Baillie Gifford™

Stewardship Report
Year ended 31 March 2025

Responsible Global Equity Income

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Risk factors

The views expressed should not be considered as advice or a recommendation to buy, sell or hold a particular investment. They reflect opinion and should not be taken as statements of fact nor should any reliance be placed on them when making investment decisions.

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Baillie Gifford™

CS2601837 RGEI Stewardship Report – Digital 0725
Ref: 3221632

Contents

Highlights of the year

Constructive engagement

- We engaged with 36 holdings, speaking with company management and board members on topics as diverse as ultra processed foods, energy use in semiconductor production and electrification of mining equipment. Positively, our interactions have led to several changes.
- **Page 11**

Portfolio changes

- We made new investments in two companies – CME Group and Paychex. We believe both display good environmental, social and governance (ESG) credentials and possess the ability to compound earnings and dividends over the long term. We exited our positions in five companies.
- **Page 07**

Responsible Artificial Intelligence: our thinking

- As AI's capabilities surge, its environmental and social impacts can't be ignored. Read more about our approach to responsible AI development and some of our engagements with holdings on our clients' behalf.
- **Page 31**

Staying the course on decarbonisation

- The year saw a further increase in portfolio alignment with the Paris Agreement's goals, to 55.5 per cent, largely a result of increased ambition from portfolio holdings. Despite political headwinds, we continue to expect portfolio companies to demonstrate efforts to minimise their emissions.
- **Page 27**

Resolutions and voting

- We voted on 864 resolutions at company AGMs, voting against management 66 times when we viewed their ESG performance and management recommendation as misaligned with our clients' expectations on responsible business practices.
- **Page 33**

Introduction

The past year in responsible investment was a study in contrasts: regulatory ambition in some jurisdictions clashed with political retrenchment in others; some called for ever-greater transparency and rigour, others questioned the very premise of ESG altogether, while some sought to redefine the rules of engagement. Yet, as these debates intensified, our approach remained rooted in our conviction that it is those companies that attend to ESG factors that stand in better stead to compound earnings and dividends for a decade and more. Despite the external turbulence, we saw many positive developments in both financial and sustainability performance at companies we invest in and continued various longstanding engagements with management and boards on matters we view to be of material importance.

The year witnessed the continued acceleration of investment in artificial intelligence (AI) infrastructure globally, introducing both transformative opportunities and complex sustainability challenges. As data centres proliferate to power generative AI, it raises important questions about energy availability, grid stability, and the carbon intensity of this expanding digital footprint. At the same time, the social implications of AI have come to the fore. You can read more about our approach to responsible AI development on **pages 31–32** and more in relation to our holding in Apple, on **page 12**.

On stewardship, in a year marked by economic uncertainty and market volatility, several of our engagements focused on the importance of robust and appropriate board structures and practices. This led us to direct several engagements specifically on board composition, succession planning, and risk oversight. We believe that strong and independent boards are particularly crucial during periods of uncertainty. They provide the necessary oversight and support to management teams to navigate complexity, while maintaining focus on long-term value creation. Elsewhere, as in previous years, we continue to seek independent, expert insights to inform our research, believing this approach provides valuable perspective and enhances our engagement with companies. Focuses for this year included: a review of performance from our consumer-packaged goods companies across environmental and social performance, and a deep dive into supply chain social sustainability standards and practices. Details on engagements for the reporting period can be read from **page 11**.

Portfolio-wide climate alignment continued to improve, building on progress from previous years. Readers of last year's report may recall that Texas Instruments' ambition on decarbonisation was an engagement priority, and a topic of several discussions with company representatives. It was, therefore, pleasing to see the company commit to greenhouse gas emissions reduction targets aligned with the Science-Based Targets initiative (SBTi) in November 2024. Other portfolio companies, such as Edenred, also showed increased ambitions. It was particularly encouraging to see Admiral Group's climate goals receive verification from the SBTi. We had previously spoken to the company about its responsible investment policy and the company's SBTi targets now include emissions associated with those of its investments. Our climate-related analysis is increasingly focusing on implementation rather than merely target-setting, exploring how companies are embedding climate considerations into their strategic planning and capital allocation decisions. More detail on our climate approach, outcomes and plans for the year ahead can be found on **page 27**.

Throughout this report, we share stories from our investment decisions, research and stewardship activities, and voting actions over the past year. We highlight outcomes from longstanding engagements, escalation where necessary, and our approach to voting thoughtfully on behalf of our clients.

We hope you find this year's Stewardship Report insightful and reflective of our ongoing commitment to responsible investment.

Portfolio-wide climate alignment continued to improve, building on progress from previous years

Our approach to investment: allocating capital responsibly

As investors, our focus is on finding companies with the potential to deliver sustained growth in earnings and dividends for years to come. We believe investing in companies that pay appropriate attention to ESG matters raises the odds of delivering these results. Many clients prefer to meet these investment objectives by excluding specific industries from their portfolios, while others also look for rigorous ESG standards as a condition for investment.

We are confident that Responsible Global Equity Income is well-positioned to meet the needs of such clients for three key reasons:

- **Finding sustainable long-term growth**

  Now in its sixth year, Responsible Global Equity Income has built a successful track record of identifying companies that can deliver both real growth and resilient dividends, building off the longer record of our Global Income Growth strategy.

- **Fully integrating ESG considerations**

  Sustainability considerations are embedded into our investment process through our Impact – Ambition – Trust (IAT) assessments, written by our dedicated ESG Analyst. This assessment forms a key part of our investment process. We exclude companies we believe cause significant net harm to the environment, society or wider stakeholders, do not acknowledge their impacts or exhibit poor corporate governance practices and a leadership team we do not feel we can sufficiently trust. We also apply two further types of exclusion: companies that sell certain harmful products and those we consider operate outwith the principles of the United Nations Global Compact. Our ESG analyst also holds a right of veto.

- **Responsible ownership, stewardship and engagement**

  Many sustainability matters are complex, multi-dimensional and challenging for individual companies to overcome alone. Therefore, we engage with our holdings in a constructive, targeted way to help them address material sustainability challenges by supporting them, and challenging where appropriate.

Impact – Ambition – Trust

Our sustainability assessment Impact – Ambition – Trust is core to our investment process. The purpose of this assessment is to judge a company's performance on the following:

Impact (operations), positive or negative, of a company's operations on the environment, society and wider stakeholders

Impact (products), positive or negative, of a company's products and operations on the environment, society and wider stakeholders

Ambition a company has to either further or address these impacts, and whether this is best-in-class

Trust we have in the company's management team and the board to deliver on our expectations around sustainability and governance matters

Portfolio changes

New investments

This reporting year saw two new investments: CME Group and Paychex. Fundamentally, we believe these companies have solid sustainability credentials and prospects for long-term growth in their earnings and dividends. Our IAT analysis found areas for improvement and these form our intended engagement priorities with each. We are pleased to share a precis of our IAT assessments of these companies. Thereafter, we share information on the disinvestments made.

Paychex

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Paychex is a leading provider of payroll and HR solutions for small and medium-sized businesses (SMEs), primarily in the US, with a modest presence in Europe. Its cloud-based platform helps manage payroll, benefits, insurance, and retirement plans for over 740,000 clients. Founded in 1971, Paychex has built strong competitive advantages through regulatory expertise, a robust distribution network, and high customer support, making it difficult to replicate. The company has a track record of steady growth, driven by client base expansion and successful cash flows of services. Paychex generates strong cash flow and has consistently grown dividends since the 1980s, with only two flat years.

Impact – Operations: Neutral

Data privacy and information security are the most significant material risks for Paychex. The company aligns with leading third-party standards, but a recent data breach and class action lawsuit highlight vulnerabilities. This is a key engagement point, while other operational aspects are considered neutral. Employee engagement and talent management matter in this business, and we undertook investigative research into recent remuneration changes.

