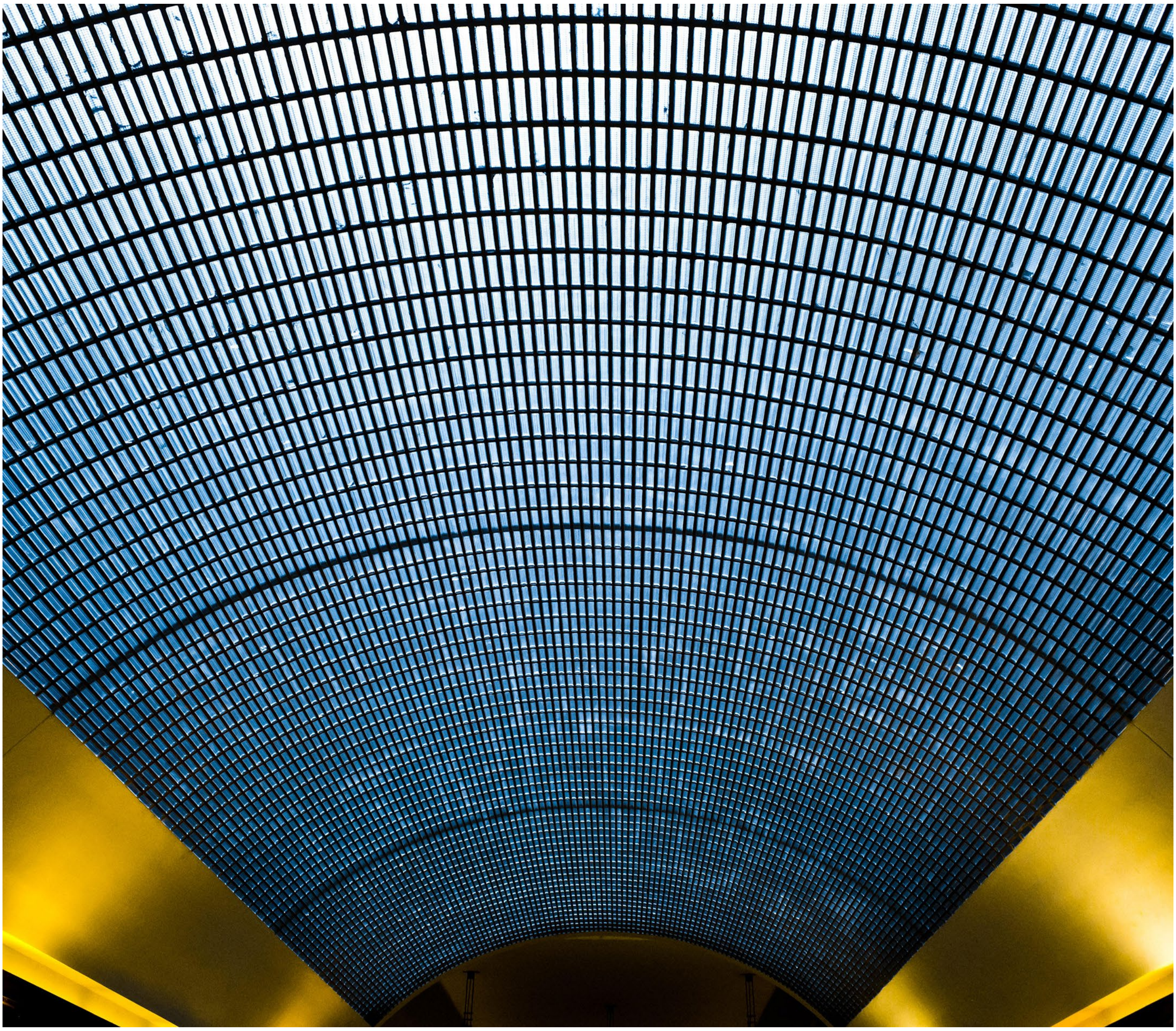
Baillie Gifford & Co

Lothian Pension Fund Long Term Global Growth

Report for the quarter ended 31 March 2025



Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	3	Companies	None	Companies	None
Resolutions	33	Resolutions	None	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	Contemporary Amperex Technology Co., Limited, Coupang, Inc., Kweichow Moutai Co., Ltd., PDD Holdings Inc.
Social	BioNTech SE, Contemporary Amperex Technology Co., Limited, Coupang, Inc., Moncler S.p.A., PDD Holdings Inc., Samsara Inc.
Governance	Adyen N.V., AppLovin Corporation, BeiGene, Ltd., BioNTech SE, Kweichow Moutai Co., Ltd., PDD Holdings Inc., Samsara Inc., The Trade Desk, Inc.
Strategy	Contemporary Amperex Technology Co., Limited, Kweichow Moutai Co., Ltd., Netflix, Inc., Samsara Inc., The Trade Desk, Inc.

