



BARINGS

BARINGS

Sustainability Policy

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A Message from our CEO, President, & Director of Sustainability

To our stakeholders,

Barings is a global financial services firm—with a long-term vision and approach to investing. We believe that by incorporating information on sustainability into our business practices and investment decisions, we can help create sustainable benefits for the economy, the environment and society.

We continue to evolve our long-standing sustainability practices, and are pleased to publish our updated Sustainability Policy. This policy guides our business and the active management and responsible stewardship of our investments—across asset classes and geographies.

Sustainability isn't just embedded into our investment process—it permeates all aspects of our business activities and our stakeholder relations. Barings is committed to advancing economic and social mobility for our underserved communities. Engaging our employees with the communities where they live and work is a cornerstone of our organization—and critical to sustaining meaningful impact.

We know we have a role to play in supporting a sustainable future. By acting responsibly, Barings can positively influence the behavior of companies, issuers, assets, policy-makers and our supply chain to promote sustainable practices.

With this foundation, we're focused on four key areas in 2020:

1. Collaborating with our analysts, investors and the industry on sustainable best practices.
2. Engaging with the entities in which we invest to try to improve ESG disclosure and responsible behavior.
3. Reducing the adverse environmental impacts of—and contributing to environmental regeneration through—our global operations.
4. Measuring the impact of our sustainability efforts and communicating these to our stakeholders.

We view sustainable principles as a guiding force behind our business stewardship and governance frameworks.

We're looking forward to the next chapter in our journey and are committed to engaging and collaborating with our stakeholders along the way.



A handwritten signature of Tom Finke's name.

TOM FINKE

Chairman & CEO



A handwritten signature of Mike Freno's name.

MIKE FRENO

President, Barings LLC



A handwritten signature of Sarah Munday's name.

SARAH MUNDAY

Director of Sustainability



Our Approach To Sustainability

CREATING SUSTAINABLE VALUE FOR OUR CLIENTS, OUR COMMUNITIES & EACH OTHER

Our primary goal is to create sustainable value for our clients through our business activities. We believe that sustainable value relies upon the sustainability of our business, our communities and our world. Adopting a responsible approach to our social and environmental impacts may help us to deliver sustainable value.



WE INTEGRATE

sustainability into our investment process and business operations



WE ADVOCATE

for sustainability for our clients, our communities and our world



WE EDUCATE

our stakeholders on the importance of sustainability

DEFINING SUSTAINABILITY & ESG

Sustainable business activities meet the needs of the present without compromising the ability of future generations to meet their own needs.¹

Environmental, social and governance—or “ESG”—are three core topics we consider when assessing the sustainability of an investment and our own business. We integrate ESG information into our analysis and decision-making across our investment teams and business lines. We also advocate for better sustainability practices in our investments, business and world, and in doing so hope to realize value, both financial and otherwise, for our clients.

Integrating the analysis of this ESG information into our business activities alone may not result in sustainable products or operations, but it does make us more aware of the risks and opportunities that sustainability brings, which starts us on our journey towards sustainability. Our enhanced awareness of these ESG risks and opportunities helps us to advocate for environmental, social and economic improvements in our business, investments and communities; in this way, our integration and advocacy contributes to driving a more sustainable future.

1. Adapted from the United Nations Framework Convention on Climate Change.



OUR PURPOSE & VALUES

At Barings, our purpose is to serve our clients, our communities and each other. Sustainability is a central tenet of our firm, and permeates our culture via our core values of:

- Uncompromising integrity
- Trusted partnership
- Exceptional service and performance
- Inclusive team culture
- Transparency
- Sustainability

Environmental, social and economic sustainability—guided by good governance—is an essential contributor to the long-term growth and success of both our clients' invested capital and the firm itself.

OUR GOALS



IN OUR BUSINESS

Seek sustainable opportunities that deliver long-term value to our clients

Act as successful stewards of our clients' capital

Integrate environmental, social and governance considerations into our investment process and business practices

Advocate to support good environmental, social and governance practices

Encourage and nurture diversity in our culture and associates



IN OUR COMMUNITIES

Partner with local organizations to build stronger, more vibrant and resilient communities in which we live, work and invest

Encourage all associates to give back through local engagement, volunteer activities and by Barings' matching of charitable contribution



IN OUR WORLD

Do our part to protect our global environment in pursuit of a sustainable future

Reduce the environmental footprint of our offices globally

Contribute to the regeneration of our natural world

Further the mission of the United Nations Global Compact, the United Nations Sustainable Development Goals, Climate Action 100+ and the Task Force on Climate-Related Financial Disclosures ("TCFD")



OUR APPROACH

WE THINK LONG-TERM

Barings is a subsidiary of MassMutual, which gives us the financial stability and flexibility to take a long-term approach. Barings' global footprint allows us a broad perspective which, when combined with our local knowledge, enables our access to a diverse set of opportunities and the ability to partner with our clients to invest globally.

