

The Brown Advisory Sustainable Core Fixed Income strategy seeks to deliver risk-adjusted returns by incorporating ESG factors into our investment research. We believe this strengthens our bottom-up, credit-focused approach, with both fundamental and sustainable factors playing a role in our due diligence process and our ultimate decision to purchase bonds.

SUSTAINABILITY PROFILES FOR CORPORATE HOLDINGS (AS OF 06/30/2018)

COMPANY	SUSTAINABILITY DRIVERS
Albemarle Corp.	Has a strong long-term opportunity in energy storage applications for renewable grid integration. They also have long-term lithium supply contracts and experienced meaningful sales growth recently - primarily due to the demand for battery-grade lithium salts for electric and hybrid vehicles.
Alexandria Real Estate Equities, Inc. (Green Bond)	Has had a longstanding focus on, and continues evolving its innovative approaches to, developing sustainable campus environments with healthy workplaces that promote health, wellness, and productivity for leading life science and technology entities. Half of its total annual rental revenues come from LEED projects and, moving forward, they are targeting 100% of new ground-up developments to be LEED Gold certified at a minimum. This is bolstered by other sustainability initiatives throughout its portfolio to manage greenhouse gas emissions, waste, energy, and water use.
Allison Transmission Inc.	A global provider of commercial-duty automatic transmission and hybrid propulsion systems. This industry leader in hybrid innovations estimated that its H40/50 transit bus hybrid propulsion system has saved more than 29m gallons of diesel fuel and prevented 291,000 metric tons of carbon dioxide from being emitted into the atmosphere.
American Tower Corporation	One of the largest wireless tower operators with a strong environmental compliance track record, a focus on driving alternative energy into its remote tower base and goals of reducing carrier dependence on highly inefficient generators. This has earned the company a strong reputation in international markets and helped it gain market share.
Analog Devices, Inc.	Continue monetizing its clean tech opportunities through several key areas: integrated circuits for renewable energy markets, energy metrology components for smart meters and technologies for smart grid applications. This industry leader in water conservation is known for extensive water reuse and conservation programs across all manufacturing sites.
AvalonBay	Redevelops infill sites, as well as conducts urban revitalization and brownfield projects that had former industrial uses. These projects offer residents more options for sustainable living - from green building and walkable neighborhoods to better transit and bike-commuting alternatives.
Ball Corporation	Metal packaging is lighter weight and infinitely recyclable when compared to alternatives such as glass; this has contributed to share gains. Through design innovations, Ball has reduced the weight of its 12-oz aluminum can by 40% since the 1970s, which has helped many of its global beverage customers achieve their own sustainability goals.
Bank of America (Green Bond)	Has provided more than \$53bn in financing for low-carbon activities since 2007 and is the number one underwriter of green bonds the past four years. They have increased their second environmental business initiative from \$50bn to \$125bn in low-carbon business by 2025 through lending, investing, capital raising, advisory services and developing financing solutions. Green Bond proceeds fund renewable energy and energy efficiency projects.
Boston Properties LP	Has strong green building targets, operational policies and tenant engagement activities, which include minimum Silver LEED ratings for new buildings and major extensions, a comprehensive LEED professional training program for a third of construction and property management staff, and triple net leasing.
Children's Hospital Corp.	This "safety net" hospital serves three important social functions: taking care of the most critically ill children, taking care of children from low-income families and making sure a system of care is in place throughout the region to serve primary and sub-specialty pediatric care needs. In 2014, they invested over \$127mm to improve the health and well-being of children and families in its community. The hospital also trains more pediatricians and has the largest research program of any other pediatric hospital.
Clorox Co.	Proactively phasing out substances that raise consumer and regulatory concerns. Its Green Works line incorporates industry-leading natural, plant-based or biodegradable ingredients in cleaning and sanitary products with the largest U.S. market share in this segment.
Delphi Jersey Holdings	A leading supplier of electrical architecture, safety products and electronics, and powertrain systems for light vehicles. Their products enable original equipment manufacturers to meet increasingly stringent government regulations and meet consumer preferences for products that are safe, 'green' and connected. These trends are contributing to increased content per vehicle, greater profitability and higher margins.
Digital Realty Trust, LP (Green Bond)	A leading global provider of data center, co-location and interconnection solutions and 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 CEEA certification.
Ecolab, Inc.	A leading provider of cleaning, food safety and health protection products and services, Ecolab helps its customers improve resource efficiency while boosting bottom-line results. In 2017 alone, Ecolab helped customers conserve more than 171 billion gallons of water, eliminate 44.7 million pounds of waste and save 12 trillion BTUs of energy.
Equinix, Inc.	Global leader among REITs in energy efficiency and emissions reduction targeting LEED certification in all of their data centers and committing to 100% clean and renewable energy.
Hasbro, Inc.	Achieved 100% renewable energy use and carbon-neutrality across its owned and operated operations in the U.S. for the second straight year. Phased out the use of PVC in its packaging and replaced with bio-PET, a plant-based material derived from agricultural byproducts.
J.B. Hunt Transport Services, Inc.	A leader in intermodal transportation services (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.

