

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Barings Global Senior Secured Bond Fund

Legal entity identifier: 549300W/GJ63R7O9KXV70

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: ____%

It promotes Environmental/ Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective**: ____%

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving environmental ("E") and/or social ("S") characteristics.

The E and S current state scores of an asset, (methodology discussed further below) are established by the Investment Manager using a proprietary industry-based scoring technique. The Investment Manager's consideration of factors when deriving a score is based on financial materiality and will encompass a number of E or S characteristics. More detail regarding the methodology is outlined below.

The Fund does not have a reference benchmark that has been designated for the purpose of attaining the environmental or social characteristics promoted by it.

Sustainability indicators measure how the environmental or

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the Fund will be: the percentage of the Fund's Net Asset Value invested

social characteristics promoted by the financial product are attained.

in assets that exhibit positive or improving ESG characteristics. Issuers that exhibit positive or improving ESG characteristics are selected through the Investment Manager's proprietary ESG scoring methodology. The Investment Manager supports internal sustainability analysis with the use of third party issuer-specific ESG data, where available, and through its own independent research and direct dialogue with management teams. The Investment Manager assesses both an issuer's current ESG profile and outlook trajectory and considers sustainability-linked credit risks that could impact the issuer's financial profile and total return potential from an investment perspective. Environmental information utilised as part of the analysis can include, but not limited to, carbon emissions, carbon intensity, exposure to high carbon industries and positive or transitional impacts to the environment. Social information utilised as part of the analysis can include, but not limited to, business ethics, Board governance structures, Board and organizational diversity, and labour relations.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

x

Yes,

Principal adverse impact indicators are incorporated in the monitoring and analysis of debt instruments that this Fund invests in. Barings' ESG integration process is designed to ensure that the Investment Manager assesses the sustainability risk factors that are material to the overall credit risk of an investment. This process is undertaken for individual issuers on a case-by-case basis depending on business profile and sector. The Investment Manager considers Principle Adverse Impact (PAI) indicators when compiling both investment committee recommendations and internal ESG ratings. A thematic approach is taken to assessing PAI indicators as opposed to a formal assessment against individual indicators. For example, issuers' reported GHG emissions are tracked and available in internal portfolio management systems in order to assess the environmental profile of an individual investment and the overall strategy. There is a formal written ESG assessment that is used to produce both internal ESG ratings and written analysis on sustainability risks in investment committee papers. Barings has an exclusion policy for business involvement in controversial weapons. Further information on the principal adverse impacts will be available in the annual report.

No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The Fund will invest principally in a portfolio of fixed and floating rate Corporate Debt Instruments, focusing primarily on North American and European senior secured High Yield Instruments which are listed or traded on Recognised Markets in Europe or North America. While the Fund will invest principally in North American and European issuers, it may also invest in issuers located in other geographic areas, subject to a limit of 5% of Net Asset Value in issuers from Emerging Markets.

The Fund is also permitted to invest to a lesser extent in other types of debt instruments such as unsecured high yield bonds, Investment Grade bonds, cash and near cash, deposits, money market instruments (such as short term commercial paper, bankers' acceptances, bank notes, government securities, certificates of deposit and, subject to a limit of 10% of Net Asset Value, certain loan instruments (which may be securitised or unsecuritised) which qualify as money market instruments in accordance with the requirements of the Central Bank), convertible bonds, including CoCos, which are not expected to be materially leveraged (subject to a limit of 10% of Net Asset Value), and units and/or shares in collective investment schemes (subject to a limit of 10% of Net Asset Value) where such investment is consistent with the investment objective of the Fund.

The Fund is categorised as an Article 8 fund under the Sustainable Finance Disclosure Regulation. The Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving environmental and/or social characteristics.

Issuers that exhibit positive or improving ESG characteristics are selected through the Investment Manager's proprietary ESG scoring methodology, which is supported with the use of third party issuer-specific ESG data where coverage allows. When assessing an investment, the Investment Manager will utilise its access to management and financial sponsors in addition to information published by issuers and through access to third party ESG research providers such as MSCI, Sustainalytics and/or Bloomberg ESG, where coverage allows. This information and interaction enables due diligence to be undertaken on the ESG risk profile of an issuer. For each asset, the Investment Manager analyses an issuer's ESG credentials over time and considers relevant shocks that may impact the scoring. Topics considered include environmental (may encompass resource intensity, environmental footprint, traceability) social (societal impacts of products and services, business ethics, employee satisfaction, amongst others) and governance (may encompass effectiveness of management boards, credibility of auditing arrangements and accountability of management, amongst others) to assess screen issuers where ESG standards are positive or improving. The Investment Manager undertakes ESG scoring of issuers that are owned or being monitored. ESG scores are compiled based on an analyst assessment and presented in investment underwriting memos. Issuers are assigned both an ESG current state score and an ESG outlook score for ESG for environmental, social, and governance categories. The ESG current state score assesses the current sustainability profile of the issuer relative to the investment universe. ESG outlook scores analyse momentum of the issuer on ESG topics in comparison to sector ESG development. Investee issuers will be considered as being "positive" if they have a better ESG current state score. Investee issuers will be considered as being "improving" if they have a moderate ESG current state score and an improving outlook score. The Investment Manager adopts an active management policy in relation to ESG topics and has a preference to focus on engagement to improve material issuer transparency and behaviour. Engagement activity may be focused on key ESG credit risk areas.