ESG IS INTEGRATED ACROSS THE ASSET CLASSES

We believe that integrating the analysis of environmental, social and governance information into our investment process gives us a more holistic understanding of the complex issues, risks, opportunities and value drivers that may impact our clients' portfolios over time. In-depth, fundamental analysis is at the heart of our investment philosophy, and ESG analysis is embedded within the investment process across all asset classes.

WE ACT AS STEWARDS OF OUR CLIENTS' CAPITAL

We are active stewards of the entities in which we invest; this goes hand-in-hand with our active investment approach. Stewardship involves using our influence, through our channels of communication with investments, to try to safeguard and increase performance for clients. We engage on a regular basis, where appropriate, and believe the most productive outcomes stem from strong relationships and deep knowledge. We also vote, where possible, in support of sustainable practices.

SUSTAINABILITY IMPACTS ALL BUSINESS ACTIVITIES

Consideration of ESG topics isn't just integrated into our investment process, but permeates all aspects of our business activities and beyond. We strive for sustainable practices in our business, in our communities, and in our world. We seek to strengthen the communities in which we live, work and invest, and to do this we encourage all associates to give back through supported volunteering and charitable giving programs. Diversity is appreciated, encouraged and nurtured as we believe that this contributes to the success of our business. Our offices are also committed to reducing their environmental footprints, as we want to do our part in protecting our world in pursuit of a sustainable future.

Scope

This policy applies to Barings LLC ("Barings") and its global subsidiaries.

Policy Statement

The purpose of this Sustainability Policy ("Policy") is to confirm and explain Barings' commitment to an environmentally, socially and economically sustainable business model, as well as to integrating analysis of environmental, social and governance risks and opportunities into the investment process.

The incorporation of sustainability principles and ESG information into business practices and decision-making is key to Barings when delivering on this sustainability commitment.

We view sustainable principles as a guiding force behind our business and governance. Our purpose is to be a responsible corporate citizen, an employer of choice and a prudent fiduciary for all of our clients; we serve our clients, our communities and each other.



Our Investment Approach to Sustainability

We believe that the analysis of environmental, social, and governance information—the core topics to consider when assessing the sustainability of an investment—should be integrated into the investment process across our asset classes. ESG topics are key considerations in our fundamental, bottom-up analysis because we believe that ESG matters are material to investment performance.

We also believe in acting as stewards of our clients capital, which complements our active investment and management approach. Consistent with our investment strategy we engage and vote, where possible, to guide company practices towards those that improve the world around them: economically, socially and environmentally.

MANDATE TO DELIVER COMPETITIVE RISK-ADJUSTED RETURNS

Barings' goal is, above all, to deliver competitive risk-adjusted returns for our clients. We consider the integration of ESG-related analysis into the investment process as part of this commitment, as these issues can impact an investment's risks and returns over time.

ESG IN PRACTICE

We integrate ESG information into our rigorous investment analysis across every asset class. Through fundamental analysis, including that of material ESG topics, we seek to gain a comprehensive understanding of the factors that influence the sustainability of the investments we make. Our investment professionals evaluate ESG information, along with a range of other potential risks and opportunities, that may impact their investments, portfolios and the economy. We give our investment professionals the flexibility to use their deep industry and sector expertise to best understand the material ESG opportunities for and risks to the entities they consider.

As part of our initial and ongoing analysis, our investment professionals seek to understand the potential risks to and opportunities for an investment—including those related to ESG; to do so we may meet with government officials and corporate management teams, visit operational facilities and analyze industry competitors. Once invested, our investment professionals continue to monitor each investment to ensure that our thesis, including that on ESG matters, remains intact and that an investment's risk and return profile remains attractive relative to other opportunities available in the market.

In addition to our investment professionals' rigorous in-house evaluation of ESG risks and opportunities, our teams also have access to third-party resources that provide institutional investors with ESG data.

