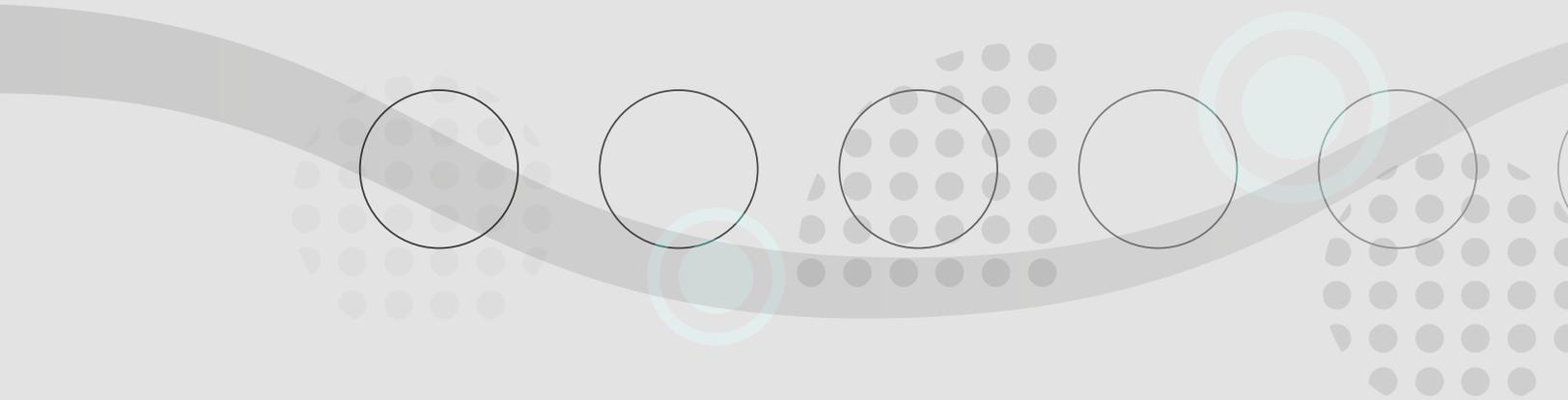


UK Fair Pay Report

Year to 5 April 2022



Investment managers



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Foreword

At Baillie Gifford our ambition is to become one of the most culturally and cognitively diverse investment management firms in the world. Our commitment to diversity and inclusion (D&I) has been longstanding and is underpinned by Our Shared Beliefs.¹

Our UK gender pay gap is just one piece of the jigsaw that informs our progress towards our ambition. Since our 2021 report, our median gender pay gap has reduced to 12.3 per cent from 12.7 per cent. Our median bonus gap has also narrowed to 16.1 per cent from 18.2 per cent. In the year to 5 April 2022 our mean pay gap has increased to 17.3 per cent from 15.5 per cent, and our mean bonus pay gap has remained consistent at 46.6 per cent.

The primary reason we still have a gender pay gap is because we have more men than women in senior-level roles. In March 2022, we implemented changes to our remuneration, performance and development approaches to better align with our common purpose (as we mentioned in our 2021 gender pay gap report). These changes did not impact our median pay gap, but have exacerbated our mean pay gap in the near term which increased to 17.3 per cent from 15.5 per cent. This is as a result of a re-balancing of some variable pay into salaries, to create a more unified remuneration approach which is focused on client outcomes over the longer-term.

As owners of the firm, partners are excluded from the scope of this report, but we do review the numbers annually and wish to remain transparent. Our median gender pay gap, including partners, has improved in 2022 to 14.1 per cent from 14.4 per cent and the mean to 30.4 per cent from 33.1 per cent in 2021. From 1 May, our partner gender split improved with 25 per cent of partners identifying as women compared to 19 per cent the previous year.

Despite continuous improvement on most metrics, our gender pay gap persists. Similar to our investment philosophy, we approach diversity and inclusion (D&I) in a thoughtful and considered manner. We place a strong emphasis on creating a culture of inclusion, not just recruiting people from diverse backgrounds. Our aim is to support, and provide opportunities for everyone, to ensure all colleagues feel like they belong at Baillie Gifford.

Over the past few years, we have worked hard to enhance the global diversity data we capture from employees and candidates. Earlier this year we launched enhanced D&I data gathering as we believe that data transparency is key to driving understanding and real change. We now collect more information to help us track progress and shape future initiatives.

Improving the integrity of our data, combined with our commitment to transparency, means we are now able to more confidently calculate our UK ethnicity pay gap². Our UK ethnicity pay gap is marginal (in the range of -5 per cent to +5 per cent), which we do not consider a statistically significant gap and we will continue to monitor this on an ongoing basis. Engagement rates for sexual orientation and trans status are not yet high enough to provide a statistically valid pay gap outcome for reporting purposes and we will continue to keep this under review.

We understand that it's not only about the statistics. Our aim is to remove barriers and identify opportunities to help create a truly diverse and inclusive Baillie Gifford, which is critical to ensuring we can all succeed. To understand the experience of employees – and support them through our inclusion work – we now gather and analyse more qualitative data through surveys to help guide our approach. We continue to evolve our recruitment, promotion and talent processes.

This aligns with our belief that it is right to make fundamental rather than cosmetic changes. We are proud of what we have already achieved but recognise more needs to be done.

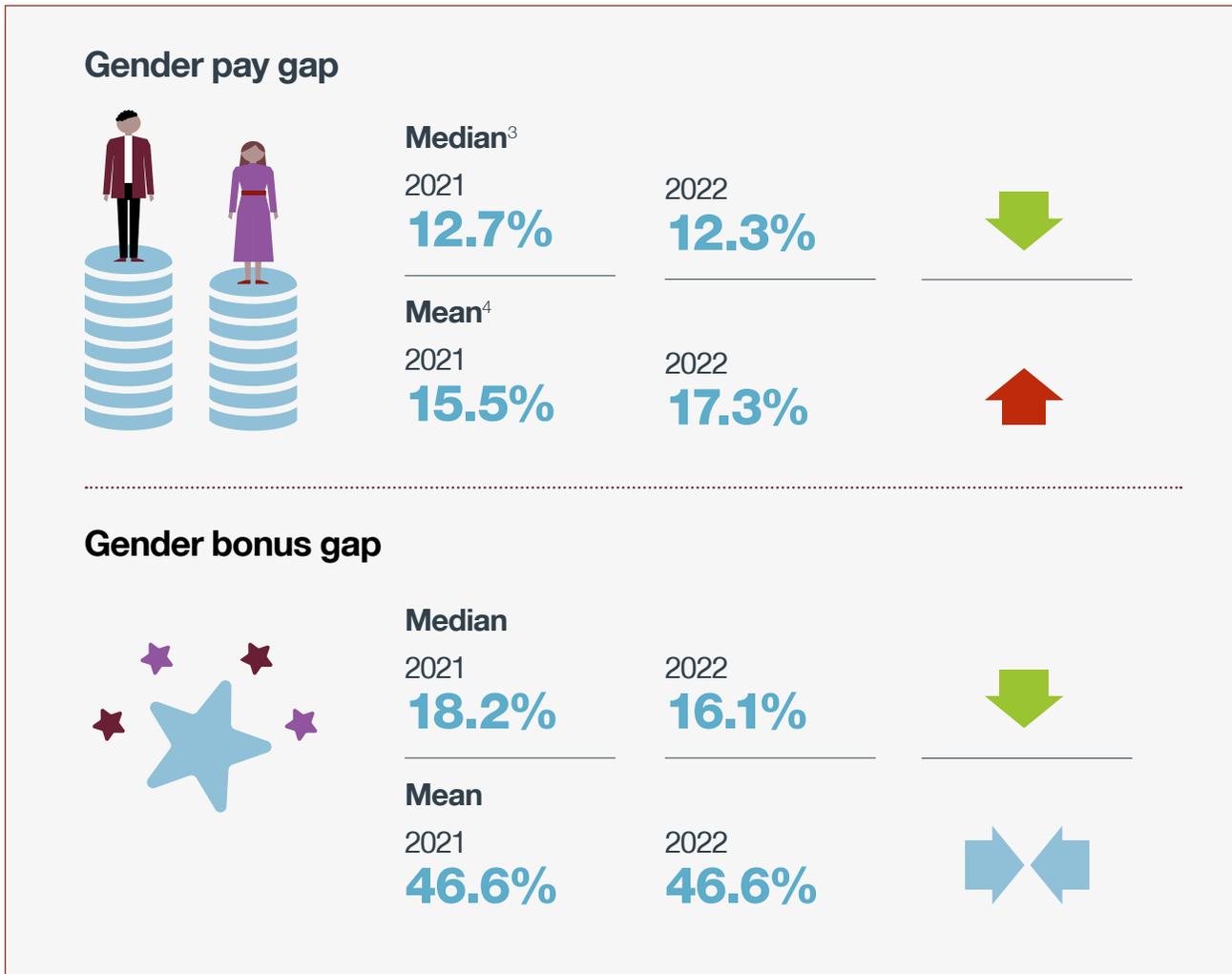


Kathrin Hamilton
Partner and Chair of the
Diversity and Inclusion Group

1. Our Shared Beliefs are defined as our key values at Baillie Gifford.

2. The ethnicity pay gap shows the difference in the average hourly rate of pay between ethnic minority and non-ethnic minority individuals in an organisation, expressed as a percentage of the average non-ethnic minority earnings.

At a glance



Data as at 5 April 2022.

3. The **median** gender pay gap figure you must report is the difference between the hourly pay of the median full-pay relevant man and the hourly pay of the median full-pay relevant woman. The median for each is the man or woman who is in the middle of a list of hourly pay ordered from highest to lowest paid.

4. The **mean** pay gap is calculated by adding all employees' rates of pay together and dividing by the total number of employees. The mean includes all of the lowest and highest rates of pay, and therefore reflects the impact of the higher proportion of women working in lower paid roles, and the higher proportion of men in higher paid roles.

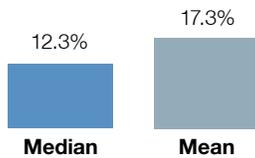
Baillie Gifford's UK gender pay gap

What is the gender pay gap and how is it calculated?

Since 2017, the UK Government has required employers with more than 250 employees to measure and report on the gender pay gap of their UK-based employees on an annual basis. This gap is the difference between the average earnings of men and women, expressed as a portion of men's earnings. The gender pay gap is different to equal pay, which relates to what women and men are paid for the same or similar jobs or work of equal value.

What is our gender pay gap?

Difference between gross hourly earnings for all men and all women



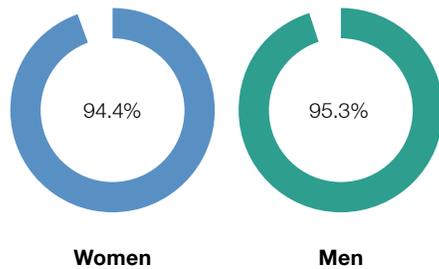
Proportion of employees in each pay band, by quartile

	2021		2022		Women		Men	
	2021	2022	2021	2022	2021	2022	2021	2022
Above upper quartile (highest paid)	37.7%	38.9%	62.3%	61.1%	4 icons	4 icons	6 icons	6 icons
Above median	45.8%	42.5%	54.2%	57.5%	4 icons	4 icons	5 icons	5 icons
Below median	57.5%	55.1%	42.5%	44.9%	4 icons	4 icons	4 icons	4 icons
Below lower quartile (lowest paid)	51.2%	54.3%	48.8%	45.7%	4 icons	4 icons	4 icons	4 icons

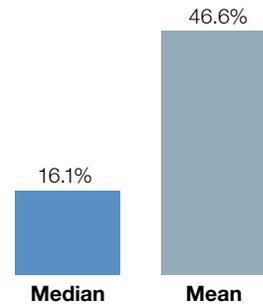
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Percentage of employees receiving a bonus



Difference between bonuses paid to men and women



All employees are eligible to receive a bonus, however, certain employees are excluded from the statutory calculation typically because they joined the firm after the cut-off date for a bonus to be paid.

Data journey

Date	Median Pay Gap	Mean Pay Gap	Median Bonus Gap	Mean Bonus Gap
April 2018	18.2%	20.9%	23.1%	58.9%
April 2019	17.9%	18.8%	20.7%	50.7%
April 2020	16.0%	18.5%	17.7%	50.3%
April 2021	12.7%	15.5%	18.2%	46.6%
April 2022	12.3%	17.3%	16.1%	46.6%
2018–2022 Percentage change	-32.4% ↓	-17.2% ↓	-30.3% ↓	-20.9% ↓

Percentage change is calculated as the difference between the 2018 and 2022 numbers, divided by the 2018 starting position to show as a percentage.

Why do we have a gap?

The primary reason we have a gap is because we still have more men than women in senior-level roles. To address this, we continuously evolve our approach to attracting brilliant people at all levels of the firm to encourage diversity in all its forms. Our preference is to grow our own talent and we understand that effecting change will therefore take time.

What are we doing to close the gap?

To attract and retain women at Baillie Gifford we take a holistic and long-term approach. We recognise that there is no single action to close the gender pay gap. We don't just want to reduce a number – we want to ensure we remain a fair, equitable and inclusive employer offering equality of opportunity for all throughout their career at Baillie Gifford. Some of our work to close the gap is noted below.

Inclusion

Similar to our investment philosophy, we think about inclusion in a long-term way in order to drive sustainable change. We use surveys to understand how our employees experience the workplace. We analyse the results of surveys using different diversity and inclusion (D&I) dimensions to understand where further support is needed. We work collaboratively with our employee-led networks in determining the questions and resulting actions. To align with our transparent approach, results and any proposed actions are shared across the firm. To help further our progress, we have introduced more experience surveys across the employee lifecycle enabling us to recognise and address different life experiences.

In 2022 our BShe employee-led network was established. The network aims to support those who identify as women in their career progression at Baillie Gifford. The group is also helping to find solutions to shared challenges experienced by women, seek out and collaborate with allies across the firm, and create an opportunity for everyone interested in gender equality to connect with, learn from, and empower one another. BShe has partnered with an external firm to develop an inclusion survey and listening approach to help us focus the network's efforts on what matters most to colleagues.

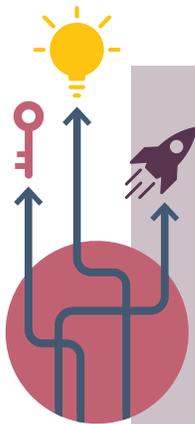


Recruitment and promotion

Regardless of the role, we want to ensure we have diverse candidate lists and challenge the recruiters we work with and our hiring managers. We also use gender decoders and tools which check for gender-biased language used within job adverts. We have also removed references to whether a role is full-time or part-time. The aim is to appeal to a wider pool of candidates.

We piloted a 'women returners' programme in our Information Systems Department in early 2022 and converted a number of these placements to permanent hires. We have also broadened our reach across UK universities to access a wider pool of underrepresented groups.

We review the diversity make-up of boards and committees and, where possible, we favour internal promotion. We are committed to providing opportunities and development for colleagues to progress. We perform regular workforce planning reviews to help identify where new talent is required. We offer a developmental coaching programme and run female-only cohorts. The programme combines voice and executive coaching to give employees the confidence, presence, and communication skills to speak up and make their unique mark on the world.



Talent and development

To increase the visibility of talent skillsets across the firm, empower employees, and provide a way to build relationships further, a career profile tool has been launched. The tool supports employees to reflect on their past work experiences, current skills, and skillsets they would like to grow or focus on in the future.

The search functionality to find colleagues is a new avenue for staff to connect with others in a focused way while showcasing to others across the firm their interests and experiences. Longer term, these building blocks will help individuals, people leaders, and senior leaders to focus on talent in new and different ways.



Accountability

Accountability is a fundamental part of our D&I vision and is embedded into all aspects of our work to close the gender pay gap.

Our Diversity and Inclusion Group (DIG) was formed in 2016, they drive accountability for D&I across the firm and to promote and support related initiatives. The group is made up of senior leaders and Partners from across the firm. The DIG work closely with our employee-led networks and Human Resources department.

In order to hold ourselves to account, this year we have designed a D&I scorecard. This is a measurement tool that will introduce greater transparency and guide our future objectives for diversity, representation and inclusion – enabling senior leadership to track progress in meeting our D&I ambition over time.



Our diversity and inclusion data journey

We see our diversity and inclusion (D&I) journey as continually evolving. We use D&I data to understand representation levels across our business to assess where progress has been made and where there is more to do. A fundamental part of our D&I data strategy is understanding the diversity of our employee population.

We now collect more D&I data to help us track progress and plan for the future. The participation rates for gender and ethnicity are above 97 per cent which has allowed us to calculate our gender and ethnicity⁵ pay gaps. Approximately 50 per cent of employees have shared their sexual orientation or trans status data, which is an encouraging start. We will look to increase these participation rates. Our goal is to reach better engagement and to supplement our existing D&I reporting across a range of D&I dimensions.

Comprehensive D&I data will help to inform decisions on initiatives to support our aspirations to be a truly diverse, inclusive and world-class investment management firm.



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97%

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5. Non-ethnic minorities are defined as the White British group. Ethnic minorities refer to all other ethnic groups, such as Black, Asian and White minorities, such as Gypsy, Roma and Irish Traveller groups.

Networks and partnerships



Statutory methodology

Definitions and explanations

Baillie Gifford companies in scope

The reportable entity for the UK gender pay gap is Baillie Gifford & Co as it had more than 250 employees in the UK at 5 April 2022.

Employees in scope

The definition of relevant employee for calculation purposes does not include partners, however, we voluntarily disclose our UK gender pay gap with partner pay included. Certain employees are excluded from the calculation typically because of leave which meant that they did not receive full pay at the snapshot date or where their gender was undeclared.

Gender pay gap

Baillie Gifford's UK gender pay gap is calculated using the median and mean average hourly rate for men and for women at 5 April 2022. The difference between the two figures is our UK gender pay gap. To calculate the median, we rank each employee's hourly pay from lowest to highest and take the number in the middle of all hourly pay values for women and the same is calculated for the hourly pay for all men. To calculate the mean, the hourly pay for all males are added together and divided by the number of male employees and the same is calculated for the hourly pay for all women. This approach is consistent with the UK regulatory methodology and reflects best practice methodology guidance.

The gender pay gap is different to 'equal pay', which is a more detailed measure of pay equality. Equal pay compares the pay of men and women who are doing the same roles, or work of the same value, and takes into account key factors which influence pay, including the role, skills, seniority and market pay rates.

Gender pay quartiles

Baillie Gifford's pay quartiles use the employee hourly pay ranked from lowest to highest and divided into four equally sized groups (quartiles), each with an equal number of employees. To understand the gender distribution at each of the four pay levels the proportion of men and women within each quartile is calculated and reported.

Gender bonus gap

Baillie Gifford's bonus gap is calculated using the median and mean average bonus pay for men and women. The difference between these figures is the bonus pay gap. Bonuses comprised of all bonus payments, including releases from the deferred bonus scheme, and any ad-hoc bonuses paid in the previous 12-month period. Certain employees are excluded from the calculation typically because they joined after the cut-off date for bonuses or where they waived bonuses in favour of pension contributions.

Gender identity

Gender identity is often assumed from a person's sex assigned at birth. However, we know that sex is more complex than simply 'male' and 'female', and gender is more than 'men' and 'women'. There are many people who do not fit into these binary categories, for example non-binary or intersex people. We are also aware that some people's gender identity does not align with the sex they were assigned at birth.

For the purpose of this report, we have used the terms 'men' and 'women' although we understand that not everyone identifies with these binary labels and for some these terms will refer to their biological sex.



CURIOUS ABOUT THE WORLD

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