

Global Leaders

SUSTAINABLE BUSINESS ADVANTAGE (SBA) PROFILE MATRIX

Fourth Quarter 2022

The Global Leaders strategy seeks to invest in companies that positively embrace ESG factors and effectively manage ESG risks as a key driver of value creation. We look for companies that exhibit Sustainable Business Advantages (“SBAs”), which we define as business drivers derived from a company’s sustainability strategies, with the potential to generate 1) revenue growth, 2) cost improvement and/or 3) enhanced franchise value. Here we offer a description of the SBA drivers we have identified across the Global Leaders portfolio.

The portfolio managers also incorporate ESG risk management into their investment decisions by consulting the formal assessments produced by our ESG research analysts. The strategy does not invest in companies that have been found to exhibit severe ESG risk.

SBA DRIVERS FOR PORTFOLIO HOLDINGS (AS OF 12/31/2022)

COMPANY	SBA DRIVERS
Adobe	Adobe is a leader in digital transformation that enables customers to be more sustainable through their use of Adobe’s products. For example, for every one million transactions using Adobe Sign instead of traditional print, sign, or fax, over 27 million gallons of water, 1.5 million pounds of waste, and 23.4 million pounds of CO2e is avoided. Further, Adobe Document, Creative, and Experience Clouds all help customers eliminate physical workflows and reduce resource consumption.
AIA Group	AIA Group is a top pan-Asian life insurance group that leads global peers in automation and digitalization, which provides greater flexibility in its business model and drives an enhanced, streamlined customer experience. AIA’s products are often its customers introductory financial products, which frequently lead them to access banking products for the first time, resulting in greater economic opportunities.
Allegion Public Ltd	Allegion PLC provides security solutions to improve the safety of its consumers. The company incorporates recycled materials into manufacturing some of its products to support customers in acquiring LEED certification. Meanwhile, particular products have inherent energy efficiency capabilities, such as doors and automatic locks, that can improve the energy usage of properties.
Alphabet	Alphabet is a trailblazer striving to build sustainability into everything they do. Many of Alphabet’s products and services directly help users avoid Scope 2 GHG emissions since on average a Google data center is twice as energy efficient as a typical enterprise data center. This includes advancing carbon-free energy, creating sustainable workplaces, building better devices and services, empowering users with technology, and enabling a responsible supply chain. Since 2007, Alphabet has been carbon neutral and in 2020 became the first major company to neutralize their legacy carbon footprint since their founding. Looking forward, Alphabet set an ambitious goal to operate on carbon-free energy on a 24/7 basis by 2030.
ASML Holding	ASML provides photolithography equipment for semiconductor manufacturers. Lithography is the driving force in increasing transistor density which in turn helps manufacturers create more powerful and energy efficient chips. These microchips enable the development of digital technologies that address global challenges, such as tackling climate change by reducing energy consumption and GHG emissions.
Atlas Copco	Atlas Copco engages in the provision of sustainable productivity solutions, spanning across the manufacturing, energy, construction, pharmaceutical, automotive, and electronics industries. Specifically, the company has a technology leadership position in the development of energy efficient air compressors and vacuum pumps. Atlas Copco has set a goal for all new and redesigned products to have a clear target set for reduced environmental impact.
Autodesk	One of the world’s largest design software companies, Autodesk helps customers to design, visualize and simulate buildings and products in a more energy- and resource-efficient manner. Autodesk’s Building Information Modeling solutions help design sustainable buildings and infrastructure by more accurately predicting performance, reducing waste, and improving productivity. Additionally, Autodesk’s innovative technologies include Construction IQ which helps make construction sites safer and healthier for workers.
Booking Holdings	Through its various platforms, Booking Holdings has the potential to help amplify green travel and sustainable food. Booking has begun to consider various business strategies that would enable it to act on and track its positive contributions.

Source: Underlying portfolio companies. The conclusions provided are based on fundamental research of Brown Advisory’s ESG team. Please see the end of this presentation for important disclosures.

