



OUR PATH FORWARD

2019 CORPORATE SUSTAINABILITY REPORT



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INTRODUCTION

BRECKINRIDGE AT A GLANCE

Breckinridge Capital Advisors is a Boston-based, independently owned investment advisor specializing in investment grade fixed income portfolio management. Working primarily through a network of investment consultants and advisors, we serve a wide variety of clients ranging from high net worth individuals to large institutions.

YEAR FOUNDED	ASSETS UNDER MANAGEMENT	NUMBER OF EMPLOYEES
1993	\$40B+	77

APPROACH TO THIS REPORT

This report offers an overview of our approach and commitment to sustainability both in our investment process and business operations. Our strong belief in the merits of environmental, social and governance (ESG) integration in our investment approach motivates the examination and reporting on our own sustainable business practices. As such, in our 2018 Corporate Sustainability Report (CSR), we were one of the first 50 companies to report to the standards published by the Sustainability Accounting Standards Board (SASB).

This year, in addition to SASB, we are reporting to the Global Reporting Initiative (GRI) Standards: Core Option and the Task Force on Climate-related Financial Disclosures (TCFD) framework. All three content indices can be found at the end of this document, and each page contains a column with a list of the relevant disclosures referenced on that page. We know this is just the beginning. Our goal is to provide a higher caliber of reporting over time that will offer not only transparency into our sustainability policies and practices, but also the ability to assess our progress. We look to lead by example by voluntarily providing these disclosures and we encourage companies and municipalities to begin using these and other sustainability reporting frameworks as well.

GRI

SASB

TCFD

This report has been prepared according to GRI Standards: Core Option (see GRI Index on page 27).

This is the second year that Breckinridge has reported to the SASB standards (see SASB Index on page 31).

This is the first year that Breckinridge has reported to the TCFD framework (see TCFD Index on page 33).

A LETTER FROM OUR PRESIDENT

DISCLOSURES



In 2013 Breckinridge published our first CSR which launched our commitment to provide our stakeholders a transparent review of our ESG efforts on both an investment and firm level.

As investors, we believe that there is a powerful investment case for sustainability, and we view ESG factors as critical to our investment research and analysis. We advocate for more rigor in ESG research and understand that this depends on clear and consistent reporting, which focuses attention on both ESG strengths and weaknesses. Absent standardized ESG reporting, investors and stakeholders must rely on a company or municipality's narrative, which may not be credible or material.

At Breckinridge, when we engage with issuers, we explain why reporting on sustainability matters to investors, emphasizing the value of reporting to standards such as SASB and GRI. Standardized reporting on ESG metrics allows investors to sort and measure the sustainability factors which are most material to them. This is the foundation of Breckinridge's conviction in having each of our analysts formally integrate ESG into their overall assessment, based on their deep understanding of the individual bond issuers and sectors they cover.

As a Benefit Corporation, Certified B Corp, and Principles for Responsible Investment (PRI) signatory, we are working to demonstrate this in our own ESG reporting. Breckinridge

aims to be transparent and engaged with all our stakeholders, so that they get a better understanding of our business and can challenge us to improve our ESG policies and practices.

In our 2018 CSR we included reporting using SABS's standards for asset managers. This year, our corporate sustainability reporting is also in accordance with the GRI Standards: Core Option. We adopted this rigorous reporting structure because we aspire to lead by example as an employer and as an investment grade fixed income manager. As a PRI signatory we are also reporting to the TCFD framework this year and have included those disclosures in this CSR.

For our stakeholders, this robust reporting is intended to offer two important benefits. The first is greater insight into our progress on key sustainability metrics during 2019. The second is transparency in the areas for improvement that we have identified.

By adopting higher standards for our own reports, we believe we are supporting an important effort to improve the quality of sustainability and ESG reporting among municipal and corporate bond issuers. Improved reporting helps investors evaluate the materiality of both the positive and negative ESG factors of a company. Investors can drive management to focus on sustainable business practices, which we believe is in the best interest of our clients and stakeholders.

I hope that this report provides you with valuable insight into how Breckinridge promotes sustainability principles in our operations, and we invite your suggestions to improve our future performance and reporting.

A handwritten signature in black ink, appearing to read "Peter B. Coffin".

Peter B. Coffin
President

GRI 102-46

GRI 102-54

GRI 102-1

GRI 102-2

GRI 102-7

GRI 102-14

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OUR B CORP & BENEFIT CORPORATION DESIGNATIONS

Reflecting our commitment to sustainability, Breckinridge is a Massachusetts Benefit Corporation and a certified B Corp. We believe these designations help us in our goals to create positive, long-term impact for our stakeholders.

Our status as a Massachusetts Benefit Corporation requires us to incorporate purpose, accountability and transparency into our organization and is a legal framework that supports our broader consideration of impact on our clients, society and the environment to create long-term sustainable value.

Our B Corp status, certified by the nonprofit organization B Lab, verifies our adherence to rigorous social and environmental standards. We are proud to be a member of a global community of more than 3,200 B Corps that are using business as a force for good.

In 2019, Breckinridge was named a B Corp “Best for the World” honoree in the Customer, Governance and Changemaker categories. This means we scored in the top 10 percent (20 percent for Changemakers) in these categories on the B Lab’s B Impact Assessment, an in-depth evaluation of a company’s impact on all its stakeholders.

OUR STAKEHOLDERS AND HOW WE ENGAGE

CLIENTS

- E-mail or phone conversations
- In-person meetings
- Reporting
- Thought leadership
- Conferences
- Social media

EMPLOYEES

- Manager one-on-ones
- Performance assessments
- Quarterly town halls
- Internal educational seminars
- Community events

INDUSTRY PARTNERS

- Collaborations
- Case studies
- Engagement calls
- Financial support

SUPPLIERS

- Questionnaires
- Direct conversations

COMMUNITY

- Volunteering
- Charitable donations
- Board memberships

INDUSTRY PEERS

- Conferences
- Panels
- Thought leadership
- Working groups

A LETTER FROM OUR BENEFIT DIRECTOR

DISCLOSURES

As Benefit Director of Breckinridge, I am pleased to report that the company continues to have, as a hallmark, a deep commitment to sustainability, implemented at the corporate (institutional) level, through the investment process and through stakeholder engagement. The work underlying this leadership we believe contributes to the firm's capacity to deliver superior service, and to the deepening of the sustainable investing field more broadly.

As the field of sustainable investing continues to evolve, so too the opportunities to measure our sustainability efforts have grown more robust and sophisticated. Over the course of 2019, Breckinridge expanded its sustainability reporting, while continuing to harness it to the firm's Materiality Map (adopted in 2017). As you will read in the ensuing report, in 2018 Breckinridge implemented SASB standards in their reporting. Having long been a champion of SASB and its innovative insistence on the financial materiality of sustainability considerations, we were pleased to be among the early adopters of SASB's reporting standards. Further, in this year's report, Breckinridge has incorporated reporting on the "core" measurement standards issued by the Global Reporting Initiative, the most broadly used impact framework for sustainability reporting. Lastly in the category of new sustainability initiatives, the firm has begun reporting to the TCFD, designed to provide greater transparency to the financial markets on the climate risks of companies and issuers. As in past years, Breckinridge continues to report as a signatory to the United Nations-supported Principles for Responsible Investing. This drive toward standardization of sustainability measurement in the investment industry and beyond—while far from having universal update—nonetheless indicates the increasing demand on the part of investors and bond issuers alike to speak the same language when assessing sustainability concerns.

As in the past, the steadfastness with which Breckinridge incorporates sustainability

informs all aspects of the firm's culture, and is applied across three broad vectors: corporate stewardship, investing and community outreach. Breckinridge's Board of Directors and senior leadership oversee sustainability across all three vectors, and the company's Sustainability Committee maintains a learning culture that fosters constant innovation and improvement, specifically in corporate sustainability and outreach. As we continue to integrate new and meaningful reporting standards and frameworks into the firm, Breckinridge will discover new ways to refine and deepen the ways in which it implements its commitment to sustainability. Thanks to the firm's commitment to integrating sustainability concerns throughout its work, and to the Sustainability Committee's leadership, we can look forward to a sustained effort, and to new initiatives in 2020.

“

As the field of sustainable investing continues to evolve, so too the opportunities to measure our sustainability efforts have grown more robust and sophisticated.

In summary, I am pleased to report that, in the opinion of the Board, the company has acted well in accordance with its general benefit purpose in all material respects during 2019, and that the directors and officers have complied with the duties of their respective positions in considering the impact of Board and management decisions on the array of Breckinridge's stakeholders.¹



Anne Stetson
Benefit Director and Independent Board Member

TCFD Metrics & Targets (A)

GRI 102-40

GRI 102-43

¹ Reference is made specifically to Massachusetts General Laws Chap. 156E, subsection 10(a) and 12(a).

