Baillie Gifford™

Firmwide Report
Year ended 31 December 2024

Climate Report

Prepared in accordance with UK rules for entity-level Task Force on Climate-related Financial Disclosures (TCFD) reporting

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 2025 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.

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

Baillie Gifford™

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Contents

About Baillie Gifford

Baillie Gifford is an investment management firm founded in 1908 and headquartered in Edinburgh, Scotland. We employ around 1,700 people based mainly in Scotland, with additional offices worldwide. At 31 December 2024, we managed £217 billion of clients' assets. Around 95 per cent of assets under management (AUM) are focused on listed equities, and we also offer multi-asset, income-generating and private company 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, while BGO provides these services to non-UK clients. BG & Co Limited operates as the manager of a series of UK undertakings for collective investment in transferable securities (UCITS) and non-UCITS retail schemes (NURS), Canadian collective investment funds and investment trusts. BG & Co Limited delegates portfolio management services to BG & Co and BGO.

Introduction

In line with our long term investment philosophy, this report explains how we address the risks and opportunities associated with climate change in our investment activities, client relationships and operations. It is prepared in accordance with UK regulations on climate reporting for UK asset managers.

First and foremost, we are agents of our clients and stewards of their assets. Over the period this report covers (2024), we have listened carefully to our clients and heard a wide range of views on how to address these issues in our fiduciary role. Our approach is always to invest according to our clients' mandates and the objectives of the investment strategies we offer.

Changes to the climate and the evolution of technologies, behaviours and policies have the potential to be materially relevant to our objective of delivering great returns for our clients over the long run. We believe a successful transition that limits the global average temperature increase and lessens the impacts on societies worldwide offers our clients better opportunities for investment returns than a failed transition. But we recognise that the pathway to achieving this is not predetermined and will continue to evolve. This report explains more about our efforts to explore the outcomes that could lie ahead.

We think it's important to see climate change in the context of many other global changes and shifts. Our work to develop future climate scenarios for use in our investment research explicitly recognises this by integrating a range of social, political and economic factors into qualitative narratives rather than quantitative models. These improve our understanding of the complexities ahead and add to our capacity to deliver long-term performance for our clients.

As technologies, policies and consumer preferences continue to evolve, we see attractive investment opportunities in companies that enable the reduction of greenhouse gases and the more conservative use of natural resources. However, the increasing incidence of extreme weather events, with 2024 also being the hottest year on record[1], emphasises the need for businesses and governments to also focus on adaptation and resilience to minimise potential disruptions from the physical impacts of climate change. While we find optimism in the pace of technology innovation and deployment, the extent of explicit policy interventions that could proactively constrain emissions or manage physical resilience continues to move slowly in many leading economies. This is a complex backdrop against which to deliver for clients over our reference time horizons.

Many of our clients have given us a mandate to invest and manage their portfolios to support the goal of achieving net zero greenhouse gas emissions by 2050, or sooner, in line with global efforts to limit warming to 1.5C ('net zero'). We take a thoughtful, bottom-up approach to the implementation of these mandates and will, in partnership with our clients, continue to evolve our approach to net zero, focusing on what is most likely to achieve real-world impact. This is particularly important given, as noted above, significant parts of the economy are yet to show material decarbonisation and policy continues to lag headline national commitments. The finance sector can be an important enabler, but it cannot deliver net zero alone.

[1]World Meteorological Organisation (WMO) confirms 2024 as the warmest year on record at about 1.55C above the pre-industrial level.

As required under UK regulations, we also published product-level Task Force on Climate-related Financial Disclosures (TCFD) reports for UK-managed investment funds. We hope these provide clients with more insight into the portfolios in which they are invested. You can find these reports for our UK-managed investment funds on **our website**. Reports are available for other portfolios upon request.

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

After careful consideration, towards the end of 2024, we decided to withdraw from industry groups Climate Action 100+ and the Net Zero Asset Managers initiative. These memberships had become contested and risked distracting from our core investment task. This change in membership status will not affect our commitment to deliver for our clients and always act according to their mandates.

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.

Our governance

Partnership approach

Baillie Gifford has no external owners or shareholders. As a private partnership, each of the partners 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 our clients' needs. As owners of the business, each partner performs a supervisory role, either through their participation on boards, groups and committees, via their day-to-day roles in the firm, including management roles, receipt of papers and minutes from the Management Committee or by attending and contributing to partnership meetings held on a quarterly basis. The content of these partnership meetings is varied and can include briefings on parts of the business and discussions on strategic topics to gather input and viewpoints from the wider partnership and may include ESG (environmental, social and governance)-related (including climate) issues. Further details of our approach to governance at Baillie Gifford are available on **our website.**

Risk oversight

The Managing Partners, on the partnership's behalf, have established the Management Committee, which oversees the firm's operational management. Baillie Gifford & Co has established a number of subsidiary legal entities, each with its own governance arrangements and decision-making processes, which are aligned to the overall Baillie Gifford governance framework.

The Management Committee and the boards of the relevant Baillie Gifford legal entities oversee issues related to climate-related risks and opportunities. Reporting mechanisms are in place to ensure relevant climate-related matters are escalated to them as appropriate, including as part of regular reporting on investment risk, business risk, investment management, ESG issues, regulatory compliance, finance 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.

From an investment perspective, the identification, assessment and management of climate-related risks and opportunities is primarily the responsibility of individual investment teams. Teams are expected to undertake this as part of investment research, analysis and engagement activities, guided by potential materiality to investment outcomes and as appropriate to client mandates. For this task, many teams are supported by a dedicated, on-desk ESG analyst and all teams have access to support from our ESG function, which includes dedicated climate expertise. While each investment team brings its own perspectives and approach, they work from 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. Where relevant, they also support teams with climate-related objectives that clients might have. Our investment teams also receive risk reporting from the Investment Risk, Analytics and Research Department, which is explained further in this report's **Climate-related risk management section**.

Key decisions on climate strategy and objectives for the firm, including those set out in our strategy section, are ultimately taken by our Management Committee. The Management Committee has delegated responsibility to the ESG Oversight Group for oversight of the firm's strategic approach to ESG (including climate-related risks and opportunities) regarding investment strategies and client activities. The ESG Oversight Group makes recommendations relating to key ESG disclosures to the Management Committee and/or legal entity boards. It will also escalate any significant ad-hoc matters as and when required.

The ESG Oversight Group includes partners and representatives from the ESG function, investment and client teams. 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 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, which updates Management Committee members to allow it to monitor the firm's long-term operational environmental targets.

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 Department	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			●	
Product Groups	Design, commercialisation, evolution and management of investment products			●	
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 the 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

Give all clients the option of receiving reporting on material climate-related risks and opportunities for their portfolios

Give clients across all our investment strategies the option of investing in a net zero aligning portfolio[2]

Continue the significant investment in our client service capabilities

Undertake bespoke annual Climate Assessments of at least our top 250 corporate holdings by AUM and across our net zero aligning portfolios[3]

Communicate clear climate-related expectations to holdings and engage, as appropriate to investment materiality and client mandates

Challenge our perspectives through climate scenario analysis and external partnerships

Work towards achieving net zero emissions for our operations by 2040

[2]Net zero aligning portfolios are mandated to invest and manage investments to support the goal of achieving net zero greenhouse gas emissions by 2050, or sooner, in line with global efforts to limit warming to 1.5C ('net zero').

[3]At the end of 2024, Climate Assessments of our top 250 corporate holdings and net zero aligning portfolios covered around 87 per cent of Baillie Gifford's assets under management (AUM).

Our approach to the transition

As an Edinburgh-based firm, we are conscious of the UK and Scottish Governments' objectives to reduce emissions by 100 per cent of 1990 levels by 2050 and 2045, respectively. We continue to monitor developments across the jurisdictions in which we operate, including any regulatory requirement mandating the disclosure of a transition plan. For example, the Financial Conduct Authority is expected to consult on strengthening its expectations for transition plan disclosures during 2025 as part of the consultation on reporting sustainability-related information.

The pathway to achieving these global and national objectives is likely to continue evolving as changes in society, technology and the climate develop.

