**Article 10 Transparency Statement in respect of**

**BA Beutel Goodman US Value Fund (the "Fund")**

**LEI code: 6354002F2ICLDM3QCY81**

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

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

**Beutel Goodman & Company Ltd. (the "Sub-Investment Manager")**

**1 January 2023**

Words and expressions defined in the supplement to the prospectus of Company relating to the Fund (the "**Supplement**") shall, unless the context otherwise requires, have the same meaning when used in this Article 10 Transparency Statement.

### (a) Summary

The investment objective of the Fund is to achieve capital appreciation by investing primarily in U.S. equities. There can be no assurance that the Fund will achieve its investment objective. The Fund aims to achieve its investment objective by investing at least 80% of its net assets in equity securities of U.S. mid-cap and large-cap companies, which the Sub-Investment Manager considers to be those with market capitalisations greater than $5 billion at the time of purchase. The Fund may invest a significant portion of its assets in the securities of a single issuer or small number of issuers.

The Fund promotes environmental and social characteristics but does not have as its objective sustainable investment. The Sub-Investment Manager expects that the Fund will allocate 100% of its Net Asset Value to investments aligned with other environmental and social characteristics that do not qualify as Sustainable Investments, and has not committed to making investments in any Sustainable Investments.

As a percentage of the Fund's portfolio, the Manager (in conjunction with the Sub-Investment Manager) has determined that the Fund will have 0% exposure to investments in economic activities that qualify as environmentally sustainable economic activities under the Taxonomy Regulation (Taxonomy-Aligned Investments). However, the investments underlying the Fund may be in Sustainable Investments.

The Fund promotes environmental and social characteristics through its investment selection by seeking companies with sound governance and striving to avoid businesses with material environmental and social controversies. The Fund seeks to exclude companies that are responsible for significant carbon emissions (*e.g.*, extractive energy companies), and without meaningful plans for strategic decarbonisation. This investment selection process may lead to the exclusion of investee companies which generate excessive carbon pollution. The Fund prefers companies showcasing leadership in human capital management, and/or that have strategic oversight of supply chains and the labour force as to limit controversies. This investment selection process may lead to the exclusion of investee companies with poor working conditions and/or high employee turnover. The Fund prefers quality and established management teams that have formalised governance structures. The Fund will engage, through proxy voting and other mechanisms, to vocalise the importance of appropriate incentives (*e.g.*, compensation) to support long-term performance. This investment selection process may lead to the exclusion of investee companies where the Sub-Investment Manager determines that governance structures are inappropriate, such as a lack of alignment with long-term shareholders.

The Fund's investment strategy to promote environmental and social characteristics is the Sub-Investment Manager's bottom-up research process which is comprised of integrated fundamental and ESG research, as further detailed under "**ESG Promotion and Integration of Sustainability Risks**" in the Supplement**.** The Fund seeks to incorporate ESG research consistently throughout the investment process in an effort to help to identify Sustainability Risks and sustainable opportunities associated with particular companies. The Sub-Investment Manager believes that this investment approach can achieve the *Investment Objective* of the Fund.

To monitor the environmental and social characteristics, the Fund pursues strategic, active engagement with certain companies and other stakeholders to enhance due diligence, monitor ESG risks that may materially impact investment performance, and encourage companies to improve their ESG practices ("**ESG Engagement**"). It will also investigate companies using a sustainability information platform from an external provider, or other reputable product or suite of services as engaged from time-to-time. The Fund believes ESG Engagement, together with proxy voting and collaborative initiatives, are effective mechanisms to seek to mitigate risk, increase returns and advance shareholder value, as well as to address long term and systemic risks to portfolio value.

The Sub-Investment Manager's research methodology encompasses a fundamentally driven analysis to identify valuation opportunities in quality companies from a bottom-up perspective. The Sub-Investment Manager considers ESG criteria to be part of the material risks and opportunities associated with the long-term sustainability of investments. Using a bottom-up, disciplined, value-investing approach, each equity and credit research report or update the Sub-Investment Manager prepares incorporates ESG considerations. ESG information is gathered from internal research, third-party ESG data providers and meetings with company management.