Impact – Products: Neutral

Paychex provides administrative tools for SMEs, which help in completing tasks more efficiently. However, these products lack broader environmental or social impacts compared to competitors like Intuit, which offers ancillary products to reduce environmental impact. Overall, the impact of Paychex's products is considered neutral.

Ambition: Challenger

Paychex has set clear climate goals, aiming for Net Zero by 2050 and significant reductions in Scope 1 and 2 emissions by 2030. However, Scope 3 targets need further expansion. Its cybersecurity efforts adopt leading standards. Its disclosures are straightforward and indicate a solid and systematised approach to sustainability matters.

Trust: High

Governance structures are suitable, if somewhat unconventional (with the founder, Tom Golisano) and former CEO (Martin Mucci) both on the board. The board has relevant experience but faces potential succession issues due to long tenures and associated loss of institutional knowledge when Golisano and Mucci retire. Still, we view their presence as reassuring. Remuneration structures could be improved, and recent stock sales by key executives are noteworthy.

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CME Group

CME is the world's largest derivatives marketplace, with a notional contract value exceeding $1 quadrillion, about 40 times US GDP. It offers hedging opportunities across various sectors, such as agriculture and finance. Over the past decade, CME's earnings per share have grown at 12% annually, with future growth expected from international investors and new products like lithium-related derivatives. Despite recent share derating due to concerns about a potential competitor, FMX, and lower interest rates, historical data suggests these risks are minimal. We believe that FMX is unlikely to succeed, and interest rate levels do not significantly impact trading volumes. These concerns present an attractive investment opportunity in a robust business poised for long-term earnings and dividend growth.

Impact – Operations: Neutral

CME Group's key operational risks include business continuity, data privacy, and cybersecurity. The company has comprehensive oversight and certification measures in place, with no major historical issues reported. Employee engagement scores are average, with voluntary turnover generally in line with industry norms. The company has appropriate policies, training, and oversight of conflicts of interest, which is expected given the industry. Overall, the operations are considered neutral in terms of impact.

Impact – Products: Developing

CME Group provides risk management tools and platforms that contribute to economic and financial stability. The derivatives market, including CME's offerings, can support the transition to a sustainable economy by enabling better risk management for sustainable investments. However, there are downsides, such as abstraction from underlying physical assets and increased systemic financial risk. The net benefit of these products depends on their use and regulation. The verdict on products is developing, as they can positively impact economic stability when used responsibly.

Ambition: Challenger

CME Group's sustainability reporting is considered outdated, and, in some areas, it lacks targets such as on climate. Despite this, the company engages in educating the public and students about its operations, which may reduce regulatory risk. Although its own sustainability efforts are not outstanding, CME has introduced some sustainability-linked products and contributes to market standardisation initiatives. In our view, CME is doing more in this area than some other derivative exchanges. As such, we view CME as a challenger with room for improvement.

Trust: Neutral

The size of CME Group's board, a result of prior acquisitions, presents potential governance challenges. The board's large size could lead to complexity and difficulty in decision-making, but it also brings industry expertise. Concerns include the long tenure of EY as the auditor and the involvement of a former EY partner as the Audit Committee chair. Remuneration practices have faced shareholder backlash, particularly regarding the CEO's compensation. We recognise CEO Duffy's importance to CME, but succession planning and remuneration are key areas of focus. Our verdict on trust remains neutral, for now.

Divestments

The year also saw the divestment in several long-standing holdings: Kering, Dolby Laboratories, Hargreaves Lansdown, Sonic Healthcare and UPS.

We divested from UPS primarily due to structural market shifts. However, the company's approach on climate-related matters had begun to hamper our trust in the company's management and – by extension – our consideration that it was an appropriate investment for RGEI. You can read more in **Climate change: an update on portfolio progress**.

We exited our position in Kering due to our belief that prospects for its major brand, Gucci, had deteriorated. We continue to consider the company a leader in relation to its sustainability credentials and ambition, particularly on environmental matters, but the company's initial response to an inappropriate advertising campaign some years ago had soured our view of the company's governance and oversight practices of responsible marketing.

Hargreaves Lansdown was subject to a takeover from a private equity-backed consortium. In the lead-up to and during the bid process, we engaged closely with the company's board. The bid was then recommended by the company's Board. With no alternative bidder in sight and the shares trading at the bid price, we divested our holding before the deal closed. We moved on from our investments in Dolby Laboratories and Sonic Healthcare due to a loss of conviction that they were executing on our investment cases.

Constructive engagement: outcomes and escalation

As long-term, active, responsible investors, engagement and voting are two of our most effective levers through which we can support management to deliver long-term, sustainable investment performance and improved responsible business practices. We do both in a thoughtful and supportive manner on the issues that matter. When we believe a company can do more, we challenge them and escalate our engagement if we do not see progress. Our engagement activities are underpinned by Baillie Gifford's Stewardship Principles, which you can read more about **here**.

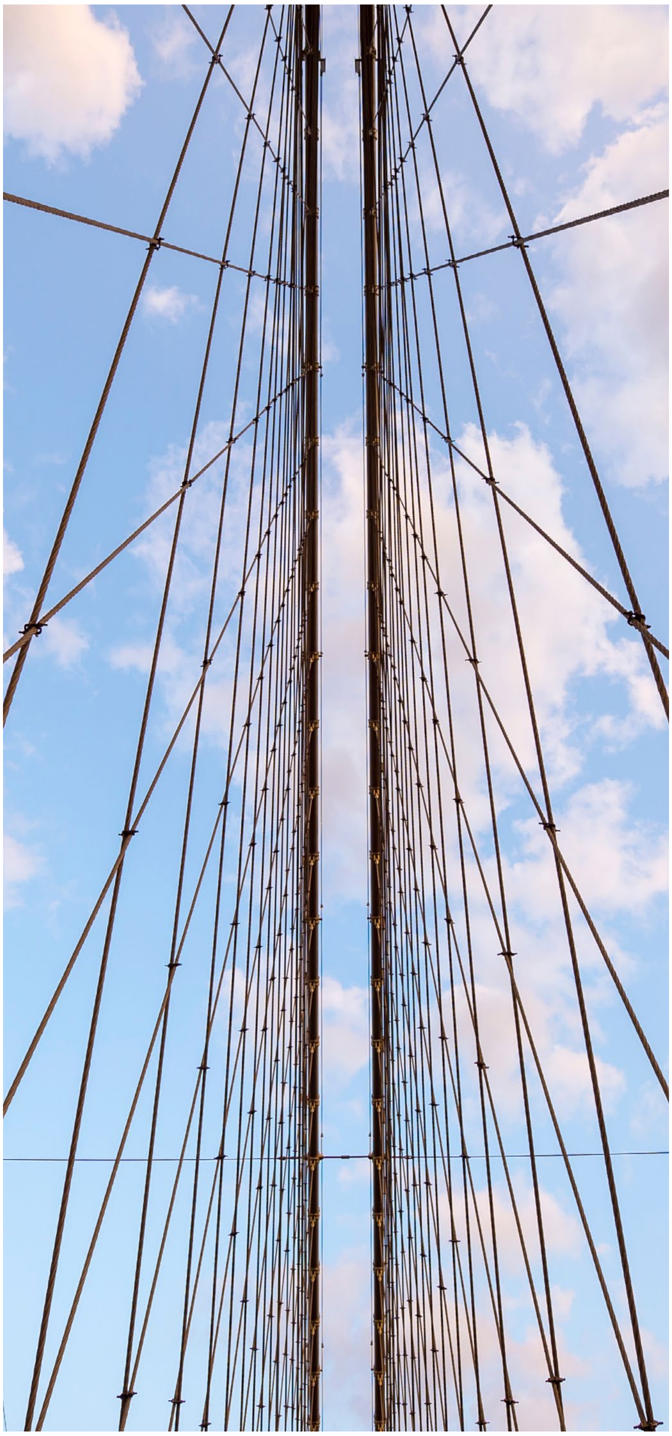
Prioritisation of long-term value creation

Governance fit for purpose

Alignment in vision and practice

Sustainable business practices

In the reporting year, we observed improvements in many of our investee companies' responsible business practices that directly reflected many of the asks made in our prior engagements. This included not only those improvements in climate targets outlined in the introduction, but others that trace back several years and involved our active escalation. This highlights the importance of patience and persistence. Below, we highlight three examples illustrating the tangible outcomes of these engagements, and the escalations we made in each instance.