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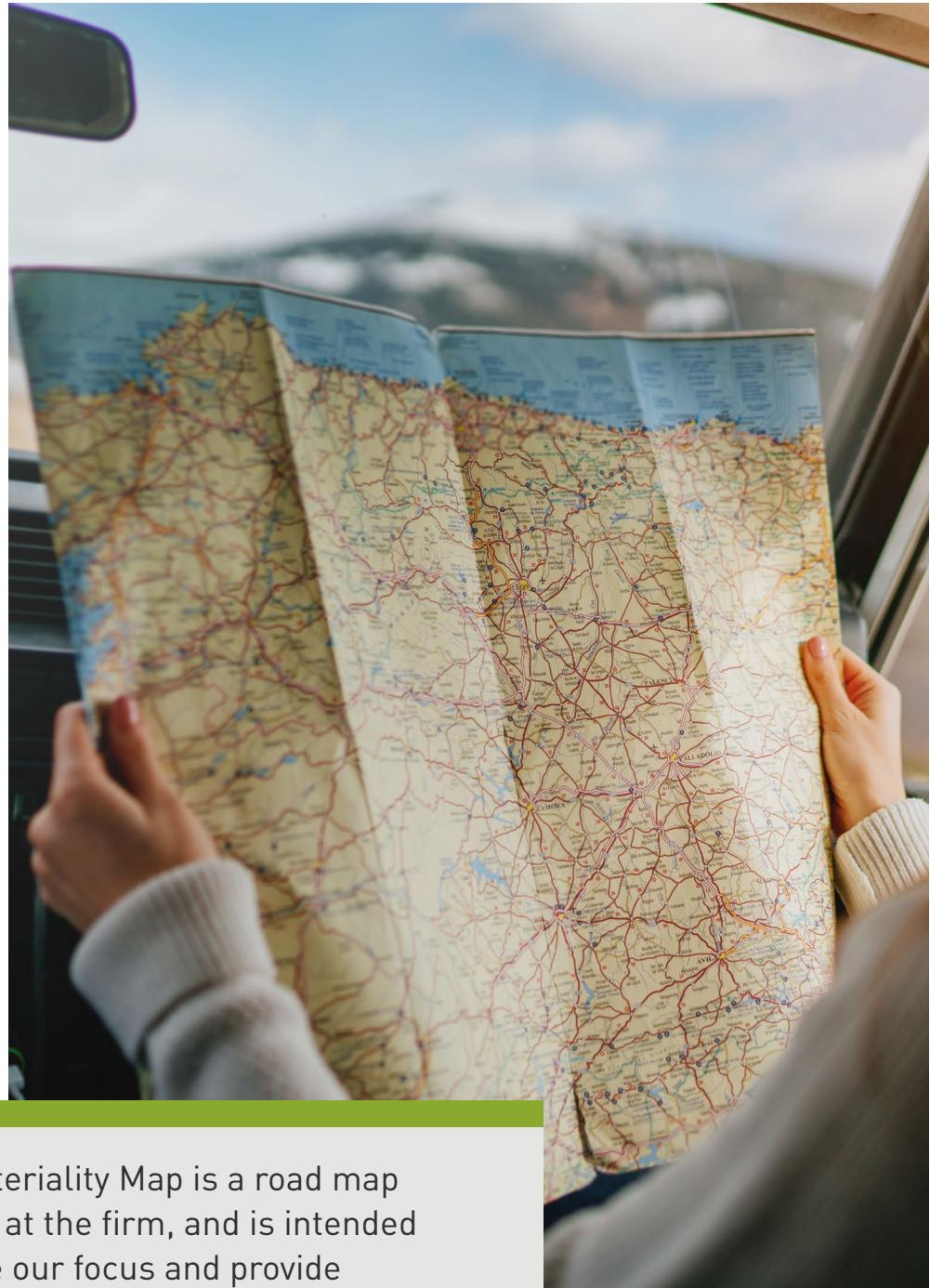
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MATERIALITY



Our Materiality Map is a road map for ESG at the firm, and is intended to guide our focus and provide measurable standards for our corporate sustainability initiatives.

OUR MATERIALITY MAP

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We created the materiality map presented below in 2017 with the intention of being transparent and providing decision-useful information on how we prioritize and manage sustainable business practices. The map was developed by considering SASB's standards for the asset management and custody activities industry and the approach recommended by the GRI. Additionally, the map reflects input from our employees, Board and select advisor relationships.

GRI 102-44

GRI 102-47

Stakeholders are encouraged to consider our materiality map as a tool which identifies and assesses the sustainability factors most material to the continuity and success of our firm and mission. The map guides the work of Breckinridge's Sustainability Committee, helping to set priorities and organize internal and external sustainability reporting.

In the following pages we describe progress made during 2019 in advancing our practices to better manage the risks and opportunities inherent in material sustainability issues.

Sustainability Factor	Focus Areas
 Business Ethics	<ul style="list-style-type: none">• Continuing enhancements to compliance efforts• Implementing sound governance policies with a long-term focus• Remaining committed to disclosure and transparency
 Human Capital Management	<ul style="list-style-type: none">• Enhancing our commitment to professional development• Ongoing efforts to improve employee engagement• Establishing a road map to drive employee diversity/inclusion• Committing to employee wellness and work-life balance
 Client Experience	<ul style="list-style-type: none">• Ongoing monitoring and measurement of client satisfaction• Improving client communication and reporting• Expanding client-based events
 Risk Management	<ul style="list-style-type: none">• Ongoing focus on data security policies and training• Continuing enhancements to enterprise risk management and oversight• Conducting regular independent third-party audits
 ESG Integration in Financial Analysis	<ul style="list-style-type: none">• Continuing enhancements to ESG research and issuer engagement• Ongoing ESG and sustainability-related thought leadership• Remaining committed to ESG-related partnerships and collaborations
 Corporate Citizenship	<ul style="list-style-type: none">• Expanding employee participation in our Ambassador Program• Continuing to increase volunteer hours and employee participation• Remaining committed to charitable giving
 Operations & Supply Chain	<ul style="list-style-type: none">• Analyzing sustainability in vendor selection and management• Assessing the environmental impact of our internal operations• Reducing each employee's environmental impact

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- ESG Integration
- Citizenship
- Operations

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PROGRESS ON MATERIAL TOPICS IN 2019



IN THIS SECTION

- pg. 8: Business Ethics
- pg. 11: Human Capital Management
- pg. 14: Client Experience
- pg. 15: Risk Management
- pg. 17: ESG Integration in Fixed Income
- pg. 20: Corporate Citizenship
- pg. 22: Operations & Supply Chain

BUSINESS ETHICS

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Memorializing Our Core Values

In the process of creating our materiality map, our stakeholders determined our most material topic to be business ethics. Our Sustainability Committee engaged with our Chief Compliance Officer (CCO) and Director of Human Resources to determine areas of risk, weakness or opportunities to improve. From our discussions, the committee determined that fostering an

ethical culture represents more than simply complying with industry regulations. It entails striving for an “ethical working self-concept,” whereby employees work according to principles that include trust and accountability.² With that in mind, the committee recommended establishing and seeking to live by a set of core values to support an ethical culture. We felt memorializing those values was an important first step.

GRI 102-16

BRECKINRIDGE CORE VALUES

Breckinridge's core values serve as the guiding principles to achieve our mission to provide the highest caliber of investment grade fixed income management, thereby facilitating a sustainable flow of capital from long-term investors to responsible issuers.

We Put Clients First

As an independent bond manager, our primary focus is our clients. Our clients entrust us to act in their best interest. We value each client relationship and strive to achieve their objectives through customized investment solutions.

We Have an Eye on the Future

We take a long-term view rather than simply looking to the next quarter. We challenge ourselves to look further on the horizon by assessing risk, identifying new opportunities and preparing for the changing tides of our industry.

We Are Better Together

Our differences in background and experience make us a stronger team. Whether we sit on the other side of the office or on the other side of the country from our colleagues, we are motivated to connect because we produce the best outcomes for our clients by working together.

We Are Always Improving

We seek to foster a culture that encourages professional growth, inspires curiosity and rewards imaginative solutions. Many of our innovations were generated and built by employees from across the firm. We are never complacent as there is always room for improvement.

We Are Making a Difference

As a registered Massachusetts Benefit Corporation and Certified B-Corp, we recognize that our responsibilities must go beyond our day-to-day jobs. We strive to be a positive influence through our use and allocation of resources. We believe these commitments help us in our goals to create long-term impact for our clients, employees and the communities in which we live, work and invest.

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Crafting our core values was a firm-wide collaboration. The process was as follows:

- Members of the Sustainability Committee hosted group sessions to discuss what employees felt were the company's values, which resulted in about 35 key traits describing the firm.
- The Sustainability Committee distilled the traits into eight themes with descriptions and reviewed them with the original small groups and the Executive Committee.
- With feedback from employees and the Executive Committee, the Sustainability Committee refined the eight themes to three.
- Upon revisions from our Board of Directors and an external leadership consultant, five core values were identified and finalized.
- Our core values were introduced to all employees by our President and Chief Investment Officer (CIO) at our Q4 2019 company-wide meeting.

