



**PRENTISS  
SMITH & CO**

Socially Responsible Investment Report for:

# Brady Corporation

Milwaukee, WI

Ticker: BRC US Equity

Last Updated: 07-30-2020

# I. Exclusionary Screening

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Does Brady Corporation appear on any of the following lists? In our exclusionary screening, a single appearance disqualifies an investment.

## Fossil Fuels & Precious Metals Mining

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- Carbon Underground 200
- CDP/CAI Carbon Major
- BICS - Oil, Gas & Coal
- BICS - Precious Metals Mining

## Agrochemicals & Animal Cruelty

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- BICS - Crop Chemicals & Fertilizers
- Cruelty Free Investing 10 Worst

## Pornography, Gambling & Tobacco

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- BICS - Casinos
- BICS - Gaming Equipment
- BICS - Adult/nightclubs
- BICS - Tobacco

## Defense & Retail Gun Sales

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- SIPRI Top 100
- BICS - Defense Primes
- NRA Top Industry Allies

## Private Prisons

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- BICS - Security Services

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CDP = Carbon Disclosure Project  
CAI = Climate Accountability Institute  
BICS = Bloomberg Industry Classification Systems

SIPRI = Stockholm International Peace Research Institute  
NRA = National Rifle Association

## I. Environmental, Social & Governance Data

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What quantifiable environmental, social and governance data, policies or recognition does Brady Corporation exhibit? Positive factors may help support a decision to invest.

### Environmental Stewardship

Green Buildings

**Yes**

Initiatives and Policies in Place:

- **Social Supply Chain Management**
- **Environmental Quality Management**
- **Environmental Supply Management**

Publicly Disclosed Sustainable Supply Guidelines  
Encompassing ESG Area

**Yes**

### Human Rights & Well-Being

Initiatives and Policies in Place:

- **Anti-child Labor Policy**
- **Human Rights Policy**
- **Equal Opportunity Policy**

### Diversity, Equity, Inclusion and Justice

Percentage of Women on the Board

**30%**

Percentage of Women Executives

**25%**

Number of Women on the Board

**3**

Women in Global Workforce

**46%**

Number of Women Executives

**2**

Women in Global Management Roles

**37%**

## Corporate Responsibility

Size of the Board

**10**

Number of Employee Representatives on the Board

**0**

Percentage of Independent Directors

**90**

Initiatives and Policies in Place:

- **Whistle Blower Employee Protection Policy**
- **Ethics Policy**

Data sources may include:

- Sustainability and other report(s) published by the company.
- Banktrack Human Rights Benchmark
- Barron's 100 Most Sustainable US Companies
- Bloomberg LP ESG Data (via Data License).
- CDP
- CEO Action for Diversity & Inclusion Pledge
- Climate Accountability Institute (CAI)
- Corporate Human Rights Benchmark
- Digital Rights Corporate Accountability Index
- Dow Jones Sustainability Indices (DJSI)
- EPA's Green Power Partnership
- Equileap's Top 100 Companies for Gender Equality
- Forbes World's Best Employers
- Fortune's 50 Best Workplaces for Charity and Volunteering
- Fossil Free Funds
- Global Reporting Initiative (GRI)
- Great Places to Work
- HRC's 2020 Corporate Equality Index
- Institute for Clinical and Economic Review (ICER)
- Just Capital Rankings
- KnowTheChain Benchmark
- MSCI ESG Ratings
- National Rifle Association (NRA)
- Newsweek Green Rankings
- PEOPLE's 50 Companies That Care
- Points of Light Civic 50 Honorees
- RobecoSAM Corporate Sustainability Assessment
- Roundtable on Sustainable Palm Oil (RSPO)
- Science-Based Targets initiative (SBTi)
- State Street Global Advisors' Gender Diversity Index

- Stockholm International Peace Research Institute (SIPRI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- The 2019 Top 50 DiversityInc
- The Climate Group's RE100, EV100 and EP100

## II. Research Narrative

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What else has our research process told us about how Brady Corporation conducts business, in terms of its products and services, its environmental impact, and its approach to governance?

### Summary

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Brady Corporation has evolved from its early roots as a maker of advertising and store displays to become a provider of essential identification solutions and workplace safety products. Its products are used to improve safety in a wide range of applications, including healthcare and general industry. Focused on organic sales growth, the company has been ramping up R&D efforts and introducing new products, including those to help combat the Covid-19 pandemic. Brady Corporation offers employees full gift matching, and runs two foundations focused on supporting local communities and equitable education initiatives.

While the company mentions a few areas where it is working on environmental sustainability efforts, Brady Corporation should strive for a higher level of transparency on the environment and CSR matters. Good first steps would include reporting corporate-level data to the CDP and publishing an annual CSR report. Board diversity is another area where the company should strive for improvement.

### Products & Services

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Brady Corporation was founded in Eau Claire, Wisconsin in 1914 by William H. Brady, as a maker of painted signs and promotional calendars and displays sold to offices and stores. The company quickly branched into color displays for ice cream parlors, glass signs, point-of-purchase displays, and roadside advertising. During World War II, Brady developed adhesive wire markers that were extremely heat-resistant and used to identify dense wiring on ships, planes, and equipment.<sup>1</sup> Prior to Brady's invention of wire markers, electricians identified wires using color codes, tags, and notches. Today, Brady produces high performance identification labels, safety & facility

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<sup>1</sup> <https://www.brady.co.uk/general/about-brady>

identification products, printers, software, and lockout and spill control products. Brady has two operating segments: ID Solutions (IDS) and Workplace Safety (WPS). The majority of its ID Solutions products are sold under the Brady and PDC brands, while Workplace Safety products are primarily sold under the Seton, Emed, Signals, and Securimed brands. The ID Solutions segment produces products such as safety signs, floor-marking tape, labeling systems, spill control products, software, product identification, name tags, badges, lanyards, access control software, patient wristbands, patient labels, and customer wristbands used in the entertainment industry. The company's healthcare products help hospitals and laboratories identify and track samples and medical equipment and identity and keep patients safe. A number of the company's products are used directly as part of the response to Covid-19, including labels for test tubes for saliva samples, floor markings for social distancing, temporary barriers, and signage to encourage personal hygiene. The Workplace Safety segment produces safety and compliance signs and labels, asset tracking labels, first aid products, and labor law and compliance posters.

## Environment

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Brady Corp claims that its environmental sustainability efforts are focused on upgrading facilities, reducing its footprint, energy efficiency, waste reduction, and making biodegradable products. Recently the company introduced water dissolvable and biodegradable labels for medical laboratories, which the company claims can be removed in seconds with less water and leave no adhesive residue.<sup>2</sup>

Brady Corp does not report corporate-level environmental data to the CDP and the company does not publish CSR reports. The company does, however, provide environmental data to the CDP for its China operations. In general, environmental transparency is an area that is clearly in need of improvement for the company.

More recently, the company has disclosed meaningful, additional information to us and on its website about the consolidation of older facilities into newer ones, the use of on-site solar energy at multiple facilities in the US and France, and other efficiency initiatives at multiple locations.<sup>3</sup>

## Management Integrity and Ethics

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Brady Corp has been led by CEO and Director J. Michael Nauman since 2014. Prior to joining Brady Corp, Mr. Nauman worked at Molex, where he led businesses focused on the automotive, data

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<sup>2</sup> Brady Corp 2019 Shareholders Meeting Presentation

<sup>3</sup> <https://www.bradyid.com/corporate/social-responsibility/sustainability>

communications, industrial, medical, aerospace, and mobile industries. Mr. Nauman is a certified public accountant and chartered global management accountant. Since taking over as CEO of Brady Corp, Mr. Nauman has been focusing on strengthening the company's manufacturing capabilities and innovating new products. For example, the company has launched a new automated wire wrap printer applicator that the company claims helps companies reduce work-related injury rates. The healthcare business launched a line of printers for the hospital setting, designed to print directly to Brady wristbands. The company also launched a product called the Brady Inspection timer, which provides a visual indicator with LED lights so that workers can identify when safety equipment such as first-aid kits, fire extinguishers, and eyewash stations need to be checked. This solution helps businesses make sure that safety equipment is tested and maintained on a regular basis.<sup>4</sup> Overall, the company has been increasing R&D spending as it aims to drive organic sales growth. As a percentage of revenue, R&D spending has increased from 2.9% in 2014 to 3.9% in 2019.<sup>5</sup>

Brady Corp has 10 members on its board of directors and it has 9 independent directors. The board has three women and one person of color. Brady Corp reports that its global workforce is 46% women, with 37% of global management roles filled by women.<sup>6</sup>

The Brady Corporation Foundation supports non-profit organizations in the communities where Brady employees live and work by granting approximately \$500,000 each year. The Brady Education Foundation is a separate organization that "focuses on ways to close the achievement/opportunity gap for children at risk for poor school outcomes due to environmental factors associated with living in poverty."<sup>7</sup> Brady Corp has an employee gift matching program that matches employee's contributions dollar-for-dollar.

Brady Corp is not currently a party to any material pending legal proceedings.

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<sup>4</sup> Brady Corp 2019 Shareholders Meeting Presentation

<sup>5</sup> Brady Corp Q2 2020 Investor Presentation

<sup>6</sup> <https://www.bradyid.com/corporate/social-responsibility/inclusion-and-diversity>

<sup>7</sup> <https://www.bradyid.com/corporate/community/brady-foundation>



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