To B, or not to B...

Certified Corporation™

Certified Corporation™

Roberta MacDonald
February 2016
That is the question.
From 94 farmers in 1919...

...to 1,200 farm families today.
Agri-Mark Today

• Comprising 1,173 dairy farm families
• From 27 cows to 4,000 cows, and one billion $ in sales
• X billions invested in plants and facilities
• Four brands, four manufacturing plants
• Corporate offices in Andover, MA and Waitsfield, VT
Brand Attributes developed over 3 decades

• REAL farmers, real events, real consumer connections

• Trail of award-winning product, our key to brand growth

• Connection with community essential
Co-ops for Community

Cookies for good
ENDING HOMELESSNESS
The conundrum: less money, more markets

• Sales spending increases as charges for slotting and feature development rise, and competition for timing stiffens

• Product quality, brand strength and sales promotions driving increased year after year.

• Where to spend smarter?
Sharing what we cut:

Marketing spending that helped build the brand:

• 2,700 trial events up and down the east coast
• National Public Radio
• National digital cable ads
• Radio advertising in 20 markets
• Remnant full-page ads in major women’s, health and cooking magazines
• Co-op collaboration on the scale that launched brand
BUT, we became a Certified B Corp in 2012!

And subsequently:

• Amped up the digital ads; and
• Focused our spending on major promotions that honor our farmers’ values and touch consumers’ lives:
  – Gratitude
  – Volunteerism
For the Cabot Brand side of our co-op

• How do we ensure Cabot’s long-term brand value in light of:
  – intense pressures to spend less on marketing;
  – Evolving options among all traditional media;
  – Swiftly shifting online channels for digital media; and
  – Exponential options among consumer interest groups from food to sustainability.

• Where do we spend the farmers money for best return?
Cabot’s brand audit

• Our next generation leaders worked with outside expert team to conduct an audit of the brand in order to establish a basic understanding of consumer perceptions of the brand.

• What we found meant that our brand identity is strong, and is being reflected back to us.
Perceived imagery

The Farmer

The Farm

Long-honored Traditions
Perceived values the brand embodies

Sincerity

Uncorrupted by Time

Hard-working
Perceived product attributes

Honest-to-goodness
Natural
Made by hand
Delicious
Cheddar
From auditing the brand to building the bottom-line for the farmers:

The strategy:

1. Spend less $
2. Make more $

How does B Corp status help us make more money?
Certified B Corp Benefits

- Strengthens Product Brand
- Independent performance verification of value programs, standards and practices
- Encourage attitude of community, environment and social responsibility—not just profit
- Employee recruitment
- Partner with respected peers
Consumers are demanding better

"90% of Americans say that companies must not only say a product or service is beneficial, but they need to prove it."

Cone Communications

"73% of consumers care about the company, not just the product when making a purchasing decision."

BBMG
And what you used to say doesn’t ring true anymore...

Especially among 18-35 year olds

Co-ops are back in vogue and B corp got there faster
B Corp speaks to consumers

How do you tell the difference between a “good company” and just “good marketing”?*

“90% of Americans say that companies must not only say a product or service is beneficial, but they need to prove it.”

Cone Communications

73% of conscious consumers care about the company, not just the product. *

Less than 1% of conscious consumers trust company ads or packaging statements when assessing whether a company does what it says it does. *

* Source: BBMG Research, 2012
Certified B Corps and Benefit Corporation—What’s the difference?

Benefit corporations and Certified B Corps are often confused. Both are sometimes called B Corps by mistake or as shorthand. They share much in common, but have important differences!

- **B Corp Certification** is a rigorous assessment and rating of a company’s overall social and environmental performance, conferred by B Lab.

- **Benefit Corporation** is a legal corporate status administered by the state. Benefit Corporations do NOT need to be certified.
What are Certified B Corps?

