This document is issued by Baillie Gifford & Co Limited (the 'Manager') in order to make certain particular information available to investors in the alternative investment fund ('AIF') noted below before they invest, in accordance with the requirements of the Financial Conduct Authority's rules implementing the Alternative Investment Fund Managers Directive in the United Kingdom. It is made available to investors by being available at keystonepositivechange.com. The Manager is authorised and regulated by the Financial Conduct Authority.

Potential investors in the Company's shares may wish to consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Keystone Positive Change Investment Trust plc

INVESTOR DISCLOSURE DOCUMENT

IMPORTANT INFORMATION

Regulatory status of the Company

Keystone Positive Change Investment Trust plc (the 'Company') is an AIF for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (as it forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018, the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 or as otherwise adopted under, or given effect to in, UK legislation or the UK regulatory regime) (the '**AIFM Directive**').

The Company's shares are listed on the closed-ended investment fund ('CEIF') category of the Official List of the Financial Conduct Authority ('Official List') and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to its articles of association, the Listing Rules, the Disclosure Guidance and Transparency Rules, the UK Corporate Governance Code and the Companies Act 2006. The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

The provisions of the Company's articles of association are binding on the Company and its shareholders ('Shareholders'). The articles of association set out the respective rights and restrictions attaching to the Company's shares. These rights and restrictions apply equally to all Shareholders. All Shareholders are entitled to the benefit of and are bound by and are deemed to have notice of, the Company's articles of association. The Company's articles of association are governed by English law.

Limited purpose of this document

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and its Directors will not be responsible to persons other than the Company's Shareholders for their use of this document, nor will they be responsible to any person (including the Company's Shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

This document is not a prospectus, and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.

No advice

The Company, the AIFM and their Directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, or any of its affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in the Company’s shares.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Investors’ rights

The Company is reliant on the performance of third-party service providers, including the AIFM, the Depositary and the Registrar. Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder’s contractual relationship in respect of its investment in the Company's shares is with the Company only.
Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider’s default.

In the event that a Shareholder considers that it may have a claim against a third-party service provider in connection with such Shareholder’s investment in the Company, such Shareholder should consult its own legal advisers.

The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (FSMA) (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of FSMA, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.

Recognition and enforcement of foreign judgments

Regulation (EC) 593/2008 ("Rome I") must be applied in all member states of the European Union (other than Denmark). Rome I remains applicable in England following the UK leaving the European Union and continues to apply after the end of the transitional period, its provisions having been incorporated into English law under the Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019. Where a matter comes before the courts of a relevant member state, the choice of a governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's courts may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement. Shareholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, Council Regulation (EU) 1215/2012 or Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007, the Civil Jurisdiction and Judgments (Hague Convention on Choice of Court Agreements 2005) Regulations 2015, the Civil Jurisdiction and Judgments Act 1982, the Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments listed above, although such judgments might be enforceable at common law.

Overseas investors

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of any overseas territory. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA or any overseas territory unless an exemption from registration is available. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

THE COMPANY

SDR Label and Relevant Descriptor:

Sustainability Impact

Invests in solutions to problems affecting people or the planet to achieve a real-world impact.

Investment Objective and Policy

The Company's investment objective is to:

- generate long term capital growth with the aim of the NAV total return exceeding that of the MSCI AC World Index in Sterling terms by at least 2% per annum over rolling five-year periods; and
- contribute towards a more sustainable and inclusive world by investing in the equities of companies whose products or services make a positive social or environmental impact over rolling five-year periods

The Company invests predominantly in shares of companies of any size, in any country and in any sector, whose products or behaviour make a positive impact on society and/or the environment in the investment managers' opinion. The Company will contribute to a more sustainable and inclusive world (as defined in the Theory of Change[1] which is set out below) through investing in companies addressing critical social and/or environmental challenges in areas such as, but not limited to:

(i) **social inclusion and education** through activities that:
  a. remove barriers to access and provide affordable housing and accessible finance
  b. enable digital connectivity
  c. provide access to education and training

(ii) **environment and resource needs** through activities that:
  a. support the energy transition (the move from fossil fuel dependency to a more sustainable global energy mix)
  b. ensure sustainable resource use
  c. transform agriculture and enable sustainable food production

(iii) **healthcare and quality of life** through activities that:
  a. improve our understanding of diseases
  b. improve diagnostics
  c. develop new treatments
  d. prevent diseases
  e. create health system efficiency

(iv) **base of the pyramid** (addressing the needs of the poorest four billion people in the world) through activities that:
  a. expand financial inclusion
  b. improve financial resilience
  c. provide access to basic modern services

(the "**Impact Outcomes**")

with each of social inclusion and education; environment and resource needs; healthcare and quality of life and base of the pyramid (being an "**Impact Theme**").

The shares in which the Company invests may be listed, quoted, or traded on any market, or shares in private companies.

[1] A Theory of Change is a description of how and why a desired change is expected to occur in a particular context

Investment Policy
The Company will invest at least 90% in shares or other securities of companies anywhere in the world whose products and/or services contribute to the Impact. The Impact Outcomes may evolve over time and are reviewed by the Investment Manager on a regular basis.
The Company will be actively managed, concentrated and will invest in companies of any size, and in any sector, provided they are assessed in line with the Investment Manager's proprietary qualitative framework as having products and/or services which contribute to the Impact.

The impact that the Investment Manager expects each company in the portfolio to have is for it to make improvements to the present circumstances* – being a meaningful and real-world contribution to solving one or more of the social and/or environmental challenges, as set out in the Impact Outcomes.

The maximum direct investment in any one holding or fund is limited to 10% of the gross asset value of the Company, measured at the time of investment.

The portfolio will comprise between 30 and 60 public and private company securities. The maximum amount which may be invested in private company securities shall not exceed 30 per cent. of the gross asset value of the Company, measured at the time of investment.

The Company will at all times be invested in several sectors. While there are no specific limits placed on exposure to any one sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

With prior approval of the Board, the Company may use derivatives for the purposes of efficient portfolio management in order to reduce, transfer or eliminate investment risk in the Company's portfolio and for gearing purposes. Derivative instruments in which the Company may invest include foreign exchange forwards, exchange-listed and over-the-counter options, futures, options on futures, swaps and similar instruments. The Company does not intend to enter into derivative or hedging transactions to mitigate against general currency or interest rate risk.

The Company will not invest more than 15 per cent. of its gross assets in other investment companies or investment trusts which are listed on the Official List.

The Company intends to employ gearing to seek to enhance long-term capital growth and for the purposes of capital flexibility and efficient portfolio management. The Company may be geared through bank borrowings, the use of derivative instruments that have the effect of gearing the Company's portfolio, and any such other methods as the Board may determine. Gearing will not exceed 25 per cent. of the gross asset value of the Company, although the Board expects that gearing will typically not exceed 10 per cent. of the gross asset value of the Company, in both cases calculated at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate.

While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of cash equivalent instruments. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold.

The Investment Manager will manage the Company in order to align the Company's holdings with the goal of net zero greenhouse gas emissions ("GHG") by 2050 or sooner, in line with global efforts to limit warming to 1.5C ("net zero"). As part of this process, all portfolio companies are actively assessed and prioritised for engagement for their alignment with net zero on an ongoing basis.