BARINGS' COMMITMENT

We consider ESG information alongside other crucial variables that may impact an investment's risks and returns over time. As part of our overall commitment in seeking to deliver attractive returns we endeavor to construct portfolios that meet our clients' risk-return requirements—this includes integrating ESG criteria into our investment process.

As we execute on our fiduciary responsibility to our clients, we will continue to consider ESG a critical component of our overall investment process.

Stewardship

WHAT IS STEWARDSHIP?

"the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."

FINANCIAL REPORTING COUNCIL

"the use of shareholder power to influence corporate behavior..."

GLOBAL SUSTAINABLE INVESTMENT ALLIANCE

Barings acts as a steward for our clients capital across the asset classes that we manage which, for our organization, means that we believe in using our influence as a large asset manager to safeguard and generate value for our clients.

Stewardship may also be referred to as "active ownership". But due to our diversity of asset classes we do not always "own" the entities that we invest in and so think it more appropriate to use the word "stewardship".

WHY STEWARDSHIP?

We are a large asset manager and hold power in the financial markets, and the wider world, when we decide where to allocate capital. We feel that using our power as an investor and source of finance, across our asset classes, can generate value for our clients; in some cases we may also beneficially impact wider stakeholders.

When investing we understand that good environmental, social and governance practices have the potential to boost returns, and that poor management can do considerable damage to performance. Well-managed issuers and companies typically have healthy or improving ESG practices. Keeping this in mind we, where appropriate, develop and maintain dialogues on strategy, performance and the management of risk and evaluation of opportunity with the management of the assets in which we invest and vote to support these dialogues.

As signatories of the UN's Principles for Responsible Investment ("PRI") we have also publicly committed to adopting and implementing the PRI's six principles (found in [Appendix III](#)). Active ownership/stewardship underlies three out of these six principles. We are held accountable to our stated intent to be an active owner by our PRI signatory requirements, and report annually on our responsible investment activities.





STEWARDSHIP IN PRACTICE

We act as stewards of our clients' capital through three main mechanisms:

1. Through our robust investment process and the integration of the analysis of ESG information within this;
2. Through our engagement with companies, issuers, policy makers and industry bodies in support of sustainable practices and to promote a healthy financial system; and
3. Through our voting activities, where possible.

We can magnify our stewardship efforts by ensuring that our voting and engagement activities both support sustainable practices.

OUR APPROACH TO ENGAGEMENT

WE APPLY THE PRI'S DEFINITION OF ENGAGEMENT:

Engagements involve "...interactions between the investor and current or potential investees on ESG issues. Engagements are undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure."

Through engagement we aim to enhance the performance of our investments, for the benefit of our clients, in line with our fiduciary duties. We do not, however, attempt to impose an inflexible approach that ignores local norms and contexts. We believe that value is derived from transparent communication with the entities in which we invest coupled with the expertise and discretion of our experienced analysts and portfolio managers.

As we invest in multiple asset classes, and appropriate approaches to and priorities for engagements may differ, we give our various asset class teams the flexibility to choose when and where to engage with companies and assist. This is supplemented with general top-down guidance.

We broadly prioritize engagements according to the materiality of a topic to the investment case, as determined by our analysts' ESG research, as well as by the size of our holdings. The former affects the value we may realize, and the latter may affect our chance of success. We prefer to engage proactively and on longer-term issues that may meaningfully affect our investors, but will also engage reactively and on shorter-term threats to value on an incident-driven basis. Barings believes that the most productive exchanges occur within the context of established relationships and rapports.

We aim to set objectives, milestones and appropriate timelines for each engagement, and monitor the success or failure of these milestones and objectives. We may escalate unsuccessful engagements by increasing the intensity or frequency of the engagement, by joining together with other investors in a collaborative engagement, or in some cases by divesting or declining to participate in future offerings. What we learn in engagements feeds back into our fundamental ESG analysis and may result in changes to our investment thesis.

Our European Public Equities Team is subject to the requirements of the EU Shareholder Rights Directive. Please find their ESG Integration and Active Engagement policy [here](#).

OUR PRINCIPLES OF CORPORATE ENGAGEMENT

- We act in alignment with the client's stated goals and objectives;
- We do not impose a particular set of cultural values. Values are not global, and differ between our clients;
- We are long-term investors. This means that we prefer to engage on longer-term, meaningful issues, but we will also engage on short-term issues that affect our clients' invested capital;
- We focus our resources on areas where we think chances of success are higher and on the topics that could most impact the value of our investments;
- We may escalate failed engagements;
- Our engagements are private, but in some cases an escalation to the public domain may be necessary;
- Conflicts of interest are taken seriously.