Companies using business as a force for good, that use **verified** higher levels of:

## Social & Environmental Performance

<table>
<thead>
<tr>
<th>Impact Area</th>
<th>Average score of other businesses</th>
<th>Company score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>10</td>
<td>15</td>
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<tr>
<td>Accountability</td>
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<tr>
<td>Transparency</td>
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<tr>
<td>Workers</td>
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<td>25</td>
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<tr>
<td>Compensation, Benefits &amp; Training</td>
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<td>17</td>
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<tr>
<td>Worker Ownership</td>
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<td>2</td>
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<tr>
<td>Work Environment</td>
<td>4</td>
<td>6</td>
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<tr>
<td>Community</td>
<td>32</td>
<td>20</td>
</tr>
<tr>
<td>Community Products &amp; Services</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Community Futures</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>Suppliers &amp; Distributors</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Local</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Diversity</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Job Creation</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

### Outdoor Apparel

**Venture, California United States**

**patagonia.com**

### About Patagonia

Patagonia grew out of a small company that made technical clothing, offensive clothing, or the horn of a windless business that still makes better clothing, as well as for skiing, snowboarding, sailing, fly fishing, paddling and trail running. There are still other sports. These require a water, snow, or the choice of a crowd. In each sport, reward comes in the form of hard work, grace, and moments of connection between us and nature.

Patagonia’s values reflect those of a business started by a bunch of friends and nature, and the sustainability only they practiced. The approach it takes toward product design demonstrates a love for simplicity and utility.

### 2011 Patagonia, Inc. B Impact Report

**Certified since: December 2011**

<table>
<thead>
<tr>
<th>Summary</th>
<th>Company Score</th>
<th>Worker Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>Workers</td>
<td>26</td>
<td>22</td>
</tr>
<tr>
<td>Community</td>
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<td>32</td>
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<tr>
<td>Environment</td>
<td>35</td>
<td>9</td>
</tr>
<tr>
<td>Overall B Score</td>
<td>116</td>
<td>80</td>
</tr>
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</table>

*Out of 150 is eligible for certification of all businesses that have completed the B Impact Survey; scores will not add up to 150*

### What makes us a better company?

“B Corp certification further signals to our stakeholders (coworkers, customers, suppliers, and community) that our values are truly at the core of our business.”

### Company Highlights:

**Governance**: Based on the company's social impact and financial indicators to represent elements of community and environmental sustainability, finance, and workforce.
Our score

Benefit Impact Statement (84 out of 200)

- **Governance** (transparency; promote social/environmental goals; legal structure to preserve/perpetuate mission)
- **Workers** (compensation fairness: development/training; participation in ownership; employee safety)
- **Community** (civic engagement; job creation for chronically unemployed; diversity; supply chain (buy “local” and encourage social/environmental consciousness of suppliers)
- **Environmental** (sustainability; life-cycle impact of products; energy efficiency; emissions/waste management; supply chain)
Cabot Creamery Cooperative

Cheese & Dairy Products
Waitsfield, Vermont
United States
www.cabotcheese.coop

About Cabot Creamery

Cabot Creamery, founded in 1919, has its roots in Cabot, Vermont. As employees and dairy farmers, they still honor the frugal values of those bygone times. Over the years they’ve thrived and grown through the hard work, collaborative spirit, and persistent commitment of 1200 family farm owners throughout New England and Upstate New York who raise their herds to produce quality milk.

They hold to generations of family traditions while adopting new best practices, advancing public agriculture policy and driving sustainable innovations to benefit the land, improve animal care and enrich communities on behalf of their families and consumers. And they’re part of a rare remaining breed of dairy manufacturers in the Northeast that are locally owned and operated.

Today, Cabot is one of three brands of the Agri-Mark Cooperative family of dairy farms in the Northeast. They own and operate four dairy facilities that make award-winning cheddar and other dairy products in Cabot and Middlebury, Vermont, Chateaugay, New York and West Springfield, Massachusetts.

Cabot Creamery celebrates a nearly century-old commitment.

