



BARINGS

Sustainability Report

2023-2024

ABOUT THIS REPORT

This is Barings' annual Sustainability Report, which summarizes the firm's initiatives in the areas of environmental, social and governance (ESG) investment integration; stewardship; corporate sustainability; diversity, equity and inclusion (DEI); and social impact. All data in this report are as of March 31, 2024, unless otherwise noted.

For additional information, visit [Barings.com](https://www.baringsgroup.com)



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A Message from our CEO

Change is constant in our industry; however, some things remain unchanged. For example, to succeed, we've remained steadfast in our commitment to our clients, acting as long-term, trusted partners, creating solutions that support their varied investment goals. As part of our fiduciary duty, we're focused on delivering attractive, risk-adjusted returns for our clients. The analysis of financially material risks and opportunities in our investment process, including those related to sustainability and climate change, supports this goal. In the years ahead, we remain committed to working with clients, partners, teammates and other stakeholders around sustainability.



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MIKE FRENO

Chairman & CEO

A Message from our Head of Sustainability & ESG

I am delighted to present this report and am proud of the steps we have taken over the past year to advance sustainability and ESG at Barings, despite a challenging environment with multiple headwinds. The highlight of our efforts was the completion of a multi-year digital transformation project which will allow us to improve the consistency, connectivity, and accessibility of our data in public and private markets, including ESG scoring and engagement data, to further support our ability to develop solutions to meet our clients' needs. Within our investment approach, we focused on further enhancing the assessment of climate risk by conducting scenario analysis at country and sector levels, seeking better disclosure from issuers in private markets through a proprietary ESG questionnaire, and engaging with external providers to explore solutions to address data gaps within the loan market.

We also have taken substantial steps towards achieving our operational sustainability goals throughout the year, continuing to work toward reducing our environmental footprint and increasing our positive impact in the world, including purchasing renewable energy credits covering 100% of non-renewable energy of our North American offices. Together with charity partners and global teammates, we have served communities across our footprint by investing in our strategic partnerships and employee-led initiatives, continuing to focus our efforts on transformational, rather than transactional, change.

I look forward to working with teammates across the firm to build upon our work over the coming years.



A stylized, handwritten signature in dark ink.

SARAH MUNDAY

Head of Sustainability & ESG

Our Impact 2023–2024



604

ENGAGEMENTS INITIATED OR UPDATED

by our Fixed Income and Public Equities teams with



100%

OF BARINGS EMPLOYEES

completed Sustainability & ESG Training



341

*entities to encourage improved disclosure or
changed behavior across a range of ESG topics*



703+

*teammates volunteered
over 5,927 hours¹*



Voted in

2,911

MEETINGS



45%

*decrease in operational
greenhouse gas emissions²*



53%

OF GLOBAL OFFICES

*converted to renewable
energy including Barings'
Charlotte headquarters*



93%

OF BARINGS TEAMMATES

*agreed that we treat each other with
respect, regardless of gender, race,
age, religion or sexual orientation*

1. January 2023–August 2024

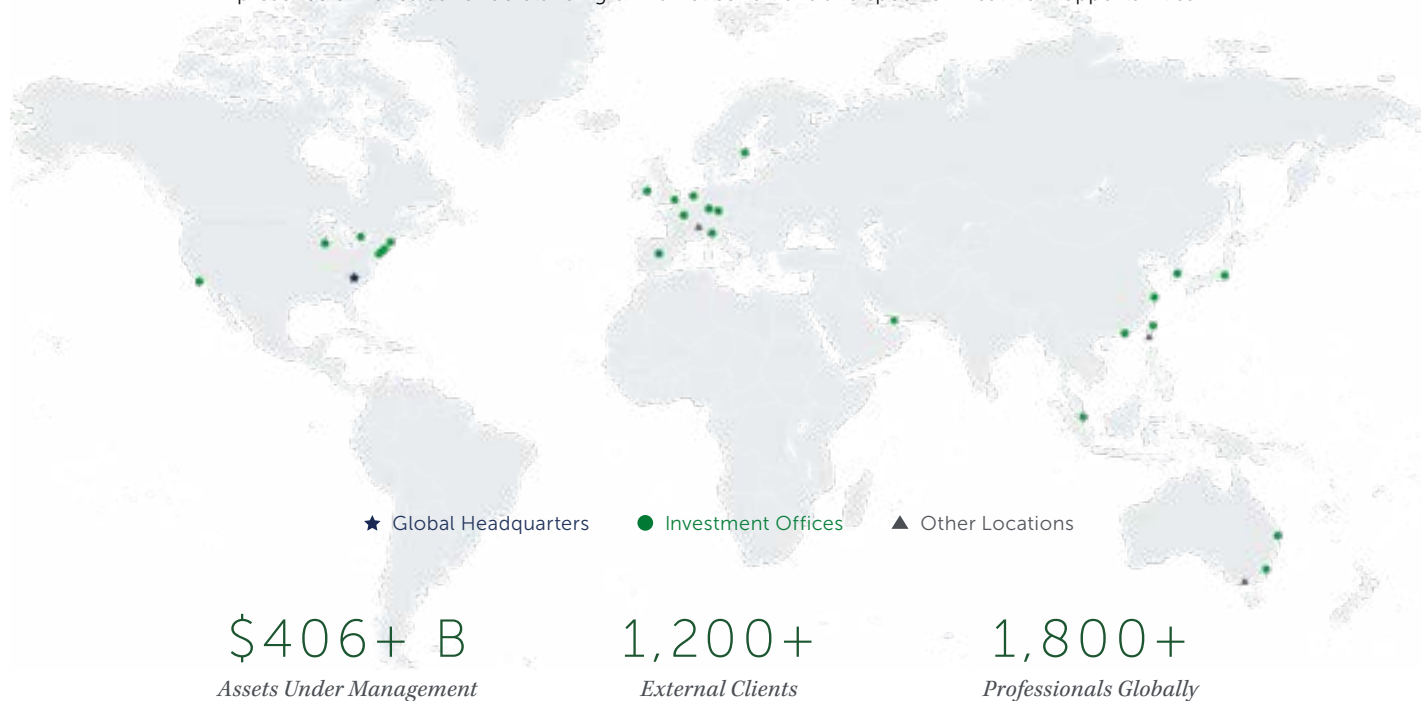
2. Since our baseline year of 2019



Barings Overview

Barings is a \$406 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 1,800+ 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.



All figures are as of March 31, 2024 unless otherwise indicated. Assets shown are denominated in USD. Percentages may not equal 100 due to rounding.

Sustainability at Barings

In partnership with our clients, communities and colleagues, and by integrating material ESG issues into our investment activities, we strive to create a more sustainable future.

OUR INVESTMENT APPROACH



ESG INTEGRATION

Barings seeks attractive risk-adjusted returns for our clients and our analysis of ESG issues, among several material factors, supports this goal. By incorporating ESG risks and opportunities, we can gain better insight into the investments we make, allowing for a more holistic understanding of complex risk and opportunity, in the pursuit of maximizing returns for our clients.



STEWARDSHIP

We regularly partner with stakeholders to encourage improved transparency and sustainable practices in pursuit of minimizing risks and maximizing returns for our clients. We believe that partnership and engagement, over exclusion, remain central to good stewardship, as it allows us to consider a fuller investment universe. Engagements are based on meaningful dialogue to improve disclosure or change behavior related to material ESG risk and opportunity.

OUR CORPORATE RESPONSIBILITY APPROACH



OPERATIONAL SUSTAINABILITY

We're committed to sustainability and reducing our impact on the environment through our operations. We integrate environmental awareness into our business activities and communicate transparently on our progress. We're seeking to achieve net zero in our global operations by 2030 and have achieved carbon neutrality (via offsets) since 2021.



BARINGS SOCIAL IMPACT

We are passionate about supporting the communities where we work and live. The Barings Social Impact initiative puts the power to effect change in the hands of our associates—and helps them make a lasting impact through mentoring, service and financial giving.

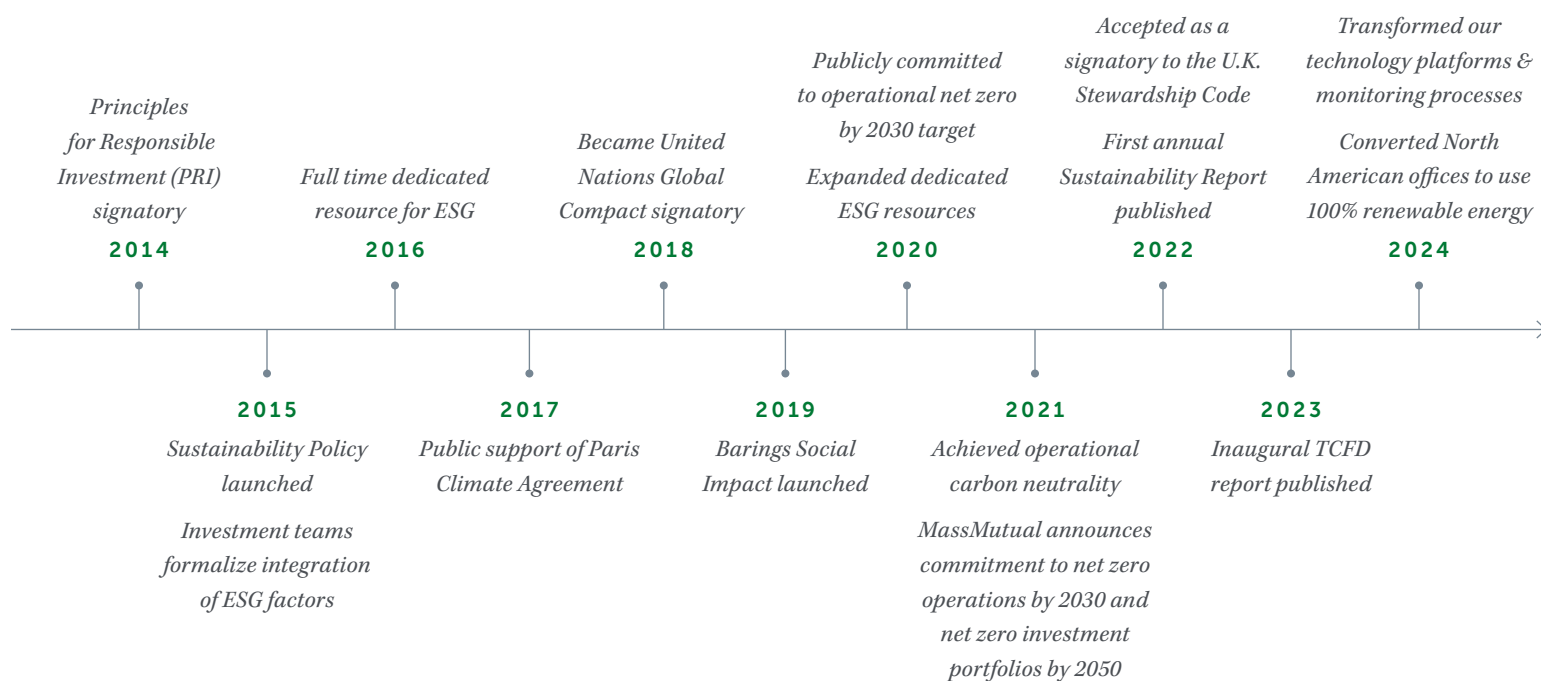


DIVERSITY, EQUITY & INCLUSION

We believe that the best talent consists of a diverse group of individuals whose varied capabilities lead to challenging the status quo, solving complex problems, and innovating beyond traditional norms and approaches to work.

