



RI TRANSPARENCY REPORT

2014/15

Brown Advisory

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Private							✓
OA 16	ESG issues for externally managed assets not reported in framework	✓	Private							✓
OA 17	RI/ESG in execution and/or advisory services	✓	Private	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	⚡	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	⚡	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	🔒	n/a		✓					
LEA 02	Reasoning for interaction on ESG issues	🔒	n/a	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 04	Objectives for engagement activities	🔒	n/a		✓					
LEA 05	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	🔒	n/a	✓	✓					
LEA 10	Tracking number of engagements	🔒	n/a		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	🔒	n/a		✓					
LEA 12	Engagements on E, S and/or G issues	🔒	n/a		✓					
LEA 13	Companies changing practices / behaviour following engagement	🔒	n/a		✓					
LEA 14	Examples of ESG engagements	🔒	n/a		✓					
LEA 15	Disclosure of approach to ESG engagements	🔒	n/a		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Brown Advisory

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Other, specify

Execution and advisory services

OO 01.2

Additional information. [Optional]

Brown Advisory is an investment advisory firm founded in 1993 as an affiliate of Alex. Brown & Sons, a premier specialty investment bank, best-known for helping finance many of America's leading growth-oriented companies such as Microsoft, Oracle, Starbucks and many others. In 1998, the current management team led a buyout to establish Brown Advisory as a private, independent investment advisory firm.

Since then, we have built an investment and client service team and process to support a diversified set of clients. We are extremely fortunate for the contributions of an outstanding group of outside directors who all share our commitment to embrace outside views as well as offering a healthy dose of disruptive viewpoints that help distinguish us from many other firms. Since our inception, our mission has remained the same: to build an extraordinary investment firm, always focused on putting our clients first and delivering first-class investment performance, thoughtful and creative strategic advice and the highest level of client service. Our firm's success and that of its employees depends entirely on effectively fulfilling this client-centric mission.

Note: Brown Advisory is the trade name for the following entities: Brown Advisory, LLC, Brown Investment Advisory & Trust Company, Brown Advisory Securities, LLC, Brown Advisory, Ltd., Brown Advisory Trust Co. of Delaware, LLC and CDK Investment Management, LLC. Reports for assets under management throughout this report refer to different combinations of these entities; more information is available upon request.

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United States

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

425

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 03.3 Additional information. [Optional]

In March 2009, Brown Advisory acquired Winslow Management Company, LLC. Since its founding in 1983, Winslow had been a pioneer in the field of environmentally focused investing, and adhered to an investment philosophy that sought growth over the long-term by investing in companies that are contributing to cleaner environments. In 2008, prior to the acquisition, Winslow became a signatory to the UN PRI.

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2014

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		46	500	000	000
Currency	USD				
Assets in USD		46	500	000	000

OO 04.4 Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.

	trillions	billions	millions	thousands	hundreds
Total AUM		4	500	000	000
Currency	USD				
Assets in USD		4	500	000	000

OO 04.5 Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	<10%
Fixed income – corporate	<10%	<10%
Fixed income – government	<10%	<10%
Fixed income – other	<10%	<10%
Private debt	0	<10%
Private equity	<10%	<10%
Property	0	0
Infrastructure	0	0
Commodities	0	<10%
Hedge funds	<10%	<10%
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0

Cash	0	<10%
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 09	Voluntary	Descriptive	General
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OO 09.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.
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Brown Advisory is an independent investment firm committed to delivering a combination of superior performance, strategic advice and the highest level of service.

As of 12/31/2014, Brown Advisory managed over \$2.6 billion in environmental, social and governance (ESG)-related mandates. Our core commitment to our clients is to develop balanced portfolios, investment strategies and other initiatives that target their specific sustainability goals.

Open Architecture:

- Sustainable Open Architecture Portfolios: We are committed to working with clients to dive deep into their specific sustainability goals and develop balanced portfolios that help them pursue those goals alongside their financial objectives. Our manager research team actively works to identify managers across equities, fixed income, private equity and other alternative investments that have successfully deployed sustainable investment strategies. Additionally, we can proactively seek out targeted impact investment options for individual clients that tightly align with that client's specific priorities or philanthropic interests.

Active Equity:

- Large-Cap Sustainable Growth Strategy: This US-based equity strategy combines sustainable investing principles with our fundamental equity investing process. The strategy seeks to invest in large, well-established, fundamentally strong businesses with clear environmental business advantages and minimal environmental risks. We view the environmental research used in this strategy as a primary driver of long-term investment performance.

