BARINGS

Baring International Fund Managers (Ireland) Limited

EU ESG Ratings Regulation - ESG Scoring Methodology and Transparency Disclosure

July 2026

This statement has been prepared by Baring International Fund Managers (Ireland) Limited to support transparency in relation to ESG scoring practices in the context of the EU ESG Ratings Regulation.

Introduction

Barings is a global alternative asset manager that partners with institutional, insurance and wealth clients and supports leading businesses with flexible financing solutions. The firm is a subsidiary of MassMutual with a minority investment from MS&AD with investment capabilities across credit, real assets, capital solutions and emerging markets.

Baring International Fund Managers (Ireland) Limited ("BIFMI" or "the Firm") is the group's EU-regulated entity. It is authorised and regulated by the Central Bank of Ireland as both an AIFM and a UCITS Management Company and is also permitted to carry out limited MiFID activities. BIFMI is classified as a Financial Market Participant under the Sustainable Finance Disclosure Regulation (SFDR) and acts as management company or AIFM for several European funds, including funds classified under Article 8 of the SFDR.

Barings' Sustainability and ESG Framework

BIFMI does not undertake discretionary portfolio management and does not itself generate ESG scores[1] at the issuer or portfolio level. ESG scores referenced in this document are produced by delegate investment managers within the Barings group in the context of their investment activities.

Barings' investment professionals evaluate financially material ESG information, along with various other potential risks and opportunities that may impact their investments and portfolios, to make informed decisions that align with clients' investment objectives. Investment professionals may supplement their proprietary ESG evaluation with third-party ESG data and research, where coverage allows, as well as the use of AI ESG analysis through the life of an investment with investment professionals monitoring their investments' performance and progress on ESG matters. Individual investment teams have implemented specific policies that explain how ESG topics are integrated within the investment process.

In terms of tools, the analysts and investment managers at Barings may have access to proprietary ESG-specific reports produced by Barings' Portfolio Solutions & Analytics team (PSA) alongside third-party research where coverage allows, and / or internal research.

In the evaluation of financially material risks and/or opportunities, investment professionals assign proprietary ESG scores to investments and record them in Barings' platforms. These scores provide an overall assessment of the current state and outlook of the investment on ESG topics. The majority of investments are assigned a one (excellent) to five (unfavourable) ESG Current State Score and an 'improving', 'stable' or 'deteriorating' ESG Outlook Score for each of the ESG categories. ESG scores may be presented to the relevant investment committees (where such committees are in place), in investment/underwriting

[1] References to 'ESG scores' correspond to ESG ratings as defined under the EU ESG Ratings Regulation; the terms are used interchangeably in this context.

memorandums, and/or in earnings notes. Investment professionals review ESG scores periodically and/or as material ESG developments occur.

Further information regarding Barings' ESG framework and the Group Sustainability policy can be found here.

EU ESG Ratings Regulation

The regulation establishes a framework to enhance the quality, transparency, comparability, integrity, good governance and independence of ESG rating activities in the EU. The regulation introduces disclosure obligations to the public and to users of ESG ratings and requires ESG rating providers operating in the EU to be authorised and supervised by ESMA. The regulation entered into force on 1 January 2025 and became applicable on 2 July 2026.

Regulatory context

BIFMI has assessed its activities against the definition of 'ESG Ratings Provider' under the regulation and considers that it does not fall within its scope. In particular, BIFMI does not issue, publish or distribute ESG ratings or scores as a standalone service to third parties, nor does it provide ESG rating products on a commercial basis. ESG scores referenced by BIFMI are produced by affiliated investment managers within the Barings group as part of their portfolio management activities. BIFMI does not independently generate ESG scores but may refer to such scores in its oversight, governance, and external communications, including client presentations, case studies and requests for proposals / due diligence requests.

Nature of the ESG Score

The ESG scores are used as an illustrative and explanatory metric to support understanding of selected ESG characteristics of an investment. They do not represent a formal or standardised ESG rating and are not designed to provide a comprehensive or comparable assessment of ESG performance across the market.

The scores are derived from a combination of internal analytical and / or research inputs and external third-party ESG data or ratings, which are processed using Barings' internal methodology.

Any ESG scores which are communicated by BIFMI are not intended to constitute:

- a standalone investment recommendation;
- a regulatory label or certification;
- a guarantee of sustainability performance; or
- a substitute for the disclosures required under SFDR, including product-level pre-contractual, website or periodic disclosures.

Inputs Used in the ESG Score

The ESG scores may incorporate:

- external ESG ratings, scores or ESG datapoints obtained from third-party ESG data providers;
- internally generated ESG assessments;

- issuer-level sustainability-related information; and
- portfolio weighting and aggregation data reflecting the composition of the portfolio.

