MARCH 2021

ACTIVE INVESTMENT: FUELLING THE ENERGY TRANSITION

BY CAROLINE COOK, GLOBAL STEWARDSHIP

All investment strategies have the potential for profit and loss, your or your clients' capital may be at risk. Past performance is not a guide to future returns.

Back in 2019 the Global Carbon Project, a cooperative of world scientists, estimated that human-derived emissions of carbon dioxide amounted to 43 billion tonnes. Of this, 20 per cent was absorbed into the ocean (warming and acidifying it in the process), 30 per cent into land and vegetation, leaving 50 per cent to accumulate in the atmosphere. It was the steady accumulation of this industrial pollution that had pushed atmospheric CO_2 to 414 parts per million versus the average for the previous 1 million years of only 220ppm[1].

Step forward, it's now the 2050s. We've achieved Net Zero: our annual emissions of carbon dioxide and methane are back in balance with the capacity of nature – land, trees, oceans – to absorb them.

[1]Over the 50 years 1970-2020, the atmospheric CO_2 concentration figure has increased from 325ppm. Excess methane from fossil fuels and agriculture (especially cows) is the other largest contributor to the greenhouse effect. Its volume is also booming, and it's a yet more aggressive warming gas. However, unlike CO_2, it degrades naturally, making it an important target for immediate reduction.

Some things about the Net Zero future are clear. One is that the world in the 2050s is highly electrified. This has enabled us to make use of renewable generation to displace fossil fuels: electricity now meets around half of our end-use energy consumption, a doubling from 2020 levels. In addition, even more of us live in cities: perhaps 70 per cent – an extra 2 billion – are now urban dwellers. We're also even more resource efficient, not only per capita, but absolutely. As a result, we need fewer primary resources to meet our wants and needs[2]. This transition has been enabled by pervasive digital connectivity and data analysis. Less positively, we've failed to stem the increase in global temperatures fast enough. At plus 2°C above where we were in the pre-industrial period, our water levels are higher, and a warmer, more energetic weather system delivers more extremes. We've had to adapt our locations and our lifestyles. There's a huge industry recapturing atmospheric CO_2 or neutralising its greenhouse effect through effective land management.

Beyond this, there are other things we should perhaps expect as we look forward to this Net Zero world but can be less certain about. The cost of carbon will have risen – both through direct taxes and regulation limiting its emission – but we don't know whether this will have happened gradually, or through a late, dislocating government reaction. Will we be eating less meat, substituting vegetable or lab-grown alternatives, or will we just have intensified our animal rearing? Will our abundant renewable electricity system be balanced by batteries and smart meters, or will hydrogen have emerged as a massive new energy vector linking both points of production and time of use? Will transportation between regions and across continents have gone low carbon and continued to boom, or will video-links, virtual reality and 3D printing have optimised efficiency?

A Net Zero World

High-quality, energy-efficient buildings
Green and walkable cities with clean air
Shared spaces and appliances

Flexible zero-carbon mobility
Carbon-free long-haul transport
Zero-carbon logistics chains
Mobility as a service
Digitally connected people

Zero-emissions circular goods
Materials reuse and recycling
Industry clusters powered by zero-carbon energy

Abundant clean energy
Hydrogen ecosystem interconnected with the power sector
Low-emissions fuels from sustainable biomass or synthetic sources

Sustainable natural ecosystems
Healthier diets, less food waste
Regenerative agriculture and restored soil health
Protected biodiversity

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[2] The UK is estimated to have passed peak resource intensity on an absolute basis (even adjusted for imports) in the early 2000s.

Back to the right now, March 2021. The Paris Agreement of December 2015 was a huge achievement, but it failed to mark the step-change in global policy needed for rapid emission reduction. Just over five years later, there remain many barriers, from plain inertia to outright denial, but there is also unprecedented awareness among politicians, companies and ordinary folk around the world. The US Presidential election, Europe presenting its post-Covid Green Deal and China aiming for a carbon neutral 2060 feel like major inflection points. So how are we, as managers of Global Stewardship, responding to this challenge of supporting the energy transition?

First, we try to do our homework.

At its root, global warming is just a pollution problem. As a species, we've solved many such issues – mostly by bringing the pollutant inside the economic system. In the jargon, we've stopped the free riders from damaging public goods. The trick with this particular challenge is that cause and effect are distant over time and geography, and it demands a total reconfiguration of our system of energy inputs and the way we use them. Tie that up with numerous, well-entrenched vested interests and you have our current predicament.

