

2021 Benefit Report of Berrett-Koehler Publishers, Inc., and The Berrett-Koehler Group, Inc.

June 1, 2022

INTRODUCTION

In 2011, Berrett-Koehler Publishers became a Certified B Corporation, joining a movement that now includes nearly 5,000 Certified B Corporations in 79 countries. To become a B Corp, Berrett-Koehler scored highly on what was then a 230-question Impact Assessment (which has since grown to more than 300 questions) and follow-up audit, certifying that we meet rigorous standards for corporate, social, and environmental performance. The company completed its latest Impact Assessment in 2021 for its 2020 performance and underwent another audit of its assessment results in early 2022.

In October 2015, Berrett-Koehler was the first book publisher to go beyond B Corp certification to also become a California Benefit Corporation. Whereas B Corp certification is a voluntary process, becoming a Benefit Corporation puts the force of law behind Berrett-Koehler's long-standing social mission, values, practices, and objectives.

A Benefit Corporation is a new class of for-profit corporation—based on laws recently enacted in 40 states, including California, and the District of Columbia—that is legally obligated to do four things:

1. Public Benefit. As a Benefit Corporation, Berrett-Koehler must provide “general public benefit,” which the law says “means a material positive impact on society and the environment, taken as a whole.” And BK's Articles of Incorporation now include BK's mission and values as “specific public benefits” to which BK is legally committed: “connecting people and ideas to create a world that works for all and helping people promote positive change to advance quality, stewardship, partnership, sustainability, and diversity and inclusion in their lives, organizations, communities, and the world.”

2. Impacts on Stakeholders. BK's founding concept—managing the company “for the benefit of all of our ‘stakeholder’ groups,” including “authors, customers, employees, suppliers and subcontractors, owners, and the society and environmental communities in which we live and work” (as stated in our very first catalog in 1992)—is now legally supported. Benefit Corporation status makes it the fiduciary duty of the BK Board of Directors (quoting again from the new California law) to “consider the impacts of any action or proposed action upon all of the following”: shareholders, employees, customers, community and social considerations, the local and global environment, “short-term and long-term interests,” and “the ability of the Benefit Corporation to accomplish its general, and any specific, public benefit purpose.”

3. Accountability. Benefit Corporations must assess their overall corporate, social, and environmental performance on a yearly basis using an independent third-party standard. The Impact Assessment that BK passed to be certified as a B Corp—and that it re-takes to be

periodically recertified—qualifies as such a third-party standard. BK completes this Assessment every three years, which helps us advance BK’s corporate, social, and environmental performance and BK’s adherence to its mission and values. As of this writing, the company continues to be a certified “B Corp” in good standing.

4. Transparency. Finally, California Benefit Corporations must report their overall social and environmental performance to their shareholders and to the public in an annual benefit report. This is consistent with everything about how Berrett-Koehler wants to be in the world, but making it a legal obligation ensures that it actually happens each year.

ELEMENTS OF BENEFIT REPORT

The following narrative is Berrett-Koehler’s seventh annual Benefit Report in fulfillment of the requirements described above for California Benefit Corporations. It provides a description of the ways in which Berrett-Koehler pursued a general public benefit in 2021, the ways in which Berrett-Koehler pursued the specific public benefits described above, and information about the extent to which the general and specific public benefits were created.

The B Impact Report and the B Impact Assessment provide quantitative summaries of BK’s performance during the most recent year in which we took the B Impact Assessment. The most current Impact Report can be found at this link: <https://www.bcorporation.net/en-us/find-a-b-corp/company/berrett-koehler-publishers/>

BENEFIT REPORT NARRATIVE

General Impact

Berrett-Koehler is an independent publisher dedicated to an ambitious mission: connecting people and ideas to create a world that works for all. We believe that the solutions to the world’s problems will come from all of us, working at all levels: in our organizations, in our society, and in our own lives.

