



Colorado Capital
MANAGEMENT

Annual Impact Report

FOR THE YEAR ENDING 12/31/2019

Overview

Colorado Capital Management is proud to be a Public Benefit Corporation. As such, one of our responsibilities is to provide this report documenting our annual impact. In 2019, we provided portfolio management and financial planning services to well over 150 families. In addition, we helped serve the larger community through our impact investing, philanthropic and volunteer activities.

Impact Investing. Our ESG and Impact strategies seek to combine financial returns with positive social and environmental impact. They encourage corporate social responsibility and channel funds to areas such as renewable energy, affordable housing, gender equity, and sustainable farming. We not only practice impact investing, we are active leaders in helping to build the field.

Philanthropy. In 2019 we donated more than 10% of our profits to our donor advised fund at

the Boulder Community Foundation. We use this fund, to support numerous worthy causes, in Boulder and beyond.

Volunteerism. The leaders of our organization are also leaders in our community. We serve on the boards and committees of several non-profits and provide our services pro-bono to others. For a list of the primary organizations served, please see the Community Involvement section near the end of this annual report.

Public Benefit. As a Public Benefit Corporation, we are legally committed to more than just making a profit. We are committed to our stakeholders (clients, staff, and the larger community) as well as our shareholders. We are also proud to be one of the very first financial advisory firms in Colorado to become a Certified B Corporation.

About B Corps

What is a B Corp?

Certified B Corporations are businesses that balance purpose and profit. They meet the highest standards of verified social and environmental performance, public transparency, and legal accountability.



PEOPLE USING
BUSINESS
AS A
FORCE FOR GOOD

B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy.

Why do we Need B Corps?

Society's most challenging problems cannot be solved by government and nonprofits alone. The B Corp community works toward reduced inequality, lower levels of poverty, a healthier environment, stronger communities, and the creation of more high-quality jobs with dignity and purpose.

By harnessing the power of business, B Corps use profits and growth as a means to a greater end: positive impact for their employees, communities, and the environment.

ESG & Impact Investing

There is a long tradition of thoughtful investors deploying their assets for both financial returns and social impact. This may be referred to as double or triple bottom-line investing and is also known as sustainable and socially responsible investing. To add more specificity, at our firm we distinguish between ESG and Impact Strategies.

ESG Strategies

Incorporating environmental, social and corporate governance (ESG) criteria into investment selection can help to both avoid companies with poor ESG track records and identify best-in-class firms based on ESG metrics. These two approaches, which typically apply to publicly traded companies, are often called negative and positive screening.

Separate Account Management. Clients drawn to ESG investing may choose to work with a separate account manager that offers a wide range of screening criteria options. This allows for crafting a highly personalized portfolio of individual stocks or bonds that align closely with a client's values and priorities. Examples include screening out companies in the fossil fuel, weapons, or

The information and language about B Corps is taken directly from the bcorporation.net website.

SUSTAINABLE RESPONSIBLE INVESTMENT



tobacco industries. Positive screens focus on companies highly rated in areas such as gender equity, environmental responsibility, or corporate governance (such as treating employees well, having a diverse/independent board, and avoiding scandals and lawsuits).



Mutual Funds. A more common, but less personalized approach, is to use mutual funds or exchange traded funds that select their holdings using an ESG methodology. Clients can choose from a wide range of funds that each have their own established screening criteria. In 2019 we utilized ESG funds from Calvert, TIAA, Dimensional Fund Advisors, Pax World, Parnassus, Trillium and others.

Shareholder Activism. We prefer to work with managers that engage in shareholder activism to pressure publicly traded firms to act in a more socially responsible manner. Such activism can be quiet (through direct conversations with management) or quite vocal (through public proxy initiatives to be voted on by shareholders). In either case, the goal of the activism is to encourage corporate management to improve a firm’s environmental, social, or governance characteristics. This is the way that investors in publicly traded securities can potentially have the most meaningful impact.

- Affordable Housing
- Community Development
- Education
- Gender Equity
- Land Conservation & Open Space
- Mass Transit
- Microfinance
- Sustainable Farming
- Water and Sanitation

Private Equity. Within the equity and real asset categories, we focus on a wide range of direct private investment opportunities. These funds provide new equity capital for things like renewable energy, social enterprise, sustainable farms and timberland, and affordable housing. In 2019, our holdings in these private funds included:

- **Align Impact** (impact fund of funds)
- **Iroquois Valley Farms** (sustainable agriculture)
- **Jonathan Rose** (affordable housing)
- **Kimpect** (affordable housing)
- **Sarona Asset Management** (frontier markets)
- **SJF Ventures** (social ventures)
- **Sonen Capital** (global sustainable real assets)



Impact Investment Strategies

While all of our investment strategies seek to earn financial returns of varying levels, our impact strategies have the additional goal of simultaneously generating a measurable and beneficial social or environmental impact.

Fixed Income. On the fixed income side, we help our clients invest in a combination of public and private debt offerings used to fund a wide variety of worthwhile undertakings. We call these loans with purpose. In 2019, our holdings on behalf of our clients included bonds and notes used to finance:

BY THE NUMBERS 12/31/19

ESG STRATEGIES	\$46,000,000
IMPACT STRATEGIES	\$35,600,000
ESG/IMPACT CLIENTS	81

Please note that nothing in this annual impact report should be construed as an investment recommendation. We suggest that investors consult with a financial advisor regarding the selection of suitable investments for their portfolios. Investments in financial securities involve the risk of loss. Private investments may only be suitable and available to investors who meet stringent qualification criteria.



