

Wetherby IMPACT REPORT

Each year, we produce an impact report to share with you – our clients and our community – how our initiatives and offerings are working together to drive positive change. We are grateful to our clients for mobilizing their capital to confront today’s pressing challenges and trusting our team to support them in their goals.

INDUSTRY LEADERSHIP

The impact investing industry is flourishing. Worldwide, impact investing assets have grown 34% since 2016, tackling global challenges such as climate change, environmental degradation, inequality and poverty.¹ These investors are increasingly diverse, spanning individuals, institutions, generations and demographics with plenty of new entrants and capital to put toward the triple bottom line. Global frameworks, like the United Nations Sustainable Development Goals and the B Corp movement, enable a common reporting language and mobilize assets around clear goals. As impact investing grows, its influence multiplies; even traditional investment paradigms are shifting. Nearly 80% of global investors say they focus on sustainability more now than they did five years before.²

We are proud to be part of this community and support this growth. Our team is actively engaged with various organizations and practitioners to lend our voice and influence in support of impact.

OUR IMPACT OFFERING

We help our clients navigate this space in support of their goals. Our client impact assets increased by 13%

Our impact work is a natural extension of our firm’s founding values: to be great stewards for our clients, our team and our community.

in 2018, from clients just beginning to explore options to clients that are 100% committed to integrating impact investments across their portfolios. We also leveraged our influence to encourage managers to improve their environmental, social and governance (ESG) integration. Client participation in our shareholder engagement offering also continues to grow as investors use their role to influence positive corporate change.

CORPORATE RESPONSIBILITY

Greater social and environmental transparency underpins a strong impact investing industry. We are excited by the growing trend, as more than 90% of the world’s 250 largest companies published corporate social responsibility (CSR) or sustainability reports in 2018, compared with only 45% in 2002.³ Our firm’s own values are formalized in our CSR policy, which we enhance each year with additional social and environmental commitments. We are proud of our accomplishments and look toward driving corporate best practices and improving year over year.

We invite you to learn more about these initiatives in this report, and look forward to continuing our impact work in 2019.



Industry Leadership

We recognize that we are but one part of a broader ecosystem working to harness the power of investment capital to address social and environmental challenges.

We support leading networks and movements that help scale the impact investing industry and set important national and global standards. Together, we work to ensure the integrity and intentionality of investment capital in generating meaningful social and environmental impact.



Certified B Corporations meet comprehensive standards of social and environmental performance, transparency and accountability.



The San Francisco Green Business Program recognizes businesses, non-profit organizations and municipal offices that meet high environmental standards.



As You Sow is a non-profit organization that supports shareholder engagement and advocacy initiatives for a safe, just and sustainable future.



The TCFD encourages companies to provide climate-related financial risk disclosures to investors, lenders, insurers and other stakeholders.



The Thirty Percent Coalition is a national organization influencing corporations to increase diversity and the number of women on their boards.



US SIF is a large network of asset owners advancing sustainable, responsible and impact investing across all asset classes.



Investor Alliance for Human Rights is a collective action platform connecting institutional investors with tools and strategies to promote corporate respect for human rights.



NEXUS aims to educate, connect, inspire and activate the next generation of exceptional social innovators, philanthropists and impact investors globally.

OUR PUBLIC ADVOCACY

Public advocacy is a key part of our corporate social responsibility activities, aligning our values, our clients' goals and our voice with important and timely issues. We believe that we have a responsibility to advocate for critical public interests and use our collective voice to support public policy issues that reinforce our mission and values. In 2018, our firm acted on the following initiatives:

