Yvette Burke Ezebuiro and her daughter Missy in their New Orleans home. Yvette worked with HOPE Credit Union to achieve her dream of owning her own house.[1]

2023 VERIS REPORT

Investing in Diversity, Equity, Inclusion & Belonging (DEIB)

VERIS Wealth Partners

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Addressing Systemic Inequities in the United States

"Gulf-sized race-based gaps exist with respect to the health, wealth, and well-being of American citizens. They were created in the distant past, but have indisputably been passed down to the present day through the generations. Every moment these gaps persist is a moment in which this great country falls short of actualizing one of its foundational principles — the "self-evident" truth that all of us are created equal." [2]

— Supreme Court Justice Ketanji Brown Jackson in her dissenting opinion to the Court's decision to strike down affirmative action in college admissions

The contributors to persistent inequality in the United States are complex, interconnected, and rooted in this country's history, systems, and culture. At Veris, we believe that addressing systemic inequality will require changing the structures that perpetuate inequitable distribution of opportunity and wealth.

We also believe we have a powerful opportunity to help create more equitable systems by changing how we allocate investments — and that our economy and society have much to gain by investing in communities that have historically faced exclusion.

We see the US Supreme Court's majority decision to end race-based affirmative action in higher education in 2023, along with other recent decisions that have impacted the rights of people of color, women, and LGBTQ individuals, as an urgent signal to the private sector that we must take greater action to address inequality and injustice.

One of the main tenets of Veris' Investment Philosophy is that investors can have positive social and environmental impact across asset classes and strategies. We take a multi-faceted, intersectional approach to create wealth in under-resourced communities to address our Racial and Gender Equity and Community Wealth Building investment themes.

In partnership with investment managers, we amplify the impact of our clients' investments through vehicles that enable capital to flow to solutions that address inequality in a variety of ways. For example, we seek to invest in solutions that broaden access to education in under-resourced communities because we believe those investments will extend access to high-quality jobs. Similarly, growing access to fair and affordable capital can increase business ownership and home ownership, which is the backbone of wealth creation in the US.

Impact Across Asset Classes

Veris has identified and allocated clients' capital across many asset classes including Community Development Financial Institutions (CDFIs), public equities, public fixed income, private market solutions like private debt or venture capital or real estate to enable wealth creation in communities of color. The chart shows a few of our current focus areas where we are seeing innovative, investable opportunities.

Veris Focus Areas	Community Investments / CDFIs	Private Debt / Equity / Venture Capital	Real Assets*	Public Fixed Income	Public Equity
People of Color & Women on Board or Management Team	✓	✓	✓	✓	✓
People of Color & Women Entrepreneurs / Business Owners	✓	✓			
Products and Services for People of Color	✓	✓	✓	✓	
Indigenous Rights / Refugees / Immigrants	✓	✓			✓
Quality Jobs	✓	✓	✓	✓	
Education / Early Childhood Development	✓	✓		✓	
Access to Fair and Affordable Capital / Financial Inclusion	✓	✓		✓	✓
Small Business Finance / SME	✓	✓		✓	✓
Affordable Housing / Homeownership Assistance	✓	✓	✓	✓	

**Primarily Real Estate*

In this research brief, we will discuss some meaningful ways we believe that investors

"... investors can have positive social and environmental impact across asset classes and strategies. We take a multifaceted, inter-sectional approach to create wealth in under-resourced communities..."

can shift their actions and money to help drive racial equity. Part I is a deep dive on the historical context of the racial wealth gap and Part II is Veris' approach to investing for diversity, equity, inclusion, and belonging (DEIB).

Part I primarily references wealth disparities between Black and White Americans, however the investments we facilitate at Veris also seek to support under-resourced people of color across the United States, including Indigenous, Latin-American, Hispanic, Asian-American, and Pacific Islander communities.

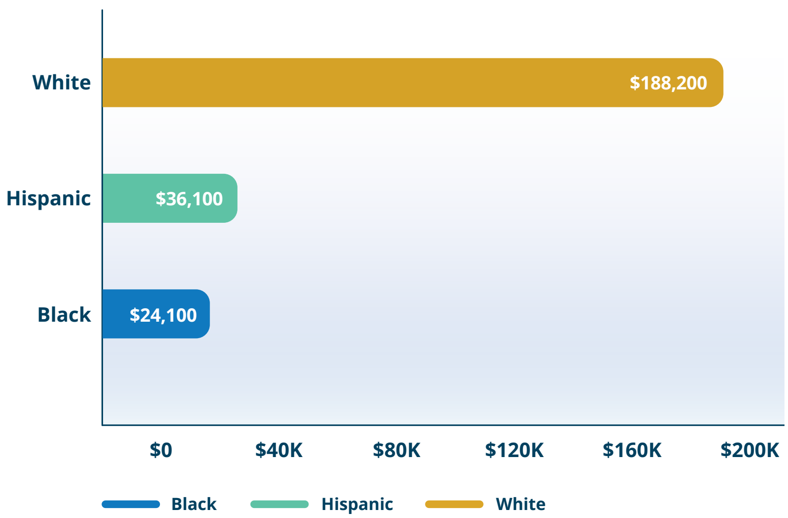
In writing about diversity, equity, inclusion, and belonging (DEIB), we do not wish to oversimplify the challenges or overstate the potential impact of one solution or another. We will place the emphasis on the outcomes we are working towards and actions we are taking to help us all get there.

