

Wetherby IMPACT REPORT

In a year full of challenges - personal, professional and global alike - we were reminded with startling clarity of why we do the work in impact investing that we do. Rather than becoming an unfortunate casualty of difficult times, as so many had predicted, impact investing once again proved that implementing an investment approach that incorporates social and environmental value is not only a critical force for good, but is also necessary for fulfilling our fiduciary duty to our clients. We believe that impact investing makes moral and human sense, something that should be clear on its face; it also makes compelling financial sense, allowing us to protect our clients against potential risks and identify exciting, and often overlooked, opportunities.

At the same time, as we continue to demonstrate the value and necessity of impact investing, we must also continue to push for greater accountability and more measurable change. As powerful as words can be, lofty statements from stakeholders across the industry are simply not enough unless we ensure that such commitments are honored.

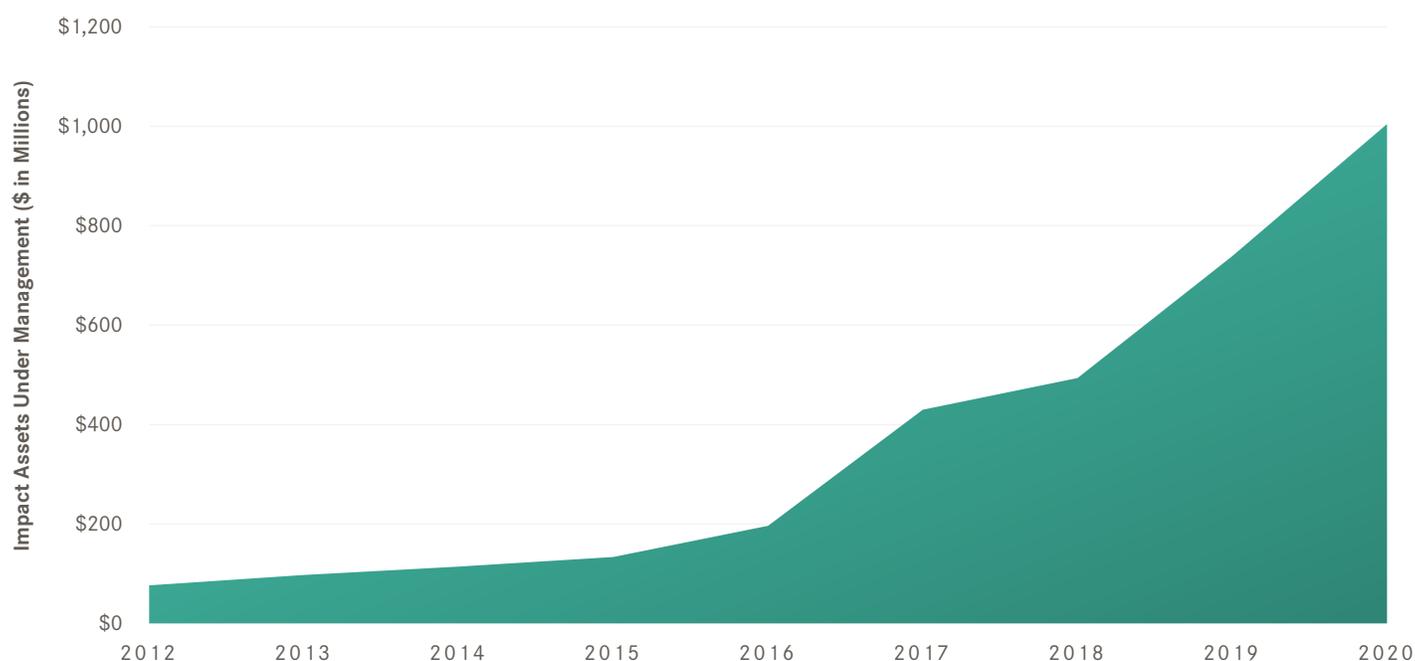
Our commitments are no different. We continue to believe deeply in the obligation we have to all

Impact investing makes moral and human sense; it also makes compelling financial sense.

our stakeholders - our clients, our employees, our community, the environment and the broader financial industry in which we operate - to use our capacities and resources to support a green and equitable recovery and enable a just transition from an extractive economic and financial system toward a regenerative one. This commitment is a direct reflection of Wetherby's responsibility as a Certified B Corporation™ and of our larger focus on considering not only shareholder value but also broader stakeholder value.

Through this fourth edition of our Annual Impact Report, we hope to illustrate the results of our work to grow impact investing, support our clients and employees and contribute to the broader community in 2020. Even as we celebrate our work, we recognize the urgency of the issues we face and know that there is much more work to be done. We look forward to making more progress in the year ahead and beyond.

