

## Baillie Gifford Defensive Growth Fund

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### Climate Report for the year ending 31 December 2024

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



## Introduction

The Defensive Growth Fund is an active multi-asset strategy, aiming to deliver an attractive level of return above cash, with lower volatility than equity markets. It invests in a range of traditional and alternative asset classes, including equities, bonds, currencies, commodities and derivatives within a single portfolio that aims to achieve (after deduction of costs):

- An annualised return over rolling five-year periods that is 3.5% more than UK Base Rate
- A positive return over rolling three-year periods
- An annualised volatility of returns over rolling five-year periods that is below 10%
- A portfolio carbon footprint maintained below a carbon budget which declines at 7% per annum<sup>1</sup>

Our Multi Asset investment approach is top-down, macroeconomic, and research-led. More information about the Defensive Growth Fund can be found on the relevant fund pages of the Baillie Gifford website.

This report explains the Defensive Growth Fund's approach to addressing climate-related risks and opportunities and describes a current view of how they may impact the portfolio. It also includes metrics to provide useful additional information. We expect the content, format and data to evolve in future versions.

## Our governance and management of climate-related risks and opportunities

Details of Baillie Gifford's approach to governing and managing climate-related risks and opportunities across the firm can be found in the entity level [Climate Report](#) on the Baillie Gifford website. This includes descriptions of the roles and responsibilities of relevant Boards and Committees and integration into overall risk management.

For the Defensive Growth Fund, the management of climate-related risks and opportunities is the responsibility of the investment team. We undertake research and engagement with specific holdings where we feel that climate-related risks and opportunities could be particularly material to investment outcomes. Over the course of 2024, we engaged with a selection of holdings within infrastructure and property to learn more about their physical climate risk exposure and resilience given their real asset base.

We also aim to assess the portfolio's 'corporate-like'<sup>2</sup> assets at least annually using the Baillie Gifford 'Climate Assessment' process. The results of this are reported in the metrics section of this report and further detail on the process can be found in Baillie Gifford's entity level [Climate Report](#). The assessments help to inform our analysis of potential investment materiality and any subsequent decisions about portfolio engagement priorities.

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<sup>1</sup> The Defensive Growth Fund's non-financial objective to have a carbon footprint which is lower than the Defensive Growth Fund's stated carbon budget will not be in subsequent TCFD reports as this objective has proved overly restrictive. It has resulted in a prioritisation of keeping the carbon footprint of the Fund below the carbon budget, rather than focussing on investing in assets which are likely to play a role in the transition to a low-carbon future.

<sup>2</sup> We define 'corporate-like' assets as encompassing both corporate credit and listed equities, which include infrastructure, property, and corporate commodities. Approximately 45% of AUM was invested in 'corporate-like' assets as at end December 2024. Metrics for Sovereign Bond holdings are included separately.

## Implications of climate change for our strategy

Climate change and the world's response to it pose potential 'physical' and 'transitional' risks and opportunities for holdings in the portfolio. Physical factors can come from changes to the climate and weather patterns, while transitional factors can come from things like changing policies, technologies or consumer behaviours.

Assessing the potential influence of these risks and opportunities on investment returns is part of our long-term investment style. However, this is a complex task, and we expect our views to continue to change over time. To help us, we think through different versions of the future using a technique called qualitative scenario analysis, which can identify trends and aspects that cannot be numerically analysed, and quantitative scenario analysis, which is dependent on numerical data and modelling.

Baillie Gifford has developed three qualitative climate scenarios in partnership with two external organisations: The Deep Transitions project (a collaboration between the universities of Utrecht and Sussex) and Independent Economics (a macroeconomics consultancy). The scenarios are based on NGFS (Network for Greening the Financial System) 'orderly', 'disorderly' and 'hothouse' world scenarios. More detail has been added in areas of interest to us, including human behaviour, technology adoption and societal change. This is explained further in resources on the **Baillie Gifford website**. The qualitative scenarios describe three different versions of the future:

	<b>Smooth, orderly transition (1.5C by 2100)</b>	<b>Volatile, disorderly transition (&lt;2C by 2100)</b>	<b>'Hothouse' world (&gt;2.5C by 2100)</b>
<b>Climate</b>	Significant but managed change; resilience retained	Worsening impacts	Major challenge to resilience; regional collapses in food/water systems
<b>Politics</b>	Coordination and trade supports transition	Initially divided, then more united	Fractured; protectionism rises
<b>Policies</b>	Well-signalled and proactive; early action	Initially diverse, then higher-cost and sometimes disruptive	Fragmented; supporting incumbents then biased to adaptation
<b>Society</b>	Rapid shifts in behaviour; circular and 'just transition'	Uneven development; self-reliance; inequality	Individualistic; higher levels of inequality, migration and conflict
<b>Energy technologies</b>	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
<b>Adaptation responses</b>	Varied and successful; managed across the global economy	Unequal; significant fiscal drain in some countries	Critical: agriculture, water, healthcare, climate defences
<b>Finance</b>	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

The Defensive Growth Fund is able to use these scenarios to explore possible implications for holdings in the portfolio over the short, medium and long term, which are described below. These timeframes have been chosen because they are relevant to our investment timeframes, though we recognise that changes to the climate happen over much longer timeframes.

To enable a more precise consideration of asset class sensitivities over the short-, medium- and long-term, the Multi Asset investment team developed a set of bespoke disorderly transition scenario shock narratives and associated macro-economic indicators. These detail deliberately distinct, yet plausible, shocks which are of the magnitude required to inspire sufficient action across various dimensions to result in a global average temperature increase of <2C by the end of the century. Our disorderly transition shocks range from physical damages to positive technology adoption, and to a significant scaling up of climate finance. This is explained further on the **Baillie Gifford website**.

### **Short-term risks and opportunities (0-3 years)**

Trends in technology, policy and markets are likely to have more of an impact on the portfolio over the next three years than physical impacts. However, climate change is already making weather events more severe and could be immediately significant for some companies. Assessing and engaging on this topic is an increasing area of focus for us.

Under orderly transition scenarios, there may be significant opportunities for holdings that are directly helping to drive the decarbonisation of the economy. Key enablers in the portfolio, including The Renewables Infrastructure Group and Australian Green Treasury Bonds, should benefit. Holdings showing other forms of strategic leadership, such as Unite Group and EDP Renovaveis, may also benefit from expanding markets.

Though these opportunities will still be present in the disorderly scenario, they are likely to be more volatile and unpredictable across different regions and timeframes. Under disorderly transition scenarios, benefits may accrue to companies best able to manage the volatility, whether through strong a balance sheet, geographical diversification, or portfolio flexibility and our investments across infrastructure stand out in this regard.

Both orderly and disorderly scenarios are likely to increase transition risks for companies with more highly carbon intensive products, processes or supply chains. Although the timing will vary in different markets, such companies may face higher costs or risk customer loss as emissions regulations tighten and social perspectives shift. In 2024 we engaged with holdings such as CTP and American Tower to understand more about their plans to address these risks.

In a hothouse world scenario, there is risk for companies who have built their business models on pro-climate policy landscapes. However, we believe our particular exposure to companies driving decarbonisation – such as Brookfield Renewable – is typified by businesses that are now competitive and resilient in their own right. In contrast, high emitters may find financial advantage in delaying plans to reduce emissions or diversify business models.

### **Medium-term risks and opportunities (3-10 years)**

Over the medium term, the impacts of orderly and disorderly transitions may begin to diverge. Under an orderly transition, there are likely to be significant opportunities at a global scale for companies providing climate solutions. There will also be increased pressure on high-emitting industries to deliver decarbonisation. The industrials and materials companies held indirectly in the portfolio, including through Ashoka India Equity Investment Trust, must invest to remain competitive in such a scenario. High-emission companies able to transition with speed and efficiency will see market-expansion opportunities. We see such ambition from a diverse range of companies, from Iberdrola to Montea, and actively engage when we deem ambition to be lacking.