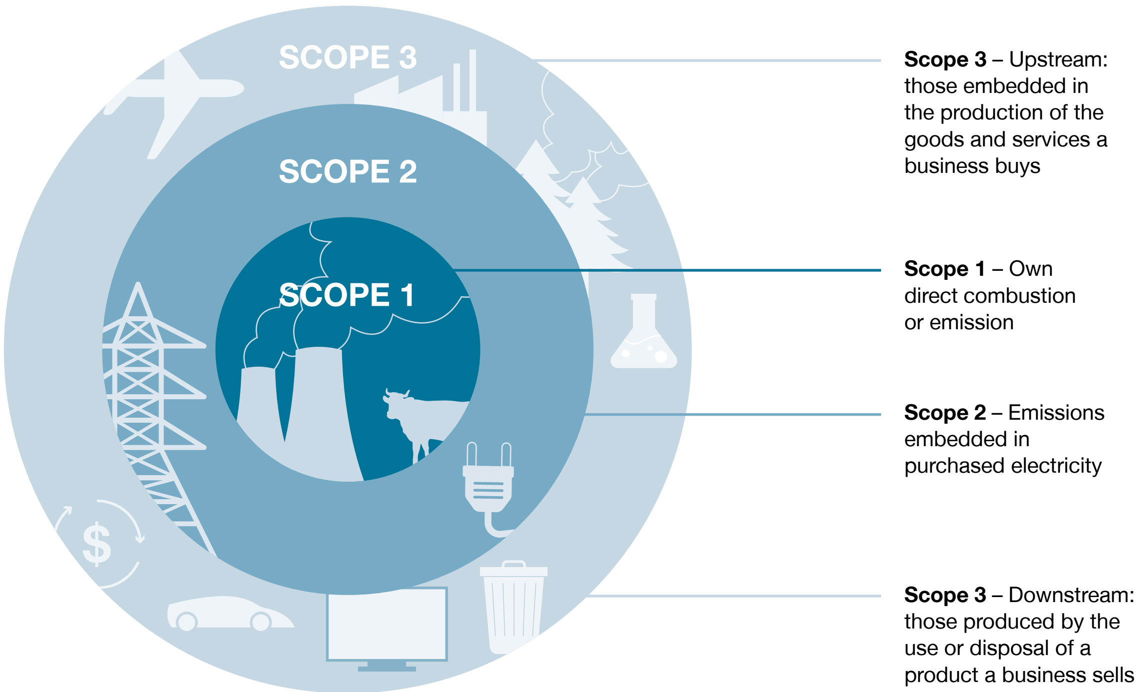
As investors, we can start by understanding what needs to change, what that Net Zero world will likely look like, and what we will need more or less of. We must work to support a freely flowing competitive, market-led response. We need to think long-term, be prepared to back innovation, and engage to encourage the reallocation of capital. We also need to recognise that the complexity of the transition will throw up anomalies. Sometimes 'green' products and services will look expensive, sometimes the 'black' will look cheap. We need to be clear about our investment framework to navigate this volatility. And while, for us in Global Stewardship, that means a fundamental, long-term view, it also must, for now, include a commitment to fossil fuel exclusion.

Greta Thunberg
© JOHN THYS/AFP/Getty Images.

Second, we must focus on corporate governance – principally management, disclosure and alignment. On management, this does not mean demanding that one outfit suits all seasons. For the purposes of the energy transition there are perhaps just two sorts of companies: innovators and incumbents. For the latter, engaging to ensure board diversity, independent thinking and scenario planning are critical. Best practice corporate governance should maximise the chance of these companies preparing for and supporting change. For the innovators creating the transformational new products and processes, different styles of governance may be optimal. We are backing a founder-based model generating unrivalled solutions for a Net Zero world at Tesla, but also in the upstarts bringing the democratisation of digital productivity tools, such as Zoom and Twilio. Here, we're not using our engagement to change their internal structures (yet!), but as a critical friend bringing independent thought to the social and organisational challenges growth brings to these businesses.

For all companies, we push for the disclosure of relevant metrics, applying the adage that you can't change what you don't measure. Enormous progress has been made in the reporting of direct emissions (Scope 1 and 2) in recent years: over 70 per cent of companies in the MSCI All Countries World Index (ACWI), by weight, are now classified as reporters. This is important, even where emissions are not at first glance material, as all the data can add to a better understanding of the loci of carbon across the economy. In Global Stewardship, our exposure to some smaller companies and emerging markets means that our portfolio is a comparative under-reporter. That means we need to take on our responsibility to be that player in the financial system that asks for more. We will make it clear to all our holdings that the reporting of their own direct emissions is a minimum expected standard. In parallel, we are trying hard to add to the sum of knowledge on full value chain (or Scope 3) emissions. This requires bespoke work with consultants and academics as well as the companies, but is critical to a holistic view of carbon-related financial risk and opportunity.

