



BARINGS

PUBLIC EQUITIES ESG

Integration & Active Ownership Policy

2023

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Contents

Scope & Purpose	3
About Barings	3
Barings ESG Approach & Firm Oversight	4
Conflicts of Interest	4
Introduction to Our Public Equities Team	4
Training of Investment Professionals	5
Incorporating & Integrating ESG into Our Investment Process	5
Active Ownership: Engagement	12
Active Ownership: Ongoing Monitoring & Escalation	14
Active Ownership: Voting	16
Our Approach to Exclusion	16
GHG Reporting	16
External Reporting	17



Scope & Purpose

The ESG (environmental, social and governance) Integration and Active Ownership Policy (“the Policy” or “ESG and Active Ownership Policy”) outlines:

1. How the Public Equities Investment team incorporates ESG and undertakes company engagement as well as voting activities for the public equity strategies under their management;
2. The integral role of ESG in Barings Public Equities team’s investment philosophy and research;
3. Why Equities investment believes ESG considerations are a fundamental component of the goal of achieving attractive risk-adjusted returns that we strive for in our stewardship of our clients’ assets.

The policy applies to Barings LLC and its subsidiaries and has been designed to meet the requirements of the European Union’s Shareholder Rights Directive 2017.

About Barings

Barings is a global investment manager sourcing differentiated opportunities and building long-term portfolios across public and private fixed income, real estate, and specialist equity markets. With investment professionals based in North America, Europe and Asia Pacific, the firm, a subsidiary of MassMutual, aims to serve its clients, communities and employees, and is committed to sustainable practices and responsible investment.

Reflecting our commitment to responsible investing, Barings has been a signatory to the United Nations’ Principles of Responsible Investment (“PRI”) initiative since January 2014. Furthermore, we are signatories to the UK Stewardship Code 2020 and the United Nations Global Compact (“UN GC”) initiative in support of the United Nations Sustainable Development Goals.

Barings ESG Approach & Firm Oversight

We consider ESG information alongside other variables that may impact an investment's risks and returns over time. As part of our overall commitment to risk-adjusted returns, we endeavor to construct portfolios that meet our clients' risk-return profile—this includes integrating ESG criteria into our investment process.

We engage with the entities we invest in with the aim of enhancing their performance for the benefit of our clients.

Further detail on Barings ESG approach and firm oversight can be found in the [Barings Sustainability Policy](#).

Conflicts of Interest

Conflicts of Interest can occur when the interests of a Barings entity or entities and Barings associates ("Associates") interfere with or have the potential to interfere with Barings' fiduciary obligations to its clients ("Clients"). Barings has therefore established a Global Conflicts of Interest Policy, which can be found on our [website](#).

Introduction to Barings' Public Equities Team

We believe that material ESG dynamics can influence the risk characteristics and earnings potential of a company and therefore ESG represents an important consideration for active investors. We therefore integrate ESG into investment research and portfolio management decisions and engage with companies on ESG issues. We prefer active engagement over blanket exclusions of entire sectors, as we believe engagement has a greater chance of successfully effecting change. This approach also has the potential to create value for our client portfolios. Our approach to divestment is described in the section titled 'Escalation.'

As medium- to long-term investors looking to identify unrecognized growth over a five-year time horizon, we believe it is critical to assess the long-term sustainability of a company's business model. ESG considerations are an integral element of this as they provide additional insight into our fundamental assessment of company's potential. It also enhances our decision-making process and therefore our ability to deliver our goal of achieving superior risk-adjusted returns for our clients.

As we aim to execute our stewardship responsibilities, we will continue to consider ESG a critical component of our overall investment process. As ESG data and practices evolve, we will further enhance our approach to continue to capture the opportunities that consideration of these factors brings.

The ESG philosophy and process described in this policy is applied across all assets managed by the Public Equities team.

Training of Investment Professionals

We continually work to improve the quality of our analysis, of which ESG is a part. To assist us with this, our investment professionals receive both structured external and internal training as follows:

EXTERNAL TRAINING

Barings has purchased third-party databases that our investment professionals are trained to use. In addition, investment professionals are encouraged to attend conferences and talks related to ESG & sustainability and pursue other educational opportunities. External providers periodically visit Barings to update our investment professionals on any updates and changes to their ESG practices.

