

Net Zero Alignment

Positive Change

The undernote applies to the following vehicles:

Baillie Gifford Worldwide Positive Change Fund

Baillie Gifford Positive Change Fund

Baillie Gifford Positive Change Equity Fund

As noted in our firmwide **statement of climate-related intent and ambition**, we are agents of our clients and stewards of their assets. We believe a successful transition that keeps increases in global temperatures to well below 2C, and ideally to 1.5C this century offers our clients a better opportunity for strong long-term investment returns than a failed transition.

Our investment process takes into account the long-term prospects (including long-term sustainability) of an investment. We believe that consideration of climate-related factors and competitive positioning are inherently aligned to our investment process and that companies that are effectively managing the risks and opportunities posed by climate change and the transition to a low carbon economy are likely to have a durable competitive edge.

The portfolio is managed to support the goal of net zero greenhouse gas ('GHG') emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5C ("net zero"). This includes the assessment and engagement of portfolio companies on a prioritised basis, for alignment with this goal. Such alignment will be assessed company-by-company, paying due attention to the realities of specific industries and regions. The following guidelines are used to monitor progress towards net zero:

- i. All portfolio companies are being actively assessed and prioritised for engagement for alignment on an ongoing basis.

- ii. 90% of portfolio companies will demonstrate robust strategic alignment with appropriate 1.5C/net zero pathways by 2030. All portfolio companies will be so-aligned by 2040. New buys will have an extra two years to comply with the interim guidelines.

Upon setting our ambition to align to net zero back in 2022, we set out the following expectations:

- By the end of 2023 (or within 2 years of entering the portfolio) we expect 90% (by number) of the portfolio to be reporting their Scope 1 and 2 emissions.
- By the end of 2024 (or within 3 years of entering the portfolio) we expect 75% (by number) of the portfolio to be reporting material S3 emissions; with 90% reporting by the end of 2026.
- By the end of 2026 (or within 5 years of entering the portfolio) we expect 75% (by number) of the portfolio to have appropriate net zero aligned targets.

We will monitor and report on an ongoing basis the extent to which the portfolio is aligned with these guidelines.

The concepts of alignment and decarbonisation pathways continue to evolve. Our aspiration and ability to align with net zero is influenced by a wide range of parties and factors that can be outside of our control, such as client mandates, industry guidance, technology and societal trends, regulation and government action. Consequently, we will periodically review our portfolio-level guidelines to take account of these factors.

Risk Factors and Important Information

All investment strategies have the potential for profit and loss, your or your clients' capital may be at risk. Past performance is not a guide to future returns.

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