Part I: The Origins of the Black - White Racial Wealth Gap in the US

In his 1903 book *The Souls of Black Folk*, W.E.B. DuBois wrote of the "unfortunate economic situation" faced by Black Americans decades after the Civil War and Reconstruction. DuBois wrote of *"a class of black landlords and mechanics who, in spite of disadvantages, are accumulating property and making good citizens. But this class is not nearly so large as a fairer economic system might easily make it, (and) those who survive in the competition are handicapped so as to accomplish much less than they deserve to."*[3]

The gap between the wealth held by White families and Black families persists today, 120 years after DuBois published those words. The Federal Reserve Board's Survey of Consumer Finances (SCF) found that the median household wealth of Black families in America in 2019 was less than 15% of the median wealth of White households, or $24,000 for Black families vs. $188,200 for White families. Household wealth here is measured as assets plus savings

Median Wealth by Household



Source: the 2019 Survey of Consumer Finances[4]

Policies that Inhibited Equitable Home Ownership & Community Development for Black Americans

1862

Homestead Act
Beginnings of Home Ownership Exclusion Post-Slavery[5]

The Homestead Act granted 168 acres of federally owned land - much of it taken from Indigenous people[6] — to each approved US citizen who applied.

Black Americans were not considered US citizens, and so were excluded from Homestead Act land grants until the 14th Amendment passed in July 1868.[7]

Between 1868 and 1904, only ~650,000 out of ~80 million acres of granted Great Plains land went to Black homesteaders.[8]

1934

National Housing Act
Redlining by the Federal Housing Administration (FHA)[9]

New Deal legislation created the FHA and government-backed mortgage insurance.

FHA maps marked Black neighborhoods with red ink to indicate they were the riskiest for mortgage lenders. Redlining, based on the racist idea that Black residents drove down property values,[10] enabled lenders to discriminate against Black mortgage applicants.

FHA's policy was to refuse to guarantee mortgages for Black applicants. Between 1934 and the Fair Housing Act of 1968, 98% of FHA loans went to White people.[11]

Lower rates of homeownership among Black families and ongoing devaluation of property in Black neighborhoods are among the long-lasting impacts of FHA policies and practices.[12,13,14]

1949

The American Housing Act
Development of Concentrated Poverty within Inner Cities[15]

Funded the creation of the first public housing projects in inner cities.

Much early public housing was designed for racial segregation.[16]

As more White families moved to the suburbs, inner-city projects came to be occupied overwhelmingly by Black Americans. Meanwhile, industry was leaving the cities, and with that, so did better jobs.[17]

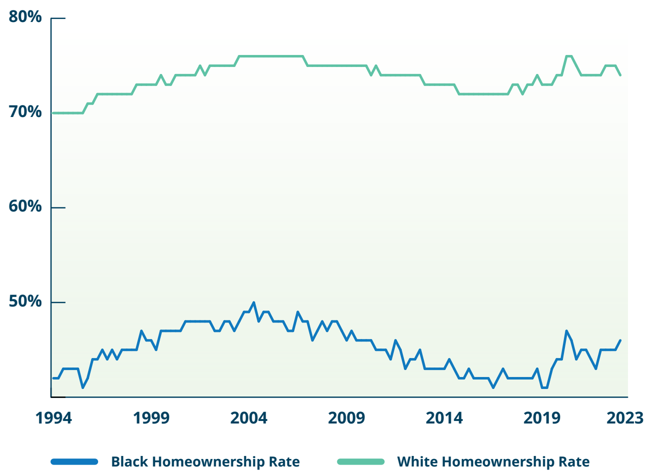
minus debt.[18] A 2019 McKinsey report states that closing the racial wealth gap in the US can increase US GDP by 4%-6% by 2028.[19]

Many historians and economists trace America's Black-White wealth gap back to centuries of chattel slavery followed by racially discriminatory policies and practices that have systematically and persistently deprived Black Americans of equal access to opportunities to build wealth.[20] Residential segregation and home ownership inequality, both rooted in racially biased laws and lending practices, are still two of the primary drivers of the Black-White wealth gap today.[21]

Home Ownership and Racial Inequity

We believe that discriminatory policies and lending practices have led to dramatic disparities in homeownership among racial groups in America. As of 2021, the US homeownership rate for Black Americans was 44.5% versus 74.9% for White Americans.[22]