Our Impact Assets Under Management Over Time



Our Clients

Our clients' impact goals are as unique as they are, and we pride ourselves on having the depth of knowledge and resources to achieve those goals alongside our clients' financial ones. Whatever the objective, from addressing climate change to providing access to resources for underserved communities to advancing workers' rights, our work supports our clients in using their investment portfolios and their investor voices to address the social and environmental issues facing us today and provides them the transparency to understand the impact their choices have.

In a year in which the need for impact investing has perhaps never been more apparent, performance was arguably stronger than ever for many environmental, social and governance (ESG) investments. This outperformance is of particular note given the market turmoil over the course of the year and only served to reinforce what we already knew – that investments that integrate ESG and impact considerations can lead to better financial outcomes. In response, investors such as our clients stayed the course with their existing impact strategies and deepened their commitment to impact investing. An estimated one in three dollars of overall assets under management in the U.S. now employs some type of impact or sustainable investment strategy. By year-end, 392 ESG focused funds were available to U.S. investors, a 30% increase just since 2019.¹

Morningstar's 2020 Sustainable Funds U.S. Landscape Report revealed that three of every four sustainable equity funds finished in the top half of their Morningstar Category, and 43% posted top-quartile returns. By contrast, the returns of only 6% landed in their category's bottom quartile. This was by no means a new development or isolated experience. Over a trailing three-year period, 75% of sustainable funds ranked in the top half of their category. Among sustainable equity funds specifically, 52% ranked in the top quartile and only 8% in the bottom quartile. Over the trailing five-year period, 69% of sustainable funds ranked in the top half of their category, including 77% of equity funds; 49% of sustainable equity funds ranked in the top quartile and only 10% in the bottom quartile.²

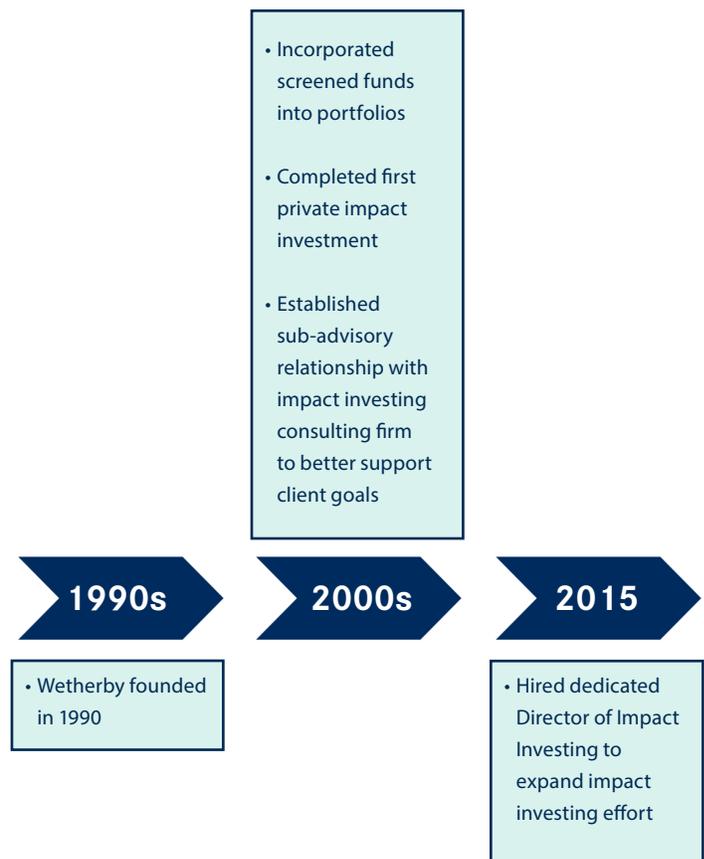
OUR IMPACT APPROACH

Our impact investing offering is built around the idea that impact not only supports a client's values but can also provide protection against risks and identify

opportunities that may be ignored by traditional investors, leading to better financial returns as a result. The idea that these ESG considerations are financially material is by no means a new one. In 2005, the landmark "Freshfields study," undertaken by the international law firm Freshfields Bruckhaus Deringer at the direction of the United Nations Environment Programme Finance Initiative, stated that "ESG considerations can (and, where they affect

Our History in Impact Investing

Our commitment is demonstrated in the ongoing expansion and growing depth of our impact efforts.



estimates of value, risk and return, should) form part of the investment decision-making process."³

