**Article 10 Transparency Statement in respect of**

**Brown Advisory Global Leaders Fund (the "Fund")**

**LEI code: 635400WHZWLZELLOYF49**

**a sub-fund of Brown Advisory Funds plc (the "Company")**

**Prepared by Brown Advisory (Ireland) Limited (the "Manager")**

**Brown Advisory LLC (the "Investment Manager")**

**Brown Advisory Limited (the "Sub-Investment Manager")**

**26 April 2025**

This Article 10 Transparency Statement (the "**Statement**") is published by the Manager of the Company, which has delegated investment management of the Fund to the Investment Manager. The Investment Manager has delegated some of the day-to-day portfolio management of the Fund to Sub-Investment Manager. The Statement meets the requirements of the EU Sustainable Finance Disclosure Regulation ("**SFDR**"), specifically Article 10(1) of Regulation (EU) 2019/2088 and Articles 25 to 36 of the Commission Delegated Regulation (EU) 2022/1288. In accordance with Article 10 of the SFDR, financial market participants such as the Manager are required to publish and maintain summary information on a public website regarding financial products which promote environmental or social characteristics or which have sustainable investment as their objective. The purpose of the statement is to provide transparency on the Fund's environmental or social characteristics, Sustainable Investments and the methodologies that are used to assess, measure and monitor these characteristics within the investment strategy.

Words and expressions defined in the supplement to the prospectus of the Company relating to the Fund shall have the same meaning unless otherwise defined in this Statement.

**a) Summary**

本基金是《可持续金融信息披露条例》(SFDR)第8条基金，倡导环境或社会特性，但不以可持续投资为目标。

基金主要投资于全球股票，以实现资本增值为投资目标。

在正常市场条件下，为实现其投资目标，基金将资产净值的80%以上投资于全球股票证券。在正常市场条件下，基金还将：(1)将净资产的40%以上投资于美国境外市场（包括新兴市场），如果市场条件不利，可将投资比例降至30%；(2)持有至少三个国家之发行人的证券。

基金投资于基本面强劲的公司，以促进环境和社会特性。这些公司经副投资经理定性评估，具有强劲或不断改善的可持续发展特性，同时采取有适当的风险管理措施。

基金可能投资于下述公司的股票证券：副投资经理认为该等公司在其行业或国家中处于领先地位、可以长期提供相对较高的资本回报。

基金资产净值的80%以上将被评估并确定为促进环境和社会特性。此外，基金资产净值的50%以上将投资于被确定为可持续发展投资标的的公司。

副投资经理的研究过程包括对基金中每家公司的可持续发展特性和重大可持续发展风险进行评估。此项研究

被完全纳入基金的投资流程，并通过内部研究评估团队完成。在投资完成后，将定期对投资组合中的持股进行评估，以监测其是否仍然符合副投资经理的可持续发展标准。副投资经理通过可持续发展指标监测基金的可持续发展特性。

副投资经理将与公司管理团队会面，并进行严格的自下而上的投资筛选过程。

副投资经理在评估基金的可持续发展特性和可持续发展风险时使用的数据来源，包括公开数据、第三方数据、从与公司的接洽活动中收集的信息（如适用）以及副投资经理研究团队的分析。副投资经理持续与公司开展讨论，为投资研究和决策制定提供依据。

基金并未为实现其倡导的环境或社会特性而指定参考基准。

**b) No Sustainable Investment Objective**

The Fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

**c) Environmental or Social Characteristics of the Fund**

Environmental and social characteristics are promoted by investing in fundamentally strong companies that the Sub-Investment Manager assesses, on a qualitative basis, to have strong or improving Sustainability Characteristics while maintaining adequate risk management practices.

Specifically, the Sub-Investment Manager will identify companies that use sustainability strategies to add value for shareholders. The Sub-Investment Manager categorizes these characteristics as "Sustainable Business Advantages" or SBAs. The SBAs are detailed in the investment strategy section below.

The Sub-Investment Manager believes that the companies selected for investment will promote one or more of the following environmental or social characteristics:

- **Emissions Reduction**: companies with internal strategies to reduce emissions;
- **Resource Efficiency**: companies implementing efficient operations that reduce resource use; and/or
- **Positive Environmental or Social Outcomes**: companies with products or services that: (i) help customers to be more resource efficient; and/or (ii) help to solve sustainability challenges.

The Fund does not have Sustainable Investment as its objective but does commit to investing at least 50% of the Fund's NAV in Sustainable Investments.

**d) Investment Strategy**

The objective of the Fund is to achieve capital appreciation by investing primarily in global equities.