Our investment time frames are a highly relevant factor in our approach. Our average holding period of seven years for listed equities means that companies we invest in today may still be in our portfolios beyond 2030 – the point by which many estimates indicate global emissions would need to have reduced substantially to align with the temperature goals of the Paris Agreement. It's also a time frame over which the physical impacts of climate change are expected to become increasingly disruptive. The societal impacts of these themes pose complex challenges and opportunities for many companies and will likely require them to show great adaptability. Our typically longer equity holding periods allow us to build relationships with companies' senior management and board members. This enables us to gain deeper understanding and exert influence where we believe it is appropriate to our investment task.

Another aspect of our approach is acknowledging that companies in all sectors of the economy can be critical to a successful transition, whether that be through direct capital allocation or market influence. We do not assess potential investment materiality from climate-related risks or opportunities, nor re-allocate capital, based on simple screens for direct carbon intensity. While the average financed emissions of Baillie Gifford's firmwide holdings is less than half the global market average[4], this is a function of our bottom-up investment style and preferences, not specific selection for this trait.

We will continue to review our approach and transition planning as thinking across the finance industry evolves including among clients, regulators and policy makers.

[4]Based on comparing the carbon footprint of our firmwide holdings (per $m invested) with that of the MSCI All Country World Index. More details of these metrics are available in the Key Metrics section of this report.

Investment

Investment activities

The scale of innovation and change underway globally make climate a potentially material investment factor for the portfolios we manage for our clients. We seek to understand how holdings address the associated opportunities and risks, and support those developing competitive advantage. Assessing potential investment returns over the time horizons relevant to our strategies means that we must evaluate how holdings might impact the environment (through, for example, their products and services), as well as the impact of a changing climate on them (for example, supply chain disruption from extreme weather events, or changes in the cost base due to new regulation).

Each investment team operates with a high degree of autonomy. Our approach 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 with a specific mandate to support the achievement of net zero emissions globally are expected to assess company alignment as part of their approach (described in more detail later in this report).

In cases where we determine that climate-related risks and opportunities could be potentially material to long-term investment performance, we may communicate with holdings to improve our understanding and assess whether company management teams have appropriate strategies in place. Our overall approach to stewardship and engagement is described in detail in our **Stewardship Principles and Guidelines document**. Engagement examples are also included in our quarterly client reporting and annual **Investment Stewardship Activities Report**.

Our Climate Team also supports investment teams to ensure a consistent approach in the following areas:

- Completion of Climate Assessments specifically focused on our top 250 corporate holdings by AUM and those held in net zero aligning portfolios. This assessment is described in this report's climate-related risk management section, and the coverage and results for 2024 can be found in the Key Metrics section.
- Engagement with holdings where we believe climate-related risks and opportunities to be potentially material to investment returns. In addition to strategy discussions, this may include requests for companies to improve disclosure of greenhouse gas emissions to enhance the management and oversight of transition-related risks and opportunities, or develop exposure assessment and resilience to material physical risks, which can help inform our investment research.
- Calibrating and implementing objectives for net zero aligning portfolios, including assessing progress for corporate alignment.

Our work requires experienced and knowledgeable colleagues and access to high-quality data and information. This is an evolving area. We continually invest to ensure our approach is sophisticated and in line with regulation and emerging best practice.

We also prioritise access to outside perspectives. This has been an area of focus for the firm for some time and includes a wide range of knowledge partnerships that enhance our understanding of climate and environmental issues. These include the Deep Transitions Lab (economic transformations), the Smart Freight Centre (logistics), the James Hutton Institute (farming and land use), Exeter University (physical climate change), the Santa Fe Institute (complexity economics) and the Universities of Edinburgh and Heriot-Watt (renewables, emissions accounting), among others.

Clients

Serving clients

Our clients have different objectives and obligations concerning 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 can fulfil those needs through our investment process and client services.

Our investment teams consider a range of factors that could be material to the potential for long-term value creation. We give due consideration to climate-related factors where we think these have the potential to materially add to, or indeed detract from, a specific investment case.

For clients with specific climate-related objectives, we offer portfolios that are managed per agreed net zero guidelines or that more simply exclude holdings with significant revenues from certain activities (eg fossil fuels[5]). We also offer investment strategies that aim to achieve growth by investing only in companies we assess as delivering specific positive social and/or environmental impacts. Details of these types of investment strategy, including the specific commitments made by different funds, are available on **our website** and in relevant fund documentation.

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

- Give all clients the option of receiving reporting on material climate-related risks and opportunities for their portfolios. For clients invested in our UK-managed investment funds, this is now a regulatory requirement in the form of TCFD-aligned reports. These provide our view of the principal climate-related risks and opportunities the fund is exposed to and provide a range of associated metrics.
- Give clients the option of investing in a portfolio that meets their investment objectives, while actively supporting the goal of net zero emissions globally by 2050. At the end of 2024, 29 per cent of our total AUM was invested in net zero aligning portfolios.
- Continue to develop opportunities for clients to gain focused exposure to the potential growth opportunities associated with deploying climate solutions, should they wish.
- Continue to offer clients with segregated account mandates the option to exclude fossil fuel (and related) assets from their portfolios. We also offer some funds that restrict investment in fossil fuel holdings as standard.
- Continue the significant investment in our client service capabilities, including our internal systems, research capacity and product offering. We also continue to work with and listen to our clients, undertaking regular briefings, webinars, events and one-to-one meetings to explain our approach and understand their objectives.

Our commitment to understanding and supporting our clients' varying climate objectives means we emphasise 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 provide guidance and insights to support client relationship managers.

[5]The Intergovernmental Panel on Climate Change is the United Nations body for assessing the science related to climate change and defines fossil fuels as carbon-based fuels from fossil hydrocarbon deposits, including coal, oil and natural gas (**IPCC, Sixth Assessment Report, 2021**).

Net zero portfolio guidelines

Some of our clients wish to invest in portfolios that meet their investment objectives and act to support the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5C by the end of the century. Over the course of 2024, the proportion of our total assets under management invested in such portfolios rose from 25 per cent to 29 per cent.

Although each of our investment strategies are managed independently, we have developed a consistent approach for all our portfolios with net zero guidelines. This includes the assessment and engagement of portfolio holdings on a prioritised basis, for alignment with the mandate. Such alignment is assessed company-by-company, paying due attention to the realities of specific industries and regions. The following guidelines are used to monitor progress towards net zero:

- Portfolios aim to 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.
- Our assessment of company emissions includes all scopes, with acknowledgement that reported Scope 3 data can be weak and incomplete.
- 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 guidelines, continue to evolve. Such evolution is particularly important given that significant parts of the economy are yet to show material decarbonisation and policy continues to lag headline national commitments. Net zero aligning portfolios cannot deliver a net zero outcome alone, so we remain aware of the socio-economic environment which the companies in those portfolio operate. As indicated in our 2023 report, we will continue to evaluate the most effective portfolio actions for real-world impact and will periodically review the portfolio-level net zero guidelines. We will undertake these actions in partnership with our clients.

Our aspiration and ability to fulfil the goals of these mandates is influenced by a wide range of dynamic 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. We are taking decarbonisation very seriously for those clients where we have the mandate. We also think it's investment material, and so we continue invest across our business to ensure we can do this in an industry-leading manner.

The above guidelines and investment strategies' reported progress have not been verified by an independent third-party.

Operations

Our operations

We think it's important that we run our operations efficiently and minimise the 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 and to minimise our long-term operational costs. We have therefore set ourselves the objectives set out in the table below and report on their delivery using green (achieved), amber (in progress and on track, or near miss) and red (off track) indicators.

We continue to monitor progress against all targets, regularly reviewing their suitability and effectiveness when guiding our decarbonisation efforts. We have invested in nature-based carbon offsets[8] and permanent removals and will continue to contribute to solutions for currently unavoidable or residual emissions. This has recently included our first purchase of certified sustainable aviation fuel to help reduce the emissions impacts of our business travel.

The below targets and reported progress have not been verified by an independent third-party.

