sup>

- 71% of Deere's new product programs in 2021 were designed to help reduce the environmental impact of agriculture. For example, equipment that helps farmers fertilize crops with nitrogen more efficiently can reduce N<sub>2</sub>O emissions without lowering yield.
- With 40.5% of its electricity now coming from renewables, Deere has reduced its scope 1 & 2 emissions by 20% since 2017 including 4% in 2021 and recycled 27.8 million pounds of material through remanufacturing.
- Deere committed to spending \$50 million on minority-owned businesses & \$1 billion on woman-owned businesses by 2025.

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This has been a difficult year for most investors – and especially so for investors who do not invest in traditional energy companies out of care for the environment and concern about climate change.

Despite the painful situation we find ourselves in at this moment, we still believe that impact investors should be optimistic about the opportunities for impact investing both now and in the future.

Current events may lead you to wonder why we remain optimistic. Elevated inflation, driven by the rapid recovery of the economy from a deep recession coupled with supply constraints exacerbated by COVID and Russia's invasion of Ukraine, has shown a few recent signs of stabilizing, but not decreasing. The Federal Reserve in the US<sup>107</sup> and Central Banks in Europe<sup>108</sup> and the UK<sup>109</sup> and many other countries responded by raising short-term interest rates. In the aftermath of these rate hikes, Treasury bonds have declined to levels not seen since 1997.<sup>110</sup> Municipal bonds have also experienced significant declines.<sup>111</sup>

The only equity sector doing well year-to-date is the traditional energy sector<sup>112</sup> – while a number of our funds and managers that are not in that sector are experiencing below-market returns. This is a reversal from the previous three years when we saw many of our funds performing well on both an absolute and relative basis.

Despite the gloom, we have seen bright spots for impact investors. Fixed rate investments – such as those in Community Development Financial Institutions (CDFIs) – have been stable and our private funds have held up well. In my experience, CDFI returns are typically lower than other types of investments, but they have historically remained stable in volatile markets. And, as mission-driven lenders, CDFIs also create measurable positive impact through affordable housing, small business, and consumer loans in underserved low-and-middle-income communities and communities of color.

### **WHY WE STILL BELIEVE THE OUTLOOK IS BRIGHT FOR IMPACT INVESTORS**

We do not discount the fact that market volatility is causing pain right now, but many current events lead us to believe that the mid to longer term economic trends will benefit impact investors in the future:

### Climate Commitments, Policy Changes, & Investments in Clean Energy

- More companies are now signing on to achieve Net-Zero by 2040, at least in part because investors and others are increasing pressure on companies to share specific commitments to reduce carbon emissions and data that shows the results of their efforts.<sup>113</sup>
- The SEC is considering regulations to mandate carbon reporting for all publicly traded companies.<sup>114</sup>
- The Inflation Reduction Act is providing \$369 billion in credits, loans, and grants to support a significant reduction in carbon emissions.<sup>115</sup>

## WE STILL BELIEVE THAT IMPACT INVESTORS SHOULD BE OPTIMISTIC ABOUT THE OPPORTUNITIES FOR IMPACT INVESTING BOTH NOW AND IN THE FUTURE.

- Green banks have received federal funding which will provide opportunities for public/private partnerships.<sup>116</sup>
- California has passed a bill banning the sale of gas-powered cars in 2035.<sup>117</sup>

### Moving Towards a Just Transition

- We believe future opportunities for impact investors can be seen in our collective efforts to support a just transition – ensuring that the people most impacted by climate change, pollution, and the economic shifts from traditional to clean energy sources will receive necessary support and that a diverse group of business owners and employees will benefit.<sup>118</sup>

- There are significant efforts underway to identify solutions. This past June I attended a session hosted by the Carsey Center at UNH at the NY Federal Reserve that outlined the main obstacles to a just transition and highlighted opportunities for support. We at Veris are beginning to identify opportunities in this area and expect to offer them to our clients in the coming year.

### EDI Progress

- In 2022, Roraj Pradhananga, Veris Wealth Partners' Director of Research, and our Research Analysts, Maya Zamir and Mihir Mehan, refined our Equity Diversity and Inclusion (EDI) metrics that we use to evaluate manager's commitments and results in this area.

- We have engaged our managers on EDI and received back our first responses to help Veris create a baseline. As expected, only a few funds show evidence of diversity at all levels and utilizing EDI in investment selection, but we will continue tracking these metrics over the next five years and expect to see progress.
- Two thirds of our new managers we perform due diligence on this year will be EDI managers and Veris is on track to achieve our goals.

### Efforts to Address Greenwashing Concerns & Support Intersectional Solutions

- We have refined our process of allocating our managers and funds to our impact themes. A major concern of impact micro-investors continues to be "greenwashing" or "impact washing."
- Our research team has a robust process for evaluating how and if a manager or fund is authentic in their goals and tracking of their social and environmental impacts.
- We also continue to seek managers that take an intersectional approach. We want our managers focused on climate solutions to also understand the importance of racial and gender equity, for example. Veris is seeing some progress in this area, but we believe that more is necessary.

### LOOKING TO THE FUTURE

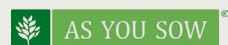
While this has been a challenging year in the bond and stock markets, these are only a few of the advances we believe will create more opportunities for growth in sectors of the economy that are leading the way to a greener and more equitable future – and new investment opportunities for impact investors.

No one knows how long the bear market will last, but we are confident that we currently have well researched investment opportunities for impact investors.

Michael Lent



# INDUSTRY COLLABORATIONS



Another unique aspect of Veris, since its inception in 2007, is its collaborative approach to developing not only itself, but the sector of Impact and ESG Investing.

Our founding CEO was a board member of As You Sow, our CIO was the Board Chair of US SIF, our current CEO is a Board Director of US SIF and a member of its Executive Committee, and a member of committees at ImPact Assets and Confluence Philanthropy.

Our Partners and Employees serve on the boards of many organizations, both local and national. Our firm collaborates with many organizations to provide educational sessions to its members, webinars and conduct advocacy on behalf of our sector. Veris supports

the organizations below both through our financial and human capital as we believe this work complements ours and strengthens the industry as a whole.

## Let's Work Together

If you are an ESG/Impact membership group or advocacy organization in the field of responsible investing, and your organization is not listed here, please don't hesitate to reach out to Veris through [info@veriswp.com](mailto:info@veriswp.com).

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