

REMUNERATION POLICY

DATED 18 MARCH 2016

Brown Advisory Funds plc (the “**Company**”) adopts the following remuneration policy (the “**Remuneration Policy**”) for persons determined under clause 1 below (the “**Identified Staff**”).

The Company an investment company with variable capital incorporated on 11 October 2005, with registered number 409218, and authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (“**Regulations**”) as may be amended, supplemented or consolidated from time to time.

The Company has not appointed an external management company and therefore the directors of the Company (the “**Board**”) are directly responsible for the operating and organisational requirements of the Regulations, as well as ensuring that the Company meets the requirements of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 and related guidance issued thereunder (the “**Central Bank Regulations**”).

The Company is self-managed and in preparing this Remuneration Policy, the Company has made an assessment of the nature, scale and complexity of its business in line with the Regulations, and has determined that overall, its business activity is relatively low risk when compared to other fund structures.

1. Determination of Identified Staff

This Remuneration Policy applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration who fall within the remuneration bracket of senior management in addition to risk takers whose professional activities have a material impact on the risk profile of the Company.

The following persons are considered to be the “Identified Staff” of the Company, for the purposes of this Remuneration Policy:

- (a) any member of the Board;
- (b) the Money Laundering Reporting Officer;
- (c) the Company Secretary; and
- (d) any Designated Person (PCF 39).

The Company does not intend to offer performance-related remuneration to its Identified Staff. The Identified Staff listed in (b), (c) and (d) above are paid directly by a separate entity and do not receive a fee directly from the Company.

However, in the event that the Company decides to offer performance-related remuneration in the future, it will adhere to the Regulations and the ESMA Guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575) (the “**ESMA Guidelines**”).

The remuneration of the Board, which is set at a fixed amount, is set at a level that is on par relative to the funds industry market and reflects the qualifications and contributions required of the Board, in view of the Company's overall complexity.

2. Principles of Remuneration of the Board and Control Functions

The Board will not receive any additional fixed or variable remuneration in connection with their work as Board members. Additionally, the Money Laundering Reporting Officer and Company Secretary of the Company will not receive any additional fixed or performance-related remuneration in connection with the carrying out of their control functions.

Pensions policy

The Company does not make contributions towards the pensions of Identified Staff.

Payments related to the early termination of a contract

There is no policy currently in effect relating to remuneration in the event of the early termination of a contract.

3. Delegates

The Company has delegated the investment management function to the Investment Manager and so the Company must ensure that appropriate contractual arrangements are put in place with the Investment Manager in order to ensure that its remuneration policies and procedures are consistent with the remuneration rules set out in the ESMA Guidelines, to the extent these are applicable to the Investment Manager. Specifically, the Investment Manager must have appropriate arrangements in place to ensure that, to the extent applicable, payments made to Identified Staff as compensation for the performance of investment management activities on behalf of the Company are consistent with the ESMA Guidelines.

The investment management agreement entered into by the Company with the Investment Manager includes a contractual obligation to ensure that the Investment Manager complies with applicable law. This includes an obligation to ensure that, to the extent applicable, its remuneration policies and procedures are consistent with the ESMA Guidelines and that there is no circumvention of the ESMA Guidelines. The Company has, accordingly, notified the Investment Manager of the requirement to put in place a remuneration policy that is consistent with the ESMA Guidelines.

4. Sub-delegates

In the event the Investment Manager sub-delegates the investment management function to one or more sub-investment manager(s), the Investment Manager must ensure the sub-investment manager(s) comply mutatis mutandis with the above requirements.

5. Review and amendments of the Remuneration Policy

The Remuneration Policy is reviewed by the Board at least once per year.

In reviewing the Remuneration Policy, the Board will consider whether the overall remuneration system:

- (a) operates as intended (in particular, that all agreed plans/programmes are being covered), that the remuneration pay-outs are appropriate relative to the complexities of the operation of the Company and that the risk profile, long-term objectives and goals of the Company are adequately reflected; and

(b) is compliant with national and international regulations, principles and standards.

Any proposed amendment to the Remuneration Policy requires:

(c) firstly, an assessment of the proposed amendment by the designated director in accordance with the principles set out under clause 2 above; and

(d) secondly, approval by the Board, taken by a simple majority of those directors present or represented at the relevant meeting.

6. Disclosure

The Company discloses, without prejudice to confidentiality and data protection provisions, relevant information on the Remuneration Policy in its Annual Report, Prospectus and KIIDs.

At all times, this Remuneration Policy will be made available to Identified Staff.