

Baillie Gifford™

Firmwide Report
Year ended 31 December 2023

TCFD-aligned Climate Report



Risk factors

The views expressed should not be considered as advice or a recommendation to buy, sell or hold a particular investment. They reflect 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 May 2024 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. Past performance is not a guide to future returns. It should not be assumed that recommendations/transactions made in the future will be profitable or will equal performance of the securities mentioned.

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

Any stock examples, or images, used in this paper 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.

Contents	About Baillie Gifford	02
	Introduction and purpose	03
	Our governance	04
	Our strategy	07
	Our approach to climate-related risk management	19
	Key metrics	26
	Compliance statements	39
	TCFD disclosure index	43

About Baillie Gifford

Baillie Gifford is an investment management firm founded in 1908 and headquartered in Edinburgh, Scotland. We employ around 1800 people based mainly in Scotland with additional offices around the world. At 31 December 2023 we managed approximately £226bn of clients' assets across 64 equity strategies and 14 non-equity strategies. Most of our strategies are focused on growth equities and we also offer multi-asset and income-generating portfolios. We have a global and diversified client base ranging from individual investors to large institutional clients and public pension funds. Baillie Gifford & Co ('BG & Co') is the parent entity of Baillie Gifford Overseas Limited ('BGO') and Baillie Gifford & Co Limited ('BG & Co Limited').

BG & Co provides portfolio management and advisory services to UK clients whilst BGO provides these services to non-UK clients. BG & Co Limited operates as the manager in respect of a series of UK UCITS and NURS, Canadian collective investment funds and investment trusts. BG & Co Limited delegates portfolio management services to BG & Co and BGO.



Introduction and purpose

Climate change and the world's response to it are materially relevant to Baillie Gifford's objective of finding great growth opportunities for our clients over the long run. This report explains how the firm addresses the risks and opportunities associated with climate change in our investment activities, our client relationships and the running of our operations.

First and foremost, we are agents of our clients and stewards of their assets. We always take care to invest in accordance with the investment mandates they give us. Continuing to build our understanding of the ways in which climate-related risks and opportunities could affect the long-term performance of their investments is a key part of putting clients' interests first.

As our **Statement of Climate-related Intent and Ambition** outlines, we believe that a successful transition that keeps increases in global temperatures to well below 2C, and ideally to 1.5C, this century offers our clients a better opportunity for strong long-term investment returns than a failed transition. We recognise that the successful pathway to achieving this is not predetermined. This report explains more about our efforts to explore the outcomes that could lie ahead.

The report covers 2023: a year in which many of the headwinds for growth investors remained in place as the combined effects of high interest rates, economic uncertainty and geopolitical instability made themselves felt. In such circumstances, the long-term growth potential that exists around addressing climate change can become more challenging to decipher.

However, as this transition unfolds, we see a range of investment opportunities emerging as new technologies, policies and consumer preferences evolve. The increasing incidence of extreme weather, underlined by 2023 being the warmest year in the modern temperature record¹, also emphasises the need to continue building our understanding of how societies can adapt to and minimise the physical impacts of climate change.

We're seeing interest from clients wishing to invest in portfolios that specifically focus on aligning with the achievement of net zero emissions globally. The proportion of our total assets managed in this way rose from 20 to around 25 per cent over the course of 2023. As required under UK regulations, we've also published product-level Task Force on Climate-related Financial Disclosures (TCFD) reports for UK-based funds. We hope these provide clients with more insight into the portfolios in which they are invested. You can find these on our website's fund literature pages.

From the perspective of our own operations, we aim to achieve net zero operational emissions by 2040, including a 95 per cent reduction in the Scope 1 and 2 emissions² associated with our buildings and energy use by 2026. Our move to our new, more energy-efficient headquarters at Haymarket in Edinburgh in 2025 will be a major element in helping us reach these goals.

We hope you find the report helpful and interesting. We expect the content, format and data to continue to evolve, and we always welcome feedback on where we can improve.

1. NASA reported 2023 as the warmest year since modern records began around 1880, and the European Copernicus service reported 2023 as the warmest year since records began in 1850.

2. Scope 1 emissions are those produced directly by us (for example burning gas to heat buildings) and Scope 2 emissions are those produced when energy we use is generated elsewhere. More details in the Key Metrics section of this report.

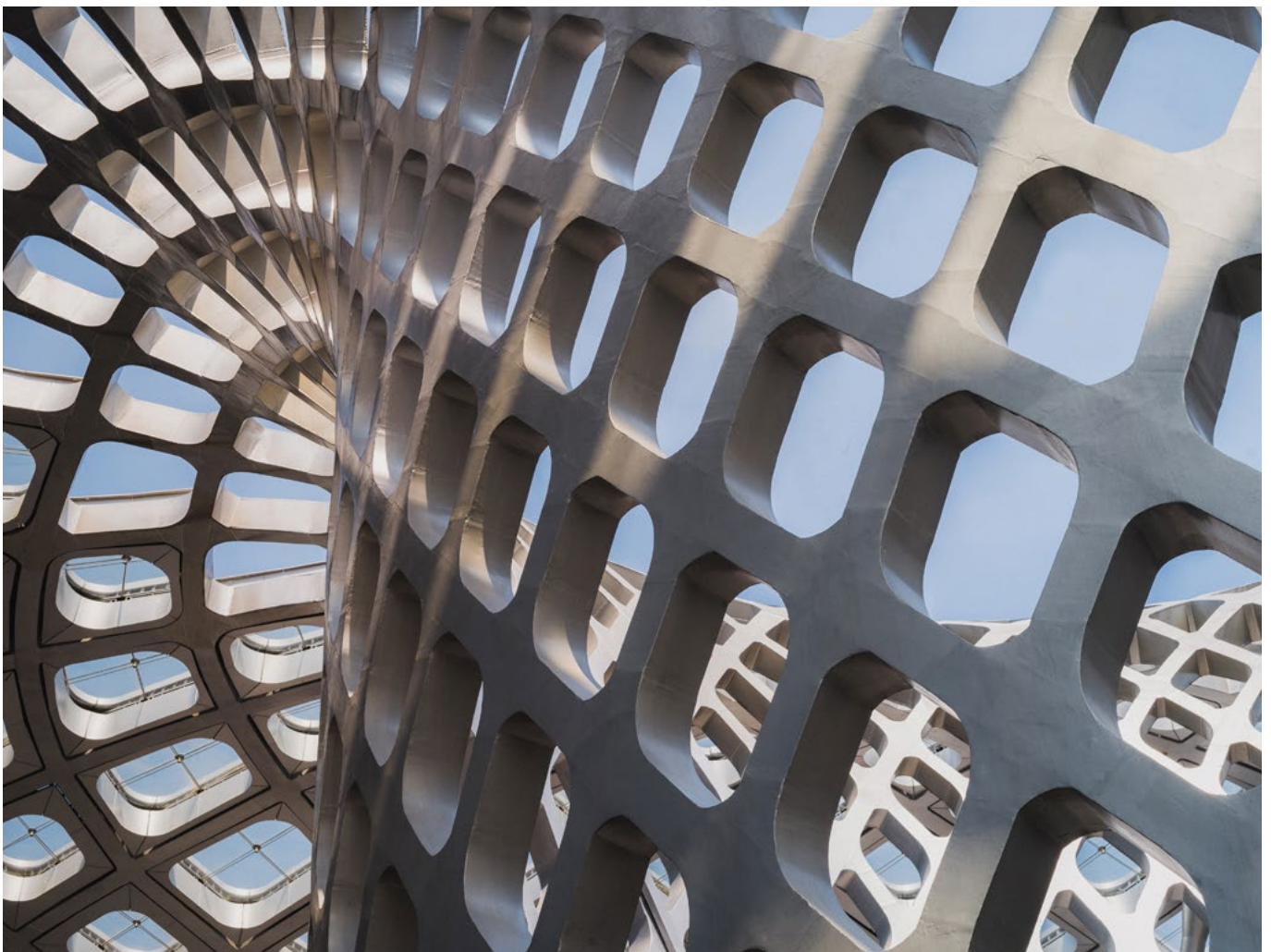
Our governance

Partnership approach

Baillie Gifford has no external owners or shareholders. As a private partnership, each of the partners working in the business is jointly liable for the obligations of the firm, and this liability is unlimited. Our firmwide governance and decision-making are primarily geared towards ensuring we meet the needs of our clients while ensuring the ongoing success of the firm. Further details of our approach to governance at Baillie Gifford are available on our website [bailliegifford.com](https://www.bailliegifford.com).

Risk oversight

The Management Committee and the boards of the legal entities that sit within the firm have oversight of issues related to climate-related risks and opportunities. Reporting mechanisms are in place to ensure relevant climate issues are escalated to them as appropriate, including as part of regular reporting on investment risk, business risk, investment management, ESG (environmental, social and governance) issues, regulatory compliance and business planning.



Management's role

Baillie Gifford's management structures help support our overall objective of delivering long term investment returns for our clients. Our strategic approach to climate change is led by our ESG Oversight Group, which can escalate to other committees if needed. The ESG Oversight Group includes partners from across the firm, including the ESG function, investment teams, and Clients' Department.

Key decisions on climate strategy and objectives for the firm as a whole, including those set out in our strategy section, are ultimately taken by our Management Committee. Oversight of voluntary and mandatory climate obligations and projects, including regulatory requirements, is the responsibility of our ESG Assurance Group, which reports to our ESG Oversight Group and contains specialists from our Legal and Compliance, Business Risk, Investment Services, Client and ESG teams.

From an investment perspective, the assessment and management of climate-related risks and opportunities is largely the responsibility of individual investment teams. These teams are expected to undertake this as part of their investment research, analysis and engagement activities. While each will bring their own perspectives and approach, they respect the foundations laid out in our firmwide **Statement of Climate-related Intent and Ambition**. This active, engaged investment style is a key part of our ethos as a firm, which is set out in **Our Shared Beliefs** document and underpinned by **Our Stewardship**

Principles and Guidelines.

Our central Climate team provides guidance and support to investment teams to better enable them to identify and respond to climate-related risks and opportunities that could be material for investment performance and other investment objectives that clients might have. Most teams are supported by a dedicated ESG analyst. Our investment teams also receive climate-integrated risk reporting from the Investment Risk, Analytics and Research team, which is explained further in the **Climate-related risk management** section of this report.

From an operational perspective, Baillie Gifford's environmental operations officer takes the lead in assessing and managing climate-related issues. This work is overseen by our Operations Environment Group. The firm's long term operational environmental targets are approved and monitored by our Management Committee.

Overview of our firmwide climate governance

	Role and responsibility	Provision of data and tools	Research and analysis	Management and decision making	Oversight
ESG Data Team	Providing climate data and systems for investment analysis and reporting	●			
Central Climate Team	Providing coordination and support on climate approach	●	●	●	
ESG Analysts	Company-level research and engagement in support of individual investment strategies	●	●	●	
Investment Risk, Analytics and Research Team	Integration of climate metrics into investment risk reporting		●		
Investment Managers	Investment decision-making, research, analysis and company engagement		●	●	
Portfolio Construction Groups	Portfolio review and decision making			●	
Operations Managers	Running of Baillie Gifford buildings, operations and processes	●	●	●	
Operations Environment Group	Reviewing action and progress towards operational footprint targets			●	
ESG Assurance Group	Identification and monitoring of regulation, legislation and operational delivery of ESG			●	●
ESG Oversight Group	Oversight of ESG approach across whole firm			●	●
Investment Risk Committees	Review of key climate-related risk metrics from portfolios			●	●
Management Committee	Approval of strategy and priorities; oversight of Baillie Gifford & Co and group entities			●	●
Legal Entity Boards	Oversight on behalf of relevant respective entities				●

Our strategy

Enable any client to access a portfolio-level TCFD-aligned climate report by the end of 2024

Ensure that by the end of 2025 every client has the option of choosing to invest in net zero committed portfolios

Continue the significant investment in our client service capabilities

Undertake annual 'Climate Audit' assessments of at least 90 per cent (by assets under management) of all holdings

Communicate clear expectations to holdings with regard to climate-related disclosure and strategic awareness

Grow our knowledge through external perspectives



Achieve net zero emissions for our own operations by 2040

Reduce market-based Scope 1 and 2 emissions by 95 per cent between 2021 and 2026

Reduce Scope 3 business travel emissions by 50 per cent between 2023 and 2032

Developing our transition plans

Our belief is that a successful transition that keeps global temperature increases below 2C, and ideally to 1.5C this century, offers our clients a better opportunity for strong long-term investment returns than a failed transition. As an Edinburgh-based firm, we are also conscious of UK and Scottish Government legislation to reduce emissions by at least 100 per cent of 1990 levels by 2050 and 2045 respectively. We consider these targets in developing our transition plans and we continue to monitor the development of guidance across the jurisdictions in which we operate.

