



LEA 02	Disclosures Monetary	Reason Gateway	Principle PRI 1,2,3
<p><b>Type of engagement</b> Individual/ internal staff engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</li> <li><input checked="" type="checkbox"/> To engage internal ESG expertise</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in internal staff</li> </ul>		
<p><b>Type of engagement</b> Collaborative engagements</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in collaborative engagements</li> </ul>		
<p><b>Type of engagement</b> Service provider engagements</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in service provider engagements</li> </ul>		

# RI TRANSPARENCY REPORT

## 2014/15

Breckinridge Capital Advisors

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	-	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	-	n/a							✓

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
FI 09	Types of sustainability thematic funds/mandates	✓	Private	✓						
FI 10	Description of ESG integration	✓	Private	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	-	n/a	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	✓	Private		✓					

# Breckinridge Capital Advisors

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1	Select the services you offer.
---------	--------------------------------

Fund management

	% of assets under management (AUM) in ranges
--	----------------------------------------------

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 01.2	Additional information. [Optional]
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Breckinridge Capital Advisors is a Boston-based investment advisor specializing in the management of high-grade fixed-income portfolios for institutions and private clients. Working through a network of investment consultants and advisors, Breckinridge offers municipal, corporate, government and sustainable bond strategies in customized separate accounts.

OO 02	Mandatory	Peering	General
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OO 02.1	Select the location of your organisation's headquarters.
---------	----------------------------------------------------------

United States

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
---------	-------------------------------------------------------------------------------------------

- 1
- 2-5
- 6-10
- >10

OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
---------	-----------------------------------------------------------------------------------------------

	FTE
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54

OO 03	Mandatory	Descriptive	General
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OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		20	801	157	957
Currency	USD				
Assets in USD		20	801	157	957

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	<10%	0
Fixed income – government	>50%	0
Fixed income – other	<10%	0
Private debt	0	0
Private equity	0	0



Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

**OO 06.2**

Additional information. [Optional]

Breckinridge's FI-Government is comprised of 93.6% local government/municipal debt & 1.1% US treasury/agency debt. FI-Other is comprised of 0.04% supranationals.

### Gateway asset class implementation indicators

**OO 11**

**Mandatory**

**Gateway**

**General**

**OO 11.1**

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Cash
- None of the above

**OO 12**

**Mandatory**

**Gateway**

**General**

**OO 12.1**

The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.*

**Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Fixed Income
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- Fixed Income - Corporate
- Fixed Income - Government

**Closing module**

- Closing module

# Breckinridge Capital Advisors

## Reported Information

## Public version

## Overarching Approach

## PRI disclaimer

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1	Indicate if you have a responsible investment policy.
---------	-------------------------------------------------------

- Yes
- No

OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.
---------	------------------------------------------------------------------------------------------------------------

- Yes
- No

OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]
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### Breckinridge's Overall Sustainable Investment Approach:

At Breckinridge sustainability is an integral part of our business and investment approach. We strive to provide the highest caliber of fixed-income management, facilitating a sustainable flow of capital from long-term investors to responsible local government authority/municipal and corporate borrowers. As fixed-income investors, we are forward-thinkers. We seek to assess the reliability of future cash flows and identify future risks. We maintain a long-term focus and view our investments as medium-to long-term commitments.

We believe it is our obligation as investors to lead and encourage a shift in focus within the investment community from short-term performance to long-term investing. Long-term investing favors enterprises that are operating in a sustainable manner today with an eye to material issues that may affect their performance in the future. We believe a shift to long-term investing is best achieved by moving beyond traditional financial analysis to a comprehensive assessment of both financial and non-financial ESG performance.

Our approach to the credit research of companies and local government authorities/municipalities connects the capital resources used including financial, natural, human and physical resources, to the external impacts produced including services provided, financial returns, environmental impacts and the "essentiality" connection with communities and society. We also assess the value creation processes used by companies and local government authorities/municipalities including governance, resource efficiency and labor practices. Since 2012, we have integrated environmental, social and governance (ESG) criteria into our core investment process and have developed proprietary frameworks to generate sustainability ratings that inform our internal credit ratings for issuers. We believe that this type of analysis provides a long-term, forward-looking perspective that can help identify and price credit risk. Ultimately, integrating ESG analyses with traditional financial analyses can lead to improved long-term risk-adjusted returns.

