

Sustainable Investing at Brown Advisory

Brown Advisory has been helping clients pursue sustainable investment goals for many years. Over time we have learned that “sustainable investing” means many different things to our clients. Some seek performance driven by sustainable research, others want to invest in alignment with their beliefs, and still others seek to make an impact on communities and society as a whole.

Sustainable investing is increasingly important to a growing number of our clients, so we have committed resources of our firm to helping them achieve the strategic, financial and values-oriented success that they seek.

We approach sustainable investing no differently than anything else we do at Brown Advisory. We seek to deliver first-class performance, thoughtful strategic advice and the highest level of service—all defined by the specific needs of each client.

APPROACHES TO SUSTAINABLE INVESTING

Screening	Sustainable Alpha	Impact
Screening is a rules-based approach to ensure that portfolio holdings are in alignment with investor values. One can exclude companies engaging in undesired practices, specifically include companies that pursue desired practices, or both. We regularly work with clients to develop screening plans that make sense for them.	One can improve portfolio performance by identifying risks and opportunities rooted in environmental, social and governance (ESG) factors. We manage several strategies that seek to drive long-term returns through sustainable research, and we strive to find the best external managers in the sustainable investment space for our clients.	Impact investment strategies produce measurable change in the world. Impact can be achieved in many ways, with public equities, green bonds and various private investments, and also through proxy voting and direct engagement with companies. We offer our clients a wide range of opportunities to achieve impact with their portfolios.

ORGANIZATIONAL COMMITMENTS

U.N. PRINCIPLES FOR RESPONSIBLE INVESTMENT

PRI is a global initiative aimed at encouraging investors to commit to responsible investing principles and disclose their progress in implementing those principles. Our voluntary Responsible Investment Transparency Report can be found at www.unpri.org.

GREEN BOND PRINCIPLES (GBP)

The Green Bond Principles are voluntary process guidelines that promote integrity in the Green Bond market and clarify the approach for issuance of a Green Bond. Brown Advisory was one of the early signatories of the Principles.

US SIF

US SIF is a U.S.-based financial services-industry organization focused on sustainable and responsible investment practices.

CARBON DISCLOSURE PROJECT (CDP)

The CDP is an organization that gives investors access to objective, consistent data regarding corporate environmental impact, including greenhouse gas emissions, water usage and corporate strategies for managing environmental risks.

INVESTOR NETWORK ON CLIMATE RISK (INCR)

INCR is a CERES-sponsored network of investors committed to addressing climate change and other sustainability challenges.

AN OVERVIEW OF OUR OFFERINGS

Equity Strategies	Large-Cap Sustainable Growth	Innovative strategy that seeks long-term capital appreciation by investing in companies with Sustainable Business Advantages (SBA).
	Flexible Equity SRI	Large-cap core offering with 25-year track record, offered with a comprehensive set of social and environmental screens.
	Integrated ESG Research	ESG research on all potential holdings is shared regularly and proactively with research analysts and portfolio managers across the firm as part of the equity research team's overall decision-making process.
	Custom Screening	Client-driven screens can be applied to any of Brown Advisory's equity strategies.
Fixed Income Strategies	Core Sustainable Fixed Income	Total return and current income strategy; bonds meet sustainability guidelines and/or deliver impact as defined by the Green Bond Principles.
	Tax-Exempt Sustainable	
	Integrated ESG Research	ESG research on all potential holdings is shared regularly and proactively with research analysts and portfolio managers across the firm as part of the fixed income team's overall decision-making process.
	Custom Screening	Client-driven screens can be applied to any of Brown Advisory's fixed income strategies.
Multi-Asset Strategies	Private Client Solutions	Tailored portfolios that are guided by client-focused asset allocation models, and constructed from an evolving platform of externally managed strategies and internal solutions. Our endowments & foundations and private client teams help clients consider a variety of factors unique to their respective situations.
	Endowments & Foundations / Institutional Solutions	
Strategic Advice	Sustainable Investing Client Discovery	Most client engagements begin with an extended set of discovery conversations to help clarify performance goals, deeply-held values, and aspirations to make an impact on society with their capital. Subsequent long-term planning steps all flow from this discovery process and help clients chart their sustainable investment journey at a pace that makes sense to them.
	Sustainable Investing Roadmap	
Core Services	ESG Research / Screening Engine	Centralized evaluation of securities against environmental, social and governance (ESG) metrics. Our research team supplements primary research with third-party data from MSCI, Ethix and other sources.
	Proxy Voting	For clients that request assistance, we provide full proxy voting services using Glass Lewis' standard ESG voting guidelines or, in some circumstances, developing custom guidelines based on client preferences.
	Compliance Oversight	We maintain compliance procedures to ensure adherence to the guidelines outlined in our clients' investment agreements or Investment Policy Statements.

BROWN ADVISORY SUSTAINABLE INVESTING THROUGH THE YEARS: 1983 - 2016

1983	1992	1993	2009	2010	2011	2012	2013	2014	2015	2016
Early Pioneer of Sustainable Investing	Start of Fixed Income SRI Investing	Our Firm Founding	Additional Expertise Joins	Large-Cap Sustainable Growth Strategy Launch	Flexible Equity SRI UCITS Fund Launch	Sustainable Growth Fund Launch	Customized Sustainable Investment Advice	Sustainable Fixed Income Solutions	Integrated Sustainable Solutions	Sustainable Investment Advisory Board
Winslow Management Company began managing environmental equity portfolios	Cavanaugh Capital Management began managing SRI fixed income	Alex. Brown & Sons offers clients SRI-screened equity portfolios	Winslow Management Company joins Brown Advisory, Boston Private Client team began focusing on multi-strategy sustainable investing	Cavanaugh Capital Management joins Brown Advisory	Boston private client team with strong sustainable expertise joins Brown Advisory		Brown Advisory joins the Forum for Sustainable and Responsible Investment (US SIF)	Brown Advisory signs the U.N. Principles for Responsible Investment (UN PRI)	Brown Advisory offers a variety of active and passive sustainable equity, fixed income and alternative investment strategy solutions*	Brown Advisory forms an advisory board of independent subject-matter experts to help guide our long-term strategic thinking

*Alternative investments may be available for qualified purchasers and accredited investors only. The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance and you may not get back the amount invested. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client.