Active Fixed Income:

- Customized Portfolios: Our fixed income team has capabilities to manage custom bond portfolios that target social and environmental considerations through the strategic inclusion of specific issuers and sectors.

Screened Portfolios:

- American SRI Fund: A Dublin-UCITS all-cap U.S. equity fund that aims to achieve capital appreciation through a combination of several Brown Advisory managed U.S. equity strategies. It is screened in adherence with specific socially responsible guidelines. These include: adherence to UN Global Compact Principles, <3% revenue from adult entertainment services, <5% revenue from alcohol & tobacco products, <5% revenue from military equipment, and 0% revenue from controversial weapons.
- Custom-Screened Portfolios: We have found over time that our clients have a wide range of beliefs and requirements when it comes to establishing social and environmental guidelines for their portfolios. We have a great deal of experience working with clients to help them think through their priorities and translate those priorities into quantifiable screening policies. We have invested in the resources and technology required to filter our full range of investment strategies on behalf of any individual client and ensure that their portfolio reflects the specific screens laid out in their policies.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- None of the above

OO 11	Mandatory	Gateway	General
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OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Private equity
- Hedge funds
- None of the above

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Private debt
- Private equity
- Commodities
- Hedge funds
- Cash
- None of the above

OO 12	Mandatory	Gateway	General
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This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- (Proxy) voting

Direct - Fixed Income

- Fixed Income - Corporate
- Fixed Income - Government

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- Listed Equities

Closing module

- Closing module

Brown Advisory

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

- Yes
 No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
 No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Sustainable investing means many different things to our clients. For some it means directing their capital toward the creation of a healthier and safer society, and ensuring that their values are reflected in their investment portfolios. For others, it means identifying specific environmental, social or governance (ESG) risks and opportunities that can help drive long-term portfolio returns.

We are committed to all of our clients, so our commitment to sustainable investing covers all of these definitions, and our efforts encompass performance-driven and client-driven goals.

Sustainable Investing as Performance Driver: Since December 2009, we have managed our Large-Cap Sustainable Growth strategy, which fully integrates ESG factors in an effort to drive investment performance.

Risk Mitigation: As long-term investors, ESG research is inherently embedded into our fundamental bottom-up research process of all equities, fixed income vehicles and outside managers, allowing us to identify risks and opportunities that are not detected by the broader market. We anticipate that five or ten years from now, ESG research will become a standard investment consideration for all investment managers—simply because it makes sense.

Sustainable Investing as Client Imperative: Many of our clients have specific issues, values or beliefs, and we are committed to helping clients reflect those values in their investment portfolios. This may mean avoiding certain types of investments, developing targeted philanthropic strategies, or identifying "impact" investments that offer a hybrid of measurable financial and societal returns.

Our client teams are well-versed in helping our clients clearly articulate their sustainability goals and requirements, and then putting in place the strategies to achieve those goals.

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1 Indicate if your responsible investment policy is publicly available.

- Yes
 No

OA 02.3

Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
 - Yes, all
 - Yes, some

OA 02.4

List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Large-Cap Sustainable Growth Prospectus	http://www.brownadvisoryfunds.com/media/pdfs/BIAWX_Summary_Prospectus.pdf
American SRI Fund Prospectus	http://www.brownadvisory.com/LinkClick.aspx?fileticket=SR7Ax7oGfCY%3d&tabid=383
Form ADV	http://www.adviserinfo.sec.gov/iapd/content/viewform/adv/Sections/iapd_AdvIdentifyingInfoSection.aspx?ORG_PK=110181&RGLTR_PK=50000&STATE_CD=&FLNG_PK=0577981800080175012B399004F6A115056C8CC0

No

OA 03

Mandatory

Core Assessed

PRI 1,2

OA 03.1

Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input checked="" type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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OA 04.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- Yes
- No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1 Indicate if your organisation sets objectives for its responsible investment activities.

- Yes

OA 05.2 Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3 Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
- Biannually
- Annually
- Every two years or less
- It is not reviewed
- No

Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Director of Equity Research**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
 - Compliance Officer**

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify

Head of Fixed Income

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment

OA 08.3	Additional information. [Optional]
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Select members of Brown Advisory's Asset Allocation and Strategic Advisory teams are also involved in the implementation of responsible investments.