The pathway to achieving these global and national objectives is likely to continue to evolve as changes in society, technology and the climate play out. We must ensure we research, invest, engage and communicate with awareness of the complexities ahead, while continuing to act on behalf of clients in accordance with their mandates and the objectives pursued by our investment strategies.

Our longer investment timeframes are a highly relevant factor in our approach. Our average holding period of 7.4 years means that companies we invest

in today may still be in our portfolios by 2030 – the point by which estimates suggest global emissions would need to have nearly halved in a decade if the world is to limit temperature rises to 1.5C. It's also a timeframe over which the physical impacts of climate change may become increasingly disruptive. These trends pose complex challenges and opportunities for many companies and will likely require them to show great adaptability. Our longer holding periods allow us to build relationships with companies' senior management and board members to gain deeper understanding and exert influence where we believe this is needed.

Another aspect of our approach is to acknowledge that companies in all sectors of the economy can be critical to a successful transition. Our plans are therefore not based on a simple re-allocation of capital away from higher emission sectors towards lower ones in order to achieve a reduction in 'financed emissions' – although for Baillie Gifford these are currently less than half the global market average³. We will continue to review this position as time goes on and the thinking across the finance industry – including our clients and regulators – evolves.

3. Based on a comparison of the carbon footprint of our firmwide holdings (per \$m invested) with that of the MSCI All Country World Index. More details of these metrics available in the Key Metrics section of this report.

Investment activities

The scale of innovation and change underway globally makes climate a potentially material investment factor for all the funds we manage for clients. We want to understand how our holdings are addressing the associated risks and support those that are creating new competitive advantage. Understanding potential investment returns means that we must evaluate how holdings might impact the climate, as well as the impact of climate on them.

Each investment team operates with a high degree of autonomy. Our ambition is for all teams, supported by our specialist Climate team, to undertake and integrate high quality research and engagement on climate issues where they are deemed to be material. Teams constructing and managing portfolios that have made specific net zero commitments are expected to assess company alignment as part of their approach (described in more detail later in this report).

Where we determine climate-related risks and opportunities to be potentially material to financial performance, we will engage with holdings to improve our understanding and assess whether company management teams have strategies in place to support long term returns. Examples of our engagement with holdings on climate and other ESG-related issues are included in our quarterly client reporting and within our annual **Investment Activities Stewardship Report**. Our overall approach to stewardship and engagement is described in detail in our **Stewardship Principles and Guidelines**.

Our Climate team also supports investment teams to ensure all strategies across the firm take a consistent approach in the following areas:

- Completion of an annual Climate Audit assessment of at least 90 per cent of our holdings (on an Assets Under Management (AUM) basis) including our 250 largest holdings. This assessment is described in the **Climate-related risk management** section of this report and the results for 2023 can be found in the **Key metrics** section.
- Communicating to holdings our expectation that they provide basic climate disclosures (including Scope 1 and 2 emissions), with material Scope 3 emissions to be included by the end of the 2025 reporting year. We believe this information is important to facilitate effective investment research.
- Communicating to holdings who are heavy emitters⁴ or systemically very large⁵ our expectation that they also provide information on material Scope 3 emissions disclosures for the 2023 reporting year. We also expect them, by the end of the 2025 reporting year at the latest, to articulate strategies that address the ambitions of the Paris Agreement, including milestones, appropriate governance and capital allocation. We know this may be more challenging for certain countries and companies and will consider this in the context of our assessments and engagement activities.

4. Consistent with the IIGCC/TPI definition of high impact sectors given in the Net Zero Investment Framework, also including banks, real estate, semi-conductors and agriculture. <https://www.iigcc.org/resource/net-zeroinvestment-framework-implementation-guide/>

5. Companies who are one of the top 25 largest companies, measured by market cap, globally.

Our work requires experienced and knowledgeable colleagues and access to high quality data and information. These are areas we invest significantly in, and we have a team of 5 climate specialists working within an ESG function of more than 40 people.

In addition to a high level of ongoing engagement with companies, we prioritise access to outside perspectives. This has been an area of focus for the firm for some time and now includes a wide range of knowledge partnerships that enhance our understanding of climate and environmental issues. These include the Santa Fe Institute (complexity economics), the Deep Transitions Lab (economic transformations), the James Hutton Institute (farming and land use), Exeter University (physical climate change), and the Universities of Edinburgh and Heriot Watt (renewables, emissions accounting), among others.

Measuring future ‘avoided emissions’

Achieving global climate targets will entail the mass deployment of technologies that dramatically reduce – or even remove – greenhouse gas emissions in the atmosphere. We’re interested in quantifying how much of a contribution some companies could make to this through the deployment of their products and services in the future. We believe this opportunity could create material sources of profit generation and growth.

In partnership with Dr Matthew Brander at the University of Edinburgh, we have developed a new **‘avoided emissions’ methodology** which aims to produce forward-looking metrics based on different growth and attribution pathways. This helps inform some of our investment teams’ views of the potential contribution – and growth opportunity – each company has. We’ve shared details of our approach publicly in the hope it is of use to others working on this challenge.



Serving clients

Our clients have different objectives and obligations with respect to climate change and the energy transition. We always invest in accordance with our investment policies and the mandates our clients give us. Our goal is to understand their needs and ensure we have the capability to fulfil those needs through our investment process and client services.

All of the investment strategies we offer consider a range of factors in their investment process that could be material in determining the potential for long-term value creation. These include climate and broader ESG factors where we think these are relevant. In addition, some of our strategies include defined sustainability characteristics, which can include climate objectives (including net zero commitments) or the exclusion of certain activities (eg those involving fossil fuels). We also offer investment strategies that aim to achieve growth by investing only in companies that we assess to be delivering specific positive social and environmental impacts. Details of these types of investment strategy, including the specific commitments made by different funds, are available on [our website](#).

Across the firm, we have the following objectives to help ensure we meet the requirements of our clients with respect to climate-related risks and investment opportunities:

- By the end of 2024, all clients will be able to access or request a portfolio-level TCFD-aligned report. Reports will provide our view of the principal climate-related risks and opportunities the portfolio is exposed to, and the Key Metrics being used.
- By the end of 2025, we will ensure that every client has the option of choosing to invest in net zero committed portfolios that hold assets that are increasingly aligning with the achievement of global net zero emissions by 2050 or sooner. At present, around 25 per cent of our total assets under management have chosen to be committed in this way.
- To increase opportunities for clients to gain focused exposure to the potential growth opportunities associated with the deployment of climate solutions, should they so wish.
- To continue to invest significantly in our own internal systems, research capacity and product offering. We also continue to work with and listen to our clients, with regular briefings, webinars, events and one-to-one meetings taking place to explain our approach and understand their objectives.

Net zero committed portfolios

Some of our clients wish to invest in portfolios that contain companies whose strategies and business models are increasingly aligned with reaching net zero emissions globally on a timeframe consistent with constraining the global temperature increase to 1.5C above pre-industrial levels. Over the course of 2023, the proportion of our total assets under management in portfolios committed in this way rose from 20 per cent to around 25 per cent.

Although each of our investment strategies is managed independently, we have developed a set of consistent requirements for all of our net zero committed portfolios:

- Portfolios will be invested and managed such that by 2030 at least 75 per cent of all holdings (or in some cases holdings representing at least 75 per cent of financed emissions) will have robust targets, strategies and performance in place that demonstrate company-level alignment with an appropriate fair share of a global net zero 2050/1.5C outcome. By 2040, all holdings in a portfolio will need to be strategically aligned with this outcome.
- Our assessment of company emissions includes all scopes, with acknowledgement that Scope 3 data can be weak and incomplete.
- Committed portfolios will be prioritising engagement for alignment with companies accounting for at least 90 per cent of financed emissions.
- We assess holdings' emissions reduction targets and progress against 1.5C science-based pathways, such as those offered by the Science Based Targets initiative (SBTi) and Transition Pathway Initiative (TPI). We undertake our own research to ensure that appropriate sector and regional nuances are incorporated into these assessments, with the help of our academic and industry partnerships.

The concepts of alignment and decarbonisation pathways, which are integral to the portfolio-level net zero commitments we make, continue to evolve. Our aspiration and ability to fulfil these commitments is influenced by a wide range of parties and factors that can be outside of our control, such as client mandates, industry guidance, emissions trends, regulation and government action in support of the Paris Agreement. Consequently we periodically review our portfolio-level net zero commitments to take account of these factors.

- To continue to offer clients with segregated accounts the option to exclude fossil fuel (and related) assets from their portfolios if required. We also offer some funds that restrict investment in fossil fuel assets.

Our commitment to understanding and supporting our clients' varying climate objectives means we place high emphasis on continuing to build the knowledge and capabilities of our client relationship teams on these issues. We run regular sessions open to all staff featuring interviews with external professionals and academics, and our Climate team develops internal guidance and insights to support client relationship managers. Previously, around 100 of our colleagues took part in a self-led study programme run by the University of Edinburgh Business School to help them gain a grounding in the science of climate change and the different approaches being taken within the finance industry.

Our operations

We think it's important that we run our own operations efficiently and minimise direct impacts of our day-to-day activities, travel and running of our offices. Although these impacts are relatively small in relation to our assets under management, we have a responsibility to play our part directly in the transition to net zero in the UK. We've therefore set ourselves the following objectives:

- Work towards the achievement of net zero emissions for our own operations by 2040
- Deliver our existing target to halve emissions per full time employee by 2025 from our 2019 baseline estimate
- Realise a 95 per cent reduction in market-based Scope 1 and 2 emissions between 2021 and 2026
- Achieve a 50 per cent reduction in Scope 3 business travel emissions by 2032 from a 2023 baseline
- Through engagement with suppliers, aim to ensure that by 2032 at least 70 per cent of the Scope 3 emissions from purchased goods and services are associated with suppliers that have robust net zero alignment strategies

We expect our Scope 1 and 2 emissions reductions will primarily be achieved through our move to a new, more energy efficient and largely electrically powered headquarters building at Haymarket in Edinburgh in 2025. We also plan to change our energy contracts to renewable contracts or power purchase agreements for all offices globally by 2026. We intend to pursue our Scope 3 objectives through business travel improvements and engagement with suppliers. We have invested in nature-based carbon offsets and permanent removals and will continue to contribute to solutions for currently unavoidable emissions.

Financial planning

Guided by the Management and Finance Committees, Baillie Gifford's financial planning process covers the firm's strategy including the incorporation of expected business model changes and key business assumptions on revenue and costs. As such, income from products with climate objectives, and climate-related costs associated with the firm's operations and investment capabilities are captured through this process. We are continually evolving this process and exploring advancements in our financial modelling capabilities to aid our assessment of risks and opportunities, including those relating to climate change.

Our most material climate-related risks and opportunities

Baillie Gifford's strategy is consistent year-over-year and is centred on two main objectives: to act in the best interests of our clients and to be responsible stewards of their capital through the investment decisions and engagements we undertake.

Our priority in relation to climate change is to understand how climate-related risks and opportunities could impact the achievement of these objectives.

Climate scenario analysis

Scenario analysis offers a way to try to understand the society-wide complexities and uncertainties that surround both the trajectory of physical climate change and the world's evolving energy and industrial systems. Considering different plausible versions of the future can educate, test assumptions and generate new ideas. At present, we believe qualitative approaches are more useful than quantitative approaches (which are dependent on numerical data and modelling) because they allow us to explore the complexities and knock-on effects of future scenarios in a level of detail that is a better fit with our longer-term growth-oriented investment approach.

In late 2022 we began working with two external organisations – the Deep Transitions project and Independent Economics – to help us further develop three climate scenario narratives that could be used by our investment teams and the wider firm to enrich our thinking on future climate-related risks and opportunities. The narratives explore additional detail and implications around the core pathways developed by the Network for Greening the Financial System (NGFS):

- An 'orderly' transition where global net zero emissions are reached around 2050, limiting global warming to less than 1.5C above pre-industrial averages by the end of this century.
- A 'disorderly' transition which ultimately keeps average temperature rises to less than 2C by the end of this century.
- A 'hothouse' world scenario with at least 2.5C of warming above pre-industrial levels by the end of the century.

Our climate scenario partners

We're working directly with two separate organisations to help us develop our approach to qualitative climate scenario analysis:

- The Deep Transitions project, led by Prof Johan Schot, is a joint endeavour of Utrecht and Sussex universities. The organisation builds on deep academic expertise in past and present industrial transformations, to consider why and how future transitions may occur. The team brings a strong socio-economic foundation to their work.
- Independent Economics is a macroeconomics consultancy. For our scenarios project, we have benefitted from the experience of Dr John Llewelyn (ex-Organisation for Economic Co-operation and Development) and Dr Dimitri Zenghelis (ex-head of the Stern Review team at the Office of Climate Change and now at the Bennett Institute at the University of Cambridge).

