

Sustainable Core Fixed Income

SUSTAINABILITY DRIVERS PROFILE MATRIX

Second Quarter 2020

The Brown Advisory Sustainable Core Fixed Income strategy seeks to deliver attractive risk-adjusted returns by incorporating ESG research that strengthens bottom-up, credit-focused research, while producing positive environmental and social impacts.

SUSTAINABILITY PROFILES FOR CORPORATE PORTFOLIO HOLDINGS (AS OF 06/30/2020)

COMPANY	IMPACT THEME	SUSTAINABILITY DRIVER
Agilent Technologies, Inc.	Sustainable Technology Innovation	Agilent products enable a safer, healthier and more environmentally friendly world across a variety of sectors. For instance, Agilent's technologies and products enable disease research and diagnosis, drug discovery, development, manufacturing and quality control across the pharmaceutical industry. Within the energy industry, Agilent helps support research into biofuels and other forms of alternative energy.
Alexandria Real Estate Equities, Inc. (Green Bond)	Efficient Production & Conservation	Alexandria focuses on developing sustainable campus environments that promote health, wellness and productivity for leading life science and technology entities. Roughly 50% of total annual rental revenues come from LEED projects, and moving forward Alexandria targets minimum LEED Gold certifications for all new ground-up developments. This is bolstered by other sustainability initiatives throughout its portfolio to manage GHG emissions, waste, energy, and water use.
Allison Transmission Inc.	Sustainable Technology Innovation	Allison Transmission is a global leader in producing hybrid-propulsion systems, which use regenerative braking, converting a vehicle's kinetic energy into stored electric power to propel the vehicle or to operate auxiliaries. As of March 2018, studies have estimated that Allison electric hybrid buses have resulted in saving 41 million gallons of diesel fuel and prevented 406,465 metric tons of carbon dioxide from entering the atmosphere.
American Tower Corporation	Sustainable Technology Innovation	As one of the largest wireless tower operators, American Tower has earned a strong reputation in international markets from their strong environmental compliance track record, focus on driving alternative energy into its remote tower base, and its work to reduce carrier's dependence on highly inefficient generators. We believe that this has also helped it gain market share.
Amphenol Corporation	Sustainable Technology Innovation	Amphenol provides high tech. connector solutions for a variety of clean tech. applications, including for hybrid electric vehicles, wind and solar power generation, energy efficient LED lighting, smart buildings and cloud computing. Amphenol stands to benefit as connected technology solutions become increasingly important in the shift to a more sustainable and energy efficient future.
Analog Devices, Inc.	Sustainable Technology Innovation	Analog Devices capitalizes on its clean tech opportunities through integrated circuits for smart grid applications, ranging from energy meters, renewable generation systems and storage, to dynamic grid-integrated management and communications systems. Moreover, it is an industry leader in conserving water and reducing the use of toxic chemicals. Beginning in 2017, their Ireland and Philippines facilities started using 100% renewable energy.
Anthem, Inc.	Health & Wellness	Anthem's focus on a value-based care delivery model contributes to greater efficiencies in the health care system, reduced costs and improved patient outcomes. For Anthem, roughly 60% of its reimbursements are through value-based care models, which is expected to continue to grow over time. Moreover, Anthem has a number of initiatives in place to address social determinants of health and improve the environmental sustainability of its operations.
Aptiv PLC	Sustainable Technology Innovation	Aptiv is a leader in offering EV architecture and advanced safety solutions to vehicle manufacturers as they move towards autonomous and electric vehicles to satisfy tighter safety, emissions and fuel economy regulations. Moreover, lean manufacturing principles are embedded into their operations, thereby improving efficiencies and reducing costs.
AvalonBay Communities	Efficient Production & Conservation	AvalonBay (AVB) invests in green buildings and energy efficiency initiatives, driven by its Building Certified Policy that requires all new mid- and high-rise buildings to receive third-party environmental certification. Moreover, AVB conducts urban revitalization and brownfield projects on land with former industrial uses and an estimated 50% of AVB's new construction projects require environmental remediation, thereby reinventing communities and providing residents with more options for sustainable living. As of 2017, AVB's sustainability initiatives from the previous three years had saved over \$2.5M annually through energy and water conservation.
Ball Corp	Efficient Production & Conservation	A global supplier and innovator of metal packaging to the beverage, food, personal care and household product industries. Given the superior sustainability features of metal (i.e. lighter weight, indefinite recyclability) aluminum cans have taken share at the expense of glass in North America, South America and Europe over the past 10 years. Ball formalized its own internal sustainability initiative in 2006 and has a strong record of achievement in energy reduction and minimizing waste.