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Select all that apply

- Principles for Responsible Investment

OA 10.1	Your organisation's role in the initiative during the reporting period (see definitions)
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- Basic
- Moderate
- Advanced

OA 10.1	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
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Brown Advisory actively supports the PRI in several ways:

- We are a signatory to the PRI
- We attend PRI conferences, local events, and webinars
- We actively communicate with the PRI to discover new ways in which we can participate and contribute to the initiative

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
USSIF

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Brown Advisory actively supports USSIF in several ways:

- We attend and sponsor USSIF conferences, local events, and webinars
- We actively communicate with the USSIF to discover new ways that we can participate and contribute to the forum

- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
Boston Area Sustainable Investment Consortium (BASIC)

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
 - Provided financial support for academic or industry research on responsible investment
 - Encouraged better transparency and disclosure of responsible investment practices across the investment industry
 - Spoke publicly at events and conferences to promote responsible investment
 - Wrote and published in-house research papers on responsible investment
 - Encouraged the adoption of the PRI
 - Other, specify
- No

Brown Advisory

Reported Information

Public version

Direct - Listed Equity Incorporation

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Overview

LEI 02	Voluntary	Descriptive	PRI 1
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LEI 02.1 Provide a brief overview of how you incorporate ESG issues into listed equity investments.

To date, Brown Advisory has integrated ESG research into its investment processes for the Large-Cap Sustainable Growth Strategy, the American SRI Fund, and a wide variety of client-specific engagements. In terms of our firmwide decision-making, we have always considered ESG factors to some extent in our fundamental bottom-up research, allowing us to identify risks and opportunities that are not identified by the broader market. As part of our commitment as a signatory to the UNPRI, we are currently implementing a formal firm wide ESG research process. Our goal over the next several years is to ensure that all of the firm's equity investment decisions fully incorporate relevant ESG factors. We see this as entirely in line with our long-term investment focus.

The **Large-Cap Sustainable Growth Strategy** seeks competitive risk-adjusted returns over a full market cycle through a concentrated portfolio of U.S. companies that we believe offer durable fundamental strengths, sustainable competitive advantages and compelling valuations. The strategy focuses on identifying a company's Environmental Business Advantages (EBA). This EBA-driven approach is a focused form of sustainable investing that looks for specific environmental investment situations: tangible examples of environmentally driven revenue growth, cost improvement, or enhanced franchise value. A Fundamental Risk Assessment is internally published for every company in our Large-Cap Sustainable Growth pipeline with the goal of uncovering any undesired risks associated with the company that might not be revealed by a traditional investment research review.

The **American SRI Fund** (a Dublin-UCITS fund) applies a broad range of ESG-related screens to a multimanager portfolio of Brown Advisory U.S. equity strategies. Screens include those relevant to the UN Global Compact, as well as business involvement with controversial weapons, military equipment, alcohol, tobacco products and adult entertainment.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1 Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	
	95

- Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	%
	5

- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

	Total actively managed listed equities
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100%

LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.
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Brown Advisory incorporates ESG factors in two investment strategies as a way to meet the varied needs of our values-based clients. These two strategies highlight our focus on performance and advice.

Brown Advisory's Large-Cap Sustainable Growth strategy offers an alpha-driven approach to sustainable investing. Our bottom-up fundamental research process is used to identify companies with strong sustainable competitive advantages that can drive long term growth, and the strategy's focus on the Environmental Business Advantages (EBA) of its portfolio companies is an essential component of that research process.

Brown Advisory's American SRI Fund (a Dublin-UCITS fund) seeks to meet the investment criteria held by many values-based investors. In partnership with Ethix, a European-based ESG research provider, all holdings undergo a robust screening process to ensure they meet the established screening thresholds.

These strategies highlight two fundamentally different approaches to sustainable investing: 1) incorporating ESG for attractive investment performance, and 2) incorporating ESG to meet the values of our clients. Both are equally important.

LEI 03.3	Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]
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Brown Advisory Large-Cap Sustainable Growth Strategy: Companies that are smart about resource usage and other environmental factors have the upper hand in growing revenues, cutting costs, building their franchises-- and positioning themselves to produce better long-term returns for shareholders. The Sustainable Growth Strategy incorporates sustainability considerations into the fundamental research and assessment process as a way to identify long-term growth.

Brown Advisory American SRI Fund (a Dublin-UCITS fund): This SRI strategy (for non-U.S. investors) is a combination of Brown Advisory's in-house U.S. equity strategies, screened in adherence with specific socially responsible guidelines. The fund's SRI guidelines include adherence to UN Global Compact Principles, <3% revenue from adult entertainment services, <5% revenue from alcohol & tobacco products, <5% revenue from military equipment, and 0% revenue from controversial weapons.

LEI 04	Voluntary	Additional Assessed	PRI 1
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LEI 04.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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Type of ESG information

- Raw ESG company data

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Company-related analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Sector-related analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Country-related analysis or ratings
- Screened stock list
- ESG issue-specific analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Other, specify

A number of our institutional clients choose to provide us with a restricted securities list reflecting their specific values and/or investment limitations.

