FOR PROFESSIONAL INVESTORS ONLY

3D Fund Profile:

Baillie Gifford Positive Change

April 2025

3D Rating:

SILVER

IMPACT

The managers of this fund intend to make a wider positive social or environmental impact, substantiated by investment in companies providing solutions to social and environmental challenges through their core products and services.

Key Facts as at 31/01/2025	
Manager	Kate Fox, Lee Qian, Thaiha Nguyen, Edward Whitten, Apricot Wilson
The Fund's Objective	The fund has two equally important aims: to deliver attractive returns (to outperform the MSCI ACWI Index by 2% per annum net of fees, over rolling five-year periods); and to deliver a positive change by contributing towards a more sustainable and inclusive world, measured over at least a five-year period.
Launch Date	03/01/2017
Structure	OEIC
ISIN Code	GB00BYVGKV59
Currency	GBP
Size	£1,786m
Sector	Global
The Fund's Official Benchmark	MSCI ACWI Index
SDR Label	Sustainability Impact
3D Classification	3D Impact
% Holding Coverage	98%
Number of Holdings	36
Ongoing Charges	0.54%

Source: Baillie Gifford & Co, Square Mile Research & LSEG Lipper (all rights reserved).

Fund Summary:

Summary

To achieve a Silver 3D rating within our 3D Impact fund classification, a fund must have focus on investments in activities classified as solutions under the 3D framework with impact and/or sustainable characteristics. It should also has little to no exposure to harmful impact activities and minimal involvement in controversial activities. Additionally, the fund group is likely to have scored relatively well on the Square Mile Lead Change questionnaires.

We believe the Baillie Gifford Positive Change fund has met this threshold. The fund achieved a relatively high exposure to impactful and/or sustainable revenue activities, has been effective in limiting investment into controversial or harmful activities, and promoted reasonably strong responsible investment (RI) across the industry.

Do Good

1 2 3 4 5

The fund has achieved c.23% exposure to revenue activities that have, according to 3D methodology, materially impactful characteristics. Additionally, we have identified c.40% exposure to revenue activities that align with 3D solutions. The dominant themes within this fund are the Healthcare and Resource Efficiency 3D classifications.

Avoid Harm

1 2 3 4 5

The 3D framework identified minimal exposure to harmful impact and/or controversial activities within this fund. At the time of analysis, c.5% of the fund’s revenue activities were potentially exposed to controversial activities, with c.1% exposed to activities classified under the 3D framework as Harmful Impact. Overall, we believe the team has effectively minimised investment into controversial activities, and there are no major concerns in this regard.

Lead Change

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At a group level, Baillie Gifford has demonstrated its commitment to RI through different initiatives. Externally, it has partnered with academia on thematic research, supported a wide range of philanthropic projects and has participated in various pan-industry initiatives. Internally, it has developed proprietary tools that support ESG research and engagement and established an effective ESG oversight framework. At a fund level, Baillie Gifford has exhibited its commitments to creating meaningful changes through continuous conversations with investee companies and transparent reporting of its stewardship activities.

3D Solution Breakdown & Prominent Revenue Activities:

- Circular Economy
- Low Carbon Transport
- Natural Capital
- Renewable Energy
- Resource Efficiency
- Sustainable Food
- Education & Training
- Healthcare
- Inclusive & Ethical Finance
- Safety & Security
- Social Infrastructure
- Limited Solutions
- Harmful Impact
- Transition Enabler
- Other

The Baillie Gifford Positive Change fund has achieved c.40% exposure to revenue activities that 3D classifies as contributing to solutions to environmental and/or social challenges. This exposure is predominantly made up of the 3D solutions of Healthcare and Resource Efficiency.

Figure 1: Bar chart to show the allocation to 3D themes within the Baillie Gifford Positive Change fund. Holdings as at 31/12/2024.

The chart below highlights the ten most prominent revenue activities and their attributed 3D classification within the Baillie Gifford Positive Change fund.

Contributing to the 3D solution theme Healthcare are the revenue activities Pharmaceuticals, Medical Devices and Testing R&D Products, which jointly make up the majority of this exposure.

There were three revenue activities that primarily make up the 3D solution theme of Resource Efficiency, which are Semiconductors, Rapid Prototyping and Fluid Power Control Equipment.

As illustrated within the chart below, there are several prominent revenue activities attributed to the Limited Solutions 3D classification, such as Banking, Professional Services and General Software. Although these activities may not be classified as offering direct solutions to environmental and/or social challenges, as per the 3D framework, they may possess some sustainability benefits, which, if applicable, are represented within Figure 3.