Under a disorderly transition, the most significant risk to portfolio holdings is an abrupt and dislocating shift to the policy and regulatory landscape. Companies reliant on legacy practices or unpriced externalities may struggle to adapt to rapid change. The portfolio's exposure to Equinix, a datacentre REIT, is reliant on significant quantities of energy and water. Unprepared, these may become more costly and scarce.

Meanwhile, the physical impacts of climate change are expected to become more widespread, especially under the hothouse world scenario. For the portfolio as a whole, the geographical and sectorial mix of holdings may help to provide some resilience. However, some holdings have more concentrated geographic exposures, such as within insurance-linked securities, while others held indirectly in the portfolio are reliant on complex international supply chains, including e-commerce companies like Amazon.

### **Long-term risks and opportunities (10+ years)**

Assessing risks and opportunities to the portfolio over the long term is challenging due to the uncertainties involved. However, under a hothouse world, and to some extent a disorderly scenario, it is anticipated that physical climate impacts become the main climate-related risk to returns. Impacts on people and economic activity are likely to affect most holdings in the portfolio. There may, however, be some opportunities for companies whose products and services assist with climate adaptation.

Under both orderly or disorderly transition scenarios, the risks and opportunities associated with new technologies and markets may become increasingly material to the portfolio as the 'winners' of the transition emerge, causing the old to fall away. Under a disorderly scenario, regions of the world that were delayed in their transition might need to catch up, offering new opportunities for transition-aligned companies. However, the rushed nature of this process may pose risks due to abrupt policy changes and technology shifts.

## Key Metrics (as at end December 2024)

### Emissions scopes and units

The global standard for measuring entities' greenhouse gas emissions is the Greenhouse Gas Protocol. It contains different 'scopes' of emissions, which are used in this report:

- Scope 1: Emissions produced directly by the entity, typically through the combustion of fossil fuels on site.
- Scope 2: Emissions that occur due to energy used by the entity, often through the off-site generation of electricity in a power station.
- Scope 3: Emissions that occur somewhere in the entity's 'value chain' as a result of its activities. There are 15 different categories including those associated with the raw materials an entity uses and the use of its sold products. Emissions from transport, distribution and business travel are also included.

All our emissions metrics use CO<sub>2</sub>e as the unit of greenhouse gases. Carbon dioxide (CO<sub>2</sub>) is the most prevalent greenhouse gas but there are others such as methane which have different levels of warming impact per tonne of emissions. Because of this, it is common for CO<sub>2</sub>e to be used as a common unit to refer to all greenhouse gases emitted by an entity. Its value is equivalent to the total amount of CO<sub>2</sub> that would need to be emitted to achieve the same level of warming impact as the CO<sub>2</sub> plus other greenhouse gases emitted.

### Core emissions metrics

The metrics in this section include the Total Emissions, Carbon Footprint and Weighted Average Carbon Intensity (WACI) of the portfolio as required by the UK Financial Conduct Authority's (FCA) product-level climate disclosure rules. More explanation of all the metrics used can be found in the tables themselves and footnotes. Any climate targets or objectives set by the portfolio are detailed in the earlier sections of this report.

### Data availability

Data for some holdings is currently unavailable from our data suppliers. The metrics presented in this section may therefore not relate to the entire portfolio, particularly where holdings are not listed on a stock exchange. Cash and derivatives are presently excluded. For emissions data, we provide details of whether data is reported, estimated or unavailable in the 'Emissions data coverage' table. Our disclosure of metrics associated with our own assessments of holdings' targets and transition role is intended to help address gaps in data from external data suppliers, and we will continue to explore additional solutions in future.

### Additional metrics

We have also included additional metrics that may be useful in assessing potential climate-related risks and opportunities to the portfolio. These include external data-points such as exposure to material sectors, fossil fuels and alignment with the Science Based Targets initiative. In addition, we show Baillie Gifford's proprietary Climate Assessments of the net zero ambitions and overall transition role for 'corporate-like' assets in climate material sectors.

FCA rules also require Baillie Gifford to determine if a portfolio has concentrated or high exposures to carbon intensive sectors and if so to include quantitative scenario analysis metrics. We define such portfolios as those with either: 1) a WACI (on a Scope 1 & 2 basis) above that of its respective financial performance benchmark or the MSCI ACWI index, or 2) a higher level of exposure to holdings generating more than 5% revenues from fossil fuels than its respective financial performance benchmark index or the MSCI ACWI index.

For such portfolios, we also include Climate Value-at-Risk metrics in this section, provided we can obtain data for more than 70% of the portfolio by AUM from our data suppliers. However, unless specifically required, Baillie Gifford has chosen not to provide Climate Value-at-Risk metrics for all portfolios as we believe data and methodology constraints mean they are not practicable for widespread use and potentially could be inaccurate or misleading. We also do not provide Implied Temperature Rise metrics for the same reasons. We continue to engage with data providers as these metrics evolve.

### Year-on-year changes

In line with the requirements of the UK FCA, we have included values for previous years alongside the most recent values for most metrics. Where possible, we try and backdate any new metrics we include as the report evolves, but this is not always practicable. **It is important to be aware that any changes in year-on-year metric values may happen for several different reasons** including changes to the portfolio composition, data re-adjustments by our data suppliers, new data being available to our data suppliers, as well as underlying changes within the holdings themselves.

From 2024, the data in this report excludes assets that inherently cannot generate carbon data such as those beyond 'corporate-like' assets and sovereign bonds. For example, insurance-linked securities. Consequently, 2022 and 2023 'corporate-like' figures are not directly comparable with 2024. By focusing our metrics on the most relevant and data-rich sections of the portfolio, we seek to enable more precise year-on-year comparisons going forward and reduce the influence of asset allocation on results, making it more suitable for multi-asset funds.

The 'corporate-like' figures include companies, which are either directly held by the Defensive Growth Fund or indirectly held by the way of an investment by the Defensive Growth Fund in a collective investment scheme ('CIS') managed by a member of the Baillie Gifford group, plus directly held Baillie Gifford investment sleeves. Externally managed CIS are not included.

### Emissions metrics for 'corporate-like' assets

#### Total carbon emissions from 'corporate-like' assets held by the portfolio

The total emissions of the portfolio represent the absolute greenhouse gas emissions from assets held, allocated on a proportional basis. This means a portfolio holding 1% of a company's enterprise value would be attributed 1% of the company's emissions. This metric will vary due to portfolio size and is therefore not recommended for direct comparison with other portfolios.

	Portfolio		
	2022	2023	2024
Total Scope 1 & 2 emissions (tCO <sub>2</sub> e)	3,558	7,711	2,171
Total Scope 3 emissions (tCO <sub>2</sub> e)	19,545	29,887	11,137
Total Scope 1, 2 & 3 emissions (tCO <sub>2</sub> e)	23,103	37,598	13,308

Source: Baillie Gifford, MSCI.



Carbon footprint for 'corporate-like' assets of the portfolio

The carbon footprint of the portfolio represents the aggregated GHG emissions per million £/\$ invested and allows for comparisons of the carbon intensity of different portfolios.

	Portfolio		
	2022	2023	2024
Scope 1 & 2 emissions (tCO <sub>2</sub> e) per \$m invested	19	17	12
Scope 1, 2 & 3 emissions (tCO <sub>2</sub> e) per \$m invested	123	83	76

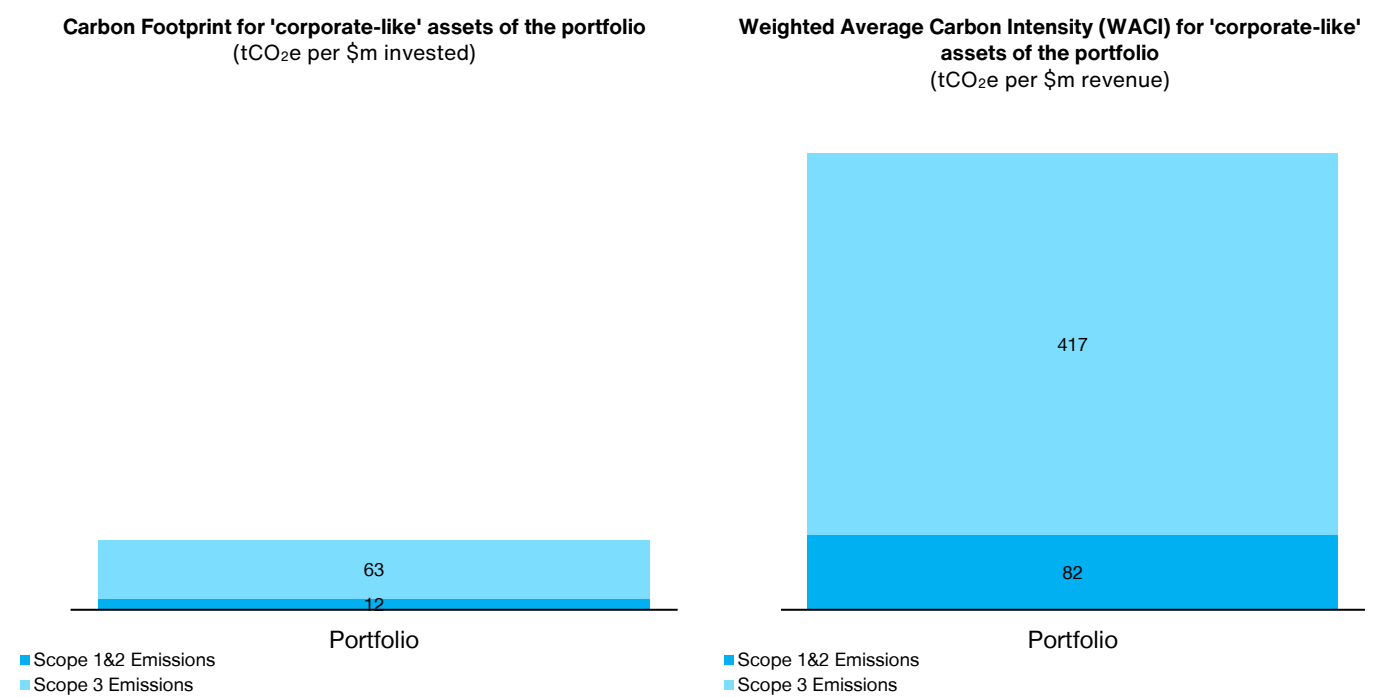
Source: Baillie Gifford, MSCI.

Weighted average carbon intensity (WACI) for 'corporate-like' assets of the portfolio

The WACI of the 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 and can be used for comparisons with other portfolios.

	Portfolio		
	2022	2023	2024
Scope 1 & 2 emissions (tCO <sub>2</sub> e) per \$m revenue	83	60	82
Scope 1, 2 & 3 emissions (tCO <sub>2</sub> e) per \$m revenue	617	448	498

Source: Baillie Gifford, MSCI.



All figures are rounded, so any totals may not sum.

#### Emissions data coverage for 'corporate-like' assets of the portfolio

These metrics are intended to provide a guide to the level of data coverage for portfolio emissions metrics. For reasons of consistency, we source all emissions data from our data provider. The metrics show the level of reported vs. estimated vs. unavailable data for different emissions scopes for the portfolio.

It is important to note that the data we use for Scope 3 emissions is all estimated. This is because whilst some holdings do report Scope 3 emissions, this typically does not cover all emissions categories within Scope 3, meaning that reported data is not consistent across companies. Estimated Scope 3 data covers all relevant Scope 3 categories and is therefore more consistent.

For additional context, we also include the percentage of 'corporate-like' assets who disclose to the CDP which is the world's foremost voluntary climate disclosure platform.

	Portfolio		
	2022	2023	2024
% of 'corporate-like' assets for which <b>reported</b> Scope 1 & 2 emissions data from our data provider is used	30	25	64
% of 'corporate-like' assets for which <b>estimated</b> Scope 1 & 2 emissions data from our data provider is used	11	7	7
% of 'corporate-like' assets for which Scope 1 & 2 emissions data is <b>not available</b> from our data provider	59	68	29
% of 'corporate-like' assets for which <b>estimated</b> Scope 3 emissions data from our data provider is used	41	32	71
% of 'corporate-like' assets for which Scope 3 emissions data is <b>not available</b> from our data provider	59	68	29
% of 'corporate-like' assets disclosing to CDP annually	22	21	44

Source: Baillie Gifford, MSCI, CDP.

## Additional metrics for sovereign bond holdings only

### Metrics for sovereign bond holdings

The emissions metrics in the sovereign bond subsection represent aggregated exposure to the carbon intensities of underlying economies, measured on a GDP Purchasing Power Parity (PPP), and per person (capita) basis

	Portfolio		
	2022	2023	2024
Weighted average emissions (tCO <sub>2</sub> e) per \$ million GDP 2017 PPP	258	191	191
Weighted average emissions (tCO <sub>2</sub> e) per capita	13	6	7
% of total AUM invested in sovereign bonds	22	29	21
% of total AUM invested in sovereign bonds associated with countries that are signatories to the Paris Agreement	22	29	21
% of total AUM invested in sovereign bonds where emissions data from our data provider is used	22	28	21

## Additional insight metrics

### Exposure of 'corporate-like' assets to 'climate material' sectors

This metric is intended to show the proportion of the portfolio operating in sectors that are materially relevant to addressing climate change. These sectors may be exposed to higher levels of climate-related risks and opportunities. Our definition uses the TCFD 'carbon related assets' definition, ie any company operating in the Energy, Transportation, Buildings and Materials, Agriculture, or Food and Forests sectors, mapped by GICS sub-industry.

	Portfolio		
	2022	2023	2024
% of 'corporate-like' assets in 'climate material' sectors	20	16	41

Source: Baillie Gifford.

### Exposure of 'corporate-like' assets to fossil fuels

These metrics show both the percentage of 'corporate-like' assets invested in fossil fuel companies (the first metric) and the percentage of 'corporate-like' assets who generate at least 5% of their revenues from different kinds of fossil fuel activities (the second, third and fourth metrics). The latter metrics are included because some companies with fossil fuel revenue generation are not always classified as fossil fuel companies by international classification systems. Negligible exposure may be omitted due to rounding.

	Portfolio		
	2022	2023	2024
% of 'corporate-like' assets classified as fossil fuel companies <sup>3</sup>	--	--	0
% of 'corporate-like' assets with > 5% revenues from oil and/or gas activities <sup>4</sup>	4	2	6
% of 'corporate-like' assets with > 5% revenues from thermal coal mining and sale <sup>5</sup>	0	0	0
% of 'corporate-like' assets with > 5% revenues from thermal coal power generation	0	0	0

Source: Baillie Gifford, MSCI.

### Exposure of 'corporate-like' assets to physical risk

This metric shows the exposure of the portfolio to companies classified by MSCI as having severe or significant exposure to direct physical risk such as extreme weather and coastal flooding. These metrics are in a relatively early stage of development and may not reflect actual risks to the portfolio. This is a new metric added in 2024, and as such no history is available.

	Portfolio		
	2022	2023	2024
% of 'corporate-like' assets classified as having severe or significant physical risk exposure	--	--	8
% of 'corporate-like' assets for which data is <b>not available</b> from our data provider	--	--	38

Source: Baillie Gifford, MSCI.

<sup>3</sup> This metric shows the exposure of the portfolio to any 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. This is a new metric added in 2024.

<sup>4</sup> Includes oil and/or gas extraction and production, distribution, retail, equipment and services, petrochemicals, pipelines and transportation and refining. Excludes biofuel production and sales, and trading activities.

<sup>5</sup> 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.

## Transition alignment metrics

### Our assessment of 'corporate-like' assets' net zero targets through our 'Climate Assessment' process

These metrics provide insight into our own assessment of 'corporate-like' assets' emissions reduction targets, strategy and progress towards achieving them. The metric is based on our 'Climate Assessment', which is explained in more detail in Baillie Gifford's entity level [TCFD Climate Report](#). For this portfolio, from 2024, only climate material holdings are disclosed.