Fundamental research including integrated ESG analysis is considered when making portfolio decisions for the Fund. All of the Sub-Investment Manager's valuations as part of its investment selection process integrate ESG factors. Each analyst builds a financial model comprising forecast financial statements, a strengths, weaknesses, opportunities, threats (SWOT) analysis, and identification of material financial risks, including ESG risks. This information is then used to determine several valuation metrics to substantiate an intrinsic value for the company. A focus on integrating ESG research into the investment due diligence process in a systematic manner is important to the Sub-Investment Manager's investment philosophy.

An index has not been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**(b) No Sustainable Investment Objective**

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

In assessing harm, the Sub-Investment Manager may consider available '*Principal Adverse Indicators*' ("**PAI**") (as defined in Annex 1 of SFDR), ESG/sustainability risk evaluations (internal qualitative and/or quantitative assessment), ESG performance evaluations (internal qualitative and/or quantitative assessment), specific environmental sustainability indicators (*e.g.*, carbon footprint), and specific social sustainability indicators (*e.g.*, diversity metrics).

As the investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities contained in the Taxonomy Regulation, the "*do no significant harm*" principle does not apply to the investments underlying the Fund.

Although the Fund promotes environmental characteristics, the Fund does not promote the environmental objectives contained in the Taxonomy Regulation. Accordingly, as a percentage of the Fund's portfolio, the Manager (in conjunction with the Sub-Investment Manager) has determined that the Fund will have 0% exposure to investments in economic activities that qualify as environmentally sustainable economic activities under the Taxonomy Regulation (Taxonomy-Aligned Investments). However, the investments underlying the Fund may be in Sustainable Investments.

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

The Fund promotes environmental and social characteristics through its investment selection by seeking companies with sound governance and striving to avoid businesses with material environmental and social controversies, including without limitation:

- **Environmental**: The Fund seeks to exclude companies that are responsible for significant carbon emissions (*e.g.*, extractive energy companies), and without meaningful plans for strategic decarbonisation. This investment selection process may lead to the exclusion of investee companies which generate excessive carbon pollution.

- **Social**: The Fund prefers companies showcasing leadership in human capital management, and/or that have strategic oversight of supply chains and the labour force as to limit controversies. This investment selection process may lead to the exclusion of investee companies with poor working conditions and/or high employee turnover.

- **Governance**: The Fund prefers quality and established management teams that have formalised governance structures. The Fund will engage, through proxy voting and other mechanisms, to vocalise the importance of appropriate incentives (*e.g.*, compensation) to support long-term performance. This investment selection process may lead to the exclusion of investee companies where the Sub-Investment Manager determines that governance structures are inappropriate, such as a lack of alignment with long-term shareholders.

**(d) Investment Strategy**

The objective of the Fund is to achieve capital appreciation by investing primarily in U.S. equities. There can be no assurance that the Fund will achieve its investment objective.

The Fund aims to achieve its investment objective by investing at least 80% of its net assets in equity securities of U.S. mid-cap and large-cap companies, which the Sub-Investment Manager considers to be those with market capitalisations greater than $5 billion at the time of purchase.

The Fund may invest a significant portion of its assets in the securities of a single issuer or small number of issuers.

Equity securities in which the Fund may invest include common and preferred stock, American Depositary Receipts ("**ADRs**") and real estate investment trusts (REITs). The Fund may invest in CIS (including exchange traded funds ("**ETFs**"), but excluding U.S. ETFs) that have an investment objective similar to the Fund's or that otherwise are permitted investments with the Fund's investment policies described herein. ADRs are equity securities traded on U.S. securities exchanges, which are generally issued by banks or trust companies to evidence ownership of foreign equity securities. The Fund may invest up to 20% of its net assets in non-U.S. securities.

The Fund may also invest in Money Market Instruments, government debt securities (such as bonds, debentures and promissory notes), deposits, cash and regulated CIS. The Fund may invest up to 10% of its net assets in new issues but is unlikely to invest in new issues to any significant extent.

The Fund promotes certain environmental and social characteristics, as described under **Environmental or Social Characteristics of the Fund** above, by investing directly in a variety of equity securities in order to achieve the Fund's investment objective.

The Sub-Investment Manager's bottom-up research process is comprised of integrated fundamental and ESG research, as further detailed under "**ESG Promotion and Integration of Sustainability Risks**" in the Supplement**.**

The Fund seeks to incorporate ESG research consistently throughout the investment process in an effort to help to identify Sustainability Risks and sustainable opportunities associated with particular companies.

The Sub-Investment Manager believes that this investment approach can achieve the Investment Objective of the Fund.