The scopes of emission: direct, electric and value chain



We are also alert for misalignment between external statements and internal actions. This could be one set of assumptions for oil or carbon pricing in strategy presentations, but another for internal project sanction or book values. It could be membership of industry associations that work against climate policy, or excessive political donations seeking to distort the democratic process. We must push for enhanced lobbying disclosure by companies and, where necessary, through regulatory intervention.

In sum, across the portfolio, our engagements are typified by responsibility in reporting and disclosure for all, stretching to complex conversations about strategic alignment and a drive for the most material contributions any company can make. We track our activity through regular portfolio reviews, and report back through our quarterly updates.

Global Stewardship's climate policy

Integrated ***investment analysis*** seeking companies for which the energy transition is a tailwind for growth, and those demonstrating leadership in climate-related mitigation.

Engagement to shape strategic awareness, improve governance, promote disclosures, and encourage corporate leadership.

Providing ***transparency*** in reporting: benchmarking portfolio carbon emissions; the status of company reporting and targets; physical risks exposures; our engagement activity.

Aiming for ***further improvement*** in our ability to make portfolio-wide commitments and to develop metrics that illustrate the positive alignment of companies to climate solutions.

The **third** leg – and for us as active investors, the most dynamic of our actions – is to be as strong as we can in supporting innovation. Positive capital allocation will, we believe, be even more powerful than simple carbon risk management. While not a climate-driven fund per se, Global Stewardship's hunt for sustainable growth companies brings natural alignment with solutions providers, and this is reinforced by our Positive Inclusion Factors. As detailed below, three questions guide our stock selection, and when set against our expectations for a successful, low carbon 2050 world, pretty clearly tilt the resulting portfolio.

Positive Inclusion Factors – Climate

Global Stewardship investment research incorporates three Positive Inclusion Factors: questions which guide our efforts to identify sustainable growth companies. The Positive Inclusion Factors also provide a clear and helpful framework for considering climate issues

1. Will the company add value for SOCIETY in the long run?
We expect the products delivered by portfolio holdings to make a clearly supportive contribution to the necessary shift to a low-carbon economy. In cases where this is not a material issue, we still expect management to demonstrate leadership in climate-related reporting and mitigation.

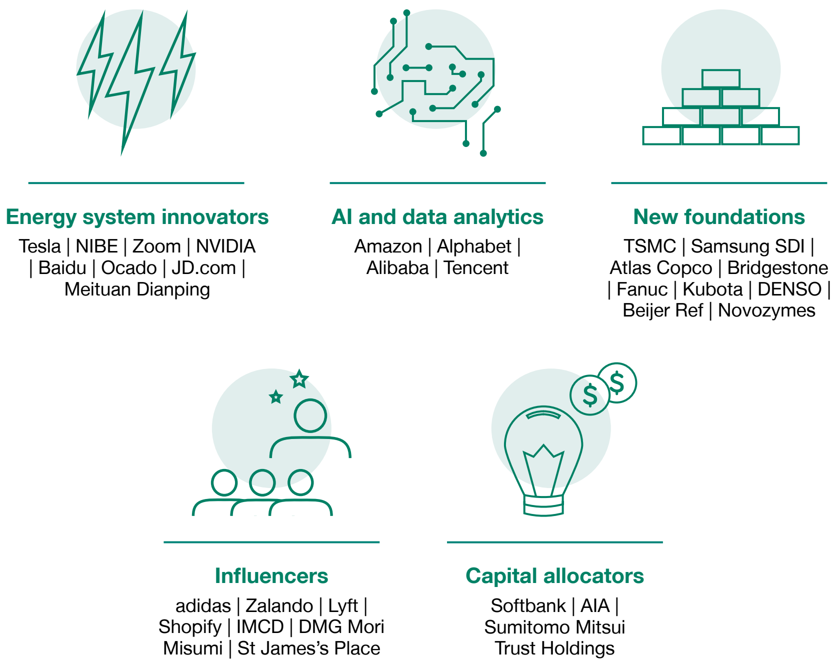
2. Does it balance the needs of all STAKEHOLDERS?
The environment is the silent stakeholder, yet its long-term health supports all others. For almost all companies, we look for strategic awareness of their climate responsibilities and of the implications of the energy transition. A thoughtful and constructive approach to the treatment of customers, staff and suppliers is a potential source of competitive advantage – the consideration of climate is no different.

3. Does the company exhibit a CULTURE of responsible business?
We encourage leadership in climate-related awareness and reporting, and advocate for the use of industry standards such as the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and Carbon Disclosure Project (CDP)-style disclosures. We expect transparency and accountability in lobbying, political donations and the membership of trade associations. Most importantly, we expect climate-related ambitions and targets which reflect an appropriate, material contribution from each company.

