BARINGS

Barings Integrated Sustainability Report

FOR CALENDAR YEAR

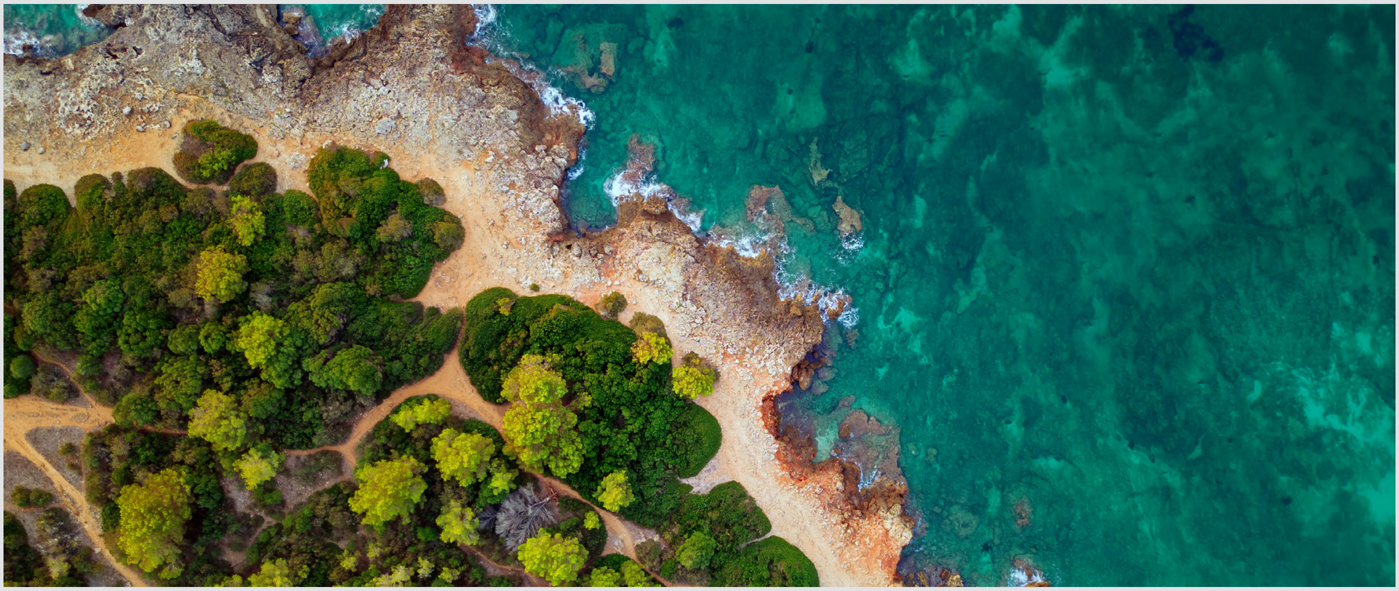
2024

As of April 2025

This report has been prepared by Barings Asset Management Limited ("BAML" or "we"), a subsidiary of Barings LLC. It reflects BAML's approach to integrating Environmental, Social and Governance (ESG) considerations into its investment process to support its goal of delivering risk-adjusted returns to its clients. ESG factors are considered alongside other financial and non-financial metrics to support prudent risk management and long-term value creation, in line with its fiduciary responsibility.

Contents

We have structured our report to align with the principles of the U.K. Stewardship Code and adhere to the regulatory requirements of the Task Force for Climate-related Financial Disclosures (TCFD) as applicable to BAML. While BAML formally submits this report, we've included examples from a range of investment teams across various Barings entities to support our disclosure. The information in the report is based on data as of December 31, 2024. We also include a summary of our efforts related to operational sustainability and volunteering.



Foreword

I am pleased to introduce our inaugural Integrated Sustainability Report, a milestone in our commitment to transparency in relation to our business and investment activities. At Barings, we understand that our clients expect us to act responsibly, anticipate emerging challenges and seize opportunities that align with their values and goals, in line with our fiduciary duty and our fundamental goal of competitive risk-adjusted returns. Throughout this report, we highlight how we are integrating environmental, social and governance (ESG) topics; incorporating climate change into our investment activities; engaging with portfolio companies; and partnering with clients, colleagues and communities.

Aligned with the 12 Principles of the U.K. Stewardship Code and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), this report explains our activities as active stewards of our clients' capital, partnering with them to deliver value over the long term.

We also share our commitments to our operations and supporting our local communities, with more details on these efforts being published later in the year.

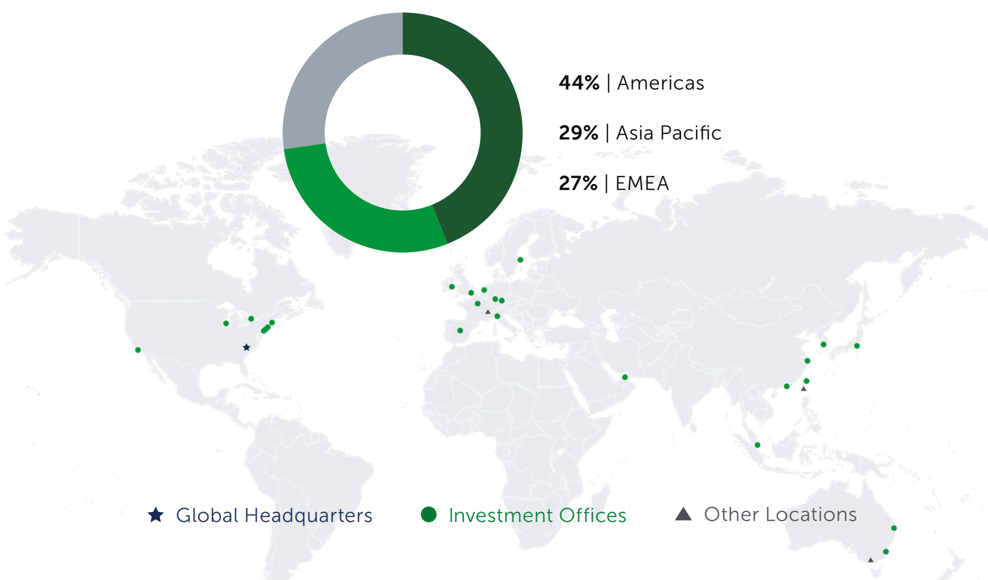
SARAH MUNDAY

Managing Director, Head of Sustainability & ESG (Chair)

Barings Overview

Barings is a $421+ billion global asset management firm that works with institutional, insurance and intermediary clients to provide excess returns across public and private markets in fixed income, real assets and capital solutions. Barings, a subsidiary of MassMutual Life Insurance Company ('MassMutual'), aims to serve its clients, communities and employees. We have 2,000+ staff across 18 countries, including 730+ investment professionals with on-the-ground local knowledge and broad investment experience. Our global presence enriches our understanding of market conditions and specific investment opportunities.

EXTERNAL AUM BY REGION



$421+ B
Assets Under Management

1,300+
External Clients

2,000+
Professionals Globally

Includes third party, external AUM only. All figures are as of December 31, 2024, unless otherwise indicated. Assets shown are denominated in USD. Percentages may not equal 100 due to rounding.

Purpose & Governance

We continue to leverage our governance framework to oversee the consideration of financially-material ESG topics for achieving our goal of seeking risk-adjusted returns for our clients. We work with our clients to ensure that ESG information and metrics, including those which are climate-related, are made available to them and tailor our investment mandates to suit specific requirements where clients request them. Over the last twelve months, we have launched our revamped technology platform to further facilitate our investment process across asset classes while further incorporating our range of clients' specific needs.

PRINCIPLE 1

Our Purpose, Beliefs, Strategy & Culture (Related to Stewardship and Corporate Citizenship)

CONTEXT

Our Purpose

We remain steadfast in our commitment to delivering the best investment experience for our clients through exceptional service and performance. As stewards of their capital, we recognize our privileged role and the value they expect in return.

We specialize in markets and asset classes where we see opportunities to generate alpha for our clients through fundamental research, active management and access to our network of long-standing relationships. Our investment approach is rooted in our shared values and team-based culture, which drive our commitment to integrity, accountability and client service.

We partner with our clients to understand their objectives and incorporate them into our investment strategies. Our global platform allows us to create long-term investment solutions that align with our clients' objectives.

In consideration of our business activities, Barings' Corporate Citizenship function, encompassing both operational sustainability and philanthropic efforts, aims to support positive economic outcomes while minimizing negative environmental impacts in the communities in which we live and work. This includes initiatives to drive operational efficiency, cost savings, employee volunteerism and strategic philanthropic work across the firm, while demonstrating shared values alignment with our clients and investees.

Our teammates are our greatest asset. They are empowered to share ideas, challenge perspectives and take decisive action, creating an environment that fosters innovation and adaptation in service to our clients.

We strive to improve every day—to innovate, adapt and evolve in the ways we serve our clients.

SAFEGUARDING LONG-TERM VALUE THROUGH ESG INTEGRATION & STEWARDSHIP

In pursuit of seeking superior risk-adjusted returns for our clients over the long term, we continue to consider climate risks, opportunities and other priority ESG issues identified by our clients. We do this by analyzing and monitoring financially-material ESG factors, including climate change, and engaging with investees on associated risks and opportunities, where deemed appropriate by our investment analysts. Enhanced disclosure and practices by issuers have the potential to reduce financially-material risks and may contribute to environmental and societal outcomes.

Our intentional and considered approach to ESG integration and stewardship is grounded in obtaining relevant data. In 2024, we continued to pursue enhanced ESG data coverage, both through our proprietary ESG questionnaire for private markets as well as across other asset classes through ESG service providers.

We have further enhanced our approach to understanding and implementing our client preferences, particularly through the use of our new technology platforms.

STEWARDSHIP IN PRACTICE

Our fundamental approach to stewardship includes the following mechanisms:

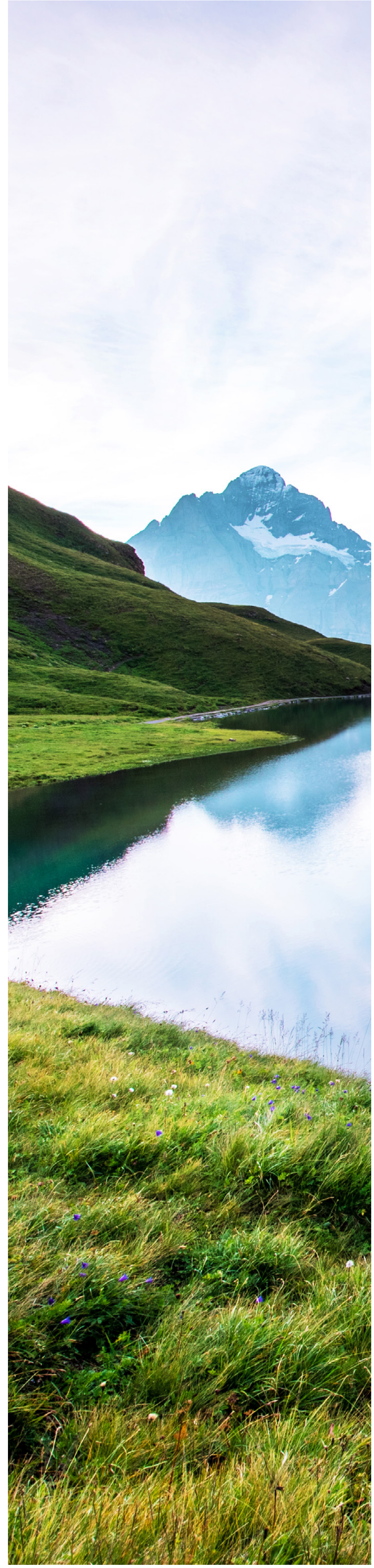
- Our investment process, in which ESG information is integrated into analysis.
- Our ability to influence the activities of our investments, as well as interact with broader stakeholders to support a durable financial system.
- Our partnering with clients on their goals, timelines and preferences to ensure that our investment strategies align with their values.

OUR APPROACH TO ENGAGEMENT

We engage with the entities in which we invest with the aim of enhancing the performance of our investment for the benefit of our clients. Our preference is to engage, when possible, rather than exclude, to support various sectors' transition to a more sustainable future. 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.[1] We understand that local norms and contexts play a crucial role in driving effective change and we do not attempt to impose an inflexible approach that ignores those considerations. Our approach is based on transparent communication coupled with the expertise and discretion of our experienced investment and sustainability professionals; we partner with our clients to develop solutions that align with their preferences.

As we invest in multiple asset classes, the nature of our engagement activities can differ. Our investment teams are empowered to determine their engagement activity, with guidance and support provided by the Sustainability & ESG team. We believe that this arrangement gives us a solid foundation to continue and strengthen our approach in managing financially-material risks and opportunities for the benefit of our clients' interests.

1. Barings reserves the right to use its discretion to make investment decisions consistent with our fiduciary duty and applicable regulatory requirements.



ACTIVITY

In our pursuit of being effective stewards of capital, our focus areas in 2024 included:

DEVELOPING ESG SOLUTIONS ALIGNED WITH OUR CLIENTS' PREFERENCES

- We centralized our oversight of ESG requirements incorporated into existing and new mandates. Approximately 36% of new product launches had an ESG requirement and ~65% of Barings AUM has a tie to ESG reporting (see example in Principle 6).
- Our Sustainability & ESG team supported over 60 meetings with clients to discuss our stewardship approach and alignment with their ESG preferences (Principle 6).
- We developed our reporting capabilities to enable more granularity (Principle 6).
- We implemented a consistent ESG scorecard across several asset classes to support multi-strategy solutions and compliance with regulatory requirements through more standardized consideration of financially-material risks such as climate change (see Principle 7).

OPTIMIZING INVESTMENT TEAM CAPABILITIES

- We continued delivering training to investment teams across several regions covering ESG integration, stewardship, and climate-related activities.
- We launched two investment integration workstreams—ESG Scorecard Implementation and Climate—as we:
    - Formally onboarded SASB data to enhance investment teams' ability to assess financially-material ESG risks, including climate change where relevant.
    - Reviewed and distributed key findings from climate scenario analysis to support investment teams with identification of financially-material physical and transition risk.
- We developed an engagement prioritization framework (see Principle 9), led by the Sustainability & ESG team, to focus on financially-material and systemic risks including climate change, biodiversity and human rights.

ENHANCING OUR TECHNOLOGY, DATA & REPORTING CAPABILITIES

- We transformed our technology platforms to enhance visibility of ESG data points in real-time portfolio management tools.
- Alongside this firm-level technology transformation, we developed our reporting infrastructure to facilitate more detailed engagement information.
- We increased coverage and granularity of ESG data by:
    - Continuing to report on climate-related metrics for public assets, including climate value at risk, decarbonization trends and carbon attribution, at the portfolio level.
    - We rolled out our Global Private Finance (GPF) ESG questionnaire, which more systematically collects industry-aligned ESG data for private borrowers, including the supplementation of climate estimates where primary data is not yet available.
    - We began the onboarding process for an ESG data provider to help enhance coverage for our High Yield loans business.
- The centralization of data in our internal research platform has allowed us to implement oversight measures of Sustainability & ESG related data.

REMAINING COMMITTED TO OUR CORPORATE RESPONSIBILITY & SUPPORTING OUR LOCAL COMMUNITIES

- We have calculated our operational carbon footprint, in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and have achieved carbon neutrality via offsets since 2021.
- 92% of Barings global footprint is 100% renewable energy with a goal of 100% by the end of 2025.
- 23% of Barings global footprint is ISO 14001 certified with our 2 largest footprints, Charlotte and London, being certified as of year-end 2024.
- In 2024, our teammates logged over 3,500 volunteer hours and donated over $2.7M dollars to charities across the globe.

REFLECTING ON OUR PROGRESS

In 2024, we maintained a focus on finalizing and launching technology platforms to support the future success of our activities.

We believe that our efforts related to the initial development of engagement prioritization and socializing firm-level climate scenario analysis will support our analysts in considering systemic risks alongside our fundamental bottom-up approach undertaken by investment teams.

In 2025, we will continue to provide training as needed on our enhanced processes and ensure that data flows enable strengthened reporting.

PRINCIPLE 2

Our Governance, Resourcing & Incentives Related to Stewardship

TCFD Governance a: Describe the board's oversight of climate-related risks and opportunities.

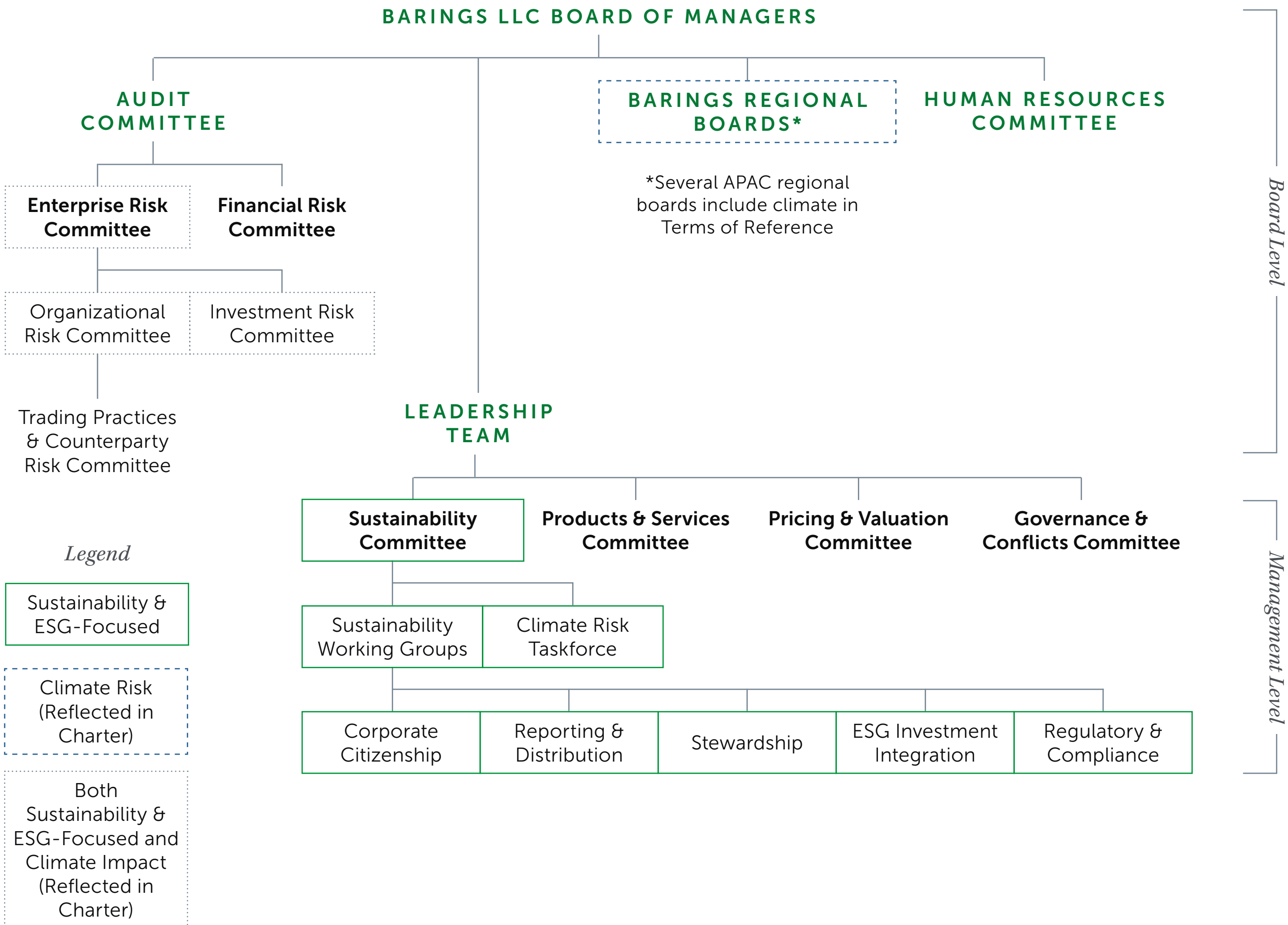
TCFD Governance b: Describe management's role in assessing and managing climate-related risks and opportunities.

CONTEXT

The information below depicts and explains the governance structure and resourcing mechanisms supporting our climate and stewardship practices.

BARINGS SUSTAINABILITY & CLIMATE-RELATED ORGANIZATIONAL STRUCTURE

Barings, as a wholly owned subsidiary of MassMutual, has a separate Board of Managers ("Barings LLC Board") that is responsible for managing company affairs, while also being subject to the oversight of MassMutual's Board. Board-level committees that report to the Barings LLC Board include the Audit Committee, Human Resources Committee and regional boards, including those for our U.K., Ireland, Luxembourg and Asia-Pacific entities. Strategic business decisions, including those pertaining to climate-related risks and opportunities, are recommended by the Chairman & Chief Executive Officer (CEO) of Barings and endorsed, amended, or declined by the Barings LLC Board. Day-to-day management decisions are approved by the Barings leadership team, which reports quarterly to the Barings LLC Board.



LEADERSHIP TEAM

Barings' leadership team is responsible for driving measurable and sustainable results and providing oversight of our stewardship practices. The leadership team meets on an as-needed basis, but no less than quarterly. Members are regularly updated on our ESG-related activities and progress toward our climate and stewardship goals. This ensures that these are key considerations in senior-level decision-making, driving alignment and accountability throughout the organization.

SUSTAINABILITY OVERSIGHT

Barings incorporates climate change-specific analysis as part of our broader ESG and sustainability integration efforts. Our Sustainability Committee, Sustainability Working Groups and Climate Risk Taskforce are foundational to the oversight of these activities and to our ESG, stewardship and climate-related governance.

PRESIDENT

Sustainability/ESG Research & Analytics

HEAD OF SUSTAINABILITY & ESG

SUSTAINABILITY & ESG TEAM

PORTFOLIO SOLUTIONS & ANALYTICS ESG TEAM

Investment Teams (listed by strategy)

PUBLIC EQUITIES

PUBLIC FIXED INCOME

PRIVATE EQUITY

PRIVATE CREDIT

REAL ESTATE

CAPITAL SOLUTIONS

Operational Teams

LEGAL

PRODUCT MANAGEMENT

DISTRIBUTION

COMPLIANCE

MARKETING

Working Groups

SUSTAINABILITY COMMITTEE

Sustainability Working Groups:

1. Corporate Citizenship
2. Reporting & Distribution
3. ESG Investment Integration
4. Regulatory & Compliance
5. Stewardship

Oversight of climate-related risks and opportunities at the corporate and organizational level, including progress towards Barings' operational net zero GHG emissions target, is provided by the committee structure shown above.