Third-party data providers may use different methodologies, ranking systems, assumptions, time horizons, materiality approaches and estimation techniques.

Methodology

In the evaluation of material risks and/or opportunities, investment professionals assign proprietary ESG scores to investments and record them in Barings' platforms. These scores provide an overall assessment of the current state and outlook of the investment on ESG topics. Across the majority of Barings' investment teams, investments are assigned a one (excellent) to five (unfavourable) ESG Current State Score and an 'improving', 'stable' or 'deteriorating' ESG Outlook Score for each of the E, S and G categories. An overall Current State and Overall Outlook Score can be calculated as a weighted average of the individual E, S and G Current State Scores and E, S and G Outlook Scores. The weighting scheme for most investment teams is set for each of the 11 GICS sectors, where available, though analysts and teams can deviate from those to account for the varying financial materiality of different ESG factors facing the issuer they are assessing.

Public and private investment teams lending to corporate issuers use a Barings proprietary ESG scorecard, which assesses issuers based on double materiality. The design of the scorecard was informed by internal and external sources, including the Sustainability Accounting Standards Board's (SASB) Materiality Map. The SASB Materiality Map ranks ESG issues by industry based on two types of evidence: evidence that investors in the industry are interested in the issue, and evidence that the issue has the ability to impact companies within the industry.

What the ESG Score Measures

The ESG score is designed to summarise selected ESG characteristics, ESG risk indicators, and/or sustainability-related attributes of an investment as assessed under Barings' methodology. The scores can reflect E, S and G factors and may give different relative emphasis to individual factors depending on how material they are to the issuer being assessed. The ESG Current State score captures current ESG performance and the ESG Outlook score captures the forward-looking momentum of the entity's ESG efforts.

Key Assumptions

Barings' scoring methodology may rely on assumptions relating to:

- factor relevance and weighting;
- source prioritisation between internal and external inputs;
- treatment of missing, stale or estimated data;
- normalisation or mapping of differing scoring scales; and
- the timing of data collection and portfolio composition data used for aggregation.

These assumptions are intended to support consistency in Barings' internal framework but involve judgment. As ESMA's technical work on the ESG Ratings Regulation has highlighted, methodological transparency, data limitations, ranking systems, time horizons and estimation methods are all relevant to enabling users to understand ESG ratings and their proper use.

Key Limitations

It is recognised that ESG scoring methodologies have material limitations. These include:

- differences between third-party provider methodologies and scoring systems;
- incomplete, unavailable or delayed issuer-level ESG disclosures;
- the use of estimates, proxies or modelled data;
- limits on comparability across portfolios, firms or providers;
- subjectivity in the interpretation and weighting of ESG factors; and
- the fact that ESG characteristics and data quality may change over time.

Therefore, any ESG scores published by BIFMI should be understood as point-in-time, indicative measures, rather than definitive statements of a portfolio's sustainability profile or future sustainability outcomes. They should be interpreted together with the product's SFDR disclosures and other relevant investment information.

Conflicts of Interest

It is acknowledged that the development and use of internally derived ESG methodologies, particularly where ESG scores are referenced in product-related communications, may create potential conflicts of interest. BIFMI maintains governance, oversight and control arrangements designed to identify, assess, manage and mitigate conflicts of interest.

Fees and Business Model

BIFMI does not provide ESG ratings as a standalone service and does not charge a separate fee for the application of Barings' proprietary ESG scoring methodology.

External Communications

Where BIFMI includes ESG scores in presentations, RFPs or case studies, it seeks to ensure that the information is fair, clear and not misleading and supported by the processes outlined in Barings' investment teams' ESG policies and Barings' Sustainability and ESG Framework.

Relationship with SFDR Disclosures

For products classified under Article 8 SFDR, this document is intended to complement, and not replace, BIFMI's SFDR disclosures, including pre-contractual, website and periodic disclosures where applicable. Where there may be any inconsistency between an ESG score in a marketing material or external communication, and formal SFDR product documentation, the SFDR product documentation should prevail.

Updates to this Disclosure

BIFMI may update this disclosure from time to time to reflect:

- Material changes to Barings' Sustainability and ESG framework;
- Significant changes in data sources or analytical processes;

- Material changes in applicable law, regulation or regulatory guidance; or
- Developments in the implementation of the EU ESG Ratings Regulation, including any relevant Level 2 standards.

Contact and Further Information

Questions relating to this disclosure, Barings' ESG methodology, or BIFMI's SFDR sustainability-related disclosures may be directed to baringsdublin@barings.com.