Article 10 Transparency Statement in respect of

Brown Advisory US Equity Flexible Equity Fund (the "Fund")

LEI code: 6354009EDBCKOR1LBX12

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

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

Brown Advisory LLC (the "Investment Manager")

26 April 2024

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 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 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

Le Fonds est un Fonds dit « Fonds Article 8 » selon le SFDR ; il promeut des caractéristiques environnementales ou sociales, mais n'a pas pour objectif l'investissement durable.

L'objectif d'investissement du Fonds est de réaliser une plus-value en capital en investissant principalement dans des actions américaines.

Le Fonds vise à atteindre son objectif d'investissement en investissant dans de grandes et moyennes sociétés avec des perspectives économiques fortes et durables ainsi que des valorisations intéressantes.

Les caractéristiques environnementales ou sociales sont promues par l'investissement dans des sociétés qui, selon le Gestionnaire d'investissement, font l'objet d'une évaluation globale positive, couvrant un éventail de Caractéristiques de durabilité et de Risques de durabilité.

Au moins 80 % de la Valeur liquidative du Fonds sera évaluée et déterminée de manière à promouvoir des caractéristiques environnementales et sociales.

Le processus de recherche du Gestionnaire d'investissement comprend une évaluation des Caractéristiques de durabilité et des Risques de durabilité importants pour chaque société du Fonds. Cette recherche est pleinement intégrée au processus d'investissement du Fonds et est réalisée via des évaluations de recherche réalisées en interne. Ces évaluations sont ensuite menées à intervalles réguliers après l'investissement sur les titres en portefeuille afin de contrôler la conformité continue avec les critères de durabilité du Gestionnaire d'investissement. Le Gestionnaire d'investissement surveille les Caractéristiques de durabilité du Fonds à l'aide d'indicateurs de durabilité, et le Fonds est tenu de respecter une politique d'exclusion.

Les gestionnaires de portefeuille et l'équipe de recherche du Gestionnaire d'investissement s'engagent également dans un grand nombre de vérifications préalables à l'investissement, ce qui les conduit à avoir une confiance solide dans les sociétés dont les titres sont finalement sélectionnés pour le Fonds.

Dans le cadre de l'évaluation des Caractéristiques de durabilité et des Risques de durabilité du Fonds, le Gestionnaire d'investissement s'appuie sur des sources de données telles que des données publiques, des

fournisseurs de données tiers, des informations compilées dans le cadre d'activités d'engagement, le cas échéant, et l'analyse de l'équipe de recherche du Gestionnaire d'investissement. Le Gestionnaire d'investissement mène des discussions continues avec les sociétés afin d'éclairer ses recherches et ses décisions en matière d'investissement.

Aucun indice de référence n'a été désigné aux fins d'atteindre les objectifs environnementaux ou sociaux promus par le Fonds.

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

The Fund will invest in companies that the Investment Manager considers to have an overall positive assessment, covering a range of Sustainability Characteristics and Sustainability Risks. This assessment is based on either third-party research or the Investment Manager's research on Sustainability Characteristics. While the Investment Manager's holistic approach means that a wide variety of Sustainability Characteristics and Sustainability Risks are considered, the following Sustainability Characteristics are promoted by the Fund:

Environmental Characteristics:

- good management of greenhouse gas emissions; and
- appropriate structures and expertise to mitigate potential environmental risks.

Social Characteristics:

- good human capital management, including a focus on the promotion of diversity at the board level; and
- a track record of mitigating human rights related risks at the company and in the supply chain.

The Investment Manager believes that a focus on these particular characteristics will both limit business risks while contributing to a more responsible business approach.

d) Investment Strategy

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

The Fund aims to achieve its investment objective by investing at least 80% of its net assets in equity securities of mid-size and large companies that the Investment Manager believes have strong, or improving, long-term business characteristics and share prices that do not reflect these favourable fundamental attributes. The Investment Manager defines mid-size and large companies as those generally with market capitalisations above $2 billion at the time of purchase. The Fund will invest in companies which are listed or traded on the U.S. markets and exchanges listed in Appendix I of the Prospectus. The Fund seeks to purchase securities at what the Investment Manager considers attractive valuations in the context of the strong fundamental position of each underlying company.

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

favourable business economics supported by enduring competitive advantages;

capable and trustworthy management;

positive industry dynamics; and

sensible capital allocation.

The Investment Manager follows an investment philosophy referred to as “flexible equity”. Flexibility allows the Investment Manager to evaluate many types of opportunities expanding the bargain hunting concepts of value investing to a broad range of investments. The Investment Manager emphasises individual security selection based on identifying long-term attractive businesses i.e., those with significant desirable characteristics and few or no undesirable characteristics (such as excessive financial leverage, risk of business or product obsolescence, excessive compensation, misaligned incentives or management hubris), when they are available at bargain prices. Bargain prices most often arise in the stock market due to short-term investor perceptions or temporary business challenges creating undue price de-clines and price recovery potential, or because the Investment Manager believes that the business has favourable prospects which are typically unrecognised by industry or changes for the better in company management or industry conditions.

The Fund is also bound by its exclusion policy.

All companies added to the portfolio are analysed according to a variety of applicable governance factors including, though 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.

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 or cash equivalents 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 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 Investment Manager’s sustainability criteria.

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

- **Overall responsible management of environmental and social characteristics:**
    - the percentage of the Fund’s investee companies with a sustainability assessment indicating a positive approach to environmental and social issues overall.
- **Environmental characteristics:**
    - 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).
- **Social characteristics**:
    - weighted-average percentage of women on the board of the Fund’s investee companies; and
    - the percentage of the Fund’s investee companies that comply with the United Nations

Global Compact.

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 Investment Manager's bottom-up research process seeks to understand the fundamental characteristics and Sustainability Characteristics of the Fund's 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 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 Fund also takes a qualitative and quantitative approach to its exclusion policy.

The Fund has adopted the following binding restrictions and will not invest in companies that:

- manufacture whole controversial weapons systems, including cluster munitions, land mines, biological weapons, and/or chemical weapons;
- defy the UNGC Principles;
- derive more than 10% consolidated annual revenue from tobacco production;
- derive more than 10% consolidated revenue from civilian firearms; and/or
- derive more than 10% consolidated revenue from adult entertainment.

The Fund also considers PAIs at portfolio level.

h) Data Sources and Processing

The 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 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 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 Investment Manager's vendors or any judgment exercised by the 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 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 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 Investment Manager's research team. Whilst the data providers are responsible for the accuracy of the data, the insights that the 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 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 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 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 Investment Manager conducts ongoing discussions with companies to inform its investment research and decision-making. When possible and material to an investment decision, these conversations are a component of the Investment Manager's research process and on-going monitoring.

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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