OUR APPROACH TO EXCLUSION

We believe that engagement is usually a better way to act in the interests of our clients than exclusion, but there are certain investments in which we will not participate. Through engagement we can use the influence that our ownership or financing affords us to encourage changes that may realize our clients value, and potentially also benefit other stakeholders. This ensures that we are not imposing values upon our clients as our stewardship efforts are targeted at realizing value.

We will not, however, directly invest in companies that violate International Conventions on cluster munitions, anti-personnel mines and chemical and biological weapons. We will not knowingly hold securities that are materially involved in the production, stockpiling and use of these weapons at the time of investment.

OUR APPROACH TO PROXY VOTING

We understand that the proxy voting is an integral part of our investment management responsibilities and believe that, as a general principle, proxies should be acted upon (voted or abstained) solely in the best interests of clients (i.e. in a manner believed by Barings to best pursue a client's investment objective).

To implement this general principle, it is Barings' policy to generally vote proxies in accordance with the recommendations of its third-party proxy voting research provider. In circumstances where the research provider has not provided recommendations with respect to a proxy, Barings will vote in accordance with the research provider's proxy voting guidelines. 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.

Barings recognizes that there may be times when it is in the best interests of clients to vote proxies, (i) against the Research Provider's recommendations; or (ii) in instances where the Research Provider has not provided a recommendation, vote against the Guidelines. Barings can vote, in whole or part, against the research provider's recommendations or guidelines as it deems appropriate. 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.

Our approach to proxy voting is defined more fully in our Barings Proxy Voting Policy.



OUR APPROACH TO STEWARDSHIP CODES

Barings is supportive of the principles of the many global Stewardship Codes.

The senior management of Barings has decided to adopt the Principles of the Financial Reporting Council's ("FRC") U.K. Stewardship Code 2020 and, in line with this commitment, will submit an 'Activities and Outcomes' report to the FRC in 2021.

OUR APPROACH TO CONFLICTS OF INTEREST

Barings' Global Conflicts of Interest Policy (summarized below) is applicable across our engagement activities.

When the interests of a Barings entity or entities and Barings Associates interfere with, or have the potential to interfere with Barings' fiduciary obligations to its investment clients, a conflict of interest can occur.

Each Barings entity manages client accounts in a manner that is consistent with the client's best interests and attempts to avoid and/or manage situations where there can be potential conflicts of interest. The purpose of the Global Conflicts of Interest Policy is to establish a framework for:

- Identifying circumstances and relationships that are or could potentially be deemed a conflict of interest between a Barings entity, its clients, and or its associates.
- Assessing the impact of such potential conflicts of interest on clients.
- Ensuring policies and associated procedures are established by each Barings entity designed to address and sufficiently manage any potential conflicts of interest in a manner that is fair and equitable to clients and does not disadvantage a client relative to a Barings entity.
- Making the appropriate disclosure of those potential conflicts of interest to clients as required by relevant rules and regulations.

Our Environmental Approach

OUR ENVIRONMENTAL POLICY

Barings is committed to the pursuit of a sustainable future through integrating environmental awareness into our business activities, by acting as advocates inside and outside the business and by educating others on the importance of our environment. We wish to continuously improve our environmental performance and to integrate recognized environmental management best practice into our business operations.



WE COMMIT TO

INTEGRATE the management of the environmental impact of our global business operations in our decision-making

ADVOCATE for sustainable practices in our business, communities and world

EDUCATE our communities and each other about the importance of our efforts to create a more sustainable future

OUR KEY FOCUS AREAS

RECORD the environmental impact of our global business operations. This includes:

- Recording our consumption of resources and associated waste
- Recording our emissions

REDUCE the adverse environmental impact of our global business operations. This includes:

- Reducing, and improving the efficiency of, our consumption of resources
- Reducing our carbon footprint in order to lower our impact on climate change
- Managing our business operations to prevent pollution
- Reducing the waste that we send to landfill, and increasing re-usage and recycling
- Factoring environmental issues into business decisions

REGENERATE the environment through our global business operations. This includes:

- Supporting environmental projects in our communities
- Encouraging practices that renew, rather than deplete, our environment
- Encouraging and supporting sustainable behavior in our suppliers.
- Supporting our partnership with the United Nations Global Compact in support of the Sustainable Development Goals

TO MEET OUR COMMITMENTS WE WILL:

- Allocate resources to environmental project and activities
- Educate our associates on the importance of environmental issues to our associates
- Ensure appropriate governance of environmental policies and performance
- Monitor key objectives and targets for managing our environmental performance at least annually
- Communicate with stakeholders on our environmental policy and performance on a regular basis
- Work together with our stakeholders and communities to promote improved environmental performance
- Review our environmental policy regularly

STATEMENT ON CLIMATE CHANGE

We understand that the rise in temperatures analyzed and forecast by many different scientists and agencies would have widespread consequences. The consequences of climate risks may already be impacting our clients, our communities, and our world, and these impacts are likely to escalate further.

