BARINGS

# Remuneration Policy

**June 2019**

**CONTENTS**

## Remuneration Polices

The Barings Group includes two Management Companies located in the European Union (each a 'Firm' and together the 'Firms'):

1. Baring Fund Managers Limited ("BFM"). Authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom.

2. Baring International Fund Managers (Ireland) Limited ("BIFMI"). Authorised and regulated by the Central Bank of Ireland ("CBI").

The Firms are subject to the following European Directives:

1. Undertakings for Collective Investment in Transferrable Securities ("UCITS") Directive. [Directive 2014/91/EU, amending Directive 2009/65/EC]

2. Alternative Investment Fund Managers Directive ("AIFMD"). [Directive 2011/61/EU]

Each Firm acts as manager to a number of UCITS funds and Alternative Investment Funds ("AIFs") (together the 'Funds').

In accordance with the above directives, the Firms are required to have a documented remuneration policy. Key details of the remuneration polices for the above Firms are noted below. Paper copies of these remuneration policies are available on request.

### 1. Remuneration Policy Framework

The purpose of each Firm's remuneration policy is to seek to ensure that the remuneration arrangements of "identified staff":

(i) are consistent with and promote sound and effective risk management; and do not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the Firm or any fund which the Firm is the manager of (the Funds);

(ii) are consistent with the Firm's business strategy, objectives, values and interests and include measures to avoid conflicts of interest.

(iii) do not impair the Firm's compliance with its duty to act in the best interests of the Funds; and

(iv) are consistent with the business strategy, objectives, values and interests of the Firm, the Funds and the investors in such Funds and includes measures to avoid conflicts of interest

### 2. Applicable Remuneration

The Remuneration Approach and Principles set out in each Firm's policy apply to fixed and variable remuneration of any type paid by each Firm including carried interest (if applicable), discretionary pension benefits and to any transfer of units or shares of the firm or any Fund.

Each firm's compensation structure is designed to support and further the firm's business strategy, objectives, values and long-term interests. Compensation aims to facilitate the retention of existing employees and attract high calibre new employees in order to achieve the best results for the firm. It is also designed to ensure sound and effective risk management consistent with the risk profile of the funds.

## 3. Identified Staff

Each Firm is responsible for determining the categories of staff whose professional activities have a material impact on the risk profile of the Firm or any of the Funds they manage. Each Firm is also responsible for complying with the requirements which aim to manage the risks their activities entail (**'Identified Staff'**).

The term “Identified Staff” broadly includes:

- Senior management
- Risk takers
- Control functions
- Employees in the same remuneration bracket, whose professional activities have a material impact on the Firm’s risk profile or of the Funds it manages

The UCITS and AIFMD Directives allow that when delegating an activity to a firm that is subject to remuneration rules that are equally as effective, the UCITS and AIFMD remuneration rules need not apply. The Firms delegate investment management to Baring Asset Management Limited (“BAML”) and Barings LLC (“the Investment Managers”).

BAML is subject to the Capital Requirements Directive (“CRD”) including its remuneration rules which are considered to be equally as effective as those under the UCITS and AIFMD Directives. BLLC is subject to equivalent rules in the US.

## 4. Proportionality

In accordance with Article 14(6)(1) of the UCITS Directive and Annex II of the AIFM Directive, each Firm must comply with the remuneration principles in a way and to the extent it is appropriate to the Firm’s size, internal organisation and the nature, scope and complexity of its activities (the "Proportionality Approach").

Each Film has carried out a Proportionality Assessment. In summary the Firms Boards have concluded it is appropriate to dis-apply the Payout Process Rules covering payment in fund units, shares or other instruments for all Funds, on the basis that this would be disproportionate to the firm.

## 5. Remuneration Committee

Following the Proportionality Approach, the Boards consider that it is appropriate and proportionate to dis-apply the requirement to appoint a remuneration committee for the purposes of UCITS and AIFMD.

Whilst the Firms have concluded it is not required to maintain a remuneration committee meeting all the formal requirements of UCITS and AIFMD, it nevertheless follows the BEL group approach to remuneration governance, which relies on committees. Remuneration for the BEL group companies is governed by two remuneration committees; the Remuneration Committee is responsible for the setting, implementing and ongoing review of Barings Group remuneration policy and approval of employee annual promotions and compensation awards. The Senior Compensation Committee is responsible for the approval of compensation for the Barings senior global employees.

## 6. Oversight of Remuneration Policy

The remuneration policy is adopted by each Firm's Board and is subject to an annual review by the Firm. This review ensures that:

- the overall remuneration system operates as intended;
- the risk profile, long term objectives and goals of the Firm are adequately reflected; and
- the policy reflects best practice guidelines and regulatory requirements.