

Wetherby IMPACT REPORT

Companies have an inescapable impact – both positive and negative – on the communities in which they operate, the people whom they employ, the environment from which they derive resources and the other organizations with whom they work. As we face these unprecedented times and confront a host of global challenges which demand action, the world is beginning to shift its thinking about the fundamental purpose of the corporation away from that of maximizing shareholder value toward creating value for all stakeholders. An initial marker of this shift came in August when the Business Roundtable, representing around 200 major U.S. corporations, released a new statement regarding the purpose of corporations which said its members “share a fundamental commitment to all of our stakeholders” and commit to doing well by their customers, employees, suppliers and local communities.¹

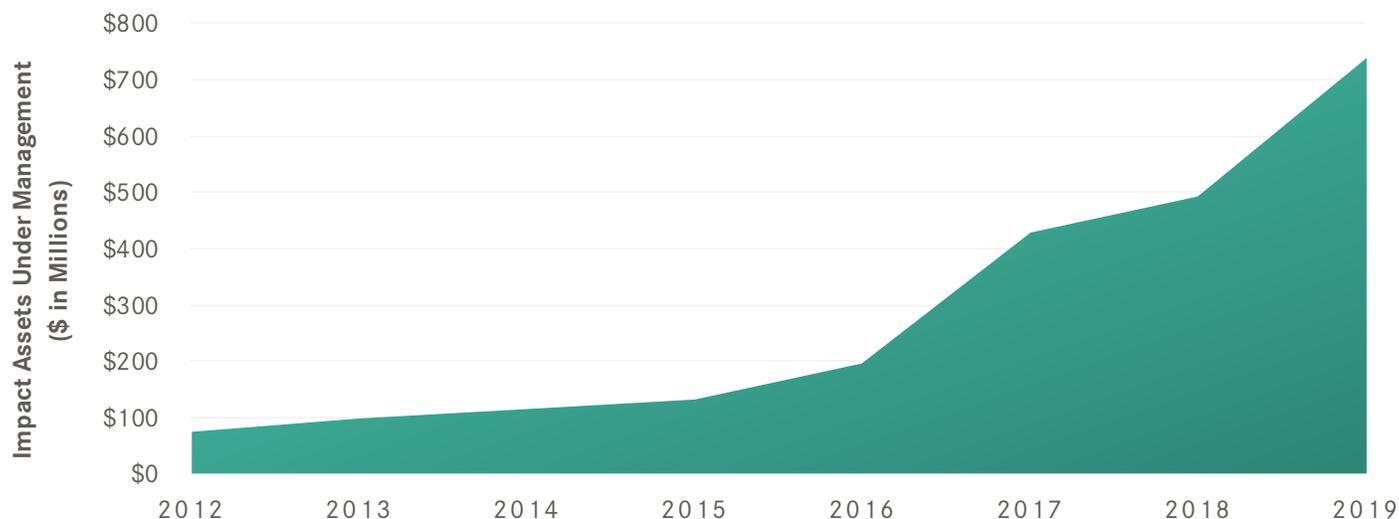
This perspective, that companies owe care toward a range of stakeholders beyond the traditional shareholder, has always been part of the fundamental underlying premise of impact investing and is deeply ingrained in the way in which Wetherby operates. Impact has never been only a service offering for us; it is at the very core of who we are and how we approach our work. We believe that understanding and addressing the needs of all stakeholders is imperative, not only for working toward a more just and equitable economy for all, but also to create long-term value for

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ourselves and our business. Impact considerations factor into each choice we make as a firm, large or small, from the way we select investments and office supply vendors to how we guide our clients and get to work each day. We believe deeply in the obligation we have to our clients, our employees, our community, the environment and the broader financial industry in which we operate to drive change and use our platform and our voice to improve the world around us. This commitment is a direct reflection of Wetherby's commitment as a Certified B Corporation®, in which we are held accountable for considering not only shareholder value but broader stakeholder value.