We are also collaborating with others in the financial and academic sectors on this topic. Most notably, the work drawn together by the University of Exeter including the UK Institute and Faculty of Actuaries.

By combining the Deep Transitions and Independent Economics pieces of work, we have created three initial climate scenario narratives for the firm that aim to capture the fullest possible range of plausible physical and transitional effects and solutions. Our narratives incorporate the potential for compounding change in new technologies and the disruptive potential of dislocations in industries, policies and the physical climate.

These scenarios also enable us to explore behavioural change, and the social forces that might arise under different scenarios – such as migration or political upheaval – that are relatively absent from many of the quantitative climate scenario models, as well as changes in financial flows over time. The table below summarises the main features of the scenario narratives, and more information can be found in our article [here](#).

	Smooth, orderly transition (1.5C by 2100)	Volatile, disorderly transition (<2C by 2100)	'Hothouse' world (>2.5C by 2100)
Climate	Significant but managed change; resilience retained	Worsening impacts	Major challenge to resilience; regional collapses in food/water systems
Politics	Coordination and trade supports transition	Initially divided, then more united	Fractured; protectionism rises
Policies	Well-signalled and proactive; early action	Initially diverse, then higher-cost and sometimes disruptive	Fragmented; supporting incumbents then biased to adaptation
Society	Rapid shifts in behaviour; circular and 'just transition'	Uneven development; self-reliance; inequality	Individualistic; higher levels of inequality, migration and conflict
Energy technologies	Technology tipping points reached early, influencing many sectors	Fragmented energy system limits cost reductions; innovation comes later	Fossil fuel dependency extended, costs higher, late-stage radical solutions
Adaptation responses	Varied and successful; managed across the global economy	Unequal; significant fiscal drain in some countries	Critical: agriculture, water, healthcare, climate defences
Finance	Multi-lateral financial reform supports investment flows to transition	Contradictory investments; market shocks from abrupt policy change	Greater variability; insurance contracts; adaptation costs pull investment from elsewhere

Implications for investment portfolios

Over the last year we have been introducing climate scenario work into our investment teams. The teams begin by engaging with the core narratives but then expand their work in a way that is most useful for them and their clients. They use a mixture of facilitated workshops, stock research, new idea generation and the creation of further novel scenarios, with a particular focus on potential disorderly scenarios.

While the results of the work cannot be distilled to simple numbers or data-points, each team is aiming to become better equipped to invest – and better able to explain the climate-related sensitivities and potential of portfolios to their clients. A summary of this work is included in our product-level TCFD-aligned climate reports, which are available for our UK-based pooled funds in the fund literature pages of [our website](#).

Implications for the firm as a whole

This work on climate scenarios can also guide our own assessments of the potential impacts on Baillie Gifford as an entity. The following tables provide a summary of what we think are some of the most material climate-related risks and opportunities for the firm in the years ahead. They are grouped into three main areas: investment activities, services to clients, and our operations. The terminology used reflects that in the TCFD framework.

It should be noted that these summaries do not relate to the investment-related risks and opportunities within individual investment portfolios. As noted in the previous section, clients interested in those can find out more within our product-level TCFD-aligned climate reports, available on request or via the fund literature pages on our website.





Investment activities: summary of climate-related risks and opportunities

Issue identified	Timeframe Short (0–3y) Medium (3–10y) Long (>10y)	Materiality under different climate scenarios ⁶	Impact on Baillie Gifford	Climate-related risk/ opportunity types ⁷	Steps to improve resilience
Understanding investment materiality	Short to medium	Material under all scenarios	Our capacity to understand and interpret climate-related risks and opportunities is critical to assessing their materiality to investment outcomes	Opportunities: products and services, markets, resilience Risks: policy and legal, technology, market, reputation	Development of new climate scenario narratives, focus on material names within portfolios, and assessing portfolio construction
Growth potential for transition opportunities associated with climate mitigation	Short, medium and long	Very scenario dependent: likely to be more material under orderly and disorderly scenarios	Potential for positive impact on investment performance for portfolios with higher levels of exposure to these companies	Opportunities: resource efficiency, energy source, products and services, markets, resilience	Development of new strategies to meet client demand for climate solution exposure. Further development of scenario analysis, research and engagement
Growth potential for adaptation opportunities associated with physical climate impacts	Medium to long	Material under all scenarios, but more so under hothouse world scenario	Potential for positive impact on investment performance for portfolios with exposure to companies leading in climate adaptation	Opportunities: products and services; resilience	Further development of scenario analysis, research and engagement
Exposure of holdings to transitional risks	Short, medium and long	More material under orderly and disorderly scenarios	Potential for negative impact on investment performance	Risks: policy and legal, technology, market, reputation	Further development of scenario analysis, research and engagement
Exposure of holdings to physical risks	Short, medium and long	Ultimately more material under hothouse world scenarios, but with unpredictable, acute risks present under all scenarios in even the short term	Potential for negative impact on investment performance resulting from physical impacts of climate change	Risks: acute and chronic physical risks, reputation and market	Further development of scenario analysis, research and engagement

6. See the scenario analysis section for more information on these scenarios.

7. See tables A1.1 and A1.2 of the TCFD Implementing Guidance for further explanation of these categories.



Serving clients: summary of climate-related risks and opportunities

Issue identified	Timeframe	Materiality under different climate scenarios	Impact on Baillie Gifford	Climate-related risk/ opportunity types	Steps to improve resilience
	Short (0-3y) Medium (3-10y) Long (>10y)				
Client demand continuing to change over time, for example increased demand for investment strategies that seek to align with or help deliver the net zero transition	Short to medium	More material under orderly or disorderly scenarios	Potential for attracting new clients or losing existing if we do not adapt; development of new investment products to ensure demand is met, with associated costs	Risks: market, reputation Opportunities: products and services, markets	Continue to develop strategies that meet client needs, recognising that integration of climate may be more focused on specific asset classes or investment
Growing divergence in client objectives and expectations with regard to climate integration	Short to medium	Material under all scenarios; more material under disorderly scenarios	Increased complexity in serving clients, stewardship complexity, and potential loss of clients	Risks: policy and legal, market, reputation Opportunities: products and services, markets	Increase capacity of the firm to meet differing client expectations and mandates; continued review of product range
Divergence in product regulations across geographies	Short to medium	More material under disorderly scenarios	Results in increased complexity in offering different products in multiple geographies	Risks: policy and legal, market, reputation Opportunities: products and services, markets	Increase capacity of the firm to manage and oversee differing regulatory regimes
Potential for misunderstanding or miscommunication with clients regarding the integration of climate objectives in investment products; potential for 'greenwashing'	Short to medium	Material under all scenarios	Potential loss of client relationships, legal action or regulatory breach	Risks: policy and legal, market, reputation	Ensure clients are fully informed, and product objectives are fully explained; ensure commitments are fully embedded into the investment process; internal controls and compliance monitoring applied



Our operations: summary of climate-related risks and opportunities

Issue identified	Timeframe Short (0–3y) Medium (3–10y) Long (>10y)	Materiality under different climate scenarios	Impact on Baillie Gifford	Climate-related risk/ opportunity types	Steps to improve resilience
Reputational risk to the firm associated with public perception of our approach to climate change	Short to medium	Most material under orderly and disorderly scenarios	Our operations (including marketing and brand building efforts) could be affected by protest activity or negative media coverage	Risks: reputation, market	Assessing reputational risks in our decision-making; engaging with stakeholders to understand their concerns and explain our approach
Ensuring we have people with necessary experience, skills and capabilities working in the firm	Short, medium and long	Material under all scenarios	Meeting client and regulatory expectations on climate requires skilled and capable colleagues; our strategic approach may also be a factor in people's decision to work at the firm	Risks: market, reputation Opportunities: resources	Continue to support learning and development of colleagues; ensure we have necessary skills and capabilities; engaging effectively with stakeholders
Growing costs associated with operational emissions, and costs to reduce emissions	Short to medium	More material under orderly and disorderly scenarios	Operational emissions (primarily from travel, buildings and purchased goods and services) may attract cost penalties, however costs of mitigation (eg purchase of renewable fuels) could also be significant	Risks: policy and legal, technology, reputation Opportunities: resource efficiency, energy source, resilience	Effective planning to reduce emissions over appropriate timescales. Direct management of operational emissions, engagement and adjustments to supply chain, consideration of purchased offsets and removals
Physical risks to our buildings, processes, infrastructure and supply chain	Medium to long	More material under hothouse world scenarios	Day-to-day operations could be threatened either directly or indirectly by increasingly severe weather events, or through disruption to supplier and supply chains	Risks: acute, chronic, operational, resource, resilience	Undertake physical risk exposure analysis of our operations and supply chain; consider geographical diversification

Our approach to climate-related risk management

For Baillie Gifford, the risks associated with the holdings we invest in on behalf of clients represent the most material form of climate-related risk to the long-term success of the firm. Such risks concern both the potential for current value loss and the potential for missed growth. Around 94 per cent of our AUM is invested in individual listed companies with the remainder in private companies or multi-asset and fixed income holdings. Our identification, assessment and management of these risks centres around two key elements: holding-level research, and portfolio and firm-level oversight.

Holding-level research

The identification and assessment of investment-relevant climate-related risks is integrated into our bottom-up, fundamental investment research process. This process helps shape idea generation, selection of holdings and identification of engagement priorities during our ownership. Stock-level research is led by individual investment strategy teams, often involving one or more of our ESG analysts.

Collaboration between teams is encouraged, and research is supported and guided by specialists in our Climate team alongside others with expertise in governance and voting. Research is focused on understanding the materiality of climate-related issues to holdings, and ultimately to investment performance. We take a broad view of potential materiality, cognisant of the complexity of both the physical and transitional elements of climate change over different timeframes.

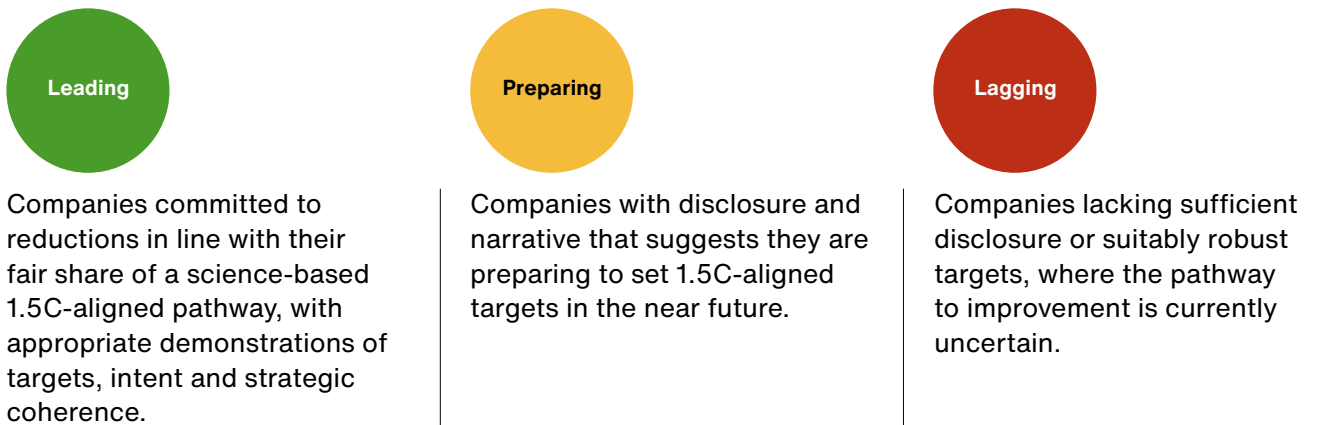
Climate Audit assessments

Our Climate team runs a 'Climate Audit' process that is shared across all our investment strategies. This aims to ensure that at least 90 per cent of our holdings (by AUM) – including the largest 250 holdings and every holding in net zero committed portfolios – is assessed by investment teams across two dimensions we think are relevant to delivering investment returns: emissions reduction goals and performance, and potential transition role. The two dimensions can be summarised as follows:

Emissions reduction goals and performance

This dimension aims to assess and monitor the extent of each company’s ambitions and capability to reduce their direct and indirect emissions in line with the goals of the Paris Agreement (ie a global temperature rise of well below 2C, and ideally 1.5C, by the end of the century). Our judgements are qualitative but rest on fundamental research and make use of the guidance of bodies such as the

Science Based Targets and Transition Pathway initiatives and the Institutional Investors Group on Climate Change. Our framework currently has seven assessment categories ranging from no disclosure through to strategies that demonstrate well-above average ambition. For external reporting, we organise these seven categories into three groups to provide an indication of company progress:

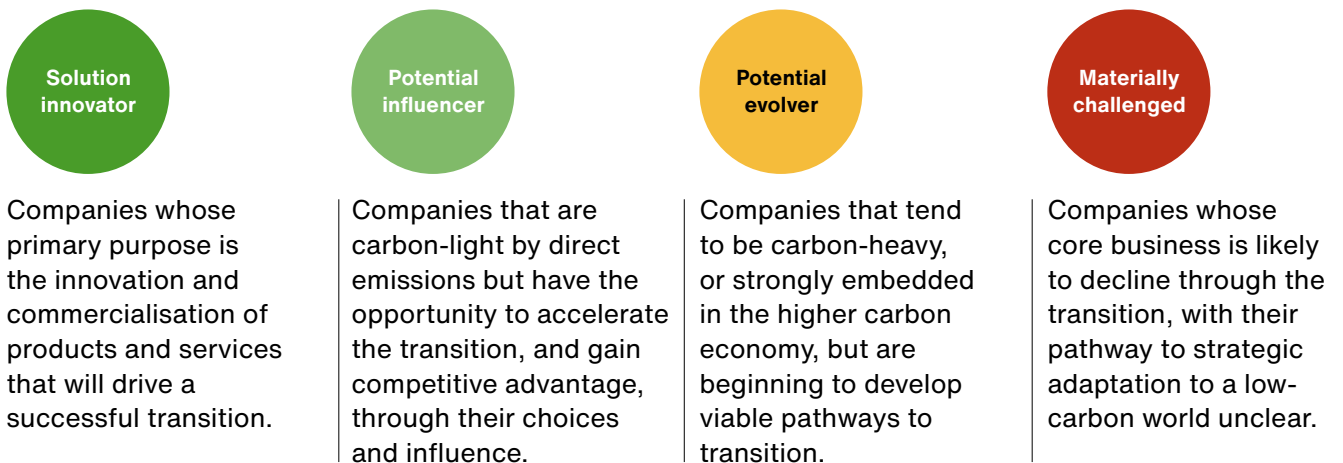


In our view, the concepts of alignment and the pathways themselves are still evolving: there is no absolute definition of company alignment with the ambitions of the Paris Agreement. There are deficiencies at the system level (effective alignment must look beyond just emissions, to physical resilience, biodiversity and social elements embedded in concepts such as the just transition), in the pathways (which lack sufficient sector and regional granularity), in the visible technologies (that may change our concepts of which activities can be aligned), and at the companies themselves (in terms of financial and strategic disclosure). Our assessments reflect our best estimations of current positioning, and we are committed to continuous improvement of our approach over time.

Potential transition role

This dimension aims to assess the positioning of each company relative to a successful transition towards net zero emissions globally. The judgements are company-specific rather than being founded on sector-based assumptions, and predominantly

qualitative in nature. This allows us to classify different companies in the same sector in different categories depending on their distinct potential to transition. Our assessment currently has four categories:



The aggregated results of these assessments across all the investments we make for clients are shown in the Key Metrics section of this report on **page 26**. To provide additional insight, we have also displayed the assessments of our top 50 holdings here. These companies currently account for approximately 51 per cent of the firm’s total AUM. The chart shows the two dimensions of assessment and the variations across these holdings:

Climate Audit assessments of our top 50 holdings

Potential transition role	<p>● Solution innovator Key enabler of decarbonisation</p>		Tesla	
	<p>● Potential influencer Carbon light with an opportunity to be part of the solution</p>	argenx The Trade Desk Roblox HDFC Bank Genmab Intuitive Surgical Datadog Cloudflare Adyen Dexcom Alnylam Pharmaceuticals	AIA Group Moderna	Workday Meta Platforms Wise Payments Microsoft L’Oreal Atlassian Tencent Netflix Prosus Spotify Moody’s Corporation Elevance Health Sartorius
	<p>● Potential evolver Environmentally challenged with opportunity to be part of the solution</p>	Sea Limited TSMC PDD Holdings Meituan Coupang MercadoLibre	AMD DoorDash Shopify Samsung NVIDIA Martin Marietta Materials Exor Ferrari Reliance Industries	Ryanair Amazon.com Kering SMC Atlas Copco ASML CRH Alibaba
	<p>● Materially challenged Environmentally challenged with limited scope for adapting</p>			
		● Lagging	● Preparing	● Leading

Emissions reduction goals and performance

In addition to the over-arching Climate Audit, our Climate team also works to ensure the most potentially material climate-related risks and opportunities are given additional scrutiny. Particular attention is paid to the following:

- Our 50 largest holdings (by combined holding size across strategies) across the firm
- The 20 companies with the highest direct emissions, and the 20 with the highest indirect emissions from their value chains
- Companies operating in high impact sectors, which for our portfolios include semi-conductors, mining, airlines and cement
- Fossil fuel companies, for which there is a specific requirement that an 'energy transition hypothesis' is produced by the relevant investment team, explaining the investment rationale over the expected holding period for clients
- Companies not captured above but which we consider through bottom-up research to have particular challenges with regard to addressing their own climate-related risks and opportunities
- Companies that may have exposure to physical climate risks, and/or wider biodiversity and nature impacts

Nature and biodiversity risks

We are seeing increased interest from some clients and other stakeholders in how we address investment-relevant nature and biodiversity-related risks and opportunities. These issues are closely connected to climate change and other important factors such as human health and food systems. Companies can be exposed to nature-related risks both through their impacts on nature and the dependencies they have on natural processes. In the context of climate change, companies' resilience to extreme weather events can also be influenced by nature-related factors – for example mitigating flood risks through reforestation of rainfall catchments.

To enable us to understand these issues better, a small group within Baillie Gifford has been exploring and developing approaches to assessing companies, portfolios and the data itself. Our Positive Change impact fund and our Climate team have been leading the efforts. So far, outputs have included several portfolio-level biodiversity audits and direct engagement with companies.

We are also in the process of integrating screening processes for likely exposure and potential risk to physical climate change, water and deforestation into the firmwide Climate Audit process described earlier. Given the complexities of these issues at the company level, our approach so far has been led by bottom-up research and shared across investment teams. One example was a research trip to India to improve our understanding of climate and biodiversity issues in the Indian context. This involved meetings with government, non-government organisations and companies and has produced a more nuanced set of research and engagement questions for the investments we have in this region and beyond. Fund managers and analysts have also been provided with a range of research papers and resources to improve their understanding, including a specific guide to integrating physical climate risk into company analysis.

Extending our research

As the climate and energy transitions unfold, we aim to continue to improve our understanding and capabilities in this area. This includes being able to draw on a wide variety of external experts from academia and beyond.

Particular areas of focus in 2024 include the further integration of physical climate change into our research (where we are collaborating with the universities of Edinburgh and Exeter), the development of bespoke decarbonisation pathways for particular regions and sectors (in conjunction with our scenario work, investee companies and standard setters), and deepening our understanding of issues relating to the concept of a just transition. We are also extending our work on biodiversity (prioritising deforestation and water), avoided emissions and the integration of climate metrics with conventional financial indicators alongside the firm's Investment Risk, Analytics and Research team.

Direct engagement with companies will also remain at the core of our research approach. We find these conversations incredibly insightful. As discussed in the next section, they are fundamental to our management of ongoing investments on behalf of our clients and enable us to share thoughts with, and be supportive of, investee companies.

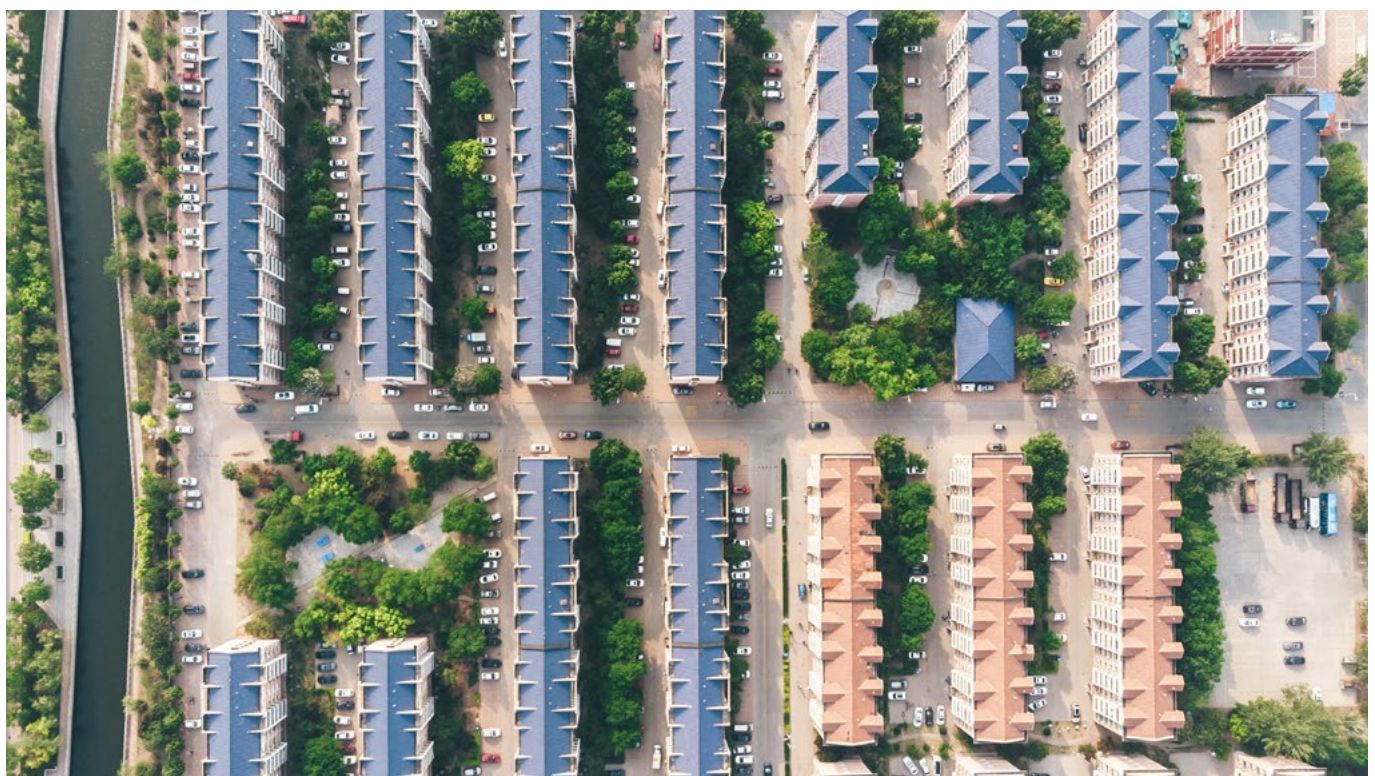
Managing climate-related risks identified in individual holdings

Our primary means of managing climate-related risks is through engagement with holdings. Such risks may encompass both the risk of loss relative to a company’s current baseline, and the risk of missed growth opportunities. Engagement activity is driven primarily by our investment teams, but with expert support from our Climate team.

We assess priorities relative to investment materiality and evaluate our capacity for influence when determining the type of engagement we will undertake. As active managers of relatively concentrated portfolios, aiming to invest for the long term, we have a particular opportunity for discussions with management teams regarding strategy and capital allocation, as well as the more generic – but nonetheless necessary – requests for good disclosure.

If we feel that holdings are not making sufficient progress in mitigating climate-related risks, or accessing potential opportunities, then we will communicate our expectations and seek to deepen our understanding of their approach. We may also take voting action according to our climate voting guidelines on relevant resolutions and proposals. Ultimately, we may choose to divest a holding on financially-material climate grounds.

In 2023, we discussed climate change 217 times with investee companies as part of our ESG engagement activities and this resulted in several direct voting actions. A common feature of our engagements has been the encouragement of greater levels of ambition from holdings in navigating the climate transition. We engage with companies across all sectors, including, for our specific portfolios, those with high direct emissions (such as mining, cement-making and airlines) and those with climate-related risks and opportunities elsewhere in their value chain (such as e-commerce, mortgage lending and semiconductor design). You can find more details of our approach to stewardship in our **Investment Activities Stewardship Report** and quarterly client reporting.



Portfolio and firm-level oversight

Aside from work to assess risks in individual holdings, we have established two formal processes to enhance our oversight of investment-related climate risks across portfolios and the firm.

The first involves the integration of climate metrics into the existing investment risk reports that are provided to investment managers periodically by Baillie Gifford's Investment Risk, Analytics and Research team. These metrics are intended to help investment managers identify emerging climate-related risks across the portfolio and as such they are also being used in our product-level TCFD-aligned climate reporting.

They include:

- Total emissions
- Carbon footprint
- Weighted average carbon intensity (WACI)
- Data availability metric
- Exposure to material sectors
- Exposure to fossil fuels
- Climate value at risk (transitional and physical)
- Science-based targets alignment
- Low carbon transition score
- Our assessment of holdings' emissions reductions goals
- Our assessment of holdings' transition role

A second process helps provide firmwide oversight of potential climate-related risks across all our main investment strategies. To facilitate this oversight, the ESG Assurance Group receives reporting against three climate-related risk guidelines. The purpose is to highlight any portfolios that exceed the guidelines and prompt further discussion. The ESG Assurance Group, in consultation with the ESG Oversight Group as appropriate, is able to escalate any concerns to either the Equity or Multi Asset and Fixed Income Investment Risk Committees (IRCs). The guidelines⁸ used for this process are:

1. Portfolios with a weighted average carbon intensity (calculated on a Scope 1, 2 and material Scope 3 basis⁹) above the equivalent WACI of the performance benchmark used by the portfolio
2. Portfolios with a higher exposure to fossil fuel activities¹⁰ than the performance benchmark used by the portfolio
3. Portfolios with more than 5 per cent of total AUM invested in holdings which have not been assessed using Baillie Gifford's 'Climate Audit' process (as described in the holding-level research section on **page 19**)

We recognise that quantitative indicators such as these do not fully capture the underlying complexities faced by our holdings, and thus do not provide a complete picture of risks and opportunities across portfolios. However, they can indicate a need for deeper assessment. We expect to evolve these guidelines as time goes on to incorporate other insights into portfolio-level risks and opportunities.

8. Due to data limitations, guidelines 1 and 2 can only be used for portfolios comprised mainly of listed equities or corporate bonds (or a mixture of both). Data is not currently reliably available for unlisted companies or other asset classes, and portfolios comprised mainly of these assets need to be assessed on an individual basis.

9. For purposes of this guideline, we measure WACI on tonnes of carbon dioxide equivalent (tCO₂e) per \$m revenue basis using Scope 1, 2 and material Scope 3 emissions. The emissions data is provided by MSCI. By using Scope 1, 2 and material Scope 3, emissions the metric captures the direct emissions of companies (Scope 1), emissions from their purchased power (Scope 2) and, for companies from 'material' sectors, their full value chain emissions (Scope 3). The definition of material sectors comes from PCAF's Scope 3 phase-in timeline and means that it currently includes companies in the oil & gas, mining, transportation, construction, buildings, materials and industrial sectors.

10. Measured as a percentage, this metric captures the percentage of the portfolio's total AUM invested in companies deriving at least 5 per cent of their revenues from fossil fuel activities. We define fossil fuel activities as thermal coal mining and sale, thermal coal power generation, oil and gas extraction and production, refining, pipelines and transportation, petrochemicals, distribution and retail, and equipment and services.

Serving clients and managing our operations

As highlighted in the strategy section, we have identified a number of climate-related risks to the firm associated with serving our clients. Our primary means for identifying, assessing and managing these risks is to ensure we understand our clients' expectations and the regulatory environment in which we and they operate. Our compliance function takes the lead in ensuring the firm identifies and complies with climate-related regulatory requirements. Controls are also embedded into the firm's operational risk framework, including those operated by our Mandate Compliance and Financial Promotions teams.

Being open and transparent with clients about our investment philosophy and approach also helps mitigate the risk of misaligned objectives between us and our clients. For example, where investment strategies have developed net zero-aligned commitments, we ensure these have been communicated to clients, align with their goals and that appropriate consents have been sought.

To help manage risks associated with meeting climate-related commitments to clients we have introduced additional internal reporting to our ESG Assurance Group. The group is supplied with portfolio-level data on compliance with commitments and any issues can be escalated if necessary. This process is supported by our Business Risk team via engagement with investment teams.

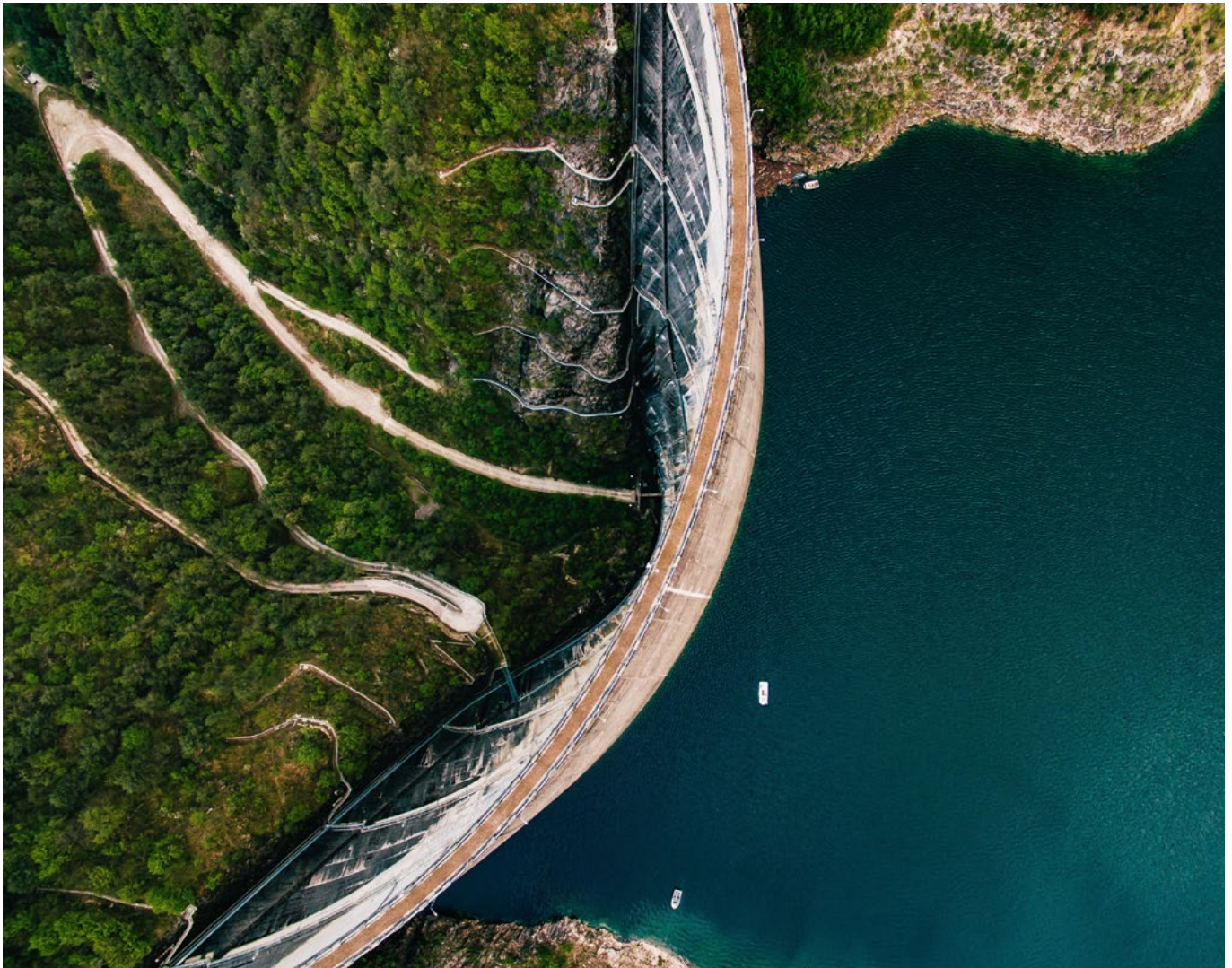
For our operations, we aim to manage climate-related risks to our buildings and processes through our Operations Environment Group. This group's objectives are to promote environmental goals and monitor performance in areas such as building energy management, business travel and waste. Over the course of 2024, the group expects to oversee work on assessing the physical risks to our operations under different climate scenarios and any implications for our business continuity procedures.



Key metrics

Explaining the metrics we use

We use a range of metrics at the asset, portfolio and firm level to help inform our view of climate-related risks and opportunities. These metrics may also be useful to our clients as part of their own research. In the following tables, we describe these metrics, their sources, our use of them and our view of the underlying data availability and quality, including any gaps.



Greenhouse Gas (GHG) Protocol Emissions Scopes

Metric	What it means	How we use it	Source, data quality and availability
Scope 1 emissions	Measurement of direct GHG emissions from operations that are owned or controlled by a holding. Typically relates to the combustion of fossil fuels on-site and in direct control of the holding.	Emissions metrics at asset, portfolio and firm level.	Collated by MSCI from holding-reported data and MSCI activity-based estimates. Generally accepted to be of good quality, albeit some examples of MSCI misestimation reinforce the need for holding reporting.
Scope 2 emissions	Measurement of indirect emissions of a holding associated with the generation of purchased electricity, steam, heat and cooling. It indicates a holding's energy usage and can be helpful in highlighting energy intensity and efficiency.	Emissions metrics at asset, portfolio and firm level.	Collated by MSCI from holding-reported data and MSCI activity-based estimates. Generally accepted to be of good quality, albeit some examples of MSCI misestimation reinforce the need for holding reporting.
Scope 3 emissions	Measurement of indirect emissions from a holding's upstream and downstream value chain. There are 15 categories including those associated with the raw materials a holding uses and the use of its sold products, transport, distribution and business travel. Scope 3 can be useful in understanding wider emissions exposure and determining spheres of influence.	Emissions metrics at asset, portfolio and firm level.	All estimated by MSCI, given the lack and inconsistency of holding-level reporting. MSCI estimation model remains under development, with a particular weakness around emerging market companies. We have engaged with MSCI on future development, and with companies on direct reporting.
Material Scope 3 emissions	Measurement of indirect Scope 3 emissions from certain material sectors, in accordance with guidance from the Portfolio Carbon Accounting Framework (PCAF). The material scope 3 emissions metrics used in this report relate only to the scope 3 emissions from companies in the oil and gas, mining, transportation, construction, buildings, materials and industrial activities sectors. From 2025 onwards all sectors will be included (ie full Scope 3)	Emissions metrics at portfolio and firm level.	All estimated by MSCI, given the lack and inconsistency of holding-level reporting. MSCI estimation model remains under development, with a particular weakness around emerging market companies. We are engaging with MSCI on future development, and with companies on direct reporting.

Emissions metrics

Metric	What it means	How we use it	Source, data quality and availability
Total carbon emissions	Total carbon emissions represent the absolute greenhouse gas (GHG) emissions from assets held, allocated on a proportional basis. This means a portfolio holding 1 per cent of a holding's enterprise value would be attributed 1 per cent of the holding's emissions.	This metric can be used at portfolio and firm level for emissions attribution purposes. But as it's an absolute metric, it should not be used for like-for-like comparisons as differences are influenced by portfolio size.	Emissions sourced from MSCI reported and estimated data. Other inputs sourced from Factset and Baillie Gifford. Data quality and availability concerns as noted in the preceding GHG protocol emissions table.
Carbon footprint	The carbon footprint (or 'financed emissions') represents the aggregated GHG emissions (per million £/\$) invested and can be used for comparisons of carbon intensity.	Emissions metrics at asset, portfolio and firm level.	Emissions sourced from MSCI reported and estimated data. Other inputs sourced from Factset and Baillie Gifford. Data quality and availability concerns as noted in the preceding GHG protocol emissions table.
Weighted Average Carbon Intensity (WACI)	The WACI represents the aggregated carbon intensities of the companies in a portfolio (per million £/\$ revenue), scaled by size of holding. The WACI metric can therefore be used to help measure overall exposure to high carbon intensity holdings.	Portfolio and firm level.	Emissions sourced from MSCI reported and estimated data. Other inputs sourced from Factset and Baillie Gifford. Data quality and availability concerns as noted in the preceding GHG protocol emissions table.
Emissions data availability and disclosure from holdings	These metrics are intended to provide a guide to the level of data coverage for emissions metrics. They show the level of reported vs. estimated vs. unavailable emissions data. It's important to note that for Scope 3 emissions, it is common for companies to report some but not all Scope 3 emissions. Because of this, to ensure consistency, we only use estimated Scope 3 data which covers Scope 3 emissions across all Scope categories.	Portfolio and firm level.	Sourced from MSCI reported and estimated data.