OUR COMMITMENT TO SUSTAINABILITY

OUR SUSTAINABILITY JOURNEY



Barings' commitment to sustainability was formalized in 2014, when we became a signatory of the PRI.

Since 2015 we have defined sustainability and ESG commitments and goals, expanded our Sustainability & ESG team and other dedicated resources, and taken concrete steps to improve the integration of material ESG topics, alongside other factors, into our investment analysis.

This year, we reached the final stages of a multi-year project to implement new portfolio management technology, supported by a cohesive operating model design. Implementing this technology will allow us to improve the consistency, connectivity, and accessibility of our data in public and private markets, including ESG scoring and engagement data, to further support our ability to meet our clients' needs.

As we proactively work toward our goal of operational net zero, we have purchased renewable energy credits to offset non-renewable energy consumption in our North American offices by 100%. We will continue to evaluate our energy usage and increase the use of renewable energy in our global offices.

We have also introduced a Sustainable Travel statement in our Travel and Expense Policy to make our employees aware of their carbon footprint when evaluating their business travel options.

OUR APPROACH TO CLIMATE CHANGE

We understand that the rise in temperatures analyzed and forecast by many different scientists and agencies could have widespread consequences on financial markets due to physical, transition and regulatory impacts and changes. The consequences of climate risks may already be impacting our clients and communities, and science suggests that these impacts are likely to escalate further.

Barings seeks to protect its clients from emerging risks. In our investment activities, we integrate the analysis of material ESG topics, including climate change, into our investment process across our asset classes to better understand the risks and

opportunities associated with a changing world. We make efforts to assess the financially-material physical, regulatory and transition risks stemming from climate change. We also integrate, where material, analysis of the investment opportunities of a future net-zero carbon world to try to, where possible, capitalize on this transition.

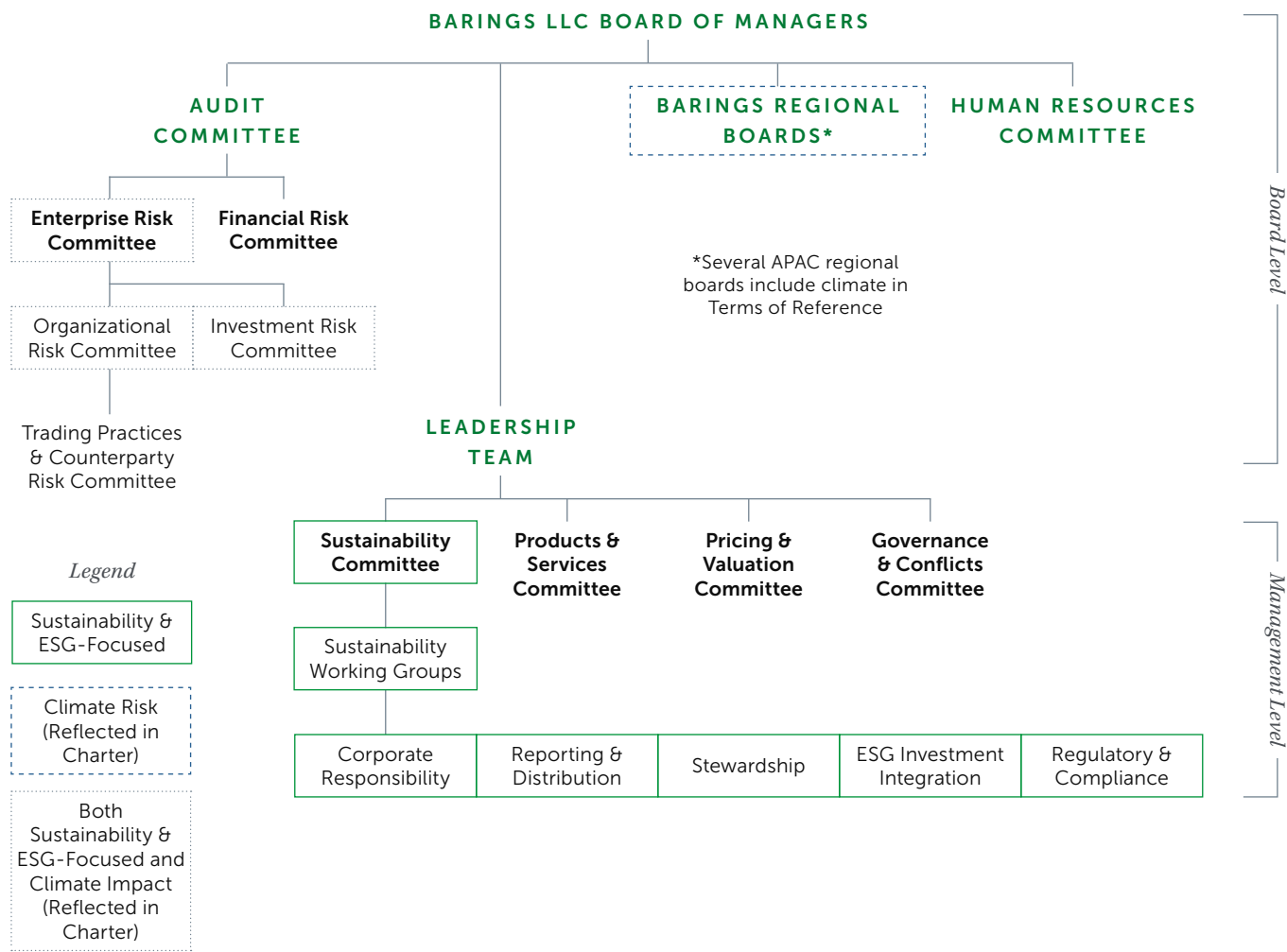
We recognize climate change to be a systemic risk that is considered by investment analysts in their selection and prioritization of engagement topics. Engagement objectives related to climate change include but are not limited to establishing appropriate climate governance, carbon foot printing, target-setting and reduction plans.

We target net-zero greenhouse gas (“GHG”) operational emissions by 2030 and have been GHG neutral through offsets and reduction activities since 2019. Our global offices have many measures in place to try to mitigate our impact on the environment.

Since our inaugural report aligned with Task Force on Climate-Related Financial Disclosures (TCFD) was published in 2023, we have continued to evolve our approach to managing climate risk by considering high-level scenario analysis across key asset classes; seeking transparent disclosure of climate data, especially in private markets; and highlighting relevant stewardship activity linked to climate change. Our efforts are overseen by our recently formalized Climate Risk Taskforce.

Sustainability Governance Structure

BARINGS SUSTAINABILITY & ESG-RELATED ORGANIZATIONAL STRUCTURE

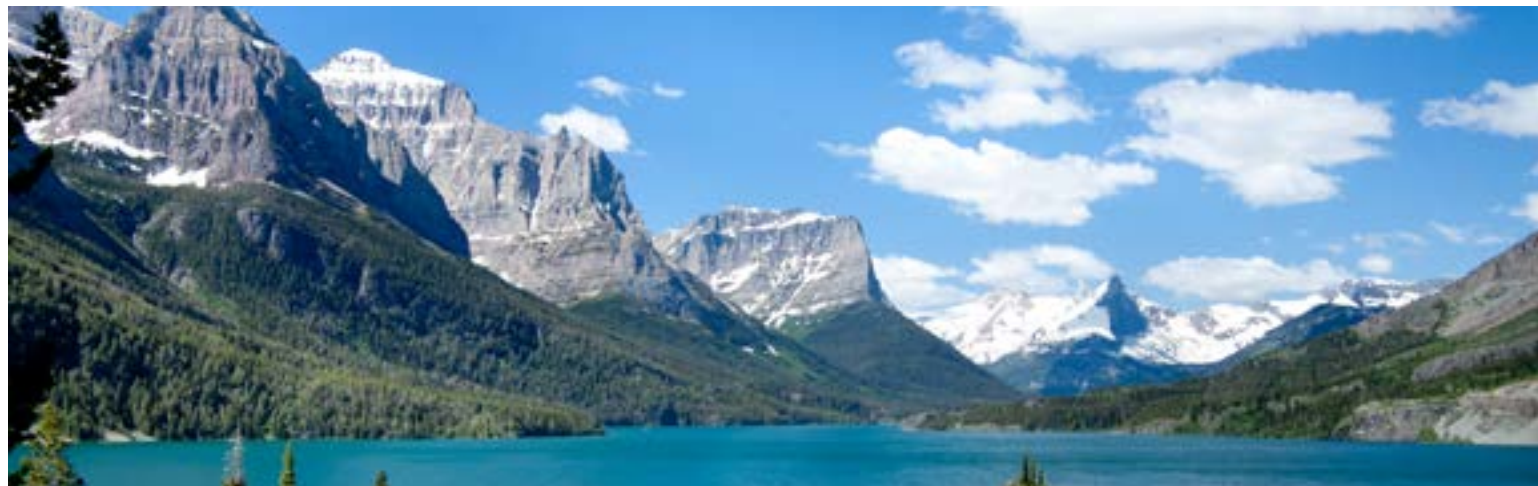


LEADERSHIP TEAM

Barings’ Leadership Team is responsible for driving measurable and sustainable results and providing oversight of our sustainability and ESG-related practices. The Barings Board, Leadership Team and regional leadership teams are regularly updated on our activities and progress toward our goals, providing oversight from the top down.

