



2016 Benefit Report of Berrett-Koehler Publishers, Inc., and The Berrett-Koehler Group, Inc.

INTRODUCTION

When we set out to embark on our B Corp journey in 2011, Berrett-Koehler wanted to broadcast to the world that we are a company committed to a triple bottom line of people, profit and the planet. Although 2016 was not a B Corp re-certifying year for BK, we completed a B Corp Assessment (version 5) online through B Labs. Based on the fact that we created a 2016 Impact Improvement Plan, we utilized the B Corp Assessment tool to chart our progress. Our previous overall B Corp score was 95, and we are happy to report that our 2016 score increased to 116.

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

A Benefit Corporation is a new class of for-profit corporation—based on laws recently enacted in 30 states, including California, and the District of Columbia—that is legally obligated to do four things:

1. Public Benefit. To quote from the new California law that Berrett-Koehler has taken advantage of, Benefit Corporations 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 has already done to be certified as a B Corp qualifies as such a third-party standard. However, BK will now need to do this Assessment annually (rather than biannually), which will help BK advance its corporate, social, and environmental performance and its adherence to its mission and values.

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 will ensure that it actually happens each year.

ELEMENTS OF BENEFIT REPORT

This report is Berrett-Koehler's second annual Benefit Report in fulfillment of the requirements described above for California Benefit Corporations. In this report, you will find the following:

1. Benefit Report Narrative: a description of the ways in which Berrett-Koehler pursued a general public benefit in 2016, 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;
2. 2016 B Impact Report Snapshot (attached): a quantitative summary of Berrett-Koehler's overall social and environmental performance assessed against the third party standard B Impact Assessment (BIA) in relation to each key stakeholder group and as compared to certain benchmarks;
4. 2016 Impact Improvement Plan Update (attached).

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.

Our BK Business books help people make their organizations more humane, democratic, diverse, and effective (we don't think there's any contradiction there). Our BK Currents books offer pathways to creating a more just, equitable, and sustainable society. Our BK Life books help people create positive change in their lives and align their personal practices with their aspirations for a better world.

All of our books are designed to bring people seeking positive change together around the ideas that empower them to see and shape the world in a new way. And we strive to practice what we preach. At the core of our approach is stewardship, a deep sense of responsibility to administer the company for the benefit of all of our stakeholder groups, including authors, customers, employees, investors, service providers, and the communities and environment around us. Everything we do is built around this and our other key values of quality, partnership, inclusion, and sustainability.

Publishing and Marketing Programs

The principal way that Berrett-Koehler pursued its general and specific public benefits in 2016 was through its book publishing programs. In 2016, BK published 38 new books and new additions, and monetized content through print, digital (including audio) and subsidiary rights.

2016 Revenue	
Print	\$6,254,168
Digital	\$1,808,292
Subsidiary Rights	\$745,016
Other Revenue	\$57,509
Total	\$8,873,985

Two of our top new titles (The New Confessions of an Economic Hit Man and The Outward Mindset) of the year sold over 100,000 copies *combined*! Berrett-Koehler also continued to market and sell its more than 600 previously published books that are still in print. We also pursued these public benefits by arranging for publication of our books in foreign languages around the world. In 2016 we closed 189 translation rights deals in 29 languages. Since 1992, we've executed approximately 2,774 translation rights deals in 54 languages. Hundreds of thousands of copies of these foreign-language editions of BK books were sold in 2016, helping to spread the ideas in the books around the world.

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 (which was recently substantially upgraded in content and presentation), through the BK Communique, and through other direct marketing programs.

In 2016 Berrett-Koehler also continued expanding our digital distribution partnerships around the world by adding eight new digital partners: Storytel Sweden AB, Kortext Ltd, and Iconic Matter.

New Initiatives

In 2016, Berrett-Koehler forged ahead with monetizing content using nonprint forms of media, and other (largely digital) products and services. This included the expansion of our content format to card decks and handbooks for best selling titles. We also formed a partnership with Conscious Marketer to help us deliver our first Online Training Summit in 2017. We believe that the online summits will be a major component of our community building efforts by reaching a broader audience and expanding our digital footprint.

In conjunction with the online summit, BK is partnering with HubSpot to implement advanced direct marketing systems. This includes the creation of an inbound marketing strategy to support the growth of our business by developing automated sales processes for each product category and customer type that lead to increased revenue and impact. This new initiative will aim to increase web traffic and expand BK's brand.