Metrics providing additional insights into climate-related risks and opportunities

Metric	What it means	How we use it	Source, data quality and availability
Exposure to 'climate material' sectors	Measures the percentage of total AUM invested in sectors materially relevant to climate change. These sectors may be exposed to higher levels of climate-related risks and opportunities. Our definition of 'climate-material' sectors uses the TCFD 'carbon related assets' definition, ie any holding operating in the energy, transportation, buildings and materials, agriculture, or food and forests sectors.	Portfolio and firm level.	In-house mapping which relies on the Global Industry Classification Standard (GICS) sub-industry classifications and the statistical classification of economic activities in the European Community (NACE). Coverage is generally high for equities and corporates, but poorer across other asset classes (private companies, sovereigns, fund of funds). At present, 2.6 per cent of total AUM is not classified.
Exposure to fossil fuel companies	Measures the percentage of total AUM exposed to companies classified as fossil fuel companies. This differs from the revenue-based fossil fuel exposure metrics we also report because it only identifies companies with a fossil fuel sector classification.	Firm level.	Sourced from established sector-based NACE classifications 5,6,9.1 and 19. Good availability.
Exposure to companies with fossil fuel revenues	Measures percentage of total AUM exposed to companies generating more than 5 per cent revenues from fossil fuels activities. This is a broader measure of exposure than the sector-based metric described above and will include companies classified as fuel companies as well as those that are not. Some companies may be included in more than one category and these values should not therefore be summed together.	Portfolio and firm level.	Revenue exposure is derived from MSCI data, generally accepted to be of good availability and quality.
Climate 'value-at risk' assessment	Provides an initial quantitative assessment of the impacts to portfolio values under different climate scenarios. We provide MSCI's CVaR (Climate Value at Risk) metrics for both transitional and physical impacts for this purpose.	Portfolio and firm level.	Sourced from MSCI. We believe these metrics are at a very early stage of evolution and should not be used as a guide to future performance because they do not fully capture all transitional and physical factors, especially over the longer term.
Percentage of companies disclosing to CDP annually	Measures percentage of investee companies that respond to the annual CDP information request, covering their approach to climate disclosure and emissions reductions. This is a valuable metric for gauging the extent of high-quality climate disclosures.	Asset, portfolio and firm level.	Sourced from the CDP database. Generally accepted to be accurate.
Percentage of companies publicly reporting at least Scope 1 and 2 emissions annually	Measures the percentage of investee companies providing basic emissions disclosure publicly, usually through their reporting. Used to help gauge the extent of basic climate disclosures.	Asset, portfolio and firm level.	Sourced from MSCI but suffers from a lack of coverage of companies who are smaller, newly listed or in emerging markets.
MSCI Low Carbon Transition (LCT) Score	MSCI's LCT score aims to summarise a holding's exposure to, and management of, climate-related risks and opportunities. Companies are graded on a scale of 1–10. The LCT score is indicative of holding alignment with the low carbon transition.	Asset, portfolio and firm level.	Sourced from MSCI. The vast majority of scores across the market lie between four and six, but we find the extremes are generally well correlated with clear exposure to either fossil fuels (lower quartile) or climate solutions (upper quartile).

Transition alignment

Metric	What it means	How we use it	Source, data quality and availability
Percentage of companies with 'science-based targets'	Relates to the framework and methodology developed by the Science Based Targets initiative (SBTi). 'Approved' companies are those whose net zero targets have been validated by the SBTi. 'Committed' companies are those who have submitted a commitment letter and are in the process of setting and submitting science-based net zero targets or their targets are currently being validated.	Asset, portfolio and firm level.	Taken from the MSCI database, which uses SBTi as its primary source.
Our assessment of holdings' emissions reductions goals and performance	An assessment of disclosure and progress towards strategic alignment with a 1.5C pathway, based on our 'Climate Audit' assessment process described on page 20.	Asset, portfolio and firm level.	Based on our own assessments of holdings, using a variety of sources.
Our assessment of holdings' transition alignment	An assessment of the fundamental alignment of each holding's business model with a timely transition to net zero, based on our 'Climate Audit' assessment process described on page 20.	Asset, portfolio and firm level.	Based on our own assessments of holdings, using a variety of sources.

Metrics summary at whole-firm level for 2023

Each of Baillie Gifford's investment strategies is managed individually, with its own philosophy and in accordance with the mandates and expectations of its clients. TCFD-aligned climate reports and metrics are available for many products within these strategies, and are available on the relevant fund literature pages of our website. For the whole-entity Baillie Gifford report, we provide these metrics on a whole-firm basis. This aligns with TCFD recommendations, and we hope it provides valuable insight into the firm's overall position.

We use a combination of external data suppliers and our own research to produce these metrics. Although we cannot guarantee that data sourced from external suppliers is complete, up to date and accurate, we take reasonable steps to verify the data internally and with our data suppliers prior to inclusion in this report. The use of our own research for metrics covering our assessment of holdings' transition role and emissions reductions goals also helps address gaps in data from external data suppliers.

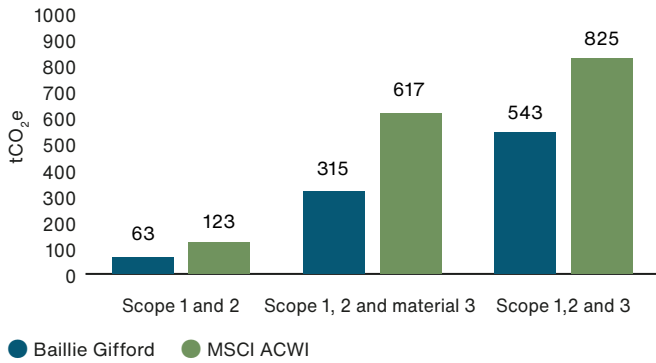
The following tables cover as much of our total AUM as feasible under each metric. Baillie Gifford predominantly invests in listed equities, which account for around 94 per cent of our total AUM. Equities tend to have relatively good availability of either reported or estimated data from our external data providers, though with some gaps, particularly in emerging markets, off-index and smaller cap names. Data from companies can be subject to time lags due to differing company reporting cycles.

Similarly, data availability across the multi-asset and fixed income asset types is generally good. However, for some holdings – for example where portfolios invest in other external funds, or for investments in emerging markets – data is less easily available from our data suppliers. Cash and derivatives have been excluded for now. With these caveats noted, however, we believe the data in the following tables is broadly representative of our total AUM across all asset classes and is accurate as at the end of December 2023.

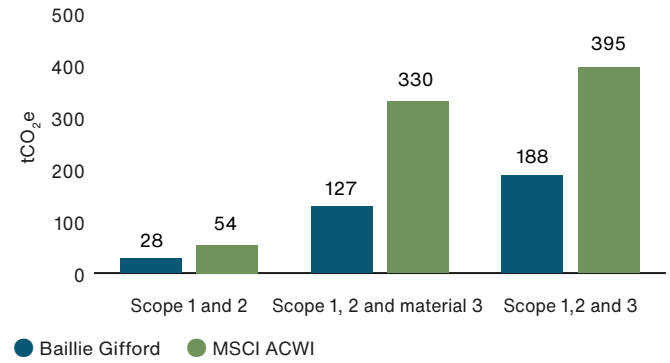
For comparison purposes only, we have also provided equivalent metrics for the MSCI All Country World Index (ACWI) which represents performance of large-cap and mid-cap stocks across 23 developed and 24 emerging markets, and serves as a reasonable global benchmark.

At present, we believe that implied temperature rise (ITR) and climate value-at-risk (CVaR) metrics are still at an early stage of development. Although we have provided CVaR metrics in this metrics section for information purposes, we do not think they can currently be relied upon given that the methodologies struggle to incorporate the complexities and knock-on effects of climate change and the transition. They can, however, be a useful prompt to look deeper at particular holdings, sectors or geographies. We look forward to the continued evolution of these methodologies.

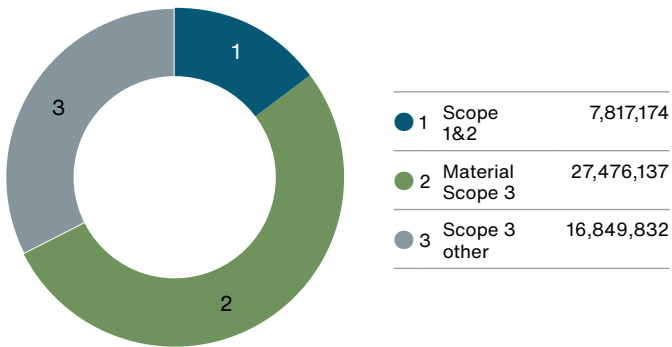
Weighted Average Carbon Intensity for all holdings (tCO₂e per \$m revenue)



Carbon Footprint for all holdings (tCO₂e per \$m invested)



Total emissions from all holdings (tCO₂e)



Note: We define material Scope 3 emissions in line with the recommendations of the Partnership for Carbon Accounting Financials (PCAF). Material Scope 3 emissions are the Scope 3 emissions from entities operating in sectors where such emissions are particularly significant. In the 2022 reporting year this covered the oil and gas and mining sectors, however for the 2023 reporting year it also includes the transportation, construction, buildings, materials and industrial activities sectors, per PCAF guidance. Material scope 3 emissions are therefore very likely to be higher for the 2023 reporting year vs. the 2022 reporting year.

Emissions metrics

As at 31 December 2023

Metric	Baillie Gifford	MSCI ACWI
Total carbon emissions¹¹		
Total Scope 1 and 2 emissions (tCO ₂ e)	7,817,174	N/A
Total Scope 1, 2 and material ¹² Scope 3 emissions (tCO ₂ e)	35,293,310	N/A
Total Scope 3 emissions (tCO ₂ e)	44,325,969	N/A
Total Scope 1, 2 and 3 emissions (tCO ₂ e)	52,143,142	N/A
Carbon footprint¹³		
Scope 1 and 2 emissions (tCO ₂ e) per \$m invested	28	54
Scope 1,2 and material Scope 3 emissions (tCO ₂ e) per \$m invested	127	330
Scope 1,2 and 3 emissions (tCO ₂ e) per \$m invested	188	395
Weighted average carbon intensity¹⁴		
Scope 1 and 2 emissions (tCO ₂ e) per \$m revenue	63	123
Scope 1, 2 and material Scope 3 emissions (tCO ₂ e) per \$m revenue	315	617
Scope 1, 2 and 3 emissions (tCO ₂ e) per \$m revenue	543	825
Emissions data availability and disclosure from holdings¹⁵		
% of total AUM invested in holdings where reported Scope 1 and 2 emissions data is available from our data provider	73	88
% of total AUM invested in holdings where estimated Scope 1 and 2 emissions data is available from our data provider	19	12
% of total AUM invested in holdings where Scope 1 and 2 emissions data is not available from our data provider	8	0
% of total AUM invested in holdings where estimated Scope 3 emissions data is available from our data provider	92	100
% of total AUM invested in holdings where Scope 3 emissions data is not available from our data provider	8	0
% of total AUM invested in holdings disclosing to CDP annually	60	85

Source: Baillie Gifford, MSCI, CDP, FactSet.

11. The total emissions of the firmwide portfolio represents the absolute GHG emissions from assets held, allocated on a proportional basis. This means a portfolio holding 1 per cent of a holding's enterprise value would be attributed 1 per cent of the holding's emissions. Given that this is a total emissions metric, figures for the MSCI ACWI as a whole are not shown.

12. We define material Scope 3 emissions in line with the recommendations of the Partnership for Carbon Accounting Financials (PCAF). Material Scope 3 emissions are the Scope 3 emissions from entities operating in sectors where such emissions are particularly significant. In the 2022 reporting year this covered the oil and gas and mining sectors, however for the 2023 reporting year it also includes the transportation, construction, buildings, materials and industrial activities sectors, per PCAF guidance. Material scope 3 emissions are therefore very likely to be higher for the 2023 reporting year vs. the 2022 reporting year.

13. The carbon footprint (or 'financed emissions') of the firmwide portfolio represents the aggregated GHG emissions per million £/\$ invested and allows for comparisons of the carbon intensity of different portfolios.

14. The WACI of the firmwide portfolio represents the aggregated carbon intensities per \$m revenue of the companies in a portfolio, scaled by size of holding. The WACI metric therefore helps measure a portfolio's exposure to high carbon intensity companies.

15. These metrics provide a guide to the level of reported vs. estimated vs. unavailable data in all emissions metrics for the firmwide portfolio.