Homeownership Rates by Race



Source: Federal Reserve Economic Data[23]

Homeownership inequality perpetuates the gap in household wealth between Black and White families in the US[24] as homeownership is a significant component of household wealth. Homeowners, for example, have a median wealth approximately 59 times greater than renters.[25]

We believe that unequal access to credit continues to be one of the greatest contributors to disparities in homeownership and wealth building in Black communities across the US. Black Americans have historically been less likely to receive mortgages and when they do are more likely to get high-interest, subprime loans, making homeownership and wealth accumulation more difficult and more expensive.[26]

Banks primarily make decisions whether to grant loans based on applicants' consumer credit scores. To build credit, Americans need a bank account and other financial products like credit cards, loans, etc. that they use to make purchases. However, 46% of Black Americans are either underbanked or unbanked, while the rate for White Americans is only 14%.[27]

Lack of access to a bank account hinders many people of color from qualifying for bank loans, leaving these borrowers vulnerable to predatory lending practices. Subprime loans, which come with much higher fees and interest rates than typical mortgages, were initially created to extend access to home loans to people who had riskier credit profiles.[28] But predatory and often fraudulent subprime mortgage loans with hidden costs were often aggressively marketed in communities of color across the United States in the 1990s and early 2000s[29]. In 2006, at the height of the housing boom, Black and Hispanic families making more than $200,000 a year were more likely on average to be given a subprime loan than a White family making less than $30,000 a year.[30] As a result of targeted efforts to market these predatory loans, foreclosures in the aftermath of the 2008 financial crisis disproportionately impacted communities of color.[31] The Black community lost 48% of their wealth during the 2008 Financial crisis, while the White community only lost 26%.[32]

> “...unequal access to credit continues to be one of the greatest contributors to disparities in homeownership and wealth building in Black communities across the US.”

Homeownership inequality and residential segregation, resulting from a long history of racially discriminatory policies and unequal access to high-quality credit and other financial services, negatively impacts Black families and communities in a variety of ways. Research published by Brookings in 2020, demonstrated that the number of low-income households and residents living below the poverty line in non-White communities are much higher in communities of color than in White communities.[33]

Berkeley University’s Othering and Belonging Institute created a Racial Disparities Dashboard to highlight significant and persistent differences in outcomes for Black and White Americans.[34] The dashboard assigns a letter grade from A to F across 15 different variables to demonstrate whether racial disparities have improved or worsened since 1970. As of this moment, disparities in rates of homeownership and the median racial wealth gap, along with rates of maternal mortality, median household income, unemployment, incarceration, and life expectancy, all received F grades to show the least amount of progress across the United States.[35]

Investable Solutions

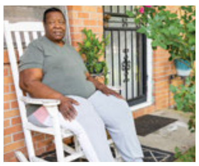
How We Believe Investors Can Help Increase Home Ownership in Communities of Color

Homeownership is closely tied to a household’s ability to build wealth. We will begin by highlighting a few available investable opportunities that are aimed at increasing home ownership in communities of color.

Expanding Access to Home Ownership & Affordable Housing

CASE STUDY | HOPE CREDIT UNION (HOPE)[36]

Asset Class: Community Development Credit Union (CDCU)



Ella Ford worked with HOPE Credit Union to lower her mortgage interest rate from 13.99% to 7%, saving her $500 per month on housing costs.

Investment Thesis/Strategy

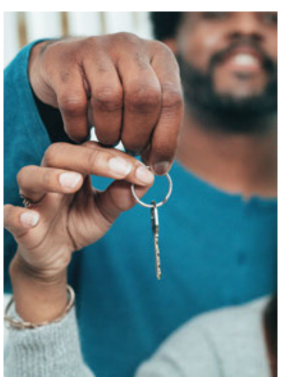
This CDCU provides mortgage loans to low- and moderate-income (LMI) borrowers. HOPE provides financing and related services for the unbanked and underbanked and works with borrowers to improve their financial outcomes beyond home ownership.

Impact

HOPE is one of the few lenders to offer mortgages to people with credit scores as low as 580. The average credit score for a HOPE borrower is 671, while the national average is 781. HOPE also requires borrowers to obtain a homebuyers education certificate, through a class that they can take in person or online as part of the mission of raising the financial acumen of its members.

CASE STUDY | COMMUNITY CAPITAL MANAGEMENT (CCM)[37]

Asset Class: Public Fixed Income



Investment Thesis/Strategy

CCM's core fixed income strategy primarily invests in high-credit quality, market-rate securities financing customized pools of affordable mortgages for low- and moderate-income borrowers nationwide through Agency Mortgage-Backed Securities (MBS) and affordable rental housing properties through Agency Commercial Mortgage-Backed Securities (CMBS).