BK published 59 new titles or new editions in 2021. Our BK Business books (e.g., *The Art of Caring Leadership*) help people make their organizations more humane, democratic, diverse, and ethical. Our BK Currents books (e.g., *Hidden History of American Oligarchy*) offer pathways to creating a more just, equitable, and sustainable society. Our BK Life books (e.g., *Dear Black Girl*) help people create positive change in their lives and align their personal practices with their aspirations for a better world. And our BK Professional books (e.g., *Battling Healthcare Burnout*) help key professional audiences, such as project managers, be more effective in their work, thus benefiting individuals, organizations, and society.

Stewardship continues to be at the core of our approach along with our other key values of quality, partnership, inclusion, and sustainability. And we seek to practice what we preach by applying the ideas in our publications into how Berrett-Koehler is operated—which we call “eating our own cooking.”

Publishing and Marketing Programs

The principal way that Berrett-Koehler pursued its general and specific public benefits in 2021 was through our book publishing programs. In 2021 Berrett-Koehler published 59 new print

publications plus several companion products to books. All of our new books and new editions were published simultaneously in multiple formats: print, ebook, and audio. Berrett-Koehler also continued to market and sell its more than 850 previously published books that are still in print. We sold over one million English-language print, e-book, audio, and other copies of these books in 2021.

We also pursued these public benefits by arranging for publication of our books in foreign languages around the world. In 2021, we made 148 foreign translation rights deals in a total of 33 different languages. This brought our total number of foreign translation rights deals in the company's history to well over 3,300 in 60 languages. Thousands of foreign-language editions of BK books have been published as a result of deals made in 2021 and previous years. And many millions of copies of these foreign-language editions of BK books have been sold, helping to further spread the ideas in the books around the world.

We also closed 94 other subsidiary rights deals in 2021, including rights to summarize books, foreign language audio book licenses, and multilevel marketing edition rights. These deals further spread the ideas in our books. The ideas in our books were also shared with tens of millions of additional people through media reviews and publicity about the books that appeared in hundreds of different print, radio, television, and online media. Social media sharing of the ideas in the books reached many additional millions of people. And our authors spoke about their books to hundreds of thousands of people at conferences, seminars, workshops, forums, and other events.

The ideas in our books also reached large additional audiences through the BK website and through our blog and other direct marketing programs that are discussed below.

2021 Initiatives That Are Still Expanding BK's Impact

Online Training Programs

In support of BK's strategic imperative to become a media enterprise, we have to focus on our competitive advantage and brand value proposition, in order to stand out from other media enterprises in our niche. Our competitive advantages include our strong relationship with our authors, the networks of speakers and customers we are plugged into, and the capacity for engaged and targeted email marketing we have built via past online training events.

For many years we have recorded online training events, courses, and summits which are delivered via an inclusive pricing model direct to our audience and customers. In 2021, our online training team produced the following projects:

- Re-marketed and strengthened distribution on the bestselling *Self to Systems* online course product we developed in 2020.
- Created a "Self Care to Systems of Care" online training series.
- Held a Leadership for a Changing World Summit in partnership with the Fowler Center and David Cooperrider.

These products focused on promoting DEI and trauma-informed practices in the business world, as well as environmentally sustainable and justice-focused business leadership practices. Although servant leadership has historically been some of our most impactful content, in the prior year, DEI related messages were easier to sell than the servant leadership messages. There is a consumer appetite for content that challenges the business status quo rather than reinforces it.

We hope that the Online Training Program can lead the way in building relationships between new audiences and Berrett-Koehler, as well as pulling in revenue through the products themselves. We want to strengthen Berrett-Koehler's voice and help BK take a stronger position on important issues, to help BK stand out from the deluge of media competing for consumer attention.

