Balanced Strategy

2020 Governance and Sustainability Summary

BAILLIE GIFFORD | *Investment managers*

Risk Factors and Important Information

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

This communication was produced and approved in March 2021 and has not been updated subsequently. It represents views held at the time of writing and may not reflect current thinking.

Potential for Profit and Loss

All investment strategies have the potential for profit and loss, your or your clients' capital may be at risk. Past performance is not a guide to future returns.

Stock Examples

Any stock examples and images used in this article are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us. Any individual examples will represent only a small part of the overall portfolio and are inserted purely to help illustrate our investment style.

This article contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research, but is classified as advertising under Art 68 of the Financial Services Act ('FinSA') and Baillie Gifford and its staff may have dealt in the investments concerned.

All information is sourced from Baillie Gifford & Co and is current unless otherwise stated.

The images used in this article are for illustrative purposes only.

Legal Notice

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

CM14867 Balanced Stewardship Report WP LightV 0121
Ref: 50962 ALL AR 0083

Introduction

Welcome to the Baillie Gifford Balanced Strategy governance and sustainability update for 2020. Our purpose for writing this is more than to declare mere platitudes on the crucial areas of governance and sustainability; it is to demonstrate that an investment in Baillie Gifford's Balanced Strategy – including the Managed Fund – is an investment in a process which has long been committed to helping great companies get even better.

At Baillie Gifford we are focused on long-term, active, investing in both equities and bonds. Broadly speaking, our starting point is to focus on well-managed companies with sustainable competitive advantages and we would typically avoid those companies where poor governance, environmental or social factors are detrimental to future prospects. We seek to apply the same principles when investing in government bonds where possible. This, along with the partnership structure of our firm and the long-term, collaborative culture it engenders, enables us to build strong, lasting relationships with the companies in which we invest on your behalf.

As a result, if and when issues do arise, companies are more prepared to listen, meaning we can influence real change while championing your right to good stewardship. This document sets out in detail our efforts to be responsible investment managers. It covers how we think about governance and sustainability, how we seek to invest responsibly, and how we engage with companies to catalyse change where it is needed. It also notes the aspects of this process that we are working to enhance.

We hope you will find this an informative resource. Our desire is to be industry-leading stewards of your capital, and we welcome your feedback as we work towards this ambitious goal.

How We Think About Governance and Sustainability

At Baillie Gifford, we know our clients want us to achieve strong investment returns and we also believe that they care about the impact their capital can have on society and the environment. We therefore want our actions to reflect our shared values and concerns, as well as the broader responsibilities that come with managing significant sums of money.

We believe there is strong alignment between good governance and sustainability practices and achieving the best investment returns over the long run. Consideration of these issues has therefore long been embedded in our research and decision-making, as has active engagement with our clients' underlying investments. These factors are key components of our approach as long-term growth investors.

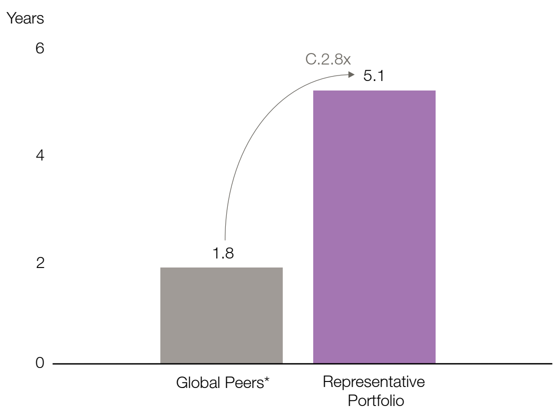
Our focus on governance and sustainability starts in the research process where we consider the values and long-term motivations of management as well as corporate culture. Our firm-wide stewardship principles (shown on page 4) guide us in our thinking in that regard. This then extends to ongoing research and review along with engaged voting (which is performed in-house). We believe that we invest in some of the best companies in the world and that as we engage with them, these businesses can only become better. However, the strategy does not operate in isolation, with engagement often being the result of firm-wide collaboration across our investment teams.