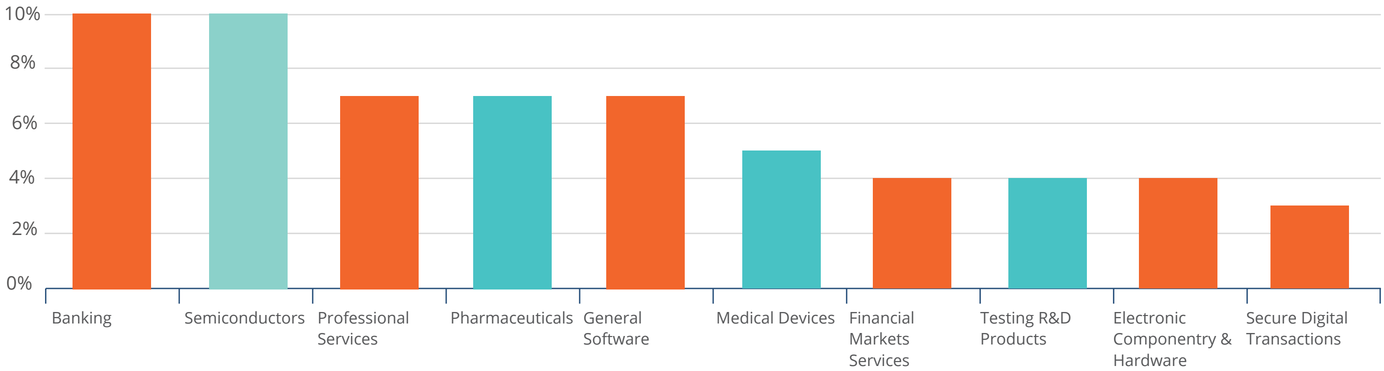


Figure 2: Bar chart to show the ten most prominent revenue activities within the Baillie Gifford Positive Change fund.

Revenue Assessment Framework (RAF) Characteristics:

In addition to thematic classifications, the 3D framework is able to attribute specific sustainability characteristics to each revenue activity, a process named the Revenue Assessment Framework (RAF).

Each activity is allocated a RAF characteristic, such as impact or sustainable, which is directly linked to the sustainability benefit of that activity. Full RAF characterisations are available within the 3D Methodology and may be shared upon request.

	Environment	Social
Impact	5%	18%
Sustainable	18%	14%

Figure 3: RAF characteristics of the Baillie Gifford Positive Change fund. Holdings as at 31/12/2024.

For the Baillie Gifford Positive Change fund, there are several key points of analysis:

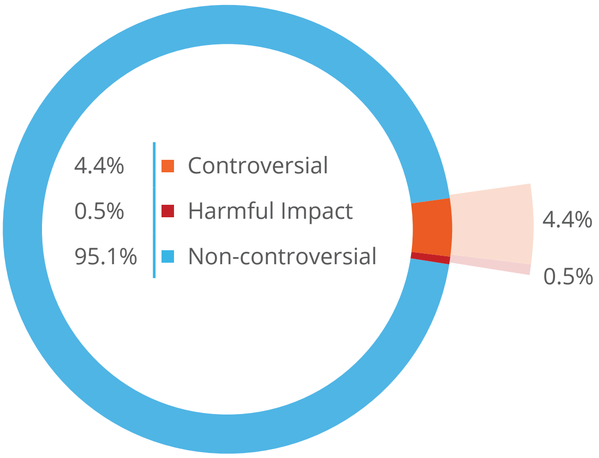
• c.23% of the fund's revenue activities are classified as having a clear and direct intent to tackle environmental and/or social challenges. Of which, c.5% is attributed to offering a positive environmental impact, and c.18% to positive social impact.

• c.32% of the fund's revenue activities are characterised as offering some social and/or environmental benefit but are not necessarily its core focus. For example, although revenues derived from Secure Digital Transactions typically do not offer material social and/or environmental impact, activities that fit within this classification may offer sustainability benefits given they provide a more hassle-free and timely payment approach, hence the sustainable social characteristic.

Controversial Activities and Harmful Impact Exposure

Through the 3D RAF, we are able to identify revenue activities that possess controversial and/or harmful impact characteristics. To have a controversial activity flag attached, a revenue activity must, either directly or indirectly, has a potential negative impact on the environment and/or society. In many instances, activities with a controversial activity attributed to it may not be classified as Harmful Impact under the 3D framework, owing to the potential of a core product and/or service not being harmful at its core but still results in a negative impact. For example, textile manufacturing may be exposed to high water usage that negatively affects the operations surrounding environment, but is not material enough to warrant a Harmful Impact classification. However, in all cases where a revenue activity is classified as Harmful Impact, it will have one or more controversial activity flags attributed to it.

Our analysis has identified a total of 4.9% of revenue activities flagged for potential risk of controversial activity exposure. Of this, 0.5% was identified as being derived from Harmful Impact activities, such as Mining. The remaining 4.4% is allocated to revenue activities that have controversial activities attributed to them but are not classified as Harmful Impact.



The justifications of example controversial activities found in the fund are detailed below.

• Support Activities-Mining: This industry is linked to ecological degradation. However, the flagged companies adhere to environmental regulation and dedicate to developing zero emissions and energy-friendly mining.

