BROWN ADVISORY 2020

SUSTAINABILITY REPORT

S*ustainability*—defined in the *Oxford English Dictionary* as "the ability to be maintained at a certain rate or level"—is a fairly humble concept at its core. It does not involve ambition or the pursuit of bold ideals; it simply refers to a desire to keep things in motion and in balance.

Over time, however, our society's consciousness about sustainability has evolved. The 1987 report from the U.N. Brundtland Commission defined sustainability as "meeting the needs of the present, without compromising the ability of future generations to meet their own needs." This definition does involve ambition, and it does require the pursuit of bold ideals. If we know that our current progress is going to generate a steep cost in the future, it is our responsibility to innovate and rethink how we operate today to ensure long-term prosperity for society.

The good news is that more and more of us—encompassing people, businesses, municipal governments and sovereign nations—are thinking more broadly about our impact.

This is certainly true at Brown Advisory. While this is our first corporate Sustainability Report, we have had a long-term commitment to sustainability principles and to the prosperity of our clients, colleagues, communities and society at large. We think we have demonstrated the importance of being a leader on these issues; in recent years, we have recognized the need to raise the bar—to expand our thinking and become more disciplined about measuring our progress.

We are grateful to have this opportunity to share with you how we think about sustainability at Brown Advisory, how we seek to measure our firm's impact on the world around us and how we plan to improve in the years ahead.

Brown Advisory has long sought to set an example for the role that businesses and business leaders should play in society. The COVID-19 outbreak and the latest examples of racial injustice in the U.S. are stark reminders of why it is so important for us to raise our voice and speak out. We are responsible for the livelihoods of approximately 700 colleagues and their families; we manage investment and financial affairs for thousands of families, endowments, foundations and other institutional relationships; we collectively serve on the boards of hundreds of nonprofit organizations; and we contribute positively to the cities and regions in which we operate around the world. The acute challenges we have all faced in 2020 represent a physical, emotional and financial threat to all of those constituencies, and we feel a deep obligation to help.

Thankfully, we believe that our firm is built on a foundation of sustainability. Our financial footing is robust, thanks to conservative business planning. Our investment processes emphasize long-term stability for our clients. We seek to invest in companies, bond issuers and managers that are, in our view, built to last. We hire colleagues with the intent of helping them build their entire career here. We dedicate a great deal of time and resources to support our communities. We are devoted to sustainable and equitable investment and business practices. All of these priorities have helped us rapidly adapt to the stresses that have fractured our society this year, and enabled us to support clients, colleagues and communities during a period of extreme social anxiety and unrest.

We have recently embraced the rallying cry of "Raise the Future" as an articulation of our firm's higher purpose. To us, this is a reflection of our commitment to sustainability. We want to improve circumstances for our clients, colleagues, communities and culture over time, and we believe we can do so in a patient, disciplined, balanced and ultimately sustainable manner. But we also understand that we will always have room to improve. To raise the future, we must constantly challenge ourselves and insist on being better tomorrow than we are today.

We want to highlight two priorities that are covered in multiple sections in this report:

We view ***climate change*** as a fundamental challenge for society in the coming decades. Despite the political polarization that climate change has inspired, we do not see it through a political lens at all. We are seeing the issue play out in our portfolios in real time, as companies, bond issuers and investment managers are adapting their strategies to deal with the tangible risks and opportunities presented by climate change today. We have also seen how our clients are rapidly increasing their attention to this issue. As discussed in this report, our environmental, social and governance (ESG) research process seeks to ensure that examination of climate risk is a top priority.

Additionally, we are actively engaging on this matter with peers and other organizational partners, from our direct engagement with companies and bond issuers on their climate-related risks and strategies to our participation in more sweeping initiatives like the Principles for Responsible Investment, the Green Bond Principles and Climate Action 100.

In this report, we will provide our first objective calculation of our own carbon footprint as a company and discuss our plans to offset 100% of our carbon emissions starting this year. Our emissions as a financial services company are not of the same scale as, say, an industrial company of similar size, but we still want to pay attention to how climate change impacts our operations—and how we impact climate change. For example, sustainability was a key consideration in our recent decision-making about relocating our data centers—the choice to relocate was partly based on mitigating risks from weather-related disasters. LEED certification and other environmental considerations informed our choice regarding our new data center partner. We have active recycling programs in all of our offices and composting programs in some; we are instituting policies banning the purchase of plastic bottles; and we are engaged in a consistent effort to move toward paperless operations wherever possible. In future reports, we plan to provide a more formalized presentation of internal firm environmental policies, along with goals and metrics to assess our progress in these areas.

Diversity and inclusion (referred to in shorthand as D&I) is also a key area of focus for us. Creating and maintaining a diverse and inclusive Brown Advisory, put simply, is the right thing to do. We also firmly believe that more diverse and inclusive workplaces lead to higher talent retention, greater ability to listen and to understand a wide range of client experiences, and better decisions based on diverse world perspectives. We are pursuing D&I in several ways, from our work on developing a diverse investment manager platform for our clients to our work internally on a comprehensive D&I strategy that covers recruitment, training, retention, promotion and community leadership.

We have taken a number of positive and meaningful steps in the past few years to create a proactive approach to D&I that seeks to influence the day-to-day colleague experience, invest in our most important asset (our people), guide strategic decision-making and advance the distinctive, team-oriented culture that is our foundation. Women and underrepresented minorities make up almost 40% of our executive team and serve in leadership positions throughout our firm. A colleague recently said that Brown Advisory is the first place where she has felt comfortable bringing her whole self to work. At the same time, we recognize that there is much more to do, and we remain committed to moving the needle by incorporating D&I into our executive goal-setting framework.

We view this report very much as a starting point. In it, we offer a transparent look at various aspects of our business; how we are impacting clients, colleagues and communities (both global and local); and how we are building and supporting a culture that can sustain our efforts for many years to come. And while we want to acknowledge some of the things we are doing well, we also want to use this opportunity to take a hard and honest look at areas where we need to improve and lay out some of our plans to make progress.

In future years, we plan to enhance our reports with clear numerical targets, formal policies and additional commitments beyond those already in place at the firm or revealed in this report. Ultimately, we want this report to drive conversation with our stakeholders and among ourselves, and serve as a mechanism to strengthen the sustainability of our firm.

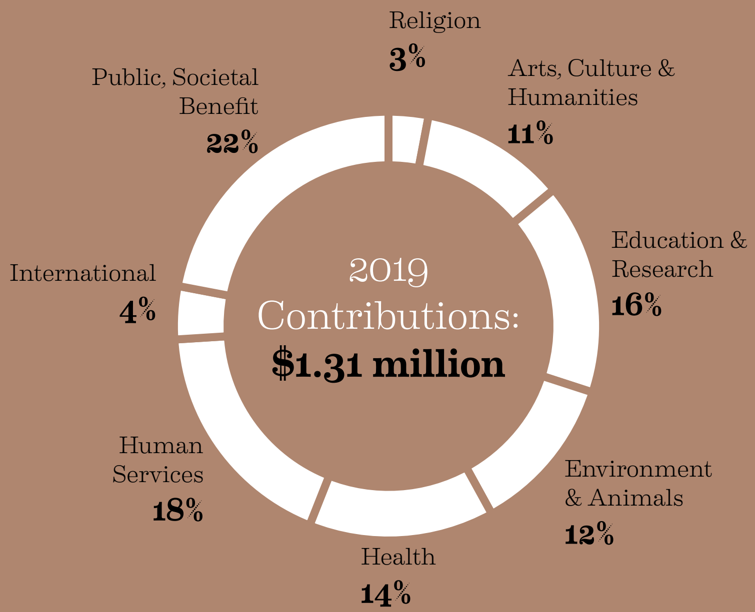
COMMUNITY & SOCIETY

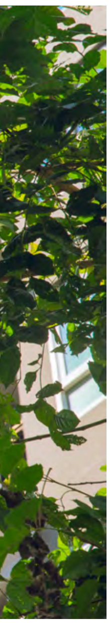
Our firm has always emphasized community service as a core value and purposefully recruited civic-minded colleagues who share that value. In fact, one of our criteria for promotion to Principal and Partner is the energy and leadership that colleagues demonstrate in their communities and, more broadly, through nonprofit work. Our colleagues collectively sit on more than 300 nonprofit boards and support many other organizations with their time and money.

