REMUNERATION POLICY

Remuneration Policy of Brown Advisory (Ireland) Limited[1]

Overview

Brown Advisory (Ireland) Limited (the "**Manager**") adopts the following remuneration policy ("**Remuneration Policy**") for persons determined "*Identified Staff*" below.

The board of directors of the Manager (each, a "**Director**", and together, the "**Board**") is directly responsible for the operating and organisational requirements of the UCITS Regulations[2], as well as ensuring that the Manager meets the requirements of the Central Bank UCITS Regulations[3].

In addition to the requirements of the UCITS Regulations, this Remuneration Policy also takes into consideration ESMA's Guidelines on Sound Remuneration Policies under the UCITS Directive[4] issued on 14 October 2016 (the "**ESMA Guidelines**") and together with the UCITS Regulations the ("**Remuneration Requirements**").

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[1] Authorised and regulated by the Central Bank of Ireland.

[2] "**UCITS Regulations**" means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) and, as applicable, together with the Central Bank UCITS Regulations as may be further amended, supplemented or consolidated from time to time.

[3] "**Central Bank UCITS Regulations**" means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (SI. No. 230 of 2019 (as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time,

[4] "**UCITS Directive**" means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast), as amended.

Proportionality

In preparing this Remuneration Policy, the Manager has made an assessment of the nature, scale and complexity of its business in line with the Remuneration Requirements and has determined that overall, its business activity is relatively low risk when compared against other entities with similar fund structures under management. The Remuneration Policy complies with the principles set out below in a manner which is proportionate to the size of the Manager, its internal organisation and the nature, scope, complexity of its activities.

Principles of the Remuneration Policy

- The Remuneration Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the relevant Funds.

- The Remuneration Policy is in line with the business strategy, objectives, values and interests of Brown Advisory Funds plc (the "**Company**") and the sub-funds of the Company (the "**Funds**") and includes measures to avoid conflicts of interest.

- The Board is responsible for the implementation of the Remuneration Policy and will review it at least once per year.

- Staff engaged in control functions are compensated in accordance with the achievement of the objective linked to their functions, independent of the performance of the business areas they control.

- The Remuneration Policy assesses the performance in a multi-year framework appropriate to the life-cycle of the Funds.

- The Remuneration Policy excludes guaranteed variable remuneration except for the first year of appointment.

Determination of the components of the Remuneration

The total annual remuneration of each member of Identified Staff comprises fixed remuneration under the form of a directorship fee, a salary or any other type of remuneration ("**Fixed Remuneration**").

Determination of Identified Staff of the Manager

The following persons fall into the scope of the Remuneration Policy and consequently are "*Identified Staff*" for the purposes of the Remuneration Policy:

(a) Any member of the Board;

(b) Any employee of the Manager whose professional activities have a material impact on the risk profile of the Manager and/or the Company; and

(c) Any employee of the Manager who is receiving total remuneration that falls within the remuneration bracket of senior management.

The following persons are excluded from the scope of the Remuneration Policy and consequently not Identified Staff in the meaning of the Remuneration Policy:

(a) Any person whose Remuneration is exclusively based on Fixed Remuneration.

(b) Designated Persons[5]. The agreement between the Manager and Bridge Consulting Limited ("**Bridge Consulting**") provides that Bridge Consulting will remain responsible for employing the Designated Persons and for their salary and other remuneration and that the Designated Persons will devote such of their time to the Manager and the Company as may be required to carry out their duties on behalf of the Manager and the Company. The remuneration of the Designated Persons is therefore not within the scope of this policy.

Determination of Identified Staff of the Investment Manager

The Remuneration Requirements also apply to all categories of staff of Brown Advisory LLC (the "**Investment Manager**") whose professional activities have a material impact on the risk profile of the Company, at either the Company or Fund level.

The ESMA Guidelines provide that when assessing the materiality of influence on a management company's risk profile or on a UCITS it manages (whether as a management company or delegate), an entity should define what constitutes materiality within the context of their management company and the UCITS they manage. At a minimum, any Identified Staff of the Investment Manager that have a significant impact on the Manager's results and/or balance sheet and/or on the performance of the Funds they manage are considered to have material impact.

The ESMA Guidelines clarify that staff members such as administrative or logistical support staff that, given the nature of their job functions, clearly do not have any connection with the risk profile of the Manager or the UCITS, should not be considered risk takers. However, such exclusion only applies to support staff whereas staff heading the administration should be considered for inclusion as Identified Staff.

ESMA Q&A guidance states that remuneration-related disclosure requirements under Article 69(3)(a) of the UCITS Directive also apply to the staff of the delegate of a UCITS manager to whom investment management functions (including risk management) have been delegated (*i.e.*, the Investment Manager). In line with the approach followed under the ESMA Guidelines, UCITS managers can ensure compliance in one of the following two ways:

(i) where the delegate is subject to regulatory requirements on remuneration disclosure for its staff to whom investment management (including risk management) activities have been delegated that are equally as effective as those under Article 69(3)(a) of UCITS Directive, the Manager should use the information disclosed by the delegate for the purposes of fulfilling its obligations under Article 69(3)(a) of the UCITS Directive; or

(ii) in other cases, appropriate contractual arrangements should be put in place with the delegate allowing the Manager to receive (and disclose in the annual report for the relevant UCITS that it manages) at least information on the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the Manager, the Company and, where relevant the UCITS (*i.e.* a sub-fund of the Company) itself to the identified staff of the delegate – and number of beneficiaries, and, where relevant, performance fee – which is linked to the delegated portfolio. This means that the disclosure should be done on a pro-rated basis for the part of the UCITS' assets which are managed by the Identified Staff within the delegate.

