



2019

ANNUAL  
STEWARDSHIP  
REPORT

BROWN   
BROTHERS  
HARRIMAN



## BASIS FOR REPORT

### Report Scope & Boundaries

This is a firmwide report, including the operations and activities of each BBH business line in every operating region. For each topic, we note any significant differences in approach between the U.S., Europe, and Asia. Otherwise, readers can assume the information applies to the whole firm.

Most sections of this report address the impact of the firm's direct activities. In the sections on Supplier Code of Conduct (page 80) and ESG/sustainable investing (page 34), we also explore the firm's progress in examining the indirect impact of our business partners and investments.

### Reporting Process & Use of Standards

BBH referenced multiple, leading standards and guidelines to determine the topics and disclosures that would be of material concern to our firm and stakeholders. BBH did not prepare this report in accordance with any single reporting standard but relied heavily on the following in compiling its contents.

- Global Reporting Initiative (GRI) Report Standards
- The Sustainable Accounting Standards Board (SASB): Financial Sectors (asset management & custody activities; investment banking & brokerage)
- Principles for Responsible Investment (PRI)
- UN Global Compact

The Executive Sustainability Council reviewed and approved each section, with additional review and approval from the Managing Partner.

Feedback from our stakeholders in response to this inaugural report will help the Sustainability Council—and BBH leaders—adjust and improve future reports to answer their questions.

### Reporting Period & Cycle

This inaugural report covers calendar year 2019. Going forward, BBH will report annually. As this is our inaugural report, there are no material changes or restatements from previous reporting periods.

### Contact Information

Anyone with questions or suggestions about this report should contact our Sustainable BBH co-chairs at [contactus@bbh.com](mailto:contactus@bbh.com).

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# LETTER FROM OUR MANAGING PARTNER



**WILLIAM TYREE**, Managing Partner

When BBH planned to publish this inaugural sustainability report in April 2020, little did I know the context from which I'd write this letter. As I write this, as a result of BBH's response to the COVID-19 pandemic, I am in my home, where I am physically distancing myself from the 96% of the firm's employees who are also working from home and the 4% who continue to come into the office each day. In the five weeks since the pandemic threat upended our world, I've been reflecting continuously on its impact on all our stakeholders, and how the fundamental question of sustainability has become magnified at this time.

Before COVID-19, the firm approached social impact and sustainability by asking, "What role should BBH

play in helping to ensure the long-term well-being of our clients, our employees, and our communities?" While that elemental question remains the same, our answers have changed as a result of this trying time. The wide-reaching effects of the COVID-19 pandemic have tested our leadership, our resiliency, and our commitment to service. Thus far, we have performed admirably, but we know that we will face many more challenges ahead.

We believe this cannot be a time for short-term thinking. This must be a time to lean into our values, do the right thing, and to put our stakeholders first.

Our responsibilities during this crisis are threefold:

**1. We must be a reliable and trustworthy service provider to our clients.**

After years of planning and investing in contingency infrastructure for unforeseeable events, I'm proud that we were able to transition to a business continuity plan (BCP) environment in the early weeks of the global threat with no business or service interruption to our clients. As I write this, 96% of BBH employees are working from home and we are protecting those who continue to work from our offices. For those critical, on-site roles, we are employing rigorous safety measures and distancing, including no inter-office travel and no in-person meetings.

**2. We are a stable employer for more than 5,500 BBHers.**

We depend on them for our firm's excellence, and they in turn depend on us. Our employees are navigating many stressors, including the uncertainty and strain of their families' childcare, finances, and health. We have acknowledged that no one is operating "business as usual" and provided additional resources and flexibility to support their physical, financial, and personal well-being and to mitigate the strain. In addition, we

have been open and transparent with our employees that **layoffs as a result of the pandemic are not in the BBH playbook**. Just as during the 2008 financial crisis, we intend to keep teams together, so we are in a strong position to act on opportunities when the crisis abates. We also increased communication and resources within our Thrive employee wellness program, including employee assistance counseling and flex hours.

### **3. We are an important contributor to the communities that sustain us.**

Our community partners—non-profits focused on basic needs and education—are under unprecedented demand for services at a time when funding and resources are scarce. We want to help, and so **the firm and our Partners committed an additional \$1.25 million in donations** to our Employee Relief Fund and our global charitable partners in 2020.

As we continue to navigate these uncertain times, it's never been clearer to me the important role that a commitment to sustainability plays in positioning the firm to weather, learn from, and grow stronger from adversity.

## **SUSTAINABLE BBH**

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Even in the years before this pandemic, I can't remember a conversation I had with a client, an industry peer, or a business partner that did not, in some way, touch on our intertwined concerns of economic stability, environmental impact, social responsibility, and corporate governance. The questions that we, along with so many others, are asking are not easily answered: How do we effectively account for and manage the risks and trade-offs between financial value and social/environmental impact? How do we determine where we can and should make a material impact, directly or indirectly, on issues that matter most to us, to our clients, and to our communities?

The rising enthusiasm for these topics from BBHers, clients, and our external partners is not surprising—we tend to surround ourselves with people who share a long-term outlook and a desire to do the right thing. As this momentum to expand our impact grew, we channelled our energy into forming our new Sustainable BBH program led by a senior governing body and chaired by me. We call it the BBH Executive Sustainability Council.

With the creation of Sustainable BBH, the firm united many existing social and environmental programs and launched several new ones to form a comprehensive bank-wide program. Sustainable BBH has allowed us to take stock of where we are, focus our passion and desire to make a difference, address stakeholders' concerns, articulate our goals, assess our performance and, ultimately, to direct more attention and resources to these issues.

Among our first formal initiatives, the Executive Sustainability Council recommended that the firm become a signatory to the UN Global Compact. Our Investment Management business is currently reviewing the requirements associated with adopting the UN-supported Principles for Responsible Investment (PRI) with a final recommendation and decision due early in the second quarter of 2020. In addition to these and other partnerships in the inclusion space, we also became a signatory to the CEO Action for Diversity and Inclusion Initiative. These partnerships are significant indications of our commitment and desire to join other organizations to advance these causes which are more likely to succeed if we work together.

As the capstone of our Executive Sustainability Council's first year, I am pleased to offer this inaugural Stewardship Report. By detailing the firm's relevant governance structures and our ten sustainability focus areas, this report highlights our most significant goals

and opportunities to make a difference, and provides transparency on our progress in 2019.

While we have been working in many of these areas for decades, we've learned a lot in our first year of Sustainable BBH, and I'd like to share a few lessons that stand out to me.

### **What gets measured gets results.**

It's a business truism I'm reminded of time and again. Because it's impossible or at least impractical to measure everything, we must make decisions about what matters most to advance our sustainability agenda. This report plays an important role in that process, not simply by openly sharing our progress toward achieving our goals, but also as a feedback tool to dynamically refine what our areas of greatest opportunity are. Furthermore, by assigning individual responsibility to improving our measurement results against targets, we find that success follows.

### **Sustainable BBH doesn't work as a top-down or inside-only effort.**

When we first launched the Executive Sustainability Council, I was encouraged by just how much employee-led work the firm was already doing in this space. The network effect of strong employee engagement and hands-on, enthusiastic leadership makes our BBHcares philanthropic program, our diversity and inclusion initiatives, our affinity networks, and our Thrive well-being and environmental champions so much more powerful and effective. Our employees want to work for a firm with a clearly defined mission and strong values, where the impact we make goes beyond financial performance, and they have the opportunity to help shape and drive that impact forward.

### **Our efforts across the industry are collective.**

We have been inspired by clients and industry partners who have been working on environmental, social, and governance (ESG) issues and publicly reporting their progress for years. With the launch of our formal, comprehensive program, we now find ourselves in our own leadership position where we can learn from those who are advanced and in turn share best practice with our clients and business partners who are closer to the beginning of their journeys. It's inspiring to think of the collective effect we will have by joining forces on common areas of interest and concern.

## **Evolving Sustainable BBH**

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Of all of the areas of impact discussed in this report, the following three are the ones where we made the most progress in 2019. These three areas demonstrate the BBH Sustainability Council's willingness to address material issues head on.

### **The evolution of sustainable investing and ESG.**

Sustainable investing and the consideration of ESG issues in executing our investment strategies have become a major topic for investment and wealth managers. We have increasingly been discussing these issues with clients as they examine how they would like their investments to reflect their personal values, or the values of the organizations they serve. We believe that inclusion of ESG criteria in our investment process enhances our ability to manage risk and helps our client's achieve their long-term objectives.

### **The Codes of Conduct for BBH suppliers and sub-managers.**

We recognize that the products and services which BBH provides to our clients are often the aggregation of BBH services plus component services provided by third

parties. As a result, for BBH to incorporate ESG criteria into the construction of our products, it becomes necessary for us to more thoroughly understand our business partners' values and processes. To this end, we launched the BBH Supplier Code of Conduct process in 2019. The Code describes BBH's expectations for how our suppliers conduct their businesses ethically and responsibly. We have asked all our suppliers who meet our materiality threshold to adhere to the principles of the code, and in this way, we will address 90% of BBH service providers within one year.

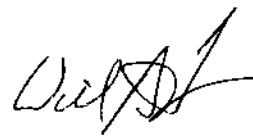
**The ongoing opportunity for stronger diversity and inclusion.**

For several years, we have been working on embedding our commitment to diversity and inclusion in the workplace into all of our policies and practices. We believe strong D&I is good for business. It all starts with making it safe to talk about the challenging issue of underrepresentation on the basis of race, gender, sexual orientation, religion, disability, and age in our workplace. To accelerate our progress, we appointed a new Head of Diversity, Inclusion, and Employee Engagement in 2019, bringing closer together aspects of our human resources, communications, and community outreach. Under this new structure, we increased D&I resources, shared more stories to drive awareness and education, and engaged ten new external partners to broaden access to industry resources. This year, most Partners, Managing Directors, and BBH Affinity Network leaders also attended an inclusive leadership workshop designed to generate open and honest dialogue. At the heart of our efforts is a commitment to breaking down perceived barriers that impede trust, fostering a culture of inclusion, and improving the diversity of our workforce.

We take great pride in our legacy of community service, philanthropy, and giving back, built over 200 years. And yet the process of formalizing our commitment through

Sustainable BBH has opened our eyes to how much what BBH does in this domain matters to our employees, clients, and business partners. This question of how we make a material impact, directly and indirectly, on issues that matter most to our employees, clients, and the broader community is a challenge that we intend to address together. This report is just another step forward which is designed to further focus our stakeholders' attention on the positive impacts we can make if we work intentionally and effectively. Our goals in forming Sustainable BBH were to accelerate our progress on our ESG goals, to learn and adopt best practice from one another, and to become a leader in delivering for our stakeholders on issues they are concerned about. We are listening. Please be in touch.

We look forward to reporting again in 2021 to share progress against our goals, as well as any minor course corrections we'll make as a result of your input and feedback.



William B. Tyree, Managing Partner



# SUSTAINABLE BBB

Celebrating 200 years of commitment to our communities: (left) The Boys Club of New York, circa 1960 (right) Habitat for Humanity





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*We believe this cannot be a time for short-term thinking. This must be a time to lean into our values, do the right thing, and to put our stakeholders first.”*

*– Bill Tyree, Managing Partner*

# LETTER FROM THE EXECUTIVE SUSTAINABILITY COUNCIL

Two years ago, when BBH decided to launch our Sustainable BBH program, we knew that by focusing on and coordinating the firm's many existing and potential social and environmental programs, we could both clarify and increase BBH's positive impact. The challenge, of course, was to define the boundaries of such a program. Which of the intertwined concerns of economic stability, environmental impact, social responsibility, and corporate governance matter most to us, to our clients, and to our communities?

To help the firm answer this question, our Managing Partner called for senior leaders to serve as a governing council. The response was strong; many BBHers care deeply about specific ESG topics, work with clients for whom ESG is of primary concern, or instinctively think broadly and holistically about the firm's influence and impact. The Executive Sustainability Council is now a group of 16 committed Managing Directors and Senior Vice Presidents from each of our three business lines, each region where we have offices, and multiple firmwide functions.

True to BBH's commitment to excellence without exception, we wanted to do this right, so we embarked on a broad and careful study. We analyzed materiality firmwide, leaning on the frameworks offered by leading standards and signatory bodies. We studied the programs of other firms—both in and outside our industry. We spoke extensively with BBH's Partners, employees, clients, and counterparties, as well as ESG consultants and organizations. There were many perspectives, both internal and external to the firm, on what we should and should not be doing. The heavy lift of year one has been to find the strong, common themes from those perspectives and create a realistic, constructive program that answers to our stakeholders' priorities, questions, and concerns.

## Year One Sustainable BBH Milestones

- Drafted Sustainable BBH's Commitment (page 10) and Framework (page 12)
- Defined ten strategic priorities and material topics for the short and medium-term

- Launched an employee engagement portal and educational outreach program
- Launched the Environmental Champions network
- Launched the Supplier Code of Conduct and policy
- Released our ESG Position Statement and formed the ESG Oversight Committee for Investment Management
- Collated the information and data for this inaugural report

We are excited to share this first report, not as an end-product but as the first step in an ongoing discussion and continuous improvement loop. The Council will continue to facilitate:

- Monitoring and adjusting the material topics and goals
- Strengthening our oversight data and working toward SASB and GRI measurements
- Supporting feedback loops between clients, employees, suppliers, and BBH leadership, channelling their enthusiasm and highlighting opportunities
- Adding to BBH leadership's and firmwide collective knowledge of economic, environmental, and social topics, including studying clients and suppliers who are further along in the sustainability program journey
- Advancing these topics across the industry by joining the UN Global Compact, and we expect to become signatories to the Principles of Responsible Investment
- Publishing the Stewardship Report annually to account for these efforts

On behalf of our colleagues on the Executive Sustainability Council, we look forward to continuing the conversation with you.

Beth Maury (Co-Sponsor)

Marla Barr (Co-Sponsor)

## EXECUTIVE SUSTAINABILITY COUNCIL MEMBERS



**Bill Tyree (Chair)**  
Managing Partner



**Beth Maury (Co-Sponsor)**  
Managing Director,  
Firmwide Marketing



**Marla Barr (Co-Sponsor)**  
Senior Vice President,  
Human Resources



**Chris Brunet**  
Managing Director,  
Human Resources



**Michael Dow**  
Senior Vice President,  
Enterprise Services



**Orla Foley**  
Managing Director,  
Investor Services



**Daniel Greifenkamp**  
Managing Director,  
Investment Management



**Sarah Holmes**  
Managing Director,  
Systems



**Karen Jackson**  
Senior Vice President,  
Investor Services



**Mitsy Kimura**  
Senior Vice President,  
Investor Services



**Marta Kraszewska**  
Senior Vice President,  
Investor Services



**Michael McDonald**  
Partner,  
Investor Services



**Masayuki Okayama**  
Senior Vice President,  
Investor Services



**Adrienne Penta**  
Managing Director,  
Private Banking



**Ryan Sullivan**  
Senior Vice President,  
Investor Services



**Eef Verachtert**  
Senior Vice President,  
Investor Services



**Adrian Whelan**  
Senior Vice President,  
Investor Services



**Emily Mahlman (Program Manager)**  
Vice President  
Firmwide Marketing

# SUSTAINABLE BBH COMMITMENT

## OUR CLIENTS. OUR PEOPLE. OUR COMMUNITIES.

BBH has been in business for more than 200 years. Sustainability—a steadfast commitment to long-term value and well-being—is core to who we are. We will steward that commitment well into the future—for our clients, our people, and our communities.

Global operations come with global complexities. Building long-term value demands resiliency and the disciplined management of evolving risks. We continue to ensure that our governance contributes to the strength and stability of our industry. And we commit not only to ensuring the positive impact of our own business, but also to examining and exerting our broader influence over our suppliers and investments.

**OUR CLIENTS** trust us every day with their investments, their operations, and their financial goals. To sustain their success in the long term, we must provide thoughtful and anticipatory solutions that align with their best interests and values. We must also do our part to ensure our clients can depend on the continuity, security, and stability of our operations—and the financial industry more broadly—over the long term.

**OUR PEOPLE**, the talented BBH team, must meet our clients' needs, striving for the highest standards of teamwork, integrity, and excellence. We, in turn, must cultivate innovation and performance by recruiting and supporting a diverse set of skills and perspectives, providing all BBHers with an inclusive environment that empowers them to contribute and succeed in their professional and personal lives.

**OUR COMMUNITIES** extend far beyond our office walls. We must do our share to minimize threats to a healthy planet, and make a positive contribution to the communities in which we do business.

Ultimately, sustainability comes from running our firm responsibly and ethically, while contributing positively to our clients, our people, and our communities for generations to come.

