Brown ADVISORY
Thoughtful Investing.

2025

Global Sustainable Total Return Bond Strategy

REPORTING ON SUSTAINABILITY OUTCOMES

This report reflects our investment philosophy and our commitment to report on the sustainability outcomes of the Strategy.



brownadvisory.com

LETTER OF INTRODUCTION FROM THE PORTFOLIO MANAGERS



Chris Diaz
Portfolio Manager



Ryan Myerberg
Portfolio Manager



Colby Stilson
Portfolio Manager

Dear Fellow Investors,

2025 was characterised by U.S. policy uncertainty, rising geopolitical tensions, and a surprisingly resilient global economy. It was a reminder that while investors' attention often goes to the noisy headlines, the impacts to the global economy are often more muted or nuanced. It is sometimes the longer term, more enduring trends happening behind the scenes that may warrant more attention. By combining our top-down and bottom-up research process, we are able to go beyond the noise to identify themes, such as wealth inequality, shifting demographics, and climate risk that we believe are becoming core features in the global economy and may allow us to better price risk and identify investment opportunities.

We remain as committed as ever to sustainable investing given it provides us with an additional lens through which we can view risk and reward and navigate these complex (and often interconnected) challenges. We invest in an asset class that is relatively asymmetric with limited upside and a downside that can be zero: as a result, more information supporting our investment theses provide us with increased confidence in our investment process and our core objective to provide our clients with strong risk-adjusted returns.

In 2025, we continued to lean into European financials, including AIB, one of Ireland's largest banking and financial services groups, positioning itself as a leading sustainable financial institution through its climate-related lending activities and support for expanding access to affordable housing. We also initiated a position in Bio-Rad, a global leader in medical technology, focused on improving the diagnostic process by supplying essential medical devices and advancing drug discovery through its research products.

We also saw the opportunity set within sovereign bonds continue to expand. Japan represents an interesting case study that highlights how countries are aiming to address the interconnected goals of economic growth, energy security, and decarbonisation more holistically. We continue to be active in several investor working groups to further the development of sustainable investment and engagement frameworks that apply to sovereign bonds, recognising the unique challenges (and opportunities) within the asset class.

As we are constantly reminded, building sustainable economies is a long-term endeavour, but it is during times of crisis or unforeseen events where resilience really shines through. We will continue looking for these opportunities in the year ahead.

Chris, Ryan and Colby
with contributions from Lisa Fillingame-Abraham (Fixed Income Sustainable Investment Strategist)



SUSTAINABLE INVESTING AT BROWN ADVISORY

As investors, we will consider any data, factor, business tactic or strategy, economic or market condition – whether quantitative or qualitative – which might allow us to better understand the material challenges and opportunities facing a business or issuer. Every Brown Advisory investment strategy holds the fiduciary duty of delivering investment performance to clients as its highest obligation.

How we think about Sustainable Investing

Sustainable Investing strategies apply an active and documented investment decision-making framework that emphasizes the materiality of the risks and/or opportunities that arise from natural resource, social and economic, climate, and/or governance issues in their evaluation of an investment. No two Sustainable Investing strategies will be exactly alike and each strategy's approach will reflect the portfolio manager's autonomy to invest in the way they believe best generates long-term investment performance for clients.

Investment philosophy

We firmly believe there does not have to be a trade-off between strong performance and investments that help address global sustainability challenges. Underwriting our holdings with a sustainable investment lens enhances our holistic approach and steers us towards forward-thinking issuers, be that companies, countries or government agencies that are using sustainability as a means to drive their businesses or economies forward and remain resilient to external shocks.

As an unconstrained, global portfolio we see many regional differences in the implementation and regulatory scrutiny of sustainable practices, both positive and negative. Whilst the quality and standardisation of data continues to be a challenge, its availability across various asset classes in fixed income is improving over time. This is partly due to growing awareness that these factors are becoming increasingly important to an investment's economics. We believe Sovereign Bonds as an asset class, for example, has great potential to navigate and address key environmental and social challenges facing the global economy and, in doing so, deliver positive returns for investors.

For instance, we expect to see rising financial impact stemming from climate risk and the limited availability of natural resources, as well as from developing technologies that provide climate mitigation, or adaptation solutions within a more resource-constrained environment. Likewise, as people are foundational to all aspects of the economy, we anticipate an increase in the opportunities to invest in issuers that we believe are managing human capital well.

Investment process

We seek to offer investors access to an attractive stream of income and risk-adjusted returns through an active, flexible approach to asset allocation, untethered to a benchmark. This allows us to allocate risk tactically to areas of the market that we believe have the most attractive risk-reward profiles to add depth and breadth to the opportunity set.

Our comprehensive investment analysis involves a complex balance of factors. Each of the different asset classes (corporates, sovereigns, mortgages, etc.) require in-depth consideration across a range of different factors from political risks to board composition and cash flow.

- **Fundamental investment research:** combining global macro assessment to determine overall portfolio risk and composition, with bottom-up analysis to model cash flows, duration and valuations.
- **Sustainable investment research:** evaluation of sustainable investment risks and opportunities including specific use of proceeds and the issuer's ability to manage the project and risks.

It is at the intersection of these key elements when we find an attractive investment. Only when an issuer meets our exact standards will they be considered candidates for inclusion into our sustainable bond portfolios. And our ongoing active and dynamic approach to asset allocation means we will reposition the portfolio in different market environments in an effort to help maximise return potential and mitigate risk for our investors.

SUSTAINABLE INVESTING LEVERS

By applying a sustainable investment lens to our investment process, we believe our portfolio is naturally aligned with positive sustainability outcomes across a range of areas. The way we assess sustainability requires a variety of methods due to the different types of issuers in which we invest. By breaking down the portfolio by asset class, geography and thematic framework, we can better demonstrate that diversification.