The Fund is not expected to invest more than 10% of its Net Asset Value in securities issued and/or guaranteed by a single sovereign (including its government, a public or local government of that country) which is rated Sub-Investment Grade.

The Fund intends to limit the use of derivative instruments to (i) currency forward contracts to hedge currency risk, (ii) convertible bonds including CoCos and (iii) warrants for investment purposes.

"Emerging Markets" means non-OECD member states with a Sub-Investment Grade sovereign credit rating.

Where an eligible asset is not rated by an internationally recognised rating agency, the Investment Manager may determine its own assessment of credit quality and assign an agency equivalent rating to the asset. In the case of new issuance, expected ratings may be used and further issuer level ratings may be applied, if available, where security issue level ratings are unavailable. Subordinated issuer level ratings may also be used for unrated subordinated instruments.

The Fund may also employ investment techniques for efficient portfolio management and hedging purposes.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Fund has implemented a binding constraint into its investment policy whereby at least 50% of its Net Asset Value will be invested in assets which exhibit positive or improving E and/or S characteristics.

The Investment Manager undertakes ESG scoring of issuers that are owned or being monitored. Proprietary ESG scores are compiled based on an analyst assessment and presented in investment underwriting memos, and reviewed by investment committees. Issuers are assigned both an ESG current state score and an ESG outlook score. ESG scores are reassessed as material ESG developments occur, updated in line with issuer reporting cycles and updated/verified at least semi-annually.

The 1-5 ESG current state scores are aggregated based on sector weightings to give an overall 1-5 ESG current state score. Investee issuers will be considered as being "positive" if they have an overall ESG current state score that is average or better on the scoring scale. Investee issuers will be considered as being "improving" if they have an overall ESG Current state score that is below average and an improving outlook score.

The Investment Manager excludes issuers that are not approved by the Investment Committee due to ESG risks identified through investment due diligence and/or the in-house ESG scoring process.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Fund does not have a committed minimum rate to reduce the scope of investments prior to the application of the investment strategy. Rather the Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving E and/or S characteristics.

What is the policy to assess good governance practices of the investee companies?

The Investment Manager undertakes initial and ongoing due diligence of the corporate governance structure of issuers. This analysis is presented to investment committees and incorporated into the governance component of Barings' ESG scores. The Investment Manager assesses whether the governance structure is commensurate with the ownership structure of the issuer and analyses key governance risk factors on a case-by-case basis. Governance risks assessed can include issuer ownership, the board and management structures, legal and tax compliance, quality of reporting and audits, employee retention and relations, and staff remuneration. If an issuer is rated 5 (unfavourable) under Barings' ESG current state score for governance it will be formally excluded for investment. The Investment Manager tracks and monitors governance controversies and can take engagement action when they occur. An issuer with a low (but acceptable) governance score would also be tracked for commitments towards improvement over time as part of the internal ESG scoring process. Where the Investment Manager determines that a holding in the Fund's portfolio does not meet its good governance thresholds, the Investment Manager will engage with the relevant issuer in order to seek to bring it into compliance. If engagement with the relevant issuer is not deemed appropriate or engagement subsequently proves unsuccessful, the Investment Manager will consider its position and shall, if necessary and to the extent possible based upon market conditions and any specific investment considerations, attempt to divest the holding from the Fund.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the asset allocation planned for this financial product?



Asset allocation describes the share of investments in specific assets. Taxonomy-aligned

The Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving environmental ("E") and/or social ("S") characteristics. The "Other" category will comprise of assets (including cash, cash equivalents, hedging instruments and other assets) which do not have an ESG current state score, which are not aligned with the Fund's E and/or S characteristics, and/or have no minimum environmental or social safeguards.

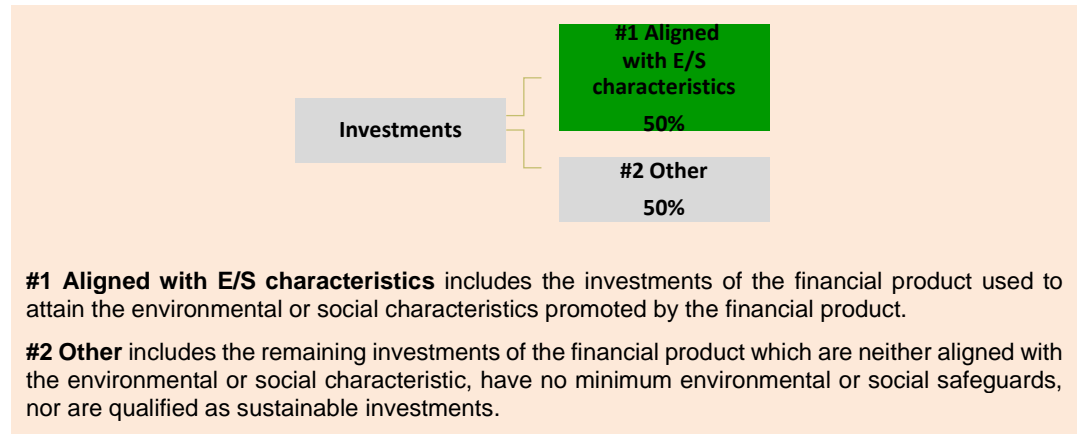
activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**
Not applicable.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

