

Net Zero Alignment

UK & Worldwide Equity Fund

The undernote applies to the following vehicle:

Baillie Gifford UK & Worldwide 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. By 2030, 75 per cent of the Fund's portfolio companies by count will have strategies and targets that demonstrate robust alignment* with the achievement of global net zero emissions by 2050. All holdings will be so-aligned by 2040. New buys will have an extra two years to comply with the interim guidelines.
- ii. We expect the increasing alignment of portfolio companies in which the Fund is invested to result in both direct and indirect support for the development of climate solutions.
- iii. Our equity teams responsible for the management of the Fund will incorporate climate-specific analysis into their investment research. This will inform our decisions about engagement priorities and potential divestments.

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.

*Alignment will be assessed on a company-by-company basis paying due attention to the realities of specific industries and regions. We expect the pace of the climate transition, and the science to evaluate climate outcomes, to continue to evolve. We commit to the ongoing development and refinement of our assessment process.

This alignment excludes the Fund's holdings in cash and pooled funds.

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.

This communication was produced and approved in November 2024 and has not been updated subsequently. It represents views held at the time of writing and may not reflect current thinking.

This communication contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned.

The Fund has exposure to foreign currencies and changes in the rates of exchange will cause the value of any investment, and income from it, to fall as well as rise and you may not get back the amount invested.

The Fund invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.

The Fund's share price can be volatile due to movements in the prices of the underlying holdings and the basis on which the Fund is priced.

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