

# Sustainable Core Fixed Income

## SUSTAINABILITY DRIVERS PROFILE MATRIX

First Quarter 2021

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 03/31/2021)

COMPANY	IMPACT THEME	SUSTAINABILITY DRIVER
<b>Agilent Technologies, Inc.</b>	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.
<b>Alexandria Real Estate Equities, Inc. (Green Bond)</b>	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.
<b>Allison Transmission Inc.</b>	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.
<b>American Tower Corporation</b>	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.
<b>Amphenol Corporation</b>	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.
<b>Analog Devices, Inc.</b>	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.
<b>Apple, Inc.</b>	Efficient Production & Conservation	The energy-efficient nature and smaller size of Apple products appeal to consumers and contribute to the company's meaningful growth in sales. Growing initiatives toward leaner, less resource-intensive manufacturing and operations underpin Apple's commitment to sustainability. Notably, Apple's stores, offices and data centers are powered by 100% renewable energy with a goal for all products to be made entirely with renewable electricity by 2030.
<b>Aptiv PLC</b>	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.
<b>Ball Corp.</b>	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.
<b>Bank of America Corp. (Sustainability Bond)</b>	Multi-Sector	Bank of America is a leading financier of environmental and social projects. Since 2007, BAC has deployed \$158bn towards low carbon, sustainable business investments and has committed to \$300bn by 2030. BAC is also a leading lender of capital to community development finance institutions (CDFIs) and has committed \$1bn over the next 4 years specifically to address racial equity and economic opportunity.

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<b>Citigroup, Inc. (Green Bond)</b>	Multi-Sector	Citi is committed to accelerating the transition to a low-carbon economy with a \$250 billion environmental finance goal meant to facilitate environmental solutions over the next five years (2020-2025). This green bond will contribute towards achieving this goal by financing investments in renewable energy, energy efficiency, sustainable transportation, water quality and conservation and green buildings.
<b>CrowdStrike Holdings, Inc.</b>	Sustainable Technology Innovation	CrowdStrike is well positioned to capitalize on the increasing demand for cybersecurity and consumer data protection, as companies migrate to the cloud and cyber-attacks are on the rise. Cyber-risk is likely to become more prevalent, as World Economic Forum expects 75 billion connected devices by 2025 and 6 billion connected people by 2022, increasing the market opportunity and demand. Moreover, CrowdStrike supports AWS, Azure and Google Cloud, among the most energy efficient cloud platforms.
<b>Consolidated Edison (Green Bond)</b>	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.
<b>Clearway Energy OP, LLC (Green Bond)</b>	Clean Energy	Clearway Energy is a leading developer and operator of renewable energy assets with over 4.7 gigawatts of wind, solar and energy storage in operation. Clearway sells wind and solar energy through power purchase agreements to primarily investment grade utilities, many of whom have aggressive renewable energy and net zero emissions targets in place, supported by state and local policies, positioning themselves well to capitalize on future opportunities for renewable energy expansion.
<b>Crown Castle International</b>	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.
<b>The Conservation Fund (Green Bond)</b>	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.
<b>CVS Health</b>	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.
<b>Ford Foundation (Social Bond)</b>	Economic Mobility & Community Development	Ford Foundation is one of the largest private foundations in the US with a mission to reduce poverty and injustice, strengthen democratic values, promote international cooperation and advance human achievement. Through the issuance of this social bond, Ford Foundation will make grants over and above its normal grant-making to build resiliency in the non-profit sector, which was hit particularly hard by the effects of the COVID-19 pandemic. Their programs range from affordable housing to addressing mass incarceration and other socioeconomic empowerment efforts with a strong focus on racial justice.
<b>Fortis Inc.</b>	Clean Energy	Fortis is an electric and gas utility holding company that is primarily focused on energy delivery, and has a relatively lower environmental footprint than those focused on energy generation. Nevertheless, Fortis indirectly contributes to GHG emissions through their customers' use of the fossil fuel-based energy (natural gas) they deliver. However, through its focus on T&D electricity lines and a shift towards renewables at TEP (the largest owner of its generation assets), Fortis is positioning itself well to take advantage of the shift towards a more sustainable energy mix.
<b>Graphic Packaging International</b>	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.
<b>Hasbro, Inc.</b>	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.
<b>Hawaiian Airlines</b>	Sustainable Agriculture & Natural Resource Management	Hawaiian Airlines provides critical services and infrastructure to Hawaiian residents, serving as the primary and most economical means of traveling from island to island, and as a large cargo service provider. Hawaiian Airlines has made efforts to improve fuel efficiency and reduce emissions resulting in potential cost savings and a reduction in negative environmental impact.
<b>Huntsman International</b>	Efficient Production & Conservation	Huntsman's shift in business strategy towards higher value-added products has allowed it to focus on developing innovative solutions that enable customers to solve for a variety of sustainability challenges. Most notably, Huntsman uses post-consumer and post-industrial waste PET as a key component in its spray polyurethane foam insulation, a growing piece of their business that is well positioned to capitalize on a shift towards more energy efficient and greener buildings. At the same time, they are keeping the equivalent of more than one billion plastic bottles out of landfills or oceans each year.
<b>IDEX Corporation</b>	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.