B Impact Report

Certified since: August 2012

<table>
<thead>
<tr>
<th>Summary</th>
<th>Company Score</th>
<th>Median Score</th>
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</thead>
<tbody>
<tr>
<td>Environment</td>
<td>14</td>
<td>7</td>
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<tr>
<td>Workers</td>
<td>20</td>
<td>18</td>
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<tr>
<td>Customers</td>
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<td>N/A</td>
</tr>
<tr>
<td>Community</td>
<td>39</td>
<td>17</td>
</tr>
<tr>
<td>Governance</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Overall B Score</td>
<td>84</td>
<td>55</td>
</tr>
</tbody>
</table>

85 out of 200 is eligible for certification
*Of all businesses that have completed the B Impact Assessment
Median scores will not add up to overall

Company Highlights:

Governance: Dairy farmer owned cooperative holds monthly meetings of elected farmer-owner board of directors, regional meetings for all farmers, and annual meeting of elected farmer-owners to engage on topics of environmental, social and governance policies.
To B, or not to B...

- B Labs:  
  A non-profit certifying agency

- B Corp Theme:  
  Using business as a force for good to change the world!

- Parallels to cooperative movement

- ICA Principles: Cooperatives owned and run by their members, driven by values, not just profits, acting together to build a better world.
B Corps are good companies, in good company!

1,400+ B Corporations representing 121 Industries in 44 Countries with 1 Unifying Goal: using business as a force for good.
2015: B Corp Affords Marketplace Panache

• B Corps have done IPOs:
  • Rally Software (NYSE: RALY)
  • Etsy (NASDAQ: ETSY)

• Public Companies have Certified:
  • Natura (BVMF: NATU3)
  • Snakk Media Lmtd (NZAX: SNK)
  • Australian Ethical (SX: AEF)
  • New Resource Bank (OTCMKTS: NWBN)

• B Corps acquired by Public Companies:
  • Plum Organics by Campbell Soup Co.
  • Happy Family by Group Danone
  • Five a.m. by PZ Cussons

• Public Companies that Certified a Subsidiary:
  • Ben & Jerry’s by Unilever
  • New Chapter by Proctor & Gamble

• News Coverage of B Corps anticipating IPO:
  • Warby Parker
  • Honest Company
  • Hootsuite
The Value of the Benefit Corporation Option

Benefit Corporations are exactly the same as traditional corporate structure except that they...

- Legally create a material positive impact of a business on society and the environment
- Legally expand fiduciary duty to require consideration of workers, community and the environment
- Publicly report annually on overall social and environmental performance using a recognized third party standard
- Require Board and Shareholder approval
The B Impact Assessment is...

**Comprehensive:** evaluates impact in terms of accountability, employees, consumers, community and environment

**Adaptable:** metrics tailored to industry and company size

**Transparent:** criteria and weightings made transparent

**Dynamic:** new survey created every 2 years incorporating community feedback

**Independent:** developed by third-party Standards Advisory Council
Steps to B Corp Certification

1. Take the online B Impact Assessment (min. score 80)
2. Schedule B Lab Standards calls to verify score
3. Provide Supporting Documents as requested
4. Begin Adopting the B Corp Legal Framework
5. Sign & submit the Term Sheet
6. Certification term is 2 years
7. Welcome as a B Corporation!
National Consumer Brand Campaigns

Executed in print and online with $1MM media value, over 70 full page ads to date, reaching 20MM
Our businesses are a force for good

B Corps are certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency. Today, there is a growing community of more than 1,400 Certified B Corps from 34 countries and over 160 industries working together toward one unifying goal: to redefine success in business.

Want to learn more... visit cabotcheese.coop/bcorp
B Corps are certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency. Today, there are over 1000 Certified B Corps from 35 countries and over 120 industries working together toward one unifying goal: to redefine success in business.

For more info, visit www.vermontbcorps.bitethechange.com.
“B Corporations are a way to transcend the contradictions between the ineffective parts of the social sector and myopic capitalism.”