WE COMMIT TO:

- Make efforts to reduce our adverse impacts on our communities and world
- Apply circular economy principles in our operations wherever possible
- Analyze and, where possible, mitigate the potential risks arising from climate change to protect value for clients

Barings wants to protect its clients from any emerging risks. In assessing the risks to our business, as well as the opportunities from working to help mitigate this temperature rise, we make efforts to analyze parameters of potential impact. This should help us to protect our clients, communities and the world from adverse impacts through taking actions to avoid the physical, regulatory and transition risks of climate change, and capitalizing on the investment potential of a future net zero carbon world. As signatories to the UN's PRI, we support the PRI's ambition to keep the global temperature increase below 1.5 degrees Celsius by the end of this century in order to prevent widespread adverse consequences.

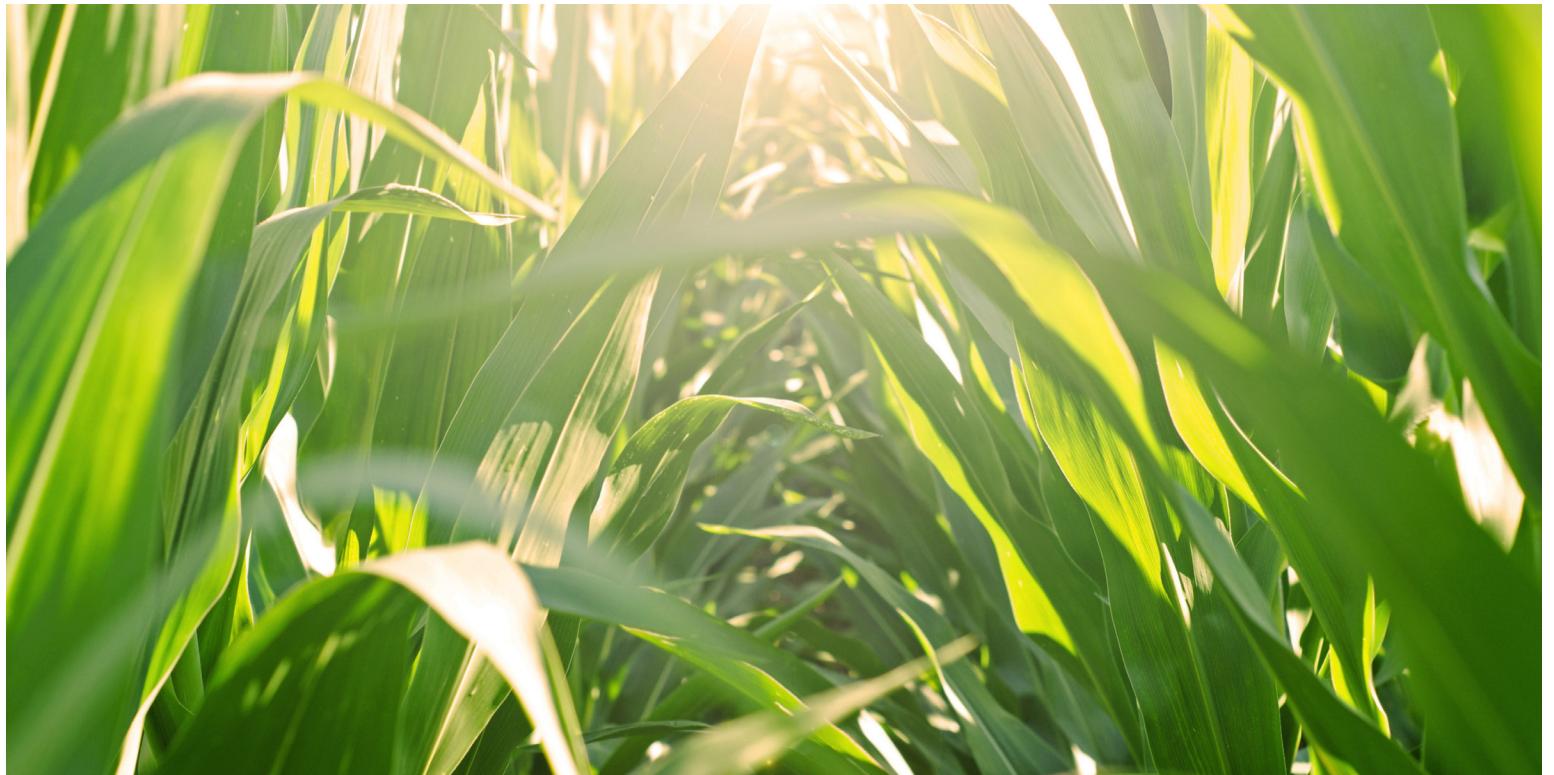
Barings also believes in contributing to a sustainable future through its own operations and outputs. We seek to employ circular economy principles in our offices globally, where feasible, in our efforts to reduce the emissions and waste that contribute to climate change, and have many measures in place to try to mitigate our impact on the environment. In our investment activities we integrate the analysis of ESG topics, including climate change, into our investment process across our asset classes in order to better understand the risks and opportunities associated with a changing world. We advocate for more responsible and sustainable behavior with regards to climate change through our stewardship activities.