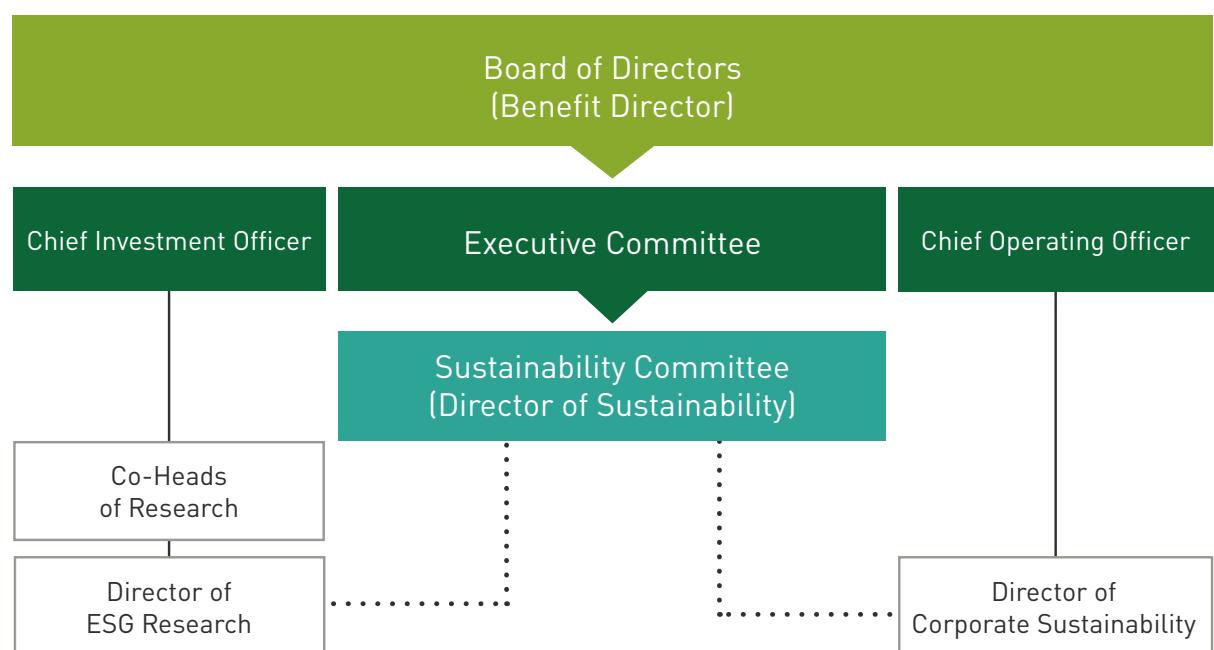
Moving forward, management of the core values will live with the Director of Human Resources with oversight from the Sustainability Committee. The Director of Human Resources will work with managers to incorporate the values into hiring practices, new employee onboarding, training and one-on-one conversations with their direct reports.

Governance and Ownership Structure

Breckinridge is a private company. We are 100-percent owned by current and former employees and members of our Board of Directors. President Peter Coffin is the majority shareholder.

Breckinridge is led by a Board of Directors—which acts for the benefit of all stakeholders—guiding an Executive Committee that sets the strategic direction and trajectory of the firm. The Board may choose to pass resolutions specific to the firm's sustainability initiatives. The Executive Committee provides direction to departmental managers who are responsible

HOW SUSTAINABILITY IS GOVERNED AT BRECKINRIDGE



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for implementing operational initiatives, and approves recommended sustainability proposals, which are implemented by the appropriate individuals.

The investment process is managed by the Investment Committee, which is chaired by the CIO. ESG risks—including climate risk—are integrated into the investment process as directed by our Co-Heads of Research and our Director of ESG Research.

Breckinridge's Sustainability Committee serves as the steward of Breckinridge's corporate sustainability and is entrusted with responsibility for broadening firm-wide awareness and participation in sustainability initiatives, including any proposed climate-related policies. The Sustainability Committee is chaired by the Director of Sustainability. The Sustainability Committee recommends sustainability policies to the Executive Committee, departmental managers and the Board. After implementation, policies are monitored and reported on by the Sustainability Committee.

In late 2019, Breckinridge created a full-time Director of Corporate Sustainability role, who reports to the Chief Operating Officer (COO), and will lead a comprehensive effort to more-fully integrate sustainability into the firm's business operations. The role will officially begin in early 2020.

Compliance and Code of Conduct

As an investment advisor, Breckinridge is retained by clients to manage parts of their financial affairs and to represent their interests in many matters. We hold ourselves to the highest ethical and fairness standards when acting on our clients' behalf. We believe our reputation reflects the quality of our employees and their dedication to excellence in serving our clients.

Therefore, Breckinridge is committed to ensuring our employees are acting in compliance with applicable laws and are avoiding situations where impropriety actually or potentially exists. To meet these objectives, Breckinridge follows numerous policies and procedures that address the principles of ethical behavior.

All our policies are intended to guide employees to ethical decision-making and actions, including anti-corruption practices. As an example, the key policies that speak directly to this are our 1) Code of Ethics, 2) Gifts and Business Entertainment, 3) Outside Business Activities, and 4) Political and Charitable Contributions. Internal policies require employees to provide periodic reporting of these activities and conflicts of interests to the Compliance department for evaluation. In addition, employees can report suspected or actual breaches of policies to the firm's CCO.

Policy training and education begin on the first day an employee joins the firm. Each employee receives our compliance manual. New employees are required to meet with a compliance team member within the first few days of hire to discuss policies, expectations and requirements. Activities that can interfere with decision-making or other duties must be disclosed as part of onboarding.

All employees are required to complete compliance training no less than annually. This mandatory session covers all compliance policies. Ongoing education may be provided as in-person training for specific departments or as emails from compliance. Employees also acknowledge policy compliance each year.

In addition to employee training and certifications, the independent members of our Board of Directors certify that they have complied with the Board's conflict policy.

GRI 102-5

GRI 102-18

TCFD
Governance (A)

TCFD
Governance (B)

GRI Management Approach: 205

GRI 205-2

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HUMAN CAPITAL MANAGEMENT

Human capital management is a key and material consideration within the financial services sector and is a focus area in our materiality map. We strive to create a culture that inspires our staff to bring their best selves to work every day and enables them to execute their jobs with excellence. We encourage our employees to work beyond their job descriptions, assume additional responsibility and pursue new ideas.

A collaborative workplace, free exchange of ideas, commitment to innovation and a sustainable mindset unite our business. We are committed to cultivating an inclusive culture and a team with diverse perspectives, backgrounds and talents. To bolster our commitment to our employees, as one of the first initiatives driven by our materiality map upon its creation in 2017, the Sustainability Committee recommended appointment of a Director of Human Resources to focus on managing our workforce human capital. That role began in January 2019.

Employment and Benefits

Our employees are passionate and creative individuals who are driven to relentlessly innovate. They are collectively responsible for

our success and for continuing to push forward the caliber of our investment grade fixed income management.

We are committed to providing the best possible climate for maximum development and goal achievement for all employees. That is crucial to our continued success. Our practice is to treat each employee as an individual. We seek to develop a spirit of teamwork: individuals working together to attain a common goal.

Part of providing that environment is encouraging open communication, feedback, and discussion about any matter of importance to an employee. By listening to our employees, hearing their ideas, opinions or concerns and responding sincerely, the Company can improve, address complaints and foster employee understanding of the rationale for practices, processes and decisions.

In addition, policies related to Human Capital Management can be found in our Employee Guidelines Handbook, given to every new employee and available to all employees. The policies and practices contained in this document are designed to comply with all applicable local, state and federal laws and

EXAMPLES OF OUR EMPLOYEE BENEFITS



100% company-paid medical insurance



100% company-paid gym memberships



Tuition reimbursement



Paid parental leave (14 weeks)



Adoption assistance (up to \$20,000)



Free annual CPR/AED training



Fully paid long-term disability insurance



Adjustable standing desks



Weekly deliveries of fresh organic fruit

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regulations. Employment responsibilities reside with the Director of Human Resources. We also strive to provide competitive compensation and benefits to retain and attract top talent and ensure the health and well-being of one of our most important stakeholder groups, our employees.

Training and Development

One of the top-rated challenges facing global human capital in 2019, and into 2020, is learning and development. Organizations are redesigning jobs for improved efficiencies and reskilling has become a growth imperative, especially considering a tight labor market.³ Breckinridge aspires to have a nimble workforce by encouraging continued employee development.

In 2019 Breckinridge incorporated training and development in the following ways:

- Tuition Reimbursement Policy: Breckinridge has historically covered tuition costs for employees; in 2020 we are looking to formalize this practice. We have developed a written policy that will cover 100% of expenses related to development via Chartered

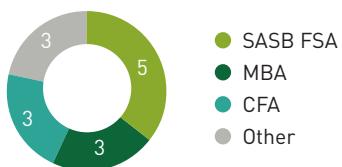
Financial Analyst (CFA®) and Master's of Business Administration (MBA) programs or other certification programs, with the objective of improving subject matter expertise and employee engagement. We expect this policy to formally launch in 2020.

- Manager Leadership & Training Workshops: A series of workshops began in 2019 for managers. The workshops will continue for managers throughout 2020, along with an expanded curriculum for individual contributors.
- Additional training was administered in the form of internal seminars and external conferences throughout the year.

The continued development of our employees is important to us. The creation of our Performance Feedback and Development (PFD) document in 2019 provided space for each employee to focus on his or her development needs and plans for 2020 with support and commitment from managers. The PFD will be used during regular one-on-one coaching meetings between managers and employees throughout 2020.