Diversification by sector

The issuers represented in our portfolio seek to contribute to positive outcomes in different ways. This allows us to avoid concentration risk and helps us allocate capital strategically and tactically using a dynamic approach to asset allocation based on our ongoing assessment of the global fixed income market. We also allocate a portion of the portfolio to cash and other securities for liquidity and duration management purposes.

Corporates

Companies that are solving for an environmental or social challenge for their customers or within their operations, providing a competitive advantage to the company.

16.8%

Mortgage-Backed Securities

Mortgage offerings that focus on low-income homeowners, affordable multifamily units, sustainable commercial buildings or environmental improvement projects.

9.8%

Supranational

Multi-lateral development banks and other entities providing capital to address critical global sustainability challenges.

10.2%

Sovereign

Countries addressing a variety of environmental and social challenges through government actions.

58.1%

Cash & Derivatives

We allocate a portion of the portfolio to cash and other securities for liquidity and duration management purposes.

5.1%

Source: Brown Advisory analysis. Sectors are based on Bloomberg's classification system. Numbers may not total to 100% due to rounding. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2025 and includes cash & cash equivalents. Please see the end of this document for important disclosures.

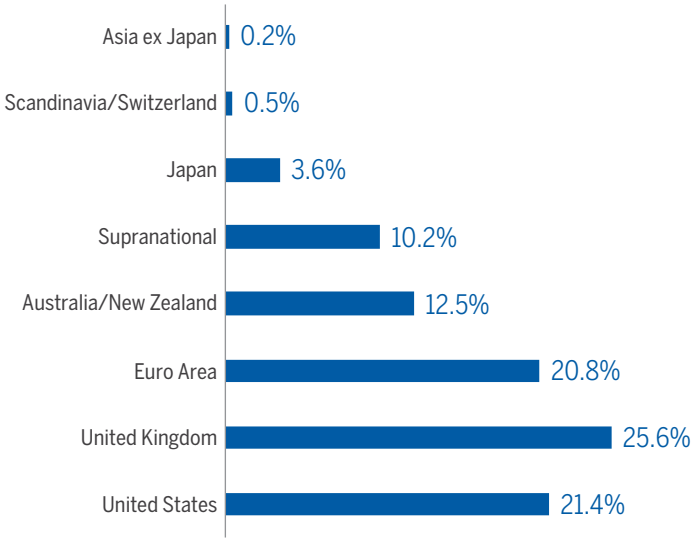
"What is so unique about global fixed income is the necessity and ability to navigate and address an array of sustainability challenges from multiple angles—whether it's the public sector through sovereign bonds or the private sector through corporate bonds (and everything in between)."

RYAN MYERBERG

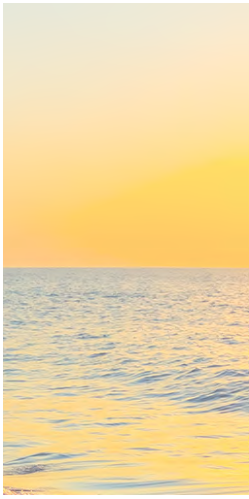
Diversification by geography

As a global fixed income manager, we recognise that risks and opportunities vary by geography at any given time. This holds true for the sustainable investment-related challenges faced by each country and region in which we invest. Understanding both macro-level considerations and how they flow through to the companies and countries in which we invest is an important part of our process.

GEOGRAPHIC BREAKDOWN



Source: BBH and Bloomberg. The portfolio information provided is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2024. Numbers may not total due to rounding. Cash is included in the weights calculations but not shown in the breakdowns above, cash was 5.14% as of Dec. 31, 2025. Holdings shown are for informational purposes only and are not a recommendation to buy, sell or hold any security. Please see the end of this report for important disclosures.





Labelled bonds

Labelled bonds, such as green, social, sustainability, or sustainability-linked bonds, are a tool used to finance specific environmental and/or social projects and objectives. Labelled bond issuance in 2025 surpassed $1.6 trillion[1], with global green bond and loan issuance reaching a record $947 billion—accounting for nearly 60% of all sustainable debt issuance[1].

Whilst appealing, bond labels are no shortcut for the prudent investor due to a lack of standardisation and independent verification. When assessing a labelled bond, it is important to understand how the labelled bond fits into an issuer's overarching sustainability strategy, including evaluating the use of proceeds and mechanisms for accountability. In particular, we examine how well these bonds align and adhere to the voluntary guidelines issued by ICMA and will support those that we believe are committed to delivering on positive sustainability outcomes.

We do not target a specific portion of the portfolio to be in labelled bonds, however we generally expect to maintain some exposure at all times. Whilst allocation to labelled bonds was relatively small at year-end, we are encouraged by the growth of the market both in terms of depth and breadth. Growth continues to be driven by sovereign entities and green/social mortgages issued by Fannie & Ginnie Mae, which is reflected in our portfolio as of year-end. We continue to engage with the sustainable debt community to build out this growing opportunity set.

Percentage of portfolio in labelled bonds

4.1%

Source: Brown Advisory analysis is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2025 and includes cash. Please see the end of this report for important disclosures.

[1] Bloomberg, BNEF, as of Dec. 31, 2025.

Sustainable investing levers

Our primary goal is to provide a diversified portfolio of investments that delivers both attractive returns and positive outcomes. We believe that our investment philosophy helps our portfolio drive progress in many different social and environmental areas. By breaking the portfolio out by sustainable investing levers, we can better demonstrate that diversification.

Diversification by levers

Consistent with our unconstrained approach, which seeks out the best global opportunities to produce strong risk-adjusted returns for our clients, we cast a wide net for sustainable investments that can touch a number of different themes. That said, for the purposes of assessment and to recognise the positive outcomes associated with the activities of issuers in which we invest, we have a straightforward, internally-created framework to illustrate the variety of challenges and opportunities our portfolios address. This categorisation is focused on corporate, securitised and supranational issuers. The portfolio also contains sovereign bonds which are assessed using a different approach and is explained on page 8 of this report.