As shown in the graph below, 0% of the Fund's Investments are sustainable investments with an environmental objective that align with the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy²?**

Yes:

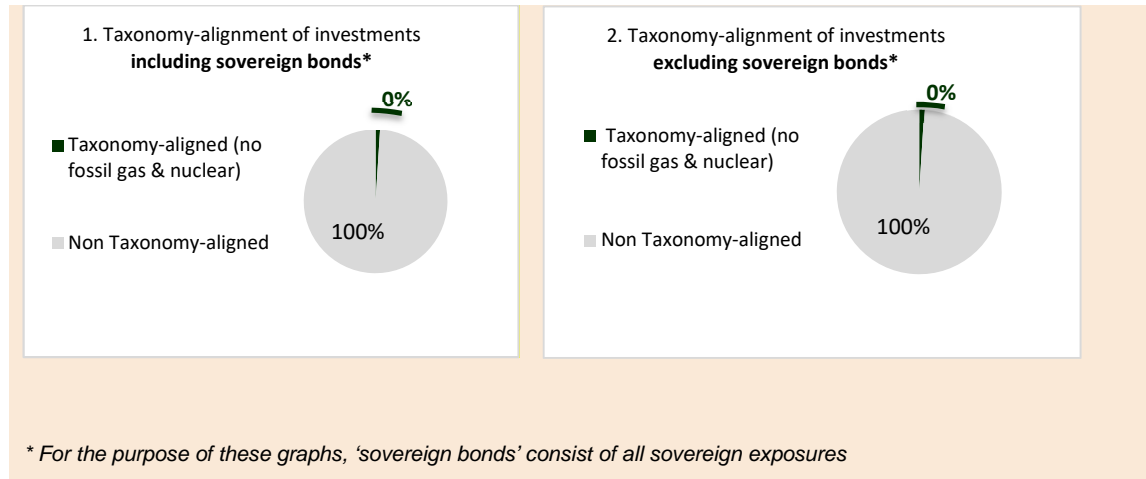
In fossil gas In nuclear energy

No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

² Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulations (EU) 2022/1214.

yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**
Not applicable.

🚫 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**
Not applicable.

👤 **What is the minimum share of socially sustainable investments?**
Not applicable.

🌐 **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Holdings that qualify as being aligned with E/S characteristics are those that, based on the Investment Manager's proprietary ESG scoring methodology, are considered to be issuers that exhibit positive or improving ESG characteristics. Holdings that do not meet this qualification would be part of the #2 "Other" bucket. That bucket comprises of assets which have been approved by the Investment Manager's High Yield US and European Investment Committees and which may 1) have a weak ESG starting point with potentially positive catalysts or 2) score poorly from an ESG perspective but valuations suggest that the investment offers a strong risk/reward for the Fund's portfolio. The investments included under "#2 Other" also includes cash, cash equivalents and hedging instruments. Cash and cash equivalents do not affect the promoted environmental and / or social characteristics of the Fund. The assessment of issuers and of counterparties for cash and hedging instruments focusses on the creditworthiness of these parties, which can be impacted by ESG risks.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No specific index is designated as a reference benchmark to determine whether the Fund is aligned with the environmental characteristics that it promotes.

● ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

● ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

● ***How does the designated index differ from a relevant broad market index?***

Not applicable.

● ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

Please see the relevant product page for the Fund at <https://www.barings.com/en-ie/institutional/funds/public-fixed-income/barings-global-senior-secured-bond-fund>

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Barings Global High Yield Bond Fund

Legal entity identifier: 5493006H2BF0K47X4M05

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes **No**

It will make a minimum of **sustainable investments with an environmental objective:** ___%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It promotes Environmental/ Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving environmental ("E") and/or social ("S") characteristics.

The E and S current state score of an asset, (methodology discussed further below), are established by the Investment Manager using a proprietary industry-based scoring technique. The Investment Manager's consideration of factors when deriving a score is based on financial materiality and will encompass a number of E or S characteristics. More detail regarding the methodology is outlined below.

