

FINANCIAL PRODUCT WEBSITE DISCLOSURE

*TRANSPARENCY OF THE
PROMOTION OF ENVIRONMENTAL
OR SOCIAL CHARACTERISTICS*

Positive Change Fund

BAILLIE GIFFORD

Webstedsoplysninger om finansielle produkter

Oversigt

Gennemsigtighed i bæredygtige investeringer

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 Positive Change Fund

SFDR-klassificering	Denne fond fremmer bæredygtige investeringer i henhold til artikel 9 i forordning (EU) 2019/2088 om bæredygtighedsrelaterede oplysninger i den finansielle sektor.
Ingen væsentlig skade for det bæredygtige investeringsmål	<p>Ved investering og over produktets levetid vurderes og udelukkes eller overvåges obligatoriske indikatorer for negative påvirkninger i tabel 1 i bilag I til SFDR Regulatory Technical Standards ("RTS") og opt-in-indikatorer for negative påvirkninger valgt af investeringsforvalteren i tabel 2 og 3 af bilag I til SFDR RTS, der anses for at indikere tilstedeværelsen af en væsentlig negativ påvirkning, afhængigt af den primære indikator for skadelig påvirkning.</p> <p>Investeringsforvalteren vil vurdere virksomheder ved hjælp af normbaseret evaluering og deres overholdelse af deres politik om vurdering af overtrædelser af FN's Global Compact Principles for Business som beskrevet i Baillie Giffords dokument om ESG-principper og -retningslinjer.</p> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
Det finansielle produkts bæredygtige investeringsmål	<p>Fonden søger at bidrage til en mere bæredygtig og inklusiv verden ved primært at investere i aktier i virksomheder, hvis produkter og/eller tjenester har en positiv social og/eller miljømæssig indvirkning på fondens fire effekttemaer, som hver især repræsenterer centrale globale udfordringer: (i) Social inklusion og uddannelse, (ii) miljø- og ressourcebehov, (iii) sundhedspleje og livskvalitet og (iv) pyramidens basis (dvs. at imødegå de behovene hos de fattigste fire milliarder mennesker i verden). Effektanalysen udføres ved hjælp af en ramme, der er baseret på vurdering af tre faktorer: (i) hensigt, (ii) produktpåvirkning og (iii) forretningspraksis.</p> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
Investeringsstrategi	<p>Fonden forvaltes aktivt og fokuserer på at investere mindst 90 % i aktier i virksomheder, hvis produkter og/eller tjenester har en positiv social og/eller miljømæssig indvirkning. Fonden anvender en effektstrategi beskrevet nedenfor, da den har til hensigt at bidrage til en mere bæredygtig og inklusiv verden sideløbende med kapitalvækst på lang sigt. I tillæg til effektstrategien anvender fonden normbaseret evaluering, forretningsaktivitetsbaseret udelukkelse og aktiv ejerskab for at nå det bæredygtige investeringsmål. 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. Fonden vil ikke investere i virksomheder, der ikke består denne kontrol.</p> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
Andel af investeringerne	<p>For at opfylde det bæredygtige investeringsmål, der fremmes af fonden, investerer den generelt mindst 90 % af dens samlede aktiver i aktier i virksomheder (direkte, selvom den også kan investere indirekte gennem berettigede kollektive investeringsordninger), hvis produkter og/eller tjenester udgør en positiv social og/eller miljømæssig påvirkning på fondens fire effekttemaer, som hver repræsenterer centrale globale udfordringer. Dette omfatter en minimumsandel på 1 % bæredygtige investeringer med et miljømål, der er tilpasset EU-taksonomien, 9 % bæredygtige investeringer med et miljømål, der ikke er tilpasset EU-taksonomien, og 40 % bæredygtige investeringer med et socialt mål. De resterende 40 % vil blive allokeret mellem andre miljømæssigt 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>