A "lever" refers to a sustainable investment-related driver that we believe may contribute to a company's long-term value creation.

We do not target any particular lever or combination of levers as part of our investment process. However, through our bottom-up research, we assess how a company's products, services, or business practices may be positioned to benefit from - or help address - natural resource, social, economic, climate, and/or governance outcomes.

We group these under two broad themes: Climate Conditions & Resource Access and Culture & Human Capital, with several more specific sub-levers beneath them. The levers are used for analytical and reporting purposes which help to illustrate potential sustainable investment-related outcomes associated with the companies or issuers we own.

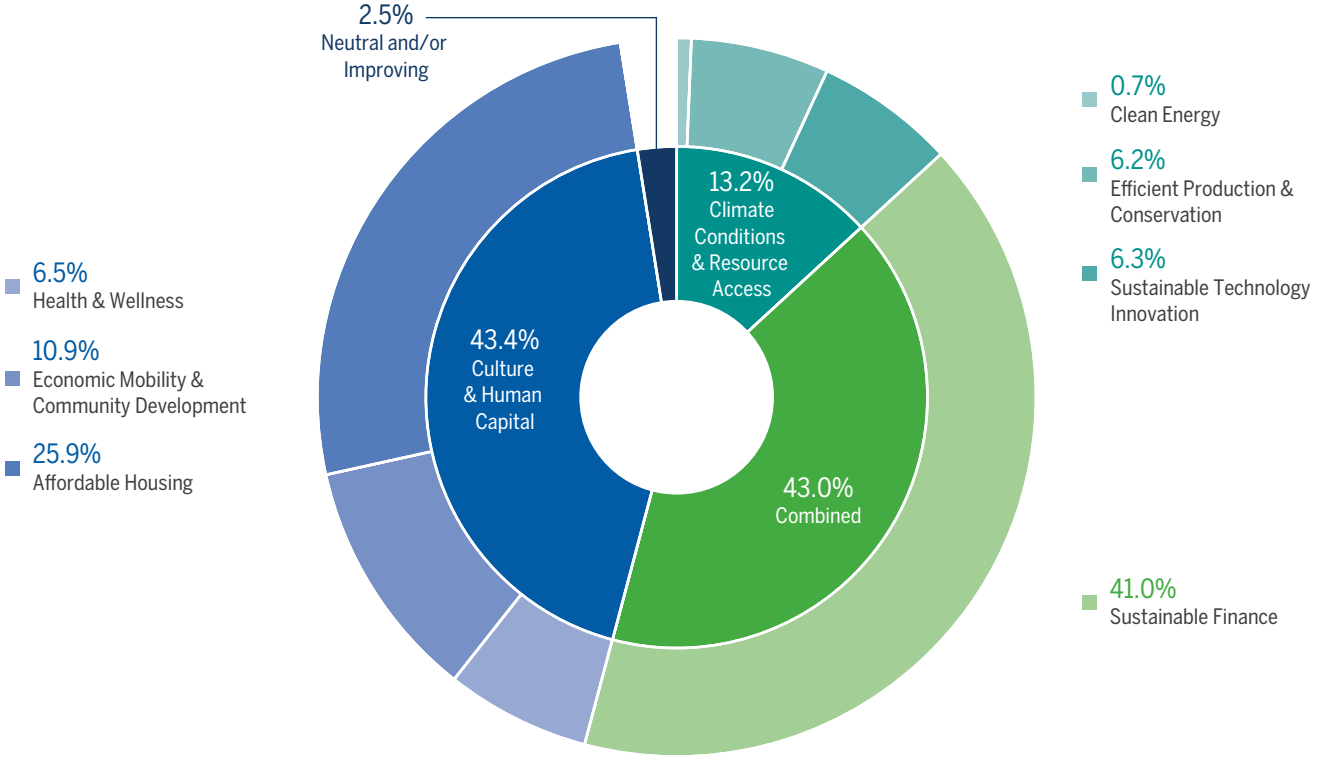
A CLIENT-FOCUSED FRAMEWORK

The levers presented in the Brown Advisory framework above, Climate Conditions & Resource Access and Culture & Human Capital, have been developed with the sole purpose of explaining the potential sustainable investment-related outcomes of our investments. We work closely with our clients to help them translate our levers against their own tools or other internationally recognized frameworks, such as the U.N. Sustainable Development Goals (SDGs), if that aligns with their investment philosophy or goals. Whilst we do not invest to achieve these goals, some clients have found it useful to show how our levers map against the SDGs to understand a strategy's investment outcomes.



DIVERSIFICATION OF CORPORATE, SECURITISED AND SUPRANATIONAL SECTORS

This categorisation is focused only on the aforementioned sectors and represents 37% of the entire portfolio.



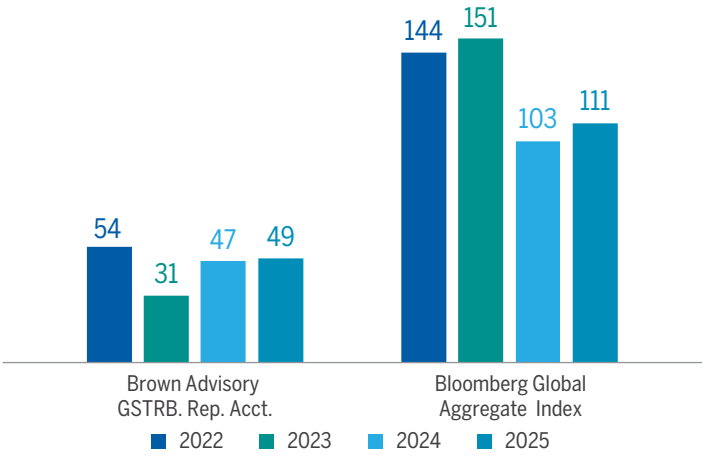
Source: Brown Advisory analysis. Neutral represents holdings that are not categorised within the framework and cash. Combined represents holdings that could be categorised as both Climate Conditions & Resource Access and Culture & Human Capital. Numbers may not total due to rounding. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2025, and includes cash & cash equivalents. Please see the end of this report for important disclosures.