The Fund does not have a reference benchmark that has been designated for the purpose of attaining the environmental or social characteristics promoted by it.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the Fund will be: the percentage of the Fund's Net Asset Value invested in assets that exhibit positive or improving ESG characteristics. Issuers that exhibit positive or improving ESG characteristics are selected through the Investment Manager's proprietary ESG scoring

Sustainability indicators measure how the environmental or social characteristics promoted by the

financial product are attained.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

methodology. The Investment Manager supports internal sustainability analysis with the use of third party issuer specific ESG data, where available, and through its own independent research and direct dialogue with management teams. The Investment Manager assesses both an issuer's current ESG profile and outlook trajectory and considers sustainability-linked credit risks that could impact the issuer's financial profile and total return potential from an investment perspective. Environmental information utilised as part of the analysis can include, but not limited to, carbon emissions, carbon intensity, exposure to high carbon industries and positive or transitional impacts to the environment. Social information utilised as part of the analysis can include, but not limited to, business ethics, Board governance structures, Board and organizational diversity, and labour relations.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

– *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

– *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, Principal adverse impact indicators are incorporated in the monitoring and analysis of debt instruments that this Fund invests in. Barings' ESG integration process is designed to ensure that investment team assesses the sustainability risk factors that are material to the overall credit risk of an investment. This process is undertaken for individual issuers on a case-by-case basis depending on business profile and sector. The investment team considers Principle Adverse Impact (PAI) indicators when compiling both investment committee recommendations and internal ESG ratings. A thematic approach is taken to assessing PAI indicators as opposed to a formal assessment against individual indicators. For example, issuers' reported GHG emissions are tracked and available in internal portfolio management systems in order to assess the environmental profile of an individual investment and the overall strategy. There is a formal written ESG assessment that is used to produce both internal ESG ratings and written analysis on sustainability risks in investment committee papers. Barings has an exclusion policy for business involvement in controversial weapons. Further information on the principal adverse impacts will be available in the annual report.

No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The Fund will invest principally in a portfolio of high yield fixed and floating rate corporate debt instruments, focusing primarily on North American and European high yield instruments which are listed or traded on recognised markets in Europe or North America.

The Fund is also permitted to invest to a lesser extent in other types of debt instruments such as high yield instruments issued in currencies other than US Dollar or European currencies by issuers outside North America or Europe, investment grade bonds, cash and near cash, deposits, money market instruments (such as short term commercial paper, bankers' acceptances, bank notes, government securities, certificates of deposit and, subject to a limit of 10% of Net Asset Value, certain loan instruments (which may be securitised or unsecuritised) which qualify as money market instruments in accordance with the requirements of the Central Bank), convertible bonds, including CoCos, which are not expected to be materially leveraged (subject to a limit of 10% of Net Asset Value), corporate debt instruments from emerging markets (subject to a limit of 10% of Net Asset Value), and units and/or shares in collective investment schemes (subject to a limit of 10% of Net Asset Value) where such investment is consistent with the investment objective of the Fund.

The Fund is categorised as an Article 8 fund under the Sustainable Finance Disclosure Regulation. The Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving environmental and/or social characteristics.

Issuers that exhibit positive or improving ESG characteristics are selected through the Investment Manager's proprietary ESG scoring methodology, which is supported with the use of third party issuer-specific ESG data where coverage allows. When assessing an investment, the Investment Manager will utilise its access to management and financial sponsors in addition to information published by issuers and through access to third party ESG research providers such as MSCI, Sustainalytics and/or Bloomberg ESG, where coverage allows. This information and interaction enable due diligence to be undertaken on the ESG risk profile of an issuer. For each asset, the Investment Manager analyses an issuer's ESG credentials over time and consider relevant shocks that may impact the scoring. Topics considered include environmental (may encompass resource intensity, environmental footprint, traceability) social (societal impacts of products and services, business ethics, employee satisfaction, amongst others) and governance (may encompass effectiveness of management boards, credibility of auditing arrangements and accountability of management, amongst others) to assess screen issuers where ESG standards are positive or improving. The Investment Manager undertakes ESG scoring of issuers that are owned or being monitored. ESG scores are compiled based on an analyst assessment and presented in investment underwriting memos. Issuers are assigned both an ESG current state score and an ESG outlook score for ESG for environmental, social, and governance categories. The ESG current state score assesses the current sustainability profile of the issuer relative to the investment universe. ESG outlook scores analyse momentum of the issuer on ESG topics in comparison to sector ESG development. Investee issuers will be considered as being "positive" if they have a better ESG current state score. Investee issuers will be considered as being "improving" if they have a moderate ESG current state score and an improving outlook score. The Investment Manager adopts an active management policy in relation to ESG topics and has a preference to focus on engagement to improve material issuer transparency and behaviour. Engagement activity may be focused on key ESG credit risk areas.

The Fund is not expected to invest more than 10% of its Net Asset Value in securities issued and/or guaranteed by a single sovereign (including its government, a public or local government of that country) which is rated sub-investment grade.

The Fund intends to limit the use of derivative instruments to (i) currency forward contracts to hedge currency risk, (ii) convertible bonds including CoCos and (iii) warrants for investment purposes.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Fund has implemented a binding constraint into its investment policy whereby at least 50% of its Net Asset Value will be invested in assets which exhibit positive or improving E and / or S characteristics.