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BorgWarner, Inc.	Sustainable Technology Innovation	BorgWarner is a leading supplier to the automotive industry and we believe that it is well-positioned to capitalize on future mobility trends, including a shift towards electric vehicles, autonomous driving and vehicle connectivity through its hybrid and electric propulsion technologies.
Boston Properties LP	Efficient Production & Conservation	Boston Properties has very strong green building targets, operational policies and tenant engagement activities, which include minimum Silver LEED ratings for new buildings and major extensions, a LEED professional training program and triple net leasing.
Centene Corporation	Health & Wellness	As a leader in the Medicaid managed care market, and more recently in the ACA-mandated health insurance marketplaces, Centene plays a critical role in ensuring access to health insurance coverage for low-income populations. Moreover, through its population health initiatives, Centene is able to improve the health of the communities it serves while also reducing medical costs from preventable health problems.
Cigna	Health & Wellness	Recognizing the connection between personal health and the health of the environment, Cigna manages its environmental impact through its operational goals to reduce absolute greenhouse gas emissions by 20%, energy consumption by 15%, and water consumption by 10% by 2020 (from a 2013 baseline). Additionally, Cigna has made efforts to address the opioid epidemic and has created the Health Equity Council to mitigate health disparities in underrepresented groups.
Consolidated Edison (Green Bond)	Clean Energy	Consolidated Edison is the second largest producer of solar power in North America and is targeting 100% Clean Electricity by 2040 with additional planned investments in wind and solar, which is key to achieving New York's ambitious renewable energy and greenhouse gas emission reduction goals. Green Bond proceeds are financing energy efficiency initiatives as well electric vehicle charging infrastructure.
Crown Castle International	Sustainable Technology Innovation	Crown Castle's portfolio of shared communications infrastructure, including towers, small cells, and fiber, enables customers to build and operate their networks with increased efficiency and at a reduced cost. Moreover, Crown Castle should play a key role in the rollout of 5G, which is expected to have a variety of sustainable applications, including the development of smart cities.
The Conservation Fund (Green Bond)	Sustainable Agriculture & Natural Resource Management	The Conservation Fund works with public, private and non-profit partners to protect land and promote sustainable economic development across the U.S. Since 1985, TCF has conserved more than 8 million acres of land and protected approximately 643,000 acres of critical forests. Green Bond proceeds will be used for acquisition and management of land for conservation and working forest protection purposes.
CVS Health	Health & Wellness	CVS is a key player in the health care space and provides millions of Americans access to essential health care services. For instance, more than 50% of the U.S. population lives within 10 miles of a CVS MinuteClinic and in 2018, they had 5.2 million patient visits. Services provided by the MinuteClinics can cost as much as 90% less than urgent-care centers and hospital emergency departments. Moreover, CVS continues to broaden the scope and reach of its services offerings with a strong focus on helping patients manage chronic diseases and improve medication adherence.
Digital Realty Trust, LP (Green Bond)	Efficient Production & Conservation	Digital Realty is a leading global provider of data center, colocation and interconnection solutions and is committed to driving sustainable energy consumption within its data centers. It was the first REIT to issue a green bond and the proceeds were used to support the development of nine sustainable projects to achieve energy efficiencies in their data centers located in four countries that have received LEED, BREEAM or CEEDA certification.
Ecolab	Clean Water & Sanitation	This provider of cleaning, food safety and health protection products for the food, energy, health care, industrial and hospitality markets helps its customers cut energy and materials costs, improve efficiency, responsibly manage water use and boost bottom line results. In 2018, Ecolab helped companies avoid 2.4 billion pounds of greenhouse gas emissions, eliminate 54 million pounds of water, and conserve over 188 billion gallons of water, equivalent to the annual drinking needs of 650 million people.
Graphic Packaging International	Efficient Production & Conservation	Graphic packaging manufactures and sells paperboard, which is inherently more sustainable than many other alternatives due to its recyclability and to the fact that it is made of renewable materials, tree fibers. Over 75% of all paper-based packaging is recycled and it can be recycled multiple times. To further enhance the sustainability of its products, GPK uses a "design for environment" process that considers the full life cycle of the package and the product that it protects in order to develop new, more environmentally friendly packaging solutions.
Hasbro, Inc.	Efficient Production & Conservation	Hasbro achieved 100% renewable energy use and carbon neutrality across its U.S. operations for two consecutive years (2015-2016) and continues to implement energy saving initiatives. Additionally, it has phased out the use of PVC in its packaging and replaced it with bio-PET, a plant-based material derived from agricultural byproduct.
Hexcel	Sustainable Technology Innovation	Hexcel develops and manufactures lightweight, high performance composites for industries such as Commercial Aerospace and Wind Energy. Composites are lighter, stronger, and more durable than other metals with the highest strength-to-weight ratio of any known material. For instance, carbon fiber is five times stronger and 30% lighter than aluminum. This leads to meaningful fuel savings in the aerospace markets, and makes it an ideal material for wind turbine blades.

