

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: William Blair SICAV - Emerging Markets Debt Hard Currency Fund (the “Fund”)

Legal entity identifier: 549300I304F0KPO5IU53

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.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0 % of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> with a social objective
	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

We seek to promote environmental and social characteristics throughout the investment process in accordance with the following three pillars:

1. Integration of E/S Characteristics (as defined below)
2. Engagement with issuers
3. Exclusion from investment

All investments are assessed by their exposure to and management of the following environmental and social characteristics (the “**E/S Characteristics**”):

- Environmental characteristics including vulnerability to physical and economic impacts of climate change and other natural disasters, climate change mitigation efforts, energy transition risk and energy security as well as natural resource management.
- Social characteristics including living standards, income inequality, respect for human rights (including the right to life, the right to freedom of association and the right to health), poverty and income inequality, gender inequality, availability of and access to healthcare and education, personal safety and housing, food security, demographic change, employment rights and social cohesion.

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.

Sustainability indicators

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

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

William Blair Investment Management, LLC, the investment manager for the Fund (the “**Investment Manager**”), will use an internal sustainability score system to measure the promotion of the Fund’s E/S Characteristics with respect to each investment made by the Fund and across the portfolio.

In particular, the Investment Manager will use the scores that have been assigned to its investments to calculate the weighted average internal sustainability score that is applied to the Fund’s portfolio as a whole. This will be reassessed on a periodic basis to evaluate the Fund’s attainment of its promoted environmental and social characteristics over time.

Please see the section below regarding the binding elements of the Fund’s investment strategy for further information on the internal sustainability score methodology.



Does this financial product consider principal adverse impacts on sustainability factors?

- Yes

Under the Fund’s internal sustainability score system, investments are assessed against the E/S Characteristics. The E/S Characteristics will also include consideration of the adverse sustainability indicators set out in Annex I of the Regulatory Technical Standards for Regulation (EU) 2019/2088 (the “**SFDR Level 2 Measures**”).

For sovereign or quasi-sovereign issuers in particular, the Investment Manager will consider the following adverse sustainability indicators applicable to investments in sovereigns and supranationals: 15. GHG intensity; 16. Investee countries subject to social violations; and 20. Average human rights performance.

For investee companies in particular, the Investment Manager will consider all fourteen mandatory adverse sustainability indicators from Table 1, Annex I of the SFDR Level 2 Measures.

- No

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.



What investment strategy does this financial product follow?

Under normal market conditions, the Fund will invest in Transferable Securities and fixed income Money Market Instruments issued by public or private issuers in developing countries, which are often referred to as “emerging markets.” The majority of investments are to be carried out in South and Central America (including the Caribbean), Central Europe, Eastern Europe, Asia, Africa and the Middle East.

For purposes of this Fund, “Transferable Securities,” issued by the public and/or private sector, primarily include fixed rate bonds, floating rate bonds, bonds with warrants and convertible bonds, bonds resulting from the restructuring of syndicated loans or bank loans (e.g., “Brady” bonds) and subordinated bonds. For purposes of this Fund, the term “Money Market Instruments” mainly, but not exclusively, includes investments in deposits, commercial papers, short-term bonds, treasury certificates and securitized bonds. This list is not exhaustive.

The Fund embeds the ESG Characteristics in the Investment Manager’s quantitative valuation tools which rely on a multitude of inputs, including scores from its proprietary sovereign risk model, when choosing to invest in a country. The Investment Manager furthermore utilizes its proprietary quantitative tool to assess the performance of countries across macro-economic, environmental, social and governance factors.

The Fund will combine quantitative assessment with qualitative analysis by its investment specialists to score individual issuers against their fundamental macro-economic and sustainability performance. These scores inform the size and conviction of our positioning in

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

individual securities. The portfolio tilting is as a result informed by the performance of an issuer against sustainability measures, which include the E/S Characteristics mentioned above.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

1. *Pre-investment – Exclusions:* The Fund will incorporate industry-standard third-party screening tools to apply an exclusion criteria to its investible universe.

The Fund will not invest in the following:

- a. issuers that violate global norms and conventions;
 - b. companies that generate revenue from controversial sectors from the manufacture or production of civilian firearms and controversial weapons (i.e. weapons of mass destruction, nuclear weapons, biological weapons, chemical weapons, and depleted uranium weapons, cluster munitions or landmines);
 - c. issuers that derive greater than 10% of annual revenues (turnover) from extraction/production of thermal coal;
 - d. energy companies that produce more than 10% of its energy production from coal;
 - e. mining companies that produce more than 20 million tons of coal per year; or
 - f. companies that generate revenue from tobacco or palm oil production.
2. *Pre-investment – Sustainability score assignment:* The Investment Manager will obtain quantitative data on issuers directly from the issuer/national sources and from third-party data providers and public sources in relation to the E/S Characteristics (as set out above).

