

## **BAILLIE GIFFORD COMMUNICATION ON PROGRESS (COP)**

From: August 2019 To: August 2020

To our stakeholders:

I am pleased to confirm that Baillie Gifford reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In this annual Communication on Progress, we describe our actions to improve the integration of the principles of the Global Compact into our operations.

In addition to giving consideration to the Principles of the UN Global Compact, we are also considering how we can best support the UN Sustainable Development Goals, and have begun to use the SDG goals as a measurement framework for our impact investment work. In addition to the information provided below, further material on our work to be a responsible company is available on our [website](#). This includes our '[Shared Beliefs](#)' statement which sets out the principles to which we aim to operate as an investment firm and the first edition of '[Our Governance and Sustainability](#)' report.

Andrew Cave

Head of Governance & Sustainability, Baillie Gifford

### **Human Rights (Principles 1-3)**

As a privately owned investment management partnership based in Edinburgh, Scotland we aim to uphold the highest standards of adherence to human rights in our workplace and supply chain.

- To support this, we have a range of policies in place across our organisation which set out clear expectations for the way we operate our business. These policies cover off our expectations and procedures for protecting the rights of all stakeholder groups – clients, employees, contractors and other suppliers. Policy documents are available to all employees and on our website.
- With respect to client and customer rights, we aim to uphold the highest possible standards of customer service. We are regulated by the UK Financial Conduct Authority, and undertake regular assurance work on our performance in this area to ensure that we are respecting and protecting customer rights.
- Staff receive equal opportunities training, and we have an Equal Opportunities Policy which is available to all employees.
- Any issues or complaints are treated with seriousness and professionalism by managers and the HR department. We also have a clearly defined grievance escalation process and whistle blower guidance.
- Additional Information on how we aim to respect and protect human rights in our supply chain is provided in the labour rights section below.

### **Labour Rights (Principles 4-6)**

Baillie Gifford aims to be an employer of choice, and aims to provide the best possible working environment for employees, on-site contractors and suppliers.

- We take all reasonable steps to ensure that any Baillie Gifford employee or individuals working within our business or in our supply chain are not being exploited, and that all relevant employment, health and safety and human rights laws, and international standards are being rigorously adhered to across our business operations, including any relevant minimum wage standards.
- As a regulated investment management firm with a supply chain that mostly consists of services and technology, we believe that there is overall a low risk of forced labour in our supply chain. Nevertheless, we are committed to taking all reasonable steps in order to ensure that there is no modern slavery or human trafficking in our supply chains and expect that all of our suppliers adhere to similar high standards as set out in our Baillie Gifford Supplier Code of Conduct.
- A group of Baillie Gifford's size has suppliers of various size and nature, including suppliers of IT and other office equipment and professional services from our lawyers, accountants and other advisers and consultants. However we have minimal contact with the countries and sectors that are generally regarded as being the most likely to have a risk of modern slavery.
- Suppliers will be assigned a modern slavery risk rating and due diligence will be completed based on this rating as part of an ongoing risk assessment. The risk rating of suppliers will be kept under review throughout the course of the engagement for those identified as medium or high risk suppliers.
- To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains, we have provided training to key staff involved in vendor management. We have also provided awareness to all staff through annual anti-financial crime e-learning.
- There is a diversity inclusion working group in place to look at and improve working practises within Baillie Gifford in order to improve all aspects of diversity. The group acts as an advisory body to the rest of the firm, supporting initiatives that we believe will further improve diversity and inclusion within Baillie Gifford and our broader community.
- This year we introduced a new parental leave policy which offers up to 52 weeks leave to any employee becoming a parent, irrespective of gender and length of service. The policy offers choice and flexibility to all new parents at the firm and aims to improve gender equality. The first 26 weeks

of leave will be at full pay and the following 13 weeks at half-pay, a significant improvement to the current policy which was already well ahead

### **Gender Pay Gap Reporting**

Since 2017 the UK Government has required employers with more than 250 employees to measure and report on their gender pay gap 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. As of April 2018, Baillie Gifford's median gender pay gap (the difference in hourly pay between the middle-earning male and female members of staff) is 18% and expressed as a mean, the pay gap is 21%. The median bonus pay difference is 23% and the mean is 59%. These figures highlight that we currently have more males than females in senior roles, where levels of pay and bonuses are higher.

