



U.S. FLEXIBLE EQUITY STRATEGY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

EXECUTIVE SUMMARY

- **Brown Advisory has a long history** of serving clients focused on sustainable and impact investing and we are deeply committed to this space.
- **In the past, Environmental, Social and Governance (ESG) had been an underlying consideration inherent to the philosophy and approach of managing the U.S. Flexible Equity strategy.** This policy documents the evolution and formalization of the process, integration and development of our ESG research team and efforts in the management of the Flexible Equity strategy.
- **Flexible Equity believes that incorporating ESG due diligence early and consistently into the investment process can lead to attractive outcomes.** The strategy seeks to invest in companies that have a proven track record of managing ESG risks; a manageable ESG risk exposure; and/or a positive ESG trajectory that demonstrates an increased capacity to manage risks.
- **We believe in engagement and active ownership.** We diligently engage with companies through conversations and proxy voting to help understand risks, opportunities and/or influence behavior around managing ESG risks.
- **We have a dedicated ESG research team** that helps our portfolio managers and analysts gather deeper insights on ESG topics and integrate this ESG intelligence into the investment process.
- **We continually monitor our progress and strive to improve the integration of ESG into our strategy's investment process.** We measure progress against the scorecard in the annual PRI Transparency Report, the effect of ESG analysis on portfolio risk-adjusted returns, the impact of ESG integration into the risk levels of the portfolio, and the impact of our engagement and proxy voting activities.



OUR FIRM

Brown Advisory is an independent and privately held investment firm that provides investment management services to both private and institutional investors. We are committed to delivering a combination of strong investment returns, sound strategic advice and the highest level of client service. As of March 31, 2021, Brown Advisory manages approximately \$115 billion in assets for clients from 39 countries, from eleven offices across the United States, the United Kingdom and Singapore.

OVERVIEW OF BROWN ADVISORY'S COMMITMENT TO SUSTAINABILITY

Since our firm's founding we have assisted both private and institutional clients on a broad range of mandates in sustainable investing. Our firm has committed meaningful resources and is deeply committed to this space.

We think differently about how sustainability can drive investment results in that we believe sustainability is an important element in identifying investment opportunities that can outperform over the long term. We conduct proprietary, bottom-up ESG research across both equity and fixed income sectors, while also leveraging available quantitative tools. There is still a shortage of meaningful ESG data in the market, so it is crucial to do our own fundamental research in an effort to understand the impact of our investments, both financially and sustainably.

We believe our approach to sustainable investing is comprehensive, rigorous and, based on our ability to evaluate a broad range of sectors. Importantly, our deep ESG experience stems from a decade-plus track record coupled with a granular methodology of analyzing individual companies. Together, we believe these foundations enable well-informed assessments of ESG-related risks and opportunities. Consistent with our investment philosophy, we take a bottom-up, rather than a top-down approach to sustainable investing, thereby targeting specific financial goals and societal impact. In addition, we listen to our clients, identify their needs and values, and have the ability to further customize client portfolios based on their unique investment policy statements (IPS).

SCOPE

This policy applies to the Brown Advisory U.S. Flexible Equity Strategy and is intended to provide a framework of our approach to ESG integration specific for this strategy. The particular approach to ESG integration utilized by other strategies varies based on multiple factors, including the objectives, asset class, investment time horizon, and the specific investment research and portfolio construction approach of the given strategy.

ESG PHILOSOPHY FOR U.S. FLEXIBLE EQUITY

The U.S. Flexible Equity Strategy has a long record of creating value for our clients with a time-tested and consistent approach of applying a value philosophy to a broad range of investment opportunities. With the flexibility in our approach, we seek opportunities across the investment spectrum of growth and value. We manage a concentrated portfolio created on a bottom-up methodology to company and stock selection. We seek to invest in companies with attractive business economics and shareholder-oriented management teams that we believe have the potential to grow in value in the future.

In the past, Environmental, Social and Governance (ESG) had been an underlying consideration inherent to the philosophy and approach of managing the U.S. Flexible Equity strategy. In recent years, Flexible Equity has evolved its focus on ESG and believes that incorporating ESG due diligence early and consistently into the investment process leads to better investment decisions, and is part of our fiduciary obligation to clients. The strategy seeks to invest in companies that have a proven track record of managing ESG risks; manageable ESG risk exposure; or positive ESG trajectory demonstrating increased capacity to manage risks. New in 2019 was a formalization of this process, further integration of our ESG team and the adoption of a more rigorous approach. Below are details around the vision of the strategy related to ESG and incorporating the approach into practice.

