

## SYNCONA SUSTAINABILITY POLICY

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 found, build and fund companies around exceptional science 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. Our strong balance sheet underpins our strategy enabling us to 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 are committed to managing our business in a sustainable way, investing responsibly and supporting our portfolio companies in making positive contributions to society by developing treatments that will make a difference to the lives of patients and their families.

We aim to have high quality governance, a strong business culture, clear values and positive engagement with our wider stakeholders and society through our work in life sciences and our support for charity. We are actively engaged with our portfolio companies, seeking to build sustainable businesses and in turn creating long term value, whilst contributing to our wider stakeholders and society.

This policy sets out our objectives and establishes the foundation for integrating sustainability risks and opportunities into our business explicitly. It describes the key principles that guide our approach to sustainability issues, including how we support the development of our portfolio companies in a sustainable way.

We are committed to monitoring the implementation of this policy on an ongoing basis as well as to reporting on progress annually to relevant stakeholders.

### 1. Scope

This policy covers Syncona Limited, including its investment manager Syncona Investment Management Limited (SIML). It also reflects certain key principles and guidelines we will expect our portfolio companies to adhere to.

### 2. Sustainability Responsibility and Accountability

We are committed to promoting consistent practices and adherence to this policy by providing the necessary support for employees to ensure sustainability factors are effectively managed. All are required to be familiar with, and understand, the obligations that apply to them with regard to the management of sustainability factors.

Sustainability factors 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 give consideration to these factors at the point of exit.

We are committed to:

- Strong, open and transparent governance, which drives our business to operate responsibly and ethically, in a way appropriate for a listed company with public shareholders as well as the wider stakeholders we interact with.
- High quality relationships across our business, inspiring and empowering our people and maintaining a strong culture and a diverse and inclusive team.
- 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.
- Engaging with our wider stakeholders and society through our work in life sciences and our support for charity.
- Reporting to our stakeholders on progress against our sustainability objectives.

The Syncona Board has ultimate oversight and accountability for our sustainability approach and how it is implemented. The implementation of the approach within the investment process and at the portfolio company level will be the responsibility of the SIML executive team. All members of the SIML investment team receive sustainability related training and are responsible for engaging with portfolio companies to support them to achieve the goals of Syncona's sustainability policy. Their remit also involves monitoring, reporting and management of sustainability risks and opportunities.

Sustainability responsibility and accountability is taken into account in the SIML team's performance reviews, which informs decisions on remuneration.

### 3. Identifying Material Issues

To formalise our approach to sustainability, we conducted a materiality assessment and identified the issues of greatest importance in terms of potential impact to the business and stakeholder concern. This exercise has helped to define our approach to managing and reporting on key sustainability issues, to set the foundation to measuring performance, and to support the sustainable growth of our portfolio across the investment lifecycle.

The resultant focus areas for our business, which form the basis of our approach, are as follows:

Our wider social impact	A responsible partner and investor	Inspiring and empowering our people	A responsible and ethical business
<ul style="list-style-type: none"> <li>• Improving the lives of patients and families</li> <li>• Contributing to the wider UK life science community</li> <li>• Support for charity</li> </ul>	<ul style="list-style-type: none"> <li>• Good clinical practice and patient safety (including conducting clinical trials responsibly)</li> <li>• Animal welfare</li> <li>• Access to medicines</li> <li>• Diversity and inclusion</li> <li>• Environmental impact</li> <li>• Compliance and governance</li> </ul>	<ul style="list-style-type: none"> <li>• High quality relationships across our business, maintaining a strong culture and a diverse and inclusive team</li> <li>• Commitment to the development of our people</li> <li>• Providing a supportive working environment</li> </ul>	<ul style="list-style-type: none"> <li>• High quality governance of SIML</li> <li>• Relevant policies and training in place</li> <li>• Minimising our environmental impact</li> </ul>

## 4. Our Approach to sustainability

### ***4.1. A high quality, responsible and ethical business***

Our strong governance framework is built on accountability and our values. It is fundamental to our long-term organisational success. We aim to have a robust set of policies, internal controls and management processes covering all of the areas for our business to operate responsibly and ethically.

The policies and training include anti-fraud, bribery and corruption, conflicts of interest, tax strategy, data protection and information security, health and safety, modern slavery, ethical procurement and whistleblowing.

These policies are critical to ensure business integrity and compliance with laws and regulations.

The Board of Syncona is responsible for promoting the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. Day-to-day implementation of the strategy, and operation of SIML, including the areas outlined above, is the responsibility of SIML led by its Board. SIML is also responsible for engaging with the portfolio companies, in line with its published engagement policy, to ensure they are building businesses in line with our strategy.