Any material change in the Company's investment policy will require the approval of Shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

*'present circumstances' means the environmental and social conditions in existence at the point of investment in the relevant company.

Investor Contribution

The Theory of Change (below) explains in detail the activities of the Investment Manager that contribute to the achievement of the Impact, through financial contributions, impact maximising engagements and responsible stewardship.

Theory of Change

The Theory of Change set outs how the Investment Manager expects the Investor Contribution, and the assets selected for the Company's portfolio to contribute to the Impact, by evaluating the Challenges (set out below) and the Solutions (outcomes – set out below) and the sequential impact that is expected to be generated, mapped to the Impact Themes, which cover both environmental and social impacts.

The Theory of Change is a logic model widely used within the impact industry and its use is supported by organisations such as The Global Impact Investing Network ("GIIN") and the impact management norms from the Impact Frontiers.

The Investment Manager's overarching theory of change is that a more sustainable and inclusive world is more likely to be achieved through four primary activities, including:

1) intentional impact investments – asset contribution;
2) financial contributions;
3) impact maximising engagements;
4) responsible stewardship.

In defining what is meant by a more sustainable and inclusive world the United Nations definitions for "sustainable" and "inclusion" are used:

- Sustainable is defined as "meeting the needs of the present without compromising the ability of future generations to meet their own needs";
- Inclusion is defined as "improving the terms of participation in society for people who are disadvantaged on the basis of age, sex, disability, race, ethnicity, origin, religion, or economic or other status through enhanced opportunities, access to resources, voice and respect for rights".

1. Intentional Impact Investment – asset contribution

The Investment Manager has a dedicated Positive Change Team ('the **team**') comprised of investment managers and impact analysts who work on the Company. The team can draw on support from other Baillie Gifford investment teams and central ESG functions in areas such as thematic research or proxy voting. The team also have access to expert external insights through academic partnerships, consulting services and networks.

The team make intentional impact investments using a robust and repeatable process for analysing, monitoring and measuring the positive impact of a company – as detailed in the investment process section. The selection of the product's assets is based on that asset's expected future contribution to the sustainability objective.

By investing in and supporting companies whose products and services contribute to positive sustainability outcomes, the Investment Manager aims to contribute to positive environmental and social change, over the long term, defined as over five years or more, across the Company's four Impact Themes.

There is no guarantee that there will be exposure to all of the Impact Themes and Impact Outcomes at any given time. In the future, further impact challenges and solutions may be added or removed.

Prior to investment in a company the Investment Manager articulates a Positive Change Hypothesis for that company. This Hypothesis explains how the Investment Manager believes that a company will achieve the financial objective and contribute to specific sustainability outcomes within each of the Company's Impact Themes. The Positive Change Hypothesis are published in the annual Positive Change Impact Report. www.bailliegifford.com/positivechange.

i) Social inclusion and education

Challenges: Access to opportunities which can improve an individual's economic situation and educational status have expanded in many countries in recent decades. However, for a variety of reasons, some people remain excluded from accessing these opportunities. Unaddressed, social exclusion can result in limited education, poor employment outcomes and mental and physical ill health. As well as affecting people's quality of life, at a national level it can constrain economic growth and lead to social unrest.

Solutions: The Investment Manager aims to help reduce social exclusion by investing in and supporting companies whose products and services reduce barriers to accessing certain opportunities which can improve a person's or community's economic status and quality of life. This may be through expanding an economic opportunity-enhancing service to new populations, increasing the availability and affordability of a service, or deploying new products which are more inclusive by design than those which are currently available. Example investments may include companies increasing access to financial services, or digital connectivity.

Within this investment theme, the Investment Manager also aims to help expand access to affordable, quality education by investing in and supporting companies which provide more people with more accessible learning which has the potential to transform the socio-economic prospects of individuals or communities.

ii) Environment and resource needs

Challenges: Human activity has significantly impacted our planet, increasing greenhouse gas (GHG) emissions which contribute to climate change, and put stress on the Earth's ecosystems. There is an urgent need to reduce the negative environmental impact of many sectors of the economy, such as agriculture, power generation and the transport system.

Solutions: The Investment Manager aims to help reduce GHG emissions by investing in and supporting companies whose products and services are enabling and accelerating the energy transition (the move from fossil fuel dependency to a more renewable global energy system) through activities such as the provision of infrastructure for electrification, sustainable transportation and renewable energy generation, or through technology which enables these activities.

The Investment Manager aims to help ensure more efficient resource use by investing in and supporting companies whose products and services directly reduce or enable the reduction of natural resource exploitation; water use and waste production for a given activity.
The Investment Manager aims to help ensure more efficient and less environmentally destructive agricultural practices (for example, by reducing biodiversity loss) by investing in and supporting companies whose products and services enable farmers to achieve high yields, while reducing potentially harmful inputs, such as fertilisers and herbicides.

iii) Healthcare and quality of life

Challenges: The rise in lifestyle and age-related diseases and the challenges associated with complex healthcare systems, rising costs and unequal access to healthcare mean that there is a need for companies to pioneer new technologies designed to improve health outcomes around the world, as well as those helping to make quality healthcare and treatments available to more people.

Solutions: Human biology and health systems are complex and there are a number of ways in which the Investment Manager aims to help contribute to better healthcare and quality of life, including by:

- increasing the understanding of biology and diseases by investing in and supporting companies whose products and services directly, or through enabling technologies, help scientists to make rapid progress in better understanding how diseases can be treated;
- improving diagnostics by investing in and supporting companies whose products and services enable early and accurate diagnosis of diseases;
- developing new treatments for communicable and non-communicable diseases by investing in and supporting companies whose products and services should either lead to a cure or a substantial improvement in patient outcomes without compromising their quality of life;
- preventing disease by investing in and supporting companies providing vaccines or deploying products or services which reduce the environmental and lifestyle factors

which have contributed to the rise of non-communicable diseases;

- creating health system efficiency by investing in and supporting companies whose products and services reduce the resource requirements and costs of scientific discovery, manufacturing and treatment.

iv) Base of the Pyramid

Challenges: Despite the significant reduction in poverty over the past two centuries, progress has slowed, disrupted by the Covid-19 pandemic, climate change and ongoing conflicts. Approximately four billion people live on less than US$3,000 per year when measured using purchasing power parity (PPP). This socioeconomic population is known as the global base of the pyramid. Individuals who are part of the base of the pyramid can be impacted in terms of the stability, safety and quality of their life. Meeting their needs is vital for creating a prosperous and inclusive world.

Solutions: The Investment Manager aims to help expand financial inclusion, financial health and financial resilience within the base of the pyramid by investing and supporting companies whose products and services increase access to basic financial services, such as credit, remittances and insurance, to individuals and small businesses. Access to financial services is recognised as a crucial tool for increasing access to economic opportunities and boosting household resilience.

The Investment Manager aims to help meet the basic needs of more people within the base of the pyramid by investing in and supporting companies whose products and services enable access to basic modern services. For example, water and sanitation, and internet connectivity.