CCM's Minority Community Advancement Racial Empowerment Strategy (CARES) allows investors the opportunity to direct capital to advance racial equality and as of December 2022 has invested $1.7bn in minority individuals, businesses, and communities.[38]

Impact

CCM collaborates with mortgage originators and agencies like Freddie Mac, Fannie Mae and Ginne Mae to customize investments that are backed by a customized pool of affordable mortgages to LMI borrowers nationwide. For a community to qualify for a loan under the program, the population must be at least 50% minorities (i.e., Black, Asian, Hispanic, Pacific Islander, and/or Native American).

From Juneteenth 2020 to the end of 2022, CCM invested $936mm in majority-minority census tracts and $238mm in racially/ethnically concentrated areas of poverty. They also made 1,557 loans to minority borrowers and supported 142,353 units of affordable housing.[39]

CASE STUDY | ESUSU (IMPACT AMERICA FUND'S PORTFOLIO COMPANY)[40]

Asset Class: Venture Capital

Investment Thesis/Strategy

Credit scores remain an essential determinant of credit worthiness, controlling access to home ownership and other forms of lending and financial services. Forty-five percent of adults in low-income neighborhoods are credit invisible or have unscored credit records. Black people are 20% more likely to have been denied credit.

Impact

Esusu's platform allows tenants to build their credit by reporting their rent payments to the major credit bureaus at no cost while providing access to zero-interest rent stabilization microloans. Together, the company's products aim to improve tenants' financial standing and housing stability while helping landlords reduce evictions and turnover.

In 2022, 60% of tenants served by Esusu resided in affordable housing units and 69% of all residents saw their credit score increase during Esusu's rent reporting (the average annual income of all residents they serve is $41K).[41]

Esusu also introduced a Renters Marketplace[42] offering financial support for utility bills and internet access to help renters find local resources.

Other Ways to Build a More Inclusive and Equitable Economy

We focused on homeownership in the previous section to illustrate one major contributor to the current racial wealth gap in the United States. Veris takes a multifaceted approach to fostering and growing a more inclusive economy, expanding economic and financial access, and empowering communities that have been systematically excluded. Part two of this research brief will focus on other ways we are working to invest in underrepresented communities and taking action to increase diversity, equity, and inclusion across the financial services industry.

Part II: Veris' Approach to Integrating Racial and Gender Equity into our Investment Process

"The only way out of this morass — for all of us — is to stare at racial disparity unblinkingly, and then do what evidence and experts tell us is required to level the playing field and march forward together, collectively striving to achieve true equality for all Americans."

— Supreme Court Justice Ketanji Brown Jackson in her dissenting opinion to the Court's decision to strike down affirmative action in college admissions.

We believe that the financial services industry has an uncorrected legacy of placing obstacles to employment opportunities and career advancement for People of Color and for women. Black, Brown, and Indigenous people remain severely underrepresented across the financial services industry. This is even more pronounced when it comes to senior management — while women made up 32% of senior management, Black, Hispanic and Asian Americans only made up 3%, 4%, and 7%, respectively, as of 2020.[43] A McKinsey report identifies attrition and promotion practices as two distinct reasons for underrepresentation at senior management level. This report further states that the proportion of People of Color in financial services drops by 75% from entry level positions to the C-Suite with women of color experiencing a 3x drop-off and men of color a 2x drop-off.[44]

Traditional due diligence and risk-assessment frameworks in the asset management industry have led to a system in which White, male asset managers control ~99% of the $82.24 trillion in assets under management.[45]

We believe that diversifying who sits at the decision-making table will be critical to building diversity, equity, inclusion, and belonging in our economy and in communities across the US.

How Veris Supports Diverse Fund Managers, Founders, and Portfolio Companies

As part of our efforts to address the lack of diversity within the industry, Veris is a signatory to the Confluence Belonging Pledge and the Due Diligence 2.0 Commitment which aims to lower barriers that limit investment in diverse managers. We also implemented an emerging manager policy in 2016 and our firm supports diverse first- and second-time fund managers.

Veris Wealth Partners' EDI Due Diligence Framework

Veris developed an equity, diversity and inclusion (EDI) due diligence framework to help our firm identify fund managers that are diverse and inclusive at all levels of the organization, have an EDI lens in their investment process, are focused on intentional investments in under-resourced communities, and are working to dismantle obstacles to racial and gender equity through their policies and practices.