SUSTAINABILITY COMMITTEE

Barings' Sustainability Committee in its current iteration was formally established and chartered in April 2021. The Sustainability Committee is responsible for providing oversight of the Global Sustainability Policy as well as Barings' ESG integration and stewardship-related strategies. The group meets at least quarterly to discuss key issues and ensure compliance with its sustainability-related memberships and commitments. The Sustainability Committee is composed of senior leaders, including the co-heads of investments and heads of enterprise risk, compliance and distribution, as well as the centralized Sustainability & ESG team. Two members of the Sustainability Committee—the Co-heads of Global Investments—also sit on the leadership team. To ensure that the committee's oversight is comprehensive and effective, its membership was reconstituted in December 2023 to align with Barings' updated organizational structure. The change included consolidation of investment team reporting lines through two senior leaders. We believe this mix of expertise, experience, and seniority enables us to effectively oversee sustainability practices across Barings globally, including stewardship. The Sustainability Committee members are:

SARAH MUNDAY
Managing Director,
Head of Sustainability & ESG (Chair)

MARTIN HORNE
Managing Director,
Co-head of Global Investments

DAVID MIHALICK
Managing Director,
Co-head of Global Investments

JON MILLIN
Managing Director,
Head of Global Client Group

JANE KIM
Senior Director,
PSA ESG Analytics Lead

MELISSA LAGRANT
Managing Director,
Chief Compliance Officer

TREY STENERSEN
Managing Director,
Head of Enterprise Risk

BILL DOYLE
Senior Director,
Associate General Counsel, Legal

SUSTAINABILITY WORKING GROUPS

Barings maintains five Sustainability Working Groups, with reporting responsibilities to the Sustainability Committee. The aim of the Sustainability Working Groups is to deliver on long-term sustainability-focused projects including, but not limited to, coordinating corporate environmental and social efforts, developing ESG investment integration tools and policies, pursuing external partnerships and memberships and reporting. The working groups consist of representatives from investment and operational teams across various geographies and markets. This structure enables cross-business collaboration, encourages sharing best practices and improves communication and consistency among teams. Example activities of the Stewardship, ESG Integration and Reporting & Distribution Working Groups, are captured in Principles 4, 6 and 7.

ESG INVESTMENT INTEGRATION

CORPORATE CITIZENSHIP

REPORTING & DISTRIBUTION

REGULATORY & COMPLIANCE

STEWARDSHIP

CLIMATE RISK TASKFORCE

Separate from our Sustainability Working Groups, the Climate Risk Taskforce was established in 2023 to facilitate oversight related to climate change. The Taskforce brings together members from the Sustainability & ESG, Risk and Portfolio Solutions & Analytics (PSA) teams as well as members from various investment teams. The purpose of the taskforce is to identify, assess and manage ESG and climate-related risks across Barings' operations and within portfolios managed by Barings, and appropriately represent these efforts to regulators, clients and stakeholders. Updates from the Taskforce are communicated to the Sustainability Committee as appropriate. Example activities of the Climate Risk Taskforce are captured in Principles 4 and 7.

SUSTAINABILITY RESOURCES

SUSTAINABILITY & ESG AND PSA ESG TEAMS

Barings has dedicated resources to support the integration of ESG considerations into our investment process, our stewardship activities and our operations. The Sustainability & ESG team provides annual updates to the Barings LLC Board on sustainability initiatives, including progress toward our stewardship and climate-related activities. Additionally, certain regional boards may receive updates that include climate-related risks and opportunities where relevant.

The Sustainability & ESG team is responsible for maintaining and overseeing our relevant policies, processes and working groups to help drive our firm-level Sustainability & ESG strategy and approach through the following pillars:

- The integration of ESG information into the investment process to understand the material factors that influence the financial sustainability of the investments we make.
- The facilitation of stewardship activities as active managers of our clients' capital.
- Embedding sustainable practices into our own operations, as well as investing in the communities in which we live and work through our Corporate Citizenship efforts.

This is supplemented by the efforts of our PSA ESG team which supports investment teams with ESG integration and engagement activity through data evaluation and support, as well as providing ESG research, analytics and reporting. The PSA ESG team also provides ESG, sustainability and climate-related metrics for our investment portfolios where data is available and works closely with investment teams to support the integration of relevant ESG data into the investment process. TCFD-aligned carbon emissions metrics are included in PSA ESG analytics, as are measures of Implied Temperature Rise (ITR) and Climate Value at Risk (CVaR).

As detailed below, there are currently 12 professionals on the combined Sustainability & ESG and PSA ESG teams.

Role	Commentary
Managing Director, Head of Sustainability & ESG	Ten years at Barings, including eight years focused on ESG integration, stewardship and corporate responsibility.
Director, Stewardship	Ten years' experience in ESG covering sustainability consulting for corporates and investors. This time also includes tenure in the Principles for Responsible Investment (PRI) group in the Stewardship and Signatory Relations team.
Senior Associate, Stewardship Analyst	Three years' experience in ESG and stewardship, with five years of total asset management experience.
Senior Director, ESG Investment Integration	Nine years' experience in ESG integration and active ownership in public equities and five years' investment experience, with 14 years in the investment management industry in total. Holds the CFA Institute Certificate in ESG Investing, CFA U.K. Certificate in Climate and Investing. He is a Fundamentals of Sustainability Accounting Credential Holder and an EFFAS Certified ESG Analyst.
Director, ESG Investment Integration	Twelve years' investment and ESG investment integration experience in the asset management industry.
Associate Director, ESG Investment Integration	Six years' ESG experience in ESG real estate consulting and asset management.
Director, Head of Corporate Citizenship	Nine years' social impact experience in the financial sector.
Associate Director, Corporate Citizenship	Six years' sustainability experience, including a certificate in Sustainable Management from Duke University, with more than four years' financial executive office experience.
Managing Director, Head of Quantitative & ESG Analytics	More than 20 years of quantitative research and analysis experience.
Senior Director, ESG Portfolio Solutions & Analytics	More than 20 years of quantitative research and analysis experience, with three years' experience in ESG analytics, integration and research.
Senior Associate, ESG Portfolio Solutions & Analytics	Three years' experience in ESG analytics, integration and research.
Senior Associate, ESG Portfolio Solutions & Analytics	One year of experience in ESG analytics, integration and research.

INVESTMENT TEAMS

Our investment professionals are ultimately responsible for integrating material ESG considerations into fundamental analysis and engagement activities. As part of assessing the various potential risks and opportunities that may impact their investments, portfolios and the economy, they evaluate ESG information to make informed decisions that align with relevant investment objectives. They do this by using their industry and sector expertise to understand and identify the material ESG opportunities and risks in their investment universes, alongside their broader investment analysis. As part of this, they may meet with industry experts, government officials and corporate management teams, visit operational facilities and analyze industry competitors. Once invested, teams monitor their investments' performance and progress, including on ESG matters.

To further ESG integration and engagement activities, Barings has more than 25 ESG resources embedded across investment teams. These individuals support their broader teams to understand and identify ESG risks and opportunities. Roles include:

INVESTMENT TEAM RESOURCES

Our ESG leads within each investment team support the broader investment teams to understand and identify material ESG opportunities and risks.

20+ investment professionals

INVESTMENT GRADE
Managing Director

GLOBAL HIGH YIELD
Managing Director
Managing Director

STRUCTURED CREDIT
Managing Director

ASSET-BASED FINANCE
Managing Director
Managing Director
Quantitative Analyst

EMERGING MARKETS DEBT
Managing Director
Managing Director

SOVEREIGN DEBT
Managing Director
Senior Associate

PUBLIC EQUITIES
Senior Director

PRIVATE PLACEMENTS
Managing Director
Associate Director

INFRASTRUCTURE DEBT
Managing Director
Managing Director
Director
Associate Director

CAPITAL SOLUTIONS
Managing Director

DIVERSIFIED ALTERNATIVE EQUITY
Senior Director
Associate Director

GLOBAL PRIVATE FINANCE
Managing Director
Managing Director
Director
Associate Director
Senior Associate
Senior Associate

REAL ESTATE
Senior Director
Senior Director
Senior Director
Associate Director
Senior Associate

EQUIPMENT FINANCE
Managing Director

PORTFOLIO FINANCE
Managing Director
Managing Director

OPERATIONAL TEAMS

Operational, or non-investment, teams at Barings play a crucial role in supporting the review, maintenance and implementation processes for ESG and stewardship-related policies and practices. They work in tandem with investment teams to ensure the integration of ESG issues into the investment process. Members of operational teams participate in the working groups mentioned above, providing their input as needed.

Designated teammates from our Legal and Compliance teams support the review, maintenance and implementation of processes for ESG policies and disclosures in line with ESG regulatory requirements across all jurisdictions in which Barings operates. The Barings Risk team, in collaboration with the Sustainability & ESG team, identify qualitative and quantitative measures and tolerance thresholds for defined sustainability-related risks used for ongoing monitoring and reporting through to the appropriate risk committees. Legal, Risk, Compliance and Marketing teams are also responsible for providing input and reviews of ESG and stewardship materials and processes based on their functional knowledge (Principle 5).

Given the ongoing technology systems transition at Barings, there was a need for a dedicated resource to lead on ESG-related technical projects. This individual works closely with the Sustainability & ESG team and the Global Technology team to ensure a smooth transition of all ESG and stewardship-related data into the new technology systems.

ENCOURAGING RESPONSIBLE GOVERNANCE & SUSTAINABLE INVESTMENT

We design our compensation programs to reward for intangible, as well as tangible, contributions to our success, including corporate integrity and reputation, customer loyalty, risk management, the quality of our professionals and how effectively they collaborate. ESG is an important component of the investment philosophy and process, thus indirectly linked to the compensation of our investment teams.

Our Sustainability & ESG, Portfolio Solutions and Analytics and dedicated ESG resources in investment teams have woven ESG into the goals/objectives upon which individuals are evaluated on each year. Investment professionals across several of our investment teams, including Public Equities and Emerging Markets Corporate Debt, have performance development goals that explicitly include those relating directly to ESG integration and engagement. Additionally, each teammate's individual performance is reviewed and measured against Barings Core Values (Value Our People, Take Accountability, Foster Collaboration and Deliver Excellence); sustainability is a key element across these four pillars.

INCLUSION & TALENT DEVELOPMENT

We are committed to building an inclusive team of talented individuals with diverse backgrounds, experiences and perspectives. We believe that the best talent emerges from an environment where inclusion and respect are prioritized and individuals feel valued, heard and empowered to contribute fully. A diverse and inclusive workforce challenges the status quo, drives innovation and brings a broader range of solutions to complex problems.

We are intentional about recruiting top talent from a broad range of backgrounds, mitigating bias across all stages of our talent processes and fostering a culture of continuous growth. We invest in development opportunities and support systems that help our people thrive, advance and reach their full potential at every level of the organization. Through this commitment, we aim to build a workplace where everyone has the opportunity to succeed—and by embedding inclusive practices into every stage of the talent lifecycle, we are better positioned to make smarter decisions, deliver innovative solutions and achieve stronger outcomes for our clients and communities.

Through a voluntary campaign, Barings allows employees to disclose identity metrics, supporting oversight of our workforce makeup across teams and levels of seniority. Further information on our efforts in 2024 to foster an inclusive workplace can be found in our 2024 U.K. Gender Pay Gap Report.

SERVICE PROVIDERS

In addition to our in-house ESG integration and stewardship activities—which cover all our investment teams—Barings teams also work with third parties to provide the services listed in the table below. Third-party service providers play a crucial role in the creation, implementation and success of Barings' stewardship and ESG activities. Monitoring of these services providers is discussed in Principle 8.

Provider type	Relevance to stewardship activities
Proxy voting	Supporting the Public Equities team (and Fixed Income and Private Asset teams where equity positions are held) to exercise its voting rights based on voting guidelines and recommendations.
Financial and ESG research and data	Supporting investment teams across asset classes with an ESG integration process that in turn informs prioritized engagement activities. In 2024, we began the process of onboarding an ESG provider specifically for CLO data coverage.
Credit research and rating	Supporting Fixed Income teams with our ESG integration process, in turn informing engagement activities.
Portfolio management software provider	Enabling our technological transformation to help centralize ESG and investment information.
ESG integration and compliance consulting	Preparing Legal, Compliance and investment teams for potential regulatory inspections by reviewing ESG investment integration policies and compliance procedures.
Specialized ESG due diligence; monitoring and certification services	Providing in-depth due diligence for identifying ESG risks and opportunities to inform investment decisions for specific investments across several of our investment teams, including Real Estate and Private Finance. Exploring services related to supporting ESG-linked loans and data collection.
Financial analytics software	Supporting our Public Fixed Income teams with ESG screening.
Legal counsel	Providing external views on the development of industry frameworks (i.e. LMA/LSTA) for best practices in incorporating ESG ratchets into loan documentation for private credit. Providing tracking tools for ESG-related regulation.
Climate scenario analysis	Supporting our climate risk assessment capabilities across various asset classes.

ACTIVITY

STEWARDSHIP & ENGAGEMENT TRAINING FOR TEAMS

The Sustainability & ESG team released mandatory Sustainability & ESG 101 training for all Barings employees in February 2024. Voluntary ESG training is also offered to employees covering a range of topics, including but not limited to stewardship/engagement, ESG-related regulations and ESG investment integration.

The Sustainability & ESG team conducted the following training sessions with Barings teams in 2024:

Team	Topic	Date
Public Equities Team	ESG Integration and Stewardship Best Practice	January 2024
Global Teammates	Sustainability and ESG 101 Training (mandatory)	February 2024
GPF Team—London	Stewardship and Sustainability Linked Loans	September 2024
Global RFP Team	Stewardship and Systemic Issues	October 2024
GPF Team—New York & Chicago	Stewardship and Sustainability Linked Loans	October 2024
U.S. High Yield Team—Charlotte	Stewardship	October 2024
GPF Team—Charlotte	Stewardship and Sustainability Linked Loans	October 2024

GLOBAL PRIVATE FINANCE

In 2024, Barings' GPF team, in coordination with the Sustainability & ESG team, conducted teach-ins via video conference and in person to enhance team awareness of the importance of stewardship and engagement with borrowers on material ESG risks and opportunities, including climate change. In these sessions, the team also was given training on best practice for recording engagement activity in Barings' internal technology systems and leveraging new tools for engagement including ESG-Linked Loans.

U.S. HIGH YIELD

Research analysts and portfolio managers on the U.S. High Yield team were provided training by the Sustainability & ESG team in October 2024. This training highlighted the importance of stewardship and engagement and how to best utilize internal tools to prioritize engagements.

BOARD TRAINING

To ensure that Barings Board members are equipped with the knowledge and tools to oversee climate-related risks and opportunities effectively, Sarah Munday provided the board with an update and training on climate change in late 2024. The training highlighted Barings' regulatory and client expectations on climate change and emphasized alignment with long-term value creation and risk mitigation.

RISK TEAM REPRESENTATION ON THE SUSTAINABILITY COMMITTEE

In 2024, Trey Stenersen joined Barings as the new Head of Enterprise Risk. Trey was added as a member of the Sustainability Committee to help ensure that Barings' sustainability and climate-related policies, commitments and projects are aligned with and integrated into the broader risk framework.

ENHANCING STEWARDSHIP & ESG RESOURCING

- In September 2024, a Stewardship Analyst joined the Sustainability & ESG team, to support investment analysts with the prioritization and execution of engagements.
- Two US-based members of the GPF team were designated as the US team's ESG leads, to increase global alignment of stewardship initiatives across the global platform.
- Two groups from MassMutual, the MassMutual Equipment Finance team and the MassMutual Portfolio Finance team, transitioned to Barings in late 2023. To increase alignment with firm-level practices and policies, senior individuals from each team were designated as ESG leads. The Sustainability & ESG team worked with the new ESG leads to develop asset-class level ESG Investment Integration & Stewardship Policies.
- Barings' Social Impact and Operational Sustainability functions have been joined into one, central function called Corporate Citizenship. The new Corporate Citizenship function is led by Elizabeth Cooper.

REFLECTING ON OUR PROGRESS

Barings continuously seeks to reassess our resourcing and governance structure to ensure we are effectively and efficiently assessing sustainability-related issues. Barings will continue our efforts to define sustainability-related roles and responsibilities throughout the business, including at the Barings LLC Board and C-Suite levels. Our goal is to have a governance structure that allows broad-based input into our investment and corporate climate-related risks and opportunities, as well as sufficient oversight of these risks.

This structure has been effective in helping senior management stay informed on the sustainability-related impacts and opportunities of our business, as well as key regulatory issues, industry trends and internal adherence to sustainability commitments. This, in turn, helps inform Barings' strategy, budgets and planning processes and allows stakeholders to be appropriately consulted during the normal course of their business on decisions involving which business units consider sustainability-related issues.

Barings benefits from having both a dedicated Sustainability & ESG team and ESG leads embedded within individual investment teams. We believe this multi-layer structure allows us to best meet clients' needs around integrating ESG considerations into the investment process and addressing systemic issues like climate change. The Barings Sustainability & ESG team provides deep, specialized knowledge on ESG trends, regulations and industry best practice. Having a centralized team allows Barings to develop and enhance our cohesive, firm-level strategy for ESG integration, stewardship and climate, aligned with client expectations and global frameworks.

We understand that individual asset classes face unique risks and opportunities and our embedded ESG investment team leads work to customize the firm-level policy and framework to fit each asset class, making those policies and guidelines more actionable and granular. By hiring a dedicated Stewardship Analyst to the centralized Sustainability & ESG team, the team will be better positioned to provide enhanced research and oversight of potential risks and opportunities among our investee companies. With additional resources, the team was able to start developing and then roll out a top-down engagement prioritization framework to help facilitate engagement activity related to key issuers and/or systemic risks.

PRINCIPLE 3

Managing Conflicts of Interest

CONTEXT

We continue to operate a comprehensive framework to identify, prevent, manage and disclose conflicts of interest. This framework includes five core pillars:

1. **Governance**
   Each Barings entity has a corporate governance structure in place (i.e., committees, a board of directors or similar body) which assists in the oversight of its investment management and business activities, including potential conflicts of interest.
2. **Policies**
   A suite of regional and global policies has been designed to prevent and detect conflicts of interest. Our primary policy is made available to clients and disclosed on our website. We also have a Code of Ethics that addresses personal conflicts, such as personal trading and outside business interests and a Proxy Voting Policy for voting matters.
3. **Compliance Systems**
   We use systems to automate and monitor employees' personal trading and outside business interests. The same application is used to manage employees' confirmation of their understanding of internal policies.
4. **Annual Review of Conflicts**
   The Compliance team conducts an annual review of conflicts to ensure that the record of potential and actual conflicts is comprehensive and reflects current business activities.
5. **Processes and Controls**
   We maintain a register that is the source for all risks and controls related to conflicts of interest. Each entry on the register is allocated to a senior manager, according to their designation under the U.K. Senior Managers and Certification Regime. We also maintain a separate log for gifts and entertainment and one for additional employment or outside interests.

We continue to provide training on conflicts of interest and conduct testing and monitoring of controls. Overall, we are committed to managing conflicts of interest in a transparent and effective manner to protect the interests of our clients and maintain their trust in us as a steward of their assets.

ACTIVITY

MONITORING POTENTIAL CONFLICT

We continue to monitor conflicts of interest in four main areas:

1. **Voting behavior replicating proxy-advisor recommendations**
   Relevant investment teams have discretion to deviate from recommendations where they deem such action to be in clients' best interests (see Principle 12).
2. **Personal interests overriding client interests**
   A senior member of the Compliance team is a participant of the Proxy Voting Working Group and is responsible for checking and, where necessary, challenging instances of voting intentions by employees who may hold a personal interest in an issuer.

3. **Holding multiple segments of capital structure**
   Barings has adopted policies, procedures and information barriers between investment teams for dealing with conflicts which may arise because our portfolios are holding different segments of the same issuer's capital structure.
4. **Undue influence in board membership**
   We continue to take a conflict prevention policy, where we prefer that individuals do not become members of the board of a company that is undergoing a restructure. Barings will instead act as a board observer, allowing the firm to continue to be aware of board discussions without being able to influence them unduly. Policies and procedures are in place to ensure any material non-public information is either avoided or handled appropriately.

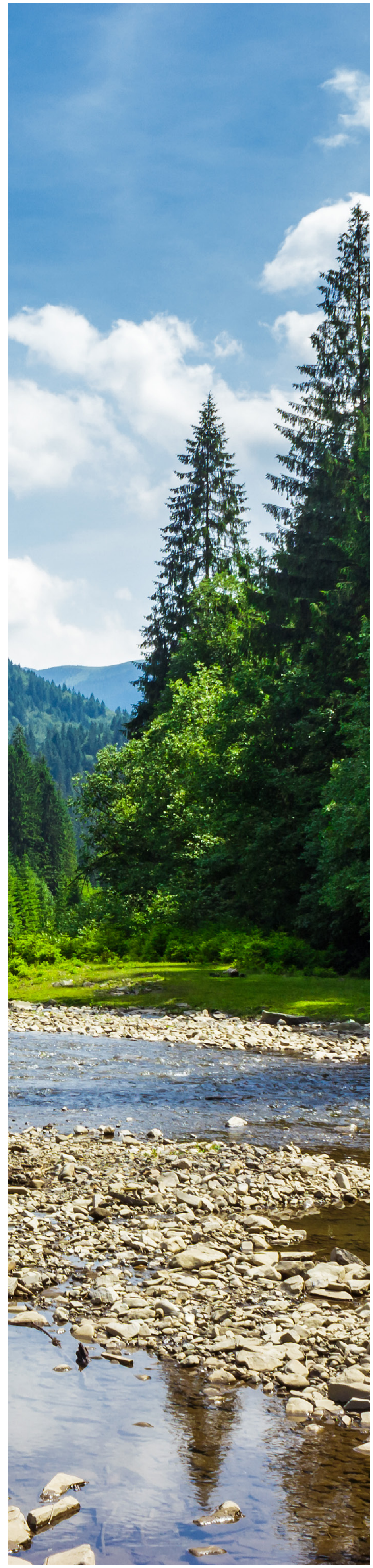
Barings is owned by MassMutual, a non-listed insurance company and none of the firm's subsidiaries that perform regulated activities are publicly listed. This—in our view—reduces the scope of conflicts often associated with listing arrangements.

REVIEW OF CONFLICTS ASSOCIATED WITH THE VALUATION OF PRIVATE ASSETS

In 2024, the Financial Conduct Authority (FCA) conducted a multi-firm review of asset managers' practices for the valuation of private assets; we understand that the final results of this review will direct firms to enhance their management of conflicts in areas such as governance, remuneration and documentation. Our Compliance team will lead a review of the FCA's final survey and work with the relevant business units to implement process improvements as required.

REFLECTING ON OUR PROGRESS

We remain committed to managing conflicts of interest associated with our stewardship activities and believe that our framework for doing so remains effective. During the reporting period, we did not encounter any material instances when investment teams were precluded from applying stewardship practices due to conflicts of interest. We recognize that managing conflicts of interest is an ongoing effort and we will review and refine our approach to managing conflicts following the publication of the FCA's review. During the reporting period, we implemented a new compliance system to better manage and modernize the management of employees' personal conflicts. The system will create efficiencies in the long term for the benefit of Barings and its employees.



PRINCIPLE 5

Ensuring the Effectiveness of Our Activities

CONTEXT

As Barings continues to enhance our stewardship capabilities, we regularly review our processes and policies to ensure they enable effective stewardship.

To further our commitment to transparency, in 2024 we prepared to publish this comprehensive sustainability and climate report that would be aligned with the U.K. Stewardship Code and the recommendations of the Task Force on Climate-Related Financial Disclosures. In the process of reviewing our activities in line with these requirements, we spent considerable time developing, documenting and testing our ESG and stewardship practices.

As signatories to the Principles for Responsible Investments' (PRI) six principles of responsible investment, we support transparency and credibility through the PRI's annual reporting and assessment process. We remain committed to upholding these standards as part of our mandate to maintain a high standard of ESG integration, stewardship and reporting.

ACTIVITY

PRI REPORTING ASSESSMENT

The PRI's annual Reporting Framework acts as our primary benchmark for the development and implementation of our ESG integration and stewardship activities.