2. Financial Contributions

When the opportunity arises and when the company is deemed to meet the objectives of the Company, the Investment Manager contributes to the achievement of the sustainability objective by participating in initial public offerings (IPOs) or additional public equity funding rounds. This allows the Investment Manager to financially contribute to the growth of companies where the use of proceeds is to expand and accelerate the deployment of products and services which are contributing to the sustainability objective. Financial contributions will only be made when the Investment Manager is satisfied that a company will use the contribution towards accelerating the deployment of products and services which are contributing to the sustainability objectives (either through scaling their businesses or funding activities with a view to achieving sustainability outcomes).

Measuring the sustainability outcomes resulting from the Investment Manager's financial contributions is done using the asset level KPIs using the approach detailed in the **Key Performance Indicator** section of this prospectus.

3. Impact Maximising Engagements (products/services)

These engagements aim to encourage growth in the deployment of a company's products and/or services and aim to ensure that such growth is aligned with and contributes to one or more of the Impact Outcomes, therefore allowing the company to have a greater breadth of impact. For companies where the Investment Manager believes it is in an appropriate position to increase the chances of the desired Impact Outcome being achieved, the Investment Manager may seek to influence an aspect of company strategy or operations with regards to the deployment of the company's products and/or services through directly discussing relevant matters with company representatives. Typical engagements in this category include:

- The Investment Manager recommending to and/or supporting company management and/or company directors for business strategies which, in the Investment Manager's opinion, will help the company to achieve long-term (5+ years) financial objectives, at the same time as achieving the sustainability outcomes which, in the Investment Manager's opinion, will contribute to the Company's sustainability objectives. For example, the Investment Manager may engage with a company's management to ask it to increase or maintain relatively high levels of investment in research and development (R&D). The Investment Manager believes that Companies which invest high levels in R&D generally have better long-term financial outcomes and introduce more products and services which will contribute to the Company's sustainability objectives. For example, a healthcare company spending high levels on R&D increases the likelihood of developing novel treatments which will improve patient outcomes and therefore in the long-term is likely to help grow deployment of the company's products and therefore help the Company achieve its financial and sustainability objectives. Companies may face pressure from other stakeholders to reduce R&D or other long-term strategic investment. The support of long-term investors, such as the Investment Manager, may help companies to maintain or increase their R&D spend (or indeed other capital allocation made by the company to support the long-term progress of the company). In the short term the Investment Manager can measure the amount of R&D spend (or other capital allocation) and over the long term the Investment Manager can monitor the progress from the company in relation to continuing to developing and enhancing its products and services that contribute towards the sustainability objective.

- The Investment Manager being actively supportive of quality management teams who, in the Investment Manager's opinion, have a strong intention to deliver sustainability outcomes. Active support can take the form of written communications, calls or in-person meetings with senior management or board directors. For example, companies can often face periods of difficulty which may be related to factors such as operational challenges or the macro-economic environment. Often during such periods of difficulty management will come under pressure from short-term focused market participants to take action to maintain near-term profits. Instead, the Investment Manager engages with the management teams to encourage and support them to take action that will focus on the long-term growth of the company which will ultimately support the long-term sustainability outcomes.

- Targeted engagements on specific areas which the Investment Manager believes it can help or encourage the company to maximise the chances of the sustainability objective being achieved. This type of engagement will generally leverage internally produced or externally commissioned research on specific issues, such as a survey on the needs of low-income consumers in a specific region;

- Connecting companies with other companies and organisations which we believe can help them achieve the desired sustainability objectives;

- Persistent signalling to management teams and company directors that, for some shareholders, the achievement of sustainability outcomes is equally as important as achieving financial objectives.

Measuring the sustainability outcomes resulting from the Investment Manager's impact maximising engagements is done using both the engagement objective KPIs and the enterprise level KPIs using the approach detailed in the **Key Performance Indicator** section of this prospectus.

4. Responsible Stewardship (governance and business practices)

During the pre-investment analysis and post-investment monitoring of investments, the Investment Manager may identify specific governance matters or business practices which, if addressed by a company, it believes will either increase the chances of that company achieving desired economic and sustainability outcomes (they are material), and/or they will minimise the risk of environmental or social harms resulting from the company's activities (they are salient).

Such matters are typically addressed by a change or improvement to the environmental, social or governance (ESG) governance or business practices at a company, such as adding independent directors to the board of a company, setting targets for reducing operational GHG emissions, conducting biodiversity reviews of company facilities and reducing operational injury rates. Should action be prioritised for engagement, its achievement becomes an engagement objective KPI, which may be qualitative or quantitative.
The Investment Manager's determination on the level of materiality and salience of a matter, and whether it will be prioritised as an engagement objective, depends on factors such as the nature of the company (its phase of growth and its industry), the degree of conviction that an action will result in the Impact, and the perceived ability of the investment Manager to influence the company.

Where the Investment Manager determines a matter to be a priority engagement objective for a specific company, the Manager aims to help contribute to the realisation of the matter being addressed by influencing company actions using approaches including directly raising and discussing the matter with company representatives, management teams and board directors, and proxy voting on relevant proposals in a manner which indicates or directly supports the matter being addressed.

In many cases, the engagement actions of the Investment Manager may be conducted over several years and a significant time lag may exist between the Investment Manager's engagement actions and the emergence of data to assess the impact of those activities. Progress towards the engagement objective is monitored, often over several years. Should the engagement objective be achieved, the Investment Manager's actions may be only one of many factors which contribute to its achievement. As such, the Investment Manager is highly unlikely to claim sole credit for the resulting outcomes.

The Investment Manager's ability to influence companies on material and salient matters relies on conducting routine meetings with company representatives to understand its approach to company strategy and ESG performance, and to build relationships with company representatives over time.

Investment Process

Initial selection: Investments will initially be screened and selected by the Investment Manager using its own research. The Investment Manager conducts independent analysis of a company's products and/or services to assess whether they (i) contribute to one of the Impact Outcomes identified by the Investment Manager and (ii) have the potential to deliver financial returns over a five-year period. The analysis of a social and/or environmental contribution of a company is carried out using the Investment Manager's proprietary impact analysis framework and independently from the financial research. That framework that is based upon assessing three factors:

(i) Products and/or Services – the impact analysis considers the relationship between a company's products and/or services and an environmental and/or social challenge. There is an analysis of the present circumstances related to that challenge and an assessment of the potential change that the growth of deployment of a company's products and/or services can deliver to those circumstances in the next five years. An example of this would be the current level of financial exclusion in a country or region, and the potential for a bank's services to reduce that level of financial exclusion by providing bank accounts to more people. The impact of that change on society and/or the environment is then assessed to determine whether the investment is consistent with one of the Company's Impact Themes, and whether the impact on the environment and/or society will contribute to the achievement of one or more of the UN SDG targets. During this analysis the Investment Manager assesses the 'Impact Risk': whether a company's products and/or services may contribute to outcomes which have a negative impact on the Company's sustainability objective. As part of this assessment, the Investment Manager will use its research and judgement to assess whether the negative impact outweighs the positive impact. If the risk is assessed by the Investment Manager to be likely to occur and to undermine one or more of the Company's sustainability objectives, then the company will not be suitable for investment unless suitable mitigations have been identified to reduce the risk within five years, such as emissions reduction targets or the implementation of responsible lending practices. This may be a quantitative assessment or a qualitative assessment;