Each of these investment teams has a named Governance and Sustainability analyst who supports our investment managers in their regular interactions with company boards and senior management, as well as with proxy voting. We prioritise in-house governance and sustainability research over external research, as we believe that this is where we can add material value – by bringing a nuanced understanding of the performance of the companies we hold and, importantly, how they intend to develop over time and the measures in place to achieve this. This is supplemented by the increased level of access to companies that is afforded by long-term relationships (see chart below), and our reputation as thoughtful investors. This supports a level of engagement not possible by external research providers.

Our experience has taught us that governance and sustainability issues are rarely black and white. We are cognisant of the imperfect nature of the companies in which we invest, as well as the fact that actual investing requires patience and a constructive approach to helping businesses become better from a governance and sustainability perspective. It is for this reason that we prefer to engage with company management directly, as opposed to positively or negatively screening according to ESG factors.

At the same time, a positive, proactive approach to governance and sustainability can also be a competitive advantage for the companies in which we invest. Good governance can support better decision-making and capital allocation. Good social performance can create a more productive workforce. Good community relations can secure the social licence to operate. A conscientious approach to environmental impacts can lower operating costs and secure long-term access to natural resources.

Length of Ownership



Source: Baillie Gifford & Co, 1 year average turnover as at 31 December 2020.

*eVestment's Global All Cap Equity Investors universe is used as a representative sample.

Baillie Gifford’s Stewardship Principles

We invest in companies at different stages in their evolution, across vastly different industries and geographies and we celebrate their uniqueness. Consequently, we are wary of prescriptive policies and rules which may preclude us from investing in a company based on a simple metric. These measures often run counter to thoughtful and beneficial corporate stewardship, and can be short-term or even backward looking. Our approach therefore favours a small number of simple principles which help shape our interactions with companies and offer a richer understanding of them.

Prioritisation of long-term value creation

We encourage company management and their boards to be ambitious and focus their investments on long-term value creation. We understand that it is easy for businesses to be influenced by short-sighted demands for profit maximisation but believe these often lead to sub-optimal long-term outcomes. We regard it as our responsibility to steer businesses away from destructive financial engineering towards activities that create genuine economic value over the long run. We are happy that our value will often be in supporting management when others don’t.

A constructive and purposeful board

We believe that boards play a key role in supporting corporate success and representing the interests of minority shareholders. There is no fixed formula, but it is our expectation that boards have the resources, cognitive diversity and information they need to fulfil these responsibilities. We believe that a board works best when there is strong independent representation able to assist, advise and constructively test the thinking of management.

Long-term focused remuneration with stretching targets

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour. We believe incentive schemes can be important in driving behaviour, and we encourage policies which create alignment with genuine long-term shareholders. We are accepting of significant pay-outs to executives if these are commensurate with outstanding long-run value creation, but plans should not reward mediocre outcomes. We think that performance hurdles should be skewed towards long-term results and that remuneration plans should be subject to shareholder approval.

Fair treatment of stakeholders

We believe it is in the long-term interests of companies to maintain strong relationships with all stakeholders, treating employees, customers, suppliers, governments and regulators in a fair and transparent manner. We do not believe in one-size-fits-all governance and we recognise that different shareholder structures are appropriate for different businesses. However, regardless of structure, companies must always respect the rights of all equity owners.

Sustainable business practices

We look for companies to act as responsible corporate citizens, working within the spirit and not just the letter of the laws and regulations that govern them. We believe that corporate success will only be sustained if a business’s long-run impact on society and the environment is taken into account. Management and boards should therefore understand and regularly review this aspect of their activities, disclosing such information publicly alongside plans for ongoing improvement.

We take our responsibilities seriously. We encourage companies to focus on building a lasting competitive advantage, and we enthusiastically support management by taking a thoughtful approach to corporate stewardship, using voting to support our five core principles. At a time when the word ‘activism’ is synonymous with those targeting short-term gains, we would like to reclaim the term for the long-term growth investor.

