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Purpose of Disclosure

This disclosure is designed to provide information on Baillie Gifford's remuneration policies and practices. Baillie Gifford is required to comply with Remuneration Code requirements within the FCA's handbook of rules and guidance which implement European Union regulatory measures, including the UCITS Directive, the Alternative Investment Fund Managers Directive (AIFMD), Markets in Financial Instruments Directive (MiFID II) and the Capital Requirements Directive (CRDIV) and related European Securities and Markets Authority (ESMA) or European Banking Authority (EBA) guidelines on sound remuneration policies.

These rules recognise that not all Remuneration Code principles apply to firms equally and introduce a concept of proportionality, which applies the Code to the extent that it is appropriate to a firm's size, internal organisation (including legal structure) and the nature, scope and complexity of its activities.

Scope

The following information relates to Baillie Gifford & Co, and its subsidiary and joint venture companies

In order to provide its services to clients, Baillie Gifford & Co and certain of its subsidiary and joint venture companies ('Baillie Gifford') are authorised and regulated by a number of regulatory authorities. These include the Financial Conduct Authority ('FCA'), in respect of our UK operations, Central Bank of Ireland ('CBI') in respect of our Irish operations and the Securities and Exchange Commission ('SEC'), in respect of our investment advisory activities for clients in the United States.

The following table sets out the application of relevant Remuneration Code requirements to firms within the Baillie Gifford group:-

Partnership	Remuneration Code	Prudential Rules
Baillie Gifford & Co	SYSC 19C and 19F	BIPRU
Subsidiary Companies		
Baillie Gifford Overseas Limited	SYSC 19C and 19F	BIPRU
Baillie Gifford Investment Management (Europe) Limited	SYSC 19C and 19F	BIPRU
Baillie Gifford & Co Limited	SYSC19B and 19E	IPRU (INV)
Baillie Gifford Savings Management Limited	SYSC19A and 19F	IFPRU
Joint Venture Company		
Mitsubishi UFJ Baillie Gifford Asset Management Limited	SYSC19F	Exempt CAD Firm

The disclosures have been reviewed and approved by the governing body of Baillie Gifford & Co (the 'Management Committee') and are published on the Baillie Gifford website. They have not been subject to audit.

As a private partnership each of the partners of Baillie Gifford & Co is jointly and severally liable for the obligations of the firm and this liability is unlimited. All partners work within the business.

Remuneration Policy and Practices

General

Baillie Gifford endeavours to reward partners and staff fairly and appropriately for their contribution towards the success of the business and the level of service and performance delivered to its clients. The remuneration policy is designed to be consistent with and promote sound and effective risk management and should not encourage excessive risk-taking that exceeds Baillie Gifford's risk tolerance. It is designed to be in line with Baillie Gifford's strategy, its risk profile and risk management practices, our values and the long-term interests of Baillie Gifford and its clients. The policy has been designed to avoid conflicts of interest and is subject to independent internal review by the Compliance and

Business Risk functions. In order to achieve this, the remuneration of staff is reviewed annually, taking into account individual performance and market practice for the role being undertaken. In addition, bonus arrangements are reviewed periodically in order to ensure their effectiveness. Bonus calculations and targets are also reviewed annually to ensure that they are appropriate, fair and consistent across Baillie Gifford.

For the purposes of this disclosure, remuneration shall not refer to dividends or distributions to the partners of Baillie Gifford & Co as owners of the business.

Remuneration Code Material Risk Takers

Each FCA Remuneration Code (apart from SYSC 19F) requires Baillie Gifford to identify individuals whose professional activities have a material impact on its risk profile (known as ‘Material Risk Takers’) and the remuneration rules and disclosures (subject to proportionality) apply to those individuals.