INTERNAL TRAINING

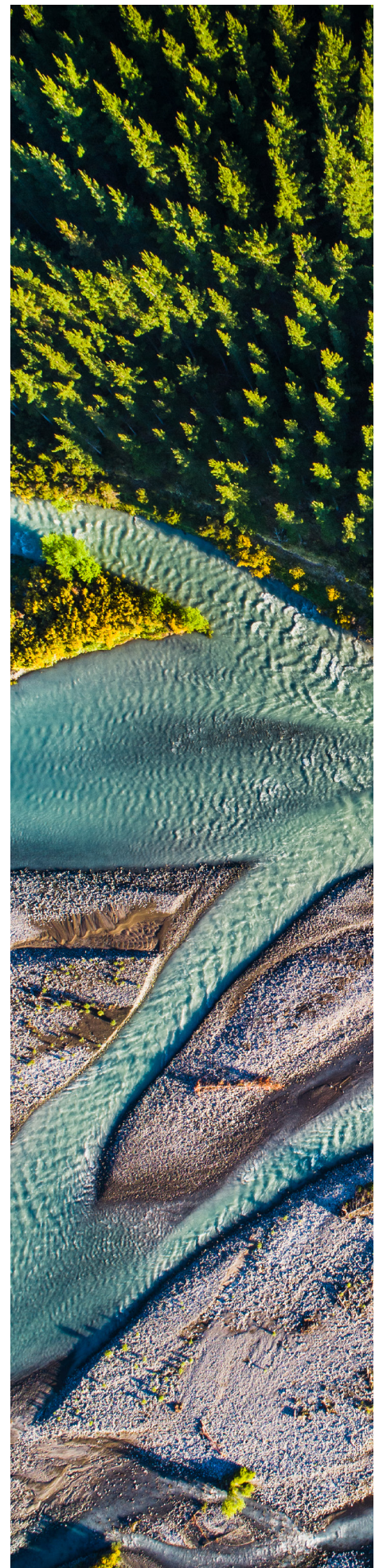
Internally, there are a number of avenues through which our investment professionals receive ESG training. These include training received through peer review of company research, direct training received by the investment professional's team head and training received from the Barings' Sustainability and Compliance teams.

Incorporating ESG Into Our Public Equities Investment Process

ESG topics are key considerations within our fundamental, bottom-up investment analysis. This is because we believe that ESG matters are material to our investment thesis, and thus are important to long-term investment performance.

The Barings Equities team incorporates ESG into its research and uses its shareholder rights to influence the disclosure and behavior of investee companies. By seeking to improve corporate ESG, we aim to deliver better risk-adjusted returns for our clients. For more information on our engagement practices, please see the section titled ACTIVE OWNERSHIP: ENGAGEMENT.

ESG data is not uniformly measured and disclosed, and investors largely remain reliant on the voluntary disclosures of the businesses they seek to evaluate. Conducting proprietary, in-house ESG research enables us to better understand



and quantify prevailing inefficiencies, corporate risks and opportunities. Our team collects relevant data and assesses the ESG dynamics of the companies under research. In addition, our investment professionals also draw on the depth and breadth of their industry knowledge to engage with companies, build relationships with and gain additional insight from the companies in which we invest.

Although we do not have rigid minimum ESG standards for our investee companies, we expect portfolio companies to have better or equal ESG standards relative to their country of incorporation.

ESG ASSESSMENT

Our ESG assessment is a proprietary component of our fundamental research which impacts both our valuation of a company, and our assessment of a company's quality. Our ESG assessment is dynamic as our investment professionals also look for signs of improving or deteriorating ESG standards.

Meetings with company management teams provide the Public Equities team with primary insights into corporate strategy, vision, and culture. These meetings are instrumental in our assessment of the ESG-related issues facing the company. Moreover, effective governance at the board level is an essential area of consideration for our investment professionals. The relationships fostered through regular meetings helps promote the rights of minority shareholders. Additionally, as part of our initial and ongoing analysis, our investment professionals meet with government officials, visit operational facilities and analyze industry competitors to better understand potential risks, including ESG, where applicable and practical.

To supplement the in-house analysis completed by Barings' investment professionals to evaluate ESG risks and opportunities, our team also has access to third-party resources that provide us with issuer-specific ESG data. Some of the third-party sources we currently draw upon include MSCI ESG Research, Bloomberg ESG and Sustainalytics, as well as research reports provided by approved third-party research providers. Barings' professionals also engage with these providers to help ensure that the services provided meet our needs.

Furthermore, our analysts will monitor controversies including those flagged by one of our third-party research providers and assess these for potential material impact on the investment thesis.

Our approach enables us to uncover potential unrecognized investment opportunities, whilst also aiding in identifying and mitigating potential risks. Our proprietary methodology also supports our commitments to both the UN Global Compact and the PRI.

We use a standardized ESG assessment framework to capture the environmental, social and governance dynamics of current and potential portfolio companies. The following categories constitute our ESG assessment framework:

- Sustainability of the Business Model (Franchise)
- Corporate Governance Credibility (Management)
- Hidden Risks—Including environmental and social (Balance Sheet)

Within each of these categories, we consider a number of ESG issues organized in nine sub-categories relevant to areas of potential risk or opportunity. Our ESG framework enables us to analyze companies in different markets and sectors in a repeatable and consistent manner.