• Pest Control: This industry is linked to health and environmental concerns due to the hazardous chemicals associated with its activities. However, the companies flagged adhere to regulations and have committed to minimising negative impact brought by its activities.

• Aerospace Manufacturing: This industry is flagged for high carbon due to it being a major contributor to global carbon emissions. It is wortwhile to mention that the flagged company is actively working towards a low-carbon future for aviation, substantiated by technologies such as hydrogen-powered aircrafts.

Figure 4: Pie Chart to show exposure to controversial activities. Holdings as at 31/12/2024.

Controversial Activities Screen

The icon matrix below highlights every instance of controversial activity exposure screened for within the 3D process, unlike the above diagram which identifies fund-level exposure to revenue activities with controversial activities attributed to them. This matrix aggregates each controversial activity exposure individually regardless if a single revenue activity is attributed to more than one controversial activity.

Controversial Activity Exposure*

Adult Entertainment	Alcohol	Animal Testing - Healthcare*	Animal Testing - Personal Care	Animal Welfare	Cannabis	**Ecological Degradation**
0%	0%	17%	0%	0%	0%	**<1%**
Energy Intensive	Fossil Fuels	Gambling	GMOs	**Hazardous Chemicals**	**High Carbon**	High Sugar
0%	0%	0%	0%	**3%**	**<1%**	0%
Human Rights & For Profit Prisons	Military Weapons	**Mining**	Nuclear	Predatory Finance	Tobacco	Water Intensity
0%	0%	**<1%**	0%	0%	0%	0%

Figure 5: Source: Baillie Gifford & Co.

**It is worth noting that there is a significant allocation to revenue activities with potential exposure to the Animal Testing - Healthcare controversial activity; however, this has been removed from the controversial activity exposure on the basis that in most cases, animal testing healthcare is a legal requirement.*

**For full details, please refer to the fund group, who will provide the extent of the exclusions and any revenue thresholds that may apply.*

Lead Change

1 2 3 4 5

Lead Change Assessment

The Lead Change score is derived from an extensive questionnaire consisting of 44 questions relating to the fund and fund group's ESG capabilities, and a subsequent interview. The purpose of this questionnaire is to gain a holistic understanding of a fund group's research processes, company culture, advocacy and stewardship, which we think are pivotal in their ability to lead change internally and externally. Baillie Gifford has been improving its capabilities and had different scores throughout our four sections of analysis, contributing to their score of 5/5 of this section. The subsequent analysis will detail where we believe the group scores well and, if possible, where the group can improve. Each subsection is scored according to the four grades illustrated below.

Excellent | Good | Some areas for improvement | Improvement Required

Fund Stewardship

Fund Stewardship refers to advocacy and engagement with investee companies at a fund level. This section of the questionnaire is split into four sections: Voting, Engagement, Initiatives, and Charity. Baillie Gifford has exhibited its commitments as an active owner, dedicating to monitoring impact and initiating conversations with investee companies. A number of engagements have been ongoing for several years, which demonstrates the team's dedication to creating meaningful, long-term impact. We're also pleased with the detailed disclosures on engagement in the Positive Conversations report. The aforementioned initiatives, along with the rigorous stewardship framework, has helped contribute to an Excellent score in this section.

Research Process

Research Process refers to the policies and procedures, systems, and tools within the business that support portfolio managers in carrying out their day-to-day roles and the assets held within the various investment funds and strategies. Baillie Gifford is committed to fully integrating ESG factors into its investment process with support from a team of c.40 members. Additionally, the group has established a robust oversight framework that reviews ESG integration and stewardship. It is worth mentioning that the group has collaborated with academic partners on research with a focus on sustainable agriculture, AI ethics and human rights, and these efforts to link academic work with real-world impact should be highlighted.

Company Culture

Company Culture refers to the business entity and not the assets it manages. As a business that advocates good returns with long-term investments, Baillie Gifford has understood climate change as an important topic. Additionally, the group has been exhibiting its commitment to corporate social responsibility through various initiatives, including the support of extensive philanthropic projects. All these initiatives are backed by the Operational Environmental Group which monitors the progress towards sustainability goals, whereas its Environmental Impact Group oversees the awareness of environmental issues internally. However, we believe that formal accreditations such as B Corp would be beneficial in demonstrating credibility.

Group Stewardship

Group Stewardship refers to advocacy and engagement with investee companies both individually and through collaboration with other investors and change activists to encourage best practices and inform opinion. Baillie Gifford has established a strong group stewardship strategy focusing on tangible outcomes. The firm has adopted the Prime Contact System to help coordinate engagement, which is pivotal in enabling a consistent engagement across strategies. Despite some disappointment over its withdrawal from Climate Action 100+ and the Net Zero Asset Managers Initiative, the group's strong internal capabilities keep it well-positioned within the 3D framework.