SUSTAINABILITY OVERSIGHT





SUSTAINABILITY COMMITTEE

The Sustainability Committee is responsible for providing oversight of the Global Sustainability Policy as well as Barings' ESG and stewardship-related strategies and programs. 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 heads of investment teams and heads of legal, compliance, and distribution, as well as the centralized Sustainability & ESG team. Two members of the Sustainability Committee—the heads of public and private investments, respectively—also sit on the Barings 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 Sustainability Committee members are:



SARAH MUNDAY

*Managing Director,
Head of Sustainability & ESG*



MARTIN HORNE

*Managing Director, Global Head of Public
Assets, Head of Barings Europe*



YIANNIS PAPAS

*Managing Director, Head of
Quantitative and ESG Analytics
Portfolio Solutions & Analytics*



MELISSA LAGRANT

*Managing Director,
Chief Compliance Officer*



BILL DOYLE

*Assistant General Counsel,
Legal*



DAVID MIHALICK

*Managing Director,
Head of Private Assets*



NEIL GODFREY

*Managing Director,
Global Head of Distribution*

SUSTAINABILITY WORKING GROUPS

Barings maintains five Sustainability Working Groups, with reporting responsibilities to the Sustainability Committee. The aim of the Sustainability Working Groups, which consist of representatives from investment and operational teams across various geographies and markets, 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 five working groups focus on:



CLIMATE RISK TASKFORCE

Separate from our Sustainability Working Groups, the Climate Risk Taskforce was established in 2023 to facilitate climate change related oversight. The Taskforce brings together members from the Sustainability & ESG, Risk, and 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.

SUSTAINABILITY RESOURCES

SUSTAINABILITY & ESG AND PORTFOLIO SOLUTIONS & ANALYTICS (PSA) ESG TEAMS

Barings has dedicated resources to support the integration of ESG considerations into our investment process, stewardship activities, and operations. 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 sustainability into our own operations, as well as investing in the communities in which we live and work through our social impact 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. There are currently 13 professionals on the combined Sustainability & ESG and PSA ESG teams.

INVESTMENT TEAMS

Our investment professionals are ultimately responsible for integrating material ESG considerations into fundamental analysis and engagement activities. They evaluate ESG information, along with various other potential risks and opportunities that may impact their investments, portfolios, and the economy, to make informed decisions that align with relevant investment objectives.

Our ESG leads, embedded 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

HIGH YIELD

Managing Director

Managing Director

PUBLIC STRUCTURED CREDIT

Managing Director

Managing Director

EMERGING MARKETS

CORPORATE DEBT

Managing Director

Managing Director

SOVEREIGN DEBT & CURRENCIES

Managing Director

Senior Associate

PRIVATE PLACEMENTS

Managing Director

Senior Director

Associate Director

PORTFOLIO FINANCE

Managing Director

Managing Director

INFRASTRUCTURE DEBT

Managing Director

Managing Director

Director

Associate Director

CAPITAL SOLUTIONS

Managing Director

PUBLIC EQUITIES

Senior Director

PRIVATE STRUCTURED CREDIT

Managing Director

DIVERSIFIED

ALTERNATIVE EQUITY

Senior Director

Associate Director

PRIVATE CREDIT

Managing Director

Managing Director

Senior Director

REAL ESTATE DEBT & EQUITY

Senior Director

Senior Director

Senior Director

Senior Associate

Senior Analyst





Our Investment Approach

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 longstanding relationships. Our investment approach is rooted in our shared values and team-based culture, which drive our commitment to integrity, accountability, and client service.

Our goal is to seek attractive risk-adjusted returns for our clients. 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.

We act as stewards of our clients' capital through our active investment and management approach. ESG topics have remained key considerations in our fundamental, bottom-up analysis because we believe that ESG issues, among several other factors, can be material to investment performance. We aim to maximize returns and mitigate risk through dynamic and forward-looking ESG analysis, which does not solely rely on current or historic ESG performance. We generally prefer engagement over exclusion in dealing with issuers as a way to encourage better ESG standards and disclosures as we believe engagement can unlock value for our clients and may contribute to positive environmental and societal outcomes.

Our intentional and considered approach to ESG integration and stewardship is grounded in obtaining relevant data and a commitment to partnering with clients and investees to protect long-term value. We engage and vote, where possible, to guide our investments toward financially sustainable business practices.

ESG Investment Integration

BARINGS' APPROACH TO ESG INVESTMENT INTEGRATION

Barings' investment professionals evaluate ESG information, along with various other potential risks and opportunities that may impact their investments and portfolios, in order to make decisions that align with the relevant clients' investment objectives. Investment professionals are given the flexibility to assess the material ESG risks and opportunities that affect the investments in their remit. Barings investment professionals may supplement their proprietary ESG evaluation with third-party ESG data and research, where coverage allows.

ESG analysis continues through the life of an investment with investment teams monitoring their investments' performance and progress on ESG matters. Experience and the evolution of best practices related to the integration of material ESG considerations are shared through periodic formal and informal internal discussions, as well as through cross-functional working groups that comprise the broader Sustainability & ESG governance structure at Barings. ESG investment representatives, as well as attendees from other teams, are invited to attend an ESG Investment Integration Working Group at least four times a year to share best practices, related projects, challenges and opportunities.

Over the past 12 months we undertook several activities to enhance the integration of ESG risks and opportunities across asset classes.

Since our inaugural report aligned with TCFD was published in 2023, we have continued to evolve our approach to managing climate risk. In 2024, we carried out top-down climate scenario analyses at sector and country level for both physical and transition risks using several scenarios from a third-party provider. This initial exercise is a starting point to a multi-year endeavor to support investment teams with the integration of climate risk across all asset classes. In the latter part of 2024, the Sustainability & ESG team will be undertaking further work on this by discussing the results of these analyses with individual investment teams, so they can ascertain how they can be utilized within their investment processes.



To enhance the availability of private market data for our own analysis and to support future ESG reporting for regulators and clients, the Sustainability & ESG Team, in partnership with several private markets investment teams, has developed an ESG questionnaire based on industry standards and templates similar to those from the ESG IDP (Integrated Disclosure Project) and the ESG Data Convergence Initiative. The intention is to issue the template to European borrowers in 2024, as well as to a select group of borrowers in other regions going forward. When a borrower agrees to an ESG-linked margin ratchet, establishes ESG 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 completing the questionnaire annually to retain that discount. During the fourth quarter of 2023, this questionnaire was finalized and sent to the first pilot group of Global Private Finance borrowers.

ESG SCORE METHODOLOGY

Most³ investment teams calculate proprietary Barings ESG scores for investments, in the majority of cases determining both an ESG Current State score and an ESG Outlook score. The ESG Current State score captures current ESG performance and ranges from one (excellent) to five (unfavorable), and the ESG Outlook score captures the momentum of the entity's ESG efforts as Improving, Stable or Deteriorating.

Depending on the investment strategy, ESG scoring and analysis may be based on information sourced by third-party data providers, peer research or directly from interactions with the company or other stakeholders. We believe that long-term knowledge of portfolio companies and sectors, as well as access to management and financial sponsors, provide a superior level of analysis and a more robust methodology than relying on third-party data sources alone.

3. Barings Public Equities team processes vary

BARINGS ESG SCORES

Static: Each score addresses a moment in time

Comparable: Used across asset classes

Aggregation: Weightings for each pillar may be set or adjusted by investment professionals



BARINGS ESG OUTLOOK SCORES

Forward-looking: Complements static ESG score with a focus on trajectory

Consistent: Used across asset classes

Momentum: Capitalizes on the potential for an entity to change over time, supported by engagement



ESG TOPICS

Our investment professionals consider a full range of ESG topics as part of their materiality assessment. These topics can include but are not limited to:



ENVIRONMENTAL

Emissions/Environmental

Impact & Climate Change

Energy

Natural Capital

Product Lifecycle/Supply Chain



SOCIAL

Labor (Employees & Supply Chain)

Consumer/Society

Communities



GOVERNANCE

Board

Strategy & Approach

Transparency

Legal



CASE STUDY

Securitized Credit—Linking ESG Integration & Engagement with Auto ABS

NORTH AMERICA

As part of our ESG investment process, we conduct diligence across sectors to identify material risks. The auto industry has faced increasing scrutiny and regulation over its environmental impact and employee relations.

The team liaised with one of the programmatic auto ABS issuers to have periodic updates on their ESG strategy and the progress they are making. In 2023, we met with them during an industry conference, had a site visit at one of their offices, and talked to them during their roadshows for deals. The company is a leading automobile manufacturer in the US and has taken steps to achieve its target of reaching 1 million units of annual EV capacity in North America in 2025, eliminating tailpipe emissions from new U.S. light-duty vehicles by 2035, and achieving carbon neutrality in global products and operations by 2040. From a social perspective, they provide competitive financing terms to help consumers with their automobile purchase. Also, the company leads most global peers in corporate governance and corporate behavior. The company has a relatively high representation of women and minorities in top management positions. Furthermore, the company has board oversight for its ethics and compliance program supported by a dedicated team. These efforts have been recognized with numerous awards including the Dow Jones Sustainability Index (DJSI) and Energy Star. These factors allowed us to assign their deals a favorable E-score, S-score, G-score respectively under our Securitized ESG rating framework.

We track both positive and negative updates and adjust our scoring accordingly. In Q3 2023, the United Auto Workers union struck the firm, resulting in record pay increases for workers. We interacted with the company during the strike to understand the impact on our bond holdings and encouraged a speedy and mutually beneficial resolution to the strike. We view this as positive progress and the disclosures to be timely and proactive. Furthermore, we have also pointed out the importance of getting the company's suppliers and dealerships to increase their focus on ESG topics. We continue to interact with the company to get updates on the progress toward their ESG goals and to improve disclosures to bond investors.

Stewardship

Our fundamental approach to stewardship remains unchanged. We continue to act through a range of mechanisms, including:

- 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.

APPROACH TO ENGAGEMENT

ENGAGEMENT OVER EXCLUSION

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. While 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. Barings reserves the right to use its discretion to make investment decisions consistent with our fiduciary duty and applicable regulatory requirements. Barings' Compliance Department performs monitoring of the policy as part of the firm's guideline management oversight function. We understand that local norms and contexts play a crucial role in driving positive 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 risks and opportunities for the benefit of our clients' interests.

ESCALATION

In the pursuit of engagement objectives being achieved, we believe that ongoing informative and open dialogue with issuers should first be prioritized. 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. Possible forms of escalation include:

- Issue flagged to the Sustainability & ESG team (which may join engagement efforts or consider broader escalation options available);
- Review of thesis with portfolio management and potential adjustment to portfolio weighting;
- Vote on material issues against management or the board;
- Pursuit of collaborative engagement;
- Removal of the issuer from the approved buy list; and
- Reduction of financial position or exit position.

Across our asset classes, we consider our options to act meaningfully based on the following considerations:

- As debt investors, we can be limited by our lack of ownership to raise ESG issues through proxy voting; however, we typically gain access to issuers' senior management to communicate our concerns where engagements are not on track.