Engagement Highlights

A selection of the company engagements that took place during 2020 for holdings across the Balanced Strategy.[1]

Stewardship Principles

- Prioritisation of long-term value creation
- A constructive and purposeful board
- Long-term focused remuneration with stretching targets
- Fair treatment of stakeholders
- Sustainable business practices

Emerging Markets

Norilsk Nickel

Norilsk Nickel is a Russian miner, primarily of three metals: nickel, copper and palladium. This year we engaged with the company after an oil spill at one of its facilities in Northern Russia. In the wake of this event we attended a call with management and sent a follow-up letter outlining our support for a swift clean-up of, and thorough investigation into, the cause of the spill. We have previously been encouraged by Norilsk Nickel's long-term commitment to more environmentally sustainable business practices, and have been clear that we believe this is critical to its long-term success. The availability of certain metals remains a key part of the global transition away from hydrocarbon-based energy, and we believe Norilsk Nickel is well placed to benefit from this.

North America

Amazon

Amazon is a leading online retail and web services business which epitomises the benefits of long termism. But, like many technology-focused companies, it faces new reputational risk challenges. Ensuring good employee working conditions has been a priority. In recent years, the company has raised wages of its warehouse staff in line with living wage recommendations, as well as implementing other initiatives, such as further education support and subsidised travel. We are supportive of the company's efforts to improve working conditions and have encouraged managers to provide health and safety data to allow us to monitor progress in this area. Alongside governance discussions, we have discussed Amazon's Climate Pledge and ambition to be a leader in meeting the Paris Agreement goals ten years early (by 2040) with Amazon's Head of Sustainability, and have been encouraged that it is a business which prioritises sustainable business practices.

[1]Note: not all companies are held in all client portfolios.

UK

Prudential

Prudential is an international financial services business. In 2019, it completed the demerger of M&G plc from Prudential plc. As a result, Prudential has become an Asia-led group focused on capturing opportunities in structural growth markets. We had a number of engagements with the board in light of the demerger. As part of these, we discussed with the chairman the recent turnover of long-serving senior management, succession planning, matters relating to regional divisions (including US, Indonesia, China), board structure, functioning and diversity. While our engagements touched upon several of our stewardship principles, our core focus throughout has been to ensure long-term value creation for our clients amid a complex and significant organisational change.

Developed Asia

Softbank

Softbank is a Japanese tech-focused holding company. This year, we had a call with Softbank's head of Investor Relations, prompted by an investor activism campaign. We discussed the campaign but also broader topics around capital allocation, corporate governance and the exciting growth prospects for the business. We sought to support the business through this time, making it clear that we wouldn't want management decisions to focus on satisfying the demands of shorter-term shareholders. While media attention focused mainly on short-term capital allocation decisions, we believe it is just as important to monitor corporate governance changes, as strong governance will naturally lead to sensible capital allocation outcomes in the long term.

Europe

Inditex

Inditex is a Spanish clothing company. We spoke with them in 2020 to help us to understand how the company monitors its supply chain and minimises the risks associated with third-party subcontractors. Peers have described Inditex's processes as 'industry leading', so we were interested to learn what it has done to merit best practice. The call gave us confidence in a robust third-party oversight process, which includes conducting regular audits. We also observed that Inditex is a company which is willing to build partnerships with various independent organisations that can provide on-the-ground monitoring. A particular highlight for us is the presence of a continually-evolving philosophy, which emphasises the importance of managing supply chain risk to the sustainability of revenues.

Europe

A.P. Moller-Maersk

A.P. Moller-Maersk is a leading global shipping operator which our corporate bond team has followed for some time. We engaged with Maersk to learn more about its sustainability strategy, among other things. The engagement allowed us to get comfortable with its strategy and it seems that sustainability continues to be core to its business. Maersk is committed to finding alternative fuels. The company sees this as an opportunity to differentiate itself from competitors and is working closely with various organisations to drive this research forward. Our engagement provided us with reassurance that the company sees sustainability as a key factor in its success, and when the Covid-19 crisis caused the bonds to fall in price, this offered us an attractive, high-yielding entry point into a very well-run company.

Beyond Equities

We believe governance and sustainability factors are applicable and important in fixed income and we therefore take these issues into account as part of our investment process.