Escalation and outcomes

Apple

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Principles

Governance fit for purpose

Alignment in vision and practice

Readers of last year's Stewardship Report may recall that we abstained on an AI-related shareholder proposal at Apple in early 2024. We did so, as we believed that its request for a Transparency Report on the company's use of AI could be harmful to its competitive position and represent an unnecessary bureaucratic cost. Further, we did not see the value that the Report would bring to shareholders. However, we did see benefit for Apple to develop and disclose ethical AI principles, since we recognise there to be potential risks and opportunities associated with AI and believe principles can provide guardrails for its responsible development and deployment. We also believed doing so could help reduce compliance costs, in the future, given regulatory action in various jurisdictions. Subsequent to the vote, we engaged with the company to communicate our position.

We also took the opportunity to understand Apple's approach on several other key topics. The company expressed confidence in meeting its 2030 supply chain decarbonisation goals and highlighted its leverage on 'green chips' procurement with key suppliers. Our research into Taiwan's decarbonisation challenge provided a useful base context, here. We also touched on geopolitical risks, such as China/US tensions – the Board was said to carefully monitor these. As the company increasingly diversifies its supply base, it is ensuring compliance with its labour and human rights policies in new geographies. Apple has made progress in supply chain management and labour rights, with plans to increase surprise audits. Lastly, on the shareholder proposal, we agreed with the company's position that a Transparency Report on AI use was deemed premature and potentially overreaching, however we communicated our support for Apple aligning itself with ethical AI principles.

In July 2024, we were pleased to see Apple join the White House's voluntary AI ethics initiative, aligning with over a dozen other tech companies, including Amazon, Google, Microsoft, and OpenAI. This initiative, part of a broader effort, aims to ensure responsible AI development by adhering to guidelines focused on safety, security, and social responsibility. Later in September, at the Council of Institutional Investors Fall Conference, we discussed these topics further with the company and expressed appreciation for its commitment to AI ethics.

This represented a positive outcome from both our voting action and engagement with the company.

2024

February
Abstained on AI shareholder proposal

March
Engagement with Lead, Global Corporate Law

July
Apple joins White House's Voluntary AI Commitments

September
Further engagement with Lead, Global Corporate Law

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ANTA Sports

Principles

Sustainable business practices

As noted in last year's report, we wrote to ANTA's Board of Directors, emphasising the need for accelerated progress on supplier disclosure and third-party social audits. We highlighted the importance of increasing the frequency of supplier audits and disclosing more details of the supplier base. We stressed that robust supply chain auditing and transparency are becoming prerequisites for accessing certain markets.

In July 2024, we engaged with ANTA after the publication of its latest ESG Report to discuss their progress in supply chain oversight. The report disclosed a notable rise in third-party audits using the Social & Labor Convergence Program (SLCP) framework. Despite these improvements, challenges remained in maintaining systematic compliance due to fluctuations in supplier numbers, but the company told us it expects these to stabilise. Positively, ANTA also told us of its commitment to a climate target that is SBTi-aligned. After our call, we followed up with representatives from SLCP who independently confirmed to us that ANTA has been participating in its work.

In March 2025, ANTA published its ESG Report for 2024. Disclosures showed another significant year-on-year increase in third-party audits, the introduction of a Whistleblower Policy and a commitment to audit all Tier 2 suppliers by 2030. Progress elsewhere included the disclosure of ANTA's first Scope 3 greenhouse gas emissions inventory, building on its SBTi progress.

This year, we undertook a comprehensive piece of work to understand 'best practice' in supply chain oversight by speaking with industry experts. This effort was aimed at identifying effective strategies and practices that could be applied to improve supply chain management and oversight at all portfolio companies, not just support ANTA in continuing its journey towards 'best practice'. The work highlighted social auditing to both be a practical tool for addressing complex supply chain and governance challenges, whilst also having some structural limitations. Tools such as grievance mechanisms, unannounced audits, market-based labour reforms and incentive structures came to the fore as leading practices. We will take forward our learnings from this work in our future research and engagements with the broader portfolio, but also ANTA.

2019

October
Engagement with ANTA, to fact-find on sustainable manufacturing processes and encourage work on sustainable supply chains.

2022

April
Update call on roll-out of Higg Index and increase in supply chain audits. We encouraged an increase in the use of independent third-party audit firms.

December
Update call on traceability; ANTA had mapped its tier 1 and 2 suppliers to factory names and locations. We encouraged disclosure on traceability.

2023

April
ANTA publish Supplier Sustainability Management Handbook.

August
Meeting with management.

November
Update call on sustainable supply chains.

2024

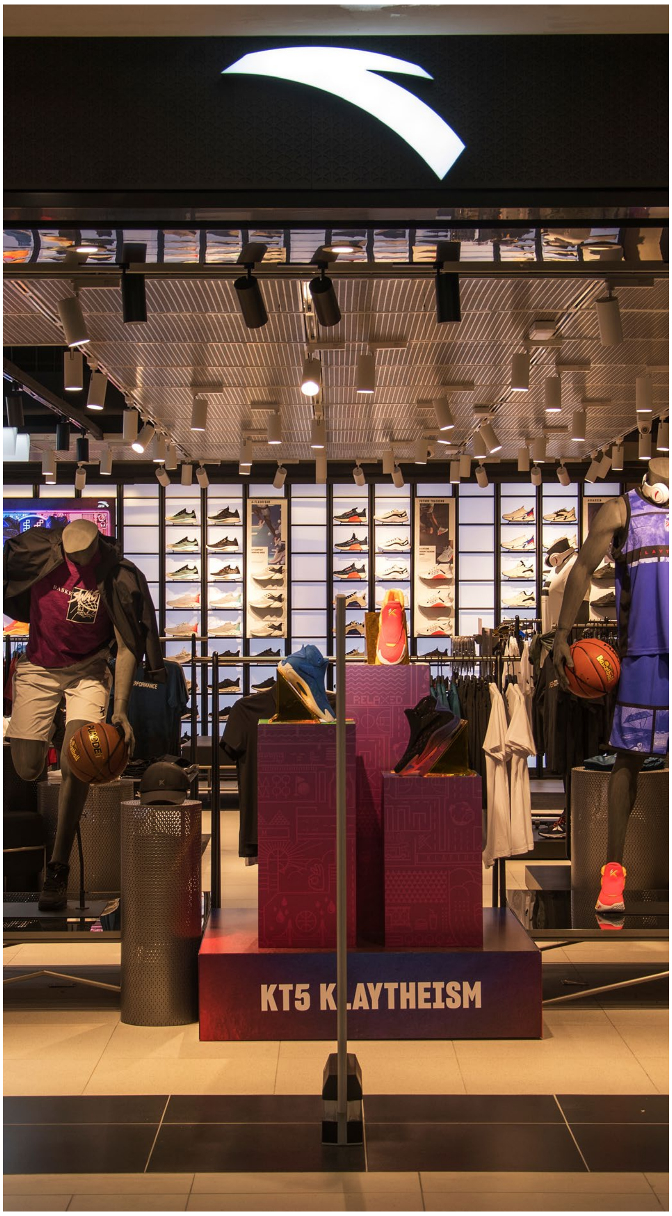
January
Letter sent to company board Chair outlining our expectations for end 2024: supply chain traceability disclosures and an increase in third-party auditing.

June
Update call following publication of ESG report showing 2x increase in 3rd party auditing.