- 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.
- In private finance, our director positioning or relationship with private equity sponsors can be leveraged to pursue the progression of engagement objectives.
- 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.

Promoting Sustainable Financial Markets

CONSULTATION WITH POLICYMAKERS

Primarily driven through our Compliance team, Barings has participated in the following activities related to sustainable financial markets.

Consultation	Summary
The European Commission's Targeted Consultation on the Sustainable Finance Disclosure Regulation—Compliance	Participated in two trade body working groups which submitted responses to the consultation.
UK Government 'Call for Evidence—U.K. Investment Research review'—Compliance	Provided input into the response prepared by a UK trade association.
FCA Consultation on 'Diversity and Inclusion in the Financial Sector—Compliance	Part of a trade body working group that submitted a response to the FCA.

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 include involvement in working groups within the Investment Association, the Emerging Markets Investors Alliance (EMIA) European Leveraged Finance Association (ELFA) and Loan Markets Association (LMA).

In 2023, we joined the following initiatives:

Initiative & Team	Rationale & Participation
PRI Sustainable Systems Investment Managers Reference Group—Sustainability & ESG Team	Providing views on future plans for PRI and expectations for investment managers.
Impact Disclosure Taskforce—Emerging Markets Sovereign Debt	Representing the sovereign investor voice in an initiative to encourage standardized impact disclosure around the SDGs and other sustainable targets. Feedback has included recommendations for model frameworks, proper wording for sovereign issuers, and general consistency around documentation.

For a full list of memberships, please see page 25 of our [U.K. Stewardship Code Report](#).

Deepening Our Understanding of Client Needs

Barings partners with clients on their unique goals and preferences for sustainability and climate-related investments. This approach presents opportunities for Barings to develop new products to serve a wide range of investment needs, including those specific to ESG and climate-related objectives. We currently operate 42 funds classified as Article 8 under the European Union's Sustainable Finance Disclosure Regulation (SFDR). Barings also offers separate accounts with client-determined sustainability and ESG goals across a variety of preferences, including client-directed exclusion screens, and climate-related goals.

Our clients' unique stewardship preferences directly inform the solutions we provide them. In a time of emerging and diverging perspectives on the use of stewardship tools, we sought to capture data-driven evidence on preferences to help inform our stewardship strategy and messaging going forward. We did this using a targeted stewardship survey as well as one-to-one dialogue between our clients and our Sustainability & ESG team.

Through this exercise we sought to understand several areas including:

- Clients' priority ESG issues;
- Their views concerning ESG outcomes and net-zero preferences; and
- Reporting preferences.

Subsequently, the Sustainability & ESG team undertook a strategy session to incorporate the findings into objective planning for 2024. This included the following key takeaways⁴:

- Most clients responded that stewardship is a two-way conversation, and they value manager input.
- Climate change and biodiversity, human rights and decent work, and tangible progress toward net-zero are frequently prioritized ESG topics.
- Investors are already allocating to net-zero products, and further growth is expected.
- Against a backdrop of expected updated regulation, the vast majority of respondents want to see evidence of outcomes in reporting.
- Both investors and consultants want to see more detailed engagement data.

As our new engagement recording platform goes live from Q3 2024, we will liaise with our investment teams using the engagement recording system as well as with clients to ensure that our engagement activity and recording approach remains effective and fit for its purpose and aligned with our clients' preferences going forward.

4. More information on the use and results of our stewardship survey can be found in Principle 6 of our [U.K. Stewardship Code Report](#).





CASE STUDY

Continuing to Support Our Parent, MassMutual

In spring of 2021, MassMutual announced net-zero initiatives for their operations (by 2030) and for their investment portfolio (by 2050). Since then, Barings has continued to work with MassMutual to research already defined net-zero frameworks by the Net-Zero Asset Owner Alliance, SBTi, and PCAF concentrating on alignment with MassMutual's portfolio goals for carbon reduction and feasibility from an investment management perspective. MassMutual decided not to commit to any already defined net-zero framework but to create its own based on where credible data, methodologies, and transition pathways exist.

What We Did: Barings continued to help assess data vendors that would be able to provide data aligned with MassMutual's net-zero journey throughout the year. Barings expanded current client reporting to MassMutual to include a dedicated analysis for ESG, providing breakdowns for internal scoring, case studies for engagements, highlights for darker green or higher impact exposures, and carbon profiles of the public corporate portfolios, which included views on carbon-intensive sectors through time.

Outcome: In 2023, MassMutual decided on its third-party vendors for data and disclosed interim targets for commercial mortgage loans and public corporate power and energy portfolios.

Engagement Activity

Barings' investment professionals are 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.

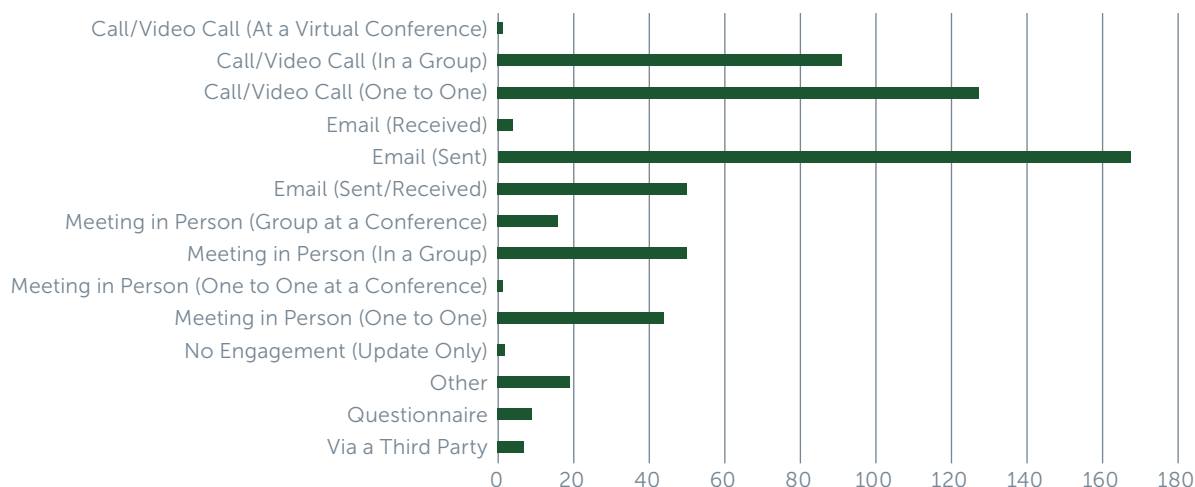
In our last Sustainability report we provided engagement statistics covering 2022 and Q1 2023. Our engagement activity recorded in our proprietary platform from Q2 2023 to Q2 2024⁵ is provided below⁶:

- 604 engagement interactions or updates
- 517 engagements (initiated or updated)
- 341 issuers engaged

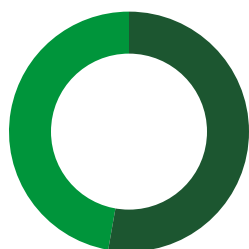
5. Barings' enhancement of technology platforms resulted in the retiring of our previous engagement recording system at the end of Q2 2024. Our new proprietary engagement platform was launched in Q3 2024.

6. Our engagement platform is available for analysts to record their previous engagements with investee companies. Therefore, the number of engagements reported may be updated if analysts log or alter engagements on the platform after the report is published.

ENGAGEMENT INTERACTIONS OR UPDATES

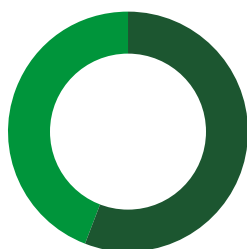


ENGAGEMENTS INITIATED VS UPDATED



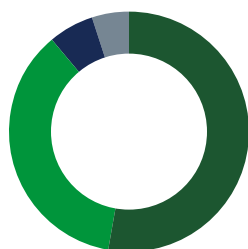
Engagements Initiated | 53%
Engagements Updated | 47%

ENGAGEMENTS INITIATED OR UPDATED: ENGAGEMENT OBJECTIVE



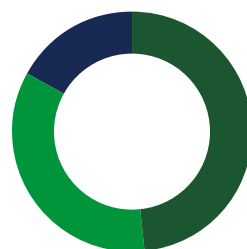
Improved Disclosure | 56%
Changed Behavior | 44%

ENGAGEMENTS INITIATED OR UPDATED: STATUS



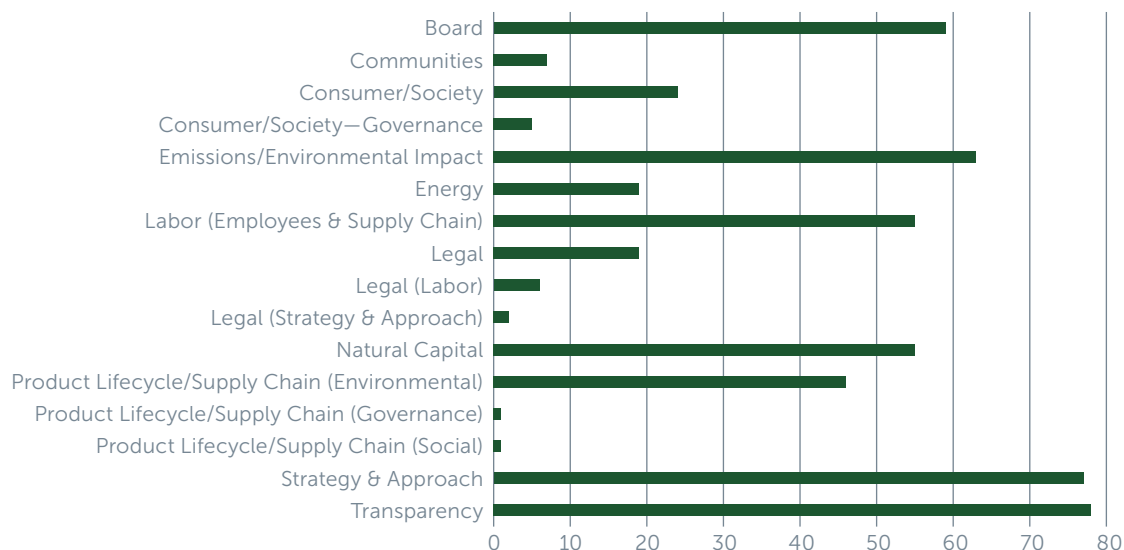
Ongoing | 53%
Closed Successful | 36%
Closed—Unsuccessful | 6%
Discontinued | 5%

