

# FINANCIAL PRODUCT WEBSITE DISCLOSURE

*TRANSPARENCY OF THE  
PROMOTION OF ENVIRONMENTAL  
OR SOCIAL CHARACTERISTICS*

Worldwide European High Yield Bond Fund

**BAILLIE GIFFORD**



## Webstedsoplysninger om finansielle produkter

### Oversigt

#### Gennemsigtighed i fremme af miljømæssige og/eller sociale karakteristika

*Dette dokument giver investoren detaljerede oplysninger om fonden i forhold til forordningen om bæredygtighedsrelaterede oplysninger i sektoren for finansielle tjenesteydelser ("SFDR"). Dette er et lovpligtigt dokument, der kræves i henhold til SFDR. Oplysningerne i dette dokument gives for at hjælpe investoren med at forstå denne fonds bæredygtighedskarakteristika og/eller mål og risici. Dette dokument bør læses i sammenhæng med anden relevant lovpligtig dokumentation, så investoren kan træffe en informeret beslutning om at investere.*

#### Baillie Gifford Worldwide European High Yield Bond Fund

<b>SFDR-klassificering</b>	<p>Dette finansielle produkt fremmer miljømæssige eller sociale karakteristika, men det har ikke bæredygtig investering som sit mål. Selvom den ikke har bæredygtig investering som sit mål, har den en minimumsandel af bæredygtige investeringer på 10 %.</p> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
<b>Miljømæssige/sociale karakteristika</b>	<p>Fonden fremmer følgende miljømæssige og/eller sociale karakteristika:</p> <ol style="list-style-type: none"><li>1. Ansvarlig forretningspraksis i overensstemmelse med FN's Global Compact-principper for virksomheder.</li><li>2. Miljømæssige og sociale minimumsstandarder opnået gennem udelukkelse af forretningsaktiviteter, som investeringsforvalteren anser for at være skadelige for miljøet og samfundet.</li><li>3. Forvaltet drivhusgasemissionsintensitet målt ved fondens vægtede gennemsnitlige drivhusgasintensitet ("WAGGI") og et mål om, at denne skal være lavere end indekset.</li><li>4. Fremme af visse bæredygtighedsrelaterede karakteristika opnået gennem udelukkelse af investeringer, der anses for uforenelige med en bæredygtig økonomi efter en kvalitativ vurdering.</li></ol> <p>Selvom fonden sigter efter at have et WAGGI, der er lavere end indekset, bruges dette indeks ikke som referenceindeks for at opnå de miljømæssige og/eller sociale karakteristika, der fremmes, da fonden ikke afstemmer sine miljømæssige og/eller sociale karakteristika med indeksets.</p>
<b>Investeringsstrategi</b>	<p>Fonden forvaltes aktivt og investerer primært i virksomhedsobligationer under investment grade, denomineret i euro eller i enhver anden europæisk valuta. Fondens søger at fremme visse bæredygtighedsrelaterede karakteristika og bidrager også til målene i Paris-klimaaftalen gennem en bæredygtig og CO2-fattig portefølje, der er målt ved at bruge porteføljens WAGGI. Fondens bruger positiv screening gennem kvalitativ evaluering af bidrag til bæredygtighedsdimensionen, normbaseret evaluering og forretningsaktivitetsbaseret udelukkelse til at støtte opnåelsen af de miljømæssige og/eller sociale karakteristika, der fremmes. Investeringsforvalteren har en politik om at anvende kontrol af god ledelsespraksis på områder, der omfatter sunde ledelsesstrukturer, medarbejderforhold, aflønning af personale og overholdelse af skatteregler. Fondens vil ikke investere i virksomheder, der ikke består denne kontrol.</p> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
<b>Andel af investeringerne</b>	<p>Fonden forpligter sig til at have en minimumsandel af bæredygtige investeringer på 10 % i alt, hvoraf 5 % vedrører bæredygtige investeringer med et miljømål, men ikke er i overensstemmelse med EU-taksonomien. De resterende 5 % vil blive allokert mellem andre miljømæssige og/eller socialt bæredygtige investeringer, men uden fast allokering, da dette vil afhænge af tilgængeligheden af bæredygtige investeringsmuligheder</p> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
<b>Overvågning af miljømæssige/sociale karakteristika</b>	<p>De miljømæssige og/eller sociale karakteristika overvåges internt på en række forskellige måder. Fondens anvender positiv screening gennem kvalitativ evaluering af bidrag til bæredygtighedsdimensionen, normbaseret evaluering, forretningsaktivitetsbaserede udelukkelser og kvalitativ undersøgelse til at understøtte opnåelsen af de miljømæssige og/eller sociale karakteristika, der fremmes, og disse implementeres på kontinuerlig basis gennem løbende overholdelse og overvågning af de bindende forpligtelser.</p>