EDI Manager Identification Framework

Based on the responses in our initial and annual due diligence questions:

EDI WATCHLIST

Does not meet two or more of these criteria:

- Diverse team (>30% POC & women)
- Detailed EDI commitment & plan
- EDI is included in the investment process

EDI ASPIRATIONAL

Meets both criteria:

- Must have an EDI commitment & plan
- Demonstrate increase in diversity

EDI FIRM

Meets both criteria:

- Diverse team (>30% POC & women)
- Detailed EDI commitment & plan

EDI INVESTMENT PROCESS

Meets these criteria:

- Explicit EDI lens in investment process
- Portfolio company diversity
- Engagement & Proxy voting (Public)
- Engagement for Private Placements

EDI MANAGER

Meets both criteria:

- EDI Firm
- EDI Investment Process

EDI watchlist (needs improvement)

EDI aspirational (improving annually)

EDI firm (diverse, strong EDI policies & implementation)

EDI investment process (explicit EDI lens in the investment process and engagement with portfolio companies)

EDI Manager: (diverse employees, management, board, ownership; EDI policies and plans to implement them; incorporates an EDI lens in their investment process.)

Equity, Diversity, and Inclusion Due Diligence Questions

We are very intentional about our EDI due diligence process not being a 'check the box' exercise. Veris collects detailed information about the policies and practices of our managers and their investments such as:

Firm and Policies

- Diversity across investment team, senior management, board, and ownership levels
- EDI commitments and goals, implementation plans, and outcomes
- Hiring, retention, and promotion practices
- Promotion ratios for women and people of color
- Vendor and supplier policies

Investments

- How EDI is incorporated in the investment process
- EDI focused engagement efforts with portfolio companies
- Tracking of portfolio company EDI data
- Impact outcome data

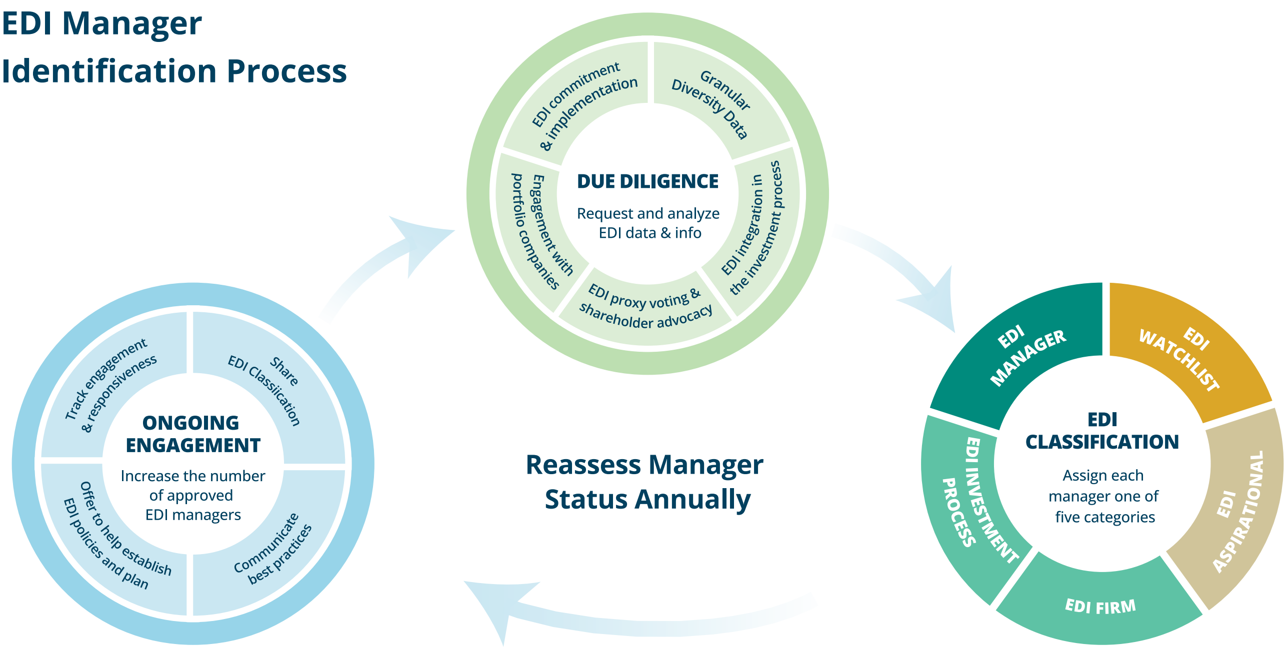
We aim to differentiate between investment strategies and companies that are making superficial or performative adjustments and those that are intentional.