Partnerships

The reach and impact of the BK mission was expanded and deepened through the Berrett-Koehler Foundation, which receives a share of its financial support from Berrett-Koehler Publishers and most of the rest of its financial support from contributions of individual authors, employees, service providers, and other friends of Berrett-Koehler Publishers. During 2016 the Berrett-Koehler Foundation held several BK Leadership Exchanges that brought together hundreds of young, emerging, and experienced leaders to learn from each other new, more collaborative leadership approaches and skills. Many other young, emerging, and experienced leaders benefitted from other Foundation programs, including its Experiential Exchanges.

Berrett-Koehler Authors, Inc., which is a longstanding partner of Berrett-Koehler Publishers, brought together many authors and other BK community members in 2016 in its annual Retreat and its annual Marketing Workshop. These events helped authors and their marketing teams to increase their abilities to take the messages of their publications out into the world, thereby increasing the impact of those messages.

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 complete company financial information. As a result, we implemented a company-wide paid internship program that took effect in January 2016.

Community Benefits

Berrett-Koehler has a Book Donation policy that allows employees to identify which community organizations receive select titles, in addition to partnerships with local school districts. Berrett-Koehler has a Volunteer Program that encourages employees to volunteer up to four hours (company paid time) per month as well as one annual volunteer event companywide. One of the ways in which Berrett-Koehler has demonstrated a commitment to community engagement is through our Diversity and Inclusion (D&I) initiative. As an organization, we have identified several areas of focus when looking at diversity and inclusion at Berrett-Koehler and they are listed below:

- Authors from underrepresented groups (under 40, people of color, women, international)
- Internal (staff)
- Customers (including vendors)

To further expand our reach, we established a Diversity and Inclusion Committee & Research Program. The main focus of this group is to explore ways to improve many dimensions of diversity and inclusion at Berrett-Koehler Publishers. Staff members are introduced to various D&I topics and discussions through monthly staff meetings and sub-committee groups. Aside from our D&I work, we have strong ties to various community organizations including the Alameda County Food Bank and the Youth Employment Partnership.

Environment Benefits

Berrett-Koehler is deeply committed to our environmental impact and partners with other organizations to minimize our carbon footprint. Prior to entering partnerships with new vendors, we inquire about their carbon footprint and exercise good judgment during our production and design process. We are headquartered in Downtown Oakland and our building has been awarded the Leadership in Energy and Environmental Design for Existing Buildings: Operations and Maintenance (LEED® EB O+M) Silver Certification by the United States Green Building Council (USGBC).

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 set 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, production, and publicity. All authors meet face-to-face with everyone who will be working with them on their book.

Constraints on Impact

The biggest constraints on Berrett-Koehler's impact are the relative small size of our staff (under 30 people) and modest size of the company (close to \$9 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 30,000 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.

2016 IMPACT IMPROVEMENT PLAN STATUS

After reviewing our 2015 Impact Assessment during the re-certification process we realized that our score was great, but there is opportunity to improve. We created a 2016 Impact Improvement Plan to help strengthen our impact and to further engrain B Corp standards into our operational make-up. One key area of focus (Environment, Workers, Community, Customers and Governance) was discussed at each of Berrett-Koehler's monthly staff meetings for the entire 2016 fiscal year. Although 2016 was a non-certifying year, Berrett-Koehler used the Impact Improvement Plan as the guiding document to guide and increase our impact. This is another example of Berrett-Koehler's transparency and commitment to creating a world that works for all.

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.

The Berrett-Koehler Board of Directors carefully reviewed the detailed 2015 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. The board also reviewed management's B Corp Improvement Plan for 2016, and found the targets to be reasonable stretch goals for improvement. At the start of 2018, Berrett-Koehler will undergo a full re-certification process with a B Lab verified assessment.

About B Corporations

Certified B Corporations are leaders of a global movement of people using business as a force for good. They meet the highest standards of overall social and environmental performance, transparency and accountability and aspire to use the power of business to solve social and environmental problems. There are more than 1,812 Certified B Corporations in over 130 industries and 50 countries with 1 unifying goal – to redefine success in business.