The Fund's Investment Committee will assess such quantitative data in combination with qualitative factors that are reasonably deemed relevant (such as level of performance and direction of travel), to assign each of its investments with a score.
 3. *Pre-investment – Sustainability scores input in investment process:* The score assigned to each issuer of its performance against the E/S Characteristics are incorporated in the investment process along with an assessment of the issuer's macroeconomic performance as well as of the valuations and technical factors of its securities. These scores directly determine the size and conviction levels of each position.
 4. *(For corporate issuers only) Pre-investment – Scorecard ranking:* Issuers are ranked in accordance with their assigned score from the Fund's internal ESG scorecard system. The Manager will categorise the group of issuers into quintiles (20% groups) for the purposes of asset allocation. The Manager will determine its asset allocation by prioritising investments in the top performing quintiles
 5. *During investment – Monitoring:* Throughout the investment period, the Fund will collect information on its investments / the issuers in relation to their performance against the E/S Characteristics. The assigned ESG score for the Fund's investments will be regularly re-assessed and updated to take into account of any new relevant information or developments.

On a quarterly basis, the Investment Committee will assess the latest score for each issuer and may reconsider the allocation of the Product's portfolio accordingly. An investment's consistent deterioration in performance against E/S Characteristics beyond certain thresholds, may lead to exclusion from the Fund's portfolio.

6. *During investment – Engagement:* Where the Investment Manager identifies opportunities for an issuer to improve its performance against the Fund's internal sustainability score system, the Investment Manager will seek to engage with the issuer to promote: (i) best practices for ESG policies; and (ii) improvement on identified deficiencies or deteriorating performance against the E/S Characteristics.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The negative screen is designed to exclude issuers in controversial sectors. It is not possible to know on a forward-looking basis what the specific array of deleterious effects might be and/or the percentage of companies that the Fund might otherwise invest in that may produce such effects. Therefore, the Fund is not committed to reducing the universe of potential investments by any specific rate. The overall scope of investments considered by the Fund and the rate at which this will be reduced will ultimately depend on external market factors.

- **What is the policy to assess good governance practices of the investee companies?**

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

At the pre-investment stage, the Investment Manager will also consider good governance practices when assessing quantitative data on issuers.

The Investment Manager will assess such quantitative data in combination with qualitative factors that are reasonably deemed relevant (such as level of performance and direction of travel), to assign each of its investments with a score against the Fund's internal sustainability score system.

For sovereign issuers, the Investment Manager will assess countries across measures of political stability, government and regulatory effectiveness, institutional strength, levels of corruption and the rule of law.

For corporate issuers, the Investment Manager will look at the following 4 factors when assessing their governance practices.

1. *Corporate governance* – i.e. the CEO/chairman role, board composition analysis (including experience, % of independence, diversity, disclosures), compensation frameworks, and the role of the audit committee.
2. *Anti-corruption* – i.e. any policies and monitoring, whistleblower channels, disclosure of cases/conflicts of interest, and conflict resolution methods.
3. *Risk management* – i.e. the HSE/ESG oversight, adhesion to global standards, such as the UN Global compact or commitment to SDGs, and the corporate's audit history.
4. *Transparency* – the corporate's disclosure quality, periodicity, and access to investors.

At the investment stage, the Investment Manager will continue to monitor and review data in respect of its investments and their good governance practices. The Fund will engage with the board of corporate issuers to seek to ensure that such boards are accountable for addressing good governance issues.