(ii) Intent – the impact analysis also assesses the intentions of a company's leadership towards delivering a positive social and/or environmental contribution. This assessment is qualitative and aims to determine how likely it is that the company will deliver on the expected impact. The Investment Manager's determination considers factors such as a company's mission and how it is implemented; its strategy, incentive structures, capital allocation, commitment to delivering positive impact; and its willingness to allocate resources to addressing environmental and social challenges; and

(iii) Business Practices – the impact analysis also assesses a company's environmental, social and governance (ESG) performance across factors which the Investment Manager considers to be most relevant (i) to the company's ability to achieve the desired positive impact through its products and/or services, (ii) to the company's financial performance, and (iii) considering its industry and operations, to key stakeholders in its value chain and the natural environment. A favourable assessment is typically provided where the Investment Manager is confident that the company is well managed, it understands relevant ESG risks to its own business, key stakeholders and the environment, and has taken action to mitigate these where possible. Factors often considered in this assessment include a company's operational greenhouse gas emissions and whether it has set targets to reduce them, and the conditions for a company's customers, employees and the workers in its supply chain.

Should the Investment Manager be satisfied that a company's products and/or services will contribute to one of the Company's Impact Themes, and it is supported by, in the Investment Manager's view, a favourable assessment of Intent and Business Practices, and if the company meets the requirement to deliver financial return over a five year period, then the Company will make an investment in that company.

All investments made by the Company, with the exception of cash and cash-like instruments, are subject to the Investment Manager's analysis using this proprietary qualitative framework.

During the impact analysis, the Investment Manager will consider how its own activities (the investor contribution as discussed in the Theory of Change section) might increase the chances of a company delivering a positive impact and/or reducing any negative environmental and/or social impact from its business practices as part of its initial selection process in line with the Theory of Change.
The Investment Manager will also consider its investor contribution on an ongoing basis, and it will actively engage with each company in the portfolio with an overarching aim of assisting companies to address the relevant critical social and/or environmental challenges.

In both the initial selection process and ongoing monitoring of investments, the Investment Manager primarily relies on its own proprietary assessment methodology and data, and its Theory of Change. Third party data is used to support and supplement the Investment Manager's assessments.

In addition to this analysis, the Investment Manager applies Baillie Gifford's firm-wide exclusion policy on specific controversial activities which it deems not to be compatible with the Company's sustainability objective.

Direct investment is not permitted in (i) companies with direct involvement in producing the following weapons:

- Anti-personnel mines;
- Biological and chemical weapons;
- Cluster munitions;
- Depleted uranium weapons;
- White phosphorus incendiary weapons; and
- Nuclear weapons (where such weapons are likely to be in breach of the objectives of the Treaty on the Non-Proliferation of Nuclear Weapons),

and (ii) companies with direct involvement in producing the components or services that are essential to and tailor-made for these weapons.
The policy also provides that the Investment Manager will be restricted from investing in companies operating in the cannabis sector where there is potential illegality of benefits derived in the UK under the Proceeds of Crime Act, regardless of legality in the jurisdiction where the cannabis product is being sold.

The Impact Risk of any company cannot be entirely removed and the Investor Manager cannot guarantee that there will not be any negative impacts associated with investing in the underlying investments. A company will be suitable for inclusion in the portfolio where the Investment Manager believes that the overall impact of the company in question is more positive than negative, based on its assessment. Throughout the course of an investment, the Investment Manager aims to monitor companies for which Impact Risks have been identified and, in the Investment Manager's opinion, are likely to occur and/or are directly relevant to the Company's sustainability objectives, in order to assess whether these Impact Risks undermine the Company's sustainability objectives, and therefore require a divestment or further engagement.

Ongoing monitoring and escalation plan

The Investment Manager will monitor on an ongoing basis the performance of companies in the portfolio and their progress towards delivering positive social and/or environmental impact and investment returns. As part of the monitoring process, where possible engagement will be used in the first instance as the preferred approach to encourage improvement if a company is assessed as not delivering from a financial or non-financial perspective. The Investment Manager may also identify milestones it expects the company to reach to demonstrate improvement. For example, a healthcare company may have milestones to grow its pipeline, partners and/or research programmes within a reasonable timeframe e.g. 18 months, and/or increase the number of drugs reaching certain trials or reaching approval within a reasonable timeframe e.g. 36 months.

The Investment Manager would expect to see material progress on the qualitative milestones within the timeframes set by the Investment Manager. Where, in the Investment Manager's opinion, progress is ultimately not considered to be able to be delivered by that company, the Investment Manager will sell the investment as soon as practicably possible.

Performance against objectives and KPIs

Asset- and portfolio-level KPIs: The Investment Manager uses the proprietary impact analysis framework described in the Investment Process section of this prospectus to identify KPIs, based on the best information, which is available to the Investment Manager, which indicate that a company's products and/or services are contributing to one or more of the Impact Outcomes. The KPIs may be quantitative or qualitative in nature. Annual Progress of these KPIs for each portfolio asset is reported in the annual impact report. The Investment Manager monitors these KPIs to determine whether the Company is meeting its sustainability objective.

Method of Measuring Positive Environmental and/or Social Impact

The Investment Manager collects data from each individual portfolio company on the impact of their products and services on the sustainability objective. The Investment Manager monitors and reports the metrics that are the most relevant and best available to indicate that the sustainability objective is being achieved. For example, we would report on CO2 emissions saved for a green energy provider in the environment and resource needs theme, or patients treated for a healthcare company in the healthcare and quality of life theme.

Where possible, we aggregate some of these metrics to give portfolio level statistics (by Impact Outcome KPIs - see below). We also monitor our own contribution through our engagement and other related KPIs, all as more particularly discussed below.

It should be noted that the way in which companies measure and report is not always uniform, so as well as obtaining this data from company reports we also engage with companies to understand how they have compiled the data. The Investment Manager occasionally uses data from third-party providers and academic research to supplement the data provided by the companies. The Investment Manager engages with several impact industry initiatives to further improve the quality and credibility of KPIs which are most relevant to social and environmental outcomes.

Examples of KPIs by Impact Theme might include:

social inclusion & education:

- number of people provided with access to financial services (specific metrics may include the number of people in lower and middle income countries provided with access to financial products for the first time)
- number of Small and Medium sized enterprises (SMEs) provided access to online marketplaces (specific metrics may include the number of families dependent on the platform as their main source of income; or % of small business owners using the platform who identify as women): and
- number of registered learners (specific metrics may include the % of students in emerging markets reporting a career benefit)

environment & resource needs

- the amount of GHG emissions (in tonnes of CO2e) which are avoided, when compared with present circumstances, through products sold by a company;
- annual savings in water use;
- annual savings in waste production; and,
- amount of sustainably farmed land (specific metrics may include the gallons of herbicide saved)

healthcare & quality of life

- number of countries where diagnostic services are provided;
- number of patients provided with treatments (specific metrics may include the number of patients receiving treatment for rare diseases)
- number of people provided with disease management solutions (specific metrics may

include reduction in the associated risks of those diseases)

- number of people provided with healthier lifestyles; and,
- the number of instruments provided for scientific research (specific metrics may include details of the research that the instruments have contributed to)

Base of the Pyramid

- people provided with access to financial services (specific metrics may include the number of people within a lower income country provided with ultra-micro loans);
- number of people at the bottom of the economic pyramid provided access to water and sanitation;
- population provided with network coverage (specific metrics may include the annual increase in network coverage within specific countries where the majority of the population are considered to be within the base of the global income pyramid e.g. Kenya); and

Where the asset-level KPIs are comparable between companies in the Company's portfolio, these are aggregated together and reported as 'Headline Impact Data' in the annual impact report to indicate the collective contribution to the Impact Outcomes of companies in the Company's portfolio.

