Baillie Gifford

Stewardship Report
Year ended 30 September 2023

International All Cap

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Risk factors

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Introduction

Welcome to the International All Cap Stewardship Report. Our investment process is founded on the long-term ownership of growing businesses. Our ‘bottom-up’ approach to stock selection leads us to focus on understanding the drivers behind individual companies. We typically hold these investments for five to ten years – long enough for the fundamentals to emerge as the dominant influence on share prices.

Cultivating conviction in corporate governance and sustainability in its broadest sense is a critical part of this process.

This report provides an overview of our approach, including:

- The key principles behind our stewardship framework
- How the long-term risks and opportunities arising from governance and sustainability matters are considered as part of our process
- Examples of our company engagements
- A record of our proxy voting activities
- Portfolio ESG data snapshot
- For clients with specific ethical considerations we offer a responsible variant of the International All Cap strategy.

We believe stewardship is critical in pursuing successful long-term investment outcomes, and we are committed to improving. We hope you find our views helpful and look forward to conversations with you on these important matters.

Baillie Gifford's stewardship principles

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society. All of the International All Cap Team are involved in stewardship work. As long-term investors, we believe our approach to monitoring holdings, engaging with management and voting thoughtfully supports investment performance. Over the following pages, we explore how we consider and integrate our stewardship principles into our investment process through engagement, proxy voting and research framework. Our approach is framed around Baillie Gifford's four core stewardship principles.

Baillie Gifford's stewardship principles

Long-term value creation

We believe that companies that are run for the long term are more likely to be better investments over our clients' time horizons. We encourage our holdings to be ambitious, focusing on long-term value creation and capital deployment for growth. We know events will not always run according to plan. In these instances we expect management to act deliberately and to provide appropriate transparency. We think helping management to resist short-term demands from shareholders often protects returns. We regard it as our responsibility to encourage holdings away from destructive financial engineering towards activities that create genuine value over the long run. Our value will often be in supporting management when others don't.

Alignment in vision and practice

Alignment is at the heart of our stewardship approach. We seek the fair and equitable treatment of all shareholders alongside the interests of management. While assessing alignment with management often comes down to intangible factors and an understanding built over time, we look for clear evidence of alignment in everything from capital allocation decisions in moments of stress to the details of executive remuneration plans and committed share ownership. We expect companies to deepen alignment with us, rather than weaken it, where the opportunity presents itself.

Governance fit for purpose

Corporate governance is a combination of structures and behaviours; a careful balance between systems, processes and people. Good governance is the essential foundation for long-term company success. We firmly believe that there is no single governance model that delivers the best long-term outcomes. We therefore strive to push back against one-dimensional global governance principles in favour of a deep understanding of each company we invest in. We look, very simply, for structures, people and processes which we think can maximise the likelihood of long-term success. We expect to trust the boards and management teams of the companies we select, but demand accountability if that trust is broken.

Sustainable business practices

A company's ability to grow and generate value for our clients relies on a network of interdependencies between the company and the economy, society and environment in which it operates. We expect holdings to consider how their actions impact and rely on these relationships. We believe long-term success depends on maintaining a social licence to operate and look for holdings to work within the spirit and not just the letter of the laws and regulations that govern them. Material factors should be addressed at the board level as appropriate.

Our process

The International All Cap Portfolio Construction Group (PCG) takes full responsibility for all stewardship activities and outcomes. Where there is a contentious issue the investment managers will collaborate with the strategy's ESG analyst in company meetings, in primary research, and in relation to challenging votes.

What do you mean by stewardship?

We strive to invest in well-managed companies run by people who are doing the right thing for their shareholders. Our clients trust us to manage their assets wisely, so we have a very important responsibility to pay close attention to the business practices and attitudes of the companies in which we invest on their behalf. This mindset is important in our ongoing dialogue with company management teams.

> It takes 20 years to build a reputation and 5 minutes to ruin it. If you think about that, you'll do things differently
>
> Warren Buffett

How we integrate our stewardship principles?

As long-term investors with a five years plus time horizon, the way a company is governed and its business practices have always been included in the scope of our investment research because these can impact company financial returns. Companies that put their reputation at risk with any stakeholder, or are reliant on an unsustainable regulatory environment, will not earn a place in the portfolio.

We therefore consider environmental, social and governance (ESG) factors as relevant, taking a bottom-up approach and customizing our analysis for each company by focusing on topics pertinent to the investment case (i.e. not a one-size-fits-all approach). This is a pragmatic way of thoughtfully incorporating our stewardship principles into our stock picking and portfolio management. We do not attempt to separate governance and sustainability issues and prioritise them over financial ones, nor do we apply external ESG scores or screens beyond a firmwide policy prohibiting investment in controversial weapons and cannabis, the latter is evolving according to regulatory change.

