

Baron Capital's Exclusion Policy

January 2026

Baron Capital's Exclusion Policy is designed to safeguard the long-term value of our investment products by addressing the unique risks associated with certain industries and businesses. These risks include, among others, regulatory risks, asset impairment risk, and stranded asset risk that we believe are incompatible with our long-term investment strategy. As a result, our Exclusion Policy restricts investments in adult entertainment, civilian firearms, cluster munitions, and tobacco that we believe are subject to these risks. By restricting investments in these industries, we aim to enhance overall stability and performance of our portfolios, ensuring alignment with our commitment to responsible investing.

Adult Entertainment

Baron portfolio managers are prohibited from purchasing securities of businesses that are involved in the production, distribution or retailing of adult entertainment products. We define adult entertainment products as material in which the dominant theme is sexually explicit conduct, specifically the depiction or description of sexual activities in a lascivious way.

Civilian Firearms

Baron portfolio managers will not purchase securities of businesses that manufacture handguns, pistols, shotguns, rifles, revolvers, and ammunition for civilian use. We do not exclude businesses whose products are sold to governments or are for military or police use.

Tobacco

Baron portfolio managers will not purchase securities of businesses that produce, distribute, retail, license, or supply key tobacco products and services.

Cluster Munitions

Baron portfolio managers will not purchase securities of businesses involved in developing, manufacturing, or trading in weapons defined as cluster munitions under the 2008 Convention on Cluster Munitions and/or components used exclusively in cluster munitions. We do not exclude businesses that manufacture dual-use components or delivery platforms.

Companies will be added to the Exclusion List if MSCI's ESG Business Involvement Screening Research (BISR) identifies them as:

- 1) Being directly involved in adult entertainment, civilian firearms, or tobacco and if they derive a certain amount of revenue from their involvement. The activities and thresholds are as follows:
 - 5% or more of revenue is derived from production activities
 - 10% or more of revenue is derived from distributing, retailing, supplying or licensing activities
 - 10% or more of revenue from a combination of the above-mentioned business activities
- 2) Being directly involved in cluster munitions based on MSCI ESG Research's evidence assessment¹ of a company's alleged involvement in cluster weapons for the following:

¹ Evidence Assessment: MSCI ESG Research assesses the quality of the evidence of company involvement with cluster munitions for Cluster Munitions Whole Weapons Systems Manufacturer and Intended-Use Components categories and classifies the companies as having Strong Evidence or Limited

- Cluster Munitions Whole Weapons Systems Manufacturer
- Intended-Use Components

Implementation

A key element of our Policy is identifying publicly traded businesses engaged in the above activities. For this, we use MSCI's ESG BISR, which allows investors to identify global publicly traded companies involved in specific business activities and provides a profile of each company's specific business involvement. The company profile includes details on the company's tie to the activity, which in the case of adult entertainment, civilian firearms, and tobacco, it provides the reported or estimated percentage of total revenue derived directly from the business activity in question. In the case of cluster munitions, involvement is derived from evidence assessment research.

To assemble the firmwide Exclusion List, we screen for publicly traded securities using MSCI ESG BISR revenue percentages for a given business activity. In this step, we can identify the companies that meet the criteria listed above. This List is updated quarterly. Because of ongoing updates to MSCI's ESG BISR coverage, we may add companies to our Exclusion List or remove them each quarter. Compliance enters them into our trading compliance system (Charles River) to prevent them from being purchased. Our Exclusion List includes primary and secondary listings.

MSCI also identifies indirect involvement, such as ownership of or by a company with involvement in a given business activity. In these instances, MSCI does not disclose the level of involvement of the related businesses, but it will "flag" them as having indirect involvement in adult entertainment, civilian firearms, tobacco, or cluster munitions. For these businesses, we maintain an Indirect Involvement List that flags these securities in our trading compliance system. If a portfolio manager wants to purchase a flagged stock with indirect involvement, the analyst and portfolio manager must first independently verify that the level of involvement does not violate this Policy. Otherwise, the purchase would be prohibited.

The third-party dataset we use may not identify every company, directly or indirectly, involved in activities we seek to avoid, and we recognize that different systems may estimate exposures using different methods and assumptions, producing disparate results.

If an existing holding becomes involved in any of these areas directly or indirectly, or if a business in which we invest acquires part or all of a business engaged in these activities, the research analyst covering the company, the portfolio manager who invested in the business, and our ESG Committee will evaluate the activity and exposures collaboratively and determine if continuing to own the company complies with this Policy.

We occasionally invest in private companies. In these instances, it is the responsibility of the analyst covering the stock and the portfolio manager who wants to invest in it to provide research and analysis supporting their assessment that an investment in the private business would comply with this Policy prior to initiating security set up.