		Se den fulde beskrivelse for yderligere oplysninger.
<b>Metoder</b>		<p>Følgende bæredygtighedsindikatorer bruges til at måle opnåelsen af det bæredygtige investeringsmål:</p> <ol style="list-style-type: none"> <li>1. Andelen af investeringer, der overholder investeringsforvalterens politik om vurdering af overtrædelser af FN's Global Compact-principper for virksomheder.</li> <li>2. Andelen af investeringer, der overholder de forretningsaktivitetsbaserede udelukkelser.</li> <li>3. Fondens CO2-aftryk er lavere end indeksets.</li> <li>4. Andelen af investeringer, der anses for at være forenelige med en bæredygtig økonomi.</li> </ol> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
<b>Datakilder og databehandling</b>	<b>og</b>	<p>Investeringsforvalteren anvender en kombination af intern undersøgelse (informeret af offentligt tilgængelige kilder, der offentliggøres af investeringsmodtagende virksomheder) og tredjepartsdatakilder til at opnå hver af de miljømæssige og/eller sociale karakteristika, som fonden fremmer.</p> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
<b>Begrænsninger og metoder</b>	<b>mht.</b>	<p>ESG-datalandskabet udvikler sig hurtigt, og datakvalitet og -metoder står i øjeblikket over for brancheomspændende udfordringer såsom mangel på virksomhedsoplysninger og skiftende lovgivningsmæssige krav.</p> <p>Disse begrænsninger afbødes primært gennem investeringsforvalterens egen interne undersøgelse og aktive engagement med virksomheder, samt krydshenvisning til nøglemålinger i forhold til forskellige dataudbydere. På grund af denne afbødning mener investeringsforvalteren, at fremme af de miljømæssige og sociale karakteristika ikke ændres mærkbart.</p> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
<b>Due diligence</b>		<p>Udgangspunktet for alle Baillie Gifford-strategier er grundlæggende bottom-up-undersøgelse. Denne proces fokuserer på at forstå den enkelte virksomhed, sektoren den opererer i, og virksomhedens tilgang til væsentlige eller potentielt væsentlige spørgsmål.</p> <p>Adgang til eksterne data fra uafhængige udbydere hjælper med at tilføje yderligere detaljer til forståelsen af hver enkelt investering, og der lægges stor vægt på at søge eksterne eksperter og forskeres perspektiver og indsigt for at hjælpe med at informere fondens tilgang.</p> <p>Eksternt i forhold til fonden udføres løbende due diligence af investeringsforvalteren på tværs af virksomheden for at overvåge dens forpligtelser, som specificeret i overvågningsafsnittet, med tilsyn foretaget af en udpeget komité.</p> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
<b>Politikker for aktivt ejerskab</b>		<p>Engagement med og overvågning af investeringer, som investeringsforvalteren foretager på vegne af kunder, er en integreret del af investeringsprocessen og kernen i, hvordan investeringsforvalteren varetager sit forvaltningsansvar. Alle investeringsforvaltere, investeringsanalytikere og ESG-analytikere er involveret i denne proces. Denne mødes med ledelsen og andre ledende medarbejdere, afdelingschefer samt bestyrelsesmedlemmer uden for direktionen.</p> <p>På årsbasis vil investeringer, der er underlagt formelle processer for aktivt ejerskab og overvågning i henhold til investeringsforvalterens politik om vurdering af overtrædelser af FN's Global Compact-principper for virksomheder, blive offentliggjort.</p> <p>Yderligere oplysninger om investeringsforvalterens politik for aktivt ejerskab kan findes i Baillie Giffords dokument om ESG-principper og -retningslinjer, som er offentligt tilgængeligt på selskabets hjemmeside.</p> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
<b>Angivet referencebenchmark</b>		<p>Intet indeks er blevet udpeget som referencebenchmark for at opnå de miljømæssige og/eller sociale karakteristika, som produktet fremmer.</p>



# FINANCIAL PRODUCT WEBSITE DISCLOSURE

## SCOPE

This document provides the investor with detailed information about the fund in relation to the Sustainable Finance Disclosure Regulation ('SFDR'). This is a regulatory document required under SFDR. The information contained in this document is to help the investor understand the sustainability characteristics and/or objectives and risks of this fund. This document should be read in conjunction with other relevant regulatory documentation so the investor can make an informed decision to invest.

## NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. While it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments.

The Fund commits to partially invest in economic activities that contribute to either an environmental or social objective. These economic activities may contribute to such objective due to: (a) generating a certain level of revenues, either through products and/or services, that are aligned with the broader sustainable objectives of society as currently best defined by the United Nations Sustainable Development Goals ('SDGs'), some which can be mapped on a high-level basis against the environmental objectives outlined in the EU Taxonomy and/or (b) reducing absolute greenhouse gas emissions, either through their products and/or services or business practices, to seek to achieve the long-term global warming objectives of the Paris Agreement.

Reduction of greenhouse gas emissions aligns with the climate mitigation objective in the EU Taxonomy. The Fund does not commit to the specific environmental objectives in the EU Taxonomy, but may make investments that contribute to these specific environmental objectives, in which case they will be disclosed in the periodic reporting included in the annual report.

Upon investment and over the life of the product, mandatory indicators for adverse impacts in Table 1 of Annex I of SFDR Regulatory Technical Standards ('RTS') and opt-in indicators for adverse impacts selected by the Investment Manager in Tables 2 and 3 of Annex I of SFDR RTS that are deemed to indicate the presence of a principal adverse impact are assessed and excluded or monitored depending on the principal adverse impact indicator. When not explicitly excluded, principal adverse impacts are monitored through stewardship activities which include the following non-exhaustive actions to mitigate or reduce principal adverse impacts: (a) dialogue and engagement and (b) collaborative activities. In instances wherein a sustainability objective has been agreed with the investee company as part of stewardship activities and this objective is not achieved, escalation measures (e.g. collective engagement) will be initiated. Divestment, although an action that can be taken, will be the last resort.

The Investment Manager will assess companies using norms-based evaluation and their compliance with its policy on assessing breaches of United Nations Global Compact Principles for Business as outlined in Baillie Gifford's ESG Principles and Guidelines document.



As such, all the companies in which the Fund invests in are expected to operate in accordance with the principles set out in the United Nations Global Compact and related standards, including the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational.

## ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Fund promotes the following environmental and/or social characteristics:

- Responsible business practices in accordance with the United Nations Global Compact Principles for Business.
- Minimum environmental and social standards achieved through exclusion of business activities that the Investment Manager has deemed to be harmful to the environment and society.
- Managed greenhouse gas emissions intensity as measured by the Fund's Weighted Average Carbon Intensity ('WACI') and an aim for this to be lower than the index.
- Sustainability-related characteristics achieved through inclusion of investments deemed compatible with a sustainable economy following a qualitative evaluation.

Whilst the Fund aims to have a WACI lower than the index, this index is not used as a reference index to attain the promoted environmental and/or social characteristics as the Fund does not align its environmental and/or social characteristics with that of the index.

## INVESTMENT STRATEGY

The Fund is actively managed and focusses on investing in sub-investment grade corporate bonds denominated in euro or in any other European currency. The Fund aims to promote certain sustainability-related characteristics and also contribute to the objectives of the Paris Climate Agreement through a sustainable and low-carbon approach.

The Fund will comply with the Investment Manager's policy on assessing breaches of the United Nations Global Compact Principles for Business as outlined in Baillie Gifford's ESG Principles and Guidelines document and will exclude companies that derive more than (i) 10% of annual revenues from the production or sale of armaments (ii) 10% of annual revenues from the extraction or production of fossil fuels (iii) 30% of annual revenues from the distribution of thermal coal and (iv) 5% of annual revenues from the production of tobacco.

The Fund's WACI will be measured against the Index, with an overall aim to have a WACI that is lower than the Index. Details of the measurement of the Fund's WACI against that of the Index will be provided in the annual report and will include an explanation should this aim not be achieved.

Sustainability dimensions (set of sustainability issues likely to have a material impact) as outlined by SASB (Sustainability Accounting Standards Board) are evaluated within the proprietary bond scoring framework. Companies deemed incompatible with a sustainable economy following qualitative evaluation will be excluded.