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<b>J.B. Hunt Transport Services, Inc.</b>	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.
<b>KeHe Distributors</b>	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 begun 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".
<b>Land O Lakes Inc.</b>	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.
<b>Marriott International</b>	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.
<b>Marvell Technology Group</b>	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.
<b>NextEra Energy Capital</b>	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.
<b>Nike</b>	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.
<b>Northwell Health</b>	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.
<b>NXP Semiconductors</b>	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.
<b>PVH Corp.</b>	Efficient Production & Conservation	PVH has established sustainable sourcing initiatives, joined organizations promoting circular fashion and has increased product offerings based on circularity. The company has also set targets for the reduction of emissions, waste, water and packaging. The company's partnerships and work with NGOs to establish programs for improved transparency, working conditions and living wages reduces the risks of operational disruptions from strikes or workplace incidents. In addition, sustainability appears to be embedded within the governance and leadership structure of PVH.
<b>SBA Communications Corp.</b>	Sustainable Technology Innovation	SBAC provides the infrastructure necessary to enable 5G, smart cities, and IoT technology for sustainability applications. With a strong presence in rural US communities and developing countries (e.g. Brazil), SBAC enables greater access to communication and is well positioned to capitalize on the growth in these underserved markets. Additionally, their colocation business model provides economies of scale that allow it to grow revenues, maintain low incremental costs, and minimize the environmental footprint of tower sites.

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<b>Southwest Airlines Co.</b>	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.
<b>Takeda Pharmaceutical</b>	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.
<b>Thermo Fisher Scientific</b>	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.
<b>TJX Companies</b>	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.
<b>T-Mobile USA, Inc.</b>	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.
<b>Trimble</b>	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.
<b>US LBM Holdings</b>	Efficient Production & Conservation	Central to US LBM's business model and M&A success focuses on its employees and extensive training programs around lean six-sigma as well as other managerial skills that can help small/local businesses operate effectively and efficiently. US LBM preserves local management and relationships. Each branch has its own operational autonomy and provides training that can lead to improved margins, resource efficiency, and long-term viability for small/local businesses.
<b>Verisk Analytics, Inc.</b>	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.
<b>Verizon Communications (Green Bond)</b>	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 CO <sub>2</sub> e, 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.
<b>VF Corporation</b>	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.
<b>West Fraser Timber</b>	Sustainable Agriculture & Natural Resource Management	Wood is a renewable resource with a low carbon footprint compared to many other common building materials (e.g. cement, steel). West Fraser's focus on sustainable forest management and biodiversity efforts ensure the long-run availability of this important resource. Moreover, West Fraser's investments in alternative energy further reduce its environmental impacts while also reducing operating costs— Over 50% of its energy requirements are currently met from its own biomass.
<b>Xylem, Inc. (Green Bond)</b>	Clean Water & Sanitation	XYL is a leading equipment and service provider for water and wastewater applications with a broad portfolio of energy-efficient products and services addressing the full cycle of water. Solutions include desalination techniques, recycling wastewater, removing harmful chemicals from wastewater, ensuring reliable irrigation supplies, stormwater handling systems, filtration to prevent waterborne illness and providing clean water to earthquake and/or tsunami survivors.

## DESCRIPTIONS OF IMPACT THEMES

### Economic Development and Social Inclusion

<b>Affordable Housing</b>	Offering housing options to low- and moderate-income families.
<b>Economic Mobility and Community Development</b>	Increasing employment opportunities and financial inclusion for underserved communities.
<b>Education</b>	Reducing barriers to education for underserved groups.
<b>Diversity, Inclusion, Equality</b>	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

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

### Environment

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



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