Through this Annual Impact Report we are pleased to share with you the results of our work in 2019 with the many stakeholders with whom we engage. Even as we celebrate our work, we know there is always more to be done. This focus on accountability and continuous improvement earned us recognition as a 2019 B Corp Changemaker honoree for the second year in a row, and we look forward to making more progress in the year ahead.²

Our Impact Assets Under Management Over Time



Our Clients

At Wetherby, we know that impact investing takes shape in many ways for our clients. Whether it is investing in climate solutions or financial inclusion or building a portfolio that allows clients to grow their philanthropy, our work supports our clients in using their investment portfolios and their investor voices to address the social and environmental issues facing us today. Our clients trust us to ensure that their financial goals are met and to do so in a way that demonstrates caring, compassion and transparency for them and the world in which we live. We were humbled to be chosen as a 2019 B Corp Best for the World for Customers honoree in recognition of this work.³

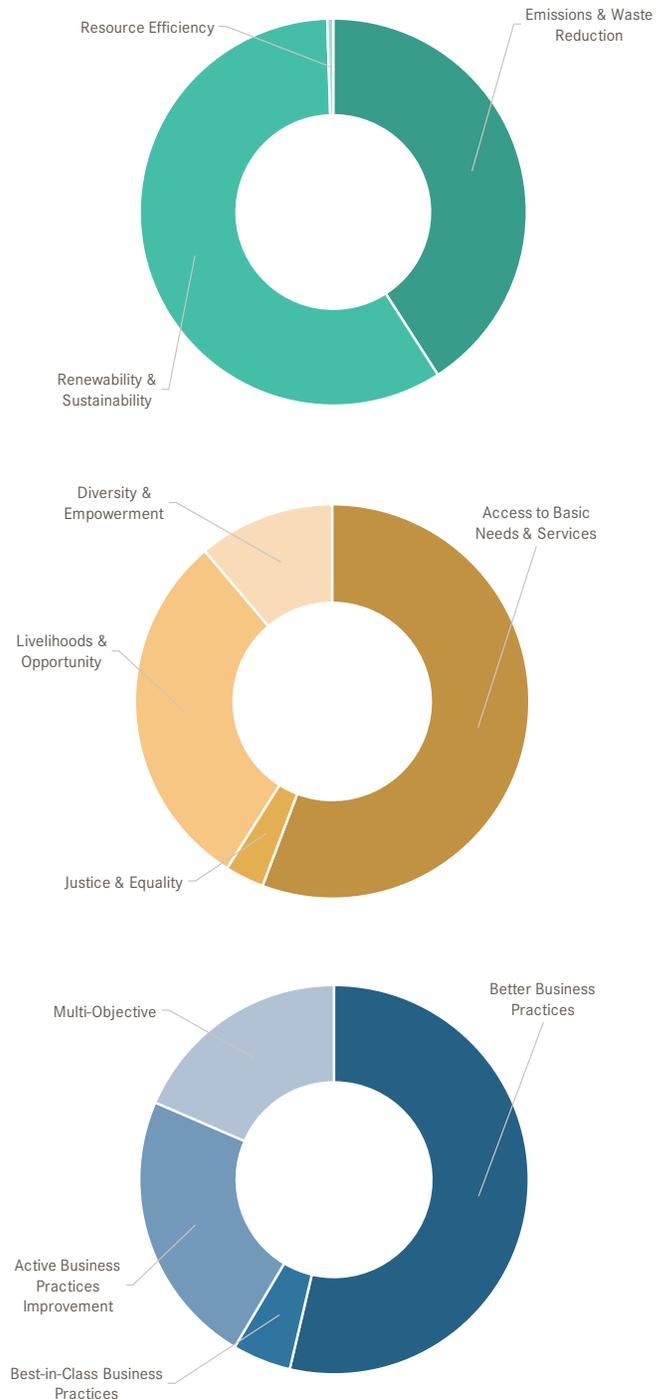
OUR IMPACT INVESTING OFFERING

Impact investing opportunities can go beyond avoiding harm by intentionally improving conditions and creating better outcomes for society and the planet. Impact investing allows our clients to deliberately use their capital to propel change through initiatives like supporting underserved communities and the development of renewable energy. Our process is flexible to encompass a wide range of interests, from individuals just beginning to explore the space to those seeking full impact investment management. And, as the impact investment landscape itself evolves, the depth and sophistication of our offering continues to grow. Our goal is to integrate impact – broadly and deeply – without compromising any of our clients' other objectives – financial or otherwise. We work actively to find opportunities in which an impact strategy supports the fundamental investment needs of a client, confident that choosing to incorporate impact investing can serve to reduce risk and enhance returns, as evidenced by our clients' experience as well as that of the broader industry.