Below we have provided an overview of our approach to responsible investment for both local government authority/municipal and corporate bonds:

### Local Government Authority/Municipal Bond Approach:

To assess the sustainability and ESG risks of a local government authority/municipal issuer, we start with an evaluation of the essentiality of the purpose of the bond issue. Bonds issued for essential public projects will likely have a positive impact on the community as they finance such purposes as clean water projects and transportation infrastructure. Projects that enhance the fabric of a community and are essential to its stakeholders are correlated with lower bond default rates and are more likely to receive support in times of fiscal stress.

Secondly, we assess the sustainability of the local government authority/municipal issuer using our proprietary local government authority/municipal ESG frameworks. We created eight sector-specific frameworks with specific ESG indicators for states, cities and counties, school districts, and public and private colleges and universities, electric utilities, community colleges, water & sewer utilities, and not-for-profit hospital systems. When developing the frameworks, our priority was to identify metrics that would be additive to our research process, obtainable from reliable sources, and material to credit quality. In the frameworks, data for the quantitative indicators is sourced from a variety of governmental agencies and non-governmental agencies including the US Environmental Protection Agency, and the Centers for Disease Control and Prevention. Also, we consulted with

leading sustainability non-profit organizations as we formulated our ESG methodologies. For example, we reviewed a draft of our water & sewer ESG framework with the water team at Ceres and adjusted our selected indicators based on their feedback. In other cases, instead of direct consultation, our work was guided by the expertise of such organizations as STAR Communities, which provides a comprehensive system for US local governments to assess and rate their sustainability efforts, and AASHE, which analyzes the sustainability of US colleges and universities.

We use a combination of quantitative and qualitative indicators in the frameworks. For example, in the City/County methodology, we include quantitative measures like the GINI Coefficient, a calculation of income inequality, and median travel time to work, to gauge the strength of local economy. From a qualitative perspective, we review the depth and breadth of a local government authority/municipality's sustainability plan.

Each factor receives a score, which is multiplied by the metric weight to calculate the final score. Using this score, we then assign the final sustainability rating using this scale:

- S- 1: Minimal Environmental, Social and Governance (ESG) risks
- S- 2: Modest ESG risks
- S- 3: Moderate ESG risks
- S- 4: High ESG risks

As a result of this analysis, securities will be selected for purchase in sustainability portfolios only if it meets our high standards for credit fundamentals, and either earns a favorable sustainability rating or finances an essential public project.

#### **Corporate Bond Approach:**

We also developed our own internal framework to assess and rate the sustainability of corporate bond issuers. As with local government authority/municipal issuers there are four ratings, S-1 to S-4, ranging from minimal ESG risks (S-1) to high ESG risks (S-4):

- S- 1: Minimal Environmental, Social and Governance (ESG) risks
- S- 2: Modest ESG risks
- S- 3: Moderate ESG risks
- S- 4: High ESG risks

To generate a score for the corporate framework and assign a sustainability rating, we analyse a company's performance on a number of ESG indicators. For example, we will examine an issuer's history of environmental stewardship, commitment to ethical and responsible private enterprise, pledges in the areas of human rights and anti-corruption, and whether the company has articulated measurable goals around sustainability. Our analysis of each factor is premised on information drawn from various sources, including Corporate Social Responsibility Reports (CSR) and Bloomberg.

We also incorporate leading independent ESG research from MSCI and Sustainalytics (SA). To integrate the MSCI and Sustainalytics research, Breckinridge uses a quartile approach, based on ESG scores, in order to identify the standing of corporate issuers relative to their peers. We begin with a universe of investment grade corporate issuers, which we then rank in quartiles based on MSCI and SA scores. We determine these quartiles separately to isolate differing rating methodologies between MSCI and SA. Finally, we evaluate the corporation's performance on certain third party studies including Newsweek Green Rankings and Ethisphere's Most Ethical Companies Ranking.

In this way, we use outside ESG research to complement our own internal analysis. A corporate security will be selected for purchase in sustainability portfolios only if it meets our rigorous credit standards and earns a favorable sustainability rating.

#### **Sustainable Strategies:**

At Breckinridge, ESG factors are assessed as a part of our standard investment process; however, we also offer clients the opportunity to select high-grade sustainable fixed income strategies that emphasize ESG criteria. These strategies identify and selectively invest in corporate, local government authority, municipal, supranational and agency issuers with above average ESG profiles and bonds that fund essential environmental, social or economic development projects.