14
EMPLOYEES

TOOK ADVANTAGE OF 100% TUITION REIMBURSEMENT



18
MANAGERS

PARTICIPATED IN MANAGER & LEADERSHIP TRAINING

92%
OF STAFF

RECEIVED A PERFORMANCE ASSESSMENT

TRAINING & DEVELOPMENT TOPICS

Management Training

- Myers-Briggs Indicators
- Values
- Effective Feedback
- Coaching for Superior Performance
- Executive Presence

General Internal Training

- Seismic Software
- Presentation Skills
- ESG Engagement Takeaways
- WebEx Conference Calls
- Cybersecurity

³ Deloitte, Leading the social enterprise: Reinvent with a human focus, 2019 Deloitte Global Human Capital Trends, 2019.

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Diversity, Equity and Inclusion

In recent years, our diversity, equity and inclusion (DEI) initiatives primarily focused on providing education and training opportunities for our employees by partnering with organizations throughout the Greater Boston area. Breckinridge partners with the *Gloria Cordes Larson Center for Women in Business* (CWB) at Bentley University, and recently began our support of *Girls Who Invest*, an organization aimed at increasing the number of women in asset management and finance roles.

DEI is a specific area of focus for our Director of Human Resources. During 2019, he sought feedback from a sample subset of our staff, representing a variety of genders, races and sexual orientations. In 2020, Breckinridge will focus on the development of a DEI strategy that broadens our focus to key areas of culture, career, community and commerce. Our goal is to embed DEI into all we do—including but not limited to recruitment, advancement and retention—while aligning with our business goals and objectives.

IN 2019, DEI OPPORTUNITIES INCLUDED:

Event Attendance

Federal Reserve Bank
of Boston: Men As Allies

Center for Women in Business:
Gearing Up Conference

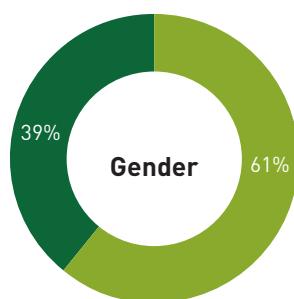
The Massachusetts
Conference for Women

Event Sponsorship

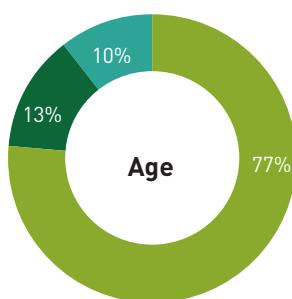
2020 Women on Boards:
2019 National Conversation
on Board Diversity

DIVERSITY BREAKDOWN OF BRECKINRIDGE EMPLOYEES

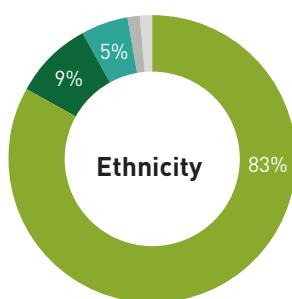
Below is a breakdown of Breckinridge employees by gender, age and ethnicity. Ethnicity was collected by an anonymous self-identifying survey administered by our Director of Human Resources.



● Male ● Female



● 30-50 ● Under 30 ● Over 50



● White ● Asian ● Hispanic / Latino
● Black / African American <2%
● Native Hawaiian / Pacific Islander <2%

CLIENT EXPERIENCE

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Recognizing that our clients are at the center of all that we do, client experience is an especially material priority and strategic focus. From our Board level down, Breckinridge promotes a responsive culture that continuously seeks to elevate the client experience across the firm.

Reporting and communications have always been a core standard. Our overriding objective is to provide timely, succinct and cogent information on our strategies, market outlook and portfolio positioning. In 2019, while we highlighted areas for improvement across all facets of client experience, our primary focus was on improving client communications. Throughout the year, we worked on communications training for our consultant relations and client service teams, enhanced our accessibility and responsiveness to clients and reinforced our approach to relationship management. Additionally, the marketing team led an initiative to update our marketing materials by collaborating with consultant

relations and the investment team to ensure the presentations we share with our clients are insightful, digestible and educational.

We are highly invested in our clients' success, and innovation allows us to better serve our clients at every step of the way. Although our consultant relations and client service teams are the face of Breckinridge, we believe that client experience touches every group at the firm. To that end, in 2020, we are building a client experience materiality map. It will identify how each group at Breckinridge impacts client experience.

Since our founding, we have always pushed ourselves to continuously advance the caliber of client service and communications. To enhance our end-to-end client experience, we will work to implement measurable standards within each of our business groups, leveraging the materiality map. We look forward to reporting on those client experience enhancements going forward.

GRI Management Approach: 405

GRI 405-1

SASB Employee Diversity and Inclusion

ENHANCING CLIENT EXPERIENCE

As an example of our focus on client experience, we conducted presentation training for every client facing member of the consultant relations team, all members of the Executive Committee and the Investment Committee, in addition to 14 investment team members who volunteered to participate. The objective of this training was to ensure consistency of messaging while providing feedback and education on how we can elevate the in-person client experience.

Consultant Relations
Investment Team

Investment Committee
Executive Committee

38 TOTAL PARTICIPANTS

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RISK MANAGEMENT

Breckinridge recognizes that risks and conflicts are inherent within an organization and can surface unexpectedly. We take a proactive approach to identify and assess areas that can introduce risks and conflicts into the firm. Developing controls to mitigate and/or eliminate those risks is a collaborative effort that spans across multiple departments. We are committed to continual investment in systems technology to enhance our business processes and risk management controls.

Operational risk management originates from our Risk Committee, a cross-functional group of senior employees who are tasked with identifying and assessing risks and conflicts across the firm. The process allows us to identify the risks present in our firm, assess whether existing controls are adequate and make modifications to those controls, as needed. Periodic testing and verification of policies and controls help to ensure they are adequate. The Risk Committee is chaired by our CCO and meets quarterly. Other members of the committee include our COO, Chief Technology Officer (CTO) and senior members from portfolio management, research and consultant relations.

Disaster Recovery

Our Business Continuity and Disaster Recovery Plan (BCP) seeks to provide uninterrupted service to our clients and to minimize downtime in the event of a system or vendor failure. Our Business Continuity Committee oversees the administration and implementation of the plan. Breckinridge has two secure off-site data centers that offer data and application redundancy. Records are mirrored in the two locations and backed up daily via a third-party service provider. Should a disruption cause data loss, Breckinridge would retrieve data from the third-party and restore it to its servers. Our two office locations are geographically

diverse, and either can be used to continue service to clients should one office experience a significant business interruption. Additionally, all employees have the ability to work remotely until office space is available. Once our Business Continuity Committee determines how and when to notify clients and vendors, the Committee enlists employees from different departments to alert clients and vendors of the disruption and provide updates as appropriate. The plan is reviewed and tested no less than annually.

Financial Implications of Climate Change

Breckinridge views climate change, and its financial implications, to be material issues for our business in short and long-term planning. The risks are related to both our operations and the investments we make on behalf of our clients. In 2020 our Sustainability Committee plans to recommend a climate action plan which will outline an approach for identifying and measuring climate impacts on the firm and a proposal for managing risks.

Our operations are exposed to physical climate risk, such as those posed from our Boston office location on the waterfront. Breckinridge instituted initiatives to manage climate risks in our operations, including the BCP mentioned above. Climate risks are also impacting our investments. As examples, some municipal and corporate bond issuers are being affected by physical risks, such as a coastal community dealing with sea level rise, or transition risk, such as a coal company suffering from a loss of revenue due to a market shift to renewable sources of energy. Poor management of climate risks may lead to issuer downgrades by credit rating agencies, financial distress and a devaluation of our investments.

From an investment research perspective, climate risks and opportunities are considered in our ESG analysis. The research team monitors

DISCLOSURES

climate risks and opportunities to ensure they are being appropriately assessed with adjustments made when necessary.

Costs associated with evaluating and managing climate risk and opportunities include our data warehouses and information security contracts for our operations and the cost of climate data and other subscriptions for our ESG research efforts.

Customer Privacy

Breckinridge respects the privacy of our client relationships and is committed to maintaining the highest standards of confidentiality and data security for all our existing and prospective clients and employees. The regulations and laws that inform our privacy and information security policies can be vast and complex because there are multiple regulatory agencies imposing obligations on the firm.

With respect to nonpublic personal information, Breckinridge strives to ensure its security and confidentiality; protect against anticipated threats and hazards to its security and integrity; and protect against its unauthorized access or improper use. An Information Security Committee (ISC), chaired by our CTO, has been appointed to oversee the privacy and information security programs. The ISC meets regularly and is responsible for periodic review and administration of the policies, reviewing and responding to incidents, and training and educating employees. In 2019, Breckinridge did not identify any substantiated complaints or incidents concerning breaches of customer privacy.

Marketing and Labeling

All Breckinridge communications, including marketing materials, are subject to the antifraud provisions of the Investment Advisers Act of 1940. In addition, Breckinridge expects its

employees to act with the highest integrity and professionalism when interacting with the public, whether through social media or in-person meetings. Breckinridge policies help employees navigate the requirements under federal securities laws and protect Breckinridge's name, reputation and credibility.

Our policies on social media, public engagements, electronic communications, and advertising and marketing require employees to seek approval of most public communications, especially marketing materials. Marketing materials generally undergo a multi-departmental review prior to use. The internal reviews end with a final review by our compliance team to ensure appropriate disclosures are in place and that the content is fair, balanced and true. Breckinridge policy forbids the use of marketing materials and social media content that has not been approved by our compliance team.