Five question research framework

01
Growth
Will this company be significantly larger in five years?

02
Management
Are management sensible guardians of our clients' capital?

03
Sustainability
What are the environmental and social implications for this company?

04
Valuation
Why is the growth not reflected in the current share price?

05
Discipline
What would make us sell?

Our approach is largely qualitative, with governance and sustainability considerations embedded into the five-question (5Q) stock research framework used to assess all new stock ideas and existing holdings. These common investment criteria prompt us to discuss the sustainability of the growth opportunity and a company's competitive advantage, management's ambition and ability to execute, company culture and the treatment of stakeholders. Also, the valuation multiple the market may attribute to the stock as a result, and the key milestones or non-negotiable aspects of the investment case.

On stewardship specifically, question two of our 5Q asks, 'Are management sensible guardians of our clients' capital?' and question three addresses sustainability, asking 'What are the environmental and social implications for this company?'.

Sub-questions consider topics spanning management motivations and alignment of long-term interests, the company's intent, business practices and product/services, and the associated long-term risks and opportunities that these pose. We believe the debate and discussion around these questions contribute to a better understanding of the company.

In addition, the strategy's ESG analyst provides a pre-buy note on every stock being considered for the portfolio. This note outlines notable governance and sustainability factors and draws on proprietary research from our ESG analyst and related research conducted in the regional equity research teams where applicable. This report forms part of the pack for our stock discussion meeting.

Our ESG analyst participates in company meetings, stock discussions, and pre-buy conversations. Having an analyst specialising in governance and sustainability embedded within the team provides a different perspective on this topic and gives the team a direct link to the firm's broader ESG resources.

Monitoring governance and sustainability factors is complementary to our portfolio construction process. We assess new information published by companies, for example in annual reports, sustainability reports and regulatory filings, and we follow third-party research and information sources for ESG-related information. Material information is considered in team stock discussions and investor analysis throughout the year. We also use our meetings with company management and board members to further our understanding of their approach to governance and sustainability issues and to engage on these. This work goes on weekly during the year and is part of the portfolio-building and monitoring process.

It is rare for us to decide to sell a stock purely on governance or sustainability grounds. This is due to the relatively concentrated number of companies in which we invest for our clients, the importance that we place on stewardship, and the high bar that we set for inclusion in the portfolio. Our perspective as long-term owners of companies means that we want to help them overcome their challenges rather than sell and walk away when challenges arise. There are company engagement examples included later in this report.

For clients who wish to apply specific ethical requirements, we offer a variation of our strategy which applies some additional process steps including an initial screen. Please see page 21 for further information.

The role of engagement and voting

As long-term stewards, we use our regular meetings with company management to encourage best practices and long-term thinking in our investee companies. Our stock discussions can highlight areas that do not break the investment case but where there is room for improvement. We work patiently with companies on any issues raised through ongoing dialogue. If appropriate, we will push for improvements. While we would not want to be taken for granted as supportive shareholders, we aim to be seen as the type of core long-term shareholders to whom the board and management will reach out on significant matters. Where clients permit, we vote all our proxies and will use our votes to encourage progress on areas of concern.

Resources

Baillie Gifford has invested over the last decade in building a dedicated ESG resource of over 40 people who work in conjunction with the investment teams on governance and sustainability research and engagement, monitoring investee companies and coordinating the proxy voting process specific themes and voting.

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Engagement case studies

© Kering.

Kering

Global luxury goods company

Principle(s)

- Sustainable business practices
- Governance fit for purpose

Objective

One of Kering's fashion houses, Balenciaga, was heavily criticised after an advertising campaign which sexualised children. The incident was a source of profound disappointment for us as shareholders. We initially raised concerns about the Balenciaga controversy during the company's ESG roadshow. Kering's investor relations subsequently offered a call with the group managing director to continue this conversation.

Discussion

The group managing director started the call with an apology on behalf of Kering.

After this, our conversation focused on how management thinks about creative oversight and reputational risk management as both a top-down process issue and a broader cultural and diversity issue across the group. On oversight, a new marketing and communication framework is being devised to reinforce the group's stance on sensitive issues and enable the individual houses to make better judgement calls. Additionally, there will be an explicit discussion of the balance between creative direction and the consideration of dissenting views at the twice-yearly meetings between the group management and the management of brands.

Diversity among creative teams is essential, but Kering also recognises that nurturing a culture that embraces challenge is equally so.

Outcome

Kering has not issued a public statement in response to the controversy, but our engagements have reassured us regarding the considerable group-level work behind the scenes. It is clear with Kering that there is a delicate balance to be struck between group oversight with the ability to foster challenge and creativity at individual houses. Kering appears to be taking a thoughtful approach by updating internal processes. We will continue to follow up on the lessons learned from this incident during our regular engagements with the company.

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© Ubisoft.

Ubisoft

Video game developer

Principle(s)

- Long-term value creation
- Governance fit for purpose

Context

Ubisoft announced a deal in which Chinese media company Tencent would acquire an additional stake through the controlling Guillemot Brothers' holding company. The family was able to sell shares at an implied value of €80 per share compared to a prevailing price of €40 per share. We had three concerns with this transaction:

- The deal structure treated one group of shareholders preferentially, with the family selling at €80 while minorities were left out.
- Potential conflict of interest as founders sold shares at a premium price to Tencent.
- Risk of bias in future negotiations due to the substantial premium paid by Tencent.