SUSTAINABILITY PROFILES FOR PORTFOLIO HOLDINGS (CONTINUED)

COMPANY	SUSTAINABILITY PROFILE
Kaiser Foundation Hospital	Committed to sustainability and guided by its 2025 environmental stewardship goals. These goals include becoming “carbon net positive” by purchasing clean energy and carbon offsets to remove more greenhouse gases than it emits; supporting sustainable agriculture by purchasing food from local producers that use sustainable practices; recycling, reusing or composting 100% of its non-hazardous waste; and reducing the amount of water they use by 25%.
Keysight Technologies, Inc.	Provides electronic design and test solutions to communications and electronics industries, and has capitalized on opportunities to grow in the clean tech market. Provides power management technologies (batteries, power supplies, power meters and sensors) that enable energy that is normally consumed to be returned to the grid cleanly; this saves costs from energy consumption and cooling while not interfering with the grid.
Kroger Co.	Rapidly increased its offering of organic and natural products, and its private label (Simple Truth) is the largest natural brand in the U.S. One of the few food retailers to use anaerobic digesters to process food waste from its manufacturing facilities and grocery stores, which significantly reduces waste costs and carbon emissions.
Land O Lakes Inc.	Their extensive sustainability efforts are driven by the need for productivity improvements to feed a growing population, a desire to increase efficiency and increasing demand for more sustainable farming practices. They touch 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 that is focused on using ag-tech to improve precision in helping farmers increase efficiency while improving soil health and water quality.
MidAmerican Energy (Green Bond)	A regulated utility recognized as a leader in the use and development of renewable energy; no other U.S. rate-regulated utility owns more wind-powered generation capacity. Green Bond proceeds are financing their 551 MW Wind X and 2,000 MW Wind XI projects in Iowa. Upon completion, they will have invested \$10.3bn in 6,007 MWs of wind-powered generation capacity - enough to generate enough energy to meet the needs of nearly 90% of its Iowa retail customers.
Morgan Stanley (Green Bond)	Growing focus on sustainability is not only reflected in their core values, but also by the increasing role sustainability issues play in global finance. Green Bond proceeds are funding renewable energy and energy efficiency projects.
Northwell Health, Inc.	Having 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. In addition, they 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 their carbon footprint by over 9% since 2009 and has completed 16 LEED-certified projects.
Northwestern University	Committed to fostering environmental and ethical stewardship; providing a living-learning environment that supports student-, faculty- and staff-led sustainability initiatives; and improving its environment and natural ecology. Dedicated to a greener campus by reducing waste, conserving water and energy, and promoting sustainable transportation.
Novelis Corp.	Global leading producer of flat-rolled aluminum products and the world’s largest recycler of aluminum. Continues expanding the use of lightweight, infinitely recyclable aluminum while reducing energy use and preserving natural resources. Opened the world’s largest and most advanced aluminum recycling facilities in Germany, which has set the global standard for closed-loop recycling.
Regency Centers (Green Bond)	Has a green leasing scheme to decrease operation and maintenance costs, as well as targets to use LEED standard in all current and new developments. Green Bond proceeds are financing their existing and new properties to ensure LEED certification.
Staples, Inc.	Their sustainable business strategy includes incorporating more alternative fiber-based products, engaging suppliers on their carbon impact, e-waste recycling and energy efficiency. More than 22,000 products are on their Eco-Services platform, which accounts for more than 30% of U.S. product sales. Cut operating costs while reducing carbon emissions by 39% since 2010. Partnered with HP to tackle e-waste and, in 2016, was the only retailer to offer free electronics recycling year round, helping customers recycle more than 25 million pounds of office technology.
Tenneco	A pioneer and leading designer, manufacturer and distributor of clean air and smoother, quieter and safer transportation ride performance products. Will benefit from stricter air pollution regulations due to their competitive advantages and innovations. The clean air segment of the business, which is approximately 70% of sales, produces highly engineered emissions systems.
Toronto-Dominion Bank (Green Bond)	With a long-standing record of environmental leadership, it participated in underwriting over \$6.5bn in green bonds since 2010 and was the first North American-based bank to become carbon neutral in 2010. Issued a \$1bn green bond - the first and largest by a bank in the developed markets – with the proceeds funding a variety of projects including renewable energy generation, energy efficiency and management, and green infrastructure and sustainable land use.
Verisk Analytics, Inc.	A leading provider of climate and environmental risk data to both the insurance and reinsurance industries. Climate data provision - once a small sideline providing data to the government - is now a thriving business fueled by strong demand from insurers around the world. Also recently became a leading provider of commercial intelligence to the renewable energy sector.
Weyerhaeuser Co.	Focused on growing a renewable resource, they aim to protect its lands, the wildlife and biodiversity. One hundred percent of its timberlands are certified to SFI sustainable forestry standards and it reforests nearly 98% of its harvest sites within two years and uses natural regeneration on some sites. It meets over 70% of its energy needs from its own biomass, offering an alternative to fossil fuels and reducing energy costs.
Xylem, Inc.	A leading equipment and service provider for water and wastewater applications with a broad portfolio of products and services addressing the full cycle of water - from collection, distribution and use to the treatment and return of water to the environment. Solutions include desalination techniques, recycling wastewater, removing harmful chemicals from wastewater, ensuring reliable irrigation supplies, storm water handling systems, filtration to prevent water-borne illness, and providing clean water to earthquake and/or tsunami survivors.

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