We also think about our role in the larger global community and what we are doing to help—or hurt—social harmony and environmental health. Our operations and actions have an impact on the world around us, and it is our responsibility to manage that impact. Wherever possible, our goal is to maximize the good that we can do while minimizing the harm that we may be causing.

PHILANTHROPIC **ACTIVITY**

In 2019, the Brown Advisory Foundation contributed $1.3 million to various charities and nonprofits. This figure represented approximately 1.6% of our 2019 earnings before interest, depreciation, taxes and amortization (EBITDA). Our 2019 contributions represented an 8% increase vs. 2018.
The Foundation's contributions over time have supported client and colleague interests, while also focusing on education, health care and the environment. In 2020, we plan to conduct a comprehensive review of our current foundation giving policies and consider a variety of options for how we will direct contributions in the future.





Environmental Impact

Brown Advisory is an investment firm that delivers professional services to clients, so our environmental impact will never come close to that of, say, a manufacturing firm or shipping company of similar size. Nonetheless, we want to set a high bar for ourselves and for our peers in terms of our policies and actions—we believe that leadership on this issue will challenge other companies to increase their commitments as well.

Because we do not manufacture or physically distribute tangible products, we do not consume significant amounts of natural resources, produce large amounts of waste or generate notable point-source toxic pollution. We are nonetheless engaging in a thorough review of ways to reduce waste and improve our choices with respect to procurement, consumption and disposal of food, paper, and other basic materials we use in our offices. We have already implemented some changes to our vendor selection, purchasing and operational procedures in recent months (for example, we developed a more comprehensive policy to prohibit single-use plastic across the firm). We plan to implement more changes as time goes on.

Our primary impact on the environment is through the carbon dioxide equivalent (CO2e) emissions that stem from our operations. Our CO2e emissions come from two primary sources: Our use of electricity and HVAC in our offices, and our share of emissions from the flight miles we log each year to visit clients and colleagues, conduct site visits with companies in our portfolios, and meet with third-party managers we may recommend to clients.

This year marks the first time that Brown Advisory has sought to calculate and report on its carbon footprint; it was an excellent learning experience that involved colleagues in many departments, all of whom were eager to support the effort. Colleagues in accounting and finance gathered business travel data from our travel agencies, our information technology team provided data center energy usage, and our operations team did a significant amount of work collecting and parsing electricity and heating data from our landlords and utility companies around the world. Additionally, we worked with SustainServ, a recognized consultancy on matters pertaining to corporate sustainability that we know from their work with several of our portfolio companies, to provide validation of our methodology and calculations.

As shown in the table below, Brown Advisory's CO2e emission totals for 2019 equaled 2,698 metric tons, and our energy intensity ratio was 3.98 MTCO2e per colleague.

Our raw emissions, as noted, are not highly significant for a company of our size and global reach, being roughly equal to the emissions generated by 311 typical U.S. homes, or 573 typical U.S. cars, over the course of a year.

We plan to use our energy intensity ratio as a metric to gauge our improvement over time. Comparisons to other firms' ratios are interesting but may not be very helpful; for example, when we noted that a large global bank's ratio was 2.21 in 2018—much lower than ours—we looked

2019 Brown Advisory Carbon Footprint Data

Metric Tons of Carbon Dioxide Equivalent Emissions (MTCO2e)

Scope 1	2 MTCO2e	Primarily backup generator fuel
Scope 2	1,121 MTCO2e	Electricity use at offices and at off-site data centers
Scope 3	1,575 MTCO2e	Air travel
Total	**2,698 MTCO2e**	
Energy intensity ratio	3.98 MTCO2e/colleague	Emissions per colleague (12/31 headcount)

Carbon emissions are generally reported in three categories, or scopes. Scope 1 refers to direct energy generation/fuel consumption, Scope 2 refers to emissions from use of outside power (primarily electricity for most companies) and Scope 3 refers to emissions generated from a business' value chain (e.g., delivery trucks, captive vendor emissions or, in our case, air travel by colleagues).

for opportunities to close the gap but quickly realized its operating conditions are fundamentally different than ours (this particular bank can operate with a much higher number of employees per square foot of office space than we can, and a large percentage of its employees never travel for business). Regardless, we can use this ratio to monitor our own year-over-year progress as we consider and implement steps to reduce emissions.

One area where we are already reducing energy use is in information technology. Just a few years ago, most of our company was using desktop towers at their desks, and for purposes of updating software, our desktops stayed on 24 hours a day. Today, we have converted more than two-thirds of our workforce to laptops, and our security policies dictate that colleagues take those laptops with them when they leave the office. Over the years, virtualization, a technology term that refers to the ability to partition one physical server into many "virtual" servers, has reduced the number of servers we operate on-site. Our ongoing steps to move some of our applications into the cloud should further reduce our on-site server count.

Finally, we are in the process of moving our primary data center from our Baltimore office into two Tier 4 data centers in Virginia and Texas. (Tier 4 denotes the highest rating from the Global Data Center Authority for uptime guarantee and other key metrics.) The primary drivers of this decision were security and stability, not energy efficiency—the new configuration, in our estimation, will be much less at risk of disruption by equipment failure or natural disaster. (Note that this is an example of climate-related risk analysis—many of the disruption scenarios that concern us and other businesses are climate- and weather-related.) The move will likely result in a moderate increase in the percentage of power we consume that is actually delivered to the computing network, vs. our current configuration. We carefully considered environmental sustainability factors as part of the data center selection process, and all of the off-site facilities in our new configuration will be LEED certified.

Our Decision to "Go Carbon Neutral"

After reviewing our options, we have decided that going forward, we will offset 100% of our CO2e emissions each year through the purchase of renewable energy certificates (RECs) and carbon offset investments, thus becoming a "carbon-neutral" company, as many define the term. To be clear, purchasing mitigating instruments like carbon offsets does not make CO2 and other gases disappear from the atmosphere, but our investment in these instruments does fund the development of renewable energy generation, as well as projects in developing countries that not only reduce pollution but also offer economic benefits to vulnerable populations.

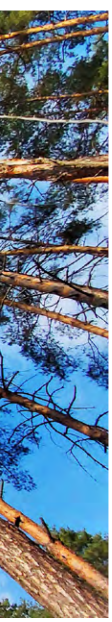
Our current plan is to use RECs to offset our Scope 2 emissions, which come from the use of energy generated by outside sources. For us, this is predominantly represented by our consumption of electricity, so it is fairly easy to match up megawatt-hour (MWh) usage with REC purchases (1 REC funds the production of 1 MWh of renewable energy). For our remaining emissions, we will be investing in a series of offset projects that have been certified by Gold Standard, a leading third-party verification source for high-quality carbon offsets, as well as other projects that cover a mix of regions and impact areas. In future reports, we will disclose the prior years' offset purchase activity and reconcile it against our emissions to ensure transparency regarding our carbon-neutral intentions.

COLLEAGUES

Our company has grown steadily over the past decade. In 2009, we managed approximately $15 billion, with colleagues primarily located in the mid-Atlantic region of the U.S. As of Dec. 31, 2019, Brown Advisory employed 678 colleagues in 12 offices around the world. Most of our colleagues are still based in the U.S., but we have spread out quite a bit, with offices in Massachusetts, New York, Delaware, Virginia, North Carolina and Texas. We have built a thriving international business based in London that serves families and institutions throughout Europe, Asia and the Middle East. We recently opened an office in Singapore to better serve our clients in Asia and the Pacific.

As investors, we have seen many companies stumble when expansion came at the expense of what made that company special in the first place. This view has helped us reinforce our thoughtful, collaborative and inquisitive culture, and foster the growth that stems from that culture. We must continue to ensure that new colleagues embody that culture and that we support each colleague's development in a vibrant, inclusive workplace.

