

RESPONSIBLE INVESTMENT POLICY

Introduction

Syncona is a healthcare company focused on founding, building and funding a portfolio of global leaders in life science. Our purpose is to invest to extend and enhance human life. We do this by founding and building companies to deliver transformational treatments to patients in areas of high unmet need.

Our strategy is to create a dynamic portfolio of 15-20 globally leading healthcare businesses for the benefit of all our stakeholders. We focus on developing treatments for patients by working in close partnership with world-class academic founders and management teams. We take a long-term view as we look to improve the lives of patients with no or few treatment options, build sustainable life science companies and deliver strong risk-adjusted returns to shareholders.

We believe Syncona's vision of delivering transformational treatments for patients is a positive and sustainable one, and that a responsible approach to growing and managing this portfolio will add value to our businesses.

Sustainability issues are important to our business and can be a significant driver of investment risk and investment value. Sustainability factors thus form an integral part of our investment management process, including initial screening, due diligence, investment approval and ongoing portfolio company management. The life sciences investment team also consider these factors at the point of exit.

Our commitments

Syncona is committed to:

- Integrating sustainability issues into our investment and management processes, with the right culture, values and expectations for sustainability set at the beginning of the investment process.
- Supporting each portfolio company to establish appropriate governance and monitoring processes for their sustainability performance, to ensure the most relevant sustainability issues are taken into consideration at each stage throughout a company's lifecycle.

Scope and Governance

This Responsible Investment Policy provides the overall code for our approach to responsible investment. It is complemented with a Sustainability Policy, which covers the issues of greatest importance to our business and stakeholders.

The Syncona Board has ultimate oversight and accountability for ensuring we invest responsibly. The implementation of the approach within the investment process and at the portfolio company level will be the responsibility of our subsidiary and investment manager, Syncona Investment Management Limited (SIML). All members of the SIML investment team are required to adhere to this Responsible Investment Policy.

Syncona's Responsible Investment Approach

Syncona's purpose is fully integrated with our investment approach. Fundamental to each investment is the potential impact of the technology to deliver a transformational impact for patients in an area of high unmet medical need.

Our core model is to found, build and fund companies based around transformational science. The result is that in many cases, we are involved in a company from the very outset. Even when we invest in an existing business, it will often only have a handful of employees. Accordingly, in practice we would not typically exclude a company from investment outright as a result of sustainability concerns; instead, we would address any material issues upon investment and proactively look to shape the business as it grows.

Our responsible investment approach is focused on setting clear expectations for the following key issues for our portfolio companies:

- Access to medicine.
- Animal welfare.
- Good R&D practice.
- Diversity and Inclusion.
- Environment.
- High quality compliance and governance – in particular, in the areas listed in the schedule.

At the company's foundation, there are typically key academic founders working for the company, alongside a small number of employees. The companies may grow over a few years to 100 employees or more as their operations progress. It is therefore recognised that there should not be a "one size fits all" approach and that processes and initiatives should be proportionate, focused and not overly prescriptive. However, at all stages we expect and encourage our portfolio companies to achieve our core standards.

Initial screen of investments

We are focused on transformational impacts for patients and healthcare systems. Although it is highly unlikely that they would fall within our investment strategy, we specifically exclude investing in any company whose activities substantially consist of the activities listed in the schedule.

In our initial screen of investments, the investment team will consider whether there are any immediate issues, such as ethical considerations related to conducting trials in the proposed patient group or concerns in relation to founders or other parties involved in the investment. Where these concerns are raised, we may decide not to proceed or carry out further due diligence to see if they can be addressed.

Investment approval

For any new investment being considered, the final investment recommendation will include a section outlining the key beneficial impacts of the company in line with our purpose and any notable sustainability issues identified in the due diligence. These considerations will form a part of the investment decision and an investment may be precluded on this basis.

Active Ownership

Our approach to responsible investment is focused on the key issues below. We will work with our portfolio companies to support them in achieving our expectations in these areas, while maintaining a flexible approach that recognises the different stages of development and issues of these companies. Our activities split into two main areas.

1. We ensure that our expectations and objectives are made clear to the teams at our portfolio companies at the outset. While each company is different and has flexibility to develop its own approach, we provide standard policies and other materials for the companies to consider where this is helpful. We can also provide support such as helping to make connections between portfolio companies or with our wider network where this would be useful to a company in addressing any questions.
2. We encourage each company to put in place reporting frameworks to monitor progress on the key ESG issues, and to provide that information to their board and Syncona. Asking them to put these frameworks in place helps to ensure that the board of each company gives proper consideration to these issues. The data in turn forms part of our own regular internal reporting and management processes.

These data in turn form part of our own regular internal reporting and are embedded into our processes for managing our investments. We also use the data to support reporting to the Syncona Board.

Exit

We hope that many of our companies will become thriving, independent businesses, and continue to grow in future, even after we are no longer shareholders.

However, in some cases, there may be an opportunity to sell a company outright, most commonly to a larger pharmaceutical or biotech business who will want to acquire the products and pipeline that have been developed with a view to taking products to market. During any sale process, Syncona considers whether potential acquirers will continue to exercise appropriate stewardship and what steps it can take to address any concerns.

Reporting

We recognise that the management of sustainability issues, including how we invest responsibly, is of interest to many of our stakeholders and we are therefore committed to continued monitoring and reporting of our performance.

We will issue an annual Sustainability Report from 2021 onwards and other materials will accompany this in the relevant section of the website.

Review

We will review this Responsible Investment Policy on an annual basis and update as necessary to ensure the policy remains valid and aligned with business strategy.

Last updated: June 2021

Schedule

Compliance and Governance policies

- Anti-fraud, Bribery and Corruption.
- Approach to Taxation.
- Conflicts of Interest.
- Data Protection and Information Security.
- Ethical Procurement.
- Health and Safety.
- Modern Slavery.
- Whistleblowing.

Excluded Investments

- An illegal economic activity, including human cloning for reproduction purposes.
- The marketing, sale or production of tobacco.
- The financing of the production of and trade in weapons and ammunition.
- Casinos and equivalent enterprises.
- Pornography.
- Activity in high-risk jurisdictions.