

**Baillie Gifford™**

Baillie Gifford Global Income Growth Fund

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Shareholder Rights Directive Annual Disclosure  
for the period 01 January 2023 to 31 December 2023



This disclosure is produced to meet our obligation to provide enhanced reporting under the Shareholder Rights Directive (SRD) requirements. It is not marketing material. This document is solely for the use of professional investors and should not be relied upon by any other person. It is not intended for use by retail clients.

## Our Investment Strategy

The aim of the Global Income Growth investment strategy is to deliver two outcomes for clients over the long term: a dependable income stream and real growth in income and capital. We are primarily bottom-up, active investors and invest in companies that we believe can pay dependable dividends across the cycle and also have the prospect of real growth in profits, which will lead to growth in dividends and capital over the long term.

Companies which can do both of these things are not easy to find, but they are highly attractive to a client who needs income today and is also seeking long-term growth in income and capital.

## How We Make Investment Decisions

The Global Income Growth team comprises three portfolio managers and four analysts. In addition, the strategy benefits from the insights of a dedicated ESG analyst and of an investigative researcher.

Our fundamental analysis starts with our nine-question research framework, which considers factors such as the long-term sustainability of a company's business model, the earnings growth opportunity, the quality of management, the resilience of dividends and the likely skew of total returns. Every investment idea is robustly tested at a stock discussion, where the team scores companies on four critical factors: growth in long-term cashflow; income level and growth; dependability of dividends; and total return potential.

Portfolio decisions are taken by a majority vote amongst the investment managers, who have full responsibility for the portfolio. However, based on our sustainability assessment, our ESG analyst has the right of veto over any investment which he believes is inconsistent with a responsible approach.

Our attitude to risk is pragmatic and we consider it from several perspectives. The key risk to our approach is incorrect analysis of company fundamentals. We aim to avoid this by debating all new buy ideas and rigorously challenging investment cases. We also assess the dependability of each company's dividend policy using our Dependability Checklist. To further mitigate the income risk of any one stock, we cap every stock's contribution to the portfolio's underlying income at 5 per cent. Finally, our portfolios are constructed from the bottom up. To avoid excessive concentration of income and capital, we have prudent guidelines to ensure diversification.

## Key Material Medium to Long Term Risks

Fundamental risk - the permanent loss of capital and the risk of missing out on companies which subsequently post strong returns. We therefore place significant emphasis in our investment management process on understanding the fundamentals of the companies in which we invest, including environmental, social and governance factors (ESG), which may impact the sustainability of future growth.

Portfolio risk - a failure to maintain an appropriate level of diversification at the strategy level. A series of investment guidelines are in place which are intended to ensure that there is a sufficient level of diversification.

Liquidity risk - a failure to maintain appropriate level of liquidity at the strategy level. We have a series of guidelines that ensure the strategy remains sufficiently liquid to enable positions to be exited or client cash flows to be managed with minimal impact.

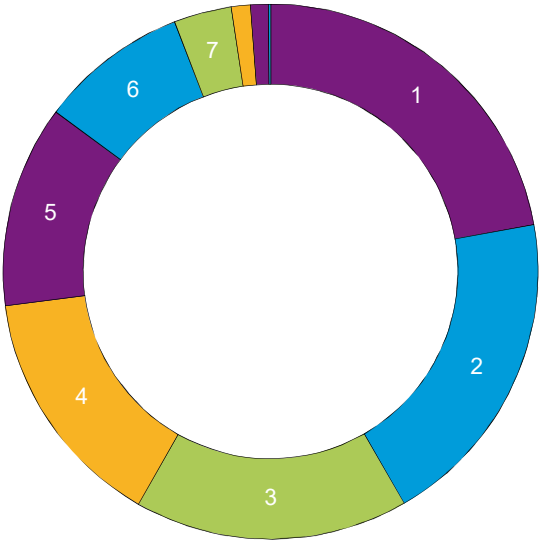
**Portfolio Composition**

The Fund invests in an actively managed and well-diversified portfolio of stocks from around the world. It generally contains 50–80 stocks, and positions at initiation are typically 1–3 per cent of the portfolio. We seek to ensure a high degree of diversification of both income and capital, with no stock representing more than 5 per cent of the portfolio’s income stream or capital at the time of purchase.