#### **Supplemental Information & Documents:**

As previously mentioned, supplementary information and documents regarding our sustainable investment and research policies are currently available on our site through the following URL's:

<http://www.breckinridge.com/strategies/sustainable/brochure/>

[http://www.breckinridge.com/insights/whitepapers/esg\\_integration\\_in\\_corporate\\_esg/](http://www.breckinridge.com/insights/whitepapers/esg_integration_in_corporate_esg/)

<http://www.breckinridge.com/pdf/news/Breckinridge%20RI%20Insight%20Article%20Feb%202014.pdf>

<http://www.breckinridge.com/insights/whitepapers.html?id=1269>

<http://www.breckinridge.com/insights/whitepapers.html?id=1306>

[http://www.breckinridge.com/strategies/sustainable/taxable\\_sustainable\\_focus/index.html](http://www.breckinridge.com/strategies/sustainable/taxable_sustainable_focus/index.html)

[http://www.breckinridge.com/strategies/sustainable/tax\\_efficient\\_sustainable\\_focus/index.html](http://www.breckinridge.com/strategies/sustainable/tax_efficient_sustainable_focus/index.html)

OA 02	Mandatory	Core Assessed	PRI 6
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**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes
- No

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
  - Yes, all
  - Yes, some

**OA 02.4** List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Sustainability Brochure	<a href="http://www.breckinridge.com/strategies/sustainable/brochure/">http://www.breckinridge.com/strategies/sustainable/brochure/</a>
Corporate Engagement White Paper	<a href="http://www.breckinridge.com/insights/whitepapers/esg_integration_in_corporate_esg/">http://www.breckinridge.com/insights/whitepapers/esg_integration_in_corporate_esg/</a>
ESG in Fixed Income Paper	<a href="http://www.breckinridge.com/insights/whitepapers.html?id=1269">http://www.breckinridge.com/insights/whitepapers.html?id=1269</a>
ESG in Corporate Bonds Paper	<a href="http://www.breckinridge.com/insights/whitepapers.html?id=1306">http://www.breckinridge.com/insights/whitepapers.html?id=1306</a>
Taxable Sustainable Strategy Webpage	<a href="http://www.breckinridge.com/strategies/sustainable/taxable_sustainable_focus/index.html">http://www.breckinridge.com/strategies/sustainable/taxable_sustainable_focus/index.html</a>
Tax-Efficient Sustainable Strategy Webpage	<a href="http://www.breckinridge.com/strategies/sustainable/tax_efficient_sustainable_focus/index.html">http://www.breckinridge.com/strategies/sustainable/tax_efficient_sustainable_focus/index.html</a>

- No

**OA 02.5** Additional information. [Optional]

Please also see the Responsible Investor article 'Approaching Sustainable Fixed Income', which provides an overview of our approach:  
<http://www.breckinridge.com/pdf/news/Breckinridge%20RI%20Insight%20Article%20Feb%202014.pdf>

**OA 03** **Mandatory** **Core Assessed** **PRI 1,2**

**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**OA 03.2** Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

Please note that our overall policy, ESG guidelines, asset class specific guidelines and engagement covers all of Breckinridge's AUM. Screening guidelines apply to our sustainable strategies.

**OA 04** **Mandatory** **Core Assessed** **General**

**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process.  
[Optional]

Management of conflicts of interest are covered in Breckinridge's Compliance Manual which can be reviewed in full on site. Breckinridge evaluates its investment process for any potential conflicts of interest on an ongoing basis. We expect all employees to adhere to the highest standards with respect to any potential conflicts of interest with clients. As a fiduciary, Breckinridge must act in its clients' best interests. Neither Breckinridge nor any employee should ever benefit at the expense of any client. Employees are generally expected to discuss any perceived risks, or concerns about Breckinridge's business practices, with their direct supervisor or the CCO. Furthermore, Breckinridge employees are not permitted to invest in any of the company's strategies in order to further minimize this risk.

No

## Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
  - Biannually
  - Annually
  - Every two years or less
  - It is not reviewed
- No

## Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.



**Roles present in your organisation**

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - Executive Committee**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Portfolio managers
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Investment analysts
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Dedicated responsible investment staff
  - External managers or service providers
  - Other role, specify
  - Other role, specify

**OA 08.3** Additional information. [Optional]

All employees take part in Breckinridge's ESG efforts.

