

CHOOSING TO 'B' A FORCE FOR GOOD

June 18, 2020

Clients and peers often ask us to expound on our status as a certified B Corp and a Massachusetts-registered Benefit Corporation. Our stakeholders want to understand what these designations mean and why they matter.

Since our founding in 1993, our mission has been to provide the highest caliber of fixed income management, thereby facilitating a sustainable flow of capital from long-term investors to responsible corporate and municipal borrowers. Our mission led us to adopt sustainability as a key strategic priority. We believe companies that create value for all stakeholders are more competitive and resilient over the long term.

In-line with our mission, we have been committed to thoughtful stewardship through our investment decisions, our business activities and our community outreach. This sense of stewardship empowers us to lead and innovate by embracing new ideas and opportunities. To this end, Breckinridge made the decision to integrate ESG considerations into our investment process in 2011, and chose to be an early adopter in our industry of the benefit corporation principles.

In 2010, we started developing a range of capabilities to enable us to integrate environmental, social and governance (ESG) factors into our investment analysis, and in 2011 we fully integrated sustainability criteria into our investment process. At the same time, we started refining and deepening our corporate sustainability efforts, which exposed us to the work of a Wayne, Pennsylvania-based nonprofit organization called the [B Lab](#).

Founded in 2006 with the support of The Rockefeller Foundation and others, the B Lab has a bold vision of business as a force for good. Its goal is to create a future in which companies are not only committed to their shareholders, but to all of their stakeholders.

To this end, the B Lab developed a blueprint for a more-responsible company called a [B Corp](#), which would meet the highest standards of verified overall social and environmental performance, public transparency and legal accountability. This, in turn, promises to create lasting prosperity for both the companies and the communities in which they operate. Today, there are more than 3,300 certified B Corps around the world working toward this goal, with more than half in the United States.¹

A company from any sector and of any size can undertake a [B Corp certification process](#), which involves an in-depth assessment of the company's impact on all its stakeholders, including its employees, suppliers, community and the environment. The company is also evaluated based on its approach to mission, measurement and governance. Lastly, the assessment captures the company's "Impact Business Model" – how the company is benefiting the world through its products and services and/or its internal practices.

And, companies can go further. In addition to their B Corp status, companies can also legally register with their states as benefit corporations. According to B Lab's [Benefitcorp.net](#) site, 36 states have passed benefit corporation legislation as of June 16, 2020. Having this legal status available to companies helps to support their mission through a range of governance changes and business transitions, including capital raises, leadership changes, mergers and acquisitions, initial public offerings (IPOs) or any other liquidity events. Quite simply, benefit corporation status legally bolsters a company's ability to take into account extra-financial interests when making decisions.

There are many reasons to become a [benefit corporation](#). Many impact investors gravitate toward benefit corporations because they know that these companies' extra-financial priorities are well-supported.

CHOOSING TO 'B' A FORCE FOR GOOD



Benefit corporations are often highly respected. For example, *Ben & Jerry's*, *Patagonia* and many other companies with reputations for generating positive social and environmental impact are benefit corporations. Lastly, benefit corporation status can help attract talented employees who appreciate the depth and legitimacy of their employer's impact intent.

Taking these considerations into account, in 2013 we became a certified B Corp and a Benefit Corporation. We believe that our B Corp status helps us improve our performance in myriad ways. From helping us measure and evaluate the environmental impact of our operations to propelling us to make meaningful contributions in our communities, the B Corp assessment process has helped make us a better firm. Our Benefit Corporation designation provides legal authority for our mission, adding longevity and structure to our sustainability efforts.

As a Benefit Corporation, we are required to incorporate purpose, accountability and transparency into our organization, providing a legal framework that supports our broader consideration of impact on our clients, society and the environment to create long-term sustainable value. As a Benefit Corporation, this commitment is legally protected. We believe our status as a certified B Corp and a Benefit Corporation strengthens our decision-making, as it continuously reminds us of our commitment to thoughtful stewardship in all that we do. We believe this multi-stakeholder long-term perspective makes us more competitive and resilient – today and over the long term.

BRECKINRIDGE'S B IMPACT REPORT* CERTIFIED SINCE JANUARY 2013

	Breckinridge Score
Environment	8
Workers	29
Customers	39
Community	20
Governance	21
Overall B Score	116
Median score for ordinary businesses**	51

Companies must achieve a minimum verified score of 80 on the impact assessment to be certified. Maximum score is 200. Scores are verified by B Lab.

*Scoring conducted in 2017 based on 2016 data. Breckinridge will be scored once again during 2020 based on 2019 data.

** Of all businesses that have completed the B Impact Assessment as of June 17, 2020. The median score includes businesses that are not in the same industry as Breckinridge.

Source: <https://bcorporation.net/directory/breckinridge-capital-advisors-inc>

Note: For more information about our corporate sustainability efforts, we invite you to explore our [2019 CSR](#). For our full B Corp assessment report, please visit the B Corp website.

FOOTNOTES:

1. <https://bcorporation.net/>.

DISCLAIMER: The opinions and views expressed are those of Breckinridge Capital Advisors, Inc. They are current as of the date(s) indicated but are subject to change without notice. Any estimates, targets, and projections are based on Breckinridge research, analysis and assumptions. No assurances can be made that any such estimate, target or projection will be accurate; actual results may differ substantially. Nothing contained herein should be construed or relied upon as financial, legal or tax advice. All investments involve risks, including the loss of principal. An investor should consult with their financial professional before making any investment decisions. Some information has been taken directly from unaffiliated third party sources. Breckinridge believes such information is reliable, but does not guarantee its accuracy or completeness. Any specific securities mentioned are for illustrative and example only. They do not necessarily represent actual investments in any client portfolio.