Ongoing Efforts and Engagement

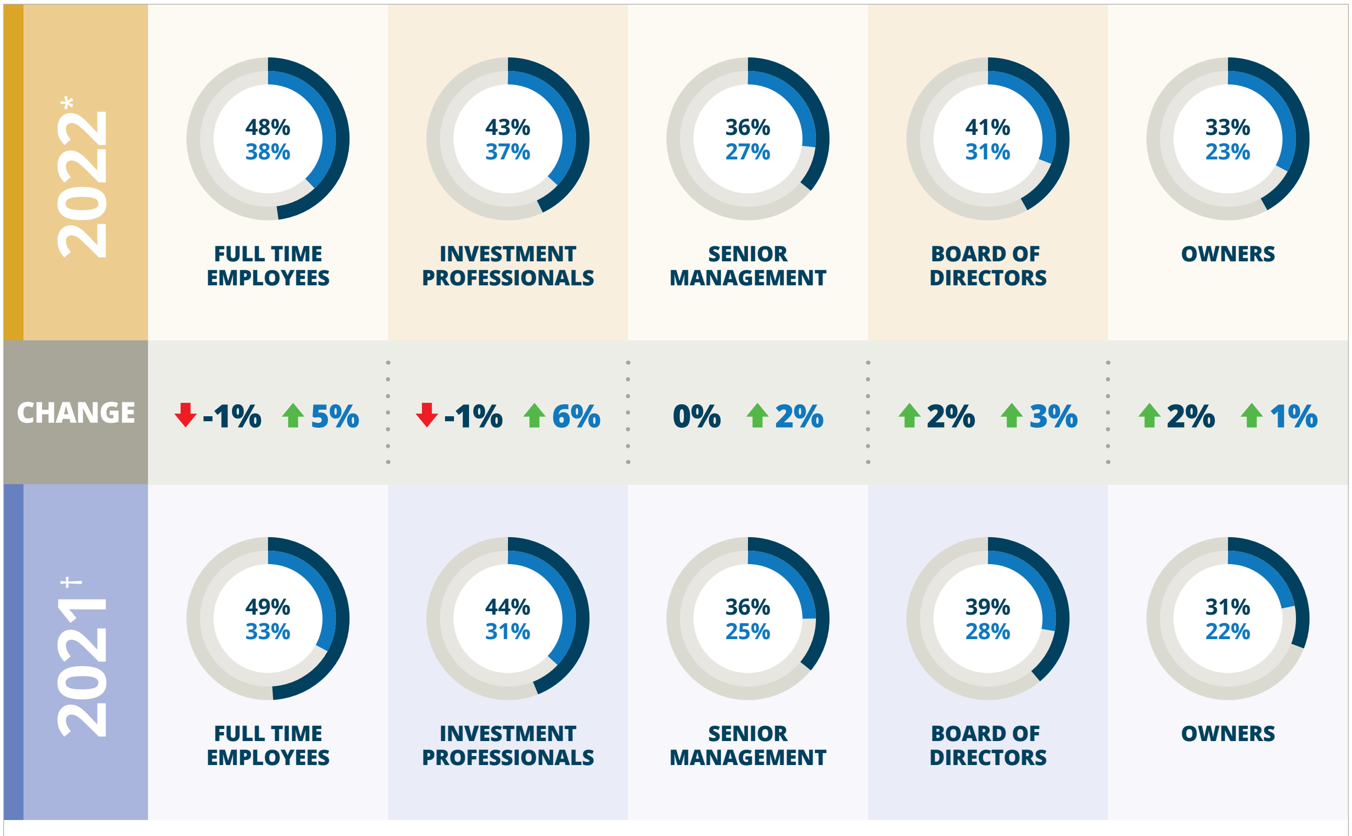
EDI integration is not only part of our due diligence process, it is a significant part of our firm's pipeline prioritization, Investment Committee discussion, and approval processes.

Veris takes a data-driven EDI engagement approach and collaborates with our approved fund managers on an ongoing basis as we have found that some managers are not yet tracking or reporting on this data. We also provide support and share best practices to help those that are striving to make improvements, so that they can become EDI managers.

EDI Manager Identification Process



Diversity Across Veris Approved Managers in 2021 and 2022



**Based on 88%-96% of Veris approved managers reporting on gender diversity metrics and 83%-96% of Veris approved managers reporting on racial diversity metrics, depending on the asset class.*
†Based on 83%-98% of Veris approved managers reporting on gender diversity metrics and 76%-96% of Veris approved managers reporting on racial diversity metrics, depending on the asset class

We have seen significant improvements in the amount of EDI-specific data we are able to collect, levels of engagement, and the number of EDI commitments. The gains and focus on DEIB after the murder of George Floyd in 2020 led to many companies committing to improving their diversity, which led to better disclosure and increased hiring of diverse candidates in 2021. This trend has continued in 2022. However, recent Supreme Court decisions might lead to a reduction of the diverse talent pipeline.[46]

Based on the 2022 annual due diligence and, as noted in the charts above, our managers reported higher percentages of People of Color (POC) on average but lower percentages of women full-time employees and investment professionals. Percentage of diverse hiring and attrition were the primary reasons for the change in 2022. Research has shown that the drop in the number of women employees can be partially attributed to back to work policies which impacts working mothers more.[47]

There are many studies that show that diverse fund managers tend to invest in diverse founders and marginalized communities.[48] Thus, we look to amplify the impact of investing in marginalized communities by also investing with diverse fund managers.