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IDEX Corporation	Sustainable Technology Innovation	IDEX Corporation is made up of a number of businesses that work across a variety of sectors to enable a healthier, safer and more environmentally sustainable world. It provides engineered solutions for fire safety and suppression, water and environmental management and a secure food supply.
J.B. Hunt Transport Services, Inc.	Efficient Production & Conservation	A leader in intermodal transportation services (i.e. moving freight via a combination of railroad and trucking), J.B. Hunt helps its customers achieve significant fuel-cost savings and reduced carbon emissions compared to trucking-only shipping solutions.
KeHe Distributors	Sustainable Agriculture & Natural Resource Management	As a lead distributor of natural and organic products, sustainability is core to KeHE's business. In addition to the environmental and health benefits that come from organic farming, KeHE promotes suppliers that are actively working to make a positive environmental or social impact. KeHE's business was built on a foundation of empowering employees and serving the community, and has more recently began to focus on how it can improve the environmental sustainability of its operations, recognizing that protecting the environment was core to its mission to "make lives better".
Keysight Technologies, Inc.	Sustainable Technology Innovation	Keysight Technologies provides electronic design and test solutions to communications and electronics industries, and has capitalized on opportunities to grow in the clean tech market. Keysight provides power management technologies (e.g., batteries, power supplies, power meters and sensors) that enable energy that is normally consumed to be returned to the grid cleanly, saving costs from energy consumption and cooling, while not interfering with the grid.
Kimberly-Clark	Efficient Production & Conservation	Kimberly-Clark sources 87% of the fibers for its tissue products from environmentally preferred sources and continues to develop alternative fibers, including fiber derived from wheat straw, in order to reduce reliance on forest products and improve the sustainability of its products. Moreover, Kimberly-Clark is focused on reducing its greenhouse gas emissions and is improving water efficiency within its operations.
Land O Lakes Inc.	Sustainable Agriculture & Natural Resource Management	Land O Lakes' extensive sustainability efforts are driven by the need for productivity improvements to feed a growing population, desire to increase efficiency and increasing demand for more sustainable farming practices. It touches half of the harvested acres of row crops in the U.S. and recently partnered with the Environmental Defense Fund to launch a new business unit, SUSTAIN. This new endeavor focuses on using ag-tech to turn a decision agriculture skill set to precision conservation to help farmers increase efficiency while improving soil health and water quality.
Marriott International	Efficient Production & Conservation	Marriott engrains sustainability into its portfolio of managed and franchised hotels, continuously looking for ways to reduce its environmental footprint through improved energy and water efficiency, increased use of renewable energy, reduced waste and responsible sourcing. This allows it to benefit from increasing demand for sustainable lodging from customers, as well as cost savings from operational efficiencies, both of which result in higher revenues from management and franchise fees. By 2025, Marriott expects that all hotels will be certified to a recognized sustainability standard.
Marvell Technology Group	Sustainable Technology Innovation	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.
NextEra Energy Capital	Clean Energy	NextEra Energy is the world's largest producer of wind and solar energy with approximately 16% U.S. market share in onshore wind and 11% in solar. Benefiting from its first-mover's advantage and regulatory tailwinds, the NextEra Energy Resources business unit (29% of revenues) helps utilities and corporations across the U.S. increase their exposure to renewable energy. Moreover, the utility portion of its business, Florida Power and Light, has demonstrated a commitment to increasing its solar power generation capacity while keeping costs to customers down.
Nike	Efficient Production & Conservation	Nike's lean manufacturing and sustainability-focused product innovations lower the cost of doing business and increase the bottom line: for example, the company's Flyknit technology, an innovative manufacturing technique where yarns and fabric variations are precisely engineered to create lightweight uppers in footwear, has added \$2B in revenue to date while using less material and creating almost no waste. Additionally, the company set the standard for supply-chain disclosure by being a first to release a complete list of its suppliers' names and locations, forcing the rest of the industry to follow suit.
Northwell Health	Efficient Production & Conservation	Northwell Health has weaved sustainability and social responsibility into the fabric of their health network. It partnered with the EPA in 2010 to establish far-reaching, environmentally responsible programs and business practices at their facilities, as well as created a Sustainability and Social Responsibility Council to focus on improving the health and well-being of the communities they serve by protecting and enhancing the environment and improving quality of life. Additionally, it has reduced its carbon footprint by 9.2%, since 2009, and has completed 16 LEED certified projects.
Novelis	Efficient Production & Conservation	As a global leading producer of flat-rolled aluminum products and the world's largest recycler of aluminum, Novelis continues to expand the use of lightweight, infinitely recyclable aluminum while reducing energy use and preserving natural resources. Notably, Novelis opened the world's largest and most advanced aluminum recycling facility in Germany which has set the global standard for closed-loop recycling.
NVIDIA	Sustainable Technology Innovation	NVIDIA GPUs are advancing artificial intelligence for use across a variety of applications, including health care and autonomous vehicles. 100,000s of medical devices are powered by NVIDIA, improving detection and treatment. NVIDIA has also invested \$2B in R&D for self-driving cars with a strong focus on safety. As a testament to its strong focus on energy efficiency, NVIDIA GPUs power 22 of the 25 most energy efficient supercomputers.