Operational targets[6]	Progress comments	Progress status (● ● ●)
Work towards achieving net zero emissions for our operations by 2040.	**This is the overarching ambition which covers the constituent parts below.**	● **Details of progress for each component are outlined below.**
Halve emissions per full-time employee by 2025 from a 2019 baseline.	Our baseline 2019 figure was 10.2 tCO_2e per full-time employee. In 2024, our figure was 5.3 tCO_2e per full-time employee, which equates to a 48 per cent reduction.	● The reduction is just short of the deliberately ambitious 50 per cent target.
Realise a 95 per cent reduction in market-based Scope 1 and 2 emissions between 2021 and 2026.	Our move to a new head office in Edinburgh is a key component in achieving our Scope 1 and 2 emissions reductions, and this move has been subject to considerable delays, initially due to the Covid-19 pandemic. We also continue to monitor renewable energy contracts and the suitability of power purchase agreements for all offices globally to have renewable power supplies where possible.	● We begin the fit-out of the new office building in 2025, ready for a full move to the new office in 2026.
Achieve a 50 per cent reduction in Scope 3 business travel emissions by 2032 from a 2023 baseline.	We intend to pursue our Scope 3 reductions through more efficient business travel and engagement with staff and travel suppliers.	● Last year, we achieved a 16 per cent reduction in our business travel from the 2023 baseline; this would be 24 per cent if we included our sustainable aviation fuel purchases in the calculation[7].
Aim to ensure that by 2032, at least 70 per cent of suppliers, by contribution to Scope 3 emissions from purchased goods and services, have robust net zero aligning strategies, or will be under engagement.	We consider science-based targets as part of the monitoring of companies' progress on their decarbonisation ambition. We appreciate that our current supply chain figures are being skewed by certain exceptional expenditures related to our head office move. Nevertheless, we continue to work with our supply chain to promote emissions measurement and target setting.	● As of the 31 December 2024, 51 per cent of our suppliers had targets which were 'committed' or 'validated' by the Science Based Targets initiative (SBTi).

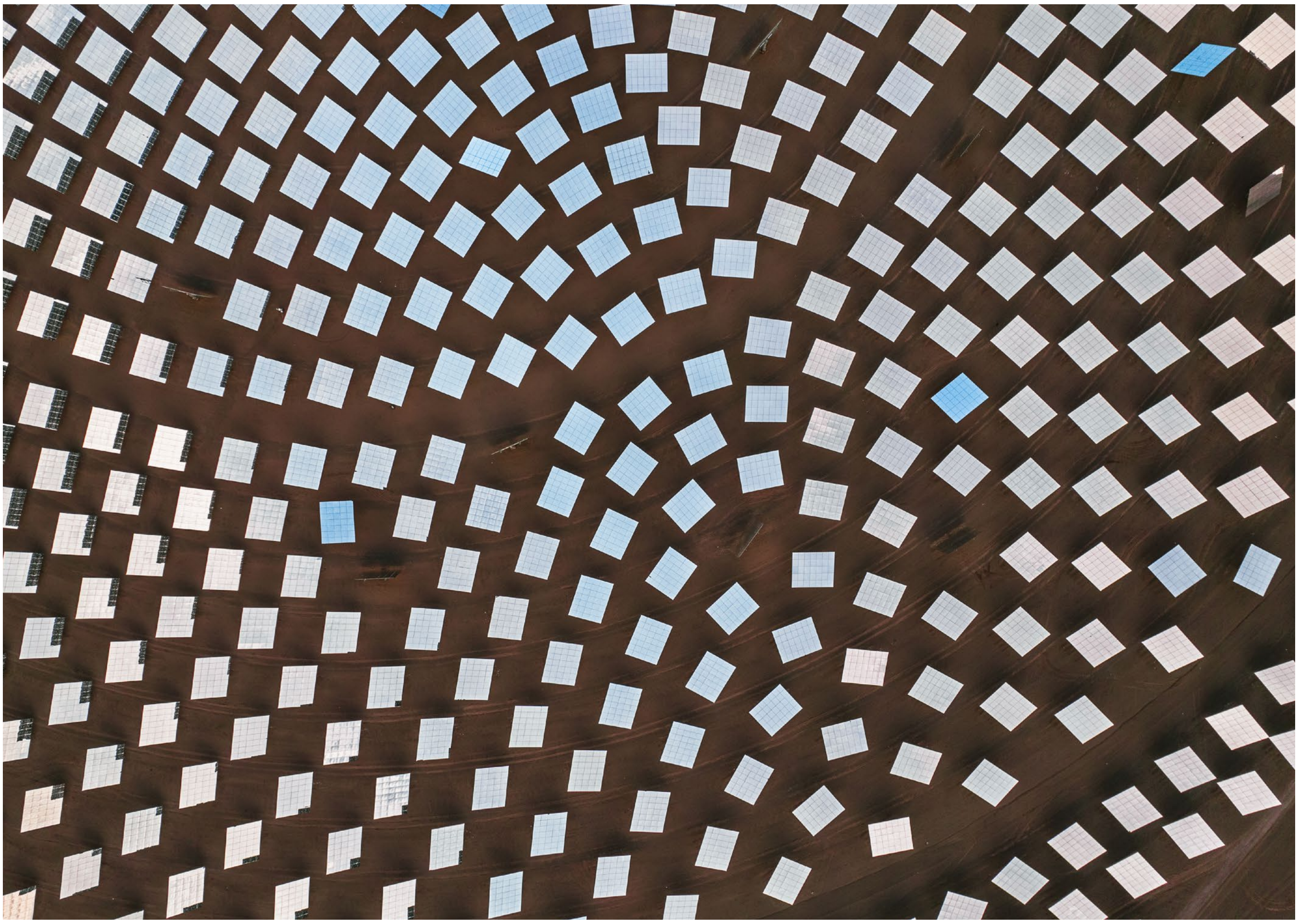
[6] Our Scope 1 and 2 baseline is 2021, as these emissions remained relatively consistent throughout Covid-19. We use a 2023 baseline for our scope 3 emissions as Covid-19 caused these emissions to change considerably and therefore use a baseline that more accurately represents the scale and behaviours of our business today.

[7] We have decided to support the development of sustainable aviation fuels through the purchase of direct sustainable aviation fuel (SAF) credits. This contribution to overall demand should help stimulate growth and innovation in a hard-to-abate sector directly related to our operational footprint.

[8] During 2024, we moved away from our previous policy of double offsetting our operational footprint. This is to maximise the impact with our environmental spend rather than aim for a specific quantity of offsets. In 2024, we supported an enhanced rock weathering project by purchasing carbon removal through UNDO Carbon, and by contributing to their research and development, with the specific aim of improving their measurement, reporting and verification for the carbon removal. In addition, we entered into a two-year deal with the Sustainable Aviation Buyers Alliance (SABA) for the purchase of SAF credits, making our initial purchase at the end of 2024.

Financial planning

Guided by the Management and Finance Committees, Baillie Gifford's financial planning process covers the firm's strategy, including key business assumptions on revenue, costs and client assets under management (AUM) flows on a regional and global basis. 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 be responsible stewards of their capital through the investment decisions and engagements we undertake. Our climate change priority is to understand how climate-related risks and opportunities could impact on achieving these objectives.

Climate scenario analysis

Scenario analysis offers a way to help understand the society-wide complexities and uncertainties surrounding physical climate events, tipping points and the world's evolving energy and industrial systems. Considering different plausible versions of the future can educate, test assumptions and generate new investment ideas. At present, we believe qualitative approaches are more valuable than quantitative ones (which depend on numerical data and modelling which have significant shortcomings) 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). Broadly, these are:

- 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 collaborating 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 benefited from the experience and teams 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's Global Systems Institute.

By combining the collaborations with Deep Transitions and Independent Economics with our wider research efforts, we created three initial climate scenario narratives for the firm to help 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, 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, and changes in financial flows over time. The table below summarises the main features of the scenario narratives, and more information can be found on our **climate scenarios webpage**.

	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 past year, we have continued climate scenario work with our investment teams. The teams begin by engaging with the core narratives but then expand their work in the ways they find most beneficial for them and their client mandates. We 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 scenario pathways.