SFDR requires that products promoting environmental and/or social characteristics do not invest in companies who do not follow good governance practices. As such, the Investment Manager has adopted a policy to apply 'good governance tests' on areas covering sound management structures, employee relations, remuneration of staff and tax compliance. Companies that do not pass these tests will not be held in the Fund.

The Investment Manager believes that good governance works best when there are diverse skillsets and perspectives, paired with an inclusive culture and strong independent representation to assist, advise and constructively challenge the thinking of management. However, the Investment Manager also believes that there is no fixed formula to create a constructive and purposeful board but it expects that boards have the resources, information, cognitive and experiential diversity they need to fulfil its responsibilities. More detail on the Investment Manager's policy to assess good governance practices of investee companies can be found in Baillie Gifford's ESG Principles and Guidelines document, which is publicly available on its website.

## PROPORTION OF INVESTMENT

To meet the environmental and/or social characteristics promoted, the Fund generally invests at least 90% in bonds that are aligned with these same characteristics. The remaining proportion of the investments are primarily cash and cash equivalents but may also include investments used for efficient portfolio management purposes (e.g. currency forwards to reduce currency risk). Cash is a residual element of the investment process and as such, it does not affect the promoted environmental and/or social characteristics of the Fund. The assessment of counterparties and issuers for cash management (including cash and cash equivalents) focuses on creditworthiness of these parties, which can be impacted by sustainability risks.

The Fund commits to having a minimum proportion of sustainable investments of 10%, 5% of which relates to sustainable investments with an environmental objective but which do not necessarily qualify as environmentally sustainable under the EU Taxonomy. The remaining 5% will be allocated between other environmental and/or socially sustainable investments but with no fixed allocation as this will depend on the availability of sustainable investment opportunities. The Fund aims to support achieving the Paris Agreement as well as a broader sustainability transition; as the transition progresses the Fund's focus may shift from environmental issues such as low carbon energy production to social issues, such as the 'just transition' and at this point in time it's not possible to commit to a long-term ratio between the two, hence the low minimum thresholds above. The Fund would expect to exceed these.

Economic activities that are not aligned with the EU Taxonomy are not necessarily environmentally harmful or unsustainable. In addition, not all economic activities are covered by the EU Taxonomy Regulation and its Delegated Acts as it was not possible to develop criteria for all sectors where activities could conceivably make a substantial contribution.

Currently there are no investments in the portfolio that take into account the EU criteria for environmentally sustainable economic activities. If at the end of the accounting period, investments are made in economic activities contributing to an environmental objective aligned with the EU Taxonomy, compliance of those investments with the requirements laid down under the EU Taxonomy will not be subject to an assurance or review provided by an auditor or third party.

## MONITORING OF ENVIRONMENTAL/SOCIAL CHARACTERISTICS

The environmental and/or social characteristics are monitored internally in a variety of ways. The Fund uses norms-based evaluation, business activity-based exclusions and qualitative research to support the attainment of the promoted environmental and/or social characteristics and these are implemented on a continuous basis through ongoing compliance with, and monitoring of, the binding commitments. A nominated committee has overall responsibility for ensuring compliance with the environmental and/or social characteristics the Fund is promoting, and exceptions-based reporting is sent to this committee quarterly for challenge and oversight.

- The designated investment restrictions team monitors compliance with the policy on assessing breaches of United Nations Global Compact Principles for Business (norms-based evaluation), working in conjunction with ESG analysts and/or the investment managers and using a third-party data feed (which is updated quarterly), supplemented by internal research.
- Exclusion of business activities deemed harmful to the environment and society (business activity-based exclusions) is monitored by the designated investment restrictions team on a daily basis, working in conjunction with ESG analysts and/or the investment managers and using a live third-party data feed, supplemented by internal research.
- The Fund's WACI is calculated and monitored against the index on a monthly basis.
- Challenge to the ESG Scoring and compliance with WACI threshold is undertaken by the Investment Risk team during quarterly portfolio review meetings along with standard financial risk exposure metrics. The sustainable criteria and exclusions apply at the time of acquisition of the bonds and the Investment Manager will monitor ongoing compliance with the Fund's sustainable criteria using its own research which may be supplemented by third party data sources. The sustainability ratings assigned to investments to evaluate the sustainability-related characteristics of companies are subject to ongoing review by the Fund's team.