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager

Our fundamental equity investment process incorporates ESG-related analysis on four different levels.

1. **The business involvement of every company in our pipeline and portfolios is screened against MSCI ESG Research Manager.** Reports of controversial business involvement and activities that are restricted in certain client accounts are disseminated to the associated portfolio managers and members of our legal, compliance and institutional sales teams for consideration.
2. **Portfolio companies in our Large-Cap Growth, Large-Cap Value, Small-Cap Growth and Small-Cap Fundamental Value strategies are screened by European-based Ethix SRI Advisors for inclusion in our American SRI Fund.** Ethix screens, monitors and assesses company ESG performance and controversial business involvement. Inconclusive findings prompt further internal research analysis by our ESG research analysts until a conclusion can be formed. Research is shared with the associated portfolio managers.
3. **A Fundamental Risk Assessment is published for every company in our Large-Cap Sustainable Growth pipeline with the goal of uncovering any undesired risks associated with the company that might not be revealed by a traditional investment research review.** This research document reflects the firm's internal expertise as well as independent third-party environmental research from sources including MSCI's ESG Research Manager, company reported information, governmental databases and data from the Carbon Disclosure Project. The managers look at a variety of factors, including environmental impacts/benefits of the company's operations, distribution systems and facilities; the quality of the company's environmental policy and management system; the company's compliance with environmental regulations, and the potential for future violations inherent in the company's business model; the quality of the company's resource management practices (level of consumption of raw materials, efficient use and reuse of materials, effective management of waste streams); and, the company's reputational risks as they relate to potential shifts in consumers' environmental preferences. Additionally, our investment team is in the process of incorporating ESG assessments into the firm's broader equity research. Because we acknowledge that these issues can drive investment results, we are in the process of expanding our proprietary fundamental risk assessment research across all institutionally marketed strategies.
4. **We provide an investment strategy that adheres to the belief that Environmental Business Advantages (EBA) can drive financial performance.** The Brown Advisory Large-Cap Sustainable Growth Strategy seeks long-term outperformance versus its benchmark, the Russell 1000® Growth Index, by investing in a concentrated portfolio of companies that we believe can outperform with less risk based on environmental business advantages, fundamental strength and attractive valuations. The strategy focuses on companies that exhibit EBA, defined by the managers as positive environmental attributes that have the potential to drive financial performance and stock valuation. This EBA-driven approach is a focused form of sustainable investing that looks for specific environmental investment situations: tangible examples of environmentally driven revenue growth, cost improvement, or enhanced franchise value. The process includes a business-focused assessment of the company's environmentally-driven opportunities, such as particular product lines which satisfy demand for an environmental solution, or a business model whose environmental attributes convey an overall cost advantage or other advantage to the company. The managers stress-test their environmental thesis about each potential portfolio holding through interviews with customers, competitors and, in particular, thorough in-depth discussions with the company's senior executives and sustainability personnel. Additionally, the managers complete a fundamental risk assessment (described in item #3, above) to better inform their investment thesis and valuation analysis.

LEI 04.3	Indicate if you incentivise brokers to provide ESG research.
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- Yes
- No

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
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LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

- Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

The Brown Advisory American SRI Fund (a Dublin-UCITS fund) is screened in partnership with Ethix, a European ESG research provider. The socially responsible guidelines for the Fund include:

- Adherence to the UN Global Compact Principles
- <3% revenue from adult entertainment services
- <5% revenue from alcohol & tobacco products
- <5% revenue from military equipment
- 0% revenue from controversial weapons

Brown Advisory can also place negative ESG screens on any internally managed Separately Managed Account when a client has an ESG-related investment mandate.

- Positive/best-in-class screening
- Norms-based screening

Screened by

- UN Global Compact Principles
- Universal Declaration of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

Description

As previously noted, The Brown Advisory American SRI Strategy (a Dublin-UCITS fund) is screened in adherence to the UN Global Compact Principles.