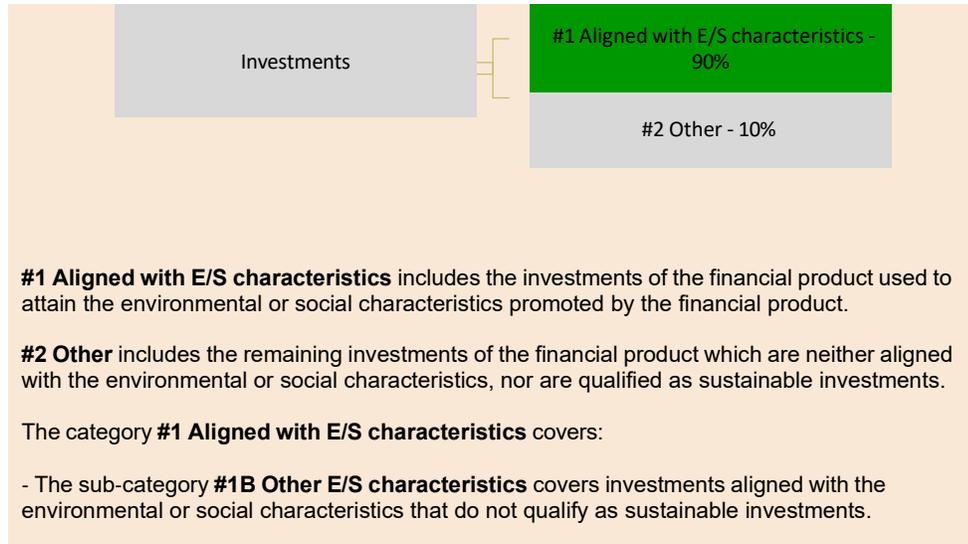
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

#1 Aligned with E/S characteristics: The Fund invests in hard currency fixed income instruments issued by sovereigns, (quasi) sovereigns and corporates in emerging markets. The opportunity set for each issuer includes all instruments. Labeled bonds (green, social and sustainability (linked) bonds) are included in the relative value analysis conducted for each issuer. We can and do therefore invest in these such instruments, however, do not target a minimum level of exposure to such instruments.

#2 Other, see below





● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

With respect to derivatives used by the Fund no environmental or social safeguards are applied.



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

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.

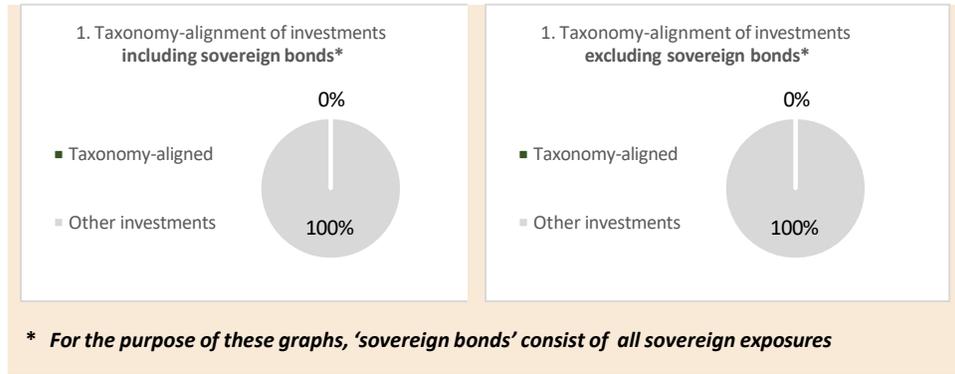
In relation to taxonomy aligned environmentally sustainable investments in accordance with article 2 (17) of SFDR, the Fund does not commit to making a minimum proportion of sustainable investments, and hence such investments may currently not qualify as environmentally sustainable investments within the meaning of article 3 the Taxonomy Regulation. In that sense, no information can be provided on a substantial contribution to an environmental objective set out in Article 9 of the Taxonomy Regulation and in line with article 5 and 6 of the Taxonomy Regulation the extent to what the Investments underlying the Fund are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation is therefore currently zero (0%).

The Investment Manager is keeping this situation under active review and Investments of the Fund will be a minimum proportion of sustainable investments, the investment Manager will provide the descriptions referred to above, in which case this Annex will be updated accordingly.

The two graphs below show in green the minimum percentage of investments that are 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.*



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



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

0%

The Fund does not commit to having any investments in “transitional and enabling” activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0%

As these include both environmental and social goals, it is not possible to set specific minimum shares for environmental and social investments in each case.



What is the minimum share of socially sustainable investments?

0% (see above).



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

N/A. The Fund expects to only make investments in line with the criteria outlined above. By construction, all investments are therefore following the exclusion criteria and assessed in respect of the E/S Characteristics set out on Page 1 and 2 of this document.

“Other” investments also includes cash held by the Fund for liquidity and derivatives used by the Fund up to an amount of 10%. No environmental or social safeguards are applied to these investments



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable

● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

● **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

● **How does the designated index differ from a relevant broad market index?**

Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **Where can the methodology used for the calculation of the designated index be found?**

Not applicable

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://sicav.williamblair.com/investor_services/sfdr.fs