While we believe that we do a good job caring for our colleagues, both in and outside of the office, we are always trying to improve and learn from our experience. In the following pages, we will provide a snapshot of the environment we seek to provide our colleagues and offer some thoughts about where our focus is going forward.



Our Commitment To Colleagues

Brown Advisory seeks to help every colleague build and advance their careers and subject-matter expertise, and support their health and well-being.

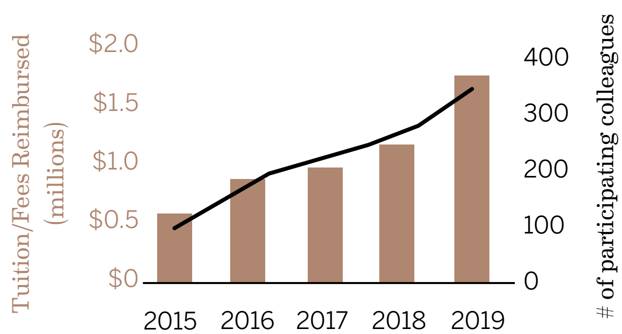
In the Workplace: We help colleagues grow their careers in a variety of ways. Notably, we have a well-defined dual track advancement path at Brown Advisory.

- Colleagues who perform exceptionally well in their current functions have the opportunity for promotion to more senior roles in their departments, and we strongly encourage cross-departmental internal hiring so that our colleagues can explore options outside of their current teams to diversify their experience.
- Additionally, colleagues that demonstrate strong leadership on their teams, at a firmwide level and in their communities, are recognized through ownership-based promotion, noted at two levels, Principal and then Partner. Our Partners and Principals form a second layer of leadership at the firm, outside of functional roles; these are the senior, trusted members of our team who are responsible for carrying the firm's culture and values, and shaping the future path of Brown Advisory.

Outside of traditional colleague development at a team level, we have an active mentorship program at Brown Advisory, where colleagues are matched as mentors and mentees based on a combination of personal connection and the pursuit of an individual's goals. For example, during the matching process, if a prospective mentee expresses strong interest in nonprofit work, we would seek to match that person with a mentor who has meaningful community experience.

We also offer a 100% tuition and training reimbursement for all full-time colleagues in areas of study related to their current job function, as well as general business or finance education. We strongly encourage colleagues to leverage this program as a way to enhance their professional development. In 2019, 336 Brown Advisory colleagues—nearly half of all colleagues—received more than $1.7 million in benefits from this program.

Brown Advisory
Tuition Reimbursement Program
2015–2019



Source: Brown Advisory

At Home: We offer a full complement of health, dental and vision benefits, and a variety of life and disability insurance options for colleagues. Additionally, we match 50% of every full-time colleague's contribution to their 401(k) retirement accounts in our plan, limited only by a vesting schedule over the colleague's first three years of service (after which, all firm contributions to their accounts are fully vested).

In 2019, we made notable updates to our firm's parental paid leave policy to better serve a wider variety of families with children. The new policy provides paid leave for both carrying and noncarrying primary caregivers, to accommodate adoptions, births by surrogacy and situations where the carrying parent is not considered the primary caregiver. Additionally, we have established paid leave periods for both primary and secondary caregivers to enable both parents to spend time caring for their child together during its infancy.

Diversity and Inclusion

We want our workplace to mirror the fabric of the communities in which we work and live, and we want to support all colleagues in an inclusive environment that allows them to express their true selves comfortably and confidently, and helps them to reach their potential in their career development.

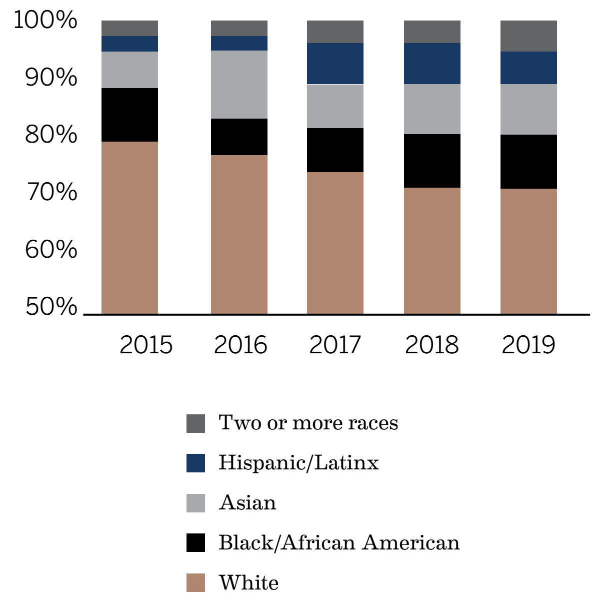
We know that such a workplace results in better decisions for clients, and a deeper understanding of the world in which we invest, advise and serve clients. It is also, quite simply, the right thing to do, and we consider these principles non-negotiable.

We are working hard and believe that we have moved our culture forward markedly with regard to diversity and inclusion. Our commitment starts at the top; our CEO and our entire executive team have been vocal leaders of our efforts. We recognize there is plenty of work ahead to balance the representation of our colleagues, but we are proud of the progress we have made in recent years to make Brown Advisory a more inclusive place to work. As we look ahead to "D&I 2.0" at Brown Advisory, we will incorporate specific diversity and inclusion goals as part of our annual planning process for each business area.

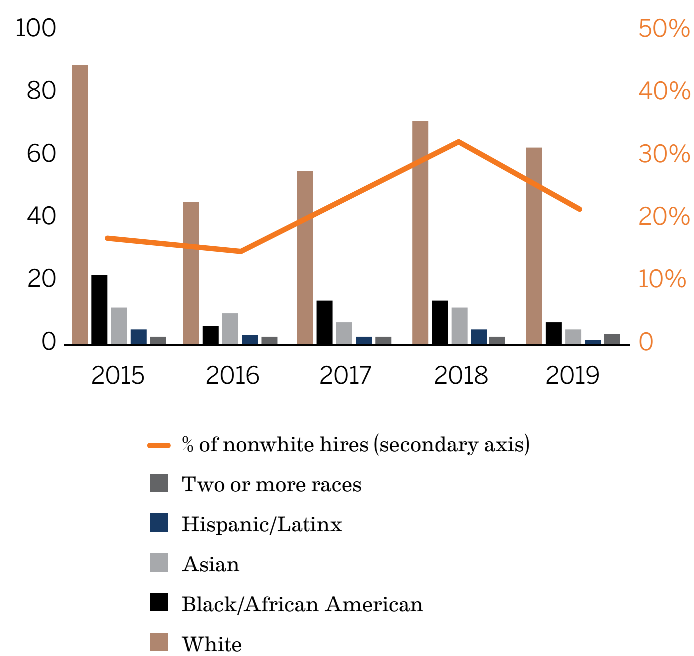
We know that numbers tell only a piece of the story, but the numbers are nonetheless important as metrics of progress over time and for benchmarking ourselves against our own goals and against our peers. Thanks to a commitment to recruiting diverse candidates, women and people of color have represented a larger percentage