ENGAGEMENTS INITIATED OR UPDATED: CATEGORY



Governance | 48%
Environmental | 35%
Social | 17%

ENGAGEMENTS INITIATED OR UPDATED: TOPIC BREAKDOWN



COLLABORATIVE ENGAGEMENTS

We continue to recognize that participating in collaborative engagements can be an effective stewardship tool to consolidate engagement efforts and streamline investor requests of issuers. However, we recognize the importance for this activity to be appropriate and that those involved should ensure their contributions are active and meaningful. We believe collaborative initiatives should be focused on material ESG topics and constructive as it relates to supporting companies in better disclosure or outcomes related to these material topics. We periodically review our involvement in collaborative engagements to ensure that they remain aligned with our business strategy and this philosophy. Examples of our collaborative engagement activity have been provided below:

Initiative, Issuer & Team	Summary
EMIA, Multiple banks, Emerging Markets Corporate Debt	<p>In 2023, the collaborative group engaged five financial institutions—Standard Bank, Isbank, Bradesco, Itau, and HDFC—about their Scope 3-financed GHG emissions measuring and reporting, net-zero targets and third-party validation, deforestation policies, and sustainable initiatives reporting. The collaborative engagement group facilitated six webinars for members: one about the SBTi framework for financial institutions, two about nature and biodiversity, one about financial funding for net zero, and two about financial inclusion. Most of our webinars included EM issuers. We had ten WG meetings with Standard Bank, Isbank, Bradesco, Itau, and HDFC. Two meetings included policy experts from WWF Brasil and SBTi. We also had three WG meetings to develop a financial inclusion questionnaire.</p> <p>Outcome Although there has not been enough time to confirm whether our advocacy campaigns are having a real-world impact, we have seen a change in attitude from issuers who now look to hear more from investors about what is considered best practice, and a greater willingness to engage on these topics. Most of the issuers above have informed us about the actions that they have taken, which will be reflected in their Sustainability and TCFD reports in 2024.</p>
FAIRR, BRF, Emerging Markets Corporate Debt	<p>On the topic of managing biodiversity risk from manure of protein producers, Barings co-signed letters in Q4 2022 to BRF that encourages the development of risks assessments to focus on biodiversity risks caused by manure and animal waste created by intensive rearing of livestock (poultry) and to put in place actions plans to mitigate these risks, including exploring circular opportunities. This led to an investor preparation call with FAIRR and a call with BRF in 2023. BRF discussed the process by which it conducts its risk assessment of wastewater and its integrated waste management. This approach includes deploying biodigesters to capture methane and create improved fertilizers from manure to be applied to animal feed, creating a circular nutrient cycle. BRF spoke extensively about its risk assessment process for water and nutrient control, both at pre-farming installation and during farming operations. For water management, this included the use of the “Hydric Vulnerability Tool” to measure the water vulnerability of each of its facilities based on internal and external variables. This tool is customizable to different sites and is based on the CDP and Aqueduct water security tool. BRF also highlighted that, to gain and keep a farming operating license in its home market of Brazil, water and soil quality and nutrient levels must remain within specific boundaries and that deviation from this will result in immediate action to prevent environmental damage. This is used as a baseline for its Turkish and Middle East operations.</p> <p>Outcome We are encouraged by the progress BRF has made in identifying its operating sites located near biodiversity hotspots and how its operations may affect those areas. However, BRF has yet to include livestock suppliers in its risk assessment. While the company supports vertically integrated producers in managing animal waste and encourages the use of waste as organic fertilizer, BRF does not disclose manure’s full lifecycle, including post-farm processes. Further engagement is planned for the company in 2024 under Phase 2 of the initiative. We plan to ask for the implementation of thorough risk assessments for water quality and biodiversity, for the entire life cycle of manure.</p>

For more information on our approach to stewardship, see our [U.K. Stewardship Code Report](#).



Exercising Our Rights & Responsibilities Across Asset Classes

We understand exercising our rights and responsibilities to be an integral part of our investment management responsibilities. We also recognize this as an opportunity to further integrate ESG considerations across public and private asset classes, in pursuit of risk-adjusted returns for our clients

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

In our last report we provided information on our voting activity for 2022 and Q1 of 2023. In the period of Q2 2023 to Q2 2024⁷, Barings voted in 2,911 meetings, including casting votes on 99.96% of eligible proposals. We attempt to vote on all proposals; however, we do not cast votes where there are instances of share blocking. Our approach to proxy voting is defined in the [Barings' Global Proxy Voting Policy](#). Examples of our voting activity can be found on page 63 of our [U.K. Stewardship Code Report](#).

PERSPECTIVE ACROSS ASSET CLASSES

Alongside the use of proxy voting in our Public Equities platform, we consider the following as part of our ability to exercise our rights and responsibilities across several investment teams:

- Using ESG-linked margin ratchets, with a particular focus on our GPF team, where these are offered to all new borrowers;
- Using rights held as creditors in syndicated loans or high yield bonds e.g., approving changes to ESG-linked margin ratchets that require majority lender approval; and
- Leveraging our representation to influence board activity, for example through restructurings.

Two examples of these considerations have been provided below.

7. This period matches the statistics provided for our engagement recording activity.

HIGH YIELD—VOTING AGAINST THE WAIVER OF AN ESG RATCHET IN EUROPE

The High Yield team is part of a lending agreement with a European provider of mental and physical rehabilitation services which implemented three margin ratchets since 2021 that are triggered on an annual basis by three KPIs being achieved.

Two relate to the quality of care and one to greenhouse gas emissions. The greenhouse gas KPI is as follows:

- CO2 emissions from directly controlled or owned sites as well as greenhouse gas emissions from electricity, steam, heat, and cooling purchased or acquired by the group. The baseline for measurement is group emissions for 2020. Target for 2022 is -10% vs 2020, 2023 is -15% vs 2020, 2024 is -20% vs 2020, and 2025 and beyond is -25% vs 2020 per year.

Following a series of recently completed acquisitions, the company's carbon footprint has increased; it communicated that it would not be able to meet a reduction of -15% vs. 2020. The company stated that historical information from its acquisitions was limited and given the time needed to rebase the target for increased size, a request was made for lender consent not to test the KPI for the 2023 margin ratchet. To implement a waiver on KPI 3, majority consent (66.67% of total commitment) from lenders is required. In response, Barings' voting recommendation was to vote against the consent request. While an increase in business footprint through acquisitions is understandable, the lack of carbon data—which is considered material ESG information and should be part of due diligence of acquired businesses—is significant.

Barings' view was that the waiver would be negative for lenders, who would see a 7.5 basis point decline to margins with no upside from increased disclosure.

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

Headquartered in France, a global provider of regulatory affairs, corporate vigilance, and product compliance consulting and outsourcing services for the pharmaceutical industry, offers end-to-end specialist services across the drug life cycle, from product development and pre-market approval to long-term pharmacovigilance and regulatory monitoring support. The company is one of only three players with a global footprint, with direct access to 50 countries and indirect access to the more than 150 countries covered via its network of qualified partners.

As part of refinancing, Barings offered an ESG margin ratchet that was well-received by both the sponsor and management. An agreement to set targets and KPIs within six months after closing was included in the loan documentation. In May 2023, management provided Barings with an initial proposal regarding the ESG issues the Group wanted to address. After further discussions regarding our expectations around setting sustainability performance targets, we agreed to a six-month extension of the negotiation period to ensure management had enough time to select the appropriate KPIs with a third-party consultant. Simultaneously, as part of the underwriting of an add-on financing, the loan documentation was amended to align with Barings' Sustainability-Linked loan guidance.



Our Corporate Approach

Leading By Example

Barings is committed to reducing its environmental impact through its operations and to creating a healthy work environment where teammates can thrive. This commitment is a cornerstone of our sustainability efforts, and we endeavor to make a positive impact.

We strive to lead by example in our corporate behavior and are committed to acting sustainably when conducting our corporate activities. We continuously innovate to improve our environmental performance and integrate recognized environmental management best practices into our operations.

OPERATIONAL SUSTAINABILITY PROGRESS

INDUSTRY RECOGNITION ACROSS OUR GLOBAL OFFICES



The following examples demonstrate our commitment to sustainability via our business operations:

BARINGS CHARLOTTE OFFICE

- The Barings rooftop terrace garden grows plants and trees to support biodiversity, and an assortment of herbs and salad produce are planted and used in the cafe.
- Barings' cafe has partnered with Feeding Charlotte, a local nonprofit, to collect excess food and distribute it to unhoused individuals in the Charlotte community.
- We use comprehensive composting and recycling measures to divert waste from landfills
- We have established a book-swap library to encourage team members to share and exchange books with one another.

BARINGS LONDON OFFICE

- Our London office was honored at the 2023 Clean City Awards for our unwavering commitment to a circular economy.
- To support biodiversity, herbs and fruit trees were planted on the roof terrace.
- We added a fourth beehive to our terrace, so there are now more than 80,000 bees on the Barings rooftop. Two vertical farm units were installed. They grow an assortment of herbs and salad produce using a recycled water system, which is environmentally friendly and reduces costs. We use the produce from the vertical farms in the restaurant. 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 offices worldwide, we have achieved significant progress in pursuing our operational sustainability goals through various initiatives, such as:

- Phasing out single-use plastic.
- Doing away with desk-side trash cans.
- Installing or improving recycling and composting bins.
- Implementing “Secure Print” to minimize paper waste.
- Partnering with a new e-waste supplier to support the circular economy.
- Making every effort to implement the principles of the circular economy when decommissioning offices.
- We added a fourth beehive to our terrace. We now have in excess of 80,000 bees on the Barings rooftop—they spun 100lb of honey in 2022, which is used in our café.



CASE STUDY

Frankfurt Office Achieves ISO 14001 Certification

In 2024, the Barings Frankfurt team achieved ISO14001 environmental management system (EMS) certification in collaboration with our London-based Corporate Properties team. Frankfurt now joins Barings’ London and Dublin office spaces, both certified with top scores in 2023. This certification recognizes the team’s environmental protection efforts.

