

Financial product website disclosure: summary

Worldwide Sustainable Emerging Markets Bond Fund

No sustainable investment objective

This financial product promotes environmental and/or social characteristics but does not have as its objective a sustainable investment.

Environmental/social characteristics

Government bonds

- Minimum environmental and social standards achieved through exclusion of governments that (i) are subject to UN sanctions (ii) are included in OECD blacklist and/or (iii) have not ratified the Paris Climate Agreement.
- Sustainable outcomes through investment in sovereigns that have been qualitatively assessed as being sustainable or on a sustainable trajectory.

Corporate bonds

- 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.
- Sustainable outcomes through investment in corporates that have been qualitatively assessed as creating a sustainable future.

Investment strategy

The Fund is actively managed and promotes environmental and social characteristics through investing in (i) at least 60% of the Fund's Net Asset Value in bonds issued by sovereign issuers in Emerging Market Countries which are identified as being sustainable or on a sustainable trajectory in seeking to deploy capital productively to achieve sustainable outcomes and (ii) up to 40% of the Fund's Net Asset Value in bonds issued by corporates domiciled, or operating, in Emerging Market Countries, where the Investment Manager believes these corporates are creating a sustainable future. The Fund uses positive screening through the Investment Manager's proprietary ESG framework, norms-based evaluation, business activity-based exclusion and active ownership to support the attainment of the promoted environmental and/or social characteristics. The Investment Manager has 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.

See full disclosure for further details.

Proportion of investments

In order to meet the environmental and/or social characteristics promoted by the Fund, it will primarily invest in bonds issued by sovereigns and corporates that are aligned with the same characteristics. The remaining proportion of the investments will be used for liquidity and/or efficient portfolio management purposes and will not incorporate any of the and/or social characteristics promoted by the Fund.

See full disclosure for further information.

Monitoring of environmental or social characteristics

The environmental and/or social characteristics are monitored internally in a variety of ways. The Fund uses positive screening through the Investment Manager's proprietary ESG framework, norms-based evaluation, business activity-based exclusions and active ownership 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.

See full disclosure for further details.

Methodologies

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

Government bonds

- The % of bonds issued by sovereigns that comply with the exclusions based on international standards of conduct.
- The % of bonds issued by sovereigns that have been qualitatively assessed as being sustainable or on a sustainable trajectory in seeking to deploy capital productively to achieve sustainable outcomes.

Corporate bonds

- The % of bonds issued by corporates that comply with the Investment Manager's policy on assessing breaches of United Nations Global Compact Principles for Business.
- The % of bonds issued by corporates that comply with the business activity-based exclusions.
- The % of bonds issued by corporates that have been qualitatively assessed as creating a sustainable future.

See full disclosure for further details.

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.

See full disclosure for further details.

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.

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.

See full disclosure for further details.

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.

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.

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.

See full disclosure for further details.

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.

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.

See full disclosure for further details.

Designated reference benchmark

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

Financial product website disclosure

Worldwide Sustainable Emerging Markets Bond Fund

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 a sustainable investment.

Environmental or social characteristics of the financial product

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

Government bonds

- Minimum environmental and social standards achieved through exclusion of governments that (i) are subject to UN sanctions (ii) are included in OECD blacklist and/or (iii) have not ratified the Paris Climate Agreement.
- Sustainable outcomes through investment in sovereigns that have been qualitatively assessed as being sustainable or on a sustainable trajectory.

Corporate bonds

- 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.
- Sustainable outcomes through investment in corporates that have been qualitatively assessed are creating a sustainable future.

Investment strategy

The investment strategy of the Fund is to invest in bonds denominated in any currency issued by one or more of the following types of issuer: government, local authorities, Supranational Organisations, public sector bodies and corporates with the aim of achieving a high level of total return by lending responsibly to countries and companies which show evidence of creating a sustainable future. The assessment of sustainability is significantly integrated into the Investment Manager's stock research framework.

Countries are assessed using a proprietary ESG framework, which is aligned with the objectives of the Paris Climate Agreement on climate change particularly the Paris Aligned Investment Initiative Net Zero Framework for governments and monitors several indicators that quantify each country's progress towards the UN Sustainable Development Goals (UN SDGs).

Corporates are assessed through a proprietary ESG framework, which is underpinned by the sustainability dimensions (a set of sustainability issues likely to have a material impact) as outlined by SASB (Sustainability Accounting Standards Board).

The Fund will not invest in bonds issued by issuers which demonstrate poor outcomes and no appetite for sustainable change. The Fund will not invest in governments that: (a) are subject to UN sanctions (b) are included in OECD blacklist and/or (c) have

not ratified the Paris Climate Agreement. The Fund will exclude the following corporate investments: firstly, companies which, in the Investment Manager's judgement, are inconsistent with the ten principles of the United Nations Global Compact Principles for Business as outlined in the Investment Manager's ESG Principles and Guidelines document. On an annual basis, investments that are subject to formal engagement and monitoring process will be disclosed; secondly, companies which are operating in breach of UN sanctions; thirdly, companies with any of the following revenue breakdowns: 10% or more of revenues from the production or sale of armaments; 5% or more of revenues from tobacco production; 10% or more of revenues from the production and/or distribution of coal.