B Corp Principles

1. Building a global community of Certified B Corporations who meet the highest standards of verified, overall social and environmental performance, public transparency, and legal accountability.
2. Promoting Mission Alignment using innovative corporate structures like the benefit corporation to align the interests of business with those of society and to help high impact businesses be built to last;
3. Helping tens of thousands of businesses, investors, and institutions Measure What Matters, by using the B Impact Assessment and B Analytics to manage their impact ----- and the impact of the businesses with whom they work ----- with as much rigor as their profits;
4. Inspiring millions to join the movement through compelling story telling by B the Change Media.
5. B Corps™ are important because they inspire all businesses to compete to be the Best for the World®.
6. The performance standards B Corps™ meet are comprehensive, transparent and verified. They measure a company's impact on all its stakeholders (e.g. workers, suppliers, community, customers and the environment).
7. Unlike traditional corporations, Certified B Corporations are required to consider the impact of their decisions on all their stakeholders

B Corporation FAQs

Q: Why do B Corps matter?

A: Certified B Corporations are leading a global movement to redefine success in business. By voluntarily meeting higher standards of transparency, accountability, and performance, Certified B Corps are distinguishing themselves in a cluttered marketplace by offering a positive vision of a better way to do business.

Q: How does a company become certified?

A: B Corps are certified by the nonprofit B Lab. To become certified, a company must:

1. Meet the Performance Requirement: Complete the B Impact Assessment and earn a reviewed minimum score of 80 out of 200 points.
2. Meet the Legal Requirement: Adopt the B Corporation Legal Framework to bake the mission of the company into its legal DNA. This allows the company's values to thrive under new management, new investors, and new ownership.
3. Make it Official: Sign a Term sheet and Declaration of Interdependence to make the certification official.

Q: Why do companies certify? A: B Corps want to be a part of something bigger than themselves, but for many, becoming a B Corp also has to make business sense. B Corp certification helps companies differentiate from pretenders, generate press, benchmark performance, save money and access services, attract investors, partner with peers, and attract and engage talent.

Berrett-Koehler Publishers 2016 B Impact Report Summary		
	Company Score	Median Score
Overall B Score	113.6	50.6
Environment	<p>The Environment section of the Assessment evaluates a company's environmental performance through its facilities; materials, resource, and energy use; and emissions. Where applicable, it also considers a company's transportation/distribution channels and environmental impact of its supply chain. This section also measures whether a company's products or services are designed to solve an environmental issue, including products that aid in the provision of renewable energy, conserve resources, reduce waste, promote land/wildlife conservation, prevent toxic/hazardous substance or pollution, or educate, measure, or consult to solve environmental problems.</p> <p>Company Score: 12.3 Median Score: 5.4</p>	
Workers	<p>The Worker section of the survey assesses the company's relationship with its workforce. This section measures how the company treats its workers through compensation, benefits, training, and ownership opportunities provided to workers. It also focuses on the overall work environment within the company through management/worker communication, job flexibility and corporate culture, and worker health and safety practices.</p> <p>Company Score: 27.7 Median Score: 19.5</p>	
Customers	<p>The Customers section of the Assessment measures the impact a company has on its customers. The section focuses on whether a company sells products or services that promote public benefit, and if those products/services are targeted towards serving underserved populations. Questions in this section will measure whether a company's product or service is designed to solve a social or environmental issue (e.g. improves health, preserves environment or creates economic opportunity to individuals or communities, promotes the arts/sciences, or increases the flow of capital to purpose---driven enterprises).</p> <p>Company Score: 1.9 Median Score: NA</p>	
Community	<p>The Community section of the survey assesses a company's impact on its community. The Community section evaluates a company's supplier relations, diversity, and involvement in the local community. The section also measures the company's practices and policies around community service and charitable giving. In addition, this section includes if a company's product or service is designed to solve a social issue, including access to basic services, health, education, economic opportunity, arts, and increasing the flow of capital to purpose---driven enterprises.</p> <p>Company Score: 54.5 Median Score: 15.6</p>	
Governance	<p>The Governance section of the Assessment evaluates a company's accountability and transparency. The section focuses on the company's mission, stakeholder engagement, and overall transparency of the company's practices and policies.</p> <p>Company Score: 17.2 Median Score: 5.2</p>	

Compared against 340 ordinary businesses that have 10-49 employees

Impact Improvement Plan

I. Community

Community Service Program (CSP)

Benefits of CSP	CSP Models
Building teamwork among employees • Enabling staff to develop occupational skills • Increasing employee commitment and goodwill towards your company • Exemplifying company values of leadership and service • Creating a vehicle for building new business relationships • Generating positive PR for your company	Individual Volunteer Matching, Matching Time Leave, Corporate Volunteer Programs, Single or Annual Projects, Employee-Directed Projects, Ongoing Partnerships with Specific Nonprofits, Participation in Non-Profit Boards
Status: Completed annual company-wide project and reminded employees of paid volunteer policy.	