Corporate carbon emissions

Whilst climate risk is a consideration for all asset classes within the portfolio, the data below is illustrative of corporate issuers only due to the availability and comparability of data. This represents 17.0% of the portfolio[1]. Sovereign-related carbon emissions are assessed differently, (see page 8 for details).

We believe the fixed income markets are poised to play an essential role in financing the global effort to decarbonise our economy. As part of our investment assessments we consider an issuer's overall carbon footprint. From an investment perspective, this is beneficial as lower emissions can reduce the cost of operating expenses when paired with efficiency gains, mitigate certain regulatory risks, and signal stronger long-term resilience in an increasingly turbulent ecosystem.

WEIGHTED AVERAGE CARBON INTENSITY[1, 2]

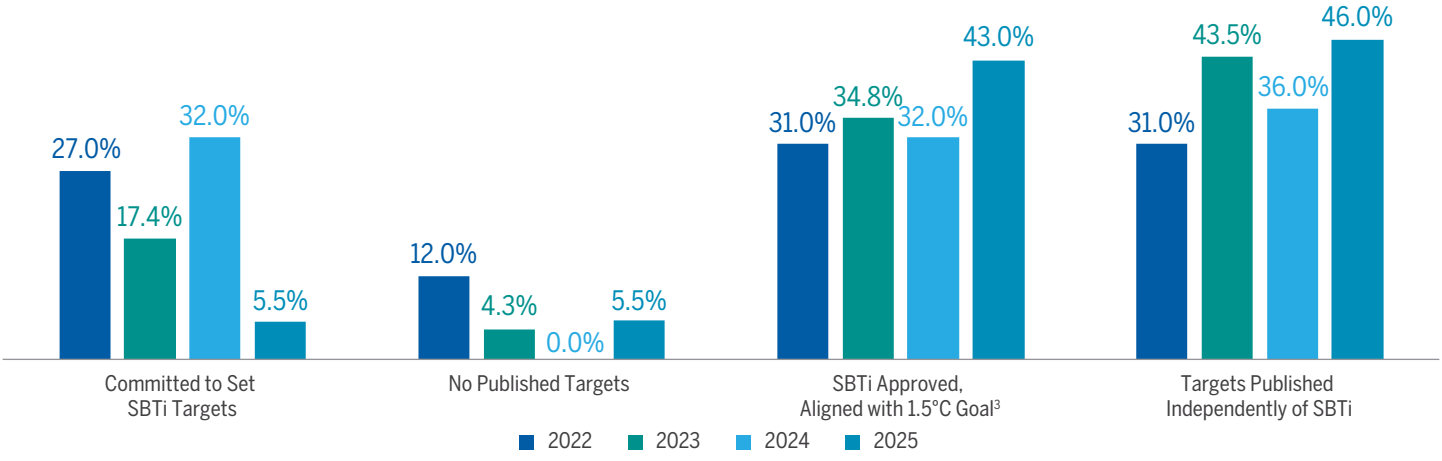


Source: MSCI ESG Manager and Brown Advisory Analysis

One of the key drivers of the relative increase in emissions intensity from the prior year was due to the addition of a Yara Green Bond in 2024. Whilst fertiliser production is relatively emissions intensive, Yara continues to lead the industry in innovation through the development of renewable hydrogen and clean ammonia—a small but growing portion of its business that has been central to our engagement with the company. The green bond specifically helps to finance these initiatives, highlighting the important role labelled bonds play in supporting a company's decarbonisation strategy and driving performance.

Science-based targets progress[1]

It is important to not just look at where an issuer's footprint is today, but also its forward-looking trajectory. Science-based targets are one way in which we assess a company's future commitments to emissions reductions. Many of the issuers whose bonds we invest in publish targets in line with recommendations from the Science-Based Targets initiative (SBTi) although some independently set targets from this initiative. The presence of credible, forward-looking climate targets can signal an issuer's preparedness for regulatory shifts, evolving customer expectations, and resource constraints—factors that we believe may contribute to long-term resilience and competitive positioning.



Source: MSCI ESG Manager and Brown Advisory analysis.

[1] Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2025. Please see the end of this report for important disclosures.

[2] Tons CO e/$M revenue of portfolio holdings, adjusted based on relative weighting of each holding.

[3] SBTi approves targets that it believes are in line with meeting the goals of the Paris Agreement: limiting global warming to well-below 2°C above pre-industrial levels, and pursuing efforts to limit warming to 1.5°C. We do not engage with every issuer, we engage only when we believe it will be material to our investment decisions.

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 issuers mentioned. It should not be assumed that investments in such issuers have been or will be profitable. To the extent specific issuers are mentioned, they have been selected by the author on an objective basis to illustrate the sustainable investment philosophy of the Strategy, and do not represent all of the issuers purchased, sold or recommended for advisory clients. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account. Please see the end of this report for important disclosures.

Sovereigns

Analysing and investing in sovereign issuers from a sustainable investment perspective is often very nuanced. Countries are large, diverse issuers that can have a wide range of influence, both positive and negative, on the world around them and within their own borders.

Therefore, in our view, it is too simplistic to map them to one specific lever. Instead, using a combination of quantitative and qualitative methods, we identify issuers that we believe are addressing climate, culture and human capital-related challenges in such a way that makes their economies more competitive and resilient over the long term.