Evidence depending on the ambiguity of the involvement and the source of the evidence. Companies with Strong and Limited Evidence are included in cluster munitions-related involvement.

ESG Committee

In 2018, we formed the ESG Committee to focus on ESG matters. We expect the Committee to monitor trends in ESG research and investing. The Committee will help formulate and implement our ESG policies as they evolve and assist with client requests and reporting.

Members of the Committee include investment, portfolio risk, product, and legal & compliance professionals.

Appendix

The following MSCI ESG BISR information is used to identify companies for our Exclusion and our Indirect Involvement lists.

Adult Entertainment

MSCI assesses adult entertainment exposure by the following direct, semi-direct, and indirect involvement types:

Type of Involvement	Description
Producer (Direct)	Companies that produce, direct, or publish adult entertainment materials.
Distributor (Semi-direct)	Companies involved in the independent wholesale of sexually explicit products and services, including X-rated movies and videos, printed materials, television programs, radio programs, and online products. This includes companies that offer TV and cable channels with adult content. Companies in the hospitality industry are also included if they offer “adult-only” films for in-room viewing through pay-per-view services.
Retailer (Semi-direct)	Companies that retail of adult entertainment products through specialty stores or online sites.
Ownership of an Adult Entertainment Company (Indirect)	Companies that own 20 to 49.99 percent of a company with involvement. When a company owns 50 percent or more of a subsidiary with involvement, MSCI ESG Research treats it as a consolidated subsidiary.
Ownership by an Adult Entertainment Company (Indirect)	Companies that are 50 percent or more owned by a company with involvement.

Companies that do the following are excluded from adult entertainment-related involvement:

- Internet service providers that host adult entertainment sites operated by third parties
- Software companies that have products that are used to maintain adult entertainment websites
- Companies that manufacture sex toys, lubricants, contraceptives, or lingerie
- Companies that operate adult dating sites or provide adult telephone services
- Companies that are involved in adult entertainment advertising or marketing

- Companies that operate pool halls, bars, casinos, or other establishments that restrict access of minors but do not permit nude entertainment
- Companies that publish romance novels without sexually explicit images
- Companies that offer escort services
- Railroad, shipping, and transportation companies that may also transport adult entertainment products
- Companies that own and/or operate non-adult entertainment websites that contain pornographic images
- E-commerce and online marketplace companies that only facilitate transactions between parties but do not directly sell involved products

Baron's Adult Entertainment Restriction Thresholds
<ul style="list-style-type: none"> • Producer $\geq 5\%$ • Distributor $\geq 10\%$ • Retailer $\geq 10\%$ OR <ul style="list-style-type: none"> • Producer+ Distributor+Retailer $\geq 10\%$

Civilian Firearms

MSCI assesses civilian firearms exposure by the following direct, semi-direct, and indirect involvement types:

Type of Involvement	Description
Producer (Direct)	Companies that manufacture firearms and small-arms ammunitions for civilian markets. The research excludes products exclusively sold for the military, government, and law enforcement markets.
Retailer (Semi-direct)	Companies that derive any amount of annual revenue from the distribution (wholesale or retail) of firearms or small-arms ammunition intended for civilian use.
Ownership of a Firearms Company (Indirect)	Companies that own 20 to 49.99 percent of another company with involvement. When a company owns 50 percent or more of a subsidiary with involvement, MSCI ESG Research treats it as a consolidated subsidiary.

Ownership by a Firearms Company (Indirect)	Companies that are 50 percent or more owned by a company with involvement.
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Types of firearm and ammunition products typically covered:

Handguns or Pistols are the smallest of all small arms. There are three common types of handguns: single-shot pistols, revolvers, and semi-automatic pistols.

Rifles are firearms designed to be fired from the shoulder using a relatively high-velocity round. These firearms are capable of accurate fire out to a few hundred meters.

Carbines, also known as pistol-calibers, are like rifles and muskets firing the same ammunition, although often at a lower velocity. There are different classes of carbines: pistol-calibers, short-barreled rifles, and semi-automatic versions of submachine guns.

Shotguns are shoulder-fired arms. Most have barrels with smooth bores and fire shells which include a wad. These shells may contain multiple lead or steel shots, slugs, or less than lethal projectiles.

Ammunition, often referred to as ammo or munitions when used collectively, specifically sold to the civilian markets.

