

Investment Management ESG Position Statement

BBH Investment Management's mission is to preserve and grow our clients' capital over long periods of time. For over 80 years, BBH Investment Management (IM) has performed proprietary investment research focusing on long-term capital preservation and the prudent management of risk. At the core of our investment process has always been an understanding that the path to generating attractive long-term investment returns is first and foremost to reduce the likelihood of permanent capital loss.

We believe that inclusion of environmental, social and governance (ESG) criteria in our investment process enhances our ability to evaluate and manage risk as we pursue our long-term objectives. Across equity and fixed income investments, we believe that ESG criteria are important factors in our investment process.

Our approach to investing explicitly includes the consideration of ESG criteria and is guided by a set of core principles that are applied across the full breadth of our investment portfolios. Together they represent a time-tested approach that has built lasting client relationships and set us apart from our peers.

Our investment principles:

- focus on capital preservation
- conduct deep, bottom-up, fundamental research
- invest with a long-term perspective
- apply discipline and patience
- employ a value-based approach

The evaluation of ESG factors as part of our investment research process helps us effectively assess the long-term sustainability and durability of our companies and credits*:

Environmental – Entities that are judicious in their use of resources, are aware of climate risks and are appropriately mindful in their environmental impact may gain efficiencies that drive profitability. They are also less likely to create unforeseen liabilities that can erode enterprise value. For more information, please refer to the [BBH Climate Statement](#).

Social – Maintaining high standards for internal and external conduct can help entities build strong and diverse cultures, drive better long-term outcomes for all stakeholders, and limit adverse regulatory action.

Governance – Analyzing the quality of management teams, ownership structures, and the framework of rules, practices and incentives under which organizations operate are cornerstone elements of long-term sustainability. Our view is that well-managed businesses, where management teams act like owners, are more likely to manage resources efficiently, create value for shareholders over the long-term, protect the rights of creditors and maintain access to the credit markets. These are essential characteristics of businesses that we choose to own for our clients.

ESG Integration: Embedded within our bottom-up approach

- Our team of **approximately 50 equity and fixed income investment professionals** are responsible for incorporating key ESG criteria into our investment analysis and decision-making process.
- Each of our investment teams employ a **tailored approach** that is best suited to their specific strategy while remaining consistent with our overall investment philosophy and process.
- We commit ourselves to the **careful study of factors** that could cause impairment of capital. As with any potential risk, if those associated with ESG are not adequately addressed and mitigated, it may inform our decision on a course of action with respect to that security.
- Through our **bottom-up research** on companies and industries, **strong engagement with management and issuers**, as well as our continual efforts to monitor the regulatory and governmental environment, we continuously refine our insights into how well ESG factors are being managed. For more information, please refer to the [BBH IM Engagement Statement](#).
- When partnering with outside managers for our clients, we evaluate their respective ESG integration practices during the selection process, and continually thereafter, to ensure that they are aligned with BBH's approach.

* Obligations such as bonds, notes, loans, leases and other forms of indebtedness, except for cash and cash equivalents, issued by obligors other than the U.S. Government and its agencies.

Oversight and Governance

BBH Investment Management's ESG Oversight Committee monitors ESG integration activities, regulatory developments, industry best practices and data research tools with the objective of continually enhancing Investment Management's overall ESG program. The ESG Oversight Committee also facilitates ESG knowledge-building through team training sessions and ensures that IM's ESG initiatives are appropriately reflected in its engagement with other industry participants, marketing collateral and client reporting frameworks. In addition, the ESG Oversight Committee reviews the ESG integration report that BBH & Co Investment Management, a PRI signatory, files through the PRI reporting framework.

The ESG Oversight Committee is chaired by the Head of Investment Management, a BBH Partner, and consists of senior representatives from the equity and fixed income investment teams, business development and relationship management, funds management, strategy, client servicing and risk and governance. The ESG Oversight Committee meets, at a minimum on a quarterly basis, and regularly reports to both the Investment Management Oversight Committee and BBH's Executive Sustainability Council.

Conclusion

BBH IM provides investment management services to institutional and individual investors around the world. ESG criteria are embedded in our investment process. We also offer the capability to customize investment solutions aligned to client specific ESG goals or screening preferences.

A less favorable ESG profile may not preclude the Adviser from investing in an issuer, as the consideration of ESG factors is not more influential than the consideration of other investment criteria.

Risks

Investors should be able to withstand short-term fluctuations in the equity markets and fixed income markets in return for potentially higher returns over the long term. The value of portfolios changes every day and can be affected by changes in interest rates, general market conditions and other political, social and economic developments.

Considering ESG factors as part of investment decisions may result in forgoing otherwise attractive opportunities, which may result in lower performance when compared to advisers that do not consider ESG factors.

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