



BARINGS

# Global Sustainability & ESG Policy

2023

*As of September 30, 2023*



## KEY POINTS

Barings focuses on three core pillars in its approach to Sustainability & ESG (“SESG”):

1. ESG investment integration.
2. Effective stewardship.
3. Corporate responsibility.

To further these core pillars, Barings is a signatory of the United Nations-supported Principles for Responsible Investment initiative (“PRI”).

The Sustainability & ESG Policy (“Policy”) details responsibilities with regards to Sustainability & ESG (“SESG”) and is overseen and maintained by the Sustainability & ESG Team (“SESG Team”).

The Policy supports and is part of the Barings Sustainability & ESG Framework (“SESG Framework”).

## ESG INVESTMENT INTEGRATION

Barings believes that integrating material environmental, social and governance (“ESG”) factors into our overall investment analysis provides a more holistic understanding of the complex issues, risks and opportunities that may impact our client portfolios and aids Barings in its primary objective to deliver competitive risk-adjusted returns for our clients. As a signatory of the PRI, Barings has committed to adopt and implement the initiative’s principles where consistent with Barings’ duty and any applicable legal, regulatory, or contractual requirements of our client agreements.

The further this purpose, Barings has implemented ESG investment integration and stewardship policies to formalize how ESG issues are considered within specific Barings investment processes which are available upon request.

The ESG Investment Integration Working Group includes members from Barings investment teams and the SESG team and meets to discuss ways to enhance ESG integration practices, tools and data and provides input and oversight of Barings ESG integration practices.

## EFFECTIVE STEWARDSHIP

Effective stewardship is a core pillar of Barings’ investment philosophy. As stewards of capital, we seek to leverage our position to partner with our clients, engage with our investees and undertake disciplined voting, where applicable.

The Stewardship Working Group coordinates the oversight of ESG, sustainability and climate-related engagements across investment teams and third parties.

## PARTNERSHIP WITH CLIENTS

Understanding our clients’ preferences regarding SESG is essential to implementing effective stewardship. Barings strives to proactively discuss factors related to SESG with clients to work towards achieving their goals and maintaining effective stewardship of client capital. The following can be tools used to further effective stewardship:



## ENGAGEMENT

Barings believes that structured dialogue with investees is an effective way of supporting analysis and communicating views on investment-related risks and opportunities. Where possible, direct relationships with investee stakeholders can create positive outcomes through constructive conversations and alignment of interests before and after making an investment, which is why Barings' preference is for engagement over exclusion.

Barings maintains a record of its most recent [Company Engagements on ESG Issues](#).

## VOTING

Barings has a fiduciary duty to vote proxies on behalf of its clients. Barings maintains a [Global Proxy Voting Policy](#) which describes the manner in which Barings will fulfil its proxy voting responsibilities and complies with relevant regulatory requirements. Barings also maintains a public dataset of its [Global Proxy Voting Record](#).

## EXCLUSIONS

Our preference has always been to engage with our investments, rather than pursue an exclusionary approach. We will not, however, directly invest in companies or knowingly hold securities issued by companies that are materially involved in the production, stockpiling and use of cluster munitions, anti-personnel mines and chemical and biological weapons at the time of investment.

The Barings Guideline Monitoring team (or Korea Compliance team for Korean investments) is responsible for monitoring Sustainability & ESG exclusions/restrictions/thresholds.

## CORPORATE RESPONSIBILITY

ESG is considered in our own business activities through our Corporate Responsibility Program.

Through Barings Social Impact, we are committed to advancing economic and social mobility in our local communities by investing in three key areas:

- Affordable housing and homelessness
- Access to education and financial opportunity
- Workforce development

Additionally, we encourage all employees to give back through supported volunteering and charitable giving programs. You can learn more about our programmatic investments, governance structure, and employee-led programs in our most recent [Social Impact Report](#) or on our [Social Impact Webpage](#).

[Barings' Global Statement on Diversity](#) is applicable across all areas of our business. We believe that diverse backgrounds create a diversity of perspectives, experience and skills that are essential to meeting the evolving needs of our clients. Our teammates are deeply involved in upholding an inclusive, engaged culture that puts people at its core.

Barings integrates environmental awareness into our business activities and communicates transparently on our progress. We review our office GHG footprint during normal financial planning and assess the efficiency of our office locations. We have made commitments to act in a responsible and sustainable manner when conducting our own corporate activities and seek to achieve net zero in our global operations by 2030.

The Corporate Responsibility Working Group supports our corporate and operational SESG efforts.

*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.*

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