Baron Capital Sustainability Policy

We are committed to using fundamental analysis as the foundation for our investment decisions. Through our bottoms-up fundamental research process, we seek to identify companies that we believe will be successful over the long-term at building sustainable growth businesses, with distinct competitive advantages that are run by exceptional management teams. As part of our due diligence process, we believe that fully integrating environmental, social and governance (ESG) or sustainability factors into our research process can help to enhance our ability to incorporate a wider set of risks and opportunities into our decision-making process. Our goal is to evaluate sustainability factors in the context of our analysis of a company's long-term growth strategy, competitive positioning, and financial attributes. This should enable us to gain a better and more holistic view of each company's potential to generate superior risk-adjusted returns for our shareholders.

We believe that material sustainability risks which companies mismanage or fail to address, have the potential to become critical business risks with the potential to lead to permanent loss of capital, which is something we always seek to avoid. There are numerous examples of companies that have failed to manage environmental or safety risks (facility and product), failed to attract or retain key talent, engaged in corrupt behaviors, and more that resulted in negative outcomes for shareholders and other stakeholders. However, in addition to risk mitigation, sustainability analysis can also help to frame or illuminate potential opportunities for revenue enhancement (i.e. growth in cleantech, access to new markets/consumers), cost reduction (i.e. lower employee turnover, reduced energy costs), and cost of capital improvement (i.e. "sustainability linked bonds - SLBs"), which can result in margin improvement, and improved returns on capital. We look closely at each company's management and governance structures to assess how well they align with the interests of minority shareholders and believe that management incentives are a critical part of that assessment. We prefer independent directors, reasonable compensation practices, and transparent management teams that think and act like owners. Ultimately, we look for demonstrable alignment among the interests of shareholders, management, and the owners/founders.

The table below includes a selection of ESG/sustainability risks and opportunities that may be considered as part of our overall assessment.

ESG and Sustainability Factors	**Applicable to Corporate Investments**
Environmental	• Climate change • Supply chain • Energy and resource usage • Opportunities in cleantech • Circular economy • Pollution prevention & control

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Social	• Human capital management • Employee safety & treatment • AI impacts • Cybersecurity/Data privacy • Product quality and safety • Diversity & discrimination • Supply chain • Access to healthcare • Access to finance • Access to communications
Governance	• Board & management • Compensation • Business ethics • Corporate structure • Diversity • Bribery & corruption • Accounting & taxation • Lobbying & public policy

We believe that it is important for companies to "do well by doing good" and that our investors and shareholders can benefit when companies in which we invest develop unique, differentiated strategies to create sustainable businesses that ultimately have a beneficial impact on all its stakeholders. We believe that proper consideration of ESG factors can help to improve risk-adjusted returns, be a force for positive change, and lead to solutions for many of society's problems. We believe that factoring the impact of these risks and opportunities into our analysis and valuation could sway our investment decisions by impacting our financial estimates, our valuation, and our overall perception of risk/reward. These considerations, however, may not be conclusive or employed in the analysis of all companies, and securities of companies may be purchased and or retained by our Funds for reasons other than ESG factors.

Integrating ESG and Sustainability Risk

Our Head of Sustainability Policy works closely with our investment analysts and portfolio managers, along with our portfolio and risk analytics team, to analyze relevant ESG data and focus on the sustainability-related subjects that our industry specialists deem to be most financially material to each individual company within their respective coverage universes.
Our process for integrating ESG and "sustainability risk," which we define as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment consists primarily of three distinct steps or activities:

(i) Exclusion Policy:
We have written policies in place that prohibit Baron portfolios from owning securities of companies that are engaged in certain businesses which we deem to be particularly harmful to society or human health.

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These exclusions apply to securities of businesses engaged in 1) production, distribution or retailing of adult entertainment products, 2) the manufacturing and distribution of civilian firearms, 3) the manufacture and sale of cluster munitions, and 4) the production, distribution, retail, license, or supply of tobacco-related products and services (link here).

A key element of our Exclusion Policy is identifying publicly traded businesses engaged in the above activities.

1) Companies will be added to the Exclusion List if MSCI's ESG Business Involvement Screening Research (BISR) identifies them as being directly involved in adult entertainment, civilian firearms, cluster munition, or tobacco and if they derive a certain amount of revenue from their involvement. The activities and thresholds are as follows:
    a. 5% or more of revenue is derived from production activities
    b. 10% or more of revenue is derived from distributing, retailing, supplying or licensing activities
    c. 10% or more of revenue from a combination of the above-mentioned business activities
2) MSCI's ESG BISR, 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 and provides the reported or estimated percent of total revenue derived directly from the business activity in question. 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.
3) 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, cluster munitions, or tobacco. 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.
4) 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.

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(ii) Fundamental Research and Engagement:

Fundamental, bottoms-up research of both investment and sustainability risks are important parts of our investment analysis.

1) We regularly engage with investee companies, competitors, regulators, legislators, and third-party experts to gain a deeper understanding of both the investment risks (i.e. business model, market size, product efficacy, etc.) along with and the sustainability risks and opportunities (i.e. climate change, human capital management, cybersecurity/data privacy, anti-corruption, board efficacy, etc.) that we believe are material to the long-term success or failure of these businesses and our investments.
2) We supplement our proprietary internal research into sustainability/ESG factors with specialized third-party research, company-reported and independent data, and ratings from companies such as MSCI, ISS, Sustainalytics, Bloomberg, and others. Our analysis can include both quantitative and qualitative assessments of material ESG factors, and assessments of potential controversies. However, neither internal nor external ESG ratings are a material part of our process. Instead, we often view third-party ratings and scores as stimulants for asking more questions and doing additional research.
3) We established an internal ESG Question Bank, the content of which is based on the materiality principles created by Sustainability Accounting Standards Board (SASB), which is now part of the International Sustainability Standards Board (ISSB). This is a resource that is intended to help our analysts to identify common sustainability risks and opportunities that are associated with specific industries, sectors, and business activities. Within the Question Bank are standard sets of questions that apply to companies within each of the 77 sub-industries defined by SASB. Our analysts are encouraged to use these standard sets of questions in research/engagement discussions or other correspondence with investee companies to independently assess the degree to which E, S, or G risks or opportunities may impact the investees business and our investment outcome. This resource is used to enhance our already robust in-depth research, and our engagements with the companies in which we invest.

(iii) Proxy voting

Voting proxies in the best interest of our clients is of paramount importance. Our Proxy Voting Policy is designed to support good governance policies, and it has a separate section providing guidance on sustainability and disclosure proposals. We analyze each shareholder proposal related to these topics on a case-by-case basis.

Proxy Policy:
https://www.baroncapitalgroup.com/sites/default/files/2025-11/baron-capital-proxy-policies-and-procedures-10.20.25.pdf

Proxy Voting Record:
BIFT:
https://www.sec.gov/Archives/edgar/data/810902/000119312526354949/0001193125-26-354949-index.htm

BFF:
https://www.sec.gov/Archives/edgar/data/1217673/000119312526354950/0001193125-26-354950-index.htm

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Baron ETF Trust:
https://www.sec.gov/Archives/edgar/data/2081199/000119312526354953/0001193125-26-354953-index.htm

Baron ESG Committee

In 2018, we formed the ESG Committee to focus on ESG matters. The Committee has focused on the formulation and implementation of these formal ESG policies and procedures. In addition, the Committee monitors trends in sustainability research and investing and assists with client requests and reporting related to ESG topics. Members of the Committee include investment, portfolio risk, product, legal, and compliance professionals.

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