Freedom House score

Freedom House annually assesses the condition of political rights and civil liberties around the world utilizing multiple assessments to create their score. This is just one data point we use in our sovereign sustainable investment research assessment assessment, but believe it is an important proxy for evaluating how governments are meeting the needs of its citizens in order to preserve political stability and avoid civil unrest. A higher score means relatively more freedom.[1]

SOVEREIGN FRAMEWORK

Climate Conditions & Resource Access

- Energy access
- Resource management & climate conditions

Culture & Human Capital

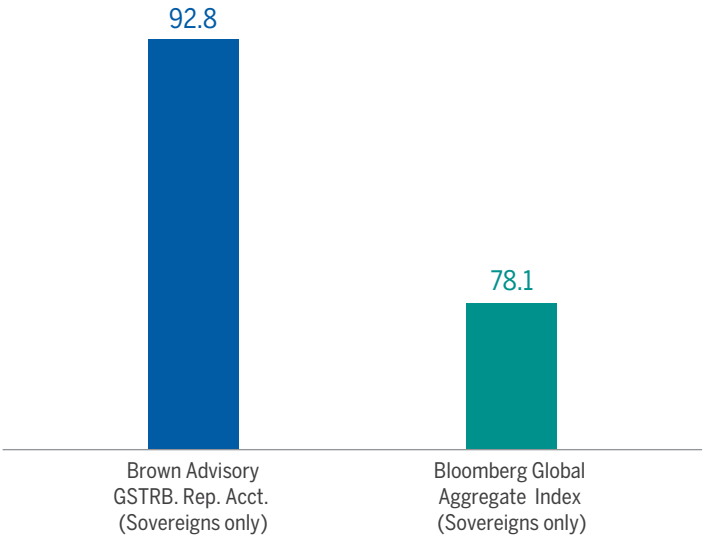
- Economic opportunity
- Education
- Health

Governance

- Civil liberties & security
- Corruption & transparency
- Institutional strength & regulatory environment

Source: Brown Advisory.

WEIGHTED AVERAGE FREEDOM HOUSE SCORE



Source: Freedom House and Brown Advisory analysis. Data reflects portfolio holdings as of Dec. 31, 2025. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account. Please see the end of this report for important disclosures and a complete list of terms and definitions.

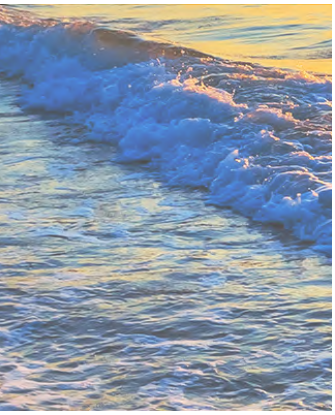
[1] https://freedomhouse.org/reports/freedom-world/freedom-world-research-methodology

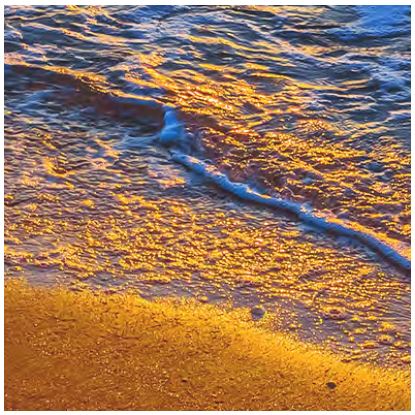


Sovereign carbon emissions

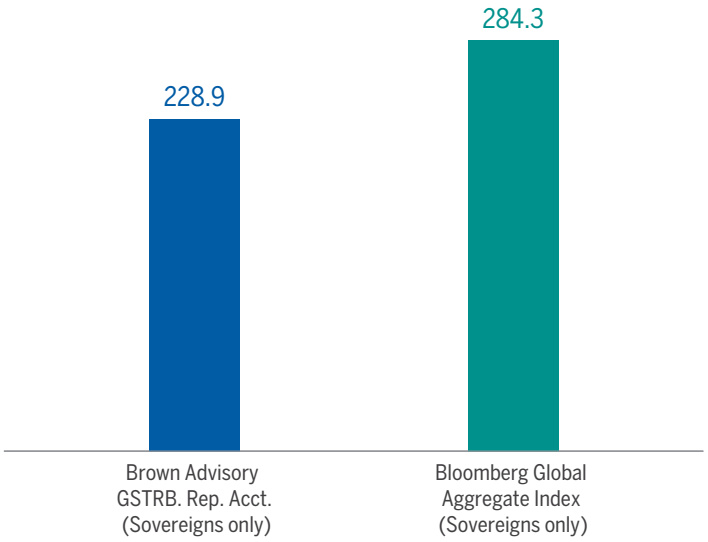
The standardisation of emissions data and emission reduction targets for sovereign issuers is still a work in progress, and as such we seek to take as holistic a view as possible when assessing and reporting this data. In our research process, we look at a country's carbon transition profile from multiple angles, but for simplicity of reporting we have opted to follow Partnership for Carbon Accounting Financials (PCAF) methodology for sovereign bonds.







WEIGHTED AVERAGE CARBON INTENSITY[1]

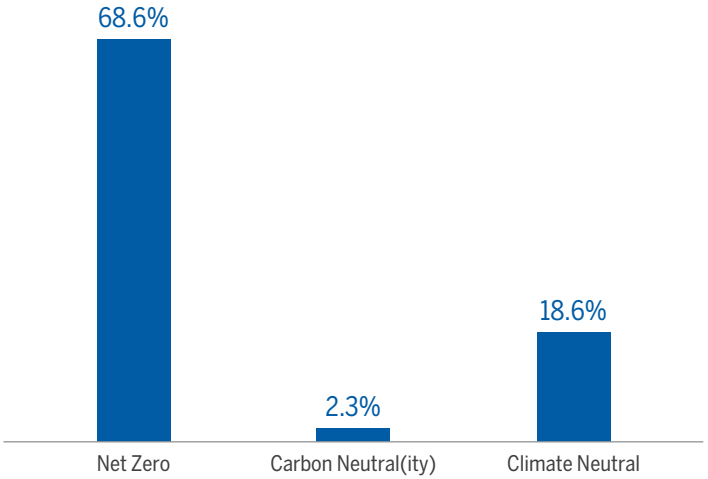


Source: MSCI ESG Manager. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account. Please see the end of this report for important disclosures and a complete list of terms and index definitions.

