

Pursuing Public Benefit:

Celebrating 10 Years as a B CorporationTM

2023 Corporate Sustainability Report

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A Letter from Our President

“Specifically, I appreciate our Sustainability Committee, composed of employees of all levels across the organization, who work with their colleagues to integrate sustainability in all that we do.”

Breckinridge Capital Advisors maintains an active commitment to achieving greater sustainability in our business. Each year, we report on our comprehensive efforts in this Corporate Sustainability Report (CSR). With our 2023 report, we launch our second decade of reporting on our efforts toward greater sustainability.

Sustainability is integral to our approach to investment and business operations. We integrated environmental, social, and governance (ESG) analysis into our research frameworks because we believe the risks and opportunities that ESG analysis can identify are material considerations. In addition, we believe stronger ESG performance reflects positively on management, and indicates a focus that extends beyond short-term results to consider longer-term value creation and resiliency.

For our own operations, too, we are accountable for the continued integration of sustainability in every action. Breckinridge is a Certified B Corp™—2023 marked a decade since we initially achieved this certification—and a Massachusetts-registered Benefit Corporation. Our pursuit and achievement of these designations demonstrates our ongoing commitment to creating a public benefit for all our stakeholders where we live, work, and invest.

I encourage your attention to the full report for more insights into our progress in 2023.

In the years that have followed the COVID-19 pandemic, concepts and commitments associated with ESG and sustainability are more frequently challenged and, often, diminished by certain business, political, and other segments of society. It is unfortunate that this has discouraged some investors from fulfilling their commitments towards sustainable investment goals. Breckinridge remains undeterred. I want to express my appreciation to our employees and stakeholders who drive progress on sustainability and, through their efforts, demonstrate our genuine commitment to the best intentions and outcomes the pursuit of sustainability embodies.

Specifically, I appreciate our Sustainability Committee, composed of employees of all levels across the organization, who work with their colleagues to integrate sustainability in all that we do. In addition, I highlight the active participation of every one of our employees in educational series, volunteer efforts, and fundraising activities in addition to their efforts in the office that demonstrate the commitment of our organization to improving our sustainability performance.

As always, I also welcome your questions about our results and the progress we still plan to achieve.

Sincerely,



Peter B. Coffin

President and Founder, Breckinridge Capital Advisors

Introduction

Breckinridge Capital Advisors is a Boston-based, independently owned asset manager working to provide the highest caliber of investment management. We serve high-net-worth individuals and large institutions through a network of financial advisors, consultants, and family offices.

In December, Breckinridge announced plans for upcoming leadership changes in 2024. After more than 30 years, Breckinridge founder and president, Peter Coffin, is set to retire as president, effective June 30, 2024. Oggie Sosa, the firm's Chief Investment Officer since 2021, will be appointed to the newly created role of Chief Executive Officer upon Peter's planned retirement, among other leadership changes.

Consistent with our belief in the materiality of sustainable business practices, Breckinridge has always been intentional in our forward-looking governance. Our top-down decision to pursue B Corp certification in 2013 meant we made a commitment to adopt a legal framework as a [Benefit Corporation](#) to protect a mission of long-term sustainable value creation through capital raises and new generations of leadership.

Our strong conviction in the merits of ESG integration in our investment approach motivates examination and reporting on our own sustainable business practices, and this report offers an overview of that approach and commitment to long-term sustainable value creation.

“Our strong conviction in the merits of ESG integration in our investment approach motivates examination and reporting on our own sustainable business practices.”

100%
Independently Owned

\$47B+
Assets Under Management

91
Employees

1993
Year Founded

**BOSTON &
SAN DIEGO**
Offices

All figures as of December 31, 2023

GOVERNANCE OF SUSTAINABILITY

With the upcoming organizational changes, it’s worth noting that sustainability is at the core of the Breckinridge culture. Our commitment to remaining independent lends itself well to this, as does our Benefit Corporation status, prompting us to consider all stakeholders in our business decisions.

To demonstrate, we can examine the governance of sustainability at the firm. The firm’s corporate sustainability efforts are led by our director of corporate sustainability. With a direct reporting line to the firm’s Chief Operating Officer and Board of Directors, our director of corporate sustainability works with departmental heads as appropriate to implement sustainability initiatives within our business.

Complementing our director of corporate sustainability’s efforts is a Sustainability Committee which serves as the steward of Breckinridge’s sustainability efforts and is entrusted with responsibility for broadening firm-wide awareness and participation in sustainability initiatives. The Committee is chaired by a director of sustainability and reports to the executive management team and Board. Together, the two directors, along with the other members of the Committee recommend sustainability policies to the executive team and Board, and report on progress.

When examining governance on Breckinridge’s investment process, our Chief Investment Officer leads an investment team that has integrated material environmental, social and governance (ESG) issues into our investment process. Driven by our co-heads of research and our director, ESG research, the analysis of ESG risks, including climate risk, is used to inform our internal opinions and ratings.

A newer addition to our governance structure, our Stewardship Committee reports to the Investment Committee and is composed of members of our investment and consultant relations teams. Responsibilities include:

- Overseeing Breckinridge’s proxy voting process;
- Deciding on investment-related requests to sign-on and/or publicly support external initiatives, letters and statements related to material ESG issues; and
- Providing input on corporate engagement activities, when relevant.

STANDARDIZED REPORTING

In 2012, Breckinridge proudly became an early signatory to the United Nations Principles for Responsible Investment (PRI). It was at this time we began standardized reporting by completing PRI’s annual questionnaire to validate our commitment to PRI’s *six principles* for incorporating ESG issues into investment practice. PRI and B Corp certification were among our first steps in measuring impact against a third-party standard.

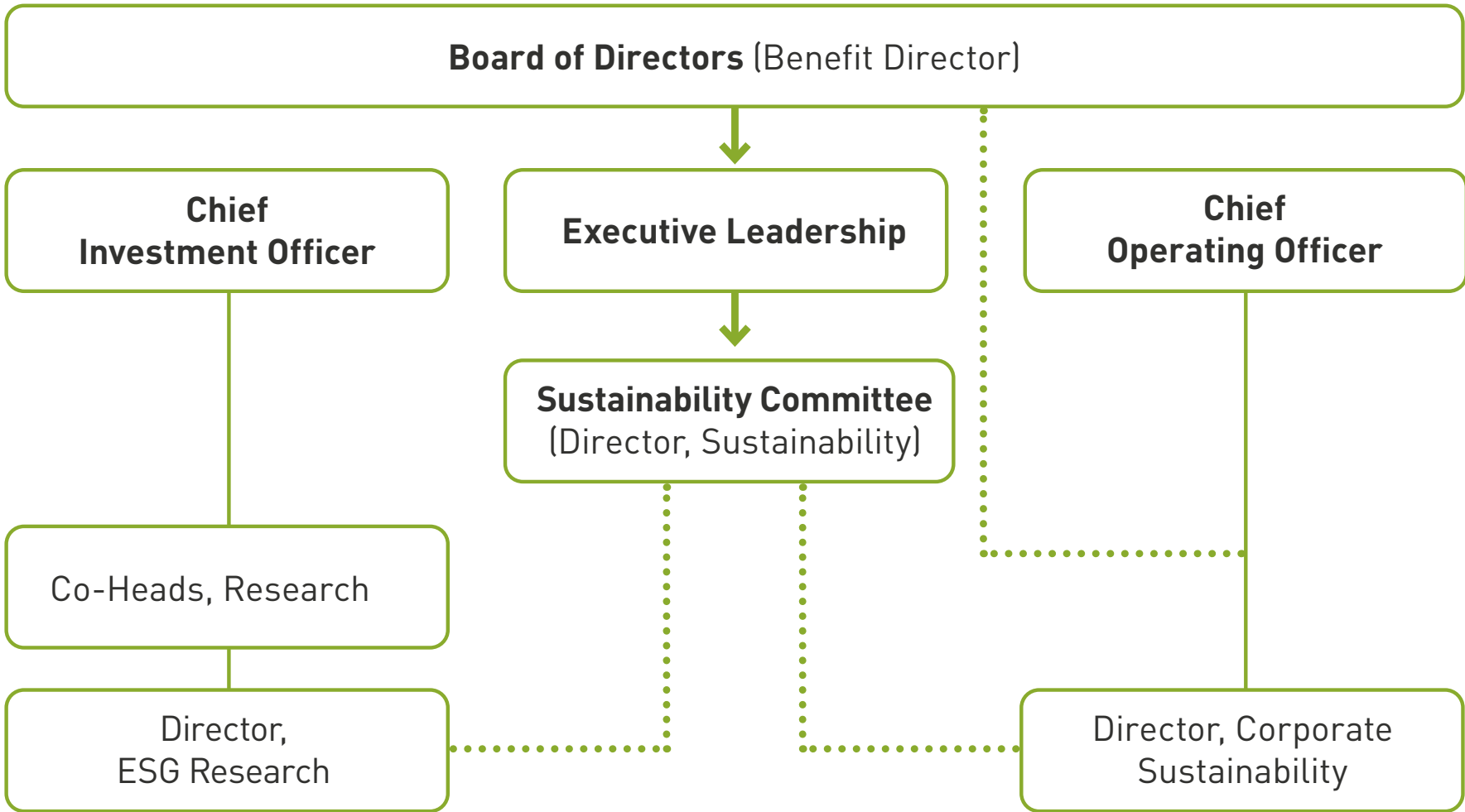
Since then, our reporting has evolved and continues to do so. Breckinridge has now been incorporating standardized reporting more publicly in our CSR since 2018. Standardized reporting allows for material, consistent and comparable sustainability disclosures to be provided to stakeholders.

Our first step was to include the Sustainability Accounting Standards Board (SASB) Standards into our report in 2018, with the intention of showing greater support for an organization we had aligned with in 2016. In 2019, we expanded our reporting to include the Task Force for Climate-related Financial Disclosures (TCFD) and the Global Reporting Initiative (GRI), which is the oldest and most widely used set of sustainability standards globally. SASB and TCFD are investor-focused, while GRI is intended to disclose sustainability information to a broad range of stakeholders. These can be found in the appendix of this report. We do not pay a fee to include these standards and frameworks in our report, and we currently do not undergo external assurance for their review.

It is important to note that currently, these disclosures are voluntary in the U.S., but there are potential changes that could signal where reporting may be headed. This includes the U.S. Securities and Exchange Commission’s proposed rule—*which we support*—to enhance and standardize corporate climate-related disclosures for investors.