OVERVIEW OF OUR PROPRIETARY ESG FRAMEWORK

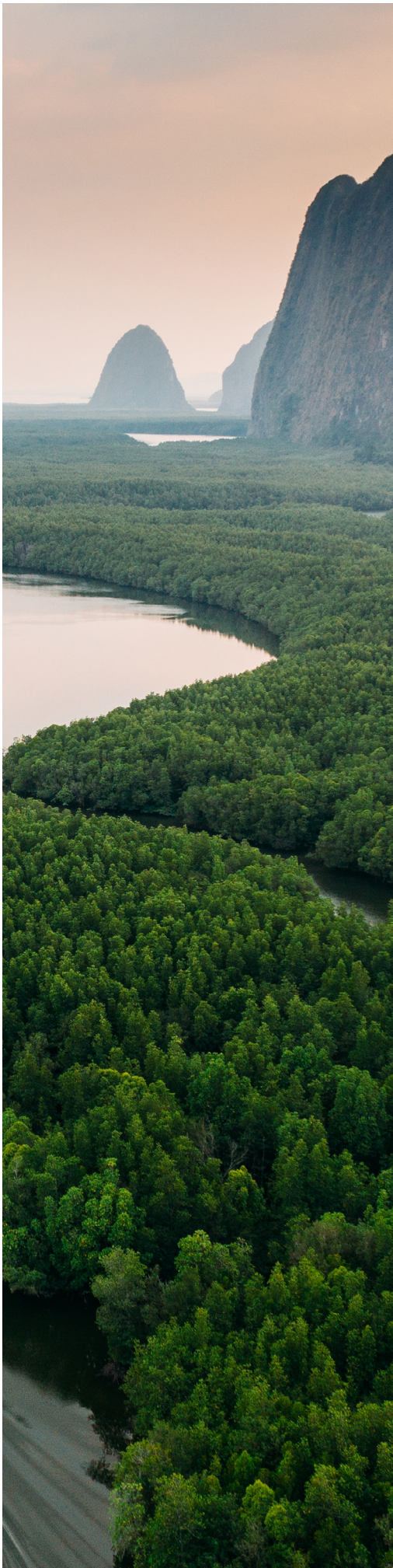
Category	Nine Sub Categories	Data/Issues to Consider
Sustainability Of the Business Model (Franchise)	Employee Satisfaction	Employee Relations: Staff Turnover; Strikes; Remuneration of Staff; Fair Wages; Injuries; Fatalities; Unionized Workforce; Employee Engagement, Diversity & Inclusion
	Resource Intensity	Water Usage; Greenhouse Gas (GHG) Emissions; Energy; Transition Risks
	Traceability/Security in Supply Chain	Traceability Of Key Inputs; Investments in Protecting the Business from External Threats, e.g. Cyber Security, Physical Risks from Climate Change; Backward Integration (Protection Of Key Inputs); Transition Risks in Supply Chain
Corporate Governance Credibility (Management)	Effectiveness of Supervisory/ Management Board	Sound Management Structures: Separation of Chair & CEO; Size of Board; Independence of Board; Frequency of Meetings; Attendance Record; Voting Structure; Female Participation on Boards.
	Credibility of Auditing Arrangements	Credible Auditor; Independent Audit Committee; Qualification to Accounts
	Transparency & Accountability of Management	Access To Management; Financial Reporting; Tax Disclosure and Compliance; Appropriate Incentive Structure; Remuneration of Staff; Gender & Diversity Considerations; Employee Relations
Hidden Risks on the Balance Sheet, Including ESG Consideration (Balance Sheet)	Environmental Footprint	GHG Emissions; Carbon Intensity; History of Environmental Fines/Sanctions; Reduction Programs in Place for Water/Waste/Resource Intensity, Air Quality; Transition Risks; Physical Risks from Climate Change
	Societal Impact of Products/Services	Health/Wellness implications of Consumption of goods/ services; Product Safety issues; Community Engagement
	Business Ethics	Anti-competitive practices; Bribery/Corruption; Whistle-Blower Policy; Litigation Risk; Tax Compliance; Freedom of Speech; Anti-Slavery and Human Rights; Gender & Diversity Considerations

Each of these ESG considerations has an impact on the valuation of the investment and the qualitative assessment of the company.

Every company considered for investment by the Public Equities team is evaluated under these nine ESG sub-categories using a mix of data from MSCI, Sustainalytics, Bloomberg ESG and internal research and then rated one of the following:

- Unfavorable
- Not Improving
- Improving
- Exemplary

Each sub-category is equally weighted and the sum of the nine ratings corresponds with a premium or discount, ranging from -1 to +2 percentage points, in standardized increments that is added to the Barings Cost of Equity ("CoE" or discount rate), which our investment professionals use in the valuation of the company. Please refer to the below section, "Valuation of the Investment".



CARBON COSTS

One of the factors, which quite often can present a material risk to companies, is greenhouse gas emissions (GHG). In 2015, when the Barings Equities team more deliberately integrated ESG factors into the analysis of companies, we acknowledged the risk of regulators internalizing projected environmental costs and the potential for these to impact a company's financial returns. This risk has now materialized and the scope of regulations has increased and is continuing to increase as more jurisdictions take measures to incentivize companies to decarbonize their operations. The World Bank, in its "State and Trends of Carbon Pricing 2021" report, estimates that nearly 25% of GHG emissions are now covered by a carbon pricing mechanism.