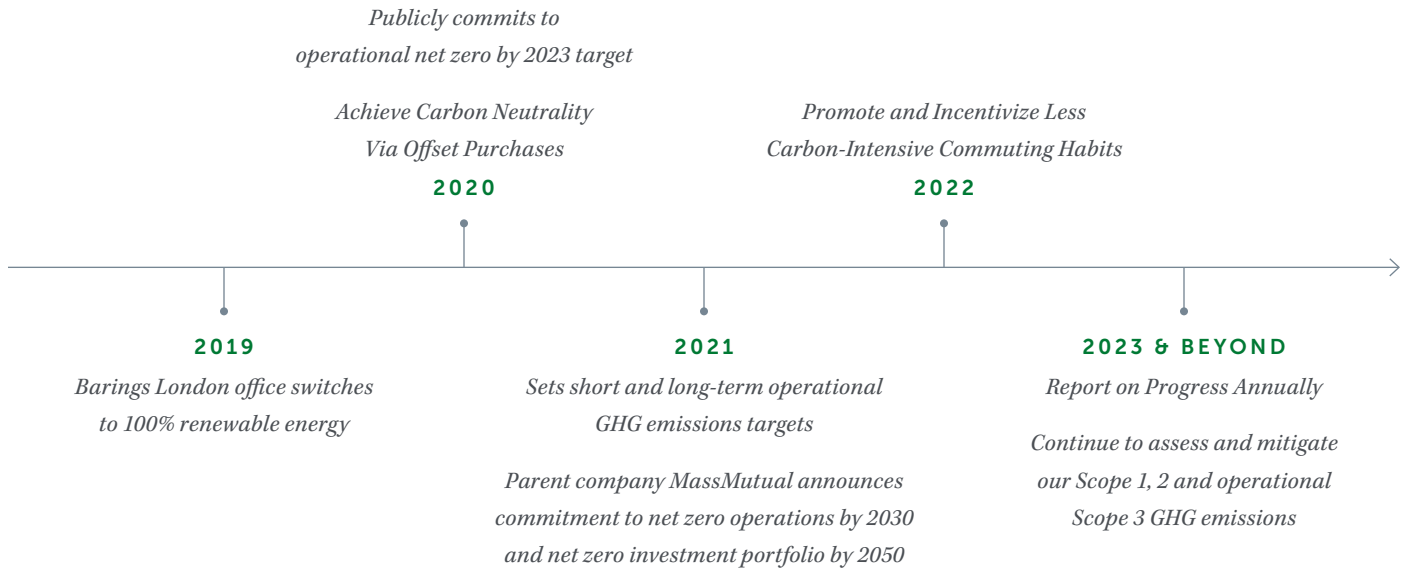
As part of the certification process, the Frankfurt office focused on finding considerate, effective, and forward-thinking ways to manage resource consumption successfully.

Project highlights include:

- Measuring and monitoring electricity usage to ensure limited consumption, where possible.
- Using more biological and environmentally friendly cleaning products and working with a cleaning service supplier that prioritizes these working practices.
- Evaluating the impact of employees’ commutes on the firm’s overall carbon footprint and looking at how many kilometers its team travels via different modes of transport.

OPERATIONAL NET ZERO

ROADMAP TO NET ZERO

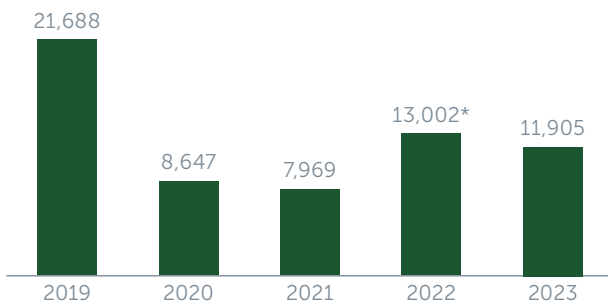


Our commitment to operational net zero by 2030 is promoted through monitoring and reporting our environmental impact and reducing our operational environmental consumption.

In 2023, Barings' total greenhouse gas (GHG) footprint was 11,824 tons of CO₂. The GHG footprint includes emissions from over 2,200 employees across 30 sites.

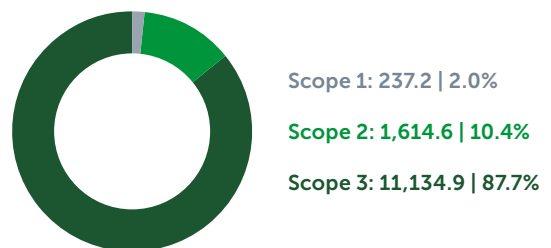
TOTAL CARBON FOOTPRINT

Tons CO₂e



CARBON FOOTPRINT BREAKDOWN BY SCOPE

Tons CO₂e



Barings overall operational emissions for 2023 were 45% lower than our baseline year of 2019.

We will offset 11,905 tons of CO₂ in 2024.

*2022 emissions were previously reported as 12,987 tons of CO₂e. Following an adjustment in the EMEA electricity calculation, this figure has been refreshed



Barings Social Impact

Connecting Company with Purpose



Our reimagined strategy aims to go beyond financial giving to build lasting relationships with our partners and community members, moving our approach from transactional to transformative. We believe that by dedicating our time and resources in thoughtful ways, we can help move the needle around a key community issue—economic mobility.

In working toward that end goal, our strategic partnerships and civic investments are now more carefully crafted and executed in partnership with select organizations to ensure we are serving as a true partner, not just a funder. At Barings, we believe that it is our responsibility to empower our employees with the opportunity to support our local communities, whether those are in Charlotte, London, Shanghai or wherever on four continents we maintain offices.

We realize our impact is far greater when we band together, internally or externally, working in a cohesive and collaborative manner to tackle pressing issues. Through our employee-led grants, global volunteer efforts and governing structure, the power to make effective changes is now in our teammates' hands.

While the below showcases our high-level impact, readers can view a detailed report of our global work in our [2023–2024 Social Impact report](#).

IMPACT OVERVIEW



700+

EMPLOYEES

logged over

5,900+ hours

of community service and participated in over

189

*community engagement
events in 2022 and 2023⁸*

[Watch our 2023 Year-End Recap](#)

8. January 2023–August 2024

OUR MISSION

Barings Social Impact is committed to partnering with organizations focused on advancing economic and social mobility within marginalized communities.

STRATEGIC PARTNERSHIPS & CIVIC INVESTMENTS

Effective and innovative grants providing multi-year support to a targeted number of partners in three key areas:



AFFORDABLE HOUSING & HOMELESSNESS

Building stronger, more vibrant communities by partnering with organizations that address affordable housing and homelessness



WORKFORCE DEVELOPMENT

Supporting vulnerable populations by partnering with organizations that provide professional development, life skills and educational opportunities.



ACCESS TO EDUCATION & FINANCIAL EMPOWERMENT

Fostering early childhood economic opportunities by collaborating with partners specializing in supplemental instruction, digital equality and financial literacy.

EMPLOYEE-LED INITIATIVES



ENCOURAGE

We encourage employees to put forth their passions by applying for employee-led microgrants in our local communities.



ENGAGE

Our governing body is composed of Barings employees from across the globe who drive our strategic investments and identify employee-led initiatives to receive corporate grants.



SUPPORT

We support teammates through matched financial giving and paid volunteer time-off benefits to amplify their personal dedication to nonprofit efforts.



CASE STUDY

See the Possibilities

GLOBAL

See the Possibilities is Barings flagship student program for students aged 16–20. The program provides access and exposure to the investment management and financial services industry. Participants are broken into two sub programs:

Discovering Barings: the junior program exposes high school/sixth form students (aged 16–18) to all areas and career opportunities within the business.

Pathways to Barings: the senior program focuses on identifying talent for Barings' internship scheme during their early university years through exposure to asset management. In partnership with our Early Talent team, students are identified through an application and brief interview process.

IMPACT OVERVIEW

2

Days of
Exposure

130

Students Reached Across
Charlotte and London

60+

Schools
Represented

Thank you to our wonderful community partners who make the See the Possibilities program a success by nominating eager and engaged students.



Watch: Find out more about our [See the Possibilities](#) program.



Freedom Communities

CHARLOTTE, NC

Moms Moving Forward (MMF) is a 12-month program for single mothers and their children living in Charlotte's Freedom Drive corridor. The group is designed to provide a holistic network of support for single moms and focuses on the mom (housing, mental health, workforce development, network support) and her children (tutoring, childcare, scholarships at Freedom Communities' on-site preschool). From 2022–2023, Barings funded Cohort Six, a group with 11 mothers and over 26 children. We provided additional support through our Barings Women's Network (BWN) with volunteers spending their time in a variety of ways: hosting resume and networking workshops, hosting a graduation for the MMF program, holding holiday celebrations for the moms and their families, and fulfilling the families' Christmas wish lists. Additionally, Barings financed a 156-unit affordable housing apartment complex where some of the moms currently reside.



St Mungo's

LONDON, U.K.

Barings kicked off a two-year investment to expand St. Mungo's Construction Skills program, whose two main goals are helping clients take their first steps to recovery and achieving sustainable employment within the construction industry.

The group's Mare Street Construction Hub program pilot in London opened in October 2022 and has had a total of 30 participants, who have participated in more than 400 multi-skills training and employment sessions delivered by specialist staff.

To date, eight St Mungo's clients have been supported into employment with another 20 employment outcomes expected by end of 2024.

Barings teammates have been highly supportive of the St Mungo's program since launching the partnership in fall 2022, hosting in-office drives and volunteering alongside program participants and in other St Mungo's efforts including beautification days at hostels and the packing of care packages. In total, Barings employees have participated in eight volunteer days at St Mungo's. Additionally, employees from Barings launched a Digital Inclusion/Online Safety course with St Mungo clients. Since the launch in late 2023, a three-hour session has been conducted, with part two coming up soon.



BabyHome Foundation

SHANGHAI, CHINA

The Shanghai office has partnered with BabyHome Foundation—a grassroots local charity that gives orphaned children access to surgery and a caring environment in which to heal. In total, the office has raised over (U.S.) \$6,000 for the organization.

Additionally, following their recent office relocation, the Shanghai team wanted to do something meaningful with its surplus furniture. They had the thoughtful idea to sell the remaining items and donate the proceeds to BabyHome.

"It's been incredible to see how corporate action can lead to meaningful social impact commitment and contributions," added Shelley Liu, Country Head of China. "We appreciated the chance to participate in getting a glimpse of BabyHome's wonderful work and look forward to volunteering more in the future."



GLOBAL MONTH OF SERVICE

During our 2023 Global Month of Service,

310+

TEAMMATES ACROSS
THE GLOBE, SPENT

1,220 hours

*volunteering for causes meaningful
to them, working with*

44 charities

EMPLOYEE RESOURCE GROUP COMMUNITY GRANT PROGRAM

Barings and our teammates have a desire to work together to improve the status quo, not just within the firm, but in our wider communities. We are committed to ensuring our community investments remain sustainable, diverse, equitable and inclusive for all community members.

To supplement our investment in diverse communities, we established our Employee Resource Group Community Grant Program. Within this program, each employee resource group (ERG) annually receives a \$10,000 grant to donate to a charity whose mission aligns with their diverse goals. Read more about our ERG partnerships in our [social impact report](#).