We are encouraged by *recent changes* to standardized reporting, such as the consolidation of the SASB Standards and the TCFD recommendations under the International Sustainability Standards Board (ISSB) within the International Financial Reporting Standards (IFRS) Foundation. This move brings various reporting standards and frameworks under one organization, a great step towards global standardization of material sustainable information. Our goal would be to transition from the TCFD and SASB reports within this report to IFRS S1 and S2, which refer to and embed both. We still view GRI as a complement to these and plan to continue reporting in the future.

HOW SUSTAINABILITY IS GOVERNED AT BRECKINRIDGE



B Corp & Benefit Corporation

According to their website, B Lab™ is “the nonprofit network transforming the global economy to benefit all people, communities, and the planet.”

B Lab created and continues to build upon the standards for measuring positive impact found in its B Impact Assessment™ (BIA) and passed Benefit Corporation legislation in over 40 states and provinces in the U.S., British Columbia, Canada, and other countries. Beyond the assessment and legislation, B Lab leads a movement of over 7,500 companies in over 90 countries and over 160 industries that are collectively working towards the vision of an inclusive, equitable, and regenerative economy.

As noted in our report title, we have been a proud Certified B Corp for a decade, with our first certification completed in January 2013. At the same time, we incorporated as a Benefit Corporation in the state of Massachusetts.

Being a Benefit Corporation and a Certified B Corp means balancing profits with purpose and considering the impact of our business decisions on all stakeholders, not just shareholders. We have several engagement approaches across our stakeholder universe to ensure we stay apprised of our place in, and our impacts on, the broader ecosystem. Ultimately our goals are to operate a business

where our people can thrive, where we limit our negative impacts on the planet, and where our clients and communities can benefit. As investors, we know these goals better position our firm to serve our clients for the long term.

As a requirement of our Benefit Corporation designation, we must report on our social and environmental performance assessed against a third-party standard. We use B Lab’s BIA which is a free, confidential platform designed to help measure and manage a company’s positive impact on workers, community, customers, and environment, and are audited and recertified every three years. Our *last audit* was completed in 2021 and our team is currently preparing our latest assessment to be submitted in early 2024.

The certification process starts with a rigorous 200+ question assessment (specific to sector, geography, and size). Once the assessment is complete, an intensive audit process verifies that questions have been answered honestly and accurately. If, after the audit, we score above 80, we maintain B Corp certification.¹ The assessment provides a framework for continuous improvement, and we strive to increase our score with each audit.

Ultimately, these designations are the underpinning of our sustainable culture. They provide direction and accountability to measure and manage our environmental and social impacts and connect us to a global movement of like-minded companies working collectively towards a better way of doing business.

OUR STAKEHOLDERS AND HOW WE ENGAGE

CLIENTS

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

INDUSTRY PARTNERS

- Collaborations
- Case studies
- Engagement calls
- Financial support

COMMUNITY

- Volunteering
- Charitable donations
- Board memberships

EMPLOYEES

- Manager one-on-ones
- Performance assessments
- Quarterly update meetings
- Educational seminars
- Volunteer opportunities

SUPPLIERS

- Questionnaires
- Direct conversations

INDUSTRY PEERS

- Conferences
- Panels
- Thought leadership
- Working groups

REGULATORS

- Audits
- Information
- Advocacy Letters

ISSUERS

- Engagement

ENVIRONMENT

- Volunteering
- Emissions measurement
- Carbon offsets
- Renewable energy credits

“Being a Benefit Corporation and a Certified B Corp means balancing profits with purpose and considering the impact of our business decisions on all stakeholders, not just shareholders.”

1. The highest overall impact score a company can receive is 200. In addition to the assessment, Certified B Corporations must pay annual fees to retain their certification status. Re-certifications also incur a submission fee (every three years). Additional information on the certification process can be found here: <https://usca.bcorporation.net/process-requirements-fees/>.



A Letter from Our Benefit Director

“We are inspired by the energy and commitment of a new generation of leadership to carry this important work forward.”

As Breckinridge celebrates the 10th anniversary of its certification as a B Corporation, I am pleased to report that the company’s commitment to sustainability remains unwavering. Despite the vagaries of contemporary American culture wars that have taken up sustainability as the latest lightning rod of controversy, and even as we implement significant changes to the next generation of leadership at the company, Breckinridge has only deepened its foundational conviction that sustainability matters.

The 2023 CSR sets out in detail the growth of Breckinridge’s sustainability work as improved data and practices, as well as a shifting reporting environment, continuously evolve. Highlights of the past year include deepening our engagement in fulfilling Breckinridge’s commitment to the Net Zero Asset Managers initiative (NZAM), expanding talent management practices internally, and continuing sustainability advocacy.

As always, meaningful and authentic sustainability practices require creativity, diligence, and patient implementation across the firm’s operational and investment processes. Our accountability to ourselves, our investors, our community, and our industry compel our ongoing work to improve these practices and processes. One visible way in which Breckinridge evidences its commitment is through its reporting under different sustainability frameworks. As described in this report, our NZAM commitment continues to drive toward the firm’s goal of achieving net zero emissions by 2050 and is amplified by reporting under GRI, PRI, TCFD, and SASB (both now consolidated under the IFRS Foundation). Similarly, work toward Breckinridge’s recertification as a B Corporation in 2024 is well underway.

Lastly, I am pleased to report that, in the opinion of the Board, the company has acted in accordance with its general benefit purpose in all material respects during 2023, 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.²

As the firm plays its part in addressing climate change, we are pleased to be in solidarity with our investors, partners, and colleagues. And we are inspired by the energy and commitment of a new generation of leadership to carry this important work forward.



Anne Stetson
Benefit Director

2. Reference is made specifically to Massachusetts General Laws Chap. 156E, subsection 10(a) and 12(a), which requires that this determination be made annually.

Materiality

Our Materiality Map is a roadmap for navigating our sustainability strategy.

It is comprised of a list of material topics—based on SASB Standards for the asset management and custody activities industry—ranked in order of importance by our stakeholders, as gathered from a survey in 2017. Although all seven topics are material to our business, Business Ethics is the most material according to our employees, management, and Board of Directors.

This year our Sustainability Committee started exploring the concept of double materiality—the impact an ESG topic (i.e., climate change) may have on our business, coupled with the impact our business may have on that topic. In the process, we realized that ESG topics can be dynamic, changing over time, and that our original categories now seem to take a narrower view of sustainable risks and opportunities. Our Sustainability Committee will be working to finalize an updated dynamic Materiality Map with these considerations in mind, which we hope to share with you in our next report.

Following our approach from the last two years, this report will highlight, in depth, the areas that commanded the most of our attention and where we made the most progress. Those topics this year are Human Capital Management and Advocacy (in the category of ESG Integration in Financial Analysis). We also include a high-level summary of the continuing efforts and progress made in the additional categories later in the report. Taken together, these sections detail the ways in which Breckinridge pursued general public benefit during the year.

SUSTAINABILITY FACTORS



BUSINESS ETHICS



HUMAN CAPITAL MANAGEMENT



CLIENT EXPERIENCE



RISK MANAGEMENT



ESG INTEGRATION IN FINANCIAL ANALYSIS



CORPORATE CITIZENSHIP



OPERATIONS & SUPPLY CHAIN

EDUCATION AROUND MATERIAL ESG TOPICS IS A PRIORITY FOR BRECKINRIDGE. IN 2023, WE HOSTED THE FOLLOWING ESG EDUCATION SESSIONS FOR EMPLOYEES:

- A Former Regulator's Perspective
- High Emitting Sectors in a Net Zero World
- MIT S-Lab – Final Project Discussion – Assessing Carbon Credit Utilization by Companies
- ESG – State Attorney General Landscape
- Spotlight on the ESG Strategy at a Retail Company
- Leadership for Health Equity Pathway at Brigham and Women's Hospital
- Nonprofit Hospital Engagement – The Nursing Crisis
- Overview of Breckinridge's Proxy Voting in 2023
- Municipal Engagement Takeaways



Spotlight on Advocacy

We realize the value of connecting with other organizations to shape policy for long-term positive impact and systems change. As a B Corp, we strive to be a force for good and serve all our stakeholders, but as a small business, we realize that engaging on policy can often be a more effective way to be an advocate for meaningful change. We do this in various ways which are outlined below.

PUBLIC COMMENT SIGNATORIES

Public comments are the most common way we leverage our brand and expertise in the field to support calls for change. Within the past two years we've signed seven public comment letters.

- Coalition for Inclusive Economic Growth: Letter in Support of SEC Climate Disclosure (2022)
- CDP: Campaign in Support of Science Based Targets (2022)
- Croatan Institute: Campaign to Support the Forest Act (2023)
- ISSB: Investor Advisory Group Statement (2023)
- Principles for Responsible Investment, London Stock Exchange Group, and the Sustainable Stock Exchange: Letter for Regulators to Adopt ISSB Standards (2023)
- CDP: Municipal Disclosure Campaign (2023)
- COP28: Statement in Support of the Adoption of ISSB Standards (2023)

WRITTEN COMMENTS

When our team wants to provide further support for a specific cause, or we feel our expertise lends itself to additional context beyond signing a letter, we may choose to write our own, as shown in the following cases.

- Request for Information on Environmental, Social and Governance (ESG) Practices in the Municipal Securities Market, *MSRB Notice 2021-17* (2022)
- Letter written in response to the exposure drafts for the ISSB's Sustainability Disclosure Standards (2022)
- Letter written to the Director of the National Economic Council in support of the Environmental Policy Center on the topic of Lead in Municipal Water Pipes (2022)

PROXY VOTING

Proxy voting is rare in the fixed income space, but with the launch of our High Quality Dividend strategies in 2023, the frequency of voting on behalf of our clients increased. Proxy rules require reporting companies to provide certain disclosures in a proxy statement to shareholders. The statements describe matters that shareholders are asked to vote on, and shareholders vote in advance of the company’s annual general meeting. Breckinridge has been granted authority by clients to vote proxies and act on voluntary corporate actions, which is typically included in the investment management agreement, as shown.

Proxy Voting

- ☐ Standard Policy
- ☐ ESG Policy
- ☐ Opt-Out

For client accounts in our High Quality Dividend strategies, Breckinridge elected to use Glass Lewis’ proxy voting guidelines. In 2023, clients had the option for their vote to be in accordance with the standard Glass Lewis’ policy or Glass Lewis’ ESG policy. Once the policy is assigned, the account is automatically set to vote in accordance with the written guidelines. Proxy voting is managed by our Stewardship Committee, which can override a vote recommendation if the members determine it is not in the clients’ best interests. Consideration is given to both the short- and long-term implications of a proposal when considering the optimal vote.

