

## FY16 ANNUAL BENEFIT CORPORATION REPORT

**Date:** July 1 2016

**Company Name:** South Mountain Company

**Address:** 15 Red Arrow Road, PO Box 1260, West Tisbury MA, 02575

**Year Established:** 1975

**President/CEO:** John Abrams

**Benefit Director:** Jerry Tulis, Tulis Miller LLP, 313 Congress Street, Boston MA 02210

**Significant (>5%) Ownership Positions in the Company:** see Addendum - *Board of Directors Including FY16 Ownership Positions and FY16 Compensation*

**Board of Directors:** see Addendum - *Board of Directors Including FY16 Ownership Positions and FY16 Compensation*

### INTRODUCTION

South Mountain Company (SMC) is in its 41st year in business and its 29<sup>th</sup> year as an employee owned worker cooperative.

Today we have 31 full time employees, two part-time employees, and two interns. Of these, 17 are owners and the others are on a track to ownership. There is an abundance of talent, skill, youth, and passion. We are fortunate to have many people who have made long term commitments to the company.

The company is thriving in all ways, and fully engaged in the process of planning for the transition to our 2<sup>nd</sup> generation. We have a varied backlog of good work. As we continue to balance profits with mission and values (see attached mission statement), the future looks promising.

### SMC AS CONTRIBUTOR

An essential part of our purpose as a business is to constantly try to improve the ways we contribute to the lives of our employees, to our community, and to the world we live in.

We contribute to the lives of our employees and their families through the provision of stable, meaningful jobs with living wages, profit sharing, industry-leading benefits, and ownership opportunity.

We contribute to our community through our pro-bono work and advocacy, and we make charitable contributions through our South Mountain Company Foundation. This year we supported the Martha's Vineyard High School's Building Trades Program, participated in a playground community build, and initiated "Solar for All", a partnership with the Island Housing Trust to bring solar systems to subsidized affordable housing.

We contribute to the wider world through our progressive business practices and the many ways we share them (see Reaching Out below.)

## **EXPRESSING OUR VALUES IN WHAT WE DO**

Although we remain an architecture and building company, as we have been for our entire history, with each passing year our projects express our values to a greater degree. Most of our projects, these days, include one or more (usually more) of the following: solar energy systems, high performance building envelope, net energy production, deep energy retrofit, affordable housing.

We also try to express our values in our investment activity. We invest our pension funds and equity funds in socially-screened investment vehicles. We are mostly divested from all fossil fuel investments and we have expanded our investments portfolio into smaller mission driven companies including Boston Community Capital, Equal Exchange, and Real Pickles.

This year we continued our carbon footprint assessment, made policy changes that will incentivize further reductions of our footprint, and leased an electric vehicle for employee use. We have begun to do life cycle assessments of our building projects as we journey along the path to (eventually!) becoming a zero energy, zero waste company.

## **REACHING OUT**

We share what we have learned by teaching, speaking, writing, and advocating.

This year we continued the development of Building Energy Bottom Lines, a triple bottom line peer group network program for architecture, building, design/build, and renewable energy companies in the Northeast. We worked with the Northeast Sustainable Energy Association (NESEA), the owner of the program, to expand its reach to more like-minded companies in our region.

We continued our participation with the Amicus Solar, a national purchasing cooperative and advocacy made up of +/- 30 progressive independent solar companies nationwide.

## **THIRD PARTY STANDARD**

We selected B Labs' "B Impact Assessment" tool as the third-party standard to assess South Mountain Company's progress in the creation of a general public benefit and overall performance regarding our triple-bottom-line operating philosophy. We feel that their approach is well-aligned with our values and mission; and their process is rigorous, thorough, and constantly improving.

## **OUR ASSESSMENT**

Our most recent B Corp certification resulted in an excellent final score of 181 (out of 200 possible points), one of the highest scores among the +/- 1,700 companies certified by B-Lab. B-Lab recognized SMC as one of "the best companies for the world." You can find the B-Lab score report in the Addendum.

## **ONWARD WE GO . . .**

South Mountain continues to seek ways to be of greater service to our stakeholders, our community, and the planet as we complete our 41<sup>st</sup> year and continue to plan for the long term.

## **ADDENDUM**

- (i) Board of Directors Including FY16 Ownership Positions
- (ii) 2015 B-Lab Report
- (iii) Mission Statement
- (iv) Benefit Director's Statement



Board of Directors including Ownership Positions

| Director            | % Ownership |
|---------------------|-------------|
| Abrams, John        | 14%         |
| Bazzy, Derrill      | 7%          |
| Beck, C. Aaron      | 3%          |
| Bellebuono, Rocco   | 3%          |
| Bohan, Deirdre      | 6%          |
| Bushey, Ryan        | 4%          |
| Dillon, William     | 8%          |
| Forest, Philip      | 6%          |
| Ives, Peter         | 9%          |
| Kostman, Beth       | 2%          |
| Leuchtenmacher, Ken | 5%          |
| MacKenzie, Margaret | 8%          |
| Meyers, Robert      | 3%          |
| Mullin, Siobhan     | 4%          |
| Rosenbaum, Marc     | 1%          |
| Small, Gregory      | 4%          |
| Smith, Betsy        | 4%          |
| Turnell, Donald E.  | 2%          |
| Vercruysse, James   | 8%          |
| <b>TOTAL</b>        | <b>100%</b> |

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# South Mountain Company, Inc.



## Residential Design/Build + Renewable Energy

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United States  
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your company's impact

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B Impact  
Assessment

### What makes us a better company?

## B Impact Report

**Certified since: June 2008**

| Summary:        | Company<br>Score | Median<br>Score* |
|-----------------|------------------|------------------|
| Environment     | 45               | 7                |
| Workers         | 69               | 18               |
| Customers       | N/A              | N/A              |
| Community       | 48               | 17               |
| Governance      | 19               | 6                |
| Overall B Score | 181              | 55               |

**BENEFIT DIRECTOR STATEMENT**  
**July 2016**

As the sole independent Benefit Director of South Mountain Company, Inc., I confirm the following to be true and accurate with regard to the public benefit impact of the Company during its most recent fiscal year (FY16 - May 1 2015 to April 30 2016).

- (i) South Mountain Company has acted in accordance with its general public benefit and any specific public benefit purpose in all material respects during the period covered by the report during the period covered by this report.
- (ii) The Directors and Officers of South Mountain Company have complied with the subsection (a) of Section 10 and subsection (a) of Section 12 during the period covered by this report.
- (iii) The Directors and Officers of South Mountain Company have complied with subsection (b) of Section 10 during the period covered by this report.
- (iv) South Mountain Company's B-Corp status continues to have a strong positive impact on our business practices, on our overall prosperity, and on all of our stakeholders.

Respectfully Submitted

Gerald M. Tulis  
Benefit Director  
South Mountain Company