[5] "**Designated Persons**" means the persons who conduct the managerial functions of the Manager, in accordance with the Central Bank of Ireland's Fund Management Companies Guidance.

In both situations set out above, the disclosure may be provided on an aggregate basis (*i.e.*, by means of a total amount for all the delegates of the Manager in relation to the relevant UCITS).

Sustainability Risk

The European Union published in December 2019 the Sustainable Finance Disclosure Regulation[6] ("**SFDR**") which applies from March 10, 2021. SFDR requires financial market participants and financial advisers to include in their remuneration policies details of how the policies are consistent with the integration of 'sustainability risks'. Therefore, starting from January 1, 2021, individual and collective objectives will include elements related to the adherence to the sustainability risk framework to be embedded in investment processes. The compensation of Identified Staff will be determined considering the completion of these objectives.

Remuneration of the Board and Control Functions

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

Pensions policy

The Manager does not make contributions towards pensions.

Payments related to the early termination of a contract

There is no policy currently in effect which relates to the early termination of a contract. In the case of early termination of a contract or departure of a member of Identified Staff prior to the performance-related remuneration date, no payments will be due to the member of Identified Staff.

Any payments related to the early termination of a contract of a member of Identified Staff shall reflect performance achieved over time and are designed in a way that they do not reward failure.

Personal hedging

Identified Staff will be prohibited from employing personal hedging strategies or insurance to undermine the risk alignment effects embedded in their remuneration arrangements. This prohibition will apply to deferred and retained performance-related remuneration.

Similarly, the Manager will ensure that performance-related remuneration is not paid through vehicles or methods are employed which aim at artificially evading the provisions of the UCITS V Directive[7].

Delegation

Guidance in relation to the extent to which the remuneration requirements of the UCITS V Directive apply to delegates of

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[6] "**Sustainable Finance Disclosure Regulation**" means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

[7] "**UCITS V Directive**" means Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions.

the Manager, including the Investment Manager, has been set out in the ESMA Guidelines. Further guidance on this issue has been prepared by the Remuneration Group within Irish Funds (the "**IF Guidance**")

In accordance with the ESMA Guidelines and the IF Guidance, the Manager notes its obligation to ensure that the Investment Manager is either:

(a) subject to regulatory requirements on remuneration that are "equally as effective" as those applicable under the ESMA Guidelines; or

(b) that appropriate contractual agreements are in place to ensure that the delegation arrangements do not circumvent the remuneration requirements contained in the UCITS V Directive.

It further notes that:

(i) the Investment Manager may determine to disapply the remuneration principles of the UCITS V Directive on the grounds of proportionality – based on the proportionality criteria outlined in the ESMA Guidelines on (i) size, (ii) internal organisation and (iii) nature, scope and complexity of the relevant delegate's business;

(ii) and partnership structures which provide dividends or similar distributions to partners as the owners of the particular entity are not covered by the ESMA Guidelines.

In this case, the Investment Manager is established as a limited liability company in the United States and regulated by the local regulatory authority there, the Securities and Exchange Commission (SEC). As such it is not deemed subject to regulatory requirements on remuneration that are "*equally as effective*" as those applicable under the ESMA Guidelines.

The Investment Manager has confirmed to the Manager that: (i) it has reviewed this Remuneration Policy; and (ii) where the remuneration rules under this Remuneration Policy would otherwise be circumvented by the Investment Manager, it shall confirm to the Manager in writing on an annual basis that: (a) it is subject to regulatory requirements on remuneration under its home jurisdiction that are equally as effective as the Remuneration Requirements; or (b) its staff who are "*Identified Staff*" for the purpose of the ESMA Guidelines are either exempt from or subject to remuneration rules that comply with the Remuneration Policy in order to ensure that there is no circumvention of the Remuneration Requirements as interpreted for delegates of the Manager from time to time, including with respect to any payments made to the Investment Manager's identified staff as compensation for the performance of investment management activities on behalf of a Fund.

It is noted that, as of the date of this Remuneration Policy, the Investment Manager has confirmed that it has carried out an analysis of the remuneration rules pursuant to the Remuneration Policy determined to disapply the remuneration principles of the UCITS V Directive for it and its Identified Staff on the grounds of proportionality.

Review and amendments of the Remuneration Policy

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

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

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

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

Any amendment of the Remuneration Policy requires:

(a) first, an assessment of the amendment by the Designated Person responsible for Capital and Financial Management in light of the Principles of the Remuneration Policy of the Remuneration Policy; and
(b) approval of the Board taking by a simple majority of those Directors present or represented at the relevant meeting.

Disclosure

The Manager discloses, without prejudice to confidentiality and data protection provisions, relevant information on the Remuneration Policy in its annual report, Prospectus and Key Investor Information Documentation.

The Remuneration Policy will be available to the Identified Staff of the Manager and the information disclosed to the Identified Staff should be at least that which is disclosed externally as part of the annual report.

Guidelines on payment basis

The fixed component of the remuneration collected by the Manager out of the net assets of a Fund will not be used to pay any performance-related remuneration to any Identified Staff member.

Award Process

In determining individual remuneration awards, the Manager will consider the full range of current and potential risks associated with the activities undertaken.

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