Overvågning af bæredygtigt investeringsmål:	<p>De miljømæssige og/eller sociale karakteristika overvåges internt og eksternt på en række forskellige måder. Fonden anvender normbaseret evaluering, forretningsaktivitetsbaserede udelukkelse og aktivt ejerskab ud over effektstrategien for 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> <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
Metoder	<p>Følgende indikatorer bruges til at måle opnåelsen af det bæredygtige investeringsmål:</p> <ol style="list-style-type: none"> 1. Andelen af investeringer, der opfylder effektanalysen. 2. Andelen af investeringer, der har forbindelse til FN's bæredygtigheds mål. 3. Andelen af investeringer, der overholder investeringsforvalterens politik om vurdering af overtrædelser af FN's Global Compact-principper for virksomheder. 4. Andelen af investeringer, der overholder de forretningsaktivitetsbaserede udelukkelse. 5. Andelen af investeringer med tilhørende stemmeret. <p>Se den fulde beskrivelse for yderligere oplysninger.</p>
Datakilder og databehandling	<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>
Begrænsninger mht. metoder og data	<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>
Due diligence	<p>Udgangspunktet for alle Baillie Gifford-strategier er grundlæggende bottom-up-aktieanalyse. 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>
Politikker for aktivt ejerskab	<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>

Opnåelse af det bæredygtige investeringsmål	<p>Intet indeks er blevet udpeget som referencebenchmark for at opnå de miljømæssige og/eller sociale karakteristika, som produktet fremmer. En rapport om positive ændringer offentliggøres årligt og er offentligt tilgængelig på Baillie Giffords websted. Denne rapport viser, hvordan hver virksomhed i porteføljen leverer positive forandringer gennem sine produkter og tjenester. Nøglemålinger for hver enkelt virksomhed i forhold til deres produkters og tjenesters bidrag til de fire effekttemaer og deres bidrag til bæredygtighedsmålene er inkluderet i rapporten.</p>
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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 SIGNIFICANT HARM TO THE SUSTAINABLE INVESTMENT OBJECTIVE

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) voting (b) dialogue and engagement and (c) 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 Enterprises and the United Nations Guiding Principles on Business and Human Rights.

SUSTAINABLE INVESTMENT OBJECTIVE OF THE FINANCIAL PRODUCT

The Fund aims to contribute towards a more sustainable and inclusive world by investing primarily in the equities companies whose products and/or services make a positive social and/or environmental impact in the Fund's four impact themes, each of which represent key global challenges: (i) social inclusion and education, (ii) environment and resource needs, (iii) healthcare and quality of life and (iv) base of the pyramid (i.e. addressing the needs of the poorest four billion people in the world). The impact analysis is carried out using a framework that is based upon assessing three factors: (i) intent, (ii) product impact and (iii) business practices.

Through the product impact analysis, all companies in the Fund's portfolio are included because their products and/or services address a global environmental or social challenge. As part of the assessment of product impact, the contribution that the companies' products and/or services are making to the United Nations Sustainable Development Goals (SDGs) is mapped by using the 169 targets that underpin the SDGs. The UN SDGs are made up of 17 goals some of which can be mapped on a high-level basis against the six environmental objectives outlined in the EU Taxonomy. As the Fund does not invest in line with a predetermined environmental theme, there is no commitment as to which specific environmental objectives in the EU Taxonomy the Fund contributes to. However, these specific environmental objectives will be disclosed as part of the periodic reporting template to be appended to the annual report.

INVESTMENT STRATEGY

The investment strategy of the Fund is to produce capital growth over the long term and contribute towards a more sustainable and inclusive world by investing at least 90% in the equities of companies whose products and/or services in the Investment Manager's opinion, deliver a positive social and/or environmental impact.

Investments will initially be selected by the Investment Manager based on its own research. An independent analysis of a company's products and/or services will be conducted to assess whether they contribute to one of the four impact themes. The impact analysis is carried out using a qualitative framework that is based upon assessing three factors: (i) intent, (ii) product impact and (iii) business practices. All companies in the Fund's portfolio are included because their products and/or services address a global environmental or social challenge.