[1] Tons CO2e/$M GDP – adjusted PPP. adjusted based on relative weighting of each holding.

Sovereign net zero goals

When considering carbon emissions risk of a sovereign issuer, it is important to not just look at their emissions profile today, but where they are going, looking at forward-looking targets and policies to support them. Net Zero Tracker gathers this information based on publicly-available data and given there is no single standard for net zero target-setting for sovereigns at this time, Net Zero Tracker classifies each country's target based on how it self-labels.[1]



Source: Net Zero Tracker. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2025. Please see the end of this report for important disclosures.

[1] https://zerotracker.net/methodology

Corporate case studies



BIO-RAD LABORATORIES (BIO)

SUSTAINABLE INVESTING LEVER:
Health & Wellness

ISSUER SUMMARY:
Bio-Rad is a global leader in medical technology, focused on improving the diagnostic process by supplying essential medical devices and advancing drug discovery through its research products. With 80% of sales coming from products with a leading market position, the company enables fast, accurate lab results, prevents misdiagnosis, and supports early detection of autoimmune and infectious diseases.[1] Many of its products also help labs perform more tests efficiently, highlighting Bio-Rad's position as a leading innovator across life-science research and clinical diagnostics.

Bio-Rad offers the most comprehensive software and quality control products on the market: 70% of medical decisions rely on laboratory results enabled by its products, contributing to early detection of diseases and early treatment that can save lives, improved healthcare costs, and efforts to combat or eradicate disease.[2] For example, the company's Droplet Digital PCR (ddPCR) technology is a method for performing diagnostic tests that has seen rapid adoption for early cancer detection due to its ability to report patient results in days, rather than weeks.[3] In addition, its In-Vitro Diagnostics (IVD) products are used to test and monitor autoimmune and infectious diseases and cover more than 300 different diagnostic tests.[4] Bio-Rad also offers a large menu of quality control products, alongside food and water safety testing products that aim to detect food and water borne illness.

Overall, we believe Bio-Rad is well-positioned to continue innovating through high R&D spend (12% of net sales in 2024, up from 9% in 2023) resulting in increased product offerings and market share for its lifesaving technologies.[5] We believe the company has a compelling growth opportunity as rising incomes and longer life expectancies drive greater demand for healthcare worldwide.

[1] https://s29.q4cdn.com/260940227/files/doc_presentation/2022/02/02/Bio-Rad-Investor-Day-2022.pdf

[2] https://www.cdc.gov/lab-week/resources-archive/feature-story.html#:~:text=Safety%20and%20quality%20in%20laboratory,laboratories%20in%20the%20healthcare%20system.

[3] https://www.bio-rad.com/en-us/life-science-research/news/wider-adoption-droplet-digital-pcr-predict-cancer-treatment-response-clinical-trials-highlighted-at-2018-asco-annual-meeting?ID=06-25-18-Wider-Adopt_1529958649

[4] https://s29.q4cdn.com/260940227/files/doc_financials/2024/ar/Bio-Rad-2024-Annual-Report-10-K-wrap-FINAL-for-web-posting.pdf

[5] https://investors.bio-rad.com/press-releases/news-details/2025/Bio-Rad-Reports-Fourth-Quarter-and-Full-Year-2024-Financial-Results/default.aspx



AIB GROUP (AIB) (GREEN BOND)

SUSTAINABLE INVESTING LEVER:
Sustainable Finance

ISSUER SUMMARY:
AIB is one of Ireland's largest banking and financial services groups, positioning itself as a leading sustainable financial institution through its climate-related lending activities and support for expanding access to affordable housing. As a leading Irish retail mortgage lender, AIB plays a unique role in providing access to affordable housing through social housing and other accessibility schemes aimed at addressing the issue of low housing supply in the country. Furthermore, the company has made climate a priority with a target of 70% of all new lending to be "green" or "transition" lending by 2030, enhancing the resilience of its balance sheet as climate-related risks become more severe and increasing regulation demands it.[6] Approximately €20.5 billion in green and transition lending has been provided since AIB announced its €30 billion Climate Action Target in 2019.[7]

The Strategy is invested in AIB's 2024 green bond, with proceeds allocated towards an "Eligible Green Loan Portfolio" of projects across the U.K. and Ireland. According to its 2024 impact report, AIB has fully allocated its green bond portfolio across categories of green commercial and residential buildings (43%), renewable energy (55%), clean transportation (<1%), and circular economy and waste management (1%).[8] Projects financed by green bond proceeds include, for example, low-carbon buildings and green certifications, improvements in building energy efficiency, wind and solar energy generation, zero-emissions vehicles, and waste reuse or recycling operations.[9] We view AIB's green bond as an important tool in achieving its broader lending targets at the issuer level.

[6] https://aib.ie/content/dam/aib/group/Docs/Press%20Releases/2020/aib-aims-for-green-lending-to-account-for-70-per-cent-of-new-customer-lending-by-2030.pdf

[7] https://aib.ie/corporate/industry-expertise/real-estate/sustainability; https://sustainabilityonline.net/news/aib-raises-e1-billion-from-issuance-of-ninth-green-bond/

[8] https://aib.ie/content/dam/frontdoor/investorrelations/docs/debt-investors/green-bonds/aib-green-bond-report-2024.pdf

[9] https://aib.ie/content/dam/frontdoor/investorrelations/docs/debt-investors/green-bonds/aib-green-bond-framework-investor-presentation-mar-25.pdf

Source: Company reports and Brown Advisory Research. 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 issuers mentioned. It should not be assumed that investments in such issuers have been or will be profitable. To the extent specific issuers are mentioned, they have been selected by the author on an objective basis to illustrate the sustainable investment philosophy of the Strategy, and do not represent all of the issuers purchased, sold or recommended for advisory clients. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2025. Please see the end of this report for important disclosures.