Audiobooks

The audiobook program that we started in 2015 has grown rapidly in very little time. By the end of 2017, the program was fully streamlined and we successfully published all of our new titles in three simultaneous formats: print, ebook, and audiobook. In 2021 we released 53 new audiobook titles, bringing our catalog to 382 audiobooks, which as of the end of 2021 have sold over 560,000 units. Audiobooks are a significant contributor to overall sales, with audiobook sales exceeding e-book sales for many of our titles. Our bestselling books often do well in the audiobook format. Bestsellers like *Change Your Questions*, *Change Your Life* by Marilee Adams and *Eat That Frog!* by Brian Tracy have sold tens of thousands of audiobooks each. *Leadership and Self-Deception* by the Arbing Institute has sold over 40,000 audiobooks since it was released in 2018. In 2021, we released the second edition audiobook for our *New York Times* bestseller *The Body Is Not an Apology* by Sonya Renee Taylor. Combining sales for the first and second edition audiobook makes this title our bestselling audiobook to date.

Berrett-Koehler has a select roster of talented narrators, many of whom are professional voice actors. Our audio production manager works to ensure that the narrators we collaborate with reflect a wide variety of voices, including narrators with different accents, narrators of color, and narrators who identify as trans or nonbinary. Having a diverse pool of narrators to draw on has a huge impact on creating an authentic tone and an engaging listening experience.

Partnerships

The Berrett-Koehler Foundation deepens and expands the reach and impact of the BK mission—beyond publishing—by supporting diverse changemakers around the world in co-creating a world that works for all. 2021 was a year of reassessing the mission, programs, and direction of the Foundation and its relationship with Berrett-Koehler Publishers, BK authors, and other BK stakeholders. This began when several leaders of the Foundation were principal contributors to the “BK Champions for Change Lab” event that brought together representatives of the full BK community for community building, vision articulation, and strategic planning. Subsequently the Foundation carried out a “Listening Tour” in which Foundation board members had conversations with dozens of BK authors, shareholders, customers, former Foundation leaders, and publishing company staff and board members about the role, impact, and programs of the Foundation. In response to these reflections, the Foundation paused its flagship Action Learning Fellowship program because of concerns that it was requiring more volunteer and staff resources to operate than the Foundation had available, and the Foundation board began considering potential adaptations of the Action Learning Fellowship program and/or other potential program directions. This review continued into early 2022. The Berrett-Koehler Foundation is a 501(c)(3) public charity that has a separate legal structure, board, and operations from The Berrett-Koehler Group, Inc., but receives financial support from Berrett-Koehler Publishers as well as from numerous individual BK authors and other BK community members.

The Berrett-Koehler Authors Inc., which is a long-standing but independent partner of Berrett-Koehler Publishers, brought together many authors and other BK community members in 2021 for its annual (virtual) marketing workshop in the Spring and hosted several Author Hacks webinars. These events helped authors and their marketing teams increase their ability to take the messages of their publications out into the world, thereby increasing the impact of those messages. The “Co-op,” as it is commonly called, also supported new BK authors by connecting them with more experienced authors as mentors.

Employee Benefits

Berrett-Koehler is committed to supporting, engaging, and developing our employees through many means, including our open sharing of information, participative decision-making model, comprehensive employee benefits, and Employee Stock Ownership Plan. These have positively contributed to employee engagement and success within the organization. Berrett-Koehler has a transparent compensation structure and practices open-book management to give employees full access to our salary schedule as well as to complete company financial information.

Diversity, Equity, Inclusion, and Justice

For some years Berrett-Koehler has been making a concerted effort to increase the number of women authors and authors of color among the BK author base. And these efforts in 2021 and prior years are bearing fruit. Of our scheduled 2021 publications, more than half of our authors were women and/or people of color (and of course members of other identities and intersections), a percentage that is well above the averages in the areas in which we publish, including business book publishing. Thirty-six percent of our audiobooks are narrated by women, and of those who self-reported, 13% our audiobooks are narrated by someone who identifies with a marginalized group.