Diversity, Equity & Inclusion

Our Strategy

As a global asset manager that has benefited from the merger of numerous organizations, Barings is innately a diverse organization. With 27 offices across three regions in 18 countries, our 1,800+ teammates bring varied cultures, perspectives, backgrounds and experiences to work each day. Regardless of location, we expect our people to keep **PACE** and live our core values—Value Our **People**, Take **Accountability**, Foster **Collaboration** and Deliver **Excellence**—in all that they do. Our values shape our culture—one that is inclusive and grounded in mutual respect for our colleagues.

Developed with our people, clients and communities in mind, our DEI mission underscores our commitment to operationalize equity and inclusion to ensure everyone can succeed, with an understanding that we all have a role to play to uphold the culture we desire. Through our work, we seek to shape inclusive corporate cultures, business models and communities.

Creating a sense of belonging at Barings underpins our strategy. Our teammates actively build a culture every day where colleagues feel supported and safe to express their authentic selves. Irrespective of age, gender, socioeconomic background, race, ethnicity, religion or sexual orientation, we all belong at Barings.

Our Evolving DEI Journey

Embedding inclusion and equity in all that we do is an ongoing journey. Our DEI efforts pre-date a DEI function, as the very makeup of our firm requires us to work across borders to develop solutions for our clients.

Today, our DEI strategy focuses on four key pillars that have delivered measurable progress for the firm over the past year:



ENSURING CLARITY OF OUR DEI STRATEGY

- Developed and implemented DEI communications plan



BUILDING COMMUNITY & TRUST

- Held third annual 'Day of Understanding', focusing on the values and expectations of our multi-generational workforce
- Amplified culture initiatives through ERG programming
- Launched Barings Women's Network in Asia Pacific



IMPLEMENTING EQUITABLE TALENT PROCESSES

- Supported firmwide talent review and performance management processes
- Hosted Power Summit event for racially and ethnically diverse teammates



MEASUREMENT & REPRESENTATION

- Released inaugural DEI report
- Presented DEI progress updates and metrics to Barings Board of Directors

Our People Focus

We know that the best talent pool consists of a diverse group of individuals with varied capabilities to challenge the status quo, solve complex problems, and innovate beyond traditional norms and approaches to work. As such, we have worked to ensure that we recruit top talent, mitigate bias throughout our talent processes and have the necessary support in place to develop, retain and promote our people at every level within the organization.

We ensure that a DEI lens is applied across all our functions and take a leaders-first approach to advancing it. Our CEO and leadership team maintain a DEI focus and regularly manage our progress and performance against plans. Our mid-level managers model behaviors that advance our DEI objectives, provide a regular cadence for feedback, and embed inclusive practices as they lead in their respective lines of business. Everyone has a role in creating an environment in which all teammates can authentically be themselves and be successful.

Our successful global self-ID campaign has enabled us to measure representation across our applicant pool and workforce.⁹

As of December 31, 2023, Barings' workforce is:

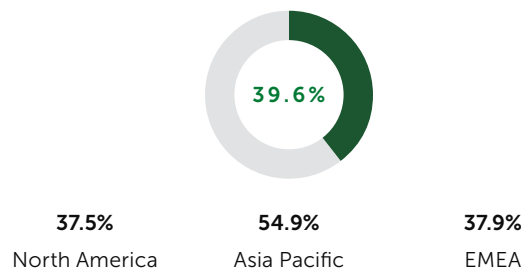
3.6%
LGBTQ+¹⁰

1.8%
VETERANS¹¹

1.4%
PEOPLE WITH DISABILITIES¹²

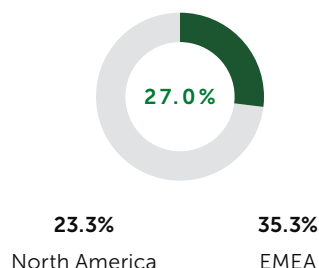
Taking unconventional roads into asset management provides our firm with teammates who bring a wealth of unique experiences and skills to their roles.

GLOBAL GENDER DIVERSITY



APAC leads our firm in gender representation, with over half of our workforce in the region identifying as women.

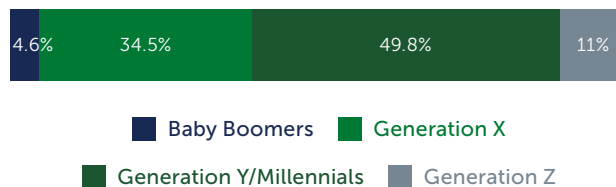
GLOBAL RACIAL/ETHNIC DIVERSITY¹³



SENIOR-LEVEL DIVERSITY¹⁴

RACE/ETHNICITY	FEMALE
15.8%	29.3%

GENERATIONS



9. Data representative of 86% of our population in the countries where we are legally authorized to request this information and teammates have self-identified.
10. Representative as a percentage of total responses provided.
11. United States only.
12. United States and United Kingdom only.
13. North America and EMEA only.
14. Senior Director and Managing Director levels combined.

Our Internal Community

Our teammates are deeply involved in upholding an inclusive, engaged culture that puts people at its core. Creating community is important to Barings' teammates: they can join over 20 sports and social clubs, from language and book clubs to activities including running and yoga. Informal groups within teams also hold sessions to share thoughts on DEI topics, highlighting the culture our teammates are building from the ground up to create authentic connections.

We also have four employee resource groups to help promote a culture of diversity and inclusion. They build community and connectivity across the firm, influence programming and act as a sounding board to identify gaps and opportunities to enhance our DEI approach. We strive to ensure each group has one to two sponsors from executive leadership who lend their voice and perspective to support and drive the groups' impact forward.

BARINGS BLACK NETWORK



**OMOTUNDE
LAWAL**

*Managing Director,
Emerging Market
Corporate Debt
(Regional Chair, U.K.)*



**BRIAN
MANGWIRO**

*Managing Director,
Global Sovereign Debt
& Currencies
(Global Chair, U.K.)*



**TANYA
VUTZ**

*Associate Director,
Corporate
Sustainability & ESG
(Global Chair, U.S.)*

Supports the advocacy, mentorship and development, and professional growth for Black professionals across the globe at Barings.

In the U.S., we held a fireside chat on 'Strength Through Resilience' with Dr. Scott Ellsworth, author and professor of history at the University of Michigan. We continued our 'Food for Thought' sessions, where members and allies alike meet for open discussions to better understand and support each other personally and professionally. We also hosted Barings Exposure Days with Young Black Leadership Alliance students to mentor and expose them to careers at Barings.

In the U.K. we welcomed Chi-Chi Nwanoku, OBE, Co-Founder and CEO of Kinhub, Erika Brodnock, MBE and entrepreneur Carol Akiwumi, MBE for a panel on the theme 'Celebrating our Sisters'. We also continued to host workshops and shadowing days for students and young professionals from London's Harris Academy school network, 10,000 Black Interns, the Amos Bursary and the ALETO Foundation.

BARINGS OUT & ALLIES



**SEAN
ALLEN**

*Director,
Stewardship
(Regional Chair, U.K.)*



**HUTCH
FARRIS**

*Senior Associate,
Real Estate Debt
Underwriter
(Regional Chair, U.S.)*



**ANDREA
SUHOZA**

*Director,
Global Technology
& Operations
(Global Chair, U.S.)*

Promotes LGBT+ awareness and encourages an inclusive work environment to attract, develop and retain talent, and drive new business opportunities.

In 2023, we hosted a Pride Month fireside chat on the theme 'Show Your Pride' with Joey Gonzalez, CEO of Barry's Bootcamp. We also attended the London Pride Parade with InterInvest. In addition, we hosted the Out Investors joint social event in our London office. It brought together members from Out Investors, a global organization dedicated to creating a more inclusive direct investing industry for LGBTQ+ individuals, as well as Barings Out & Allies members and allies.

BARINGS VETERAN'S NETWORK



STUART AURRE

*Managing Director,
Strategic Relationship Management
(Global Chair, U.S.)*



MELISSA CLIVER

*Director, Compliance
(Regional Chair, U.S.)*

Centered on providing its members a community as they adjust to life outside of military service, as well as creating conversations between veterans, and their allies, that lead to a more inclusive Barings.

In 2023, the network deepened its focus on creating a sense of fellowship for Barings' veterans by hosting a luncheon for a day of networking. Further, the network coordinates with Barings' talent acquisition team to attract veterans at all levels of the organization, in particular by attending the MBA Veterans Network Career Conference and other local events to diversify the pipeline into our internship program.

BARINGS WOMEN'S NETWORK



SAIRA FAROOQ

*Director, Compliance
(Global Chair, U.K.)*



HEIDI LILLY

*Director, Marketing
(Regional Chair, U.S.)*



SARA SULEIMAN

*Director, U.K. Sales
(Regional Chair, U.K.)*



SAVANNAH WASHCO

*Associate, Legal
(Global Chair, U.S.)*



MICHELLE WONG

*Senior Associate, Client Portfolio
Manager, Multi-Asset
(Regional Chair, APAC)*



LYDIA WU

*Managing Director, Head of Distribution,
Greater China & SEA (Global Chair, APAC)*

Works to attract, progress and retain female talent globally and reinforce a culture for women whereby they can safely express themselves.

Over the past year, we have continued our Power of 10 group discussions. In the U.K., we hosted an insight day for Girls Are Investors (GAIN) and held a panel discussion during Women's History Month on the theme 'Embracing Equity'.

In the U.S., we launched an Expecting & New Mom Initiative, which benefits moms returning to the office after maternity leave. We forged a partnership with Charlotte Family Housing and have planned monthly opportunities for associates to support and volunteer with this new community partner.

Finally, we expanded the BWN to Asia Pacific in October 2023 so that all diverse views and opinions are brought to the table. BWN in APAC ran a campaign to raise awareness for breast cancer, after which a teammate-designed Thanksgiving card was sent to colleagues in the region, thanking them for their contributions to the initiative.

Our Partnerships

We're dedicated to driving intentional change not just within Barings, but the industry at large. As well as signing on to initiatives including the Institutional Limited Partners Association, we partner with the below key organizations to broaden access to entry, mid and senior-level diverse talent at Barings, and to diversify the broader industry.



**CEO ACT!ON FOR
DIVERSITY & INCLUSION**





Employee Resources

Professional Development

Barings teammates participate in ongoing performance management and development—an important part of maintaining a continuous growth and pay-for-performance culture. The performance review process encourages direct and candid conversations between teammates and their managers. It provides teammates with the tools to manage and document their individual performance and career development plans.

All Barings teammates complete an annual performance review supporting inclusive and equitable people practices. This process helps teammates and managers evaluate progress toward their individual performance and career development goals. Performance review results are a key indicator of a teammate's contributions to the firm and factor into the determination of their annual compensation. We are dedicated to building a healthy working environment where teammates can thrive. Supported by professional development and guided by good governance, this culture helps teammates achieve their best, and in turn effectively serve our clients.