As we hunt for these innovators, we must adopt an open-minded approach across industries and geographies. Such is the uncertainty and unpredictability of the transition that finding the right management and culture to lead change may be more important in the long run than an apparently obvious product today. Moreover, decarbonisation is a systemic event, so companies that support aligned financial infrastructure (such as MarketAxess or AIA) or commercial platforms (including Shopify or JD.com), are needed alongside the makers of kit (among them NIBE and Samsung SDI).

Some innovators will require investor patience as they prepare and then accumulate market share (Tesla, Zoom and Ocado are good examples). They may also disrupt existing businesses and patterns of employment. While socio-political systems will need to adjust for these changes, we may need to engage with our holdings to ensure they reinvest in the societies that support them (as illustrated by Baillie Gifford's various discussions with Amazon on working conditions, tax and climate). If companies don't recognise and address these issues head on, they (and their innovations) may be undermined by excessive regulatory responses, or a basic loss of customer trust and goodwill. The issue-critical examples of this are big data and connectivity. Both are vital to deep electrification and leaps in energy efficiency, but both challenge privacy and competitive markets. These twin strands inform our work and engagement with companies such as Alphabet and Alibaba.

Global Stewardship's Climate Actors



Based on the Global Stewardship portfolio as at 31 December 2020.

Just as with full chain emissions reporting, we have a role to play in helping the financial system better identify the solutions providers and transition accelerators. There are helpful initiatives, such as the EU Taxonomy and the proliferation of agencies that seek to map company activities to the UN's Sustainable Development Goals. However, this potential for positive alignment is almost certainly too complex and too future-dependent to be anything but ultimately a question of investor judgement. All three of our Positive Inclusion Factors favour transition alignment, and we will show as much useful data as we can to illustrate the potential in the portfolio that results from this work.

Fourth, we need to encourage capital reallocation at portfolio incumbents. There are stalwarts of the existing economy that have the capital and (potentially) the know-how to build the products to take us to Net Zero. We invest in companies that have recognised this opportunity: TSMC, Fanuc, NVIDIA, Bridgestone, and Kubota to name just a few. We are on the look-out for more holdings that could play this role. Right now, we don't (and can't, given our current exclusions) hold Big Oil, but we are well aware of the positive role this sector could play in accelerating the transition were it to redirect its finances, relationships and people to the task. Such a change would not be simple. It probably also demands that these companies shrink a bit first, but that doesn't stop us from keeping an eye out for the right approach and the right management team.

It's among the incumbent group that we have to work hardest to identify the unexpected impacts of a rising cost of carbon. The first round of corporate climate disclosures has given us a measure of direct carbon footprints, but this metric is far too narrow. If not used intelligently, it can lead to conclusions that are just plain wrong: many 'climate aware' index funds have been tripped up by the fact that ExxonMobil has a very low direct carbon footprint!

As noted previously, good analysis requires that we go beyond a company's own direct emissions. We need to understand where in the value chain companies encounter carbon. Is it upstream in supplied goods which may generate rising input costs (hence Apple's work to reduce the carbon intensity of the aluminium used by its iPhone manufacturers)? Is it downstream, where customers will switch to products that are lower carbon in use or disposal? This is clearly to the disadvantage of the auto manufacturers relative to Tesla, but it's an issue we have to keep front of mind at retailers of high-volume fashion or furniture (where we hold Zalando and Wayfair, both of whom we are engaging with on sustainability in their supply chain).

This holistic thinking also enables us to keep challenging companies to make the most material strategic contribution possible to a timely transition. Both Amazon and Alphabet are doing good work on their direct and upstream emissions, but we think their influence could extend much further. Both can shape the information streams about the products we choose to buy, and both have emerging capability to help us be more energy efficient and time-flexible in our electricity consumption (through tools such as Alexa and Nest).

The big physical supply chains of conventional companies will also be intrinsically more exposed to the actual changes in weather and water levels, as will lenders and insurers we hold such as First Republic, AIA or HDFC Life. We need to make sure that management teams are anticipating these threats and communicating with their stakeholders on adaptation. To encourage best practice, we look for examples of leadership (TSMC's physical reporting stands out), and we invest in research from climate and environmental specialists.

Finally, we need to try do what's right ourselves. Closest to home, that means stretching Baillie Gifford's own environmental initiatives: our current targets include 200 per cent annual carbon offsetting and a 50 per cent reduction in emissions per employee by 2025[3]. With companies such as Microsoft setting ever higher goals, we shouldn't be satisfied with our efforts to date. In our core business, we need to reinforce the efforts of regulatory initiatives such as the TCFD, contribute to industry-wide research and keep improving our portfolio-wide commitments and communication. Fundamentally, we support the positive potential of innovation and competitive markets. This needs effective policy to bring carbon pollution into the economic system: carbon pricing looks like an essential part of that market-led tool kit for Net Zero innovation.