We informed management and an independent director of these concerns in four meetings after the deal was announced.

Objective

To address concerns regarding the Ubisoft and Tencent deal, improve oversight through suggested changes to the board of directors, and oppose resolutions related to the deal at the Annual General Meeting. The aim was to protect the interests of minority shareholders and ensure fair governance practices.

Ubisoft is a French, founder-led video game developer. It has studios worldwide and strong gaming franchises including key title Assassin's Creed. It has been held in the International All Cap Strategy since 2019[1].

Ubisoft

2022

Sep
Ubisoft announces Tencent deal

Sep
Meeting with Ubisoft CFO, to discuss the deal

Oct
Meeting with lead independent director, Didier Crespel

Dec
Second meeting with Didier Crespel

2023

Sep
Pre-AGM call to communicate how we were considering voting

Sep
Ubisoft AGM

[1] Not held in client portfolios with ethical restriction which exclude gaming.

Discussion

During these meetings, we suggested two changes to improve oversight:

- A majority of truly independent directors[2] to balance the large representation of the Guillemot Brothers.
- A director with expertise in corporate finance, to ensure there is a voice on the board that can deeply understand future deals and their implications for minority shareholders.

We registered our concerns by opposing eight resolutions at the Annual General Meeting (AGM). This included opposing the deal itself and the compensation of all Guillemot Brothers to register our dissatisfaction with their link to the deal. We also opposed two independent directors for failing to consider the perspectives of minority holders.

The resolution to approve the deal encountered notable opposition, with 43 per cent of votes cast against it however the deal still went through.

Outcome

Despite governance risks, we are optimistic about Ubisoft's potential as a leading gaming company. We were pleased with the election of a new independent director, who has experience in corporate finance. This is a significant step towards implementing our governance recommendations. We will continue to encourage the board to evolve its composition to consider more independent views.

[2] This considers the employee representatives within the wider board as they do not represent minority shareholders.

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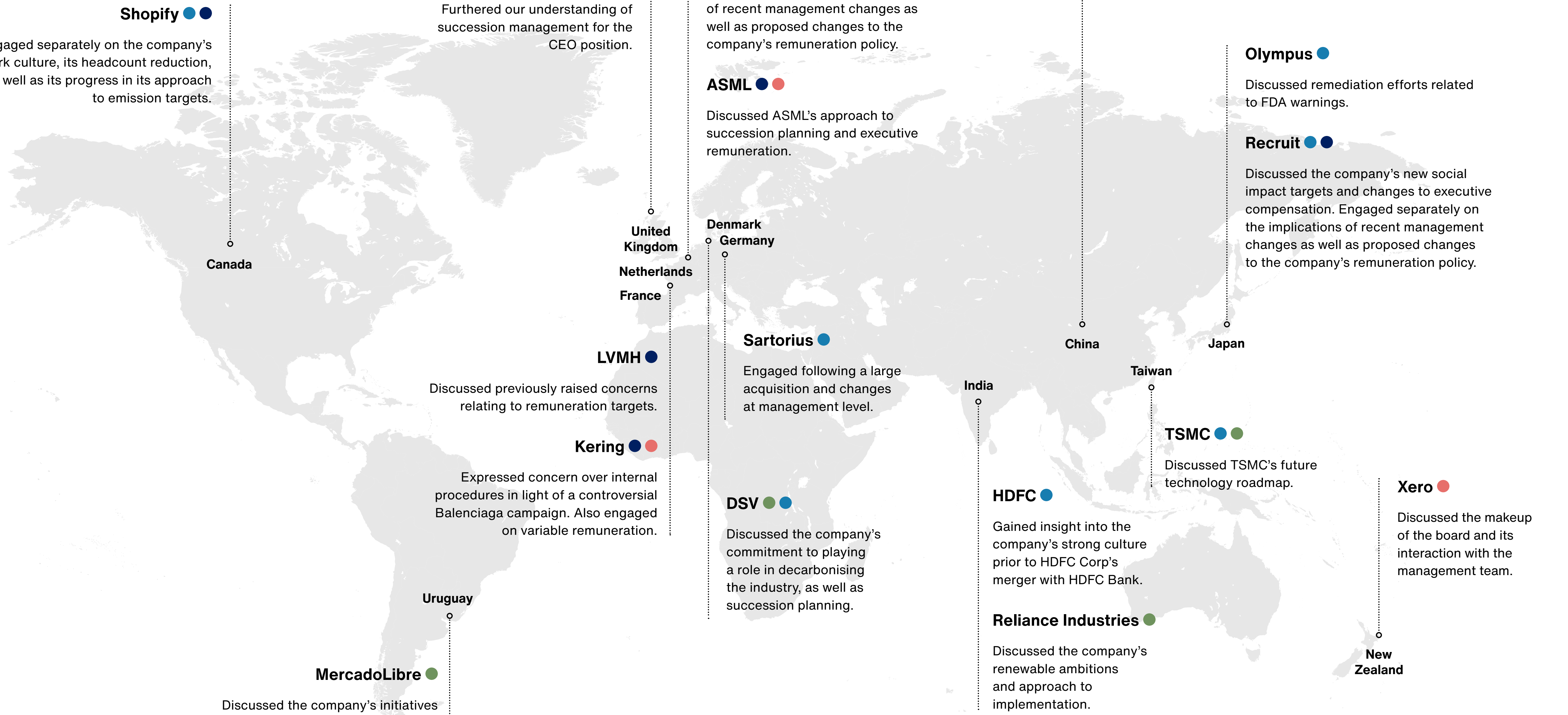
Engagement examples