Veris Goals for Adding More EDI Managers

We believe our definition of an EDI Manager is more stringent than many of our colleagues in the industry. It is our view that EDI Lens Investing requires integration of equity, diversity, and inclusion factors in the investment process and not only in the demographics of the investment firm/manager.

Veris made a commitment to ensure two-thirds of all new managers we perform due diligence on annually are either EDI managers or have an explicit EDI lens in their investment process. We will continue to assess this goal annually until the majority of the managers on our platform are classified at the EDI Manager or EDI Investment Process levels. To achieve our goal, we are actively working to source and identify managers and/or funds that are significantly owned and/or led by women and People of Color and engage with our managers on best practices for them to become an EDI Manager or EDI Investment Process Manager.

Veris Approved Managers Classified as EDI Investment Process & EDI Managers

Year	EDI Investment Process	EDI Manager
2022	32%	13%
2021	30%	15%

Firm-Level DEIB Efforts at Veris

Veris approaches this work with a sense of purpose and also humility. We applied our EDI manager due diligence framework on our own operations and found that *Veris does not currently meet the firm's own EDI Manager criteria.* To address this, we are taking steps to diversify our team at every level and seek new ways to engage candidates from diverse backgrounds while fostering a culture of belonging across the firm. Veris also partnered with CommonHealth Action for DEIB training and guidance as we institutionalize equity in our firm's policies and practices.

DEIB Investing Case Studies

CASE STUDY | IMPACT AMERICA FUND

Early-stage investments in tech-driven businesses creating new frameworks of ownership and opportunity for people of color.

Impact America Fund (IAF) invests to increase the economic power of workers, families, and small businesses in marginalized communities across the US by backing founders deploying technology to disrupt injustices at the heart of major industries. Led by Kesha Cash, a Black woman General Partner, and a team that is 100% people of color and women, the fund's thesis centers on systemic racial inequity as both a social crisis and a market inefficiency, recognizing tech platforms as the new, essential medium for economic agency and a powerful tool for scaling impact.

The firm's investment criteria centers on selecting companies led by founders with lived experience and knowledge of the inequities and problems they are trying to solve, whose business models increase economic power and agency and provide products and services that achieve ethical, inclusive, and sustainable outcomes.

Impact America Fund Portfolio Example

SMBX

SMBX's crowdfunding platform helps small and medium sized businesses raise capital by issuing bonds directly to the public in $10 increments. Operating under regulations passed under the JOBS act, SMBX focuses on Small Business Administration (SBA) qualified businesses and offers them a smoother process and savings on total loan payments while helping them strengthen their connections to their customers and community.

Why it Matters

Small businesses account for two-thirds of the net job growth and 44% of all U.S. economic activity but they have had their potential & profitability limited by difficulties accessing the capital they need to grow and better serve their customers. People of Color account for half of the new small businesses in the country[49] but less than a third of SBA loans. Despite being SBA-qualified, these businesses often overpay for loans due to fees charged by commercial bank lenders, while also suffering from long processing times.[50]

Impact

Since 2020, SMBX has helped 24 businesses in the Bay Area raise over $4mm.[51] In 2021, the company launched a Rebuild Bond Program, through an Equitable Capital Access Fund Grant with the Office of the Deputy Mayor for Planning and Economic Development in Washington, D.C. to begin supporting $5mm in bond funding at even lower costs to small businesses in historically disadvantaged wards of the city. In 2022, they helped 23 businesses raise $2.3mm in bonds through the platform while community investors earned an average interest rate of over 7%. Additionally, over 80% of SMBX listings meet Community Reinvestment Act criteria; many are small Minority & Women-Owned Businesses or are located in low- and moderate-income neighborhoods.

CASE STUDY | THE 22 FUND

Growth Equity Investments in Manufacturing Quality Jobs in LMI Communities

The 22 Fund, a majority Black woman owned and led fund, is an early-growth stage impact fund investing in tech-based and export-focused American manufacturing companies to create clean, quality jobs in under-resourced and LMI communities, and create generational wealth for women and BIPOC.

Manufacturing is one of the key industries creating jobs in LMI communities and when coupled with exports, these companies are recession-proof. The 22 Fund aims to provide capital and support to manufacturing companies that are creating future-proof jobs, especially those owned by women and BIPOC founders by helping them export their products internationally.

The 22 Fund is currently raising its first fund. Veris clients are excited to invest in this fund to support its thesis.

The 22 Fund Portfolio Example

OpConnect

OpConnect is a Black and Veteran owned / founded and majority BIPOC employee company in Oregon, providing a "technology bridge" to Electric Transportation. OpConnect's electric vehicle (EV) charging platform combines systems integration and energy management solutions for Fleet and multi-family housing.