Sovereign bond case study



JAPAN

While Japan faces demographic headwinds from its large aging population (in part due to the fact that it has one of the highest life expectancies in the world), the strength of its human capital, supported by robust investment in research and development (R&D) demonstrate how Japan is positioning itself as a leader in industrial transformation. In particular, AI and automation present a huge opportunity for the country to combat the impacts of its shrinking workforce. The same holds true for the role we believe it will play in the shift towards a lower carbon economy.

The Basic Green Transformation (GX) Policy, supported by it GX2040 Vision and 7th Strategic Energy Plan, demonstrates how the country is thinking about achieving the interconnected goals of economic growth, energy security, and decarbonisation holistically. Japan has pledged to reduce emissions by 60% by 2035 (from 2013 levels) and achieve net zero by 2050[1]. While some skeptics note that its current plans lack ambition, we recognize the need to consider Japan within the context of its unique economic and geographic advantages (and disadvantages). Given the country's exposure to heavy industries (manufacturing, autos, etc.), its reliance on energy imports (85%-90% of its energy comes from imports[2]), and geographic limitations (land constraints, susceptibility to earthquakes and typhoons), decarbonising the energy sector remains its biggest challenge. That said, we see Japan leaning into the areas where we believe it has a strong competitive advantage that can enable more meaningful decarbonisation, not just in the country, but globally. With strong investment in R&D and targeted subsidy programs, we see opportunities for Japan to lead in driving innovation through battery and semiconductor supply chains, plug-in hybrid vehicles, and hydrogen for steelmaking, to name a few.

Since the launch of Japan GX policy (and its supporting sovereign transition bond framework) in 2023, we have engaged with the government of Japan, including with members of the Japanese Ministry of Finance (J-MoF) and the Ministry of Economy, Trade and Industry (METI), on three separate occasions, giving us a greater appreciation for its strategy. Over that time, we have also seen how the government has taken into account investor feedback—for instance, with regards to the challenges of reporting on R&D-related allocations given the difficulty quantifying the impact in the short-term, as well as the safeguards we would like to better understand as it relates to investments in nuclear energy, given the country's past and geographical susceptibility to natural disasters.

Taken together, Japan's continued progress under its GX strategy and ongoing engagement with investors highlights the role sovereign issuers can play in managing climate risks and advancing a country's sustainable economic growth objectives.

[1] https://unfccc.int/sites/default/files/2025-02/Japans%202035-2040%20NDC.pdf

[2] Source: International Energy Agency (IEA). World Energy Investment 2025: Japan and Korea. Paris: IEA, 2025. https://www.iea.org/reports/world-energy-investment-2025/japan-and-korea. Notes that Japan's energy self-sufficiency rate is 13%.



Source: Company reports and Brown Advisory Research. 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 issuers mentioned. It should not be assumed that investments in such issuers have been or will be profitable. To the extent specific issuers are mentioned, they have been selected by the author on an objective basis to illustrate the sustainable investment philosophy of the Strategy, and do not represent all of the issuers purchased, sold or recommended for advisory clients. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2025. Please see the end of this report for important disclosures.

ENGAGEMENT

Creditors and bondholders play a key role in the capital structure of issuers. Therefore, as investors we seek to use engagement when possible and material to an investment decision to communicate our thinking and to gather information that informs our investment decisions, and we find that many issuers are open to discussions with investors from whom they may seek additional debt funding in the future. Engaging with issuers in asset classes that tend to have lower levels of data and disclosure is particularly important for our due diligence, as it may help us to uncover lesser-known risks or opportunities.

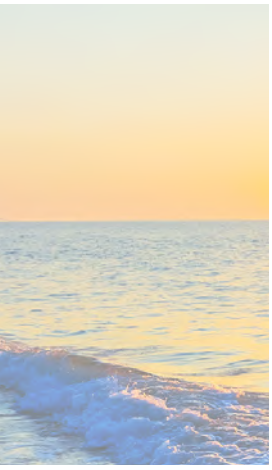
Our engagement activity by the numbers

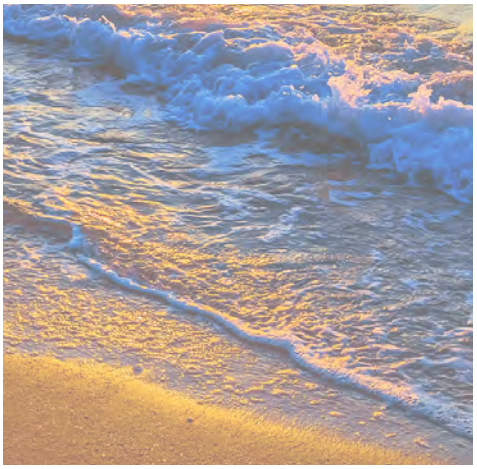
TOTAL ENGAGEMENTS

97	97
Portfolio engagements*	Engagements across fixed income platform*

*This includes engagements with issuers held in the Strategy and/or prospective issuers.

Source: Brown Advisory. Portfolio information based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2025. Engagement activities are conducted solely for the purpose of enhancing long-term shareholder value and do not constitute acting as a group or seeking to influence control of any issuer within the meaning of Sections 13(d) or 13(g) of the Securities Exchange Act. Overall portfolio engagements data is focused on capturing conversations where the majority of the interaction was centered around these particular topics. We may not engage with every company or issuer on sustainable investment-related topics. We only engage when we believe engagement will be material to our investment decision-making. Please see the end of this report for important disclosures.