NET ZERO ASSET MANAGERS INITIATIVE

In December 2023, Breckinridge marked the two-year anniversary of signing the [Net Zero Asset Managers](#) initiative (NZAM). This decision reflects our belief that significant business and economic risks are associated with climate change and an ongoing transition to a carbon-neutral economic future.

Breckinridge also launched a net zero³ customization fixed income investment approach that includes company-level net zero alignment assessments, as assigned by our investment team, across all economic sectors, including energy companies, because we are convinced that they can yield benefits in the long run for investors and the planet.

Our investment premise, briefly stated, is that companies on the pathway to net zero emissions are positioning themselves to thrive over the long term. Companies that are less prepared, ill-equipped, or behind the transition curve will become more exposed to potential operational, regulatory, and reputational risks; risks that over time likely will impair profits, growth, and, ultimately, their existence.

Precisely because our heritage is as bond investors, we analyze a debt issuer’s ability to make interest payments over the entire term of the bond and return full principal at maturity. We seek to invest in companies that set transition plans and report progress along the transition pathway because we believe they are best positioned to meet their bondholder obligations.



CLIMATE ACTION 100+

Breckinridge continued its participation in efforts of Climate Action 100+ (CA100+) in 2023. CA100+, an investor-led initiative, advocates for the world’s largest corporate green house gas emitters to take action to address climate risks. The initiative advocates for three high-level goals related to climate action:

- Reducing GHG emissions;
- Improving climate risk oversight by Boards of Directors; and
- Enhancing climate risk disclosures.

Breckinridge is co-lead engagement investor with three U.S.-based large-capitalization industrial companies on the CA100+ list, and participated in nine engagement discussions in 2023, which you can learn more about in our [2023 ESG Engagement Report](#).



3. Net zero investing refers to factoring into the security research and selection process a company’s net-zero transition plan, specifically its goals, actions, and accountability mechanisms, including practices, metrics, and targets, designed to meet a commitment and deliver GHG emissions (emissions) reductions across all emission scopes in line with achieving global net zero.

Spotlight on Human Capital Management

Our firm could not exist without our impressive human and intellectual capital, so our focus on these areas is of utmost importance for the long-term success of our business. Some of the ways in which we approach human capital are outlined below.

PROFESSIONAL DEVELOPMENT

Breckinridge has always valued professional development and continuing education for our employees. We offer tuition and professional certification reimbursements, provide paid study days for exams, encourage attendance at conferences, and provide various internal development opportunities. This year, 34% of employees participated in professional development opportunities provided by the firm including an Executive Presence and Personal Brand workshop and a Leadership and Development series for new managers and select individual contributors. We also saw 11% of employees utilize our reimbursement benefit for master's in business administration and CFA exams, among others.

COMPENSATION ANALYSIS

In 2021, we committed to biannual compensation reviews through vendors. The first part of these reviews is to perform a customized market analysis and determine if each role is paid competitively compared to industry counterparts. Next, the data undergoes a gender and race pay-gap analysis. This process is important to ensure our team is compensated fairly for their work, and we are proud to note that there were no statistically significant discrepancies in our 2023 review.



COMMUNICATION AND FEEDBACK

Our 2022 Inclusion Working Group, which analyzed a firmwide Inclusion Survey, uncovered a theme that communication at the firm could be improved. In 2023, Breckinridge tackled this in several ways. First, we hosted “connection lunches,” which allowed employees hired in the last two years to make intentional connections with other new employees and provide feedback on their onboarding experience. For more tenured employees, our director of human resources conducted “stay interviews” to allow for open dialogue about why employees continue to show up each day. These yielded several valuable insights to aid in the development of our human capital strategy. Additionally, the Working Group recommended standardizing manager-employee one-on-one meetings, creating an anonymous portal for employees to ask questions of leadership, and implementing an annual Employee Engagement survey. This work was completed in 2023, and the review and action items from the survey are currently underway.



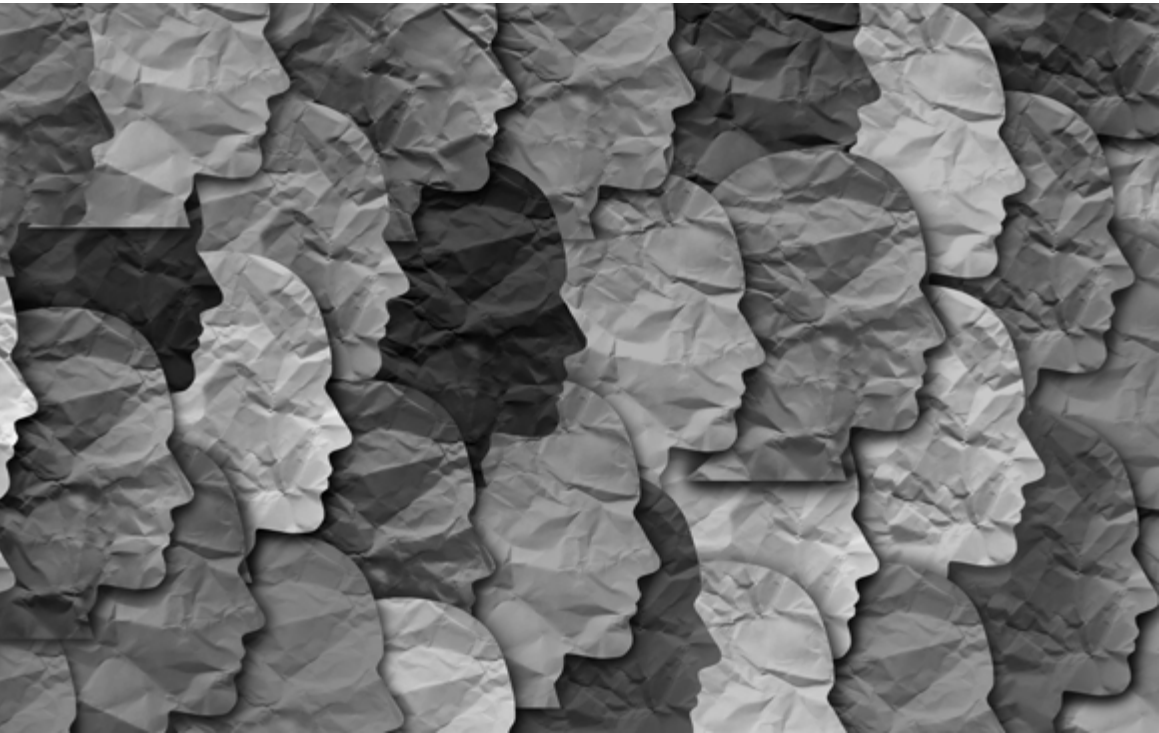
DIVERSITY, EQUITY, AND INCLUSION

Recently there have been several articles published about the slowdown of diversity, equity, and inclusion (DEI) and the uncertain legal future of related programs.

After a whirlwind of information, training, and implementing several new practices over the last few years, we have seen the dust settle a bit. Our view is that our initial work in this space has helped embed meaningful DEI practices for the long term. We continue practices like our DEI Deep Dive conversations, DEI Denim Days—which raised over \$10,000 for DEI-related charities in 2023, and our internship programs with Girls Who Invest, UNCF Lighted Pathways, and Northeastern University’s Co-op Program. We continue our pay analysis and we’ve restructured the promotion process to ensure both are equitable. Beyond these efforts, we continuously look for innovative ways to diversify our hiring pipeline and ensure an inclusive and equitable environment for all our employees.

As for the legal argument, from the beginning, Breckinridge has tried to approach DEI in ways that afford underrepresented groups more opportunities to be noticed, find mentorship, and get hired, without excluding groups who are not at the margins.

One example of this is the development of our 2023 mentorship pilot program and formal program (launching Q1 2024). By ensuring every employee has fair and equitable access to the opportunity, we hope to ensure underrepresented employees have ample access to a mentor relationship, which is often lacking for various demographic groups.



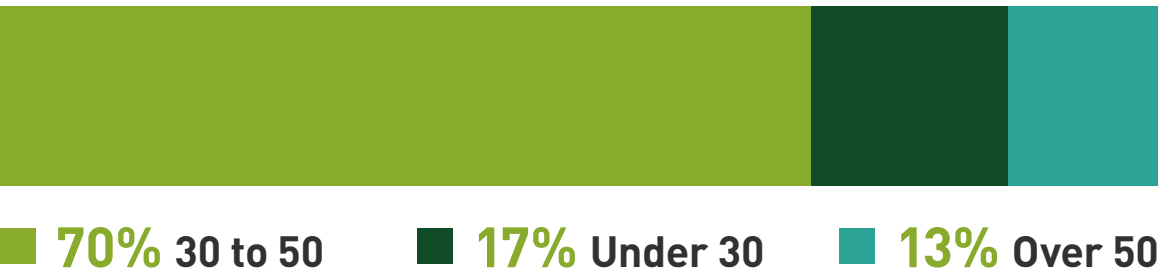
DIVERSITY BREAKDOWN OF BRECKINRIDGE EMPLOYEES AS OF 12/31/23

Below is a breakdown of Breckinridge employees by gender, age and race/ethnicity. Race and ethnicity were collected by a voluntary self-identifying survey administered by our director of human resources.

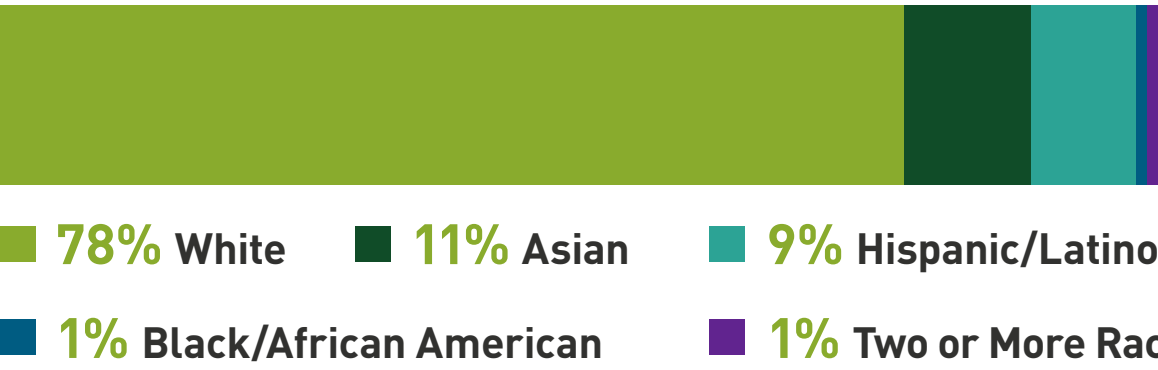
GENDER



AGE (YEARS)



RACE/ETHNICITY



Our Materiality Map Progress



While we only spotlighted two topics in this report, our other materiality topics remain top-of-mind for our business. The following provides a high-level sample of some of the ongoing practices and progress in each of our material categories.