Within the larger industry, 2019 was another good year for many environmental, social and governance (ESG) investments. Morningstar's 2019 Sustainable Funds U.S. Landscape Report revealed that the returns of 65% of sustainable funds placed in the top half of their respective categories and only 14% placed in the bottom quartile. This may reflect a longer-term trend – for the trailing three years through the end of 2019, 67% of sustainable funds had annualized returns that ranked in the top half of their categories, and for the trailing five years, 64% ranked in the top half. Investors at large have taken note, and for the 4th straight year,

Client Impact Assets By Objective as of 12/31/2019

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.



U.S. sustainable funds attracted a record \$20.6 billion in net new investments in 2019, nearly four times the previous record set in 2018.⁴

Our own experience reflects these trends. At the end of 2019, over 56% of our client households included impact strategies in their portfolio. These investments totaled close to \$740 million, a growth of 50% from \$493 million at the end of 2018.

OUR INVESTMENT MANAGERS

We believe that integrating ESG considerations into our investment process helps us identify potential risks and opportunities which can lead to better financial performance. We also believe that the alignment of interests between the firm and our managers is a fundamental requirement for delivering sustainable long-term returns. In this vein, we choose to work with managers whose objectives and values work to support our own objectives and values and those of our clients.

For all of our investments, we make it a priority to understand the ESG policies and decision-making processes and organizational makeup of the investment managers with whom we place assets. As part of our work with a wide variety of both traditional and impact managers, we have an opportunity to both understand and influence our industry as a whole on behalf of our clients. In 2018, we began surveying our investment managers annually about their ESG policies and practices, how they align with larger industry standards and how they assess climate-related investment risks and opportunities. In addition, as a

reflection of our commitment to cultivating an inclusive environment and culture, we wanted to gauge our collective progress toward fostering greater diversity, equity and inclusion within the investment industry.

In evaluating the survey results for 2019, it is encouraging to note that the vast majority of managers have established formal ESG policies and that even many of those without formal policies report that they incorporate ESG considerations into their due diligence. No longer can even the most traditional of managers deny that ESG issues are a matter of importance to industry peers, investors and the general public. Between 2018 and 2019, the percentage of traditional managers surveyed who reported having formal ESG policies in place rose from 42% to 58%, with an additional 12% reporting policies under development. Similarly, the number indicating that they incorporated ESG considerations in their due diligence rose from 67% to 76%. Unsurprisingly, our impact managers reported even higher rates – 81% have established formal ESG policies, and 95% incorporate ESG considerations into their due diligence processes. The remaining impact managers are typically pursuing thematically-driven investment strategies with less focus on ESG integration.

Despite the wide acceptance of the role of ESG in the investment industry, there is a distinct lag when it comes to diversity. While impact investors are significantly more gender diverse than the broader asset management industry, women and previously excluded minority groups are still underrepresented in leadership roles, even at firms that report strong

81% IMPACT MANAGERS	58% TRADITIONAL MANAGERS	95% IMPACT MANAGERS	76% TRADITIONAL MANAGERS
HAVE FORMAL ESG POLICY		INTEGRATE ESG IN DUE DILIGENCE	
95% IMPACT MANAGERS	33% TRADITIONAL MANAGERS	19% IMPACT MANAGERS	3% TRADITIONAL MANAGERS
PROVIDE ESG/IMPACT REPORTING		FOLLOW TFCD CLIMATE-RISK RECOMMENDATIONS	
31% IMPACT MANAGERS	17% TRADITIONAL MANAGERS	38% IMPACT MANAGERS	24% 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.

ESG commitments. In our survey, only 17% of board members of traditional managers were women, and for impact managers that only improved to 28%. For impact managers, the average percentage of female portfolio managers was slightly better at 32% versus only 13% amongst our traditional managers. This despite research showing that companies with the strongest racial and ethnic diversity are 35% more likely to have financial returns above their industry medians and that teams outperform on sales and profits when their gender mix is equal.⁵ The industry must continue to reckon with this reality and improve diversity, equity and inclusion efforts. Wetherby is committed to working with our peers to build an investment community that reflects that of the wider world.

