

Product name:

Baillie Gifford Worldwide European High Yield Bond Fund

Legal entity identifier:

2138008ATE22SWYAVB90

Environmental and/or social characteristics

Sustainable

investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**.

That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?**Yes**

It made **sustainable investments with an environmental objective**: __%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It made **sustainable investments with a social objective**: __%

**No**

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 20.4% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

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

1. Responsible business practices in accordance with the United Nations Global Compact Principles for Business ('UNGC').
2. Minimum environmental and/or social standards achieved through the exclusion of business activities that the Investment Manager has deemed to be harmful to the environment and society respectively.
3. Managed greenhouse gas emissions intensity as measured by the Fund's Weighted Average Greenhouse Gas Intensity ('WAGGI') and an aim for this to be lower than the ICE BofA European Currency High Yield Constrained Index (hedged to euro) (the 'Index').
4. Sustainability-related characteristics achieved through the inclusion of investments deemed compatible with a sustainable economy following a qualitative evaluation.

There were no exceptions noted in the attainment of the environmental and/or social characteristics promoted by the Fund during the reference period. No specific index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

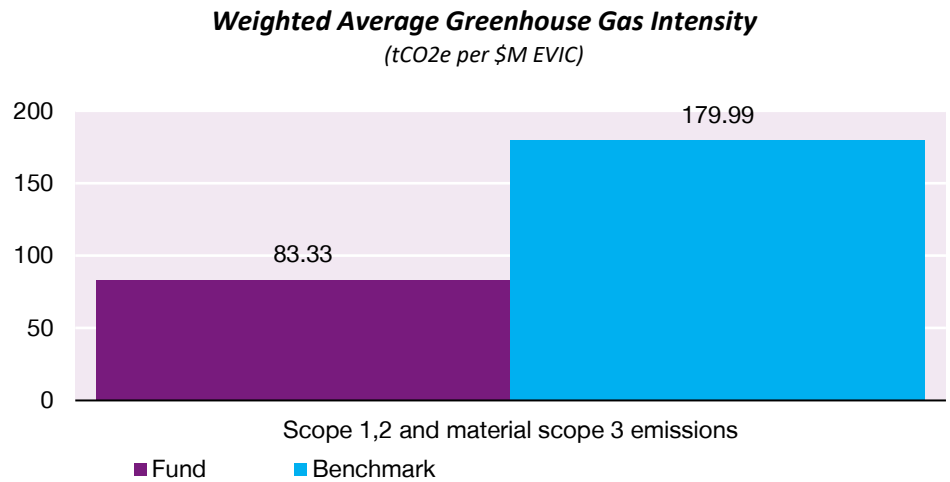
Sustainability

indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● *How did the sustainability indicators perform?*

Indicator	To September 2022
Compliance with UNGC Policy	96.9*
Is WAGGI below benchmark?	Yes
Compliance with sector-based exclusions	96.9*
Holdings qualitatively assessed to be compatible with a sustainable economy	96.9*

*All holdings are in compliance with this indicator. The percentage above is an expression of the total portfolio less the portion of assets (such as cash or derivatives) which cannot count towards a positive assessment against the indicator.



● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

20.4% of the Fund was invested in economic activities that contribute to either an environmental and/or social objective (sustainable investments) during the reference period. These economic activities contributed to such objectives as they: (a) generated 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 six environmental objectives outlined in the EU Taxonomy and/or (b) are 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 Climate Agreement. Reduction of greenhouse gas emissions aligns with the climate mitigation objective in the EU Taxonomy. The Fund did not commit to invest in economic activities that qualify as environmentally sustainable under the six environmental objectives of the EU Taxonomy but did make sustainable investments that at a high-level contribute to these specific environmental objectives, which are disclosed below.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

How were the indicators for adverse impacts on sustainability factors taken into account?