BUSINESS ETHICS

Focusing on ethics allows us to be more stakeholder-centric, meet regulatory requirements, better serve our clients' needs, and create a secure workplace for employees through:

- Our commitment to our core values
- Adhering to our code of ethics/conduct
- Providing employee training
- Administering quarterly and annual certifications
- Creating and maintaining written policies
- Fulfilling requirements of providing disclosure documents
- Collecting feedback and reporting

HUMAN CAPITAL MANAGEMENT

Our people and their intellectual capital are the backbone of our business, and we seek to support them and provide an environment where they can thrive through:

- Offering low premiums on medical/dental coverage for employees and their families
- Offering adoption assistance and fully paid parental leave
- Providing tuition assistance
- Matching a portion of employee 401K contributions
- Providing a care provider service to assist families in finding care for child and adult dependents
- Offering a fitness benefit to subsidize a portion of employees' health club memberships
- Providing cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) training

CLIENT EXPERIENCE

We continue to focus on strengthening our client relationships and providing a more tailored client experience by:

- Customizing relationship management based on each relationship’s needs and remote work scenarios, ensuring the communication aligns with the client’s preference in format and cadence
- Providing regular direct access to investment professionals and subject matter experts
- Producing timely and relevant content aligned with client interests and feedback
- Reinvesting in technological enhancements across client services and consultant relations to create a more responsive and streamlined client experience
- Hosting quarterly webinars to ensure clients stay up to date on market and firm developments
- Producing quarterly metric-driven ESG reporting for our sustainable clients to allow for greater portfolio transparency

RISK MANAGEMENT

Identifying and addressing potential problems before they occur helps to ensure consistent and efficient operations and improved stakeholder satisfaction:

- Internal and third-party risk assessments, and audits
- Policy reviews and updates
- Routine audits and testing, such as conflicts reviews, sensitive data access reviews, penetration tests, tabletop exercises, and marketing audits
- Ongoing training and education for employees
- Appointed committees that assess and monitor enterprise risks and conflicts
- Business continuity and disaster recovery plan
- Two geographically diverse office locations
- Two secure off-site data centers offering data and application redundancy

ESG INTEGRATION IN FINANCIAL ANALYSIS

We first integrated ESG considerations into our investment process in 2011. Broadening the scope of our research helps us to better understand our investments and our role in business and society. Our progress in the space this year included:

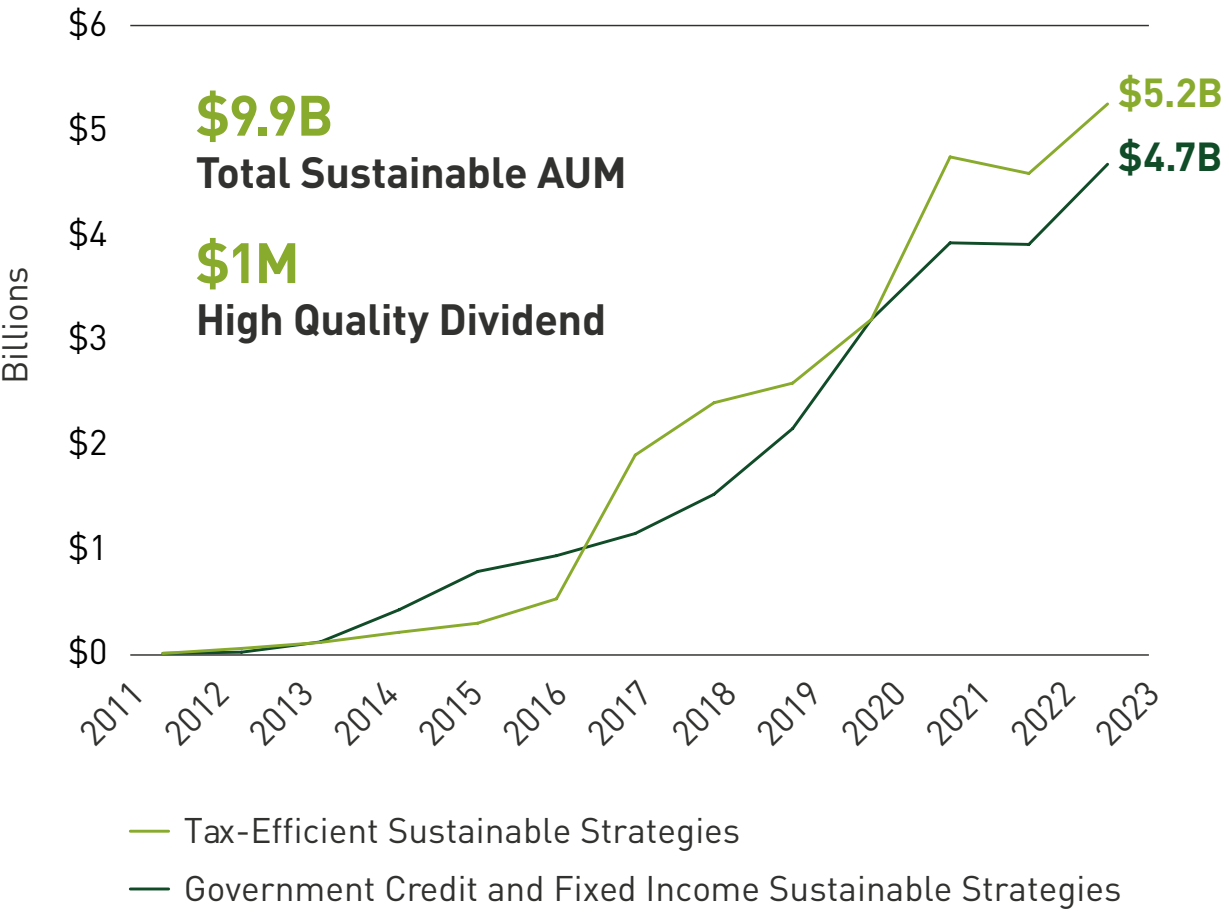
- Integrating enhanced water rate and affordability data from Confluence Water Advisors, LLC, into our updated water/sewer framework
- Continuing our engagement efforts by holding more than 125 constructive dialogues with bond issuers and external subject matter experts (for more information, please refer to our [2023 ESG Issuer Engagement Report](#))
- Satisfying our commitment to the Net Zero Asset Managers initiative by engaging with the companies that represent 70% of Breckinridge’s financed emissions
- Implementing a new ESG scoring model for conduit commercial mortgage-backed securities (CMBS), which evaluates climate risk based on the underlying properties

We leveraged our ESG research to launch three new portfolio level customizations in 2023:

- The *Community Needs Customization* for tax-efficient strategies seeks to allocate capital to municipal issuers that serve lower-income communities
- The *Climate Vulnerability Customization* for tax-efficient strategies seeks to allocate capital to municipal issuers that face heightened physical climate risk and that serve communities with older infrastructure or lower income residents
- The *Net Zero Customization* for multi-sector strategies seeks to achieve net zero financed emissions intensity by 2050 or sooner and remain below the required net zero emissions intensity pathway of the index

Sustainable strategies AUM and number of accounts are as of 12/31/23. Breckinridge’s sustainable strategies selectively invest in issuers with above average or improving ESG profiles and bonds that fund essential environmental, social, or economic development projects.

SUSTAINABLE STRATEGIES AUM

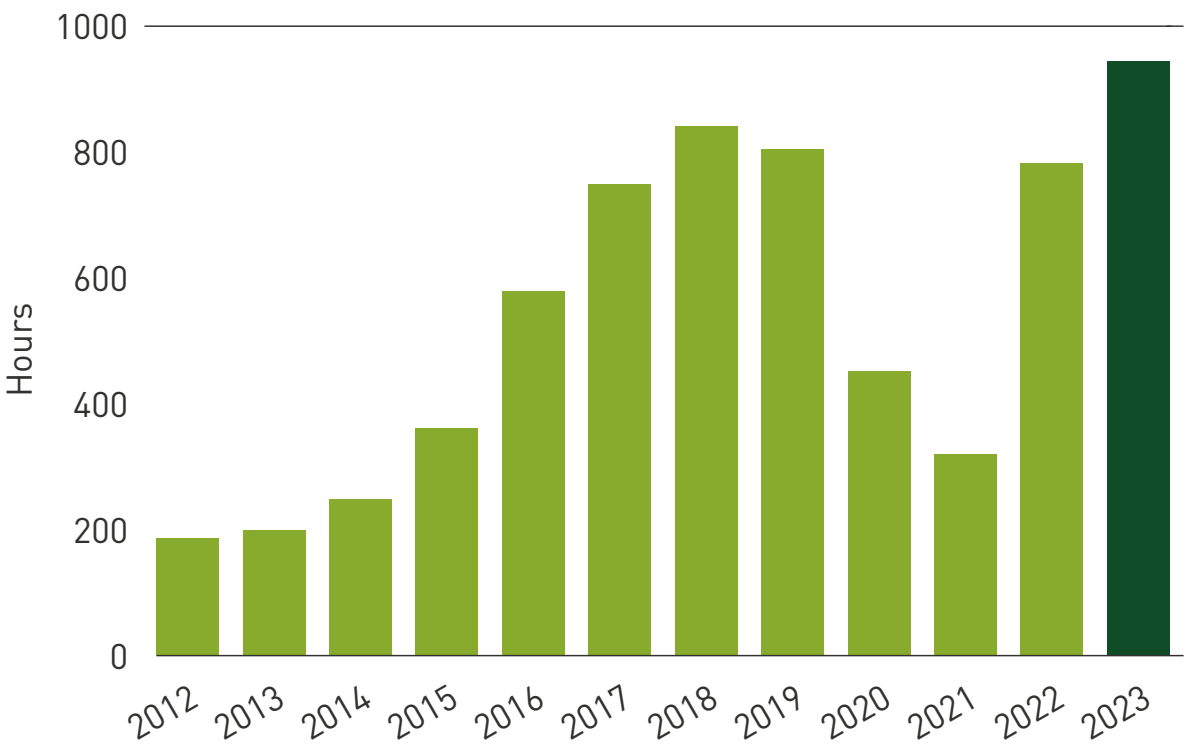


SUSTAINABLE STRATEGIES NUMBER OF ACCOUNTS



VOLUNTEERISM & CHARITABLE GIVING IN 2023

VOLUNTEER HOURS



DONATION MATCHING:

\$3,000
Donation Match per Employee

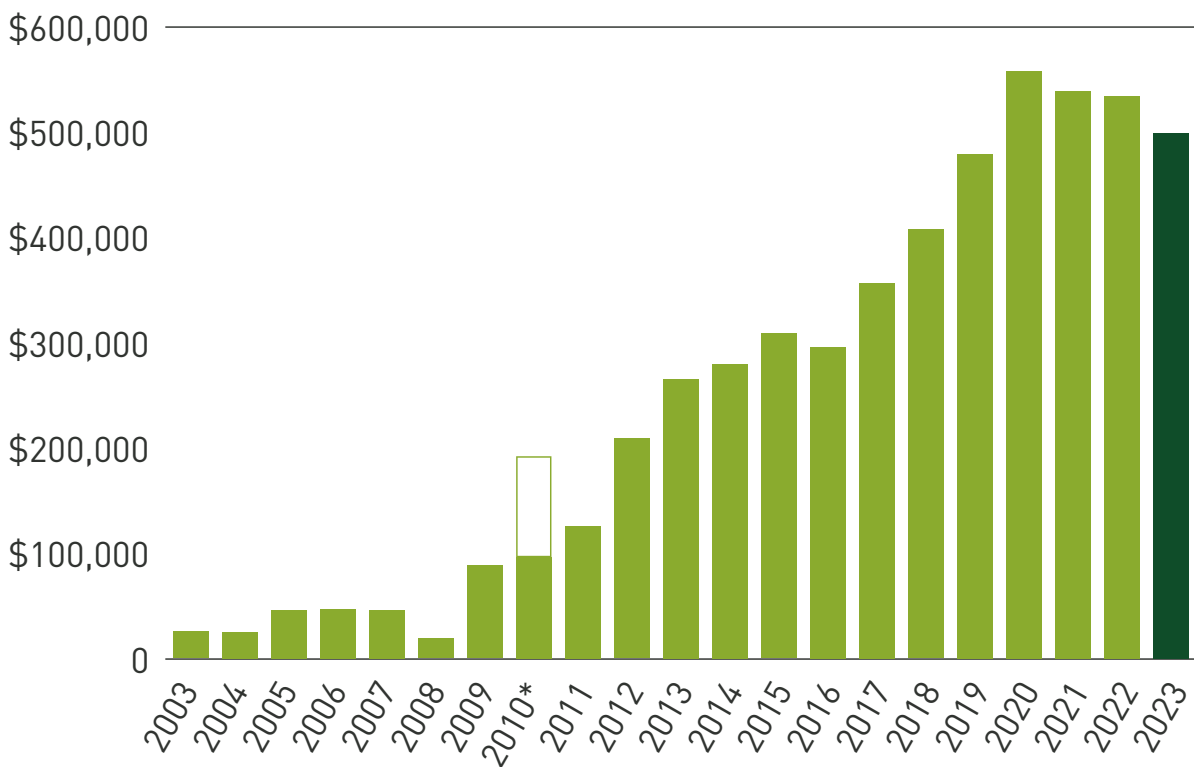
65%
Participation in 2023

VOLUNTEERISM:

6472 HRS
Volunteered Since 2012

945 HRS
Volunteered in 2023

DONATIONS YEAR-OVER-YEAR



*As of December 31, 2023, cumulatively since 2003. Began tracking volunteer hours in 2012. Began tracking philanthropy in 2003. The outlined bar for 2010 corporate philanthropy denotes a \$100,000 special donation made for Haiti earthquake relief.



CORPORATE CITIZENSHIP

Giving back to our communities is engrained in our culture and we believe it creates a sense of purpose, values alignment, and teamwork among our employees through:

- Our effort to donate one percent of gross revenues to charitable organizations
- Offering employees up to three days of paid volunteer time off
- Matching individual employee donations up to \$3,000
- Maintaining relationships and providing monetary support to our partner nonprofit organizations
- Educating the next generation about sustainability topics, including presentations in 2023 at a local college from our director of corporate sustainability





OPERATIONS & SUPPLY CHAIN

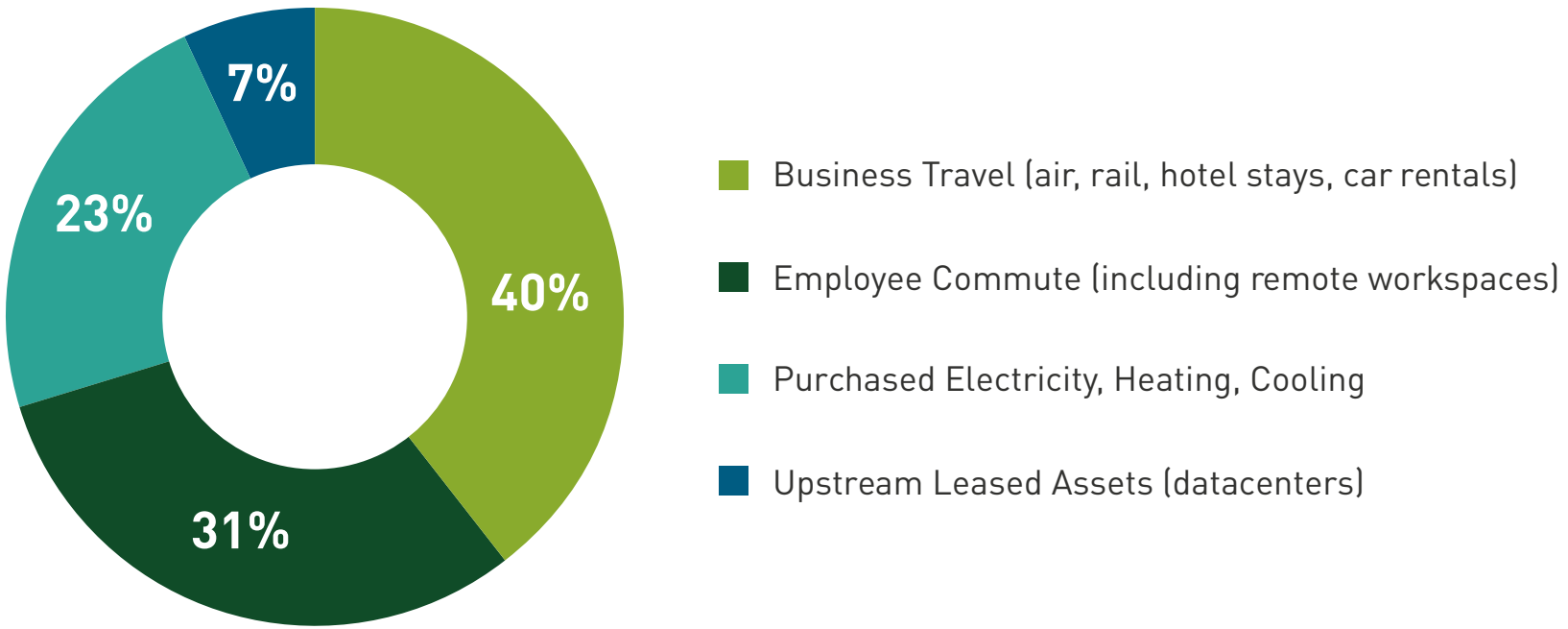
We continuously look for ways to operate more efficiently, safely, and in a manner that has the least negative social and environmental impact including:

- Prioritizing technological enhancements to increase efficiency
- Reviewing practices that could be more environmentally conscious such as using QR codes to replace printed content for conferences and using tablets to present in meetings
- Prioritizing B Corp, sustainable, or local vendors for promotional materials, corporate gifts, shredding services, fruit deliveries, coffee stations and other office needs
- Offering composting as an option for waste reduction in our Boston office, which diverted 698 pounds of waste in 2023, up from 480 pounds in 2022
- Purchasing renewable energy credits and carbon credits for our measured Scope 1, 2 and 3 emissions, excluding financed emissions

BRECKINRIDGE 2023 EMISSIONS PROFILE

488 MTCO₂E

Total 2023 Measured GHG Emissions



Calculations converted through [EPA GHG Equivalencies Calculator](#).

We worked with fellow B Corp, Native, a Public Benefit Company to fund the following projects:

- 110 mtCO₂e of Big Smile Wind Farm at Dempsey Ridge, a renewable energy project verified by Verified Carbon Standard
- 400 mtCO₂e of From Waste to Fuel: Improving Agriculture and Livelihoods in Mexico, a livestock methane emissions avoidance project verified by Gold Standard



Collaboration & Thought Leadership

EXTERNAL INITIATIVES AND MEMBERSHIP ASSOCIATIONS

We augment our own corporate social responsibility activity by contributing our views and perspectives on relevant ESG and sustainability issues to the marketplace. In addition, we actively support industry, government-sponsored entities, and non-governmental agencies that are using their expertise to lead the way for progress in areas like climate change, diversity, corporate governance, and improved sustainability reporting.

Our intention is to advance the awareness and understanding of sustainability practices, ESG research, and related efforts. They are essential to the corporate culture of sustainability that we seek to build at Breckinridge. By supporting and partnering with these organizations, we aim to create long-term value for our clients and the broader investor community.

Presented here is a sample of the organizations we partner with, and the initiatives we stand behind. You can also find details on the advocacy letters we wrote or signed during the reporting period in our spotlight section on Advocacy.

“Our intention is to advance the awareness and understanding of sustainability practices, ESG research, and related efforts.”

Strategic Partnerships	Initiated
Ceres	2012
Certified B Corp	2013 (recertified in 2021)
International Sustainability Standards Board (formerly SASB)	2016
Strategic Initiatives	Signed
Principles for Responsible Investment	2012
Climate Action 100+	2017
Task Force on Climate-related Financial Disclosure	2018
America Is All In	2020
Belonging Pledge	2020
Women’s Empowerment Principles	2021
Net Zero Asset Managers Initiative	2021

THOUGHT LEADERSHIP

Breckinridge maintained a commitment to developing and offering insights and perspectives with stakeholders throughout 2023. These efforts were in addition to ongoing monthly and quarterly programs, including our Investment Committee’s monthly and quarterly market commentaries, personalized client reporting, our quarterly newsletter focused on ESG and sustainability topics—including ongoing coverage of the growth of net zero investing, and industry conference participation.