The following categories of partners and staff within Baillie Gifford were identified as individuals who should be defined as Material Risk Takers (MRTs) in respect of each BIPRU firm:-

- 1 The Joint Senior Partners and all other partners on the Management Committee of Baillie Gifford & Co;
- 2 All executive directors of each regulated subsidiary, where not already covered as a member of the Management Committee;
- 3 The Heads of ‘Control and Support Functions’, namely the Heads of Business Risk, Internal Audit, Compliance, Human Resources, Finance, Information Systems and Legal, the Chief Risk Officer, MLRO and the Compliance & Legal Partner; and
- 4 Other individuals who are either members of the governance forums within Baillie Gifford with key decision-making responsibility (in this case the Investment Management Group, the Group Risk Committee, the Remuneration Committee, and the Clients Department Management Group), the Chairs of specified Groups or Committees involved in the governance or business management of Baillie Gifford not already covered, are line managers for any individual identified or whose total remuneration takes them into the same remuneration bracket as 1 and 2 above, and whose activities have a material impact on the firm’s risk profile, who are not already covered by categories 1–3 above.
- 5 For Baillie Gifford & Co only, all Partners not already identified covered under 1 to 4 above.

The criteria for identifying Material Risk Takers for Baillie Gifford Savings Management Ltd (BGSM), and Baillie Gifford & Co Ltd (BG & Co Ltd) are set out in the appendix along with additional remuneration disclosures specific to those entities.

Remuneration Governance Framework

The Joint Senior Partners, on behalf of the Partnership, have established the Management Committee (comprising one of the Joint Senior Partners and 6 other Partners) which is responsible for the operational management of the firm. The Management Committee is responsible for the approval of all policies relating to staff remuneration within the firm. In addition, the Management Committee is the final level of approval for the recommendations on levels of salary increases and bonus awards made during the firm’s annual review process. In doing so, the Management Committee will consider the general risks and parameters affecting the firm’s business and the measures taken across the business to ensure that the remuneration awards and parameters do not conflict with the firm’s long term aims and the best interests of its clients.

The Management Committee has in turn established a Remuneration Committee (comprising of a number of Partners and representatives from the Human Resources Department) which is responsible for the operational oversight and administration of the firm’s remuneration policies and practices. The Remuneration Committee considers input provided by HR, Compliance, Business Risk and Internal Audit when reviewing remuneration issues, including any risk adjustment or controls deemed necessary. The control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of objectives linked to their functions, independent of the performance of the business units they oversee. The Remuneration Committee will also work closely with HR to formulate the annual strategies for the salary and bonus review and oversee its implementation.

Partners’ remuneration and ownership stakes are decided by the Senior Partners reflecting the length of service as a partner, contribution and ability to add to the goodwill of the firm. The Senior Partners also consider inputs from Compliance, Business Risk and Internal Audit on any relevant risk and compliance issues when reviewing remuneration and ownership stakes.

Salary/Bonus Review Process

In terms of the salary review process, the level of salary awarded is influenced by individual performance, the profitability and performance of the firm and the movement in salary levels for the relevant job match within independent survey data utilised by Baillie Gifford. This information is collated and analysed by the HR Department, who submit recommendations on salary awards for each member of staff to the Remuneration Committee. The Remuneration Committee may adjust salary awards according to the information provided which will include input from Compliance, Business Risk and Internal Audit on any relevant risk and compliance concerns. Independent advice on various remuneration issues and best practice is also received periodically by various consultants.

The Management Committee then finalises and authorises the annual salary awards for all staff, and specifically the remuneration of senior officers in the risk management and compliance functions.

In terms of variable remuneration, Baillie Gifford generally operates three separate bonus schemes, covering Investment Teams, the Clients Department, and Operations Departments. Within each scheme there are four levels of potential bonus and maximum awards which vary according to the firm's profitability. Maximum levels have been established for each scheme in terms of ratios of fixed to variable pay. Within these maximum limits, performance for determining the actual levels of bonus awarded is measured at both an individual and a team level.

Ratings for individual performance are determined, following discussion with the individual, as part of Baillie Gifford's annual appraisal process which considers both the completion of annual objectives and the level of competence an individual has demonstrated in the role, including integrity. The methods used to determine team performance vary according to the business area that the scheme covers. For Investment staff, team performance will be measured on long term investment performance relative to the benchmark for each investment team or group. For Clients Department and Operations Departments staff, team performance is measured on a Net Promoter Score i.e the likelihood of clients to recommend Baillie Gifford to other organisations, as measured periodically by an external agency on our behalf. For members of the Intermediary

Sales team, performance is measured against team targets that are based on net-sales; with a significant proportion being determined by a qualitative assessment based on competencies and behaviours.

Baillie Gifford operates deferral arrangements whereby a proportion of variable pay for all bonus scheme participants is deferred, the proportions deferred varying between 20% and 40% of variable remuneration depending upon scheme level. The deferral period is for 3 years and vests on a pro rata basis with a retention period of 6 months thereafter. The proportion of variable remuneration which is deferred is held in a selection of Baillie Gifford collective investment schemes.

This deferral arrangement is aligned to Baillie Gifford's longer-term approach as a firm and the long-term investment strategies for clients. Deferring into shares in collective investment schemes managed by Baillie Gifford also aligns the interests of staff in the bonus scheme with the interests and experience of Baillie Gifford's clients generally.

The structure of Baillie Gifford's bonus arrangements also builds in mechanisms to make risk adjustments at a group level for known future losses which are not accounted for at the time bonus levels are set, and also at an individual level, where a member of the bonus scheme is found to have acted inappropriately or taken excessive risks, in order to achieve greater levels of reward.

All partners receive monthly 'salaries' during the year, which are set by the Senior Partners, as total payment for doing their jobs. They are fixed in all but extreme circumstances, when 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 (with the exception of transitional arrangements for new partners) is Return on Capital Employed and is therefore not classified as remuneration. It entirely relates to the individual partner's share of capital rather than any short-term measure of performance.

The aggregate quantitative information on remuneration of Baillie Gifford's Material Risk Takers in the investment management business (Baillie Gifford's one business line), including BGSM & BG & Co Ltd, as at 31 March 2019 is £27.96m. This consists of 62 people who are all senior management. The remuneration comprises base salary, variable remuneration and other benefits in accordance with the rules.

Appendix

Additional Disclosures for Baillie Gifford Savings Management Ltd under CRD IV and the Capital Requirements Regulation

Remuneration

Please refer to the disclosures on remuneration set out earlier in this statement.

In addition, the Board of BGSM maintains and oversees a remuneration policy in accordance with CRD IV which is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of risk tolerated by the Board. The Board reviews this policy at least annually and it is also subject to an annual central and independent internal review by Compliance and Business Risk Departments.

In accordance with Regulatory Technical Standards issued by the European Banking Authority (Commission Delegated Regulation No 604/2014), the following categories of Baillie Gifford's partners and staff are identified as individuals whose professional activities have a material impact on BGSM's risk profile under CRD IV (Material Risk Takers):-

- 1 All executive directors of BGSM;
- 2 The Heads of Baillie Gifford's 'Control and Support Functions', namely the Heads of Business Risk, Internal Audit, Compliance, Finance and Legal, the Chief Risk Officer, MLRO, CASS Oversight function-holder and the Compliance & Legal Partner;
- 3 Joint Senior Partners;
- 4 All members of the Management Committee, Partner members of the Group Risk Committee and Remuneration Committee and Chair of the Audit Committee.
- 5 All line managers of those identified as 1 to 3 above and any other individuals whose total remuneration takes them into the same remuneration bracket as 1 to 3 above, and whose activities have a material impact on the firm's risk profile who are not already covered by 1 to 3 above.

Baillie Gifford's Management Committee oversees the remuneration of the senior officers in the risk management and compliance functions, and also ensures that, for staff engaged in Control Functions, they are compensated in accordance with the achievement of objectives linked to their functions, independent of the performance of BGSM itself.

BGSM does not maintain a separate remuneration committee as it is not a 'significant institution'.