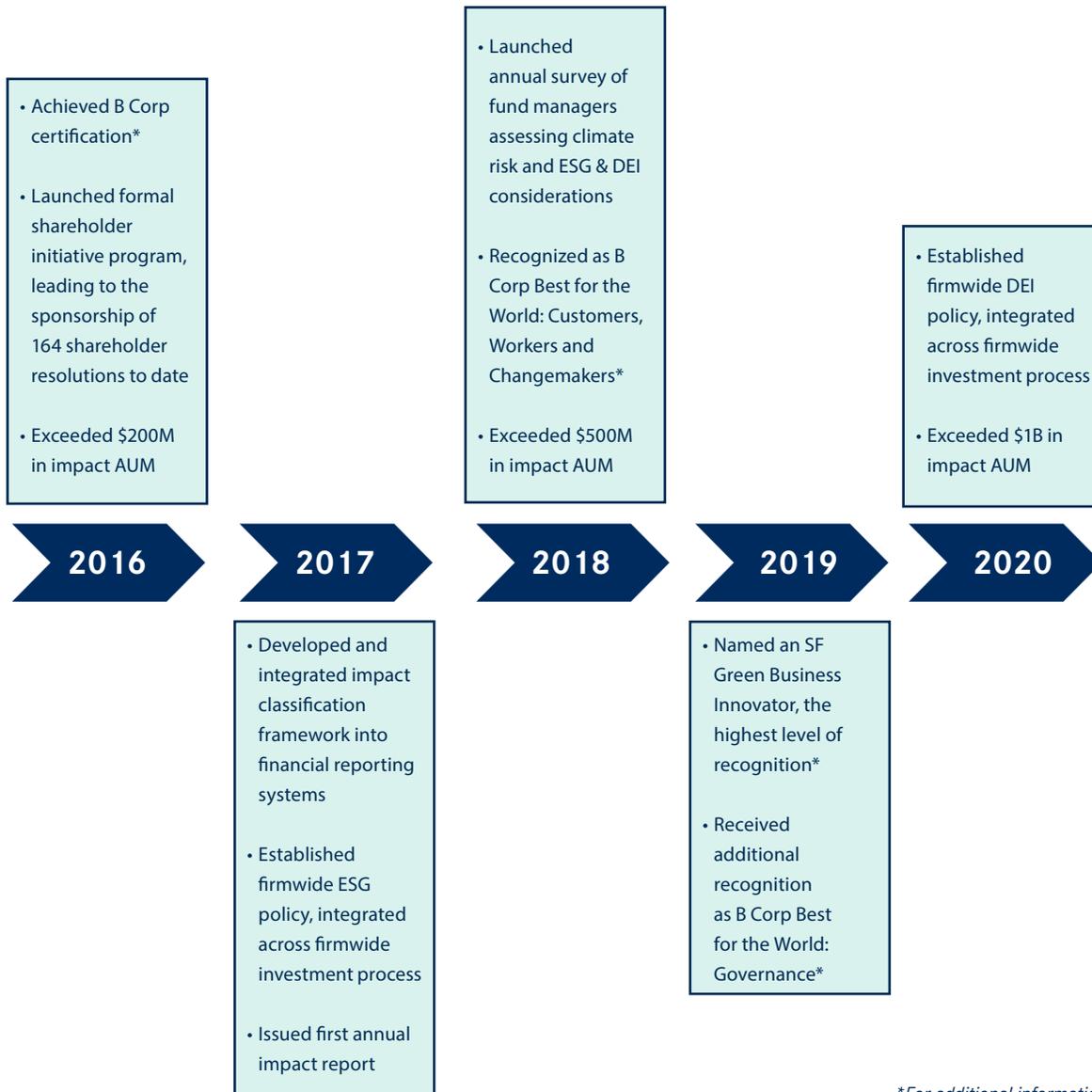
While responsible exclusions help our clients avoid unintentionally perpetuating the harm caused by industries like fossil fuels and firearms, we know that the true power of impact investing lies in the ability to intentionally improve business practices to create better outcomes for society and the planet. Recent research supports the idea that, while any impact approach can provide some degree of benefit, ESG integration as an investment strategy performs better than negative screening approaches.⁴ In recognition of this principle, in 2017, we expanded our due diligence processes and investment policies to incorporate a formal assessment of the ESG characteristics of all

ESG considerations are a financial issue – they can identify risks and opportunities not captured by conventional financial analysis.

strategies we consider. In 2020, we began to formally incorporate diversity, equity and inclusion (DEI) considerations into our core investment policies and procedures as we believe that applying a gender and racial equity lens to our investment processes can help mitigate systemic risks in the economy and contribute to better financial outcomes.

We recognize that impact is one consideration amongst

Our History in Impact Investing (cont.)



*For additional information, please see disclosures at end.

many in building a balanced portfolio to support our clients' needs and goals. Our goal is to integrate impact – broadly and deeply – for any interested clients without compromising any of our clients' other objectives – financial or otherwise. We work actively to find opportunities in which an impact strategy drives a fundamental investment thesis and meets the needs of a client, confident that choosing to incorporate impact can reduce risk and enhance returns, as evidenced by our clients' experience and that of the broader industry. We strongly believe that impact investing is an important tool that benefits our communities and the planet and provides growth opportunities and risk protection that make it a necessary part of any investment selection process.