We use our stewardship principles to frame our engagements. The map below contains examples of how we apply the principles in practice across regions and ESG topics.

- Long-term value creation
- Alignment in vision and practice
- Governance fit for purpose
- Sustainable business practices



Shopify

Engaged separately on the company's work culture, its headcount reduction, as well as its progress in its approach to emission targets.

Hargreaves Lansdown

Furthered our understanding of succession management for the CEO position.

Prosus

Discussed the company's approach to climate change and its long-term ambitions.

Adyen

Engaged separately on the implications of recent management changes as well as proposed changes to the company's remuneration policy.

ASML

Discussed ASML's approach to succession planning and executive remuneration.

Baidu

Engaged on the company's data governance and privacy approach.

Olympus

Discussed remediation efforts related to FDA warnings.

Recruit

Discussed the company's new social impact targets and changes to executive compensation. Engaged separately on the implications of recent management changes as well as proposed changes to the company's remuneration policy.

LVMH

Discussed previously raised concerns relating to remuneration targets.

Sartorius

Engaged following a large acquisition and changes at management level.

Kering

Expressed concern over internal procedures in light of a controversial Balenciaga campaign. Also engaged on variable remuneration.

DSV

Discussed the company's commitment to playing a role in decarbonising the industry, as well as succession planning.

HDFC

Gained insight into the company's strong culture prior to HDFC Corp's merger with HDFC Bank.

TSMC

Discussed TSMC's future technology roadmap.

Xero

Discussed the makeup of the board and its interaction with the management team.

Reliance Industries

Discussed the company's renewable ambitions and approach to implementation.

MercadoLibre

Discussed the company's initiatives towards making its business model climate resilient.

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Proxy voting report

Voting at company general meetings is one of the most important ownership rights we have as a shareholder. We also recognise that, as a significant shareholder in a number of companies that we invest in on behalf of our clients, we must exercise our voting rights responsibly. Consequently, all our voting decisions are made on a case-by-case basis.

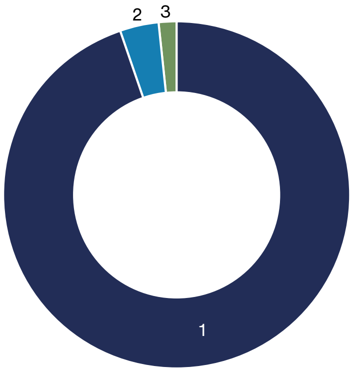
Our policy is to take an active approach to share ownership rights and responsibilities on behalf of our clients. We aim to interpret guidelines flexibly in the light of local market regulation and practice, as well as individual company factors. The philosophy underpinning our approach to share voting is to ensure that our voting decisions are in the best interests of our clients. Voting decisions are investment-led taking into account the perspectives of the portfolio managers and inputs from the strategy's ESG analyst and voting analysts.

Because our investment style allows us to invest in only those companies we actively support and admire, most of our final voting decisions are in support of management. However, we will engage with companies where more information is required or if a resolution appears to conflict with our stewardship principles. If, after dialogue, we conclude that it is in the long-term interest of both the company and clients to withhold or oppose a resolution, we will do so. We will always inform a company of our concern and rationale where we have reason to vote against management. By taking this careful, research-led approach to voting, and by meeting and engaging throughout the year with the management and board members of the companies, we can most effectively apply our voting rights on your behalf.

The following chart provides a summary of our proxy voting activities for the ACWI ex US All Cap portfolio in the 12 months to September 2023 and illustrates our voting decisions across the resolution categories.

ACWI ex US All Cap data – All ballots[3]

12 months to September 2023



1	For	94.9% (1,181)
2	Against	3.8% (47)
3	Abstain	1.4% (17)

Source: Baillie Gifford. Based on a representative portfolio.
As at 30 September 2023.
Figures may not sum due to rounding.

3. For Developed EAFE mandates the split is: For 94.5 per cent, Against 4.9 per cent, Abstain 0.6 per cent.
For EAFE Plus mandates the split is: For 94.9 per cent, Against 3.9 per cent, Abstain 1.2 per cent.