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NXP Semi-conductors	Sustainable Technology Innovation	NXP Semiconductors is a supplier of high-performance mixed-signal semiconductor solutions that has expertise in security, connectivity and low-power capability. They help make the world smarter, safer and more efficient. Specifically, they enable LED lighting application, safer and more efficient cars, low-power notebook computers and secure payments. Additionally, they have internal initiatives to improve operational efficiencies to further drive sustainability within its business.
Oracle	Efficient Production & Conservation	Through its cloud applications and infrastructure technologies, Oracle enables businesses to operate more efficiently. Further enhancing the sustainability of its systems, Oracle is taking measures to improve data center efficiency, maximize hardware reuse and recycling, and increasing use of renewable energy with over 62% of energy used to power Oracle Cloud data centers coming from renewable sources in 2018.
Southern California Edison	Clean Energy	Southern California Edison (SCE) is a leader in the transformation towards a clean energy future with several initiatives aimed at achieving California's aggressive climate change targets. As of 2017, 32% of SCE's energy mix delivered to customers came from renewable sources—13% from solar alone. Moreover, SCE has invested in energy storage and electric vehicle charging infrastructure, and offers its customers energy efficiency and demand response programs to further facilitate California's energy transition.
Southwest Airlines Co.	Efficient Production & Conservation	Southwest's business model is centered around fuel conservation and efficiency, which results in significant cost savings and a lower carbon footprint. Southwest ranks among the top U.S. airlines in terms. This is driven by their younger more efficient fleet as well as their focus on on a "point-to-point" model (as opposed to a "hub-and-spoke" model). Furthermore, Southwest has a strong commitment to its employees and dedication to delivering a superior customer experience.
Takeda Pharmaceutical	Health & Wellness	Takeda pharmaceuticals' product portfolio and research pipeline targets orphan drugs, neglected tropical diseases (e.g. dengue fever) and diseases of high burden including diabetes and epilepsy. Furthermore, Takeda has strong policies and programs in place for expanding access to medicines and vaccines in developing and emerging markets.
Thermo Fisher Scientific	Health & Wellness	Thermo Fisher is a leading life science company, manufacturing scientific instruments, consumables, and chemicals that are helping its customers accelerate life sciences research, improve patient diagnostics, deliver medicines to market, and increase laboratory productivity. As a key supplier to pharmaceutical and biotech companies, hospitals and clinical diagnostic labs, universities, research institutions and government agencies, Thermo Fisher is enabling innovation in the healthcare space.
TJX Companies	Efficient Production & Conservation	TJX has a long history of driving cost improvements by leveraging lean operations and a consolidated inventory system, which leads to sustainability outcomes. Additionally, the Company's adoption of intermodal coupled with rigorous efficiency assessments for its fleet has enabled the combination of two truck shipments into one, reducing costs and emissions. Lastly, as the leading off-price retailer, the company is able to extend the life of "fast fashion" items—which contributes to nearly 10% of the world's carbon emissions—by diverting a meaningful amount of inventory into customer transactions that would otherwise end up in a landfill.
T-Mobile USA, Inc.	Clean Energy	The telecommunications industry is incredibly energy-intensive, making up an estimated 10% of global energy consumption. T-Mobile's commitment to operating 100% on renewable energy by 2021 has the potential to meaningfully reduce the environmental impact of its business. Through its investments, T-Mobile expects to produce over 3,000 GWh of renewable energy annually starting in 2021 and anticipates energy costs savings of \$100 million over the next 15 years.
Trimble	Sustainable Technology Innovation	Trimble uses technology to help customers increase productivity, lower operational costs, enhance compliance, boost safety, and reduce environmental impact in industries including agriculture, transportation, and construction. For example, Trimble's technology enables an estimated ~30% reduction in agricultural water usage, ~20% increase in fuel efficiency within the transportation sector, and up to 50% less re-work and resulting waste from construction.
Verisk Analytics, Inc.	Sustainable Technology Innovation	Verisk is a leading provider of climate and environmental-risk data to the insurance and reinsurance industries. Once a small sideline providing data to the government, climate-data provision is now a thriving business for Verisk fueled by strong demand from insurers around the world. Verisk has also recently become a leading provider of commercial intelligence to the renewable energy sector.
Verizon Communications (Green Bond)	Efficient Production & Conservation	Through its IoT solutions, Verizon has committed to saving more than two times the amount of global emissions from its operations by helping customers become more energy efficient and sustainable. In 2017, Verizon's solutions enabled the avoidance of at least 7.7 million metric tons of CO2e, representing approximately 138% of emissions associated with its operations. At the same time, Verizon reduced its carbon intensity by 28%. Green Bond proceeds will finance investments in renewable energy, energy efficiency, green buildings, sustainable water management, and biodiversity and conservation.
VF Corporation	Efficient Production & Conservation	As an apparel and footwear company, VF Corporation has committed to reducing the environmental footprint of the industry through sustainable sourcing of key materials like cotton, leather and rubber, by implementing waste, water, emission and energy reduction programs to reduce their operational footprint. The company is also making strides towards a circular business model to increase the lifespan of their products. Lastly, the company is addressing risks in their supply chain and for workers through their Chemical Restriction program and Community Development program.
Walt Disney Co.	Efficient Production & Conservation	Disney's strong commitment to environmental sustainability is demonstrated by a 47% reduction in net greenhouse gas emissions since 2012 driven by large investments in energy efficiency, renewable energy, and alternative fuels; and a waste diversion rate of 57%. 2019 highlights include: a 50MW solar facility was brought online at Walt Disney World, which is expected to generate enough power to operate two of the four theme parks in Orlando; and it eliminated all single-use plastic straws and stirrers around the globe and is transitioning to refillable in-room amenities, reducing plastics in guest rooms by 80%.