As this continues to evolve, in 2022 we formally enhanced our analysis of ESG to allow for an additional two percentage points adjustment to the CoE in order to account for the impact internalized carbon costs can have on company earnings depending on the sectors and jurisdictions it operates in. Sectors that may be subject to additional carbon adjustments include: Electricity and Heat Generation; Oil Refineries; Steel Works; Production of Iron; Aluminum, Metals, Cement, Lime, Glass, Ceramics, Pulp, Paper, Cardboard, Acids, Bulk Organic Chemicals, Commercial Aviation, Maritime.

It is important to note that carbon costs are just one risk that may arise from the transition to a low-carbon economy. Stranded assets, supply chain risks and regulatory risks are other aspects that can impact the value of companies. We look to capture transition risks in our standardized ESG scorecard, as outlined above. Therefore, the two percentage points impact from carbon costs is in addition to the maximum two percentage points ESG addition to CoE, which our investment professionals can add if the company is facing unfavorable ESG dynamics.

This maximum addition reflecting carbon costs is based on bottom-up analysis we have carried out on companies in scope of the European Union Emissions Trading System (EU ETS). The enhancement enables our Public Equities team to further differentiate GHG-intensive companies subject to carbon adjustment mechanisms, whether those mechanisms are local or cross-border.

In order to better determine what the addition to CoE coming from Carbon Dioxide Equivalent (CO₂e) costs should be, our team will attempt to quantify these by analyzing the topics below. These can also be used as the basis for engagement with companies. Regular engagements help us to monitor how company attitudes and approaches to decarbonization evolve and if the CoE addition from CO₂e can be adjusted if the company starts to fall behind on its commitments.

Category	Key Topics	Data/Issues to Consider
Carbon Costs	Current CO ₂ e Emissions	<p>Is this company subject to carbon adjustment mechanisms, either cross-border or local. For example, CBAM, EU ETS, China ETS, Russia ETS, US ETS etc., or does the company currently incur or is it likely to incur CO₂e costs over the next five years?</p> <p>Sectors likely to be most impacted include: Electricity and Heat Generation; Oil Refineries; Steel Works; Production of Iron; Aluminum, Metals, Cement, Lime, Glass, Ceramics, Pulp, Paper, Cardboard, Acids, Bulk Organic Chemicals, Commercial Aviation, Maritime.</p>
	Decarbonization Commitments	<ol style="list-style-type: none"> The company has a 'net zero' carbon target and is in line with national targets in the jurisdiction where the company operates There are intermediate targets clearly communicated over a 5 and 10 year horizon Tangible projects are in place related to climate change mitigation with current and proven technology Management incentives are aligned with carbon reduction targets The targets have been certified by an outside organization Use of offsets is insignificant

Where the company is subject to carbon adjustment mechanisms, the analyst will evaluate the company's decarbonization commitments and rate them one of the following ratings against each of the six considerations above:

- Unfavorable
- Not Improving
- Improving
- Exemplary

Each question is equally weighted and the sum of the six ratings corresponds with a premium of a maximum of 2% that is added to the CoE.

PHYSICAL RISK FROM CLIMATE CHANGE

Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety. In order to assess the impact of such risks, we run third-party climate scenario analyses and combine these results with our knowledge of companies. Where a company falls in the top quintile by Climate Value at Risk in either an "Average" or "Aggressive" Physical risks scenario, we identify, by engaging with the company management or through other sources of information, what climate adaptation measures the company is taking. In particular, we assess:

1. What acute physical risks to its business has the company identified, the impact it is having on the businesses, strategy, and financial planning and the steps it is taking to increase business resilience
2. What chronic physical risks to its business has the company identified, the impact it is having on the businesses, strategy, and financial planning and the steps it is taking to increase business resilience
3. What tangible projects are in place related to climate change adaptation, and if they are to be achieved with current and proven technology

4. How the board oversees climate related risks and opportunities
5. Management's role in assessing and managing climate-related risks and opportunities
6. What targets the company uses to manage climate-related risks and opportunities and performance against those targets