Our own experience and the commitment of our clients reflects both this belief as well as the broader trends seen across the industry. At the end of 2020, more than 62% of our client households included impact strategies in their portfolio. These investments totalled over \$1 billion, representing a nearly 40% increase relative to the end of 2019.

OUR INVESTMENT MANAGERS

We 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 align with our own and those of our clients.

We make it a priority to understand the ESG and DEI policies, decision-making processes and organizational makeup of the investment managers with whom we place assets, both impact and traditional. Since 2018, we have been surveying our investment managers annually about their ESG policies and practices, how they are fostering greater diversity, equity and inclusion within the investment industry and how they assess climate-related investment opportunities and risks in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Only by asking these questions can we help hold each other accountable for progress towards a more equitable industry.

Our manager survey results for 2020 tell a story of further broad acceptance of ESG considerations and steady yet insufficient improvement of greater industry diversity. For the first time in our surveys, nearly the same proportion of traditional managers as impact managers have formal ESG policies and incorporate ESG into their due diligence processes, although there is a fair amount of variability in the depth and intentionality of their respective approaches. A devastating global pandemic, catastrophic wildfires

Annual Investment Manager Survey

For the last three years we have surveyed our investment managers to gauge and track their progress on various impact criteria.

	IMPACT			TRADITIONAL		
	2018	2019	2020	2018	2019	2020
HAVE FORMAL ESG POLICY	79%	81%	78%	42%	58%	74%
INTEGRATE ESG IN DUE DILIGENCE	95%	95%	91%	67%	76%	90%
PROVIDE ESG/IMPACT REPORTING	89%	95%	87%	33%	33%	29%
FOLLOW TCFD RECOMMENDATIONS	16%	19%	43%	0%	3%	23%
FEMALE INVESTMENT TEAM MEMBERS	37%	31%	41%	13%	17%	17%
INVESTMENT TEAM MEMBERS FROM UNDERREPRESENTED GROUPS	37%	38%	33%	21%	24%	30%

HOW WE ACHIEVE IMPACT

- ▶ We offer a broad range of **impact vehicles across asset classes and impact objectives** to enable clients to meet both their impact and financial goals.
- ▶ We **include ESG and DEI considerations** in our standard due diligence process for all investments including traditional strategies.
- ▶ We work to understand the **ESG and DEI practices of our fund managers** as part of our efforts to push our industry towards greater equity and to identify potential risks of homogenous teams.
- ▶ We **share best practices and work to hold our industry at large accountable** for creating stakeholder value.
- ▶ We **align our own processes and practices** to ensure that our non-investment activities also support our priorities and those of our clients.

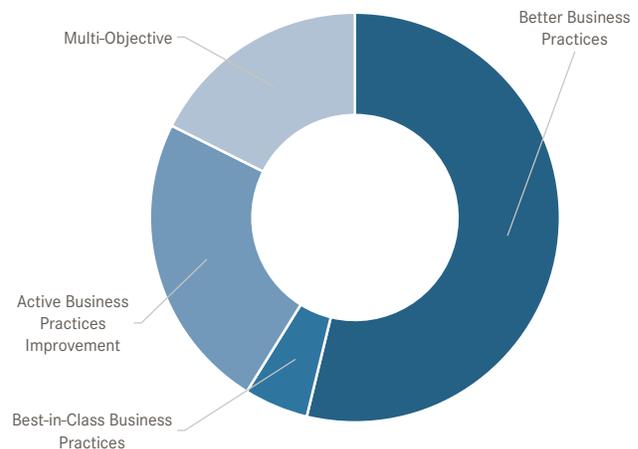
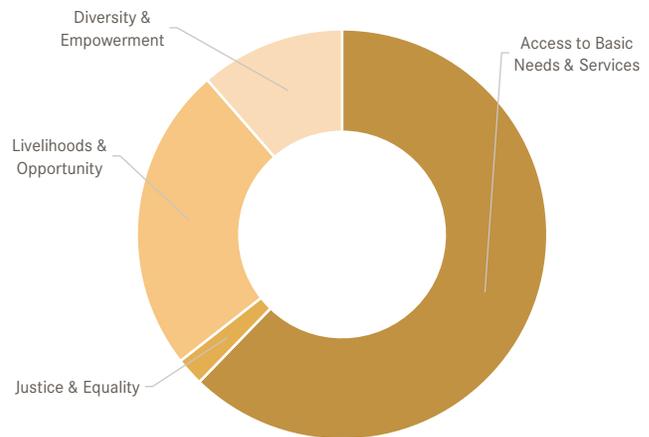
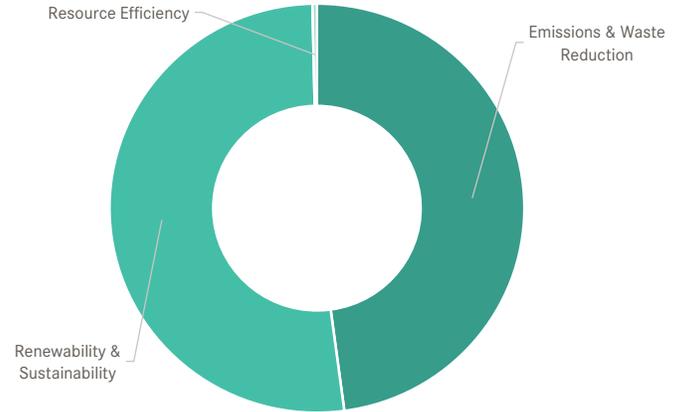
and other climate-driven disasters and the continued inequities and injustice harming Black and Brown communities all remind us in stark terms that ESG considerations are not a luxury. These are material risks in all senses, financial included.