Racial Diversity

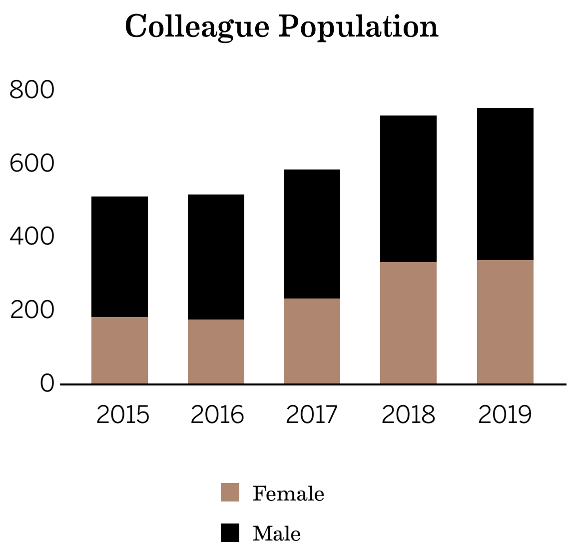
Colleague Population

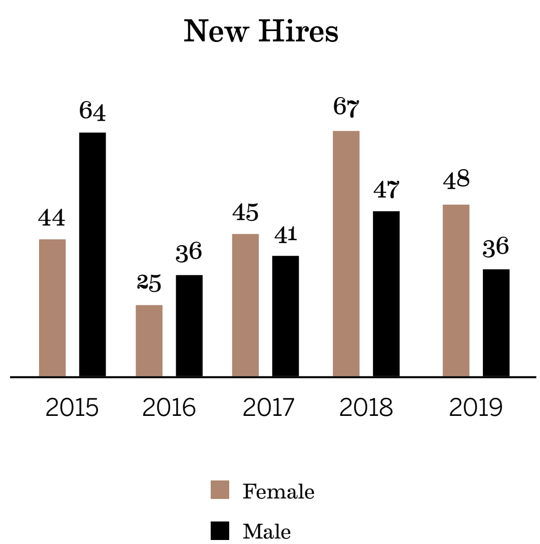


New Hires



Gender Diversity





of our new hires over the past two years. We are moving in the right direction in terms of new colleagues, but we know we need to stay committed to continue shifting the overall makeup of the firm. As noted in the report's introduction, we are committed to a long-term process to continually increase the diversity of our wider population of colleagues, our executive team and boards of directors, and our ownership mix.

Our D&I Program

Several years ago, we consolidated several informal programs under a more comprehensive and intentional firmwide D&I effort. The program has five pillars:

1. ***Leadership***: Create Colleague Resource Groups (CRGs) and other communities within the firm to connect people; establish safe spaces for learning and discussion.
2. ***Assessment***: Conduct anonymous colleague surveys to measure and promote inclusion programs and new initiatives.
3. ***Training***: Leverage microlearning, experiential exercises and other methods to help colleagues embed diversity, inclusion and an understanding of unconscious bias into our culture.
4. ***Recruiting***: Source diverse candidates through CRG networks, new relationships with historically black colleges and universities, mentoring programs, and diverse academic and professional organizations.
5. ***Retention***: Organize focus groups and other outlets to find opportunities for improvement in the firm's policies, procedures and benefit programs.

Our first steps with this process were intentionally focused on spurring engagement across the firm to energize our colleagues, encourage their participation and send a clear message about the value of diversity and inclusion to the firm's culture. We recognize the need to set clear targets and measure our progress; we are tackling this task in 2020 and will discuss it in future reports.

A core diversity and inclusion team made up of individuals across the firm was established in 2018 to lead the firm forward from a D&I perspective; this group meets regularly with the firm's senior leadership to discuss progress and propose new projects and initiatives.

SUPPORTING COLLEAGUES **WITH DIVERSE IDENTITIES**

Brown Advisory recently earned a perfect score of 100 on the Human Rights Campaign's Corporate Equality Index, in its first year of submitting its qualifications to HRC. In preparation for our submission, our LGBTQ+ colleague resource group worked with our human resources team and executive leadership to enhance our policies in several ways:

- Expanded coverage of domestic partnerships, to include all couples, regardless of gender and/or option to legally marry.
- Expanded coverage for family planning by removing any requirements based on fertility status, and covering costs of egg and sperm donation services in the family planning benefit.
- Added coverage for hormone replacement therapy and gender-affirming surgeries.
- Comprehensively reworked policies to remove heteronormative language and references.
- Publicly committed to the LGBTQ+ community though recruitment efforts, philanthropic contributions and LGBTQ+ supplier diversity.
- Established inclusive non-discriminatory policies.

One of the early steps we took was the establishment of CRGs to represent the needs and aspirations of our colleague population. We currently have five CRGs at the firm: Asian and Pacific Islander, Black and Hispanic, LGBTQ+, Military and First Responders, and Women. Each of these groups is composed of both members of the identified communities and those who wish to support those communities. We were quite happy to see that many of our colleagues joined CRGs for the purpose of supporting the needs of a group of which they were not themselves a part.

The CRGs have a common purpose but have implemented different plans and actions. Each of the groups has been extremely active, both at the firm and in the broader communities where we live and work. One example: Our LGBTQ+ CRG wanted to make sure that Brown Advisory was doing the right thing for our LGBTQ+ colleagues and their families, and that our policies were equitable to them. The group identified the Human Rights Campaign's Corporate Equality Index (CEI) as a well-regarded measure of how companies support colleagues with diverse sexual orientations and gender identities. They mobilized colleagues from around the firm in a strong effort to enhance a number of our policies and procedures, using the CEI as a way to benchmark our progress and have something to which we could hold ourselves accountable. In 2019, Brown Advisory received a perfect score of 100 on the CEI, in our first year of submitting our qualifications (see sidebar). Far more important than the external validation, we consider the changes that we implemented to be an important message to all of our current and prospective colleagues that we support them as they are.

CLIENTS

Brown Advisory is a private, independent investment and strategic advisory firm. Our mission is to make a material and positive difference for our clients by delivering a combination of first-class investment performance, strategic advice and the highest level of service.

We provide investment solutions to individuals, families and institutions in all 50 U.S. states and in 39 countries and territories around the world. We are deeply committed to our clients and focus on helping them develop and implement thoughtful investment strategies. This focus extends to the retirees, students, nonprofit beneficiaries and other constituents of our clients—we may never meet them, but they nevertheless depend on us as trusted stewards of capital.

Our responsibility to put our clients' interests ahead of our own is sacrosanct. This is true for many firms in the investment industry; the term "fiduciary" describes the ethical and legal obligation for firms like ours to act in our clients' best interest. We believe that our sense of obligation to clients is reinforced by many different elements of our firm's DNA, which we have deliberately cultivated to support our client-first mission.

An important example of this is our ownership structure. An essential part of our DNA is our commitment to being a colleague-owned firm. All full-time colleagues at Brown Advisory have an equity stake in the firm, and current and former colleagues collectively hold approximately 70% of the firm's equity, with the remainder owned by members of our board of directors and other shareholders, who provide oversight and invaluable guidance. Moreover, no equity owner owns more than 5% of the firm.

This structure has helped to ensure that all of our decisions are aligned with client interests. We are not beholden to outside owners who might prioritize short-term profits over long-term results for clients, nor are we at risk of being forced to make strategic decisions simply because a large stockholder is ready to liquidate their holdings. Most importantly, it ensures that we all act like our name is on the door of the firm—because it is.

Our work for clients spans many different solutions and services. For some clients, we primarily manage mandates within one of our equity or fixed income strategies; these strategies are supported by deep teams, robust investment and research processes, and strong infrastructure for trading, reporting and compliance with client-specific requirements.

For other clients, we manage most or all of their assets via a balanced, multiasset portfolio. Our work for these clients includes asset allocation and manager research, distilled for application in their specific portfolio, as well as a host of strategic advisory services that complement our investment work.

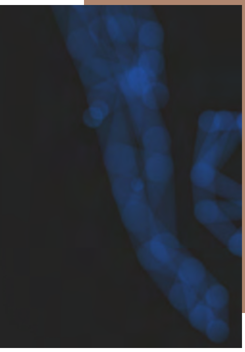
For more information about the broad range of work we do for clients, we encourage you to read our 2019 Annual Report, ***This Time Tomorrow***. In this sustainability report, we have chosen to focus our client-oriented discussion on our sustainable investing initiative, which has grown from a seedling 10 years ago into an essential component of our company's offering to clients today.

CYBER-SECURITY

Protecting our clients' privacy and maintaining confidentiality have always been primary objectives at Brown Advisory. As fiduciaries, our duty of loyalty to our clients extends to maintaining our clients' privacy, and even more broadly, we note that the United Nations defines privacy as a basic human right. As such, we focus on protecting our clients' confidentiality, and additionally focus on privacy issues within our ESG research efforts.

