

south
mountain
COMPANY

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FY19 Annual Benefit Corporation Report

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DATE

July 1 2019

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, 10 High Street,
Boston MA 02110*

SIGNIFICANT (>5%) OWNERSHIP POSITIONS IN THE COMPANY

*see Addendum - Board of Directors
Including FY19 Ownership Positions and
FY19 Compensation*

BOARD OF DIRECTORS

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Including FY19 Ownership Positions and
FY19 Compensation*

Introduction

South Mountain Company (SMCo) is in its 44th year in business and its 32nd year as an employee owned worker cooperative.

Today we have 34 full time employees, two part-time employees, and three interns. Of these, 21 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 2nd generation. We have a tremendously varied backlog of good work. As we continue to balance profits with mission and values (see attached mission statement), the future looks promising.

SMCOO 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 better than 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 did pro-bono and discounted work for a variety of local organizations, including the Martha's Vineyard Public Charter School, the Island Grown Initiative, Island Housing Trust, Martha's Vineyard Cerebral Palsy Camp and MV Community Services.

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

EXPRESSING OUR VALUES IN WHAT WE DO

Although we remain an architecture, engineering 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 are in the midst of several important projects for local non-profits.

Solar design and installation has grown to be approximately one third of our business, and we are engaged in innovative projects with battery storage and parking lot canopies.

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 almost entirely divested from all fossil fuel investments and we have expanded our investments portfolio into smaller mission driven companies including Boston Community Capital, Clean Energy Credit Union, Equal Exchange, and Real Pickles.

We continue to try to minimize our carbon footprint, have made policy changes that incentivize further reductions of our footprint, and continue to lease 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 +/- 50 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 183 (out of 200 possible points), apparently the highest score among the +/- 1,700 companies certified by B-Lab. B-Lab recognized SMC as a 2018 honoree in the "Best of Environment", "Best for Governance", "Best for Workers", and "Best for Overall" categories. 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 44th year and continue to plan for long term continuous improvement.

ADDENDUM

- (i) Board of Directors Including FY19 Ownership Positions & FY19 Compensation for Board Related Activities
- (ii) Most Recent B-Lab Report (Note: B Lab Certification is competed every two years)
- (iii) Mission Statement
- (iv) Benefit Director's Statement



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