INVESTMENT STEWARDSHIP

We believe that active ownership and investment stewardship – voting proxies and shareholder

engagement – is central to impact investing. We review the proxy voting records and shareholder engagement practices of our managers in our due diligence and portfolio management processes as an important indicator of their commitment to ESG integration.

In addition to the activism of our managers, we enable our clients to participate directly in shareholder initiatives. Through our work with As You Sow and Proxy Impact, our clients can amplify their investor voices by supporting shareholder resolutions that aim to encourage transparency and an expanded focus on the social and environmental impact of the corporations in which our clients are invested. During the 2019 proxy season 37 clients signed on to support 62 resolutions addressed to 50 companies.

For details on the resolutions our clients supported last year, please see our [2019 Shareholder Resolution Report](#).

Our Community

The work we do and the lives that each of our employees enjoys would not be possible without the vibrant and diverse communities of which we are lucky to be a part. We also recognize that our work is deeply embedded within a larger context and broader industries. We seek to contribute to these greater networks and communities of practice and advocate across a range of opportunities and issue areas.

COMMUNITY SERVICE

Each year, we have the privilege of working with local nonprofits to engage with our community and support the missions of these vital organizations. We also include a donation to each of the organizations with whom we volunteer. In 2019, we contributed a total of 115 hours of employee time to four organizations outlined in the chart below.

Our Community Service in 2019

Ronald McDonald House

provides housing for families with critically ill children undergoing hospital treatment. Eight members of our team helped prepare meals for families returning from long days at the hospital.



Good+

works to dismantle multigenerational poverty by providing supplies and resources for low-income parents and caregivers. Six members of our team helped organize and pack health and safety goods for low-income families.



GLIDE Memorial

provides supportive services to the diverse community of San Francisco, including serving three meals daily to anyone in need. Twelve members of our team helped serve food and bus tables at one of GLIDE's meal services.

Rise Against Hunger

distributes food internationally to the world's most vulnerable people. We hosted a friendly meal packing competition where 35 members of our team packed around 10,000 meals to feed undernourished families.

CHARITABLE GIVING

We also give back to the communities in which we live and work through our charitable donation program, prioritizing causes that align with our core values. In 2019, we sponsored events put on by several local charitable organizations and supported other worthy advocacy groups and nonprofits.

- ▶ We sponsored the **Jewish Community Federation Day of Philanthropy**, an event that brings together philanthropists and financial professionals to share strategies and ideas on the future of philanthropy.
- ▶ We supported **The Philanthropic Initiative's Invest for Better** campaign, aimed at mobilizing women to become more involved in impact investing and philanthropy.
- ▶ We contributed to **Summer Search**, a program that provides mentorship and access to summer enrichment programs to students facing systemic barriers.
- ▶ In response to the catastrophic fires in California in the fall, we contributed to **California Community Foundation's Wildfire Relief Fund** as well as **Feeding America** in our year-end giving.

PUBLIC ADVOCACY

We believe that we have a responsibility to advocate for critical public interests and leverage our collective voice to support public policy issues that reinforce our values and our clients' goals. In 2019, we signed on to a number of statements calling for critical action on matters of environmental protection, human rights and diversity, equity and inclusion.

- ▶ Signed the **Investor Statement in Support of the Continued Functioning of the Accord to Ensure Bangladesh Factories are Safe for Garment Workers**, which calls for the renewal of workplace safety requirements in Bangladesh.
- ▶ Signed the **Investor Statement Regarding the Need for Corporate Workplace Equity Transparency**, along with As You Sow, Whistle Stop Capital and Equileap. This statement asked the ~4,000 companies with whom Equileap engages on gender equity issues to increase investors' accessibility to information related to their workplace equity policies and practices across gender, race, ethnicity, sexual orientation and other federally protected classes.
- ▶ Signed on to the relaunch of the **Global Investor Statement to Governments on Climate Change**,

2019 Annual Commitment Results

Each year we look at measurable ways we can positively impact our community, to ensure we are living our values in tangible ways.