Task Force on Climate-related Financial Disclosures

The TCFD recommendations are a relatively new but widely supported approach to assessing and addressing the challenges of climate change. The four pillars provide a very useful framework. We encourage our holdings to apply this to their businesses, and to engage with regulators and owners to further the evolution of assessment and disclosure. As a starting point, and subject to further work and refinement over time, Global Stewardship's approach can be mapped to the TCFD recommendations as summarised below.

Governance

Responsibility for climate-related analysis is shared across the Global Stewardship team, with formal oversight by Caroline Cook as senior governance and sustainability analyst.

Strategy

Global Stewardship is a sustainable growth fund. We consider climate risk and opportunity for all potential holdings, and formally exclude investments in companies involved to a significant degree in fossil fuel extraction. Moreover, businesses which show leadership in managing their climate impact and supporting the transition to a low carbon economy are more likely to meet our criteria and this will be a factor in buy/sell and position sizing decisions.

Risk Management

The portfolio will be assessed for climate risk and opportunity using a variety of metrics, for example, company-level carbon footprints, potential exposure to physical damage, reporting, targets, business mix and corporate strategy. Detailed analysis and engagement follows as a result of this work, as well as our wider aim to promote best practice.

Metrics and Targets

Global Stewardship monitors and reports its emissions, physical exposures, transition alignment and engagement priorities. Global Stewardship portfolios are already consistent with the EU-defined 'Paris-Aligned' carbon intensity benchmarks[4].

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[3]Read Baillie Gifford's full Environmental Policy **here**.

[4]EU Climate Benchmarks: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-climate-benchmarks-and-benchmarks-esg-disclosures_en

QUANTIFYING CLIMATE EXPOSURES

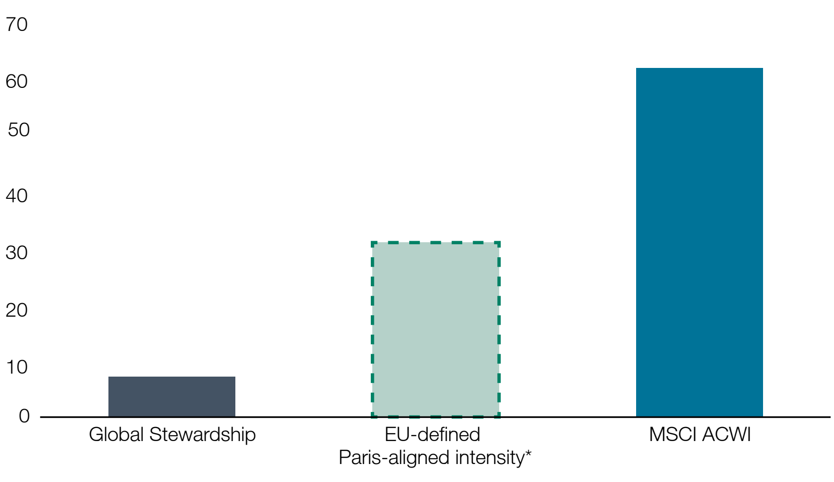
We've discussed thus far our approach to decarbonisation and the energy transition. Supporting efforts to mitigate climate change forms a core part of our stock selection, and requires in-depth analysis of the risks and opportunities within each business model.

In this section, we share a range of metrics that provide some insight into the climate-related characteristics of the portfolio: relative carbon intensity, indicative physical risk, and transition alignment. We start with the direct greenhouse gas ('carbon') footprint. This measures what are known as Scope 1 and 2 emissions (produced directly by a company's activities or related to the electricity it consumes) and sets the total against corporate enterprise value (including cash). This can then be compared with the emissions intensity of our performance benchmark (the MSCI ACWI). We have also started to monitor this relative to the definition of Paris-aligned indices set in 2020 by the EU. As detailed below, that begins with a Scope 1 and 2 intensity set at half of the relevant parent index.

These direct metrics are really too narrow to offer a genuine indicator of winners and losers in the years ahead. They do, however, provide a useful first pass in terms of the portfolio's exposure to big direct carbon emitters. It identifies those companies for whom explicit emissions reduction targets are an absolute priority and gives us a starting point for initial engagement.