# GOALS



<p><b>ESG Integration</b></p>	<p><b>Sustainable Investing</b></p>	<p><b>Cybersecurity</b></p>	<p><b>Business Continuity</b></p>
<p>Engage and educate the market, our clients, and the firm on how we incorporate ESG factors in our proprietary investment strategies</p>	<p>Support our Private Banking clients in articulating and realizing their vision and values related to sustainable investing and philanthropy</p>	<p>Continue to adapt cybersecurity practices in the face of the evolving threat landscape, enlisting every BBH employee in the effort</p>	<p>Strengthen security, continuity, and connectivity through enterprise-wide incident response</p>
<p><b>Diversity &amp; Inclusion</b></p>	<p><b>Leadership &amp; Technical Skills</b></p>	<p><b>Employee Well-Being</b></p>	
<p>Advance diversity at BBH, supported by a strong culture of inclusion, accountability, and employee engagement</p>	<p>Invest in the leadership and technical skills our people need to be successful in an evolving global marketplace</p>	<p>Deliver a robust educational program and resources that help our employees improve their financial, physical, and personal well-being</p>	
<p><b>Environmentally Responsible Facilities</b></p>	<p><b>Community Engagement</b></p>	<p><b>Supplier Sourcing</b></p>	
<p>Build and manage our facilities in an environmentally responsible manner</p>	<p>Increase the reach of our community engagement program, BBHcares</p>	<p>Conduct comprehensive screening on ESG factors and Supplier Code of Conduct on material supplier contracts and renewals</p>	

# 2019 HIGHLIGHTS

## UN GLOBAL COMPACT

BBH completes due diligence and joins in 2020



## NEW GOVERNANCE

# ESG OVERSIGHT COMMITTEE



BBH Investment Management formalizes ESG oversight and accountability



## JOINED CEO ACTION FOR DIVERSITY AND INCLUSION

BBH's Managing Partner pledges "to act on supporting a more inclusive workplace"

## CORPORATE EQUALITY INDEX

# "BEST PLACE TO WORK"



BBH earns a 100% rating in the Human Rights Campaign Foundation's annual index



PRINCIPLES FOR RESPONSIBLE INVESTMENT

# PRI

BBH completes due diligence and expects to become a signatory in 2020

## INVESTMENT MANAGEMENT ESG EVALUATION

# 100%

of BBH Investment Management investments evaluated with ESG criteria

## IMPROVED CAREGIVER & FAMILY BENEFITS



BBH expands coverage for caregiver leave, adoption, and surrogacy

## INVESTMENT MANAGERS WITH ESG POLICY STATEMENTS

# 82%

of BBH Private Banking AUM managed by investment managers with an ESG policy statement

## SUSTAINABILITY EVENTS

# 650 ATTENDEES

across multiple events by BBH Private Banking on topics such as women in finance, values-based financial planning, and sustainable investing.

## NEW FUNCTION

# ENTERPRISE INCIDENT MANAGEMENT



consolidates business continuity and cyber incident management to improve business risk reconnaissance and response



**NEW GOVERNANCE**

**SUPPLIER  
CODE OF  
CONDUCT**



established Code and compliance process to ensure ESG-related values alignment with suppliers

**RENEWABLE ENERGY**

**63%**



of total global kWh consumption sourced from renewable energy or offsets

**PAPER CONSUMPTION REDUCTION**

**18.5%**



based on total sheets of paper consumed

**MANAGER ASSESSMENT**

**4,600** PARTICIPANTS

BBH pilots a new performance assessment, offering managers structured input from their direct reports

**8,500**  
VOLUNTEER  
HOURS

**COMMUNITY GIVING**



**\$4.076M**

through employee giving campaigns, Employee Relief Fund grants, and firm contributions

**EMPLOYEE OPINION SURVEY PARTICIPATION**

**83%**

of employees submitted their input through the survey

**WELL-BEING PLATFORM PARTICIPATION**

**56%**

of employees use the online strategies, tools, and resources

**200**  
VOLUNTEER &  
CHARITABLE PARTNERS

# HONORS AND PARTNERSHIPS

## SUSTAINABILITY PARTNERS



*BBH will apply to become a signatory in 2020*



## DIVERSITY & INCLUSION PARTNERS

30% Club

Ascend

CEO Action for Diversity & Inclusion

City Parents

Diversity Best Practices

Diversity Hub

LGBT Great

Massachusetts LGBT Chamber of Commerce

New England Center & Home for Veterans

Open Finance

Out Leadership

Prospanica

Rock the Street

Veterans on Wall Street

Women in Finance Asia (WiFA)

Work Without Limits



## CHARITABLE STRATEGIC PARTNERS

Abioneas House	Generating Genius	Rock the Street
American Women’s Club, Luxembourg	Habitat for Humanity Greater Boston	Rosie’s Place
Banque Alimentaire	Habitat for Humanity Hong Kong	Saoirse House
Basis.Point	Habitat for Humanity Metro Denver	Slachtna Packza
Big Brother Big Sister of Greater Boston	Habitat for Humanity Newark	Stemm vun der Strooss
Boston Partners in Education	Harlem Food Bank	St. James Settlement
Box of Hope	Hoboken Shelter	Table to Table
Boys Club of New York	Jersey City Fire Department	The Bowery Mission
Bronx Food Pantry	Jersey City Youth Works	The Childhood Trust
Brookview House	Lawrence Park Clean Up	Trinity Services
Business in the Community, Ireland	Marian College	Two By Two
Capuchin Centre	Mile High United Way	United Way Greater Philadelphia & Southern New Jersey
Career Sparkle	Ministry of Caring	United Way of Hudson County
Catholic Charities	National Coalition Against Domestic Violence	United Way New York City
Charlotte Rescue Mission	New Alternatives	United Way of Central Carolinas
Children’s University	New England Center and Home for Veterans	United Way of Massachusetts Bay
Coalition for the Homeless	New Eyes for the Needy	United Way of Metro Chicago
Community Food Bank of New Jersey	New York Common Pantry	Urban Outreach Center
Cradles to Crayons Philadelphia	Playworks	Westside Campaign Against Hunger
Denver Rescue Mission	Project Connect	Whitechapel
Dzieło Pomocy Dzieciom (Children’s Aid)	Project Linus	Wonderfund
Envision	Read Ahead	Zupa na Plantach
Food Bank of the Rockies		
Futures and Options		



“

*The sense of personal accountability inherent in our firm is a distinctive feature of how we do business here at BBH. It informs how we manage our clients' assets, how we collaborate to solve business challenges, and, above all, how we act with integrity and trust.”*

*– Seán Páircéir, Partner  
Head of Investor Services*

# FIRM OVERVIEW & SCALE

Brown Brothers Harriman & Co. (BBH) is the oldest and largest continuously operating privately owned bank in the United States. Headquartered in New York City, the firm is organized as a New York limited partnership.

**Headquarters** 140 Broadway, New York, NY 10005

As of December 31, 2019, the firm employed 5,625 full-time professionals and an additional 400 consultants in 18 locations throughout North America, Europe, and Asia. There were no material changes to our organization or structure in calendar year 2019.

North America	Asia	Europe
Philadelphia (established in 1818)	Tokyo (1984)	Zürich (1968)
New York (1825)	Hong Kong (1989)	London (1974)
Boston (1844)	Beijing (2009)	Luxembourg (1989)
Chicago (1929)		Dublin (1995)
Grand Cayman (1985)		Kraków (2012)
New Jersey (1994)		
Charlotte (1995)		
Wilmington (2009)		
Denver (2010)		
Nashville (2015)		

## Services

BBH concentrates our capabilities and offerings into three business lines, all of which operate under the parent brand, Brown Brothers Harriman. Within those business lines, the firm owns a limited list of product, technology, and content brands and trademarks.

**BBH Investor Services** serves global asset managers by providing custody, depository and trustee services, fund accounting, fund administration, transfer agency and related services such as technology services, global tax and fund solutions, middle office, foreign exchange, currency administration, and securities lending solutions.

*Scale of the organization: approximately \$4.5 trillion assets under custody and administration*

**BBH Private Banking** helps clients achieve their vision of success for their families, wealth, businesses, and institutions, offering a full suite of family office services, including investment advisory, philanthropic advisory, next generation education and fiduciary services, as well as endowment and foundation management, corporate advisory and banking and private equity solutions, while leveraging our intellectual, relationship, and financial capital.

*Scale of the organization: approximately \$39 billion assets under management*

**BBH Investment Management** manages equity and fixed income investments for a diversified set of clients, including institutional investors, financial intermediaries, sovereign wealth funds, and high net-worth investors around the globe.

*Scale of the organization: approximately \$60 billion assets under management*

This section addresses the firm's direct efforts on governance, business ethics and professional integrity, and risk management. For more information about how BBH addresses similar topics in our supply chain or investments, please read Supplier Code of Conduct ([page 80](#)) or Community Engagement ([page 76](#)).

# GOVERNANCE

## What our stakeholders want to know:

How does BBH ensure that the firm makes responsible, ethical, long-term decisions in the common interest of its stakeholders?

A well-governed partnership like BBH's is flat, collaborative, and transparent—an organizational structure where the best ideas and collective concerns rise quickly to the top.

Because our Partners are personally liable for the firm's obligations, we make careful, thoughtful long-term decisions in an unusually aligned spirit of collaboration and trust to manage the relationships and risks inherent in everything we do. BBH Partners remain well informed of the firm's activities and involved in our daily management and decision-making.

As a private partnership, our firm is not beholden to external shareholders, debt or equity analysts, corporate activists, or potential acquirers. This private status relieves us from the distractions of short-term or public market expectations and empowers us to make investments in the relationships, technologies, products, and people which we believe are in the best long-term interests of our clients and of the firm.

Furthermore, being relatively small allows us to stay close to our clients and to one another. This, in turn helps us understand where we have common interests and values, including economic, social, and environmental issues.

### Ownership & Officers

The BBH Partnership manages the firm, under the direction of Managing Partner William (Bill) B. Tyree.

<b>General Partners</b>	<b>31</b>
<b>Limited Partners</b>	<b>20</b>
<b>Managing Directors</b>	<b>71</b>

As of December 31, 2019

### Governance Committee Framework

The BBH Partnership delegates supervisory oversight, business management responsibility, and decision-making authority to the BBH Executive Committee, our senior-most committee (our Board of Directors equivalent), as well as a framework of BBH Senior Committees with well-defined roles and responsibilities. BBH Senior Committees are generally global in scope and include:

- Firmwide Governance and Oversight Committees
- Line of Business Oversight Committees
- BBH Subsidiary-Level Boards of Directors and Governance Committees

As a partnership, our overall operating and decision-making model is based on peer review, and our committee structure supports this approach. This is why, in determining committee membership, we purposefully bring together individuals with a wide range of viewpoints and experience across different business and functional areas. Our committees have representation from BBH Partners and senior executives across business lines, as well as individuals from our control and oversight functions, which allows for a sharing of perspectives by individuals with an expansive understanding of BBH's businesses, activities, best practices, and control infrastructure globally.

**Where Responsibility for Economic, Environmental, and Social Topics Fits in the BBH Governance Framework**

The tone and priorities for our firm are set by our Managing Partner, Bill Tyree. Recognizing the importance of ESG topics to our stakeholders and the role these factors play in assessing long-term value and sustainability, Bill created the Executive Sustainability Council, which he chairs. The Executive Sustainability Council's mandate is to further integrate business and revenue growth with positive, non-financial impacts. The Council's work is overseen by the BBH Executive Committee.

Given the breath of economic, environmental, and social topics that are material to BBH and our stakeholders, every committee within our governance structure touches at least one, often multiple, sustainability impact areas. We believe it's the role of every employee at BBH to help achieve the goals you are going to read about in this report.

*(Read more about the Council's role, and the formalization of the Sustainable BBH program in the introductory letters from Bill Tyree (page 2) and our Sustainable BBH Co-Chairs (page 8).*

BBH commits executive attention to key sustainability issues:

- Each of our ten sustainability goal areas has a Partner charged with oversight.
- Each sustainability goal has at least one executive-level officer appointed and accountable for progress.
- Every goal's accountable officer either directly reports to or is one degree of separation from a Partner and is accountable to one of the firm's top-level governance committees (shown on the next page).

This accountability—ensuring attention from the highest levels of the organization—reflects both our commitment to Sustainable BBH and the nature of our flat organizational structure.

## HOW IT'S DONE MATTERS

*The foundation of BBH is the reputation that we have built over the last two centuries based on the trust that our clients and communities have given us. Acting with integrity, accountability, and respect is key to maintaining BBH's reputation and, ultimately, our success.*



# COMMITTEE STRUCTURE

COMMITTEE	FUNCTION	SUSTAINABLE BBH GOALS
<b>Executive Committee</b>	As the senior-most committee at BBH, the Executive Committee acts on behalf of the partnership to make decisions on important firmwide matters and oversee day-to-day management of the firm.	Sustainable BBH Committee and overall program
<b>Finance Committee</b>	<p>The Finance Committee is responsible for financial planning, compensation, and our annual budget process.</p> <p>By actively monitoring the firm's financial results and focusing on our expenditures, the committee plays a critical role, ensuring we are both responsive to present market conditions and investing to position the firm for long-term success.</p>	<p>Sustainable BBH financial commitments</p> <p>Community Engagement Goal (page 76)</p> <p>Employee Well-Being Goal (page 63)</p> <p>Environmentally Responsible Facilities Goal (page 70)</p>
<b>Global Inclusion Council</b>	The Global Inclusion Council works closely with the Office of Diversity & Inclusion (D&I) to set the firm's D&I agenda and strategy, monitor success, drive accountability, and integrate initiatives into the lines of business.	Diversity and Inclusion Goal (page 52)
<b>Talent Council</b>	Working with Human Resources, the Talent Council develops and drives the execution of our strategic talent and development plan, reviews priorities to ensure strategy aligns to business needs, and sets expectations for the role of managers and employees in the talent development process.	Leadership and Technical Skills (page 58)
<b>Executive Sustainability Council</b>	Overseeing the Sustainable BBH Program, the Executive Sustainability Council reviews progress against sustainability goals at the firm and line of business level and approves investment and reporting on sustainability initiatives, partnerships, and BBH's sustainable investing approach.	Overall program objectives, impact and effectiveness
<b>Governance, Risk &amp; Compliance Oversight Committees</b>	<p>These committees oversee the firm's compliance and risk management programs and processes, as well as our BCP and processes.</p> <ul style="list-style-type: none"> <li>• Cybersecurity Oversight Committee</li> <li>• Anti-Fraud Committee</li> <li>• Business Continuity Program Executive Committee</li> <li>• Vendor Risk Management Steering Committee</li> </ul>	<p>Cybersecurity Goal (page 40)</p> <p>Business Continuity Goal (page 45)</p> <p>Responsible Supplier Sourcing Goal (page 80)</p>
<b>Line of Business Oversight Committees</b>	<p>These committees set strategy, monitor activity, and oversee operations within each respective line of business. This includes monitoring and overseeing operations, risk, regulatory, compliance, staffing, and control environment issues within their line of business.</p> <p>Administration Oversight Committee</p> <p>Investment Management Oversight Committee</p> <p>Investor Services Oversight Committee</p> <p>Private Banking Oversight Committee</p> <p>Systems Oversight Committee</p>	<p>ESG Integration Goal (page 30)</p> <p>Sustainable Investing Goal (page 34)</p>

# BUSINESS ETHICS & PROFESSIONAL INTEGRITY

## What our stakeholders want to know:

How does BBH set and uphold a high standard of professional integrity from its team members?

## CODE OF ETHICS

**“It is essential for us in all our dealings not only to be fair, but never to have the appearance of unfairness...”**

*Founding Partner Alexander Brown to son and Partner William Brown, 1819*

**“The foundation of Brown Brothers Harriman & Co. is the reputation that it has built over the last two centuries and the trust that our clients and communities have in the firm and its employees. This foundation has been built upon our values and standards. Acting with integrity, accountability and respect is key to maintaining BBH’s reputation and ultimately its success. While we care about the results we achieve, we care just as much about how we achieve them.”**

*Introduction to BBH’s Code of Ethics*

For BBH employees, the Code of Ethics and Professional Conduct (the “Code of Ethics”), together with our BBH policies such as our Compliance Manual and Employee Handbook, sets forth our standards for appropriate workplace conduct and the regulatory requirements to which BBH is subject. The Code of Ethics does not cover every issue that may arise, but it sets out basic principles to guide all BBHers on how to conduct themselves and avoid even the appearance of unethical or improper behavior and to ensure that we do the right thing.

All BBH newly hired employees receive comprehensive training on our Code of Ethics and our policies and procedures. Each year, every full-time employee must attest to their compliance with and understanding of the Code of Ethics and each of its underlying policies, including:

- Conflict of interest policy
- Whistleblower policy
- Anti-fraud policy
- Anti-money laundering policy
- Global sanctions policy

- Information barriers and insider trading policy
- Privacy policy
- Personal trading policy
- Disclosure requirements
- Client complaints
- Gifts and entertainment policy
- Public communications compliance policy
- Social media policy
- Outside business activity attestation
- Political contributions policy
- Records management policy
- Acceptable use of technology
- Global vendor management policy
- Sensitive position absence policy

Our Human Resources department in collaboration with our Compliance department maintains the Code of Ethics and these underlying policies, reviewing and updating annually based upon regulatory and industry changes and expectations, as well as input from our Governance, Risk, & Compliance Oversight Committees.

This section addresses the firm’s direct efforts on governance, business ethics and professional integrity, and risk management. For more information about how BBH addresses similar topics in our supply chain or investments, please read Supplier Code of Conduct ([page 80](#)) or Community Engagement ([page 76](#)).

### **The Code of Ethics' Statement of Principles**

BBH personnel are required to comply with all laws and regulations applicable to BBH's business activities and are subject to the following Statement of Principles intended to provide guidance for handling a broad spectrum of matters.