In our digital age, threats such as identity theft, outright theft of financial assets and other dangers from cybercriminals grow more pervasive every year. As a result, the concepts of privacy and confidentiality have taken on entirely new meanings. Entirely new regulatory frameworks have evolved to address digital threats to privacy. The dangers posed by cybercrime have been further amplified by the COVID-19 outbreak, as a crisis situation like this leaves people more vulnerable to the manipulative techniques in which hackers specialize.

We provide a secure client portal for clients to access information about their accounts, but our work to protect client confidentiality and combat security risks goes far beyond that. Brown Advisory regularly engages in a rigorous process to identify and assess external and internal risks to the security, confidentiality and integrity of client and colleague information. We know that we are exposed to real risks simply by being in the financial services industry, including the risk of our systems being compromised by unauthorized people; our data being intercepted during transmission to clients or other trusted parties; and our clients or colleagues being victims of "social manipulation" techniques, such as phishing emails, not to mention the risks of loss due to data corruption or physical disaster.



Our cybersecurity program seeks to monitor for these risks and others, and to design and implement safeguards that are sufficient to provide security and confidentiality to covered data and information. Key components of the program include:

Security Operations Center (SOC). Our third-party SOC monitors the security of our network and server equipment 24/7, deploys intrusion prevention systems and other protective layers, and alerts our staff immediately if any action is needed.

Third-Party Risk Assessments. These annual "stress tests" include network penetration tests, firewall analysis and other activities. The results are used to further strengthen our protections.

Vendor Security Management. We review the security of our critical vendors to assess whether their cybersecurity program meets our standards.

Firewalls and Intrusion Prevention Systems. We protect our networks and sensitive client information behind robust firewall systems that are kept up to date.

Entitlements. Controls exist on the firm's information systems to permit only entitled individuals to access certain information and to authenticate such access. These controls help to prevent external actors from obtaining sensitive information through fraudulent means.

Systems Management. We use antivirus software and consult with outside parties to patch our software to resolve vulnerabilities. We also have comprehensive backup procedures to restore our data in the event of a system failure.

Every organization is susceptible to cyberattacks, and mitigating cybersecurity risks is a complex task. Our program is focused on deploying the best possible tools for safeguarding our data and networks—and, by extension, our clients and colleagues—and ensuring that we are constantly studying and adapting to the threat landscape as it evolves.

ETHICS & **COMPLIANCE**

Our firm is deeply committed to operating at the highest level of integrity and complying with all applicable laws and regulations, wherever we operate. We have had an independent board of directors and an independent audit committee since our founding in 1993, and we devote considerable resources to our efforts to uphold our regulatory responsibilities and ethical standards.

Our expectations of colleagues with regard to ethics and integrity are expressed in our firm's statement of values and are codified in our Code of Ethics and various policies. These documents cover a wide range of topics, notably our anti-corruption policies, anti-money laundering programs and policies regarding treatment of colleagues including harassment and discrimination. Colleagues certify compliance with our Code of Ethics annually and undergo training to reinforce the tenets of these policies. Further, members of our various boards of directors also undergo annual anti-corruption and anti-money laundering training.

Beyond our ethics certification and training programs, we reinforce an open-door environment at our firm that encourages colleagues to speak up to their manager or members of our human resources or compliance teams if they are aware of an ethics or compliance issue. We recognize, however, that there are some situations in which colleagues may be uncomfortable coming forward to their colleagues, so we maintain an ethics and compliance hotline, staffed by a third party, as a safe and easy-to-use outlet for all colleagues to raise any potential concerns, from harassment and discrimination, to violations of company policy or concerns about suspected fraud.

SUSTAINABLE INVESTING

One of the major ways that our firm impacts the sustainability and long-term well-being of our clients, colleagues and communities is through our investment offerings.

As investment managers, we are constructively positioned to direct capital to managers, companies and bond issuers that, in our view, embed sustainability into their long-term strategies, exhibit robust governance practices and generate positive environmental or societal impact in the process.

As investment advisors, we understand that sustainable investing means different things to different people, and we seek to help our clients achieve their specific goals through their investments—whether driven by their finances, their own values or the priorities of stakeholders to which they are beholden. "Sustainable investing," "SRI," "ESG," "Impact investing," "Responsible investing"—all of these terms carry nuanced definitions but are often used interchangeably in the industry. At Brown Advisory, we use the term sustainable investing to describe a philosophy that seeks to create value through a combination of our foundational fundamental research with a commitment to understand and pursue ESG and mission-based objectives. Our aim is to improve the performance of the portfolios we build while also aligning the impact of these investments with our clients' view of the world. In doing so, we believe that we can generate positive results for clients and, indirectly, for society.

As of Dec. 31, 2019, Brown Advisory managed more than $9 billion in its various sustainable mandates, a marked increase from 2009, the year we launched our first dedicated sustainable investment strategy. We have seen the market's demand for sustainable investment solutions skyrocket in recent years; 10 years ago, there were fewer than 800 signatories to the Principles for Responsible Investing (a coalition viewed by many as the global standard-bearer for sustainable investing), and as of the end of 2019, there were more than 7,000 signatories representing more than $80 trillion in investment assets.

We see this growth manifesting in the number of our clients and prospects that care about ESG and sustainability; nearly one-quarter of all new business proposal requests we answered in the U.S. (and nearly half of all proposal requests from U.S. endowments and foundations) asked about sustainable investing in 2019. Outside the U.S., approximately 50% of all new business proposals asked about ESG matters.

From multiple perspectives, sustainable investing has become a primary part of our value proposition to clients and a primary capability that investors expect of their managers. We believe that our focus on sustainable investing over the past decade positions us well to deliver on these expectations.

Scope of Offerings

Our sustainable investing efforts can be traced to our earliest days as a company, when we were helping some of our first clients implement faith-based and other restrictions on their investments. Our first "truly sustainable" investment solution was our Large-Cap Sustainable Growth strategy, launched at the beginning of 2010 with the aim of investing in companies that use sustainability as a lever to enhance the value of their businesses. The ongoing success of that strategy has led to a more comprehensive initiative, which today encompasses a range of dedicated public and private sustainable strategies and impact investments; advisory solutions for families, endowments and foundations; and an ESG research platform that covers the majority of our equity and fixed income research universe.

ESG RESEARCH & ENGAGEMENT PLATFORM	▪ ESG research team, embedded within the broader investment research team, which covers the bulk of the firm's institutional equity and fixed income holdings ▪ Fully open-architecture sustainable investment platform for construction of balanced/multiasset portfolios ▪ Active governance-related coverage of all approved managers on Brown Advisory's manager platform ▪ Proprietary ESG research methodology and internal rating system to assess potential investments ▪ Comprehensive, policy-driven approach to proxy voting ▪ Active, issue-driven engagement process with management teams, bond issuers and other investment firms to bring attention to ESG issues (strategy-level engagement reports available on request) ▪ Engagement with issuers seeking guidance on issuance of labeled bonds	
DEDICATED STRATEGIES	▪ Large-Cap Sustainable Growth ▪ Sustainable Core Fixed Income ▪ Tax-Exempt Sustainable Fixed Income ▪ Sustainable Short-Duration Fixed Income ▪ Global Leaders Sustainable	▪ Core Equity ESG ▪ Small-Cap ESG ▪ All-Cap SRI
ADVISORY SOLUTIONS	▪ In-depth discovery and planning process for multiasset portfolio construction ▪ Customized alignment of client portfolios with mission and/or priorities ▪ Investment policy development ▪ Proprietary reporting and measurement against sustainable investment goals ▪ Impact investment advisory	

Institutional Strategies

We think about all of our internally managed equity and fixed income offerings along a sustainability spectrum. The equity and bond holdings in our fundamental research coverage universe are largely covered by our ESG research team as well. Our portfolio managers use and integrate this ESG information differently in their work—rather than attempting to enforce firmwide "rules" on sustainable investing, we instead built what we view as a thorough and robust ESG research process that our portfolio managers leverage within the context of their own investment philosophies and processes. Some of our strategies focus their portfolios explicitly on companies and bonds with strong sustainable opportunity profiles and potential to generate positive impact. These dedicated sustainable investment strategies include:

- Large-Cap Sustainable Growth (referred to as U.S. Sustainable Growth outside of the U.S.)
- Sustainable Core Fixed Income
- Tax-Exempt Sustainable Fixed Income
- Sustainable Short-Duration Fixed Income

Across other strategies, ESG factors may not drive every investment decision, but they are nonetheless important ingredients in the decision-making process.