Additional insights into climate-related risks and opportunities

As at 31 December 2023

Metric	Baillie Gifford	MSCI ACWI
Exposure to 'climate material' sectors¹⁶		
% of total AUM invested in companies in climate-material sectors	28	34
Exposure to fossil fuel companies¹⁷		
% of total AUM invested in companies classified as fossil fuel companies	1.3	4.2
Exposure to companies with fossil fuel revenues (includes fossil fuel companies)¹⁸		
% of total AUM invested in any company with >5% revenues from oil and/or gas activities ¹⁹	2.1	8.4
% of total AUM invested in companies with >5% revenues from thermal coal mining and sale ²⁰	0.3	0.5
% of total AUM invested in companies with >5% revenues from thermal coal power generation	0.0	1.0
Climate 'value-at-risk' assessment²¹		
Indicative estimate of climate-related value at risk (%) from transitional factors by 2050 under REMIND risk model NGFS 1.5C 'orderly transition' scenario (provided by MSCI)	-3	-7
Indicative estimate of climate-related value at risk (%) from transitional factors by 2050 under REMIND NGFS 1.5C 'disorderly transition' scenario (provided by MSCI)	-5	-10
Indicative estimate of climate-related value at risk (%) from transitional factors by 2050 under REMIND NGFS 3C scenario (provided by MSCI)	0	-1
Indicative estimate of climate-related value at risk (%) from physical factors by 2050 under high emission (based on RCP 8.5) scenario (provided by MSCI)	-6	-6

Source: Baillie Gifford, MSCI, FactSet.

16. Our definition of 'climate-material' sectors uses the TCFD 'carbon related assets' definition, ie any holding operating in the energy, transportation, buildings and materials, agriculture, or food and forests sectors, mapped by GICS sub-industry.

17. This metric measures the percentage of total AUM invested in companies classified as fossil fuel companies, ie companies whose main activity is classified as any of the following: mining of coal and lignite; extraction of crude petroleum and natural gas; support activities for petroleum and natural gas extraction; manufacture of coke and refined petroleum products.

18. This metric measures the percentage of total AUM invested in companies generating more than 5 per cent revenues from fossil fuels activities. This metric includes all the exposure to fossil fuel companies included in the metric above and they should not be summed together. Some companies may be counted in more than one category.

19. Includes oil and/or gas distribution, retail, equipment and services, extraction and production, petrochemicals, pipelines and transportation and refining. Excludes biofuel production and sales, and trading activities.

20. Includes the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties. Excludes metallurgical coal, coal mined for internal power generation, intra-company sales of mined thermal coal and revenue from coal trading.

21. To help provide an initial quantitative assessment of impacts to the portfolio under different climate scenarios, we provide MSCI's CVaR (Climate Value at Risk) metrics for both transitional and physical impacts. We believe these metrics are at a very early stage of evolution and should not be used as a guide to future performance because they do not fully capture all transitional and physical factors, especially over the longer term. We expect to provide additional analysis in future iterations of this report.

Insights into net zero alignment of holdings

As at 31 December 2023

Metric	Baillie Gifford
Baillie Gifford's assessment of holdings' emissions reductions goals and performance	
● % of total AUM with targets assessed as 'leading'	37
● % of total AUM with targets assessed as 'preparing'	23
● % of total AUM with targets assessed as 'lagging'	38
% of total AUM with targets not assessed	2
Baillie Gifford's assessment of holdings' transition role	
● % of total AUM assessed as 'solutions innovators'	6
● % of total AUM assessed as 'potential influencers'	47
● % of total AUM assessed as 'potential evolvers'	44
● % of total AUM assessed as 'materially challenged'	1
% of total AUM not assessed	3

Source: Assessed according to Baillie Gifford's internal assessment framework.

Metric	Baillie Gifford	MSCI ACWI
Science-based targets²² alignment among holdings		
% of total AUM invested in companies with targets approved by the SBTi	24	39
% of total AUM invested in companies who have committed to set targets approved by the SBTi	19	15

Source: Baillie Gifford, SBTi and MSCI.

Low-carbon transition score²³		
% of total AUM with top quartile (score 7.5–10)	7	5

Source: Baillie Gifford, MSCI and FactSet.

22. Using the framework and methodology developed by the SBTi. 'Approved' companies are those whose net zero targets have been validated by the SBTi. 'Committed' companies are those who have submitted a commitment letter and are in the process of setting and submitting science-based net zero targets or their targets are currently being validated.

23. Score provided by MSCI representing a multi-dimensional risk and opportunity assessment. The higher the score, the more positive the alignment with an accelerating energy transition. More details can be found on MSCI's Climate Data and Metrics webpages.

Data spotlights

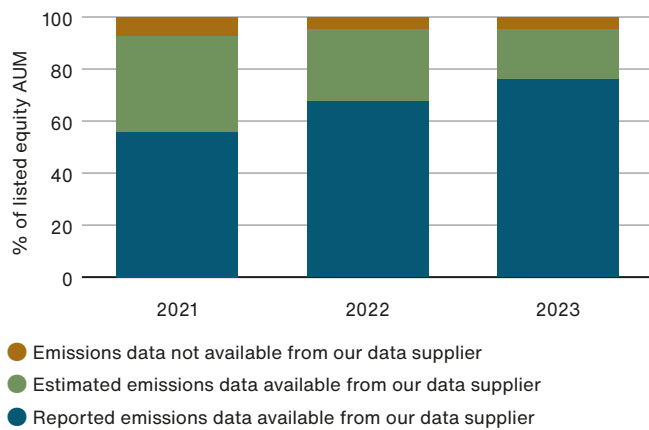
The following charts highlight some trends we have observed when comparing 2022 data with 2023. They are not intended to represent a full analysis of all changes to metrics across this timeframe, but have been included here to help provide additional insight.

The first two charts illustrate the steady improvement we are seeing in company reporting and data quality for our listed equity holdings (which equate to approximately 94 per cent of AUM). This underpins our ability to assess exposure and management of issues related to the climate and energy transitions, and thus potential materiality to investment returns.

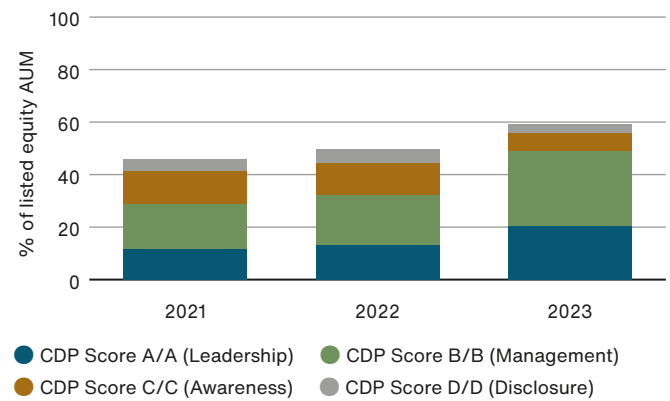
The proportion of our holdings providing reported emissions data to our data provider is now more than 75 per cent. In addition, the overall level of coverage from our data provider has continued to improve.

More of our holdings are also reporting in greater detail to the voluntary disclosure body CDP, and an increasing proportion are gaining high scores. We value the extra information as part of our bottom-up research process.

Scope 1&2 emissions data availability



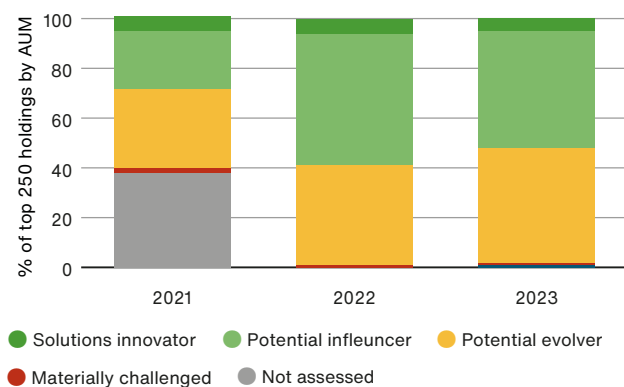
CDP scores progression



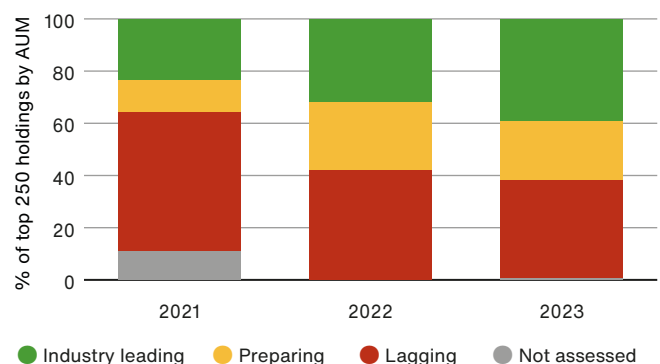
The next two charts illustrates the progression of holdings within our Climate Audit assessments for our largest 250 holdings (which represent approximately 86 per cent of AUM). Since 2022, we have seen an increase in exposure to holdings assessed as ‘potential evolvers’. These are holdings that would need to adapt their business models

to thrive in a lower carbon economy, and by doing so could contribute to decarbonisation and create competitive advantage. It is also notable that the number of holdings we assess to have ‘industry leading’ strategies for the management of emissions has continued to rise.

Our assessment of transition role



Our assessment of emissions goals and performance



Key metrics for our main investment strategies

In addition to the climate metrics for the whole firm provided in the previous pages we have also chosen to provide some key climate metrics for our largest investment strategies (representing 78 per cent of total AUM). It is important to note that these strategies have different philosophies, objectives, commitments and regional biases, and therefore differences between them are to be expected and not necessarily an indication

of enhanced or reduced climate-related risks or opportunities. Metrics are provided for a representative portfolio of each strategy.

More detail on the way climate-related risks and opportunities are addressed in individual investment funds, including additional metrics, are available in our product-level TCFD-aligned climate reports. These are available on the relevant fund literature pages of our website.

Investment strategy	Total AUM (£m)*	Net zero committed fund options	Carbon footprint (tCO ₂ e/\$m invested)		Weighted Average Carbon Intensity (tCO ₂ e/\$m revenue)		% of AUM invested in companies in 'climate material' sectors ²⁴
			Scope 1 & 2 emissions	Scope 3 emissions	Scope 1 & 2 emissions	Scope 3 emissions	
International Growth	38,807	None	6	128	21	398	33
Long Term Global Growth	33,915	Majority of fund variants	3	76	10	468	21
Global Alpha	23,799	Some fund variants	51	169	119	538	31
Scottish Mortgage	13,507	None	3	85	12	424	24
International Alpha	12,740	None	53	248	101	622	38
US Equity	10,914	Some fund variants	3	76	11	305	16
Emerging Markets All Cap	9,672	None	120	384	239	673	40
ACWI ex US All Cap	7,995	None	22	156	65	539	27
Global Alpha Paris Aligned	7,224	All funds	24	113	54	358	23
Positive Change	6,410	All funds	8	140	33	509	35
Managed	5,936	All funds	37	228	106	535	22
Emerging Markets Leading Companies	5,575	None	115	304	161	557	35
Key benchmark metrics							
MSCI ACWI	N/A	N/A	54	341	123	702	34
MSCI ACWI Index excluding the US	N/A	N/A	93	537	172	938	41
MSCI Emerging Markets Index	N/A	N/A	161	567	330	883	39

* As at 31 December 2023

24. Our definition of 'climate-material' sectors uses the TCFD 'carbon related assets' definition, ie any holding operating in the energy, transportation, buildings and materials, agriculture, or food and forests sectors, mapped by GICS sub-industry.

Emissions from our operations

The following table covers emissions from our own operational activities (excluding investments), reported in line with the Greenhouse Gas Protocol emissions accounting standards. Year-on-year changes to emissions may be influenced by changes in the reporting scope and/or the emission conversion factors we are required to use. We also publish energy and emissions data and explanations in line with the UK's Streamlined Energy and Carbon Reporting regulations (SECR) within Baillie Gifford Overseas Ltd and Baillie Gifford & Co Ltd Annual Reports and Consolidated Financial Statements.

Measure	2022	2023	% change
Energy consumption (kWh)			
Energy use	7,719,874	6,197,779	-20
Greenhouse gas emissions (tCO₂e)			
Total Scope 1 emissions	546	600	10
Total Scope 2 emissions (location-based)	979	1,070	9
Total Scope 1 and 2 emissions	1,525	1,670	10
Scope 3 emissions from purchased goods and services	4,924	7,071	44
Scope 3 emissions from capital goods	554	193	-65
Scope 3 emissions from fuel and energy related activities (location-based)	427	568	33
Scope 3 emissions from waste generated in operations	153	173	13
Scope 3 emissions from business travel	5,052	7,783	54
Scope 3 emissions from employee commuting and home working	1,101	1,119	2
Total Scope 3 emissions (excluding investments)	12,212	16,907	38
Intensity metrics			
Total Scope 1, 2 and 3 emissions (excluding investments)	13,737	18,577	35
Scope 1 and 2 emissions per full-time equivalent employees (tCO ₂ e per FTE)	1	1	6
Scope 1, 2 and 3 emissions per full-time equivalent employees (tCO ₂ e per FTE)	7	9	24
Full time equivalent (FTE) employees	1,928	1,981	3

Compliance statements

TCFD Entity Report – Baillie Gifford & Co Limited

Reliance on climate-related disclosures made by Baillie Gifford group

The Baillie Gifford group provides one essential service to its clients, namely asset management. Whilst different legal structures have been established to accommodate different client types, the essential services remain the same. As such, we present climate-related disclosures consistent with TCFD Recommendations and Recommended Disclosures at Baillie Gifford group level.

