

**Product name:**  
Baillie Gifford Worldwide Sustainable Emerging  
Markets Bond Fund

**Legal entity identifier:**  
2138001TZS8859YNYN82

## 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.

<b>Does this financial product have a sustainable investment objective?</b>	
<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input checked="" type="radio"/> <input type="radio"/> <b>No</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective</b> : ___%	<input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of % 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 made <b>sustainable investments with a social objective</b> : ___%	<input type="checkbox"/> with a social objective
	<input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>



## 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:

### Government bonds

1. 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.
2. Sustainable outcomes through investment in sovereigns that have been qualitatively assessed as being sustainable or on a sustainable trajectory.

### Corporate bonds

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

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?*

The Investment Manager has an engagement plan in place for one of the holdings in the Fund, OCP Morocco 6.875% 25/04/44 (USD) (which has been deemed non-compliant with the United Nations Global Compact), in line with the Investment Manager's United Nations Global Compact Policy outlined in the Investment Manager's ESG Principles and Guidelines document. In line with this policy, if a holding is identified as having breached the Principles based on the Investment Manager's judgement, supported by its own internal research alongside data feeds from third-party sources, a formal engagement and monitoring process will be implemented and whilst subject to this formal engagement the holding will still be classified as being compliant with this policy.

Indicator	To September 2022
Compliance with UNGC Policy	100% of corporate bond holdings
Compliance with sector-based exclusions	100% of corporate bond holdings
Sovereign bonds qualitatively assessed as being sustainable or on a sustainable trajectory	100% of sovereign bond holdings
Corporate bonds qualitatively assessed as creating a sustainable future	100% of corporate bond holdings
Compliance with the UN sanction, non-ratification of Paris Agreement and OECD	100% of sovereign bond holdings

**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.

*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, and (c) by excluding holdings that generate more than (i) 10% or more of revenues from the production and/or distribution of armaments; (ii) 5% or more of annual revenues from the production of tobacco; and (iii) more than 10% of annual revenues from the production and/or distribution of thermal coal.

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: 31 March 2022 to 30 Sep 2022

<b>Largest Investments</b>	<b>Sector</b>	<b>Country</b>	<b>% Assets</b>
Indonesia 5.25% 17/01/2042 (USD)	Public Administration and Defence	Indonesia	4.1
Oman 7.375% 28/10/2032 (USD)	Public Administration and Defence	Oman	3.4
Uzbekistan 5.375% 20/02/2029 (USD)	Public Administration and Defence	Uzbekistan	3.2
Dominican Republic 6% 19/07/2028 (USD)	Public Administration and Defence	Other Caribbean	2.8
Angola 9.375% 08/05/2048 (USD)	Public Administration and Defence	Other African	2.6
Romania 2% 28/01/2032 (EUR)	Public Administration and Defence	Romania	2.6
Oman 6.5% 08/03/2047 (USD)	Public Administration and Defence	Oman	2.4
Egypt 6.375% 11/04/2031 (EUR)	Public Administration and Defence	Egypt	2.3
Republic Of Albania 3.5% 23/11/2031 (EUR)	Public Administration and Defence	Albania	2.2
MercadoLibre 3.125% 2031	Wholesale and Retail Trade	Brazil	2.1
North Macedonia 3.675% 03/06/2026 (EUR)	Public Administration and Defence	North Macedonia	2.0
Tajikistan 7.125% 14/09/2027 (USD)	Public Administration and Defence	Tajikistan	2.0
Peru 8.75% 21/11/2033 (USD)	Public Administration and Defence	Peru	2.0
Ivory Coast 5.25% 2030 (EUR)	Public Administration and Defence	Other African	1.8
Panama 4.5% 16/04/2050 (USD)	Public Administration and Defence	Panama	1.8

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.