"BBH personnel shall:

- Place the interest of clients first
- Conduct all of their personal securities transactions in a manner consistent with this Code and associated policies
- Avoid inappropriate conflicts of interest or any abuse of a position of trust and responsibility
- Refrain from taking inappropriate advantage of their BBH position
- Ensure that client information is kept confidential, including the identity of clients' security holdings and financial circumstances
- Ensure that they maintain independence in the investment decision-making process
- Act professionally while on BBH premises or conducting BBH business"

### **Whistleblower Protections and the Mechanisms for Advice & Concerns**

The Code of Ethics offers BBHers practical guidelines to help assess whether a violation of the Code of Ethics may have occurred and escalate issues when they arise. It specifically directs employees to report immediately any questionable or improper business practices or fraud, offering four different channels through which to log a concern, including a confidential, independent reporting system reachable online or by hotline. Any reported concern must be reported ultimately to the firm's Chief Compliance Officer.

The firm also maintains a Whistleblower Policy to encourage BBH personnel, agents, and vendors to report and escalate possible violations of law, the Code of Ethics, and compliance policies and procedures. BBH is committed to responding to any such claims and does

not tolerate retaliation in connection with any such escalation.

### **Anti-Corruption, Public Policy, & Political Contributions**

BBH designed our anti-corruption policy to establish standards of conduct for compliance with anti-bribery laws that govern the firm's activities. These laws include, without limitation, the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act, each of which imposes civil and criminal penalties. It is a crime under applicable laws to make a corrupt payment, including those which lead to an improper performance to a government official (as the policy clearly defines).\*

Accordingly, the anti-corruption policy incorporates the following key principles:

- The firm may not, either directly or through an agent, provide anything of value to government officials as a quid-pro-quo for any favorable government action or treatment
- BBH personnel must treat all interactions with government officials with heightened scrutiny and should err on the side of caution when a course of action is not clear
- Expenditures including business entertainment involving government officials require pre-approval and must comply with BBH's Gifts and Entertainment Policy, as well as local law

The Political Contributions Policy, in turn, provides for proper vetting of political contributions and events by BBH personnel in light of applicable pay-to-play laws and firm policy. Prior to making contributions to state/local political candidates, parties, committees, or government officials, BBH personnel must submit such contributions to Compliance for review. Similarly, prior to sponsoring events on behalf of all political candidates, parties, committees, or government officials, BBH personnel must submit such events to BBH's Managing Partner and Compliance for review.

\*An improper performance is a breach of an expectation that a person will act in good faith, impartially, or in accordance with a position of trust.

# RISK EXCELLENCE & COMPLIANCE

## What our stakeholders want to know:

How does BBH define, evaluate, and mitigate risk to the firm's long-term impact and its stakeholders' success? How are ESG factors influencing the firm's approach to risk management?

BBH's partnership structure is a significant driver in our risk management culture and infrastructure. The Partners are committed to preserving the long-term value of the firm, have active involvement in daily management activities, and continuously communicate a conservative risk tolerance, appetite, and approach. In addition, the Partners are personally liable for all business activities. This leads to a balanced, informed, and efficient decision-making structure.

We expect all BBH personnel to act in a principled manner in alignment with our Risk Appetite Statement and our Core Values (teamwork, integrity, and excellence). Our Risk Appetite Statement and Core Values reflect our unique culture and are reasonably designed to protect BBH and our clients from legal, financial, operational, and reputational risks.

We work diligently to cultivate an environment that instills in all employees their responsibility for proactively identifying, assessing, and mitigating operational, cyber, regulatory, and other business risks. Our culture and infrastructure emphasize compliance and the escalation and mitigation of issues. Risk, control, and compliance are key elements in the employee's performance evaluation process. In fact, we consider each employee to be a "risk manager," and our employees work together to make sure that our activities and processes are executed in accordance with best practices and regulatory expectations and that they are continuously monitored, evaluated, and enhanced.

Although the responsibility for compliance and risk management rests directly with the lines of business, we have dedicated Compliance and Enterprise Risk Management functions, which operate independently from the lines of business to strengthen and protect the firm and its clients by:

- Advising and educating BBH personnel on laws and

regulations applicable to their businesses

- Providing risk insights and supporting the lines of business in identifying, anticipating, measuring, and managing risks to the firm
- Driving a culture of risk awareness, transparency, and escalation
- Conducting periodic assessments to ensure the firm's compliance program continues to remain effective

Training and awareness are key components of our compliance and risk management programs. Our training and awareness program is designed to educate BBH personnel about compliance and risk management obligations and expectations. Our program includes training on: cybersecurity, fraud, information security and physical security, BCP, privacy and data protection, compliance and ethics, workplace harassment, anti-bribery, and political contributions and lobbying. Employees also receive specialized risk-related training to reflect changes in law, best practices, lessons learned, as well as industry and market trends.

BBH's comprehensive compliance and risk management frameworks support the business' on-going identification, escalation, assessment, and mitigation of risks, as well as management's understanding of the interrelationship among various risks and the overall control environment.

## How ESG Risks Are Changing the Industry & BBH Approach to Risk Management

Our view is that risk management is not only about the identification, measurement, and reporting on risk metrics and trends, but about doing the right thing, speaking up when something does not feel right, and taking into consideration the social and ethical ramifications of our decision making.

As part of BBH's risk management program, we continuously evaluate the most significant risks that BBH and our stakeholders face. We take into consideration evolving environmental, social and governance factors, evolving regulatory expectations, emerging technologies, and internal and external threats including geopolitical and market considerations. Key risks we are focused on today include:

- **Business Interruption Risk** – Risk resulting from an unanticipated disruption of normal operations or systems, including any physical disruption of business or system outage or slowdown, which could lead to missed client deadlines, severe client dissatisfaction, or possible client loss
- **Cyber Risk** – Risk resulting from a breach of, or attack on, our information systems (internal and external)
- **Fraud Risk** – Risk resulting from an intentional act, omission, or statement designed to deceive BBH (internal and external)
- **Legal/Regulatory/Fiduciary/Investment Risk** – Risk arising under law or contract, including the risk of not satisfying a fiduciary responsibility or other standard of care
- **Operational Risk** – Risk from inadequate or failed internal processes, people, systems, or adverse external events
- **Strategic and Competitive** – Risk that our products or services do not stay apace with market and competitive conditions
- **Technology & Data Management Privacy Risk** – Risk associated with our technical infrastructure or the use of technology within BBH, including the inability of technology to meet business needs, unreliable data, or storing, using, transmitting, managing, destroying, and securing firm, customer, and third-party data
- **Workforce & Conduct Risk** – Workforce issues that pose risk to the delivery of business outcomes and outputs, including potential unethical employee behavior



# OUR CLIENTS





“

*Our commitment to delivering unparalleled service – and always putting our clients’ best interests first – provides our clients and their families with a stable, trustworthy partner for generations as they strive to achieve their personal, family, and financial objectives.”*

*– Kathryn George, Partner*

# ESG INTEGRATION

**GOAL** Engage and educate the market, our clients, and the firm on how we incorporate ESG factors in our proprietary investment strategies.

## What our stakeholders want to know:

How do BBH's investment strategies integrate ESG factors? Do portfolio managers and research analysts consider ESG issues when making investment decisions? How do you report on ESG to your clients?

Environmental, social, and governance (ESG) issues have become a major topic for investment managers. The industry has seen a significant increase in the number of investment strategies that purport to invest with a careful lens on ESG-related issues. These investment strategies intend to appeal to clients' growing interest in investment portfolios that reflect certain ESG attributes, their personal values, or the values of the organizations they serve.

The increased attention that investment managers are placing on ESG issues has required companies and issuers to have better answers to ESG-related questions and to provide more public disclosures about how they engage with their employees, boards of directors, shareholders, customers, vendors, and the environment. The discussions about ESG should help improve the investment process by allowing investors to better evaluate both risks and opportunities associated with these issues. And in turn, investment management firms can provide better reporting to their clients on ESG issues.

BBH Investment Management's mission is to be the best at protecting and growing our clients' capital over long periods of time. For more than 80 years, we have performed our own investment research focusing on long-term capital preservation and the prudent management of risk relative to return. The core of our investment process has always been an understanding that the path to generating superior long-term investment returns is, first and foremost, loss avoidance.

We believe that ESG criteria are important factors in our investment process, regardless of asset class.



**GOAL:** Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all



## CORE PROGRAMS, POLICIES, & PRACTICES

BBH Investment Management provides investment management services to institutional and individual investors around the world—embedding ESG criteria in our investment process. We offer the capability to customize investment solutions aligned to client-specific ESG goals or screening preferences.

Our approach to investing explicitly includes the consideration of ESG criteria and is guided by a set of core principles the firm applies to every investment portfolio. Together these criteria represent a time-tested approach that has built lasting client relationships and set us apart from our peers.

### Investment Core Principles

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BBH applies this set of core principles across the full breadth of our investment portfolios.

- Focus on capital preservation
- Conduct deep, bottom-up, fundamental research
- Invest with a long-term perspective
- Be disciplined and patient
- Employ a value-based approach

### ESG Factors

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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.
- Social – Maintaining high standards for internal and external conduct can help entities to build strong 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 to maintain access to the credit markets. These are essential characteristics of businesses that we choose to own for our clients.

### ESG Integration

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ESG integration is 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.

### Thought Leadership & Industry Engagement

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To keep abreast of the ongoing advances in the ESG industry, the investment management team regularly attends ESG conferences and liaises with specialist research firms, thought leaders, and our international network of investors. The team also routinely publishes content and conducts firmwide educational sessions so that every BBHer understands—and is equipped to help clients understand—the firm’s distinct approach.

## 2019 FOCUS & HIGHLIGHTS

### **Formalizing ESG Oversight and Accountability**

In many ways, 2019 marked a turning point for BBH's ESG integration initiatives. While each of our investment teams has autonomy in its decision-making and is empowered to create its own investment process, during the year we formalized the oversight and accountability associated with ESG-related issues.

#### **ESG Oversight Committee**

BBH created Investment Management's ESG Oversight Committee, chaired by the Head of Investment Management, and with representation from our portfolio management teams, business development and relationship management team, funds management team, operations team, and risk and governance team.

#### **ESG Position Statement**

The firm established and published Investment Management's formal ESG Position Statement; many of our provisions are outlined in this section.

#### **Principles of Responsible Investment**

In 2019, BBH researched numerous ESG-related industry organizations—and identified the UN-supported Principles of Responsible Investment (PRI) as the leader for investment managers, asset owners, and their service providers. After careful evaluation of what PRI membership means both for BBH and the industry, the firm expects to become a PRI signatory in 2020.

### **Clarity for Clients in a Rapidly Changing Market**

In 2019, we received 33% more ESG-related RFP inquiries—and observed that the questions were markedly more nuanced and detailed for every stage of the investment process. This increasing ESG demand and maturity across the industry has been met with a surge in varied ESG definitions, approaches, and rapidly changing terminology. To ensure our clients get the clarity they need, we made a concerted effort to engage with them about how BBH incorporates ESG criteria into our investment process and how that might compare to other terms and trends they hear in the market.

#### **Firmwide Alignment & Education**

Throughout the year, Investment Management conducted educational sessions on ESG integration and best practices. We also continued to collaborate with both the Private Banking line of business and the Executive Sustainability Council on the ESG landscape and what it means to BBH and our clients and stakeholders.

## KEY INDICATORS

The most important gauge of success for our ESG investing initiatives is the level of dialogue that now occurs around the table when portfolio managers and research analysts evaluate an investment opportunity. Every new investment must meet our rigorous fundamental criteria, which includes passing our tests on ESG-related issues. This, in turn, allows us to arm our business development and relationship management team with the information they need to provide clear, comprehensive reporting to our clients.

### 2019 Result

#### Responsiveness to Client Needs

**% increase in ESG-related RFP responses (vs. 2018)**

**33%**

#### Certifications & Affiliations

**Become a PRI signatory**

Concluded extensive due diligence and set goal to join in 2020

#### Investment Process

**% of new investments**

evaluated with ESG criteria included in investment process

**100%**

**% of new investment**

summaries that include discussion of ESG factors

**100%**

#### Thought Leadership & Education

**Publications**

**2** fixed income white papers “ESG-integration in Municipal Bond” and “Structured Fixed Income Strategies”

# SUSTAINABLE INVESTING

**GOAL** Support our Private Banking clients in articulating and realizing their vision and values related to sustainable investing and philanthropy.

## What our stakeholders want to know:

How does BBH help Private Banking clients to navigate the complex decisions necessary to deploy their resources responsibly and in accordance with their values?

As an advisor to private business owners, individuals, families, and endowments and foundations, BBH focuses on helping our Private Banking clients achieve sustainable outcomes, as they deploy their resources to influence the issues important to them.

Of course, no business owner, family, or endowment thinks about impact and sustainability in the same way. As we write and publish this report, we recognize that our clients' definitions of "sustainability" may be changing based on world events and the needs they observe in their communities and around the globe. Now, more than ever, our values and our understanding of what is sustainable are highly personal. What is critical for one family or investor may be an acceptable tradeoff for another. Sustainable investing is not a product, but an approach. There is no one-size-fits-all solution. Those who choose to pursue a sustainable investment approach must be committed to the decision-making process and the dynamic, evolving conversation around values that it entails.

To help clients navigate these complex decisions, BBH Private Banking starts each relationship with a robust conversation about our clients' values and objectives. We then use those values as our guiding principles, advising our clients in their pursuit of thriving families, sustainable portfolios, and impactful philanthropy—according to their definition of success.



**GOAL:** Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

## CORE PROGRAMS, POLICIES, & PRACTICES

### Sustainable Investing

#### ESG Investing

BBH's investment philosophy naturally aligns with the core tenets of ESG. BBH employs active, bottom-up, fundamental research to identify what we believe to be businesses with superior corporate governance, a strong relationship with all stakeholders, policies that lead to a judicious use of resources, and management teams with the highest integrity and ethical standards. In our own investing, BBH is committed to the evaluation of ESG factors as part of our investment research process in order to help us effectively assess the long-term sustainability and durability of our companies.

With respect to how we advise Private Banking clients on investing, asset allocation and portfolio construction, and how we select managers outside of BBH who oversee client assets, we employ the following principles of sustainable investing:

- Bottom-up fundamental investing executed properly is consistent with ESG investing
- Identifying businesses that have the potential to compound capital through a market cycle, which steers investors toward sustainable firms
- Focusing on key stakeholder relationships helps identify firms with excellent social practices
- Identifying businesses that make effective management decisions leads to companies with strong governance
- ESG investing does not mean investors must sacrifice returns
- Values must drive a client's socially responsible investment plan

#### Socially-Responsible Investing Tools and Methodologies

BBH helps our Private Banking clients realize socially-responsible investment (SRI) mandates through portfolio customization, ongoing analysis, and shareholder engagement. For families and nonprofits concerned about measurable exposure to industries and products in conflict with their respective values, BBH's leverages MSCI ESG Research data points in a sustainable

portfolio optimization process. For example, if a Private Banking client wishes to invest in a tobacco-free portfolio, BBH will identify all direct and indirect investments (i.e., underlying holdings in a fund) that derive any revenue from tobacco, divest from these strategies, and restrict any new investments. If our clients are interested in engaging with the businesses in which they invest, we can offer customized proxy voting strategies for individual stock portfolios. Clients can join other like-minded investors and vote in accordance with established public guidelines or they can cast their own ballot. Importantly, clients can choose to implement some, all, or none of these sustainable portfolio optimization strategies and they can make changes at any time.

#### Private Banking Client Engagement and Thought Leadership

Conversations about what sustainability means to each client and how we might help implement their vision are becoming frequent and ongoing. As a result, we continue to create educational content and commentary on how SRI and ESG criteria might be deployed in client portfolios—for both internal and external audiences. We have published a number of articles and presentations on sustainable investing, including “What We Believe: BBH's Eight Principles of Sustainable Investing,” to help our clients understand our perspective, and our intent is to ensure all client-facing professionals have the knowledge and fluency to engage their clients on these topics.

We continue to educate ourselves about these topics, through conference attendance, continuing education, and conversations with industry leaders, so that we might provide the best possible advice to our clients. As ESG and SRI continue to evolve and new trends emerge, our goal is to understand how other investors – both among those who manage assets for BBH clients and in the investment community more broadly – are using ESG criteria in their analyses and understanding of risk.

We are also engaging more frequently with privately-owned and family-owned businesses on sustainability, including advice on how to integrate ESG factors, apply it to their markets/industries, and communicate their efforts effectively to the marketplace.

## Values-Based Planning

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### Values-Based Planning Framework

Families who thrive over the long term begin their wealth planning by affirming and articulating their core values. Conversations about family, wealth, and values can be daunting to some. In three steps, our proprietary values-based planning framework makes the conversation approachable, helping Private Banking clients uncover their values and then use them to make decisions about how their wealth is invested, saved, spent, and given away.

1. Understand how the family's history has influenced and determined its values.
2. Assess how they spend their time, influence, and money, and then align their plans and actions to express what is most important.
3. Create a communication plan to engage family members, especially the next generation.

Communication planning is just as important as estate planning or financial planning as it is a key element for families in establishing an environment of trust that will benefit a family over the long term.