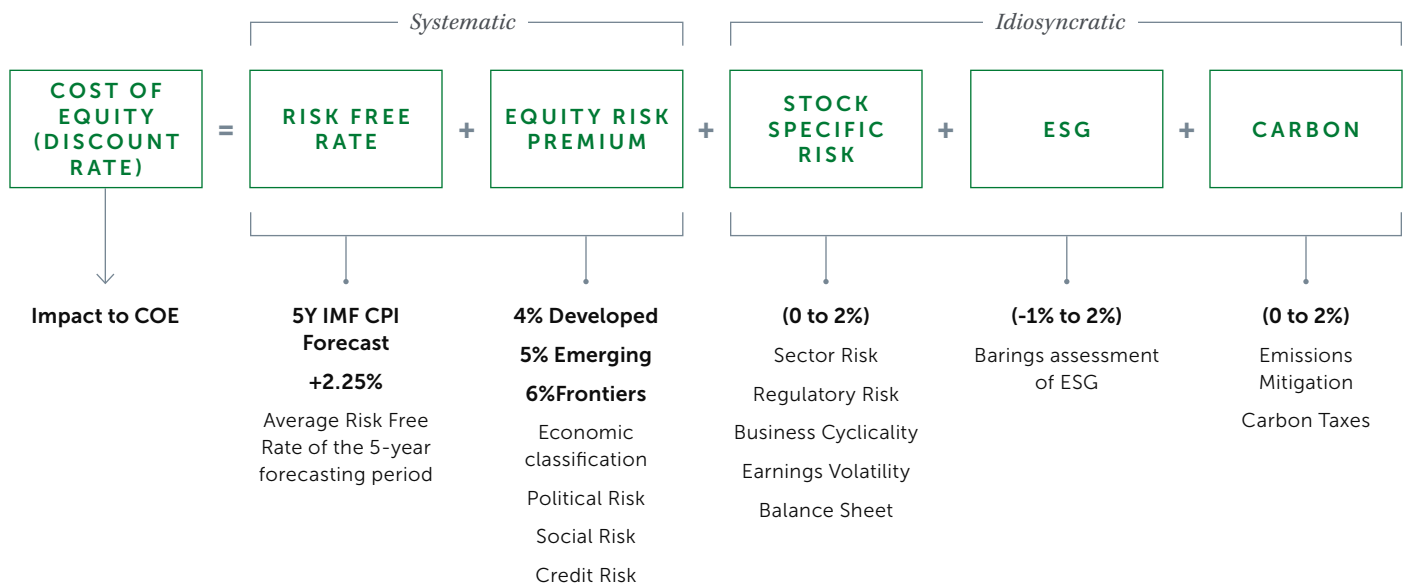
Where appropriate, we encourage companies to report on physical and transition risks in line with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines.

VALUATION OF THE INVESTMENT

ESG considerations influence the company-specific risk premium, which in turn affects the Barings Cost of Equity our investment professionals use to value a company. The CoE is specific to each company. Better and improving ESG practices lead to a lower CoE, while poor and deteriorating practices will result in a higher CoE. As a result, the ESG assessment has a direct influence on our valuation of companies.

CoE is the minimum rate of return required by equity investors for committed capital. Since the cost of capital varies from market to market, and is dependent on economic and monetary conditions, CoE varies too. Determining CoE can be challenging, introducing complexities and issues of consistency between investment desks. Our approach enables us to determine CoE (or discount rate used to value companies) across markets, making it possible to perform comparisons between companies in different markets. In addition, our approach makes full use of the company-specific expertise of our equity analysts.

Below is our proprietary decomposition of the CoE, where we highlight how, amongst other factors, ESG dynamics and carbon costs are reflected.



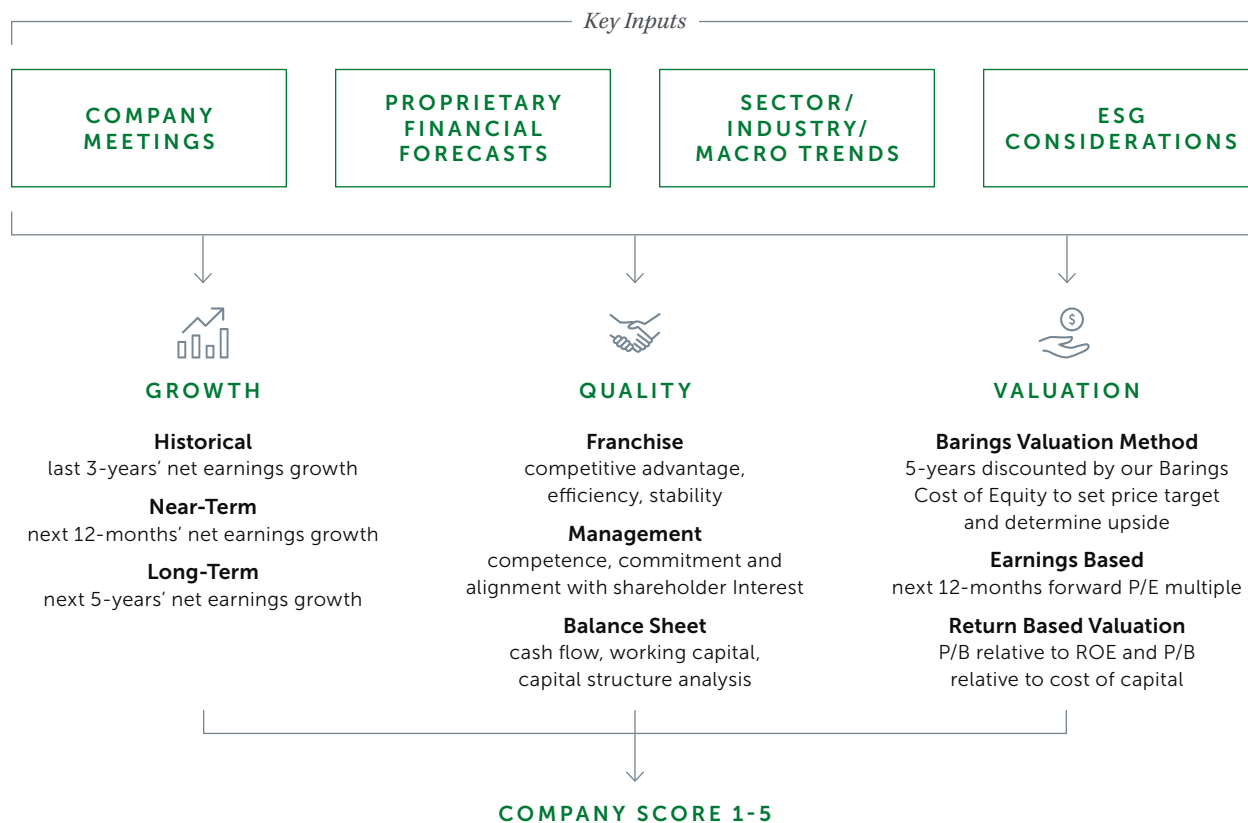
Rating companies on the basis of their ongoing ESG behavior rather than making a static judgment based on historical performance is consistent with our forward-looking analysis and the intention to reward progress and improvement and therefore may have a higher impact on investment decisions.