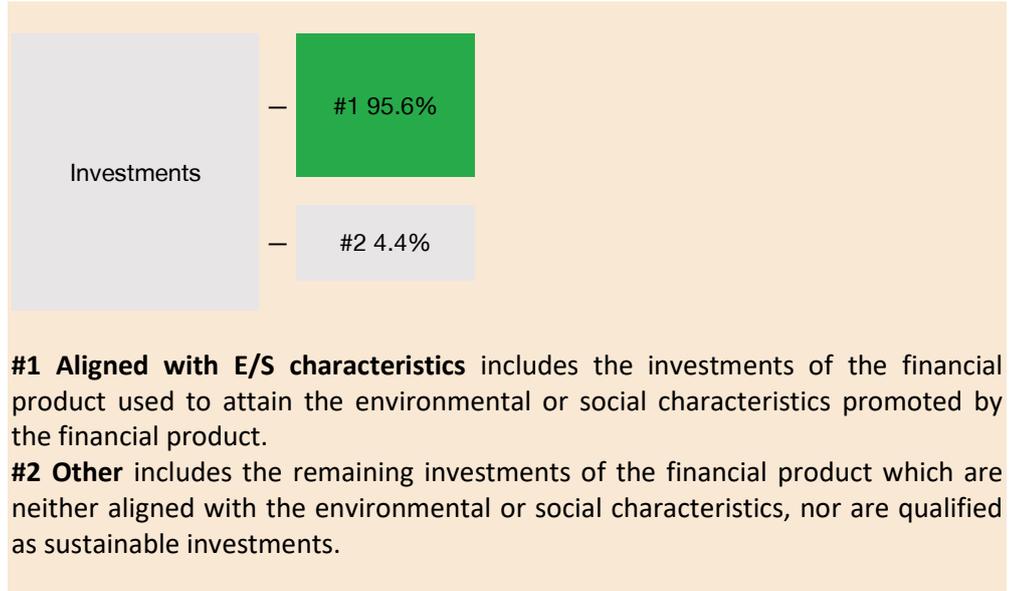


**Asset allocation** describes the share of investments in specific assets.

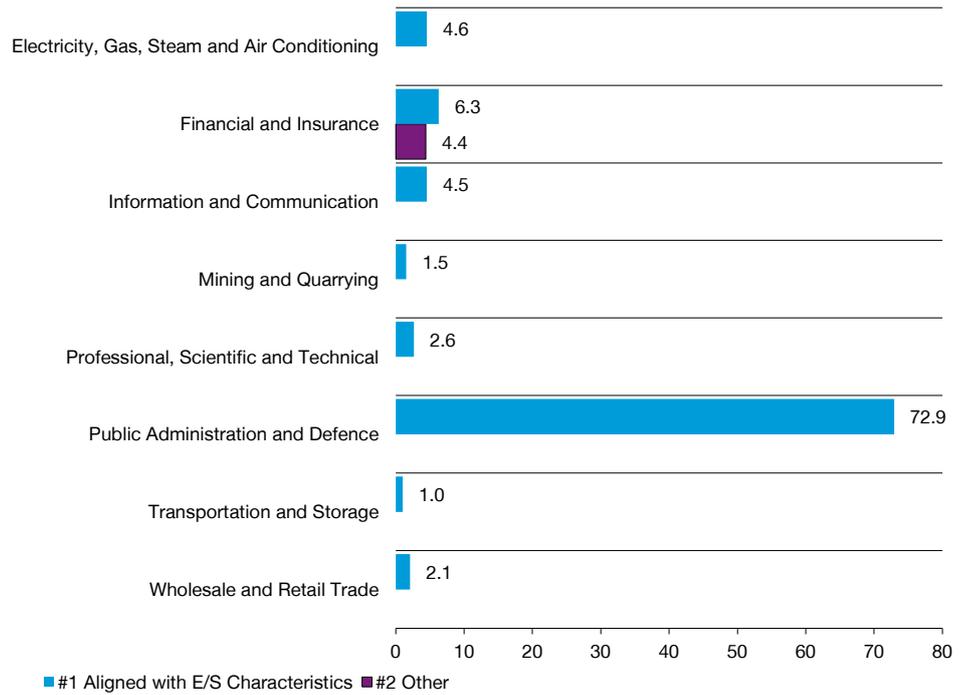
## What was the proportion of sustainability-related investments?

### ● *What was the asset allocation?*

In order to meet the environmental and/or social characteristics promoted by the Fund, it invested 95.6% in bonds issued by sovereigns and corporates that are aligned with the same characteristics. 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.



● **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
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
Information and Communication	Public administration and defence; compulsory social security
	Telecommunications
Mining and Quarrying	Other mining and quarrying
Professional, Scientific and Technical Activities	Activities of head offices; management consultancy activities
Public Administration and Defence; Compulsory Social Security	Public administration and defence; compulsory social security
Transportation and Storage	Water transport
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles

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.

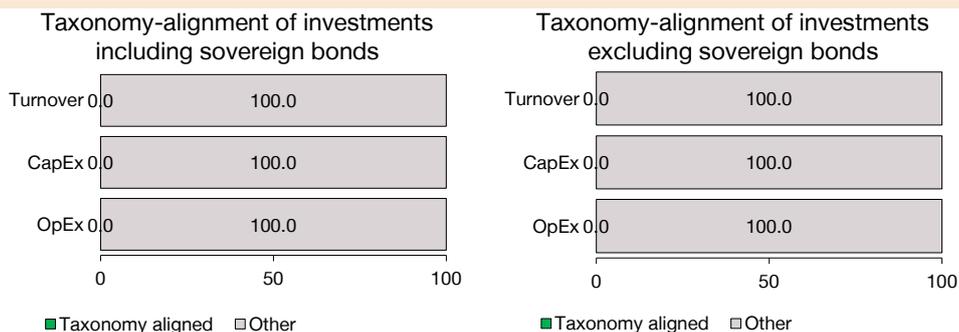
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.



## 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

### 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 Mar 31, 2022 to Sep 30, 2022	0.0	0.0



**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 promoted 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 were 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 believed these corporates were creating a sustainable future. The Fund used 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 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 corporates held in the Fund passed these tests.