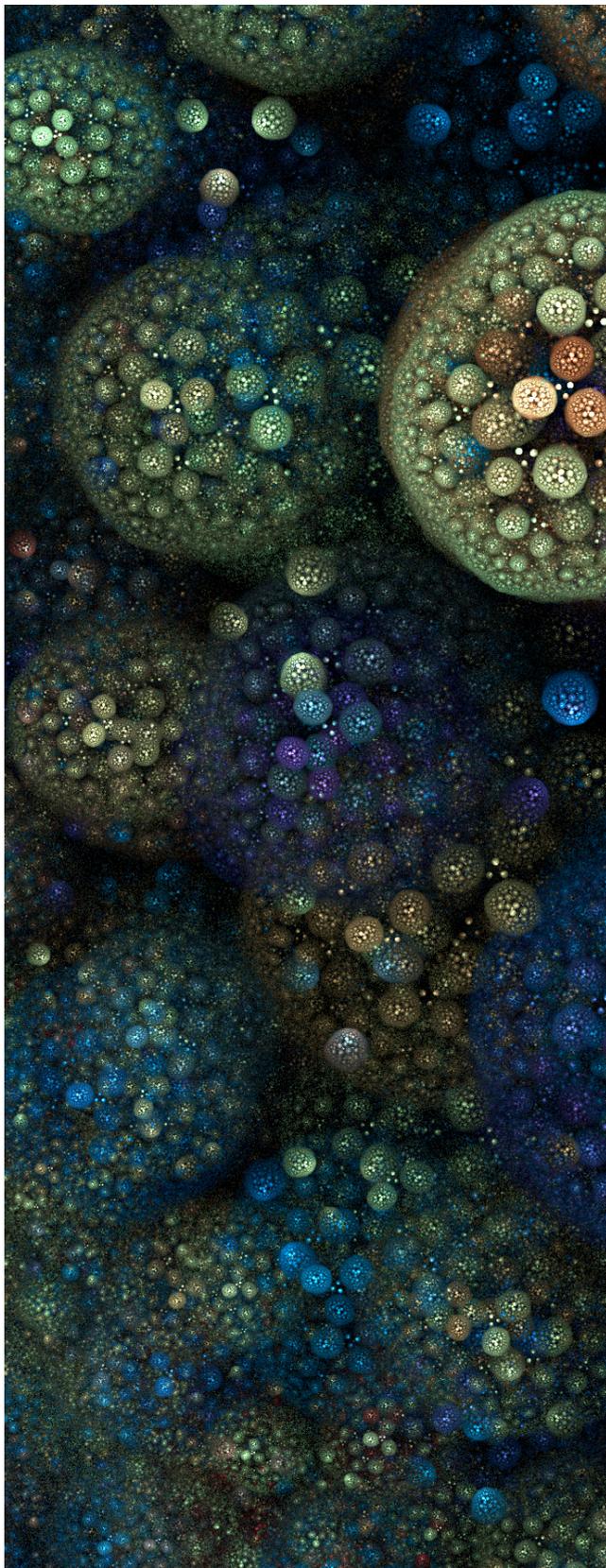


BAILLIE GIFFORD EUROPE REMUNERATION POLICY

August 2023

Baillie Gifford™



INTRODUCTION

Baillie Gifford Investment Management (Europe) Limited ('BGE') has established, implemented, and maintains this remuneration policy (the 'Policy') in line with the business strategy, objectives, values and interests of the firm, the funds it manages and its clients, and includes measures to avoid conflicts of interest. BGE ensures that its Policy is consistent with, and promotes sound and effective risk management, and does not encourage risk taking that exceeds BGE's risk tolerance. The Policy is aligned to the strategy of the firm, its risk profile and risk management practices, our values, and the long-term interests of the firm, the funds it manages and its clients. BGE employs staff domiciled in Ireland, Germany, Switzerland, and the Netherlands. A small number of staff and officeholders are seconded/provided from other Group entities. This policy is designed to supplement the Baillie Gifford Group Remuneration Policy (the 'BG Group Remuneration Policy') by setting out the key processes that BGE employs to ensure all areas of remuneration practice are covered, and should be read in conjunction with the BG Group Remuneration Policy.