In preparation for 2024 PRI Reporting Assessment, the Sustainability & ESG team worked to implement improvement actions at the firm and investment team level, with the goal of improving our scores. This included working with our Internal Audit team to undertake additional checks on our ESG processes and the PSA ESG team to expand client ESG reporting capabilities across asset classes.

In the 2024 Reporting Assessment, out of eight reporting modules, Barings received four-and five-star scores and every module result outperformed the peer group. This was an improvement compared to the 2023 submission when four modules received a five-star score.

INTERNAL AUDIT

Internal Audit at Barings is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Internal audit activities help an organization accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Barings' Internal Audit function acts independently and it performs reviews across Barings globally. All functions, including centralized sustainability processes and investment and operational team ESG activities, are subject to Internal Audit oversight. Issues identified across all internal audits are tagged to the Risk Appetite framework. In 2024, Internal Audit completed certain testing regarding ESG matters.

DATA RECONCILIATION

Due to the firmwide transition to new technology systems in Q2 2024, the Sustainability & ESG team requested continuous data reconciliation checks be performed by Barings' Data Engineering team on relevant data including internal ESG scores and commentary as well as engagement data. These checks were done to ensure the accurateness and completeness of ESG data available in our systems.

RISK APPETITE DASHBOARD

A Sustainability & ESG risk appetite dashboard was formalized and incorporated into Barings' broader Operational Risk Framework to better enable monitoring of ESG scoring, engagement recording, operational carbon footprint, participation in industry reporting frameworks and firmwide sustainability awareness. The measures and thresholds are monitored by the Sustainability & ESG team and reported to the Operational Risk Committee on a quarterly basis. Monitoring became effective in the first quarter of 2024 on year-end 2023 data.

In our 2023 PRI Reporting Assessment, we received one score that was below average in the "confidence-building measures" module that assesses practices related to Internal Audit. This was flagged in the Sustainability & ESG risk appetite dashboard and was escalated through the appropriate risk management channels. With the aim of improving our score in the 2024 Reporting Assessment, the Sustainability & ESG team prioritized actions in 2024 to improve our processes and communication related to Internal Audit. The actions taken resulted in an improved score in the "confidence-building measures" module in our 2024 Reporting Assessment and the breach in the Sustainability & ESG risk appetite dashboard was considered resolved.

REFLECTING ON OUR PROGRESS

We believe that the review and monitoring of our stewardship activities is key to maintaining our accountability and credibility with clients and other stakeholders. The implementation of the Sustainability & ESG risk appetite dashboard has been an effective tool in centralizing and distributing awareness of sustainability-related activity and associated risks across Barings' teams and governing bodies. The dashboard helps the Sustainability & ESG team and the Sustainability Committee to monitor overarching trends and mitigate potential issues. By further formalizing our practices and scrutinizing our activities via this central dashboard, we aim to find opportunities to scale improvement actions across our global platform to best meet our clients' expectations.

The Sustainability & ESG team will continue to monitor the sustainability practices of individual teams through regular meetings and through relevant sustainability working groups. This allows us to identify opportunities for enhancing practices and improving consistency across global teams. In addition, we believe that the centralization of Barings' internal technology platforms in 2024 has led to improved oversight and monitoring of ESG data, stewardship activities and climate considerations across asset classes, portfolios and individual investments.

Risk Management

To effectively oversee, assess and mitigate, where possible, the range of risks that can affect our investments and our business operations, we continue to review and enhance our risk management processes accordingly.

PRINCIPLE 4

Identifying & Responding to Market-Wide & Systemic Risks (Including Climate Change)

TCFD Risk Management a: Describe the organization's processes for identifying and assessing climate-related risks

TCFD Risk Management b: Describe the organization's processes for managing climate-related risks

TCFD Risk Management c: Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management

CONTEXT

RISK MANAGEMENT

Barings' Enterprise Risk Management Framework supports the effective identification and management of risks, potential events and trends that may significantly impact the firm's ability to achieve its strategic goals, manage client assets or maintain operations. This includes any identified climate-related risks from both an operational and investment management perspective. Barings' key risks are reviewed and overseen at the quarterly risk committees and can be described as falling under three categories—'strategic and business', 'financial' and 'operational'.

Any material climate-related risks that are identified are escalated as relevant, for example, by the ESG Integration Working Group or the Climate Risk Taskforce. This may include through our enterprise-wide risk framework and committee structure. As mentioned in Principle 7, we have used scenario analyses for climate-related risks with the intention of considering these more holistically in our risk management and/or investment process. Alongside this, investment teams can identify bottom-up climate risks through a range of ESG data and analysis tools developed by and in conjunction with the PSA ESG team.

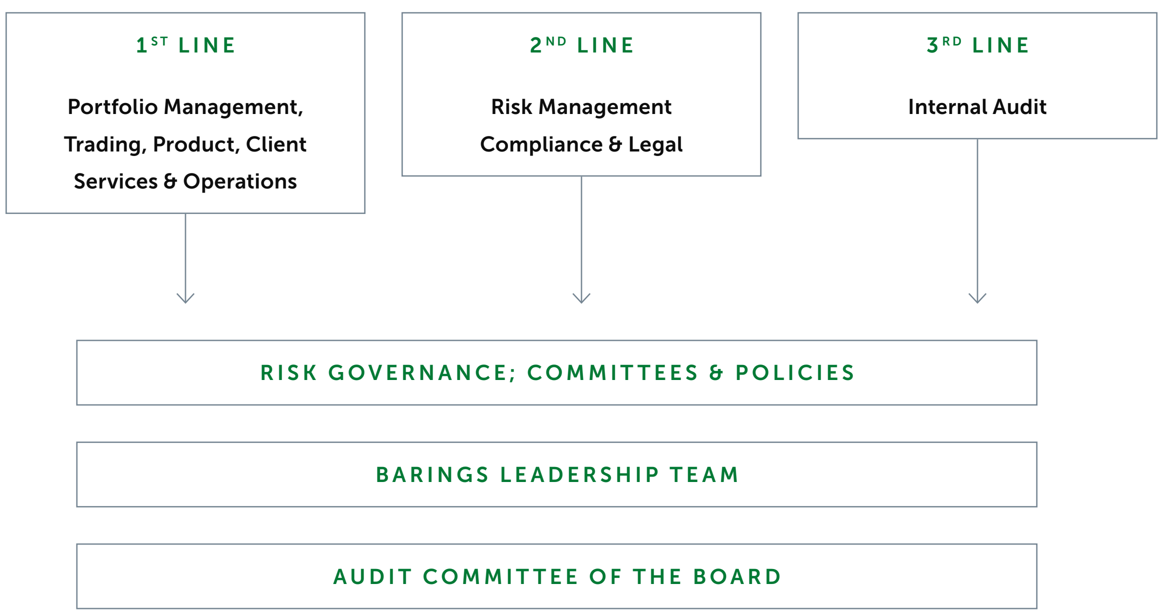
OUR RISK PROCESSES & PROCEDURES

The Chief Administrative Officer has responsibility for the risk and control framework at Barings. Independent oversight, monitoring and reporting of risks and controls is carried out by the Global Head of Enterprise Risk supported by the Risk Management function. Formal governance is provided by a framework of committees focused on the firm's core investment, trading, regulatory/compliance and operational activities. The risk and governance committees are chaired by senior business leaders and are supported by risk monitoring and oversight responsibilities from the risk team. Individual committee members include various associates from across the firm who provide a multifunctional viewpoint to risk oversight and management.

Barings outlines roles and responsibilities, risk management processes and exposure guidelines in our Risk Management Policies and Procedures. We utilize the three lines of defense model for managing strategic, business and operational risks, including those risks related to climate.

The first line of defense consists of the business functions themselves and the line managers across investment and operations who take the lead in identifying potential risks and implementing and maintaining mitigating controls. This includes the PSA team, which provides embedded investment analytics and portfolio risk management, which may be accomplished through the production and interpretation of standard risk functionality (e.g., VaR, volatility, tracking error), limits and thresholds monitoring and reporting and stress testing and ad-hoc analysis.

First-line risk management is supplemented by the control and oversight functions, including Risk Management, Compliance and Legal, which constitute the second line of defense. The compliance monitoring program reviews the effective operation of relevant key processes against regulatory and client-mandated requirements. Internal Audit provides retrospective, independent assurance over the operation of controls and forms the third line of defense.



MANAGING INVESTMENT RISK

The Investment Risk Management function is conducted by both the Regulatory and Non-Regulatory investment risk teams. The Non-Regulatory Investment Risk Management team at Barings provides oversight of such areas as the market, liquidity, leverage and valuation components of investment risk. While managing investment risk is primarily the responsibility of our portfolio managers, the investment risk function provides independent oversight in line with industry best practices to meet client and regulatory expectations. Independent oversight is undertaken by the Investment Risk function through ongoing monitoring of agreed upon internally established fund and portfolio-level risk limits, including stress tests, as well as review of performance outliers.

The attributes monitored by investment risk tend to be more quantitative across public market groups, while the nature of attributes across our private groups are more qualitative in nature. In addition, the Investment Risk team assesses the impact of market and macro events on the asset classes we manage. Significant findings from our oversight and monitoring process are brought to and discussed by the Barings Investment Risk Committee, which is chaired by the Head of Investment Risk and includes our asset class investment team leaders.

RISK IDENTIFICATION

Barings' first line of defense is responsible for identifying risks. Generally, when risks are identified across the organization, the risk owners work in collaboration with the Risk team to define and document these risks. In Principles 7 and 9, we describe our ESG integration and engagement approach relevant to identifying and managing climate-related risks at the issuer level; as well as considering the use of top-down scenario analysis to identify climate-related risks at a country and sector level. Any key findings from the scenario analysis are shared internally, including with the Barings Economic & Thematic Research Team (BETR) team (see below).

Investment teams identify and evaluate material ESG risks for investment portfolios during their due diligence and investment research processes. Once identified and evaluated as financially-material for an individual investment portfolio, sustainability risks and mitigations are directly integrated in the related investment and risk analysis. Investment teams also utilize stress testing with an aim of identifying extreme events that could trigger very significant losses to portfolios.

BROADER RISK MANAGEMENT

Barings' risk management program includes a risk appetite framework covering the key risks faced by our organization. The Climate Risk Taskforce has considered key climate-related risks within this framework, including physical and transition risks from operational and investment risk perspectives.

The Barings Risk Team, in collaboration with risk owners, identifies quantitative measures and tolerance thresholds for defined risks to be used for monitoring on an ongoing basis. When metrics approach the predefined threshold levels, the risks are flagged for possible intervention from the business units and risk teams and steps are taken to identify reasons for a metric approaching a threshold and the measures needed to address and mitigate the risks.

These risk appetite statements are refreshed periodically and the measures used for this ongoing monitoring are reviewed and assessed on a quarterly basis.

Investment teams identify and evaluate potential ESG risks at the asset class/portfolio level. Then, risk mitigation efforts, including but not limited to engagement/active ownership, may be integrated in the related asset allocation and risk analysis for an individual investment portfolio, where applicable or appropriate.

Additionally, Barings' Legal and Compliance teams monitor climate-related regulatory developments across the jurisdictions in which we operate. We track any new climate-related legislation that could be enacted, or new interpretations, rulings or regulations that could be adopted, including those governing the types of investments we are permitted to make.

IDENTIFICATION & MANAGEMENT OF OPERATIONAL RISKS

Emerging risks and changes to Barings' existing risks are identified throughout the year during the normal course of business; they are reviewed and discussed at the relevant risk committees. Complementary risk appetite measures are tracked against pre-approved thresholds and the results are reported to the Global Operational Risk Committee. Each quarter, the risk owners report whether the risk measure is above or below the tolerance threshold, as detailed above. Any measure exceeding its tolerance threshold requires the risk owner to provide additional information, including a mitigation plan. The Operational Risk team monitors the threshold values and follows up as necessary to ensure mitigation plans are implemented. Operational Risk is also involved in the incident management process. Identified incidents are investigated, their root cause determined and corrective action, as part of a remediation plan, is implemented to minimize the risk of recurrence. This includes ensuring escalation and reporting of the event to senior management, relevant control functions and governance committees.

BUSINESS CONTINUITY PLAN

Barings' Enterprise Risk team maintains a business resiliency plan to provide guidelines for maintaining business critical operations in the event of a disruptive incident or unforeseen event by enabling the firm to anticipate, prepare, respond and adapt to incremental change and sudden disruption. The Business Resiliency plan encompasses business and operational resilience and is aligned to the Business Continuity Institute's 'Best Practice Guidelines'. The plan includes considerations for various disruptive events, including extreme weather events. The operational resilience program encompasses the identification of important business services, mapping of key processes and dependencies, setting impact tolerances, ongoing self-assessment and governance. A series of testing and validation exercises are undertaken globally on an annual basis to validate the effectiveness of the business resiliency program.

SUSTAINABILITY & ESG TEAM AND SUSTAINABILITY WORKING GROUPS

To ensure stewardship considerations are integrated into the business, the Stewardship Working Group, which is composed of representatives from Risk, Compliance, Distribution, Barings Economic & Thematic Research and Investment teams, discuss issues relating to priority topics and preferences received from clients, as well as systemic risks and stewardship strategy. Relevant information is shared between the Reporting & Distribution Working Group, the Stewardship Working Group and the ESG Integration Working Group. This includes how priority ESG topics identified by clients and the addressing of systemic risks are reflected in business unit activities (Principle 6). Projects coordinated by the Sustainability & ESG team feed through these working groups and into the Sustainability Committee to ensure implementation in the wider business.

BARINGS ECONOMIC & THEMATIC RESEARCH (BETR) TEAM

Barings' portfolio managers and investment analysts benefit from the expertise of the BETR team to assess key macroeconomic, financial and geopolitical risks and derive implications for Barings' investment processes and decisions. BETR, a team of economists with experience in the public sector, international financial institutions and rating agencies, has among its missions the identification of relevant short- and longer-term risks for the economic outlook.

As well as producing core documents analyzing the global economic drivers of markets, BETR members meet with Barings investment teams to discuss proprietary research, which helps portfolio managers identify and thus manage key risks to their asset class strategy. Sustainability issues and their implications for financial markets are among the key drivers and risks assessed and analyzed by the BETR team. The BETR team performs three types of analysis to help achieve this mission:

1

The team strives to identify key short-term risks arising from macroeconomic factors such as misplaced expectations on benign economic developments, misalignment between market prices and macroeconomic fundamentals and financial instability. The results of this monitoring exercise are presented and discussed with investment teams.

2

The team identifies long-term, systemic trends that present investment risks and opportunities. These include ongoing challenges related to climate transition, population aging, public debt, new technologies and changes in globalization patterns. By monitoring these trends, the BETR team helps Barings stay ahead of potential risks and identify new investment opportunities. In-depth reports on these topics are published and discussed with investment teams.

3

The team undertakes economic research focusing on topics of particular relevance to specific investment teams. Cognizant of the need to tailor economic analysis to the different dimensions of risk relevant for different asset classes (e.g. public vs private assets), the BETR team leverages its expertise to zoom in on these asset-specific topics, helping investment teams better understand the economic and market factors that impact their investments. These asset-class specific analyses help identify macroeconomic and geopolitical risks, aligning with Barings' commitment to stewardship.

ACTIVITY

ENHANCED RISK MANAGEMENT

To further strengthen our risk management framework, we have formalized the incorporation of a Sustainability & ESG focused risk appetite statement into the broader framework (see Principle 5). The measures are monitored by the Sustainability & ESG team and reported to the Operational Risk Committee on a quarterly basis.

On recommendation from the Climate Risk Taskforce, the Risk team engaged with the Real Estate ESG team to undertake physical risk assessments for 13 of Barings' key office locations and data centers. This leveraged the provider that the Real Estate team used for scenario analysis explained in Principle 7. The assessments consider natural hazards through the provider's tool to identify where Barings' physical locations could be exposed. A climate measure pertaining to physical risk was also introduced into the risk appetite monitoring framework under 'Business Resilience' risk. The responsibility of managing climate risk is considered a business-wide initiative, not limited to the Climate Risk Taskforce or Sustainability & ESG team.

ENGAGEMENT WITH POLICYMAKERS

The Compliance team participated in industry working groups for new FCA rules relating to 'payment for investment research' and 'data reporting for financial firms' approach to diversity & inclusion.' Barings' Sustainability & ESG team participated in meetings with the Investment Association and the Financial Reporting Council (FRC) to discuss the proposed changes to the U.K. Stewardship Code from 2026. (See table below).

Consultation	Summary
FRC Consultation on proposed changes to the U.K. Stewardship Code	Provided input and noted support of many of the proposed changes and highlighted our views when they may differ
Research payment optionality	Part of a trade body working group that discussed impact and made comments to the FCA.
AIFMD 2—liquidity management standards for open-ended alternative funds	Contributed to the final response submitted by a trade association.

Our Compliance team is also an active member of the 'Retailisation of Private Assets' at the European Leveraged Finance Association.

INDUSTRY PARTICIPATION

To ensure central oversight of Barings' involvement in industry initiatives, the Stewardship Working Group maintains a central list of memberships that are reviewed and approved regularly with the Sustainability Committee. Primary examples from existing memberships in 2024 include the following.

Initiatives	Commentary
APAC Risk Council Disaster Recovery Institute International Global Association of Risk Professionals Professional's Risk Management International Organization European and North America Risk Council	Involvement in the following forums: Buy Side Risk Management, Operational Business Resiliency, Third Party Risk Management, Cyber Risk, Operational Resilience, Counterparty Risk, Strategic and Business Risk and Business Continuity Planning
Investment Company Institute Securities Industry and Financial Markets Association	Industry initiative (non-ESG focused)
European Leveraged Finance Association (ELFA) Loan Markets Association (LMA) Hong Kong Investment Funds Association (HKIFA) Structured Finance Association (SFA Investment Association Australian Securitization Forum (ASF) Korea Stewardship Code Impact Disclosure Taskforce International Financial Reporting Standards (IFRS) Sustainability Alliance	Participation in ESG-related working groups or initiatives
Emerging Markets Investors Alliance FAIRR Investor Forum	Participation in collaborative engagements
Principles for Responsible Investment UN Global Compact	Annual reporting and/or participation in working groups
Urban Land Institute Greenprint Group (U.S. Equity Real Estate) Global Real Estate Sustainability Benchmark (GRESB)	Member of real estate sustainability industry group and contributor to the ULI State of Green Annual Report Participation in Annual GRESB Benchmarking for several Real Estate funds

INVOLVEMENT IN INITIATIVES

Barings is a member of the steering committee for the PRI's Sustainable Systems Investment Managers Reference Group, helping to steer the PRI's strategy for asset managers.

Barings is also represented on working groups covering best practices for real estate, private debt and the global regulatory and policy environment. Additionally, Barings regularly meets with the PRI's head of North America Policy team to understand their positioning in the face of an evolving political landscape and to receive an update on their plans to engage Congress, regulators and signatories.

From a Securitized Credit perspective, we are a member of the ASF Sustainability Subcommittee, with some key actions to date including:

- The development of market guidelines on ESG disclosures in securitization.
- Engaging in stakeholder consultation on relevant policies and developments, including the expansion of the Nationwide House Energy Rating Scheme (NatHERS).
- Hosting information sessions and informing ASF members of relevant sustainability developments and their impact on the Australian securitization industry.

CONSIDERATION OF SYSTEMIC RISKS— ADDRESSING RISKS & ALIGNING INVESTMENTS

Examples have been provided in this section, primarily undertaken by our relevant investment teams, as we believe our analysts are best positioned to evaluate and address financially-material risks from systemic issues through our integration and engagement activities. Risks/challenges that we recognize as systemic include:

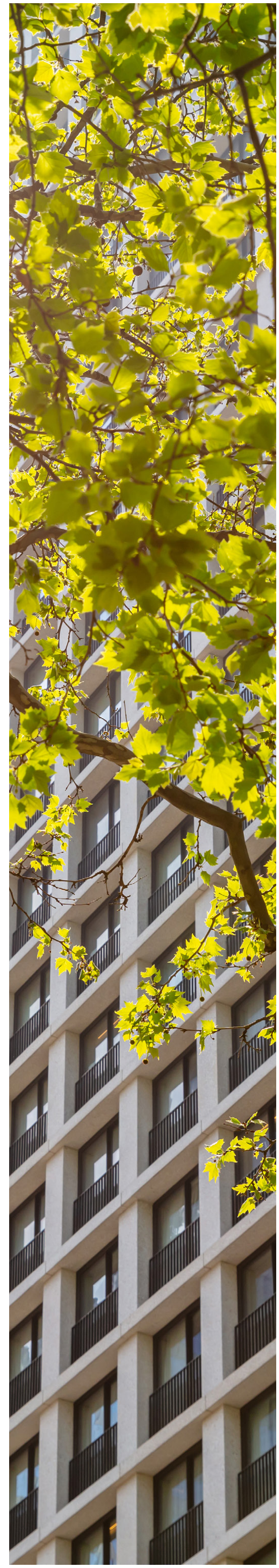
1. Ongoing gaps in ESG-related data for several asset classes.
2. Priority topics (which we recognize can be associated with opportunities) raised by our clients, such as climate change, biodiversity and human rights (as flagged in last year's report through our client survey, as well as informing our engagement prioritization framework explained in Principle 9).
3. Market and geopolitical risks that have been present over the last few years.

ADDRESSING DATA GAPS

As described in Principle 1, in 2024 we continued to drive increased coverage of ESG data, particularly for private assets.

- For our GPF team, this involved the ongoing roll-out of an ESG questionnaire, primarily to European borrowers, with statistics on this activity provided in Principle 9 (Metrics & Targets).
- Our Private Securitized team in Australia updated their originator ESG assessment to include an ESG questionnaire (see Principle 9).
- Our Private Placements and Infrastructure team also developed an ESG questionnaire to send out to issuers in 2025.
- Our Real Estate Equity teams capture asset-level energy consumption data, including scope 1, 2 and 3 emissions where available, often via a third party. This allows Barings to track data against any targets set and it assists Asset Managers and the external Property Management team to identify any anomalies in consumption as well as to report opportunities to improve efficiencies to tenants.

For our Public Investment teams, our efforts have included the onboarding of data providers to support ESG data coverage for High Yield loans and CLOs (see Principle 8).



CASE STUDY

Sovereign Debt Perspective—Supporting Industry-wide Disclosure

Background

Barings' Emerging Markets Sovereign Debt team participated in a year-long working group to build out the Impact Disclosure Guidance. This set of documents is a new framework to help corporate and sovereign entities, notably in emerging markets, provide transparency on their efforts to reduce poverty and inequality in communities that still lack access to basic human needs. The taskforce behind this guidance included more than 80 financial institutions and industry stakeholders, from multilaterals to NGOs to banks on both the sell-side and buy-side and it also entailed various feedback loops from sovereign issuers themselves.

What We Did

The Barings team engaged with this taskforce from day one and participated in the sovereign working group, encouraging the guidance to be flexible enough to meet sovereigns' specific targets under the Sustainable Development Goals. The team helped draft sections on goal-setting resources, best-practices for reporting across different platforms (including the United Nations, International Monetary Fund, UNCCC and International Capital Markets Association) and contributed insights from interactions with sovereign issuers. The team pushed the guidance to be context-specific, allowing sovereigns to focus their reporting on the goals most material to them. For example, if a country is focused on gender improvement, this could be where they focus their reporting; for countries highly exposed to physical climate risk, building resilience may be their focus. Barings' Sovereign team's ESG integration process includes the idea of "one size does not fit all," and this principle was applied to the development of this Impact Disclosure Guidance. Further, the Barings team helped put together case studies on those sovereigns that have been exemplars of aligning interests among development agencies, finance and other ministries, including those with an environmental or social focus. These governance practices in the sovereign context led to the most transparent and specific goal-setting and outcomes achievement and this message was key to the guidance.