While our direct footprint is a mere 12 per cent of the MSCI ACWI, we do hold a small number of businesses that we would consider to be 'carbon intensive'. However, we are comfortable that these holdings are in sectors that we believe are essential across the economy, and where management teams are working hard to minimise the carbon intensity of their business models. Our top three holdings by direct emissions intensity are Samsung SDI, Bridgestone and DENSO. Each of these is producing the components (such as batteries, tires, EV parts) required for improved energy efficiency and resource productivity. Each one is making progress in terms of increasing its use of renewable energy, and we will continue to encourage an acceleration of this process.

Direct emissions intensity
Scopes 1 and 2 only (tCO2e/$EVIC)

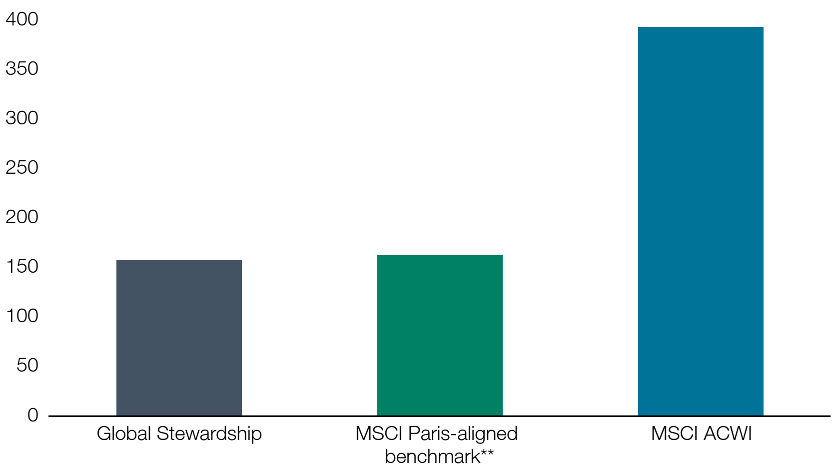


Source: Baillie Gifford & Co and MSCI data. As at 31 December 2020.
*The EU has set a defined standard for the emissions intensity of Paris-aligned benchmarks. This begins with the exclusion of most fossil fuel related activities and a 50 per cent lower emissions intensity than the parent. The standard incorporates only Scope 1&2 at this stage. This bar approximates that standard relative to the MSCI ACWI.

More interesting for us as investors is the exposure of our holdings to emissions all along the value chain. These indirect emissions are known as Scope 3. They occur upstream in product creation and downstream in product use and disposal. An increasing cost of carbon will impact the margins along this chain, and we need to understand how our holdings will be impacted by this: can they mitigate by shifting sources and processes; could they pass on costs to consumers; or might they see margin expansion or contraction as a result? Scope 3 also tells us about the capacity for influence. Huge volumes of goods pass, for example, through the ecommerce platforms. These companies can give us, as consumers, the information to help guide our purchase choices in terms of carbon intensity.

Unfortunately, Scope 3 disclosures are not uniform – not just because of insufficient data, but because there's no clear agreement on where in a supply chain to stop counting. We continue to spend time evaluating information on these emissions, and in 2020 had many conversations with both large data providers and individual academic consultants. For now, we have chosen to illustrate our full chain emissions exposure using the figures provided by MSCI. While still sector-based and not sufficient for granular stock selection, we consider it the best of the broad tools and useful for directing further research. Their data allows us to demonstrate that the Global Stewardship Scope 1-3 footprint sits just below the ambitious MSCI Paris Aligned Benchmark (set in May 2020 at 50 per cent of the MSCI ACWI, and declining at 10 per cent/year thereafter).

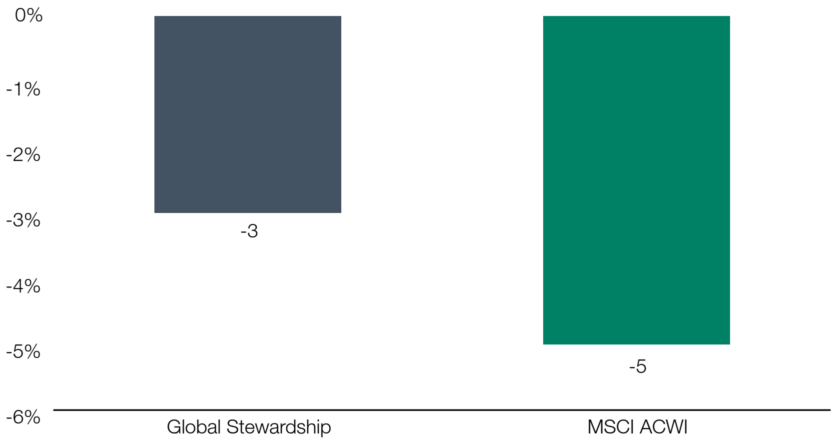
Emissions intensity across the value chain
Scope 1-3 (tCO2e/$EVIC)



Source: Baillie Gifford & Co and MSCI data. As at 31 December 2020.
**MSCI has created a Paris-aligned benchmark that builds on the EU definition. It includes MSCI's estimated Scope 3 dataset; while this lacks company-level accuracy it is useful for indicative reference. Intensity calculations reflect the actual valuations of the constituents at 31 December 2020, not the inflation-adjusted data used for underlying index construction.