Corporate Bonds

Alongside a company's long-term competitive position and capital structure, governance and sustainability factors are a key component in assessing a bond issuer's fundamental financial resilience. As well as providing warning signs of upcoming issues, governance and sustainability factors may also signal that a company is becoming a more attractive investment.

Our approach to the analysis of governance and sustainability issues in corporate bonds is flexible but is designed to focus on the most relevant or significant factors for each company. The output of our analysis is a numeric score. Our scoring process encourages nuance and does not black-list certain industries. Each issuer within the portfolio is scored 0, 1 or 2 which equate to the following classifications:

2 – strong: Materially positive characteristic(s)

1 – good: Management willing to engage, good disclosure available on material risk factors

0 – weak: A material issue is identified, limited disclosure available on material risk factors, management refuse to engage

We believe that companies which treat their stakeholders fairly, have an effective governance structure and pro-actively tackle sustainability issues will ultimately prosper, unlike those that disregard their corporate responsibilities

Sovereign Bonds

We lend to countries where we expect government spending will improve social and economic outcomes for the whole country. This improvement should, in turn, help a country to service and repay its debt. We examine key governance and sustainability factors to help assess a country's broad direction of travel (including associated risks) and ascertain whether our clients are likely to benefit in performance terms. As in equities, our primary focus is on investing in bonds where our clients can benefit from strong returns, rather than prioritising governance and sustainability factors in and of themselves. That said, material governance and sustainability risks may deter us from lending to some countries. For example, we may seek to avoid investing in the bonds of a country whose government we believe to be corrupt.

In our view, if a country is governed effectively, its people are respected and its natural assets are managed responsibly, there is a greater chance it will enjoy sustainable growth and development and be in a better position to repay bond debt investment or finance infrastructure projects.

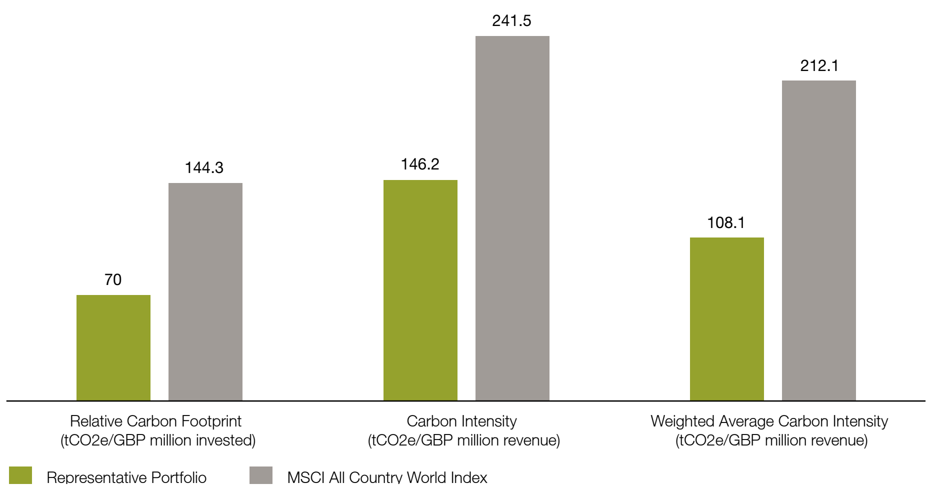
Carbon Footprint

Relative carbon footprint and carbon intensity

As a firm, we have committed to offsetting our carbon footprint by 200% on an ongoing basis. While we do not have a target for the carbon footprint or intensity of portfolio holdings in the Balanced Strategy, we are conscious that it is an area of increasing focus and importance for clients. With that in mind, we continue to challenge ourselves on the impact of holdings on the environment.

Our starting point is fundamental company analysis and ongoing engagement with companies, but analysis of the portfolio holdings' carbon footprint is a helpful tool that allows a greater understanding of the whole portfolio's carbon intensity.