QUALITATIVE ASSESSMENT OF A COMPANY

The ESG analysis is also directly linked to the overall stock score such that these assessments directly influence the overall quality score of every company. A detailed example of such a scorecard is displayed below:

FUNDAMENTAL RISK—CONSISTENT COMPANY SCORECARD

A consistent research approach helps evaluate companies and determine attractiveness by country and sector



Each company is rated on a scale of 1-5, with a 1 score being the most favorable and a 5 score, the least attractive.

Before investing, portfolio managers consider investment professionals' recommendations regarding growth, quality and valuation, all of which reflect ESG issues and opportunities. Once invested, portfolio managers and analysts continue to monitor each investment to determine that our thesis remains intact and that its risk and return profile remains attractive relative to other opportunities available in the market.

Active Ownership: Engagement

Barings applies the PRI's definition of engagement, which is

“Interactions between an investor (or an engagement service provider) and current or potential investees (e.g., companies), conducted with the purpose of improving practice on an ESG issue, changing a sustainability outcome, or improving public disclosure. Engagements can also be carried out with non-issuer stakeholders, such as policymakers or standard setters.”

PRI

Engagements are undertaken to influence (or identify the need to influence) material ESG practices and/or improve ESG disclosure. Through engagement, we aim to enhance the performance of our investments, for the benefit of our clients in line with our stewardship responsibility. We do not, however, attempt to impose an inflexible approach that ignores local norms and contexts. We believe that value is derived from transparent communication with the companies in which we invest, coupled with the expertise and discretion of our experienced analysts and portfolio managers, and that a one-size-fits-all approach should not and cannot be applied across the wide range of assets we manage across the globe.

The prioritization of ESG engagement activities is guided by several inputs, including our commitments to the PRI and UN Global Compact, and is broadly aligned with material issues by sector.

The Barings Public Equities team prefers to engage with companies as shareholders rather than issue blanket exclusions of entire sectors as we believe engagement has a greater chance of successfully effecting change and unlocking value. It is also our belief that we will have a greater chance of success of effecting change if we have a stake in companies whose practices we wish to influence.

We aim to meet with all companies in which we invest or seek to invest at least annually. During these interactions we discuss a range of topics including ESG issues. The investment professional responsible for evaluating and valuing the company is also responsible for its ESG assessment and this is an integral part of our analysis. Our engagement activity is documented in Barings' internal data warehouse and is disclosed at least annually.