### Center for Women & Wealth

The mission of BBH's Center for Women & Wealth, founded in 2015, is to engage and support women in the creation and management of wealth and to create a dynamic and inclusive environment for conversations about family, wealth, and values. Women have long been underserved by the financial services industry—51% of women say that their financial advisors do not understand them or their objectives. The CW&W originally created values-based planning to address this issue—to truly understand our female clients and their objectives for their wealth. Today, the CW&W continues to innovate products that support and attract female clients, to engage and build our robust network of women through events and other engagements, and to focus on the creation of an inclusive environment for all clients.

## Next Generation & Intergenerational Planning

Preparing the next generation to steward the family's sustainability mandate with respect to family wealth and family business is critical to long-term success. Often first-generation wealth creators hesitate to talk with their children about wealth due to fear it will demotivate them. Starting the conversation with values often opens doors to these important conversations in a constructive and forward-looking manner. The next generation is often driven to ensure that sustainability is woven into the family's wealth plans. By working with families to create customized programs, we demonstrate how their values—including those around sustainability—can drive decision-making about wealth, including investing, planning, and charitable giving.

## Philanthropic Advisory

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### The Philanthropic Journey

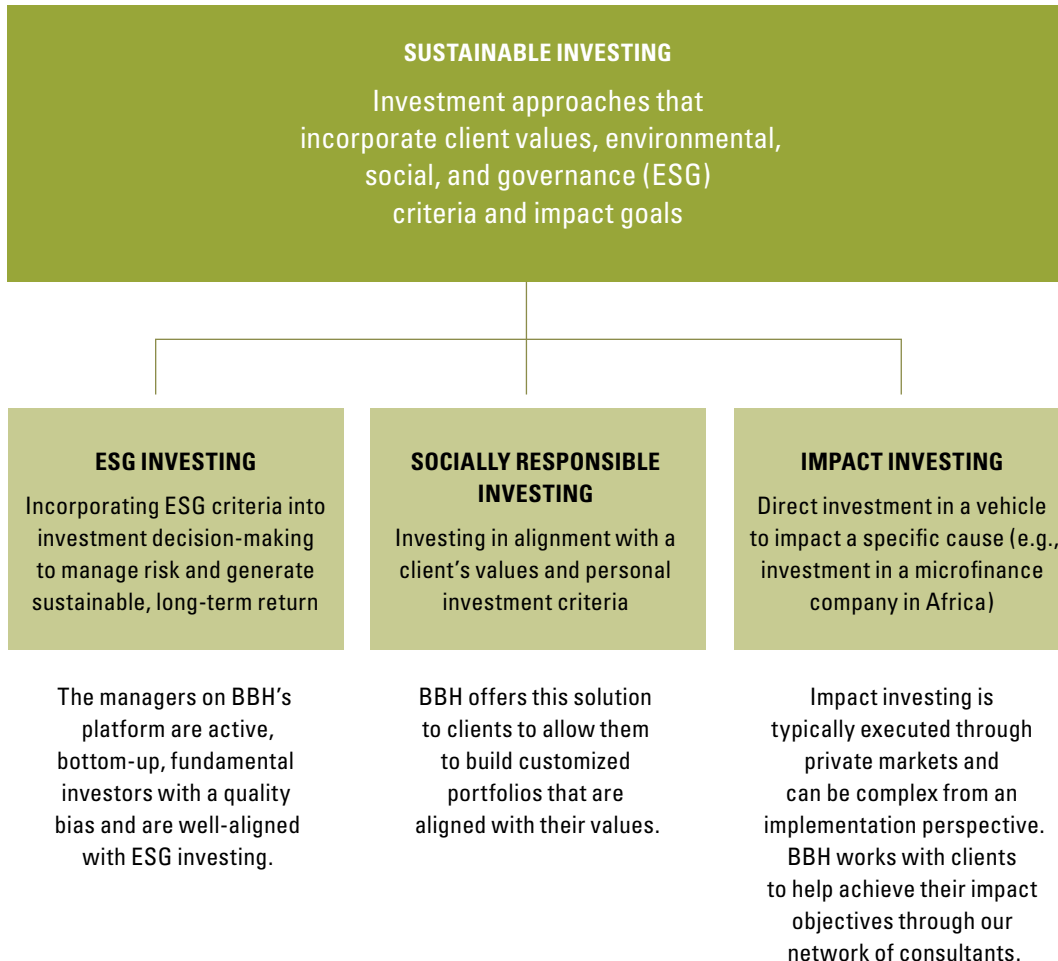
Philanthropy can be a way to give back, help others, support a community, set an example for family members, and leave a permanent legacy. The philanthropic journey is always different for each client. Our work to help Private Banking clients become strategic philanthropists—successfully making the impact they intend—often includes: defining the role of philanthropy during the client's life and in the estate plan; setting the structure, vehicle, and type to help maximize the impact on family and charitable donees; creating a framework for governance and administration; and crafting a strategic plan to build an effective team, design grants, and, ultimately, measure impact.

### Innovative Impact Beyond Charitable Giving

When donors are ready to move beyond traditional philanthropy, we help them investigate innovative ways of structuring charitable activities and investing directly in positive change, including hybrid vehicles and program-related investments.

# SUSTAINABLE INVESTING AT BBH

## SEEKING FINANCIAL RETURNS



## NOT SEEKING FINANCIAL RETURNS

**PHILANTHROPY**

Time, talent, ties, and treasure (assets) to non-profit organizations to give back, help communities, set an example for one’s family and leave a legacy

BBH advises clients on a comprehensive set of philanthropic topics and helps clients engage family members in their philanthropy. Some of the many ways we help our clients are:

- Defining the role of philanthropy in their wealth and estate plan
- Structuring their activities based on their current circumstances and the driving forces behind their philanthropy
- Assistance with board creation, succession, and philanthropic administration
- Strategic philanthropy and execution, e.g., designing grants and measuring impact
- Getting directly involved in charitable causes aligned with their mission

There is no assurance the investment objectives will be achieved.

## 2019 FOCUS & HIGHLIGHTS

Values-based planning and philanthropic advisory have been long ingrained into how BBH engages Private Banking clients and helps them meet their sustainability objectives. Sustainable investing, including ESG and SRI, continues to become a more significant component, with the addition of resources and expertise across the firm.

### **Engaging Private Banking Clients on Values-Based Planning and Philanthropy**

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#### **Engaging with Clients on Values-Based Planning**

In 2019, values-based planning and the CW&W attracted a significant number of new families to BBH Private Banking, indicating that our clients are focused on aligning their decisions about wealth with their values.

#### **Next Gen Summit**

BBH hosted a four-day summit for guests ages 17 to 28, focusing on philanthropy and values-based planning.

#### **Philanthropy Best Practice through Academic Partnerships**

BBH partnered with Indiana University Lilly School of Philanthropy, supporting the Women's Philanthropy Institute in increasing understanding of philanthropy and improving its practice around the world.

#### **Philanthropy Insider Magazine**

We published our inaugural issue of Philanthropy Insider, featuring Lin-Manuel Miranda and his philanthropic work with the Hispanic Federation.

#### **Values-based Planning for Businesses**

We expanded our values-based planning framework to assist business owners and executives in navigating transitions and key decisions in the life of their businesses.

### **Affirming the Firm's Commitment to Sustainable Investing**

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#### **Investment Manager Code of Conduct**

BBH affirmed its commitment to ethically and environmentally sustainable practices by creating the Investment Manager Code of Conduct, to be signed by investment managers external to BBH.

#### **BBH Investment Management ESG Oversight and Accountability**

In 2019, BBH Investment Management and Private Banking completed an extensive review of business operations and investment processes and expect to become a signatory to the UN-supported Principles for Responsible Investment in 2020. The firm also established a formal ESG Position Statement for all assets managed internally by BBH, and our review of all external managers considers ESG factors. (See page 30 for more information on BBH Investment Management's approach to ESG integration).

#### **Engaging with Clients on Sustainable Investing**

In 2019, we worked with a number of clients to achieve their sustainable investment objectives, creating portfolios that incorporated ESG and SRI, tied to their values and objectives.



## KEY INDICATORS

	2019 Result
<b>Certifications &amp; Affiliations</b>	
<b>Become a Principles of Responsible Investment (PRI) signatory</b>	Concluded extensive due diligence and set goal to join in 2020
<b>ESG in Investment Manager Selection</b>	
<b>% of AUM managed by PRI signatories</b>	50%*
<b>% of AUM managed by external investment managers with an ESG policy statement</b>	82%
<b>% of third-party managers evaluated against ESG criteria in annual reviews</b>	100%
<b>Thought Leadership &amp; Education</b>	
<b>Publications</b>	16 articles related to sustainable investing 2 editions dedicated to sustainable investing of BBH's digital/print magazines <i>Philanthropy Insider</i> and <i>Women &amp; Wealth</i>
<b># of sustainability-related events hosted (philanthropy, values-based planning, gender parity)</b>	30
<b># of attendees to sustainability-related events</b>	650

\*Note: BBH Investment Management is in process of becoming a PRI signatory in 2020, which will significantly increase this number.

# CYBERSECURITY



**Continue to adapt cybersecurity practices in the face of an evolving threat landscape, enlisting every BBH employee in the effort.**

## What our stakeholders want to know:

How does BBH protect the privacy, intellectual property, and data of its clients, employees, and business partners?

To BBH, the confidential and personal information shared in our business relationships is as much of an asset as our financial positions. We treat all of these assets with utmost care—both in accordance with specific, local guidelines and regulations, and in rigorous compliance with our own policies and robust risk assessments.

Moreover, we recognize that information security has a social impact far beyond our firm’s business relationships and activities. Data, information, and technology form the very infrastructure of capital markets. Along with every fiduciary and financial firm, we must work to keep safe and stable, and, most importantly, out of bad actors’ hands.

Financial services firms like BBH experience frequent attempted cyber attacks from a range of actors. In response, the firm manages cyber risk as a business risk, not purely an IT risk, by implementing a single, common cybersecurity program across all lines of business. We focus on governance, prevention, detection, response, and recovery. Our cybersecurity program is one component of a broader asset protection strategy.

Staying alert to and ahead of evolving threats requires everyone throughout our enterprise to participate in our protection efforts. Our focus in 2019 and in the coming years will be to continue to educate, enlist, and empower each BBH employee, client, and supplier to take responsibility for the success of our cybersecurity program.

As part of that commitment to protection, we purposefully publish limited details about our cyber and other security programs and policies, including within this report.



**GOAL:** Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

This section addresses the firm’s direct efforts on cybersecurity. For more information about how BBH addresses privacy and security concerns in our supply chain, please read Supplier Code of Conduct (page 80). For more information about broader business continuity concerns, please read Business Continuity ([page 45](#)).

## CORE PROGRAMS, POLICIES, & PRACTICES

BBH designed our enterprise-wide information security program to proactively address threats and regulatory requirements while protecting the firm's data and information, including our clients'. The Chief Information Security Officer, supported by Enterprise Risk Management (ERM), Systems Risk, and elements of the System's organization, has overall responsibility to develop, deliver, and maintain the comprehensive program.

The program's components include, but are not limited to, third party risk, identity and access management, infrastructure defense, network, perimeter, and insider threat monitoring, and cyber incident management. These components—combined with a robust training and communications program builds a more resilient organization.

### Compliance & Certification

#### Regulatory Compliance

BBH operates in compliance with applicable privacy, banking, and securities regulations in each of our operating jurisdictions, including U.S. federal law, U.S. state laws, international data protection requirements, and international cyber and technology guidance and regulations. This includes but is not limited to New York Department of Financial Services (cybersecurity regulations), Central Bank of Ireland Guidance, Commission de Surveillance du Secteur Financier (CSSF) Luxembourg, FINRA rules (U.S.), the privacy provisions of the Gramm-Leach-Bliley Act (U.S.), and the E.U.'s General Data Protection Regulation (GDPR). BBH's Compliance and Enterprise Risk Management teams monitor and track evolving regulations and laws to identify additional requirements and provide input to the cybersecurity program to ensure timely compliance.

#### Industry Frameworks & Annual Certifications

BBH follows industry best practices and guidance including but not limited to ISO 27001/27002 (17799), the NIST Cybersecurity framework, and the Federal Financial Institutions Examination Council (FFIEC) Cyber Assessment Tool. The firm attests annually to New York State's Cybersecurity Requirements for Financial Services Companies, as well as the

SWIFT Customer Security Programme and Shared Infrastructure Programme.

#### Data Protection Officers

BBH Data Protection Officers fulfill the obligations set out in Article 39 of the GDPR including, but not limited to, informing and advising on the obligations under the regulation, monitoring BBH's compliance with the regulation, conducting data protection impact assessments as necessary and cooperating with supervisory authorities when necessary.

### Policies & Controls

#### Information Security Policies

BBH's systems and policies work in tandem to define fundamental principles for the protection of the firm's information resources, including the proper controls necessary to address the security goals of confidentiality, integrity, and availability. These policies also document the required measures that must be in place to protect from cyber risks, specifying the responsibilities shared between individual employees, the lines of business, and various firmwide departments, including the Chief Information Security Officer's department, Infrastructure Defense, Infrastructure, Enterprise Incident Management, and other Systems departments as well as Enterprise Risk Management and Compliance. Management attests to the policies on an annual basis to ensure that they remain complete and accurate.

#### Privacy and Confidentiality Policy

BBH's Privacy and Confidentiality Policy (PCP) is one of several policies included in every employee's mandatory annual compliance training (see page 24 for the complete list). It provides a framework for handling sensitive information, e.g., confidential information, personally identifiable information, and material non-public information; articulates clear "need to know" boundaries; and explains the legitimate business purposes and circumstances under which information can (or cannot) be shared—including with external parties. The PCP also requires employees to promptly report any actual or suspected data disclosures to the Privacy Officer.

In addition to our internal policy, BBH also maintains a public privacy policy, available on our website.

### **Infrastructure Security**

BBH's Infrastructure Security team supports, tests, implements, deploys, maintains, and administers the infrastructure devices, such as firewalls, intrusion detection systems, and intrusion prevention systems required to effectively manage the firm's network, mitigating a significant number of cybersecurity threats.

### **Identity & Access Management**

For firm systems and information, we follow the objective of least privileged access, granting appropriate access to employees for their roles and responsibilities both inside and outside of BBH locations. Systems implements additional restrictions for privileged access to production systems in order to further reduce risks to sensitive data and operations.

### **Network, Perimeter, & Insider Monitoring**

BBH conducts 24/7 monitoring of security threats. The firm's security operations center, supplemented by a managed security service provider, is responsible for detecting all internal and external risks to our organization, providing for quick escalations with appropriate transparency and reporting to the firm's leadership.

### **Third Party Risk**

BBH's Vendor Technology Assessment program exists to ensure the confidentiality, integrity, and availability of BBH and client data when using a supplier. For more information about this program, please read Supplier Code of Conduct (page 80).

## **Employee Vigilance**

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### **Cybersecurity Training & Awareness**

Social engineering remains one of the highest risks posed to any organization. A year-round program, consisting of computer-based training, in-person training, a formal phishing awareness program, and regular firmwide communications about new threats, strives to make our employees more aware and educated on cyber risks. Senior management receives notices of any non-compliance with the mandatory training, which may result in disciplinary action up to and including possible termination.

### **Phishing Awareness Program & Policy**

Knowing that employees are the firm's first line of defense against phishing attacks, our phishing awareness program encourages vigilance against cyber threats posed by social engineering. The program proactively reports suspicious email and provides measurable training by performing phishing simulations throughout the year.

### **Cybersecurity Hotline**

BBH operates a 24/7 cybersecurity hotline which empowers staff to quickly escalate any related concerns; the hotline funnels all alerts to the Cyber Incident Response Team for triage and decisions.

## **Cyber Incident Management**

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BBH maintains and employs a robust Cyber Incident Management team that is part of the firm's overall Enterprise Incident Management group. This program component is focused on training and awareness of all employees as well as the conducting of scenarios to prepare the organization for actual cyber attacks.

### **Incident Response Plan**

BBH uses an incident response plan designed to promptly respond to, and recover from, any cybersecurity event materially affecting the confidentiality, integrity, or availability of our Information Systems or the continuing functionality of any aspect of BBH's business or operations.

### **Response to Data Disclosures**

BBH reviews, escalates, and resolves reported data disclosures according to a defined process based on regulatory and contractual requirements, as well as industry best practices.

## **Industry Cooperation & Engagement**

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### **Thought Leadership & Industry Engagement**

BBH cybersecurity personnel keep abreast of threats and countermeasures through information sharing organizations such as Financial Services Information Sharing and Analysis Center (FS-ISAC), Securities Industry and Financial Markets Association (SIFMA), United States Computer Emergency Readiness Team (USCERT), and Society for Worldwide Interbank Telecommunication (SWIFT). The team regularly contribute to and attend meetings such as the Gartner CISO Coalition, as well as a range of cybersecurity industry and vendor conferences.

## 2019 FOCUS & HIGHLIGHTS

### Continuing to Enhance Controls Across the Firm

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#### Enterprise Incident Management

In 2019, BBH consolidated our business continuity division and cyber incident response division to improve the firm's reconnaissance of and response to all business risks.