The Investment Manager undertakes ESG scoring of issuers that are owned or being monitored. Proprietary ESG scores are compiled based on an analyst assessment and presented in investment underwriting memos and reviewed by investment committees. Issuers are assigned both an ESG current state score and an ESG outlook score. ESG scores are reassessed as material ESG developments occur, updated in line with issuer reporting cycles and updated/verified at least semi-annually.

The 1–5 ESG current state scores are aggregated based on sector weightings to give an overall 1-5 ESG current state score. Investee issuers will be considered as being "positive" if they have an overall ESG current state score that is average or better on the scoring scale. Investee issuers will be considered as being "improving" if they have an overall ESG current state score that is below average and an improving Outlook Score.

The Investment Manager excludes issuers that are not approved by the Investment Committee due to ESG risks identified through investment due diligence and/or the in-house ESG scoring process.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments prior to the application of the investment strategy. Rather the Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving E and / or S characteristics.

● **What is the policy to assess good governance practices of the investee companies?**

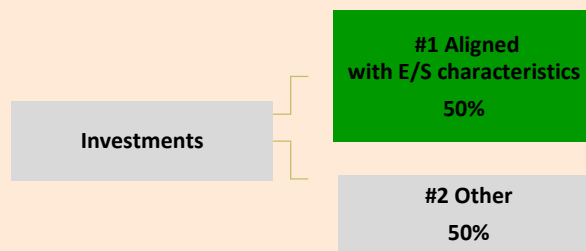
The Investment Manager undertakes initial and ongoing due diligence of the corporate governance structure of issuers. This analysis is presented to investment committees and incorporated into the governance component of Barings' ESG scores. The Investment Manager assesses whether the governance structure is commensurate with the ownership structure of the issuer and analyses key governance risk factors on a case-by-case basis. Governance risks assessed can include issuer ownership, the board and management structures, legal and tax compliance, quality of reporting and audits, employee retention and relations, and staff remuneration. If an issuer is rated 5 (unfavourable) under Barings' ESG current state score for governance it will be formally excluded for investment. The Investment Manager tracks and monitors governance controversies and can take engagement action when they occur. An issuer with a low (but acceptable) governance score would also be tracked for commitments towards improvement over time as part of the internal ESG scoring process. Where the Investment Manager determines that a holding in the Fund's portfolio does not meet its good governance thresholds, the Investment Manager will engage with the relevant issuer in order to seek to bring it into compliance. If engagement with the relevant issuer is not deemed appropriate or engagement subsequently proves unsuccessful, the Investment Manager will consider its position and shall, if necessary and to the extent possible based upon market conditions and any specific investment considerations, attempt to divest the holding from the Fund.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

The Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving environmental ("E") and/or social ("S") characteristics. The "Other" category will comprise of assets (including cash, cash equivalents, hedging instruments and other assets) which do not have an ESG current state score, which are not aligned with the Fund's E and / or S characteristics and / or have no minimum environmental or social safeguards.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

As shown in the graph below, 0% of the Fund's Investments are sustainable investments with an environmental objective that align with the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy⁴?

Yes:

In fossil gas In nuclear energy

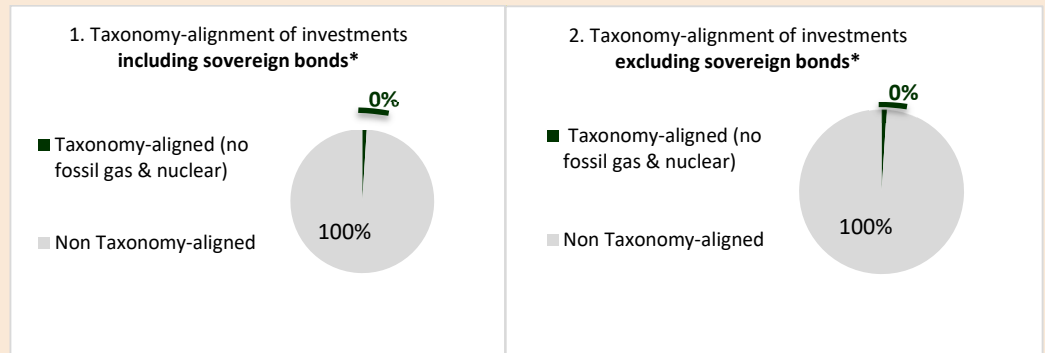
No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

Not applicable



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable



What is the minimum share of socially sustainable investments?

Not applicable



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Holdings that qualify as being aligned with E/S characteristics are those that, based on the Investment Manager's proprietary ESG scoring methodology, are considered to be issuers that exhibit positive or improving ESG characteristics. Holdings that do not meet this qualification would be part of the #2 "Other" bucket. That bucket comprises of assets which have been

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

⁴ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulations (EU) 2022/1214.

approved by the Investment Manager's High Yield US and European Investment Committees and which may 1) have a weak ESG starting point with potentially positive catalysts or 2) score poorly from an ESG perspective but valuations suggest that the investment offers a strong risk/reward for the Fund's portfolio. The investments included under "#2 Other" also includes cash, cash equivalents and hedging instruments. Cash and cash equivalents do not affect the promoted environmental and/or social characteristics of the Fund. The assessment of issuers and of counterparties for cash and hedging instruments focusses on the creditworthiness of these parties, which can be impacted by ESG risks.



Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No specific index is designated as a reference benchmark to determine whether the Fund is aligned with the environmental characteristics that it promotes.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**
Not applicable
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
Not applicable
- **How does the designated index differ from a relevant broad market index?**
Not applicable
- **Where can the methodology used for the calculation of the designated index be found?**
Not applicable

Where can I find more product specific information online?

More product-specific information can be found on the website:

Please see the relevant product page for the Fund at <https://www.barings.com/en-ie/institutional/funds/public-fixed-income/barings-global-high-yield-bond-fund>

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Barings Emerging Markets Sovereign Debt Fund

Legal entity identifier: 549300O9R5YBD5R5TR77

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ____%

It promotes Environmental/ Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** ____%

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving

environmental ("E") and/or social ("S") characteristics.

The E and S current state scores of an asset, (methodology discussed further below), are established by the Investment Manager using a proprietary industry-based scoring technique. The Investment Manager's consideration of factors when deriving a score is based on financial materiality and will encompass a number of E or S characteristics. More detail regarding the methodology is outlined below.

The Fund does not have a reference benchmark that has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the Fund will be:

1. The percentage of the Fund's Net Asset Value invested in assets that exhibit positive or improving ESG characteristics; and
2. The percentage of the Fund's Net Asset Value in countries that exhibit strong or improving human development conditions, as measured by the United Nations HDI and calculated as an average of the five year period as of two years prior to the investment period.

This is approached in both a quantitative and qualitative manner.

Quantitative:

The Investment Manager uses and analyses a proprietary and diverse selection of indicators of a country's institutional, social and environmental resilience and performance, and value ones that indicate future trends. The Investment Manager does this by:

- Gathering various selected indicators pertaining to different ESG dimensions from reliable international sources (UN, World Bank, academic institutions).
- Carefully shortlisting indicators.
- Assessing how the country performs relative to peers and itself over time.

Qualitative:

The Investment Manager assesses the policy framework (i.e., country management, and predictability of policies for sustainable financial performance) by:

- Visiting countries to take stock of important aspects of political, social and environmental evolution, and macroeconomic factors. These are often material in driving a country's creditworthiness.
- Regularly informing its country analysis based on latest data release and policy changes in the ESG space.
- Conducting semi-annual ESG country rating discussions, informed both by indicators and qualitative assessments. These rating decisions are based on in-depth debates around governance, institutional, social and environmental developments. The diversity of the team's background, and its collective personal and historical knowledge of political systems across the world, provides the Investment Manager with a unique perspective.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken

Principal adverse impacts are the most significant negative impacts of investment decisions on

sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

The Fund does not commit to any minimum level of Taxonomy alignment in their underlying investments; as such, 0% of the Net Asset Value of the Fund shall be invested in such investments.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, Principal adverse impact indicators are incorporated in the monitoring and analysis of sovereign debt that this Fund invests in. The team monitors detailed statistics on carbon intensity of the countries in its investable universe, and has developed its own proprietary metrics of carbon intensity that it believes are the most relevant and adequate to assess the performance of Emerging Markets sovereigns in its investable universe. In addition, the team performs detailed social analysis that allows it to track how Emerging Markets sovereigns perform in terms of social performance. This has led to negative screening and exclusion decisions based on poor social performance. Another important point is that the team has established an exclusion list composed of countries in which, according to its assessment, ESG performance is so poor that it will affect any sustainable investment in the country in the short and medium term. Further detail on the principal adverse indicators will be available in the annual report.

No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund will invest under normal circumstances at least 80% of its Net Asset Value in an actively managed diversified portfolio consisting of fixed income instruments that are issued by sovereign and / or quasi sovereign issuers of emerging market countries or fixed income instruments that are economically tied to emerging market countries. The Fund's exposure to sovereign and quasi-sovereign hard currency issuers will be at least 60% of the Fund's Net Asset Value (hard currency generally includes (but are not limited to) US Dollar, Euro, Sterling, Japanese Yen and Swiss Franc). The fixed income instruments in which the Fund invests will primarily be listed or traded on recognised markets and may include bonds, notes, US and G10 country treasury obligations, sovereign issues, corporate issues, covered bonds, commercial paper and other fixed and

floating rate income securities and are either secured or unsecured, and, either senior or subordinated. Secured debt means that collateral has been pledged as security against default, whilst investors in senior debt instruments are legally entitled to be repaid ahead of investors in subordinated (i.e. non-senior) instruments issued by the same corporation. Exposure to such issuers may be achieved through direct investment or entirely through the use of FDI. The Fund may also invest up to 10% of its Net Asset Value in mortgage-backed securities, asset-backed securities and unleveraged loan participation securities (including but not limited to trade finance loan participations). The Fund may engage in transactions in FDI principally for investment and/or for hedging purposes subject to the limits laid down by the Central Bank. Such derivatives will provide exposure to the asset classes detailed in the Fund's investment policy. Such transactions may leverage the Fund and may establish speculative positions. This may result in a higher level of volatility and risk. The Fund's investments may be denominated in USD and non USD currencies

A security is economically tied to an emerging market country if the issuer or guarantor of the security has its headquarters or operating companies domiciled in the emerging market country or if the currency of settlement of the security is a currency of the emerging market country.