The scope of this Policy covers the following categories of staff:

- Staff employed by BGE;
- Officeholders and staff of BGE who are employees of other Baillie Gifford Group ('BG Group;') entities;
- Officeholders and staff of BGE who are partners of Baillie Gifford & Co providing services to BGE.

This Policy does not cover BGE's independent non-executive directors as they are not employees and receive fees for their services.

1. STAFF EMPLOYED BY BGE

Staff based in Ireland, Germany, Switzerland and the Netherlands have contracted with BGE. All staff undertake their duties for the benefit of the BG Group and are subject to the provisions of BG's Group Remuneration Policy which is attached to this Policy and adopted by the Board of BGE.

2. OFFICEHOLDERS AND STAFF OF BGE WHO ARE EMPLOYEES OF OTHER BG GROUP ENTITIES

Executive Directors and other staff providing services to BGE who are employees of other BG Group entities undertake their duties for the benefit of the BG Group and are also subject to the provisions of BG's Group Remuneration Policy.

3. OFFICEHOLDERS AND STAFF OF BGE WHO ARE PARTNERS OF BAILLIE GIFFORD & CO PROVIDING SERVICES TO BGE

Partners' of BGE's ultimate parent, BG&Co, remuneration and ownership stakes are decided by the Management Committee of BG & Co reflecting the length of service as a partner, contribution, and ability to add to the goodwill of the firm. The Management Committee also consider inputs from Compliance, Business Risk and Internal Audit on any relevant risk and compliance issues when reviewing remuneration and ownership stakes. All partners receive monthly "salaries" during the year, which are set by the Managing Partners, as total payment for doing their jobs. They are fixed but in extreme circumstances they can be reduced. They are reviewed and compared annually with market data (supplied by a third party) on total compensation figures for comparative roles from other firms. The remainder of the distribution of profits (except for transitional arrangements for new partners) is Return on Capital Employed and is therefore not classified as remuneration in line with the terms of paragraph 127 of the EBA Guidelines on Sound Remuneration Policies and paragraphs 15 and 17 of the relevant ESMA Guidelines on UCITS and AIFMD remuneration requirements. It entirely relates to the individual partner's share of capital rather than any short-term measure of performance. Partners' do not receive remuneration for non-executive positions held on BG Group Boards or Committees.

4. REGULATORY REQUIREMENTS

The Policy reflects BGE's objectives for good corporate governance and alignment of the long-term interests of BGE. The Policy focuses on promoting sound and effective risk management through a stringent governance structure for setting goals incorporating measures to avoid conflicts of interest, including both financial and non-financial goals in performance.

The Policy is compliant with the relevant provisions of the UCITS Regulations and Schedule 2 of the AIFM Regulations, and the guidelines on sound remuneration policies under the UCITS Directive and AIFMD issued by the European Securities and Markets Authority (the ESMA Guidelines ESMA 2016/411), as well as Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector.

BGE is also consolidated within the BG UK Group, for prudential purposes, and BGE staff are required to comply with the BG Group Remuneration Policy and any of its 'Material Risk Takers' performing their activities from the UK are in scope of the Financial Conduct Authority ('FCA') MIFIDPRU Remuneration Code.

BGE has utilised its UCITS passport, to establish branches in Germany and the Netherlands. The German Federal Financial Supervisory Authority ('BaFIN') and the Dutch Authority for the Financial Markets (AFM) regulate BGE in respect of the conduct of the employees based in Germany and the Netherlands respectively.

The BG Group Remuneration Policy has been reviewed to ensure consistency with CBI, BaFIN and AFM remuneration rules.

BGE has established a representative office in Switzerland and was authorised by the Swiss Financial Market Supervisory Authority ('FINMA') in May 2022. There are no specific FINMA remuneration rules for BGE to adhere to.

5. IDENTIFIED STAFF

In accordance with the Central Bank of Ireland ('CBI') and FCA requirements, BGE maintains a list of staff whose professional activities have a material impact on the risk profile of the firm, the funds or portfolios it manages ('Identified Staff'). The list of Identified Staff is maintained on an ongoing basis by the BG Group HR Department. BGE's Identified Staff Policy details the processes and controls in place for the ongoing assessment and communication of risk taker status to relevant individuals.