Why it Matters

Black Americans have consistently suffered from lower employment rates than White Americans and during economic downturns, they experience more precipitous drops in employment. During the financial crisis in 2010, Black unemployment was 14% while White unemployment was 8%. In 2020, Black unemployment reached 16.8%. Multiple factors contribute to this long-standing disparity including systematic barriers to quality jobs, outright discrimination against Black workers, occupational segregation, and segmented labor markets in which Black workers are less likely than White workers to get hired into stable, well-paying jobs.[52] BIPOC and LMI communities are also hit hardest from the climate crises. Manufacturing is the third largest contributor to U.S. greenhouse gas emissions after transportation and electricity at 23%. After factoring in the electricity consumed by the industrial sector, it becomes the largest contributor to greenhouse gas emissions in the nation at 30%.[53] OpConnect helps mitigate these impacts through clean manufacturing and creating quality jobs of the future.

Impact

OpConnect is intentional in uplifting LMI communities through where they choose to operate. For example, 40% of EV chargers were deployed into LMI communities in 2022. OpConnect also pays its employees in excess of the average manufacturing salary of $82K, ensuring employees are paid above a living wage. The company also provides various healthcare benefits and EV incentives to ensure that employees are walking the talk.

CASE STUDY | ADASINA SOCIAL CAPITAL

Public Equity Investments in Companies Vetted by Trusted Social Justice Organizations

Adasina Social Capital, a Black woman-led asset manager, creates and manages values-aligned public equities strategies addressing racial, gender, economic, and climate issues.

The Adasina Social Justice All Cap Global exchange traded fund (JSTC ETF) is a diversified portfolio designed to serve investors who wish to align their portfolios with social justice values while seeking socially accountable and financially viable returns on investments. The ETF invests in a portfolio of companies whose business practices are aligned with the Adasina Social Justice Investment Criteria. The ETF seeks to track Adasina's own "Social Justice Index" which excludes companies flagged as particularly harmful by Adasina's social justice partners.

Additionally, Adasina leverages its unique, social justice values-aligned datasets developed in collaboration with Adasina's social justice partners to educate and mobilize other investors to amplify the needs, perspectives, and voices of impacted communities.

Example: Adasina's Investor Campaign

In June 2020, in the wake of George Floyd's murder, Adasina publicly released its Racial Justice Investor Dataset. Aimed at identifying business areas that perpetuate and exacerbate racial inequities, this Dataset lists publicly traded companies that Adasina excludes from its portfolios for failing to meet its Racial Justice Investment Criteria. Companies on this list have been identified by Adasina as contributing to systemic racism through prison involvement, immigrant detention, money bail involvement, citizen and immigrant surveillance, and other practices.[54]

Adasina also offers these datasets through its newly launched platform, BRIDGE — a free and publicly available resource for data about the behavior of publicly-traded companies and their impact on social justice issues. The Racial Justice Investor Dataset made national headlines in the New York Times, Bloomberg, and the Financial Times, among others.

Why it Matters

Public equity investors generally own a small portion of a company. Engagement by a single investor might not result in substantial changes in a company's policies or operations. Adasina's investor campaign, consisting of 100+ public equity investors with significant combined AUM, has the ability to signal to the company that these topics are important to many of their investors, which may result in systemic changes.

Impact

As a leading member of the Racial Justice Investing (RJI) coalition, Adasina co-created the Investor Statement of Solidarity to Address Systemic Racism and Call to Action in 2020. This lists commitments by investors, such as a commitment to integrate racial justice into investment decision-making and engagement strategies. Veris is a signatory to this statement. As a result, we created our EDI manager due diligence framework and signed on to the Due Diligence 2.0 Commitment, an initiative aimed at updating the due diligence process to better support Black and Brown asset managers and increase the flow of assets to them.

Conclusion

We acknowledge that the racial wealth gap is a complex, multifaceted issue rooted in history and that there is no single solution. However, we believe that investors have many opportunities to advocate for policy changes and invest in intersectional solutions that will work together to help build racial equity in terms of housing, employment, business ownership, healthcare, education, and overall quality of life.

We have detailed a few of the investment vehicles that are enabling capital to flow to solutions that address inequality in a variety of ways and will continue to seek out new and emerging solutions.

Veris aims to hold our firm to a higher standard when it comes to incorporating EDI in our investment decision making. We look forward to collaborating with our investment managers as we seek new ways for their investment processes and portfolio companies to further drive diversity, equity, inclusion and belonging in our industry, broader workforce, and our economy.

Special Thanks

Thanks to Andrew Gumbs, Veris Wealth Partners' 2023 Spring Intern, and current MBA candidate at Columbia Business School, who helped with the research and writing of this report.

Special thanks also to Senior Wealth Manager & Partner Lori Choi, CFA®, Research Analysts Maya Zamir and Mihir Mehan, and the firm's 2023 Summer Research Intern, and current MS Financial Economics candidate at Columbia Business School, Xinyi Luo for their contributions to the report.

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