#### Perimeter Security Prevention & Detection

BBH continues to automate and fine-tune our perimeter protection of BBH offices and our remote workforce platform. In 2019, cybersecurity focused several initiatives on leveraging threat intelligence information to address new variants of probes.

### Measuring Our Phishing Awareness Program

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#### Phishing Points Employee Scorecard

In 2019, cybersecurity updated our scorecard assessment of employee response to phishing simulations. At a regular but random cadence, employees received simulated phishing attempts, both to familiarize them with various tactics, as well as measure their awareness and susceptibility. A point score helped each employee understand their personal susceptibility, and mandated additional training or appropriate disciplinary action, when necessary.

### Maintaining a Strong Pipeline of Cyber Skills & Talent

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#### Industry & Higher Ed Partnerships

As part of adapting the cybersecurity team's size and specialist skills to match evolving best practices and threats, in 2019, BBH expanded our engagement with Drexel University for co-op opportunities in cybersecurity and supported employees in joining WiCyS (Women in Cybersecurity) and attending their annual conference.

### Continuing to Incorporate Privacy-By-Design

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#### Global Data Inventories

BBH considers privacy from the start of every project and incorporates it throughout, rather than attempting to back privacy into existing processes. We continue to regularly review and update a personal data inventory, working globally to document our processing of personal information.

#### Policy Updates

In 2019, BBH updated the firm's public Privacy Policy to inform individuals of how their data is processed and how they can make inquiries to BBH.

## KEY INDICATORS

	2019 Result
<b>Cybersecurity Strength</b>	
<b>Attest to compliance with the standards set by the following bodies:</b>	
<b>New York State Department of Financial Services – Cybersecurity Requirements for Financial Services Companies</b>	✓
<b>SWIFT Customer Security Programme</b>	✓
<b>SWIFT Shared Infrastructure Programme</b>	✓
<b>Employee Vigilance</b>	
<b>% of compliance with mandatory employee training</b>	100%
<b>% participation in phishing points scorecard</b>	100%

# BUSINESS CONTINUITY



## Strengthen security, continuity, and connectivity through enterprise-wide incident response

### What our stakeholders want to know:

How does BBH prevent unexpected events from having a negative impact on its delivery of services?

BBH maintains business continuity plans (BCP) which detail procedures relating to an emergency or significant business disruption, including natural disasters, political unrest, power outages, and a pandemic. Plans are defined for technology, office, and business unit recovery, and include robust communication and escalation protocols, travel and visitor restrictions, the movement of client servicing and operational processing among global offices, and extended use of secure remote access by BBH employees. BCP plans are reviewed at least annually, components are tested throughout the year and validated in the context of current events.

As with all scenario-based plans, BBH is continuously refining the BCP program based on best practices and experience gained from events as we did in response to 2019's winter storms, typhoons, transportation disruptions, and civil unrest in Hong Kong.

By strengthening our security, continuity, and connectivity through enterprise-wide incident response, we can continue to support our business and ensure the smooth continuity of service to our clients while protecting our people, technology, and assets.

As we deliver this report, our BCP is active as a result of the COVID-19 outbreak. Our plan is functioning successfully, with 96% of BBHers working remotely and social distancing is in place for those critical roles that remain onsite. We have been able to deliver all of our services without interruption. Our primary focus has been and will continue to be the health and safety of our workforce.



**GOAL:** Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

This section addresses the firm's direct efforts on business continuity. For more information about how BBH addresses similar concerns in its supply chain, please read Supplier Code of Conduct ([page 80](#)). For more information about risk management, please read Our Firm: Risk Excellence ([page 26](#)).

## CORE PROGRAMS, POLICIES, & PRACTICES

The objectives of our BCP are to:

- Provide a safe environment for all employees
- Decrease risk through identifying and implementing preventative measures
- Reduce disruption to normal processing and mitigate interruption to operations and systems
- Ensure orderly recovery from a business interruption
- Minimize potential economic loss
- Comply with legal and regulatory requirements

### Continuous Planning & Review

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#### BBH Business Continuity Planning Methodology

We execute a three-prong approach to planning: office recovery, business unit recovery, and systems recovery. The full-time BCP team provides business units with the tools and training to develop a business unit recovery plan. Business units develop and maintain their business unit recovery plans, ensuring that they are updated and effective. BBH reviews each plan annually (at a minimum) and subjects the plans to additional examination by the internal audit department, the BCP team, and, when appropriate, an external auditor.

#### Rolling Business Impact Analysis

Knowing that risk management and mitigation are not one-time events, BBH conducts business impact analysis assessments on a rolling basis. At the core of our risk mitigation plans is consideration and understanding of client requirements, establishment of global client service teams, and a secure centralized technology platform. BCP is part of the systems development lifecycle which requires system owners and project managers to consult with the BCP technical support team during multiple phases of the development lifecycle for the execution of all projects and onboarding of new applications.

#### Annual Plan Status Reviews & Internal Audit

Each year, the BCP team reviews and rates each business unit's plan, notifying the plan builders, plan owners, and the business line risk manager. This reporting is also shared with various oversight committees for the applicable divisions as well as internal audit and compliance. BBH's internal audit team conducts a continuous rolling audit of BBH's BCP plans by conducting quarterly reviews and participating in all BCP testing exercises.

### Routine Simulations & Testing

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#### Recovery Testing

We conduct a minimum of 12 tests annually at three distinct levels—office, systems, and business unit recovery—with a broad scope of test objectives. We retest until the process meets every objective. Each process and contingency site is tested once per year at a minimum. Recovery facilities are tested on a platform or unit basis to include cross-system integration wherever necessary. Tests include application and systems contingency testing, by platform and system. Operational contingency testing includes structured walkthroughs of plans and the transfer of business processes from one BBH location to another.

#### Remote Access Testing

Employees with the ability to work remotely are asked to attest to their access and ability to perform their routine business functions remotely on an annual basis.

#### SIFMA Industry-Wide Event Participation

BBH also participates annually in the Securities Industry and Financial Markets Association's (SIFMA) industry-wide business continuity test, a critical exercise that highlights our industry's ability to operate through a significant emergency using backup sites, recovery facilities, and backup communications. During the exercise, BBH submits test orders and transactions from our backup site to other industry utilities to ensure connectivity with clearing and settlement utilities, market data vendors, and exchanges during an event.



## Regulatory Frameworks & Review

Regulators review BBH's BCP protocols. Our program was built considering applicable banking and securities regulations, including but not limited to U.S. federal law, U.S. state laws, NYDFS guidelines, international data protection requirements, as well as industry best practices, including ISO 22301 and the Federal Financial Institutions Examination Council (FFIEC).

## Rapid Response & Recovery

### Common Business Units & Staffing Versatility

BBH leverages common business units across locations globally to minimize the recovery timeline and ensure continuous client and operational support. We cross-train BBHers, across service teams, products, and departments to position them to fill in as necessary during an event. This cross-pollination allows for dynamic resource allocation, allowing employees from one department within the bank to serve another on very short notice in a BCP event.

### Distributed & Remote Work

Our BCP plans cover the distribution of critical functions across non-impacted offices, third-party recovery sites, and remote work from home, which helps ensure continuous client and operational support during an event. BBHers use remote access during the normal course of business as well as in contingency mode. BBH remote access does not limit processing capacity and there is no maximum number of users that can use the functionality for BCP-related purposes.

### Employee Awareness & Mandatory Training

Our BCP success depends on our employees' response time when executing their plans. Therefore, BCP training and awareness is a key component of the program. New employees receive training when hired and existing employees must recertify to this training every year (see Our Firm Risk section for more information on employee training and compliance.) Plan owners, planners, and Crisis Management Team members receive additional BCP tool training and participate in incident response simulations. A steady stream of e-mail notifications, eLearning, and simulations keep our priorities and plans top of mind across the firm.

## BCP Employee Portal & Hotline

BCP maintains a page on the firmwide intranet portal. This portal includes important BCP information and access to the BCP tool, a proprietary tool which provides all employees quick, easy, and remote access to important information about their group's BCP plan and specific tasks assigned to them as individuals if their office is not accessible. BBH also maintains a hotline for employees to ask questions or report a potential issue.

## Crisis Command & Communication

When BBH invokes a business continuity event, the BCP team activates the Global Crisis Management Team to centralize communication and coordination. If necessary, BBH can manage a BCP event remotely. The Global Crisis Management Team provides critical information and status updates to clients, following a controlled and carefully-managed protocol, typically via e-mail or telephone. In addition, a client's relationship team, including their dedicated Relationship Manager, Client Service Manager, and/or a Managing Director of their local servicing office, are the primary contacts for communicating with that client and addressing questions.

BCP has arranged for critical business and technical staff to have access to the U.S. Government Emergency Telecommunications Services (GETS) program which allows card holders to have priority telephone service in the event of a regional or national emergency.

BBH subscribes to an alert aggregation service called NC4. This service provides us multiple types of alerts that could impact any of our assets globally. The BCP team identifies our locations, the radius for which we want to be alerted for an incident, and the incident categories. NC4 then sends any alert meeting that criteria to our BCP and global security teams.

## 2019 FOCUS & HIGHLIGHTS

### Continuing to Enhance Controls Across the Firm

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#### Enterprise Incident Management

In 2019, BBH consolidated our Business Continuity division and Cyber Incident Response division to improve the firm's reconnaissance of and response to all business risks. With the focus on cyber awareness ever-present, in and outside of BBH, merging these two disciplines created an even more robust platform. The Enterprise Incident Management team will work with other areas of the firm to develop consistent policies, procedures, communication, and escalation plans in the event of a business interruption due to acts of nature, malicious attack, or human error.

### Strengthening Incident Management across the Firm

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#### BCP Working Group

In 2019, we created the BCP Working Group (BCPWG) to provide guidance and recommendations to the BCP Executive Committee for overall planning, policy, and program changes through the review of testing and event post-mortems. The BCPWG is chaired by the Head of Enterprise Incident Management and includes membership from business executives across our three lines of business.

#### BCP Tool Upgrade

In 2019, BBH evaluated and selected a replacement for our enterprise-wide BCP tool. Launching in 2020, the tool will provide:

- Application resiliency & dependency evolution
- Mobile app
- Enhanced business intelligence and analytics
- Enhanced metrics & reporting
- Increased automation

### Putting BCP to the Test Through New Simulations

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#### Internal Tabletop Exercises

In 2019, we conducted simulations across multiple teams responding to scenarios including impacts to our buildings, cybersecurity threats, and active shooter scenarios.

#### External Tabletop Exercise

In 2019, we conducted a joint cyber resiliency exercise with a third party to examine detection, response, and recovery actions specific to that business relationship.

#### Simulated Cyber Threat at IBM's X-Force Command Center

In 2019, we conducted two simulations with participants from the Cyber Executive Team including senior leadership from BCP, cybersecurity, CISO, Human Resources, Compliance, Risk, Legal, each line of business, and Systems Management. These focused simulations provided BBH participants the opportunity to practice their roles and responsibilities when handling a major cyber security event.

### Learning from 2019's BCP Events & Simulations

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In direct response to BCP events and simulations, the firm adjusted our incident response and business recovery playbooks to include increased cyber threat vectors, and enhanced protocols for civil unrest, typhoons, and pandemics. We also provided additional employee education on the importance of operational security.

## KEY INDICATORS

	2019 Result
<b>Planning Compliance</b>	
# of lines of business with updated plans	100%
Business unit planners	251
Business unit recovery coordinators	127
Business unit specific plans	127
<b>Annual Recovery Tests – All Objectives Met</b>	
Business unit recovery	<p>Our employees across all business groups worked from their designated BCP recovery site performing production work.</p> <p>✓ All test objectives were met in the 2019 Business Recovery test events.</p>
Systems recovery	<p>Designed to simulate the loss of processing functions at our primary data center, these tests included systems, site, and operational contingency components.</p> <p>✓ All test objectives met.</p>
Remote access test	<p>All employees are asked to login remotely and attest to accessing their applications.</p> <p>✓ All test objectives met.</p>
Communications test	<p>U.S. GETS card holders test their access by making test calls at minimum, annually.</p> <p>✓ All test objectives met.</p>
Notifications test	<p>Designed to familiarize employees with our internal emergency communication system, BBHnotify, we used a notifications test to alert our employees to a situation.</p> <p>✓ All test objectives met.</p>
<b>External Audit &amp; Testing</b>	
SIFMA industry-wide test with CHIPS, BONY, DTCC	✓ Test completed successfully; all test objectives met.
<b>Employee Awareness &amp; Training</b>	
% Compliance with Mandatory Training	100%



# OUR PEOPLE





“

*Long before our first son was born, my wife and I planned how we would both make parenting and working full time work. I was proud that I could take time off under BBH's Childcare Leave Policy to ease into this new normal... and dearly looked forward to this once-in-a-lifetime phase of my son's and my life. The time off was also invaluable in navigating the inevitable issues that arise with parenting and supporting my wife's transition back to work. It is not clear to me how we would have managed without my time off. BBH's leave policies made a real, meaningful difference for me and my family.”*

*– Nick Maglio, Vice President  
Private Banking Strategy & Finance*

# DIVERSITY & INCLUSION

**GOAL** Advance diversity at BBH, supported by a strong culture of inclusion, accountability, and employee engagement.

## What our stakeholders want to know:

How is BBH providing equal opportunity for its employees from all backgrounds? How is BBH actively fostering an environment of inclusion which combats bias and discrimination?

Across our industry, organizations—including BBH—increasingly recognize the positive correlation between diversity and inclusion and commercial success. Fostering diversity of thought is a critical factor for firms like ours that must mitigate risk and drive creativity, innovation, and client outcomes.

The norms, power structures, and inequities in society can easily become embedded in any organization. We believe that creating a culture where every individual can contribute their full potential requires investigating the systems and processes within an organization to uncover blind spots and working to ensure an equitable approach. It takes conscious and sustained effort to cultivate a workplace where all employees feel valued, included, and able to deliver their best.

Inclusion requires every employee to be self-aware and identify new habits and behaviors that successfully create a working environment that is welcoming for all, and to take immediate action when there's evidence that this is not the case.

At BBH, we strive to understand one another by surpassing simple tolerance to embrace and celebrate the rich dimensions of diversity contained within everyone—whether those differences are driven by gender, age, race, culture, education, disability, socio-economic background, sexual orientation, life experiences, or many other attributes and experiences. We aim to empower every individual to deliver their best in a safe, positive work environment. We want to have a workplace that supports mutual respect, honest conversation, and healthy debate, where real collaboration and equal opportunity is possible.



**GOAL:** Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

This section addresses the firm's direct efforts on diversity and inclusion. For more information about how BBH addresses similar concerns in our supply chain, please read Supplier Code of Conduct ([page 80](#)).

## CORE PROGRAMS, POLICIES, & PRACTICES

By focusing our diversity and inclusion (D&I) program on three key pillars—workforce, workplace, and marketplace—we’re building our capacity of top talent, enhancing our inclusive culture, strengthening cultural dexterity, and leveraging the power of fresh thinking.

The Global Inclusion Council, a group of senior leaders, serves as a body of advice and consent, working with the Office of D&I to set the firm’s D&I agenda and strategy, monitor success, drive accountability, and integrate initiatives into the lines of business. To ensure firmwide execution of our strategy, inclusion councils in each region and line of business help to advise the Global Inclusion Council of specific local issues and to integrate initiatives throughout the firm.

### Workforce

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Bringing the best and brightest people to BBH is key to our continued success as a firm over the long term. We’re committed to creating a workforce comprised of diverse talent by attracting, developing, and retaining individuals through a variety of programs.

#### Diverse Candidate Pools

We strive for a diverse slate of candidates for all our positions and seek out applicants from a variety of sources. Through partnerships with our BBH Affinity Network Communities (BANC), various schools, external partners, and online communities, we work to ensure we have the broadest reach of talent available in the marketplace.

#### Video & Competency-Based Interview Process

Our ability to broadly use video-based interviews enables us to ease the time and cost required for candidates to apply. During our interviews, we leverage competency-based questions that focus on assessing a candidate’s ability or experience through actual events. By focusing on job-relevant behaviors, a competency-based approach helps us ensure greater objectivity, accuracy, and consistency when interviewing multiple candidates for a position. To further mitigate unconscious bias, candidates meet with a diverse panel of interviewers.

#### Restart@BBH

This ten-week program enables candidates who have been out of the workforce for two years or more to return to a corporate setting through a paid restart assignment. Along with gaining valuable experience and refreshing their skill-sets, participants receive training and mentoring to help them transition back to work. BBH restart assignments often lead to full-time opportunities.

#### “Bring Yourself to BBH”

We host open house events to highlight BBH’s culture and commitment to diversity and inclusion. Participants learn about our business and financial industry trends, as well as network with department leaders and BANC members from across the firm. The events include keynote speakers and interactive discussions on various topics such as career development, technology, innovation, work-life integration, and leadership.

### Workplace

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We know it takes deliberate actions to create a culture where everyone feels like they belong and that starts with paying more attention to what we all say and do on a daily basis, and ensuring our processes and policies are inclusive.