- ▶ Signed US SIF letter asking the Environmental Protection Agency to **protect the Clean Power Plan** from a proposed repeal and to support policies that reduce carbon pollution.
- ▶ Signed an investor statement to the Bangladeshi government in **support of the Accord on Fire and Building Safety** which was formed following the Rana Plaza building collapse.
- ▶ Signed an investor statement asking companies to take **meaningful action on gun violence** and end military-style semi-automatic assault weapons for use by civilians following the Parkland school shooting.
- ▶ Signed an Investor Alliance for Human Rights statement that calls on companies to take broad, systemic action to ensure the protection and physical **safety of indigenous rights defenders**.
- ▶ Signed a Share Action letter asking Standard Chartered Bank to **stop financing coal mines and coal-fired power plants**, an action they subsequently announced in September.
- ▶ Signed a KnowTheChain statement asking companies to **address forced labor in global supply chains**. The statement defines investor commitments and lays out expectations for companies to undertake rigorous human rights due diligence.
- ▶ Signed a new global investor statement calling on G7 and G20 governments to achieve the Paris Agreement's goals, accelerate private sector **investment into the low carbon transition and improve climate-related financial reporting**.
- ▶ Joined The Thirty Percent Coalition's letter writing campaign addressed to companies in the Russell 1000 with no women on their board advocating for **greater gender diversity on corporate boards**.

PART OF THE B ECONOMY

Certified B Corps are committed to higher social, environmental and governance standards in business, balancing purpose and profit. This global movement currently includes a community of more than 2,788 B Corps in over 150 industries and 64 countries. B Corp certification is not a passive process, rather it is an engaging and dynamic community that encourages the best from its peers.

Last year, Wetherby employees joined the B Corp Inclusive Economy Challenge, which creates accountability teams of B Corp employees tasked with improving their company's performance on various metrics. Our team joined 173 fellow B Corps such as Dr. Bronner's, Seventh Generation and Beneficial State Bank to support progress on important environmental and diversity measures.

Wetherby also completed the recertification process in 2018 and improved upon our 2016 score by 23%. We were honored to be recognized as B Corp Best for the World in three categories: Customers, Workers and Changemakers. We believe this recognition highlights our ongoing commitment to building a values-aligned organization and demonstrating that business can be a force for good for all stakeholders. We are proud of the significant and measurable strides we made in improving our impact as a Certified B Corporation® and look forward to opportunities to continue deepening our impact in the future.



Our Impact Offering

The impact investment universe has developed significantly, providing new and attractive opportunities in both public and private strategies, and will continue to evolve over time.

OUR IMPACT OFFERING

Impact investing opportunities can go beyond avoiding harm by intentionally creating better outcomes and improving conditions for society and the planet. The depth and sophistication of our own offering grows as the impact investment landscape evolves. We maintain a rich selection of impact investment options across asset classes and issue areas and can work with interested clients individually to support bespoke impact goals.

Our process is flexible to accommodate a wide range of interests, from individuals just beginning to explore the space to those seeking full impact investment management. To learn more about how we can support clients, please reach out to the Wetherby team.

INVESTMENT MANAGER ESG SURVEY

Wetherby employs both traditional and impact strategies across our various client portfolios, allowing our firm to extend our voice and influence beyond the impact investing field into traditional investing. We

integrate environmental, social and governance (ESG) considerations across our investment management processes to highlight potential investment risks and identify attractive investment opportunities.

In 2018, we launched an inaugural annual survey of all investment managers in our portfolios to better understand their ESG policies and practices, to gauge their progress toward fostering greater diversity within the investment industry and their commitment to addressing climate-related risks and opportunities.

While our managers include impact pioneers that established ESG policies as early as the 1970s, our survey shows a ramp up in ESG policy adoption over the past decade. As pressure continues to grow on asset managers to incorporate ESG considerations into their investment approaches, we only expect to see this trend accelerate in the future until it becomes truly standard and best practice for the mainstream investment industry overall.