While the establishment of formal policies and the incorporation of ESG considerations has seen significant uptake over the past several years, diversity in the industry still lags, especially in leadership roles. Understandably, impact managers generally fare better in diversity measures, but even they still have a long way to go for our industry to reflect, across all measures of diversity, the broader society in which we live. In our survey, only 25% of board members at traditional managers and 29% at impact managers were women. Those same boards were comprised of 16% Black, Indigenous and People of Color (BIPOC) at traditional managers and only 24% at impact managers. These do represent an increase from 2019, but progress is slow, and that lag comes at a measurable cost. A robust set of research studies tell us that diverse teams quite simply perform better and have better future financial prospects. It is estimated that, through 2022, 75% of companies with diverse and inclusive decision-making teams will exceed their financial targets.⁵

The industry must face our collective shortcomings and improve diversity, equity and inclusion efforts, both because it is the moral thing to do and also because we face real performance-related risks if we fail to do so. Wetherby is committed to working with our peers to build an investment community that reflects that of our broader society.

Client Impact Assets By Objective as of 12/31/2020

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.



INVESTMENT STEWARDSHIP

We believe that active ownership and investment stewardship – voting proxies and shareholder engagement – is central to impact investing. As public opinion demands that companies become better corporate citizens, shareholders – both fund managers and individuals – find themselves in a unique position to drive companies to improve their policies and behavior and speak out on issues of global importance.

We review our managers' proxy voting records and shareholder engagement practices 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,

Proxy Impact and the Reproductive Health Investors Alliance, our clients can amplify their investor voices by supporting shareholder resolutions that aim to encourage transparency and a greater focus on the social and environmental impact of the corporations in which our clients are invested. During the 2020 proxy season, 37 clients signed on to support 69 resolutions with 60 companies. These resolutions addressed issues as varied as the use of antibiotics in factory farming, forced labor within agricultural supply chains and corporate political spending and its potential impact on the sexual and reproductive freedom of employees.

For details on the resolutions our clients supported last year, please see our [2020 Shareholder Resolution Sponsorship Report](#).

Our Community

Throughout the many challenges of 2020, we were reminded once again of the interconnectivity within our work, our lives, our local and global community.

Our work is deeply embedded within a larger context and broader industries. We understand that we have a responsibility, particularly in the midst of the myriad crises we face today, to support our communities in both material and ideological ways. We seek to contribute to these greater networks and communities of practice and advocate across a range of opportunities and issue areas.

COMMUNITY SERVICE

While the COVID-19 pandemic made our usual involvement in community service events impossible, we felt a responsibility to continue supporting and connecting with organizations with whom we have long-standing relationships, such as Rise Against Hunger, through creative virtual learning events. We look forward to being together in person soon to lend our hands to important causes.

CHARITABLE GIVING

We know that material support to the communities in which we live and work through our charitable donation program is a meaningful way that we can be a force for good. In 2020, at a time when nonprofits were particularly hard hit by the pandemic, we took seriously the power of each dollar we could contribute, prioritizing causes that align with our core values and those that we felt could do the most good in the midst of these challenges. As the COVID-19 pandemic began, we accelerated our annual year-end giving in light of the urgent needs with donations to the [Feeding America COVID-19 Response Fund](#), the [Center for Disaster Philanthropy COVID-19 Response Fund](#) and a fund established through a partnership of [Save the Children](#) and [No Kid Hungry](#). These donations supported food banks across the country, provided essential supplies to healthcare workers and quarantined vulnerable individuals and ensured children who rely on school for healthy meals continued to receive the nutrition they need to learn and grow. We also made additional contributions later in the year to [Feeding America](#), the [Equal Justice Initiative](#) and [Rise Against Hunger](#).