**Promoting responsible investment**

<b>OA 10</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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**OA 10.1** Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

- Select all that apply**
- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
US SIF

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

**OA 10.2**

Additional information. [Optional]

In addition to the organizations indicated above, Breckinridge has participated and partnered with the organizations below in order to formulate non-financial industry ESG metrics, collaborate on industry issues, and advance our knowledge of key ESG issues:

- Certified B Corporation
- Boston Area Sustainable Group (BASG)
- Boston Area Sustainable Investment Consortium (BASIC)
- Women Investing in a Sustainable Economy (WISE)
- Fixed Income Analysts Society (FIASI)
- Boston Security Analysts Society (BSAS)
- The Association for the Advancement of Sustainability in Higher Education (AASHE)
- Sustainable Investment Research Analyst Network (SIRAN)
- Sustainability Accounting Standards Board (SASB)
- STAR Communities

OA 11	Mandatory	Core Assessed	PRI 4
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<b>OA 11.1</b>	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

<b>OA 11.2</b>	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

<b>OA 11.3</b>	Additional information. [Optional]
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Breckinridge promotes responsible investment through active engagement, PR activities, speaking opportunities and sponsorships, which included the following in 2014:

Engagement:

In 2014, Breckinridge continued its innovative project of active engagement by reaching out to a sample of our largest corporate and local government borrowers to discuss issues related to sustainability with management teams. Breckinridge believes that engagement leverages our voice as a stakeholder to bring greater focus on management's stewardship of ESG issues, in accordance with the Principles for Responsible Investment (PRI). Bondholders play a key role in the capital structure, but unlike shareowners, we have no formal venue such as proxy voting where our voice can be heard systematically. To address this, we direct our engagement efforts to private dialogues with management. During these discussions, we gain a better understanding of the credit and ESG profiles of borrowers and the material issues, opportunities and risks they face. At the same time, we proactively encourage transparent reporting on material ESG issues and the management of those risks, especially when disclosure falls below best practices.

PR Activities:

In 2014, Breckinridge published articles promoting responsible investment in the following publications.

- Responsible Investor Magazine
- FundFire
- Investment News
- US Trust Capital Acumen
- Wall Street Journal
- Inter-American Development Bank "IDB" Sustainable Business Blog
- Caldys Group Blog
- International Finance Corporation (contributed to "Innovations in Green Credit Markets" paper)

Speaking Engagements:

In 2014, Breckinridge promoted responsible investment through speaking opportunities at the following events.

- Investor Summit on Climate Risk

- Association of Governing Board's "AGB" Foundation Leadership Forum
- National Association of University Business Officer's "NACUBO" Endowment & Management Forum
- Corporate Social Responsibility "CSR" Investing Summit
- New York Society of Security Analysts' "NYSSA" Sustainable Investing Event
- UN PRI ESG Fixed Income Panel
- CFA Institute Wealth Management Conference
- Fixed Income Security Analysts Society's "FIASI" Speaker Series
- Euromoney Sustainable & Responsible Capital Markets Forum
- Investment Management Institute Conference
- Merrill Lynch ESG University
- New England Pension Consultant's "NEPC" Annual Client Conference
- Boston Security Analysts Society's "BSAS" Sustainable Investing Event
- STAR Communities Webinar "The Impact of Sustainability on Municipal Bond Ratings & Investment"
- Moody's ESG Investing Conference
- Merrill Lynch MSG SMA Manager Launch Conscious Investing
- Canadian Bond Investors Association
- Investing with Impact Champions Meeting
- CDP Cities Workshop

In 2014, Breckinridge promoted responsible investment through sponsorship of the following organizations.

- US SIF (Trends Report & January Reception)
- Morgan Stanley (Sustainable Investing Challenge)
- Sierra Club (Trail Blazer's Ball)
- UN PRI (Fixed Income Panel)
- CERES (Jeremy Grantham Dinner)
- Merrill Lynch (ESG University)
- BSAS (Sustainable Investing Event)
- SASB (Delta Series Conference)

Also, Breckinridge joined the Sustainable Accounting Standards Board "SASB" Advisory Council in 2014 and we continue to participate in a number of SASB industry working groups to develop sustainability reporting standards.

In addition, in 2014, Breckinridge continued to work with CERES, NRDC and E2 (Environmental Entrepreneurs) to understand rules which govern a variety of federal and state issues surrounding renewable energy, efficiencies, and electric sector emissions. Breckinridge's efforts include meeting with legislators toward a goal of achieving a sensible policy. We wish to promote advancement of a national carbon dioxide standard that involves the integrity of what affects carbon intensity rather than one which tries to define clean power.