6. PROPORTIONALITY

The AIFMD and UCITS remuneration requirements recognise that not all of the principles apply to firms equally, and each introduces a concept of proportionality, which reflects the application of the requirements in a way and to the extent that is appropriate to a firm's size, internal organisation (including legal structure) and the nature, scale and complexity of its activities and the risks inherent within this. An assessment of the application of proportionality for BGE has been undertaken and is reviewed annually by its Board.

In accordance with its proportionality assessment the Board of BGE has determined that it is not a significant management company or AIFM for the purposes of UCITS and AIFMD remuneration requirements and accordingly has not applied the provisions relating to a remuneration committee.

In addition, taking into consideration the risk profile, appetite and risk strategy of the firm and the funds and portfolios it manages, together with a non-exhaustive combination of its size, internal organisation, and the nature, scope and complexity of its activities, together with any other relevant criteria and within the limits of the ESMA Guidelines, the BGE Board has dis-applied the requirements of the ESMA Guidelines in relation to the following:

- a) variable remuneration in instruments;
- b) retention;
- c) deferral; and
- d) ex post incorporation of risk for variable remuneration (together, with the immediately foregoing bullets points, the 'Pay-out Process Rules')

The overall approach of BG's Group Remuneration Policy includes wide use of deferral, a fund based element to the variable remuneration and an overall design which meets the overarching regulatory objectives. Notwithstanding that in respect the specific Pay-out provisions, the concept of proportionality has been applied, and which has been assessed as being reasonable, but this does not impact on the implementation of the spirit of the requirements (if not always the letter) to all staff and officeholders.

7. DELEGATION

BGE delegates portfolio management to its parent Baillie Gifford Overseas Limited ('BGO'). BGE has confirmed that BGO is subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines.

BGO is subject to the FCA MIFIDPRU Remuneration Code. A firm to which FCA MIFIDPRU applies (by virtue of the limitation on the scope of its activities), should be regarded as subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Remuneration Guidelines.

8. DISCLOSURE

BGE will disclose detailed information regarding its remuneration policies and practices for members of staff whose professional activities have a material impact on the risk profile of the BGE's funds, as well as providing general information about the basic characteristics of BGE's remuneration policies and practices. A copy of BGE's Remuneration Policy will also be made available on the Baillie Gifford website [bailliegifford.com](https://www.bailliegifford.com).

9. SUSTAINABILITY RISKS AND REMUNERATION

The EU Sustainable Finance Disclosure Regulation (2019/2088) ('SFDR') requires financial market participants and financial advisers to include in its remuneration policies information on how the remuneration policy is consistent with the integration of sustainability risks. Sustainability risk is defined in SFDR as *"an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment"*.

OUR APPROACH

As long-term investors, sustainability risks are an important consideration in our investment management process. For further details on this, please see our stewardship principles **Our Stewardship Approach: ESG Principles and Guidelines 2023**. Our Governance & Sustainability team works closely with the Investment Risk function and the Investment teams, providing guidance on sustainability issues and highlighting areas for review. The team also provides guidance to BG's Equity Leadership Group and the Multi Asset & Income Leadership Group on investment strategy. As part of the BGE's annual remuneration processes, consideration is given to risk adjustments that should be made for significant breaches of BGE's standards of conduct or behaviour. For the 2022 performance year, this will include sustainability risk considerations.



10. ANNUAL REVIEW

This Policy (together with compliance herewith) will be subject to an annual internal review by the non-executive BGE Board, led by the Chairperson, who are also responsible for the monitoring of the Policy. Given the limited nature, scale and complexity of BGE's activities, the Policy will not be subject to an external, independent review. The review by the Chairperson and the BGE Board will ensure that:

- a) the overall remuneration system operates as intended;
- b) the remuneration Pay-outs are appropriate;
- c) the risk profile, long term objectives and goals of each fund is adequately reflected; and
- d) the Policy reflects best practice guidelines and regulatory requirements.

The BGE Board will take appropriate measures to address any deficiencies identified in the Policy.

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 bailliegifford.com