OUR ANNUAL COMMITMENTS	2019 RESULTS
1.0% of pre-tax net income donated to nonprofits	1.8% of pre-tax net income donated to nonprofits
\$1,000 match of employee donations made to nonprofits	30 nonprofits supported by our employee matches
8 hours volunteer time off per employee	101 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 and client travel to annual client day	165,411 miles of travel offset; equal to 40 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

which called on world governments to meet the goals of the Paris Agreement, support the transition to a low carbon economy and to commit to improving climate-related financial reporting.

- ▶ Our CEO, Deb Wetherby, signed the **#WetheChange Declaration**, a statement by the women CEOs of recognized B Corps committed to economic, racial, environmental and social justice and a world where women are equally represented in positions of power and influence.
- ▶ Signed the **Investor Statement to Oil & Gas Companies on U.S. Environmental Protection Agency Methane Regulations**, calling on the companies to oppose the EPA's proposed rollbacks of the New Source Performance Standards (NSPS) and publicly support continued federal regulation of methane emissions.
- ▶ Signed the **Investor Expectations on Corporate Lobbying on Climate**, asking companies to pledge to ensure their climate-related lobbying is consistent with the Paris Accords and to review the climate lobbying of their trade associations.
- ▶ Joined the **Thirty Percent Coalition's letter writing campaign** addressed to the 237 companies in the Russell 3000 and Russell 1000 with no women or only one woman on their boards advocating for greater gender diversity on corporate boards.
- ▶ Signed the **Investor Statement Supporting the UN Women's Empowerment Principles**, coordinated by French firm Mirova, which recognizes that empowering women is a major issue both from a social and financial perspective. The statement also asks that companies strengthen their commitments and take decisive and concrete actions toward gender equality in the workplace, marketplace and community where they do business.

INDUSTRY LEADERSHIP

Our position in the industry gives us a unique opportunity to use our voice to support a more sustainable and equitable world and improve material conditions in our community and the wider world. We work with a range of networks and organizations that support best practices and standards in the impact investing industry and advocate across topics such as sustainability, human rights and diversity, equity and inclusion.

As a Certified B Corporation®, Wetherby is among the leaders of the global movement of people using business as a force for good™. This global movement currently includes a community of more than 3,327 B Corps in over 150 industries and 71 countries. B Corp certification is not a passive process, and our continued certification demonstrates our commitment to an inclusive and equitable world and to living our values with transparency and accountability to our mission.

B Corp Best For The World Recognitions

In 2019 we were honored to receive B Lab's recognitions as Best for the World in four stakeholder categories. Please see important disclosures at the end of this report.



Wetherby is proud to partner with leading networks and communities in the impact investing field to catalyze the use 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, nonprofit organizations and municipal offices that meet high environmental standards.



As You Sow is a nonprofit 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.

Invest for Better is a nonprofit campaign on a mission to help women demystify impact investing, take control of their capital and mobilize their money for good.



Proxy Impact is a proxy voting and shareholder engagement service for foundations, NGOs and other mission-based or socially responsible investors.

Our Employees

Much of our success is the result of a diverse team, eager to build relationships across our work. We believe strongly that the depth and breadth of our individual experiences are critical to our results. Building and maintaining this diversity requires cultivating an inclusive environment and a 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. We know that our diversity drives us forward and enables us to build deeper long-term, caring and trusted relationships with our clients and our community.

We were honored to be recognized among the B Corp Best for the World for Governance and Workers in 2019, in recognition of our work in cultivating a diverse and inclusive workplace culture, and the honesty and transparency with which we run our business.⁶

COMMITMENT TO A CULTURE OF INCLUSIVITY

A diverse team is not something that happens by accident. It is the result of intentional efforts to build a culture that welcomes and acknowledges people from all backgrounds. Diversity is not only the right thing ethically – it provides measurable improvements in business performance. Diverse and inclusive teams can make better quality decisions, more efficiently and have a higher likelihood of outperforming less diverse competitors.⁷ Inclusion efforts not only make hiring diverse candidates more likely, but they also help retain those employees and engage teams.

In an industry that still struggles with diversity, equity and inclusion, Wetherby set specific goals at the beginning of the year to identify ways to improve both the diversity of our team and the culture necessary to provide a safe, welcoming and supportive working environment.