In March of 2023, Chief Investment Officer Oggie Sosa, writing in *Pensions & Investments*, addressed the debate around the efficacy of ESG investing approaches. His article was titled [ESG Skepticism and Denialism Are Pernicious Risks](#). “With regard to pricing risk,” he wrote, “the purpose of ESG analysis is to improve security selection with a goal of producing favorable risk-adjusted returns. ESG analysis considers extra-financial factors not included in traditional fundamental security analysis. The goal is not to boycott securities or sectors based on non-financial factors, but to identify overlooked investment risks and opportunities.”

Since integrating ESG into our security research approach more than a decade ago, we have maintained that when grounded in materiality and investment-relevance, the addition of ESG research can provide a more holistic view of potential long-term risks and costs, shifting the sightlines of investors a little further out on the horizon beyond short-term considerations.

In [Lighting a Pathway for African American Candidates into Asset Management](#), Chief Marketing and Distribution Officer Dominica Ribeiro and Co-Head of Research Nicholas Elfner discussed the United Negro College Fund (UNCF) Lighted Pathways Scholarship and Internship Program with Diego Aviles, UNCF vice president, Development, Northeast Division, and DaMaria Abernathy, who interned with Breckinridge through Lighted Pathways. Our continuing partnership with UNCF Lighted Pathways is one example of our efforts to improve workforce diversity, build equity, and create a more inclusive culture.

In [Giving and Investing Trends Converge for More Powerful Philanthropy](#), Senior Sales Enablement Strategist Ariana Polk explored the ways that donor-advised funds (DAFs) and ESG investment strategies can converge for greater philanthropic impact. For example, philanthropic investors, a financial advisor, and an investment manager can combine to support philanthropic and investing goals through investment of DAF assets in vehicles managed with an ESG approach.

During 2023, Breckinridge employees were quoted in various investment and ESG-related articles in major news outlets such as *Barron’s*, *Beyond Barriers*, *Bloomberg*, *The Bond Buyer*, *CNBC*, *FundFire*, *International Financing Review*, *MarketWatch*, *Mother Jones*, *Pensions & Investments*, and *The Wall Street Journal*, for example.



4. SOCAP Global is the thought leadership platform for the accelerating movement towards a more just and sustainable economy.
5. The winners of *Environmental Finance*’s annual Sustainable Investment Awards honor investors and other players in the market who have been leaders in the field of sustainable finance. The winners were selected across nearly 70 categories by a panel of independent judges, made up of industry experts. Public announcement of the 2023 Environmental Finance Sustainable Investing Awards and can be found here: <https://www.environmental-finance.com/content/awards/sustainable-investment-awards-2023/winners/>.

EVENTS, SPEAKING ENGAGEMENTS, AND AWARDS

Our employees also dedicated time at industry conferences during the year focused on investing and operating sustainably. Breckinridge supported several events as sponsor(*), sponsor and speaker (**), or speaker(+).

- Coaching Corps 2023 Game Changer Awards & Benefit*
- Confluence Philanthropy’s Net Zero Intensive
- Intentional Endowments Network (IEN): Higher Education Climate Leadership Summit**
- International Financial Reporting Standards Sustainability Symposium
- Confluence Annual Practitioners Gathering*
- As You SOW*
- Confluence Climate Solutions Summit+
- Transition IQ
- Ceres Climate Week Event**
- Morgan Stanley Investing with Impact Directors Gathering**
- SOCAP⁴
- IEN Fall Forum
- Responsible Investment Forum

Breckinridge published our [2023 ESG Issuer Engagement Report](#) in March 2024. The report is an in-depth review of more than 125 engagement meetings with security issuers across corporate and municipal markets as well as subject matter experts. Our annual engagement reporting shares in detail the work of our research analysts on material topics related to ESG and sustainability. Our 2022 Report was selected as the winner of the 2023 award for Best Sustainability Reporting by an Asset or Fund Manager (Large, Fixed Income) by *Environmental Finance*.⁵

Wider Engagement Lens Deepens Examination of Material ESG Risks

2022 ESG ISSUER ENGAGEMENT REPORT



Pursuing Public Benefit



Ten years ago, soon after deciding to incorporate ESG metrics into our investment process, we certified for the first time as a B Corporation with the intention of holding our firm to the same high standards we hold for the companies we invest in. Since then, we've committed to continuous improvement in our sustainable practices and outcomes for the benefit of all our stakeholders, and with leadership changes on the horizon, we're more energized by this work than ever.

In this report, we hope we have demonstrated this commitment. We stand firm in our belief that ESG investing is part of our fiduciary duty and believe that operating sustainably is the best approach. Our 2023 Corporate Sustainability Report highlights work we have undertaken during the year as defined by the values we hold as a company, as employees, and as members of our communities. While we are proud of the progress we've made, we're transparent that we have a lot of work ahead of us. We will carry on in our efforts, and as always, we look forward to documenting our further accomplishments and sharing the results of our B Corp recertification during the year ahead..

“We stand firm in our belief that ESG investing is part of our fiduciary duty and believe that operating sustainably is the best approach.”

Appendix

GRI CONTENT INDEX

Breckinridge has reported in accordance with the GRI Standards for the period 1/1/23 - 12/31/23 (GRI 1: Foundation 2021).

Disclosure	Description	Report Location / Direct Answer
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	See Breckinridge Form ADV Part 2A .
	2-2 Entities included in the organization’s sustainability reporting	Breckinridge does not own or have interest in any subsidiaries, joint ventures, or affiliates, including minority interests.
	2-3 Reporting period, frequency and contact point	This report is as of 12/31/23 for the calendar year 2023 unless otherwise noted. We publish the report annually. Contact Kelly Silva at ksilva@breckinridge.com for questions regarding this report.
	2-4 Restatements of information	None.
	2-5 External assurance	Breckinridge’s report has not been externally assured.
	2-6 Activities, value chain and other business relationships	Sector: Private, financials, asset management & custody activities. See Our Clients . See Strategies . See CSR Supplement .
	2-7 Employees	See Introduction, pg 4 . See Spotlight on Human Capital Management, pg 11 . Based on headcount of FT employees as of 12/31/23 collected in an optional self-identifying survey.
	2-8 Workers who are not employees	We employed five interns in 2023.
	2-9 Governance structure and composition	See Introduction, Governance of Sustainability, pg 5 .
	2-10 Nomination and selection of the highest governance body	Nominations for election, typically from the chair of the Board, are presented for a vote at the annual shareholder meeting.
	2-11 Chair of the highest governance body	The Board is chaired by president, Peter Coffin.
	2-12 Role of the highest governance body in overseeing the management of impacts	See Introduction, Governance of Sustainability, pg 5 .
	2-13 Delegation of responsibility for managing impacts	See Introduction, Governance of Sustainability, pg 5 .
	2-14 Role of the highest governance body in sustainability reporting	See B Lab Benefit Corporation , Additional Information, reference to Benefit Director.
	2-15 Conflicts of interest	The Board has a Conflicts of Interest policy and members provide annual confirmation of any conflicts.
	2-16 Communication of critical concerns	Concerns will be communicated to the Board by management in quarterly meetings or on an ad hoc basis. No critical concerns were elevated to the Board during the reporting period.
	2-17 Collective knowledge of the highest governance body	See CSR Supplement .
	2-18 Evaluation of the performance of the highest governance body	Performance of the Board is assessed by the chair on an annual basis.
	2-19 Remuneration policies	Board members receive fixed pay per quarter, and variable pay for participation in meetings.

	2-20 Process to determine remuneration	Remuneration of the Board is reviewed by the chair on an annual basis.
	2-21 Annual total compensation ratio	See CSR Supplement .
	2-22 Statement on sustainable development strategy	See Letter from Our President, pg 3 . See Letter from Our Benefit Director, pg 7 .
	2-23 Policy commitments	See CSR Supplement .
	2-24 Embedding policy commitments	We maintain compliance and information security policies and a Code of Ethics. Employees attest to receipt and review of the documents.
	2-25 Processes to remediate negative impacts	Our Compliance Manual defines client complaints and mechanisms to report, resolve and monitor them.
	2-26 Mechanisms for seeking advice and raising concerns	Our Code of Ethics covers reporting of concerns by employees, and specifically mentions seeking the advice of the Chief Compliance Officer.
	2-27 Compliance with laws and regulations	For the year ended December 31, 2023, we have not identified incidents of non-compliance with laws and regulations.
	2-28 Membership associations	See Collaborations and Thought Leadership, External Initiatives and Membership Associations, pg 17 .
	2-29 Approach to stakeholder engagement	See B Corp & Benefit Corporation Designations, pg 6 .
	2-30 Collective bargaining agreements	0% of Breckinridge employees are covered by collective bargaining agreements as labor unions are not prevalent in the asset management industry.
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	See Materiality Map, pg 8 .
	3-2 List of material topics	See Materiality Map, pg 8 .
	3-3 Management of material topics	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	See About Us .
	201-2 Financial implications and other risks and opportunities due to climate change	See CSR Supplement .
	201-3 Defined benefit plan obligations and other retirement plans	See CSR Supplement .
	201-4 Financial assistance received from government	See CSR Supplement .
	3-3 Management of material topics	See CSR Supplement .
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	See CSR Supplement .
	3-3 Management of material topics	See CSR Supplement .
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	See CSR Supplement .
	3-3 Management of material topics	Our approach to anti-corruption is outlined within our Code of Ethics and Compliance Manual and overseen by our Chief Compliance Officer.
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Employees must comply with quarterly certification processes, follow the rules set out in the Code of Ethics, and participate in ongoing compliance training.