Risk management also requires that we examine the potential exposure of our companies to the physical realities of climate change: flooding, storms and chronically higher temperatures. While some companies are providing information on this (and we engaged with a number of our exposed financial sector holdings on this point in 2020), we are beginning to use consultant data as a research flag for investigating the type and extent of exposure across the portfolio. Analysis of asset and market-level impacts has been pioneered by the world's insurers, but is increasingly available to the wider market. The graphic below illustrates one attempt at quantifying the potential for value loss were temperatures to add more than 3°C this century – useful not as a number in itself (it's almost certainly too small) but as an indicator of relative risk.

Assessing physical climate risk (percent impact on corporate value)



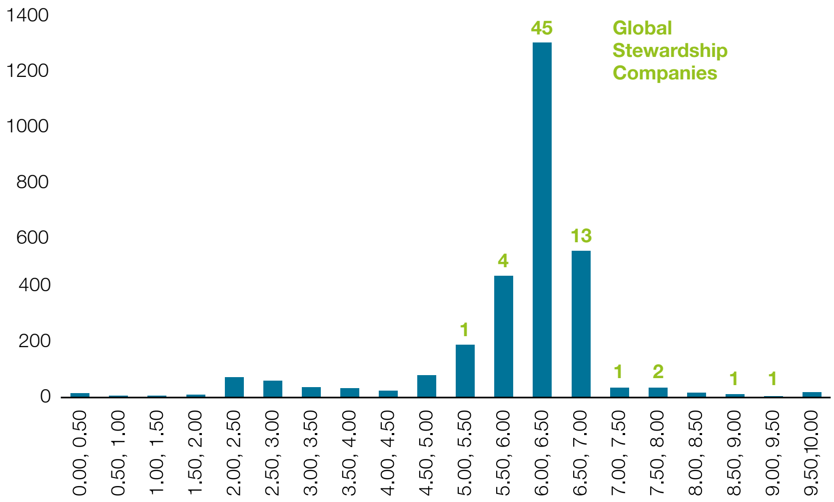
Source: MSCI Screener; aggressive physical risk scenario

Thanks to new modelling from CDP and the WWF[5], we can also share the progress our companies are making towards best practice reporting and Net Zero-aligned commitments. There are other tools available that estimate temperature alignment for portfolios, but they remain top-down and data constrained. The CDP/WWF tool takes actual company data and commitments reported to CDP and the Science-Based Targets Initiative and calibrates for comparability. While the scores show just how far we have all yet to go market-wide, it is good to see that four of our companies are already certified with commitments ambitious enough to be aligned to a temperature increase of less than 1.5°C. While as a proportion this is 50 per cent more than you'd find across the MSCI ACWI, it's still too few. We're hopeful that the CDP/WWF annual update due out shortly will demonstrate that more of our companies committed across 2020, but meanwhile we use detailed information such as this to guide our engagement discussions.

[5]https://www.cdp.net/en/investor/temperature-ratings/cdp-wwf-temperature-ratings-methodology

Last, given our overarching aim in Global Stewardship to allocate capital for sustainable growth and positive solutions, the data we would most like to show would capture the innovative products and processes the companies we hold are bringing to make a low-carbon world possible. More than any other, however, that judgement is qualitative. It needs not just discovery, but management drive and determination. We think our companies have that – from Tesla and NIBE, to Alphabet and Meituan. We are seeking authentic metrics to illustrate such characteristics, but have yet to find a simple solution that beats our idea generation and Positive Inclusion Factors. One external attempt is the MSCI Low Carbon Transition Score[6]. As shown in the graph, Global Stewardship companies generate a positive bias on this metric compared to the MSCI ACWI – and we would hope that among those currently scoring mid-range we've identified those with the managements to drive for the future.

MSCI low carbon transition score: Global Stewardship companies vs the MSCI ACWI



Source: Baillie Gifford & Co, MSCI Screener

How those managements can *influence* for a climate positive outcome is encapsulated in the diagram that follows. Here, we've split the companies across their various categories of potential impact – and set that against both the overall carbon footprint and portfolio weight. At one end are those for whom climate may not be central, or even tangential to the business case, so the contribution may just be one of simple reporting: deliver best practice on emissions disclosure and energy management. For another group, there is much they can offer in the realms of promoting factual information (Alphabet or Chegg) or influencing commerce (Amazon) and finance (AIA), or demand for green tech (electric vehicles at Lyft and JD.com). Then there are those who through their products and processes can clearly enable energy efficiency, the displacement of high-carbon processes or aid climate adaptation. Identifying these areas of material influence – and engaging to encourage leadership and transparency – is at the root of our process in Global Stewardship.