As of the end of 2019, our team was comprised of 51% women. In some ways, while this ought to be market standard, we know that, unfortunately, it is not always common in the investment industry. Our employees also represent a range of identities across other measures of diversity, such as age, educational attainment, marital status and race, with 22% identifying as racial minorities in our annual impact survey of our employees. This survey is voluntary and anonymous but provides us with valuable insight into ways we

can improve and expand on our efforts. While we are very proud of the diversity of thought and experiences across our team, we know that this is an area in which we can always improve.

Leadership Engagement

Leaders play an integral role in influencing and shaping an organization's culture, and without a commitment from the top, diversity initiatives can struggle to bring about meaningful change. Advancing diversity, equity and inclusion (DE&I) efforts requires our leaders to fully embrace our initiatives and advocate for an inclusive culture. In 2019, all of our senior leadership team had specific DE&I actions included in their annual goals. On average, our senior leaders attended at least two outside diversity-related events, including educational webinars and trainings. Leadership also regularly attends our internal team-wide DE&I events, where their participation helps reinforce our commitment to an equitable and inclusive workplace for all employees.

Diversity in Hiring

Job descriptions can often contain unconscious biases embedded within the style and language in which they are written. To ensure that we draw from the most talented pool of candidates, we reviewed the language used in all of our job descriptions for implicit biases and other phrasing that could unnecessarily weed out candidates. All of our hiring in 2019 was done using these revised, more inclusive job descriptions, helping us bring in talented individuals that have only made our team stronger. We also implemented an expanded list of job boards where all of our employment openings are posted to include sites dedicated to diverse candidates. We feel strongly that actively seeking candidates from a wide range of genders, races, sexual orientations, employment backgrounds and disabilities sends an important message to job seekers – all that you bring is welcome and needed.

Engaging Partners in Our Industry and Community

Outside of our own team, we committed to building external relationships to identify industry allies to learn and share best practices with to help create change in the industry as a whole. Building the breadth of diversity the investment industry needs requires us to work together across organizations to move all of us forward. We also recognize that the investment and

financial industries may not be welcoming to young people and that financial literacy across society suffers as a result.

We are proud to have worked with California Jump\$tart, a nonprofit dedicated to improving K-12 financial education. Members of the Wetherby team have volunteered to teach personal finance workshops to teachers on topics like budgeting and debt. They not only provide information of value to the teachers but also enable those teachers to then help educate their students on personal finance topics while they are still young and have the chance to make sound financial choices as they grow and enter adulthood. Members of our team also volunteered with Rock the Street, Wall Street, a financial literacy program for high school girls to spark interest in careers in finance. We have also been longtime supporters of Financial Planning Days to provide pro bono personal financial planning support to underserved members of our local community.

DE&I Events

The diversity of our employees brings a wealth of insights and skills to our team and also presents opportunities for our entire team to learn about people different from ourselves and acknowledge and appreciate the breadth of experience among us. To this end, we celebrate many heritage months and cultural holidays with events in our offices, giving us a chance to learn and bond.

- ▶ To mark **Women's History Month**, we hosted a luncheon where we shared food and stories of women who have influenced and inspired us. In honor of 2019's theme, "Visionary Women: Champions of Peace & Nonviolence," we highlighted the contributions and posted profiles



Celebrating Pride Month by supporting local LGBT-owned businesses.

of women who have led efforts to end war, violence and injustice and pioneered the use of nonviolence to change society.

- ▶ In honor of **Asian Pacific American Heritage Month**, we held a film series on Film Fridays highlighting movies with historical and cultural significance while we snacked on locally made fortune cookies from Golden Gate Fortune Cookie Factory.
- ▶ For **Pride Month**, we recognized the 50th anniversary of the Stonewall uprising and hosted a "Rise and Pride" breakfast with donuts from Third Culture Bakery, a queer-owned business in Berkeley, and coffee from Equator Coffee, an LGBT-owned business in San Rafael. Our team in New York enjoyed "Pride Sweets & Treats" with baked goodies from Billy's Bakery, a trans woman-owned business based in New York City.
- ▶ We also celebrated **Obon**, the Japanese festival to honor ancestors, by hanging lanterns with stories of loved ones who have passed and served mooncakes to celebrate the **Mid-Autumn Festival**, popular in China and Vietnam.
- ▶ We celebrated **Día de los Muertos (Day of the Dead)** by building and decorating an ofrenda (an altar) with traditional hand made flags and flowers and items to ensure that the departed are welcomed with nourishment and love after their journey from the afterlife.