COLLABORATIVE ENGAGEMENT

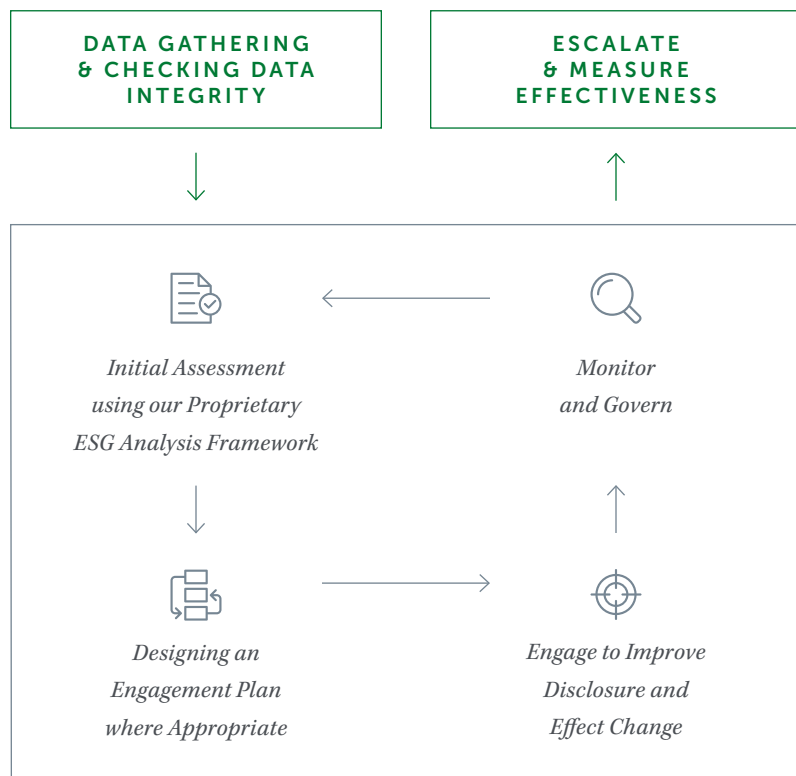
There may be instances when one of our investment professionals determines that engagement on a particular issue should be undertaken in collaboration with other investors / asset managers. Barings participates in a number of collaborative engagement organizations. These activities are governed by the [Barings Sustainability Policy](#).

KEY ENGAGEMENT ISSUES

The prioritization of engagement activities is driven by several inputs, including material issues by sector and our proprietary research of companies where we believe there is potential to unlock value for our client.

OUR ENGAGEMENT PROCESS

The Equities team engagement process is outlined below:



GATHERING INFORMATION

As mentioned above in our ESG assessment process, the Public Equities team gathers information on ESG issues from direct research on company annual reports and other disclosure documents as well as from external providers such as MSCI, Sustainalytics and Bloomberg ESG. This stage is crucial, as key challenges include data integrity, scope, and a lack of standardization. This is why we couple third-party data with the knowledge and research from our investment analysts and portfolio managers. Given the data challenges outlined above, where available, we prioritize data gathered through direct research over third party data sources.



THE INITIAL ASSESSMENT

We use a proprietary standardized assessment framework to capture ESG performance of the companies in which we invest. This assessment has a consistent structure to enable comparison. Our findings form the basis for further engagement and are discussed in investment meetings and stock reviews.

CONSTRUCTING AN ENGAGEMENT PLAN

Where an analyst identifies specific ESG issues that need to be addressed, a formal engagement plan is prepared which forms the framework for interaction with companies on the identified ESG issues.

Our view is that engagement needs to target clearly defined objectives, which address relevant areas of potential risk or opportunity for the company. We therefore structure each engagement plan in a way that is consistent with the categories through which we assess company quality internally.

The following elements are included in each plan:

- Category of engagement; E, S, and/or G
- Sub-category issues to be engaged on; e.g. fair wages, whistle blower protections
- Data/issue relevant to the specified sub-category
- Objective of engagement; e.g. improve disclosure, change in behavior
- Title and position of individual we engaged with
- Actions and tangible milestones
- Timeframe including start date and target end date
- Frequency of update
- Latest update

We focus our engagement efforts on companies where we believe we can have the greatest impact on shareholder value. This enables us to conduct focused and in-depth engagement with companies that can effect change.

Active Ownership: Ongoing Monitoring & Escalation

In addition to regular meetings with companies to discuss strategy and ESG dynamics, our investment professionals will closely monitor companies for progress on the specific ESG issues on which we have engaged. The frequency of monitoring and targeted end date of the engagement is defined and included in the engagement plan.

As part of the ongoing due diligence, the investment analyst will continue to meet with company management to monitor progress and to ensure that the investment thesis remains intact. If necessary, a change of view may be implemented to reflect any lack of ESG progress as part of an escalation process. Furthermore, these ESG issues are discussed as part of our investment meetings and stock reviews.

The engagement plan is in line with our philosophy and process where we consider our investments on a five-year research horizon. As long-term investors we believe that this is key to improving disclosure and achieving our goals of changing behavior to improve corporate culture in our investee companies.



MONITORING

Monitoring takes place regularly and engagements are reviewed periodically for effectiveness and achievement of established milestones and targets.

Progress is recorded in our internal research database so that investment managers have the most up-to-date information on the issues raised. We utilize a traffic light system within our monitoring framework to show the progress of our identified engagements in line with our approach to assessing corporate ESG behavior. This also makes it easier to identify whether there is a need for escalation.

Where we identify a lack of progress from the company or the agreed end date of engagement is materially delayed, we employ a formal escalation process.

ESCALATION

If ESG credentials are not improving or are deteriorating and are undermining the investment thesis, this is likely to have an impact on our valuation and evaluation of the company.