GUIDING PRINCIPLES

Key principles driving our ESG-related assessments and investment decisions



1 Strong Governance and ESG Risk Management

We seek to invest in companies that have strong governance structures, and are run by management teams that take their responsibility towards the environment and society seriously and strive for continuous improvements. We actively look to invest in companies with strong and/or improving ESG risk management practices that we believe can translate over time into sustainable competitive advantages (e.g. lower costs, superior customer goodwill) and/or a reduced business-risk profile (e.g., regulatory burden & fines, consumer backlash).



2 Seek to Avoid Controversial or Harmful Business Practices

We seek to avoid investing in companies that we believe are breaching global norms and/or inflicting serious harm on the environment and society. We look for companies with strong governance who value treating all constituents fairly, including shareholders, employees, customers and the community.



3 Active Engagement

We seek to maintain an active dialogue with company management, and engage with companies through conversations and proxy voting to help understand risks, opportunities and/or influence behavior around managing ESG risks.





INCORPORATION

With the goal of adding to shareholder value, we leverage ongoing ESG analysis in an effort to understand risks and opportunities that traditional fundamental analysis alone might miss. Both our ESG and fundamental analysts seek to surface ESG risks through leveraging proprietary research, third-party data, ongoing surveillance of ESG controversies, company engagement, industry partnerships, and financial disclosures, among other sources, to inform the investment decision making process and offer clients value alignment. We believe this step serves as a value-added component of our effort to understand the risks and opportunities embedded in our investments. In this step, we may uncover labor issues, environmental liabilities, or what we deem to be controversial business and governance practices, for example. We use this research to help inform our company engagement priorities.

Summary of Flexible Equity's ESG Incorporation:

- **Research:** Flexible Equity believes that incorporating Environmental, Social and Governance (ESG) due diligence early and consistently into the investment process results in more rigorous portfolio decisions and is consistent with our fiduciary responsibilities on behalf of clients. If we perceive a company as an ESG laggard or we believe it is exposed to legacy ESG risks, we will try to find evidence of a positive ESG trajectory before making an investment. We look for management teams that are committed to improving business practices, and company cultures that are willing to embrace stronger ESG policies and frameworks.
- **Engagement and Active Ownership:** We seek to maintain an active dialogue with management teams, which helps ensure voting proxies are in-line with proposals, and we seek industry collaboration on best practices and solutions.