SUPPORTING OUR EMPLOYEES TO DO GOOD

Each year, to reinforce our culture of service and community support, every member of our team has access to eight hours of volunteer time off, allowing them to dedicate time to volunteer organizations of their choice. In 2019, approximately one-quarter of our team took advantage of volunteer time off, donating 101 hours in support of organizations around our communities that help those in need, care for the environment in which we are so lucky to live and provide enrichment and mentoring to youth.

Wetherby also provides charitable gift matching, helping our employees' generous donations to charitable organizations of their choosing go further and do more.

Our Environment

A commitment to our clients, employees and communities would be incomplete without a commitment to protecting the natural world in which we live. Through creative partnership programs and thoughtful choices in how we operate our day-to-day business, we have committed to reducing our environmental impact.

CARBON OFFSET PROGRAM

While business travel is sometimes an unavoidable reality, for the past two years, we have used a carbon offset program to reduce the impact of necessary employee air travel. This year, we also surveyed our clients in order to offset their travel to our annual client day event. We work with our fellow Certified B Corporation®, ClimateCare, to manage our offsets through their extensive global portfolio of emissions reduction projects, including sponsoring initiatives like efficient and cleaner-burning cookstoves in Ghana, Kenya and Bangladesh. ClimateCare's projects are independently evaluated to ensure the carbon offsets are realized. In 2019, this program helped to offset 165,411 miles of business flights and client travel equivalent to over 40 tons of CO₂.

SF GREEN BUSINESS INNOVATOR RECOGNITION

Wetherby was honored to be named an SF Green Business Innovator in 2019.⁸ Innovator is the highest level of SF Green Business recognition, and Wetherby is the first financial services company to earn this recognition in San Francisco and the state of California. It identifies businesses that are leaders in their industry and that prioritize sustainability as a core element of their business practices. We earned this recognition in part due to our carbon offset program and the impact investing offering we provide our clients.

EVERYDAY PRACTICES

Small actions can lead to significant impacts, and here are a few steps we have taken to be a little more green.

- ▶ Our office kitchens stock bulk snacks and reusable dishware, limiting wasteful packaging and single-use dishware and cutlery destined for a landfill.
- ▶ Our employees make sustainable choices every day! Every one of our respondents to our annual employee impact survey takes some kind of sustainability measure at home, including using energy-efficient light bulbs and appliances, green cleaning supplies and personal care products and eliminating waste with paperless billing and reusable shopping bags and coffee cups. We're the most green on our commute. **Eighty-four percent** of our team walks, bikes or takes public transit for their daily commute. The pollution saved is equivalent to taking **8.2 traditional combustion vehicles** off the road each year!
- ▶ We held an **Impact Craft Fair** where we learned from some of our talented team members how to make homemade lotion bars, toothpaste, aromatherapy shower steamers and makeup remover with 100% cotton pads using all-natural ingredients, just in time to give us great ideas for beautiful and sustainable holiday gifts.
- ▶ Taking advantage of services offered by innovative recycling company **Terracyle**, we enable our employees to recycle items that typical offices and homes would consider difficult to recycle like contact lens blister packs.

Looking Forward

The challenges we face as a country and a planet must be met with concrete action and determination that a better world is always possible.

This report focused on our 2019 activities and results, but we cannot ignore our current context and more recent global developments. Heading into 2020, we were aware of the critical challenges manifest by the increasing inequities facing our communities.

Recent events have brought long-standing injustices and inequities back into the collective consciousness. Like many of you, we are heartsick, angry and frustrated by the senseless killings of George Floyd, Breonna Taylor and the countless others who are victims of police brutality and injustice every year. These tragic acts of violence cannot coexist with a free and just society.