BK has more work to do to achieve greater ethnic diversity among BK staff members. In recent years, we have made some strides in this regard, in part through creating a paid internship program a few years ago that is helping us find and prepare outstanding candidates for open staff positions, in part through expanding our searches for job candidates, and in part through emphasizing other qualifications and experience besides publishing experience. Yet the percentage of BK staff who self-reportedly identify as people of color remains on par with the very low industry average reported in the most recent Lee & Low survey: 24%.

In 2021, BK’s DEI Working Group focused the organization’s attention and resources on expanding our commitment to diversity, equity, inclusion, and justice. That group completed demographic and DEI climate surveys; results of those surveys can be found [here](#). Those surveys revealed systemic gaps in BK’s execution of its commitment to DEI internally; as a result, the Working Group recruited consultant Renato Almanzor for a full-year engagement with BK in 2022. Staff also completed a three-part “From Self to Systems” anti-racism training.

Community Benefits

Berrett-Koehler as a company believes in the power of volunteerism and strives to make space for all of our employees to give back to the community. To that end, we have a volunteer program that encourages employees to volunteer up to four hours of paid time per month, as well as one annual company-wide volunteer event.

Another way in which Berrett-Koehler serves the community-at-large is through our continuing partnerships with Benetech and Worldreader, two non-profit organizations whose mission is to provide reading materials to underserved communities. In the case of Benetech, the entire Berrett-Koehler book catalog is made available to people with visual or reading disabilities through their BookShare program. In collaboration with Worldreader, selected Berrett-Koehler titles in the areas of life skills, career, and personal development are made available to young people in the Global South (18-25 years old), to provide them with both inspiration and development.

Environment Benefits

BK continued to make environmentally sustainable paper purchasing a priority in 2021. The company has developed strong partnerships with North American print suppliers that can provide FSC-certified materials, including cover and dust-jacket paper, text paper, endsheets, and boards. Reaching a 100% FSC-certified print program is our primary goal, being able to have our books printed with FSC-certified materials that also contain at least some percentage of post-consumer waste material is our secondary goal. We inch closer to reaching these goals each year as follows:

Out of a total of 602,345 pounds of paper purchased in 2021, 602,345 pounds were FSC-certified.

Total pounds: 602,345

Total FSC pounds: 602,345

Total FSC + 0% PCW content (recycled material): 439,391 (72.95% of total)

Total FSC + 10% PCW content: 3,197 (0.52% of total)

Total FSC + 30% PCW content: 20,144 (3.35% of total)

Total FSC + 100% PCW content: 139,613 (23.18% of total)

Note: These numbers are slightly underrepresented due to one printer's inability to provide data for about twenty books. This affects our numbers only slightly. All paper purchased from them in 2021 was FSC certified and contained 0% PCW content.

In an industry where environmentally compromised and uncertified paper and printing is generally sourced from Asian markets and shipped by container, BK continues to work hard to secure a more local supply chain with a lower carbon footprint and domestic employees. These policies resulted in the company paying a premium over printing in Asia, but also resulted in our having a far more responsible and accountable supply chain.

BK continued to show environmental stewardship in other policies, such as its choice of a LEED-certified office, office recycling and composting programs, and our work-at-home program to reduce employee commutes.

Relationship Impact

Berrett-Koehler employs the assistance of many people outside of our staff and we use our close relationships with our author community to expand our reach. One of the key distinctions that sets Berrett-Koehler apart from other publishers is the way in which we partner with our authors. Our authors are given the power to provide input during all phases of the book production process and they have the option to end their contractual agreement with Berrett-Koehler at any time. One of the most important aspects of the publishing process at Berrett-Koehler is the Author Day. This is a day that is entirely devoted to discussing all aspects of the publication process, including

marketing, editorial, design, production, and publicity. All authors meet face-to-face with BK staff who will be working with them on their book.

