

SCOTTISH MORTGAGE

INVESTMENT TRUST

A Communication from the Board

The Role of our Board

The Board has overall responsibility for the Company's affairs. The Board appoints the Managers and Secretaries and approves the terms of the investment management agreement. It has a number of matters reserved for its approval including strategy, investment policy, currency hedging, borrowings, gearing, share buy back and issuance policy, treasury matters, dividend and corporate governance policy. A separate meeting devoted to strategy is held each year.

The Board seeks to contribute to the delivery of the Company's strategy by engaging with the Managers in a collaborative and collegiate manner with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought, and evaluation is conducted. The Board also reviews the financial statements, investment transactions, revenue budgets and performance. Full and timely information is provided to the Board to enable the Board to function effectively and to allow Directors to discharge their responsibilities.

The Board is committed to achieving and demonstrating high standards of corporate governance. The Company operates in line with the AIC Corporate Governance Code which provides a framework of best practice for investment companies. An annual evaluation is carried out of the Board and individual Directors. Further, each Director stands for re-election each year at the Annual General Meeting. The Board consists of five or six Directors from time to time, including a Chair of the Board, a Senior Independent Director, and a Chair of the Audit Committee.

Following the appointments of Sharon Flood and Vikram Kumaraswamy on 17 May 2023, and the retirement of the Chair Ms F McBain and Professor P Subacchi at the conclusion of the Annual General Meeting on 27 June 2023, subject to (re)election the Board will comprise five Directors, all of whom are non-executive. The Chair is responsible for organising the business of the Board, ensuring its effectiveness, and setting its agenda.

The executive responsibility for investment management has been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer. Mr LJ Dowley is the Senior Independent Director. As previously announced, subject to re-election, Mr LJ Dowley will become Chair and Professor P Maxwell will become the Senior Independent Director following the conclusion of the Annual General Meeting.

Appointments to the Board are made on merit with due regard for the benefits of diversity, including gender, social and ethnic backgrounds and having regard to cognitive and personal strengths. The priority in appointing new Directors is to identify the candidate with the best range of skills and experience to complement the existing Directors. The Board considers that diversity of thought is more likely to arise through debate between a group of individuals who can bring together a mix of experiences, whether those arise through their variety of professional disciplines, cultural backgrounds, gender, or other factors, rather than the application of rigid criteria.

Within the context of a small, entirely non-executive Board, a single appointment or retirement can have a significant impact on percentage representation, and a limited number of senior roles are available. The Board will endeavour to comply with the FCA Listing Rules diversity targets but notes that an orderly succession plan can, when implemented thoughtfully and having regard to the best interests of the Company and its shareholders, take a significant period to develop and may result in periods when the diversity targets are not met.

May 2023

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company.

Ms Fiona McBain, Mr Justin Dowley, Mr Mark Fitzpatrick, Professor Patrick Maxwell, and Professor Paola Subacchi.

Board of Directors - Scottish Mortgage Investment Trust plc

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