The institutionalized and systemic racism in America not only costs lives like those we mourn today but also robs Black and Brown communities of opportunity. Only 1.3% of the \$70 trillion in wealth in our country is managed by firms owned by women and People of Color.⁹ And although African Americans make up 14% of our country's population, they receive just 1% of venture capital funding.¹⁰ How many ideas have never been brought to fruition because a creative and inventive mind was housed in a Black body? We within the investment community have a responsibility to address systemic racism and economic injustice through our investments as well as within our organizations. We have an obligation to drive capital to People of Color and disenfranchised communities and to do our part to address deeply rooted structural inequity.

The COVID-19 pandemic has only deepened the consequences of this inequality, disproportionately impacting low-income populations and Black and Brown Americans and exacerbating the existing disparities for our most vulnerable communities. Black Americans are dying at a rate more than double that of White Americans, and in Arizona and New Mexico, the death rate amongst the indigenous population is five to seven times that of their White neighbors.

Inequality shapes the social determinants of health like poverty and lack of access to adequate housing,

food, education and health care. Even those who remain healthy are more likely to suffer loss of income or health care as a result of quarantines and other social distancing measures. Yet these communities are also most likely to suffer from unequal access to small business financing and other support, making them even less resilient in the face of crisis.

The pandemic is also showing us the dire consequences of ignoring scientists' warnings around the climate crisis. The same communities facing disproportionate tragedy from COVID-19 are the ones forced to contend with environmental injustice. Minority and low-income communities are much more likely to live adjacent to and downstream from toxic byproducts and pollution from power plants that negatively impact the air and water. Studies show that exposure to higher levels of air pollution increased infection and mortality rates from outbreaks like COVID-19 and SARS. Environmental and economic inequality are inescapably intertwined, and yet again, low-income and Black and Brown communities are forced to bear the heavy burden of a new kind of natural disaster.

These stark differences only reinforce the premise of impact investing, and the longer-term need to drive systemic change toward creating a more resilient, equitable and sustainable economy that works for all. While our current crisis may feel like an outlier, and we hope that it proves to be just that, it is more apparent than ever that the challenges we face as a country and a planet must be met with concrete action and determination that a better world is always possible.

1 Source: Business Roundtable. Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans.' 2019. <<https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>>

2 See disclosures below.

3 See disclosures below.

4 Source: Morningstar. Sustainable Funds U.S. Landscape Report. 2019. <<https://www.morningstar.com/lp/sustainable-funds-landscape-report>>

5 Source: McKinsey. Delivering Through Diversity. 2018. <https://www.mckinsey.com/~ /media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity_full-report.ashx>

6 See disclosures below.

7 Source: McKinsey. Delivering Through Diversity. 2018. <https://www.mckinsey.com/~ /media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity_full-report.ashx>

8 See disclosures below.

9 Source: John S. and James L. Knight Foundation. Diversifying Investments: A Study Of Ownership Diversity And Performance In The Asset Management Industry. 2019. <<https://knightfoundation.org/reports/diversifying-investments-a-study-of-ownership-diversity-and-performance-in-the-asset-management-industry/>>

10 Source: CB Insights. A Data-Driven Look at Diversity in Venture Capital and Startups. 2015. <<https://www.cbinsights.com/research/team-blog/venture-capital-diversity-data/>>

Important Disclosures:

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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.

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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

The Best for the World Lists are determined based on the verified B Impact Assessment Scores of Certified B Corporations as of June 10, 2019. Only Certified B Corporations in good standing with a reviewed 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, Best for Customers and Best for Governance lists scored in the top 10% 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; the Governance list considered a company's overall mission, ethics, accountability and transparency. Honorees featured on the Changemakers lists had improvement scores in the top 20%. Of the 2,817 companies that were considered: 215 were honored as Changemakers representing approximately 8%; 215 were honored for Customers representing approximately 8%; 212 were honored for Workers representing approximately 8%; 258 were honored for Governance representing approximately 9%. 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. Please note that while Wetherby does not pay a fee to participate in the B Corp Best for the World rankings, we do pay fees to B Lab to maintain our B Corp certification. For additional information and methodology, please visit: <http://www.bthechange.com>.

ESG Manager Survey

Wetherby's investment 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 across our client base. We sent surveys to 54 managers and received 54 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

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