The existence of a gender pay gap does not imply unequal pay for men and women in the same role. Our Remuneration Committee's annual analysis of comparable roles shows that men and women are paid equally for equivalent jobs across the firm. Pay is only one measure of fairness, but it is the most tangible one and we put time and effort into being as fair as possible.

The under-representation of women at a senior level is an issue we take seriously. We believe that the combination of our diverse pipeline of talent and the initiatives we have implemented will lead to an improvement in our Gender Pay Gap figures over time. However, there are no quick fixes, and we recognise that there will be volatility in the figures published from year to year.

Ensuring progress also requires the right conditions to attract, retain and develop our excellent people, and to challenge any potential barriers to these conditions being achieved. Our Diversity and Inclusion Group are working to establish how the firm can continue to improve in this respect. Each Baillie Gifford partner and employee has their part to play. We aspire to always be objective and fair and for all employees to feel valued. Above all, we must continuously adapt, improve and invest to ensure that Baillie Gifford remains an engaging and progressive place to work. Over time we expect our gender pay gap will continue to narrow. Our annual report on our gender pay gap is available on our [website](#).

### **Environmental policy and performance (Principles 7-9)**

As an independent investment manager with no external shareholders, Baillie Gifford's long-term approach extends to all aspects of our organisation, including our day-to-day operations.

We are committed to measuring, monitoring and managing our environmental impact and our goal is to set a positive example as an investor, as an employer and within our own communities.

To achieve this in relation to our own business activities, we aim to:

1. Identify and understand the significant environmental aspects of our day-to-day operations, prioritising the management of significant negative impacts.
2. Establish environmental performance targets and allocate sufficient resources to meet them.
3. Focus on continual improvements in environmental performance by means of a proactive and appropriately empowered Environmental Sustainability Group.
4. Monitor and offset our organisational carbon footprint on an annual basis and report on progress, verified by an independent third party, to interested parties.
5. Encourage employees and our supply chain partners to incorporate environmental considerations into operational decision making. This may include, for example, resource consumption, waste generation and energy efficiency.
6. Consider the use of alternative solutions to meeting in-person when it is considered a suitable alternative for international clients, industry groups and other stakeholders.

7. Develop partnerships to support projects and initiatives that conserve, enhance or promote the circular economy or an appreciation of the natural environment through our 'Land, Air and Sea' Sponsorship Committee Sub-Group.

To achieve this in relation to our engagement with the companies in which we invest, we look for companies to act as responsible corporate citizens, working within the spirit and not just the letter of the laws and regulations that govern them. We believe that corporate success will only be sustained if a business's long-run impact on society and the environment is taken into account. Management and boards should therefore understand and regularly review this aspect of their activities, disclosing such information publicly alongside plans for ongoing improvement. The Baillie Gifford Partnership fully endorses this policy which will be reviewed and updated on an annual basis.

### **Combating Bribery & Corruption (Principle 10)**

Baillie Gifford is committed to the implementation of measures designed to prevent the possibility or occurrence of bribery and corruption in all of its forms.

- The firm conducts regular training on relevant fraud related matters and operates policies and procedures which are communicated to all staff as part of their induction programme and which are accessible to all staff on-line.
- Staff are expected to adhere to ethics policies which cover standards of behaviour in their conduct with other members of staff and with clients and suppliers. In addition, personal account dealing rules apply to all staff dealing. These rules require pre-clearance of personal trades and impose conditions on dealing, designed to ensure that the interests of our clients are not comprised in any way.
- As part of our initiative to identify and mitigate risk we have adopted a risk-based anti-bribery and corruption risk assessment methodology to rate each of our direct suppliers in order to determine what level of due diligence is required. This approach is designed to be proportionate to the risks identified and will be supported by the existing anti-bribery and corruption work which is undertaken by our Compliance function. Each supplier is considered on a case-by case basis, based on a combination of both its geographic region and the sector within which it operates.