As part of the assessment of product impact, the contribution that the companies' products and/or services are making to the UN SDGs is mapped by using the 169 targets that underpin the UN SDGs. Companies are assessed to determine which targets they are contributing to through the delivery of their products and the SDG mapping methodology and process has been independently assessed by a third party auditor.

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 10% of their annual revenues from (i) the production or sale of alcohol, weapons and armaments or adult entertainment; (ii) fossil fuel extraction and production; (iii) the provision of gambling services; and (iv) the sale of tobacco. The Investment Manager also excludes companies that derive more than 5% of their annual revenues from the production of tobacco.

The Investment Manager exerts the right to vote by voting according to its Voting Policy, unless impediments occur (e.g. share blocking). The Investment Manager's Voting Policy is available publicly on its website.

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 sustainable investment objective, the Fund generally invests at least 90% of its total assets in equity securities of companies (directly although it may also invest indirectly through eligible collective investment schemes) whose products and/or services make a positive social and/or environmental impact in the Fund's four impact themes, each of which represent key global challenges. 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 expected minimum level of Taxonomy alignment is at least 1% of the Fund's investments in the equity securities of companies calculated using turnover as the key performance indicator due to the nature of companies being non-financial undertakings. This expected minimum level of Taxonomy alignment has been obtained through a combination of third-party data and investment research. At the end of the accounting period, investments made in economic activities contributing to an environmental objective aligned with the EU Taxonomy will be disclosed and those investments' compliance 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.

The Fund commits to having a minimum proportion of sustainable investments of 9% with an environmental objective not aligned with the EU Taxonomy and 40% with a social objective. To achieve the 90% total sustainable investment commitment, the remaining 40% 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. 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 is not possible to develop criteria for all sectors where activities could conceivably make a substantial contribution.

MONITORING OF SUSTAINABLE INVESTMENT OBJECTIVE

The environmental and/or social characteristics are monitored internally and externally in a variety of ways. The Fund uses norms-based evaluation, business activity-based exclusions and active ownership in addition to the impact strategy 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 monitoring of positive social impact is ongoing and is interwoven with our monitoring of the investment case for a company. The Investment Manager looks at company reports and disclosures and are engaged with management, monitors significant news, always with a focus on the long term and the key milestones a company is expected to reach in order to deliver impact. The sell discipline mirrors our buy discipline: it is based on fundamentals. With a long-term investment horizon, portfolio turnover will be low, expected to be below 20% per annum over the long term. The Investment Manager will carefully monitor the companies in which the Fund invests through ongoing research and engagement with management teams. It is inevitable that companies will have setbacks and the Investment Manager is happy to own companies through periods of short-term operational weakness. However, if longer-term concerns develop that are not addressed by management or, if there is a deterioration in the fundamental impact (or investment) case detected, the Fund will sell a holding. Similarly, if a company has performed as expected and the impact (or investment) case has played out over the long term (five years plus), then the Fund will sell the holding. The Investment Manager has developed a robust approach using its in-depth knowledge of companies to measure the impact of sustainable investments. Consistent with the Investment Manager's bottom-up, fundamental investment

approach, it identifies bespoke metrics for each company that will help monitor its progress in delivering positive change. This impact is represented through 'The Positive Chain', a model which illustrates how each company is contributing to positive outcomes and impacts through their inputs, activities and outputs. The Investment Manager depends primarily on company reported data but does not limit itself to current levels of disclosure: where there are gaps it will engage with companies and request more information.

- 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.
- Voting is monitored and actioned by voting analysts as and when votes are due, working in conjunction with other ESG analysts and/or the investment managers and reported to clients on a quarterly basis. Furthermore, engagement and voting procedures are independently reviewed annually as part of the internal controls review completed by the Investment Manager's external auditors, regarding the UK standard ISAE 3402.