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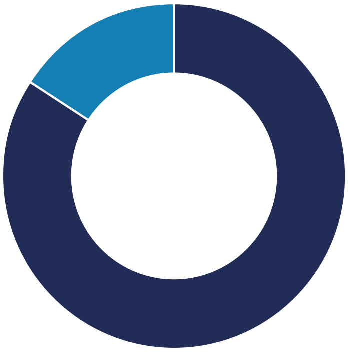
AGM proposal breakdown and examples – ACWI ex US All Cap Strategy

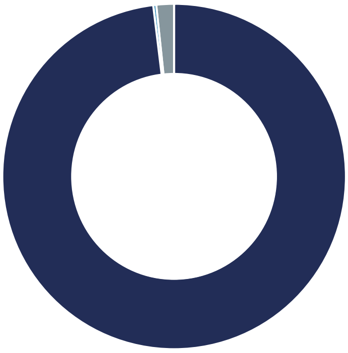
Remuneration[4]



●	For	84.2% (96)
●	Against	15.8% (18)

We opposed five resolutions relating to executive compensation at **LVMH**. We continue to have concerns with a lack of disclosure of performance targets and believe better disclosure would allow shareholders to assess the stringency of target setting and ultimately the alignment between pay and performance. We are concerned by the company's lack of response to minority shareholder dissent to executive compensation at the last three annual general meetings.

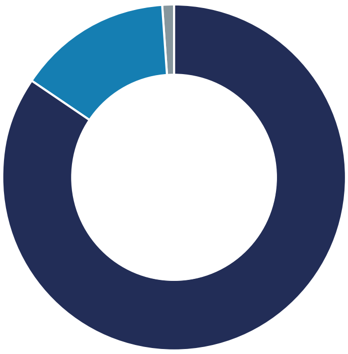
Elect directors[5]



●	For	98.1% (471)
●	Against	0.4% (2)
●	Abstain	1.5% (7)

We opposed the appointment of the chair of the remuneration committee at **Richemont** due to ongoing concerns with executive variable remuneration practices which we do not believe are in the best long-term financial interests of shareholders. Concerns include poor disclosure and a lack of responsiveness to previous shareholder dissent.

Share capital[6]



●	For	84.7% (83)
●	Against	14.3% (14)
●	Abstain	1.0% (1)

We opposed a resolution at **Auto Trader** which sought authority to issue equity without pre-emptive rights because the potential dilution levels are not in the interests of shareholders.

As at 30 September 2023. Based on a representative portfolio.

4. For Developed EAFE mandates the split is: For 82.5 per cent, Against 17.5 per cent, Abstain 0 per cent. For EAFE Plus mandates the split is: For 82.5 per cent, Against 17.5 per cent, Abstain 0 per cent.
5. For Developed EAFE mandates the split is: For 99.0 per cent, Against 0.5 per cent, Abstain 0.5 per cent. For EAFE Plus mandates the split is: For 97.9 per cent, against 0.5 per cent, Abstain 1.6 per cent.
6. For Developed EAFE mandates the split is: For 79.7 per cent, Against 18.9 per cent, Abstain 1.4 per cent. For EAFE Plus mandates the split is: For 81.3 per cent, Against 17.5 per cent, Abstain 1.3 per cent.

ESG data

Companies publish annual and sustainability reports that contain a wealth of data. There are various drivers for this reporting, such as regulatory requirements, company-specific needs, and demands from stakeholders and investors. However, there are challenges in obtaining accurate and comprehensive Environmental, Social, and Governance (ESG) data. This is especially true when it comes to different asset classes and geographic regions.

To address these challenges, we rely on a diverse range of sources to gain insights. These sources include industry experts, academic researchers, and data providers. They help us meaningfully inform, support, or challenge our contentions about companies' long-term prospects including the risks and opportunities related to their governance structures and sustainability practices. We do not simply rely on data as a checklist, but use it as a starting point for meaningful conversations with companies and stakeholders. Recognising the intangible nature of corporate character, our approach must be more nuanced and qualitative.

The following data points provide a snapshot of the holdings in the representative ACWI ex US All Cap portfolio compared to the MSCI ACWI ex US Index (please see the footnotes for the data points for the Developed EAFE All Cap and EAFE Plus All Cap representative portfolios compared to the MSCI EAFE index). The data points illustrate the importance of nuance and the questions we seek to explore through our broader analysis and company engagement.

Ownership

What it is: The table below highlights the range and concentrations of different ownership structures held within the portfolio.

What does the data tell us: Founder and family-led firms are a defining characteristic of the portfolio, and we hold them at a much higher rate than the index. This reflects our belief that it often takes influential and visionary leadership, backed by aligned and patient shareholders, for a company to spearhead disruptive change while remaining focused on its long-term mission. A core tenet of our stewardship activities with non-founder-led holdings is to encourage their leaders to act as principals of each business, not merely agents that shareholders have employed.

Owner Type	Representative portfolio %	Index %
Controlled (≥ 30%)	8.2	14.1
Principal (10–30%)	16.1	16.2
Founder Firm (CEO/Chair)	27.7	15.2
Family Firm (≥ 10% and Board)	21.0	12.3
Widely Held	24.3	42.2

Source: Baillie Gifford & Co, MSCI. As at 30 September 2023.
Based on representative portfolio.

For EAFE Plus mandates, the split is: Controlled 6.6 per cent, Principal 18.6 per cent, Founder Firm 23.2 per cent, Family Firm 24.0 per cent, Widely Held 25.9 per cent.

For Developed EAFE mandates the split is: Controlled 6.3 per cent, Principal 20.1 per cent, Founder Firm 16.3 per cent, Family Firm 28.1 per cent, Widely Held 27.4 per cent.

For the MSCI EAFE index the split is: Controlled 9.7 per cent, Principal 17.3 per cent, Founder Firm 6.8 per cent, Family Firm 11.4 per cent, Widely Held 54.7 per cent

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Board membership

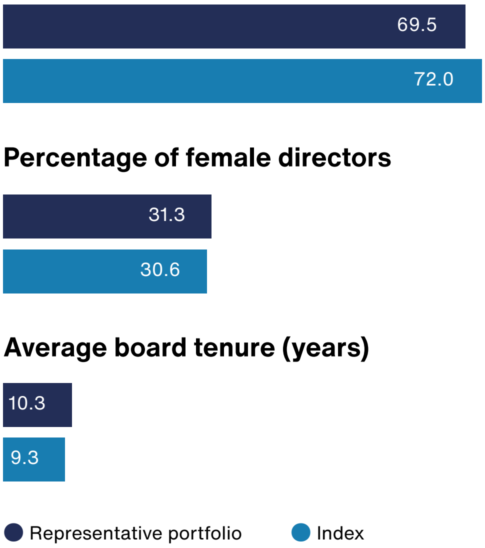
What it is: We look to company boards to provide effective oversight. Typical datapoints on board composition are shown on the right.

What does the data tell us: Companies should be able to demonstrate an appropriate level of board commitment and independence. We expect boards to have made reasonable progress towards both gender and ethnic diversity. Whilst some progress has been made on the percentage of female directors in recent years, there is a great deal further to go. The overall number hides a wide range of situations. There is now only one company in the portfolio with no female directors. The lower board independence percentage compared to the index reflects both the weighting in Japan and the high number of family-led boards in the portfolio. In areas where companies fall short of our expectations concerning board independence and composition we engage and, where appropriate, exercise our voting rights.

Board independence percentage

Percentage of female directors

Average board tenure (years)



Source: Baillie Gifford & Co, MSCI. As at 30 September 2023. Based on representative portfolio.

For Developed EAFE mandates the split is: Board independence 69.7 per cent, Female directors 33.2 per cent, Average board tenure 10.5 years.

For EAFE Plus mandates the split is: Board independence 69.6 per cent, Female directors 31.7 per cent, Average board tenure 10.6 years.

For the MSCI EAFE index the split is: Board independence 75 per cent, Female directors 35.3 per cent, Average board tenure 9.4 years.

UN Global Compact compliance

What it is: This indicator uses company compliance with the 10 UN Global Compact Principles as a proxy for social performance and exposure to corporate controversies.

What does the data tell us: Within ACWI ex US All Cap portfolios, only one company is deemed to be 'non-compliant' with the principles. Baidu has allegedly engaged in the censorship of information within its services, in line with the demands of the Chinese government. We expect all our holdings to respect internationally accepted human rights and labour rights throughout their business operations. Following an initial review of Baidu's disclosures, we wrote to the company in November 2022 with our questions and received a detailed response. We then had a call in December 2022 to learn more about the company's perspectives on human rights due diligence. Baidu is one of the few companies in the technology sector in China to commit to and report against the United Nations Global Compact. This engagement remains live as we continue to monitor Baidu's approach to data privacy.

Passed UN Global Compact compliance

UN Global Compact Compliance Status	Representative Portfolio %	Index %
Pass	97.5	91.7
Non-Compliant	0.9	2.4
Watchlist	0.0	5.9
No Data	1.6	0.1

Source: Sustainalytics

For Developed EAFE mandates the percentage pass is 99.8 per cent with 0.2 percent not covered by data and no holdings deemed non-compliant or on a watchlist.

For EAFE Plus mandates the percentage pass is 98.8 per cent with 0.2 percent not covered by data and no holdings deemed non-compliant or on a watchlist.