**Top Ten Holdings**

Asset Name	% of Portfolio
Novo Nordisk	4.6
Microsoft	4.1
Watsco Inc	4.1
Fastenal	3.5
Partners Group	3.1
TSMC	3.0
Atlas Copco A	2.9
Procter & Gamble	2.9
Apple	2.8
Schneider Electric SE	2.6

**Sector Analysis of Total Assets**



	%
1 Industrials	22.3
2 Information Technology	19.5
3 Financials	16.6
4 Consumer Staples	14.8
5 Health Care	12.3
6 Consumer Discretionary	9.0
7 Communication Services	3.5
8 Utilities	1.2
9 Materials	1.1
10 Cash	-0.1

Source: Baillie Gifford & Co.  
Please note that totals may not add due to rounding.

Turnover and Turnover (Transaction) Costs

	%
Rolling One Year Turnover	13

Rolling One Year Turnover is calculated as the lesser of the sum of all purchases and the sum of all sales in each month divided by the monthly average market value, summed over 12 months. Turnover is a measure of average investment horizon, the lower the turnover the longer the average investment horizon.

Transaction costs:	%
Explicit transaction costs	0.06
Implicit transaction costs	0.29

Explicit costs are directly observable and include broker commissions and transaction taxes and fees. Implicit costs are the indirect costs associated with buying and selling of securities. Specifically, implicit costs represent the differential between the actual transaction price (excluding taxes and commissions) and the mid-market price of the asset when the order to transact was transmitted to a third-party. Due to the methodology used, overall transaction costs may be 'negative' if individual securities are purchased below the prevailing mid-price or conversely sold above the mid-price. Current MiFID II guidance requires us to disclose these costs, even if they result in a negative figure (i.e. an implicit gain to the investor).

Our Governance and Sustainability Approach

We look beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on their long-term prospects, including material governance and sustainability factors which we believe will positively or negatively affect the financial returns of an investment. In keeping with our decentralised and autonomous culture, we are comfortable with our various investment strategies taking different approaches to reach the same goal of properly assessing and weighing up governance and sustainability considerations in the investment process. Further information regarding our approach is detailed in our Governance and Sustainability Principles and Guidelines available in the About Us section of our website.

Our Approach to Voting and Engagement

Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. Our Governance and Sustainability team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource the responsibility of voting to third-party suppliers. We utilise research from proxy advisers for information only. Additionally, Baillie Gifford does not lend securities on behalf of our clients. Where a client chooses to lend securities, we may consider requesting that clients recall any securities on loan to enable us to vote if we deem a meeting to be significant or contentious.

We engage regularly with management and board members to identify and understand issues and to monitor performance. Analysts from the Governance and Sustainability team regularly join our investors for these meetings, in addition to meetings that they will arrange directly with company representatives to discuss specific issues. Further details of Baillie Gifford's approach to voting and engagement is outlined in our Governance and Sustainability Principles and Guidelines document available in the About Us section of our website.

Detailed below are the engagements and the most significant votes we have carried out.

## Company Engagement

Engagement Type	Company
Environmental	Admiral Group plc, Albemarle Corporation, Analog Devices, Inc., Arthur J. Gallagher & Co., Cognex Corporation, Dolby Laboratories, Inc., Greencoat UK Wind PLC, Man Wah Holdings Limited, Midea Group Co., Ltd., Nestle S.A., Partners Group Holding AG, TCI Co., Ltd., Texas Instruments Incorporated, The Procter & Gamble Company, United Parcel Service, Inc., Valmet Oyj, Watsco, Inc., Wolters Kluwer N.V.
Social	ANTA Sports Products Limited, Albemarle Corporation, Coloplast A/S, Dolby Laboratories, Inc., Fastenal Company, Kering SA, Medtronic plc, Nestle S.A., Novo Nordisk A/S
Governance	Admiral Group plc, Albemarle Corporation, Amadeus IT Group, S.A., Analog Devices, Inc., Arthur J. Gallagher & Co., B3 S.A. - Brasil, Bolsa, BalcAo, CAR Group Limited, Cognex Corporation, Coloplast A/S, Dolby Laboratories, Inc., Edenred SE, Eurofins Scientific SE, Greencoat UK Wind PLC, Hargreaves Lansdown plc, Intuit Inc., Kering SA, Kuehne + Nagel International AG, L'Oreal S.A., Man Wah Holdings Limited, Medtronic plc, Nestle S.A., Novo Nordisk A/S, SAP SE, Schneider Electric S.E., Starbucks Corporation, T. Rowe Price Group, Inc., TCI Co., Ltd., Taiwan Semiconductor Manufacturing Company Limited, Texas Instruments Incorporated, The Coca-Cola Company, The Procter & Gamble Company, USS Co., Ltd., United Parcel Service, Inc., Valmet Oyj, Wolters Kluwer N.V.
Strategy	Diageo plc, Wolters Kluwer N.V.

## Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies	57	27
Resolutions	938	113
		10
		17

## Significant Votes Cast in Favour

Company	Meeting Details	Voting Rationale
Apple	Annual 10/03/23 Resolution(s): 8	We supported a shareholder resolution requesting the company report on median pay gaps across race and gender. We believe the additional disclosure would allow shareholders to better assess the internal equity of pay and would also allow comparability over time and across organisations. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
AVI	AGM 08/11/23 Resolution(s): 0.33	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Carsales.com	AGM 27/10/23 Resolution(s): 3A	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Coca Cola	Annual 25/04/23 Resolution(s): 1e	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Edenred	MIX 11/05/23 Resolution(s): 4, 4	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.

Company	Meeting Details	Voting Rationale
Hargreaves Lansdown	AGM 08/12/23 Resolution(s): 11-13, 15, 16, 18-20, 22	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Rio Tinto	AGM 06/04/23 Resolution(s): 21	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Schneider Electric SE	MIX 04/05/23 Resolution(s): 6, 6	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Starbucks Corp	Annual 23/03/23 Resolution(s): 8	We supported a shareholder proposal on freedom of association. In light of several recent high profile controversies, we believe that shareholders would benefit from a more thorough examination of the compliance of the company's policies and practices with international fundamental rights. This resolution is significant because we identified a material E, S or G issue which resulted in Baillie Gifford opposing management.
UPS	Annual 04/05/23 Resolution(s): 7	We supported a shareholder resolution calling on the company to prepare a report on integrating GHG emissions reductions targets into executive compensation. This resolution is significant because we identified a material E, S or G issue which resulted in Baillie Gifford opposing management.

### Significant Votes Cast Against

Company	Meeting Details	Voting Rationale
AJ Gallagher & Co	Annual 09/05/23 Resolution(s): 3	We opposed the executive compensation policy as we do not believe the performance conditions are sufficiently stretching. This resolution is significant because we opposed remuneration.
Analog Devices	Annual 08/03/23 Resolution(s): 2	We opposed executive compensation because we do not believe the performance conditions for the long term incentive plan are sufficiently stretching. We generally believe when performance is assessed relative to a benchmark that vesting of awards should only begin when performance is equal to, or above that, of the chosen benchmark. This resolution is significant because we opposed remuneration.
ANTA Sports Products	AGM 10/05/23 Resolution(s): 11, 13	We opposed two share issuance resolutions as we have concerns regarding lack of disclosure on discount levels and the potential for dilution. We do not believe these requests are in the best interests of shareholders. This resolution is significant because it received greater than 20% opposition.
ANTA Sports Products	AGM 10/05/23 Resolution(s): 14-17	We opposed four resolutions related to share option schemes due to concerns regarding the wide ranging eligibility of participants which we do not believe to be in the best interests of shareholders. This resolution is significant because we opposed remuneration.

Company	Meeting Details	Voting Rationale
Apple	Annual 10/03/23 Resolution(s): 3	We opposed executive compensation because we do not believe the performance conditions for the long term incentive plan are sufficiently stretching. We generally believe when performance is assessed relative to a benchmark that vesting of awards should only begin when performance is equal to, or above that, of the chosen benchmark. This resolution is significant because we opposed remuneration.
Apple	Annual 10/03/23 Resolution(s): 9	We opposed a shareholder resolution to amend the company's provision of proxy access. We believe that the company's decision to include proxy access is positive and are satisfied that the current provisions allow shareholders to nominate up to twenty per cent of the board. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
AVI	AGM 08/11/23 Resolution(s): S.11-S.18	We opposed eight proposals to approve the new non-executive remuneration structure as we find some features of the policy problematic, particularly the metrics to assess individual director performance and potential conflict of interest surrounding the performance assessment. This resolution is significant because we opposed remuneration.
B3 S.A.	AGM 27/04/23 Resolution(s): 11	We opposed a resolution to confer our votes on unknown directors should the slate of directors change. This resolution is significant because we opposed the election of a director.
B3 S.A.	AGM 27/04/23 Resolution(s): 5	We opposed a resolution to confer our votes on unknown directors should the slate of directors change. This resolution is significant because we opposed the election of a director.
B3 S.A.	EGM 01/06/23 Resolution(s): 3	We opposed a resolution to confer our votes on unknown directors should the slate of directors change. This resolution is significant because it received greater than 20% opposition.
Cisco Systems	Annual 06/12/23 Resolution(s): 3	We opposed executive compensation because we do not believe the performance conditions are sufficiently stretching. This resolution is significant because we opposed remuneration.
Cisco Systems	Annual 06/12/23 Resolution(s): 5	We opposed the ratification of the auditor due to excessive tenure and the company not having a process in place to tender for a new auditor. This resolution is significant because we opposed the election of auditors.
Cisco Systems	Annual 06/12/23 Resolution(s): 6	We opposed a shareholder resolution requesting a tax transparency report. We believe the company's existing disclosures are satisfactory. This resolution is significant because it received greater than 20% opposition.
Coca Cola	Annual 25/04/23 Resolution(s): 4	We opposed the ratification of the auditor due to excessive tenure. We believe that the audit should be unquestionably independent to ensure that shareholders receive true and fair assessment of the financial statements and are protected against financial and reputation risks connected to potential restatements and fraud identification. This resolution is significant because we opposed the election of auditors.