The relative carbon footprint is the total carbon emissions of the representative portfolio per million GBP invested. It therefore tells us what the carbon footprint would be if we invested £1m in the Fund versus £1m in a benchmark index. The carbon intensity is the total carbon emissions per million GBP of revenue generated; this allows comparison with a benchmark index as a measure of the efficiency of the representative portfolio with regard to emissions per unit of financial output. The weighted average carbon intensity metric considers portfolio exposure to carbon-intensive companies. Although absolute impact is not taken into account, this metric is applicable and comparable across asset classes.



As at 31 December 2020.

The carbon footprint of the representative portfolio has been calculated using ISS-Ethix Climate Solutions carbon footprinting tool embedded within the yourSRI platform. This analysis includes equities and corporate bonds where data are available, and does not include sovereign bonds. The above metrics have been calculated and compared against the MSCI All Country World Index benchmark. All refer to scope 1 and 2 emissions only. Scope 1 emissions are those deriving directly from company activities (i.e. stack emissions and fuel use); scope 2 emissions arise indirectly as a result of electricity use. Emissions within these scopes are reasonably under the control of the company and can be expected to be calculated by all companies. Please note that these data are provided on a 'best endeavours' basis using the available market information, which includes estimated data and unverified company disclosure, so it is therefore open to challenge. It also uses the methodology of one provider (yourSRI), which may vary from other databases.

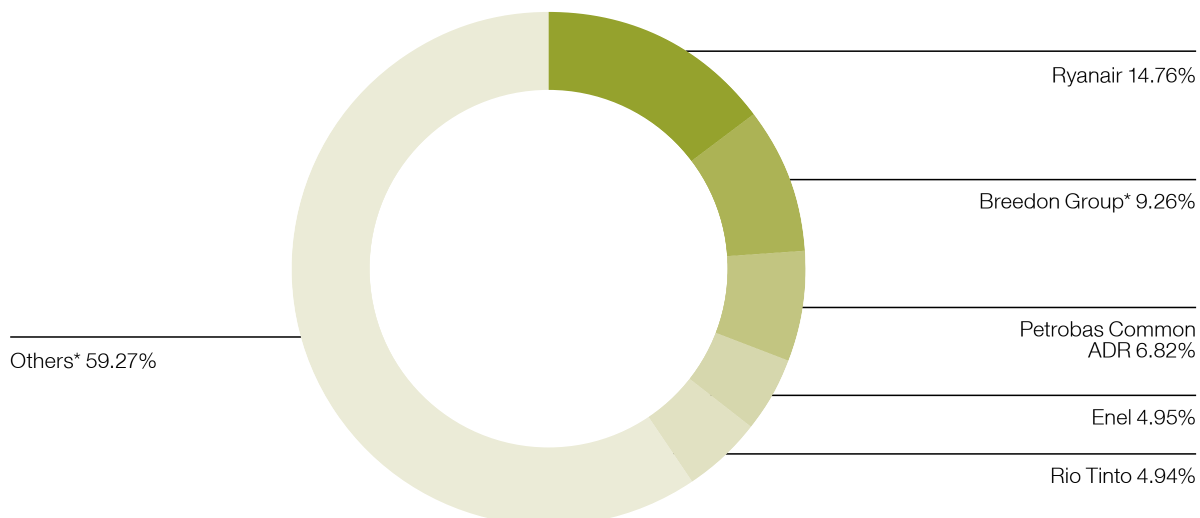
All three of these measures highlight that the representative portfolio is significantly less carbon intensive than the MSCI All Countries World Index. This reflects the nature of the businesses that we are most excited about. Many are capital light, innovative companies such as Spotify and Tencent. While there are some stocks in more carbon-intensive industries, such as aerospace, the strategy typically has few holdings in these areas. This is entirely a result of our bottom-up stock selection process that is focused on identifying exceptional growth companies and holding them for the long term.

Largest Contributors to Carbon Footprint

The companies contributing the most to the carbon footprint of the representative portfolio are identified in the chart below. We monitor carbon intensity, as well as the attitudes of management towards the long-term sustainability of the businesses in which we invest on behalf of our clients. We believe that corporate success will only be sustained if a business's long-run impacts on society and the environment are taken into account. Management and boards should therefore understand and regularly review this aspect of their activities, disclosing such information publicly alongside plans for ongoing improvement.

Largest Contributors to Carbon Footprint of the Representative Portfolio

(Function of Holding Size and Emissions)



As at 31 December 2020.

These data are provided on a 'best endeavours' basis using the available market information, which includes estimated data and unverified company disclosure, so it is therefore open to challenge. It also uses the methodology of one provider (yourSRI), which may vary from other databases. This analysis includes equities and corporate bonds where data are available, and does not include sovereign bonds.

*Approximated data.

The case for the contributors

Ryanair (equity + bond, 0.7% holding) is Europe's largest low-cost airline and is set to benefit from an increase in its customer base over time, as other airlines struggle with low profitability. In 2020, we met with Ryanair's Sustainability Director to discuss how the business can reduce carbon emissions. The company discloses carbon figures monthly and has set realistic carbon targets. This remains a high-emission sector, and the technical advances which will meaningfully contribute to carbon reduction among airlines – such as sustainable aviation fuel – are still in development.

© NurPhoto/Getty Images

Breedon Group (0.2% holding) is a UK-listed producer of construction materials such as cement. The company has shown itself to be competent in capital allocation and has the potential to make more small acquisitions which should benefit shareholders. We are mindful that cement production is carbon intensive. However, we have been encouraged by engagements with the company in 2020. Notably, Breedon created a new Sustainability Director position during the year, and has an ambition to exceed industry standards on environmental impacts.

Petrobras (0.3% holding) is a Brazilian oil company, and is one of the largest contributors to the representative account's carbon footprint in large part due to the very nature of the industry in which it operates. While much of the developed world has already begun to transition away from hydrocarbon-based energy, emerging economies remain largely dependent on more traditional fuels such as oil in order to develop. Petrobras has the lowest-cost, highest-growth exploration and production asset base of any global oil major outside of the Middle East.

Enel (bond, 0.1% holding) is a power company based in Rome. Most of Enel's revenue is generated in Italy which, as a nation, is aiming to produce 55% of its power from renewable energy by 2030. Whilst the company produces large amounts of carbon across its business, it has dramatically reduced emissions in recent years and has committed to becoming aligned with the Paris Agreement in the longer term.

Rio Tinto (0.8% holding) is an Anglo-Australian diversified metals and mining group. We have engaged several times with the company following the Juukan Gorge disaster in Australia in May 2020 to understand how this dreadful incident could have happened and what steps have been taken to learn from the mistakes. While the contrition of the company is genuine in our view, we have pushed for governance improvements that we think are in the best interests of all stakeholders. At the company's request we have also provided guidance and advice on its efforts towards meeting its goal of best-in-class ESG reporting and we consider our active ownership relationship to be helpful to its responsible ambitions.

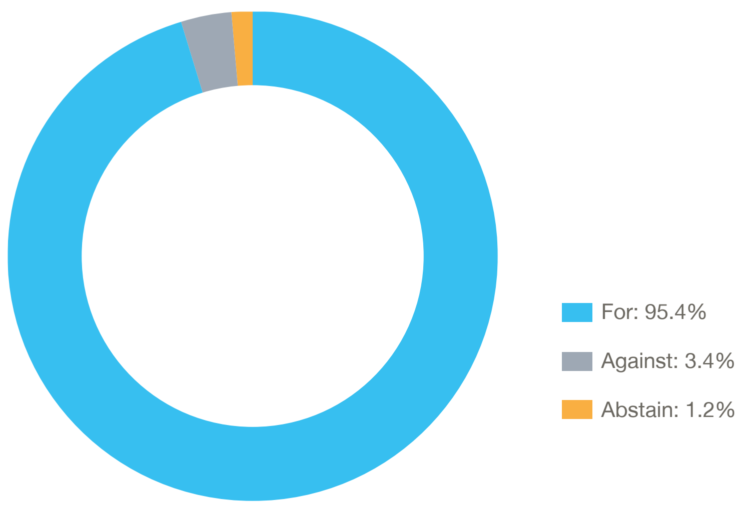

© 2016 Rio Tinto.