Just like other compliance policies, communications compliance policies are provided to employees upon hire. All compliance policies are placed in an easily accessible location for employees to reference at any time. Firm-wide training on policies takes place annually and employees are required to acknowledge their compliance and understanding at hire and annually thereafter.

The adequacy and effectiveness of these policies are reviewed annually. Internal audits are conducted by the compliance team to ensure that the policies are being followed. In addition, we engage third-party consultants to independently verify the policies and controls we have implemented. For the year ended December 31, 2019, we have not identified incidents of non-compliance concerning product and service information and labeling or non-compliance concerning marketing communications.

GRI 102-11

TCFD Risk Management A

TCFD Risk Management B

TCFD Risk Management C

TCFD Strategy B

TCFD Strategy C

TCFD Metrics & Targets C

TCFD Strategy A

TCFD Metrics & Targets A

GRI Management Approach: 201

GRI 201-2

GRI Management Approach: 418

GRI 418-1

GRI Management Approach: 417

GRI 417-2

GRI 417-3

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ESG INTEGRATION IN FIXED INCOME

Driven by our investment research team, Breckinridge integrates material ESG issues to identify and assess long-term and idiosyncratic risks, which we feel the market may misprice. Our belief is that thoughtful and forward-looking assessment of risk would be incomplete without the inclusion of material ESG factors. We also believe ESG factors can provide useful insights into the character and caliber of management.

CIO Innovation Awards – ESG Manager

In 2019, Breckinridge won the 2019 ESG Manager of the Year Award at the Chief Investment Officer Industry Innovation dinner in New York City.⁴ The award recognizes Breckinridge for demonstrating “the most outstanding approach on ESG and climate integration into its investment strategy.” We are honored by the award and believe it validates the work we began in 2010, when we first started systematically integrating ESG factors into our research approach. Our innovations continued in 2019, and, of course, will not stop with this award. In the following sections, we highlight progress made in 2019.

New Securitized Framework

In 2019, we introduced an evaluation of climate-related risks to our analysis of mortgage-backed securities (MBS). Breckinridge invests primarily in agency MBS. Unlike other municipal and corporate bonds, agency MBS have low credit risk thanks to explicit or implicit guarantees from government-sponsored entities (GSEs) such as the Government National Mortgage Association (Ginnie Mae), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac). Prepayment risk is a key risk for agency MBS because it can affect the timing of cash flows from the underlying pool of mortgages.

To better understand prepayment risk in agency MBS, Breckinridge launched a new proprietary framework to analyze the buyout policies of GSEs as they relate to natural disasters. In its analysis, Breckinridge assesses and assigns a climate risk score by the geographic composition of the underlying mortgages to generate an overall climate risk score at the security level.

Breckinridge CIO, Laura Lake, accepts the 2019 ESG Manager of the Year Award at the CIO Industry Innovation Dinner in New York City.



⁴ The Industry Innovation Awards are sponsored and administered by Chief Investment Officer magazine. A nominations request is published by the magazine each year through a general announcement published on its website. Nominations are accepted through a digital survey or by completing and emailing a form. This category was judged by the Climate Research Team at ISS, parent company of CIO. Awards are announced at the magazine's annual gala, which Breckinridge attended. Breckinridge also sponsored a table at the awards dinner. Sponsorship was not a requirement to be an award recipient.

DISCLOSURES

The climate risk score is used to adjust the conditional prepayment rate for each MBS security that Breckinridge evaluates. Based on its adjusted prepayment data across all MBS that it purchases, Breckinridge believes it can incorporate climate-related factors into its prepayment risk assessment in a more comprehensive and systematic manner than traditional fundamental analysis.

Municipal ESG Updates

During 2019, we updated two of our nine municipal ESG frameworks—community colleges and nonprofit hospitals. We select frameworks for enhancements based on a few key variables that include the date of the last update, lessons learned from engagement discussions, and availability of new material data that would improve a framework's effectiveness in our security research process to assess ESG risks for specific municipal sectors.

The community college framework was redesigned to help us better understand how well community colleges are fostering positive

student outcomes while adapting to the changing landscape of the higher education sector. To this end, we are incorporating student success and mobility rates, as well as the breadth of social support programs including child-care services, flexible scheduling, online programs and advisor support. We believe community colleges that excel in these areas are likely to have better success attracting and retaining students.

The framework to analyze ESG risks for nonprofit hospitals was updated with enhancements to both quantitative and qualitative metrics. These updates include the application of more comprehensive data on the health of the underlying patient population served by a hospital system. We are also placing greater emphasis on the extent to which a hospital system is adopting a pay-for-value, or population health management approach. We speculate that hospitals that more quickly embrace the change in payment model and are better able to control costs across the continuum of care will be better positioned for the future.

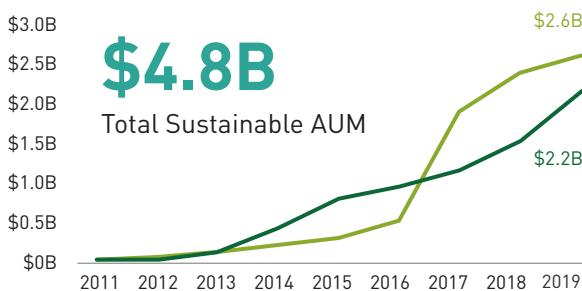
TCFD Risk Management B

TCFD Risk Management C

SASB ESG Incorporation of Environmental, Social and Governance Factors in Asset Management

SUSTAINABLE STRATEGIES

Assets Under Management



Number of Accounts



— Government Credit and Fixed Income Sustainable Strategies

— Tax-Efficient Sustainable Strategies

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We expect to update our frameworks for evaluating ESG risks for cities and counties as well as school districts in 2020.

Corporate Comparable Sheets

To enhance our corporate ESG research, we developed fifteen sector-specific comparable sheets that reflect each analyst's view of material ESG issues for each sector. They are supplemental to our existing ESG research process, comparing company performance on material ESG metrics to sector peers. Comparable sheets incorporate metrics disclosed by companies, data from third-party sources including the federal government, non-governmental organizations and ESG research providers.

Issuer Engagement

We believe engagement provides us with an opportunity to gain a deeper understanding of ESG matters pertaining to an industry, sector

or an issuer. Our approach to engagement is to have direct conversations with issuer management teams as well as industry experts in academia and at non-profit organizations. In this way, we look to:

1. Gain a better understanding of an issuer, industry or sector's ESG profiles, material issues, opportunities and risks.
2. Provide an idea generation platform for our analysts.
3. Encourage the transparent reporting of material ESG issues, as we believe improved disclosure enhances our ESG analysis to the benefit of our clients.

We intend to continue our theme-based engagements in 2020. More information about our engagement efforts will be provided in our forthcoming engagement report scheduled to be published later in 2020.

ENGAGEMENT DISCUSSIONS

In 2019, we focused a portion of our engagements on ESG themes. The themes, as well as the number of engagements, were as follows:

61 TOTAL CORPORATE ENGAGEMENT DISCUSSIONS

Chemicals/Mining: Waste Management & Community

Global Financials: Governance/Anti-Money Laundering

Oil & Gas: Carbon Transition Risk

Retailers/Restaurants: Labor Management

35 TOTAL MUNICIPAL ENGAGEMENT DISCUSSIONS

Cities & Counties: Natural Hazard Mitigation

Electric Utilities: Rate Design

Healthcare: Social Determinants of Health

Higher Education: Access & Affordability

Transportation (Airports): Infrastructure Resiliency

CORPORATE CITIZENSHIP

In line with our mission and values, sustainability and corporate citizenship are tightly woven within the fabric of our organization. Giving back to our communities is part of who we are. By giving back, we aim to accelerate change and help create a more sustainable future for all. We also believe that charitable giving and volunteerism helps keep our employees engaged and connected to a greater purpose.

Charitable giving, volunteerism and sustainability-aligned sponsorship form the foundation of our community outreach efforts. As a firm we are committed to donating one percent of our gross receipts annually, matching individual employee giving up to \$1,500, and offering employees two company-sponsored volunteer days and one personal volunteer day. As of December 31, 2019, we have cumulatively contributed over \$3.2 million (since 2003) and over 3,972 volunteer hours (since 2012).

Ambassador Program

Now in our third year, our Ambassador

Program continues to drive our volunteerism and corporate philanthropy. It was developed to ensure meaningful giving and volunteerism with a select group of organizations addressing key issues we feel are facing our communities. Each of the five causes or organizations we support are assigned up to three employee ambassadors to build and maintain the relationships. We believe our targeted focus allows us the ability to tailor the programs to the specific needs of their organizations and have a greater impact over time. Our ambassadors also have a directive to be fluent, and help the firm become fluent, in the missions of their organizations. More information on our Ambassador Program can be found on the following page.

Sustainability-Aligned Sponsorship

Additional giving was focused on sustainability-aligned sponsorships. In 2019, we supported organizations like SASB, Ceres, Social Progress Imperative and CDP (formerly Carbon Disclosure Project) among others.