Additional Disclosures for Baillie Gifford & Co Ltd (BG & Co Ltd) under UCITS V Directive and the Alternative Investment Fund Managers Directive (AIFMD)

Remuneration

Please refer to the disclosures on remuneration set out earlier in this statement.

In addition, the Board of BG & Co Ltd maintains remuneration policies and practices in accordance with the UCITS V Directive and AIFMD that are consistent with and promote sound and effective risk management and do not encourage risk taking which is inconsistent with the risk profiles or instruments constituting the UCITS and AIFs it manages and does not impair BG & Co Ltd's compliance with its duty to act in the best interests of the UCITS and AIFs it manages. The remuneration includes fixed and variable components.

The Board of BG & Co Ltd has adopted a remuneration policy which is in line with the business strategy, objectives, values and interest of the Company, the UCITS and AIFs it manages and the investors in such UCITS and AIFs and includes measures to avoid conflicts of interest.

This policy is reviewed at least annually by members of the Board of BG & Co Ltd who do not perform any executive functions in the company and have expertise in risk management and remuneration. It is also subject to an annual central and independent review by the Compliance and Business Risk Departments.

In accordance with the UCITS V and AIFMD remuneration requirements, BG & Co Ltd maintains a list of staff identified as Material Risk Takers (MRTs) that are covered by the specific provisions of the remuneration regime. MRTs for BG & Co Ltd are the directors of the Company, members of the Group's Management Committee, partner members of the Group Risk Committee and Remuneration Committee, the Chair of the Audit Committee, Heads of the Control Functions, namely Compliance, Business Risk and Internal Audit, the MLRO for BG & Co Ltd, the Director of Business Risk & Internal Audit and the Compliance & Legal Partner and other senior management staff.

Quantitative Remuneration Disclosures

In accordance with AIFMD, BG & Co Ltd is required to provide the following quantitative remuneration disclosure for its Staff as at 31 March 2019:

Fixed remuneration for work attributable to BG & Co Ltd, for its role as AIFM, during the financial year:	£1.36m
Variable remuneration for work attributable to BG & Co Ltd, for its role as AIFM during the financial year:	£0.54m
Total remuneration for work attributable to BG & Co Ltd, for its role as AIFM, during the financial year:	£1.90m
Number of beneficiaries:	40
Total remuneration paid to MRTs for work attributable to BG & Co Ltd, for its role as AIFM during the financial year:	£1.83m
Number of Material Risk Takers:	25

The total remuneration is the proportion of overall remuneration for Staff as it relates to the time spent on AIF related activity for BG & Co Ltd.

All Material Risk Takers are senior managers or staff engaged in control functions of BG & Co Ltd and therefore a breakdown of remuneration between senior management and other risk takers is not applicable.

In accordance with UCITSV, BG & Co Ltd is required to provide the following quantitative remuneration disclosure for its Staff as at 31 March 2019:

Fixed remuneration for work attributable to BG & Co Ltd, for its role as authorised fund manager of UCITS, during the financial year:	£1.36m
Variable remuneration for work attributable to BG & Co Ltd, for its role as authorised fund manager of UCITS during the financial year:	£0.72m
Total remuneration for work attributable to BG & Co Ltd, for its role as authorised fund manager of UCITS, during the financial year:	£2.08m
Number of beneficiaries:	40
Total remuneration paid to MRTs for work attributable to BG & Co Ltd, for its role as authorised fund manager of UCITS during the financial year:	£2.00m
Number of Material Risk Takers:	25

The total remuneration is the proportion of overall remuneration for Staff as it relates to the time spent on UCITS related activity for BG & Co Ltd.

All MRTs are senior managers or staff engaged in control functions of BG & Co Ltd and therefore a breakdown of remuneration between senior management and other risk takers is not applicable.

This remuneration disclosure has been provided at the level of BG & Co Ltd as AIFM and authorised fund manager of UCITS. Remuneration information at an individual AIF or UCITS level is not readily available

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