For companies held within the Company's portfolio for five years or more, the Investment Manager believes it is important to monitor and communicate how the high level social and environmental circumstances relevant to those companies have changed over the period of investment. The Investment Manager therefore tracks certain metrics and qualitative factors which provide an indication of relevant contextual changes and trends over time. For example, for a company contributing to financial inclusion in a specific country, the Investment Manager monitors and reports on the overall level of financial inclusion in that country. Such measures are communicated in the 'Real World Context' sections of the annual impact report.

Contribution to the UN SDGs: every company in the portfolio which is invested in line with the sustainability objective will have products and/or services which are expected to be aligned to one or more of the 17 UN SDGs. This will be assessed on an annual basis, with ongoing monitoring.

As the Company is aiming to contribute to various Impact Themes, the portfolio as a whole will be expected to be aligned to at least 10 out of the 17 UN SDGs (this alignment is assessed against the 169 targets underpinning the UN SDGs). This will be measured on an annual basis, with ongoing monitoring.

Investor contribution:

- this will be measured in a number of ways:
  - Financial Contribution:
    - Because financial contributions will only be made when the Investment Manager is satisfied that a company will use the contribution towards accelerating the deployment of products and services which are contributing to the sustainability objectives (either through scaling their businesses or funding activities with a view to achieving sustainability outcomes), the Investment Manager will assess any post-contribution growth in the company, and how the company has sought to use the contribution for its intended purpose, to determine the success of the financial contribution, or not.
  - Impact Maximising Engagements:
    - The quantity, nature and aims of the impact maximising engagements undertaken by Investment Manager will be measured and reported.
    - KPIs specific to the individual engagements. Each engagement will have its own aim that is specific to that individual company, its activities and

the social or environmental outcome. The KPIs will reflect the specific engagement aim and may be quantitative or qualitative. For example, if we are engaging to encourage a high level of investment in research and development (R&D) we can measure the amount of money the company subsequently spends on R&D in absolute terms and also as a proportion of sales. For example, If we are engaging with a healthcare company with the aim of encouraging them to widen access to its products in low and middle income countries we aim to measure the volume of products available in such countries. The KPIs for each engagement can be found in the 'Positive Conversations' document – see the Reporting section of this prospectus.

- Growth in the deployment of the relevant products and services (where it has been a focus of our engagement, and the Investment Manager has identified an opportunity for further growth in the deployment of the relevant products and services). Where the Company invests in companies whose products and services are contributing to specific social and/or environmental outcomes, one of the best measures of whether the investor contribution is contributing to those outcomes will be growth in the deployment of the relevant products and/or services which are specifically supportive of the relevant social and/or environmental outcome. In such cases, the measure will be growth in the relevant products and services. For example, where the Investment Manager has advocated for capital allocation towards the improvement or deployment of the relevant products and services that are contributing to the specific social and/or environmental outcome, it would be appropriate to measure the growth in such products and services. An example would be an agricultural machinery company where the Investment Manager advocated for further strategic emphasis on developing and deploying technologies which achieve positive sustainability outcomes, and the measure of that engagement is the increase in growth in sales of those technologies.

- Responsible Stewardship:

  Where the Investment Manager undertakes activity such as engagement or proxy voting to encourage companies to improve sustainability practices or to minimise harms, specific metrics, which may be quantitative or qualitative, will be identified and monitored. KPIs may include:

  Environmental:

  - Setting of operational targets for reducing GHG emissions
  - Conducting of biodiversity reviews and biodiversity policy setting
  - Reduction of operational water usage

  Social:

  - Employee metrics such as a reduction in workplace injuries or a reduction in gender pay gap
  - Evidence of responsible supply chain management, for example clear policies and action

  Governance:

  - Board composition metrics: for example, we may be seeking greater diversity on the board or an increased number of independent directors
  - Remuneration: for example, we may be seeking changes in remuneration structures to better align them with the long term achievement of investment and impact outcomes.

Intentional Impact Investment: In order to be in a strong position to make an Investor Contribution, the Investment Manager believes in the importance of building long-term relationships with companies and having the ability to engage over the long-term. Two metrics which serve as important inputs to this: holding period (how long we have owned the company for) and annual portfolio turnover (the rate at which we are buying and selling companies in the portfolio), are tracked and reported, at a Company level.

Material negative environmental or social outcomes which may occur as a result of the Company pursuing its sustainability objective (Impact Risk)

While no specific material negative environmental or social outcomes are expected as a result of the Company pursuing its sustainability objective, there is no guarantee that the sustainability objective will be met or that a positive impact will be achieved. Part of the Investment Manager's proprietary qualitative framework impact analysis is to identify where companies have areas where there is potential for improvement and to consider any areas of controversy, negative consequences of business practices and the relevant company's awareness of those issues. A company will be suitable for inclusion in the portfolio where the Investment Manager believes that the overall impact of the company in question is more positive than negative, based on thorough analysis and the Investment Manager's judgement. Areas identified Impact Risk will then be taken into account by the Investment Manager when determining its engagement priorities for the company in question. Where the Investment Manager believes there to be significant Impact Risk from a company's products and/or services, but not such that it conflicts with the sustainability objective and therefore warrants divestment, the UN SDGs are used as a framework to report the Impact Risk in the annual impact report.

Stewardship Strategy

- The Investment Manager's Stewardship strategy is set out in the Theory of Change (above)
- In line with the Investment Manager's aim to manage the Company in line with the goal of net zero GHG by 2050 or sooner, all holdings are actively assessed for their alignment with net zero on an ongoing basis and the Investment Manager will engage with companies that are not making sufficient disclosures related to or progress towards this goal in the Investment Managers opinion. This will include an assessment of disclosure on Scope 1,2 and 3 reporting and Scope 1, 2 and 3 net zero target date, as well as considering if a company has its targets validated by the Science Based Targets Initiative (SBTi),

Baillie Gifford is a signatory to the UK Stewardship Code.

Reporting

- A Positive Change impact report is published annually and is publicly available on the Baillie Gifford website: www.bailliegifford.com/positivechange.

This report shows how the products and/or services of each company in the portfolio contribute to Impact Themes addressing critical social and/or environmental challenges. Key metrics for the contribution of the products and/or services of each company in the portfolio towards the Impact Themes, as well as alignment to the UN SDGs, are included in the report. Third party assurance is sought over information and data reported in the impact report.