DISCLOSURES

TCFD Risk Management B

TCFD Risk Management C

SASB ESG Incorporation of Environmental, Social and Governance Factors in Asset Management

GRI Management Approach: 413

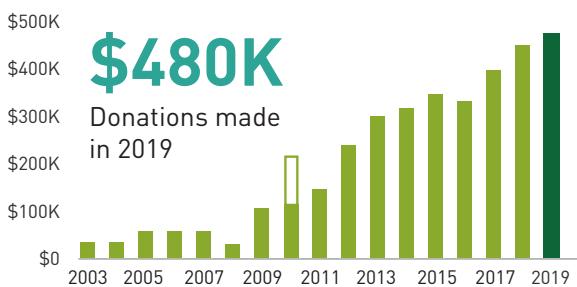
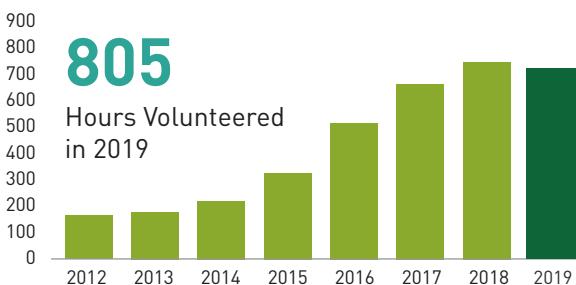
GRI 413-1

VOLUNTEERISM AND CHARITABLE GIVING

Corporate Volunteerism History



Corporate Philanthropy History



Began tracking volunteer hours in 2012. Began tracking philanthropy in 2003. The outlined bar for 2010 corporate philanthropy denotes \$100K special donation made for Haiti earthquake relief.

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AMBASSADOR PROGRAM



THE TRUSTEES OF RESERVATIONS

Ambassadors

Katie Sacharuk, Jeremy Jenkins and Mitch Syp

Greatest Impacts

- Donated to The Trustees' coastal research efforts and their Mary Cummings Park improvement project.
- Our volunteer work with The Trustees at Crane Beach in Ipswich, MA helped their ecology team prepare for the 2020 Piping Plover shorebird season, by dismantling fencing and untangling and respooling almost three miles of rope.



PINE STREET INN

Ambassadors

Eric Haase, Daniel Hoye, Erin McCall

Greatest Impacts

- Donated to the Boston's Way Home Fund (implemented by the Mayor of Boston), and helped Pine Street reach their \$10 million goal two years earlier than expected.
- Established the Veteran's Fund for essential items and program needs for the tenants of the Veteran's Home in Dorchester, MA.



HOME FOR LITTLE WANDERERS: SOMERVILLE VILLAGE

Ambassadors

Cara Early, Ben Pease and Ariana Polk

Greatest Impacts

- Engaged with 16 residents throughout the year, including two residents that volunteered with us at various events. Awarded \$1,500 in scholarships and volunteered over 165 hours.
- Hosted monthly educational events and provided residents individual support in overcoming challenges. Our employees helped one resident with her application and financial aid forms and she was subsequently accepted into her top choice four-year college.



FRONTIER NURSING UNIVERSITY

Ambassadors

Ashley Stanojev and Sarah Turpin

Greatest Impacts

- Continued our support of Frontier's Courier Program, a community health-based summer internship program for college students.
- Increased our contribution to Breckinridge's scholarship endowment, which assists FNU students pay for tuition on a need basis.



COMMUNITY INITIATIVES

Ambassadors

Sabrina Marasco, James Spidle and Kelly Wight

Greatest Impacts

- Hosted a Financial Literacy Day in our office for the students of The REAL Program, partnering with nonprofit Early Investors to teach them lessons to avoiding marketing and sales gimmicks.
- Initiated support for the Downtown Lynn Cultural District and a new initiative, Lynn Main Streets, to deepen our relationship with the city of Lynn, MA.

OPERATIONS AND SUPPLY CHAIN

DISCLOSURES

As an investment manager who analyzes the risks of climate change in our bond portfolios, we recognize the immediate and long-term implications of climate change and are conscious of our impact. In September of 2018, we signed on as a signatory to the TCFD to support recommendations and frameworks to help companies develop more-effective climate-related financial disclosures through existing reporting processes. Like our initiative to report to the GRI Standards: Core Option, we are including our inaugural attempt at disclosing to the TCFD this year, hoping to lead by example (see TCFD Index on page 33).

Reducing Our Environmental Footprint

Operationally, to date, we feel that our largest contributor to climate change is our travel to client offices and our daily commuting. With that, we encourage public transit for our Boston employees with a pre-tax commuter benefit (our San Diego employees have less access to transit

options). We have also outfitted our offices with hardware to conduct virtual meetings and have begun reducing the number of trips our investment professionals take.

Since we realize that commuting is necessary and virtual meetings can't always replace the value of in-person meetings, over the past several years we have attempted to reduce our impact by purchasing offsets. Annually we conduct an employee survey and engage a third-party vendor to evaluate the survey responses alongside our office electric bills. Based on that evaluation, we purchase offsets for 100% of electricity use and 100% of our footprint from travel and commuting.

Looking ahead, we hope to develop a more formalized climate strategy including initiatives such as analyzing sustainability in our vendor selection and management, assessing the environmental impact of our internal operations and reducing our waste.

GRI Management Approach: 302

GRI 302-4

TCFD Strategy A

TCFD Metrics & Targets A

TCFD Metrics & Targets B

ENVIRONMENTAL COMMITMENTS

In 2019, we continued to minimize our footprint through the following efforts:

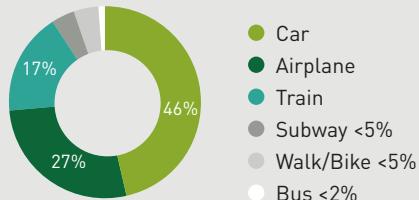
- Operating out of LEED-certified buildings
- Offsetting 100% of electricity use
- Offsetting 100% of employee travel
- Providing public transportation benefits
- Recycling and donating electronics
- Encouraging virtual meetings

ELECTRIC AND CARBON OFFSETS

TOTAL CARBON OFFSETS PURCHASED

291 MTCO₂e

Percentage of Miles Traveled by Type



2019 ENERGY USAGE FOR BOTH OFFICES

235,557
KILOWATT HOURS

TOTAL ELECTRICITY OFFSETS PURCHASED

256
MEGAWATT HOURS

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COLLABORATION & THOUGHT LEADERSHIP



IN THIS SECTION

pg. 24: Initiatives & Memberships

pg. 25: Thought Leadership

INITIATIVES AND MEMBERSHIPS

DISCLOSURES

We support organizations that are advocating for system-level improvements; doing so underscores our commitment to advancing ESG research and related efforts, and further embeds sustainability into our corporate culture. By supporting and partnering with industry-leading organizations, we aim to create long-term value for our clients and the investor community.

GRI 102-12

GRI 102-13

TCFD Risk Management B

Organization or Initiative	Involvement
CDP Signatory	Signatory since 2013
Task Force on Climate-Related Financial Disclosures (TCFD) Signatory	Signatory since 2018
We Are Still In Declaration Signatory	Signatory since 2017
Green Bond Principles Signatory	Signatory since 2015
Certified B Corp and Massachusetts Benefit Corporation	Certified as a B Corp and registered as a Benefit Corporation in 2013
Ceres Climate Action 100+	Signatory since 2017
Ceres Investment Statement for a Low Carbon Economy Signatory	Signatory since 2018
Social Progress Imperative	Multi-year commitment of support
Principles for Responsible Investment (PRI) Signatory	Signatory since 2012
Chief Executives for Corporate Purpose® (CECP) Strategic Investor Initiative (SII)	Involved since 2016; our Director of ESG Research serves as a member of the advisory board
Ceres Investor Network on Climate Risk (INCR)	Involved since 2012
Association for the Advancement of Sustainability in Higher Education (AASHE)	Member since 2012
Sustainability Accounting Standards Board (SASB) Alliance	Involved since 2017
SASB Investor Advisory Group	Member since 2016; our President is a founding member and our Director of ESG Research is a member
Interfaith Center on Corporate Responsibility	Involved since 2014

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THOUGHT LEADERSHIP

In addition to the initiatives and memberships on the previous page, we contributed to a number of industry reports and spoke at several events. Many of our employees were also mentioned and quoted in various ESG-related articles in *The Wall Street Journal*, Bloomberg, *The New York Times*, *The Bond Buyer* and more.

Collaborations

- *Q&A with Wharton Risk Management and Decision Processes Center*: Members of our research team discussed the increasing attention on climate change in recent years, the risks to the municipal bond market and how municipalities are working to address these risks.
- *Lessons from Breckinridge Capital Advisors*: Our analysts worked with Ceres to explore methods for integrating water risk into corporate and municipal bond analysis in a case study.
- *Thematic Bonds: The Issuer and Investor Perspective*: We engaged with the Principles for Responsible Investment for a fixed income case study.

Speaking Engagements

- **Responsible Business Summit (March 2019)**: Our Director of ESG Research, Rob Fernandez, participated in a panel discussion on ESG data and measurement.
- **Renewable Energy Roundtable (April 2019)**: Our President, Peter Coffin, joined the Clean Portfolio Project, Croatan Institute and other asset managers for a roundtable discussion about financing renewable energy across asset classes.
- **Intellisight Conference (August 2019)**: James Spidle, SVP and member of our consultant relations team, joined other experts for a panel discussion on ESG integration and impact investing.
- **GlobalCapital's Sustainable and Responsible Capital Markets Forum (September 2019)**: Tim Coffin, SVP and Director of Sustainability, joined other panelists in Amsterdam to discuss the definition of impact and what it means for investors.