We are also committed to monitoring and minimising our environmental impact and seek to operate our business in an environmentally responsible and sustainable manner. Given the relatively small nature of our operations, our environmental impacts are relatively small. In any event, our ambition is to continue to reduce our environmental impact over time.

### ***4.2. Inspiring and empowering our people***

Our purpose to invest to enhance and extend human life is a core part of what attracts the best talent to Syncona. People with specialised expertise, highly motivated by making a difference, are attracted to our platform and the opportunity to improve the lives of patients and their families.

The life sciences investment team members have deep technical scientific background, supplemented by strong commercial experience ranging from venture capital investment to pharmaceutical launch and the operational expertise required to found and build companies around exciting innovation. This multi-disciplined skill set is fundamental to our business model and the team's track record has resulted in a strong network in life science, enabling the best talent to be attracted to our portfolio companies.

We have a culture of excellence, driven by data and are curious and creative to bring about the change we seek to make. We are entrepreneurial, driven, persistent and resilient. We take personal responsibility for delivering our mission, although we ultimately believe collaboration and transparency are important values that form part of our strong culture and are vital to our success.

We are an equal opportunities employer and aim to recruit, promote and reward based on merit. We believe that a diverse and inclusive team is vital to our success and strive to create an inclusive culture that promotes diversity.

We seek to invest in our people and to develop our future leaders. Our structure lends itself to small teams with shared responsibility, allowing junior staff to learn on-the-job with significant exposure to the senior team and senior industry leaders outside Syncona. Team members receive increasing exposure to the facets of the role ensuring progression is attainable and unrestrained. Each team member is trusted and empowered to progress their own development within this structure.

We believe providing a supportive working environment is crucial to the wellbeing and satisfaction of our team. In line with the desire to attract and retain our talented team, the team are provided with

competitive remuneration, a long-term incentive scheme linked to the performance of our investments, together with employee benefits including life assurance, income protection, private healthcare and pension contributions. We also strive to have flexible working policies that meet the needs of our people and support our business.

### ***4.3. A responsible partner and investor: stewarding our companies to deliver transformational treatments for patients in a sustainable way***

We found leading life science companies in partnership with world class academics by identifying exceptional science that can deliver dramatic efficacy for patients and around which we can build a company with a long-term opportunity to take products to market.

This approach means that when we make an initial investment, we generally set up the company and put in place the team, processes and infrastructure. Our strategy is to hold significant ownership positions in our companies and, importantly, work in partnership with them as they scale, actively driving business strategy. We typically have at least one Syncona representative on our companies' boards.

This approach means that we are well positioned to make a difference as a responsible partner and investor for our portfolio companies. We aim to help our companies enhance their positive impacts, and particularly to set the right culture, values and processes to help the businesses to follow a sustainable path over the long term.

We support our portfolio companies to establish guiding principles and policies for sustainability, and ask them to report to us on their progress in implementing and applying them.

#### **4.3.1. Good R&D practices**

Syncona believes that its portfolio companies should achieve high standards in how they carry out the clinical development process. The clinical development process inherently includes risks as any new medicine has the potential to produce adverse events. We expect those to be managed prudently and in line with accepted standards, to minimise those risks as far as practical, recognising the huge opportunity that new treatments can bring, particularly in indications with high unmet need. We also have high expectations for data stewardship and patient privacy.

To do this, we support our portfolio companies to build appropriately skilled teams who can implement these requirements and encourage the board and senior management of the companies to have clear oversight of these procedures.

#### **4.3.2. Animal welfare**

Currently, scientific research involving animals in the early stages of testing remains an essential tool to increase our understanding of potential new technologies and provide us with critical data to assess the potential safety and benefit of testing an innovative medicine in a human being for the first time. We are sometimes required by regulatory authorities to conduct animal testing as a mandatory requirement of new drug development.

With this in mind, we seek to ensure that our portfolio companies use animals in research in line with all legal and regulatory requirements, when there is a clear justification for doing so, and ensuring the humane and ethical treatment of the animals concerned.

More specifically, we ask our portfolio companies' use of animals in research to be guided by the widely-recognised "three Rs" principles:

1. Replacement: promoting the use of other methods wherever possible.
2. Reduction: reducing the number of animals used.

3. Refinement: minimising pain, suffering, distress or lasting harm, as well as improving the welfare of the animals

#### **4.3.3. Access to medicine**

Our portfolio companies are typically developing transformational treatments based on innovative science in areas of high unmet medical need for patients. We believe that true innovation in these activities will contribute meaningfully to the health of society by offering new options for patients.

At the point of founding a company, we set in place a development strategy to target specific patient groups to test whether the treatment being developed delivers dramatic efficacy and therefore whether the company can pursue accelerated development. As part of this approach, we encourage and support our companies to consider and design strategies to address larger patient groups as the company progresses its treatment through the development cycle and the therapy has been de-risked.