Through our corporate giving and our matching of employee donations, we gave to 59 different nonprofit organizations in 2020, supporting critical charitable

initiatives and helping our employees' generous donations to go further and do more at a time of such acute need. As another mechanism for sustaining our commitment toward advancing racial justice and to encourage greater employee giving, we were also moved to offer a special double match for donations made to seven organizations dedicated to supporting racial justice and the Black community: **the Bail Project, BlackFem, the Center for Racial Justice in Education, Equal Justice Initiative, the NAACP Legal Defense Fund, the Okra Project and Race Forward.** Through these matching programs we were pleased to donate over \$25,000 towards these worthy causes.

While many nonprofits worked to reschedule events or find ways to adjust them in light of COVID-19 related safety concerns, we were able to sponsor a number of these events.

- ▶ **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.
- ▶ **Anniversary Gala for the Summer Search Foundation**, a program that provides mentorship and access to summer enrichment programs to students facing systemic barriers.
- ▶ **Pachamama Alliance Global Community Gathering**, a gathering to join with allies and change makers from around the world for an experience of unity and connection in the face of an uncertain future.
- ▶ **Futures Without Violence Night of Courage**, a powerful evening in celebration of remarkable individuals whose acts of courage advanced critical national conversations about gender-based violence, harassment, prevention and healing.

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 2020, we signed on to the **2020 Belonging Pledge**. The Belonging Pledge is a commitment by a collection of advisors and fund managers, representing over \$1.8 trillion in assets, to have the difficult conversations around racial justice and to share best practices to move racial justice in our industry forward.⁶ The 2020 Belonging Pledge acknowledges the role that racial equity plays throughout the investment process, in investment committee meetings and, ultimately, in how decisions are made about capital deployment. In recognition of

2020 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	2020 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	59 nonprofits supported by our employee matches
8 hours volunteer time off per employee	49 hours of volunteering reported by our employees
100% carbon emissions offset for employee flights and client travel to annual client day	55,188 miles of travel offset; equal to 13 tons of carbon!
100% coverage of employee basic medical care plans	81 employee basic medical care plans covered
Min 50% recycled content printer paper	100% recycled content printer paper

this challenge, we hosted an investment committee discussion regarding the investment implications of structural racism and opportunities for integrating greater intentionality for and awareness of racial equity into our investment processes.

Since 2017, we have joined the **Thirty Percent Coalition's annual letter-writing campaign**, addressed to the several hundred companies (252 in 2020) 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.

INDUSTRY LEADERSHIP

Our position in the industry gives us a unique opportunity to use our voice to support a more sustainable and equitable 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.

We believe strongly in openly and transparently sharing lessons learned and best practices in service of improving our industry as a whole. We were honored to be featured by the CFP Board as a case study in their recent whitepaper ["Diversity in Action: How to Sustain the Financial Planning Profession."](#)⁷ By sharing our approach toward impact investing and our work on diversity, equity and inclusion, we hope our colleagues in the industry are inspired to use these new tools to take action within their own businesses.

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 3,900 B Corps™ in 150 industries and 74 countries.⁸ B Corp certification is not a passive process. As we undergo our triannual recertification process, we are grateful for the opportunity to demonstrate our commitment to an inclusive and equitable world and to continue living our values with transparency and accountability to our mission.

"Diversity in Action: How to Sustain the Financial Planning Profession"

We were pleased to be featured by the CFP Board to share our approach and best practices.



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 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.

Reproductive Health Investors Alliance is a women-led social investment company advocating for sustainable change in women's reproductive health.

Our Employees

We know that our diverse and committed team is a key driver of our success. 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 employees faced many challenges this year, from the anxiety of the pandemic to the pain of racial injustice, and we know that we must support them first and foremost as people, as our success is dependent on the wellbeing of each and every individual who works with us.

COVID-19 RESPONSE

As we began to understand the potential severity of COVID-19, we moved quickly to plan for the eventuality of having to work from home. While none of us knew at the time that, more than a year later, we would still be away from the office, we felt strongly that we needed to do as much as possible to keep our clients and employees safe and to support our team as we all adjusted to our changing lives and demands due to the pandemic.

Beyond ensuring that our team had the resources needed to continue to meet client needs remotely, we made efforts to provide our employees with social connection and support throughout the pandemic. We held team building events like virtual escape rooms and trivia competitions but also took time to hold casual social events where people could simply drop in and say hello to make up for the loss of a quick coffee or lunch with a colleague. We also made intentional efforts to encourage our employees to take the time off that they needed, knowing that even when the usual leisure travel is off the table, time away from the responsibilities of work is crucial to their emotional and physical wellbeing.