Constraints on Impact

The biggest constraints on Berrett-Koehler's impact are the relatively small size of our staff (30 people) and modest size of the company (approximately \$10 million in annual revenues). Book publishing is an extraordinarily complex business, and simply keeping all the book-publishing processes functioning properly requires the full attention of our staff. Therefore, in order to achieve public benefits, we have to design the public benefits into the very nature of our products and business processes.

B IMPACT REPORT AND ASSESSMENT

Berrett-Koehler Publishers selected the B Impact Assessment (BIA) as the third-party standard to prepare our benefit report because it is the most widely-used impact measurement and management tool in the world. It has been used by more than 50,000 businesses to measure, compare, and improve their overall social and environmental performance, as well as by an increasing number of investors, business associations, and government entities serious about understanding and benchmarking the impact of the companies in which they invest and with which they do business. The BIA is governed by the nonprofit B Lab and meets the statutory requirement that a third-party standard must be comprehensive, credible, transparent, and independent. More information about the BIA and B Lab is available at bimpactassessment.net.

Berrett-Koehler's completed its latest B certification assessment in 2021, with a score of 80. While sufficient to receive B Corp recertification, this represented a considerable drop from the previous score of 95. The drop in score reflects many cost-cutting measures necessary in 2020 to weather the Covid-19 economics crisis, such as a temporary promotions freeze, suspension of employee bonuses, etc., all of which reduced our customary score. The company has restored normal employee benefits and programs in 2021, but these restorations can't change the current certification based on the 2020 operations year measured in the assessment.

The median score for the thousands of companies taking the assessment is 55—and note that this universe of companies is already preselected to emphasize companies that are seeking to practice corporate, social, and environmental responsibility.

Passing certification even during a global pandemic is a worthy accomplishment, as B Lab, the sponsoring nonprofit, continually tightens its standards and criteria as a way to spur improvement. Not showing up in the summary report is BK's successful accomplishment of the "Inclusive Economy Challenge," by meeting three criteria for living wage creation, board diversity with respect to gender and stakeholder representation, and equitable pay for interns. Participation and registration in the challenge was voluntary. As the B Impact Assessment thoroughly measures company practices in four key areas (workers, environment, governance, community), it is an excellent overall snapshot of BK's social responsibility.

BK's 2021 B Impact Assessment provides answers to each of more than 300 questions measuring Berrett-Koehler's impact on workers, community, customers, and the environment. This is our

actual Impact Assessment that underlies our B Impact Report, and making this report public is a level of transparency much beyond what is required or standard practice.

We also signed the “B Corp Declaration of Interdependence.”

The third-party record of Berrett-Koehler’s current certification status can always be found here:

<https://www.bcorporation.net/en-us/find-a-b-corp/company/berrett-koehler-publishers/>

Our current B Corp certification is effective through 3/21/25.

BOARD OF DIRECTORS STATEMENT

Since its formation in 1992, Berrett-Koehler Publishers has operated under a stakeholder model, going beyond the traditional profitability measures of success to include consideration of the impact its business activity has on all its stakeholder groups. It has solicited involvement from those stakeholder groups in its decision-making model and daily operations at all levels of its extended community, from the readers of its publications to the composition of its Board of Directors. In 2011, The Berrett-Koehler Group, Inc., adopted the B Corp standards as an appropriate tool to measure its overall social and environmental performance. In 2021, Berrett-Koehler achieved an overall rating sufficient to be re-certified as a Certified B Corp.

The Berrett-Koehler Board of Directors carefully reviewed the detailed 2021 B Corp Impact Assessment and Impact Report, and it is the opinion of the Board of Directors that the corporation met its obligation to actively pursue its general, and specific public benefit purposes as required under California Corporations Code Section 1462.

This is the eighth year BK has issued an Annual Benefit Report. Over the coming year, we will continue to hone our assessment of material impact the corporation has on society and the environment, with the goal of issuing comparative reports on the corporation’s performance.