# Breckinridge Capital Advisors

## Reported Information

### Public version

#### Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed fixed income

### Fixed Income - Corporate

#### Implementation processes


FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	 100
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- No incorporation strategies applied

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

At Breckinridge, we believe it is critical to look beyond fundamental financial analysis in order to holistically assess the credit quality of a corporation or local government authority/municipality. Given the long-term nature of fixed-income investing, we believe that ESG analysis offers a forward-looking perspective that can help identify and price credit risk.

Since 2012, we have fully integrated both quantitative and qualitative ESG criteria into our fundamental credit research process and have developed proprietary sector based frameworks to assess ESG risks and performance. We also offer clients the opportunity to select high-grade sustainable fixed income strategies that emphasize ESG criteria. These strategies identify and selectively invest in issuers with above average ESG profiles and bonds that fund essential environmental, social or economic development projects. In addition, high ESG risk companies and/or sectors may be excluded in our sustainable strategies by investment team discretion or client IPS. Also, as a customized separate account manager, we frequently incorporate themes into our sustainable portfolios.

<b>FI 04.3</b>	If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]
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Since 2012, we have fully integrated both quantitative and qualitative ESG criteria into our fundamental credit research process and have developed proprietary sector based frameworks to assess ESG risks and performance. We also offer clients the opportunity to select high-grade sustainable fixed income strategies that emphasize ESG criteria. These strategies identify and selectively invest in issuers with above average ESG profiles and bonds that fund essential environmental, social or economic development projects. In addition, high ESG risk companies and/or sectors may be excluded in our sustainable strategies by investment team discretion or client IPS. Also, as a customized separate account manager, we frequently incorporate themes into our sustainable portfolios.

## (A) Implementation: Screening

<b>FI 06</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>FI 06.1</b>	Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.
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### Type of screening

Negative/exclusionary screening

#### Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

	Description
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High ESG risk companies and/or sectors may be excluded by investment team discretion or client investment agreement.

Positive/best-in-class screening

#### Screened by



- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

	Description
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We have fully integrated both quantitative and qualitative ESG criteria into our fundamental credit research process and have developed proprietary sector based frameworks to assess ESG risks and performance. We employ a positive/best-in-class approach in our sustainable strategies.

- Norms-based screening

**Screened by**

- UN Global Compact Principles
- Universal Declaration of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

USCCB

	Description
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As a customized separate account manager, we offer clients the ability implement norms based screening such as targeting UN Global Compact companies or excluding companies that violate the USCCB guidelines.

FI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.		
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**Positive/Best-in-Class Screening**

Since 2012, we have integrated both quantitative and qualitative ESG criteria into our fundamental credit research process and have developed proprietary sector-based frameworks to assess ESG risks and performance. The positive/best-in-class approach employed in our sustainable strategies is reviewed quarterly at a minimum. Portfolios are reviewed with clients on a quarterly and/or annual basis and any issues or changes would be communicated at that time.

**Negative & Norms Based Screening**

For negative& norms-based screening, we utilize the MSCI Screening Tool, which is updated every six months. In addition, we accept restricted lists from clients which are hard coded into our investment management system at portfolio inception. Portfolios are reviewed with clients on a quarterly and/or annual basis and any issues or changes would be communicated at that time.

FI 07	Mandatory	Core Assessed	PRI 1
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FI 07.1

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

**(C) Implementation: Integration of ESG factors**

FI 11

Mandatory

Core Assessed

PRI 1

FI 11.1

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

Breckinridge has integrated the analysis of sustainability into its core investment process. Our corporate sustainability assessment consists of analyzing a wide range of ESG factors. Data for quantitative ESG indicators is sourced from a number of internal and external databases. Our analysts analyze and interpret ESG key performance indicators within the context of a sustainability framework, which Breckinridge has developed in-house. The analysis of ESG factors is conducted as part of our traditional fundamental credit analysis. Our ESG research culminates with the generation of a sustainability rating, which is used to capture a corporation's ESG risks and opportunities in one simple measure. The sustainability rating is recorded alongside our traditional internal shadow credit rating. If a corporate credit is determined to have elevated ESG risk, the credit analyst has the option to downgrade the traditional credit rating, which by extension could have an impact on whether Breckinridge would buy, hold or sell the security. Below we provide an overview of how we approach ESG for corporate bonds:

#### Environmental:

We believe that corporate issuers that manage their environmental impact efficiently may reduce regulatory and event risk. We also believe that close monitoring of environmental impacts may also help certain bond issuers more efficiently manage their resource footprint. We examine a number of indicators to evaluate environmental risks. At a high level, they include:

- CSR's within the context of hard targets
- Bloomberg ESG data for trends and targets
- External reporting on environmental sustainability initiatives
- ESG and Controversy scores from leading ESG research providers