We have signed a statement to G7 and G20 governments in support of the Paris Climate Agreement, urging these governments to continue to uphold the Agreement's principles aimed at combatting climate change. The Paris Agreement entered into force on November 4, 2016, and was ratified by 55 nations. The Paris Agreement's aim is to strengthen the global response to the threat of climate change by keeping global temperature rise well below 2 degrees Celsius above pre-industrial levels in this century, and to reduce cost and risk further ideally below 1.5 degrees Celsius.

We are also signatories to the United Nations Global Compact ("UNGC") and support their principles on the environment as well as the Sustainable Development Goals. The UNGC states that:

"The world today is facing unprecedented, interconnected environmental challenges in areas including climate change, water, energy, biodiversity and agriculture. With business relying on natural resources directly and via supply chains, new corporate efforts are needed to address environmental responsibilities, value natural capital, and better understand the linkages between resources."

In addition, we are proud participants in Climate Action 100+, an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. The companies that participants engage with include 100 'systemically important emitters,' accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition.



Our Social Approach

SAFE & ETHICAL WORKING PRACTICES

Our Code of Conduct forms the basis of our guidance on integrating consideration of human rights into every employee's daily work and behavior. It is predicated on the philosophy that operating in accordance with ethical standards is critical to the success of Barings' vision. Leadership at all levels typifies and sustains a culture where ethical conduct is recognized, valued and exemplified by all associates. Associates of Barings not only recognize their responsibility to comply personally with this Associate Ethics and Conduct Guide, but also their responsibility to serve as role models in observance of its spirit.

The Code of Conduct requires that Barings and its employees:

- Operate in accordance with applicable laws and regulations governing its business
- Operate always to safeguard the ability to fulfill its 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 associates consistently, with integrity and fairness in all dealings
- Maintain a safe and healthy work environment

Barings is committed to planning for safe and healthy operations within the parameters established by our policies and by occupational health, safety and environmental laws in all countries/jurisdictions that Barings operates in. Our commitment includes:

- Providing a safe and healthy workplace free of preventable hazards
- Maintaining reasonable safety rules and practices and effectively communicating these to associates
- 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' various Code of Conducts, Compliance Manuals, Policies, Human Resource policies and the Global Code of Ethics comprise the framework under which Barings and its associates conduct business. Associates are responsible for complying with the terms and spirit of these Barings policies, to report incidents or violations as specifically indicated in the relevant Barings policies and to participate in any subsequent reviews deemed necessary. Barings encourages a culture of 'speaking up' about breaches of legal obligations, policies, procedures, ethics or compliance issues. Associates have an obligation to report incidents and actual or potential violations of policies, procedures or applicable laws.

In addition to various Human Resources and Compliance Policies and Procedures, as well as the Barings Code of Conduct, we have also adopted a Global Escalation Policy. We believe that raising and reporting compliance or ethics issues/concerns affords management the opportunity to address them promptly and appropriately. We offer employees a number of different channels to raise compliance or ethics issues/concerns. If an employee prefers to raise the issue/concern anonymously then Barings has implemented a Barings Ethics and Reporting Hotline, which is operated and administered by an independent third-party vendor. The hotline is available twenty-four hours a day, seven days a week or via the web. Reports to the hotline can be made on an identified or anonymous basis.