Outcome & Next Steps

The Impact Disclosure Guidance remains open for public feedback. The next steps entail building out a public database where sovereigns and corporations can announce their social and environmental targets and update their progress. The goal is to make the targets and progress updates available in a uniform setting so that investors may use the information to reference when a sovereign may be issuing an ESG or sustainability-labeled bond. Barings' involvement in this taskforce is complete, but we will refer it as a resource when engaging with sovereign issuers once it is up and running.

PRIORITY RISKS AND OPPORTUNITIES SUCH AS CLIMATE CHANGE

To support the assessment of systemic risk, including those identified by our clients, our actions in 2024 included:

- Becoming a member of the IFRS Sustainability Alliance. As part of this we received access to the Sustainability Account Standards Boards' materiality map, which provides guidance on the most material environmental and social factors by sector. More details on the integration of SASB's materiality map in Barings' ESG integration and scoring process can be found in Principle 7.
- Development of Aladdin dashboards to identify risk/controversy flags to support portfolio managers and the Sustainability & ESG team in identifying higher risk sectors, which may influence our stewardship approach.

The consideration of risks and opportunities associated with systemic topics like climate change are integrated into our investment teams' processes as explained in Principle 7. Two examples are provided below.

MARKET AND GEOPOLITICAL RISKS

Example 3 below from our Emerging Markets Corporate Debt team demonstrates how the interplay of geopolitical and systemic risks can lead to long-term issuer engagement.

EXAMPLE 1

Infrastructure Debt Investing in Renewable Energy

In Q2 2024, Barings was the lead lender in the issuance of green senior notes by one of the world's largest developers and operators of sustainable energy and core infrastructure assets. The company's largest business segment is renewable generation, which operates in 24 countries with 15.4 gigawatts of installed capacity across wind, solar, hydro and other renewable technologies. Across its infrastructure solutions business, the company is also a global leader in developing assets essential to societal needs, including desalination and wastewater treatment facilities, transportation infrastructure (bridges, roads, rail) and power transmission lines. Notable projects underway include the largest desalination plant in Africa that is powered entirely by renewable energy and the largest metro line under construction in Latin America, which will improve mobility of over 600,000 daily passengers. The borrower has a demonstrable sustainability focus, with over 99% of investments in 2024 being aligned with the EU Taxonomy of sustainable activities. Of the total group's corporate debt outstanding, 81% is green or sustainability linked. The company is well positioned to take advantage of opportunities driven by the global energy transition and decarbonization commitments.

EXAMPLE 2

Assessing & Engaging on Flood Risk in Public Equities

Background

Assessing the risk impact of a rise in flooding across Europe has become more complex and time-consuming for equity analysts covering insurance companies. A Polish insurer is an example of where we engaged with management in response to the recent environmental stresses on their business resulting from transitions risk in the move to a lower-carbon economy.

What We Did

In our discussions, we focused on how re-insurance costs have steadily increased over the past decade, driven higher by a combination of inflation and higher risk assessment. It is clear from conversations that re-insurance risks are going to increase further. In the short-term, strategies to mitigate those rising costs can be employed, including the limited pass-along of higher insurance premiums, increasing the use of big data and digitalization to allow for a more made-to-measure approach to improve pricing and limiting the scope of insurance protection. The latter strategy entails focusing on the core needs of clients, which can reduce unnecessary coverage, thereby addressing "over-" and "under-" insurance. In the long run, however, rising reinsurance expense due to the cost of covering higher natural disaster related costs will lead to rising insurance premiums. Unfortunately, although home insurance expense consumes a relatively low share of household budgets in central Europe, consumers' price elasticity remains low, despite accelerating real household income growth over the last decade. There is a growing belief in a greater probability of market failure in some areas of Central Europe, perhaps affecting 1-2% of insured homes, as transitions risks become uninsurable, which could lead to compulsory nationwide flood insurance overseen by regulators becoming common.

Our View

We incorporate these views into bottom-up analysis, including the potential effects of climate change impacting the Central European insurance industry. For example insurance services may be in higher demand, with industry leaders in a better position to handle increasing regulatory complexity. This confluence of higher penetration and barriers to entry will benefit certain players and we continue to remain invested in this company.

EXAMPLE 3

Engagement on Russian Exposure & Climate Change for a Central European Bank

Background

Barings funds have at different times held positions in a central European bank, the largest bank in Hungary and its Ipoteka subsidiary in Uzbekistan, which it acquired in 2023. We have engaged with company management on governance as well as climate risks. After the Russian invasion of Ukraine in February 2022, we reviewed all banks having Russian operations to engage on their strategy of managing financial and non-financial risks from these operations. At the time of the invasion, the company's Russian and Ukrainian operations contributed to 16% of net income and around 7% of net loans. Over the last three years, we have regularly held meetings and calls with senior management on this topic. In addition, since 2021, we have been engaging with the company on improving their climate risk disclosure.

How We Engaged

The immediate financial concerns raised with the company were related to the potential impact of the war and the sanctions imposed on Russia by the West. At the time the war began, Russia and Ukraine accounted for 14% of the bank's equity and there was concern that they might have to write off that exposure completely. The non-financial risks discussed with management were reputational risks of the company operating in a sanctioned country as well as headline risks from a banking service provided to any sanctioned Russian corporate entity or individual. We continued to engage on governance and financials risks related to the company's continued presence in Russia throughout 2023 and 2024. Management took the view that it would not do a fire sale of Russian operations, considering that detrimental to the interests of all stakeholders. Instead, management took a multi-pronged approach to manage the Russia and Ukraine exposure risk, putting in place additional compliance scrutiny of transactions carried out with Russian entities and individuals to ensure compliance with US and EU sanctions. Inter-bank lines from the Hungarian parent to Russian operations were withdrawn in 2022, with Russian operations funded solely by domestic deposits. Additionally, over the last three years, management has focused on growth elsewhere (for example, in Uzbekistan), allowing dilution of its Russia and Ukrainian operations. Russian operations as of Q3 2024 accounted for 4.5% of loans and 9% of net profit. Recently, the bank announced another acquisition in Slovenia, further diluting its exposure to Russian operations.

Our climate-related dialogue since 2021 has included disclosure on Scope 1 and 2 GHG emissions data, as well as disclosure on the bank's exposure to carbon-intensive sectors. We also have discussed the bank's target of EUR 3.7 billion in loans to be considered green.

Outcome & Next Steps

We have closed our governance-related engagement. Given that the company has chosen not to carry out a fire-sale exit from Russia, it remains exposed to various Russia-related financial and non-financial risks. As a result, we will continue to monitor and engage as we deem appropriate.

Our climate-related engagement remains ongoing. Since our initial engagement, we have observed increased disclosure on Scope 1 and 2 emissions as well as the fact that 19% of its corporate book is exposed to sectors such as energy, chemicals, iron and steel, aluminum and mining.

Management has indicated plans to set explicit GHG reduction targets in 2025. However, the company still does not share the scope 3 emissions footprint of its loans and securities portfolio. While given the data challenges and areas of double counting making it hard to obtain accuracy, we plan to engage with the bank to identify areas that contribute most to its scope 3 emissions footprint and for the company to articulate a plan to engage with its clients on how they can play a role in helping reduce their emissions.

REFLECTING ON OUR PROGRESS

As an asset manager, we are in a position to identify and address systemic risks, including climate change through our investment decision-making and our broader stewardship activities. While this typically is based on our bottom-up approach to identifying and managing ESG-related risks at the individual issuer level, we have also taken part in a range of initiatives, both internally and externally, to help improve systemic risks and challenges we have identified. We hope that efforts undertaken in 2024 will help drive ESG data coverage across many asset classes.

We have maintained and enhanced our oversight of ESG-related activities as part of our broader risk framework and we plan to further prioritize our ESG integration and stewardship efforts following the climate scenario analysis undertaken (see Principle 7). We have already leveraged this from an operational perspective for assessing physical risk of several Barings office locations. We also plan to continue our climate-related engagement activity via the engagement prioritization framework described in Principle 9.

From an operational perspective, we will continue to disclose progress toward our operational net-zero target by improving our operational footprint through our existing and developing initiatives, as detailed in the Metrics & Targets section of this report.

Strategy

Our consideration of financially-material risks and opportunities, including climate change, is informed through a range of processes. This includes our analysts' bottom-up evaluation of issuers, our Sustainability & ESG team's consideration of climate risk across asset classes, as well as understanding and implementing our clients' unique preferences on ESG integration, engagement and reporting practices. We believe this approach supports us in our goal to achieve superior risk-adjusted returns for our clients.

Alongside this, through our business operations, we strive for resource efficiency and support our local communities.

PRINCIPLE 6

Taking into Account & Reporting on Our Clients' Needs

CONTEXT

Barings prioritizes steady, sustainable growth of assets, our client base and fund offerings while adhering to our core areas of expertise: public and private investments across fixed income, capital solutions and real assets. Our clients' assets are managed across a diverse range of asset classes, geographies and client types as indicated below, as we leverage our depth and breadth of experience across public and private markets to help meet our clients' evolving investment needs.

$421+ B

Assets Under Management

1,300+

External Clients

2,000+

Professionals Globally

EXTERNAL AUM BY REGION*

44% | Americas

29% | Asia Pacific

27% | EMEA

*Includes third party, external AUM only. All figures are as of December 31, 2024, unless otherwise indicated. Assets shown are denominated in USD. Percentages may not equal 100 due to rounding.

Barings leverages its **depth and breadth of expertise across** public and private markets to help meet our clients' evolving investment needs.

PUBLIC

$208.4 B

PUBLIC FIXED INCOME

$8.9 B

PUBLIC EQUITIES

PRIVATE

$107.6 B

PRIVATE CREDIT

$5.3 B

CAPITAL SOLUTIONS

$46.4 B

REAL ESTATE

$5.8 B

PRIVATE EQUITY

$23.7 B

PORTFOLIO FINANCE

RFP Client Type	Total AUM (U.S. Billions)
Charities/Endowments/Foundations	1,366
Corporate Pension	30,102
Sector Pension Fund	2,040
Financial Intermediaries	17,193
Insurance	229,656
Public Funds	30,325
Sovereign Entity	15,260
Structured/Private Funds	22,835
Wealth	72,554
Grand Total	**421,330**

CONSIDERING INVESTMENT TIME HORIZONS

Given our mix of clients and asset classes, we cater to a range of risk-return profiles and expectations on time horizons. While typically we aim to provide medium- to long-term outperformance over three to five years, we have clients whose time horizons are longer and others who may select our short-duration strategies. Regarding our ESG integration and stewardship practices, we endeavor to support value creation across different timescales, taking into account the practicalities of addressing short-term risks and opportunities versus driving longer-term outcomes.

MANAGING ASSETS IN LINE WITH CLIENT REQUIREMENTS

We are active in understanding and responding to our clients' range of preferences, including ESG where they are stipulated (see Activity section below).

We manage assets in line with clients' ESG-related requirements by:

- Working to incorporate ESG and stewardship requirements along investment objectives and related legal documents, as well as communicating them through our own stewardship policies and activities. These requirements may include exclusions of specific industries and investments, a tailored engagement approach and adherence to their own policies;
- Monitoring portfolios to ensure alignment with client investment objectives; and
- Collaborating with clients to create funds that are tailored to their objectives and policies. We also offer segregated mandates, which have client-directed exclusion lists; custom ESG targets, such as a targeted absolute portfolio carbon footprint; and custom engagement requirements based on specific criteria. Where custom exclusion lists are applied to mandates, the Barings' Guideline Monitoring team incorporates them into their oversight and uses a third-party database to support screening where required. We also work with clients to explain differences in methodology or data between service providers to help them in their selection of exclusions or targets (see example in Activity section below.)

Oversight of client preferences is generally steered by regular meetings between the Distribution and Sustainability & ESG teams. Alongside this, the Sustainability & ESG team is alerted to client meetings undertaken by the Distribution team where ESG considerations have been a key topic. These items are discussed as necessary via automated reports from our client experience management platform. Any overarching trends on client preferences are discussed during Sustainability Committee meetings; a key focus of the Reporting and Distribution Working Group throughout 2024 was to enhance the collation and categorization of strategic client ESG preferences (see Activity section below).

Ongoing from 2023, our RFP team also presents to the Reporting & Distribution Working Group on a quarterly basis to summarize any trends identified through tracking client questions received.

ACTIVITY

UNDERSTANDING OUR CLIENT PREFERENCES

In 2024, the Sustainability & ESG team supported over 60 client meetings related to discussing our stewardship approach in line with client preferences. Alongside this, the Reporting and Distribution Working Group began the development of tracking our strategic clients' ESG-related expectations and our alignment with those through our current practices. The aim of this is to help inform the strategic direction of our ESG approach via our Sustainability Committee as well as navigate regional variations. Going forward, we will explore how this can be expanded for our broader client base.

Key themes from understanding our client preferences include:

- An ongoing engagement focus on priority systemic topics including climate change, biodiversity and human rights. This has informed the development of an engagement prioritization framework (see Principle 9).
- Interest in the development of segregated products with a focus on decarbonization (see below).
- More granular expectations on data provided in client reporting (see below).

DECARBONIZATION

We are supporting several clients, including our parent company, MassMutual, on target setting, monitoring and implementation of decarbonization within portfolios. For example, in 2023, MassMutual decided on its third-party vendors for carbon-related data and disclosed interim targets for commercial mortgage loans and public corporate power and energy portfolios. In 2024, Barings supported MassMutual in its effort to establish intensity metrics in relation to these portfolios to support their target setting and monitoring.

More broadly, as part of our carbon reporting available to clients (see Metrics and Targets) we have recently enhanced our data offering to include an SBTi alignment percentage.

CASE STUDY

Navigating Decarbonization Related Preferences, North American Unit of Global Insurer

GLOBAL HIGH YIELD

Request

In 2023, during regular dialogue with its client, the North American unit of a global insurer, Barings discussed increasing the scope of its reporting, starting with standard ESG metric reporting. By 2024, this developed into a request for Barings' carbon reports (see Metrics and Targets) and exploring the decarbonization of portfolios against a 2019 baseline. While the client's corporate parent expressed interest, targets and implementation expectations were not yet set, but the client proposed the use of financed emissions as a metric, including the implementation of hard limits.

What We Did

Barings engaged with the client to recommend against using financed emissions as a metric, since it is influenced by portfolio size, meaning that comparisons over time cannot be made without adjusting for the size of the portfolio. Barings also explained that the approach can counterintuitively encourage financing higher emitting companies because they would be under-represented in the portfolio compared to the larger allocation to lower emitters. Barings provided data illustrating these scenarios and recommended different metrics to consider for portfolio management reasons.

In Q3 2024, the client stated their preference to focus on reducing financed carbon intensity rather than using financed emissions and setting no portfolio targets. Barings' view was that financed carbon intensity is not widely used by the industry, it also is influenced by portfolio size and trade execution does not always affect the metric as expected.

Subsequently, the investment team was asked to trade so as to reduce exposure to the 10 highest carbon emitters in the portfolio, yet Barings was unclear on the calculation of such a list. Barings offered the client a call with the PSA ESG team to discuss why the selected metric wasn't ideal for portfolio management nor for financing the transition. Also discussed was the Top 10 list, where Barings was able to provide help on using a more efficient metric.

Initial Outcome & Next Steps

The client came back with the goal to reduce carbon in the portfolio in the way Barings suggested and stated they would continue discussions about choosing target metrics with their parent company.

ENHANCED ENGAGEMENT & REPORTING CAPABILITIES

The development and centralization of our technology platforms, including our approach to engagement recording, has enabled us to meet or explore increasing expectations from a number of our clients. Two examples are provided below.

CASE STUDY

A European Pension Fund Agrees on Engagement Prioritization & Reporting

Request

In Q4 2024, Barings Global High Yield, ESG PSA, Sustainability & ESG and Client Services teams engaged in a call with an existing client to discuss enhancements to portfolio management and reporting, including from an ESG perspective for their segregated account.

These enhancements included:

- Navigating decarbonization target setting (50% reduction of Scope 1 and 2 emissions as well as monitoring of Scope 3 by 2023) using PCAF EVIC methodology.
- Prioritizing engagement with the five most polluting portfolio companies (unless explained why other issuers have been prioritized).
- Detailed portfolio-level engagement data, including progress against objectives and information on stalling engagements.
- Establishing available biodiversity data and discussing this periodically with the client.

What We Did

During the call, we explained our planned approach for meeting these requirements, including monitoring of decarbonization through our portfolio carbon reports (see Metrics and Targets), the details for engagement recording on our platform, as well as plans to leverage our recently launched engagement prioritization framework (see Principle 9).

The Sustainability & ESG team also proposed how best to present engagement reporting to meet their range of requirements.

Outcome

The client agreed with the suggestions laid out by Barings. Reporting is due to commence from Q2 2025.

CASE STUDY

Exploring Outcomes-related Reporting

Request

In 2024, two existing Dutch clients—one a client of our Public Equities team and one of our GPF team—approached Barings with reporting requests. The equities client wanted to identify its portfolio alignment with the Sustainable Development Goals (SDGs). This involved reviewing which portfolio investments contribute to the SDGs, as well as the degree of confidence in that contribution. The request from the GPF client was similar and also asked for target allocations to individual SDGs.

What We Did

Barings discussed these requests internally to ensure that any reporting requirements did not misrepresent any perceived intentionality around outcomes as this was not incorporated into either original mandate.

To investigate potential solutions and given the request from our GPF client included reporting statistics on ESG-linked loans (Principle 12), we liaised with our existing consultant to explore their reporting offering (see Principle 8), using the Sustainable Development Investments Asset Owner Platform as a relevant framework.

For the Equities request, we investigated what high level information was available from our primary data provider related to the SDGs for the portfolio.

Outcome & Next Steps

For our Equities client, we provided a high-level analysis based on data available from our primary service provider. For our GPF client, Barings highlighted our concerns around avoiding additionality and discussed options to provide appropriate transparency on SDG-aligned activities on an ongoing basis.

In 2025, Barings has continued discussions with a range of providers as we consider options for a reporting approach that can be applied across public and private issuers.

REFLECTING ON OUR PROGRESS

We believe that our focus on technology enhancements and reporting capabilities has helped us meet increasingly sophisticated requests from a range of clients. Our planned approach to monitor our clients' varying expectations as part of the Reporting & Distribution Working Group can continue to help steer our improvement areas going forward. This may include a focus on outcomes-based reporting and enhanced decarbonization goals as we have seen from several clients in Europe. We will remain in continuous dialogue with our clients and service providers (Principle 8) to ensure we continue to offer appropriate solutions related to ESG and climate across our integration, stewardship and reporting practices.

PRINCIPLE 7

Integrating ESG Considerations (Including Climate Change) Into Our Investment Process

TCFD Sa. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term

TCFD Sb. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning

TCFD Sc. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

CONTEXT

At Barings, we are committed to integrating ESG-related analysis into our investment processes across all our asset classes as part of our goal to maximize investment returns for our clients. Our approach is founded on the consideration that minimizing ESG risks and unlocking ESG opportunities may help us achieve risk-adjusted returns for our clients in line with their time horizons (Principle 6). Our investment professionals possess industry and sector expertise that enables them to identify the material ESG risks and opportunities relevant to each of the investments they cover as part of their broader investment analysis. Our professionals have access to training on ESG integration and use third-party ESG data and research to support their work on ESG where appropriate. In our experience, this expertise makes them best placed to undertake ESG integration directly on the issuers they cover. We believe that ESG investment analysis, focusing on financially-material information, enhances our investment process as it helps identify relevant risks and opportunities for our investments. The Sustainability & ESG team provides subject-matter expertise, training, frameworks, policies and procedures and additional resources to support investment analysts' analysis of these material ESG considerations.

Where clients stipulate additional preferences on ESG issues, we integrate our bottom-up approach with client input, where possible. Where it is not possible, such as a pre-existing co-mingled offering, we discuss alternatives such as a separately managed account with the aim of delivering on client objectives. As highlighted in Principles 4 and 6, an ongoing focus from our clients on risks and opportunities arising from climate change has resulted in climate analysis process enhancements, as described in the Activity section below.

Among other factors, our investment professionals consider a full range of material ESG risks and opportunities as part of their investment analysis. Such topics are informed by external frameworks and commitments such as SASB, ISSB, UN Global Compact and other reporting frameworks such as the PRI and TCFD. They include:

ENVIRONMENTAL

EMISSIONS/ENVIRONMENTAL IMPACT & CLIMATE CHANGE

ENERGY

NATURAL CAPITAL

PRODUCT LIFESTYLE/ SUPPLY CHAIN

SOCIAL

LABOR (EMPLOYEES & SUPPLY CHAIN)

CONSUMER/SOCIETY

COMMUNITIES

GOVERNANCE

BOARD

STRATEGY & APPROACH

TRANSPARENCY

LEGAL

We typically score our investments on ESG issues from one (excellent) to five (unfavorable) using Barings' proprietary ESG rating system across our investment teams. Where possible, this score captures both the current state of ESG performance as well as the ESG outlook for an investment, which rates the momentum of the entity's ESG efforts as Improving, Stable or Deteriorating.

Our Public Equities team has a proprietary standardized ESG assessment framework to evaluate the ESG dynamics of current and potential portfolio companies. This assessment is dynamic and forward looking and has an impact on both the valuation of the investment and the qualitative assessment of the company. The ESG topics above are considered and aligned to the following three categories as part of the assessment framework:

- sustainability of the business model (franchise)
- corporate governance credibility (management)
- hidden risks—including environmental and social (balance sheet)

Depending on the asset class and region (as indicated through the examples below), inputs to ESG scoring and analysis may be based on information sourced from third-party data providers, or directly from interactions with the issuer or other stakeholders. Given ESG data challenges pertaining to accuracy, methodology, comparability and coverage, our own fundamental, qualitative and quantitative (where appropriate) analysis and research holds more importance in the investment process than third-party input. We believe that long-term knowledge of our investments and sectors, as well as access to issuer management and financial sponsors, provide a superior level of analysis and a more robust methodology than relying on third-party data sources alone.

CONSIDERATIONS ACROSS ASSET CLASSES

As articulated through our investment team case studies in this section, the nature of our ESG integration processes can vary depending on the asset class and/or region of the investment. These considerations include:

- For emerging issuers that are privately or government-owned, third-party ESG data may be limited and they may not be subject to stock exchange listing requirements. In such cases, we pay particular attention to governance and disclosure factors such as board composition, independent directors, auditors, related-party transactions and financial disclosures. We determine the materiality of the specific factors based on the nature and location of operations.
- Our Public Equities and Public Fixed Income teams often have access to senior management and/or financial sponsors through scheduled meetings and presentations. Analysts interact directly with issuers to discuss material company developments, including ESG issues. This is considered an integral part of either the credit risk or cost of equity-analysis process.

- For private assets, ESG integration is most focused on the pre-investment due diligence stage to identify where red flags may result in investment decline, as compared with ESG risks and opportunities that can be managed either through formal agreements or ongoing monitoring.
- For Real Estate Equity, ESG analysis starts at initial pre-screening where ESG risks (particularly climate-related) are identified and mitigation strategies, where required, are assessed. Once assets are acquired, monitoring/managing risks continues with an emphasis on physical and transitional risk. This, together with the identified ESG opportunities and implementation plan, form a strategic ESG asset management plan.
- For Structured Credit (CLO debt and equity tranches), ESG analysis focuses on the underlying CLO manager's approach, as well as an examination of the underlying collateral providing the cash flows to the CLO tranches. For Securitized Credit, ESG risk factors applicable to the originator/servicer, collateral/loan pool and structure/ third parties are assessed.
- For Global Sovereigns, ESG integration involves consideration of public policy developments that are influenced by different government entities. Sovereign ESG analysis is more fundamental in nature, based on policy implementation, development outcomes and government effectiveness. Rather than taking a standardized approach to integration, analysis is focused on material risks and policy orientation unique to each country's geography, history and economic reality. Interactions with government officials as well as multilaterals and other third-party entities are key to informing the ESG integration process.

INTEGRATION OF CLIMATE CHANGE RELATED RISKS & OPPORTUNITIES

As described in Principle 4, as an asset manager, we consider climate risk in our operations and investments. We recognize that climate risks could impact the value of our investments and/or how we conduct our business operations. Our investment teams consider a range of financially-material climate-related risks, including both physical and transition risks. We have also considered how physical risks may affect Barings' office locations and seek to reduce our operational emissions as described in Metrics & Targets. As described in Principles 2 and 8, we have invested in our ESG resources and engaged with service providers to support how we identify and manage climate-related risks.

To illustrate how our ESG integration approach specifically considers financially-material climate risk, three examples from investment team processes have been provided below. See Activity section for more case studies on how we integrate ESG considerations across a range of our asset classes.

PERSPECTIVE FROM SOVEREIGN DEBT

For sovereigns, we look at the level of trade balance effects, GDP effects and social implications through effects on poverty and development indicators. Across our sovereign universe, we track indicators including SDG 13 Climate Action, SDG 15 Life on Land, the Yale Environmental Protection Index and the Sendai framework for disaster resilience. This information and the content of reports from the IPCC, the World Bank, the IMF and other climate expert bodies, allow us to undertake fundamental analysis for countries at risk from climate events and gradual climate effects. These analyses are then reflected in our ESG scores under the "E" dimension and are reflected on an ad-hoc basis in our positioning for those countries where the climate impacts are quite material to the sovereign's creditworthiness.

PERSPECTIVE FROM PUBLIC EQUITIES

As part of Public Equities' analysis, a maximum of two percentage points can be adjusted to the Cost of Equity (CoE) to account for the impact that internalized carbon costs can have on company earnings depending on the sector and jurisdiction. As these are actual cash costs, this adjustment is in addition to the maximum two percentage points that our Public Equities investment professionals can add to the CoE if the company is facing unfavorable ESG dynamics. The CoE is the minimum rate of return required by equity investors for committed capital and the Barings Public Equities teams use this measure to value a company. (See case study in Activity section below.)

PERSPECTIVE FROM REAL ESTATE

In 2024, Barings Real Estate Equity began integrating physical risk more formally in our investment process in two ways. First, while we have long conducted environmental studies in our due diligence, we began embedding an additional analysis looking at acute and chronic climate risks across a variety of perils. The analysis drives conversations around mitigation and resilience measures that may harden the asset in question. Second, as part of portfolio management, we have begun conducting fund-level peril exposure analysis. This enables us to understand a fund's exposure, measured in the dollar amount of gross asset value exposed to perils including heat, cold, precipitation stress, wildfires and coastal or riverine flooding. (See Activity section below.)

We continue to actively leverage the tool to build out our workflows around acquisitions, resilience and portfolio management. At the end of 2024, we made the strategic decision to extend the use of the tool to the Debt Real Estate Portfolio. This work is in progress. The tool will not only enable us to make decisions concerning the hardening of assets but also facilitate governance oversight and reporting.

(This analysis supported the physical risk assessment undertaken for key Barings' office locations as described in Principle 4).

ACTIVITY—ESG INTEGRATION & CONSIDERATION OF CLIMATE CHANGE

As described below, we undertook a range of activities, both from the Sustainability & ESG team and investment team level, to continue and enhance our processes for identifying and assessing financially material ESG risks and opportunities.

INVESTMENT TEAM ESG SCORECARD ENHANCEMENTS

A consistent ESG scorecard was rolled out for use by public fixed income teams investing in corporate issuers, with the aim to extend the rollout to private investment teams in 2025. The scorecard provides systematic guidance on ESG factors most likely to be considered financially-material. As part of the design process for the scorecard, we undertook the following activities:

- We became members of the IFRS Sustainability Alliance, gaining access to the Sustainability Account Standards Board's materiality map, which provides guidance on the most material environmental and social factors by sector.
- We also took guidance from the OECD Principles of Corporate Governance, the OECD Guidelines for Multinational Enterprises and the IOSCO Principles on Audit Independence to inform our assessment of governance factors.

The results of the climate scenario analysis we explain below will also be incorporated in an updated version of the scorecard we plan to make available to investment teams in 2025.

CLIMATE SCENARIO ANALYSIS & MODELLING

FIRM LEVEL

In 2023, we established the foundation from which to build useful and relevant scenario analyses for our investment teams. Based on an understanding of the asset classes that may face greater climate-related risks, our aim is to help ensure that investment teams receive sufficient guidance and resources as part of our climate-risk integration and stewardship efforts. To support these efforts, the Climate Risk Taskforce liaised with several providers to understand services that could support top-down scenario analysis to help investment teams identify and determine high-level climate-related risk exposure at the country and sector-within-country levels. Based on these interactions, we chose a supplier whose methodology, scope, offering of scenarios and data sets (70 countries and 70 sectors) were the most appropriate for us.

As a starting point, we identified 2030 and 2050 as the appropriate short- and long-term time horizons. The choice of 2030 was driven by our desire to first identify any immediate material climate-related risks that align with a typical investment horizon. We chose 2050 as the long-term time horizon to align with the IPCC (Intergovernmental Panel on Climate Change) assessment that the world will need to have achieved net zero CO_2 emissions by the early 2050s to limit global warming to 1.5°C over pre-industrial levels.

2024 RESULTS

In 2024, the Sustainability & ESG team and ESG leads from the investment teams reviewed results of the climate scenario analysis we undertook in 2023. Given recent developments in global commitments to climate change mitigation, which aligns with our provider's delayed transition scenario, we selected a time horizon of 2035 and beyond. The reason for this is that carbon costs, one of the primary tools for enabling a transition to a low-carbon economy, now are not expected under a delayed transition scenario to significantly increase until after 2030. As part of this and our longer-term analysis, we identified the following GICS industries as having the highest exposure to transition risks:

- GAS UTILITIES
- METALS & MINING
- CHEMICALS
- TRANSPORTATION INFRASTRUCTURE
- ENERGY EQUIPMENT & SERVICES
- OIL, GAS & CONSUMABLE FUELS
- CONSTRUCTION MATERIALS
- AIR FREIGHT & LOGISTICS
- PASSENGER AIRLINES

With regard to physical risks, while we undertook scenario analysis to identify such risks across asset classes, we believe more time is needed to gain confidence in the results before we communicate them. Investment teams continue, however, to assess physical risks from climate change on an issuer-by-issuer basis where material and have access to issuer-level climate scenario analysis from MSCI, where there is coverage.

DATA CHALLENGES

As we outlined in our 2023 TCFD report, the sector categorization used within the climate scenarios of our third-party provider differ from the sector categorizations utilized broadly by the finance industry. Part of the exercise to arrive at the GICS-level results noted above involved mapping of the GICS classification scheme to NACE, which is used by our third-party research provider. Given the broad range of asset classes and the different classification schemes used by different investment teams within Barings, the choice of GICS was driven primarily by coverage considerations of our AUM. In H2 2024, Barings concluded a multi-year journey to transform our investment, origination and research platforms (see Principle 1). The upgrade of our systems delivered a much-improved classification of issuers based on the GICS classification scheme, a timely enhancement that enabled a broader application of the climate scenario analysis across asset classes.

ENHANCING INTEGRATION & STEWARDSHIP ACTIVITIES

The Public Equities team has had access to third-party issuer-level scenario analysis from MSCI since 2022 and has an established framework to integrate the results of this analysis within their assessment of issuers and in their stewardship activities. As with other ESG process enhancements, the Sustainability & ESG team looks for ways to increase synergies between investment teams. We therefore took the view that we should build on the experience of the Public Equities team and use their framework as a starting point to establish climate-scenario integration and stewardship frameworks for other asset classes. Given the broad range of asset classes Barings invests in and our diversified geographical exposure, we do not believe designing a one-size-fits-all approach will lead to effective stewardship, as not all asset classes have the same access to ESG data. Moreover, sector exposure and issuer concentration across teams differ significantly. We therefore undertook the several steps to help determine an appropriate approach for each asset class.

With the help of the PSA team at the end of 2024, we started an exercise to identify the climate-related metrics and targets we have available across asset classes and regions. Also in the fourth quarter, we contracted with a new ESG data provider to increase our access to reported climate-related metrics for our High Yield loans and CLO book of business (see Principle 8). While over the longer term we would expect issuers to report high-quality, climate-related data that is decision-useful in cases where climate presents a material risk, in the near term it would be unrealistic to demand that issuers report such data. Understanding where issuers stand relative to peers and their own history is therefore key to guiding our integration and stewardship activities.

We also looked at the exposure and concentration of climate risk across issuers within different teams. This will guide our prioritization and approach to stewardship and integration, with more concentrated asset classes allowing for a higher-touch engagement activities, while a more systematic approach to stewardship may be needed for teams with climate-risk exposure across a greater number of issuers.

CLIMATE MODELLING IN REAL ESTATE

An example of the application of the Real Estate climate risk analysis mentioned above is for a one million square foot industrial building portfolio based in Texas. The physical risk analysis indicated that more hail events could create costly property damage. We wanted to increase the resilience of the HVAC units as they were being replaced. As a result, all new HVAC units are to be fitted with protective hail guards.

ESG INTEGRATION ACROSS ASSET CLASSES

See below for examples of how our investment teams consider financially-material ESG factors, including climate change, as part of their investment process.

PERSPECTIVE FROM PRIVATE PLACEMENTS (A EUROPEAN FOOD COOPERATIVE)

Background and ESG Rationale

- **A global, diversified enterprise.** The cooperative operates production centers in ten countries around the world and generates revenues globally. The company sells hundreds of products to blue-chip customers in the food ingredients, food service, feed and pet food businesses, as well as to other industries.
- **Conservative financial profile.** With a 125-year history, the company has weathered several financial downturns. Targeted and actual net leverage of below 2.0x is conservative.
- **Strong focus on R&D and innovation.** The Company opened its Innovation Center in 2017 and is dedicated to the commercialization of its crops; annual R&D spend is approximately 1.5% of sales. The company's sales team

maintains a presence in 10 countries, which helps keep the company abreast of changing consumer preferences and trends. Soluble fibers, bio-based ingredients and plant-based protein solutions are key growth areas where the company has been able to solidify itself as a market leader.

- **Strong commitment to ESG.** As a leading international agriculture cooperative, the group's mission is to focus and respond to societal challenges and the transition related to climate change, the replacement of fossil-based raw materials, the protein transition and the growing demand for food and healthier food ingredients. It does so by leveraging co-products to reduce the environmental footprint of the food industry.
- **Steady ESG progress.** Since 1990, the company has reduced its sugar carbon footprint by 40% and has saved 50% of its energy usage.

Analysis

The company's focus and strategy regarding the environment justify a very strong score. As a cooperative owned by member farmers, its long-term perspective and ESG margin ratchet justify a good governance score. With respect to social practices, there are no noteworthy factors, therefore justifying an average score.

PERSPECTIVE FROM EMERGING MARKETS CORPORATE DEBT (OIL & GAS)

Barings engaged with an oil and gas energy and production company with assets in Ghana which previously was held in several portfolios.

Environmental Considerations

Our score reflects the issuer's profile as an independent business in this sector. The environmental strategy in place is broadly in line with its peer group in that there is a stated net-zero target for scope 1 and 2 emissions by 2030; the GHG reduction programs in place include working to eliminate routine flaring, replacing motors and re-wheeling compressors. The company also reported positive dynamics in water conservation, waste generation and biodiversity initiatives.

Social Considerations

The company is sharing its prosperity with its host community. In addition to offering programs for local education, approximately 20–30% of its supply chain consists of local content from indigenous companies and it has contracted for the first 100% Ghanaian-owned and operated support offshore vessel. Its safety track record at facilities in Ghana and Kenya has improved.

Governance Considerations

The company is headquartered in the U.K. and its primary listing is on the London Stock Exchange. It has independent board consisting of a chair, executive director and five independent directors; female representation is 28%. Disclosure and transparency are at a high standard and the executive management structure has been streamlined. We note that there are outstanding tax disputes with the government of Ghana that we are following closely.[2] Recently, the company announced that its CEO, Rahul Dhir, intends to leave; the company has initiated a search for a replacement. After our engagement with management, we don't see this as a material risk and the current CEO has committed to stay for as long as needed for a smooth transition.

2. In January 2025, one of the outstanding tax arbitration cases ($320 million) was concluded successfully in the company's favor by the International Chamber of Commerce, which is a material positive. Two other cases are expected to be heard later in 2025.

PERSPECTIVE FROM PUBLIC EQUITIES (GLOBAL DRILLING COMPANY)

Following the integration of our Carbon Cost approach, we have added additional adjustments to several companies within our coverage to account for increases in risk. One such example is a global drilling company, where we have added an additional adjustment to our COE of 1%. A brief overview of this assessment can be seen below.

Carbon Costs		
Decarbonization Commitments		
Evidence of 'net zero' carbon targets	Improving	Company has a clear target to cut GHG emissions on an intermediate (2030) and long-term basis by 25% and achieve net zero by 2050. Steps to achieve this have already started through energy efficiency drives evidenced publicly (CO2 reduction, diesel use).
Intermediate targets clearly communicated	Improving	
Tangible projects related to climate change mitigation	Improving	The company has disclosed the purchase of ten hybrid power land rigs which differ from existing structures by featuring high-capacity batteries and engine automation. This is anticipated to reduce GHG emissions by 10–15%.
Management incentives aligned with carbon reduction targets	Not Improving	ADNOC Drilling does not currently disclose if management incentives are aligned, alongside if targets are internationally certified. The use of offsets is not made public.
Targets certified by external organizations,	Not Improving	
Use of offsets is insignificant	Not Improving	

PERSPECTIVE FROM GLOBAL PRIVATE FINANCE (EUROPEAN FOOD PROCESSOR)

The company is a leading producer of processed food, with distribution across six European countries and significant market share in France and Belgium. The company operates manufacturing sites in France and Belgium with overall production capacity of circa 30 kilotonnes. Production follows rigorous independent certification, with controls throughout its production processes and those of its suppliers. The company's products further benefit from dual traceability at each production step and demonstrates best-in-class control measures under regular supervision by International Featured Standards (IFS), which requires compliance with stringent specifications such as acceptance tests, strict hygiene standards, annual audits including supplier etc. Further quality controls include comprehensive micro-biological testing, sensory analysis and aging tests.

While strengths in the company were identified, Barings decided to pass on the opportunity due to reputational risk associated with processed meat scandals as well as environmental concerns given key exposure to the cattle slaughtering industry and Eastern European supply chain.

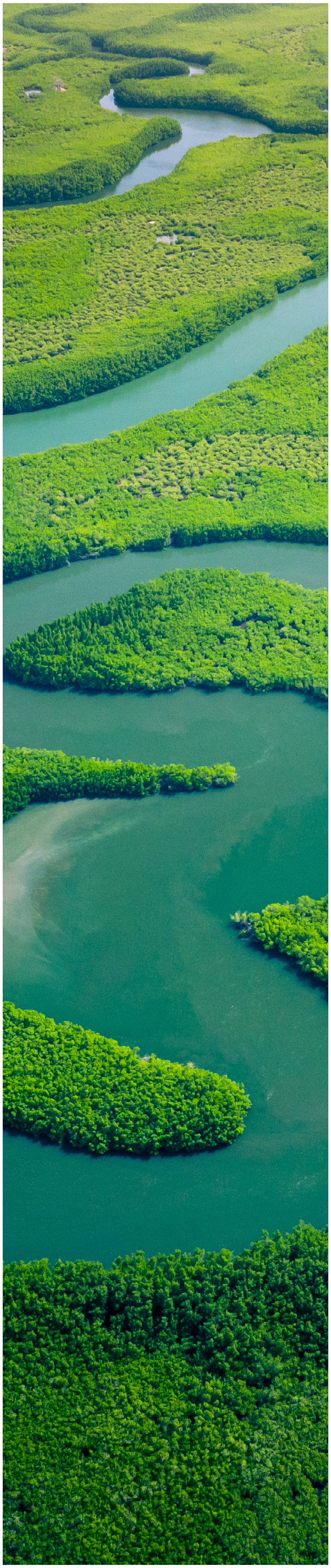
REFLECTING ON PROGRESS

While we maintained our fundamental approach to ESG integration in 2024, we have continued to enhance our processes across asset classes. In line with our consideration of systemic risks as explained in Principle 4, we have focused on climate scenario analysis to help support the prioritization of our efforts to identify and map our exposure to higher risk sectors, particularly in relation to transition risk. We will continue to explore opportunities to consider physical risk across our investments, where appropriate, as well as the potential impact of other systemic risks such as those related to human rights and biodiversity. While we have already prepared engagement guidance on these topics for several investment teams, we expect to further support financially-material engagement topics via our engagement prioritization framework explained in Principle 9.

More specifically in 2025, we are planning to continue our journey on evaluating financially-material climate risks. This includes the following activities:

1. Following the results of the climate scenario analysis, the Sustainability & ESG team will provide support with ESG integration and stewardship activities to our public corporate fixed income teams where relevant.
2. We will continue to search for ways to further classify the issuers in which we invest based on the GICS classification structure. This will involve engaging with our existing service providers, evaluating additional providers, as well as utilizing and enhancing our internal systems and processes to classify assets and will enable more efficient, scalable reporting across asset classes.
3. For our private assets under management, we will continue gathering ESG data using a proprietary questionnaire currently used by our Global Private Finance team. The questionnaire covers many climate-related metrics, as well as issuer reference data such as sector classification.
4. The Sustainability & ESG team will continue working with the Barings' Real Estate team to understand exposure to both transition and physical risks.

Investment teams will further be supported with their ESG integration and stewardship activities, including climate-related activities, through other system and process enhancements as mentioned in the Continuing to Develop Our Practices section at the end of this report.



PRINCIPLE 8

Monitoring Our Managers & Service Providers

CONTEXT

Identifying relevant providers and working with them on their services is key to deliver on our clients' expectations. All our third-party vendors are governed by our Global Vendor Management policy, which covers risk management and monitoring of vendors from onboarding through service delivery to offboarding. As part of the monitoring process, Global Vendor Management leverages a vendor monitoring solution that assists with the proactive oversight of our critical vendors. Performance reviews are expected to take place annually for vendors deemed to be higher-risk and any performance-related issues that arise are to be escalated to the Global Vendor Management team to assess the risk and to determine if further corrective action is required. Since 2024, vendors are also provided with Barings' Vendor Code of Conduct.

ESG DATA PROVIDERS

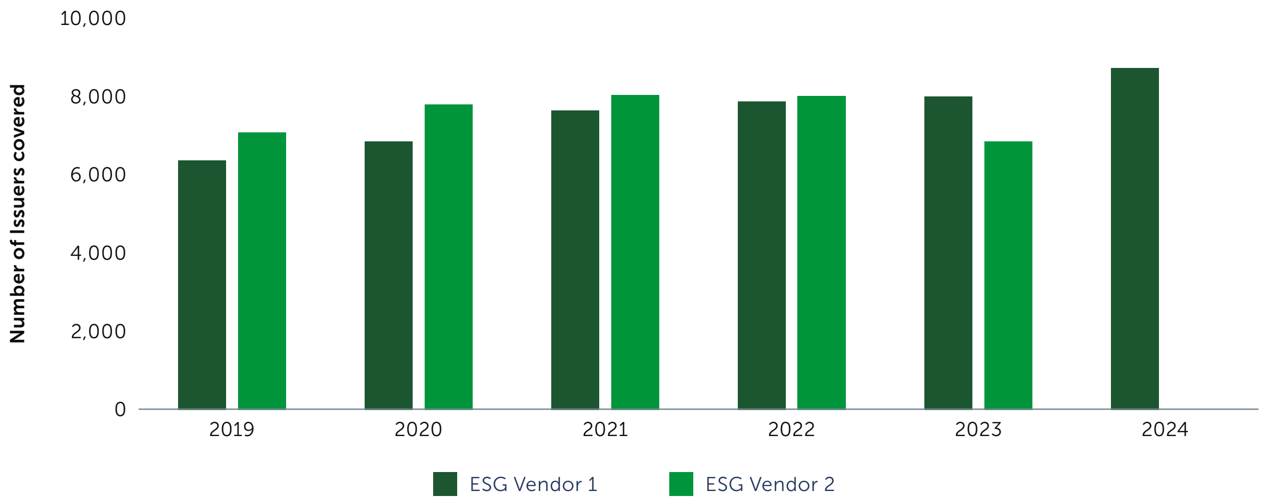
To support our ESG integration process as an active manager, our investment teams use relevant ESG data, where available, as part of their assessment of issuers. Vendor ESG data—primarily from one major provider at firm-level—can also help supplement our reporting tools to meet ongoing client and regulatory demand.

While ESG data availability can be high for public issuers, we still experience lower third-party data coverage for many of our issuers, particularly in private markets. While we enable efforts to drive bottom-up data (as described below), we continue to recognize that ESG data sets remain less mature than traditional financial or pricing data, which can make ESG data subject to error and discrepancies through methodologies used, especially for estimated data points.

We remain in frequent dialogue with existing and new vendors to discuss priority topics such as engagement prioritization tools, climate-related data and scenario analysis alongside ESG data coverage, ESG-linked loans and SDG reporting for private assets (see activities below). We also provide feedback on new and emerging tools to encourage methodological and user experience improvements.

We continue to monitor vendor coverage across our investable universe as we seek to understand vendors' plans for increased ESG data coverage across asset classes. In 2023, we experienced a drop in vendor coverage across our investable universe, notably from our second data provider, which resulted in us cancelling that subscription and exploring other providers for data coverage in 2024, specifically for High Yield bonds and CLOs (see Activity section below).

VENDOR COVERAGE— BARINGS INVESTABLE UNIVERSE*



**Combined universe of all issuers in Barings' equity and FI public corporate portfolios and benchmarks*

PROXY PROVIDER

Semi-annual service reviews are conducted using questions provided by procurement vendor management. The service reviews include discussion points on control procedures, changes in leadership, data storage and any upcoming changes or solutions that may be relevant. To monitor the accuracy of our proxy service, our teams run several daily checks to ensure all proxy votes are received, submitted and accepted. Along with our checks, our provider also has comprehensive controls that include a dedicated internal Control and Audit team. It also partners with departments to help ensure that appropriate levels of control are in place and to assess risk within the business units.

Through our conversations in 2024, we engaged on one issue related to their monitoring processes (see Activity section below).

ENGAGING WITH EXTERNAL MANAGERS

In the case of indirect investments, such as Structured Credit, our stewardship efforts focus on engagement with CLO managers. Through regular dialogue, we encourage managers to incorporate ESG analysis as part of their underwriting process and subsequently provide associated ESG reporting. As stated in the team's policy, we now use the PRI's Responsible Investment Due Diligence Questionnaire for Private Debt Investors[3] supplemented with additional questions specifically addressing social and climate related topics.