In pursuing the *Investment Objective* and *Investment Policies* of the Fund, the Sub-Investment Manager will seek to identify and invest in companies at discounts to their intrinsic values, which it considers to be the present value of sustainable free cash flow. The Sub-Investment Manager defines "*sustainable free cash flow*" not just as cash flow from continuing operations, but also the ability for companies to generate sufficient earnings to cover the cost of capital over an economic cycle and pay dividends to shareholders.

To identify these investment opportunities, the Sub-Investment Manager's portfolio managers and research team engage in a disciplined, bottom-up investment process highlighted by rigorous, internally-generated fundamental research. Such fundamental research includes analysis of the primary business drivers, risk factors, capital structure, valuation, capital allocation and management, and free cash flow sustainability of each contemplated investment.

Accordingly, investments are made only when the Fund believes the chosen investments are attractively valued relative to the market, their peer groups, and their own price history. Valuation techniques also permit the Sub-Investment Manager to mitigate the potential downside risk of an investment candidate by demonstrating the difference in the estimated value of a company's security and its current market price.

The Fund may sell a security or reduce its position if it believes:

- the security subsequently fails to meet initial investment criteria;
- a more attractively priced security is found; or
- the security becomes overvalued relative to the long-term expectation.

**(e) Proportion of Investments**

The Sub-Investment Manager expects that the Fund will allocate 100% of its Net Asset Value to investments aligned with other environmental and social characteristics that do not qualify as Sustainable Investments, and has not committed to making investments in any Sustainable Investments.

**(f) Monitoring of Environmental or Social Characteristics**

To monitor the environmental and social characteristics, the Sub-Investment Manager pursues strategic, active engagement with certain companies and other stakeholders to enhance due diligence, monitor ESG risks that may materially impact investment performance, and encourage companies to improve their ESG practices ("**ESG Engagement**"). It will also investigate using a sustainability information platform from an external provider, or other reputable product or suite of services as engaged from time-to-time. The Sub-Investment Manager believes ESG Engagement, together with proxy voting and collaborative initiatives, are effective mechanisms to seek to mitigate risk, increase returns and advance shareholder value, as well as to address long term and systemic risks to portfolio value. Engagement informs the investment thesis and may enhance understanding of existing disclosures. Engagement may also seek to modify or guide company behaviour in a way the Sub-Investment Manager believes will bolster long-term performance and ESG management, whether led by the Sub-Investment Manager or in collaboration with other stakeholders. The outcomes of engagement efforts may include establishment of policies, adoption of key performance indicators, implementation of initiatives, and increased disclosures. Failed engagements can factor into a decision to reduce or divest a holding. The Fund does not seek to invest in companies with the intent to change a core business model.

**(g) Methodologies**

The Sub-Investment Manager's research methodology encompasses a fundamentally driven analysis to identify valuation opportunities in quality companies from a bottom-up perspective. The Sub-Investment Manager considers ESG criteria to be part of the material risks and opportunities associated with the long-term sustainability of investments. Using a bottom-up, disciplined, value-investing approach, each equity and credit research report or update the Sub-Investment Manager prepares incorporates ESG considerations. ESG information is gathered from internal research, third-party ESG data providers and meetings with company management.

**(h) Data Sources and Processing**

The data sources the Sub-Investment Manager uses to obtain the environmental and social data consist primarily of MSCI, Bloomberg, CDP, and company reports. Whilst all external data sources serve as inputs to the Sub-Investment Manager's research process, all final determinations are made based on the Sub-Investment Manager's proprietary research. The Sub-Investment Manager may run parallel screens for information using different data sources to identify any inconsistencies in the data which bear further investigation. If the Sub-Investment Manager finds an inconsistency, the Sub-Investment Manager may take several steps including verifying data directly with the company and questioning the data provider. The Sub-Investment Manager's portfolio managers and research analysts also review the data as they are best positioned to identify a metric or number that appears to be an outlier due to their robust knowledge of the company. The Sub-Investment Manager understands the methodologies of the data providers and have indicated in the data sheets whether or not a metric is reported or estimated. For the most part, the Sub-Investment Manager prefers actual data and does not rely significantly on estimated data. Through the sourcing and comparison of various data sources, the Sub-Investment Manager seeks to rely on latest available data for each portfolio company. The reporting of ESG data by companies is inconsistent and evolving and portfolio companies are encouraged to report factors in a robust and timely manner.