The FCA rules on TCFD entity reports also require firms to ensure that any material deviations between its approach under the TCFD Recommendations and Recommended Disclosures and the climate-related financial disclosures contained within the group report are clearly explained. Although metrics for the entire Baillie Gifford group will be different (to some extent) to BG & Co Limited's metrics, we have not chosen to present climate-related metrics at BG & Co Limited level due to the following reasons: (a) although strategies are offered either as segregated accounts (managed either by Baillie Gifford & Co or Baillie Gifford Overseas Limited depending on client jurisdiction) or pooled vehicles (managed by BG & Co Limited), the decisions taken for segregated accounts and pooled vehicles are drawn from the same underlying view on the relevant stocks and (b) disclosing metrics at the level of each entity that is part of the Baillie Gifford group could lead to misleading information due to double-counting (eg assets will be included in both metrics for BG & Co Limited as well as Baillie Gifford & Co due to delegation in respect of a series of UK UCITS and NURS and investment trusts) and the rules provide exemption from the disclosure of metrics if to do so would result in disclosures that are misleading.

Public TCFD product report – unauthorised AIF

The FCA's ESG sourcebook (section 2.3.2) requires a UK AIFM that manages an unauthorised AIF listed on recognised investment exchange, including investment trusts, to include an adequately contextualised and prominent cross-reference and hyperlink to this report, in its TCFD entity report.

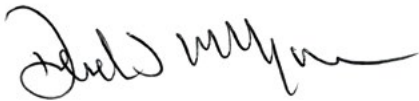
To meet its regulatory obligations, BG & Co Limited has prepared and published TCFD product reports for the following investment trusts covering the same reporting period as the TCFD entity report:

- Baillie Gifford China Growth Trust plc
- Baillie Gifford European Growth Trust plc
- Baillie Gifford Shin Nippon PLC
- Baillie Gifford UK Growth Trust plc
- Baillie Gifford US Growth Trust plc
- Edinburgh Worldwide Investment Trust plc
- Keystone Positive Change Investment Trust plc
- Pacific Horizon Investment Trust PLC
- Scottish Mortgage Investment Trust PLC
- The Baillie Gifford Japan Trust PLC
- The Monks Investment Trust PLC
- The Schiehallion Fund Limited
- The Scottish American Investment Company P.L.C.

Compliance statement

The disclosures in this report, including group disclosures relied upon and cross-referenced in this report, are consistent with the TCFD Recommendations and Recommended Disclosures. Reasonable steps have been taken to ensure that disclosures, to the extent they are relevant and/or possible, also reflect sections C and D of the TCFD Annex entitled 'Guidance for All Sectors' and 'Asset Managers', respectively. We view climate-related disclosures as evolutionary and endeavour to continue to improve on our disclosures.

This statement is made pursuant to FCA's ESG sourcebook (section 2.2.7) requiring a firm's TCFD entity report to include a compliance statement, signed by a member of senior management of the firm.



Director of Baillie Gifford & Co Limited

Derek McGowan
31 May 2024

TCFD Entity Report – Baillie Gifford Overseas Limited

Reliance on climate-related disclosures made by Baillie Gifford group

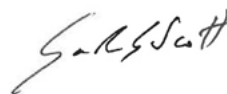
The Baillie Gifford group provides one essential service to its clients, namely asset management. Whilst different legal structures have been established to accommodate different client types, the essential services remain the same. As such, we present climate-related disclosures consistent with TCFD Recommendations and Recommended Disclosures at Baillie Gifford group level.

The FCA rules on TCFD entity reports also require firms to ensure that any material deviations between its approach under the TCFD Recommendations and Recommended Disclosures and the climate-related financial disclosures contained within the group report are clearly explained. Although metrics for the entire Baillie Gifford group will be different (to some extent) to BGO's metrics, we have not chosen to present climate-related metrics at BGO level due to the fact that although the group has established two entities to manage segregated accounts (BGO for non-UK clients and Baillie Gifford & Co for UK clients), the decisions taken for these segregated accounts (regardless of jurisdiction) are drawn from the same underlying view on the relevant stocks. Also, as BGO provides portfolio management services to Baillie Gifford & Co Limited, disclosing metrics both at the level of BGO and Baillie Gifford & Co Limited could lead to misleading information due to double-counting and the rules provide exemption from the disclosure of metrics if to do so would result in disclosures that are misleading.

Compliance statement

The disclosures in this report, including group disclosures relied upon and cross-referenced in this report, are consistent with the TCFD Recommendations and Recommended Disclosures. Reasonable steps have been taken to ensure that disclosures, to the extent they are relevant and/or possible, also reflect sections C and D of the TCFD Annex entitled 'Guidance for All Sectors' and 'Asset Managers', respectively. We view climate-related disclosures as evolutionary and endeavour to continue to improve on our disclosures.

This statement is made pursuant to FCA's ESG sourcebook (section 2.2.7) requiring a firm's TCFD entity report to include a compliance statement, signed by a member of senior management of the firm.



Partner of Baillie Gifford & Co and Director of Baillie Gifford Overseas Ltd

Gavin Scott
31 May 2024

TCFD Entity Report – Baillie Gifford & Co


Reliance on climate-related disclosures made by Baillie Gifford group

The Baillie Gifford group provides one essential service to its clients, namely asset management. Whilst different legal structures have been established to accommodate different client types, the essential services remain the same. As such, we present climate-related disclosures consistent with TCFD Recommendations and Recommended Disclosures at Baillie Gifford group level.

The FCA rules on TCFD entity reports also require firms to ensure that any material deviations between its approach under the TCFD Recommendations and Recommended Disclosures and the climate-related financial disclosures contained within the group report are clearly explained. Although metrics for the entire Baillie Gifford group will be different (to some extent) to BG & Co's metrics, we have not chosen to present climate-related metrics at BG & Co level due to the fact that although the group has established two entities to manage segregated accounts (BG & Co for UK clients and Baillie Gifford Overseas Limited for non-UK clients), the decisions taken for these segregated accounts (regardless of jurisdiction) are drawn from the same underlying view on the relevant stocks. Also, as BG & Co provides portfolio management services to Baillie Gifford & Co Limited, disclosing metrics both at the level of BG & Co and Baillie Gifford & Co Limited could lead to misleading information due to double-counting and the rules provide exemption from the disclosure of metrics if to do so would result in disclosures that are misleading.

Compliance statement

The disclosures in this report, including group disclosures relied upon and cross-referenced in this report, are consistent with the TCFD Recommendations and Recommended Disclosures. Reasonable steps have been taken to ensure that disclosures, to the extent they are relevant and/or possible, also reflect sections C and D of the TCFD Annex entitled 'Guidance for All Sectors' and 'Asset Managers', respectively. We view climate-related disclosures as evolutionary and endeavour to continue to improve on our disclosures. This statement is made pursuant to FCA's ESG sourcebook (section 2.2.7) requiring a firm's TCFD entity report to include a compliance statement, signed by a member of senior management of the firm.



Managing Partner of Baillie Gifford & Co

Andrew Telfer
31 May 2024

TCFD

reference index

The following table shows where to find the key elements of TCFD's recommended disclosures, including supplemental guidance for asset managers, within this report and other disclosures:

	Page reference	Notes
Governance		
The board's oversight of climate-related risks and opportunities.	4–6	
Management's role in assessing and managing climate-related risks and opportunities.	4–6	
Strategy		
The climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	13–18	
The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	13–18	
Supplemental guidance for asset managers: How climate-related risks and opportunities are factored into relevant products or investment strategies; how each product or investment strategy might be affected by the transition to a low-carbon economy.	19–25	Further information on individual portfolios is contained within our product-level TCFD reports, available to clients.
The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario.	13–18	
Risk management		
The organisation's processes for identifying and assessing climate-related risks	19–25	
Supplemental guidance for asset managers: Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers' ability to assess climate-related risks. Describe how material climate-related risks are identified and assessed for each product or investment strategy.	19–25	Further information on risks to individual portfolios is contained within our product-level TCFD reports available to clients. Additional detail on engagement statistics and examples can be found in quarterly client reporting, and the Baillie Gifford Investment Activities Stewardship Report.
The organisation's processes for managing climate-related risks.	19–25	

	Page reference	Notes
How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	19–25	
Metrics and targets		
The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	26–38	
Supplemental guidance for asset managers: Describe metrics used to assess climate-related risks and opportunities in each product or investment strategy. Where relevant, describe how these metrics have changed over time. Where appropriate, provide metrics considered in investment decisions and monitoring. Describe the extent to which assets under management and products and investment strategies, where relevant, are aligned with a well below 2C scenario, using whichever approach or metrics best suit organizational context or capabilities. Indicate which asset classes are included.	37	Further information on individual portfolios is contained within our product-level TCFD reports available to clients.
Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	32–33, 37–38	
Supplemental guidance for asset managers: Disclose GHG emissions for assets under management and the weighted average carbon intensity (WACI) for each product or investment strategy, where data and methodologies allow. These emissions should be calculated in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF Standard) or a comparable methodology. In addition to WACI, asset managers should consider providing other carbon foot-printing metrics they believe are useful for decision-making.	37	Further information on individual portfolios is contained within our product-level TCFD reports available to clients.
The targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	7–12	

Legal notices

Baillie Gifford uses a combination of internal research and analysis and third-party data sources when preparing ESG-related disclosures.

Prior to using data sourced from a third-party provider, Baillie Gifford conducts appropriate due diligence on the third-party provider including validation of their methodology and assessment of their coverage and then carries out spot checks of the data periodically, escalating issues to the third-party provider where necessary.

However, Baillie Gifford cannot guarantee that such data is complete, up-to-date and/or accurate. Furthermore, information disclosed is based on data established at a specific time which may be liable to change. More generally, the coverage, standardisation, and comparability of ESG data continues to change and develop over time.

This disclosure does not 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.

The figures in this report are aggregations and calculations which draw upon data from our external data providers, principally MSCI.

MSCI ESG Research

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Important information

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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.

Financial Intermediaries

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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. Baillie Gifford Investment Management (Europe) Limited is authorised by the Central Bank of Ireland as an AIFM under the AIFM Regulations and as a UCITS management company under the UCITS Regulation. Baillie Gifford Investment Management (Europe) Limited is also authorised in accordance with Regulation 7 of the AIFM Regulations, to provide management of portfolios of investments, including Individual Portfolio Management ('IPM') and Non-Core Services.

Baillie Gifford Investment Management (Europe) Limited has been appointed as UCITS management company to the following UCITS umbrella company; Baillie Gifford Worldwide Funds plc. Through passporting 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. Similarly, it has established Baillie Gifford Investment Management (Europe) Limited (Amsterdam Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in The Netherlands. 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'). The representative office is authorised by the Swiss Financial Market Supervisory Authority (FINMA). The representative office does not constitute a branch and therefore does not have authority to commit Baillie Gifford Investment Management (Europe) Limited. Baillie Gifford Investment Management (Europe) Limited is a wholly owned subsidiary of Baillie Gifford Overseas Limited, which is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited and Baillie Gifford & Co are authorised and regulated in the UK by the Financial Conduct Authority.

China

Baillie Gifford Investment Management (Shanghai) Limited 柏基投资管理(上海)有限公司 ('BGIMS') is wholly owned by Baillie Gifford Overseas Limited and may provide investment research to the Baillie Gifford Group pursuant to applicable laws. BGIMS is incorporated in Shanghai in the People's Republic of China ('PRC') as a wholly foreign-owned limited liability company with a unified social credit code of 91310000MA1FL6KQ30. BGIMS is a registered Private Fund Manager with the Asset Management Association of China ('AMAC') and manages private security investment fund in the PRC, with a registration code of P1071226.

Baillie Gifford Overseas Investment Fund Management (Shanghai) Limited 柏基海外投资基金管理(上海)有限公司 ('BGQS') is a wholly owned subsidiary of BGIMS incorporated in Shanghai as a limited liability company with its unified social credit code of 91310000MA1FL7JFXQ. BGQS is a registered Private Fund Manager with AMAC with a registration code of P1071708. BGQS has been approved by Shanghai Municipal Financial Regulatory Bureau for the Qualified Domestic Limited Partners (QDLP) Pilot Program, under which it may raise funds from PRC investors for making overseas investments.

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 license 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 Suites 2713-2715, Two International Finance Centre, 8 Finance 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

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Australia

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