We are proud of the adaptability and resilience of our team and look forward to seeing each other and our clients face to face once again.

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

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a culture that welcomes and acknowledges people from all backgrounds. Diversity is not only right from a moral perspective, it also 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.⁹ Specifically, within our industry, we know that along all dimensions measured, the more similar the investment partners, the lower their investment performance.¹⁰

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 sets specific goals each year to improve our team's diversity and cultivate the culture necessary to provide a safe, welcoming and supportive working environment.

As of the end of 2020, our team was comprised of 51% women. While this should be commonplace, within the investment industry it is, unfortunately, something of a rarity. Our employees also represent a range of identities across other measures of diversity, such as age, educational attainment, marital status and race, with 17% identifying as a member of an underrepresented race within the finance industry in our annual impact survey of our employees. This survey is voluntary and anonymous but provides us with valuable insight into ways to improve and expand upon our efforts. We appreciate our team's willingness to share this information such that we can assess our progress over time. While we value immensely the existing diversity of thought and experiences across our team, we are committed to continually improving in this area and bringing more varied voices to our team.

Leadership Engagement

Diversity initiatives cannot succeed in bringing about meaningful change without commitment from leadership at all levels. At their heart, DEI efforts are about honoring the full humanity of our team and

everyone with whom we interact, and those efforts are doomed to fail without leadership fully embracing and advocating for their success. Our leadership is committed to actively participating in our DEI events, attending regularly to lend support to the importance of the program and learning alongside the rest of our team. We also include specific DEI elements in annual performance goals for all of our senior leadership team.

Diversity in Hiring

We feel strongly that diversity is both a moral and business imperative. We know that our diversity enables us to provide exceptional service and measurable results for our clients. To this end, we are committed to growing the diversity of our team first through our hiring process. In addition to our existing and ongoing efforts to expand our networks and reduce biased language and tones in our job descriptions, in 2020 we began to include formal DEI best practices training at the beginning of every hiring process, doing what we can to mitigate unconscious bias throughout the interview and selection process.

We are also excited to have been able to spend some of our time in 2020 developing a formal summer internship program to identify a pool of diverse talent to support the development of an inclusive team while providing potential employees with practical, on-the-job work experience within the wealth management industry. We worked with Posse, a nonprofit organization dedicated to helping students from underrepresented groups achieve academically and excel after graduation, to identify candidates and we are thrilled to be welcoming our first interns in summer of 2021.

All of these initiatives allow us to send an important message to candidates from a wide range of genders, races, sexual orientations, employment backgrounds and abilities – all that you bring is welcome and needed.

Engaging Our Clients as Partners in DEI

Our clients can be essential partners in our work to advance DEI in our industry and beyond. As part of these efforts, over the past year we have held DEI-focused conversations with interested clients and provided manager-level and portfolio-level diversity statistics to help them understand the implications of their investment choices and identify ways to help drive greater equity through those choices. We also created a [“Ten Actions You Can Take as an Ally”](#) resource, designed to help clients and our team take specific and proactive steps to further racial justice.

We are also pleased to provide clients with opportunities to engage in shareholder advocacy by

participating in shareholder initiatives related to DEI considerations like workforce diversity management, board diversity, diversity data transparency and gender pay equity.¹¹ Among many results from these efforts, Pfizer agreed to provide data on its gender pay gap for its global operations and racial pay gap data for its U.S. operations. This represents a significant commitment, as Pfizer is only the second U.S. company to agree to gather and disclose this level of information.

2020 DEI EVENTS

- ▶ In February, we held a comprehensive, full-day **DEI Training** session to drive a deeper understanding of the concepts of privilege and bias and the importance of DEI; identify the role we all have in shaping DEI for the firm; and motivate us all to take action to make progress.
- ▶ As we all responded to the heightened calls for racial justice in the wake of the murder of George Floyd, we created a safe space for employees to express their emotions and held a firmwide discussion dedicated to **Advancing Racial Justice** by providing education on systemic racism and sharing resources and tools to take concrete action as allies and active anti-racists.
- ▶ We commemorated **Juneteenth**, giving our team time off and asking them to use it to learn from a variety of resources compiled in our internal Racial Justice wiki including articles, films, books and podcasts.
- ▶ We started our **Better Allies Book Club** to better educate ourselves on racial issues and work to become more effective allies within our networks, while simultaneously building community as we engage in thoughtful and, at times, difficult conversations on race and racism. In 2020, we read *How to Be an Antiracist* by Ibram X. Kendi and *So You Want to Talk About Race* by Ijeoma Oluo.
- ▶ Recognizing the reality that even the most well-meaning of us can inadvertently cause harm, we held a **DEI Deep Dive on Microaggressions** dedicated to identifying the daily microaggressions we may face and those that we may perpetuate ourselves. In addition, we shared strategies for confronting microaggressions in the workplace and other spaces.