**(i) Limitations to Methodologies and Data**

The limitations to the data and data sources are often related to inconsistent calculation and disclosure requirements among companies and jurisdictions, as well as missing disclosure, inaccurate data and estimates. The Sub-Investment Manager aims to mitigate the lack of disclosure issue by engaging with companies regarding missing data and metrics. The Sub-Investment Manager may also contact data providers if the Sub-Investment Manager believes there is an error to seek further information. The Sub-Investment Manager generally tries to avoid using estimated data as the Sub-Investment Manager's level of confidence in the accuracy of estimates is low, particularly as it relates to greenhouse gases ("**GHG**") emissions. The Sub-Investment Manager believes that the disclosure and quality of environmental and social metrics will likely continue to improve as investors demand improved disclosure, Task Force on Climate-Related Financial Disclosures (TCFD) membership broadens, standardisation under the International Sustainability Standards Board (ISSB) is adopted, and regulators augment required disclosures. The Sub-Investment Manager also believes that companies hiring auditors to verify their ESG metrics will also start to become widely adopted. All these efforts will improve the Sub-Investment Manager's confidence in the data used to evaluate a company's environmental and social characteristics. The Sub-Investment Manager uses the available data to help identify if there are priority issues on which to engage a company. The Sub-Investment Manager does not use the data for quantitative "*best in class*" or "*worst in class*" investment screens as a basis for investment so data limitations should not lead to false conclusions.

**(j) Due Diligence**

ESG research analysis is undertaken by the Sub-Investment Manager's research analysts across asset classes and industry sectors in a bottom-up, fundamental research process that seeks to examine individual securities and includes an assessment of Sustainability Risks and opportunities.

Fundamental research including integrated ESG analysis is considered when making portfolio decisions for the Fund. All of the Sub-Investment Manager's valuations as part of its investment selection process integrate ESG factors. Each analyst builds a financial model comprising forecast financial statements, a strengths, weaknesses, opportunities, threats (SWOT) analysis, and identification of material financial risks, including ESG risks. This information is then used to determine several valuation metrics to substantiate an intrinsic value for the company. A focus on integrating ESG research into the investment due diligence process in a systematic manner is important to the Sub-Investment Manager's investment philosophy.

The Sub-Investment Manager's portfolio managers also draw on the expertise of dedicated ESG staff (Head of RI, ESG Lead for Equities and ESG Analyst) as well as the ESG Working Group to help with the gathering and integration of ESG considerations into investment research. The Sub-Investment Manager's portfolio managers also give a big-picture assessment of material ESG considerations in company initiation and update research reports. Active ownership data are included in ESG "tearsheets" (engagement priorities), the team's engagement trackers which documents all engagements and outcomes, and proxy voting reports.

The Sub-Investment Manager's disciplined investment research process involves meeting with investee company management, which can provide important insights into issuers and ESG factors, and how these may impact long-term shareholder value.

**(k) Engagement Policies**

The Sub-Investment Manager's *Responsible Investment Policy Statement* reinforces its dedication to active ownership through corporate engagement and proxy voting. The exercise of its voting rights and ongoing engagement with the companies held in the portfolio are the pillars of its active ownership practices. These serve as important touchpoints, and insights gained from engagement are continually incorporated into company analysis and investment decision-making. The Sub-Investment Manager aims to conduct frequent, meaningful engagements with portfolio companies within the context of a concentrated portfolio.

The Sub-Investment Manager's disciplined investment process focuses on well-managed, high-quality companies with sustainable cash flow generation. When necessary, portfolio managers convey their views on improvements or challenges that require attention. The Sub-Investment Manager believes that it can effect change on ESG issues by engaging with management as owners of a company's stock. Part of their highly disciplined investment research process involves meeting with company management, which can provide important insights into issuers and ESG factors, and how these may impact long-term shareholder value.

Although the Sub-Investment Manager's portfolio managers seek to engage with all portfolio companies at least once a year, they typically engage multiple times each year. Engagement is both proactive/thematic (as they strive to understand and promote companies' management of key ESG considerations, *e.g.*, climate change or linking executive compensation to ESG metrics), and reactive (when controversies arise).

All engagements include the primary analyst and may include other team members (such as the VP, Portfolio Analytics & Responsible Investing and the VP, Investment Services, U.S. & International Equities).

**(l) Designated Reference Benchmark**

An index has not been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

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