FREQUENCY OF ENGAGEMENT PRIORITY WITH ISSUERS

Portfolio engagements	Engagements across fixed income platform

CLIMATE CONDITIONS & RESOURCE ACCESS

70	70

For example, reporting on and managing of material physical and transition risks, natural resources and biodiversity-related risks.

CULTURE & HUMAN CAPITAL

32	32

For example, ensuring access to essential services, upholding human rights, and promoting positive culture and labor practices.

GOVERNANCE

Disclosure

27	27

For example, reporting transparency, supporting more structured reporting frameworks.

AI

9	9

For example, hire personnel with AI/data privacy expertise and embed these ethics professionals into product development; issue annual progress reports on Ethics and Data Security.

Governance

17	17

For example, implementing policies and procedures to support various stakeholders, including increasing transparency in reporting.

Notable engagements in 2025



GLOBAL FERTILISER PRODUCER

GOAL:
Understand opportunities in low-carbon fertilizer solutions

PRIORITY: Climate Conditions

ACTIVITY:
As one of the world's largest fertiliser producers, this company continues to lead the industry in innovation by developing its production of renewable hydrogen and ammonia, with new carbon capture, utilisation, and storage projects in the works. As investors in the company's green bond, our engagements are critical for monitoring the company's progress within a hard-to-abate sector. Green bond proceeds will initially be allocated to capital expenditures and operating expenses for plants producing the company's premium fertilisers, which have significantly lower process emissions compared to alternatives; allocation to this production process should help reduce the company's emissions footprint today.

We engaged with this company in 2025 to better understand its clean ammonia development strategy and progress on precision farming and carbon credit initiatives—key areas for assessing the credibility of its decarbonisation pathway and the use of green bond proceeds. Our view is that successful execution in renewable hydrogen and ammonia, alongside lower-emissions premium fertilisers, could strengthen the company's competitive positioning and support long-term demand.

To address these issues, the company outlined its strategy to significantly increase low-carbon ammonia production by 2030, estimating it could reach approximately 40% of total output with several projects in the pipeline. It also acknowledged challenges in meeting previously announced targets for its precision farming and carbon credit platforms due to lower-than-expected customer and farmer adoption and shifting market conditions. However, the company shared that early-stage efforts to engage the broader supply chain, including industry partnerships that could help subsidise more efficient farming practices, are underway. The company is also monitoring evolving emissions reduction frameworks and remains compliant with current carbon allowance regulations. This engagement reaffirmed the conviction in our sustainable investment thesis, and we will continue to monitor the company's progress on these decarbonisation initiatives as market and regulatory landscapes evolve.



GLOBAL LOGISTICS REAL ESTATE COMPANY

GOAL:
Understand green building certification and emissions profiles

PRIORITY: Climate Conditions

ACTIVITY:
This company is a global leader in logistics real estate, specialising in owning, managing, and developing logistics facilities. The company invests in building efficiency and decarbonisation to support stronger customer relationships and create assets that retain value longer, generate increased revenue, and face reduced regulatory risk. It incorporates design standards that prioritise performance and sustainability, including high-efficiency HVAC and lighting systems, lower-carbon concrete and steel, and opportunities to reduce waste and reuse materials. It also leads peers in green building certifications and has committed to certifying all developments and redevelopments.

We engaged with this company in 2025 to understand how it is managing emissions and strengthening the sustainability profile of its global logistics portfolio. With Scope 3 representing 99% of emissions—driven largely by building energy use and embodied carbon—the company focuses on improving building performance and pursuing certifications. All new developments are built to LEED Silver or equivalent regional standards (Energy Star as more compelling in the U.S.), supported by a LEED volume program that improves certification economics. Management shared that over one-third of its portfolio is certified. We also discussed customers' willingness to pay for green buildings, particularly in Europe, where certification is often viewed as table stakes. Otherwise, highlighting looming building-emissions regulations can motivate customers to make upgrades that enhance asset value and improve returns. In addition, the company seeks to mitigate physical risk exposure through design measures and assessments using reinsurance-based underwriting data. Our engagement reinforced that efficient, certified buildings are central to the company's strategy and the value proposition it delivers to customers.

Please note, for the purpose of our public reporting, and in keeping with the spirit of trust and collaborative dialogue with our portfolio companies, we feel that it is important to anonymise the companies with which we engage on key sustainable investing issues.

Source: Brown Advisory Research. Engagement activity information is based on engagements related to the Brown Advisory Global Sustainable Total Return Bond Strategy during 2025. Engagement activities are conducted solely for the purpose of enhancing long-term shareholder value and do not constitute acting as a group or seeking to influence control of any issuer within the meaning of Sections 13(d) or 13(g) of the Securities Exchange Act. Overall portfolio engagements data is focused on capturing conversations where the majority of the interaction was centered around these particular topics. We may not engage with every company or issuer on sustainable investment-related topics. We only engage when we believe engagement will be material to our investment decision-making. Sectors identified for each company are based on the GICS sector classification system. 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 issuers mentioned. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2025. Please see the end of this report for important disclosures.

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Sustainable investment considerations are one of multiple informational inputs into the investment process, alongside data on traditional financial factors, and so are not the sole driver of decision-making. Sustainable investment analysis may not be performed for every holding in the Strategy. Sustainable investment 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 be desirable based on our analysis of sustainable investment related risks and opportunities, but investors may differ in their views. 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 excluded from other funds that focus on sustainable investment risks. Security selection will be impacted by the combined focus on sustainable investment research assessments and fundamental research assessments including the return forecasts. The Strategy incorporates data from third parties in its research process but does not make investment decisions based on third-party data alone. 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.

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