We encourage you to read our 2019 Impact Reports for our dedicated sustainable investment strategies, as well as the wide range of articles that our portfolio managers, research analysts and client advisors have written on the topic of sustainable investing in recent months and years. All of this information is available at www.brownadvisory.com/sustainable-investing.

For this report, we wanted to provide a sustainability discussion on the $38 billion in client assets managed in our institutional strategies as of Dec. 31, 2019.

The companies and bond issuers represented in our portfolios are collectively responsible for a large proportion of the world's economic activity—and the impact, both positive and negative, that stems from that activity. Cloud computing requires silicon, power and cooling. Industrial activity produces waste. There is no avoiding these facts. We believe it is important to report on the impact of all of our discretionary investments, not just those held in dedicated sustainable strategies.

To examine our own holdings, we used our proprietary analysis tool called PRICE, which is short for Programmatic Reporting on Impact Concentration and Exposure (the acronym is also a grateful reference to a former colleague who was instrumental in developing the tool). PRICE was developed to help clients understand the ESG and impact exposures in their portfolios.

Institutional Holdings: ESG Exposures

Business practice exposures: A topic we often discuss with clients is how much exposure their portfolio has to the various activities and business sectors that are common targets for exclusionary screens (meaning that holdings with these attributes are screened out of portfolios).

The top chart on page 17 shows the exposure of our equity strategies to a number of these categories (for a discussion of our fixed income ESG research and security selection, see the sidebar on page 18). We have notably lower exposure in areas such as firearms, controversial weapons and opioids than a "universal" equity benchmark (the Russell 3000® Index is used here as a reasonable proxy for the full U.S. equity market), while our exposure to alcohol-related companies is slightly higher. These exposures are not the result of a purposeful avoidance of any of these activities. Rather, they are simply the product of the selections our managers have made based on their fundamental investment processes. Overall, these results line up with our general tendency to focus on companies with growth opportunities and to avoid companies with high levels of risk.

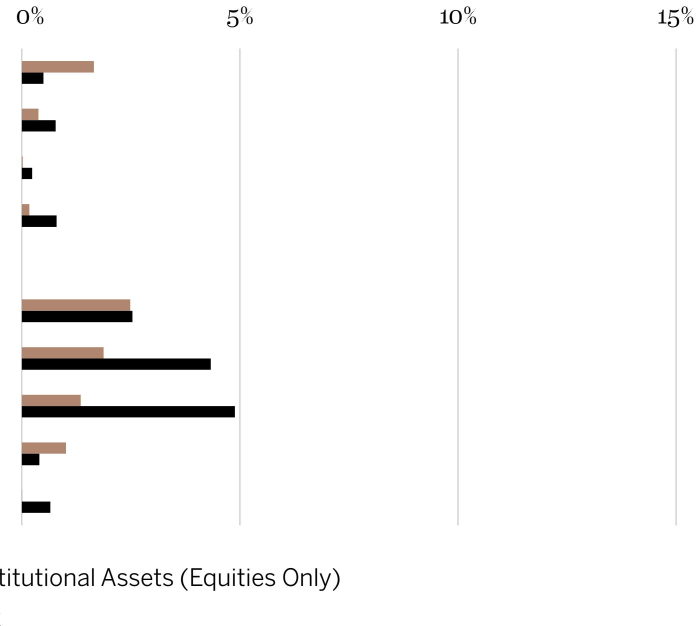
Carbon emissions data: Carbon intensity or "carbon footprint" data is often requested by our clients. We see climate risk as one of the more meaningful long-term factors that companies—along with all of society—will need to tackle in the coming decades. This belief permeates many of the investment decisions we make—certainly in our dedicated sustainable investment strategies, but also in many of our other strategies. As noted in the bottom chart on page 17, the carbon footprint of our equity holdings (again, please see the sidebar on page 18 for a discussion of our ESG research and security selection in fixed income) is far lower than that of the Russell 3000 Index.

ESG exposure, carbon footprint data and other reports are available to our clients for any of our single-strategy offerings.

Business Practice Exposures

Institutional Equity Holdings as of 12/31/19

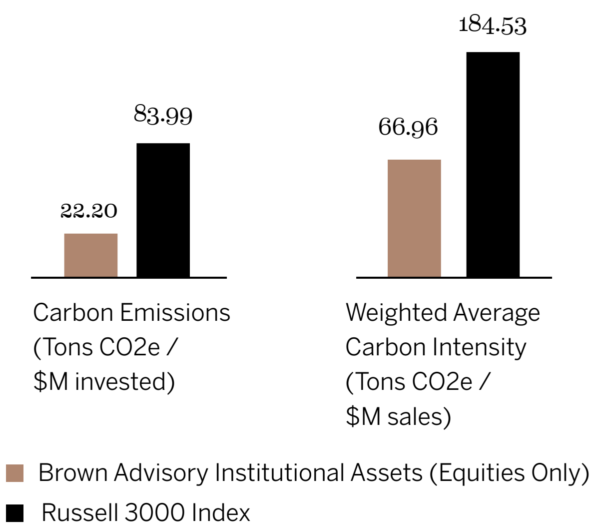
Business Practice	Threshold
Alcohol	5% of Revenue
Tobacco	5% of Revenue
Gambling	5% of Revenue
Firearms	Any Revenue
Adult Entertainment	5% of Revenue
Conventional Weapons	5% of Revenue
Controversial Weapons	Any Business Tie
Opioid Controversy	Moderate to Severe
No Women on the Board	0% of Board Members
U.N. Global Compact	Compliance Failure



Data on business involvement is as of 12/31/2019 and is sourced from MSCI ESG Manager. Constituents are sourced with permission from Morningstar Direct. Strategy holdings used in this analysis are as of 12/31/2019 and are sourced from Morningstar, Brown Advisory and other investment managers. Please see the end of this report for a complete list of term and index definitions.

Carbon Emissions Data

Institutional Equity Holdings as of 12/31/19



Data on carbon emissions is as of 12/31/2019 and is sourced from MSCI ESG Manager. Constituents are sourced with permission from Morningstar Direct. Strategy holdings used in this analysis are as of 12/31/2019 and are sourced from Morningstar, Brown Advisory and other investment managers. Please see the end of this report for a complete list of term and index definitions.

SPOTLIGHT ON **SUSTAINABLE FIXED INCOME**

While sustainable investing's early years were focused mostly on applying ESG principles to stock portfolios, bond holdings were a secondary concern for most values-driven investors. But the fixed income sector is in many ways an ideal place to practice sustainable investing—not only can investors understand the characteristics and merits of the issuer, but they can trace the use of the bond's proceeds and choose bonds that are funding projects with positive environmental or social impact. For this reason, the sector has received much more attention from sustainable investors in recent years, and Brown Advisory has sought to contribute thought leadership and innovation in sustainable fixed income.

Dedicated Strategies

We currently offer three dedicated sustainable fixed income strategies:

- Sustainable Core Fixed Income
- Tax-Exempt Sustainable Fixed Income
- Sustainable Short-Duration Fixed Income

Research Coverage / ESG Exposure

Our ESG research approach involves both quantitative and qualitative analysis, and is supported by a proprietary ESG rating framework we use to stratify issuer risk. This process helps us identify bonds and issuers that are capitalizing on sustainable business opportunities, avoid major ESG risks and manage those risks with prudence and focus.