CLOSING REMARKS: OUR PATH FORWARD

DISCLOSURES

TCFD Metrics &
Targets A

As we assembled this report for 2019, we took pride in the actions we completed and the progress we made to advance the sustainability of our operations at Breckinridge. We also acknowledge we have much work ahead of us, and as always, we welcome and encourage your suggestions to help us improve our efforts.

Our goal is to continually refine our measures in every focus area of our materiality map. We look forward to documenting our progress during the year ahead and reporting to our stakeholders.

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GRI CONTENT INDEX

We prepared this report in accordance with the Global Reporting Initiative (GRI) Standards: Core option, addressing disclosures that are relevant to our business. The following index provides readers with answers or reference locations where they can find disclosure information within this report. Please visit the [GRI website](#) for information on the GRI reporting framework.

Disclosure	Description	Report Location / Direct Answer
GRI 102: General Disclosures		
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	See Introduction, Breckinridge at a Glance, pg 1.
102-2	Activities, brands, products, and services	See Introduction, Breckinridge at a Glance, pg 1.
102-3	Location of headquarters	125 High Street, Suite 431, Boston, MA 02110
102-4	Location of operations	125 High Street, Suite 431, Boston, MA 02110 and 4655 Executive Drive, Suite 820, San Diego, CA 92121
102-5	Ownership and legal form	See Business Ethics, Governance and Ownership Structure, pg 9.
102-6	Markets served	Partnering with a national network of investment advisors and institutional consultants, Breckinridge manages investment grade fixed income portfolios for a wide variety of clients. Our clients include both intermediary and institutional fixed income investors such as endowment & foundations, trusts, high-net-worth individuals, partnerships, religious organizations and institutional trusts, among others. Currently, Breckinridge has a nationally diverse (United States) client base with some concentration in large metropolitan areas across the country. As a general practice Breckinridge only accepts client accounts from investors domiciled in the United States.
102-7	Scale of the organization	See Introduction, Breckinridge at a Glance, pg 1.
102-8	Information on employees and other workers	All staff at Breckinridge are permanent, full-time employees. See Human Capital Management, pg 11.
102-9	Supply chain	In 2019 Breckinridge engaged 150 suppliers based in various locations across the United States, mostly in the technology and professional services sectors. When possible, Breckinridge purchases physical goods from B Corporations or other responsible companies.
102-10	Significant changes to the organization and its supply chain	No significant changes.
102-11	Precautionary Principle or approach	See Risk Management, pg 15.
102-12	External initiatives	See Initiatives and Memberships, pg 24.
102-13	Membership of associations	See Initiatives and Memberships, pg 24.

Disclosure	Description	Report Location / Direct Answer
STRATEGY		
102-14	Statement from senior decision-maker	See Introduction, A Letter from our President, pg 2.
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	See Business Ethics, pg 8.
GOVERNANCE		
102-18	Governance structure	See Business Ethics, Governance and Ownership Structure, pg 9.
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	See Our B Corp & Benefit Corporation Designations, pg 3.
102-41	Collective bargaining agreements	0% of Breckinridge employees are covered by collective bargaining agreements as labor unions are not prevalent in the asset management industry.
102-42	Identifying and selecting stakeholders	We engage with stakeholders who affect or are affected by our business, including our investments and our operations.
102-43	Approach to stakeholder engagement	See Our B Corp & Benefit Corporation Designations, pg 3.
102-44	Key topics and concerns raised	See Our Materiality Map, pg 6.
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	As a privately-owned company with no subsidiaries, we do not file a consolidated financial statement.
102-46	Defining report content and topic Boundaries	See Introduction, Approach to This Report, pg 1.
102-47	List of material topics	See Our Materiality Map, pg 6.
102-48	Restatements of information	Breckinridge did not restate any information from prior reporting.
102-49	Changes in reporting	There are no significant changes in reporting from the previous report, as this is our first time reporting to GRI.
102-50	Reporting period	Unless otherwise stated, this report covers information during the 2019 calendar year.
102-51	Date of most recent report	March 2020
102-52	Reporting cycle	Unless otherwise stated, annually.
102-53	Contact point for questions regarding the report	Please contact Tim Coffin, Director of Sustainability, at tcoffin@breckinridge.com for any inquiries regarding the information in this report.
102-54	Claims of reporting in accordance with the GRI Standards	See Introduction, Approach to This Report, pg 1.
102-55	GRI content index	See GRI Content Index, pg 27.
102-56	External assurance	Breckinridge did not engage a third-party for external assurance.

Disclosure	Description	Report Location / Direct Answer
GRI 200: Economic		
201	Economic Performance Management Approach	See Risk Management, Financial Implications of Climate Change, pg 15.
201-2	Financial implications and other risks and opportunities due to climate change	See Risk Management, Financial Implications of Climate Change, pg 15.
201	Anti-Corruption Management Approach	See Business Ethics, Compliance and Code of Conduct, pg 10.
205-2	Communication and training about anti-corruption policies and procedures	See Business Ethics, Compliance and Code of Conduct, pg 10.
GRI 300: Environmental		
302	Energy Management Approach	See Operations and Supply Chain, pg 22.
302-4	Reduction of energy consumption	See Operations and Supply Chain, Reducing Our Environmental Footprint, pg 22.
GRI 400: Social		
401	Employment Management Approach	See Human Capital Management, pg 11.
401-1	New employee hires and employee turnover	In 2019 we hired seven employees and had five employees leave the firm. Of those hired, five were male and two were female. One was under 30 years old, four were 30-50 years old and two were over 50 years old. Of those who left, two were male and three were female. One was under 30 years old and four were 30-50 years old.
401-3	Parental leave	One hundred percent of our 77 employees (47 males, 30 females) were entitled to parental leave in 2019. During the year, three employees (two males, one female) took parental leave and all returned to work in the reporting period after their leave. Of the two employees whose one-year return-to-work date fell within the reporting period, both were still employed after 12 months. Return to work and retention rates are 100%.
404	Training and Education Management Approach	See Human Capital Management, Training and Development, pg 12.
404-2	Programs for upgrading employee skills and transition assistance programs	We do not offer transition assistance for employees who are terminated or who retire. For employees in these circumstances, we offer severance packages and a 401K matching program. We do not have a formal severance policy, but in situations of employment termination, we provide the affected employee with respect and a runway to their next opportunity which includes financial, career counseling and continued support.
404-3	Percentage of employees receiving regular performance and career development reviews	See Human Capital Management, Training and Development, pg 12.
405	Diversity and Equal Opportunity Management Approach	See Human Capital Management, Diversity, Equity and Inclusion, pg 12.

Disclosure	Description	Report Location / Direct Answer
405-1	Diversity of governance bodies and employees	See Human Capital Management, Diversity, Equity and Inclusion for employee breakdowns. Our Board of Directors consists of seven members, five of which are independent. Of the seven, 71% are male and 29% are female, and all are over the age of 50. Our Executive Committee is made up of five members, 80% male and 20% female. Of those members, 60% are 30-50 years old and 40% are over 50.
413	Local Communities Management Approach	See Corporate Stewardship, pg 20.
413-1	Operations with local community engagement, impact assessments, and development programs	See Corporate Stewardship, pg 20.
417	Marketing and Labeling	See Risk Management, Marketing and Labeling, pg 16.
417-2	Incidents of non-compliance concerning product and service information and labeling	See Risk Management, Marketing and Labeling, pg 16.
417-3	Incidents of non-compliance concerning marketing communications	See Risk Management, Marketing and Labeling, pg 16.
418	Customer Privacy	See Risk Management, Customer Privacy, pg 16.
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	See Risk Management, Customer Privacy, pg 16.

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SASB INDEX

Breckinridge has been a long-standing supporter of the Sustainability Accounting Standards Board (SASB) and its mission of standardized corporate sustainability reporting. We are members of SASB's Alliance as well as its Investor Advisory Group. To advance our commitment, we adopted their recommended reporting standards for the Asset Management & Custody Activities Industry for the first time in 2018. The following index provides readers with our 2019 answers or reference locations where they can find disclosure information within this report. Please visit the [SASB website](#) for information on the SASB standards.