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[6]This score from 0 (worst) to 10 (best) is based on a multi-dimensional assessment by MSCI ESG Research. The scores are determined by a combination of each company's current risk exposure and its efforts to manage the risks and opportunities presented by the low-carbon transition.

Global Stewardship Potential Across the Energy Transition

Categories of Influence

Low carbon processes

adidas
Alibaba
Alphabet
Amazon
Atlas Copco
Baidu
Bridgestone
Denso
DMG Mori
Fanuc
JD.com
Meituan
Misumi
Netflix
Nibe
Novozymes
NVIDIA
Ocado
Samsung SDI
Shopify
Slack
Softbank Group
Spotify
TSMC
Tencent
Tesla
TJX
Twilio
Watsco
Wayfair
Zalando
Zoom

Energy Efficiency

Alibaba
Alphabet
Amazon
Atlas Copco
Baidu
Beijer Ref
Bridgestone
Denso
DMG Mori
Fanuc
IMCD
IRobot
JD.com
Kubota
Lyft
Misumi
Nibe
Novozymes
NVIDIA
Samsung SDI
Shopify
Softbank Group
TSMC
Tencent
Tesla
Waters
Watsco
Wayfair
Zoom

System-wide influence

Adevinta
adidas
AIA
Alibaba
Alphabet
Amazon
Baidu
First Republic Bank
Hargreaves Lansdown
HDFC Life
Hong Kong Exchanges
JD.com
Just Group
Lyft
Markel
MarketAxess
Mastercard
Meituan Dianping
MercadoLibre
Ocado
Prudential
Shopify
Softbank Group
St. James's Place
Sumitomo Mitsui Trust
Tencent
Tesla
TJX
Wayfair
Zalando

Adaptation

adidas
Illumina
IMCD
Kubota
Meituan
Novozymes
Ocado
Waters
Watsco

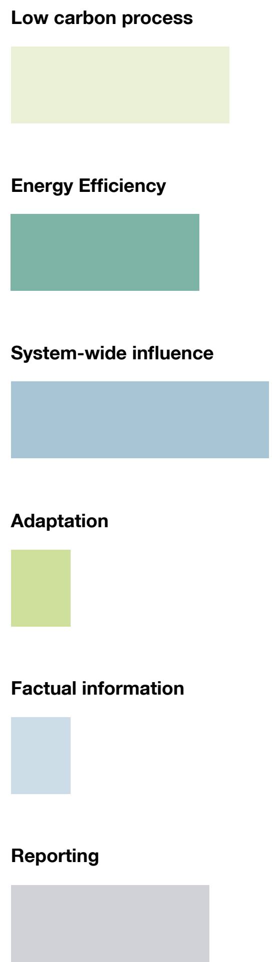
Factual information

Alphabet
Chegg
Interactive Brokers Group
MercadoLibre
Netflix
Nintendo
Redfin
Spotify

Reporting

Abiomed
Chegg
Cosmo Pharma
CyberAgent
Denali Therapeutics
Exact Sciences
Fastenal
Glaukos
Interactive Brokers Group
Lendingtree
Nintendo
Pacira Biosciences
Redfin
Sartorius Stedim
Staar Surgical
The Trade Desk
Upwork
Workday
Yext

Portfolio Weight by Category



Portfolio holdings as at 31 December 2020.
Bubble size reflects relative Scope 1-3 GHG footprint of each set of companies.

RISK FACTORS AND IMPORTANT INFORMATION

The views expressed in this article are those of Caroline Cook and should not be considered as advice or a recommendation to buy, sell or hold a particular investment. They reflect personal 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 February 2021 and has not been updated subsequently. It represents views held at the time of writing and may not reflect current thinking.

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CAROLINE COOK

Senior Analyst, Research and Engagement

Caroline joined Baillie Gifford in January 2020 and became a member of the Global Stewardship Portfolio Construction Group in June. An experienced investment analyst, she is now one of the Strategy's governance and sustainability specialists. Her background is in energy, both as co-head of Deutsche Bank's number one rated global and European oils equity research team and as an independent consultant. Immersed in a variety of G&S issues across her career, the formal switch began in 2016, when she initiated and led Deutsche Bank's integrated, cross-sector coverage of the accelerating energy transition. Caroline graduated from Cambridge with an MA in Modern History in 1989.

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