The impact report also reports on:

  - the aggregate contributions made across the portfolio to the relevant Impact Themes (for example, in relation to the environment and resource needs Impact Theme, the contributions reported on are: amount of water saved; amount of waste saved; areas of land where better farming practices have been facilitated; and CO2 emissions avoided). The areas for reporting will vary depending on the nature of the companies in the portfolio over time.
  - each company's real-world impact on the present circumstances position of the relevant critical social and/or environmental challenge, where the company has been held in the portfolio for at least five years.

- In addition, a report on the investor contribution made by the Investment Manager (the 'Positive Conversations' report), focussing on impact maximising engagements and responsible stewardship, is also published annually and is publicly available on the Baillie Gifford website: www.bailliegifford.com/positivechange.

Amongst other matters, this report summarises the engagements that the Investment Manager has carried over the previous year and highlights the reasons for engagement, the steps taken, and the outcome, or expected outcome, that has resulted following these

engagements, including any real-world impact.
The Investment Manager applies its Positive Change Fund Impact Measurement Methodology, available on the Baillie Gifford website at www.bailliegifford.com/positivechange, to measure, analyse and report on the positive impact associated with the Investment Manager's activities and the Company's investee companies. This methodology is aligned to the GIIN principles and definition of impact investing.
This methodology sets out the qualitative framework for assessing and comparing companies' contributions to delivering positive impact, acknowledging the complexity of measuring impact (noting, amongst other matters, the varying stakeholders, timescales and lack of consistent quantification methods) and acknowledging that no company is perfect. The overall aim is to include companies in the Company's portfolio that, based on thorough analysis and the Investment Manager's judgement, have a more positive than negative impact.

Resources available to support The Company

The Investment Manager has a dedicated ESG resource, including integrated ESG analysts, impact analysts and specialist climate, voting and data teams. In conjunction with the Investment Manager, the ESG team supports ESG research and engagement and coordinates the proxy voting process for all Company portfolio holdings, where Baillie Gifford retain the voting rights.

The Company has embedded impact analysts within the investment team. Together with the investment managers they are involved in decision making and are also responsible for: (i) conducting impact research and analysis on each company (which is independent from the investment analysis), (ii) identifying and analysing material and important sustainability risks and opportunities for the investment team; (iii) working with the investment team to identify engagement and stewardship priorities for portfolio holdings; (iv) engaging with portfolio holdings on stewardship priorities; and (v) impact monitoring and measurement for portfolio holdings.

Leverage

As explained above, with prior approval of the Board, the Company may use derivatives for the purposes of efficient portfolio management (in order to reduce, transfer or eliminate investment risk in the Company's Portfolio). Derivative instruments in which the Company may invest may include foreign exchange forwards, exchange-listed and over-the-counter options, futures, options on futures, swaps and similar instruments.

The Board intends to employ gearing in the normal course of events. The Company may in aggregate borrow amounts equaling up to 25 per cent. of gross asset value, although the Board expects that borrowings will typically not exceed 10 per cent. of gross asset value, in both cases calculated at the time of drawdown.

The maximum level of leverage which the Manager is entitled to employ on behalf of the Company is 250 per cent. of NAV (which is the equivalent of a ratio of 5:2) under the gross method and 200 per cent. of NAV (which is the equivalent of a ratio of 2:1) under the commitment method.

The amount of leverage employed by the Company will be disclosed in the Company's Annual Report and Financial Statements.
The Company does not use collateral and asset reuse arrangements.

Investment Strategy and Techniques

Please see the sections entitled "Investment Objective and Policy" and "Leverage" above.

Attainment of Sustainable Objective

The impact analysis is carried out using a framework that is based upon assessing three factors: (i) intent, (ii) product impact and (iii) business practices. All investments in the Company's portfolio are included because their products and services address a global environmental or social challenge. As part of the assessment of product impact, the contribution that the companies' products are making to the Sustainable Development Goals (SDGs) is mapped by using the 169 targets that underpin the SDGs. Which targets the companies are contributing to through delivery of their products is assessed and the SDG mapping methodology and process has been independently assessed by a third party auditor.

It is anticipated that the Company will publish an annual Impact Report in respect of each calendar year to provide Shareholders with an update on the progress that companies held within the portfolio have made, through their products and services, towards achieving its objective of contributing towards a more sustainable and inclusive world and showing the portfolio's overall contribution to the SDGs. The first of these was published in respect of the calendar year to 31 December 2021.

Changes to Objective, Investment Policy, Investment Strategy or Maximum Leverage

As a closed-ended investment fund whose shares are admitted to the Official List under Chapter 15 of the Listing Rules, the Company is required to obtain the prior approval of its shareholders to any material change to its published objective and investment policy (as set out above). Accordingly, the Company will not make any material change to its published objective and investment policy without the approval of its Shareholders by ordinary resolution. The Company will announce any such change via the London Stock Exchange.

Any change in investment strategy or investment policy which does not amount to a material change to its published investment policy may be made by the Company without shareholder approval.

Any changes to the maximum level of leverage which may be employed by the Company will be communicated to shareholders.

Baillie Gifford & Co Limited will update this document, as soon as reasonably practicable, to take account of material changes. Such changes will also be disclosed to existing shareholders in the following Annual Report and Financial Statements.

Any changes in information shall be deemed material if there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the Company, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the Company.

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The AIFM, Company Secretary and Administrator

Baillie Gifford & Co Limited is the authorised Alternative Investment Fund Manager ('AIFM') and Company Secretary of the Company. The annual management fee payable to the AIFM is (i) 0.70 per cent. of the first £100 million of market capitalisation; plus (ii) 0.65 per cent. of market capitalisation between £100 million and £250 million; plus (iii) 0.55 per cent. of market capitalisation in excess of £250 million. Management fees are calculated and payable on a quarterly basis.

There is no additional secretarial fee. The provision of secretarial and administrative services is included in the management fee.

Baillie Gifford & Co Limited has delegated certain portfolio and risk management services to Baillie Gifford & Co and Baillie Gifford Overseas Limited. Baillie Gifford & Co Limited is a wholly-owned subsidiary of Baillie Gifford & Co. Baillie Gifford & Co Limited has consented to the sub-delegation by Baillie Gifford & Co of some of its duties in relation to investment management to Baillie Gifford Overseas Limited in the United States of America. Baillie Gifford Overseas Limited is authorised and regulated by the FCA. Baillie Gifford Overseas Limited is also registered with the Securities & Exchange Commission in the United States of America and is licensed with the Financial Sector Conduct Authority in South Africa as a Financial Services Provider. It is intended that Baillie Gifford Overseas Limited will produce investment research and will take part in the investment decision-making together with Baillie Gifford & Co. Baillie Gifford & Co Limited has also consented to sub-delegation by Baillie Gifford & Co of dealing activities and transaction reporting to Baillie Gifford Overseas Limited, and to the further delegation of the same to Baillie Gifford Asia (Hong Kong) Limited. The principal activities of Baillie Gifford Asia (Hong Kong) Limited are to provide marketing and distribution services to professional investors in Hong Kong on behalf of Baillie Gifford Overseas Limited. The AIFM believes that any such delegation would not give rise to any conflicts of interest.