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 will primarily invest in bonds issued by sovereigns and corporates 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.

Monitoring of environmental or social characteristics

The environmental and/or social characteristics are monitored internally in a variety of ways. The Fund uses positive screening through the Investment Manager's proprietary ESG framework, norms-based evaluation, business activity-based exclusions and active ownership 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.

Regarding government bonds:

- The dedicated investment restrictions team monitors compliance with the exclusion of bonds from governments that (i) are subject to UN sanctions (ii) are included in OECD blacklist and/or (iii) have not ratified the Paris Climate Agreement, working in conjunction with ESG analysts and/or the investment managers and using third-party data feeds, supplemented by internal research.
- Ongoing compliance with the qualitative assessment of sovereigns as being sustainable or on a sustainable trajectory is reviewed at the point of purchase and then monitored on a quarterly basis, in addition to weekly team meetings to discuss relevant updates.

Regarding corporate bonds:

- The dedicated 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.
- Ongoing compliance with the qualitative assessment of corporates which are creating a sustainable future is reviewed at the point of purchase and then monitored on a quarterly basis, in addition to weekly team meetings to discuss relevant updates.

Methodologies

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

Government bonds

- The % of bonds issued by sovereigns that comply with the exclusions based on international standards of conduct.
- The % of bonds issued by sovereigns that have been qualitatively assessed as being sustainable or on a sustainable trajectory in seeking to deploy capital productively to achieve sustainable outcomes.

Corporate bonds

- The % of bonds issued by corporates that comply with the Investment Manager's policy on assessing breaches of United Nations Global Compact Principles for Business.
- The % of bonds issued by corporates that comply with the business activity-based exclusions.
- The % of bonds issued by corporates that have been qualitatively assessed as creating a sustainable future.

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 and international standards of conduct-based screening applied to the Fund. Holdings which are inconsistent with these 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.

ESG-focused investment research The Fund's aim is to deliver excellent returns for our clients by lending to countries and companies contributing to a more sustainable future. It is our core belief that countries which invest in their natural, human and institutional capital and companies which make a positive social contribution are more likely to prosper in the long run.

The Fund's team draws on quantitative and qualitative research from a wide range of external providers such as multilateral institutions or non-governmental organisations wherever we find it to be relevant.

Country analysis Each country's performance relative to the United Nations' Sustainable Development Goals (UN SDGs) is analysed to form an assessment of the administration's success in building a sustainable future for its citizens. In emerging markets it is especially important to understand both the starting point and the direction of travel towards the SDGs. Countries need to meet two thresholds using our own proprietary scoring framework to be considered: (1) climate action and (2) social outcomes and governance standards.

- **Climate action** The Fund follows the Paris Climate Agreement Net Zero Framework and assesses the country's performance towards the Paris Agreement Goals. Current levels of greenhouse gas emissions and their expected path over the coming decades are considered. The Fund analyses the Nationally Determined Contribution (NDC) plan and other policies and legislation to assess the government's commitment and ability to reduce national emissions intensity and meet Paris Agreement targets.
- **Social outcomes and governance standards** The Fund assesses each country's likely future progress towards the UN SDGs. The quality of life for citizens of the country is changing, from the scale and inclusiveness of economic opportunity to the provision of healthcare and environmental quality, is analysed. When considering these factors progress is compared to peers with similar levels of economic development. There is particular emphasis given to SDG 16, "Peace, Justice and Strong Institutions", considering how the country is governed and how the interests of different groups within the society are balanced.

Company analysis The Fund aims to invest in companies whose products and services contribute towards a more sustainable future (as outlined by UN SDGs). How a company treats its stakeholders is assessed using a proprietary ESG scoring framework, which is underpinned by the Sustainability Accounting Standards Board's (SASB's) sustainability dimensions for corporate issuers, requiring that each company meets a minimum score based on environmental, social and governance indicators.

Environmental impact is assessed by looking at greenhouse gas emissions, ecological impacts and the management of water and waste. Social factors include the impact of the company's products on society, as well as its respect for human rights, labour practices, and employee health and safety. Finally, in governance, the company's business ethics and compliance with the legal environment is assessed.

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.

Government bonds in compliance with exclusions based on international standards of conduct.	Internal proprietary research, public disclosures, Sustainalytics, MSCI
Government bonds qualitatively assessed as being sustainable or on a sustainable trajectory	Internal proprietary research, public disclosures, Sustainalytics, MSCI, Sustainable Development Solutions Network, Climate Action Tracker, World Bank, Freedom House and Transparency International
Corporate bonds in compliance with the UN Global Compact policy	Internal proprietary research, public disclosures, Sustainalytics, MSCI
Corporate bonds excluded via business activity-based screens	Internal proprietary research, public disclosures, Sustainalytics, MSCI
Corporate bonds qualitatively assessed as creating a sustainable future	Internal proprietary research, public 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.

Designated reference benchmark

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

Baillie Gifford™