

Syncona Investment Management Limited

Engagement Policy

Background

Syncona Investment Management Limited (SIML) acts as investment manager to Syncona Limited (Syncona), a closed-ended investment company listed on the London Stock Exchange and focused on investing in and building global leaders in life science.

This statement explains how SIML meets the requirements set out in the Shareholders Rights Directive II in relation to engaging with the companies that it invests in.

Syncona's investment strategy

Syncona's investment strategy is to invest in a small portfolio which over time will consist of around 15-20 life science opportunities, of which 3 to 5 are likely to be substantial holdings. In most cases life science opportunities will be private companies, or traded companies that Syncona invested in when they were private companies.

The core of the strategy is a "Found, Build and Fund" model. This entails identifying exceptional science by partnering with world-leading academics to build globally competitive businesses. Syncona takes strategic positions with influence (or, often, control) and the intent of being a significant shareholder at the point of product approval.

Members of the SIML team regularly take both board and operational roles in Syncona investee companies, for example acting as CEO during the initial start-up phase. From foundation and through the development life cycle of the company SIML takes a hands-on, partnership approach with our investee companies, supporting them with the commercial vision, setting strategy, writing the business plans and hiring teams to lead the companies. The aim is to build successful, sustainable and globally leading healthcare businesses.

Syncona's engagement with investee companies

How do we...

- Integrate shareholder engagement in our investment strategies – as described above, the core of Syncona's strategy is to be very actively engaged with our investee companies.
- Monitor investee companies on relevant matters (e.g. strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance) – as part of our active engagement with investee companies SIML is closely focused on strategy, performance, risk and other factors. Our small portfolio means we can be engaged in the detail and support the companies to build globally leading healthcare businesses.
- Conduct dialogues with investee companies – this happens on an ongoing basis as part of the hands-on, partnership approach that SIML takes. This extends from day-to-day contact to members of the SIML team joining the Board of the investee companies.
- Exercise voting and any other shareholder rights – formal voting and shareholder rights are a limited part of SIML's broader engagement with the companies; they are exercised where necessary but in general we would not expect these to be the principal route of influence.

- Cooperate with other shareholders – SIML works closely with other key shareholders as we seek to build globally leading healthcare businesses.
- Communicate with relevant stakeholders of investee companies – in general this would be a core responsibility of the Board of the relevant company. Through SIML’s close engagement with investee companies, including members of the SIML team joining the Board, we have good access to the work of the Board in this area.
- Manage actual and potential conflicts of interests in relation to SIML’s engagement – we have a conflict of interest policy that clearly sets out how SIML identifies, considers and manages conflicts. Given the closeness of our engagement with investee companies, a particular risk is that a member of the SIML team is very closely associated with a particular investee company. To manage this, we ensure that investment decisions are taken collectively by our Investment Committee and not by any one member of the SIML team.

Annual reporting

We regard our engagement with investee companies as being at the core of our investment strategy and, accordingly, the details of that engagement are commercially sensitive. As set out above, we do not expect the exercise of voting rights to be the principal route of influence with investee companies and accordingly we do not consider this to provide valuable information to shareholders. For these reasons, we have chosen not to disclose on an annual basis how our engagement policy has been implemented.

UK Stewardship Code Statement

The UK Stewardship Code (the “Code”) introduced by the Financial Reporting Council is a voluntary code which is aimed to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders.

SIML and Syncona have not made a formal commitment to the Code, although the alternative investment strategy outlined in this Engagement Policy promotes effective stewardship and long-term investment decision-making, supporting the provisions set out in the Code.