Baillie Gifford & Co, Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited have the necessary regulatory permissions in place to perform the activities delegated to them. In addition, Baillie Gifford Asia (Singapore) Private Limited (BGAS) has been engaged to provide the Investment Manager with investment advice, with analysis based in Singapore providing inputs into portfolio construction and exercising influence, where appropriate, in relation to ESG matters. They will not make individual decision. BGAS is incorporated in Singapore as a private company limited by shares under the Companies Act 1967, and registered in Singapore with the Accounting and Corporate Regulatory Authority under registration number (UEN) 202320216D.

The Depositary

The Bank of New York Mellon (International) Limited has been appointed as the Company's Depositary. The Depositary is responsible for the safe-keeping of the Company's assets, cash monitoring and oversight. The Depositary may delegate its safe-keeping functions to third parties, provided that the requirements for any safe-keeping delegation by the Depositary as provided for in the AIFMD and in other applicable laws are complied with. Conflicts of interest may arise as a result of such delegation by virtue of them being part of the same corporate group. The Depositary will have policies and procedures in place to identify all conflicts of interest arising from such delegation and will take all reasonable steps to avoid such conflicts of interest. Where such conflicts of interest cannot be avoided, the Depositary will seek to ensure that such conflicts of interest are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its Shareholders.

The Depositary has not entered into any arrangement contractually to discharge itself of liability in accordance with Article 21(13) of the AIFM Directive. We will notify Shareholders of any changes with respect to the discharge by the Depositary of its liability in accordance with Article 21(13) through a Regulatory Information Service. The Depositary must not re-use any: (i) financial instruments of the Company; or (ii) assets, other than financial instruments or cash, which are held in custody by the Depositary (or a delegate thereof) for the Company, in either case except with the prior consent of the Company or the AIFM on its behalf and provided all applicable English laws, rules and regulations (other than the AIFM Directive and the UK Alternative Investment Fund Managers Regulations 2013) are complied with.

The annual fee payable to the Depositary in respect of UK depositary services is 0.009 per cent. on the first £7.5bn of the Company's total assets, 0.0075 per cent. on assets between £7.5bn and £15bn, 0.006 per cent. on assets between £15bn and £30bn and 0.0045 per cent. on assets between £30bn and £40bn, subject to a minimum annual fee of £10,000 (exclusive of VAT). A custody fee in respect of global custodian services is also payable, the level of which will depend upon the assets held and the country or countries in which those assets are held, subject to a minimum annual fee of £33,600 (exclusive of VAT). The Depositary is also entitled to reimbursement of expenses incurred in the performance of its duties.

The Auditor

PricewaterhouseCoopers LLP provides audit services to the Company. The fixed fees charged by the auditor are based on anticipated time required and are agreed in advance with the Audit Committee.

The Registrar

Computershare Investor Services PLC has been appointed as the Company's Registrar. The Registrar's duties include the maintenance of the Company's register of Shareholders and the processing of any transfer of shares.

Fees are based on the number of holders on the register and the number of transfers each year.

Ongoing Expenses

Ongoing expenses can be found in the Key Information Document on the Company's website. Investors should note that some expenses are inherently unpredictable and, depending on circumstances, ongoing expenses will fluctuate.

Conflicts of interest may arise as a result of the delegation of functions by the AIFM and/or the Depositary

The AIFM, the Depositary and their respective delegates have undertaken to take all reasonable steps to avoid conflicts of interest in relation to the Company and its investors. If such conflicts of interest cannot be avoided, the AIFM, the Depositary and their respective delegates shall take all reasonable steps to identify, manage, monitor and (where applicable) disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the Company and its investors, and to ensure that the Company is fairly treated.

SHAREHOLDER INFORMATION

Annual Report and Financial Statements

Copies of the Company's annual and interim reports, once available, may be accessed at keystonepositivechange.com.

Publication of net asset values

The latest net asset value of the Company may be accessed at keystonepositivechange.com.

Valuation Policy

Valuation policy with respect to listed securities
The Director's will value the Company's investments in listed securities at 'fair value'. The 'fair value' of such investments is bid value or, in the case of holdings on certain recognised overseas exchanges, at last traded prices.

Valuation policy with respect to unlisted securities
The Directors will value the Company's investments in unlisted securities at 'fair value'. In order to determine the 'fair value' of investments in unlisted securities, the AIFM will prepare valuations of each investment on a quarterly basis in accordance with the agreed valuation techniques set out below. The Directors will be provided with details of the valuations on a bi-annual basis and will conduct a detailed review of and, where appropriate, challenge the AIFM's valuations.

When preparing valuations of investments in unlisted securities, the AIFM will apply valuation techniques which are consistent with the International Private Equity and Venture Capital Valuation ("**IPEV**") Guidelines. The valuation techniques set out in the IPEV Guidelines may be categorised as follows:

- market approach, which may involve applying the following valuation techniques: (i) an assessment of the price of recent investment; (ii) applying multiples of earnings or of revenue; (iii) using industry valuation benchmarks, including as a sense check of values produced using other techniques; and (iv) reviewing any available market prices;
- income approach, which may involve applying the following valuation techniques: (i) discounted cash flows or earnings of underlying business; and (ii) discounted cash flows from an investment; and
- replacement cost approach, which may involve applying the net assets valuation technique.

If the Directors consider that it would be inappropriate to use a particular valuation technique, either generally or for a particular investment, the Directors may adopt such other valuation techniques as they consider to be reasonable in the circumstances.

Historical performance of the Company

Details of the Company's historical financial performance, once available, will be provided in the Company's Annual Report and Financial Statements and monthly factsheets, which are available at keystonepositivechange.com.

Investors should note that past performance of the Company is not indicative of future performance. Investors may not get back the amount invested.

Purchases and sales of shares by investors

The Company’s shares are listed on the CEIF category of the Official List and are admitted to trading on the main market of the London Stock Exchange. Accordingly, the Company’s shares may be purchased and sold on the main market of the London Stock Exchange through a stockbroker, financial adviser or investment platform.

The Company has authority to allot and issue shares on a non-pre-emptive basis.

The Company has authority to issue new shares or sell shares from treasury at a premium to net asset value. The Company's shares are not redeemable. While the Company has Shareholder authority to buy back shares, Shareholders do not have the right to have their shares purchased by the Company.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all Shareholders of the same class of shares equally.

In particular, as directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

Share Capital

The ISIN number for the Company’s shares is GB00BK96BB68 and the SEDOL is BK96BB6.

Legal ownership of the Company’s shares is evidenced by entry on the register of shareholders, and each registered shareholder is entitled to the rights set out in the Company’s articles of association. These include the right to attend meetings and to vote on resolutions, to receive any dividends and to receive a pro rata share of the net assets of the Company in the event of winding up.

RISK FACTORS

Past performance is not a guide to future performance.

Keystone Positive Change is a listed UK Company. The value of its shares, and any income from them, can fall as well as rise and investors may not get back the amount invested.

Keystone Positive Change invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.

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

Keystone Positive Change's risk could be increased by its investment in private companies. These assets may be more difficult to sell, so changes in their prices may be greater.