Employees will not be retaliated against for raising compliance or ethics issues/concerns in good faith. Anyone who engages in retaliatory conduct against a person, who has in good faith raised compliance or ethics issues/concerns, will face disciplinary action, up to and including termination. If employees suspect retaliation against themselves or someone they know in connection with reporting, they are asked to immediately report the issue/concern to any of the relevant reporting channels.

DIVERSITY

As an organization, we believe that diversity of perspectives and skills is essential to meeting the evolving needs of our clients. We are committed to attracting and retaining a talented workforce whose diversity reflects the clients and communities that contribute to our success.

Barings is committed to creating a business environment that identifies, retains and promotes diverse talent, within a supportive culture where all employees can work together to produce the best outcomes. By embracing diversity and working together, in line with our values, we know we can make a difference and cultivate a firm-wide culture where everyone can thrive and achieve their goals.

We want to attract, engage, develop and retain diverse talent, and do so through a number of different programs and partnerships.

Our Global Statement of Respect and Anti-Discrimination Policy outlines Barings commitment to a discrimination and harassment free work environment, including all employment decisions (i.e. hiring, promotion or compensation).

If incidents of or concerns about discrimination or harassment are identified or witnessed, our Speaking Up Policy outlines the various channels for reporting these incidents or concerns, both on an identified and anonymous basis. Employees will not be retaliated against for speaking up and raising compliance or ethics issues or concerns in good faith; anyone engaging in retaliatory conduct would be subject to disciplinary action, up to and including termination.

We publicly report on our U.K. gender pay gap annually, and publish this on our website.

TRAINING & EDUCATION

We know the importance of education, and encourage our employees in their professional development. Amongst the training that our Human Resources (HR) department coordinates, whether for associate development plan-related training, for unique needs identified by management, or otherwise is:

- Global securities industry training and consulting
- Public speaking training
- Executive coaching and leadership development
- IT training
- "Hands-on" or "on-the-job" experience
- Day-to-day contact with or mentoring from senior level associates

Barings hosts external speakers that are experts in ESG and sustainability, includes sustainability-related credentials as part of our continuing education incentives program, and our investment teams receive regular training from third-party providers. The Barings Sustainability Team regularly attends team meetings across the firm including investment team meetings; risk, compliance and legal meetings; and executive management and leadership committees. We are also developing a training program on ESG and sustainability for all employees.

In addition to rigorous in-house work done by Barings research analysts and portfolio managers to evaluate ESG risks and opportunities, Barings also provides access to third-party resources that provide institutional investors with issuer-specific ESG data.

SOCIAL IMPACT

Barings is dedicated to making a difference in the communities where its employees live and work through our support of civic, philanthropic and non-profit initiatives. Barings supports numerous charitable organizations worldwide, through monetary donations, employee matching and volunteerism. Based on Barings' long history of community giving and engagement, the firm launched Barings Social Impact in early 2019 to further expand our global philanthropic reach. Barings commits to advancing economic and social mobility within our underserved communities by focusing on four key pillars:

1. Diversity, Equity and Inclusion;
2. Empowering Communities;
3. Education and Financial Literacy; and
4. Improving Health and Wellness.

Additionally, Barings employees are encouraged to give back to their local communities by leveraging the company's volunteer time off and dollar-for-dollar matching benefits. Each employee is granted three working days of paid volunteer time off per calendar year.

We have supported a variety of charities over the years through programmatic grant support, event sponsorships and volunteerism.

Barings is thinking beyond financial giving, and taking a strategic approach focused on the needs of individuals and families. In 2019, 859 employees across 16 offices in 7 countries volunteered 3,389 hours and participated in 97 charitable events. Through corporate giving and company matching, the firm also donated over 1.8 million dollars in 2019.

Corporate Governance

SUSTAINABILITY GOVERNANCE FRAMEWORK



EXECUTIVE LEADERSHIP TEAM

Barings Board, Executive Leadership Team (ELT) and Regional Leadership Teams regularly updated on sustainability and ESG matters.

CEO & Chairman updated monthly

Barings Director of Sustainability reports directly to the Chief Legal Officer

Support for sustainability from the highest levels of Barings



SUSTAINABILITY TEAM

Sarah Munday

Amadea Bentheim

Director of Sustainability, U.S.