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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- Brown Advisory American SRI Fund: The socially responsible guidelines for this UCITS Fund were established to meet the diverse needs of our values-based non-U.S. clients. We review the Fund's policies periodically and while we have no current plans to alter them, we will notify all clients promptly if we determine that the policies should be amended in the future.
- Client Specific ESG-Related Investment Mandates: We work regularly with clients to codify investment criteria and exclusionary screens into formal ESG investment policies that govern the management of their investments. The firm's compliance and institutional relationship management teams utilize a guideline monitoring system to code the underlying accounts to prohibit investments in companies that would violate their ESG/SRI mandate. As part of our ongoing relationships with our clients, we regularly review any changes to their circumstances and goals (in most cases at least annually, if not quarterly) so we can make any necessary adjustments to their investment portfolios, and that process includes the review of any existing ESG-related policies to determine if new criteria should be implemented, or new impact opportunities should be targeted.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

(C) Implementation: Integration of ESG issues

LEI 11

Mandatory

Core Assessed

PRI 1

LEI 11.1

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

Communication

LEI 18

Mandatory

Core Assessed

PRI 2,6

LEI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

LEI 18.7

Additional information. [Optional]

Brown Advisory actively discloses ESG incorporation policies and procedures for the Large-Cap Sustainable Growth strategy marketing materials, pitch books, and quarterly materials. We are in the early stages of developing a firm-wide approach to ESG incorporation.

Brown Advisory

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

(Proxy) voting and shareholder resolutions

Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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Approach

- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

Based primarily on

- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2	Additional information.[Optional]
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Brown Advisory incorporates ESG research into proxy voting decisions for the Large-Cap Sustainable Growth Strategy, the American SRI Fund (a Dublin-UCITS fund), and clients with ESG-related investment mandates. In general, Brown Advisory's ESG Proxy Voting Policy is designed to ensure that the firm votes proxies in the best interest of clients, so as to promote the long-term economic value of the underlying securities. To facilitate the proxy voting process, the firm has engaged Glass, Lewis & Co., LLC, an unbiased, unaffiliated, third-party proxy voting service, to provide proxy research and voting recommendations.

Shareholder proposals regarding environmental, social and governance issues are evaluated on a case-by-case basis. In general, such proposals will not be supported if they are not supported by management, unless they would have a clear and direct positive financial effect on shareholder value and would not be burdensome or impose unnecessary or excessive costs on the issuer. Although policy decisions are typically better left to management and the board, the firm may vote in favor of a reasonable shareholder proposal if supporting the proposal will mitigate significant risk to long-term shareholder value stemming from governance practices, environmental regulation, or legal and reputational issues. Companies should disclose such risks and efforts to mitigate them. In egregious cases where a company has not adequately mitigated such risks, the firm may vote against directors. Given that the firm's SRI clients may approach environmental, social and governance issues from a different perspective, the firm follows the Glass Lewis ESG Guidelines when voting proxies for SRI clients.

For SRI clients, and Brown Advisory's Large-Cap Sustainable Growth Strategy and the American SRI Fund, proposals requesting the following actions will generally be supported:

Governance & Business Ethics

- Increased disclosure of a company's business ethics and code of conduct, as well as of its activities that relate to social welfare;

- Development of sustainable business practices, such as animal welfare policies, human rights policies, and fair lending policies; and
- Disclosure of a company's lobbying practices and political and charitable spending.

Labor Standards & Human Rights

- Enhanced rights of workers, and consideration of the communities and broader constituents in the areas in which companies do business;
- Increased disclosure regarding impact on local stakeholders, workers' rights and human rights;
- Adherence to codes of conduct relating to labor standards, human rights conventions and corporate responsibility; and
- Independent verification of a company's contractors' compliance with labor and human rights standards.

Environment, Health & Safety

- Adoption of the Equator Principles - a benchmark regarding social and environmental risk in project financing;
- Improved sustainability reporting and disclosure about company practices which impact the environment;
- Increased disclosure of environmental risk, compliance with international environmental conventions and adherence to environmental principles;
- Development of greenhouse gas emissions reduction goals, recycling programs, and other proactive means to mitigate a company's environmental impact; consideration of energy efficiency and renewable energy sources in a company's development and business strategy;
- Increased disclosure regarding health and safety issues, including the labeling of the use of genetically modified organisms, the elimination or reduction of toxic emissions and use of toxic chemicals in manufacturing, and the prohibition of tobacco sales to minors;
- Reporting on a company's drug reimportation guidelines, as well as on ethical responsibilities relating to drug distribution and manufacture; and
- Additional safety standards regarding these matters.

LEA 21	Mandatory	Core Assessed	PRI 2
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LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- Yes, in most cases
- Sometimes, in the following cases:
- votes in selected markets
 - votes on certain issues (all markets)
 - votes for significant shareholdings (all markets)
 - other, explain
- When Portfolio Managers decide to share their views in dialogue with company management.
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1 For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information
- We do not track or collect this information

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1 Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly
- We disclose it to clients/beneficiaries only

LEA 26.5 Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 26.6 Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

Clients receive proxy voting records upon request (typically quarterly or annually).

- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries