

**Baillie Gifford Group  
Modern Slavery Statement  
Financial year ending April 2020**

**Introduction**

Modern slavery is a crime resulting in an abhorrent abuse of human rights. It takes various forms, such as slavery, servitude, forced or compulsory labour, child labour and human trafficking. As a firm that looks to uphold high ethical and compliance standards at all times, we strive to ensure that we adhere to all relevant laws and treat our staff and suppliers with the utmost respect.

We consider it our responsibility to take all reasonable steps to ensure that any Baillie Gifford employee or individuals working within any of our Supply Chains (Suppliers) and Operations (Investee Entities) are not being exploited, that they are safe and that relevant employment, health and safety and human rights laws, and international standards are obeyed. This is a responsibility we take seriously and includes a zero-tolerance approach to modern slavery.

As a regulated investment management firm, we believe that there is overall a low risk of modern slavery or human trafficking in our supply chains. 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 and Investee Entities adhere to similar high standards as set out in our Baillie Gifford Supplier Code of Conduct and our Environmental Policy and the Governance and Sustainability Principles and Guidelines.

This statement sets out the requirements of the UK Modern Slavery Act 2015, the Republic of Ireland Criminal Law (Human Trafficking) Act 2008, as amended by the Criminal Law (Human Trafficking) (Amendment) Act 2013, and the Australian Modern Slavery Act 2018<sup>1</sup>, and Baillie Gifford's approach to combating modern slavery and human trafficking during 2019/20 and the steps which we will continue to take in 2020/21 in order to prevent modern slavery and human trafficking from taking place within our Suppliers and Investee Entities.

**Oversight and Governance**

Baillie Gifford's Anti-Financial Crime Group is responsible at Baillie Gifford Group level<sup>2</sup> for overseeing internal systems and controls to prevent or detect modern slavery. It also reviews periodic reports from the Compliance Department on the operation and effectiveness of the firm's systems and controls against modern slavery.

The Anti-Financial Crime Group reports to the Group Compliance Committee that is responsible for the systems and controls relating to regulatory compliance at Group level.

**Organisational Structure and Our Business**

Baillie Gifford is an independent global investment management firm based in Edinburgh. Please find below details of the Baillie Gifford Group structure.

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<sup>1</sup> Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth).

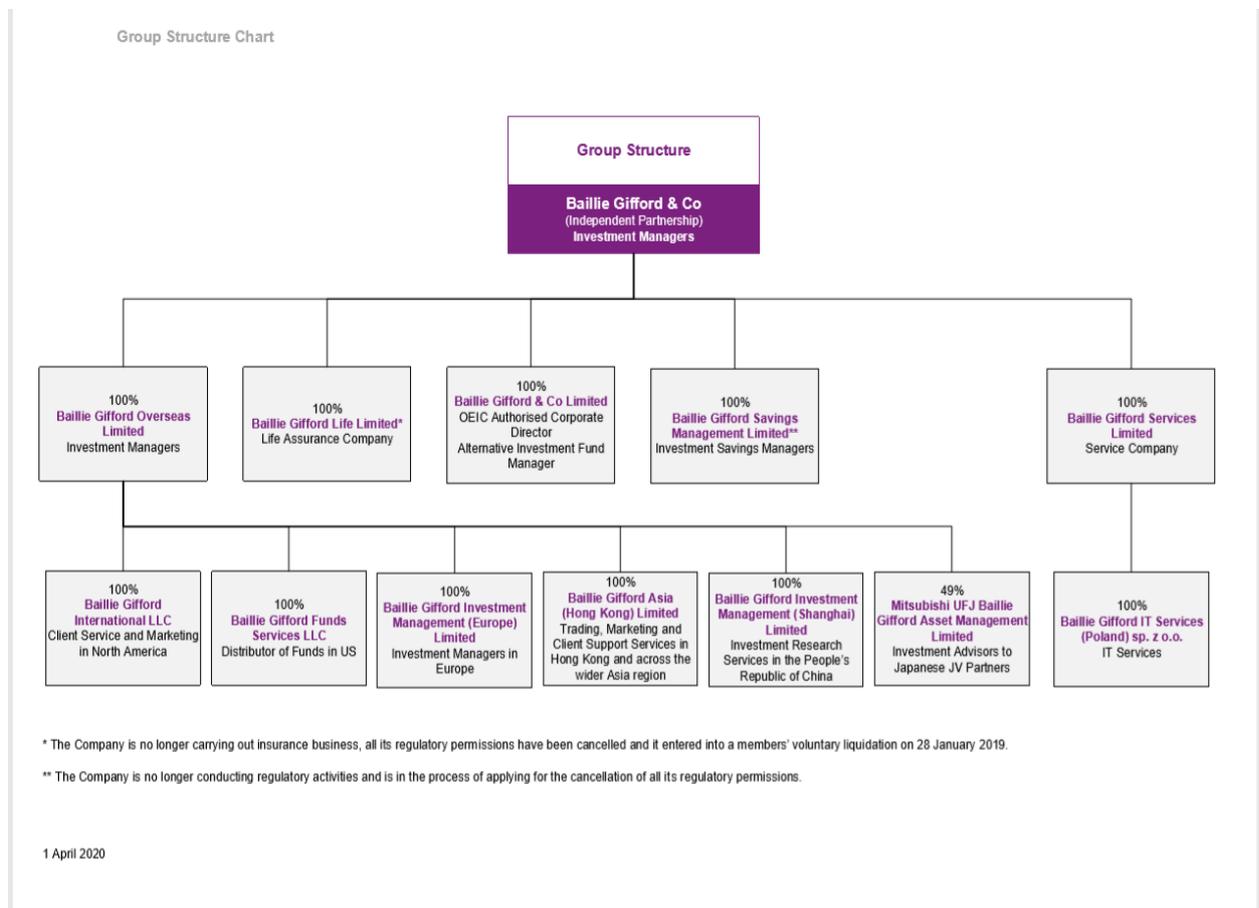
<sup>2</sup> For Baillie Gifford Investment Management (Europe) Limited, the firm's Compliance Officer oversees internal controls to prevent or detect modern slavery, reporting to Baillie Gifford Investment Management (Europe) Limited's Risk and Compliance Committee.

Baillie Gifford & Co, a Scottish partnership wholly owned by 43 partners, heads the Baillie Gifford Group.

The partnership has five wholly owned subsidiaries, which are private limited companies registered in Scotland.

There are also five indirectly owned 100% subsidiaries through Baillie Gifford Overseas Ltd and one indirectly owned 100% subsidiary through Baillie Gifford Services Limited, as well as one joint venture through Baillie Gifford Overseas Ltd.

The Baillie Gifford Group has 1,317 employees as at 31<sup>st</sup> March 2020. Its principal office is in Edinburgh and it has a number of international offices. As this international presence expands, modern slavery risks are considered, and appropriate mitigating measures are taken.



## Our Suppliers

A group of Baillie Gifford's size has hundreds of 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. 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.

### **Supplier Adherence to our Values**

Baillie Gifford operates a zero tolerance approach to modern slavery and human trafficking. For all those in our supply chain and contractors that we deem to be higher risk, we seek to oblige these Suppliers to comply with our policies as set out in this statement and our Supplier Code of Conduct.

We have sent our Supplier Code of Conduct to all of our existing key Suppliers. We have also taken steps to ensure that our Supplier Code of Conduct, including our expected standards of behaviour, are acknowledged by these Suppliers. We encourage all Suppliers to inform us should they have any concerns regarding actions which may go against best standard practice and the principles set out in our Supplier Code of Conduct. We have received no such reports of concern to date.

Any new key Suppliers with whom we engage will receive the Supplier Code of Conduct through our due diligence process.

### **Suppliers Due Diligence Processes for Modern Slavery and Human Trafficking**

As part of our initiative to identify and mitigate risk we have adopted a risk-based anti-modern slavery assessment methodology to rate each of our direct Suppliers in order to determine what level of due diligence, if any, is required. This approach is designed to be proportionate to the risks identified and is supported by the existing anti-bribery and corruption work which is undertaken by our Compliance function.

Each Suppliers is considered on a case-by-case basis, based on a combination of both its geographic region and the sector within which it operates.

Depending on the risk rating that we assign to a Suppliers, the following due diligence measures are considered:

- Check Supplier's website for modern slavery statement or equivalent;
- Include appropriate modern slavery clauses in contractual terms where necessary with the assistance of our commercial contract checklist;
- Conduct internet search for any modern slavery related adverse media;
- Request annual certification from Suppliers to confirm that they have appropriate modern slavery provisions in place;
- Provide a copy of Baillie Gifford's current Modern Slavery Statement to Suppliers identified as high risk;
- Provide a copy of Baillie Gifford's current Supplier Code of Conduct to key Suppliers;
- Consider information requests to evidence steps the Supplier has taken to combat modern slavery;
- Consider onsite Suppliers visit to discuss/review Suppliers procedures.

Suppliers are assigned a modern slavery risk rating and due diligence is completed based on this rating on an ongoing basis as part of the anti-modern slavery risk assessment. The risk rating of Suppliers is kept under review throughout the course of the engagement for those identified as medium or high risk Suppliers.

### **Our Policies on Modern Slavery and Human Trafficking**

We are committed to ensuring that there is no modern slavery or human trafficking in our Suppliers and Investee Entities. This statement reflects our commitment to acting in an ethical manner and with integrity and to implementing and enforcing effective systems and controls to ensure modern slavery and human trafficking is not taking place in our supply chains and investee entities.

This statement is supported by our existing Environmental, Governance and Sustainability initiatives and our Anti-Bribery and Corruption (including Anti-Modern Slavery) Policy and Supplier Code of Conduct which is overseen by the Anti-Financial Crime Group which reviews our approach to combating modern slavery and human trafficking<sup>3</sup>. Baillie Gifford's Code of Ethics sets standards and expectations on all partners and staff in upholding the highest level of ethical conduct in their day to day business. In addition, our recruitment process requires the risk of any modern slavery or human trafficking to be taken into consideration. All employees who join us are subject to checks to ensure that they are genuine applicants, including verification of identity, references, evidence of qualifications and criminal record checks.

### **Our Investments**

Baillie Gifford manages money on behalf of some of the largest institutional and professional investors from around the world. We manage global, international and regional equity, multi-asset and fixed income mandates. We invest globally and have investments across many sectors.

As transparency grows and the research becomes more established, we will continue to review and develop our modern slavery approach to improve our due diligence and response to this area. Modern slavery and companies' treatment of their workers are becoming increasingly important to our analysis of the companies in which we invest.

### **Investee Entities adherence to Modern Slavery and Due Diligence Processes for Modern Slavery**

We monitor all current Investee Entities for a range of environmental, social and governance issues including human rights.

We expect all holdings to operate in accordance with the principles and standards set out in the United Nations Global Compact, which includes human rights and labour centric principles. We expect our holdings to respect internationally accepted human rights and labour rights throughout their business operations and value chain. This should include the maintenance of health, safety and wellbeing management systems, particularly in high-risk sectors; the management of exposure to labour and human rights risks throughout their value chain, especially human slavery; and encouraging positive relationships with local communities. We would also expect all potential and

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<sup>3</sup> For Baillie Gifford Investment Management (Europe) Limited, the firm's Compliance Officer carries out this oversight, reporting to Baillie Gifford Investment Management (Europe) Limited's Risk and Compliance Committee.

current companies to have in place policies and procedures in relation to combating modern slavery. Investors and relevant departments are encouraged to be alert to scenarios involving these wider considerations as part of initial due diligence and/or ongoing interactions with Investee Entities on an ongoing basis.

As part of our ongoing initiative to identify and mitigate modern slavery risk in our holding companies we perform the following steps:

- We instruct an external provider to perform a regular review of entities we invest in under the 10 principles as outlined by the UN Global Compact and related standards including the (Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights), as well as their underlying conventions. This is an effective tool to keep abreast of developments or issues in a timely manner.
- On occasion we may carry out an additional environmental, social and governance review on a select number of our investment entities using external providers.
- We engage directly with investment entities with material challenges in this area and address concerns as part of the decision making process. Ongoing oversight and engagement with investment entities is also undertaken throughout our relationship with the firm as part of our stewardship work.

For further information on our approach to investments, please refer to the Baillie Gifford Environmental Policy and the Governance and Sustainability Principles and Guidelines.

### **Training**

Baillie Gifford is committed to raising awareness of the issues of modern slavery with employees. To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains, we have provided tailored training to key staff involved in supply chain management. We also provide awareness to all staff through biennial anti-financial crime e-learning. We monitor compliance with this training requirement.

### **Internal Reporting**

Should any of our staff become aware of any potential modern slavery risks within the business or within any Suppliers and Investee Entities they are encouraged to report such concerns using the procedures as outlined in the Anti-Bribery and Corruption (including Anti-Modern Slavery) Policy and the Baillie Gifford Group Whistleblowing Policy.

### **Our effectiveness in combating modern slavery and human trafficking**

The steps we have taken to date have enabled us to categorise and identify current risks in our Suppliers and Investee Entities and to address these with additional due diligence activities. The nature of our business activities and the high standards which we expect from ourselves and our Suppliers is reflected in the number of Suppliers currently contracted with Baillie Gifford which are

regarded as low risk. We have engaged with no high risk Suppliers since our first Statement was produced in September 2016.

We have taken the following steps during the course of 2019/2020 to strengthen our approach to combating modern slavery and human trafficking:

- i. Considered and monitored the impact of modern slavery/human trafficking risks as Baillie Gifford's business expanded internationally and identified Suppliers to issue our Supplier Code of Conduct as a result of this;
- ii. Continued to be a member of Transparency in Supply Chains (TISC) Report, an organisation which supports UK anti-slavery work;
- iii. Uploaded the Baillie Gifford Modern Slavery Statement to the websites of TISCreport.org and modernslaveryregistry.org;
- iv. Reviewed, updated and implemented the Baillie Gifford Supplier Code of Conduct to raise awareness amongst our key Suppliers and set out the best standard practices and principles we expect from our Suppliers. This was then issued to key Suppliers and we received appropriate ongoing acknowledgement from them;
- v. Introduced quarterly meetings between key internal departments to continue to assess Suppliers and Investee Entities;
- vi. Reviewed entities we invest in under the 10 principles as outlined by the UN Global Compact;
- vii. Issued tailored annual training for key staff involved in supply chain management;
- viii. Reviewed and updated current policies such as the Anti-Bribery and Corruption Policy which encompass anti-modern slavery and human trafficking;
- ix. Utilised a standard compliance risk assessment framework for our 2019 Anti-Bribery and Corruption which incorporates our Anti-Modern Slavery Risk Assessment;
- x. Continued to use our commercial contract checklist in order to assess new third party Supplier contracts and those due for renewal, including an agreed form of anti-modern slavery and human trafficking wording in all contracts where deemed necessary.
- xi. Escalated any relevant matters to the Anti-Financial Crime Group<sup>4</sup>, through regular reporting and responded to any queries from them.

#### **Continuing Processes and Further Steps**

We are committed to continuing to take the above steps, and will further enhance our approach to combating the crime of modern slavery or human trafficking during 2020/21 by way of the following:

- Monitor the impact of modern slavery/human trafficking risks as our global operational footprint expands;
- Build on our relationship with Transparency in Supply Chains (TISC) Report, an organisation which supports UK anti-slavery work, to improve our oversight and processes;
- Regularly review entities we invest in and address concerns by engaging directly with the company in line with our stewardship processes. We will develop our modern slavery approach to investments as transparency grows and the research becomes more established to improve our due diligence and response to this area;
- Report the Baillie Gifford Modern Slavery Statement to the Australian Border Force to ensure compliance with the Australian Modern Slavery Act 2018 for the first time;

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<sup>4</sup> For Baillie Gifford Investment Management (Europe) Limited to the firm's Compliance Officer reporting to Baillie Gifford Investment Management (Europe) Limited's Risk and Compliance Committee.

- Enhance our process in relation to the distribution and follow up of our Supplier Code of Conduct and receiving appropriate ongoing confirmation from Suppliers who have received it.

This statement is made pursuant to the Australian Modern Slavery Act 2018, the Republic of Ireland Criminal Law (Human Trafficking) Act 2008, as amended by the Criminal Law (Human Trafficking) (Amendment) Act 2013 and section 54(1) of the UK Modern Slavery Act 2015 and has been approved by the Management Committee of Baillie Gifford & Co and Boards of Baillie Gifford Overseas Ltd, Baillie Gifford Investment Management (Europe) Limited and Baillie Gifford & Co Ltd. It constitutes the Baillie Gifford Group's Modern Slavery Statement for the financial year ending April 2020.

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Partner of Baillie Gifford & Co and Director of Baillie Gifford Overseas

Graham Laybourn

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Director of Baillie Gifford & Co Ltd

Michael wylie

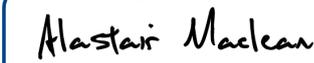
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Director of Baillie Gifford Investment Management (Europe) Limited

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