While the results of the work cannot be distilled to simple numbers or data points, each team aims to become better equipped to invest through the transition and better able to explain the climate-related sensitivities of the portfolios they manage to their clients. A summary of this thinking is included in our product-level TCFD-aligned climate reports, which are available for our UK-managed investment funds on **our website**. Reports are available for other portfolios upon request.

Implications for the firm as a whole

This work on climate scenarios can also inform our assessments of the potential impacts on Baillie Gifford as an entity. The following tables summarise 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 and can be expected to evolve.

Investment

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[9]	Impact on Baillie Gifford	Climate-related risk/ opportunity types[10]	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	Utilisation 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 sources, products and services, markets, resilience	Development of new strategies to meet client demand for climate solution exposure. Further utilisation 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 the '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 utilisation of scenario analysis, research and engagement
Exposure of holdings and portfolios to transitional risks	Short, medium and long	Material under all scenarios	Potential for negative impact on investment performance	Risks: policy and legal, technology, market, reputation	Further development of investment risk and scenario analysis, research and engagement
Exposure of holdings and portfolios 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 investment risk and scenario analysis, research and engagement

[9]In addition to the summary table above, see the **NGFS Scenarios Portal** for more explanation of the general guidance and assumptions underlying these recommended scenarios.

[10]See tables A1.1 and A1.2 of the **TCFD Implementing Guidance** for further explanation of these categories.

Clients

Serving clients: 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
Growing divergence in client objectives and expectations about climate	Short to medium	Material under all scenarios; more material under disorderly scenarios	Increased complexity in serving clients, 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 and consultant expectations and mandates; continued review of the 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 the capacity of the firm to manage and oversee differing regulatory regimes
Potential for misunderstanding or miscommunication with clients regarding the integration of climate guidelines in investment products	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 clearly explained; ensure guidelines are fully embedded into the investment process; internal controls and compliance monitoring applied
Client demand continues to change over time, for example, volatile for investment strategies that seek to align with or help deliver the net zero transition	Short to medium	Material under all scenarios	Potential for attracting new clients or losing existing ones if we do not respond; 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, cognisant of our capabilities and recognising that demand may focus on specific asset classes/objectives
Compromised ability to deliver long-term returns for clients in failed transition	Medium to long	More material under the 'hothouse' world scenario	Potential loss of client relationships	Risks: policy and legal, market, reputation	Support clients in the development of their climate-related strategies; further development of investment risk and scenario analysis

Operations

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[6]	Impact on Baillie Gifford	Climate-related risk/ opportunity types[7]	Steps to improve resilience
Reputational and legal risk to the firm associated with our perceived approach to climate change	Short to medium	Material under all scenarios	Our operations (including marketing and brand-building efforts) could be affected by protest activity or negative media coverage	Risks: reputation, market	Assessing such risks in our decision-making; engaging with stakeholders to understand their concerns and explaining our approach
Ensuring we have the resources and people with the 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 assess our resource needs and the associated costs. Support learning and development of colleagues; ensure we have the necessary skills and capabilities; engage effectively with stakeholders
Uncertainty around 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	Physical risk exposure analysis of our operations and supply chain; consider geographical diversification
Volatility in global economic systems due to physical impacts of climate change	Medium to long	More material under the 'hothouse' world scenario	Potential loss of clients due to economic impacts; potential for a systemic shift away from long-term investments	Risks: market, reputation, policy and legal	Build understanding of systemic risks to firm; resilience planning

Climate-related risk management

For Baillie Gifford, the risks associated with the holdings in which we invest on behalf of our clients represent the most potentially material form of climate-related risk to the firm's long-term success. Such risks concern both the potential for current value loss and the potential for missed growth, as well as the firm's reputation for acting per client mandates. Around 95 per cent of our AUM is invested in listed equities, with the remainder in private companies, multi asset and fixed income holdings. Our identification, assessment and management of these risks centres around three key elements: holding-level research, portfolio construction and firm-level oversight.

Holding-level research

We integrate the identification and assessment of investment-relevant climate-related risks into our bottom-up investment research process. This process helps shape idea generation, holding selection and identifying engagement priorities during our ownership. Stock-level research is led by individual investment strategy teams.

Collaboration between teams is encouraged, and research is supported and guided by specialists in our Climate Team, alongside others. 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 and inherent uncertainties of both the physical and transitional elements of a changing climate over different timeframes.

Managing climate-related risks identified in individual holdings

Our primary means of managing climate-related risks at the individual holding level is through research and conversations with companies. Such risks may encompass both direct risks to growth and the risk of missed growth opportunities. Conversations with companies are led primarily by our investment teams, aligning with their philosophy and process, but with expert support from our Climate Team where needed. The objective may be to fact-find, assess or influence to help reduce risks to long-term returns and maximise opportunities.

When determining the type of work we will undertake, we assess priorities relative to investment materiality and evaluate our capacity for influence. As active managers of relatively concentrated portfolios, we have a particular opportunity for discussions with management teams regarding strategy and capital allocation and the more generic – but necessary – requests for good disclosure.

If we feel that holdings are not making sufficient progress in mitigating climate-related risks or accessing potential opportunities, we may communicate our expectations and seek to deepen our understanding of their approach. In some circumstances, we may also take escalatory proxy voting action where a particular risk is considered material. Ultimately, if we determine that a company faces material climate-related risks that it is unable, or unwilling, to mitigate, we may divest.

In 2024, we discussed climate change 213 times with investee companies as part of our ESG engagement activities, resulting in several direct voting actions. A common feature of our engagements has been encouraging 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 Stewardship Activities Report** and quarterly client reporting.

Climate Assessments

Our Climate Team runs a 'Climate Assessment' process shared across all our investment strategies. This aims to ensure that holdings – including the top 250 holdings by AUM and every holding in net zero aligning portfolios – are assessed by investment teams across two dimensions we think are relevant to delivering investment returns: ambition, targets and strategic coherence, and potential transition role. The process was reviewed in 2024 and some refinements were made to the assessment criteria and categorisation. The two dimensions of the Climate Assessment can be summarised as follows:

Dimension 1: Ambition, targets and strategic coherence

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 our own fundamental research and make use of the guidance of bodies such as the Science Based Targets initiative (SBTi)[11], the Transition Pathway Initiative (TPI)[12] and the Institutional Investors Group on Climate Change (IIGCC).[13] Our framework currently has six assessment categories ranging from no disclosure to strategies demonstrating well-above-average ambition. For external reporting, we organise these six categories into three groups to indicate company progress:

Leading

Companies committed to reductions in line with their fair share of a science-based 1.5C-aligned pathway, with increasingly appropriate demonstrations of targets, intent and strategic coherence.

Preparing

Companies with disclosure and narrative that suggests they are preparing to set 1.5C to 2C-aligned targets in the near future; this is a momentum-based assessment.

Lagging

Companies lacking sufficient disclosure or suitably robust targets, where the pathway to improvement is uncertain; commitment to decarbonise is insufficient to achieve global net zero.

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 understanding of which activities can be aligned), and at the companies themselves (in terms of financial and strategic disclosure). The ability and extent of companies to demonstrate leadership will also vary depending on the degree to which society (and associated policy) prioritises emissions reduction.

[11] The SBTi provides standards, assessment and validation of companies' and financial institutions' science-based targets for emissions reduction.

[12] The TPI is an asset-owner-led initiative hosted at the London School of Economics and Political Science that assesses companies' preparedness for the transition to a low carbon economy against a transparent set of frameworks.

[13] The IIGCC is a collaborative investor platform on climate change whose activities include the development of frameworks and guidance for corporate adaptation to the climate and energy transitions.

Dimension 2: Potential transition role

This dimension aims to assess the positioning of each company's business model relative to a successful transition towards net zero emissions globally. It enables a reflection of the most material contribution any individual company can make to accelerate a successful climate outcome – be they solutions innovators, transitioning industrials, or carbon light platforms. The judgements are company-specific rather than being founded on sector-based assumptions and are qualitative in nature. This allows us to classify companies in the same sector into different categories depending on their distinct potential to transition. Our assessment currently has five categories:

Solution Innovator

Companies whose primary purpose is the innovation and commercialisation of products and services that will drive a successful transition.