At the time of investment and during the reference period, mandatory indicators for adverse impacts in Table 1 of Annex I of the SFDR Regulatory Technical Standards ('SFDR RTS') and opt-in indicators for adverse impacts selected by the Investment Manager in Tables 2 and 3 of Annex I of SFDR RTS deemed to indicate the presence of a principal adverse impact were assessed and excluded or monitored depending on the principal adverse impact indicator. When not explicitly excluded from inclusion in the Fund's portfolio, principal adverse impacts were monitored through stewardship activities which includes the following non-exhaustive actions to mitigate or reduce principal adverse impacts: (a) dialogue and engagement and (b) collaborative activities.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Investment Manager assessed holdings using a norms-based evaluation and the Fund complied with the Investment Manager's policy on assessing breaches of United Nations Global Compact Principles for Business as outlined in the Investment Manager's ESG Principles and Guidelines document. As such, in the Investment Manager's opinion, all holdings operated in accordance with the principles set out in the United Nations Global Compact for Business 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 during the reference period.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The Fund considered principal adverse impacts on a qualitative basis primarily through (a) compliance with the Investment Manager's controversial weapons exclusion policy as outlined in the Investment Manager's ESG Principles and Guidelines document, (b) compliance with the Investment Manager's policy on assessing breaches of the United Nations Global Compact Principles for Business as outlined in the Investment Manager's ESG Principles and Guidelines document, (c) by excluding holdings that generate more than (i) 10% of annual revenues from the production and/or distribution 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, and (d) by managing greenhouse gas emissions intensity with an aim for this to be lower than the Index.

The above considerations mitigated principal adverse impacts, some of which are associated with principal adverse impact indicators in Table 1 of Annex I of SFDR Regulatory Technical Standards, and were supplemented by controversies monitoring and engagement policies.



What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 21 Dec 2021 to 30 Sep 2022

Largest Investments	Sector	Country	% Assets
Burford Capital 6.25% 2028 (144a)	Financial and Insurance	United States	2.5
Santander 4.375% 2026 Perp AT1	Financial and Insurance	Spain	2.4
LeasePlan 7.375% 2024 Perp AT1	Financial and Insurance	Netherlands	2.2
Progroup Ag 3% 2026	Manufacturing	Germany	2.1
PaymentSense 8% 2025	Manufacturing	UK	2.1
Grifols 3.875% 2028	Financial and Insurance	Spain	2.0
Adevinta 3% 2027	Information and Communication	Norway	1.9
Rothsay Life 6.875% Perp	Financial and Insurance	UK	1.9
CPI Property 4.875% 2025 Perp	Real Estate	Luxembourg	1.9
Paprec 4% 2025	Professional, Scientific and Technical	France	1.9
Dometic Gp 2% 2028	Professional, Scientific and Technical	Sweden	1.8
Telefonica 3.875% 2026 Perp	Information and Communication	Netherlands	1.8
Digi Communications 3.25% 2028	Information and Communication	Romania	1.8
EDF 6% 2026 Perp	Electricity, Gas, Steam and Air Conditioning	France	1.8
InPost 2.25% 2027	Transportation and Storage	Poland	1.7

If cash and/or derivatives are within the top investments during the reference period, they are not presented in the table above and have been replaced by a holding that promotes environmental and/or social characteristics. We believe that excluding investments that are not used to promote environmental and/or social characteristics leads to greater transparency.