METHODOLOGIES

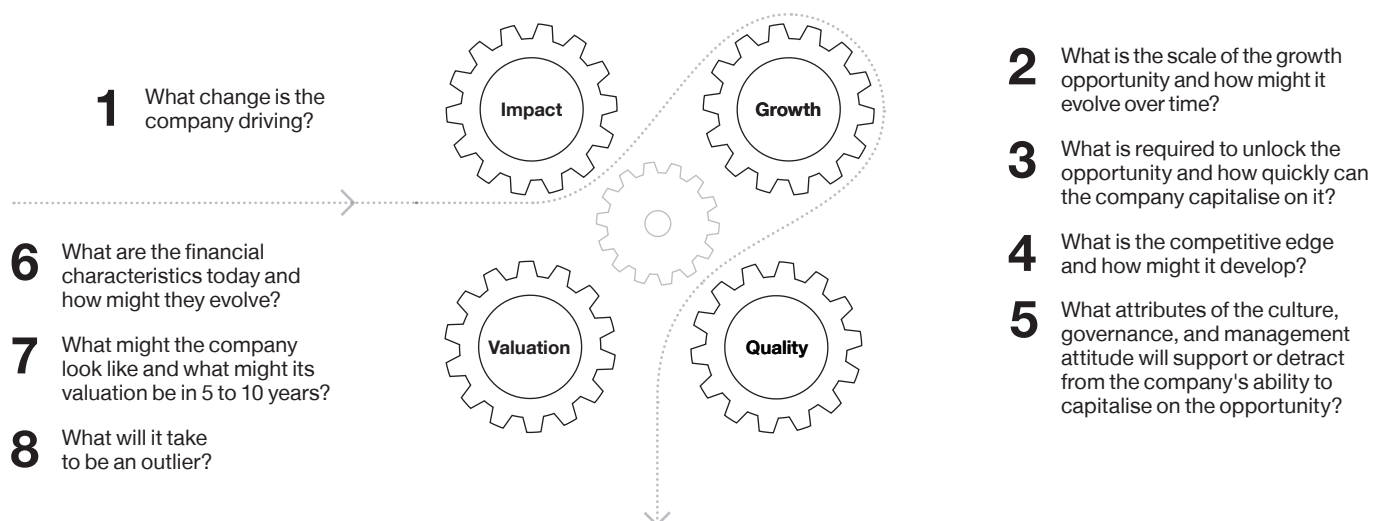
The following indicators are used to measure the attainment of the sustainable investment objective:

- The % of investments that meet the impact assessment.
- The % of investments that have linkage with UN SDGs.
- 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 % of holdings voted.

Reflecting that Positive Change has two objectives: investment returns and impact, there are two stages to the research process: fundamental company analysis and impact analysis. The Investment Manager looks for companies for whom delivering a positive impact is core to their business; whose products and services represent a significant improvement to the status quo; and whose people conduct business with honesty and integrity.

FUNDAMENTAL COMPANY ANALYSIS

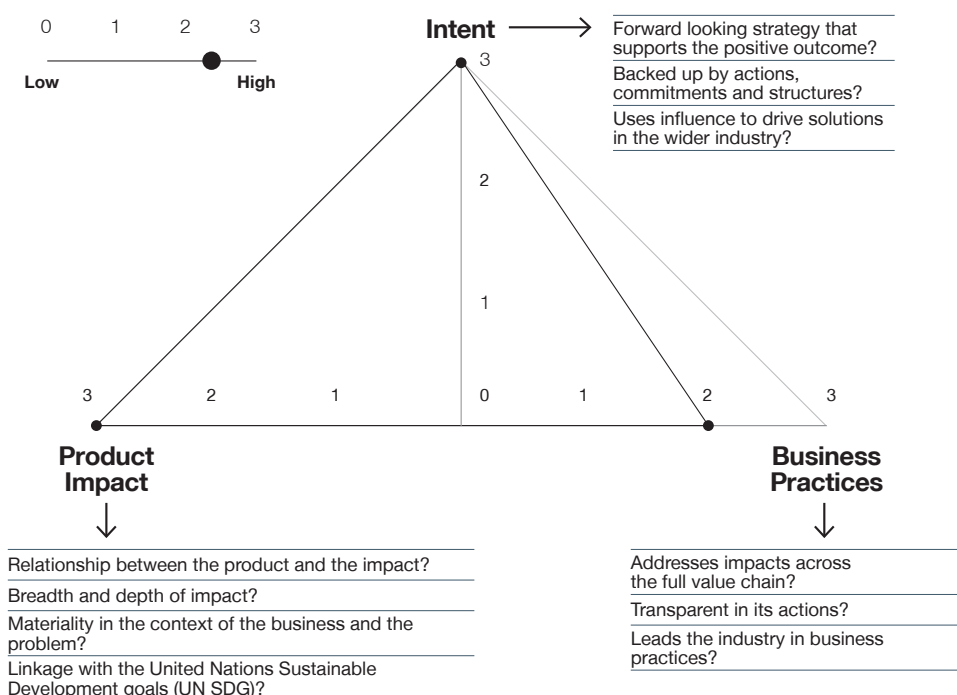
Fundamental company research involves a portfolio manager or an analyst examining six questions relating to the quality of the business and its growth prospects, as well as the impact the company is expected to deliver.



To assess the growth potential and quality of a business, the company's broad opportunity set is considered, as well as the strength and durability of the competitive advantage, the financial characteristics and management attitudes. To assess the expected impact of a holding, the Investment Manager considers the challenge the company is tackling, its product characteristics, if relevant, and business practices. If a company has backing from a portfolio manager, it will be taken forward to the second stage of research: The Impact Analysis.

IMPACT ANALYSIS

The second stage of research focuses specifically on the impact potential of a business. This is carried out by one of the Positive Change Team's Impact Analysts. Analysing impact is complex and can be highly subjective. Impact analysis is carried out independent of the investment case using a rigorous, qualitative framework that is based upon three factors, shown below.



This analysis is holistic: the Investment Manager recognises that there is no perfect company and under each of these three factors areas of controversy are also considered, the negative consequences of operations and a company's awareness of those issues.

The Positive Change Strategy may only invest in companies where delivering a positive impact is core to their business and whose products or services represent an improvement to the status quo. Any new purchases will be checked against the below activities to ensure they are not deemed detrimental to the Positive Change Strategy:

- Adult Entertainment
- Alcohol
- Cluster Bombs
- Firearms
- Fossil Fuels
- Gambling
- Land Mines
- Predatory Lending
- Tobacco
- Weapons Producers

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 equities 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.

Voting

ESG analysts oversee voting analysis and execution in conjunction with investment managers and use voting as a tool to consider environmental and/or social issues via stewardship. Unlike many peers, the Investment Manager does not outsource the responsibility for voting to third-party suppliers. Research from proxy advisers

is used for information only. The Investment Manager analyses all meetings in-house and endeavours to vote every clients' holdings in all markets (when given voting rights and in line with the Voting Policy outlined in Baillie Gifford's ESG Principles and Guidelines document).

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.

Companies that satisfactorily meet the Investment Manager's impact assessment	Internal proprietary research
Companies that have a linkage with the SDGs	Internal proprietary research
UN Global Compact exclusions policy	Internal proprietary research, Sustainalytics, MSCI
Business activity-based screens	Internal proprietary research, MSCI
Holdings voted in line with Baillie Gifford's ESG Principles and Guidelines document	Internal proprietary research, aided by Glass Lewis, ISS, BoardEx, Si2, ZD Proxy, IAS, and company disclosures

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. 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.

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.

ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVE

No specific index has been designated as a reference benchmark for the purpose of attaining the sustainable investment objective. A positive change impact report is published annually and is publicly available on the Baillie Gifford website. This report shows how each company in the portfolio is delivering positive change through its products and services. Key metrics for each individual company in relation to the contribution made by their products and services to the four impact themes and their contribution to the SDGs are included in the report.