“Becoming a B Corp raises the reputational cost of abandoning your social goals.”

“The B Corp movement is one of the most important of our lifetime, built on the simple fact that business impacts and serves more than just shareholders – it has an equal responsibility to the community and to the planet.”

Patagonia CEO Rose Marcario

“In the United States, we now have states passing laws authorizing the creation of a kind of corporation, a benefit corporation...a company that also takes into account the interest of its employees, its customers, and the community of which it is a part.”

President Bill Clinton

“B Corp certification gives social-impact businesses street cred among customers, employees, investors and business partners.”
Social Media

• **40 MM** followers of the community

• Within one year of launch, 
  #BtheChange had over 18,000 tweets, reaching nearly 19MM users

• #1000BCorps wave had over 2,000 tweets in one day, reaching over 5 MM users

• Within its first year, the B the Change Anthem video had nearly 90,000 views

• B Corporation has **30 thousand followers** on FB and Twitter each growing at around 1k/month.

• Content from or about our facebook page reached almost **2.4 million people** last year
The B Corp Blog

Blog Posts

General
2014 Year in Review
2014 was one heck of a year! We could barely remember all the... January 8th, 2015

Perspectives
The First B Corp Certified Public Utility Company
The CEO of Green Mountain Power explains why her company is proud to be the first... November 14th, 2011

Perspectives
Andrew talks B Corps and Shared Value
S/IV is hosting a webinar featuring B Lab co-founder Andrew Kassoy and other... November 14th, 2011

Perspectives
Better Know a B
Better Know a B: Fratelli Carli and the European B Corps
The certification of this century-old Italian manufacturer is a great example of how... August 27th, 2014

Perspectives
What Happens When Technology, Art, and B Corps Meet?
This post comes to us from Wood/Moore of B Corp... July 14th, 2014

Perspectives
B the Change
B the Change: Matching Donations to Help Farmers Pedal Out of Poverty
For the past three weeks, B Lab has been bowled over by the support we've... November 14th, 2011

Perspectives
B the Change
B the Change: B Corp Ambassador: Forrest Shearer
Professional snowboarder Forrest Shearer tells us why he thinks B Corps can use... July 2nd, 2014
B Corps make fact-based claims

B Corps use data in marketing.

Our first year, we barely passed. This year is a different story.

We worked hard this year.

Narrowly passing showed us the areas where we were falling short as an organization. Over the past year we have worked hard to address them. We have improved our score and, more importantly, increased our positive impact on the world.

We undertook a second assessment in August of 2013, and are pleased to report that we increased our score by 25 points for a new total of 105 points.

In 2012, we scored 80.2 points out of 200 on the B Corp assessment. The minimum passing score for certification is 80.
Selecting your legal requirement path...

The legal requirement of B Corp Certification varies according to the company’s state of incorporation.

To meet the legal requirement for B Corp certification, companies may be required to adopt Benefit Corporation, or, alternatively, may have the option of adopting Benefit Corporation, or may simply be required to amend their governing documents to state their purpose is to provide benefit to all stakeholders.
31 states have passed Benefit Corporation Legislation

State by State Status of Legislation

31 Laws Passed 5 Working on it
Governance Legal Requirement

• Convert to Public Benefit Corporation - 4 years post adoption of enabling legislation

• Alternative: Enforceable Charter provision to consider social and environmental goals in decision-making

QUESTIONS:

• Are even most devout willing to go this far?

• Are there regulatory risks (Capper-Volstead?)

• Effective in preserving mission and shielding against suits by non-owner stakeholders?
• B Corp has taken Co-op Principles and added the environment and all stakeholders

• Agri-Mark/Cabot are both:

• B Corp has engaged the U.S. in a way co-ops have never been able to leverage together

• There’s hope in Howard Brodsky’s leadership, but we’re hedging with action on both fronts
Thank you!

Questions?