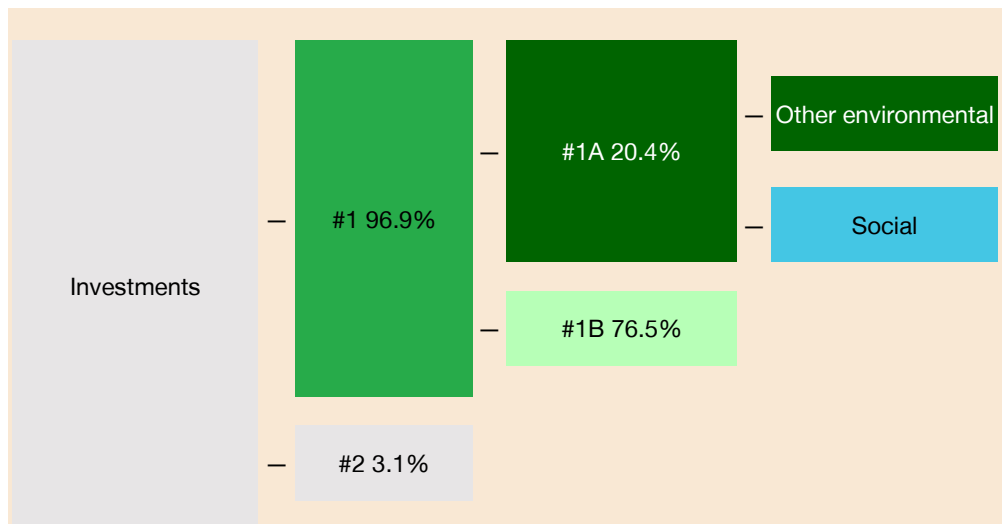


Asset allocation
describes the share of
investments in specific
assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?

In order to meet the environmental and/or social characteristics promoted by the Fund, it invested at least 97.1% in below investment grade corporate bonds which are denominated in euro or in any other European currency (directly although it may have also invested indirectly through eligible collective investment schemes) that are aligned with the same characteristics. This included 20.4% investment in sustainable investments with environmental or social objectives. The remaining proportion of the investments was used for liquidity and/or efficient portfolio management purposes and did not incorporate any of the environmental and/or social characteristics promoted by the Fund. Any minimum environmental or social safeguards regarding the remaining proportion of the investments is covered in a specific section below.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

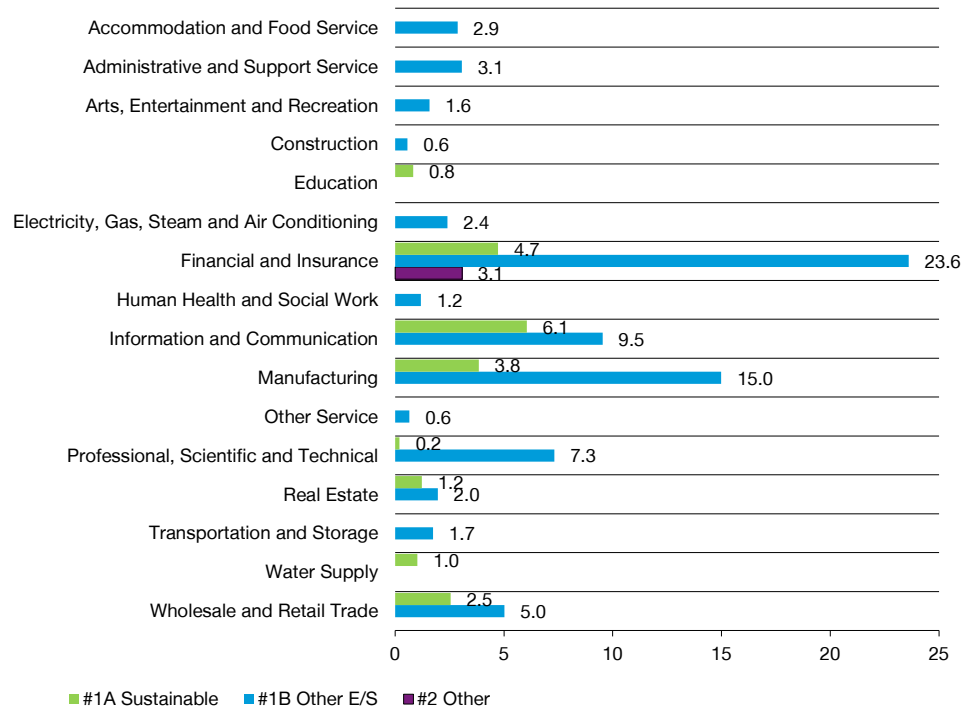
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

EU Taxonomy Objective	%
Climate change mitigation	14.2

In which economic sectors were the investments made?



A breakdown of the sub-sectors the Fund is exposed to, including any sub-sectors of the economy that derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade of fossil fuels, is provided below.