COMPANY

SBA DRIVERS

B3	B3 is Brazil's leading exchange and is an emerging market leader in many sustainability initiatives, such as being the first exchange in the world to adhere to the Global Compact and the first exchange in emerging markets to adhere to the UN Principles for Responsible Investment. The company offers a range of ESG products and services that create an investment environment compatible with the demands for sustainable development and encourage companies to adopt best ESG practices in the Brazilian market.
Charles Schwab	Charles Schwab, a leader in the US wealth management industry, developed a competitive advantage with its focus on making investing more accessible and affordable for main street investors. In 2019, it added to its reputation through its industry leading decision to move to a zero-commission fee model for its trading. We continue to look for the company to accelerate its sustainable investing practices and offerings.
Coloplast	Coloplast is a global market leader in developing products and services that make life easier for people with intimate medical conditions in ostomy, continence care, urology and wound care. The company integrates reimbursement and pricing frameworks into the product development process, focusing on unmet needs of payers. By offering products that strive to improve clinical outcomes, increase patient satisfaction and simplify care, we believe that Coloplast can leverage meaningful long-term growth.
CTS Eventim	CTS Eventim is a provider of event ticketing and live entertainment. Waste is one of the biggest problems facing modern music festivals, which generate roughly 100 tons of solid waste each day. CTS has some efforts in place to improve the environmental footprint of its event operations. As events resume post-pandemic, we will continue to seek to understand how the company intends to further its ESG strategy.
Deutsche Boerse	Deutsche Boerse is a leading European capital markets infrastructure provider. Its STOXX index business has been a signatory to the PRI since 2012. The company offers sustainable index products and also has an informational portal with sustainability data. Its EEX commodities segment runs a regulated marketplace for emissions trading certificates enabling market participants to meet obligations to reduce greenhouse gas emissions.
Edwards Lifesciences	As a developer and manufacturer of technologies that treat structural heart disease the company's transcatheter aortic valve replacement is typically less invasive than traditional open-heart surgery and may be approved for patients deemed too high risk for traditional surgery. This minimally invasive surgery technology effectively increases the probability of survival, reduces the length of hospital stays and readmission rates, and can provide patients with a significantly higher quality of life post-surgery.
Estee Lauder	Estee Lauder is a leading manufacturer and marketer of prestige skin care, makeup, fragrance and hair care products. The company has worked to incorporate ESG practices across its business operations (responsible sourcing, 100% renewable energy, and sustainable packaging), and states that nearly three quarters of its brands are purpose-driven. In particular, we believe Estee Lauder's sustainable business advantage lies in the company's longstanding focus on product inclusivity across several major brands, such as MAC, Bobbi Brown and Estee Lauder. This focus on product inclusivity has allowed Estee Lauder to continue to gain market share over peers.
HDFC Bank	HDFC provides housing finance to individuals and corporate customers in India. One of the bank's core growth drivers is focusing on underserved communities, with over half of the bank's branches located in rural and semi-urban areas. Within its own operations, HDFC aims to reduce its carbon footprint through eliminating paperwork, implementing solar powered ATMs, and by adopting other office efficiency initiatives.
Intuit	Intuit helps consumers, small businesses, and the self-employed prosper through financial management and compliance solutions. Intuit's 2025 goal is to double the household savings rate and improve small and midsize business' success rate > 10 pts vs. the industry clearly exhibit how the company's social impact and business goals are closely intertwined. This is also demonstrated through Intuit's Prosperity Hubs program which helps create new jobs in underserved communities, trains workers for jobs of the future and equips entrepreneurs to start and build successful businesses.
Marvell Technology	Marvell is a leading fabless semiconductor provider of high-performance, application-specific products in storage, networking and connectivity. The company is a pioneer in designing low-power, low-cost Ethernet transceivers and storage controllers, and has been an early adopter of energy efficient ARM-based systems.
Mastercard	Mastercard has drawn on its role in the payments ecosystem to enable financial inclusion, inclusive growth and data responsibility. This includes advancing efforts of bringing 1 billion people around the globe into the digital economy. Mastercard has several initiatives which drive the company's business goals while educating and enabling access to financial tools for small businesses in marginalized communities and underdeveloped regions.