Associate Director, U.K.



ESG STEERING COMMITTEE

Meets monthly

Determine Barings' overarching sustainability principles, ensure ESG principles embedded systematically across all investment management activities, and discuss trends and issues



ESG WORKING GROUP

Meets quarterly. Members include ESG champions from each asset class and business line

Discuss trends, best practices and potential enhancements of our approach to ESG and engagement/stewardship, and ensure that information is diffused across the organization



INVESTMENT TEAMS

Barings analysts and portfolio managers responsible for incorporating ESG factors into investment processes
Investment Committees or other governing bodies for the individual asset classes provide the oversight for this



REMUNERATION

Barings offers annual incentive awards designed to advance the interest of the firm by linking the compensation to performance and achievement of key financial goals, as well as divisional and individual goals.

Our long-term incentives (LTI) are designed to share with participants the longer-term value created in the firm and enhance retention of positions critical to the firm's long-term success. Programs include deferred-cash based components, which can be tracked against Barings earnings, Barings products and other specific investment vehicles. The LTI awards are typically deferred with a four-year vesting and pay-out. In addition, our long-term incentive plans are designed to tie a material portion of the incentive compensation received by our executive officers directly to the long-term performance of our Company, as measured by our phantom stock price.

Furthermore, we design our compensation programs to reward for intangible, as well as tangible contributions to our success, including corporate integrity, service quality, customer loyalty, risk management, corporate reputation and the quality of our team of professionals and the collaboration within that team. ESG is an important part of the investment philosophy and process, thus indirectly linked to the compensation of our investment teams. Lastly, but perhaps most critically, our associates' annual performance is reviewed and rated in accordance with our Barings Core Competencies, of which Sustainability is a key pillar.

PARTNERSHIPS



Principles for
Responsible
Investment



United Nations
Global Compact



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



THE INVESTOR FORUM

Reflecting our commitment to responsible investing, Barings has been a signatory to the United Nations' Principles of Responsible Investment ("PRI") initiative since January 2014. The PRI, launched in 2006 by United Nations Environment Programme Finance Initiative and the United Nations Global Compact, is the world's leading proponent of responsible investment. The PRI has defined six principles that seek to detail the necessary actions of a responsible investor. In becoming a signatory, Barings has publicly committed to adopting and implementing these six principles. The PRI requires accountability and transparency on the part of its signatories, and Barings provides annual reports on our ESG assessment initiatives to the PRI and is assessed on these submissions.

Barings, as of 2018, is also a signatory to the United Nations Global Compact, signaling our support of their ten principles and the United Nations Sustainable Development Goals ("UN SDGs"). The United Nations Global Compact is the world's largest voluntary corporate sustainability initiative, established to encourage businesses to align their strategies and operations with universal principles on human rights, labor, the environment and anti-corruption, as well as to advance societal goals through the UN SDGs. The ten principles that the Global Compact promotes are derived from the Universal Declaration of Human Rights², the International Labour Organization's Declaration on Fundamental Principles and Rights at Work³, the Rio Declaration on Environment and Development⁴, and the United Nations Convention Against Corruption⁵. The 17 UN SDGs were agreed in 2015 by all 193 United Nations member states and aim to achieve a better future for all through actions taken over the next 15 years; these actions target an end to extreme poverty, fighting inequality and injustice and protecting our planet.

THE UNITED NATIONS GLOBAL COMPACT STATES THAT:

"Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success."

In addition, we support collective action on sustainability through a number of forums. We work to tackle climate change alongside other investors through our public support of the Task Force on Climate-Related Financial Disclosures, as well as through our participation in the collaborative engagements of Climate Action 100+. Our membership of the Investor Forum further enhances our collaborative engagement capabilities.

Barings was also an important participant in the Catalytic Finance Initiative, a collective commitment of \$8 billion to high-impact environmentally sustainable projects, alongside institutions such as the European Investment Bank and the International Finance Corporation, a member of the World Bank Group. This initiative allocated funds toward a broad range of high impact areas including clean energy infrastructure finance, green bonds, project finance and green asset-backed securities, amongst others. Barings was involved in three deals that mobilized over \$1 billion in sustainable energy development globally.

2. <https://www.un.org/en/universal-declaration-human-rights/>
3. <http://www.unodc.org/unodc/en/treaties/CAC/index.html>
4. <https://sustainabledevelopment.un.org/rio20/futurewewant>
5. <http://www.ilo.org/declaration/lang--en/index.htm>

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