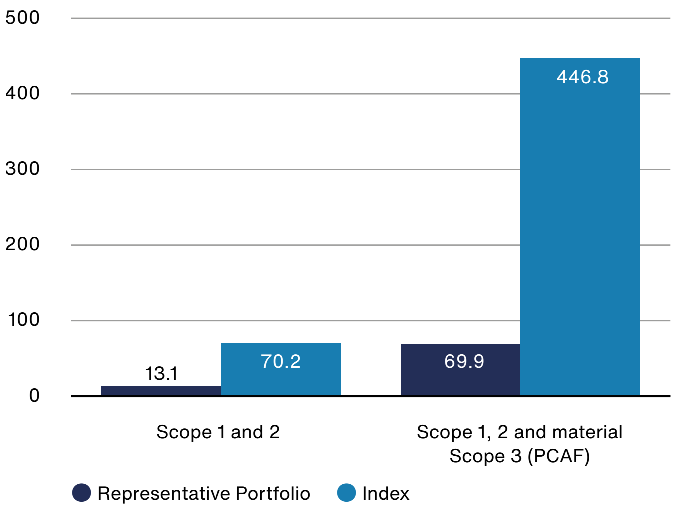
For the MSCI EAFE index the percentage pass is 92.0 per cent

Carbon footprint

What it is: These metrics allow comparison of portfolios containing companies of different sizes and in different industries. We recognise that climate metrics analysis is imperfect. In addition to concerns about data accuracy and availability, this analysis can only tell us where a company is – not where it is going. This is why we see it as a starting point and not the end. We follow guidance from the Taskforce on Climate-related Financial Disclosures (TCFD) and the Partnership for Carbon Accounting Financials (PCAF) in calculating such metrics.

What does the data tell us: Our primary objective is to deliver long-term value for our clients through investment in growth companies. Our investment process, while not focused on climate matters, has led us to invest in companies that typically have a much lower carbon footprint than the index.

Carbon footprint tCO_2e/USD million



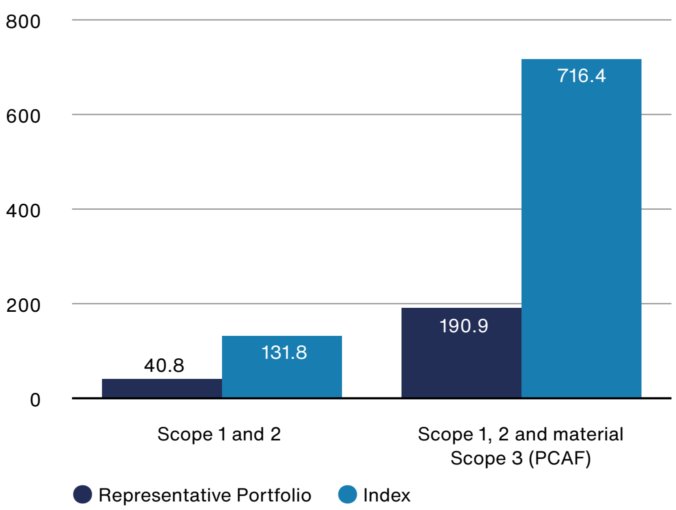
Source: MSCI. Based on a representative portfolio.
Data as at 30 September 2023

For Developed EAFE mandates the split is: Scope 1 and 2 11.2 per cent, Scope 1, 2 and material Scope 3 (PCAF) 80.0 per cent.

For EAFE Plus mandates the split is: Scope 1 and 2 12.1 per cent, Scope 1, 2 and material Scope 3 (PCAF) 76.3 percent.

For the MSCI EAFE Index the split is: Scope 1 and 2 49.3 per cent, Scope 1, 2 and material Scope 3 (PCAF) 408.9 per cent.

Weighted Average Carbon Intensity (WACI) tCO_2e/ USD Million Revenue



For Developed EAFE mandates the split is: Scope 1 and 2 29.2 per cent, Scope 1, 2 and material Scope 3 (PCAF) 194.8 per cent.

For EAFE Plus mandates the split is: Scope 1 and 2 33.6 per cent, Scope 1, 2 and material Scope 3 (PCAF) 191.2 per cent.

For the MSCI EAFE Index the split is: Scope 1 and 2 73.1 per cent, Scope 1, 2 and material Scope 3 (PCAF) 637.9 per cent.

Contributors to total emissions

Largest percentage contributors to carbon in the portfolio (Function of holding size and emissions)

A small number of companies contribute disproportionately to portfolio emissions, and Japanese car parts supplier Denso is the single largest contributor to the portfolio's total emissions. We believe that for most holdings, a well-integrated approach to addressing the risks and opportunities of climate change is a prerequisite for demonstrating the potential for significant contribution to climate change should be one of the broader stewardship and sustainability considerations that complement our long-term approach to generating value. As such, we therefore incorporate climate analysis as part of our stock-level sustainability research and analysis, and engage with companies on the issue where necessary.

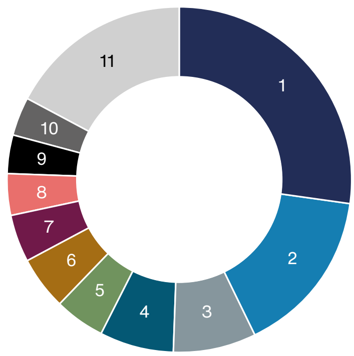
Denso is a global manufacturer of auto parts headquartered in Japan. The company makes automobile air conditioners, powertrain control systems and electric control systems. It has recently received approval for its emissions reduction targets from the Science Based Targets initiative. These targets cover Scope 1 2 and 3 with absolute reductions targeted.