#### Code of Professional Conduct & Other Policies

To ensure that we maintain a work environment where everyone is free to express different opinions, all employees must adhere to the Code of Professional Conduct, as well as other policies pertaining to bullying, discrimination, harassment, e-communications, and workplace violence. We believe it is our collective responsibility to act fairly, honestly, and respectfully, and to report any instances of incivility to which we are party to or witness. BBH’s independent reporting system, MySafeWorkPlace, enables all employees to report incidents anonymously. We prohibit any retaliation or threatened retaliatory action for making a good faith report of an apparent or possible violation of the Employee Handbook, Code, or any other BBH policy.

### **Explicit D&I Performance Management Goals**

We count on our leaders at all levels to take a visible role in making our workplace more inclusive. Performance reviews of all vice presidents and above include a diversity and inclusion performance goal that clearly indicates actions and behaviors they should demonstrate to foster a culture where all employees can succeed.

### **Diverse Slates for Promotions & Advancement**

Throughout the year, every area of the firm participates in a talent identification process to ensure we have a diverse slate of candidates for promotional and advancement opportunities, as well as identify where we have gaps in order to access development needs. All promotional slates require a diverse slate and are mindful of potential adverse impacts on advancement to greater equitable representation throughout all levels of the firm.

### **Affinity Networks**

Open to all employees, our BANCs provide a forum to develop skills and cultural experiences, network, and support key business initiatives while enhancing our workplace and communities. Employee driven, these networks foster leadership opportunities and organic collaboration across business lines and locations to strengthen the connections between the firm's internal and external communities. Each network's remit aligns with company values, business practices, and the priorities of the Office of D&I. The network groups are as follows:

*Asia Link Network*

*Black Affinity Network*

*Diverse Abilities Allies Network*

*Global Employee Network*

*Latino Cultural Network*

*Military Veterans Network*

*Parenting Network*

*Pride Network*

*Women's Network*

*Young Professionals Network*

### **Flex2Work**

BBH provides our employees with the flexibility to complete their job duties while promoting balance between work and personal commitments. Through a variety of flexible work arrangements, including remote, flextime, part-time, job sharing, compressed work week, and gradual transition back to work schedules, the firm provides alternative approaches to getting work done through non-traditional work hours, locations, and/or job structures.

### **Learning and Development**

Training is a fundamental part of creating a workplace with the skills and abilities to realize the full benefits of our diverse workforce. We host a variety of trainings designed to prevent harassment and discrimination, understand and recognize unconscious bias, enhance cultural dexterity, and promote inclusive behaviors.

### **Mentoring Circles**

Sponsored by our various BANCs, these gatherings bring groups of 20 BBHers together to talk about a variety of topics—ranging from career advice and personal branding to intersectionality and unconscious bias. These interactive sessions work to break down barriers and build strong relationships across the firm.

### **"Inspire Inclusion" Communication Series**

Our leaders share their personal insights and decision-making frameworks around D&I matters—in their own lives and within the industry—to help employees navigate challenging conversations and expand their perspective.

### **Culture Wizard**

As a dynamic, global organization, it's important our people understand the nuances of different cultures to ensure they are operating efficiently and respectfully. Culture Wizard is an online tool that provides assessments, videos, quizzes, and recorded webinars to provide practical, engaging, cultural information and exercises.



## **New Parents**

The birth or adoption of a child is a milestone that we want to support by offering help to our employees who want to grow their families and enable them to celebrate without work-related distractions.

### *Adoption or Surrogacy*

BBH provides additional support when having a child through adoption or surrogacy. All full-time and part-time employees are eligible to receive up to \$20,000 of financial support to help cover associated costs for one lifetime event.

### *Time Away from Work*

In addition to affording parents maternity, non-primary caregiver, paternity, and adoption leave, eligible parents (mothers, fathers, and partners) benefit from shared parental leave and shared parental pay. Shared parental leave is designed to give parents more flexibility in how to share the care of their child in the first year following birth or adoption.

### *Back-Up Childcare*

BBH provides access to back-up childcare centers and in-home care when an employee's regular childcare arrangements are unavailable.

### *Caregiver Leave*

BBH expanded our non-primary caregiver leave in the U.S. to include six weeks of paid leave, with the flexibility to take it all at once or in blocks.

## **Marketplace**

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We identify and pursue initiatives in the marketplace that demonstrate our commitment to D&I and enable us to share best practices across industries to drive broad changes.

### **External Partnerships**

Our partnerships strengthen relationships with like-minded organizations and individuals to help expand opportunities for all and increase advocacy through education. Our participation enables us to better understand the unique needs of diverse groups, fund critical research, share our experience with other companies, provide philanthropic support to under-served communities, and provide employee development. (For the complete list of D&I partnerships, see Honors and Partnerships on page 16.)

### **Center for Women & Wealth**

BBH's Private Banking CW&W is committed to engaging and supporting women as they create and manage wealth. (For more information about the CW&W, please read [page 35](#).)

### **LGBTQ-Focused Wealth Planning**

BBH Private Wealth Management provides our LGBTQ clients with sophisticated financial and wealth planning services tailored to their particular needs.

## 2019 FOCUS & HIGHLIGHTS

### **CEO Action for Diversity and Inclusion**

BBH signed onto the CEO Action for Diversity and Inclusion, a CEO-led initiative of more than 800 organizations across industries committed to creating more inclusive workplaces. As part of the initiative, BBH committed to encourage challenging racial conversations, expanding unconscious bias training, and sharing best practices.

### **Human Rights Campaign “Best Place to Work” Distinction**

BBH received a 100% rating in the Human Rights Campaign’s Corporate Equality Index, which rates U.S. companies on their policies and practices pertaining to LGBTQ employees.

### **Inclusive Leadership Training**

All Partners, Managing Directors, and BANC leaders attended a four-hour inclusive leadership workshop designed to generate open and honest dialogue. The program reinforced how vital inclusiveness is to our future success, as is our continued progress toward increasing diversity at all levels—especially the most senior levels. Real life case studies demonstrated how by embracing authenticity over conformity, showing empathy and compassion, and being accepting of a range of communication and work styles, we enable all team members to deliver their personal best. The interactive session provided practical guidance on how to create a safe team environment where all employees can voice their opinions, be heard, and have a true sense of belonging.

### **Inaugural BANC Leadership Summit**

The first BANC Leadership Summit brought leaders across our ten networks and 64 chapters together alongside industry experts to share best practices and develop key leadership skills.

### **Young Professionals Thought Leadership**

Our Young Professionals Network issued a paper, “The Future of Work,” which surveyed more than 500 people across the globe and different industries to share insights on the needs of our diverse workforces and the similarities across our different communities.

### **Culture Calculator Challenge**

Employees across the globe participated in the Culture Calculator Challenge to better understand their natural approach to several key dimensions of culture, including hierarchy, group dynamics, relationship-building, communication, time management, control, formality, and motivation. After receiving their results, participants attended group discussions to sync their responses to their teams for an anonymous comparison, and then act on what they learned by flexing their style to better connect and collaborate with others whose backgrounds are different than their own.

## KEY INDICATORS

Executive-level managers review business level dashboards every quarter—tracking hiring, promotions, internal mobility and retention.

	2019 Result
<b>Hiring</b>	
% of new hires: female	47%
% of new hires: people of color	37%
<b>Employee Composition</b>	
<b>By Gender</b>	
% of employees: female (all levels)	46%
% of employees: female (entry level)	51%
% of employees: female (mid-level)	39%
% of employees: female (senior level)	31%
<b>By Race</b>	
% of employees: people of color (all levels)	30%
% of employees: people of color (entry level)	34%
% of employees: people of color (mid-level)	26%
% of employees: people of color (senior level)	13%
<b>By Age</b>	
% of employees: under 30 years old	27%
% of employees: 30-50 years old	58%
% of employees: over 50 years old	15%
<b>Retention</b>	
Retention rate: male employees	88%
Retention rate: female employees	88%
<b>Community Building</b>	
Size of BBH Affinity Network Communities (BANC)	10 Networks; 64 Chapters
# of registrations for large scale BANC events	8,200
<b>Training</b>	
# of senior and BANC leaders participating in inclusive leadership training	150
% of employees who completed sexual harassment training	100%
<b>Accolades</b>	
Human Rights Campaign Foundation's 2019 Corporate Equality Index Rating	100% - A "Best Place to Work" Distinction

# LEADERSHIP & TECHNICAL SKILLS

GOAL

**Invest in the leadership and technical skills our people need to be successful in an evolving global marketplace.**

## What our stakeholders want to know:

How does BBH help its employees build successful careers and critical skills to thrive in their current roles and continually adapt to the demands of an increasingly dynamic workplace?

Learning is a critical step to creating innovation, ongoing value, and personal growth. Helping our employees gain mission-critical skills aligned to our clients' needs and their individual passions is an ongoing firm-employee partnership and core to our business strategy. We recognize the need to build a healthy pipeline of highly qualified talent and see first hand how valuable, tailored learning opportunities inspire our employees to reach their fullest potential.

### A Focus on the Future

The challenges presented by an evolving global marketplace, ever-changing technology, and shifting client expectations require that we help our employees demonstrate a combination of capabilities and emerging expertise, while fostering a safe environment to learn. It's our responsibility to cultivate our employees' professional growth and to connect them to on-the-job, in the classroom, and online learning from leading experts, peers, and mentors.

To support our employees, we work to deliver the right learning content, at the right time, in the right way—ensuring it is accessible when they need it, relevant, and quickly transferable to their work. Being supported by managers in an environment that rewards lifelong learning enables our employees to excel, adapt, and lead in a complex, global business environment.



**GOAL:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

## CORE PROGRAMS, POLICIES, & PRACTICES

The combination of our programs—designed for the arc of a BBHer’s career—aims to help our employees grow personally, professionally, and be rewarded for the results they deliver.

### Performance Enablement

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Employees learn from the advice and role modeling of their leadership and are encouraged to develop their personal network, building a cadre of people from whom they can learn.

### Employee Development & Performance

Each year, an employee and their manager co-create an individualized roadmap that incorporates specific business deliverables and outlines which strengths and skills they can apply and competencies the employee should develop to help achieve their goals. Open dialogue helps employees stay on track and adjust as needed, while mid-year and year-end reviews provide for formal feedback and recognition.

### Mentoring & Sponsorship

Formal and informal mentoring and sponsorship models are interwoven in our lines of business, departments, and firmwide programs. Each relationship is uniquely determined by its purpose; to learn a new skill, solicit feedback on ideas, build a broader internal network, or support career progression. These mentorship programs are available to employees of all levels and often sponsored by our Partners.

### Talent Cards

The online Talent Card tool serves as an employee’s internal résumé, capturing their skills, career interests, and achievements all in one place. The firm encourages all employees to share more about what makes them unique, showcasing their talent to their manager, Human Resources, and other senior leaders and helping connect them to more growth opportunities at BBH.

### Learning & Development

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Designed to suit learners of all types, we provide a mix of collaborative learning, on-the-job experiences, and formal training through multiple channels.

### BBH Academy

Our online learning center provides 24/7 access to instructor-led and virtual learning sessions, e-learning courses, and business and technical articles on topics ranging from mandatory compliance and discrete skills specific to financial services to cultural awareness and effective management.

### BBH Scholars

We encourage employees to enhance their skills and knowledge for a current or future role through professional certifications or formal education, including undergraduate and post-graduate degrees. Approved applicants receive up to \$10,000 (USD) per calendar year.

### Leadership Development Roadmap

The Leadership Development Roadmap provides guidance for each stage of leadership—leads self, leads others, and leads the firm. A collection of resources support each stage, which helps managers and employees identify on-the-job, collaborative, and formal learning opportunities to build greater self-awareness, communication, agility, and influence.

### LEAD (Leadership Education and Development) Program

BBH periodically invites a select cohort of employees from across the globe to join the LEAD Program, which strengthens participants’ business acumen, financial acumen, and leadership effectiveness. The program begins with a 10-week bootcamp, followed by two years of on-the-job development, positioning these leaders to contribute in new and meaningful ways.

### Codefest

This annual firmwide innovation challenge focuses on three tracks (business case, prototype, and coding challenge) and aims to develop and test new ideas for BBH. Open to all employees, Codefest provides the opportunity to collaborate with creative minds across the firm to bring an idea to life.

### **Toastmasters**

Employee-led and firm-sponsored, this program provides employees an opportunity to practice public speaking and receive feedback from their peers.

### **Career Transitions**

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BBH provides additional support to employees at those critical career moments that prompt new questions and require different approaches to working.

### **BBH Managerial Habits**

Managers are the cornerstone of our talent management strategy, playing a critical role in engagement, retention, development acceleration, and career planning. Managing people effectively is already one of the toughest jobs; getting results from others is increasingly challenging with different work styles, ever-changing technology, and the push to accomplish more with fewer resources. To contribute to the continued success of the firm, the BBH managerial habits framework cultivates 16 behaviors that help managers set standards, coordinate resources, drive projects, and—perhaps most importantly—support, engage, and develop their team members.

### **Training the Next Generation of Effective Managers**

Our first time manager program provides learners with the insight, skills, and self-awareness to effectively manage others. Using guided roleplays, exercises, and practice sessions, attendees examine what it takes to leverage their personal and team strengths to maximize impact within the business.

### **Growth Opportunities & Recognition**

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Our employees routinely take on new challenges and reinvent themselves professionally. Career paths at BBH are increasingly non-linear, with employees focusing less on advancing straight up in one discipline and instead crossing the organization, gaining valuable perspective, leadership experiences, and a portfolio of transferable skills. Individuals work together with managers to identify stretch assignments and cross-regional,

cross-product, and/or cross-functional opportunities. Managers recognize accomplishments day-to-day and employees can earn leadership designations when they have demonstrated characteristics aligned to our culture.

### **Global Mobility**

When our business and clients' needs create the opportunity, the Global Mobility Program provides employees short- and long-term assignments throughout our global offices, creating a chance to work in diverse markets and develop multi-cultural fluency and global leadership skills.

### **Internal Mobility**

Because we already know the high caliber of our employees, BBH first advertises open roles internally. The recruitment process gives priority to internal candidates to make exploratory, lateral, or vertical moves possible within the firm.

### **Career Progressions**

Employees earn recognition throughout the year for demonstrating growth in their current job, assuming responsibilities beyond the scope of their current role aligned to business need.

### **Officer Promotions**

One measure of continued growth comes from roles with greater complexity and accountability. As these responsibilities grow, so too do the honorary titles. Demonstrating key behaviors, mindsets, and accomplishments creates the opportunity for employees to be recognized with an officer title.

### **Quarter Century Club**

More than 75 years ago, BBH formed the Quarter Century Club (QCC), which celebrates those who have been with the firm for 25 years or more. To commemorate induction, the firm organizes a formal lunch with the Partners, which includes presentations of fond memories and gifts to commemorate the occasion. Each year, the firm hosts a QCC dinner for all past members, active and retired.

## 2019 FOCUS & HIGHLIGHTS

### **Continuing to Learn from Employee Feedback**

We received industry leading participation in our 2019 Employee Opinion Survey—83% of employees. Employees expressed pride in our uncompromising integrity and inclusive environment and asked us to enhance work processes and create additional transparency on career paths. Plans are underway to address this feedback in 2020.

### **Onboarding Overhaul**

2019 marked the first full year of BBH's redesigned onboarding process—offering new hires a comprehensive, customized email series to learn about the firm, the opportunity to join firm leaders for a small, in-person introduction to BBH's history and culture, and an invitation to share feedback on their experience.

### **Manager Assessment—Pilot Program**

BBH piloted a new manager assessment as part of the annual performance enablement process. 73% of managers received structured input from their direct reports, which they then shared with their own managers. The process fostered especially constructive conversations, including topics that might otherwise be difficult to raise or conduct.

### **2019's LEAD Program Cohort**

Employees from eight countries convened in New York City for this year's bootcamp. Participants brought their best to a combination of real-world projects, classroom development, and networking events while exploring the City's backdrop.

### **2019 Codefest Competition**

Forty-two global teams comprising 150 individuals participated over 12 days, generating ideas for ways to do things differently through creativity, collaboration, and problem-solving skills. A number of these innovations are currently being evaluated for feasibility and development.

## KEY INDICATORS

	2019 Result
<b>Performance Enablement</b>	
# of employees participated – manager assessment	4,600
% of employees – performance review (with narrative)	91%
<b>Learning &amp; Development</b>	
% of BBH Scholars applications fully funded	100%
% of employees – voluntary online and classroom learning	46%
<b>Growth Opportunities</b>	
% of employees – achieving career advancement i.e., a new role, career progression, or officer title	20%
Average BBH tenure of senior leaders (senior vice president and up)	19.6 years
% of roles filled internally	21%
<b>Career Transitions</b>	
# of attendees – first-time manager program	107
<b>Employee Input &amp; Engagement</b>	
% of employees – YourBBH Employee Opinion Survey responses	83%



# EMPLOYEE WELL-BEING

**GOAL** Deliver a robust educational program and resources that help our employees improve their financial, physical, and personal well-being.

## What our stakeholders want to know:

Does BBH offer every team member a safe, healthy, and beneficial place to work? How does the firm ensure that what employees receive from working for BBH is commensurate with the time, effort, and value they contribute to it?

BBH employs nearly 6,000 employees, creating jobs and growth opportunities for professionals in multiple cities around the world. The industry in which we work is fast-paced, demanding, and complex, and it requires dedication and a passion for delivering exceptional service—at every level of the firm. In return, we provide fair, competitive compensation, and a safe and healthy workplace, but in addition, aim to provide the support, education, resources, and day-to-day work environment that can help our employees build and lead their best life.