Potential Accelerator

Companies that would otherwise fall into the Potential Influencer category but have a unique opportunity to drive a significant acceleration of the transition (eg cultural leaders, value chain leverage).

Potential Influencer

Companies that are carbon-light by direct emissions but have the opportunity to accelerate the transition through their choices and influence.

Potential Evolver

Companies that tend to be carbon-heavy or firmly embedded in the higher carbon economy but for which we can perceive viable pathways to transition.

Materially Challenged

Companies whose core business is likely to decline through the transition, with their pathway to strategic adaptation to a low-carbon world unclear.

Our categorisation of companies reflects our best assessments of current positioning. Over time, we will expect greater evidence of strategic coherence and delivery. We will also become more sophisticated in our determination of the most material opportunities and actions of each company. As the technology, policy and social backdrop continues to evolve, we are committed to continued research and continuous improvement in our approach. We will work in partnership with our clients to deliver appropriate mandates and outcomes.

Climate Assessments: portfolio coverage

Our proprietary Climate Assessment framework is applied at both firmwide and portfolio-specific levels. Firmwide, this covers Baillie Gifford's top 250 corporate holdings by AUM. At the portfolio level, the framework is implemented according to one of the following approaches:

Full portfolio coverage: Climate Assessments are undertaken for all holdings within net zero aligning portfolios.

Climate material sector coverage: Climate Assessments are undertaken for companies within the designated climate material sectors of a portfolio. Our definition of such sectors references IIGCC material and high-impact sector guidance and includes, amongst others, activities such as oil and gas, mining, heavy manufacturing, cement, semiconductors, banking, real estate and agriculture. These sectors have material sources of greenhouse gas emissions in their value chains with likely greater exposure to transition risk, alongside the opportunity to decarbonise the wider economy through innovation in their products and services.

Third-party metrics: Portfolio-level climate-related data and metrics support the broad assessment and oversight of potential risks and opportunities.

Details of how the Climate Assessment framework is applied for specific portfolios, where available, can be found in the relevant TCFD-aligned product level report. These reports can be found on the fund literature pages of **our website** for UK-managed portfolios and are available for other portfolios upon request.

Climate Assessments: Top 50 corporate holdings

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 29**.

To provide additional insight, we have also displayed the assessments of our top 50 corporate holdings by AUM here. At the end of 2024, these companies accounted for approximately 56 per cent of the firm's total AUM. The chart shows the two dimensions of assessment.

Climate Assessments of our top 50 holdings

Potential transition role	Lagging	Preparing	Leading
Solution Innovator	BYD*	Tesla*	Samsara Inc*, Contemporary Amperex Technology Co*
Potential Accelerator New category in 2024	HDFC Bank*	Nu Holdings*	Spotify Technology, Tencent Holdings, Netflix, Meta Platforms, Microsoft, Atlassian*, DSV*, AIA Group, Prosus
Potential Influencer	Adyen, The Trade Desk, Cloudfare*, Intuitive Surgical, Roblox Corporation, Datadog*, argenx, AppLovin Corporation*, WiseTech Global*, Wix.com*	Shopify*, Moderna	Wise Payments, Workday*
Potential Evolver	MercadoLibre, Meituan, Sea Limited, PDD Holdings, Coupang, Ferrari*, DoorDash, Space Exploration Technologies*, Reliance Industries*, Kweichow Moutai*	TSMC*, NVIDIA*, Samsung Electronics*, Exor*	Amazon, ASML*, Atlas Copco*, Hermès International, Novo Nordisk, Ryanair*
Materially Challenged			

Ambition, targets and strategic coherence

* = indicates high climate impact holding ("TPI+")

Ordered by AUM, not alphabetically

In addition to the portfolio-led Climate Assessment process, our Climate Team also supports investment teams to ensure the most potentially material climate-related risks and opportunities are given additional scrutiny. Here, particular attention is paid to:

- Our largest corporate positions across the firm,
- Companies with high direct and indirect greenhouse gas emissions,
- Companies operating in climate material sectors,
- Companies with significant fossil fuel activity revenues,
- Companies with potentially material exposure to physical and nature risks, and
- Companies not already captured but which we consider through bottom-up research to have particular climate-related materiality.

Nature, biodiversity and physical risk

All companies in which we invest depend upon the stocks and flows of the natural world. For some, the connection is relatively tangential. But for many, nature is a fundamental enabler of success and growth. At the same time, we face unparalleled shifts in our physical environment from climate change and environmental degradation. As a result, nature and biodiversity-related risks and opportunities are an increasing focus for us and many of our clients.

After experimentation, we've settled on some basic tools, data and processes to determine and oversee the key nature-related risks within our clients' portfolios. This includes integrating physical climate, water and deforestation risks into the firmwide Climate Assessment process described earlier and completing annual audits of key nature-related themes. We will continue evolving these approaches as industry guidance and data improve. In 2024, we undertook a deforestation review on our high-priority names selected from across portfolio holdings. This has expanded our understanding of minimum standards and best practices for companies exposed to deforestation-related risks.

In addition, we are continually challenging ourselves to better integrate the complexities of nature and physical climate change into our bottom-up research. This includes academic partnerships – such as work completed with the University of Exeter in 2024 to assess Tesla's potential exposure to physical risk across its value chain – and direct company engagements. Our Climate Scenarios project has been a particularly productive avenue for insight: the qualitative approach brings statistics and predictions for the natural world to life through tangible, accessible examples. This allows us to continue to develop more nuanced perspectives on long-term investment materiality.

A particular focus for us going forward is to find appropriate ways to communicate our approach and outcomes to, as well as learn from, clients.

Extending our research

As the climate and energy transitions unfold, we aim to continue improving our understanding and capabilities in this area. This includes drawing on a wide variety of external experts from academia and beyond. Focus areas in 2025 include:

- The further integration of physical climate change into our research through the development of fundamental physical risk resilience scores;
- Continuous evolution of our climate scenario narratives, including exploring a 'high adaptation' case in which economic prosperity might be sustained even as emissions stay high for a prolonged period; and
- Developing more reference pathways against which to better judge long-term company alignment.

We are also extending our research-led work on biodiversity (prioritising deforestation and water risk). These efforts will support further development of the integration of climate metrics alongside conventional financial indicators. This work is undertaken jointly with the firm's Investment Risk, Analytics and Research Department.

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

They include:

- Total greenhouse gas emissions
- Carbon footprint
- Weighted average carbon intensity (WACI)
- Emissions availability and disclosure
- Exposure to climate material sectors
- Exposure to fossil fuel activity revenues
- Climate value-at-risk (transitional and physical)
- Direct physical risk exposure
- Science-based target alignment
- Low carbon transition score
- Our assessment of holdings' decarbonisation ambition, targets and strategic coherence
- Our assessment of holdings' transition role

A second process helps provide firmwide oversight of potential climate-related risks for listed securities across all our main investment strategies.[14] To facilitate this oversight, the ESG Assurance Group receives reporting against climate-related risk indicators. The purpose is to highlight any portfolios that exceed the indicators and prompt further discussion. The ESG Assurance Group, in consultation with the ESG Oversight Group as appropriate, escalates any concerns to either the Equity or Multi Asset and Income Investment Risk Committee. The indicators used for this process are:

01. Portfolios with a weighted average carbon intensity (calculated on a Scope 1, 2 and material Scope 3 basis)[15] above the equivalent WACI of the performance benchmark used by the portfolio.

02. Portfolios with higher exposure to fossil fuel activities than the performance benchmark used by the portfolio.[16]

03. Portfolios with more than 5 per cent of total AUM invested in holdings that have not been assessed using Baillie Gifford's Climate Assessment process (as described in the holding-level research section on **page 22**).

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 indicators as time goes on to incorporate other insights into portfolio-level risks and opportunities.

[14] Due to data limitations, the following indicators 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 private companies or other asset classes, including externally managed funds, and such assets and related portfolios may need to be assessed individually. Recognising data challenges, we keep this process under review.

[15] For 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. MSCI provides emissions data. 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 the Partnership for Carbon Accounting Financials' (PCAF) Scope 3 phase-in timeline, and for 2024 included companies in the oil and gas, mining, transportation, construction, buildings, materials and industrial sectors. From 2025 onwards, all sectors are deemed material.

[16] 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 several climate-related risks to the firm that are 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, they and the companies that we invest in, operate. Our compliance function leads 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. For example, where investment strategies have net zero-aligning investment mandates, we ensure these have been communicated to clients, align with their goals and that appropriate consents have been sought.

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 the firmwide environmental goals and monitor performance in areas such as building energy management, business travel and waste management, particularly concerning our upcoming headquarters in Edinburgh.

Key metrics

Explaining the metrics we use

We use a range of metrics at the holding, portfolio and firm levels 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 Emission Scopes

Metric	What it means	How we use it	Source, data quality and availability
Scope 1 emissions	Measurement of direct GHG emissions from operations owned or controlled by a holding. Typically, these relate to the combustion of fossil fuels on-site and in direct control of the holding.	Emissions metrics at the holding, portfolio and firm levels.	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 generating purchased electricity, steam, heat and cooling. It indicates a holding's energy usage and can help highlight energy intensity and efficiency.	Emissions metrics at the holding, portfolio and firm levels.	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 helpful in understanding wider emissions exposure and determining spheres of influence.	Emissions metrics at the holding, portfolio and firm levels.	All are estimated by MSCI, given the lack and inconsistency of holding-level reporting. The 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 specific material sectors per guidance from the Partnership for Carbon Accounting Financials (PCAF). The material Scope 3 emissions metrics used in last year's 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), so we have removed the individual Material Scope 3 metrics in the next section.	Emissions metrics at the portfolio and firm levels.	All are estimated by MSCI, given the lack and inconsistency of holding-level reporting. The 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 and 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 the portfolio and firm levels for emissions attribution purposes. However, 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 are sourced from Baillie Gifford. As noted in the preceding GHG protocol emissions table, there are data quality and availability concerns.
Carbon footprint	The carbon footprint (or 'financed emissions') represents the aggregated GHG emissions per million £/$ invested and can be used to compare carbon intensity.	Portfolio and firm levels.	Emissions sourced from MSCI reported and estimated data. Other inputs sourced from Baillie Gifford. As noted in the preceding GHG protocol emissions table, there are data quality and availability concerns.
Weighted Average Carbon Intensity (WACI)	The WACI represents the aggregated carbon intensities of the companies in a portfolio (per million £/$ revenue), scaled by holding size. Therefore, the WACI metric can help measure overall exposure to high carbon intensity holdings.	Portfolio and firm levels.	Emissions sourced from MSCI reported and estimated data. Other inputs sourced from Baillie Gifford. As noted in the preceding GHG protocol emissions table, there are data quality and availability concerns.
Emissions availability	These metrics are intended to indicate the level of data coverage for emissions metrics and wider disclosure. 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 of them but not all. So, to ensure consistency, we only use estimated Scope 3 data that covers Scope 3 emissions across all scope categories.	Holding, portfolio and firm levels.	Sourced from MSCI reported and estimated data, and CDP.

Metrics providing additional insights into potential 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 addressing climate change. These sectors have material sources of greenhouse gas emissions in their value chains, with a likely greater exposure to transition risk alongside the opportunity to decarbonise the broader economy. Our definition references IIGCC material and high-impact sector guidance that now include, amongst others, activities such as oil and gas, mining, heavy manufacturing, cement, semiconductors, banking, real estate and agriculture.	Holding, portfolio and firm levels.	In-house mapping that relies on the Global Industry Classification Standard (GICS) 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, 4 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 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, ie companies whose main activity is classified as: 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. Good availability.
Exposure to companies with fossil fuel revenues	Measures the percentage of total AUM exposed to companies generating more than 5 per cent of 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 fossil fuel companies, as well as others. Some companies may be included in multiple categories, and these values should not, therefore, be summed together.	Portfolio and firm levels.	Revenue exposure is derived from MSCI data, which is generally accepted to be of good availability and quality.
Climate 'value-at-risk' assessment	Provides an initial quantitative assessment of the impacts on portfolio values under different climate scenarios. We provide MSCI's CVaR (climate value-at-risk) metrics for transitional and direct physical impacts for this purpose.	Portfolio and firm levels.	Sourced from MSCI. 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 and within a hot house world scenario (3C).

Percentage of companies disclosing to CDP annually	Measures the 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.	Holding, portfolio and firm levels.	Sourced from the CDP database via MSCI. Generally accepted to be accurate.
Percentage of companies publicly reporting at least Scope 1 and 2 emissions annually	Measures the percentage of investee companies that provide basic emissions disclosure publicly, usually through their reporting. Used to help gauge the extent of basic climate disclosures.	Holding, portfolio and firm levels.	Sourced from MSCI but can suffer 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, the higher the score, the greater the alignment.	Holding, portfolio and firm levels.	Sourced from MSCI. The vast majority of scores across the market lie between four and six, but the extremes are generally well correlated with clear exposure to either fossil fuels (lower quartile) or climate solutions (upper quartile).

Transition alignment metrics

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 that 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.	Holding, portfolio and firm levels	Taken from the MSCI database, which uses SBTi as its primary source.
Our assessment of holdings' ambition, targets and strategic coherence	An assessment of each holding's disclosure, targets and progress towards strategic alignment with a 1.5C pathway, based on our 'Climate Assessment' process described on **page 22**.	Holding, portfolio and firm levels.	Based on our assessments of holdings, using a variety of sources.
Our assessment of holdings' potential transition role	An assessment of the fundamental positioning of each holding's business model relative to a successful transition towards net zero, based on our 'Climate Assessment' process described on **page 22**.	Holding, portfolio and firm levels.	Based on our assessments of holdings, using a variety of sources.

Metrics summary at firm-level for 2024

Each of Baillie Gifford's investment strategies is managed individually, with its own philosophy and per 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 our website's fund literature pages. We provide these metrics on a whole-firm basis for the whole entity Baillie Gifford report. This aligns with TCFD recommendations, and we hope it provides valuable insight into the firm's overall position.

We produce these metrics using a combination of external data suppliers and our own research. 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 before inclusion in this report. Using 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.

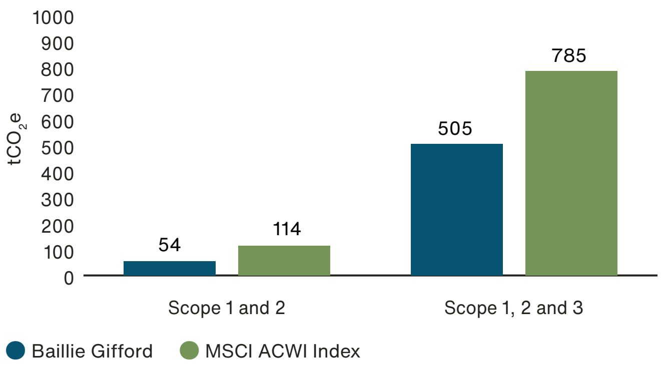
The following tables cover as much of our total AUM as feasible under each metric. Baillie Gifford predominantly invests in listed equities, which account for around 95 per cent of our total AUM. Equities tend to have relatively good availability of reported or estimated data from our external data providers, 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 reasonable. However, for some holdings – for example, where portfolios invest in other external funds or for investments in emerging markets – data is less readily 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 broadly represents our total AUM across all asset classes and is accurate as at the 31 December 2024.

