

**Baillie Gifford™**

# Our Stewardship Principles



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# Baillie Gifford's Stewardship Principles

Baillie Gifford's overarching ethos is that we are 'Actual' investors. That means we seek to invest for the long term. Our role as an engaged investor is core to our mission to be effective stewards for our clients.

Where possible we consider all asset classes within the framework of our stewardship activities, however, the principles are tilted to corporate securities recognising that this represents the majority of our assets under management.

As an active manager, we invest in companies at different stages of their evolution, across many industries and geographies, and focus on their unique circumstances and opportunities. Our approach favours a small number of simple principles rather than overly prescriptive policies. This helps shape our interactions with holdings and ensures our investment teams have the freedom and retain the responsibility to act in clients' best interests.

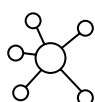
We seek to apply the most appropriate ownership tools to each holding in delivering our objectives.

For more information about how we live these principles please see our **ESG integration approach**.



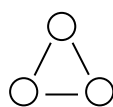
### Long-term value creation

We believe that companies that are run for the long term are likely to be better investments over our clients' time horizons. We encourage our holdings to be ambitious, focusing on long-term value creation and capital deployment for growth. We know events will not always run according to plan. In these instances we expect management to act deliberately and provide appropriate transparency. We think helping management to resist short-term demands from shareholders often protects returns. We regard it as our responsibility to encourage holdings away from destructive financial engineering towards activities that create genuine value over the long run. Our value may sometimes be in supporting management when others don't.



### Governance fit for purpose

Corporate governance is a combination of structures and behaviours; a careful balance between systems, processes and people. Good governance is the essential foundation for long-term company success. We firmly believe that there is no single governance model that delivers the best long-term outcomes. We therefore strive to push back against one-dimensional global governance principles in favour of a deep understanding of each company we invest in. We look, very simply, for structures, people and processes that we think can maximise the likelihood of long-term success. We expect to trust the boards and management teams of the companies we select, but demand accountability if that trust is broken.



### Alignment in vision and practice

Alignment is at the heart of our stewardship approach. We seek the fair treatment of all holders alongside the interests of management. While assessing alignment with management often comes down to intangible factors and an understanding built over time, we look for clear evidence of alignment in everything from capital allocation decisions in moments of stress to the details of executive remuneration plans and committed share ownership. We expect companies to deepen alignment with us, rather than weaken it, where the opportunity presents itself.



### Sustainable business practices

A company's ability to grow and generate value for our clients relies on a network of interdependencies between the company and the economy, society and environment in which it operates. We expect holdings to consider how their actions impact and rely on these relationships. We believe long-term success depends on maintaining a social licence to operate and look for holdings to work within the spirit and not just the letter of the laws and regulations that govern them. Material factors should be addressed at the board level as appropriate.



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