ANTA disclose a list of strategic suppliers.

2025

March
ANTA's latest ESG Report discloses significant increases in third-party auditing, a new Whistleblowing Policy and a commitment to audit 100% of its Tier 2 suppliers.



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Eurofins Scientific

Principles

Governance fit for purpose

Prioritisation of long-term value creation

As introduced in last year's report, we invested in Eurofins Scientific on our clients' behalf. Our IAT analysis centred on governance-related topics, and these have formed our key engagement points with the company, namely, board effectiveness and independence, as well as succession planning. This year, we continued our engagement with the company on these matters. Over the course of the year, these broadened to cover the company's complex ownership structures and financial relationships involving Eurofins and related entities. These matters became more pertinent after the company was subject to a short-selling report.

We monitored the company's response closely and believe it to have acted appropriately and swiftly to the various allegations made. In positive developments, Eurofins implemented a Related Party Transactions Policy requiring notification and assessment of transactions by the Sustainability & Corporate Governance Committee, and announced an intention to increase the proportion of independent directors on its board. As part of monitoring, we were able to meet with the CEO and joined a group meeting where the board updated investors.

In early March 2025, we sent a letter to the Eurofins Board thanking it for the action taken, whilst emphasising our continuing view that enhancing board independence was an area of importance for us and one that we hoped to see delivered on. We also sought a meeting with the Chair of the Nomination and Remuneration Committee on the topic of succession. Later in the month, Eurofins announced its agenda for the Annual General Meeting (AGM). The company publicly committed to providing shareholders the opportunity to vote on acquiring properties from related parties, demonstrating responsiveness to investor concerns. Another key item on the agenda was the proposed appointment of Gavin Hill as an independent non-executive director. This move was intended to enhance the board's diversity and expertise, a topic we had raised to both the company in the past and also in our letter to the board.

2023

June
Meeting with Founder Gilles Martin in Brussels.

November
Attended Investor Day in Milan.

2024

March
Engagement call on board composition and succession.

July
Meeting with Founder in London.

October
Attended group investor update call with members of the Eurofins board.

2025

March
Letter sent to the board of Eurofins.

AGM agenda proposes appointment of additional non-executive Director.

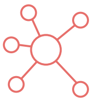
Constructive engagement: building relationships

Building lasting, positive relationships to strengthen sustainability

Inclusive of our ongoing engagement with the companies detailed in the previous section, throughout the year, we engaged with the management or board of 36 companies to encourage an accelerated rate of progress on matters related to the long-term sustainability of the business. Over the following few pages, we are pleased to share stories from various engagement activities undertaken in the reporting year, followed by a long-list of our other interactions with holdings on behalf of our clients.

Greencoat UK Wind

Principles



Governance fit for purpose

Prioritisation of long-term value creation

Objective

For several years, the UK Government has been consulting on reforming the UK's electricity market to support decarbonisation objectives, while ensuring security of supply and cost-effectiveness. The Review of Electricity Market Arrangements (REMA) could herald the introduction of some of the most radical market changes in a decade. The consultation's conclusion nearing in early 2025 led to factional lobbying reaching fever pitch. Our research into REMA involved speaking with industry experts and attending an industry conference to better understand what stakeholders in the UK energy sector were thinking about the implications of, primarily, a move to so-called 'zonal pricing'. We took our findings, on several occasions, to the Greencoat UK Wind (UKW) management team – a large UK windfarm owner. The discussions also coincided with a change in UKW's management, and so we sought to better understand how succession had been managed.

Discussion

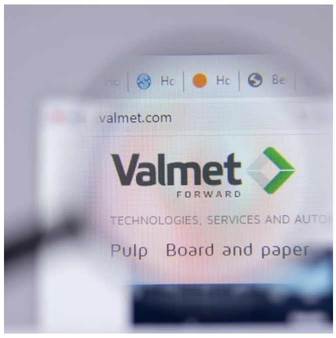
Stephen Lilley, a founder of the company, announced his retirement in early January 2025, set for April 2025. His successor, Stephen Packwood, is not only new to UKW but also to Schroders, the parent company. Despite this, Packwood was said to be well-regarded for his extensive experience in the renewables sector, having worked with various similar asset managers. His familiarity with the UKW team, through previous transactions, positions him as a promising fit for the role. The selection process emphasised three key attributes: sector experience, compatibility with co-head Matt Ridley, and cultural alignment, with Packwood being vetted by the entire board. The board is satisfied with how the new team is shaping up and assured us there had been no material negative impact on team morale or focus.

On the topic of zonal pricing, UKW and its renewable peers stand in opposition, citing concerns over increased capital costs for renewable projects. Despite their efforts to influence the debate, the probability of zonal pricing being implemented has risen over the course of the consultation, now seen as a serious contender. The team estimated a 50% chance that zonal pricing will be implemented in some shape or form, but remain confident that, in such an eventuality, it will be highly likely the UK government honours existing contractual obligations. Nonetheless, the uncertainty surrounding zonal pricing's implementation and its impact on the market remains a challenge, as UKW continues to navigate these complex dynamics. In a later meeting with board members, including the Chair, we were reassured UKW had engaged appropriately and followed the consultation closely.

Outcome

Meetings with company executives and board members reassured us that it would be unlikely that the government would not honour existing contractual obligations, even in the event of a decision to pursue 'zonal pricing'[1]. The industry has been actively pushing for a phased implementation that will protect current shareholder interests. We await the government's decision, expected in summer 2025.[1]

[1] In July 2025, the UK Government opted not to pursue zonal pricing.



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Valmet

Principles

Governance fit for purpose

Objective

Throughout 2024, we observed elevated executive turnover at Valmet. This was, perhaps, unsurprising – the company was in the process of a CEO leadership transition. Pasi Laine, the company's longstanding CEO, whom we admired for his and his team's steady delivery on the company's operational goals, was retiring. Thomas Hinnerskov, the company's new CEO, started in the role in August 2024, somewhat stemming executive departures. However, towards the end of the year, the Chair and Vice-Chair's departures were also, unexpectedly, announced. All of these changes were coincident with a new shareholder, Oras Invest, rapidly rising up the shareholder register. We wanted to get the company's take on the reasons behind the changes, and also sought a meeting with Oras Invest.

Discussion

The company began by informing us about the new CEO, Thomas Hinnerskov, and his focus areas, which include delivering sustainable shareholder returns and reducing micromanagement. The board highlighted Hinnerskov's global experience and strategic insight as key reasons for his selection, as they are essential in helping Valmet advance. This advancement involves expanding growth in services and diversifying into industries beyond pulp and paper. A significant cultural shift is underway as Hinnerskov aims to decentralise decision-making within the company.

Outcome

Following our engagements with both Valmet and Oras Invest, the proposed Vice-Chair stood down for election at the company's 2025 AGM. Nonetheless, despite the various changes at the company, the new Chair's previous role as ex-CEO of Metso (the former parent company of Valmet) strengthens the company's board relative to its previous iteration.

Epiroc

Principles

Prioritisation of long-term value creation

Sustainable business practices

Objective

Epiroc is a trusted supplier of high-value, mission-critical equipment and services to the mining and construction industries. The company is aiming to drive change towards greater electrification, automation and digitalisation in what has traditionally been an emissions-intensive industry. It has strong climate-related disclosures and decarbonisation targets. Some of these relate to downstream emissions – those that its customers are more directly involved in emitting. It is aiming to halve emissions from operations, transport, and the use of its sold products compared to 2019 levels. This is an incredibly ambitious target, and one that won't be easily achieved by Epiroc alone. It will need supporting actions and investments from its customers. Consequently, this year we visited the management team at Epiroc to better understand its strategy for building the ecosystem necessary for scaling electrified equipment.