## Investing in Holistic Support for Our People

We believe the best companies know that the well-being of their businesses cannot be separated from the well-being of their employees. BBH offers its employees a competitive compensation and benefits package as well as a comprehensive health and wellness support system, BBH Thrive.

While well-being means something different to everyone, our Thrive program is designed to support and inspire our employees to make positive lifestyle choices and better long-term decisions—physically, financially, and personally. Our program encourages our employees and their families to foster good health, financial security, and peace of mind through education and rewards focused on optimal outcomes. Thrive offers a steady cadence of wellness events hosted in each of our offices annually, supported by communication and education on various wellness topics.



**GOAL:** Ensure healthy lives and promote well-being for all at all ages

This section addresses the firm's direct efforts on employee wellness. For more information about how BBH addresses similar concerns in our supply chain, please read [Supplier Code of Conduct \(page 80\)](#).

## CORE PROGRAMS, POLICIES, & PRACTICES

### Thrive Financially

#### Compensation Philosophy and Practice

BBH structures our compensation programs to be market competitive through a total compensation philosophy—salary (base pay or fixed pay) and discretionary bonus (variable incentives). The firm distributes rewards to employees based on their line of business, and/or product, and individual performance—linking an employee’s pay to the combination of these factors. In addition to fair pay and performance bonuses, our competitive compensation framework includes profit-sharing awards and retirement plans, as well as subsidized life and disability insurance coverage.

We believe in the principle of equal pay for comparable work, not only because it’s the law, but also because it is a core value of our firm and a key principle of our compensation philosophy. Through rigorous governance, we strive to execute our compensation programs fairly and consistently across the firm. Each year, we assess pay competitiveness relative to the market through various external sources. BBH regularly trains managers on the firm’s compensation philosophy to ensure they are well informed about how to set pay, reward for performance, and pay fairly for comparable work.

#### Financial Coaching

Throughout the year, we offer financial coaching services to assist employees in managing their financial resources prudently. Financial coaching focuses on debt management, credit monitoring, educational expense planning, and general budgeting skills, among other topics.

#### The Undergraduate Fund

BBH’s Undergraduate Fund was launched more than 50 years ago through a gift made by our Partners to help offset the cost of attending a four-year college for employees’ children. Based on academic performance and financial need, scholarships are determined by an independent consultant and are awarded annually.

#### BBH Scholars Program

BBH supports employees in pursuing degree or certificate programs while working, which enables them to apply what they learn directly on-the-job in real-time. Tuition reimbursement requests for new and existing Graduate Degree Program Scholars are reviewed once a year, and all other undergraduate or certificate requests are evaluated on an ongoing basis during the year.

#### The BBH Employee Relief Fund

A 501(c)(3) non-profit organization funded by contributions from BBH Partners and employees, the BBH Employee Relief Fund helps eligible employees and their immediate family members to defray some of the costs and basic living expenses associated with a catastrophic event or unforeseen emergency.

### BBH Benefits Inventory

Thrive Financially	Thrive Personally	Thrive Physically
<ul style="list-style-type: none"> <li>Competitive Compensation</li> <li>Profit Sharing</li> <li>Tuition Reimbursement</li> <li>Emergency Fund Assistance</li> <li>Retirement Savings Programs</li> <li>Life Insurance</li> <li>Disability Insurance</li> <li>Fitness Center Discounts</li> <li>Financial Coaching</li> </ul>	<ul style="list-style-type: none"> <li>Employee Assistance Program (BBH Assist)</li> <li>Social Activities &amp; Clubs</li> <li>Relaxation &amp; Stress Management Workshops</li> <li>Flexible Work Arrangements</li> <li>Adoption/Surrogacy Support</li> <li>Lactation/Family Rooms</li> <li>Back-Up Child Care</li> <li>Yoga Classes</li> </ul>	<ul style="list-style-type: none"> <li>Medical, Dental, and Vision Coverage</li> <li>Flu Shots</li> <li>Health Screenings</li> <li>Nutrition Counseling</li> <li>Ergonomics Program</li> <li>Healthy Dining Options</li> <li>Firmwide Fitness Challenges</li> </ul>

## Thrive Personally

### Employee Assistance Program

Mental health is essential to well-being. BBH supports employees in developing and maintaining the healthy habits needed to manage stress, anxiety, depression, and other conditions. Based on local markets, BBH offers an Employee Assistance Program, up to 16 coaching and counseling sessions, as well as in-office events such as yoga and relaxation workshops.

### Flex2Work

BBH provides our employees with the flexibility to complete their job duties while promoting balance between work and personal commitments. (For more information about BBH's support for alternative approaches to getting work done, please read Diversity & Inclusion on page 52.)

### Adoption and Surrogacy Assistance

BBH sponsors adoption and surrogacy assistance which provides financial support to help make adopting a child or having a child through surrogacy a reality for all. (For more information about BBH's support for new parents and families, please read Diversity & Inclusion on page 52.)

## Thrive Physically

Our most important asset is our people and their physical health contributes to their ability to succeed. BBH offers discounted rates at local health clubs, robust healthcare coverage, as well as education about exercise, nutrition, preventative care, and healthy lifestyle habits.

### Online Well-Being Platform

The Virgin Pulse online platform provides strategies and tools to create a data-driven, personalized experience suggesting activities to improve nutrition, sleep, stress levels, focus, cognition, financial health, and personal relationships.

### 1818 Social Club

Throughout our offices, the firm offers activities that are both social and competitive in nature, bringing together colleagues from all over the firm in an informal, fun atmosphere that promotes being active. From walking and running groups, to basketball and tennis leagues, these employee-led clubs, funded both by BBH and individual participants, allow employees to explore a range of physical fitness activities.

# STEPPING FORWARD TO BETTER HEALTH

In May 2019, more than 1,100 BBHers accepted the challenge to “Step It Up” in a collective journey around the world — virtually visiting BBH offices and learning fun facts about each location along the way. The 246 teams who participated logged a total of 165,542 miles. The ultimate goal of the challenge, aside from some healthy competition, was to inspire BBHers to stay active and prove first-hand the impact physical activity can have on our overall well-being. “I feel better and am more productive at work,” shared Tressa Catalina, Private Banking, Wilmington. “When you feel good about yourself, those positive feelings carry through in everything that you do. The friendly competition really made our team feel like we were all working together. Even though we weren’t high in the ranks on the leader board, we’re happy with our progress toward a healthier lifestyle.”

Gabriela Kelly, AML, Dublin, had a similar experience. “Although at first I was really hard on myself about not immediately reaching the maximum daily limit, after speaking with a colleague it dawned on me that the main idea of the challenge is to learn to incorporate healthy routines into my day and have some fun,” she said. “My headache is gone after a thirty-minute walk at lunch, my evening jog helps me to clear my head after a long day, and I sleep like a baby!”

## 2019 FOCUS & HIGHLIGHTS

### Expanding Support for Families

#### Caregiver Leave

BBH expanded our non-primary caregiver leave in the US to include six weeks of paid leave, with the flexibility to take it all at once or in blocks.

#### Adoption & Surrogacy Support

BBH increased the reimbursement amount for adoption and surrogacy expenses to a maximum of \$20,000 for one event per lifetime, per family.

### Engaging Employees through Theme Weeks

#### Thrive Week

At numerous locations around the world, BBH hosted wellness-themed weeks. For one such week in July, our Krakow location featured a week of wellness activities to reinforce prioritizing personal, physical, and financial wellness and encourage employee engagement. More than 250 employees participated in activities from yoga classes and art therapy to body mass testing and educational sessions.

### Assessing the Program by Employee Opinion & External Benchmark

#### Employee Survey Redesign

2019 marked the redesign of our Employee Opinion Survey, including key changes and additional questions about compensation and benefits. This new feedback will help BBH leaders better understand and tailor our programs.

#### The HERO Scorecard

To continually strengthen and monitor our program, BBH uses the HERO Scorecard—a national non-profit index dedicated to identifying and sharing best practices in workplace health and well-being. Developed in consultation with Mercer and other leading authorities, the scorecard helps organizations benchmark their program and measure progress over time.

In 2019, our U.S. score outpaced averages in all five categories.

		BBH	National Average (US)
<b>Total Score</b>		<b>140</b>	<b>90</b>
<b>Strategic Planning</b>	Thoughtfulness of plan based on knowledge of inherent health risks of population and specific goals/outcomes to achieve those desired objectives	13	10
<b>Organizational &amp; Cultural Support</b>	Degree of commitment to health and well-being of employees (including formal and informal programs, policies, and procedures)	37	23
<b>Programs</b>	Successful programs offered that provide resources and education to employees and spouses who are at all different levels of risk and readiness to change	31	21
<b>Program Integration</b>	The process of identifying individual's health needs and connecting them with all the appropriate programs and services to provide a seamless end-user experience	10	5
<b>Participation Strategies</b>	Successful engagement of employees in the program, communicating continually through a variety of formats, receiving and responding to employee input and providing incentives to attract participation	33	22
<b>Measurement &amp; Evaluation</b>	Validate if the program is meeting the stated objectives: both hard and soft metrics should be captured to provide a true picture of the effectiveness of the program.	16	9

## KEY INDICATORS

	2019 Result
<b>Wellness Engagement</b>	
# wellness events – global total	90
% employee participation in online well-being platform	56%
<b>Flexible Work</b>	
Documented flexible working arrangements	600
Remote access	>1,000 employees per day
<b>Employee Support</b>	
The Undergraduate Fund – year of report	20 undergraduate scholarships (\$70,800)
Employee Relief Fund – year of report	11 grants (\$150,925)
Employee Relief Fund – since inception (2012)	79 grants (\$523,600)



# OUR COMMUNITY



## BBH PARTNERS WITH ROCK THE STREET, WALL STREET

While there are plenty of alarming statistics about how few girls choose to pursue careers in finance, Rock the Street, Wall Street (RTSWS) — a new BBH charitable partner in New York — has a more encouraging statistic to share: RTSWS graduates are four times more likely to pursue degrees in finance, economics, accounting, or related fields than the U.S. national average for undergraduate females.

RTSWS is a financial literacy program that provides financial and investment education to high-school girls to spark their interest in finance. As many girls opt out of math due to a lack of real-world role models, RTSWS elects to have female professionals teach financial and investment education—helping girls to see themselves in financial roles. Participants learn about positive money management habits and the capital markets, while simultaneously experiencing the real-world application of the math content they learn in the classroom.

“We are extremely excited about our sponsorship of Millennium High School, located just down the block from our New York office, and the collabora-

tion between BANC and BBHcares in support of this program,” shared Marla Barr, Head of Diversity, Inclusion, and Employee Engagement. “The school enrolls a diverse population of some of the brightest high school students in the city.”

BBH volunteers partner with RTSWS on three programs: financial literacy instruction, the Wall Street experience BBH site visit, and mentorship pairings. After launching the partnership, the students experienced an 81% increase in financial literacy, with 91% stating that they were likely to pursue a major or minor in finance or economics in college, and 100% of the students stating their BBH mentors were “awesome” instructors.



**Rock The Street, Wall Street®**

Moving Girls Forward in The Field of Finance

# NITILES

# ENVIRONMENTALLY RESPONSIBLE FACILITIES

**GOAL** Build and manage our facilities in an environmentally responsible manner.

## What our stakeholders want to know:

How does BBH minimize its footprint on the environment?

BBH’s greatest direct impact on the environment comes from the way the firm operates its 1.4 million square feet of office space: how we build and outfit the offices, how those offices collectively consume resources—particularly electricity—and how our employees’ day-to-day behaviors add up to significant change.

Starting as early as our New York office’s fit-out in 2002, BBH’s definition of the “modern BBH office” considered not just space and aesthetics—but also the systems and controls to create a safe, comfortable environment that is cost effective in the long run. Our definition of that “long run” is a planning horizon and tenancy of five to seven years in our smaller offices and fifteen to twenty years in our large offices.

Fortunately, as new building technologies continue to come online and improve, minimizing the long-term cost of operation often goes hand in hand with environmentally sound choices. With increasingly efficient facilities and systems as the backdrop, we’ve focused in recent years on individual behaviors—educating our employees on the good practices and habits, small and large, that will have a lasting effect on the planet.



**GOAL:** Ensure sustainable consumption and production patterns

This section addresses the firm’s direct environmental impact. For more information about how BBH addresses our secondary impact through our suppliers’ work and our clients’ ESG investing activities, please read Supplier Code of Conduct (page 80), ESG Integration ([page 30](#)), and Sustainable Investing (page 34).



## CORE PROGRAMS, POLICIES, & PRACTICES

### Central Facilities Management

By operating as a global department, Enterprise Services maintains a clear line of sight to—and ability to optimize—our operation’s collective impact. By sharing ideas and improvements across our facilities footprint, all BBH sites adopt newer, efficient practices more quickly.

### Long-Term Tenancy

BBH builds our offices for long term tenancy, using practical architectural standards that can flex to ever-changing business needs without having to tear down and rebuild. We make upfront investments in high quality or refurbished materials, technology, and equipment that last longer with less impact than typical fit outs.

### LEED and BREEAM Certification

We follow the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) and the Building Research Establishment Environmental Assessment Method (BREEAM)® standards—and associated consultants, engineers, and designers—as guides to make thoughtful decisions during design and construction. Our facilities managers also maintain an open dialogue and collaboration with our landlords on environmental topics to advocate for greener energy, more efficient base systems, environmentally friendly cleaning products, and energy saving campaigns.

### Control Systems

We fit our largest sites with building management and lighting control systems that allow for seasonal and sensor-based fine adjustments throughout the days, weeks, and years, e.g., keeping the lights on or temperatures up only when space is in use.

### Consumption Reduction Programs

We track and set reduction goals centrally for energy, waste, paper, water, and carbon emissions, hitting those marks by continually upgrading equipment and engaging employees to support the effort.

### Recycling & Shredding Program

Working with our landlords and local communities, we maintain guidelines for our business units and employees to follow. Protecting our client’s data is paramount

to our business; we shred all paper containing such information prior to sending it to recycling facilities.

### Sustainable Gift & Giveaways Program

Guidelines help BBHers choose eco-friendly corporate gifts and giveaway, promoting experiences or charitable donations in lieu of physical gifts, products with a charitable component or sustainability off-set, items sourced from local businesses, and gifts made from sustainable or a minimum of 30%-recycled materials.

### Environmental Sustainability Champions

An employee network provides grassroots support to identify and promote environmental improvements—helping their fellow employees make key changes more easily and effectively than a top-down mandate could alone. In recent years, their efforts helped set new cultural norms for communal trashcans, reusable coffee mugs and water bottles, paperless meetings, and more.

### Travel Impact Reductions

Travel comes second only to facilities management when considering BBH’s direct impact on the environment. Routine budget scrutiny and key investments in meeting technology, including video conferencing, keeps unnecessary travel to a minimum, but in-person meetings will remain a cornerstone to serving our clients, as well as leading our cross-region teams. The firm encourages each employee to plan travel efficiently and seek alternative modes of transportation by reporting—at the time of booking—the specific carbon output related to their travel.

### Employee Education & Awareness

In cooperation with Thrive, BBH’s employee wellness program, Enterprise Services regularly conducts engagement programs, such as the quarterly Go Green! theme and monthly challenges, to remind employees of their contribution to our environmental responsibilities. (As with other Sustainable BBH campaigns, the recently upgraded employee portal puts information about the firm’s environmental sustainability within easy reach.)

## 2019 FOCUS & HIGHLIGHTS

### Continuing to Optimize Systems and Schedules

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#### LED retrofit

Building on our New York office's successful LED retrofit in 2018, which reduced the office's energy consumption by 50,000 kilowatt hours (kWh), we are replacing a large portion of Boston's lighting system with LEDs, anticipating an approximate 10% reduction in annual electricity consumption.

#### Variable Frequency Drives

At our newer sites we installed Variable Frequency Drives (VFD) as part of our heating, ventilation, and air conditioning (HVAC) system. With VFDs, HVAC can run according to actual demand, rather than constantly running in anticipation of peak or surge demands.

#### Workshift review and consolidation

By reviewing work shifts in multiple offices, we consolidated groups with similar overnight or alternate schedules, reducing the areas needing building infrastructure to support operations.

### Expanding Sustainable Energy Use

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#### Renewable energy offices

Boston and Krakow join New York, Luxembourg, and Dublin as BBH sites using renewable energy sources and/or renewable energy credits to offset the usage.

### Refocusing on the Realities of Recycling

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#### Recycling do's and don'ts

Enterprise Services rolled out a recycling re-education campaign across all sites. Recycling rules, regulations, myths, and mis-truths can undermine an employee's best intentions. The education campaign reminded everyone of what can and cannot be recycled, and what behaviors prevent our recycling efforts from being as effective as possible.

#### Commercial composting

Although composting for commercial buildings remains rare, our Boston and New Jersey offices participate in local programs. In New York City, where commercial composting proved more difficult, we worked with our buildings and haulers to divert our organic waste to anaerobic digestion.