All holding sizes as at 31 December 2020 and are based on the representative portfolio.

Proxy Voting

We believe that active ownership of our clients' equity holdings is just as important as selecting the right investments. Proxy voting at company meetings is one of the key components of our stewardship activities. It allows us, where necessary, to influence or challenge the management teams of the companies we invest in for our clients. The Baillie Gifford Governance and Sustainability Team has primary responsibility for coordinating proxy voting across all of the firm's holdings, working closely with our investors.

Proxy Voting Statistics



Source: Baillie Gifford & Co. Based on a representative portfolio as at 31 December 2020.
Totals may not sum due to rounding.

The year 2020 posed unique challenges in engaging with companies on our clients' behalf. However, our approach to stewardship did not change, and we were able to maintain good access to companies despite most of us working from home for a significant proportion of the year. This allowed us to continue to effect change among the strategy's holdings where needed, on our clients' behalf. Highlights include our discussions with Homeserve, the UK-listed home insurance and repairs business. In this instance, we engaged on the recruitment of an appropriate new Chairman of the Board, as well as on board diversity. We were pleased to see the former completed, and will continue to monitor the impact on diversity from forthcoming board hires.

Supporting Shareholder Resolutions

The vast majority of the votes we cast on behalf of our clients, are cast in favour of AGM resolutions proposed by company management. We believe that a key part of our role as genuinely long-term investors is to provide support for management through the peaks and troughs in a company's lifecycle; sticking by them when the going gets tough, as well as being able to enjoy the high points with them. This allows us to further strengthen relationships with management and encourages them to make decisions focused on the long term. We also engage on an ongoing basis and in many cases are able to support shareholder resolutions because of this continuing dialogue and understanding – in short, there shouldn't be too many surprises because we keep in close contact with management. We believe a company's management team is pivotal to its chances of long-term success, and strong relationships with them allow us to engage more effectively.

Bunzl, UK, April 2020 AGM

We had previously opposed the authority to issue two-thirds of issued share capital with pre-emption rights. However, we supported the higher level of issuance authority in 2020 to provide Bunzl with additional flexibility amidst the Covid-19 pandemic.

Examples of Why We Oppose

Topic	Sustainability	Board Composition
Company	Alphabet	Investor
Country	US	Sweden
What	Technology-focused holding company, best known as the parent of Google	Holding company
When	June 2020 AGM	June 2020 AGM
Why	We opposed a shareholder resolution to include sustainability objectives within executive pay as we do not believe it is necessary or will increase management's focus on these issues.	We opposed a shareholder proposal to provide direct Board and Nomination Committee representation for small and medium-sized shareholders as existing board and Nomination Committee members are under a legal obligation to act in the interest of all members, irrespective of shareholding size.

Whichever way we vote, be it for or against a resolution, the long-term interests of our clients are always front-of-mind.

Important Information

Baillie Gifford & Co and Baillie Gifford & Co Limited are authorised and regulated by the Financial Conduct Authority (FCA). Baillie Gifford & Co Limited is an Authorised Corporate Director of OEICs.

Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK Professional/ Institutional clients only. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford & Co and Baillie Gifford Overseas Limited are authorised and regulated by the FCA in the UK.

Persons resident or domiciled outside the UK should consult with their professional advisers as to whether they require any governmental or other consents in order to enable them to invest, and with their tax advisers for advice relevant to their own particular circumstances.

Europe

Baillie Gifford Investment Management (Europe) Limited provides investment management and advisory services to European (excluding UK) clients. It was incorporated in Ireland in May 2018 and is authorised by the Central Bank of Ireland. Through its MiFID passport, it has established Baillie Gifford Investment Management (Europe) Limited (Frankfurt Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in Germany. Baillie Gifford Investment Management (Europe) Limited also has a representative office in Zurich, Switzerland pursuant to Art. 58 of the Federal Act on Financial Institutions ("FinIA"). It does not constitute a branch and therefore does not have authority to commit Baillie Gifford Investment Management (Europe) Limited. It is the intention to ask for the authorisation by the Swiss Financial Market Supervisory Authority (FINMA) to maintain this representative office of a foreign asset manager of collective assets in Switzerland pursuant to the applicable transitional provisions of FinIA. Baillie Gifford Investment Management (Europe) Limited is a wholly owned subsidiary of Baillie Gifford Overseas Limited, which is wholly owned by Baillie Gifford & Co.