Possible forms of escalation include:

- Review of thesis with portfolio management and potential adjustment to portfolio weighting,
- Vote on material issues against management or the board,
- Pursue of a collaborative engagement, or
- Divestment

Part of the escalation process will involve articulating our ESG concerns primarily through private meetings with management teams, as we believe that change is usually facilitated by positive working relationships and respectful exchanges of opinion and information. The lead analyst or portfolio manager responsible for the company manages escalation, overseen by their team lead. The process of escalation further depends on local market practice and regulatory options.

The review of investment thesis following unsuccessful engagement, could increase the Cost of Equity and/or lead to deterioration of the quality score to such levels that the investment is no longer attractive on risk-adjusted basis relative to other opportunities in the investable universe and a divestment from the company may occur.

We may divest from and not invest in companies which have a quality score of 5—the worst level on our scale of 1 to 5—and a ESG-related modification to the discount rate of +2 percentage points.

Active Ownership: Voting

VOTING

We undertake to exercise voting rights whenever possible and have retained a dedicated third-party proxy voting provider. In those cases, where we disagree with the provider's recommendations we have the ability to cast our votes differently.

Our policy is to vote on behalf of our clients as systematically as is practicable, using inputs from proxy advisers that are reviewed by our portfolio managers. The European section of the Barings website outlines our [voting records](#) and our [proxy voting policy](#). These records show how we have voted in relation to both management and the recommendations of advisors.

In some cases, we may determine that it is not in the best economic interests of our clients to vote. In some markets, securities issuers impose fees on shareholders or their custodians for exercising the right to vote proxies. Others may "block" or prohibit, shareholders from transferring or otherwise disposing of their shares for a period after the securities holders have given notice of their intent to vote proxies.

Moreover, some issuers require the registration of securities in the name of the beneficial owners before permitting proxy votes. In effect, they require us to disclose the identity of beneficial owners, which may be contrary to the wishes of our clients. It can also be the case that the companies concerned reject some of our votes for technical reasons.

As a matter of internal policy, Barings' European unit does not engage in stock-lending.

Our Approach To Exclusion

Our approach is to engage companies and prefer this approach over blanket exclusions of entire sectors as we believe engagement has a greater chance of successfully effecting change if we, as shareholders, engage with companies whose practices we wish to influence. It is also our belief that we will have a greater chance of success of fully effecting change if we have a stake in companies whose practices we wish to influence. We also believe this is an opportunity to create value for investors.

Further detail on Barings approach to exclusion can be found in the [Barings Sustainability Policy](#).

GHG Reporting

As mentioned earlier in this policy, the Public Equities team incorporates transition risks and physical risks from climate change in our valuation and qualitative evaluation of companies. We utilize external data to run multiple climate scenarios with conservative assumptions and keep abreast of policy developments and industry trends. We couple this with our knowledge of companies to identify potential risks to companies from climate change. Where we identify a need for improved disclosure or mitigation or adaptation efforts, we will engage with companies. We take guidance from international standards (such as TCFD) and, where appropriate, will encourage companies to adopt practices from those standards.



In addition, we monitor our portfolios carbon emissions and have devised our own methodology of monitoring the carbon footprint of our portfolios. Therefore, we can accommodate any requirements of asset owners in terms of carbon footprint for separately managed accounts. We believe existing methodologies focusing on intensity per unit of sales inaccurately reflect a company's true carbon footprint.

Below is an explanation of our proprietary methodology.

- Universe Definition: The universe for each portfolio is defined as the union of all the stocks in the portfolio and benchmark.
- Calculation of Portfolio Carbon Tonnage: Carbon emissions data (Scope 1, 2 and combined) is sourced from a third-party vendor. Where a company is not covered by the third party data vendor, we rely on internal Barings analysis.
- Calculation of Benchmark Carbon Tonnage: Carbon emissions data (Scope 1, 2 and combined) is sourced from (third-party vendor) for benchmarks. Where a company is not covered, we rely on internal Barings analysts using same methodology as above.
- Monitoring Portfolios: we scale the benchmark carbon footprint to the net asset value of the portfolio and compare

External Reporting

The Public Equities team provides clients with quarterly ESG reporting for designated strategies as per client request or regulatory reporting. ESG reports include a summary of Barings' ESG score profile, carbon emissions and carbon intensity profiles compared to benchmarks, and a summary of recent engagement activity. We expect that our ESG and sustainability reporting will continue to evolve as more information is made available for public equities investments.

In addition, Barings publicly discloses its [Company Engagement Report](#).

Barings is a \$351+ billion global investment manager sourcing differentiated opportunities and building long-term portfolios across public and private fixed income, real estate and specialist equity markets. With investment professionals based in North America, Europe and Asia Pacific, the firm, a subsidiary of MassMutual, aims to serve its clients, communities and employees, and is committed to sustainable practices and responsible investment.*

IMPORTANT INFORMATION

Any forecasts in this document are based upon Barings opinion of the market at the date of preparation and are subject to change without notice, dependent upon many factors. Any prediction, projection or forecast is not necessarily indicative of the future or likely performance. Investment involves risk. The value of any investments and any income generated may go down as well as up and is not guaranteed by Barings or any other person.

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