#### Reducing single-use corporate consumption

Most environmental experts agree that the greatest positive impact comes from reducing frivolous consumption altogether. A paper straw might be better than plastic; not using a straw unless you need to—even better. In 2019, BBH launched several initiatives to reduce single-use item consumption where we can and opt for the best possible material (based on current wisdom) where we can't. For instance, process improvements reduced BBH's reliance on paper. Our BBH-operated cafes stopped selling beverages packaged in plastic and opted for plant-based utensils. And the purchasing department now advocates for sustainability-friendly corporate gifts, aspiring to eliminate 30,000 items from annual procurement—and, ultimately, landfills.

## KEY INDICATORS

	2019 Result
<b>Firmwide Facilities Management</b>	
<b>Industry Certifications</b>	
<b>LEED</b>	Boston (Silver - 2013) Dublin (Gold - 2014)
<b>BREEAM</b>	Krakow (2014)
<b>Resource Consumption</b>	
<b>kWh use – total</b> across sites with > 100 employees	14,998,397 kWh (↓ 6%)
<b>kWh use – per ft<sup>2</sup></b>	10.5 kWh (↓ 6%)
<b>% of total kWh consumption generated by renewable sources or offsets</b>	63%
<b>Paper consumption</b>	16,500,000 sheets (↓ 18.5%)
<b>Water consumption</b>	As of 12/31/19, data available by site only (see below). BBH is working to develop accurate, reliable firmwide measures for a future report.
<b>Waste produced/diverted</b>	
<b>Recycling weight</b>	
<b>Travel</b>	
<b>CO2 attributed to BBH travel – air (total)</b>	5,049 Tonnes (↑ 22%)
<b>CO2 attributed to BBH travel – air (per FTE)</b>	.9 Tonnes (↑ 26%)
<b>CO2 attributed to BBH travel – all sources (total)</b>	BBH is working to develop firmwide estimates that also include the CO2 impact of hotel stays, rideshare and taxi, and personal mileage.

## CONSUMPTION INDICATORS - BY SITE

Location	Energy Usage/ BBHer (kWh)	Trash Produced/ BBHer (lbs.)	Paper Used/BBHer (sheets)	Recycled Material/ BBHer (lbs.)
Boston	1,695	244	3,527	31
New York	5,986	125	5,490	142
Jersey City	3,185	n/a*	3,091	n/a*
Dublin	1,628	n/a*	3,705	n/a*
London	5,235	n/a*	4,583	53
Luxembourg	2,975	345	3,141	35
Krakow	1,753	332	4,610	295
Zurich	2,300	n/a*	3,181	n/a*
Hong Kong	1,757	n/a*	2,978	14
Tokyo	3,434	n/a*	4,790	n/a*
<b>BBH Average</b>	<b>3,000</b>	<b>2,745</b>	<b>3,900</b>	<b>95</b>

\* Not Available (n/a): As of 12/31/19, accurate, reliable data is not available for these sites. BBH is working to develop these measures for a future report.

# WHY WE SUPPORT VOLUNTEERISM

Every person counts in making a difference! Volunteering provides physical and mental rewards, including:

## **Reducing stress**

Experts report that when you focus on someone other than yourself, it interrupts usual tension producing patterns.

## **Making people healthier**

Moods and emotions—like optimism, joy, and control over one's fate—strengthen the immune system.

## **Saving resources**

Volunteering provides valuable community services so more money can be spent on local improvements.

## **Gaining professional experience**

It is a great opportunity to enhance professional goals by improving leadership, project management, time management, and communication skills.

## **Bringing people together**

As a volunteer, our employees work side by side with people from various departments, building camaraderie and teamwork.

## **Promoting personal growth and self-esteem**

Understanding community needs helps foster empathy and self-efficacy.

## **Strengthening community**

We are helping to support families, improve schools, support youth, and beautify the community.

## **Ongoing learning**

Our volunteers learn a lot about themselves, boards and government, and the communities and people we serve.

# COMMUNITY ENGAGEMENT

**GOAL** Increase the reach of our community engagement program, BBHcares.

## What our stakeholders want to know:

How does BBH support and serve the communities in which it is based? How does it marshal its strengths and resources to make a difference to local causes and challenges?

Our communities depend on us, and we depend on them. Throughout BBH's 200-year history, BBH's Partners have regularly called upon the firm to operate with a spirit of citizenship to improve the quality of life in the cities and neighborhoods where we live and work. Beyond providing jobs and paying taxes, we support those in need with time, talent, and financial resources.

In 1994, the firm formalized our longstanding tradition of community engagement into a philanthropic program—BBHcares—with a defined mission: support partner non-profits that provide basic needs and education to low-income individuals and families. Our philanthropic focus areas promote financial stability and aim to foster long-term success.

## Partnering with Organizations Who Share Our Values

The firm rigorously evaluates all partnerships with charitable organizations by the following criteria:

- The organization's mission supports providing basic needs and education.
- The organization must be a qualified non-profit and in good standing.
- The organization cannot practice discrimination against individuals or groups on the basis of any protected characteristic, including (but not limited to) race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status; or organizations that serve only their own membership – such as fraternal organizations, labor organizations, religious groups, specific health concerns, or political parties.
- Financial support must include engagement opportunities for employees.



**GOAL:** Ensure healthy lives and promote well-being for all at all ages

# PHILANTHROPIC FOCUS AREAS

Our philanthropic focus areas promote stability and aim to foster long-term success. Providing basic needs—food, clothing, and shelter—and supporting educational programs enables individuals and families to take control of their finances, gain independence, and achieve economic sustainability.



## Basic Needs

BBH believes everyone should have the same chance for independence and stability. By helping individuals and families obtain basic needs and assisting them in taking control of their finances, our partner organizations support low-income individuals and families by:

- Preventing hunger
- Building homes and supporting long-term housing
- Providing temporary housing and shelter
- Making productive use of gently used clothes and household goods
- Promoting financial independence through workforce training and improved understanding of local community programs



## Education

Education is the cornerstone of overall success and a community's long-term economic prosperity. Our partner organizations support low-income individuals and families by:

- Ensuring young children receive essential school readiness, basic educational competency, educational enrichment opportunities, and support that can lead to improved literacy rates
- Helping older youth on their path to economic independence through programs that support successful completion of secondary school levels, job readiness, college preparedness, and financial literacy training
- Providing programs that assist adults in attaining degrees, financial literacy, technical skills, occupational certification, and meaningful employment

## CORE PROGRAMS, POLICIES, & PRACTICES

BBHcares marshals our employees' time and talents to provide practical, visible support to a growing number of charities around the globe and the people they serve.

### **BBHcares Champions**

Employee leaders spearhead many of our volunteer projects and giving campaigns, infusing their passion for the cause into each initiative. In addition to the satisfaction that comes from helping others, BBHcares activities build personal and professional skills like leadership, strategic planning, communication, project management, time management, and networking. Employees often identify new needs at partner agencies, for example website development or new educational curriculum development, and galvanize BBH teams to design and execute a solution.

### **Unlimited Employee Volunteer Hours**

All employees are eligible to receive paid time-off to volunteer during work hours, subject to their manager's discretion.

### **Loaned Executive Program**

For more than 20 years, BBH has participated in the United Way's U.S.-based loaned executive program, through which top companies lend some of their best and brightest talent for 15-week engagements.

### **Central Events Calendar & Communications**

All activities are advertised on a central corporate calendar, receiving equal billing at town halls and high-profile meetings, as well as emailed office-wide. Volunteer events are scheduled at a variety of times to create the most opportunities for employees to participate and accommodate a variety of schedules. The firm celebrates volunteer impact monthly, through the internal newsletter and with top billing on the home page of the intranet.

### **BBH Community Giving Campaigns**

Employee fundraising happens across our European and Asia offices at various times throughout the year, with a variety of efforts aimed to provide financial support to our charitable partners. In the U.S., voluntary employee contribution campaigns, powered by the United Way,

occur each fall, complementing the many volunteer projects.

### **The 1818 Employee Giving Circle**

The 1818 Employee Giving Circle is a centralized place to share personal charitable interests, beyond the BBHcares program, with other BBHers. Whether employees are looking for donations, volunteers, or other support, the Giving Circle is the place to communicate their service interests so others can learn how they can support each other's community involvement outside of work.

### **Board Service and Grant Reviews**

BBHcares partners with United Way to provide U.S.-based employees with the opportunity to gain the skills needed to serve on nonprofit boards and be placed with charities in need of their management and financial expertise. In Boston, employees loan their talents by reviewing grant applications for the United Way of Mass Bay. In Luxembourg, volunteers help translate grant requests to multiple languages to facilitate review.

### **Collection Drives**

Across the globe, offices participate in a variety of material drives including collections for food, school supplies and backpacks, holiday gifts, eyeglasses, clothing, books, and household items. Together, BBHers work to donate, package, and deliver these critical supplies to our charitable partners.

### **BBH Charitable and Philanthropic Contributions Policies**

BBH is careful to ensure our charitable contributions benefit the community and do not influence the business judgement of others, approving and processing all contributions made on behalf of the firm through a single department. This department ensures all philanthropic activities comply with industry and local regulations and best practice.



## 2019 FOCUS & HIGHLIGHTS

### Pro-bono Website Build

A team of volunteers in Luxembourg shared their marketing, linguistic, and technology expertise to reimagine the website of a local shelter and transitional home. The newly executed site draws more attention to the great work of this small but impactful organization and better highlights—in several languages—reasons why individuals should support this investment in their community.

### Custom Financial Literacy Curriculum

Recognizing the need to increase financial literacy in underserved populations, a team of BBHers in our Leadership Education and Development (LEAD) Program developed a multi-module financial literacy course designed to teach younger students (ages 10 to 12) through young adults (age 18+). The program is now used with over a dozen charities in partnership with our Young Professionals and Black Affinity Networks and is also incorporated into training for junior staff within the organizations.

### Housing Renovation

In recognition of International Women's Day, BBH employees in Hong Kong joined together to renovate properties for low-income women and children.

## KEY INDICATORS

We meet regularly with our non-profit partners to better understand the impact of our assistance and continue to explore new ways we can be of service to our community. Many of our employees sit on boards and key committees within the charities we support, giving direct line of sight into ways we can enhance our impact.

	2019 Result
# of total volunteer hours	8,500hrs
<b>2019 community giving</b> (Firm donations, Employee Giving Campaign, and Employee Relief Fund Grants)	\$4.076m
Annual charitable partners	133
Annual volunteer partners	67
Employee-led volunteer teams	43
Employees who serve on charitable boards	225
Employee Relief Fund - year of report	11 grants (\$150,925)
Employee Relief Fund - since inception (2012)	79 grants (\$523,600)

# SUPPLIER SOURCING

GOAL

## Conduct comprehensive screening on ESG factors and Supplier Code of Conduct on material supplier contracts and renewals.

### What our stakeholders want to know:

How does BBH ensure its suppliers share a commitment to sustainable values?

BBH acknowledges that our sustainability impact includes not just the work we do directly but also the work that is done on our behalf. Therefore, BBH seeks to enter into relationships with suppliers who share our values, including ethical dealings, environmental stewardship, and human rights and labor practices that support dignity and inclusion. We believe that all companies which provide products and services to BBH should align their guidelines, policies, and practices with ours, which are in turn aligned with those of our clients and employees.

BBH maintains a global supplier management process and conducts comprehensive due diligence on each supplier with which we engage. The question of how BBH holds its suppliers accountable for ESG risk and sustainable business practices caused us to enhance our ESG screening and launch a Supplier Code of Conduct. As of January 2020, BBH requires all suppliers who meet a materiality threshold to commit to the code.

### What kind of suppliers does BBH work with?

Brown Brothers Harriman & Co., and its affiliates and subsidiaries use external suppliers to provide various products and services to BBH. These services include:

- Analytics & Data Providers
- Technology Service Providers
- Business Process Outsourcers
- Catering
- Event Venues & Services
- Travel & Hospitality
- Childcare & Employee Benefits
- Facilities, Construction, A/V, Utilities
- Hardware & Equipment
- HR: Training, Recruitment
- Creative Services
- Legal Services
- Professional Services



GOAL: Ensure sustainable consumption and production patterns

## CORE PROGRAMS, POLICIES, & PRACTICES

### Vendor Management Policy and Process

BBH maintains a comprehensive global vendor management process that governs the firm's vendor risk management controls and sets forth requirements for managing external supplier relationships, including on-boarding, due diligence, monitoring and off-boarding. This process is subject to the BBH Global Vendor Management Policy, which applies to all engagements with external suppliers and is designed to comply with industry best practices and applicable laws and regulations. The BBH Vendor Management Steering Committee oversees this policy and process.

### Vendor Management Committee

All BBH supplier engagements, whether with new or existing suppliers, require the review and pre-approval of the Vendor Management Steering Committee (VMC), which is responsible for assessing the potential risks of the engagement and ensuring that the appropriate level of due diligence is conducted before we agree to a supplier engagement. The VMC also assigns risk ratings to each engagement to determine the required due diligence and the nature and frequency of the ongoing monitoring required under this policy. BBH conducts appropriate due diligence on the supplier, including, where required, a business technology review, including cybersecurity practices, and/or a credit review prior to the engagement with the supplier. The risk review process also includes a screening for material ESG risk factors.

### Supplier Code of Conduct

All BBH suppliers which meet a minimum materiality threshold must agree to BBH's Supplier Code of Conduct, which describes BBH's expectations for how suppliers conduct their business. In some cases, BBH will accept an equivalent Code of Conduct that meets or exceeds the provisions of BBH's Code. While adherence to the Code is not a contractual commitment, BBH makes existing and potential suppliers aware that the firm takes their willingness to comply with the Code into account as part of our regular supplier review and selection process.

### Vendor Technology Assessment

BBH's vendor technology assessment (VTA) program exists to ensure the confidentiality, integrity, and availability of BBH and client data when using a supplier. The VTA performs a risk analysis to determine if the supplier has appropriate IT controls in place, ensures that contractual requirements are considered, and the supplier and BBH monitor those IT controls for the life of the relationship. Each supplier agreement also contains an obligation for them to maintain a BCP and a recovery time objective in case of any interruption to their services.

# KEY PROVISIONS OF BBH SUPPLIER CODE OF CONDUCT

## **Ethical Business Conduct**

BBH expects suppliers to conduct their business in accordance with the highest standards of ethical behavior.

## **Legal and Regulatory Compliance**

BBH's suppliers must conduct their business activities in compliance with applicable laws and regulations including those relating to gifts, business entertainment, and all other benefits involving business partners.

## **Health and Safety**

Suppliers must integrate health and safety management practices, provide a safe and healthy work environment, and fully comply with all applicable safety and health laws and regulations.

## **Inclusive Work Environment**

BBH suppliers must provide an inclusive and supportive working environment and take appropriate steps to encourage employee diversity across their organization.

## **Antidiscrimination & Harassment**

Suppliers must not discriminate against any job applicant or worker based on age, disability, ethnicity, gender, marital status, veteran status, national origin, political affiliation, race, color, genetic information, religion, sexual orientation, union membership, or other legally-protected characteristic. BBH suppliers must provide their employees with an environment free from harassment and discrimination.

## **Human Rights and Labor Practices**

BBH suppliers must share our commitment to human rights and equal opportunity in the workplace. BBH suppliers must treat their workers with dignity and respect, and BBH's suppliers must conduct their employment practices to the standards described in the UK Modern Slavery Act of 2015.

## **Wages and Benefits**

Suppliers must comply with all applicable laws concerning accurate and timely payment of wages, including mandated minimum wage, benefits, and overtime compensation.

## **Environmental Practices**

BBH suppliers must comply with all environmental laws and regulations applicable to their operations worldwide and should take steps to encourage a reduction in energy use, waste production, carbon emissions, and other negative impacts on the global environment across the lifecycle of their products and services.

## **Confidentiality, Privacy, and Data Protection**

BBH suppliers must protect BBH's confidential information. Suppliers must adopt and maintain processes to provide reasonable protections for personal, proprietary, and confidential information, including information that they access, receive, or process on behalf of BBH.

## **Business Continuity**

BBH suppliers must maintain a comprehensive BCP that addresses the potential loss of facilities, technology, and human capital necessary to support BBH.

## 2019 FOCUS & HIGHLIGHTS

### Establishing the BBH Supplier and Sub-Manager Codes of Conduct

#### Supplier Code of Conduct

In 2019, BBH drafted a Supplier Code of Conduct and designed a process to manage our suppliers' compliance with this code. This process launched in January 2020. BBH's Vendor Review Steering Committee now integrates oversight of this process with its existing policies, processes, and procedures.

#### Sub-Manager Code of Conduct

The firm also drafted a Code of Conduct for our sub-managers, a monitoring process which will launch in 2020.

#### ESG & Sustainability Screening

BBH began asking our largest suppliers for details and reporting on their ESG and sustainability programs, not only to assess the strength of their oversight and controls, but also as an assessment mechanism for our own Sustainable BBH program.

## KEY INDICATORS

	2019 Result
# of suppliers contracted in 2019	1,800
# of suppliers assessed by the VTA: 3-year rolling view	232 (2018) 150 (2019) 283 (2020 estimated)
% of total spend: suppliers who meet materiality threshold for ESG screening	94%
# supplier signatures to BBH Supplier Code of Conduct (or equivalent)	N/A * program launch January 2020
# signatures to BBH Sub-Manager Code of Conduct (or equivalent)	N/A * program launch January 2020



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