Discussion

We travelled to Stockholm to meet Epiroc's CEO and tour its underground test mine. We spent most of our time understanding Epiroc's digital strategy. Both organically and through acquisitions, Epiroc is putting together a full suite of interoperable digital tools to help miners unlock greater productivity data. We also talked about how Epiroc can help miners adopt more electrified and autonomous equipment to maximise mining productivity and reduce emissions.

Outcome

We came away from the trip to meet with Epiroc impressed by the company's long-term thinking, its openness to business model innovation, and its holistic understanding of customers' needs.

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TSMC

Principles

Sustainable business practices

Objective

TSMC is the world's largest integrated circuit foundry and has been the subject of various 'deep dive' research projects over the past few years. These have involved speaking to Taiwanese academics to better understand Taiwan's energy transition bottlenecks and future water scarcity. On several occasions this year, including on a visit to Taiwan, we continued our longstanding engagement on these matters, and more.

Discussion

We talked through TSMC's challenges in electricity (Taiwan's limited renewables supply), water challenges, as well as the availability of talent in Taiwan. TSMC is actively working to increase its use of renewable energy, aiming for 60% by 2030, and told us it has moved its net-zero target to 2040. They are in talks with the government to secure more green energy. In terms of water, Taiwan faces significant challenges, with its largest reservoirs in the north and substantial water loss through pipelines. TSMC is addressing this with water efficiency initiatives and reclamation plants in Hsinchu and Tainan. In Phoenix, Arizona, they have secured long-term water supply agreements with multiple suppliers.

Outcome

We continue to closely monitor developments in relation to Taiwan's energy transition and the challenges its grid faces. All the same, our view is that TSMC continues to take its various ESG challenges seriously, and rightly so. In our view, these points are relevant for considering our upside case.

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Edenred

Principles

Governance fit for purpose

Alignment in vision and practice

Objective

The primary objective of the pre-AGM engagement with Edenred was to address key matters related to remuneration and recent regulatory scrutiny. The meeting aimed to discuss changes to the company's long-term incentive plan, particularly in response to significant dissent at the 2024 AGM. Additionally, we sought to understand how Edenred was considering legislative concerns at the board level, given the company's poor share price performance.

Discussion

We had a call with Edenred's Global General Counsel and Head of Sustainability. During the discussion, Edenred proposed several changes to their long-term incentive plan. A significant development was the shift in relative Total Shareholder Return (rTSR) targets, now requiring vesting at the median, which marks a successful outcome from our engagement spanning several years. Additionally, Edenred proposed changing the peer group for this target from the SBF 120 to the CAC 40. We viewed this as a move seen as positive due to the CAC 40's better performance.

Edenred expressed confidence that regulators understand Edenred's offerings but acknowledged the need for improved communication with retailers and merchants. Some merchants perceive Edenred as equivalent to payment companies, failing to recognise its role in driving customers and revenue toward them. This perception poses a challenge to Edenred, as there is a belief that fees should be capped. Edenred aims to achieve 'peaceful co-existence' with retailers and is working to better communicate the benefits it believes it provides merchants.

Edenred is expanding its board, seeking candidates with tech experience and strong knowledge of legislative affairs. The aim is to make the board more proactive in supporting management in staying abreast of prospective regulatory action.

Outcome

We viewed proposed remuneration changes to the long-term incentive plan positively, the shift represents a successful outcome that has required persistence. In terms of regulatory scrutiny, while fears of regulatory clampdowns may be exaggerated, increased scrutiny from customers is anticipated, presenting a long-term challenge for Edenred. The company acknowledged the need for better communication with retailers and merchants to address these perceptions and challenges.

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Cognex

Principles

Governance fit for purpose

Sustainable business practices

Objective

We continued our relationship building and engagement with Cognex this year. Prior conversations have focused on the company's efforts to align with more conventional practices of corporate governance and sustainability reporting, prompted by significant changes in the company's leadership and board composition. Following some changes to the company's bylaws, we sought an update on the company's progress.

Discussion

The company's bylaw changes, meaning the company's CEO and President roles could be separated for the first time in the company's history, were necessary to enable internal talent development. The change means Matthew Moschner becomes President; he brings to the role an engineering background, is known for aligning product innovation with customer needs and was said to be instrumental in the successful integration of Moritex. On ESG developments, Cognex chose not to publish its 2023 Sustainability Report due to budget constraints. However, the company has hired its first ESG Manager. In our meeting, we expressed interest in speaking with a board member, particularly Chair Anthony Sun, to understand Cognex's current management and board dynamics.

Outcome

Disappointingly, the company's suggestion to set up a call with the company's board chair was later said to not be possible. We hope to follow up later in the year.

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Experian

Principles

Governance fit for purpose

Sustainable business practices

Objective

Experian is a global data and technology company that primarily focuses on providing data and analytics to individuals and businesses, helping them make informed decisions and improve their financial lives. We had a wide-ranging call with Experian's sustainability team, where they introduced a new 'Positive Social Impact Framework'. We wanted to take the opportunity to ask about ethical boundaries in its business-to-business (B2B) Marketing Services division, among various other matters.

Discussion

The 'Positive Social Impact Framework' remains in its early stages, but it was encouraging to see the company working towards outcome-focused metrics on key performance indicators. We encouraged this effort, as it would make Experian's claims of promoting financial inclusion more convincing than their current disclosures, which are largely input-focused (for example, based on the number of user profiles created). We then explored the ethical considerations of Experian's B2B division. Experian explains it adopts a 'traffic light system' for determining which industries to engage with. They avoid business with companies linked to controversial weapons and have a review process for others, like gambling, to ensure ethical use of their data. Given the emergence of AI-field cybercrime, and the increased risk this will pose to Experian, it was positive to hear the company has invested heavily in this area to stay ahead of threats. Consequently, they don't see AI as a new threat, requiring significant investments that could lower margins, but as an extension of existing risks. Internal training is crucial, and not completing cybersecurity training is a sackable offence.

The conversation also focused on board governance. Mike Rogers, who has been the Chair for about seven years, recently took on the same role at Admiral Group. Before this, he stepped down from his roles at NatWest and Aegon to ensure his new responsibilities wouldn't be too demanding. We note this as a positive and discussed the importance of Luiz Fleury, a board member with nine years of experience, particularly in relation to Experian's success in Brazil. It was confirmed that Luiz's market knowledge was valuable and that the company plans to add more international expertise to support expansion into other international markets.

Outcome

We encouraged Experian to continue developing its social impact metrics. It was reassuring to know they have a system to monitor how their products are used, ensuring they align with responsible practices.

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Nestlé

Principles

Sustainable business practices

Objective

Last year saw the concept of 'Ultra-Processed Foods' (UPF) enter the public lexicon. We worked to explore the impact of UPF on health and society, and to engage with companies involved in food production to understand their strategies and responses to UPF concerns. This initiative was part of a broader effort to address rising consumer awareness and regulatory scrutiny surrounding UPF, which are foods containing ingredients not typically found in home kitchens, such as modified starches and emulsifiers. These foods have been linked to health issues like obesity and bowel disease. Following on from an engagement in the last reporting cycle with PepsiCo on the matter, we spoke with Nestlé to understand its approach to health, nutrition, and UPF, and to understand its strategies for addressing consumer concerns and regulatory challenges related to UPF.

Discussion

Nestle's portfolio is evaluated using the Health Star Rating System. Excluding 20% of products that are unrated, such as pet food and specialised nutrition, 21% of products score below 1.5 stars, primarily confectionery and ice cream. Another 20% fall between 1.5 and 3 stars, including ready meals and milk products. Meanwhile, 37% of products, like water and Nescafé, score above 3.5 stars. Nestle aims to boost its sales of more nutritious products by 50% by 2030. Although they haven't set specific targets for less healthy foods, their strategy focuses on increasing the proportion of healthier foods in their overall sales.

Nestlé talked us through its 'Good For You' health strategy, made public in the fourth quarter of 2023, revealing its nutrition strategy for the first time. This approach focuses on promoting a holistic view of diet, guiding consumers towards healthier choices through education, transparency, and responsible marketing, moving away from campaigns centred on individual products.