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 paid volunteer time off, allowing them to dedicate time to volunteer with organizations of their choice. Despite the limitations on in-person volunteering in 2020, approximately 10% of our team took advantage of volunteer time off, donating 49 hours in support of organizations within our communities that help those in need, care for the environment in which we are so lucky to live, support

our elections and provide enrichment and mentoring to youth.

Our leadership team also provided all of our employees with \$75 to use how they saw fit to help a local nonprofit, restaurant, arts organization or other cause. In these challenging times, many critical resources and cherished mainstays of our communities were and still are struggling under the weight of the COVID-19 pandemic, and this enabled our team to help the people and places that make our community special.

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. Protecting our planet is not only an issue of the environment but also broader equity and justice. Black and Brown communities are much more likely to live adjacent to and downstream from pollution and toxic byproducts and are disproportionately impacted by the climate crisis and suffer those adverse effects more acutely than the population on average due to unequal access to healthcare and other social determinants of health.

Through creative partnership programs and thoughtful choices in how we operate our day-to-day business, we have committed to reducing our environmental impact on the way to creating a safer and more equitable world.

CARBON OFFSET PROGRAM

While business travel was understandably limited in 2020, we continued to use a carbon offset program to reduce the impact of necessary employee air travel. For the past three years, we have worked with our fellow Certified B Corporation™, ClimateCare, to manage our offsets through their extensive global portfolio of emissions reduction projects, including providing efficient and cleaner-burning cookstoves in Kenya and access to renewable energy in China. ClimateCare's projects are independently evaluated to ensure the carbon offsets are realized. In 2020, this program helped offset 55,188 miles of business flights from the first three months of the year, equivalent to 13 tons of carbon.

EVERYDAY PRACTICES

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

- ▶ When we're in our office, we use **reusable dishware and 100% recycled paper**. One small benefit of our move to the virtual office has been the rapid acceleration of technological adoption by our employees and clients alike, resulting in a shift away from printed materials and documents!
- ▶ We held a virtual **Impact Holiday Craft Fair** where we learned from some of our talented team members how to make handmade holiday ornaments from readily available kitchen ingredients and homemade greeting cards to send to hospitalized children and homebound seniors for a little holiday cheer.
- ▶ Our employees make sustainable choices every day outside the office, too! Almost every one of our respondents to our annual employee impact survey uses **reusable water bottles, coffee mugs or utensils, recycling or composting at home and paperless billing**, and 90% use energy-efficient lightbulbs.

Looking Forward

The challenges of the past year demand not just promises of change but accountability for that change coming to fruition.

The past year has been a struggle in many ways, both large and small, structural and personal. In spite, or perhaps even because of, this fact, the ongoing momentum for impact investing is heartening. Despite market volatility and a regulatory environment that, at times, made progress on issues such as corporate accountability challenging, the impact investing industry as a whole has flourished at a time when it is most needed.

While we celebrate these successes, we must reckon with the reality that our world is in desperate need of systemic change and at a more rapid pace than we have yet been able to achieve. We are in the midst of a climate crisis and find ourselves approaching the point of no return if we still hope to achieve the Paris Agreement's goal of limiting global warming to 1.5 degrees Celsius.¹² The struggle for social and racial justice defined 2020 yet progress remains hard to come by, particularly within our industry. Black employees held a lower share of top U.S. financial services jobs in 2018 than they did a decade earlier, decreasing from 2.87% to 2.62%.¹³ Only 11% of the fund managers in the Citywire database in 2020 were women, and only 17% of funds were run by a woman, a team of women or a mixed team of women and men.¹⁴ And if we hope to confront the need for greater equity in our broader society head-on, progress within our industry is as critical as ever. How we all choose to deploy capital has implications for who wields decision-making power throughout the value chain of our economic and financial systems and has a material impact on our ability to improve conditions for all of us.

All of this is not to say that progress is impossible, far from it. Rather, this is a call to action. We must continue to push forward and demand accountability from corporations, our broader society and each other alike. Corporate commitments are an important first step but we must go beyond such statements and continue to ask for measurable goals and transparency to ensure that they are achieved as promised.

We are grateful to be writing to you today, on the other side of a year replete with what were once unimaginable challenges. We owe it now to one another to forge a better, more equitable and sustainable world. We are humbled by the continued trust our clients and colleagues put in us to help them achieve their financial and impact goals, and we are committed to continue earning that trust with each decision we make for our clients, our employees, our communities and our planet.

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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. In 2018, we sent surveys to 52 managers and received 52 responses (100% response rate.) In 2019 and 2020, we sent surveys to 54 managers and received 54 responses (100% response rate). In some cases, a fund management firm submitted 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.



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