Many of the treatments that our companies are developing are highly complex and can be very expensive to develop. In some cases, the patient groups who will benefit are not large. This can result in the individual costs of these products being high. We expect that our portfolio companies will develop suitable policies, at an appropriate point in their development, to describe their approach to providing access to individuals or groups for whom the normal pricing is unattainable. The investment team work with our companies to support them as required on these initiatives.

#### **4.3.4. Diversity and Inclusion**

As part of our hands-on partnership approach to building our companies, we work closely with our portfolio companies as they recruit world-class teams. We expect the portfolio companies to build a strong culture, a diverse and inclusive team and high-quality relationships, that are capable of managing the inevitable challenges that arise in developing very specialised assets and scaling companies through the development cycle.

We encourage our portfolio companies to be proactive with respect to widening diversity and inclusion, including thinking laterally about participating in schemes beyond and outside the company, and addressing any issues identified.

#### **4.3.5 Environmental impact**

In alignment with Syncona's commitments to environmental responsibility and climate action, we ask our portfolio companies to commit to minimising their overall environmental footprint wherever possible, focusing not only on reducing their carbon footprint but also reducing other environmental impacts.

In support of our commitment to environmental responsibility portfolio companies are asked to:

- Start data collection of Scopes 1 and 2<sup>1</sup> emissions to report in year one.
- Develop Scope 3<sup>2</sup> data collection strategy and understand reporting methodology for disclosure from year two.

As a responsible partner, the SIML team strives to work with portfolio companies to support their approach to reducing emissions and share best practice with them in this area. Specifically, in support of our own aspiration to achieve Net Zero, the team will be working with portfolio companies to develop their strategies to achieve it.

---

<sup>1</sup> Scope 1: Emissions from activities under direct control of company (company vehicles, gas boilers, onsite fuel combustion) and Scope 2: Indirect emissions from purchased energy

<sup>2</sup> Scope 3: Indirect emission from sources not owned or controlled by the company (employee commuting, business travel, investments)

#### **4.3.6 Compliance and Governance**

In alignment with our commitment to a strong governance framework, we expect that our portfolio companies have robust policies, internal controls and management processes covering all of the areas for our business to operate responsibly and ethically. The policies that we expect our companies to have at foundation are as follows:

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

We provide standard policies and other materials for the companies to support them in establishing a best practice approach.

#### **4.4. Our wider social impact**

We make a positive social impact through extending and enhancing human life, by building companies to deliver transformational treatments to patients in areas of high unmet need. These companies support the UK life science sector, providing jobs, developing the next generation of industry practitioners, advancing the knowledge economy and in doing so, strengthen the foundation for the success of our future businesses. Our charitable commitment allows us to support patients, their families and research institutions beyond our core activities.

##### **4.4.1. Improving the lives of patients and their families**

Focusing on the development of transformational treatments for patients in areas of high unmet medical need means that we tend to operate in selective areas of science where the potential for a dramatic impact is high - for example in intractable diseases with no treatment options. We are highly motivated by the potential impact of the treatments that our companies develop and believe that if we succeed in the development of these treatments, we will also see long-term value and benefits for all stakeholders.

##### **4.4.2. Supporting the UK life science community**

The UK has a globally significant scientific research base and historically, has not developed globally competitive scaled biotech companies that are set up to take products to market and treatments to patients. Our model of taking a hands-on partnership approach, combined with deep, long-term and expert capital means that companies are being built here at scale and this results in a full suite of available jobs from clinicians to product development specialists and manufacturing experts. The creation and development of these companies, which are led and funded by Syncona, leads to the formation of jobs and wealth creation throughout communities. We believe we have a broad societal role in supporting the creation of a vibrant biotech industry in the UK.

##### **4.4.3. Our charitable donations**

Each year, we provide philanthropic funding to the two charities we support: The Syncona Foundation and The Institute of Cancer Research (ICR). These charities have ambitions aligned to our purpose to extend and enhance human life and through our support we are pleased to contribute to the wider healthcare ecosystem.

We are proud of our efforts in this important area and look forward to continuing to increase the impact our funding can have on seeking treatments for, or supporting patients with, disease.

## **5. Reporting and disclosure**

As part of our commitment to strong, open and transparent governance, we are committed to continuous improvement in our sustainability reporting and disclosure. We will make this Sustainability Policy publicly available on our website and will provide an update, on an annual basis with our Annual Report and Accounts, on the key activities we have engaged in under the policy. We will also develop and report on key performance indicators relating to the material areas that we are focusing on within our policy to demonstrate our ongoing progress.

## **6. Review**

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

Last updated: June 2021