## METHODOLOGIES

The following sustainability indicators are used to measure the attainment of the promoted environmental and/or social characteristics:

- The % of investments that comply with the Investment Manager's policy on assessing breaches of United Nations Global Compact Principles for Business.
- The % of investments that comply with the business activity-based exclusions.
- The Fund's WACI is lower than the Index.
- The % of investments that have been deemed as compatible with a sustainable economy.

The methodologies in relation to these indicators are outlined below:

### *Ethical Exclusions – Norms- and Business Activity-Based Exclusions*

The Fund minimises the existence of adverse impacts by formally excluding companies from its investable universe by applying ethical screens: a norms-based evaluation of investee companies, and business activity-based exclusions. Initial negative screening is done using a variety of third-party data sources (such as Sustainalytics and MSCI), supplemented by additional research from ESG analysts and/or investment managers as required.

See the Investment Strategy section for further details on the business activity-based screening applied to the Fund. Holdings which are inconsistent with the business activity-based exclusions will be excluded.

**Norms-based evaluation:** The Fund will assess corporate bonds using a norms-based evaluation which is based on the ten principles of the United Nations Global Compact, which cover areas including human rights, labour rights, environmental safeguards and combating bribery and corruption. If a holding is identified as having breached the Principles, based on the Investment Manager's judgement, supported by internal research alongside data feeds from third-party sources, a formal engagement and monitoring process will be implemented. Material improvement is expected within a reasonable timeframe (a maximum of three years), and should a company fail to demonstrate progress then the Fund will divest.

### *Greenhouse Gas Intensity*

The Fund's weighted average carbon intensity is calculated and measured against the weighted average carbon intensity of the Index, allowing for the greenhouse gas intensity to be managed. Only those investments for which the Investment Manager has estimated or reported figures from its third-party data provider will be included in the calculation of the Fund's weighted average carbon

intensity, covering Scope 1, 2 and 3 emissions. Scope 3 emissions will be included in line with PCAF guidance which include a schedule for Scope 3 measurement and disclosure prioritising certain sectors (e.g. oil, gas and mining sectors) ahead of other sectors consistent with the approach of the Supplementing Regulation for EU Climate Transition Benchmarks and EU Paris-Aligned Benchmarks. As this metric is based on a weighted average, the relevant Fund’s portfolio might include single companies with higher intensities provided they do not breach any business activity-based exclusions particularly if these companies represent a small weight within the portfolio.

*ESG-focused investment research*

Sustainability-related characteristics are evaluated within a proprietary bond scoring framework. Each investment is evaluated to identify how the company contributes towards the sustainability dimensions outlined by the Sustainability Accounting Standards Board (SASB). The dimensions are: Environment, Social Capital, Human Capital, Business Model & Innovation, and Leadership & Governance. Following evaluation, each company will receive a sustainability rating. The framework is designed to distinguish between companies that are addressing material sustainability issues, those that are on a pathway to addressing material sustainability issues, and those that are not. Companies deemed unsustainable following qualitative evaluation will be excluded from the fund’s investment universe.

**DATA SOURCES AND PROCESSING**

The Investment Manager uses a combination of internal research (informed by publicly available sources disclosed by investee companies) and third-party data sources to attain each of the environmental and/or social characteristics promoted by the Fund. The environmental and/or social characteristics promoted by the Fund are listed below as well as the data sources.

<b>UN Global Compact policy</b>	Internal proprietary research, public disclosures, Sustainalytics, MSCI
<b>Business activity-based exclusions</b>	Internal proprietary research, public disclosures, Sustainalytics, MSCI
<b>WACI</b>	MSCI, Factset
<b>Investments that are compatible with a sustainable economy</b>	Internal proprietary research, public disclosures, specialist data providers on specific issues, as well as generalist data providers such as Sustainalytics, MSCI, BoardEx, RepRisk

Where data is extracted from third party providers, the Investment Manager evaluates their methodology and coverage at the outset (initial due diligence) and then carries out spot checks of the data each month, escalating issues to the third-party provider where necessary. A dedicated team is tasked with ensuring effective relationships and operational interactions with key third-party providers, recognising that effective use of third-party vendors can support client service and stewardship activities. The level of oversight depends on the nature of the services provided. Providers of critical or important services and those that have access to sensitive data are subject to a vendor management framework.