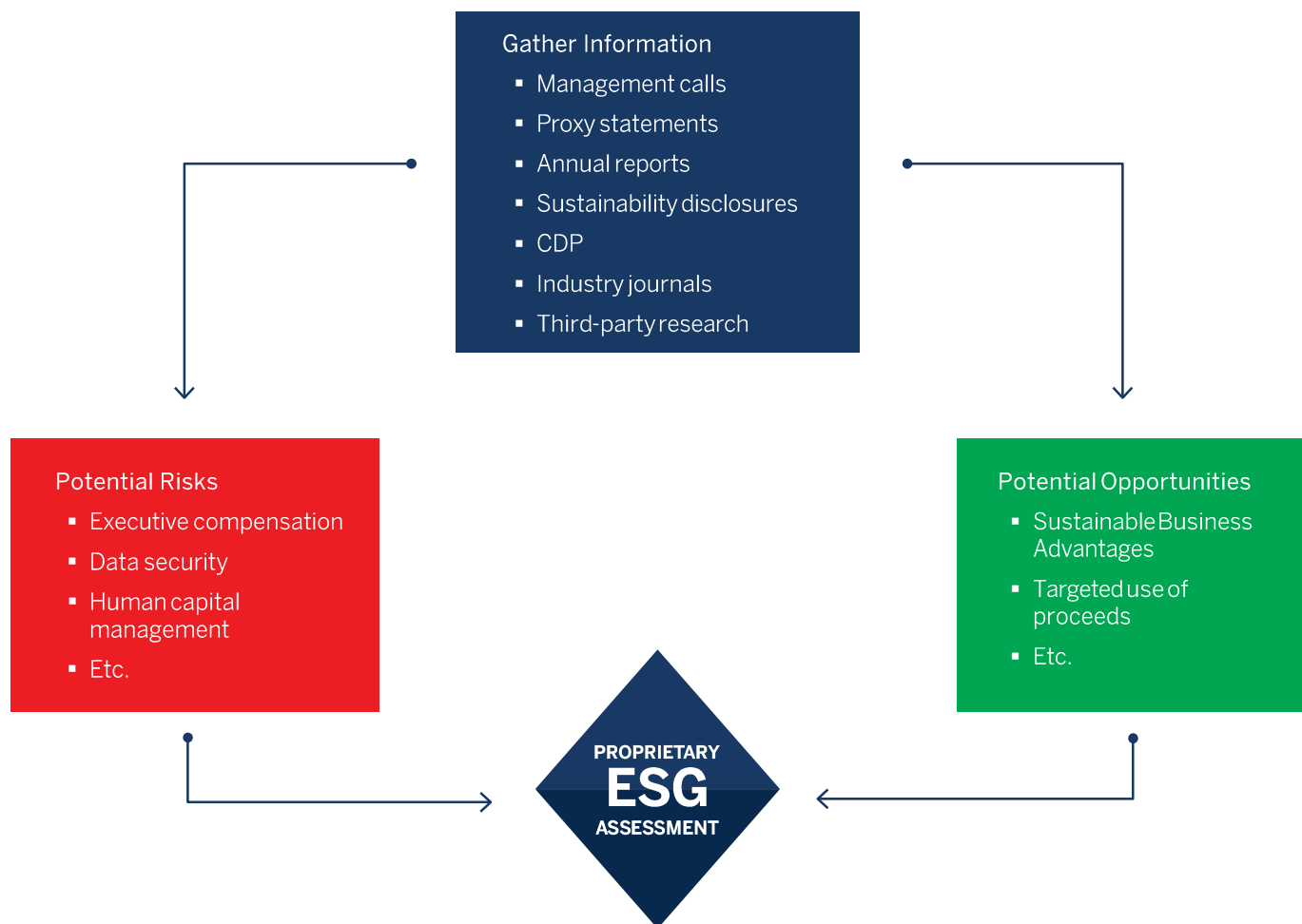
PROPRIETARY ESG RESEARCH AND RATINGS

In parallel with our belief that ESG integration should not be at the compromise of performance, our teams conduct in-depth proprietary ESG research and analysis, rather than solely relying on third-party ESG research. We gather our own data through primary research, management interviews and site visits. Our approach seeks to overcome imperfect data sets, provide transparency and ensure that the portfolios we manage are aligned with their investment and ESG-based goals. We have developed a proprietary ESG Rating System which guides our analysis and is integrated into the investment process. We believe that ESG research is material to fundamentals and we treat it as a component of our bottom-up due diligence.



ESG Research Overview

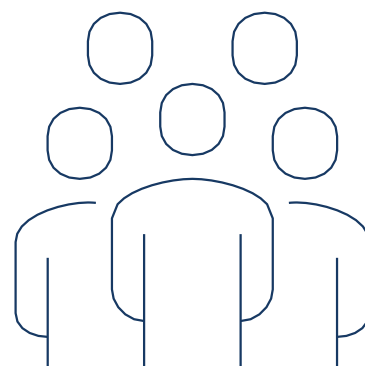
Value-added ESG research helps us manage risks and opportunities



TEAM

Brown Advisory's ESG equity research analysts and ESG fixed income research analysts are a core component of the firm's broader equity and fixed income investment research team. Our ESG research analysts work together across asset classes to develop overarching ESG research tools, and to provide research coverage of overlapping portfolio names that are held or are being considered for both equity and fixed income portfolios. At the same time, the equity and fixed income ESG analysts are fully integrated members of the research teams for their respective asset classes, working closely with fundamental analysts and portfolio managers to guide portfolio decisions. The ESG research group also critically includes Karina Funk, Chair of Sustainable Investing, and Amy Hauter, Head of Sustainable Fixed Income, who provide broader oversight of our ESG research and Sustainable Investing efforts for equity and fixed income, respectively.

We believe this approach helps us to maintain consistent standards across asset classes and minimizes duplicative work on companies or bond issuers held in multiple portfolios, while also seeking to embed ESG research deeply within the decision-making process for sustainable investments.



ENGAGEMENT AND ACTIVE OWNERSHIP

Engaging with companies has always been central to the research process at Brown Advisory.