Our fixed income ESG analysts provide full research coverage of every holding in our dedicated sustainable strategies, and the majority of holdings across the rest of our fixed income strategies. The fixed income team embraces the value of ESG research, and our portfolio managers seek out the ESG perspective as a part of their decision-making process.

For more information about our research approach and our sustainable fixed income investments, we encourage you to read our 2019 Impact Reports, available at www.brownadvisory.com/sustainable-investing.

Impact Assessment

In addition to our ESG research, our process includes a methodology for assessing and tracing the use of proceeds for bonds that are being considered for dedicated sustainable strategies. The combination of our ESG research and use-of-proceeds assessment is a powerful solution for finding bonds and issuers that are making a positive impact on society. Many of our holdings in our sustainable strategies—as well as holdings across other strategies—are supporting progress on cleaner energy production, economic mobility, affordable housing and many other important issues.

A primary concern for many sustainable investors is climate change. We have found a wide range of fixed income investments that are attractive as both financial investments and vehicles for producing positive climate impact, and we believe that these investments are helping with the transition to a low-carbon economy.

- Municipal bonds, in particular, offer an attractive path for investors who want to support low-carbon investments, as municipalities all over the U.S. are investing to bolster their infrastructure in the face of climate change. We have owned bonds from Denver Water, for example; the Denver area is particularly sensitive to drought risk if runoff from the Rocky Mountains dwindles due to warmer weather patterns, and the utility is engaged in reservoir expansion, water recycling, conservation efforts and other initiatives to help ensure long-term water availability.
- A good corporate example is NextEra, an electric utility company that still has coal and natural gas generation capacity but is also the world's largest generator of wind and solar energy, generating 46% more power from these sources than the next largest global producer. Alternative energy sources are central to the company's growth plans, and these plans are being consistently reinforced by its capital spending. We have invested in NextEra bonds that fund these renewable projects. This is also a good example of the nuance involved in how we think about climate-focused fixed income investing; rather than exclude NextEra due to its fossil fuel involvement, we choose to invest in instruments that are directly supporting its transition away from fossil fuels in its energy mix.

Engagement and Collaboration

We are engaged in a variety of activities that aim to advance overall progress of sustainable principles in the fixed income universe. Our team is consistently holding direct conversations with companies and issuers to support and encourage positive action by those issuers. Further, we seek to help shape broader progress across the industry. We were early participants in the development of the green bond market in its formative years and remain actively involved in that market's evolution to provide labeling and frameworks for a wider range of asset classes and social/environmental issues. And, because of our history and experience with green bonds and other labeled bonds, we are increasingly collaborating with issuers who seek our feedback on how best to structure new impact-oriented deals.

Institutional Holdings: Impact Exposures

The previous section looked at exposures in portfolios that clients might find undesirable; we find that our clients are often just as interested, if not more so, in the positive impact being generated by their holdings.

At Brown Advisory, we have developed an impact framework consisting of four major themes and 11 subthemes, illustrated in the exhibit below. These themes correspond generally to the categories outlined in the United Nations Sustainable Development Goals, but with some modifications. The framework is the product of a collaborative process among our investment teams in different asset classes to ensure that the impact themes we use are robust and relevant for equities, fixed income holdings, and private and alternative investments.

Environment

Sustainable Agriculture & Natural Resource Management
Investments engaging sustainable farming and resource management

Clean Energy
Investments developing, building or providing renewable energy

Efficient Product & Conservation
Investments improving resource efficiency

Sustainable Technology Innovation
Investments driving product innovation

Economic Development & Social Inclusion

Affordable Housing
Investments supporting affordable housing initiatives

Education
Investments supporting education accessibility and improvement

Economic Mobility & Community Development
Investments supporting community economic development efforts

Diversity, Inclusion & Equality
Investments fostering racial and gender diversity

Multisector

Investments helping to finance projects spanning multiple sectors, as well as companies whose sustainable initiatives span multiple themes

Health & Well-Being

Health & Wellness
Investments promoting wellness and providing access to health care services

Clean Water & Sanitation
Investments improving access to clean water and solving critical water quality and sanitation issues

We assign investments to these impact themes using our internal proprietary ESG assessment and information from external data providers. Investments are assigned an impact theme by meeting one of the following criteria:

1. ESG research has determined that sustainability is core to the business, where the primary product or service generates a tangible positive environmental or social impact, or sustainability is heavily embedded in the operations, significantly reducing negative environmental and social impacts within the business.
2. ESG research has determined that sustainable opportunities exist, where the company is going through a transition in which sustainable activities, products or services may grow over time.
3. As measured by third-party ESG research, a company ranks in the top quartile of its industry for an impactful category and passes a propriety ESG screen.

The chart below looks at our equity and fixed income holdings, and parses which investments are producing positive impact and in what categories. Companies categorized as "other" may have sustainable focus areas but have not met the above criteria for positive impact. Again, we can make this data available to clients on any of our single-strategy offerings, and it is reported in the annual Impact Reports we produce for several of our dedicated sustainable investment strategies.

We believe that our internal strategies hold up well under this "practice what you preach" examination of ESG and impact exposures. As already noted in this report, what we own is based entirely on what our portfolio managers consider to be good investments. Although some of these choices are not specifically governed by ESG metrics, we are not surprised to see that a roster of what we consider to be attractive investments would exhibit positive ESG characteristics as well.

Impact Exposures

Institutional Equity and Fixed Income Holdings as of 12/31/19

Source: Brown Advisory proprietary reporting as of 12/31/2019. Impact themes are assigned based on Brown Advisory proprietary research, external manager research, and a proprietary methodology based on MSCI ESG rankings. External manager research was used with permission from the managers. Please see the end the presentation for important disclosures. Strategy holdings used in this analysis are as of 12/31/2019 and are sourced from Morningstar, Brown Advisory, and other investment managers.

Balanced Portfolio Solutions

When managing the entirety (or substantial portion) of a client's assets, our paramount concern is meeting their dynamic, long-term needs as their circumstances progress and evolve over time. Sustainable investing is one way that we can do that. Not only do sustainable investing principles help us build robust portfolios, but they can also help us develop an investment plan for clients that aligns and supports their individual values, or their organizational mission.

We believe the integration of ESGI factors (an acronym that merges environmental, social and governance factors with impact considerations) into our investment research and manager selection processes can drive returns. Our team leans on fundamental investment research and a proprietary ESGI risk-and-opportunity framework to identify companies, bond issuers and managers that are driving growth, profitability, market share, credit quality and other key investment factors. In some cases, companies or investment managers are "playing defense"—using an ESGI lens to communicate and mitigate risks effectively. In other cases, they are "playing offense"—creating a competitive advantage through sustainability-focused opportunities.

Some of our clients can already articulate their values and mission clearly, and may have done so in written policies or values statements. Others have not gone through that exercise. Our team works with each client to provide education when needed regarding sustainable investing concepts and to encourage conversation about what the term *alignment*—the process of reflecting their mission or values in their portfolio—means to them. When clients are comfortable and ready to proceed, we develop an actionable plan against which we can execute. This includes guidance on governance, cross-generation engagement, investment policy statements and oversight, proxy voting, estate planning, philanthropy and more.

For many, the foray into sustainable investing can best be described as a journey—one that takes patience, trust and intention to be successful. No two of our clients are the same. We use a four-stage framework to guide each client along this journey, which involves discovery of their purpose and mission, expression of that vision, integration of their return and mission-related goals in their portfolio, and tracking and measurement to assess progress and find new opportunities.

Private Market Investing*

At Brown Advisory, we approach sustainable private market investing in two ways. We conduct ESG due diligence on core private investments, and we develop dedicated private impact investment solutions.

We incorporate ESG factors when evaluating core opportunities across the private equity, private credit, private real assets and private real estate asset classes. Given the long-term nature of illiquid investments, we believe an integrated ESG philosophy gives us a competitive edge, and allows us to identify ESG risks as well as long-term sustainable strengths.