#### Social:

We believe that corporate investors who carefully weigh the costs and benefits associated with socially questionable practices mitigate controversy risk, and hence investment risks. Any time a corporation fails to adequately engage employees, customers or other key stakeholders when implementing a corporate policy can give rise to controversy risk. We believe that managing a "social" footprint is an integral component of brand management and can have a clear impact on bond prices and price volatility. We examine a number of indicators to evaluate social risks. At a high level, they include:

- CSR's within the context of hard targets
- Bloomberg ESG data for trends and targets
- External reporting on sustainability initiatives
- ESG and Controversy scores from leading ESG research providers

#### Corporate Governance:

We believe corporate issuers with sound governance practices may represent lower risk investments for bondholders. Corporations that self-evaluate business practices through independent boards and audits may be less likely to sanction wasteful executive pay packages or engage in questionable accounting practices. Management and governance practices are also associated with better disclosure of financial and non-financial information. Disclosure can prove vital to a company's effort to drive corporate responsibility, transparency, and sustainability throughout its operations. We examine a number of indicators to evaluate governance risks, including CEO duality, percentage of independent board directors and Bloomberg Governance Disclosure Scores.

### Fixed income - Government

FI 13

Mandatory

Core Assessed

PRI 1

FI 13.1

Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

Yes

**FI 13.2** Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- <10%
- 10-50%
- 51-90%
- >90%

**FI 13.3** Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**FI 13.4** Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

Breckinridge has integrated the analysis of sustainability into its core investment process. Our local government authority/municipal sustainability assessment consists of analyzing a wide range of ESG factors. Data for quantitative ESG indicators is sourced from a number of internal and external databases. Our analysts analyze and interpret ESG data as well as qualitative indicators within the context of sector-specific sustainability models, which Breckinridge has developed in-house. The analysis of ESG factors is conducted as part of our traditional fundamental credit analysis. Our ESG research culminates with the generation of a sustainability rating, which is used to capture a local government authority/municipality's ESG risk and opportunities in one simple measure. The sustainability rating is recorded alongside our traditional internal shadow credit rating. If a local government /municipal credit is determined to have elevated ESG risk, the credit analyst has the option to downgrade the traditional credit rating, which by extension could have an impact on whether Breckinridge would buy, hold or sell the security. Below we provide an overview of how we approach ESG for local government authority/municipal bonds.

**Environmental:**

When evaluating environmental risk, our examination is two-fold. We consider the "essentiality" of a bond's purpose as well as the environmental sustainability practices of the issuing entity. Breckinridge understands that the more a project or public organization's purpose aligns with the environmental and social needs and values of its constituents, the more likely it is that bond investors will be repaid. At the issuer level, to assess environmental risks we evaluate indicators such as the depth and breadth of sustainability plans and the region's air quality.

**Social:**

As with evaluating environmental risk, our examination of social risk is two-fold. We consider the "essentiality" of a bond's purpose as well as the social and economic characteristics as they relate to an issuer when determining whether to purchase a bond. Social indicators such as the local unemployment rate, median household income, affordability of the community's housing stock and education level of the residents are evaluated as poor performance on these measures could portend long-term credit stress. We believe that local government authorities/municipalities that prudently invest to strengthen their communities' social and economic fabric pose fewer social and long-term investment risks.

**Governance:**

Breckinridge strongly believes that sound governance can reduce default risk. Local governments that think beyond immediate budgetary needs tend to avoid destabilizing credit events. Examples of sound practices may include close monitoring of long-term pension liabilities and principal maturities, implementing affordable capital plans, or instituting strong financial controls. We expanded our governance analysis to include a systematic assessment of a local government authority/municipality's disclosure practices and degree of professional executive involvement.

No

**Communication**

FI 18	Mandatory	Core Assessed	PRI 2,6
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FI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.
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We disclose it publicly

Provide URL
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<http://www.breckinridge.com>

FI 18.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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Yes

No

FI 18.3	Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation.
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Broad approach to ESG incorporation

Detailed explanation of ESG incorporation strategy used

FI 18.4	Indicate how frequently you typically report this information to the public.
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Quarterly or more frequently

Between quarterly and annually

Less frequently than annually

Other, specify

**FI 18.5**

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**FI 18.6**

Indicate how frequently you typically report this information to clients/beneficiaries

- Quarterly or more frequently
  - Between quarterly and annually
  - Less frequently than annually
  - Other, specify
- We disclose it to clients/beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries