



Shareholder Rights: Engagement Policy

Brown Advisory Limited (the **Firm**), authorised and regulated by the Financial Conduct Authority, is part of the Brown Advisory group of companies (collectively, **Brown Advisory**) and, along with its affiliates, provides discretionary portfolio management services to both institutional and private clients. The provision of these services utilizes not just the expertise of the portfolio managers based in the UK and employed by Brown Advisory Limited, but also of the broader investment and research team of the Brown Advisory group. Indeed, on many key matters relating to stewardship, and particularly as they relate to Environmental, Governance and Sustainability (**ESG**) concerns, Brown Advisory seeks to apply an integrated approach across its business. Consequently, this policy seeks to describe the approach to shareholder rights of Brown Advisory as a group, rather than specifically in respect of Brown Advisory Limited.

Brown Advisory complies with the requirements of the Shareholder Rights Directive (“**SRD II**”). It has developed this Engagement Policy, which is publicly disclosed on the Firm’s website. Brown Advisory will make annual disclosures related to how this Policy has been implemented and on engagement activity in general.

Where Brown Advisory manages assets for occupational pension scheme or life assurance clients, investors referred to collectively as ‘SRD institutional investors’, it will provide additional client-by-client disclosures as required by the Directive. Such additional disclosures include information on the Firm’s engagement policy and key portfolio level information including risks, composition, turnover costs and conflicts. Brown Advisory will also provide such other reporting as clients and investors may request.

This policy describes how Brown Advisory:

- monitors investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance;
- conducts dialogues with investee companies;
- exercises voting rights and other rights attached to shares;
- co-operates with other shareholders;
- communicates with other relevant stakeholders of the investee companies; and
- manages actual and potential conflicts of interests in relation to their engagement.

This policy statement should be read in conjunction with the **ESG Engagement Policy Statement**, published on the Brown Advisory website.

Monitoring of and Dialogue with Investee Companies

Brown Advisory monitors investment exposure in investee companies through meetings with investor relations teams and/or management bodies of the respective investee company. Individual investment teams within Brown Advisory may employ different styles and strategies when



monitoring and engaging with investee companies. While not an exhaustive list, factors that may be taken into consideration, include: business strategy; risk management; environmental and social concerns; corporate governance issues; compliance, culture and ethics; and performance and capital structure. Other monitoring activities may include reviewing the positions held (within funds and strategies) in investee companies during regular investment meetings.

Exercising Voting Rights

Brown Advisory has established a policy on the exercise of voting rights. The **Proxy Voting Policy** is published on the Brown Advisory website and articulates the underlying principles, process and general proxy voting approaches.

The proxy voting policies and procedures, in conjunction with other policies (such as those relating to conflicts of interest) provide for:

- monitoring of corporate events;
- ensuring the exercise of the voting rights is in accordance with the investment objectives and policies of clients and managed funds and strategies; and
- preventing or managing any conflicts of interest arising from the exercise of voting rights.

Brown Advisory has developed a structure to ensure that proxy voting is conducted in an appropriate manner, consistent with Clients' best interests, and within the framework of its policy. Brown Advisory takes the view that voting in a manner consistent with maximizing the value of the relevant investment will usually be aligned with acting in Clients' best interests. Indeed, with respect to the wide variety of social and corporate responsibility issues that are presented, Brown Advisory's general policy is to take a position in favour of policies that are designed to advance the economic value of the investee company.

Except in circumstances described in the Proxy Voting Policy, abstention is not usually an acceptable position and votes will be cast either for or against all issues presented. If unusual or controversial issues are presented that are not covered by the general proxy voting policies described above, or if circumstances exist which suggest that it may be appropriate to vote against a general proxy voting policy, the Proxy Voting Committee shall determine the manner of voting the proxy in question. However, many countries have "proxy blocking" regulations, which prohibit the sale of shares from the date that the vote is filed until the shareholder meeting. A Fund would be unable to sell its shares if a negative news event occurred during this time, thus harming its investors. Brown Advisory reserves the right to decline to vote proxies for stocks affected by proxy blocking regulations.]

Co-operating with Other Shareholders

Brown Advisory seeks to integrate shareholder engagement into its investment strategies and will actively consider opportunities where co-operating with other shareholders (and, where appropriate, non-equity stakeholders) will serve the best interests of investors. Brown Advisory may or may not choose to liaise or co-operate with other shareholders in an investee company, but will only take a course of action in conjunction with other shareholders of an investee company, if such course of action is determined to be in the best interests of Clients. In the event that Brown Advisory chooses to participate or vote in a corporate action, such as a stock split, dividend, merger and



acquisition, rights issue or spin-off, it will participate or vote at all times in a manner consistent with this Policy and acting in the best interests of the funds, strategies and client accounts that it manages.

Managing Conflicts of Interest

In undertaking its engagement activities, Brown Advisory seeks to avoid conflicts of interest and will utilize those principles when engaging with investee companies.

Brown Advisory maintains a record of potential and actual conflicts of interest which are supplemented by a register of the outside business interests of staff members. Where a material conflict arises that cannot otherwise be managed or prevented, it is Brown Advisory's policy to disclose this to the Client(s) concerned prior to taking any action.

To ensure that proxy votes are voted in a Client's best interest and unaffected by any conflict of interest that may exist, Brown Advisory will vote on a proxy question that presents a material conflict of interest between the interests of a Client and the interests of Brown Advisory as follows: If one of the general proxy voting policies described above applies to the proxy issue in question, Brown Advisory will vote the proxy in accordance with that policy. This assumes, of course, that the policy in question furthers the interests of the Client and not of Brown Advisory. However, if the general proxy voting policy does not further the interests of the Client, further specific instructions will be sought from the Client.

Annual Update and Additional Disclosures

This Policy and the related disclosures are reviewed on at least an annual basis and presented to the Board of Directors. On an annual basis, Brown Advisory will publish information on the application of its shareholder engagement and proxy voting policies. These publications will include data presented at a group-level and in respect of specific strategies. The information will include:

- A general description of voting behaviour; and
- An explanation of how it has cast significant votes, including how it has cast votes in the general meetings of companies in which it holds shares.

This Policy and additional materials will be available free of charge on the Brown Advisory website (www.brownadvisory.com).