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Microsoft	Microsoft offers a compelling customer value proposition through its efficient Azure cloud computing and infrastructure. When customers move to Azure, many reduce per-user carbon footprint by up to 98%. The company provides innovative ways to support customers' sustainability goals—for example, Azure customers can access a carbon calculator that tracks emissions generated on the cloud. Microsoft has operated as a carbon-neutral company since 2012, commits to being carbon negative by 2030, and intends to remove all the carbon the company has emitted either directly or by electrical consumption since its founding by 2050.
Moody's Corporation	Moody's Corporation utilizes its credit ratings, research, and data analytics tools to help organizations and the investor community better understand the links between sustainability considerations and the global markets. The company is continuing to invest in their ESG and sustainable finance offerings which is a strategic focus and is demonstrated by the expected growth of Moody's ESG Solutions which serves to meet the rapidly growing global demand for ESG capabilities and data.
Otis Worldwide Corp.	Otis Worldwide Corporation produces elevators, escalators, moving walkways, and related equipment. Its newest elevator system is significantly more energy-efficient than conventional systems. In addition, Otis has introduced remote technology that has increased efficiency, lowered emissions, and cut costs by reducing both the number and length of elevator trips.
PT Bank Rakyat	Bank Rakyat is the market leader in providing access to finance for micro, small and medium enterprises in Indonesia. In 2021, it made two key acquisitions to create a microlending ecosystem designed to raise underserved people out of poverty. Bank Rakyat also developed a roadmap to green banking and, in March 2019, issued a \$500M sustainability bond (the first of its kind by a state-owned lender or financial institution in Indonesia).
Roche	Through its Pharma segment, Roche is committed to drug therapy innovation driving more efficient treatment, solving unmet medical challenges and ultimately saving lives through focusing on effective treatment options. The company's Diagnostics division enables clinicians to make faster treatment decisions in many time-sensitive cases. Roche has long been a pioneer in the differential pricing system, enabling more affordable access to their drugs in emerging markets.
Safran	Safran is a leading supplier of engines and technology components to the aerospace market and has contributed fuel efficient engines to the industry. The new LEAP-X engine reduces fuel consumption by 16%. Furthermore, 70% of Research and Development (R&D) resources are spent specifically to improve environmental efficiency of Safran's products.
Sherwin Williams	As the inventor of water-based latex paints in the 1940s, Sherwin has been known to develop products that stay well ahead of environmental regulatory requirements and meet growing customer demand for environmentally friendly products. As of 2020, the company estimates that 30% of its revenue is generated from sustainably advantaged products. To further capitalize on the success of its eco-friendly offering, in 2021 Sherwin implemented its Sustainability by Design program with a focus on aiding the growth of its "sustainably advantaged products" portfolio.
Taiwan Semiconductor	Taiwan Semiconductor implements industry-leading water management measures, and has adopted a policy of achieving a minimum process water recycling rate of 85% and recycling more than 90% of water use at its newest facilities. The company has managed to continuously increase its already industry-leading recycling rate through process improvements such as retrofitting cooling towers, collecting rainwater, and reclaiming waste water into ultrapure water.
TJX Companies	This leading off-price retailer of apparel and home products has consistently implemented industry-leading energy reduction and waste minimization practices at its facilities. TJX has also shifted to using fuel-efficient intermodal transport, and through its logistics efficiency efforts, has been able to significantly reduce the amount of total shipments.
Unilever	Unilever is a leader in sustainability. With such a large global footprint, Unilever has successfully embedded sustainable business practices into its supply chain, while also driving sustainable innovation in new products, thereby improving efficiency and reducing waste. Unilever maintains a portfolio of purpose-led brands that seek to improve the health of the planet, improve people's health and wellbeing, or contribute to a more socially inclusive world. The franchise value and positive reception amongst its customers has continued to drive attractive performance.
Visa	Visa leverages its extensive network to enable financial inclusion in underserved communities and to empower small and micro businesses. As part of their efforts to advance digital equity, Visa set a goal to digitally-enable 50 million SMBs worldwide by 2023, after achieving its 2020 goal to provide 500 million unbanked individuals access to digital payments. Visa's financial inclusion priorities coincide with its business strategy through products such as Visa Direct, Visa Acceptance Card, and Scan to Pay helping underserved communities access the digital economy.
Wolters Kluwer	Wolters Kluwer develops professional software solutions that help customers optimize business processes to enable better healthcare, solve complex problems, and build better judicial and regulatory systems. The company has established product impact criteria, looking individually at the ESG benefits of their products. The company's transformation from paper to digital also helps bring meaningful value to customers and improves overall resource efficiency.

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ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. ESG strategies seek to identify companies that they believe may have desirable ESG outcomes, but investors may differ in their views of what constitutes positive or negative ESG outcomes. As a result, the strategies may invest in companies that do not reflect the beliefs and values of any particular investor. The strategies may also invest in companies that would otherwise be screened out of other ESG oriented funds. Security selection will be impacted by the combined focus on ESG assessments and forecasts of return and risk.

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