DESCRIPTIONS OF IMPACT THEMES

Economic Development and Social Inclusion

Affordable Housing	Offering housing options to low- and moderate-income families.
Economic Mobility and Community Development	Increasing employment opportunities and financial inclusion for underserved communities.
Education	Reducing barriers to education for underserved groups.
Diversity, Inclusion, Equality	Supporting race and gender equity; empowering marginalized populations.

We at Brown Advisory worked to build unified themes for our sustainable and impact portfolios that were applicable across equity and fixed income securities alike. In our pursuit, we worked closely to align our goals with the goals of the U.N. Sustainable Development Goals (SDGs). We believe that our framework aligns with the goals and spirit of the SDGs, but also relies on our proprietary ESG research capabilities that impact our investment decisions.

Health and Well-Being

Health and Wellness	Promoting health and well-being, and improving access to and quality of health care.
Clean Water and Sanitation	Improving access to clean drinking water and sanitation services; solving infrastructure challenges; managing freshwater ecosystems.

Environment

Sustainable Technology Innovation	Innovating products and services that deliver sustainability results (e.g., energy-efficient products, sustainable transportation).
Efficient Production and Conservation	Reducing use of energy or raw materials, increasing use of renewables, etc., through internal operations.
Clean Energy	Developing, operating or delivering clean energy from wind, solar and other renewable sources.
Sustainable Agriculture and Natural Resource Management	Responsibly managing natural resources, minimizing or reversing land degradation, and protecting biodiversity.



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