	205-3 Confirmed incidents of corruption and actions taken	For the year ended December 31, 2023, we have not identified incidents of corruption and therefore have not taken any corrective action.
GRI 305: Emissions 2016	3-3 Management of material topics	See CSR Supplement .
	305-1 Direct (Scope 1) GHG emissions	See Materiality Map Progress, Operations & Supply Chain, pg 16 .
	305-2 Energy indirect (Scope 2) GHG emissions	See Materiality Map Progress, Operations & Supply Chain, pg 16 .
	305-3 Other indirect (Scope 3) GHG emissions	See Materiality Map Progress, Operations & Supply Chain, pg 16 . See SASB Content Index, Financed Emissions, pg 22 .”
	305-5 Reduction of GHG emissions	See Materiality Map Progress, Operations & Supply Chain, pg 16 .
GRI 404: Training and Education 2016	3-3 Management of material topics	See CSR Supplement . See Spotlight on Human Capital Management, pg 11 .
	404-2 Programs for upgrading employee skills and transition assistance programs	See CSR Supplement . See Spotlight on Human Capital Management, pg 11 .
	404-3 Percentage of employees receiving regular performance and career development reviews	See CSR Supplement .
	3-3 Management of material topics	See Spotlight on Human Capital Management, pg 12 .
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	CSR Supplement . See Spotlight on Human Capital Management, pg 12 .
	405-2 Ratio of basic salary and remuneration of women to men	See Spotlight on Human Capital Management, pg 11 .
	3-3 Management of material topics	See CSR Supplement .
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	For the year ended December 31, 2023, we have not identified incidents of discrimination, and no corrective action was needed.
	3-3 Management of material topics	See Sustainability Initiatives .
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	See Our Materiality Map Progress, Corporate Citizenship, pg 15 .
	3-3 Management of material topics	Our political contributions policy complies with the SEC rule regulating political contributions by investment advisors and their employees.
GRI 415: Public Policy 2016	3-3 Management of material topics	See CSR Supplement .
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	For the year ended December 31, 2023, we have not identified incidents of non-compliance concerning product and service information and labeling.
	417-3 Incidents of non-compliance concerning marketing communications	For the year ended December 31, 2023, we have not identified incidents of non-compliance concerning marketing communications.
	3-3 Management of material topics	See Privacy Notice .
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	For the year ending December 31, 2023, we have not identified substantiated complaints concerning breaches of customer privacy and losses of customer data.

SASB STANDARDS INDEX

Breckinridge has been a longstanding supporter of the SASB Standards (now part of IFRS Foundation) and their mission of standardized and material corporate sustainability reporting. 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 2023 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	Accounting Metric	Category	Code	Response
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings ¹	Quantitative	FN-AC-270a.1	(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 ²	Quantitative	FN-AC-270a.2	\$0
	Description of approach to informing customers about products and services	Discussion and Analysis	FN-AC-270a.3	General information is available on our website . More specific information is available via the Investment Adviser Public Disclosure section of 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. See Our Materiality Map Progress, Client Experience, pg 14 .
	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees ³	Quantitative	FN-AC-330a.1	(1) See Table 3 below. (2) See Table 4 below.
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	Quantitative	FN-AC-410a.1	(1) \$47,853M Fixed Income, \$4M Equity (2) \$1,743M Fixed Income (3) \$12,390M Fixed Income Note: (1) contains all AUM, (2) contains AUM in Environmental and Fossil Fuel Free portfolios which is counted in the total AUM figure, (3) contains Sustainable AUM and key customizations including Environmental, Fossil Fuel Free, Catholic, Vice Free, and Gender Lens. This is all included in the total AUM figure and Environmental and Fossil Fuel Free are captured in figure 2 for sustainability themed investing.
	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies	Discussion and Analysis	FN-AC-410a.2	See ESG and Engagement Policies , ESG Integration , and Our Sustainable Investing Capabilities for a description of our approach to incorporation of ESG factors in our investment management process.
	Description of proxy voting and investee engagement policies and procedures	Discussion and Analysis	FN-AC-410a.3	See Breckinridge Capital Advisors, Inc. Firm Brochure Form ADV Part 2A: Voting Client Securities for our approach to proxy voting. See ESG and Engagement Policies and 2023 ESG Issuer Engagement Report for a description of our engagement policies and procedures.

Topic	Accounting Metric	Category	Code	Response
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Quantitative	FN-AC-410b.1	Gross financed emissions in metric tons is 178,986 and this is inclusive of Scope 1 and 2 financed emissions. We do not currently disaggregate by Scope 1/Scope 2 and we do not capture Scope 3 emissions because the vast majority of the data is estimated and not company reported.
	Total amount of assets under management (AUM) included in the financed emissions disclosure	Quantitative	FN-AC-410b.2	\$3,887,451,307 in corporate market value.
	Percentage of total assets under management (AUM) included in the financed emissions calculation	Quantitative	FN-AC-410b.3	8.1%
	Description of the methodology used to calculate financed emissions	Discussion and Analysis	FN-AC-410b.4	As signatories to the Net Zero Asset Managers initiative , our initial AUM commitment reflects our integration of established methodologies for our eligible asset class (corporate fixed income) as outlined in the PAII Net Zero Investment Framework. It consists of bonds issued from companies that are either aligning or aligned with a decarbonization trajectory, as determined by the investment team. We remain committed to engaging with investee companies across all eligible AUM to better manage climate transition risks.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations ⁴	Quantitative	FN-AC-510a.1	\$0
	Description of whistleblower policies and procedures	Discussion and Analysis	FN-AC-510a.2	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 .

Activity Metric	Category	Code	Response
Total assets under management (AUM)	Quantitative	FN-AC-000.A Presentation currency	\$47,857M
Total assets under custody and supervision	Quantitative	FN-AC-000.B Presentation currency	\$20,595M

Table 3. Gender Representation of Employees [%]		
	Women	Men
Executive Management	20%	80%
Non-executive Management	39%	61%
Professionals	30%	70%
All Other Employees	N/A	N/A

Table 4. Diversity Group Representation of Employees [%]					
	Group A: White	Group B: Black	Group C: Asian	Group D: Hispanic	Group E: Two or more races
Executive Management	90%	0%	10%	0%	0%
Non-executive Management	78%	0%	0%	17%	5%
Professionals	76%	2%	14%	8%	0%
All Other Employees	N/A	N/A	N/A	N/A	N/A

1. Note to **FN-AC-270a.1** – Compliance works with the supervisor and employee to ensure licensing requirements are filed and completed within the designated timeframe. Once the employee is registered and licensed, the employee is required to notify Compliance of certain changes that would necessitate an amendment. In addition, we maintain a policy pertaining to licensing and registration requirements. Employees certify to their compliance of this policy every quarter.
2. Note to **FN-AC-270a.2** – There were no monetary losses, so we are unable to discuss the nature, context or corrective action taken.
3. Note to **FN-AC-330a.1** – Breckinridge is committed to fostering an equitable and diverse workforce. Our employee handbook outlines our Equal Employment Opportunity and Non discrimination policies, and we’re committed to a biannual compensation study including a pay equity analysis. We host internal conversations around diversity topics and have created a mentorship program that launches formally in Q1 2024. See more in our section on Human Capital Management, [pg 11](#).
4. Note to **FN-AC-510a.1** – There were no monetary losses, so we are unable to discuss the nature, context or corrective action taken.

TCFD CONTENT INDEX

We prepared this index in accordance with the framework of the Task Force on Climate-related Financial Disclosures, which is now monitored by IFRS Foundation. 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	2023 Report Location/Direct Answer
Governance		
Disclose the organization’s governance around climate-related risks and opportunities.	a) Describe the board’s oversight of climate-related risks and opportunities.	See Introduction, Governance of Sustainability, pg 5 . See Climate Policy and Framework for Climate Action .
	b) Describe management’s role in assessing and managing risks and opportunities.	See Introduction, Governance of Sustainability, pg 5 . See CSR supplement .
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.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	See CSR supplement . See Sustainable Investing at Breckinridge - Materiality . See 2023 ESG Issuer Engagement Report . See Fossil-Fuel-Free Investing: Process and Perspective . See There’s Nothing Passive About Net Zero in Fixed Income .
Incorporation of Environmental, Social and Governance Factors in Asset Management	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning. ⁴	See CSR supplement . See Sustainable Investing at Breckinridge - Materiality . See ESG Integration . See Fossil Fuel Free and Top Evironmental . See A More Comprehensive, Climate-Aware Investing Strategy . See Our Materiality Map Progress, Risk Management, pg 14 .
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	See CSR supplement . See The Net Zero Asset Managers initiative signatory disclosure .
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. ⁵	See Sustainable Investing at Breckinridge - Materiality . See 2023 ESG Issuer Engagement Report .
	b) Describe the organization’s processes for managing climate-related risks. ⁶	See CSR supplement . See ESG and Engagement Policies . See There’s Nothing Passive About Net Zero in Fixed Income . See Fossil-Fuel-Free Investing: Process and Perspective . See Enhancing Portfolio Resilience Amidst Climate Change . See Using Muni SMAs to Assist Climate-Vulnerable Communities .
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	See CSR supplement . See Our Materiality Map Progress, Risk Management, pg 14 .
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. ⁷	See the GCC Net Zero Investment Framework Implementation Guide . See SASB Content Index, Financed Emissions, pg 22 . See B Corp & Benefit Corporation Designations, B Impact Assessment, pg 6 .
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. ⁸	See Materiality Map Progress, Operations & Supply Chain, pg 16 . See SASB Standards Index, Financed Emissions, pg 22 .
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	See The Net Zero Asset Managers initiative signatory disclosure . See The Net Zero Asset Managers initiative signatory disclosure . See Breckinridge Marks One Year as Signatory To Net Zero Asset Managers Initiative .

SUPPLEMENTAL GUIDANCE FOR ASSET MANAGERS:

4. Asset managers should describe how climate-related risks and opportunities are factored into relevant products or investment strategies. Asset managers should also describe how each product or investment strategy might be affected by the transition to a low-carbon economy.
5. Asset managers should describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers’ ability to assess climate-related risks. Asset managers should also describe how they identify and assess material climaterelated risks for each product or investment strategy. This might include a description of the resources and tools used in the process.
6. Asset managers should describe how they manage material climate-related risks for each product or investment strategy.
7. Asset managers should describe metrics used to assess climate-related risks and opportunities in each product or investment strategy. Where relevant, asset managers should also describe how these metrics have changed over time.
8. Asset managers should disclose GHG emissions for their assets under management and the weighted average carbon intensity (WACI) for each product or investment strategy, where data and methodologies allow. These emissions should be calculated in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF Standard) or a comparable methodology (See Table 2, p. 50). In addition to WACI, asset managers should consider providing other carbon footprinting metrics they believe are useful for decision-making. See Table 3 (p. 52) for additional carbon footprinting and exposure metrics.

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	2023 Compensation
Andrew Meyers	CONFIDENTIAL
Anne Stetson	CONFIDENTIAL
Cameron Read	CONFIDENTIAL
George Beal	CONFIDENTIAL
Martha Hodgman	CONFIDENTIAL
Peter Coffin	CONFIDENTIAL
Phillip Newell	CONFIDENTIAL
Dominica Ribeiro	CONFIDENTIAL
Anthony Greco	CONFIDENTIAL
Ognjen Sosa	CONFIDENTIAL

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

Peter Coffin

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.