Management Meetings. An engaged and active ownership philosophy is an important factor within the Flexible Equity strategy. As active managers, we hold meetings with management teams in person, on the phone or through attending annual investor meetings. For all holdings, we seek to engage management in conversation to learn more about a company from both a fundamental and ESG standpoint. These conversations help us to build conviction in our investment decisions, and to uncover potential risks that could require further due diligence.

We place a particular focus on what we deem to be the highest risk companies in our strategy. The ESG team has a systematic process established to identify the candidates it believes are ripe for engagement. We seek to encourage those companies to address their ESG related deficiencies, and propose specific areas for improvement. As a result of the nature of some of the companies in which the Flexible Equity strategy invests (self-help, turnaround), we believe we are in a unique position to positively influence and enact change within our investments. Increased data disclosure and transparency, and tying executive compensation to sustainability performance are examples of specific issues on which we have engaged with management with demonstrated success. We think companies are often willing to listen and consider our perspectives given: 1) our size and level of ownership; 2) our long term investment focus; and 3) our credibility in sustainable investing, and focus on tying ESG performance to investment performance. We believe our conversations with companies enhance our dialogue and relationship with management.

Proxy Voting. We use proxy voting as an important tool in our ESG toolbox. We leverage our ownership to support what we view as best-in-class governance structures and shareholder friendly governance provisions. We support proposals that seek to benefit long-term shareholder value. While we leverage Institutional Shareholder Services (ISS) to provide proxy voting recommendations and analysis, our analysts often have unique perspectives that could deviate from ISS' recommendations. We frequently hold company calls around proxy season to gain a better understanding of the proposals at hand. For highly contested or controversial proposals, we will seek the company, filer and industry perspectives in an effort to make a well-informed vote.



CONTROVERSIAL BUSINESS INVOLVEMENT PHILOSOPHY

While Flexible Equity does not employ negative screening or utilize thematic investing, the strategy can have modest exposure to some issues that clients might have interest in monitoring or excluding. Though we consider investments on a case by case basis, and not issue by issue, the below outlines our best thinking as well as our past and current exposure to what may be considered common issues of concern. Through active ownership (dialogue with management, voting proxies in line with proposals that signal social and environmental responsibility, industry collaboration on best practices and solutions that impact the sector in question), we believe we can inform and positively influence corporate behavior that benefits long-term shareholder value. We also offer custom ESG screening solutions for our clients who want to implement specific investment restrictions on separately managed accounts.



Areas where we seek to avoid exposure:

- **Tobacco, Adult Entertainment, Civilian Firearms:** Flexible Equity seeks to avoid investing in a company that derives significant revenues (5%+) from producing, supplying, or distributing tobacco, adult entertainment, and/or civilian firearms. Our investment process seeks companies that offer compelling customer value propositions and attractive customer outcomes. We do not believe such businesses meet this criteria.
- **Controversial Weapons:** The strategy seeks to avoid investing in businesses that produce cluster munitions, land mines or biochemical weapons, which we consider to be weapons that can have vast negative consequence on human population.
- **Violators of Global Norms, United Nations Global Compact Principles (UNGC):** The United Nations Global Compact Principles is a principle-based framework that encourages businesses to implement sustainable and socially responsible business practices and policies—ranging from promotion of human rights, better labor standards, increased environmental awareness and a reduction in corruption. We believe companies that are implicated in cases involving misconduct or accidents where the company or its management inflicted serious, large-scale harm through negligence or disregard for customers, employees, society, the law, and international norms (i.e. the UNGC principles) are not adequately managing their ESG risks. We seek to avoid these businesses, unless we have a strong conviction that the business is well on its path to recover from past violations and is unlikely to commit any future violations.

Areas where we might invest (these may be able to be excluded in a customized portfolio):