Under normal circumstances, the Fund aims to achieve its investment objective by investing at least 80% of its net assets in global equity securities. The Fund also will, under normal market conditions: (1) invest at least 40% of its net assets outside the United States (including Emerging Market Countries) which may be reduced to 30% if market conditions are not favourable; and (2) hold securities of issuers located in at least three countries.

The Sub-Investment Manager will use in-house research and other external research sources to identify a universe of companies across a broad range of industries and countries whose underlying fundamentals are considered by the Sub-Investment Manager to be attractive. The Sub-Investment Manager will focus on companies that it believes exhibit the following desirable characteristics:

- high quality companies that are leaders in their industry or country supported by enduring competitive advantages that can deliver high relative return over time;
- capable and trustworthy management who manage for the long term;
- sustainable, predictable, premium growth in cash flow over time;
- positive industry dynamics;
- sensible capital allocation; and
- have a reasonable price – the Sub-Investment Manager expects growth to compound the excess economic return over time.

This includes companies with identifiable sustainable business advantages ("**SBAs**"):

- **Revenue Growth**: *e.g.,* attracting or retaining business through the sustainable attributes of its offerings, or helping customers solve for challenging sustainability issues.

- **Cost Improvements**: *e.g.*, improving margins from efficient operations, risk mitigation or other measures that increase productivity while using less resources.

- **Enhanced Franchise Value**: *e.g.*, improving customer loyalty, attracting and retaining top talent, growing faster or taking market share through sustainable commitments and/or positive societal impact.

The securities in which the Fund may invest will include the equity securities of companies that the Sub-Investment Manager believes are leaders within their industry or country as demonstrated by an ability to deliver high relative return on invested capital over time.

The strategy also will identify Sustainable Investments, investing at least 50% of the Fund in companies that positively contribute to identified sustainability outcomes, being one or more of:

- Affordable Housing
- Clean Energy
- Clean Water and Sanitation
- Diversity, Inclusion and Equality
- Economic Mobility and Community Development
- Education
- Efficient Production and Conservation
- Health and Wellness
- Sustainable Agriculture and Natural Resource Management
- Sustainable Finance
- Sustainable Technology Innovation

All companies added to the portfolio are analysed according to a variety of applicable governance factors including, though are not limited to, any one or more of the following: board and committee composition and structure in terms of expertise and diversity; shareholder rights provisions; business ethics and compensation packages. This analysis forms part of the Fund's general assessment of Sustainability Characteristics and Sustainability Risks.

**e) Proportion of Investments**

At least 80% of the Net Asset Value of the Fund will be assessed and determined to promote environmental and social characteristics. In addition, a minimum of 50% of the Fund's Net Asset Value will be in companies that have been determined to be Sustainable Investments.

Up to 20% of the Fund's Net Asset Value may consist of other investments that have not been determined to be aligned with the environmental and/or social characteristics, including` any cash that the Fund may not yet have allocated to an investment or for liquidity or currency hedging purposes through the use of FDI.

### f) Monitoring of Environmental or Social Characteristics

The Sub-Investment Manager's research process includes an assessment of Sustainability Characteristics and material Sustainability Risks for every company in the Fund. This research is fully integrated into the Fund's investment process and is provided through in-house research assessments. These assessments are then conducted on portfolio holdings periodically after investment in order to monitor ongoing compliance with the Sub-Investment Manager's sustainability criteria.

The following are the sustainability indicators used to measure the environmental or social characteristics of the Fund:

- **Emissions Reduction**:
    - weighted-average greenhouse gas emissions intensity of the Fund's investee companies in terms of the Greenhouse Gas Protocol's definition of Scope 1 emissions (direct emissions owned or controlled by a company) and Scope 2 emissions (emissions that a company causes indirectly and come from where the energy it purchases and uses is produced); and
    - the percentage of the Fund with an emissions reduction target.
- **Resource Efficiency**:
    - the percentage of the Fund the Sub-Investment Manager has identified to be resource efficient.
- **Positive Environmental or Social Outcomes**:
    - the percentage of the Fund the Sub-Investment Manager has identified to have products or services that: (i) help customers to be more resource efficient, and/or (ii) help to solve sustainability challenges.

Quarterly reports on Fund holdings are created by the Investment Manger's Reporting and Business Intelligence team with data sourced from the in-house research assessments which is reviewed by the portfolio managers. These reports document the available in-house sustainable investment ratings and third-party data assigned to each holding.

### g) Methodologies

The Sub-Investment Manager's bottom-up research process seeks to understand the fundamental characteristics and Sustainability Characteristics of its investments.