Outcome

Our engagement provided renewed clarity that Nestlé primary strategy when it comes to product nutrition remains on reformulation to reduce concerns associated with HFSS (High Fat, Salt, and Sugar). They appear cognisant of UPF-based concerns but are not considering any strategies for mitigation or reducing UPF, at this time, and would move at the pace of its consumers. We remain of the view that responsible marketing, as it relates to health claims, should be our focus for monitoring and potential ongoing engagement.

Further engagements undertaken through the year

A list of the other engagements undertaken during the year, with corresponding stewardship principles, is below:

Albemarle Corporation	Sustainable business practices; Alignment in vision and practice; Governance fit for purpose
Amadeus IT Group, S.A.	Governance fit for purpose; Alignment in vision and practice
Analog Devices, Inc.	Alignment in vision and practice
Arthur J. Gallagher & Co.	Governance fit for purpose
B3 S.A. – Brasil, Bolsa, BalcAo	Prioritisation of long-term value creation
Deutsche Borse	Governance fit for purpose
Fastenal Company	Alignment in vision and practice; Governance fit for purpose
Hargreaves Lansdown plc	Governance fit for purpose; Prioritisation of long-term value creation
Hong Kong Exchanges and Clearing Limited	Governance fit for purpose
Intuit Inc.	Governance fit for purpose; Alignment in vision and practice
Kering SA	Sustainable business practices; Governance fit for purpose
Medtronic plc	Governance fit for purpose
Microsoft Corporation	Governance fit for purpose
Midea Group Co., Ltd.	Prioritisation of long-term value creation
NetEase, Inc.	Governance fit for purpose
Partners Group Holding AG	Governance fit for purpose
PepsiCo, Inc.	Alignment in vision and practice
T. Rowe Price Group, Inc.	Governance fit for purpose
TCI Co., Ltd.	Prioritisation of long-term value creation; Governance fit for purpose
Texas Instruments Incorporated	Sustainable business practices
The Home Depot, Inc.	Governance fit for purpose
The Procter & Gamble Company	Sustainable business practices; Governance fit for purpose;
United Parcel Service, Inc.	Sustainable business practices
USS Co., Ltd.	Governance fit for purpose
Watsco, Inc.	Sustainable business practices
Wolters Kluwer N.V.	Governance fit for purpose; Sustainable business practices

Responsible Global Equity Income: in the field

The team's annual volunteering day took us to Cyrenians Farm, a social enterprise and residential community in West Lothian, just outside Edinburgh. Cyrenians' mission is to tackle the causes and consequences of homelessness by delivering services which focus on prevention, early intervention and support into a home. The farm's work supports this mission and, on over eight acres of land, hosts a range of green skills, wellbeing, outdoor learning activities and accredited programmes. It also has a working market garden, that sells organic produce to Edinburgh's restaurants, where we spent most of our time. With the sun shining, the day involved preparing ground for the installation of a new polytunnel and helping in the potting shed.

Cyrenians' mission is to tackle the causes and consequences of homelessness by delivering services which focus on prevention, early intervention and support into a home

Climate change: an update on portfolio progress

Net zero alignment

Our firmwide Climate Assessment records Baillie Gifford's assessment of company alignment with limiting global warming to less than 1.5C this century. Its framework, we believe, sets a high bar. The minimum standard to be considered 'Leading' requires not just a target to net zero by 2050 but comprehensive disclosures and targets for net zero by 2050 across all material scopes of the Greenhouse Gas Protocol, with appropriate interim targets. We also look for strategic alignment, increasingly expressed through capital allocation, decision-making, the company's wider narrative and use of its position of influence within its value chain. Our assessment currently has seven assessment categories ranging from no disclosure, through to targets that demonstrate well-above average ambition. We organise these seven categories into three groups to provide an indication of company preparedness: Leading, Preparing and Lagging. We update assessments periodically and as and when holdings make strengthened commitments. Before any purchase, every new holding also undergoes a Climate Assessment as part of our Impact – Ambition – Trust assessment.

Our net zero alignment

The portfolio is managed to support the goal of net zero greenhouse gas ('GHG') emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5C ('net zero'). This includes the assessment and engagement of portfolio companies on a prioritised basis, for alignment with this goal. Such alignment will be assessed company-by-company, paying due attention to the realities of specific industries and regions. The following guidelines are used to monitor progress towards net zero:

01. By 2030, more than 90 per cent by number of our climate-material holdings will be aligned with a 1.5C scenario. All holdings will be so-aligned by 2040. New buys will have an extra two years to comply with the interim guidelines.

02. Between now and 2030, we will report annually on i) the progress of our holdings in aligning with a 1.5C scenario, and ii) our engagement with these companies.

We monitor and report on an ongoing basis the extent to which the portfolio is aligned with these guidelines.

This year's highlights include

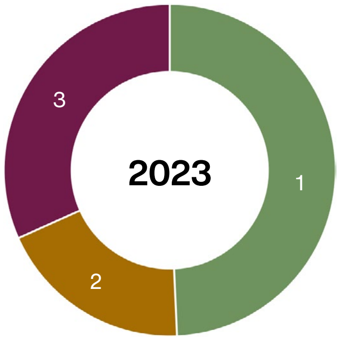
- Portfolio alignment with the goals of the Paris Agreement showed increased alignment year-over-year. Edenred, Amadeus, ANTA and Admiral Group had their climate targets verified by the SBTi.
- Research and engagement with UK windfarm owner Greencoat UK Wind on a consultation that could radically change the UK's electricity market, as detailed on **page 17**.
- The sale of UPS, one of the portfolio's largest emitters. Although sold for reasons not directly associated with decarbonisation targets, our engagements and escalation on the matter over several years had left us lacking conviction in the company's commitments to decarbonise its operations.

Baillie Gifford's Climate Assessment process was developed several years ago now, and it has been pleasing to see continued progress towards our net zero alignment. As the graphs on the following page show, steady progress continued this year – rising from 54 percent, by capital weight, to 55 per cent. This is particularly pleasing since we divested from several companies that we considered to have 'Leading' climate targets – and, indeed, invested in two companies that we believe could show increased climate ambition. The major driver behind this year's increase in portfolio net zero alignment was due to portfolio companies improving their climate targets.

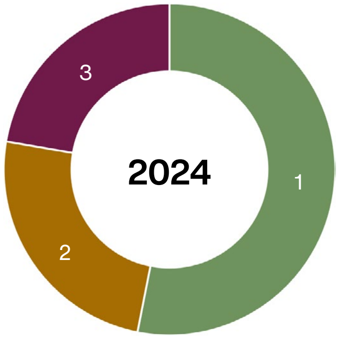
Leading	Companies commited to reductions in line with their fair share of a science-based 1.5C-aligned pathway, with appropriate demonstrations of targets, intent and strategic coherence
Preparing	Companies with disclosure and narrative that suggests they are preparing to set 1.5C-aligned targets in the near future.
Lagging	Companies lacking sufficient disclosure of suitably robust targets, where the pathway to improvement is currently uncertain.

Target assessment

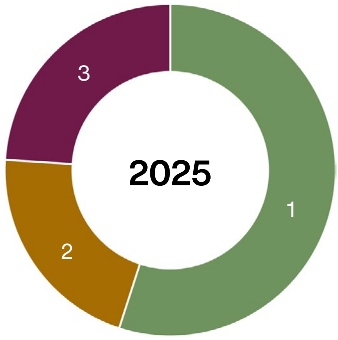
Companies' ambition, targets and strategic coherence to reduce their direct and value chain emissions in line with the Paris Agreement



Percentage of portfolio		
1	Leading	51
2	Preparing	18
3	Lagging	31



Percentage of portfolio		
1	Leading	54
2	Preparing	23
3	Lagging	23



Percentage of portfolio		
1	Leading	55
2	Preparing	21
3	Lagging	24

Source: Baillie Gifford and Co. Based on representative' equity portfolio. As at 31 March each year. Further details of the Baillie Gifford Climate Assessment can be found in the **Baillie Gifford Climate Report**.