Hong Kong

Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 is wholly owned by Baillie Gifford Overseas Limited and holds a Type 1 and a Type 2 licence from the Securities & Futures Commission of Hong Kong to market and distribute Baillie Gifford's range of collective investment schemes to professional investors in Hong Kong. Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 can be contacted at Room 3009-3010, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong. Telephone +852 3756 5700.

South Korea

Baillie Gifford Overseas Limited is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-discretionary Investment Adviser.

Japan

Mitsubishi UFJ Baillie Gifford Asset Management Limited ('MUBGAM') is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and Baillie Gifford Overseas Limited. MUBGAM is authorised and regulated by the Financial Conduct Authority.

Australia

This material is provided on the basis that you are a wholesale client as defined within s761G of the Corporations Act 2001 (Cth). Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth). It is exempt from the requirement to hold an Australian Financial Services License under the Corporations Act 2001 (Cth) in respect of these financial services provided to Australian wholesale clients. Baillie Gifford Overseas Limited is authorised and regulated by the Financial Conduct Authority under UK laws which differ from those applicable in Australia.

South Africa

Baillie Gifford Overseas Limited is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa.

North America

Baillie Gifford International LLC is wholly owned by Baillie Gifford Overseas Limited; it was formed in Delaware in 2005 and is registered with the SEC. It is the legal entity through which Baillie Gifford Overseas Limited provides client service and marketing functions in North America. Baillie Gifford Overseas Limited is registered with the SEC in the United States of America.

The Manager is not resident in Canada, its head office and principal place of business is in Edinburgh, Scotland. Baillie Gifford Overseas Limited is regulated in Canada as a portfolio manager and exempt market dealer with the Ontario Securities Commission ('OSC'). Its portfolio manager licence is currently passported into Alberta, Quebec, Saskatchewan, Manitoba and Newfoundland & Labrador whereas the exempt market dealer licence is passported across all Canadian provinces and territories. Baillie Gifford International LLC is regulated by the OSC as an exempt market and its licence is passported across all Canadian provinces and territories. Baillie Gifford Investment Management (Europe) Limited ('BGE') relies on the International Investment Fund Manager Exemption in the provinces of Ontario wand Quebec.

Oman

Baillie Gifford Overseas Limited ("BGO") neither has a registered business presence nor a representative office in Oman and does not undertake banking business or provide financial services in Oman. Consequently, BGO is not regulated by either the Central Bank of Oman or Oman's Capital Market Authority. No authorization, licence or approval has been received from the Capital Market Authority of Oman or any other regulatory authority in Oman, to provide such advice or service within Oman. BGO does not solicit business in Oman and does not market, offer, sell or distribute any financial or investment products or services in Oman and no subscription to any securities, products or financial services may or will be consummated within Oman. The recipient of this document represents that it is a financial institution or a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that its officers/employees have such experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

Qatar

This strategy is only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved. This does not constitute an offer to the public and is for the use only of the named addressee and should not be given or shown to any other person (other than employees, agents, or consultants in connection with the addressee's consideration thereof). Baillie Gifford Overseas Limited has not been and will not be registered with Qatar Central Bank or under any laws of the State of Qatar. No transactions will be concluded in your jurisdiction and any inquiries regarding the strategy should be made to Baillie Gifford.

Israel

Baillie Gifford Overseas is not licensed under Israel's Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 5755-1995 (the Advice Law) and does not carry insurance pursuant to the Advice Law. This document is only intended for those categories of Israeli residents who are qualified clients listed on the First Addendum to the Advice Law.

CURIOUS ABOUT THE WORLD

bailliegifford.com/thinking

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