DISCLOSURES

#367163 (3/11/2024)

DISCLAIMER:
This report contains Breckinridge’s opinions and views and forward-looking statements about Breckinridge’s operations and corporate sustainability plans. These statements, along with any policies or initiatives discussed in this report, are current as of the publication date of this report and are subject to change.
Many of the standards and metrics used in preparing this report, including third party standards, continue to evolve. Thus, they should not be considered guarantees. They are intended to represent Breckinridge’s good faith effort in addressing sustainability across our enterprise. There is no assurance that we will continue to meet the standards, despite our ongoing efforts.
Nothing contained in this report should be construed as an offer or solicitation of Breckinridge services or products.



2023 CORPORATE SUSTAINABILITY REPORT (CSR) SUPPLEMENT

The following information fulfills additional reporting requirements for the Global Reporting Initiative and the Task Force on Climate-related Financial Disclosures.

GLOBAL REPORTING INITIATIVE (GRI)

GENERAL DISCLOSURES

2-6 Activities, value chain and other business relationships

In 2023 Breckinridge engaged just under 150 suppliers based in various locations across the United States, mostly in the technology and professional services sectors. The organization spent approximately \$12.9M on supplier services in 2023, excluding employee defined contribution plans. When possible, Breckinridge purchases physical goods from B Corporations or other responsible companies.

2-17 Collective knowledge of the highest governance body

See B Lab [Benefit Corporation](#), *Additional Information*, reference to Benefit Director. In addition to the knowledge of the Benefit Director, the firm’s Sustainability Committee provides updates and information to the board at least annually.

2-21 Annual total compensation ratio

The annual total compensation ratio for the firm is 9.56%. The change in annual total compensation ratio for the firm is 0.00%. The compensation ratio was calculated by dividing the highest paid individual’s salary and bonus by the median salary and bonus for all employees. Employees with a 2023 start date were pro-rated. The change in compensation ratio was calculated by dividing the percentage increase for the highest paid individual by the median percentage increase of all employees. Some employees were excluded in the change calculation due to not having employment data from the previous year.

2-23 Policy commitments

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 review and investment in systems technology to enhance our business processes and risk management controls.

Operational risk management is facilitated by 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 the controls are adequate. The Risk Committee is chaired by our CCO and meets quarterly. Other members of the committee include our Chief Operating Officer, Chief Technology Officer, head of municipal trading, director of marketing and senior members from our performance and consultant relations department.

Policy commitments apply to all of the organization’s activities and business relationships equally.

MATERIAL TOPICS

GRI 201: Economic Performance 2016

201-1 Direct economic value generated and distributed

The business has revenues to report, due in large part to services it provides to clients. In order to generate economic value, employees receive compensation and benefits, we hire third parties/vendors, and we contribute to charitable causes and community investments. We’re happy to report that some economic value was retained by the business.

201-2 Financial implications and other risks and opportunities due to climate change

See below under TCFD disclosures.

201-3 Defined benefit plan obligations and other retirement plans

Breckinridge offers employees a defined contribution 401k plan. The company offers a matching contribution on a portion of employee deferrals as well as profit sharing and true-up contributions.

201-4 Financial assistance received from government

Beyond general tax deductions, the firm did not receive financial assistance from the government.

GRI 202: Market Presence 2016

GRI 3-3 Management of Material Topics 2021

Breckinridge strives to be a positive presence in the communities where it operates. Most workers are permanent full-time employees that are paid a base salary (with potential for bonus pay) and receive benefits.

202-2 Proportion of senior management hired from the local community

One hundred percent of senior managers at the firm are hired from the local community. Breckinridge considers senior management to be the firm’s Executive Committee and additional C-suite employees, and “local” to be within 50 miles from either of our office locations in Boston, MA or San Diego, CA.

GRI 204: Procurement Practices 2016

GRI 3-3 Management of Material Topics 2021

Most of the firm’s suppliers are in the technology and professional services sectors. Our approach to suppliers is managed according to our Vendor Management Policy, and vendors are assessed by our Information Security Committee. Breckinridge does not currently have a policy to support local suppliers or those owned by women or members of vulnerable groups.

204-1 Proportion of spending on local suppliers

46% of our 2023 procurement budget was spent on organizations in the Northeast region of the United States. This number excludes leased office space and utilities as well as employee defined contribution plans.

GRI 305: Emissions 2016

GRI 3-3 Management of Material Topics 2021

Breckinridge doesn’t currently have GHG emissions reduction targets aside from the [Net Zero Asset Managers Initiative](#) targets set for corporate holdings. At this time, we measure our Scope 1, Scope 2, and material Scope 3 emissions annually, and we purchase offsets for the entire measured amount, excluding financed emissions. We purchase projects through a B Corp, Native – a Public Benefit Corporation. Our purchases are split between renewable energy credits and verified carbon removal, sequestration, or avoidance projects. Breckinridge is not currently subject to country, regional, or industry-level emissions regulations or policies.

GRI 404: Training and Education 2016

GRI 3-3 Management of Material Topics 2021

Breckinridge believes it is in the best interest of our firm and stakeholders to continue the growth and development of our employees and encourages all employees to participate in position-oriented training and development programs. Our professional training and development policy and educational assistance program are made available in our Employee Handbook.

404-2 Programs for upgrading employee skills and transition assistance programs

We do not offer transition assistance for employees who voluntarily resign or retire. We do not have a formal severance policy, but in circumstances of involuntary termination, we will look to provide the affected employee with a runway to their next opportunity which may include financial, career counseling or continued support.

Tuition Reimbursement Policy: Breckinridge has historically covered tuition costs for employees; and has a written policy that discusses coverage of expenses related to development via Chartered Financial Analyst (CFA®) and Master of Business Administration (MBA) programs or other certification programs, with the objective of improving subject matter expertise and employee engagement.

ESG Education Sessions: Our director, ESG research, and director of corporate sustainability, work together to create and conduct/deliver a series of educational opportunities that explore ESG topics.

Employees are also encouraged to attend industry conferences.

404-3 Percentage of employees receiving regular performance and career development reviews

Of 91 employees, 84 were eligible for performance reviews during the reporting period. Other employees were new hires or out for extended leave. Excluding executive management, 93% of male employees and 91% of female employees received their regular performance and development assessment in 2023. 100% of our executive management team received a review.

GRI 405: Diversity and Equal Opportunity 2016

405-1 Diversity of governance bodies and employees

	Male	Female	White	Black/African American	Hispanic/Latino	Asian	Two or More Races
Board	70%	30%	100%	0%	0%	0%	0%
Executive Management*	80%	20%	90%	0%	0%	10%	0%

GRI 406 Non-discrimination 2016

GRI 3-3 Management of Material Topics 2021

As noted in our Employee Guidelines Handbook, our anti-discrimination approach and policy is as follows:

1.4 Equal Employment Opportunity/Nondiscrimination Policy

The Company provides equal employment opportunities to all employees and applicants for employment without regard to race, color, religion, sex (including pregnancy), gender identity, sexual orientation, national origin, ancestry, age, physical or mental disability, genetic information, military service or veteran status, or any other classification protected by applicable local, state, and federal laws. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, layoff, recall, transfer, compensation, training, and leaves of absence. The Company does not tolerate harassment or discrimination of any kind, including, but not limited to, these protected classes. We are counting on everyone, individually and collectively, to give this policy positive and constructive support.

GRI 417: Marketing and Labeling 2016

GRI 3-3 Management of Material Topics 2021

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.

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. Our policy forbids the use of marketing materials and social media content that has not been approved by our compliance team.

All compliance policies are placed in an easily accessible location for employees to reference at any time. Firm-wide training on different 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.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Financial Implications of Climate Change

TCFD Governance B, TCFD Strategy A-B-C, TCFD Risk Management A-B-C, TCFD Metrics & Targets A, and GRI 201-2

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. Our Sustainability Committee formally introduced a [Climate Policy and Framework for Climate Action](#), outlining our views and overarching intentions to address climate change.

Our operations are exposed to physical climate risk, such as those posed from our Boston office location near the waterfront. Breckinridge has initiatives to manage climate risks in our operations, including our Business Continuity and Disaster Recovery Plan (BCP). Climate change is 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 an energy company suffering from a loss of revenue due to a market shift to renewable sources of energy. While currently infrequent, poor management of climate risks may lead to an uptick in issuer downgrades by credit rating agencies, financial distress and a devaluation of our investments.

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. Climate change presents risks and opportunities for corporate issuers. We incorporate climate risk into our corporate ESG frameworks, where we determine it to be most material. Given Breckinridge’s investable universe, transition risk, or the risks stemming from the shift to a low carbon economy, is the primary challenge facing corporate issuers. For certain sectors, such as Energy and Utilities, analysts examine measures such as GHG emissions intensity, emission reduction goals, power generation mix, long-term energy resource planning and performance relative to peers. Other sectors, such as Real Estate Investment Trusts, are presented with physical climate risk. To better understand these risks, Breckinridge utilizes its proprietary Corporate Transition Risk Framework. Our corporate analysts use the framework to evaluate a company’s exposure to a low or no-carbon economy as well as the company’s progress in managing and mitigating the exposure.

Climate change poses both risks and opportunities for municipal issuers as well, depending on geography, the built environment and the local economy. We incorporate climate change analysis into our municipal ESG frameworks where we determine it to be most material. Exposure to hurricanes, flooding and wildfires is assessed using metrics produced by a third-party data vendor. The data from this vendor helps us gauge the magnitude of an issuer’s physical climate risk relative to implementation of proactive solutions like forward-looking land use planning or more stringent building codes. Our municipal analysts also consider climate transition risks and opportunities, where applicable, such as job-market exposure to carbon-intensive industries or emerging clean technologies.

Climate risks, if particularly material to the sector or issuer, are examined during engagement calls for both corporates and municipals.

Finally, for 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, which drives realized returns from the underlying pool of mortgages. A natural disaster can accelerate the principal prepayment of mortgages in the affected area, as victims qualify for mortgage relief. Therefore, climate events can impact broad prepayment trends, altering the cash flows and therefore impacting investor returns.

Disaster Recovery

TCFD Governance B, TCFD Strategy A-B, TCFD Risk Management A-B-C,

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 (BCC) oversees the administration and implementation of the plan.

Breckinridge has two secure off-site data centers that offer data and application redundancy. Not all records are backed in real time, some are nightly. In addition to the offsite data centers, we maintain two geographically diverse office locations. Either is fully suitable to continue service to clients should one office experience a significant business interruption. Additionally, all employees can work remotely if needed.