NACE Sector	NACE Sub-Sector
Accommodation and Food Service Activities	Accommodation
Administrative and Support Service Activities	Employment activities
	Office administrative, office support and other business support activities
Arts, Entertainment and Recreation	Sports activities and amusement and recreation activities
Construction	Construction
Education	Education
Electricity, Gas, Steam and Air Conditioning Supply	Electricity, gas, steam and air conditioning supply
Financial and Insurance Activities	Financial service activities, except insurance and pension funding
	Insurance, reinsurance and pension funding, except compulsory social security
	Manufacture of paper and paper products
Human Health and Social Work Activities	Human health activities
Information and Communication	Computer programming, consultancy and related activities
	Publishing activities
	Telecommunications
Manufacturing	Manufacture of basic pharmaceutical products and pharmaceutical preparations
	Manufacture of chemicals and chemical products
	Manufacture of computer, electronic and optical products
	Manufacture of fabricated metal products, except machinery and equipment

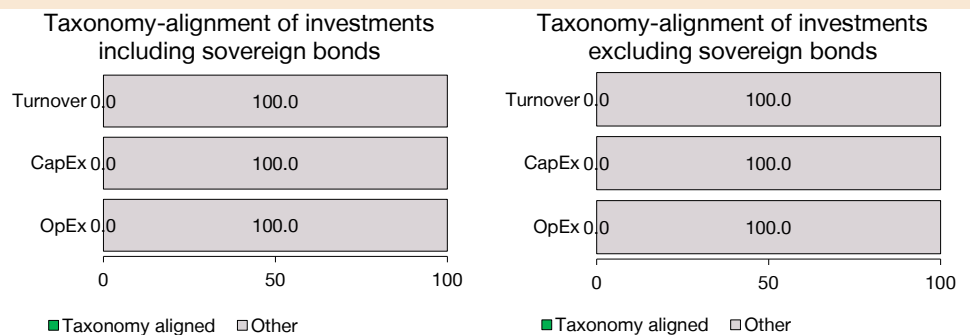
	Manufacture of paper and paper products
	Manufacture of textiles
Other Service Activities	Other personal service activities
Professional, Scientific and Technical Activities	Activities of head offices; management consultancy activities
	Information service activities
Real Estate Activities	Real estate activities
Transportation and Storage	Transportation and Storage
Water Supply; Sewerage, Waste Management and Remediation Activities	Waste collection, treatment and disposal activities; materials recovery
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	Retail trade, except of motor vehicles and motorcycles
	Wholesale trade, except of motor vehicles and motorcycles



To what minimum extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

There were no sustainable investments in the portfolio with an environmental objective aligned with the EU Taxonomy during the reference period.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the "greenness" of investee companies today.

- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.

- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● ***What was the share of investments in transitional and enabling activities?***

Reporting Period	% Transitional	% Enabling
From 21 Dec 2021 to 30 Sep 2022	0.0	0.0



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The share of sustainable investments with an environmental objective not aligned with the EU Taxonomy was 14.2% during the reference period. As such, the Fund has exceeded the minimum commitment in investments with an environmental objective not aligned with the EU Taxonomy as outlined in the pre-contractual document. 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 as it is not possible to develop criteria for all sectors where activities could conceivably make a substantial contribution to the environment.



What was the share of socially sustainable investments?

The share of sustainable investments with a social objective was 6.2% during the reference period. As such, together with the actual share of sustainable investments with an environmental objective not aligned with the EU Taxonomy, the Fund has exceeded the total minimum proportion of sustainable investments commitment as outlined in the pre-contractual document.



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

The investments included under "#2 Other" were primarily cash and cash equivalents used for liquidity purposes, but may have also included investments used for efficient portfolio management purposes (e.g. currency forwards to reduce currency risk). As such, these investments did 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.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Fund was actively managed and invested primarily in below investment grade corporate bonds denominated in euro or in any other European currency. The Fund aimed to promote certain sustainability-related characteristics and contribute to the objectives of the Paris Climate Agreement through a sustainable and low-carbon portfolio, measured by using the WAGGI of the portfolio. The Fund used positive screening through qualitative evaluation of contribution towards sustainability dimension, norms-based evaluation, and business activity-based exclusions to support the attainment of the promoted environmental and/or social characteristics and these were implemented on a continuous basis through ongoing compliance with, and monitoring of, the binding commitments outlined in the pre-contractual document.

SFDR requires that products promoting environmental and/or social characteristics do not invest in companies which do not follow good governance practices. As such, 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. All companies held in the Fund passed these tests.