Through our private investments, our GPF team and Diverse Alternative Equity (DAE) team engage with private equity sponsors to understand their approaches to ESG through policies and procedures. Our DAE team assesses financial sponsors on their evaluation of ESG issues, engagement with portfolio companies and fund governance. Our GPF team works closely with sponsors to set portfolio-company level KPIs to steer ESG improvements as part of establishing ESG-linked loan agreements (see example in Principle 12).

3. PRI website, Responsible investment DDQ for private debt investors

ACTIVITY

ENGAGING WITH SERVICE PROVIDERS

ESG DATA

Following conversations since 2022, we have continued to liaise with our primary provider on the development and finalization of dataflow infrastructure to enable systematic use of a carbon emissions estimation engine for borrowers from our GPF team (as highlighted in Principle 6). We also worked with our portfolio management software provider and our primary ESG data provider to add a carbon factor for our portfolio managers to see for sovereign issuers.

Given the decrease in ESG data coverage from our second data provider identified in our data quality processes—and having flagged this to the provider in 2023—we ended our contract in 2024. Instead, we pursued increasing coverage for assets that have typically had low data availability. In Q4 2024, Barings subscribed to a new ESG data service, which provides ESG metrics for loans and at CLO level for our high yield book of business.

ESG CLASSIFICATION

In H2 2024, Barings queried a business involvement classification by our primary ESG data provider of an issuer we were invested in. Through our engagement with the issuer, we were concerned that our third-party provider's understanding of the issuer's business activities may not be entirely correct, as they may have missed a crucial feature of some of its products. In addition, the issuer was part of a group of companies that were partly or fully owned by the same parent company. We were also unsure whether our third-party provider was correctly reflecting how other companies within that same group, including the parent company, were being flagged for the same business involvement as a result of the data provider's understanding of the business activities of the issuer we were querying.

To ensure correct reflection of both of those points within the third-party's database, we provided substantial evidence, which we gathered through our proprietary research, as to why the issuer disagreed with the position the provider has taken. As a result of our query, the provider also decided to carry out its own review and contacted the issuer to gather more information.

The final outcome was that while the third-party provider did not change its stance on either of the above-mentioned points, it did lead to the provider more explicitly clarifying its methodology so that we know going forward how it would classify other issuers undertaking similar activities. In addition, we also suggested that the third-party provider document some of the points we had discussed within their methodology document, which is made available to their clients. This should avoid lengthy discussions with other managers who may be investing in similar issuers.

PROXY VOTING

In 2024, Barings identified an issue via our monitoring processes related to a manual voting error by our vote provider that occurred in Q1. The error was caused by a change in the agenda that required a manual vote by our provider, which acknowledged that the mistake was a human error; the vendor confirmed that it would introduce an additional check to prevent this from happening in the future. In response, Barings strengthened their own controls to ensure more robust monitoring going forward.

ENGAGEMENT PRIORITIZATION

In Q4 2024, Barings engaged a third party to understand service offerings that leverage AI to help establish and prioritize engagement objectives through processing and evaluation of issuer disclosures. We are exploring how this could further strengthen our engagement prioritization framework that we recently launched (Principle 9).

THIRD PARTY ESG SERVICES IN GLOBAL PRIVATE FINANCE

In 2024, our GPF team recorded an increasing amount of stewardship activity related to the roll out of our ESG questionnaire as well as the development and implementation of ESG-linked loans (Metrics and Targets section). As part of this we continued our relationship with a preferred provider on ESG-linked loan support, particularly focused on the use of the Sustainability-Linked Loan framework. Our Sustainability & ESG team and GPF team met periodically with the provider to discuss the effectiveness of existing processes and options to further collaborate. This involved connecting our GPF offices in New York and Sydney with regional provider representation to explore opportunities to help with training and ESG-linked loan support. It also involved discussions on outcome-related reporting services explained in Principle 6.

CLIMATE SCENARIO ANALYSIS PROVIDERS

Since selecting a climate scenario analysis provider at the end of 2023, we fully onboarded the vendor to undertake our initial analysis as described in Principle 7. The Sustainability & ESG team discussed our decision-making approach with the provider to determine appropriate scenarios and timeframes for the purpose of our initial assessment (considering our investments against country and sector). Barings has procured ongoing services in 2025 to continue our analysis.

At the regional asset class level, our U.S. Real Estate Equity team onboarded a separate provider to enhance the integration of physical risk analysis into the investment process. This resulted in physical risk analysis of Barings' key office locations (Principle 4), as well as expanding application to Barings Real Estate Debt investments.

STRUCTURED CREDIT SUCCESFUL ENGAGEMENT DIALOGUE WITH CLO MANAGER

We highlighted a case study over the last two years whereby we declined to approve a CLO manager at any part of the capital structure despite positive performance. Our decision was due to the manager's lack of process and consideration around ESG issues, primarily those related to integration and stewardship. In 2023, we checked in with the manager periodically to see if it had put a formal process in place so that we could revisit whether they were worthy of approval. In 2024, we noted that the manager had adopted a formal ESG policy which resulted in the recommendation to approve.

PERSPECTIVE FROM DAE: ENGAGING WITH SPONSORS

Barings keeps consistent contact with the managers that it invests with and have a healthy, open channel of communication. Communication can be as often as quarterly, or at the very least annually, depending on the investment and the points of emphasis. Should an ESG related incident be detected by our team, either during diligence of an opportunity or after investment, we would reach out to the sponsor in a timely manner to discuss. Barings will then come up with an action plan to address the incident along with the sponsor.

In 2024, Barings DAE conducted diligence and subsequently invested with an emerging manager firm who we had been tracking over the course of several years. Before investing in 2024, we advised the manager on the implementation of several policies and procedures, after flagging several governance related issues that arose through our operational due diligence. The manager lacked several institutional governance items, including a documented succession plan and an adequate level of D&O insurance. Throughout our team's diligence, given the outsized key person risk associated with the Managing Partner, DAE encouraged the team to establish a contingency plan immediately and as active members of the LPAC continue to encourage. Additionally, DAE worked with the Sponsor to ensure an adequate level of coverage with their new insurance broker to ensure the Sponsor was more aligned with market levels of insurance coverage. Our commitment to the Fund was contingent in the Sponsor having the appropriate levels of D&O insurance and ultimately the Sponsor did retain the necessary insurance coverage.

Companies with forward-looking carbon reduction plans may be more sustainable in practice and in value. Given this focus, throughout 2024 we worked with our Sponsors across our portfolio to implement structured KPIs and milestones, in an effort to help ensure they are not only working toward achieving their carbon reduction goals but developing and maintaining a framework for these reductions.

REFLECTING ON OUR PROGRESS

Engaging with our existing service providers and understanding the offerings of others has been key in 2024 as we have looked to enhance our ESG integration and stewardship approach, particularly through driving increased ESG data and undertaking climate-scenario analysis. As we continue to explore climate-scenario analysis and leverage ESG data further across asset classes, we expect to maintain our dialogue with providers to support us as part of this process.

From a CLO perspective and engagement with external managers and as early adopters of ESG data from a recently onboarded provider, we are currently evaluating the data points we have received in more detail and creating use cases, while also engaging with the vendor to provide feedback. We are hoping that over time this data will inform our conversation with managers as part of the due diligence process we carry out on their ESG integration and stewardship practices.

In terms of leveraging estimate data, we recognize that our ability to more systematically estimate borrowers in our GPF portfolios could be applied to other private investments where the appropriate data are available to build on. Given our focus on collecting ESG data via questionnaires as described in Principle 4, we are also hopeful that longer-term estimates across asset classes will be replaced by primary data.

Engagement

Engagement is a key part of our stewardship activities. We typically prefer to engage, rather than exclude, as we partner with entities in which we invest to address the material ESG risks and opportunities identified through our ESG integration approach undertaken by our investment teams. We do this in pursuit of maximizing risk-adjusted returns on our investments in the interest of our clients. We recognize that encouraging better sustainability practices to minimize financially-material risks can lead to positive environmental or societal outcomes.

We recognize the PRI's latest definition of engagement[4] that reflects interactions with investment entities (including private issuers and real assets) as well as service providers or non-issuer stakeholders to improve disclosure, improve practice on an ESG factor, or make progress on sustainability outcomes.

PRINCIPLE 9

Engaging with Issuers

CONTEXT

Barings' investment professionals continue to be responsible for undertaking engagement with corporate and sovereign issuers. Depending on the investment team, our investment professionals also liaise with investment managers, consultants, sponsors, tenants and servicers as part of the engagement process. Our investment analysts also have access to support from the Sustainability & ESG team on individual engagements where assistance is required (see Principle 11 for an example).

Where we engage with industry bodies and regulators as indicated in Principle 4, this is typically undertaken by representatives from our Sustainability & ESG or Compliance teams.

Our engagement approach with public corporate and sovereign issuers typically involves the following:

- Engagements are initiated at the discretion of investment analysts based on the selection of material ESG topics, typically identified through the ESG integration process and ongoing monitoring.
- We typically gain access to engage with the C-suite level for corporates and senior governmental representatives for sovereign entities.
- Objectives, milestones, likelihood of success and timelines are established at the start of the engagement; progress against these are recorded in our proprietary system.
- Insights gained through engagements feed back into our fundamental ESG analysis.
- As a signatory to the UN Global Compact, we are guided by its principles, which are incorporated into our engagement activities related to fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption.
- As part of our firm-level approach, our investment teams have access to join collaborative engagement groups, including those highlighted in Principle 10, when deemed relevant to consolidate efforts and streamline engagement goals.
- Any concerns identified through ongoing monitoring and engagement interactions may lead to escalation (Principle 11).

4. PRI Reporting Framework Glossary

Considerations for our engagement approach with issuers from our other investment teams include the following:

- Dialogue with private companies (e.g., from our GPF and DAE teams) typically involves regular discussion with both the portfolio company and the private equity sponsor on identifying and steering improvements to ESG performance.
- Where equity positions are held in companies or real estate assets outside of the Public Equities team, our stewardship activity can take the form of direct changes to operations or management rather than engaging as a separate entity.
- Through debt positions, including in private companies, real estate and infrastructure, we leverage the agreement on ESG requirements being incorporated into loan documentation as an opportunity to steer engagement (see Principle 12).
- The nature of dialogue can be more focused at the due diligence phase and may involve interacting with other stakeholders such as issuers and servicers of securitized credit, as well as sponsors and consultants for private companies, real estate and infrastructure.

As indicated in Principle 7, the prioritization of ESG issues is identified bottom-up through our investment analyst's fundamental process. This typically acts as the source of prioritization of engagement topics. The initiation of engagements is typically prioritized by the materiality of the issue on financial performance or creditworthiness of an investment. It may also be influenced by the likelihood of success and the relative size of the investment, among other matters. The nature of engagement objectives often seeks improved disclosure to further strengthen our ESG analysis, although analysts may also seek to change behavior where this is seen to materially address risk. Engagement objectives may vary depending on the sector, location and size of an issuer. For example, we have found that when engaging with smaller companies, we may focus on prioritizing the disclosure of key environmental metrics that are currently unavailable and partnering with these issuers in understanding the resources required to help support them in providing this information. Conversely, ongoing engagements with larger companies may focus more on how activities and operations will be planned to fulfil targets disclosed.

ACTIVITY

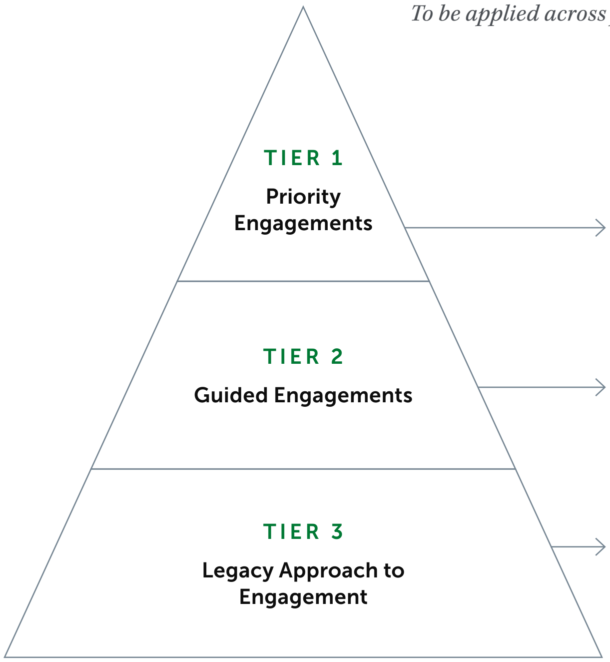
To further explain our engagement approach across investment teams and geographies in 2024, a variety of case studies have been provided, as well as in Principles 10 and 11. (See Metrics & Targets section for engagement activity statistics.)

ENGAGEMENT PRIORITIZATION FRAMEWORK

The legacy approach to identifying and prioritizing engagements with issuers is carried out by investment analysts through a bottom-up approach, prioritizing the materiality of an issue on financial performance or creditworthiness of an investment. The Sustainability & ESG team provides investment analysts support where necessary on engagements with issuers. In Q4 2024, the Sustainability & ESG team, initially together with representatives from the Global High Yield investment team began developing a top-down engagement prioritization framework, to help facilitate engagement activity related to key issuers and/or systemic risks. This has initially involved the consideration of the highest emitters within the portfolio, as well as issuers representing the largest weighting within public fixed income portfolios on material ESG risks relevant to their sector. We will continue engaging with relevant issuers identified from Q1 2025 as deemed appropriate by investment analysts.

ENGAGEMENT PRIORITIZATION FRAMEWORK

To be applied across priority ESG topics identified by clients



Tier	Support from the Stewardship Team	Examples
One	Co-lead of engagement activity	• Engagement investigating fatalities of employees • Lead investor involvement in collaborative engagement initiative • Escalated engagement with poor chance of success
Two	Guidance provided on questions to ask/triggers for engagement/templates to use	• Engagement with protein producer in South America • Seeking ESG disclosure in private markets • Poor / deteriorating ESG score of investment
Three	Support on demand	• Engagement on board diversity • Engagement on whistle blowing policy

An example of an engagement prioritized through this framework is provided below.

U.S. HIGH YIELD—INCREASE SUSTAINABILITY DISCLOSURE

WHY WE ENGAGED

The U.S. High Yield team, together with the stewardship team identified that a publicly listed American energy company, representing one of the highest emitters within U.S. High Hield, had limited publicly available disclosure related to their approach to ESG.

OUR ENGAGEMENT

Barings engaged with investor relations to discuss the scope of their ESG disclosure, related to carbon emissions data and their plans to expand on this in future company reporting. As the company did not respond to our initial request, we sent a follow up email reiterating our request for increased company disclosure on sustainability practices.

OUTCOME

Although the company has yet to respond to our engagement, upon review of the company disclosure, there has been an increase in the amount of sustainability disclosure on their website including some high-level ESG targets. We expect that the company will expand its ESG disclosure in its 2024 reporting; however, if we view that company progress on additional disclosures is insufficient, we will seek to engage again for further transparency.

APPLYING AN ENGAGEMENT LENS TO SECURITIZED CREDIT—AUSTRALIA

Over the last year, our securitized credit team reviewed and updated an originator ESG assessment. Now in the final stages of the project following a comprehensive update to the proprietary ESG questionnaire and scoring system, the team distributed the questionnaire to 47 securitization issuers in Australia, including those we invest with and others, and received 34 responses.

The team is finalizing individualized feedback reports for all respondents, which will be sent out in early 2025. These reports provide industry benchmarking insights and tailored recommendations for improvement. In addition, the investment team will be hosting engagement meetings with select originators to discuss key findings and areas for progress.

REAL ESTATE DEBT—ENHANCING ESG CREDENTIALS AT A RETAIL AND LEISURE PARK, U.K.

As mentioned in the Barings 2023 U.K. Stewardship Report, Barings structured an ESG-linked loan for a U.K. based retail and leisure park, allowing for the loan margin to be reduced if established ESG targets are met. Since then, the borrower has met all the set targets qualifying for margin reduction and has been expanding the scope of its ESG initiatives to focus on social value. Ongoing engagement with the borrower demonstrates the value of offering ESG-linked loans to deliver meaningful outcomes and serves as an example of taking a considerate approach to lending.

Agreed facility agreement targets focused on improving coverage and level of the property's Energy Performance Certification ("EPC"), maintaining an 'Excellent' Building Research Establishment Environmental Assessment Methodology ('BREEAM') rating and delivering ESG CapEx. Notably, within the first three years of the financing, the borrower needed to ensure that at least 75% of the borrowers assets achieve an EPC rating profile of C (or better).

Barings has continued to monitor the borrower's performance against the established ESG targets on an ongoing basis. As of Q4 2024 the borrower has provided evidence of achieving its ESG targets, confirming that 92% of units have achieved an EPC rating of C or above and that agreed sustainability-related CapEx has been implemented on KPIs that included installing LED lighting, 24 electric vehicle ('EV') charging stations, a photovoltaic ('PV') system expected to produce 240,000 kWh of power and roof replacement work to improve energy efficiency. In addition, asset BREEAM certification has been renewed, achieving an Excellent rating for Building Management. Following satisfaction of the agreed targets, the loan margin stepdown occurred in Q1 2025.

INVESTMENT GRADE—GOVERNANCE: CORPORATE STRATEGY

WHY WE ENGAGED

In October 2024, members of Barings Investment Grade investment team engaged with senior management of an American electric utility company to discuss its corporate strategy and ESG initiatives.

OUR ENGAGEMENT

The company highlighted its commitment to credit quality and provided updates on its corporate and financial strategy, new CEO announcement, expense management and commercial electric load opportunities given dramatic data center growth in its territory. The company also highlighted the potential for the retirement of several coal-fired plants, helping it meet its long-term net-zero carbon goal.

OUTCOME

We believe the company will ultimately improve its credit and regulatory reputation going forward given its new leadership, improved strategic direction and senior management focus on improving stakeholder relations and rate case outcomes.

EQUITIES—ENGAGING ON WORKFORCE STANDARDS

WHY WE ENGAGED

We engaged with a meat processing company in the US, to better understand its labor recruiting and supplier procurement policies following a recent investigation into its practices. Our aim was to encourage the company to disclose any changes in labor hiring or supplier procedures as a result of the recent investigation.

OUR ENGAGEMENT

We spoke with the company's investor relations to discuss and explain our interest on this topic. The company commented that it had been co-operating with the Indiana Attorney General, as part of a broader investigation into illegal immigration, with a focus on one of its facilities. As an industry, meat processing remains labor intensive and recruitment procedures are very important to ensure that the work force is compliant.

OUTCOME

In response to our engagement the company stated that everyone at the Logansport facility is legally authorized to work in the US, with the vast majority of its team members American citizens or permanent residents. However, in our engagement, the company did state that it was looking into more of the outsourced contractor labour as a result of the investigation but it could not comment any further on the issue whilst it works with the Department of Labor. We have requested that the that the company disclose any changes if any to its supplier or labor hiring practices resulting from the investigation.

GLOBAL PRIVATE FINANCE QUESTIONNIARE ROLL OUT

As outlined in the Barings' 2023 U.K. Stewardship Code Report, the Sustainability & ESG team and European Private Finance team worked together to develop an ESG questionnaire based on industry standards with the aim to issue it to all European Private Credit borrowers. Data points in the questionnaire include greenhouse gas emissions, energy consumption, workforce safety and governance metrics. The questionnaire will be sent annually to all existing portfolio companies and to new borrowers upon deal closing. When a borrower agrees to a Sustainability-Linked Loan or ESG-linked margin ratchet, establishes the Sustainability Performance Targets and corresponding KPIs and completes the initial ESG questionnaire, the borrower may be eligible for a small discount on the margin, with a commitment to complete the questionnaire annually to retain that discount. Disclosure of response from the ESG questionnaire is outlined in our metrics and targets.

Please see Metrics and Targets for a summary of our firm level and Global Private Finance engagement activity in 2024.

REFLECTING ON PROGRESS

The newly established engagement prioritization framework has primarily focussed on engagement activity in our Global High Yield team. Throughout 2025, however, the focus will be expanded to other asset classes where appropriate. We believe that this framework, alongside the use of scenario analysis described in Principle 7, can enhance our ability to assess and engage on financially-material systemic risks applicable to our issuers. While initial topics have primarily focused on climate change, as described in our meat processing case study above and our collaborative engagement activity described in Principle 10, we will also consider risks related to topics such as human rights and biodiversity. In our report for calendar year 2022, we described the development of engagement guides that remain available to our investment teams. Also as described in Principle 8, we are considering how technology may be able to support the effectiveness of our engagement prioritization going forward.

In 2024, we moved our engagement recording to a new enhanced proprietary platform that aims to give our clients more granular engagement data at the portfolio level, to demonstrate the activities undertaken as well as associated progress and outcomes. (This engagement data can be found in the Metrics and Targets section of this report.) The platform also assists in populating the risk appetite dashboard, which is reported to the Organizational Risk Committee as highlighted in Principle 5. The Sustainability & ESG team provided a range of training to support the use of the new platform across regions. For example, the North America Private Finance team received training in Q4 2024 (Principle 2) and we will look to support the team in the rollout and recording of GPF questionnaires sent to borrowers in 2025, where feasible.

PRINCIPLE 10

Participating in Collaborative Engagement

CONTEXT

We continue to recognize that participating in collaborative engagement can help to consolidate engagement efforts and streamline investor-issuer dialogue. However, we recognize the importance of this activity being appropriate and that those involved should ensure that their contributions are active and meaningful. We believe collaborative initiatives should be focused on financially-material ESG topics and constructive insofar as those initiatives relate to supporting companies in better disclosure or outcomes related to these material topics. We will only participate in collaborative engagements that remain aligned with this philosophy.

In 2024, we remained an active participant in the following collaborative engagement initiatives:

Initiative	Role(s)	Company sectors
FAIRR	Collaborating Investor	Agriculture
Emerging Markets Investors Alliance (EMIA)	Lead and Collaborating Investor	Financial Agriculture & Consumer Telecommunications

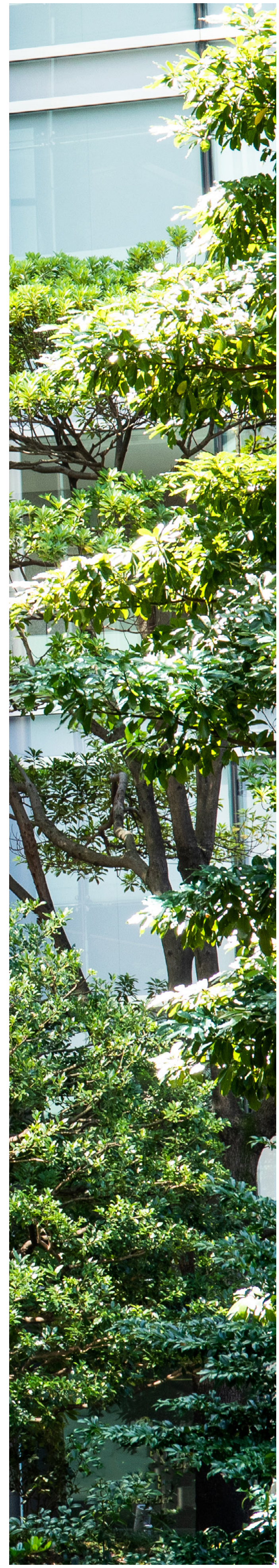
ACTIVITY

Updates on our involvement in collaborative engagements have been provided below.