Charitable Contributions

Contribution Type(s)	
	Book donations to organizations where a member of the BK Community has identified a need.
Status: Several donations made to community based organizations in 2016.	

Local Purchasing Policy	Why Buy Local?
	<p>A Local Purchasing Policy is a documented commitment to give preference to locally produced goods and services, purchased from a local and independent business, over those produced more distantly.</p> <ul style="list-style-type: none"> ▪ Support community groups ▪ Reduce environmental impact & create jobs ▪ Get better service, invest in community ▪ Encourage local prosperity, diversity and inclusion
Supplier Code of Conduct	Supplier codes of conduct are created to ensure that a company's suppliers enforce safe working conditions, that their workers are treated with respect and dignity, and that their manufacturing processes are environmentally responsible. Key Components: Labor Standards and Practice, Environmental Policy, Documentation and Review Policy
Status: Supply chain diversity efforts are ongoing.	

II. Environment

Audits

Environmental Audit	
	An environmental audit is a tool that a company can use to identify the full extent of its environmental impacts, determine whether or not the company is in compliance with applicable laws, regulations, and the expectations of its stakeholders, and gain an understanding on how it can sustain or improve its environmental performance going forward.
Supplier Carbon Footprint Audit	A carbon footprint evaluation measures the carbon dioxide produced by burning fossil fuels for electricity, heating, transportation, and the production of consumer goods, among other activities, for a particular residence, business, or other unit of analysis (such as a city). Carbon dioxide is a

	greenhouse gas. There are two levels of carbon footprint analysis, the primary footprint and the secondary footprint. The primary footprint measures the direct emissions of carbon dioxide (CO ₂) from the burning of fossil fuels (coal, oil, natural gas) for domestic energy consumption and transportation. The secondary footprint measures indirect emissions of CO ₂ from the product lifecycle.
Environmental Programs	
Office Recycling Program	K-Cup Recycling, E-Waste collection and pickup monthly through a partnership with Give Something Back Office Supplies and ReliaTech (e-waste);
Corporate Travel Policy	Carbon footprint reduction (low mileage option)
Status: Purchased carbon-offsets from Arcadia Energy Renewal	
III. Workers	
Employee Engagement Assessment and Metrics	If you have over 30 employees, it is good idea to conduct regular, anonymous surveys of your employees, to assure that they are satisfied with their work and the workplace and, more importantly, feel engaged in the enterprise's success. An engaged employee is a person who is fully involved in, and enthusiastic about, his or her work.
360 Degree Feedback Model	Direct feedback from an employee's subordinates, peers (Colleagues), and supervisor(s)
Performance Evaluation and Development Plan	Each employee will participate in a self-assessment with feedback from direct supervisor annually (11/1 thru 12/1).
Health and Wellness Program	In-office Yoga, Flu Shots, Committee Formation, Injury and Illness Prevention Policy
Status: Planned and implemented a Performance Toolkit, which included a feedback and performance evaluation model.	
IV. Customers	
Quality Assurance	Create consistent mode of feedback to and from key suppliers and vendors.
Communication	Social Media Broadcast, B Hive activity (staff involvement), Special Offers
Status: Ongoing feedback model in development.	
V. Governance	
Whistle Blowing Policy	Whistle blowing entails revealing wrongdoing or improper conduct within an organization to those in authority or to the public. The Occupational Safety and Health Act (OSH Act) under the Department of Labor protect employees against retaliation for protesting or complaining to their employers.
Public Facing Annual Report	Provide public with access to annual financials (via www.bkconnection.com)
Status: Complete	
VI. 2016 Impact Assessment Measurement- At the end of December 2016, Berrett-Koehler to initiate free B Corp Impact Assessment to chart progress and results.	
Status: Utilized B Corp Assessment (version 5) to obtain overall Impact score for 2016.	

Exhibit 1.0

2016 B Impact Report Snapshot