Topic	Metric	Report Location / Direct Answer
Transparent Information and Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	(1) Zero (2) 0%
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Zero
	Description of approach to informing customers about products and services	General information is available on our website . More specific information is available via the U.S. Securities and Exchange Commission (SEC) website . Detailed information is provided to clients initially and updates are provided as a part of ongoing relationship management.
Employee Diversity and Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) nonexecutive management, (3) professionals and (4) all other employees	Breckinridge tracks employee gender, but administered an anonymous self-identifying survey for ethnicity, so we only have broad employee numbers. See Page 13. Below, we provide a gender breakdown as of 12/31/19. <ul style="list-style-type: none">• Executive management: 80% male, 20% female• Nonexecutive management (SVP, Directors and above): 78% male, 22% female• Investment professionals: 68% male, 32% female• All employees: 61% male, 39% female
Incorporation of Environmental, Social and Governance Factors in Asset Management	Amount of assets under management, by asset class, that employ (1) integration of environmental, social and governance (ESG) issues, (2) sustainability-themed investing and (3) screening	See page 18 of this report.
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	General information is available on our website . Detailed information is provided to clients initially and updates are provided as a part of ongoing relationship management.
	Description of proxy voting and investee engagement policies and procedures	It is our policy to vote proxies in the best interest of clients. When a proxy is received, we will engage our investment team to review the proposals and decide on a vote. (Continued on page 32)

Topic	Metric	Report Location / Direct Answer
		(Continued from page 31) Should a material conflict of interest be identified, we may engage a third-party consultant to recommend votes on the ballot. The recommended votes are binding. Proxy voting is handled internally by our compliance department. Since proxy voting in fixed income is a rare occurrence, we have implemented an engagement policy effort that focuses on direct, strategic conversations with issuer management teams. See page 19 for more information.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Zero
	Description of whistleblower policies and procedures	As part of Breckinridge's Code of Ethics and overall compliance program, employees are encouraged to report any actual or suspected violations of applicable laws or policies, as well as any fraud or illegal activity involving our business, to the firm's CCO. All reports are treated confidentially to the extent permitted by law and investigated promptly. Breckinridge will use best efforts in keeping the employee's identification confidential and will only disclose the identity when necessary. While we encourage employees to report violations to the firm, they also have an option to report violations to the applicable regulatory agencies, such as the Securities and Exchange Commission's Office of the Whistleblower.
Systemic Risk Management	Percentage of open-end fund assets under management by category of liquidity classification	Zero
	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	Breckinridge is an investment grade fixed income manager and invests in historically liquid sectors. Our Investment Committee closely monitors and assesses bond market liquidity. On a broad scale, our investment team regularly converses on issuer-specific liquidity for credits held, as well as for new bond issues coming to market. We closely manage liquidity risks in all portfolios and limit issuer exposure to ensure diversification. If a broad market liquidity event occurs, our Investment Committee may adjust sector weightings or limit trading activity.
	Total exposure to securities financing transactions	Zero
	Net exposure to written credit derivatives	Zero

INTRODUCTION

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SASB

TCFD

TCFD CONTENT INDEX

We prepared this index in accordance with the framework of the Task Force on Climate-Related Financial Disclosures. The following index provides readers with our answers or reference locations where they can find disclosure information within this report. Please visit the [TCFD website](#) for information on the TCFD reporting framework.

Disclosure Focus Area	Recommended Disclosure	Report Location / Direct Answer
Governance		
Disclose the organization's governance around climate-related risks and opportunities.	<p>a) Describe the board's oversight of climate-related risks and opportunities.</p> <p>b) Describe management's role in assessing and managing risks and opportunities.</p>	<p>See Business Ethics, Governance and Ownership, pg 9. Note that the Board does not currently have a formal policy for direct oversight of climate-related risks and opportunities. They do discuss ESG integration in our investments, which includes climate metrics. Our Sustainability Committee plans to work with our Benefit Director to integrate climate-related conversations at the Board level as part of a broad climate strategy in 2020.</p> <p>See Business Ethics, Governance and Ownership, pg 9.</p>
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> <p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Investments: See Risk Management, including Financial Implications of Climate Change, pg 15. Corporate: See Operations and Supply Chain, including Reducing Our Environmental Footprint, pg 22.</p> <p>Investments: See Risk Management, including Financial Implications of Climate Change, pg 15. Corporate: See Risk Management, including Disaster Recovery and Financial Implications of Climate Change, pg 15.</p> <p>Investments: See Risk Management, including Financial Implications of Climate Change, pg 15. Corporate: See Risk Management, including Disaster Recovery, pg 15.</p>
Risk Management		
Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	<p>Investments: See Risk Management, including Financial Implications of Climate Change, pg 15.</p> <p>Corporate: See Risk Management, pg 15.</p>

Disclosure Focus Area	Recommended Disclosure	Report Location / Direct Answer
	b) Describe the organization's processes for managing climate-related risks.	<p>Investments: See Risk Management, including Financial Implications of Climate Change, pg 15. See ESG Integration in Fixed Income, including New Securitized Framework and Issuer Engagement, pg 17. See Initiatives and Memberships, 24.</p> <p>Corporate: See Risk Management, including Disaster Recovery, pg 15.</p>
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<p>Investments: See Risk Management, including Financial Implications of Climate Change, pg 15. See ESG Integration in Fixed Income, including New Securitized Framework and Issuer Engagement, pg 17.</p> <p>Corporate: See Risk Management, including Disaster Recovery, pg 15.</p>
Metrics & Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>Investments: See Risk Management, including Financial Implications of Climate Change, pg 15. See Thought Leadership, pg 25. To report on these metrics, Breckinridge provides quarterly reports to clients which include ESG reporting for clients in sustainable bond strategies. Additionally, we regularly publish thought leadership on sustainability in fixed income investing.</p> <p>Corporate: See Our B Corp & Benefit Corporation Designations, pg 3. See Operations and Supply Chain, including Reducing Our Environmental Footprint, pg 22. We report on metrics through various reporting frameworks including our PRI questionnaire, B Corp certification and our CSR filed annually to the state of Massachusetts as part of our Benefit Corporation requirements. Additionally, we conduct an annual carbon audit to determine our impact on the environment due to our business operations such as travel, commuting and electricity use.</p>
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	See Operations and Supply Chain, including Reducing Our Environmental Footprint, pg 22.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	See Risk Management, including Financial Implications of Climate Change, pg 15. Currently, Breckinridge does not have targets to manage climate change outside of offsetting 100% of our electricity use and footprint from travel and commuting. Our goal is to develop a more formalized climate strategy in 2020.

BENEFIT CORPORATION SUPPLEMENTAL INFORMATION

The following information, which is required to be provided by benefit corporations, is intended to supplement the information contained in our annual sustainability report. Other required elements have been addressed in the sustainability report.

ANY CIRCUMSTANCES THAT HAVE HINDERED THE CREATION BY THE BENEFIT CORPORATION OF GENERAL PUBLIC BENEFIT OR SPECIFIC PUBLIC BENEFIT

There have been no circumstances that have hindered the creation of general or any specific public benefit.

BENEFIT DIRECTOR NAME AND ADDRESS

Anne Stetson
c/o Breckinridge Capital Advisors, Inc.
125 High Street, Suite 431
Boston, Massachusetts 02110

COMPENSATION PAID BY BENEFIT CORPORATION DURING THE YEAR TO EACH DIRECTOR IN THE CAPACITY OF A DIRECTOR

Director	2019 Compensation
Andrew Meyers	CONFIDENTIAL
Anne Stetson	CONFIDENTIAL
Cameron Read	CONFIDENTIAL
George Beal	CONFIDENTIAL
Martha Hodgman	CONFIDENTIAL
Peter Coffin	CONFIDENTIAL
Phillip Newell	CONFIDENTIAL

NAME OF EACH PERSON WHO OWNS 5% OR MORE OF THE OUTSTANDING SHARES OF THE BENEFIT CORPORATION EITHER: (I) OF RECORD; OR (II) BENEFICIALLY, TO THE EXTENT KNOWN TO THE BENEFIT CORPORATION WITHOUT INVESTIGATION

Peter Coffin
Phillip Newell

STATEMENT OF ANY CONNECTION BETWEEN THE ORGANIZATION THAT ESTABLISHED THE THIRD-PARTY STANDARD, OR ITS DIRECTORS, OFFICERS OR ANY HOLDER OF 5% OR MORE OF THE GOVERNANCE INTERESTS IN THE ORGANIZATION, AND THE BENEFIT CORPORATION OR ITS DIRECTORS, OFFICERS OR ANY HOLDER OF 5% OR MORE OF THE OUTSTANDING SHARES OF THE BENEFIT CORPORATION, INCLUDING FINANCIAL OR GOVERNANCE RELATIONSHIP WHICH MIGHT MATERIALLY AFFECT THE CREDIBILITY OF THE USE OF THE THIRD-PARTY STANDARD

Breckinridge is committed to act with the highest standards of purpose, accountability and transparency for all its stakeholders. In order for us to observe our company on the continuum – that is, measuring and challenging our corporate sustainability efforts – it is imperative to us that the third-party standard remain independent and free of any material conflicts that could affect the credibility of the standard. To that end, we selected to become a certified B Corp because there is no connection between Breckinridge and B Lab, the non-profit organization that created and awards B Corp certifications to for-profit organizations.

IF THE BENEFIT CORPORATION HAS DISPENSED WITH, OR RESTRICTED THE DISCRETION OR POWERS OF, THE BOARD OF DIRECTORS, A DESCRIPTION OF:

- i. **THE PERSONS THAT EXERCISE THE POWERS, DUTIES AND RIGHTS AND WHO HAVE THE IMMUNITIES OF THE BOARD OF DIRECTORS, AND**
- ii. **THE BENEFIT DIRECTOR, AS REQUIRED BY SUBSECTION (D) OF SECTION 11**

Our Board of Directors is accountable to all stakeholders as defined by our benefit corporation designation. As such, they supervise how we conduct ourselves and manage our business. Breckinridge has not dispensed or restricted the discretion or powers of the Board so that they can act for the benefit of all stakeholders.