An engagement may cover more than one topic. Notes on a selection of engagements can be found in this report. This is not exhaustive and further details of company engagements are available on request.

Votes Cast in Favour

Companies	Voting Rationale
CATL 'A', Moncler, Symbotic	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

We did not vote against any resolutions during the period.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

Company	Engagement Report
Adyen N.V.	Objective: We met with Pieter van der Does (co-chief executive officer & founder), Ethan Tandowsky (chief financial officer), Tom Adams (new chief technology officer), Hemmo Bosscher (senior vice president of Platforms and financial services), and Josh Masser (investor relations). The focus was on understanding Adyen's strategic direction, operational dynamics, and potential for future growth. Discussion: Pieter van der Does' attendance was unexpected. He tends to avoid meeting with investors because they tend to follow a tedious pattern which he does not practice, but he has frequently attended meetings with us given our differentiated investment approach. We also had the privilege of being the only investors to meet Tom Adams. Consequently, our impression was that both individuals were unscripted and candid. Pieter van der Does believes Adyen made significant strides over the past two years in putting strong team leadership in place across the organisation, where the period of elevated headcount growth and attendant digestion is now complete. He remains more operationally involved than we had realised, maintaining pressure on the organisation to stay ambitious and fast-paced. The management board operates collaboratively, which reduces key person risk. They also noted that the intense period of price competition in the US digital segment in 2023 boosted Adyen's organisational motivation to avoid complacency. For instance, Adams pointed to areas where Adyen needs to improve, such as the breaking down of silos across the organisation to share good practices. Their long-term focus remains evident, with Tandowsky citing examples of backing projects that may not be material in the next year or two but could prove material in five. We were reassured to learn that Adyen's quarterly reporting cadence, introduced in 2023, creates minimal distraction from their long-term focus, as Adyen's long sales cycles and merchant ramp times prevent management from succumbing to quarterly pressures. Outcome: We were encouraged that management's cultural priorities have remained consistent ever since we first invested in the company. The discussions on strategic direction and operational execution reinforced our confidence in Adyen's potential upside from here.
AppLovin Corporation	Objective: We had a discussion with co-founder and chief executive officer (CEO) Adam Foroughi to explore the management's reaction to intense short-seller pressure which had led to a sudden and significant drop in share price. Discussion: Three key allegations were raised by short-sellers against AppLovin. Firstly, short-sellers claim that AppLovin artificially inflates growth through fraudulent app installs. However, AppLovin's revenue model, which is based on return-on-ad spend (ROAS) goals defined by their advertiser customers, ensures transparency and validation through lifetime value assessments and weekly audits. This model has led advertisers to shift their budgets to AppLovin due to its proven ROAS performance, undermining the claim of fraudulent installs. Secondly, allegations suggest that AppLovin violates Android ecosystem policies by driving one-click downloads without user consent. While there is some ambiguity, evidence indicates compliance with platform norms, and unintentional installs would not benefit AppLovin's ROAS metrics. Lastly, claims that AppLovin steals Meta's data to boost e-commerce growth lack credible evidence. AppLovin has clarified its contractual use of Meta's bid data, which is auditable by Meta itself, making these allegations speculative. Outcome: We believe these accusations appear exaggerated or benign, supported by the trust advertisers have placed in AppLovin. Our assessment is further supported by discussions we have been undertaking with external experts into advertiser relationships and ROAS validation.

Company	Engagement Report
BeiGene, Ltd.	Objective: We met with chief operating officer (COO) Xiaobin Wu, and chief financial officer (CFO) Aaron Rosenberg, to understand the company's strategic direction, challenges, and growth opportunities. Discussion: Discussions emphasised BeiGene's robust growth in both the US and China, as well as its strategic positioning amidst geopolitical tensions. The company is relocating its headquarters to Switzerland and rebranding to BeOne to bolster its global appeal. While investing in manufacturing facilities in the US, BeiGene remains committed to China, recognising its immense value as a market. Key products, such as Brukinsa in the US and its PD-1 inhibitor in China, are performing well. Additionally, the company's pipeline is strong, underscoring its promising future prospects. Outcome: We are encouraged by BeiGene's operational advancements. Its commitment to innovation is clearly a key driver of its success, while the company seems well-positioned to serve as a bridge between the Chinese and Western pharmaceutical industries. However, a crucial question persists as to whether the re-domiciling effort will adequately mitigate risks associated with US government relations.
BioNTech SE	Objective: We met with the chair of the board, Helmut Jeggle, to learn more about BioNTech's strategic directions beyond its Covid-19 vaccine business and the company's governance. Discussion: Jeggle, who has been involved with BioNTech since 2008, provided us with candid insights into the company's challenges, progress and opportunities. In terms of the research pipeline beyond Covid-19, he informed us that the pandemic diverted resources from BioNTech's core focus on oncology. Jeggle also shared that BioNTech's co-founder and chief excutive officer (CEO) Ugur Sahin faced intense external criticism for making investments in China in the aftermath of the pandemic, whereby he was urged to instead undertake a significant share buyback. However, thanks to Sahin's focus on reinvesting in future growth, one of his investments in China has since proven crucial to developing BioNTech's lung cancer therapy, currently in Phase III trials, which Jeggle believes could present an exceptionally attractive revenue-generating opportunity. Conscious to avoid complacency, Jeggle believes BioNTech required more commercial expertise to complement Sahin's scientific skillset, hence hired an experienced chief marketing officer. This is a delicate balance, as the board does not wish to constrain Sahin's creativity, but has introduced greater rigour by ensuring that a product committee evaluates projects based on budget, revenue opportunity, and time to market. Outcome: We gained valuable insights into how BioNTech is seeking to expand its business beyond its Covid-19 franchise by refocussing on its core oncology mission. We are also encouraged by the steps taken by the company to introduce greater commercial rigour.

Company	Engagement Report
Contemporary Amperex Technology Co., Limited	Objective: To discuss CATL's recent addition to the US Chinese Military Company (CMC) list and the potential impact that geopolitical tensions may have on the business. Additionally, we sought an update on progress towards net zero commitments made by the company and battery recycling initiatives. Discussion: Our meeting was with the investor relations representative who oversees environmental, social and governance matters. The company asserted that its internal analysis showed that CATL's inclusion on the CMC list has had no material effect on its operations. The company actively engages with legal teams and overseas customers to ensure smooth communication and consultation. CATL is optimistic about being removed from the CMC list. The confidence comes from a robust supply chain management system which ensures compliance and safety with traceability mechanisms. It is also diversifying its raw material suppliers to mitigate geopolitical risks, including investments in mining operations. Regarding carbon management, CATL has significantly increased its green power ratio, with nine manufacturing bases reaching net zero. The company is committed to carbon neutrality across its value chain by 2035, focusing on reducing offset dependency and promoting research and development (R&D) in carbon-light battery materials. Battery recycling is also a key focus. The company is enhancing recovery rates and developing tailored recycling equipment for different battery types, aiming to reduce reliance on primary ores and save resources. Outcome: The meeting provided a useful update on CATL's strategic initiatives in supply chain management, carbon neutrality, and battery recycling. We will continue to monitor the company's progress, particularly its efforts to be removed from the CMC list and planned net zero updates, ensuring alignment with long-term growth prospects.
Coupang, Inc.	Objective: We met with the Investor Relations team to discuss two key issues: scope 1 and 2 emissions disclosure and the approach to worker rights and working conditions. Discussion: Coupang has been receptive to discussions on emissions disclosures but remains hesitant to disclose publicly. They cited wanting to provide both the absolute numbers but also the context about trends and initiatives; awaiting regulatory requirements which might make current disclosures obsolete and a clear benchmark against peers. On workforce issues, we discussed Coupang's shift from its initial public offering (IPO) commitment to directly hire drivers to a more flexible model. The change in approach seems to have been one of reality and practicality to maintain operational sustainability and meet employee expectations specifically regarding earnings potential. They have low union representation, which they view as a positive sign of employee satisfaction. They stressed that safety is most critical to the company and is considered non-negotiable. The company takes pride in its role as a major employer and economic contributor and recognises the need to be a responsible employer and maintain a positive public image. Outcome: The meeting continued previous discussions. While progress on emissions disclosures and workforce transparency is ongoing, the dialogue reinforced the importance of aligning company policies with business growth potential and employee satisfaction. They appear willing to consider publishing health and safety statistics, such as long-term injury frequency rates (LTIFR) and are open to exploring benchmarking against peers. Future discussions will focus on supporting Coupang's narrative development for climate disclosures.

Company	Engagement Report
Kweichow Moutai Co., Ltd.	Objective: We met with chief financial officer (CFO), Yan Jiang, at the company's headquarters in Guizhou province in China, to understand aspects of organisational structure and stakeholder insights. Discussion: The research institute that advises the board on strategic matters seeks to reflect inputs from various stakeholders involved in producing Moutai, including employees and external experts. Its recommendations have translated into concrete actions in several instances. For example, recently implemented suggestions include a dividend increase, share buybacks, and improved environmental, social and governance (ESG) disclosures. Yan Jiang expressed she would be keen for our input too, further to the various suggestions we presented to the company previously relating to its ESG disclosures. She also expressed the company's desire to broaden the management's talent pool further to include greater international experience. Outcome: We left the meeting with greater understanding about the core management team's willingness to keep learning and undertake gradual evolutions in the running of the business, while crucially maintaining brand discipline.
Moncler S.p.A.	Objective: To assess the underpinnings of Moncler's programme of supply chain excellence, an issue of reputational significance with implications for brand integrity. Investigations by Italian authorities in 2024 found sweatshop-like conditions in the supply chains of the luxury fashion brands Dior and Armani. Subsequent reports described these issues as systemic rather than sporadic in the sector, and the authorities are continuing investigations into the supply chains of other luxury brands, although the names remain undisclosed. We spoke with Moncler's chief marketing and corporate strategy officer and sustainability director to understand how it navigates some of these reported challenges in the supply chain. Discussion: Most of Moncler's iconic puffer jackets have long been produced in Eastern Europe, including at its in-house production facility in Romania. The Italian supply chain is more integral to Moncler's product diversification as part of a year-round brand strategy. Its supply chain audit processes appear robust, and in response to the risks, it has increased the number of audits it conducts in Italy. Supply chain audits are necessary but not sufficient, however, to address labour rights risks. Purchasing practices are also central to suppliers' ability to uphold labour rights, and Moncler has initiatives that demonstrate a sophisticated level of awareness of the issue. We learned how purchasing teams are assessed and incentivised according to the vendor rating assessment of environmental and social risks identified in the supply chain audit process. Moncler's emphasis on capacity-building, rather than simply imposing top-down sustainability standards on the supply chain, also represents best practice. Examples include free access to health and safety experts, training programs on international standards, and support for investments in machinery. Outcome: This engagement helped further our understanding of Moncler's supply chain sourcing practices. Their maturity means they are well-insulated, albeit far from immune, from the labour rights risks inherent to outsourced manufacturing in their supply chain. There were learnings that will inform future engagements with other luxury holdings.

Company	Engagement Report
Netflix, Inc.	Objective: We met with Netflix executives to discuss the company's strategic direction and growth prospects, namely Netflix's approach to live sports and advertising efforts, while assessing their potential impact on long-term growth and profitability. Discussion: Netflix's foray into live sports is cautious yet promising. The company successfully hosted a major event, the Paul versus Tyson fight, which tested technological limits and drew a massive audience, reminiscent of historic TV events. Management explained that this cautious approach to live sports is strategic, as Netflix aims to focus on high-value hours that can attract larger audiences and improve unit economics. The introduction of live sports is seen as a way to enhance Netflix's original content strategy, potentially increasing subscriber retention by offering a broader slate of must-watch live events. The company's advertising strategy appears to be still in development, and behind where we might have expected it to be over two years post-launch of the advertising tier. There are still some outstanding questions, especially on the topics of Netflix's ad tools and consumer relevance. Outcome: The meeting provided valuable insights into Netflix's strategic initiatives, particularly in live sports and advertising. While the live sports strategy shows promise, the advertising approach requires further development. The opportunity in advertising is significant, and we will continue to engage with the company on progress in this area. This meeting was crucial in assessing Netflix's growth potential and identifying areas needing improvement to enhance long-term profitability.
PDD Holdings Inc.	Objective: To better assess the company's variable interest entity (VIE) structure and encourage improvements in sustainability disclosures. Discussion: PDD is one of China's largest e-commerce platforms and has experienced remarkable growth. It has relatively poor disclosures and communications. Investors in Baillie Gifford's Shanghai office undertook an in-depth review looking at consumer and merchant feedback, management background and financials. One area we wanted to follow up on was the variable interest entity structure that PDD uses. VIEs are common in China and allow companies to comply with Chinese regulations on foreign ownership in specific sectors while maintaining control over Chinese operations. We wanted to better understand the rationale behind some of the VIE aspects unique to PDD and an investor met with the company and other stakeholders in Shanghai. Management noted that ownership structures could be adjusted if necessary, with three additional co-founders potentially assuming ownership responsibilities Unlike some other companies, PDD's VIE structure remains relatively straightforward as it focuses exclusively on e-commerce. The company emphasised its focus on organic growth and minimal shareholder dilution. During a call in December, we reiterated concerns about PDD's lack of sustainability disclosures. Management confirmed they are working with a third party to meet regulatory requirements, focusing initially on scope 1 and 2 emissions. Management communicated challenges in their scope 3 emissions and raised concerns about the data. We discussed opportunities in a wider merchant ecosystem and they highlighted some of their merchant support initiatives, including the elimination of transhipment fees for orders to Western China to improve access to underserved markets. Outcome: These engagements provided some insights into PDD's governance structure and sustainability approach. We are glad to see the company making efforts, including seeking external advice, to enhance its disclosure in accordance with the regulation, but understand there is more to do here. We will keep monitoring how the VIE structure will evolve going forward in the best interests of the company and shareholders.

Company	Engagement Report
Samsara Inc.	Objective: Our meeting with founder chief executive officer (CEO) Sanjit Biswas and chief product officer Kiren Siker provided an opportunity to discuss how artificial intelligence is being applied to Samsara's safety products, how the company is thinking about pricing in the context of its low-margin customer base, how Samsara engages with unions, and management's views on organisational structure as the company scales. Discussion: Siker explained how Samsara's 10 trillion proprietary data points across hundreds of millions of customer workflows and vehicles is being harnessed to train AI models that enhance Samsara's products. This includes, for example, real-time insights into road conditions and weather, as well as a 'drowsiness detection' feature . On pricing, Samsara has introduced tiered pricing, which should support upselling, Biswas reiterated caution against pushing higher prices too aggressively given that most customers operate in low-margin industries where Samsara's ability to demonstrate return on investment is critical to building long-term customer trust. Recognising that most of its customers operate in unionised sectors, we learned about Samsara's proactive and increasingly positive interactions with unions in various geographies. Finally, Biswas demonstrated an understanding of the need to delegate responsibilities as Samsara scales, which is significant given his distinctly hands-on leadership style. That said, he views premature expansion of management layers as an obvious mistake that fast-growing companies tend to make, so he would rather take his time and scale gracefully. Outcome: We were encouraged by Samsara's thoughtfulness and demonstrated ability to navigate the various issues we discussed. We will continue to monitor its implementation of tiered pricing, delegation of leadership responsibilities, and interactions with unions, as the company scales.
The Trade Desk, Inc.	Objective: We met with founder chief executive officer (CEO) Jeff Green and chief financial officer (CFO) Laura Shenkein to understand the reasons behind their lowered near-term growth outlook and to assess how long those issues may take to resolve. Discussion: Green reminded us that the company has always undertaken a small salesforce reorganisation every year in the fourth quarter, but what was unusual this time was the scale, leading many customers to lose their familiar points of contact. Meanwhile, two of Green's direct reports on product and engineering lacked experience operating at such scale and complexity. These factors seemingly significantly slowed customer migration to the company's latest product Kokai, putting pressure on growth and margins. Despite the delay, Green informed us that around half of customer spending is already flowing through Kokai, which he expects to rise to 100 per cent by the end of the year, and customer feedback is positive. Outcome: We gained greater conviction that the delayed customer migration to The Trade Desk's Kokai product is not because of severe shortcomings in the product itself (which could have longer-term implications for the company's competitiveness and growth), but instead because of short-term execution issues that arose during the company's annual restructuring. We are also encouraged that management has taken sensible remedial decisions to mitigate the risk of similar challenges in future, such as by strengthening its product and engineering teams. We will continue to monitor progress.

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