- **Non-Medical Animal Testing:** Flexible Equity has been exposed to companies that have been directly involved with non-medical animal testing for cosmetic, personal care and household cleaning products. It is important to note that regulating bodies (i.e. the FDA) have mandated these entities to test certain products on animals. We recognize that certain clients are sensitive to this business practice, and we seek to invest in companies that we believe are making every effort to employ strong practices with regards to animal testing, such as: 1) establishing an animal testing policy; 2) supporting alternatives to animal testing; 3) accreditation by the Association of Assessment and Accreditation of Laboratory Animal Care; and 4) assurance by the National Institutes of Health. Our holdings directly involved with non-medical animal testing that have been held in the Flexible Equity strategy meet at least two of these four “positive” approaches to animal testing, which gives us higher conviction in these companies’ ability to manage this risk.
- **Energy and Fossil Fuels:** The strategy has invested and continues to invest in energy producers, service providers, and companies with fossil fuel reserves. Many aspects of our economy and society still depend on energy and fossil fuel related commodities. The Flexible Equity Strategy supports lower carbon alternatives and the transition to a more environmentally sustainable energy infrastructure. We believe the strategy’s past and current energy/fossil fuel holdings are strong operators that have sought to reduce impact on the environment and society.
- **Conventional Weapons:** The strategy has been exposed to companies in this category that manufacture conventional weapons and offer support systems and services that are critical to a nation’s defense and security. We understand the sensitivity around both conventional and controversial weapons given the impact they can have on human populations. As a result, the Flexible Equity strategy seeks to only invest in defense businesses that we believe exhibit strong business ethics, and seek to avoid any bad actors that supply products and services to rogue nations.



BOARD OVERSIGHT

We greatly value outside perspectives at our firm, and specifically seek out insight and guidance from the leaders and thinkers that sit on our governing and advisory boards. Our Sustainable Investing Advisory Board of leading academics, policy experts and practitioners works alongside us in developing our sustainable investing solutions. Outside experts Daniel Esty, Martin Kaplan and Mamie Parker serve alongside several of our senior executives on our Sustainable Investing Advisory Board; each of these three individuals bring extremely valuable and diverse viewpoints to the table and have quickly become important to our sustainable investing effort.



COLLABORATION

Brown Advisory has a long history in sustainable investing that predates the firm's founding. Perspectives from multiple vantage points have contributed to our approach over time. We work closely with clients and others in the investment industry to support and advance the acceptance and adoption of ESG investing. We have a deep commitment to advancing sustainable investing principles through support of various sustainable investment organizations. We are members, signatories or supporters of the following leading organizations: United Nations Principles for Responsible Investment (UN PRI); Ceres Investor Network on Climate Risk; Carbon Disclosure Project (CDP); Green Bond Principles, Women Investing For A Sustainable Economy (WISE) and the Climate Action 100+.



MONITORING

We continually monitor our progress and strive to improve the integration of ESG into our strategy's investment process. We measure progress against the following metrics: our scorecard in the annual PRI assessment, the effect of ESG analysis on portfolio risk-adjusted returns, the impact of ESG integration into the risk levels of the portfolio, and the impact of our engagement and proxy voting activities. Lastly, a key indicator we use to measure if we are making progress is whether we are meeting the needs of our clients for ESG-integrated strategies. The ESG market is ever-evolving and we as a firm are committed to continuous improvement in the ESG industry.

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance and you may not get back the amount invested.

The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client. It is not possible for an investor to invest directly into an index.

All investments involve risk. The value of the investment and the income from it will vary. There is no guarantee that the initial investment will be returned. ESG considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The strategy seeks to identify companies that it believes may have desirable ESG outcomes, but investors may differ in their views of what constitutes positive or negative ESG outcomes. As a result, the strategy may invest in companies that do not reflect the beliefs and values of any particular investor. The strategy may also invest in companies that would otherwise be screened out of other ESG oriented funds. Security selection will be impacted by the combined focus on ESG assessments and forecasts of return and risk. The strategy intends to invest in companies with measurable ESG outcomes, as determined by Brown Advisory, and seeks to screen out particular companies and industries. Brown Advisory relies on third parties to provide data and screening tools. There is no assurance that this information will be accurate or complete or that it will properly exclude all applicable securities. Investments selected using these tools may perform differently than as forecasted due to the factors incorporated into the screening process, changes from historical trends, and issues in the construction and implementation of the screens (including, but not limited to, software issues and other technological issues). There is no guarantee that Brown Advisory's use of these tools will result in effective investment decisions.

As of March 31, 2021, Brown Advisory had approximately \$114.5 billion in client assets for the following entities: Brown Advisory LLC, Brown investment Advisory & Trust Company, Brown Advisory Securities LLC, Brown Advisory Ltd., Brown Advisory Trust Company of Delaware LLC, Brown Advisory Investment Solutions Group LLC, NextGen Venture Partners, Meritage Capital LLC and Signature Family Wealth LLC.