ENGAGING THE BANKING SECTOR ON CLIMATE DISCLOSURE UNDER EMIA, EMERGING MARKETS CORPORATE DEBT

In 2024, the group engaged with three financial institutions. In our engagement with issuers, the focus remained on seeing improved disclosure around Scope 3-financed GHG emissions measuring and reporting, appropriate net-zero targets and third-party validation, deforestation policies, and sustainable initiatives reporting.

The collaborative engagement group facilitated six webinars for members: one about financed methane emissions, one on India's evolving climate regulation, with Transition Pathway Initiative Center's Net Zero Banking Assessment Framework, with PCAF on an update on Opportunities and Challenges in Emerging Markets, with Columbia Center on Sustainable Investment and with SBTi to get an update on its methodologies.



ENGAGING ON BIODIVERSITY RISK, FAIRR AND EMIA

Under FAIRR, we continued to engage with a food processing company on the topic of managing biodiversity risk from waste and water pollution. We will continue to engage on this topic under Phase 2 and 3 of the initiative in 2025.

We have also continued our collaborative efforts with EMIA to engage grain and protein companies that are linked to deforestation in the Amazon, Cerrado and Chaco biomes. Early in 2025, we re-engaged a number of companies, using WWF's DCF implementation toolkit template designed for tracking progress. Engagement topics have included: setting deforestation and conversion targets, ensuring traceability of suppliers and evaluating the adequacy of monitoring systems.

The engagement group has observed that some of the engaged companies are more advanced in meeting targets aligned with the Accountability Framework Initiative (AFi), which provides clear guidance for ethical supply chains, while others are lagging behind in achieving these standards.

Our analysis of their assessment reports aims to guide discussions toward achieving deforestation-free supply chains.

CLIMATE ACTION 100+—DEPARTURE

Following engagement with the initiative throughout the year, Barings ended its membership in Climate Action 100+ in October 2024. In light of ongoing scrutiny and potential misconceptions around Climate Action 100+, we have deemed it in the best interest of our clients to pursue engaging with issuers independently, ensuring our stewardship resourcing is spent driving material improvements.

CONTINUED ENGAGEMENT WITH THE MINING COMPANY

Post departure from Climate Action 100+, representatives from Barings' Public Equities and Sustainability & ESG teams reached out to the mining company to discuss our departure from the initiative. The teams also wanted to continue the conversation on ongoing progress related to the implementation of Scope 1 and Scope 2 carbon reduction, progress the company is making with industry bodies (ICMM) and clients on measurement and target setting around Scope 3 emissions and progress on projects related to considering a Just Transition. This dialogue remains in progress, with a follow-up meeting scheduled for Q1 2025.

EMIA COLLABORATIVE ENGAGEMENT: TELECOMMUNICATIONS COMPANY—CLIMATE

SUMMARY

In 2024, Barings joined an engagement with a telecommunications company as a member of the Emerging Markets Investors Alliance (EMIA). The engagement focused on the company's climate practices, specifically their pathway to net zero and their renewable energy program.

ACTIVITY

Thus far, the company has reduced total emissions by 51% since 2015 and is targeting net zero emissions globally by 2040, including in their value chain. Targeting 90% reduction in Scope 1 and Scope 2 emissions in key markets by 2025 and a similar reduction in those emissions globally by 2030. They intend to achieve these ambitious targets through operational efficiencies such as network transformation, moving from copper in 2G, 3G and 4G networks to all-IP fiber and 5G networks. Renewable energy plays a large role in the company's emission reduction program. They have already achieved 100% renewable energy in five primary markets and in the remaining countries that currently lack the infrastructure to support renewable energy, the company is prioritizing lobbying as a means to improve renewable energy infrastructure. The remaining 10% of emissions will likely be utilized by carbon offsets and where possible offsetting programs in local regions to support local communities.

The company has about 9,000 suppliers, all of which must agree to the company's sustainability conditions, which focus heavily on the environment, human rights and corruption, as well as other areas of ESG. Approximately 200 suppliers are responsible for about 90% of the company's supplier emissions. The company categorizes suppliers on their climate maturity on an internal scale and suppliers are then invited to attend webinars to provide support to their decarbonization efforts. The company reported that in 2021, 90% of supply chain emissions came from 73 strategic suppliers. Of those, 53 did not have decarbonization targets verified by SBTi. After three years of engagement with suppliers, positive results have been achieved. By 2024, the number of suppliers not having targets verified by SBTi had been reduced to 33.

OUTCOME

Ongoing engagement activity is expected. The company now has stronger climate practices in place and follow-up engagements will focus on its progress to meet its renewable energy program.

REFLECTING ON PROGRESS

We believe that well-considered structured engagement activity can help to address financially-material risks posed by systemic topics such as climate change and human rights. In response to this we have developed an engagement prioritization framework, as outlined in Principle 9.

We continue to evaluate our current and future opportunities to pursue collaborative engagements that remain aligned with our strategic objectives of delivering competitive risk-adjusted returns and alignment with our clients' preferences.

PRINCIPLE 11

Escalating Our Stewardship Activities Where Necessary

CONTEXT

In the pursuit of engagement objectives, our objective is delivering risk-adjusted returns to our clients through establishing ongoing informative and open dialogue with issuers. We recognize the value in partnering with the entities in which we invest to work toward common goals. However, we also recognize that, depending on the asset class and the nature of our investments, stewardship tools are available for us to escalate engagements where objectives are not being met.

Across our Public Equities and Public Fixed Income platforms, escalation can occur when the analyst who launched an engagement deems the issuer to be making insufficient progress toward the initial objective. Within our proprietary ESG scoring and engagement tool, this can be based on the analyst's assessment of the likelihood of success in relation to the target end date of the engagement and the nature of the last interaction recorded. Engagement initiation and subsequent escalation can also occur from ongoing monitoring of and dialogue with, issuers for any unexpected events and/or controversies. Given our bottom-up approach to the selection of engagements and their topics, the consideration of where to escalate is typically prioritized by the analyst's perception of material risk to the investment and the timescale in which action should take place to address this risk. The process of escalation further depends on local market practice and regulatory options.

Part of the escalation process will usually 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. Escalation is typically led by the analyst with oversight from the relevant investment team head and may involve the Investment Committee, for applicable teams, dependent on the options being considered.

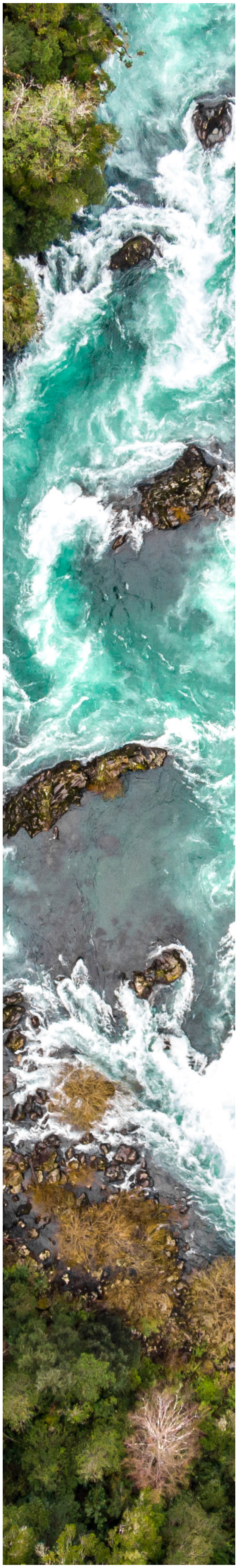
Possible forms of escalation include:

- Flagging the issue to the Sustainability & ESG team, which may join engagement efforts or consider broader escalation options available;
- Reviewing the thesis with portfolio management and potentially adjusting a portfolio weighting;
- Voting against management or the board on material issues (see The Boeing Corporation voting example in Principle 12);
- Pursuing collaborative engagement;
- Removing the issuer from the approved buy list; and
- Reducing our financial position or divestment.

CONSIDERATIONS ACROSS ASSET CLASSES

Individual approaches to escalation have been captured where appropriate in our investment teams' ESG integration and stewardship policies, based on the following considerations:

- As debt investors, we can be limited in our ability to raise ESG issues through proxy voting by our lack of ownership; however, we typically gain access to issuers' boards to communicate our concerns where engagement is not on track.
- Where ESG clauses have been incorporated into contractual information with an issuer, a breach of the agreement may be considered where these commitments were not met. In such instances, a review meeting may be scheduled. If this meeting is not satisfactory, the terms of the agreement may be subject to subsequent review.
- We also look to collaborate across fixed income and equity teams to identify where investment activity can be leveraged, including pursuing collaborative engagement opportunities where appropriate.
- For our illiquid investments, the due diligence stage plays a crucial role in identifying and escalating any ESG related concerns before proceeding.



- In private finance, our director positioning or relationship with private equity sponsors can be leveraged to pursue the progression of engagement objectives. The implementation of ESG ratchets against sustainability targets can be an incentive to maintain performance. At this stage, we have generally experienced more constructive dialogue from positively incentivized KPIs rather than the use of penalties; however, we continue to review our position and may consider increased use if deemed appropriate within the market.
- Escalation with sovereign entities can be hindered by an investor's position as a stakeholder versus a country's population; however, we believe that ongoing engagement is key to communicating and pursuing engagement objectives.

PERSPECTIVE FROM OUR CLIENTS

The Sustainability & ESG team, together with relevant investment teams have continued to discuss our escalation approach with clients, emphasizing that any escalation actions considered will be driven by addressing credit risk or financial performance of an investment. We have found that the clients with whom we have spoken are supportive of this approach.

Our clients' financial objectives will remain our priority and we will divest, if needed and deemed appropriate, at a time when the financial impact of doing so is not detrimental to our clients' objectives.

SEEKING DATA TRANSPARENCY IN PERU— EMERGING MARKETS SOVEREIGN DEBT

Barings' Head of Global Sovereign Debt and Currencies discovered inadequate data on external debt statistics on the Central Reserve Bank of Peru's website. After attempted queries with poor responses, he reached out to the Chief Economist at the nation's central bank. This engagement, by email, entailed a description of expectations of statistics from an otherwise quite transparent government institution that has been a leader in investor relations and accountability in the past. He explained that lack of updated data will weigh on investor sentiment and does not reflect well on the statistics department or the CRBP. He also offered his services to the statistics department in the sense of providing feedback or expectations in the future. This type of interaction is one that benefits from our team's expert eye on economic data availability and relationships with different partners within government institutions where we invest. We have not yet received a response and will continue to escalate the engagement as we see fit.

PERSPECTIVE FROM EUROPEAN HIGH YIELD: REDUCING FINANCIAL EXPOSURE—EUROPEAN MEDICAL DIAGNOSTICS PROVIDER

Barings was invested in one of Europe's leading laboratory diagnostic providers. The issuer was scored strongly for Social under Barings' ESG scoring methodology given its key position in the healthcare sector and strong social profile. The company recently suffered a cyberattack at one of its European subsidiaries that resulted in delayed testing and retesting requirements for patients. Barings undertook an engagement with senior management at the company to better understand actions being taken to improve cybersecurity and to prevent a recurrence. This was viewed as partially successful given senior management's disclosed improvement plans.

Subsequently, the company suffered another cyber-attack elsewhere that resulted in postponement of patient procedures due to testing delays. Barings took the view that there was elevated social and credit risk from continued security issues. Barings reduced exposure to the issuer until comfort on implementation of improved controls is gained via further engagement with the company.

PUBLIC EQUITIES TEAM ESCALATING TO THE SUSTAINABILITY & ESG TEAM

As part of the rollout of our engagement prioritization framework (Principle 9), investment teams have been reminded about the process for escalation, where any concerns on the theme or the progress of an engagement can signal significant involvement in the execution of an engagement.

The Public Equities team collaborated with the Sustainability & ESG team to engage with a global mining company to ensure effective oversight of human rights risks related to the resettlement of the local population. The global mining company co-owns a mine in Kibali in the north of Congo, which is jointly owned by another mining company with 10% owned by the Congo state. In 2010, as part of this development, an exclusion zone was agreed upon that ultimately prompted the resettlement of some of the local community. During the mine's construction in 2012-2015, residents were resettled and compensated accordingly. Despite these efforts by the company to relocate the residents, unauthorised settlements began to re-appear. Evidence shows that interventions were made by one of the co-owners to secure more time and resources for resettlement. However, in September 2021 the government enforced the interventions and took action against illegal mining at the site. This ultimately led to unrest at Durba, a town 30 kilometers away and in October 2022 a protest escalated in which a police station was attacked and a policeman and three other members of the local community lost their lives.

We outlined our expectations to the company that they have sufficient oversight of how their co-owner is developing and implementing an action plan based on recommendations identified, including from the OECD. An update is expected to be provided at the next joint venture board meeting in Q1 2025. The company added that there is ongoing relocation of approximately 500 households, although they stated there was no set deadline for completion. We intend to follow up with the company on progress of relocation and to understand whether any risks related to unrest are being managed.

A SOVEREIGN-OWNED TRANSMISSION LINE ENTITY BASED IN PANAMA

Among quasi-sovereign entities, disclosure tends to be weak. Reporting at a government-owned Panamanian distributor of electrical power, has long been suboptimal and it deteriorated further after Panama elected a new president in 2024, which resulted in several changes to the company's executive suite. Since then, the company not only has been delayed by more than 30 days in its reporting of financial statements, as required by covenants in a bond indenture, but it also delayed paying an international bond coupon, which is a serious breach (although remedied during the grace period). Both events show a lack of coordination at the company.

The team has engaged multiple times via phone and email with the company regarding these lapses, emphasising the importance of complying with covenants and maintaining an open dialogue with the investor community. Engagement dialogue has also involved in-person visits to the company's Panama City offices as part of conveying this message.

During the latest interaction with the company, which occurred not long after it delayed publication of its 3Q24 financial statement, the team communicated that in case reporting did not improve, Barings would need to consider selling its bonds. The investment team continues to monitor the situation.

REFLECTING ON OUR PROGRESS

While our escalation approaches typically have reflected a public fixed income or public equities perspective, we recognize that private equity sponsors and insights from clients can help advance engagement objectives in both private markets and real estate. Our escalation approaches are driven and prioritized by financial materiality with a focus on tracking and recording engagement progress, especially when goals are off track. Effective engagement recording and maintaining ongoing dialogue with borrowers on ESG data collection and KPI achievement are key to ensuring engagement objectives are met.

Exercising Our Rights & Responsibilities

We understand that exercising our rights and responsibilities is an integral part of our investment management responsibilities to pursue competitive risk-adjusted returns. As an investment manager whose assets are largely fixed income or private markets in nature, exercising those rights and responsibilities often takes places without voting rights. We recognize this situation as an opportunity to further integrate ESG considerations across public and private asset classes, in pursuit of risk-adjusted returns for our clients.

PRINCIPLE 12

Exercising Our Rights & Responsibilities

CONTEXT

As an investment manager with most assets in fixed income and/or private markets, exercising our rights and responsibilities often takes place without voting rights.

PROXY VOTING

For our investments in equities and where voting rights are available, our process remains as follows:

Our approach to proxy voting is defined in the Barings' Global Proxy Voting Policy. An annual check is carried out on all equity positions to be captured within our proxy voting activity. This policy applies to all our applicable funds and, as such, we have no fund-specific voting policies. However, there are instances where we can apply client policies to segregated mandates instead of our own policy.

We generally vote all client proxies for which we have proxy voting discretion in accordance with the recommendations or guidelines (in absence of a recommendation) of our third-party proxy voting research provider, integrating ESG research. In circumstances where the research provider has not provided a recommendation nor has contemplated an issue within its guidelines, the proxy will be analyzed on a case-by-case basis. To monitor shares and voting rights, Barings employs a third party responsible for receiving ballots from our custodians and notifying us of any meetings. Barings also reconciles these ballots with our holding positions, which are also sent to our provider. In addition, we conduct service reviews with our proxy service provider (see Principle 8).

There may be times when it is in the best interests of clients to vote proxies against the research provider's recommendations or, in instances where the research provider has not given a recommendation, to vote against the guidelines. Barings can vote, in whole or in part, against the research provider's recommendations or guidelines as it deems appropriate. Examples of our consideration of voting recommendations have been provided below.

While clients are not currently able to directly vote in pooled accounts, clients can elect to do their own voting and/or override Barings' views on specific votes for segregated accounts.

Procedures are designed to ensure that votes against the research provider's recommendations or guidelines are made in the best interests of clients and are not the result of any material conflict of interest. There may also be situations in which Barings will not vote proxies, including, but not limited to, instances where we have outstanding sell orders, where we no longer hold shares at the time of the meeting, or where the cost of voting foreign shares outweighs the potential benefits to the client. It should be noted that none of Barings' investment companies undertake stock lending.

ACTIVITY

PUBLIC EQUITIES—ENGAGEMENT AHEAD OF VOTING ON A GLOBAL SPORTING GOODS COMPANY'S DONATION OF SHARE TO FOUNDATION

In July 2024, a global sportwear company Asics announced its intention to create a foundation that would provide grants to organizations offering support through exercise and sports to young people, individuals with disabilities, women and others facing social or economic hardships. Barings met with the CEO at our offices in September and discussed the foundation and the company's intention to approve a donation of treasury shares to the foundation at the 2025 proxy vote.

Following conversations with management regarding the upcoming proxy vote, Barings is supportive of the proposal as a result of the current financial performance of the company, the positive impact the development could have on brand value, as well as the minimal risk the treasury shares would pose as a potential takeover defence. Subsequently, the company sent Barings additional details on the proxy vote, which were discussed with all holders of the shares.

PRIVATE PLACEMENTS—ESG-LINKED LOAN AGREEMENT FOR EUROPEAN FOOD COOPERATIVE

For the ESG integration case study provided in Principle 7, the proposed Notes of the deal will feature a KPI-linked coupon that penalizes the group if they do not reduce Scope 1 and 2 emissions by certain levels throughout the life of the Notes, generate sufficient revenue growth from health and green alternative products year over year, or receive certain external ESG recognition from EcoVadis, a business sustainability ratings provider.

GLOBAL PRIVATE FINANCE—ESTABLISHING MEANGINFUL KPIS FOR A SUSTAINABILITY-LINKED LOAN, FRANCE

The portfolio company is a French healthcare technology payments provider whose end-to-end platform connects various healthcare stakeholders' systems for automated reimbursement of claims on supplementary health insurance contracts. Its clients are approximately 100 insurers, who cover approximately 1.5 million individuals through roughly 300,000 healthcare professionals. The company processes 85 million claims annually, highlighting its critical position in the French healthcare market.

Barings' initial loan transaction closed in October 2022 and the documentation included an ESG margin ratchet mechanism contemplating to agreement on a set of ESG KPIs within six months from closing. The company had no prior experience formalizing its ESG approach and initial proposals received from the management team regarding ESG issues the company wanted to address were not in line with our expectations.

We re-approached the company on ESG in 2023 offering to amend the loan documentation so that it aligned with our newly established Barings sustainability-linked loan guidance. This included a time extension for negotiation and an incentive to agree to appropriate KPIs in the form of a reduction of five basis points (bps) in its loan rate once the new loan documentation was approved. The company engaged a third-party expert in 2024 to assist them in defining appropriate ESG KPIs and to formalize their ESG approach. The consultant prepared an assessment which contributed to finding agreement on three meaningful, quantifiable and ambitious ESG targets relative to a benchmark. These included carbon emission reduction targets (Scope 1-3), anti-discrimination practices and cybersecurity risk management. The agreed-upon margin ratchet reduction specifies there will be a reduction of five bps if one-third of the KPIs are met, 10 bps if two-thirds are met and 15 bps if all are met.

2024 is set to be the first evaluation year and a third-party consultant will be responsible for calculating and certifying such ESG targets annually.

INFRASTRUCTURE—POWER GENERATION, CONTOUR GLOBAL, ESG LINKED FINANCING

In Q4 2023, the team provided a loan facility to a major power generation project. The company owns and operates a diversified mix of 138 power generating assets across 20 countries with 6.3 gigawatts of nameplate capacity. The portfolio consists of operational wind, solar, hydropower and conventional generation assets which utilize proven technology and have a consistent history of strong availability in excess of 90%. Since investment underwriting in 2023, the company has acquired an additional solar photovoltaic (PV) and battery storage asset in northern Chile and as of June 2024, the company had a strong development pipeline of over 2GW of renewable energy capacity across the world. This demonstrates the company's commitment to expanding its renewable energy capabilities and will further support its target of reducing scope 1 CO_2 emissions intensity by 40% by 2030. As part of the lending agreement in place, ESG KPI targets have been established relating to reducing carbon intensity and have been set at 0.32tCo2/MWh for FY25, falling to 0.10tCO2/MWh in 2028 and 0.08tCO2/MWh thereafter. Achievement of +20%/-20% relative to these targets will result in a margin discount/premium of 20 basis points on an annual basis, commencing in 2026. The team plans to liaise with the Company going forward to monitor progress.

PERSPECTIVE FROM REAL ESTATE EQUITY—GREEN LEASE LANGUAGE

Over the course of 2024, Real Estate ESG representatives, including from the U.S. and Australia, as well as Asset Management leadership and Legal Counsel partnered to develop and update the Green Lease language within lease agreements in light of the onset of building performance standards and new carbon regulations.

Since the last review, Barings has seen a significant increase in reporting requests and the team wished to work with tenants to provide best-in-class recommendations to help them achieve better building performance.

New or updated language on a variety of topics included:

- Upfront agreement to collaborate and work together towards optimizing building performance and resilience.
- Over roof control of renewable energy and power purchase whereby we would sell renewable energy, when possible, at or below market rate.
- Recommendations for the tenant to lower operational costs through plug load management.
- Reporting and disclosure laws and splitting of costs.
- Language designed to manage Scope 1 emissions.
- Guidance around how to save water.
- Energy modeling and simulations data sharing.
- Requesting that EnergyStar appliances be installed whenever possible.
- Setting a goal for responsible construction waste management.
- Guidance around using green cleaning.

The updated Green Lease language was launched in January 2025.

VOTING ACTIVITY

Examples of our voting decision over the past 12 months are provided below, including those related to climate change. **Please see Metrics & Targets for our voting activity.**

Meeting Date	Company Name	Proposal	Mgmnt Rec	Provider Rec	Vote	Outcome	Barings Rationale
28 February 2024	Apple Inc .	7. Report on Use of Artificial Intelligence	Against	For	For	Rejected—62.5% Against	A vote FOR this proposal is warranted. The company's lack of disclosure regarding AI limits shareholders' ability to evaluate the risks associated with the use of AI or the actions the company is potentially taking to mitigate those risks. Improved transparency and the disclosure of an ethical guideline may alleviate shareholder concerns.
24 April 2024	Bank of America Corporation	7. Report on Clean Energy Supply Financing Ratio	Against	For	For	Rejected—74.02% Against	A vote FOR this resolution is warranted. Measuring and disclosing this statistic will give shareholders increased information on how the bank is progressing on its goal to align its financing activities with a net zero by 2050 pathway.
22 May 2024	Amazon.com In	11. Report on Efforts to Reduce Plastic Use	Against	For	For	Rejected—71.35% Against	A vote FOR this proposal is warranted, as shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste.
5 June 2025	Walmart Inc	6. Publish Human Rights Risk Assessment on the Impacts of Walmart's Supply Chain	Against	For	For	Rejected—87.47% Against	A vote FOR this proposal is warranted. The company has not committed to make public the results of its human rights impact assessment and greater disclosure would allow shareholders to better evaluate the company's human rights efforts and this proposal is not considered to be particularly burdensome.
10 December 2024	Microsoft Corporation	17. Report on Risks of Operating in Countries with Significant Human Rights Concerns	Against	For	For	Rejected—68.00%	A vote FOR this proposal is warranted. Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.