The Investment Manager has broad discretion to identify countries that it considers to qualify as emerging markets. The Fund emphasises countries with relatively low gross national product per capita and with the potential for rapid economic growth. The Investment Manager will select the Fund's country and currency composition based on its evaluation of relative interest rates, inflation rates, exchange rates, monetary and fiscal policies, trade and current account balances, legal and political developments, and any other specific factors the Investment Manager believes to be relevant. The Fund will likely concentrate its investments in Asia, Africa, the Middle East, Latin America and the developing countries of Europe. The Fund may invest in instruments whose return is based on the return of an emerging market security or a currency of an emerging market country, such as a derivative instrument, rather than investing directly in emerging market securities or currencies. The Investment Manager will select individual investments based on an analysis of the value of the relevant investments as compared to other similar investments within the identified countries and industry sectors.

The Fund is categorised as an Article 8 fund under the Sustainable Finance Disclosure Regulation. The Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving environmental and/or social characteristics.

Countries that exhibit positive or improving ESG characteristics are selected through the Investment Manager's proprietary research which is supported with the use of third party issuer-specific ESG data; the approach consists of a threefold analysis determining a government's capacity and willingness to provide for its population, its resilience to shocks and its ability to grow sustainably, using both a standard set of indicators and qualitative analysis. For each asset, the Investment Manager examines the scores of the indicators to determine a country's sustainability over time and considers relevant shocks that may have impacted the scoring. These indicators, as well as the Investment Manager's specialised country expertise, are placed into the capacity and willingness framework to determine the country's current sustainability as well as potential trends that should be considered from an ESG perspective. The frequency of update for each country depends on its significance in the portfolio and the benchmark, but ESG scores are reviewed for all countries under coverage at least twice a year by the Sovereign ESG Committee which comprises all sovereign analysts on the Investment Manager's team. HDI scoring is calculated at least quarterly, where improvement is defined as having improved by more than five percentage points in the last ten years.

Issuers that exhibit positive or improving ESG characteristics are selected through the Investment Manager's proprietary ESG scoring methodology, which is supported with the use of third party issuer-specific ESG data where coverage allows. When assessing an investment, the Investment Manager will utilise its access to management and financial sponsors in addition to information published by issuers and through access to third party ESG research providers such as MSCI, Sustainalytics and/or Bloomberg ESG, where coverage allows. This information and interaction enable due diligence to be undertaken on the ESG risk profile of an issuer. For each asset, the Investment Manager analyses an issuer's ESG credentials over time and consider relevant shocks that may impact the scoring. Topics considered include environmental (may encompass resource intensity, environmental footprint, traceability) social (societal impacts of products and services, business ethics, employee satisfaction, amongst others) and governance (may

encompass effectiveness of management boards, credibility of auditing arrangements and accountability of management, amongst others) to assess screen issuers where ESG standards are positive or improving. The Investment Manager undertakes ESG scoring of issuers that are owned or being monitored. ESG scores are compiled based on an analyst assessment and presented in investment underwriting memos. Issuers are assigned both an ESG current state score and an ESG outlook score for ESG for environmental, social, and governance categories. The ESG current state score assesses the current sustainability profile of the issuer relative to the investment universe. ESG outlook scores analyse momentum of the issuer on ESG topics in comparison to sector ESG development. Investee issuers will be considered as being “positive” if they have a better ESG current state score. Investee issuers will be considered as being “improving” if they have a moderate ESG current state score and an improving outlook score. The Investment Manager adopts an active management policy in relation to ESG topics and has a preference to focus on engagement to improve material issuer transparency and behaviour. Engagement activity may be focused on key ESG credit risk areas.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Fund has implemented a binding constraint into its investment policy whereby at least 50% of its Net Asset Value will be invested in assets which exhibit positive or improving E and/or S characteristics.

The Investment Manager undertakes ESG scoring of issuers that are owned or being monitored. Proprietary ESG scores are compiled based on an analyst assessment and presented in investment underwriting memos and reviewed by investment committees. Issuers are assigned both an ESG current state score and an ESG outlook score. ESG scores are reassessed as material ESG developments occur, updated in line with issuer reporting cycles and updated/verified at least semi-annually.

The 1–5 ESG current state scores are aggregated based on sector weightings to give an overall 1-5 ESG current state score. Investee issuers will be considered as being “positive” if they have an overall ESG current state score that is average or better on the scoring scale. Investee issuers will be considered as being “improving” if they have an overall ESG current state score that is below average and an improving Outlook Score.