Sustainable Development Goals

The United Nation's Sustainable Development Goals (SDG's) are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. As of 12/31/19, our clients and employees held investments linked to the following ten SDG's.



Community Involvement

CCM has a deep commitment to supporting non-profit organizations in our community, and beyond. Some of the organizations that we were most involved with in 2019 as volunteers, board and committee members, financial sponsors, and/or pro-bono professional advisors include the following:



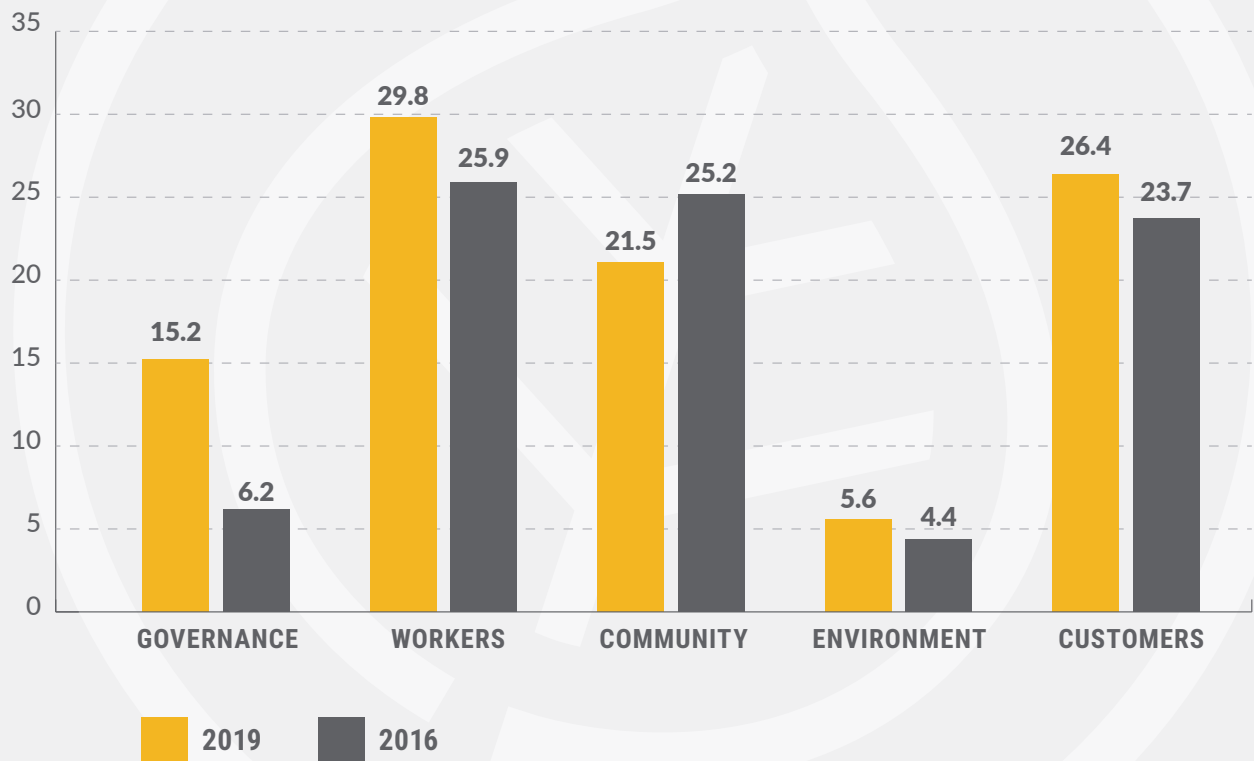
Our Impact Journey—2019

Overall Impact

Our primary business purpose is to assist our clients with their portfolio management and financial planning needs. Last year, we served well over 150 families. In so doing, we also:

- Invested millions of dollars into ESG and Impact strategies.
- Provided over \$50,000 of contributions and sponsorship funding to non-profit organizations.
- Completed our first full year as a Public Benefit Corporation
- Raised our total B Corp impact assessment score from 85.4 in 2016 to an estimated 98.7 in 2019.

2019 VS. 2016 B IMPACT ASSESSMENT CATEGORY SCORES



Scores for 2019 are estimates that have not yet been independently confirmed



Environmental Impact

- Increased use of virtual meetings.
- Increased use of electric and hybrid vehicles.
- Continued recycling, composting, and energy efficiency programs.
- More than offset carbon footprint through donations to the Colorado Carbon Fund.

Employee Benefits

- Doubled the number of employees with profit sharing interests.
- Provided health, life, and disability insurance.
- Matched employee charitable contributions.
- Paid bonuses and contributed to 401k plans for all full-year employees.

Our Goals for 2020

Our top goals for 2020 are to:

- 🚩 Increase the number of families at CCM participating in ESG and Impact Strategies and the overall amount of assets they commit to this approach.
- 🚩 Expand our platform of ESG and Impact offerings and the number of Strategic Development Goals to which they relate.
- 🚩 Continue to ally with non-profit organizations through financial support, volunteerism, leadership and pro-bono services.
- 🚩 Continue to expand employee profit sharing and ownership opportunities.
- 🚩 Continue to maintain our status in good standing as a Certified B Corp and Public Benefit Corp.



Colorado Capital
MANAGEMENT
Enriching Lives



4430 ARAPAHOE AVE.
SUITE 120
BOULDER, CO 80303



PHONE: 303.444.9300
INFO@COLORADOCAP.COM
COLORADOCAP.COM