Our survey has prompted an important dialogue with our traditional managers. Many have since expressed

79% IMPACT MANAGERS	42% TRADITIONAL MANAGERS	95% IMPACT MANAGERS	67% TRADITIONAL MANAGERS
HAVE FORMAL ESG POLICY		INTEGRATE ESG IN DUE DILIGENCE	
89% IMPACT MANAGERS	33% TRADITIONAL MANAGERS	16% IMPACT MANAGERS	0% TRADITIONAL MANAGERS
PROVIDE ESG/IMPACT REPORTING		FOLLOW TFCO CLIMATE-RISK RECOMMENDATIONS	
37% IMPACT MANAGERS	13% TRADITIONAL MANAGERS	37% IMPACT MANAGERS	21% TRADITIONAL MANAGERS
FEMALE INVESTMENT TEAM MEMBERS		MINORITY/OTHER* INVESTMENT TEAM MEMBERS	

* Other previously excluded or underrepresented groups could include members of the LGBTQ community, individuals with disabilities and immigrants and refugees. Please see disclosures at end of report for additional methodology and definitions.

interest in learning more about formal impact and ESG policies, frameworks and processes. We embrace our managers' desire to engage on impact and have offered our support to help these managers formalize their ESG frameworks and approaches, thus managing for greater impact across the industry.

Manager diversity is a part of our standard due diligence. While manager-level diversity does not drive our investment decision-making process, we believe that it is an important consideration that can reduce risk and drive value across our portfolios. Our survey asked managers about gender and representation of previously underrepresented groups (i.e., ethnic minorities, immigrants, members of the LGBTQ community). The lower scores on diversity are disappointing, but also reflect a larger characteristic of the industry. We hope that our questions serve as a strong signal of our belief in and support for greater diversity as a strategic investment imperative.

Our questions regarding the Task Force on Climate-related Financial Disclosures (TCFD) revealed that only 6% of all surveyed managers currently follow the TCFD recommendations, yet 21% are incorporating some form of climate-related risk management. 27% of managers look explicitly for investment opportunities that will benefit from the transition to a low carbon economy. We hope our questions promote the TCFD's work and educate managers about available climate resources.

We believe that our survey resulted in a positive signaling effect, encouraging our managers to consider critical ESG, diversity and climate-related issues.

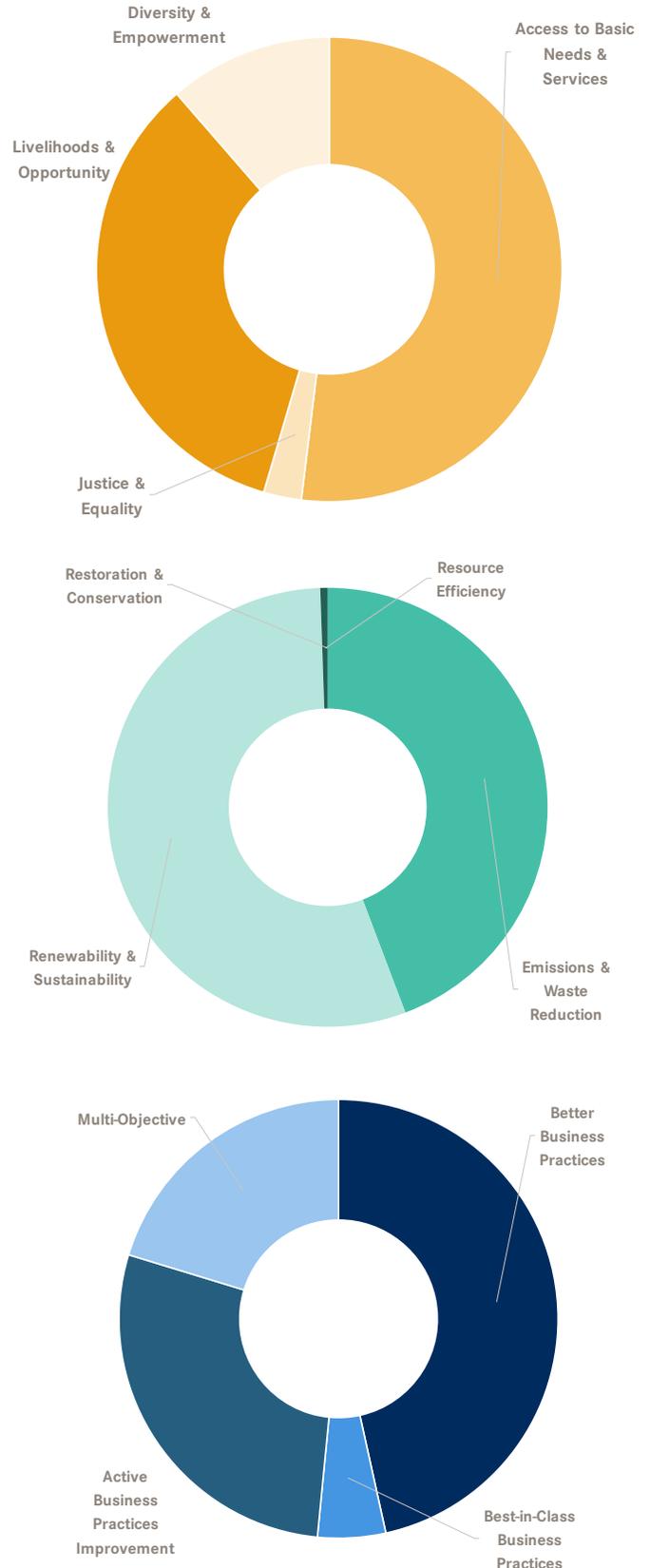
SHAREHOLDER ADVOCACY

Shareholders have the right to voice material environmental and social concerns or opportunities with publicly-traded companies. Our clients can engage in these activities indirectly, through their managed portfolio, or directly by authorizing their own shares to file shareholder resolutions with management.

For the 2018 annual meeting season, 23 Wetherby clients and one member of the Wetherby team signed 79 authorizations to file and co-file 27 shareholder resolutions with 25 companies. Several resolutions represented continuations of multi-year campaigns with companies, some of which have been supported by our clients in the past.

Please see our [2018 Shareholder Resolution Sponsorship Report](#) for details about the specific resolutions and results of these activities.

Client Impact Assets By Objective as of 12/31/2018. Our impact objectives serve as the foundation for developing a client's customized impact investment strategy and are mapped to the United Nations' 17 Sustainable Development Goals.



Corporate Responsibility

As a values-aligned company, Wetherby is proud to partner with leading networks and organizations to further drive positive social and environmental change and promote excellent leadership.

Wetherby was founded in 1990 with strong values and culture that recognize our clients, our team and our community in determining our business success. We have since formalized these values into our corporate social responsibility policy, which evolves over time to include more rigorous social and environmental commitments. Our status as a B Corp and certified Green Business is testament to our continued effort to incorporate best-in-class practices at our firm.

OUR COMMUNITY

Each year, Wetherby organizes service events with local nonprofits to support their missions and engage with our community. We also include a donation for each organization with whom we volunteer. In 2018, we contributed 145 hours of employee time in support of the following organizations:

- ▶ **The Ronald McDonald House** provides a safe, temporary home for the families of critically ill children. Four Wetherby employees helped to clean hallways to keep the facility safe and comfortable for its residents.
- ▶ **Project Open Hand** provides 2,500 meals to critically ill neighbors and seniors every day. 14 Wetherby employees helped by slicing potatoes, honeydew, eggplants and onions and packing over 500 wholesome meals for distribution.
- ▶ **Golden Gate National Parks Conservancy** preserves parks, enhances visitor experience and builds a community dedicated to conserving parks for the future. 14 Wetherby employees removed 28 buckets of trash from the shoreline and cleared sand from the parking lot to maintain accessibility.
- ▶ **Rise Against Hunger** provides food and aid to the world's most vulnerable people, working to end global hunger. 33 Wetherby employees packaged 10,000 nutritious meals to send to starving and malnourished people around the world.

Additionally, Wetherby employees are granted eight



Together with the Golden Gate National Parks Conservancy, our Wetherby team helped remove 28 large buckets of trash from our shoreline and clear sand from the parking lot to maintain accessibility for the public.



Together with Project Open Hand, our Wetherby team helped make 500 healthy meals to be distributed to critically ill neighbors and seniors in our local community.

hours of individual volunteer time off to use at the organization of their choosing. In 2018, one third of our employees used this benefit – contributing nearly 100 additional hours to various nonprofit organizations.

OUR EMPLOYEES

We believe that our diversity drives us forward and enables us to build deeper long-term, caring and trusted relationships with our clients and our community. In 2018, Wetherby formed a Diversity, Equity & Inclusion Committee to cultivate an inclusive environment and culture that fosters growth, collaboration and acceptance; where we celebrate the diverse voices and perspectives of our employees; and where employees feel empowered to bring their full, authentic selves. In an industry that is dominated by men, we are proud that our firm is 49% women. We look forward to further advancing equity within financial services.

OUR ENVIRONMENT

Wetherby is committed to the long-term sustainability of our firm and of our global community in which our clients and employees live and work.

In 2018, Wetherby became a certified SF Green Business after completing a rigorous audit of purchase practices and how the firm uses and disposes of goods. The audit's key focus is on pollution prevention, waste management, conservation practices, water management and energy efficiency. We are proud to join this community and be part of the solution for the pressing environmental challenges facing us today.

Another focus for 2018 was employee transportation. We found that Wetherby employee commutes range from 1-80 miles per day round trip. Only 10% of employees drive to work in a gas combustion vehicle, many choose more sustainable options such as:

- ▶ **55%** via public transportation including buses, trains and ferries.
- ▶ **23%** walk or bike to work.
- ▶ **4%** drive in electric or hybrid vehicles.
- ▶ **8%** carpool to the office.

To further reduce the impact of employee transportation, our firm now offsets the carbon emissions from employee business flights. In 2018, this program helped to offset 235,522 miles of business flights for a total offset of 73.35 tons of carbon dioxide! We chose ClimateCare to manage our offsets; their program combines a global portfolio of emissions reduction projects with independent verification to ensure the carbon emissions reduction is successful.

OUR ANNUAL COMMITMENTS	2018 RESULTS
1.0% of pre-tax net income donated to nonprofits	1.7% of pre-tax net income donated to nonprofits
\$1,000 match of employee donations made to nonprofits	51 nonprofits supported by our employee matches
8 hours volunteer time off per employee	100 hours of volunteering reported by our employees
5 events organized by our firm to support local nonprofits	4 events organized by our firm to support local nonprofits
100% carbon emissions offset for employee flights	235,522 miles of travel offset; equal to 73 tons of carbon!
100% coverage of employee basic medical care plans	73 employee basic medical care plans covered
Min 50% recycled content printer paper	100% recycled content printer paper

¹ Source: Global Sustainable Investment Alliance. 2016 Global Sustainable Investment Review. 2016. <https://www.ussif.org/files/Publications/GSIA_Review2016.pdf>

² Source: Center for Financial Inclusion. Impact Investing Trends in 2018. 2018. <<https://www.centerforfinancialinclusion.org/impact-investing-trends-in-2018/>>

³ Source: Bain & Company. Private Equity Investors Embrace Impact Investing. 2019. <<https://www.bain.com/insights/private-equity-investors-embrace-impact-investing/>>

Important Disclosures:

All content presented is for informational purposes only and is from sources believed to be reliable. No warranty is either expressed or implied by its presentation. This content is not, and should not be, considered a recommendation, offer, nor solicitation of an offer by Wetherby Asset Management ("Wetherby") or its affiliates to buy, sell or hold any security or other financial product; nor is it an endorsement or affirmation of any specific investment strategy. It should not be assumed that any information contained serves as the receipt of, or as a substitute for, personalized investment advice from Wetherby.

Wetherby manages portfolios according to each client's specific investment needs. Therefore, each client's portfolio has its unique set of circumstances and consequently, investment results. Past performance is no guarantee of future results. Inherent in any investment is the potential for loss. Wetherby's outlook may change if new information is provided by the client or if there are material changes in the market or investment recommendations.

While Wetherby intends to add value to our clients in non-investment related areas of tax and financial planning, we do not hold ourselves out to be practicing income tax professionals or estate planning attorneys; you should consult your tax advisor and/or estate planning attorney for any legal or accounting needs.