Keystone Positive Change can borrow money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any invested borrowings will increase the amount of this loss.

Keystone Positive Change can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its own shares.

Market values of securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.

Keystone Positive Change can make use of derivatives which may impact on its performance.

Keystone Positive Change invests in companies whose products or behaviour make a positive impact on society and/or the environment. This means the Company will not invest in certain sectors and companies and the universe of investments available to the Company will be more limited than other funds and trusts that do not apply such criteria. The Company therefore may have different returns than a fund or trust which has no such restrictions.

Charges are deducted from income. Where income is low the expenses may be greater than the total income received, meaning Keystone Positive Change may not pay a dividend and the capital value would be reduced.

Share prices may either be below (at a discount) or above (at a premium) the net asset value (NAV). The Company may issue new shares when the price is at a premium which may reduce the share price. Shares bought at a premium may have a greater risk of loss than those bought at a discount.

In addition to impact, the aim of Keystone Positive Change is to achieve capital growth rather than income. You should not expect a significant, or steady, annual income from the Company.

You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.

Keystone Positive Change is a UK public listed company and as such complies with the requirements of the Financial Conduct Authority and is not authorised or regulated by the Financial Conduct Authority.

Further details of the risks associated with investing in the Company, including how charges are applied, can be found at keystonepositivechange.com or by calling Baillie Gifford on 0800 917 2112.

The staff of Baillie Gifford & Co and Keystone Positive Change's Directors may hold shares in Keystone Positive Change and may buy or sell such shares from time to time.

RISK MANAGEMENT

Risk profile

The Company will periodically disclose the current risk profile of the Company to investors. The Company will make this disclosure at keystonepositivechange.com at the same time as it makes its Annual Report and Financial Statements available to investors, or more frequently at its discretion.

The Company's assets consist mainly of listed securities. The Company's risk profile therefore incorporates market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk, credit risk and operational risk factors. Other factors which contribute to the Company's risk profile include those arising from the Company's investments in unlisted securities. The Company may not be able to exit from its investments in unlisted securities and the valuation of investments in unlisted securities is inherently subjective and uncertain. The ability of the Company to borrow money to make further investments (leverage) may also contribute to the risk profile of the Company.

Limits are set for market risk and are monitored daily. Market risk stress testing comprises a number of market related scenarios and events relevant to the Company's objectives and time horizon to analyse the impact on market risk limits. Limits are also in place for liquidity risk, credit risk and operational risk, with periodic stress testing performed as appropriate.

Further detail in relation to the nature and extent of the principal risks of the Company will be described in the Company's Annual Report and Financial Statements.

Risk management systems

The Company will periodically disclose to investors the risk management systems which it employs to manage the risks which are most relevant to it. The Company will make this disclosure at keystonepositivechange.com at the same time as it makes its Annual Report and Financial Statements available to investors or more frequently at its discretion.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk policy which covers the risks associated with the Company, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

For the principal relevant risk areas, risk limits are set by the AIFM which take into account the objectives, strategy and risk profile of the Company. These limits are monitored daily, and the sensitivity of the Company's portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables to the Company. Exceptions from limits monitoring and stress testing are escalated to the AIFM along with remedial measures being taken.

Liquidity risk management

The AIFM has a liquidity management policy in relation to the Company which is intended to ensure that the Company's portfolio maintains a level of liquidity which is appropriate to the Company's obligations. This policy involves an assessment by the AIFM of the prices or values at which it expects to be able to liquidate the Company's assets over varying hypothetical periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors.

Shares in the Company are not redeemable and Shareholders do not have the right to require their shares to be purchased by the Company. Accordingly, the liquidity management policy ensures that the Company's portfolio is sufficiently liquid to meet the following principal obligations:

- the Company's operating and financing expenses; and
- the possible need to repay borrowings at short notice, which would be required to be met by the sale of assets.

The liquidity management policy requires the AIFM to identify and monitor its investment in asset classes which are considered to be relatively illiquid. There may be a lack of liquidity in the Company's investments in private companies, and the Company's portfolio is monitored on an ongoing basis to assess liquidity.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

Investors will be notified, by way of a disclosure at keystonepositivechange.com. in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced.

The Company will periodically disclose to investors the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature. The Company will make this disclosure keystonepositivechange.com at the same time as it makes its Annual Report and Financial Statements and accounts available to investors or more frequently at its discretion.

Professional negligence liability risks

The requirement to cover potential liability risks arising from professional negligence is covered by the AIFM's own funds. Sufficient capital above the regulatory limit is held which is monitored by the board of Baillie Gifford & Co Limited.

Impact Risk

The Company invests in companies whose products or behaviour make a positive impact on society and/or the environment. This means the Company will not invest in certain sectors and companies and the universe of investments available to the Company will be more limited than other Companies that do not apply such criteria. The Company's portfolio therefore may have different returns than a portfolio which has no such restrictions.

Sustainability Risks

The AIFM has adopted Baillie Gifford & Co's Stewardship Approach - ESG Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Baillie Gifford & Co believes that a company cannot be financially sustainable in the long run if its approach to business is fundamentally out of line with changing societal expectations. It defines 'sustainability' as a deliberately broad concept which encapsulates a company's purpose, values, business model, culture, and operating practices.

Baillie Gifford & Co's approach to investment is based on identifying and holding high quality growth businesses that enjoy sustainable competitive advantages in their marketplace. To do this it looks beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on its long-term prospects. This includes the consideration of sustainability factors (environmental, social and/or governance matters) which it believes will positively or negatively influence the financial returns of an investment. The likely impact on the return of the portfolio from a potential or actual material decline in the value of investment due to the occurrence of an environmental, social or governance event or condition will vary and will depend on several factors including but not limited to the type, extent, complexity and duration of an event or condition, prevailing market conditions and existence of any mitigating factors.

The Company invests predominantly in shares of companies whose products or services make a positive social or environmental impact. A portion of these sustainable investments are in economic activities that contribute to environmental objectives including those that are covered by the EU Taxonomy Regulation's Technical Screening Criteria. The expected minimum level of Taxonomy alignment is at least 1 per cent. of the Company's investments.

More detail on Baillie Gifford's approach to sustainability can be found in its Stewardship Approach – ESG Principles and Guidelines document, available publicly at bailliegifford.com/en/uk/about-us/esg/.

Brokerage Practices and Use of Dealing Commission

Baillie Gifford & Co Limited appoints its affiliate Baillie Gifford & Co Overseas Limited to conduct portfolio management services on behalf of the Company. Baillie Gifford & Co Limited delegates the investment dealing aspects of those services and transmits orders to its affiliates Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited for execution. An important element of Baillie Gifford Overseas Limited's investment dealing services includes the selection of brokers with whom orders can be placed to execute investment decisions on behalf of the Company.

Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited trade with brokers using execution-only commission rates. The execution-only commission includes the costs of access to each global market, the broker's ability to source liquidity, the use of alternative trading venues, the provision of risk capital, the capabilities of individual sales traders and the provision of proprietary technology for trading programmes and algorithms.

Where Baillie Gifford & Co Limited supports its portfolio management activities by procuring external research services, it pays directly for such services under separate agreements.

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