

Net Zero Alignment

Responsible Global Equity Income

The undernote applies to the following vehicles:

Baillie Gifford Worldwide Responsible Global Dividend Growth Fund

Baillie Gifford Responsible Global Equity Income 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. By 2030, more than 90 per cent by number of our climate-material¹ holdings will be aligned with a 1.5C scenario. All portfolio companies will be so-aligned by 2040. New buys will have an extra two years to comply with the interim guidelines.

ii. Between now and 2030, we will report annually on i) the progress of our portfolio companies in aligning with a 1.5C scenario, and ii) our engagement with these companies.

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

We expect that our portfolio's financed emissions² should decline over rolling five-year periods, thanks to the progress made by our companies. If the trend of financed emissions is not declining, we will explain why this is consistent with our commitment to investing in a way that is aligned with a 1.5C scenario.

As a reminder, the portfolio excludes companies deriving more than 10 per cent of their revenues from fossil fuel extraction and/or production

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.

¹ We define 'climate-material' holdings as those that account for 90 per cent of the portfolio's financed emissions. We also consider that the world's very largest companies have a systemic influence on their supply chains, customers and societies – so we consider the world's 25 largest companies (by value) as 'climate-material'. We believe that making this distinction will help sharpen our engagement effort with those companies where alignment will make the biggest difference.

² The portfolio's financed emissions will include scope 1 and 2 data for all holdings from the outset, with increasing inclusion of scope 3 data as disclosure and estimation improve. In line with guidance from the Partnership for Carbon Accounting Financials (PCAF) – an industry-led partnership to facilitate transparency and accountability of the financial industry to the Paris Agreement – we will include scope 3 emissions from energy and mining activities from the outset. Over time, we will take account of the emissions pathways appropriate to the relevant industries and regions in our reporting.

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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