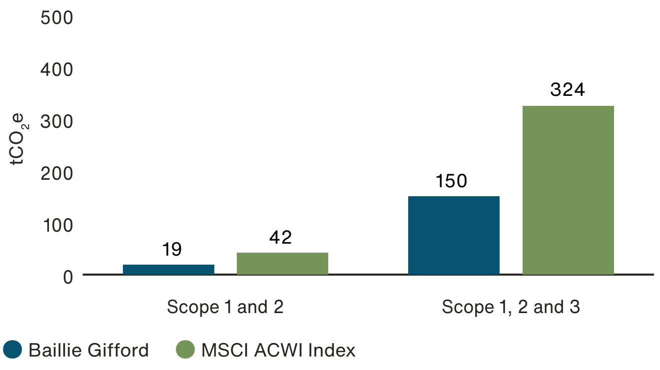
For comparison purposes only, we have also provided equivalent metrics for the MSCI All Country World Index (ACWI), which represents the performance of large-cap and mid-cap stocks across 23 developed and 24 emerging markets and serves as a reasonable global benchmark.

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 be a valuable prompt for looking deeper at particular holdings, sectors or geographies. We look forward to the continued evolution of these methodologies.

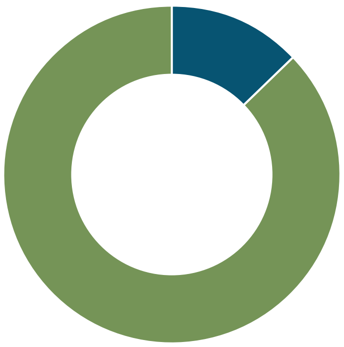
Weighted average carbon intensity for all holdings (tCO_2e per $m revenue)



Carbon footprint for all holdings (tCO_2e per $m invested)



Total carbon emissions from all holdings (tCO_2e)



Scope 1 and 2	5,107,831
Scope 3	34,248,742

Source: Baillie Gifford, MSCI. As at 31 December 2024.

Emissions metrics
As at 31 December 2024

Metric	Baillie Gifford	MSCI ACWI
Total carbon emissions[17]		
Total Scope 1 and 2 emissions (tCO_2e)	5,107,831	N/A
Total Scope 3 emissions (tCO_2e)	34,248,742	N/A
Total Scope 1, 2 and 3 emissions (tCO_2e)	39,356,573	N/A
Carbon footprint[18]		
Scope 1 and 2 emissions (tCO_2e) per $m invested	19	42
Scope 1, 2 and 3 emissions (tCO_2e) per $m invested	150	324
Weighted average carbon intensity[19]		
Scope 1 and 2 emissions (tCO_2e) per $m revenue	54	114
Scope 1, 2 and 3 emissions (tCO_2e) per $m revenue	505	785
Emissions data availability and disclosure from holdings[20]		
% of total AUM invested in holdings where **reported** Scope 1 and 2 emissions data is available from our data provider	75	88
% of total AUM invested in holdings where **estimated** Scope 1 and 2 emissions data is available from our data provider	16	12
% of total AUM invested in holdings where Scope 1 and 2 emissions data is **not available** from our data provider	9	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	56	85

Source: Baillie Gifford, MSCI and CDP.

[17]The total carbon 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.

[18]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.

[19]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.

[20]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 2024

Metric	Baillie Gifford	MSCI ACWI
Exposure to 'climate material' sectors[21]		
% of total AUM invested in companies in climate material sectors	46	60
Exposure to fossil fuel companies[22]		
% of total AUM invested in companies classified as fossil fuel companies	1.02	3.35
Exposure to companies with fossil fuel revenues (includes fossil fuel companies)[23]		
% of total AUM invested in any company with >5% revenues from oil and/or gas activities[24]	1.50	8.31
% of total AUM invested in companies with >5% revenues from thermal coal mining and sale[25]	0.17	0.32
% of total AUM invested in companies with >5% revenues from thermal coal power generation	0.01	0.87
Climate 'value-at-risk' assessment[26]		
Indicative estimate of climate-related value at risk (%) from **transitional** factors by 2050 under REMIND risk model NGFS 1.5C '**orderly** transition' scenario	-4	-8
Indicative estimate of climate-related value at risk (%) from **transitional** factors by 2050 under REMIND NGFS 1.5C '**disorderly** transition' scenario	-3	-7
Indicative estimate of climate-related value at risk (%) from **transitional** factors by 2050 under REMIND NGFS **3C** scenario	-1	-2
Indicative estimate of climate-related value-at-risk (%) from **direct physical** factors by 2050 under REMIND risk model NGFS 1.5C '**orderly and disorderly** transition' scenarios	-1	-1
Indicative estimate of climate-related value-at-risk (%) from **direct physical** factors by 2050 under REMIND NGFS **3C** scenario	-2	-2

Source: Baillie Gifford and MSCI.

[21]This metric is intended to show the proportion of the portfolio invested in companies operating in sectors that are materially relevant to addressing climate change. Our definition references IIGCC material and high impact sector guidance that now includes banking, real estate and agriculture as standard, alongside cement, mining, oil and gas, industrials, amongst others, plus semiconductors. These sectors have material sources of greenhouse gas emissions in their value chains with likely greater exposure to transition risk, alongside the opportunity to decarbonise the wider economy. Mapped by Baillie Gifford to GICS sub-industry.

[22]This metric measures the percentage of total AUM invested in companies classified as fossil fuel companies using the NACE classification system, 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.

[23]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.

[24]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.

[25]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.

[26]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 direct 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 and within a hot house world scenario (3C). We expect to provide additional analysis in future iterations of this report and believe our qualitative scenario narratives to currently be more effective assessments.

Insights into net zero alignment of holdings
As at 31 December 2024

Metric	Baillie Gifford
Our assessment of holdings' ambition, targets and strategic coherence	
% of total AUM with targets assessed as '**Leading**'	35
% of total AUM with targets assessed as '**Preparing**'	23
% of total AUM with targets assessed as '**Lagging**'	41
% of total AUM not assessed	1

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

Our assessment of holdings' potential transition role	
% of total AUM assessed as '**Solutions Innovators**'	5
% of total AUM assessed as '**Potential Accelerators**'	18
% of total AUM assessed as '**Potential Influencers**'	32
% of total AUM assessed as '**Potential Evolvers**'	43
% of total AUM assessed as '**Materially Challenged**'	1
% of total AUM not assessed	1

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

Metric	Baillie Gifford	MSCI ACWI
Science-based targets[27] alignment among holdings		
% of total AUM invested in companies with targets approved by the SBTi	29	11
% of total AUM invested in companies who have committed to set targets approved by the SBTi	7	45

Source: Baillie Gifford, SBTi and MSCI.

Low Carbon Transition score[28]		
% of total AUM with top quartile score (7.5–10)	8	12
% of total AUM with bottom quartile score (0–2.5)	1	3

Source: Baillie Gifford and MSCI.

[27]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.

[28]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**.

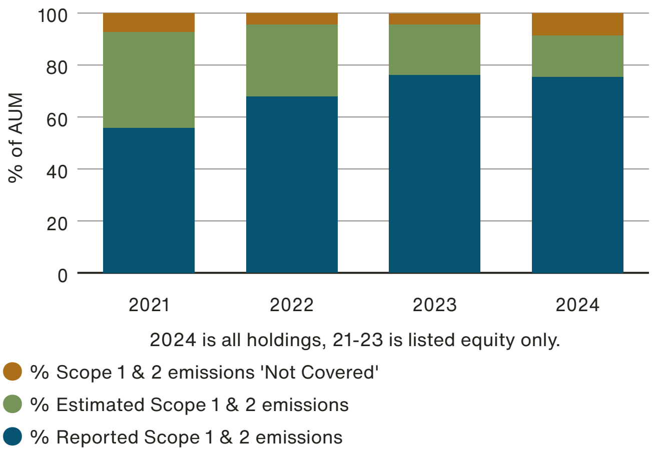
Data spotlights

The following charts highlight trends we have observed when comparing across the period 2021-2024. 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. We have expanded our 2024 figures to include any holdings with data available, as opposed to just our listed equity holdings.