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Engagement with, and divestment from, a climate material holding over the year

Over the past three years, we have actively engaged with United Parcel Service on various matters associated with its decarbonisation ambitions. These have concerned everything from how the company was thinking about the risk of methane release from its use of Renewable Natural Gas, sourced from landfills, to fact-finding on the extent to which the company was working with airports and suppliers to secure future supplies of sustainable aviation fuels. Throughout all our interactions, where we appreciated the opportunities to speak with employees from the C-Suite to those in the sustainability team, we emphasised how important we believed these matters to be. However, we viewed the company to demonstrate lagging ambition to peers, with idle progress towards the targets it does have. The company was a significant portfolio emitter, and the ambitious value chain climate targets set by some of its largest customers meant we believed these may, in the future, begin to cascade down on UPS.

Our patience began to wear thin, and last year, we opposed the re-election of William Johnson, Chair of the Corporate Governance Committee. Late 2024 saw us speak with the company again on climate matters. We wanted to further probe slow progress towards its ground fleet emission reduction goal and renewable sourcing. The meeting only served to cement our view that UPS wouldn't be increasing its decarbonisation ambitions in line with our expectations.

Emissions at the portfolio level

We recognise that carbon footprinting and emissions intensity analysis is imperfect – indeed, it is only telling us where the portfolio is, not where it is going – this is one of the reasons behind our climate audit. Nonetheless, below we disclose a carbon footprint analysis of the portfolio. Financed emissions data compares the total carbon emissions of the portfolio with its benchmark, the MSCI All Countries World Index (ACWI), per $1m invested. The Weighted Average Carbon Intensity (WACI) is the sum product of the portfolio constituent weights and intensities. These intensity measures allow comparison of emissions across companies of different sizes and other industries.

Note, in accordance with guidance from the Portfolio Carbon Accounting Framework (PCAF), the Scope 3 Material emissions metrics used in our previous reports covered only the sectors prescribed within PCAF's Phase 2 – oil and gas, mining, transportation, construction, buildings, materials and industrial activities sectors. From the start of 2025 onwards, we have now transitioned to Phase 3 where all sectors will be classified as 'Material' and so will include all companies' Scope 3 emissions data. As a result, we will be looking to retire all Scope 3 Material emissions data points in all reports running data for periods in 2025 onwards as they are now obsolete and the Scope 3 All emissions metrics will be the relevant metrics going forward.

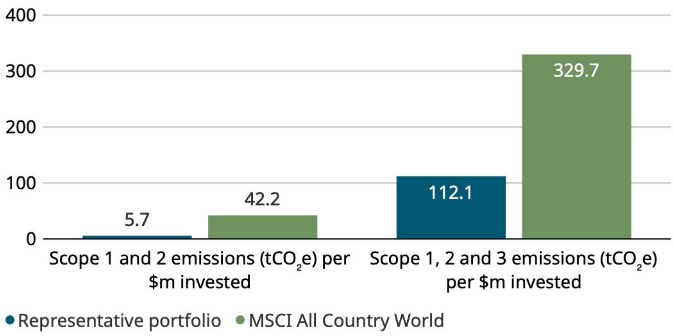
Weighted average carbon intensity (WACI) trend of the portfolio

2021	2022	2023	2024	2025
44.9	38.9	31.2	30.6	24.2

Source: Baillie Gifford and Co. Based on representative' equity portfolio. As at 31 March each year. Further details of the Baillie Gifford Climate Assessment can be found in the **Baillie Gifford Climate Report**.

Carbon footprint of the portfolio

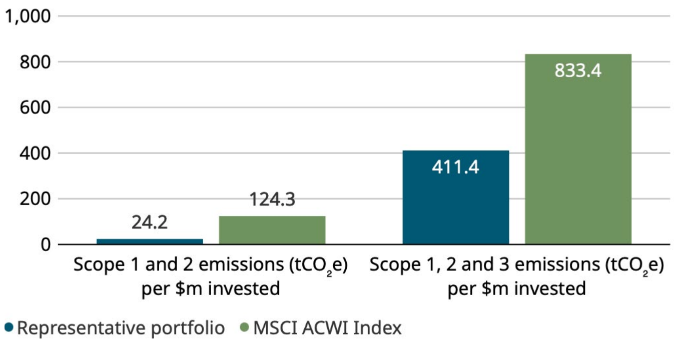
The carbon footprint of the portfolio represents the aggregated GHG emissions per million £/$ invested and allows for comparisons of the carbon intensity of different portfolios.



Source: Baillie Gifford and Co. Based on representative' equity portfolio. As at 31 March 2025. Further details of the Baillie Gifford Climate Assessment can be found in the **Baillie Gifford Climate Report**.

Weighted average carbon intensity (MSCI ACWI Index) of the portfolio

The WACI of the portfolio represents the aggregated carbon intensities per $m revenue of the companies in a portfolio, scaled by size of holding. The WACI metric therefore helps measure a portfolio's exposure to high carbon intensity companies and can be used for comparisons with other portfolios.



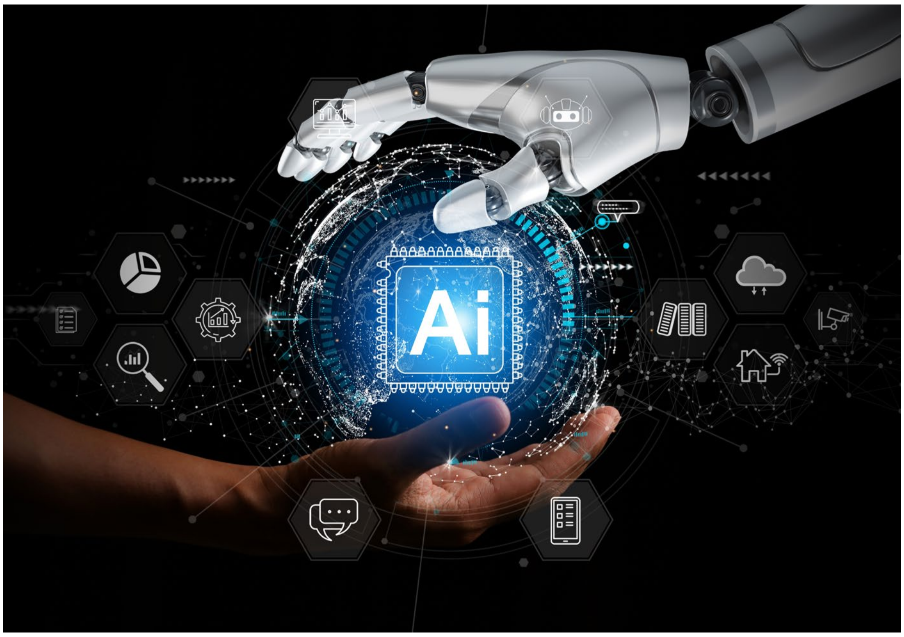
Source: Baillie Gifford and Co. Based on representative' equity portfolio. As at 31 March 2025. Further details of the Baillie Gifford Climate Assessment can be found in the **Baillie Gifford Climate Report**.

AI and ESG: Navigating the responsible growth of Artificial Intelligence

Of the many acronyms that pervade the world of investment, over the past few years there can be little doubt that AI and ESG have been two of those that have garnered headlines. For us, it is at their intersection where we find particular interest. AI presents both significant opportunities and responsibilities for us as forward-thinking, responsible investors.