Company	Meeting Details	Voting Rationale
Coca Cola	Annual 25/04/23 Resolution(s): 5	We opposed a shareholder resolution asking for the auditor of the company's impact on non-white stakeholders because we believe that the company has taken some constructive actions to address the issue of racial inequality and injustice. This resolution is significant because it received greater than 20% opposition.
Coca Cola	Annual 25/04/23 Resolution(s): 6	We opposed a shareholder resolution requesting a report on public global policy and political influence outside of the U.S. as we are comfortable with the current disclosures of the company. This resolution is significant because it received greater than 20% opposition.
Coca Cola	Annual 25/04/23 Resolution(s): 7	We opposed a shareholder resolution on political expenditures values alignment, as we are comfortable with the policies and disclosures of the company. This resolution is significant because it received greater than 20% opposition.
Coca Cola	Annual 25/04/23 Resolution(s): 8	We opposed a shareholder resolution requiring an independent chair as we believe that the board ensured appropriate balance to the current joint chair and CEO set up. This resolution is significant because it received greater than 20% opposition.
Coca Cola	Annual 25/04/23 Resolution(s): 9	We opposed a shareholder resolution requesting a report on risks from state policies restricting reproductive rights as we are comfortable with the current level of reporting provided by the company. This resolution is significant because it received greater than 20% opposition.
Dolby Laboratories	Annual 07/02/23 Resolution(s): 2	We opposed the executive compensation policy as we do not believe the performance conditions are sufficiently stretching. This resolution is significant because we opposed remuneration.
GSK PLC	AGM 03/05/23 Resolution(s): 2	We opposed the remuneration report because the company continues to operate the remuneration policy we opposed last year unchanged. We don't believe the short term variable pay is aligned with the recent changes to the structure of the company and so is not aligned with the long-term financial interests of shareholders. This resolution is significant because we opposed remuneration.
Kering	MIX 27/04/23 Resolution(s): 4, 4, 6, 6	We opposed three resolutions on executive remuneration reports due to concerns with the stretch of ESG performance targets, and lack of downward discretion to reflect the Balenciaga scandal. This resolution is significant because we opposed remuneration.
Kering	MIX 27/04/23 Resolution(s): 5, 5	We opposed three resolutions on executive remuneration reports due to concerns with the stretch of ESG performance targets, and lack of downward discretion to reflect the Balenciaga scandal. This resolution is significant because it received greater than 20% opposition.



Company	Meeting Details	Voting Rationale
Man Wah Holdings Ltd	AGM 30/06/23 Resolution(s): 5	We opposed the election of one director due to our concerns over their time commitments and over their suitability to carry on as the chair of the audit committee based on potential non-independence due to tenure. This resolution is significant because we opposed the election of a director.
McDonald's	Annual 25/05/23 Resolution(s): 11	We opposed a shareholder resolution requesting further disclosure on poultry welfare as we are comfortable with the company's approach in this area. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
McDonald's	Annual 25/05/23 Resolution(s): 4	We opposed the ratification of the auditor because of the length of tenure. 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. This resolution is significant because we opposed the election of auditors.
McDonald's	Annual 25/05/23 Resolution(s): 9	We opposed a shareholder resolution on lobbying and expenditures as we did not consider it material enough to support. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Medtronic	Annual 19/10/23 Resolution(s): 2	We opposed the ratification of the auditor because of the length of tenure. 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. This resolution is significant because we opposed the election of auditors.
Medtronic	Annual 19/10/23 Resolution(s): 3	We opposed the executive compensation policy as we do not believe the performance conditions are sufficiently stretching. This resolution is significant because we opposed remuneration.
Microsoft	Annual 07/12/23 Resolution(s): 10	We opposed a shareholder resolution requesting a tax transparency report. We believe the company's current disclosures are in line with peers and provide shareholders with adequate disclosure. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Microsoft	Annual 07/12/23 Resolution(s): 11	We opposed a shareholder resolution requesting a report on the implications of siting datacentres in countries with human rights concerns. We believe the company has a robust framework in place and ranks highly on its governance practices and there is clear evidence of a commitment to protect human rights. We therefore do not believe that supporting this proposal is necessary at this time. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Microsoft	Annual 07/12/23 Resolution(s): 13	We opposed a shareholder resolution requesting a report on risks relating to the spread of misinformation and disinformation due to the company's AI. We believe the company's disclosures are already extremely robust on this topic, and it is unclear how this additional report would be additive. This resolution is significant because it was submitted by shareholders and received greater than 20% support.

Company	Meeting Details	Voting Rationale
Nestle	AGM 20/04/23 Resolution(s): 1.2, 5.2	We opposed two resolutions which relate to executive remuneration as we do not feel the performance targets are sufficiently stringent or aligned with shareholders best interests. This resolution is significant because we opposed remuneration.
Nestle	AGM 20/04/23 Resolution(s): 4.1.5, 4.3.1	We opposed the election of one director who is the chair of the compensation committee due to concerns with executive remuneration at the company. This resolution is significant because we identified a material E, S or G issue which resulted in Baillie Gifford opposing management.
NetEase HK Line	AGM 15/06/23 Resolution(s): 4	We opposed the incentive plan due to the possibility for option repricing. This resolution is significant because we opposed remuneration.
Pepsico	Annual 03/05/23 Resolution(s): 3	We opposed the advisory resolution on executive compensation as we do not believe the performance conditions are sufficiently stretching. This resolution is significant because we opposed remuneration.
Pepsico	Annual 03/05/23 Resolution(s): 5	We opposed a shareholder resolution requiring an independent chair as we believe that the board has ensured appropriate balance to the current joint chair and CEO set up. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Procter & Gamble	Annual 10/10/23 Resolution(s): 2	We opposed the ratification of the auditor because of the length of tenure. 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. This resolution is significant because we opposed the election of auditors.
UPS	Annual 04/05/23 Resolution(s): 11	We opposed the shareholder resolution seeking an assessment of UPS' diversity and inclusion efforts as company disclosure is sufficient. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
UPS	Annual 04/05/23 Resolution(s): 2	We opposed executive compensation as we do not believe the performance conditions are sufficiently stretching. This resolution is significant because we opposed remuneration.
UPS	Annual 04/05/23 Resolution(s): 4	We opposed the ratification of the auditor because of the length of tenure. 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. This resolution is significant because we opposed the election of auditors.
UPS	Annual 04/05/23 Resolution(s): 5	We opposed a shareholder resolution to remove the dual-class share structure as we have no concerns with the current share structure which enables employee ownership through the A-share class. This resolution is significant because it was submitted by shareholders and received greater than 20% support.

Company	Meeting Details	Voting Rationale
UPS	Annual 04/05/23 Resolution(s): 8	We opposed a shareholder resolution calling on the company to prepare a report on addressing the impact of UPS's climate change strategy on relevant stakeholders consistent with the Just Transition guidelines. It is our assessment that the company's human capital management is appropriate and that a report on this matter is not an efficient use of resource. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Want Want China	AGM 22/08/23 Resolution(s): 3.A.I	We opposed the election of an executive director connected to the founding family, due to concerns regarding the overall independence levels on the board. This resolution is significant because we opposed the election of a director.
Want Want China	AGM 22/08/23 Resolution(s): 3A.II-3A.IV	We opposed the election of three members of the remuneration committee due to our unaddressed concerns over a practice where discretionary bonuses are paid to the CEO. This resolution is significant because we opposed the election of a director.

### Significant Abstentions

Company	Meeting Details	Voting Rationale
AVI	AGM 08/11/23 Resolution(s): O.34	We abstained on the executive compensation due to limited disclosure around the rationale for one-off bonuses paid during the year. This resolution is significant because it received greater than 20% opposition.

### Conflicts of Interest

Baillie Gifford maintains a firm-wide Conflicts Matrix, which identifies conflicts and potential conflicts of interest that exist within the firm, and the procedures and controls that have been adopted to manage these conflicts. Baillie Gifford's firm wide conflict of interest disclosure is available in the Important Disclosures area of our website

We recognise the importance of managing potential conflicts of interest that may exist when we engage with or vote at a company with whom we have a material business or personal relationship and the Governance and Sustainability team is responsible for monitoring these possible material conflicts of interest.

The Governance and Sustainability team's approach to dealing with conflicts of interest in relation to voting and engagement can be found in our Investment Stewardship Activities report which is available in the Governance and Sustainability area of our website.