Training & Education

The training opportunities designed for our organization ensure the development of core competencies that align with the needs of our business and our clients. We support the development of our teammates with appropriately tailored training to help them gain the knowledge, skills and abilities required to excel in their roles.

Barings facilitates mandatory training for new joiners spanning multiple HR and compliance-related topics. As part of ongoing development, teammates are encouraged to take courses and programs in relevant subject-matter areas. These may include graduate programs, the Chartered Financial Analyst program, the Chartered Financial Analyst ESG certification, the Security Analysts Society programs and other professional investment management programs.

Additionally, our teammates are asked to attend appropriately focused training courses, professional conferences and seminars with well-known learning and development providers. All Barings teammates have full access to Barings University in partnership with OpenSesame. Teammates are also encouraged to expand their knowledge through “on the job” education and training, with ongoing development taking place through day-to-day contact and coaching.

Furthermore, investment professionals are encouraged to attend conferences and talks related to sustainability and to pursue other educational opportunities, such as PRI Academy coursework or SASB's Fundamentals of Sustainability (FSA) credential. This year, the Sustainability team has enhanced the ESG training offered to investment professionals.



Benefits

Barings offers a comprehensive health and wellness program that encourages employees to become active participants in managing their health and health care, while also offering choice and flexibility.

Components include:

- Comprehensive medical coverage
- Wellness program
- Health Savings Account (HSA)
- Health Care Flexible Spending Account (FSA)
- Dental coverage
- Vision coverage
- Employee Assistance Plan (EAP)

For those enrolled in the firm's medical coverage, employees and their covered spouses and domestic partners are given opportunities to engage in healthy behaviors and preventative screenings. Financial incentives in the form of "wellness incentive dollars" are part of this program. Eligible employees who satisfactorily complete applicable programs receive company contributions of wellness incentive dollars.

In conjunction with the Green Commute Initiative, Barings offers to its UK employees a tax advantaged Cycle to Work program. The program serves the dual purpose of improving both the individual's health and wellbeing, as well as reducing the environmental impact of pollution and congestion from cars.

Barings is also committed to providing a safe and healthy work environment by:

- Providing a safe and healthy workplace free of preventable hazards.
- Maintaining reasonable safety rules and practices and effectively communicating these to employees.
- Providing appropriate employee training and information.
- Promoting and protecting employee safety and health.
- Complying with all health, safety and environmental laws and regulations that impact its operations.
- Responding quickly and effectively to environmental incidents.



Barings Policies & Procedures

Barings is committed to acting ethically, with integrity, and in compliance with applicable laws and regulations in all countries/jurisdictions in which we operate, through our own operations and in the way we manage our clients' investments.

Ethics & Code of Conduct

We believe that operating in accordance with ethical standards is critical to the success of Barings' vision. Ethical conduct is recognized, valued and exemplified at every level of the organization. Employees of Barings not only recognize their responsibility to comply personally with our Global Associates Ethics and Conduct Guide ("Guide"), but also their responsibility to serve as role models in observance of its spirit. The Guide establishes the following framework of ethical behavior to guide employee actions and judgments:

- Operate in accordance with applicable laws and regulations governing our business.
- Operate to safeguard the ability to fulfil our obligations.
- Conduct business activities and relationships with unquestioned integrity.
- Ensure Barings' transactions, communications and information are accurate, confidential and secure.
- Foster an environment in which fair employment practices extend to every member of Barings' diverse community.
- Treat employees consistently, with integrity and fairness in all dealings.
- Maintain a safe and healthy work environment.

Anti-Bribery & Anti-Corruption Policy

Barings has established a Global Anti-Bribery and Anti-Corruption Policy that generally prohibits any Barings entity, associate or third party from corruptly offering, promising, paying or authorizing the payment of, directly or indirectly, money or anything of value—including but not limited to cash, travel, gifts, entertainment, employment and directed charitable donations—in order to influence a person so that a Barings Entity may obtain or retain business or gain any other improper business advantage. This includes attempts to:

- Influence any act or decision by any person;
- Induce any person to take action, or refrain from taking action, in violation of his or her lawful duty; or
- Induce any person to use his or her influence to affect or influence any act or decision.



Political & Charitable Contributions

All political and charitable contributions must comply with the applicable laws of each jurisdiction in which a Barings Entity conducts business and must not be made to improperly influence a person so that a Barings Entity may obtain or retain business or gain any other improper business advantage. Employees must pre-clear their personal political contributions and those of their covered family members in accordance with the relevant Barings Entity's policy regarding political activities and/or charitable contributions.

Gifts, Entertainment & Hospitality

Employees must never accept or offer gifts, entertainment or hospitality that could compromise his/her business judgment, could conflict with his/her duty to Barings and/or Barings clients, or that could appear to others as compromising to his/her business judgment. Additionally, employees must report all gifts, entertainment and hospitality given or received valued at more than \$25 or the local currency equivalent.

Global Conflicts of Interest

Each Barings entity has adopted a corporate governance structure (i.e., committees, a board of directors, or similar body) that assists in the oversight of its investment management and business activities. Under this corporate governance structure, each Barings entity may identify potential conflicts of interest and is responsible for the ongoing management and/or resolution of any conflicts of interest for those activities.

Barings' Compliance Department conducts various types of testing and monitoring to ensure that the outcome of operational, investment compliance and risk activities, including those related to conflicts of interest, over time are consistent with expectations and Barings' Investment Adviser Compliance Manual. These tests focus on risks or conflicts of interest specific to Barings and its fiduciary obligations to its clients.

Barings' Compliance Department makes sure that any potential conflicts of interest that have been identified are appropriately disclosed to clients in accordance with applicable policies, procedures and regulatory requirements.



Data Privacy & Cyber Security

Barings' Cyber and Information Security program's framework is architected from a hybrid of standards, ISO 27001 and NIST Cybersecurity Frameworks, to ensure the confidentiality, integrity, availability, and privacy of the company and clients' information. The program measures the effectiveness of the security controls implemented to prevent, detect, and deter cyber-attacks.

Barings has a formal cyber and information security policy that outlines how the organization will protect information and information systems. The policy has sub-policies that align with baseline industry best practices (ISO 27002 and NIST-800 53) and regulatory requirements the firm must comply with. A series of control standards are implemented and maintained to meet the policy.

Employees and contingent workers who are granted access to the Barings network are required to complete all mandatory cybersecurity awareness training. The goal of this training is to promote topics such as best practices for protecting data, strong passwords, cyber policies, social engineering/phishing and safe internet surfing.

Procurement & Vendor Management

All third-party vendors are governed by the Global Vendor Management policy. The objective of the policy is to provide a global framework to manage the risks associated with conducting business with vendors. It does this by formalizing processes for managing, measuring and controlling risks related to onboarding; monitoring ongoing performance (including establishing and testing agreed controls and performance metrics for vendors); periodic risk-assessments; and off-boarding of vendor relationships.

Due diligence is performed on third-party vendors prior to the signing of a new contract to identify any potential risk that would warrant not moving forward with a new contract or a contract renewal. Performance reviews are expected to be performed at a minimum of once per year and any vendor performance-related issue is to be escalated to the Global Vendor Management team to assess its risk and to determine if further corrective action is required.



Looking to the Future

Over the past year, we have remained steadfast in our goal of minimizing risk and maximizing returns for our clients. In 2025, we will continue to focus on our clients' preferences and to work continuously to improve our offerings to them.

Investment Approach

Within our ESG integration and stewardship activities we will focus our progress on three key themes:

1. Leveraging the capabilities of our upgraded technology suite to increase efficiency, oversight and transparency,

As we outlined earlier, Barings recently implemented new investment management technology. The new platform will enable us to improve the consistency, connectivity and accessibility of our data in public and private markets, thereby supporting our investment teams in their investment approach, as well as providing better service and a better client experience. As part of this, the centralization of data, including information related to ESG, will facilitate the enhanced oversight of ESG scoring and engagement activity across asset classes, with the goal to increase the scale and granularity of ESG reporting provided to clients.

2. Strengthening our ESG integration approach by seeking to address data gaps within key asset classes.

We plan to continue advocating for improved disclosure on material ESG risks and opportunities in areas where data remain limited. Through the roll-out of an industry-aligned ESG questionnaire, we aim to increase the availability and consistency of issuer-level data.

Parallel to this, we are also engaging with third-party providers to evaluate solutions that have the potential to address ESG data gaps through estimations, with particular focus on high yield loans and Global Private Finance borrowers.

As part of our stewardship activities, we will remain in active and appropriate dialogue with borrowers, sponsors and other industry participants. Over time, we aim for direct ESG data collected from issuers to replace estimations, providing further granularity in our investment decision-making and reporting.

3. Continue to identify and address material risks and opportunities associated with systemic ESG topics.

Acknowledging the risks and opportunities that systemic ESG topics may present to our investments, we will continue to identify these in line with our fiduciary duty and commitment to our clients' needs. This will include the development and roll-out of an engagement prioritization framework across asset classes for specific topics, based on those identified from our stewardship survey. The aim of having an engagement prioritization framework is to ensure that our efforts remain focused on the asset classes and investments in which we concentrate so as to maximize our opportunities to drive successful outcomes.



Corporate Responsibility

We remain committed to becoming net zero GHG in our global operations by 2030. This commitment will require several change-management initiatives aimed at reducing our operational emissions across Scopes 1, 2, and 3. We will continue to disclose transparent progress against this target in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, which is a testament to our ongoing efforts.

To this end, we are reducing our operations' environmental impact by focusing on total waste generated; we aim for 100% renewable energy in our global offices by 2025.

We will continue to provide our teammates with sustainability education, engagement, and environmentally-focused volunteer events. We are also encouraging our teammates' use of compost and recycling programs to divert more waste from landfills.

Our Social Impact program has bold ambitions, including the continuation of our global education equity initiative that promotes literacy and equitable access to educational resources around the world. Through this initiative we will create book swaps and provide school supplies and additional educational resources to housing communities that the Barings Real Estate teams have financed across the US and the UK.

We will complete our third year of the Increasing Digital Equity in Affordable Housing Communities program. Since inception in 2022, we have distributed over 1,100 laptops and hosted eight community distributions inclusive of digital literacy training, a meal and other items addressing community needs on the ground. Additionally, we will launch a similarly structured program centered around Digital Equity in the UK in partnership with the East End Community Foundation.

Lastly, two other existing programs will continue: our partnership with our six ERG community partners, and our hosting of the See the Possibilities program in Charlotte and London, with an expansion into Hong Kong.

We look forward to working with teammates across the globe to further our sustainability and ESG plans over the next year and beyond.

Barings is a \$431+ 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.*

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