	Portfolio		
	2022	2023	2024
% of 'corporate-like' assets with targets assessed as ' <b>leading</b> ' (ie holdings with targets, strategy and progress in line with an appropriate 1.5C-aligned pathway)	13	13	24
% of 'corporate-like' assets with targets assessed as ' <b>preparing</b> ' (ie holdings preparing targets and strategy in line with an appropriate 1.5C-aligned pathway)	12	14	15
% of 'corporate-like' assets with targets assessed as ' <b>lagging</b> ' <sup>6</sup> (ie holdings with little evidence of preparing targets and strategy in line with an appropriate 1.5C-aligned pathway)	17	25	19
% of 'corporate-like' assets with targets not assessed	58	49	8

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

### Our assessment of 'corporate-like' assets' transition role through our 'Climate Assessment' process

These metrics provide insight into our own assessment of 'corporate-like' assets' role in a successful transition to net zero. The metric is based on our 'Climate Assessment', which is explained in more detail in Baillie Gifford's entity level [TCFD Climate Report](#). For this portfolio, from 2024, only climate material holdings are disclosed.

	Portfolio		
	2022	2023	2024
% of 'corporate-like' assets assessed as ' <b>solutions innovators</b> ' (ie holdings whose core business involves developing solutions to climate change)	3	9	18
% of 'corporate-like' assets assessed as ' <b>potential accelerators</b> ' (ie holdings who have an opportunity to drive significant acceleration of the transition) <sup>7</sup>	--	--	2
% of 'corporate-like' assets assessed as ' <b>potential influencers</b> ' (ie holdings with relatively low emissions who are supporting the transition to net zero)	16	14	9
% of 'corporate-like' assets assessed as ' <b>potential evolvers</b> ' (ie holdings with relatively high emissions who have potential to support the transition to net zero)	15	27	28
% of 'corporate-like' assets assessed as ' <b>materially challenged</b> ' (ie holdings whose core business is likely to decline in a transition to net zero, with limited options to evolve)	0	0	0
% of 'corporate-like' assets not assessed	66	50	8

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

<sup>6</sup> In some cases, portfolios with higher proportions of unlisted or smaller companies may contain more holdings assessed as 'lagging'. This may be due to the relative immaturity of these companies' disclosure and net zero alignment strategies, when compared to larger and more established companies.

<sup>7</sup> This is a new category added to the framework during 2024, as such no history is available.

#### Science-Based Targets alignment among 'corporate-like' assets

These metrics provide a view of portfolio holdings' net zero alignment targets, in addition to our own assessment in the tables above. The SBTi (Science Based Targets initiative) is the world's foremost certification body for corporate net zero targets. Companies with 'approved' targets are those whose net zero targets have been validated by the SBTi. Companies who have 'committed' are those who have submitted a commitment letter to SBTi and are in the process of setting targets or awaiting their validation.

	Portfolio		
	2022	2023	2024
% of 'corporate-like' assets with targets <b>approved</b> by Science-Based Targets initiative	13	11	34
% of 'corporate-like' assets who have <b>committed</b> to set targets approved by the Science-Based Targets initiative (ie those who are in the process of setting targets or awaiting their validation)	7	3	10

Source: SBTi.

#### Low-carbon transition score of 'corporate-like' assets

This metric shows the exposure of the portfolio to companies most positively aligned to an accelerating energy transition. The score provided by MSCI represents a multi-dimensional risk and opportunity assessment. The higher the score, the more positive the alignment. More details can be found on MSCI's Climate Data and Metrics webpages. Negligible exposure may be omitted due to rounding.

	Portfolio		
	2022	2023	2024
% of 'corporate-like' assets with a top quartile score (7.5-10)	6	3	19
% of 'corporate-like' assets with a bottom quartile score (0-2.5)	0	0	0

## Legal Notices

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

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

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

This disclosure is not intended to be used for marketing purposes and nor does it constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

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

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