The Investment Manager is regularly adding more automated quality checking of third-party data. Data metrics required for reporting are currently calculated in house in line with recognised guidance and regulations. The Investment Manager is actively improving data processing, introducing automation where possible and looking for ways to receive and ingest data from a wider set of data providers. However, there is sometimes a reliance on estimated data when it comes to the business activity-based exclusions and WACI commitments of the Fund. Third party-providers occasionally make estimates of revenue exposures relating to business activity-based exclusions where disclosure is lacking; proportionally, less data is estimated than not. Regarding WACI, a large proportion of data is estimated by third-party providers due to general lack of disclosure of Scope 3 emissions.

Due to this the Investment Manager is wary of using third-party data sources as the sole input. Third-party data sources are used to flag any potential issues and to focus work on companies or issues that warrant further attention, at which point thorough analysis is conducted to ensure there is a detailed understanding of the company’s current position and its direction of travel towards necessary improvements.





## LIMITATION TO METHODOLOGIES AND DATA

The ESG data landscape is rapidly developing, and data quality and methodology currently face industry-wide challenges such as lack of corporate disclosures and evolving regulatory requirements. Specifically, the data used in the Fund may be provided by third-party sources and is based on backward-looking analysis, while the subjective nature of ESG criteria means a wide variety of outcomes are possible. There is a risk that the data provided may not adequately address the underlying detail around material ESG considerations. The analysis is also dependent on companies disclosing relevant data and the availability of data can be limited.

These limitations are mitigated primarily through the Investment Manager's own in-house research and active engagement with companies, as well as cross-referencing key metrics against different data providers. Due to this mitigation, the Investment Manager believes that the promotion of the environmental and social characteristics is not appreciably altered.

## DUE DILIGENCE

The starting point for all Baillie Gifford strategies is bottom-up fundamental stock research. This process focuses on understanding each company, the sector it operates in and their approach to material or likely to be material issues. Investment ideas for inclusion in the strategy will undergo a critical assessment in the form of a question framework that will seek to capture the pertinent investment considerations. Supporting this are bespoke pieces of investment and ESG research that allows the investment managers to easily compare and contrast potential new purchases with competing ideas and existing holdings.

The Fund's investment management approach is focussed on stock-level research and analysis, with the assistance of dedicated sustainability, governance and risk specialists working across the firm. Access to external data from independent providers helps add further detail to understanding each holding, and great value is placed on seeking the perspectives and insights of external experts and researchers to help inform the Fund's approach. This information is used primarily as an aid to engage with companies to ascertain how they are mitigating risks and maximising opportunities. If it is felt that companies are not making enough progress in mitigating risks, then the option of exercising voting rights in shareholder resolutions and ultimately divesting holdings is retained.

External to the Fund, ongoing due diligence is carried out by the Investment Manager across the business to monitor the commitments being made, as specified in the Monitoring section, with oversight provided by a nominated committee.

## ENGAGEMENT POLICIES

Engaging with and monitoring investments the Investment Manager makes on behalf of clients is an integral element of the investment process and core to how the Investment Manager discharges its stewardship responsibilities. All investment managers, investment analysts and ESG analysts are involved in this process. It meets with management and other executive staff, heads of divisions and non-executive board members.

As a patient, active owner, the Investment Manager aims to engage with the companies in which it invests on behalf of its clients, encouraging a long-term focus and meaningful change when needed. Engagement is preferable to divestment, which is typically the tool of last resort. There are four primary reasons for engaging with a company: to fact find, to assess progress, to support the management team and to influence. It is important to note that influence is only one of these four aims. The Investment Manager firmly believes in taking time to understand companies and making its own, long-term agenda known to management. This is an important foundation of being responsible holders and over time makes it easier to advocate for changes, as both sides have a better understanding of and appreciation for what the other party is trying to achieve.

On an annual basis, investments that are subject to formal engagement and monitoring processes under the Investment Manager's policy on assessing breaches of United Nations Global Compact Principles for Business will be disclosed.

More information on the Investment Manager's engagement policy can be found within Baillie Gifford's ESG Principles and Guidelines document, which is publicly available on its website.

## DESIGNATED REFERENCE BENCHMARK

No index has been designated as a reference benchmark to attain the environmental and/or social characteristics promoted by the product.