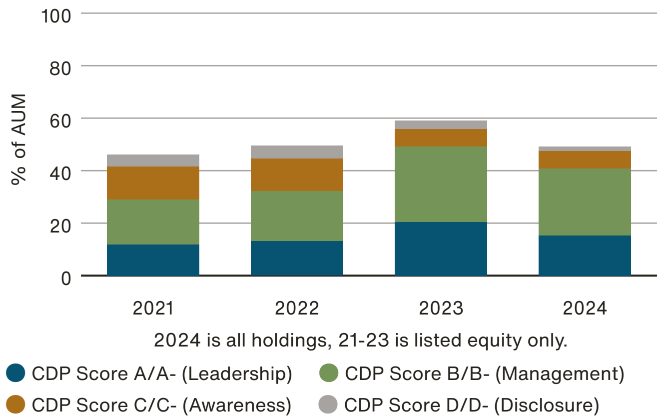
The first two charts illustrate the extent of company reporting and data quality for our holdings.

Such reporting 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 that provide basic reported emissions data to our data provider remains consistent at 75 per cent. However, the proportion "not covered" by our provider has increased marginally since 2023, while the number of holdings reporting to the voluntary disclosure body CDP has fallen slightly. This is disappointing given that we value the extra information as part of our bottom-up research approach.

Scope 1 and 2 emissions reporting/coverage progression



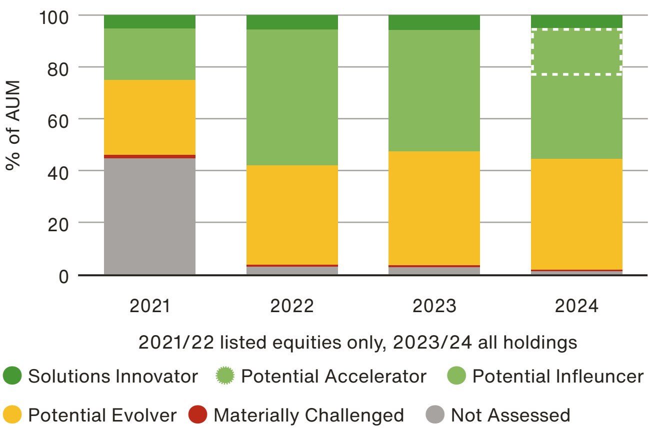
CDP scores progression



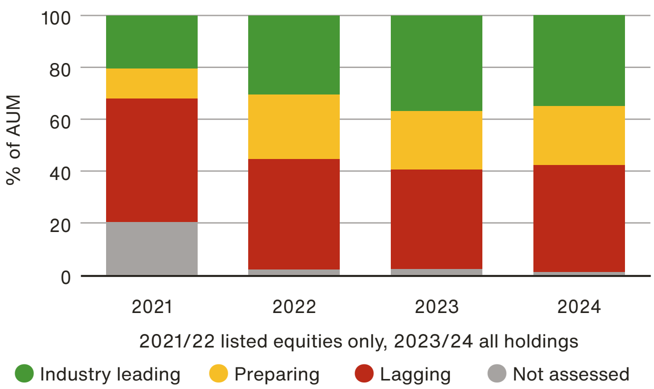
The following two charts illustrate the progression of holdings within our Climate Assessment framework across all our holdings[29]. We introduced the 'Potential Accelerators' category this year to more clearly identify those otherwise 'Potential Influencers' with a unique opportunity to drive a significant acceleration of the transition (eg cultural leaders, those with large lobbying power or value chain leverage).

Our criteria for the assessment of 'industry-leading' ambition, targets and strategic coherence were also extended. As discussed earlier in this report, these will continue to evolve with technology and policy and as we refine our definitions of materiality at the company level. The proportion we define as "leaders" remained roughly constant at 35 per cent in 2024. Given the shifting political back-drop, particularly in the USA, we will be following company actions closely over the coming year.

Our assessment of transition role



Our assessment of ambition, targets and strategic coherence



[29] 2021 and 2022 figures are based on equity holdings only. All holdings included from 2023 onwards.

Key metrics for our main investment strategies

In addition to the climate metrics for the whole firm shown on previous pages, we also provide some key climate metrics for our largest investment strategies (representing 82 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 are 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 how 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 ($m)*	Carbon footprint (tCO_2e/$m invested)		Weighted Average Carbon Intensity (tCO_2e/$m revenue)		% AUM invested in companies in 'climate material' sectors[30]
		Scope 1 & 2 emissions	Scope 3 emissions	Scope 1 & 2 emissions	Scope 3 emissions	
Long Term Global Growth	51,469	3	71	12	448	42
International Growth	46,971	11	89	30	346	51
Global Alpha	26,417	33	161	91	523	38
Scottish Mortgage	18,403	6	73	25	400	29
International Alpha	15,582	40	190	90	553	59
US Growth	15,523	2	54	15	283	33
Emerging Markets All Cap	12,056	76	298	202	615	59
Emerging Markets Leading Companies	8,042	72	271	131	563	62
Global Alpha Paris Aligned	7,929	17	117	48	403	34
ACWI ex US All Cap	7,753	21	174	65	542	56
Managed	6,154	23	168	61	450	43
Positive Change	5,975	4	80	29	513	60
Illustrative benchmark metrics for comparison						
MSCI ACWI Index	N/A	42	283	114	672	60
MSCI ACWI Index excluding US	N/A	72	474	163	894	71
MSCI Emerging Markets Index	N/A	118	439	309	881	73

*As at 31 December 2024

[30]This metric is intended to show the proportion of the portfolio invested in companies operating in sectors that are materially relevant to addressing climate change. Our definition references IIGCC material and high-impact sector guidance and includes, amongst others, activities such as oil and gas, mining, heavy manufacturing, cement, semiconductors, banking, real estate and agriculture. These sectors have material sources of greenhouse gas emissions in their value chains with likely greater exposure to transition risk, alongside the opportunity to decarbonise the wider economy through innovation in their products and services. Mapped by Baillie Gifford to GICS sub-industry.

Emissions from our operations

The following table covers emissions from our operational activities (excluding investments), which are reported in line with the Greenhouse Gas Protocol emissions accounting standards. Year-over-year changes to emissions may be influenced by changes in the reporting scope and/or the emission conversion factors we must 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.

The Baillie Gifford Group continued its partnership with Watershed Climate for the production of carbon footprint metrics in 2024 and continues to work with them in reviewing the data for mapping accuracy and completeness.

Measure	2023	2024	% change
Energy consumption (kWh)			
Energy use*	7,805,045	7,439,065	-5
Greenhouse gas emissions (tCO_2e)			
Total Scope 1 emissions	600	526	-12
Total Scope 2 emissions (location-based)	1,070	1,062	-0
Total Scope 2 emissions (market-based)	1,364	1,016	-26
Total Scope 1 and 2 emissions (location-based)	**1,670**	**1,588**	**-5**
Scope 3 emissions from purchased goods and services	7,071	10,085	43
Scope 3 emissions from capital goods	193	0	N/A
Scope 3 emissions from fuel and energy related activities (location-based)	568	510	-10
Scope 3 emissions from waste generated in operations	173	159	-8
Scope 3 emissions from business travel	7,783	6,449	-17
Scope 3 emissions from employee commuting and home working	1,119	957	-15
Total Scope 3 emissions (excluding investments)	**16,907**	**18,160**	**7**
Intensity metrics			
Total Scope 1, 2 and 3 emissions (excluding investments)	**18,577**	**19,748**	**6**
Scope 1 and 2 emissions per full-time equivalent employees (tCO_2e per FTE)	0.8	0.8	0
Scope 1, 2 and 3 emissions per full-time equivalent employees (tCO_2e per FTE)	9.4	10.9	2
Full time equivalent employees	1,981	1,811	-9

*A retrospective audit of our energy and emissions data has shown the 2023 energy use figure to be previously understated. This has now been restated for 2023 in this report.

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 2025

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 2025

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

Tim Campbell
31 May 2025

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.	5–7	
Management's role in assessing and managing climate-related risks and opportunities.	5–7	
Strategy		
The climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	15–20	
The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	15–20	
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.	21–27	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.	15–20	

	Page reference	Notes
Risk management		
The organisation's processes for identifying and assessing climate-related risks.	21–28	
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.	21–28	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.	21–28	
How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	21-28	

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.	29–41	
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.	29-41	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.	35–36, 39–41	
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.	29-41	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.	8-12	

Legal notices

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