The Investment Manager excludes issuers that are not approved by the Investment Committee due to ESG risks identified through investment due diligence and/or the in-house ESG scoring process.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

● ***What is the policy to assess good governance practices of the investee companies?***

The Fund primarily invests in government bonds. As such, the Investment Manager's team of sovereign analysts assesses the sovereign entities' governance by reviewing each country's governance indicators including government effectiveness, political stability, regulatory quality, control of corruption, amongst other factors, as well as how they compare versus peers. This is an integral aspect of the Investment Manager's sovereign underwriting process and factors in how the Investment Manager rates and/or invests in a country.

The Investment Manager undertakes initial and ongoing due diligence of the governance structure of issuers. This analysis is presented to investment committees and incorporated into the governance component of Barings' ESG scores. The Investment Manager assesses whether the governance structure is commensurate with the ownership structure of the issuer and analyses key governance risk factors on a case-by-case basis. Governance risks assessed can include issuer ownership, the board and management structures, legal and tax compliance, quality of reporting and audits, employee retention and relations, and staff remuneration. If an issuer is rated 5 (unfavourable) under Barings' ESG current state score for governance it will be formally excluded for investment. The Investment Manager tracks and monitors governance controversies and can take

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

engagement action when they occur. An issuer with a low (but acceptable) governance score would also be tracked for commitments towards improvement over time as part of the internal ESG scoring process. Where the Investment Manager determines that a holding in the Fund's portfolio does not meet its good governance thresholds, the Investment Manager will engage with the relevant issuer in order to seek to bring it into compliance. If engagement with the relevant issuer is not deemed appropriate or engagement subsequently proves unsuccessful, the Investment Manager will consider its position and shall, if necessary and to the extent possible based upon market conditions and any specific investment considerations, attempt to divest the holding from the Fund.



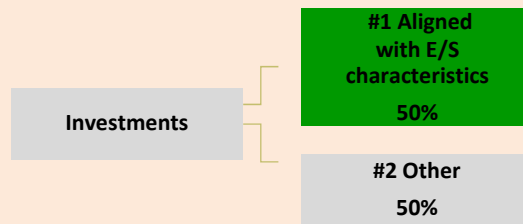
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?

The Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving environmental ("E") and/or social ("S") characteristics. The "Other" category will comprise of assets (including cash, cash equivalents, hedging instruments and other assets) which do not have an ESG current state score, which are not aligned with the Fund's E and /or S characteristics and / or have no minimum environmental or social safeguards.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

As shown in the graph below, 0% of the Fund's Investments are sustainable investments with an environmental objective that align with the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that

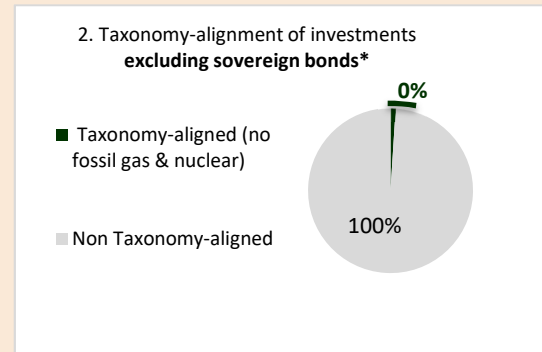
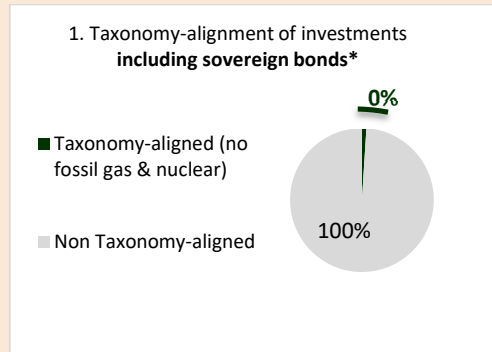
switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- **comply with the EU Taxonomy¹⁰?**
 - Yes:**
 - In fossil gas
 - In nuclear energy
 - No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**
Not applicable.

- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**
Not applicable.

- **What is the minimum share of socially sustainable investments?**
Not applicable.

- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Holdings that qualify as being aligned with E/S characteristics are those that, based on the Investment Manager's internal rating methodology, are considered to be countries that exhibit positive or improving ESG characteristics. Holdings that do not meet this qualification would be part of the “#2 Other” bucket and would be held in the portfolio due to 1) a weak ESG starting point with potentially positive catalysts or 2) rate poorly from an ESG perspective but valuations

¹⁰ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulations (EU) 2022/1214.

suggest that the investment offers a strong risk/reward for the portfolio. The Investment Manager excludes the worst performing ESG performers in the Investment Manager's universe, per the Investment Manager's in-house ESG ratings process. The investments included under "#2 Other" also includes cash, cash equivalents and hedging instruments. Cash and cash equivalents do not affect the promoted environmental and / or social characteristics of the Fund. The assessment of issuers and of counterparties for cash and hedging instruments focusses on the creditworthiness of these parties, which can be impacted by ESG risks.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No specific index is designated as a reference benchmark to determine whether the Fund is aligned with the environmental characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

Please see the relevant product page for the Fund at <https://www.barings.com/en-ie/institutional/funds/public-fixed-income/barings-emerging-markets-sovereign-debt-fund>