REFLECTING ON OUR PROGRESS

Given our relatively small exposure to Public Equities, we recognize that as a firm, we typically exercise our rights and responsibilities through mechanisms other than voting, although there are examples where we gain voting rights through other asset classes.

As a lender, we recognize the value that ESG-linked agreements can have in incentivizing borrowers to improve on material disclosure and behavior change; however, we expect the selection of these should be meaningful to encourage improvements to address financially-material risks.

Metrics & Targets

This section of our report provides relevant metrics and targets related to our ESG integration, carbon analytics, engagement and voting, as well as our efforts under Corporate Citizenship related to reducing our operational emissions, charitable donations and volunteering.

PRINCIPLE 7

ESG Integration

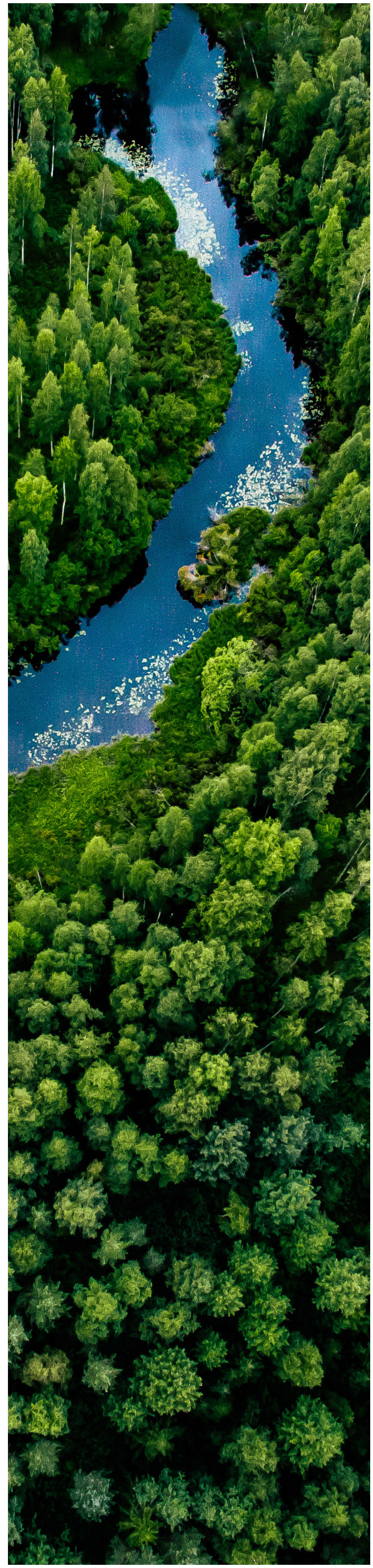
We integrate ESG information, including climate change (among several other material factors) into investment analysis across each asset class, investment strategy, fund and/or portfolio; addressing the ESG factors we have determined are most relevant for each. At present, we have proprietary ESG scores for over 90%[5] of our investable assets. Where material and feasible, Barings' investment teams also incorporate climate-related data into the environmental component of our ESG scores, including the metrics described below.

CLIMATE ANALYTICS

To facilitate climate-related and broader ESG analysis, Barings' PSA ESG team compiles metrics such as Scope 1, 2 and 3 emission data, Weighted Average Carbon Intensity (WACI) and Climate Value at Risk (CVaR) from our primary data provider. The metrics are made available, where data coverage allows, for our Public Equities and Public Corporate Fixed Income platforms. In 2023, through ongoing dialogue with our primary data provider, the PSA ESG team has enhanced our climate analytics for our Public Equities and Public Fixed Income portfolios where data is available. To support portfolio managers' awareness of carbon performance, as well as to supplement client reporting, the following data points have been aggregated comparing the portfolio to the nominated benchmark, including respective data coverage:

- Carbon emissions Scope 1, 2 and 3 (including financed emissions and WACI).
- Implied Temperature Rise (ITR).
- CVaR scenario analysis covering 1.5° C, 2° C and 3° C global temperature rise.
- Projected decarbonization rate for Scope 1 and 2 emissions based on company targets.
- Revenue exposures to carbon intensive or renewable activities.
- Carbon attribution between sector allocation and security selection.
- Carbon contribution by sector.

5. As at December 31, 2024



FINANCED EMISSIONS & SCENARIO ANALYSIS REPORTING

We are currently tracking our financed emissions where reliable data is available. At present, we have metrics available on financed emissions as shown below:[6]

Asset Class	Scope 1 & 2		Scope 3	
	Financed Emissions (Tons CO_2e)	% Coverage	Financed Emissions (Tons CO_2e)[7]	% Coverage
Global Public Equities	538,519.4	97.9%	2,915,452.7	98.0%
Public Corporate Fixed Income	9,438,133.3	82.6%	40,552,422.2	82.6%

With the conversion to Barings new portfolio management platform in 2024, AUM included for carbon emissions calculations has increased from $55.6 billion USD in 2023 to $86.8 billion USD in 2024 since we are able to capture public corporate fixed income assets across all of Barings rather than within investment team only.

CLIMATE SCENARIO ANALYSIS METRICS

At present, Barings primarily utilizes MSCI CVaR for bottom-up climate scenario analysis. Coverage for each asset class is as follows:

GLOBAL PUBLIC EQUITIES

95.9%

PUBLIC CORPORATE FIXED INCOME

75.1%

As discussed in Principle 8, Barings continues to engage with data providers to enhance coverage. In 2024 we have explored data availability for Global Private Finance as well as CLOs and High Yield bonds. We will look to increase reporting of carbon related data for these asset classes where data is deemed reliable and available.

WEIGHTED AVERAGE CARBON INTENSITY (WACI)

Asset Class	Scope 1 & 2		Scope 3	
	Weighted Average Carbon Intensity (tons CO_2e/$M sales)	% Coverage	Weighted Average Carbon Intensity (tons CO_2e/$M sales)	% Coverage
Global Public Equities[8]	112.0	98.3%	640.4	98.5%
Public Corporate Fixed Income	296.4	85.4%	767.1	85.9%

6. As of December 31, 2024
7. Data based on estimates generated by MSCI's Scope 3
8. Public Equities excludes Korean holdings

PRINCIPLE 9

Engagement Activity

Below is a summary of Barings' engagement activity recorded in our proprietary platform at firm level for 2024.

In 2024, Barings undertook 311 engagements with 198 issuers. Of these engagements, 87 were related to environmental topics (of which 47 were related to climate change and energy management), 51 related to social topics and 173 were related to governance.

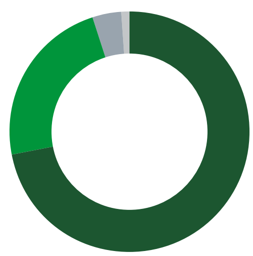
This compares to 539 engagements initiated or updated with 355 issuers in 2023. In 2022, Barings initiated or updated 760 engagements with 477 issuers, compared with 912 engagements initiated with 486 issuers in 2021.

While we note our decrease in engagement activity, we have encouraged investment teams to focus on quality over quantity in their engagement objective setting and to follow up on progress. With the launch of our engagement prioritization framework and enhanced recording platform (Principle 9), as well as increased oversight via our risk appetite dashboard (Principle 4), our Sustainability & ESG team will continue to monitor engagement activity across relevant asset classes.

ENGAGEMENTS INITIATED OR UPDATED: ENGAGEMENT OBJECTIVE

53.38% | Improved Disclosure
35.05% | Changed Behavior
11.58% | Drive Sustainability Outcome

ENGAGEMENTS INITIATED OR UPDATED: STATUS

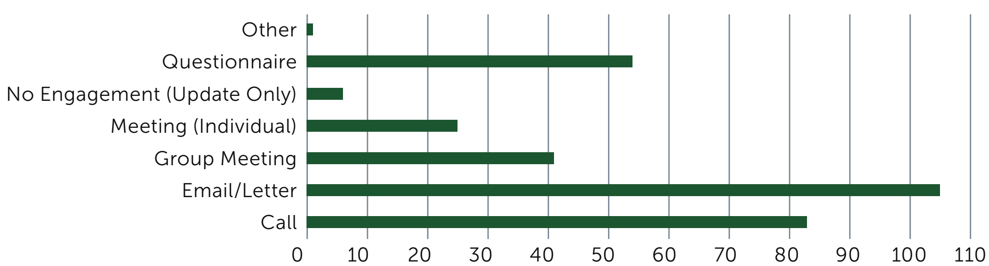


72% | Ongoing
23% | Closed Successful
4% | Closed—Unsuccessful
1% | Discontinued

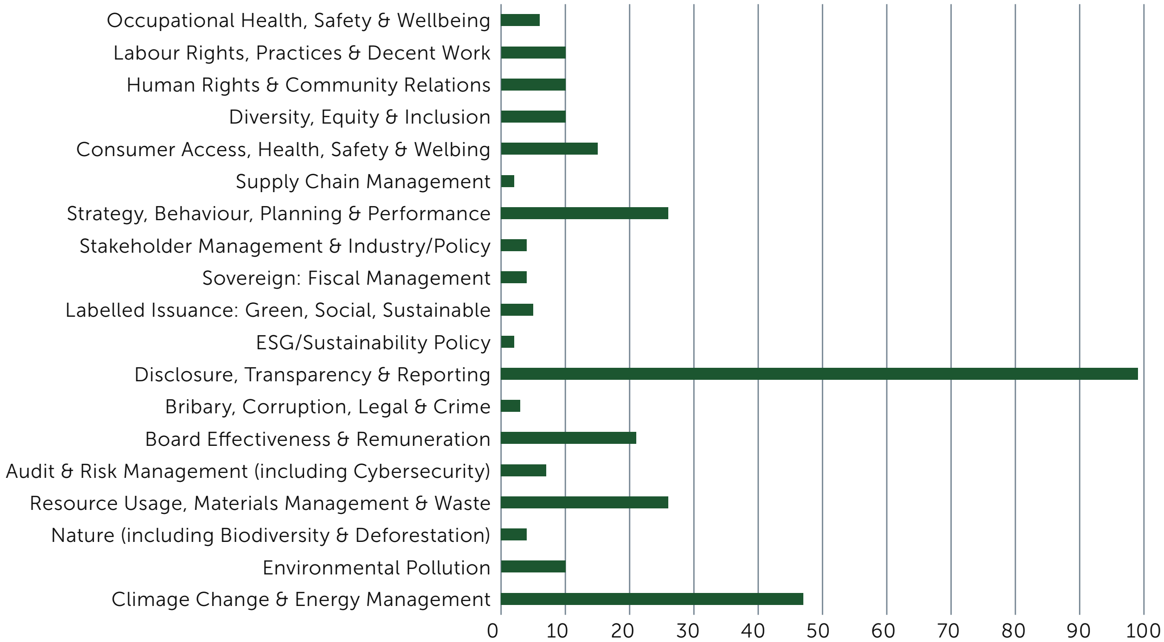
ENGAGEMENTS INITIATED OR UPDATED: CATEGORY

55.63% | Governance
27.97% | Environmental
16.40% | Social

ENGAGEMENT INTERACTION: FORMS OF ENGAGEMENT

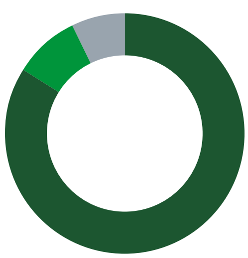


ENGAGEMENTS INITIATED OR UPDATED: TOPIC BREAKDOWN



GPF ENGAGEMENT STATISTICS

GPF ENGAGEMENT TOPICS

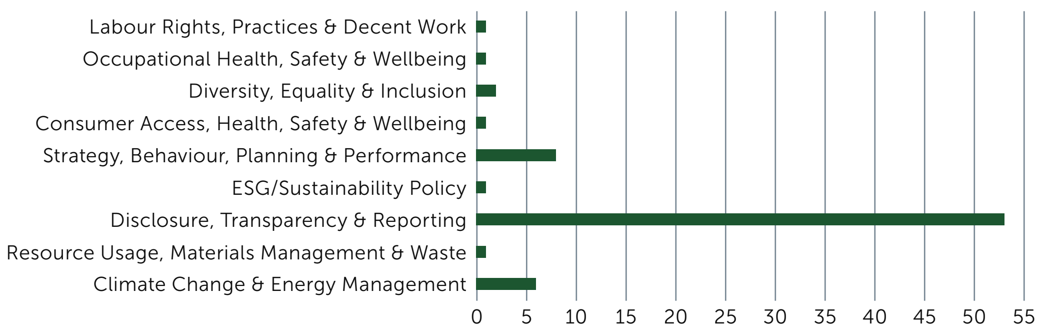


84% | Governance

9% | Environmental

7% | Social

GPF ENGAGEMENT TOPICS



Since closing the first of its kind ESG-linked loan in September 2020, the European Private Credit team have closed 72 deals with a principle to agree the ESG margin ratchet, of which 28 have been activated with KPIs agreed and set (as of 31 December 2024). This is nearly double the 15 ESG-linked loan count from a year earlier at the end of Q4 2023. The continued roll out of our proprietary ESG questionnaire is reflected in increased engagement activity as shown above.

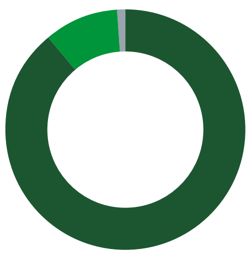
PRINCIPLE 12

Exercising Rights & Responsibilities (Voting Statistics)

VOTING ACTIVITY

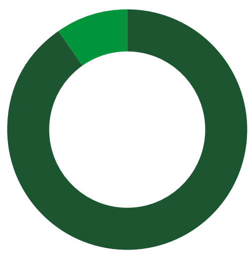
As outlined in Principle 12, Barings understands our rights and responsibilities to be an integral part of our investment management responsibilities. Below is a summary of our proxy activity in 2024.

VOTES CAST



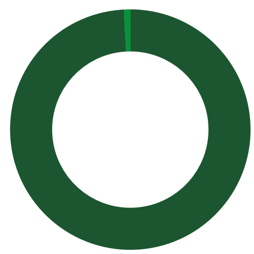
88.42% | For
10.41% | Against
0.96% | Abstain
0.21% | Other

FOR/AGAINST MANAGEMENT RECOMMENDATION



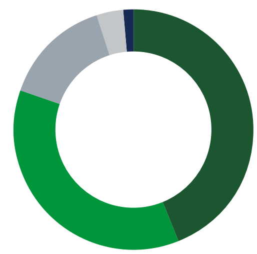
90.47% | For
9.53% | Against

FOR/AGAINST PROVIDER RECOMMENDATION



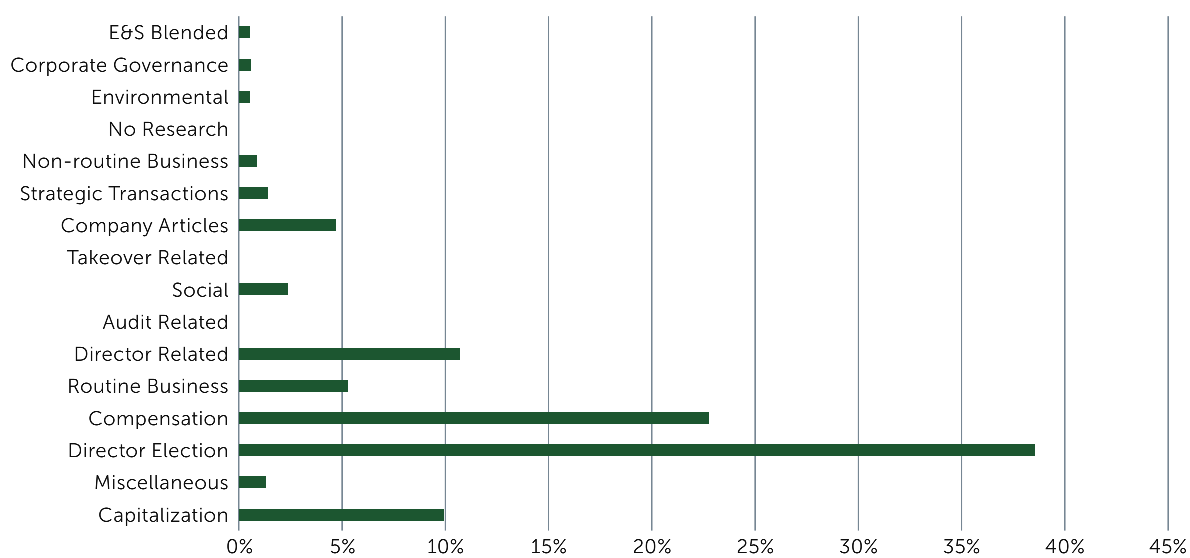
99.44% | For
0.66% | Against

VOTES BY GEOGRAPHIC REGION



43.96% | Asia Pacific
36.51% | Europe
14.58% | North America
3.81% | Middle East & Africa
1.14% | Central & South Americas

VOTES AGAINST MANAGEMENT BY CATEGORY



Our approach to proxy voting is detailed in Pillar 2, the Strategy section of this report. Here we provide metrics for proxy voting related to environmental proposals:

In 2024, Barings voted on 209 environmental proposals. Of these proposals, 88 were voted for (42.11%) and 120 were voted against (57.42%). On 168 proposals we voted with management (80.38%) and on 41 we voted against management (19.62%).

There were 87 climate-related resolutions, with Barings voting in line with management on 62 resolutions (71.26%) and voting against management on 25 resolutions (28.74%).

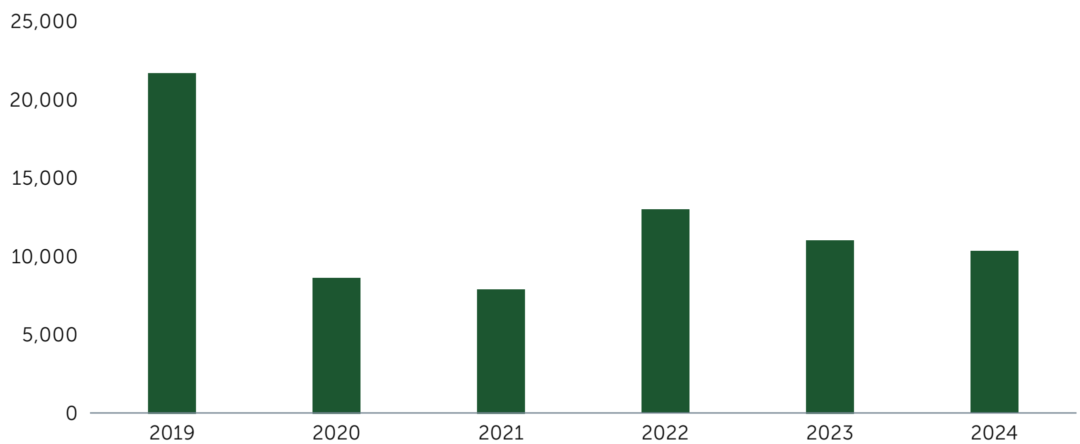
OPERATIONAL NET ZERO TARGET

Barings has committed to achieving net zero GHG in its operations by 2030. To this end, Barings set both short-term and long-term operational GHG emission reduction targets in July 2021.

Progress toward our GHG reduction targets is tracked and communicated through annual public reporting, informed by global reporting standards in coordination with our parent company MassMutual. MassMutual has its own 2030 and 2050 net zero commitments covering its operations and general investment account, respectively. Barings is actively supporting MassMutual in working toward its climate commitments.

Since 2019, we have engaged a third-party carbon services company to collect data and calculate our operational carbon footprint, in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. In 2024, Barings' business operations generated a total of 10,355 tons CO2e, a reduction of 681 tons CO2e compared to 2023 and 52% lower than the 2019 base year. This includes Barings' Scope 1, 2 and material operational Scope 3 categories.

TOTAL OPERATIONAL GHG EMISSIONS



2024 EMISSIONS BREAKDOWN

Emissions Sources	Emissions (Tons CO_2)	Share (%)
Scope 1	147,567	1.43%
Scope 2	186,042	10.80%
Scope 3	10,020,972	96.78%

Reducing Our Environmental Footprint

Barings is committed to continuously improving our environmental performance and to integrating recognized environmental management best practices into our business operations. We seek to employ circular economy principles in our offices globally, where feasible, in our efforts to reduce the emissions and waste that contribute to climate change and have many measures in place to try to mitigate our impact on the environment.

We review our office GHG footprint during normal financial planning and assess the efficiency of our office locations. Several sustainability targets and initiatives have been implemented at Barings' global offices, including:

- 92% of Barings footprint is 100% renewable energy with a goal of 100% by end of 2025
- 23% of Barings footprint is ISO 14001 certified with our 2 largest footprints being certified
- In our London office, two vertical farm units were installed, which grow an assortment of herbs and salad produce using a recycled water system. The produce is used in the restaurant and when there is excess, it is either composted (turned into soil) via the bio processor in the basement or donated to food charities in London.
- In our Charlotte office, an assortment of herbs and salad produce are planted on our rooftop terrace. The produce is used in the on-site café.

Volunteering & Donation Activity

Barings is committed to supporting positive economic outcomes and reducing our operational impact, in the communities in which we live and work. In 2024, we accomplished the following:

$2.7 million

DONATED

to more than 480 charities in 2024

3,500+ hours

OF VOLUNTEER SERVICE

provided

100,000

AFFORDABLE HOUSING UNITS

financed and/or invested in

Continuing To Develop Our Practices

Looking ahead to 2025, Barings remains committed to deepening our partnerships with clients and investees to achieve shared goals in a rapidly evolving landscape. Our focus continues to be on leveraging data to drive informed decision-making, enhancing transparency and delivering measurable progress on sustainability objectives. By harnessing an expanded suite of technology tools embedded within our native investment platforms, we aim to provide clients with more granular insights tailored to their portfolios and preferences.

We will continue to enhance our stewardship approach by engaging proactively with issuers to improve transparency and promote sustainable practices, while also taking into account clients' views on systemic issues such as climate change, biodiversity and human rights. Simultaneously, we will aim to further refine our climate strategy by increasing carbon emissions data coverage and quality across additional asset classes. We believe this will allow us to better account for financially-material physical and transition risks from climate change across our investment platform and position us to help our clients align their investments with their climate ambitions and evolving regulatory frameworks.

We aim to build on our Corporate Citizenship achievements to date, leveraging strategic community partnerships and Barings' global employee base to build opportunities and pathways for operational sustainability in our regional office locations and economic mobility in our local communities. As a Firm with global operations, we strive to integrate recognized environmental standards across additional office locations and will look to achieve ISO 14001 certification wherever feasible.

Leveraging our teams' deep expertise, combined with insights from our clients, we aim to co-create solutions that best fit client needs while ensuring that sustainability considerations remain integral to long-term value creation.

Barings is a $442+ billion global asset management firm that partners with institutional, insurance, and intermediary clients, and supports leading businesses with flexible financing solutions. The firm, a subsidiary of MassMutual, seeks to deliver excess returns by leveraging its global scale and capabilities across public and private markets in fixed income, real assets and capital solutions.*

LEARN MORE AT BARINGS.COM

**As of March 31, 2025*

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