Air Liquide is a leading French industrial gases and technology provider. Given its large emissions profile Air Liquide could set more ambitious long-term targets. However, we also recognize that the company has the potential to be part of the solution by increasing the adoption of hydrogen.

Reliance Industries is a leading Indian conglomerate whose business operations span petroleum refining, telecoms, retail and new energy. Whilst more details have been published to explain Reliance's strategy to achieve Net Zero by 2035, the company does not provide details of how it intends to address scope 3 emissions. Reliance's new energy business offers an exciting opportunity to scale the integration of renewable power sources in one of the world's largest emerging economies.

Weir Group is a Scottish mining equipment and engineering services company. The company updated its emissions reduction targets in 2022 and has recently completed a mapping exercise of its Scope 3 emissions.

AUTO1 is a Pan-European used car marketplace. It has set a 2030 commitment to achieve carbon neutrality, and we continue to monitor for updates in emissions reduction targets.



1	Denso Corporation	27.3%
2	Air Liquide	15.6%
3	Reliance Industries	7.7%
4	Weir Group	6.9%
5	AUTO1	5.0%
6	Taiwan Semiconductor Manufacturing	4.9%
7	Tokyo Electron	4.3%
8	Nippon Paint	3.9%
9	Techtronic Industries	3.8%
10	Epiroc	3.5%
11	Rest of Portfolio	17.1%

Baillie Gifford, FactSet, MSCI ESG Research.

For EAFE Plus mandates the largest emitters are: Denso Corporation, Air Liquide, Weir Group, AUTO1 Group, Nippon Paint Holdings, Tokyo Electron, Techtronic Industries, ASML, Taiwan Semiconductor Manufacturing Co, and Epiroc.

For Developed EAFE mandates the largest emitters are: Denso Corporation, Air Liquide, Weir Group, AUTO1 Group, Tokyo Electron, Techtronic Industries, Nippon Paint Holdings Co., ASML, Hoshizaki Corp, and Epiroc

Definitions

Total emissions: Represents the absolute greenhouse gas emissions from assets held, allocated on an ownership basis. This means a portfolio holding 1% of a company's stock would be attributed 1% of the company's emissions.

Carbon footprint: Represent the aggregated GHG emissions per £/$ million invested and allows for comparisons of the carbon intensity of different portfolios.

WACI: The weighted average carbon intensity of the portfolio represents the aggregated carbon intensities 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.

Scope 1 emissions: Measurement of direct GHG emissions from operations that are owned or controlled by a company. Typically relates to the combustion of fossil fuels on-site and in direct control of the company.

Scope 2 emissions: Measurement of indirect emissions of a company associated with the generation of purchased electricity, steam, heat, and cooling. It gives an indication of a company's energy usage and can be useful for highlighting energy intensity and efficiency.

Scope 3 emissions: Measurement of indirect emissions from a company's value chain, both upstream and downstream. It is therefore useful in understanding wider emissions exposure and determining spheres of influence. It includes emissions across a business's supply chain including business travel, leased assets, use of sold products.

Material Scope 3 emissions: Measurement of Scope 3 emissions from certain material sectors, in accordance with guidance from the **Portfolio Carbon Accounting Framework (PCAF)**. As of the end of Q2 2023, material Scope 3 emissions include those from the oil & gas and mining sectors as well as other industrial sectors as listed in the PCAF standards. From 2025 onwards, all sectors will be considered 'material' and included in Scope 3 emissions.

The Data

All data is pulled from MSCI, Sustainalytics, ISS and BoardEx, via the Factset platform. It is fact checked by our ESG analysts and is considered correct at the time of publishing. For more detail, please see Baillie Gifford Investment Stewardship Activities Report

The Future

The information provided above includes a limited number of ESG indicators. The list is not exhaustive and will continue to evolve. Our focus is on obtaining accurate, reliable, and comparable numbers. In response to client demand and our ability to access trustworthy data, we will add additional charts. We welcome your feedback and look forward to hearing from you.

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Responsible International All Cap

For our International All Cap clients with a particular emphasis on ethical issues when managing their portfolios, we offer a variation of our strategy with some additional process steps. In addition to the investment philosophy and process of the main International All Cap strategy, this portfolio also has the following features:

Initial screening

We do not purchase the shares of companies that derive more than 10 per cent of their revenues from alcohol, tobacco, gambling, armaments, adult entertainment, or fossil fuels, plus any areas specified by our clients' own restrictions.

Qualitative analysis

Our ESG analyst produces a report highlighting any additional considerations or concerns. This is primarily based on our own analysis, but it also considers the views of external agencies and, more explicitly, considers the perspectives of the United Nations Global Compact. The analysis covers environmental safeguards, social impact (labour relations, customer impact, broader societal impact), and governance (track record, board membership and policies).

Decision making

If our qualitative analysis highlights a significant concern, there is further consideration by a subset of the PCG and the strategy's ESG analyst. This discussion will determine whether the stock that is being considered should be added to the portfolio.

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