Third-party content linked in this report is prepared by independent outside parties. Wetherby does not guarantee the accuracy or completeness of information in these articles and assumes no liability for damages resulting from or arising out of the use of such information.

To the extent that content contains information about specific companies, securities and/or investment strategies, including whether they are profitable or not, such information is provided as a means of illustrating a potential investment thesis at the time of the article's publication and is not reflective of any or all securities held by clients nor the experience of any client; the holdings and performance of which may be materially different from any investments discussed.

To the extent that a reader has any questions regarding the applicability of any specific data presented above to her/his individual situation, she/he is encouraged to consult with the professional advisor of her/his choosing. A copy of Wetherby's current ADV2 discussing our advisory services, fees and other relevant information is available upon request.

Certifications

Please note that Wetherby's status as both a Certified B Corporation® and a Certified San Francisco Green Business is indicative of our commitment to enhanced social, environmental and governance standards and is not intended to represent an indication of Wetherby's investment capabilities or performance. For additional details regarding Certified B Corporations® please visit www.bcorporation.net; for additional details regarding San Francisco Green Business please visit www.sfenvironment.org/green-businesses.

B Corp Best for the World

Please note that Wetherby's status as a Certified B Corporation® is indicative of our commitment to enhanced social, environmental and governance standards and is not intended to represent an indication of Wetherby's investment capabilities or performance. The Best for the World Lists are determined based on the verified B Impact Assessment Scores of Certified B Corporations as of December 31, 2017. Only Certified B Corporations with a Reviewed Version 3 or 4 B Impact Assessment (including both phone and document reviews by B Lab Staff with scores transparent online) are eligible for inclusion on the Best for the World list. Honorees featured on the Best for Workers and Best for Customers lists scored in the top 10th percentile of all Certified B Corporations in the respective impact area. The Workers list considers such criteria as employee benefits, ownership and engagement programs; the Customers list considered criteria such as services that help customers and the environment. Honorees featured on the Changemakers lists scored in the top 10th percentile of all Certified B Corporations or overall audit score. Of the approximately 2,500 companies that were considered: 185 were honored for Workers representing approximately 7%; 221 were honored for Customers representing approximately 9%; 203 were honored for Changemakers representing approximately 8%. All accolades provided are for informational purposes only and no warranty is either expressed or implied by their presentation. Accolades presented may not be representative of actual or specific client experiences and should not be considered an endorsement. Wetherby Asset Management acknowledges that our rating reflects an average of all, or sample of all, of an advisor's or the firm's clients and thus may not be representative of any single client's experience. Wetherby's receipt of accolades should not be considered a guarantee of future performance results. Wetherby does not pay a fee to participate in any of the rankings disclosed. For additional information and methodology, please visit: <http://www.bthechange.com>.

ESG Manager Survey

Wetherby's research team sent a comprehensive survey questionnaire to our approved Traditional and Impact Qualified investment managers, across asset classes, that manage the most broadly used strategies our client base. We sent surveys to 52 managers and received 52 responses (100% response rate). In some cases, a fund management firm submit multiple responses to reflect the policies, due diligence, engagement, diversity, climate risk and reporting of the multiple strategies the firm managed. Not all questions were applicable to all managers or strategies – for example, proxy voting and shareholder engagement questions are only relevant to public equities strategies and General Partner questions are only relevant to private strategies. The biggest data gaps were in questions related to other previously excluded, underrepresented or ethnic minority groups – many managers do not collect the data and employees are not legally required to self-identify their race, ethnicity, or other identities. Where there are gaps, we excluded the data from the relevant calculation.



WETHERBY
ASSET MANAGEMENT

580 California Street, Eighth Floor, San Francisco, CA 94104 | 415 399 9159 | 800 475 9159 | 415 399 9330 fax

One Rockefeller Plaza, Suite 2610, New York, NY 10020 | 212 292 4809 | 800 475 9159 | 212 245 2737 fax

WWW.WETHERBY.COM | INFO@WETHERBY.COM