The research approach is based on a qualitative assessment of each security across a broad range of factors but will contain certain quantitative elements. The purpose of this assessment is to identify companies that, overall, approach sustainability issues that help to maintain or improve a company's financial position while also seeking to avoid those companies exposed to material Sustainability Risk. The Sub-Investment Manager will avoid those companies that it believes either to be failing to manage Sustainability Risks or to not have in place appropriate mitigants or plans to secure an improved position with respect to Sustainability Risks.

The Sub-Investment Manager believes that investing in the best companies globally in any sector or country can deliver superior long-term investment returns. The Sub-Investment Manager seeks to identify high-quality companies underpinned by structural long-term growth and strong management teams, and to purchase those companies at reasonable prices.

These methodologies allow the Sub-Investment Manager to select companies that may have an SBA and also those which the Sub-Investment Manager considers to be Sustainable Investments.

The Fund will also limit its exposure to particular companies and industries. In addition to the Sub-

Investment Manager's proprietary and qualitative analysis, the Sub-Investment Manager relies on a third-party provider to apply a rules-based screening process which seeks to identify companies that may have controversial business involvement, as determined by the Sub-Investment Manager.

The Fund also considers PAIs at portfolio level.

**h) Data Sources and Processing**

The Sub-Investment Manager relies on a number of data sources when assessing Sustainability Characteristics and Sustainability Risks. These sources include publicly available data, third party data providers, information gathered from engagement activity if applicable and the Sub-Investment Manager's research team's analysis. Third party data is one input in the Fund's approach but is not the primary factor in the assessment.

Responsibility for data accuracy and any data accessed via a third party platform is undertaken by the respective data provider. Any in-house data that is derived from the Sub-Investment Manager's internal research database is peer-reviewed prior to being distributed internally.

Estimated data varies by the dataset and is dependent on the coverage of the data provider.

**i) Limitations to Methodologies and Data**

Investing on the basis of sustainability criteria is qualitative and subjective by nature, and there can be no assurance that the data received from the Sub-Investment Manager's vendors, or any judgment exercised by the Sub-Investment Manager, will reflect the beliefs or values of any particular investor. Data and qualitative information are inherently subject to interpretation, restatement, delay and omission outside the Sub-Investment Manager's control.

Due to inconsistencies with respect to the evaluation of particular companies by third party research and data providers, the evaluation of an investment's sustainability characteristics may differ between financial market participants. For this reason, the Sub-Investment Manager always uses a combination of qualitative and quantitative data. Quantitative data is provided by either the company directly or by a third party data provider and this is then overlaid by the qualitative assessment undertaken by the Sub-Investment Manager's research team. Whilst the data providers are responsible for the accuracy of the data, the insights that the Sub-Investment Manager's research teams gain through their interaction with the companies and their own analysis, limits the effect of poor/lack of data in the investment process.

**j) Due Diligence**

As noted above, the Sub-Investment Manager's sustainable investment research team conduct a significant amount of up-front due diligence prior to investing and monitor the companies in the Fund on an on-going basis. Additional monitoring is also undertaken through a quarterly review of certain Sustainability Characteristics of the Fund. In addition to the in-house qualitative analysis, the Sub-Investment Manager has access to data from third-party providers. The research process may also include but is not limited to a review of public filings, meetings with management teams and site visits to operations, research around industry and competitive dynamics, and checks with competitors or suppliers.

The Sub-Investment Manager's research teams are tasked with overseeing and monitoring the portfolio manager's approach to integrating sustainability considerations and engagement insights into their investment due diligence.

**k) Engagement Policies**

The Sub-Investment Manager will meet with management teams and engage in a rigorous bottom-up investment selection process. The Sub-Investment Manager emphasizes individual security selection based on identifying long-term attractive businesses *i.e.*, those with significant desirable characteristics



(such as a viable, long-term franchise, sustainable business model, generate excess economic return, high return on invested capital and stable profitability) and few or no undesirable characteristics (such as excessive financial or operational leverage, risk of business or product obsolescence, excessive compensation, misaligned incentives or management hubris), when they are available at reasonable prices. When possible and material to an investment decision, these conversations are a component of the Sub-Investment Manager's research process and on-going monitoring.

Where an investee company is deemed to be doing significant harm to the environment or society, and due diligence (including engagement) with the company indicates that the harm is systemic, detractive from the Fund's investment, and the harm is unlikely to be mitigated, the Sub-Investment Manager will exit the position in a manner that the Sub-Investment Manager believes to be in the best interests of the Fund, taking account of such factors such as costs of dealing and ensuring the Fund is fully invested.

**l) Designated Reference Benchmark**

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

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