In the summer of 1956, a small group of scientists gathered at Dartmouth College for what would become a watershed moment in technological history. The Dartmouth Summer Research Project on Artificial Intelligence, organized by John McCarthy, Marvin Minsky, Nathaniel Rochester, and Claude Shannon, marked the formal birth of AI as a field of study. Evidently, the field has progressed dramatically since those early days. Theoretical explorations evolved. Initial growth and optimism encountered setbacks and the 'AI winter' in the 1970s. Machine learning and data-driven approaches then regained traction in the 1990s, until the most recent era of deep learning, generative AI, and widespread real-world applications from the 2010s.

All of these developments have led to AI models dwarfing their predecessors in complexity, capability and necessary compute power. Developments have led to various schools of thought emerge as to AI's possibilities and possible risks. These range from arguments, such as those made by Michael Bhaskar in Human Frontiers: The Future of Big Ideas in an Age of Small Thinking, that AI and related technologies are ushering in a new era where the frontiers of knowledge can be dramatically expanded, overcoming current limits. To those, such as Toby Ord's view in The Precipice, where the existential risks of AI models, unaligned with human values, are argued to potentially pose greater risk to humanity than climate change. At a less philosophical and slightly more practical level, a 2024 paper Ten Hard Problems in Artificial Intelligence We Must Get Right summarises challenges associated with AI's advancements. One of these is of particular relevance to us is: the social and environmental complexities and challenges of responsible research and deployment of AI.



AI presents both significant opportunities and responsibilities for us as forward-thinking, responsible investors

As AI systems have grown more sophisticated, so too have concerns about their social and ethical implications. Algorithmic bias is a key topic, here. These systematic and repeatable harmful tendencies in AI models risk unfair outcomes. These biases can manifest during data collection, in how models analyse input data and through design decisions that inadvertently discriminate against certain groups. Our engagements with our companies on matters associated with algorithmic bias, or responsible AI, are not a new development. For example, we engaged with Experian several years ago exploring how the company's internal innovation function, Experian DataLabs, is approaching algorithmic bias. We have also had an engagement call with the Chief of Responsible AI at Microsoft, Natasha Crampton. The call provided us with insights into the rules, processes and teams that determine decisions related to AI. It also offered examples of Microsoft's advocacy in regulating this space. And it's our awareness of the importance of ensuring AI is developed with the right intentions that led our voting action and subsequent engagement with Apple, as outlined on **page 12**.

Considering the environmental footprint of AI represents another crucial dimension of responsible development. As models get larger, their energy and water requirements for powering and cooling infrastructure have sparked controversy and resistance. Community opposition, or 'NIMBYism' (Not In My Back Yard), is an emergent concern. If not appropriately managed, this could potentially constrain the expansion of essential digital infrastructure. We view Microsoft's management of these issues as leading, with the company having made a 'Datacenter Community Pledge' back in 2024. The pledge aims to ensure Microsoft obtains and retains its social license to operate from its neighbours. Another portfolio holding, Schneider Electric, should benefit through directly providing products and services that reduce energy and water consumption of data centres.

Our focus is clear: where appropriate, support strong ethical frameworks, transparency, and accountability in AI

For long-term investors, these challenges above bring both risks and opportunities. Companies developing AI systems with robust ethical frameworks addressing fairness, accountability, and transparency will likely prove more resilient. Particularly as patchwork regulation across jurisdictions is introduced. Similarly, those innovating to reduce the environmental footprint of AI through enhanced energy efficiency or novel cooling technologies may gain competitive advantages as resource constraints intensify.

The intersection of AI and ESG will remain dynamic, and as AI evolves so will its risks and opportunities. Our focus is clear: where appropriate, support strong ethical frameworks, transparency, and accountability in AI. We will keep engaging with companies to address algorithmic bias and improve governance. On the environmental front, we will advocate for innovations that cut energy and water use, and push for better resource reporting. With these priorities, we aim to ensure AI drives both financial returns and positive social and environmental outcomes – laying the foundations for long-term value creation.

Voting: our approach

Writing this in the midst of another busy spring Annual General Meeting season, it's worth reiterating how we believe our approach to voting stands apart from many in the asset management industry, particularly those who may rely heavily on proxy advisors. We take our responsibility in exercising our clients' voting rights seriously. It is a key lever in our overall stewardship strategy of aiming to support long-term sustainability and shareholder returns. Our voting decisions are always guided by the question: 'In the long term, is this likely to strengthen or weaken the sustainability of the company's future earnings and returns to shareholders?'

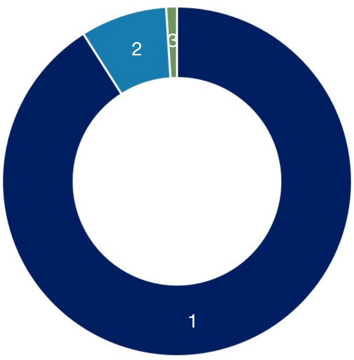
Our proxy voting approach remains a cornerstone of our stewardship approach, and we continue to exercise our client voting rights with diligence. This year, as in previous ones, we have maintained our focus on supporting decisions that enhance sustainable value creation and long-term shareholder returns.

To answer that question, rather than outsourcing our voting decisions or simply following proxy advisor recommendations, we have developed a robust, in-house process that leverages the collective expertise of our investment team, ESG analyst, and our dedicated voting team. Every voting decision is made on a case-by-case basis, informed by deep company-specific analysis, deliberation and a focus on the future sustainability of earnings and shareholder value. This is by no means the simplest way by which we could discharge our voting duties, but it is the one we believe is in the best interests of our clients. It ensures that every vote reflects what we believe to be in our clients' best long-term interests.

Total votes

864

Responsible Global Equity Income proxy voting record



	%
1 For	91
2 Against	8
3 Abstain	1

Source: Baillie Gifford. Based on a representative portfolio, 1 April 2024 to 31 March 2025. Figures may not sum due to rounding.

We often vote in favour of management teams that align with our high standards of ambition and trust, reflecting our investment in companies whose leadership and vision we respect. Hence, our investment in the companies they manage. However, supporting management is not a given. In instances where we disagree with management or the board, we first seek to engage to obtain additional information, aiming for more informed voting decisions. These engagements also often open doors for ongoing dialogue, especially when we vote against a company's management. Our voting extends to resolutions proposed by shareholders, applying the same level of rigorous analysis. We vote against shareholder resolutions only if we are convinced that the company is already adequately addressing the issue at hand or believe their proposals to be overly onerous and overreaching.

Notable votes cast against management proposals

Starbucks

We opposed the reappointment of the external auditor due to concerns that the auditor's length of tenure could negatively impact their ability to act independently. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.

Nestlé

We opposed two resolutions relating to the election of a director to the board and as chair of the compensation committee. We have ongoing concerns with performance targets which have rewarded management for underperforming the chosen benchmark.

United Parcel Service

We opposed the election of a director who is the Chair of the Nominating and Corporate Governance Committee. A priority engagement with the company for some time, we view UPS' climate ambition to be lagging competitors, with slow progress toward the goals it has in place. As several of the company's largest customers have ambitious scope 3 goals, we view increased ambition on decarbonisation to be a material long-term investment consideration. The vote against this director signals an escalation of our previous voting at the company.

Notable votes cast in favour of shareholder proposals

PepsiCo

We supported a shareholder proposal requesting a report on risks related to biodiversity and nature loss, as we believe this to be material to the investment case over the long-term and view the company's efforts on this topic to be lagging compared to peers, such as Nestlé.

Procter & Gamble

We supported a shareholder resolution requesting the company report its unadjusted and adjusted median pay gaps across race and gender. While, in response to the resolution the board committed to reporting adjusted numbers, we believe the company should also report the unadjusted numbers. The unadjusted pay gap is considered the valid way of measuring gender pay inequity by governmental and international agencies and seeks to highlight any structural biases regarding job opportunities.

Texas Instruments

We supported a shareholder resolution to lower the threshold to call special meetings, as we believe that the requested level would strike an appropriate balance between attainability for shareholders and protecting the company from inappropriate use of this right.

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Singapore

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