At the same time, private markets are the birthplace of innovative ideas that have the potential to drive positive impact at scale. We know impact investing means something different to every client, and we can tailor private-market portfolios toward intentional impact goals. Our investments span various themes, including renewable energy infrastructure, life sciences, D&I, affordable housing and place-based community development.

Our team at NextGen Venture Partners seeks to fund and support exceptional entrepreneurs. As part of that effort, NextGen created the Align network to bring together like-minded founders and leaders with a demonstrated interest in positive impact who have scaled companies with a sustainability strategy that is central to the business. The network collectively sources, vets and supports companies with high growth potential and innovative business models that drive impact in the firm's focal priorities of social inclusion, health and the environment. The NGVP investment team conducts diligence to understand the sustainable opportunity as well as sustainable risk management for these companies.

Sustainable Investing: A Broad-Based Initiative

Sustainable investing does not exist within a silo at Brown Advisory; it is integrated into the core of our DNA.

Every full-time Brown Advisory colleague has an ownership stake in the firm and thus has a stake in the success of our sustainable investing efforts. Our dedicated sustainable investing research colleagues are merely the tip of a very large iceberg: Client teams shape our offerings to better serve clients, strategic advisors translate the complex needs of many clients into actionable plans, and service and operations teams continually improve our

*Private investments (including private equity, credit, real asset and real estate funds) may be available for qualified purchasers and/or accredited investors only.

OUR SUSTAINABLE INVESTING EFFORTS WITH **ENDOWMENTS AND FOUNDATIONS**

We have served a broad range of endowment and foundation clients for many years. Our teams that focus on these clients have specific expertise in addressing the unique and complex issues involved in managing a portfolio that may serve as the lifeblood of an entire organization and that may be subject to review and comment by a wide range of stakeholders extending beyond the entity's investment committee.

Many of these institutions have had a particular focus on sustainable or mission-aligned investing. This is partly due to a rising chorus from stakeholders (ranging from large donors, to community and board members, to student groups) seeking action on matters such as fossil fuel divestment or the economic advancement of marginalized communities. These organizations are naturally predisposed to think about the impact of the portfolio by virtue of the work they do in the pursuit of social or environmental progress.

From an investment standpoint, our work with these clients requires robust research and reporting to ensure that our recommendations are in line with the organization's financial targets and constraints, as well as any mission-related goals or targets that the client is pursuing. Specifically, we often help clients think through the difference between mission-related (MRI) and program-related (PRI) investments, and where each of those concepts falls on the spectrum of the organization's sources and uses of funds. Further, we have been able to play a helpful role in convening an organization's various stakeholders and finding common ground between them to serve as a supportive foundation for a proposed sustainable investing program.

ability to execute our strategies. At this point, there are few colleagues at the firm who do not have some direct or indirect role in our sustainable investing initiatives. Further, the list of Brown Advisory colleagues with robust sustainable investing knowledge continues to grow, thanks to an internal 12-month development program called SISME (short for "Sustainable Investing Subject-Matter Experts"). Each year, we graduate a new cohort of colleagues who have committed to deepening their practical ESG knowledge and acumen.

Our clients have done more than simply motivate our solutions by expressing their needs and challenges; they also have been invaluable sources of knowledge and insight that have helped us deepen our own expertise over time.

Our leaders and advisors make it possible for us to succeed. Our CEO and COO/CFO are passionate advocates for the sustainable investing business and view it as one of the firm's essential business drivers for the future. They, with the rest of our executive team, constantly push us in our collective aim to be a leading and influential global voice in this space. Our Sustainable Investing Advisory Board includes internal and external experts in the field, and acts as both a sounding board and a catalyst for improvements.

Finally, we know that global challenges require global action, and we are limited in how much of an impact we can make by ourselves on issues like climate change, racial injustice or society's recovery from the COVID-19 pandemic. We provide monetary and leadership support to hundreds of nonprofit organizations around the world, and we are also grateful members of organizations such as Ceres, a leader on investor-related climate change issues, and Confluence Philanthropy and Mission Investors Exchange, which play a crucial role in shaping how endowments and foundations think about mission alignment in their investment portfolios. We are also signatories of investment coalitions such as the Principles for Responsible Investment and the Green Bond Principles. We view these convening organizations as crucial long-term engines of progress; they are very important to us as we seek to evolve our investment practices and continue our pursuit of investment options that offer financial value and meaningful impact on society.

CONCLUSION

While this is our first formal sustainability report, we have been at this for a long time. We have worked hard to create a sustainable business model and culture that can amplify our clients' and colleagues' impact on our communities and society at large. Importantly, we know our work in these areas does not have an end point, and we will always have opportunities in the future to do more and to do better.

This report represents a commitment to meaningful progress and to transparency with our stakeholders about that progress. To fulfill these commitments, we will focus our efforts in future years in several areas:

Client-focused efforts: We have always invested the firm's capital and resources with a primary aim of delivering performance, advice and service for our clients, and that will not change going forward. We will continue to focus on guarding client information zealously, and, as always, we will seek to adhere to the highest standards of compliance, ethics and fiduciary responsibility.

Our work in sustainable investing is a major component of our strategy to serve clients in the coming years and decades. Brown Advisory has earned a reputation as an effective thought leader and advisor in the sustainable investing space, and we will continue to innovate and enhance our offerings to clients. Current initiatives include expanding our impact advisory capabilities, ramping up our firmwide education and training efforts to help colleagues gain expertise in sustainable investing, and rolling out new reporting solutions (such as the PRICE reporting tool mentioned earlier in this report) to clients so they can more easily see progress against sustainable or mission-related goals. These efforts are aimed at helping clients understand the complexities of sustainable investing—from the different labels and terms used to the different available investment approaches—and provide context that can lead to thoughtful decisions. In our future reports, we plan to cover topics like corporate engagement and proxy voting in greater detail, and we will continue to enhance our strategy-specific Impact Reports in future years.

Colleague-focused efforts: We outlined the work we are doing with regard to diversity, equity and inclusion in this report. We are deeply committed to this work and have made a great deal of progress in the past several years—in terms of the diversity of our new hires, our ongoing efforts to develop leaders and diversify our leadership at every level, and importantly in terms of the changes we have made to create a more inclusive environment, from our highly active and well-supported CRGs to numerous enhancements to our colleague benefits and other corporate policies.

There is a lot of work ahead in this area. Many of our colleagues are rapidly learning about unconscious biases, and we continue to work together to identify situations where these biases need to be called out and addressed. We need to focus on our hiring, retention and promotion decisions if we want to move the needle on diversity and equity among our colleague population. Our society continues to suffer from the plague of intolerance, and as a firm, we are trying to understand and learn what we can do to be more proactive in pushing back against racism, prejudice and discrimination of any kind. We are committed to reporting on our progress in an honest and transparent manner.

Society/community-focused efforts: We have always heavily emphasized the importance of community service. As noted earlier, community leadership is one of the criteria on which we evaluate candidates for promotion to Principal and Partner. In terms of our philanthropic efforts, we want to ensure that we are appropriately balancing three important objectives: support organizations our clients care about, support organizations that our colleagues support, and support causes that we consider to be critical challenges for our community and society. We plan to strategically review our philanthropic giving on an annual basis to ensure that we are being intentional in how we address these three objectives, and our reports on philanthropic activity will include any changes in our decision-making process.

In this report, we evaluated our environmental impact—specifically, our carbon footprint—in concrete terms for the first time. Our business activities are inherently low-impact with regard to the environment—we do not manufacture or transport any physical goods—but we are committed to addressing and improving our environmental impact nonetheless. We are now committed to carbon neutrality in our operations, and we will report going forward on our carbon emissions and our investments to offset those emissions. We have established a number of initial environmental policies in our various offices, from eliminating the purchase of plastic bottles to sourcing food from local vendors. We are developing a more comprehensive environmental policy to cover firmwide operations and will report on that policy, and our adherence to it, in future years.

We hope that this report sheds light on how we think about sustainability and what we are doing about it as a firm. We very much welcome your thoughts and feedback as we continue our efforts going forward.

Brown ADVISORY
Thoughtful Investing.