

Positive Change

Net Zero Alignment Commitment

December 2022

The undernoted applies to the following vehicles:

Baillie Gifford Worldwide Positive Change Fund

Baillie Gifford Positive Change Fund

Baillie Gifford Positive Change Equity Fund

We believe there is an urgent need to accelerate the transition towards global net zero emissions and for asset managers to play our part to help deliver the goals of the Paris Agreement. In this context Baillie Gifford has signed up to NZAMi (Net Zero Asset Managers initiative) and supports and commits to investing in alignment with the goal of net zero greenhouse gas ('GHG') emissions by 2050 or sooner.

Positive Change fully supports this commitment; it is in many ways simply an expression of one element of our long-held philosophy that companies can help to provide solutions to social and environmental problems.

This includes supporting investing aligned with global net zero emissions by 2050 or sooner. Within our application of the NZAM framework, managing the portfolio for such alignment must fulfil a number of key elements, including (i) an interim target for 2030 that is consistent with a fair share of the 50% global reduction in GHGs, alongside the prioritisation of real economy impacts; (ii) the facilitation of investment in climate solutions; (iii) a commitment to active engagement; and (iv) transparency in reporting.

Alignment will be assessed on a company-by-company basis paying due attention to the realities of specific industries and regions. We accept that overall global progress, and thus the pace of underlying company alignment, remains subject to effective policy support.

Given the flexible nature of the portfolio guidelines and the inherent subjectivity of investment analysis and decision making, there can be no assurance that this process will result either in superior investment returns, or in a positive outcome for the environment or society.

Specific commitments of the portfolio within this framework include:

- (i) All holdings are being actively assessed and prioritised for engagement for alignment on an ongoing basis
- (ii) 90% of holdings will demonstrate robust strategic alignment with appropriate 1.5°C/net zero pathways by 2030. All holdings will be so-aligned by 2040. New buys will have an extra two years to meet this commitment.

Also, within the next 5 years:

- 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.

Risk Factors and Important Information

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