Companies that do the following are excluded from firearms-related involvement:

- Firearms or ammunition components
- Air rifles, air pistols, or airsoft guns
- Toy guns, replica weapons, paintball guns, or blank ammunition
- Gun safety equipment such as trigger locks and safe storage boxes
- Firearm accessories, such as scopes, shooting gloves, ammo carriers, mounts, gun care products, slings, belts, and gun cases
- E-commerce and online marketplace companies that only facilitate transactions between parties but do not directly sell involved products

Baron's Civilian Firearms Restriction Thresholds
<ul style="list-style-type: none"> • Producer $\geq 5\%$ • Retailer $\geq 10\%$ OR <ul style="list-style-type: none"> • Producer+Retailer $\geq 10\%$



Tobacco

MSCI assesses tobacco exposure by the following direct, semi-direct, and indirect involvement types:

Type of Involvement	Description
Producer (Direct)	Companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, and dissolvable & chewing tobacco. This also includes companies that grow or process raw tobacco leaves.
Supplier (Semi-direct)	Companies that manufacture and supply key products necessary to produce tobacco products, such as tobacco flavoring, sorbitol, tobacco sauce, tobacco fragrance/aroma, cigarette filters (acetate tow), tobacco roll paper, cigarette manufacturing machines, and tobacco packaging; specifically, cigarette cartons, films, and aluminum foil.
Distributor (Semi-direct)	Companies involved in the independent wholesale of tobacco products to Retailers and other distributors. This data point does not include a manufacturer that distributes its own tobacco products unless it also provides logistics or distribution services to other tobacco companies.
Retailer (Semi-direct)	Companies that retail tobacco products.
Licensors (Semi-direct)	Companies that license their company or brand name to tobacco products.
Ownership of a Tobacco Company (Indirect)	Companies that own 20 to 49.99 percent of a company with involvement. When a company owns 50 percent or more of a subsidiary with involvement, MSCI ESG Research treats it as a consolidated subsidiary.

Ownership by a Tobacco Company (Indirect)	Companies that are 50 percent or more owned by a company with involvement.
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Companies that do the following are excluded from tobacco-related involvement:

- Railroad, shipping, and transportation companies that may transport tobacco products
- Companies that manufacture complementary tobacco products such as matches, lighters, pipes, bongs, and hookahs
- Companies that manufacture products used in tobacco farming such as fertilizers, chemicals, and harvesting equipment
- Companies that use tobacco leaves to produce insecticides or tobacco paste
- Companies that manufacture cigarette vending machines
- Companies that manufacture equipment such as tobacco drying machines, scales, labeling machines, lighting, and packaging machines
- Companies that manufacture products designed exclusively as an aid to quit smoking
- Companies that only distribute and/or retail raw materials used to produce tobacco products
- E-commerce and online marketplace companies that only facilitate transactions between parties but do not directly sell involved products

Baron's Tobacco Restriction Thresholds
<ul style="list-style-type: none"> • Producer $\geq 5\%$ • Supplier $\geq 10\%$ • Distributor $\geq 10\%$ • Retailer $\geq 10\%$ • Licensor $\geq 10\%$ OR <ul style="list-style-type: none"> • Producer+Supplier+Distributor+Retailer+Licensor $\geq 10\%$

Cluster Munitions

Cluster munitions are defined as follows:

Cluster munition: A bomb, missile, rocket or shell that carries submunitions and disperses them over an area.

Submunition: A small bomb contained with other submunitions in a cluster munition. The submunition is designed to detonate prior to, on, or after impact.

Cluster munition component: An integral part of the basic function of a cluster munition weapon system. It may also provide added lethality, precision, or other functionalities, such as targeting, guidance, and navigation.

MSCI classifies company involvement with cluster munitions into the following categories:

Type of Involvement	Description
Cluster Munitions Whole-Weapons Systems Manufacturer (Direct, based on Strong or Limited Evidence)	Companies that manufacture cluster munition whole-weapons systems.
Intended-Use Components (Direct, based on Strong or Limited Evidence)	Companies that manufacture components that were developed or are significantly modified for exclusive use in cluster munition.

Types of cluster munitions products typically covered:

- All types of cluster munitions that scatter submunitions, such as anti-personnel, anti-vehicle, anti-materiel, mine-laying cluster bombs and hybrids or mixed types.
- Customized components, defined as parts that were developed or are significantly modified for exclusive use in cluster munitions. These include, but are not limited to:
 - Munitions dispensers, sometimes called canisters, that can only contain/carry cluster munitions;
 - Submunitions, munitions, or explosives;
 - Targeting or tracking systems integrated into the weapon system;
 - Rocket motors of dispensers/submunitions;
 - Fuses and triggering mechanisms developed for cluster munitions or significantly modified to be used in cluster munitions; and
 - Rockets or missiles designed to carry cluster munitions in their warheads.

MSCI ESG Research considers a component to be significantly modified if it has been reconfigured, redesigned, or remodeled so that it provides an added or different functionality than the original one.