

GENOME RESEARCH LIMITED PENSION PLAN
YEAR ENDED 31 DECEMBER 2023

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

For the Year Ended 31 December 2023

Section 1:

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustees have been followed during the year running from 31 Dec 2022 to 31 Dec 2023 (the “Plan Year”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Plan Year, which was the SIP dated December 2023 (covering the period between 31 Dec 2022 and 31 Dec 2023).

Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Plan and changes which have been made to the SIP during the Plan Year, respectively.

A copy of the SIP is available online.

Section 3 of this statement provides some highlights of the activity undertaken by the Trustee in relation to Responsible Investment and Environmental, Social and Governance (ESG) over the Plan Year.

Sections 4 and 5 include information on the engagement and key voting activities of the underlying investment managers of the Plan, and also sets out how the Plan’s engagement and voting policy has been followed during the Plan Year in respect of the Plan’s DB assets. **The Trustee can confirm that all policies in the SIP on engagement in relation to the Plan’s DB assets have been followed during the Plan Year.**

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ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (CONTINUED)

Section 2:

Statement of Investment Principles

2.1 Investment Objectives of the Plan

The Trustee believe it is important to consider the policies in place in the context of the investment objectives they have set. The primary objective of the Trustee for the Plan is to ensure that there are assets available to meet all liabilities as and when they fall due.

The Trustee seek to achieve this by targeting a level of investment performance that exceeds the discount rate utilised by the Plan Actuary and, in turn, the anticipated development in the value of the Plan's liabilities.

2.2 Review of the SIP

During the year, the Trustees reviewed and amended the Plan's SIP twice, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). In June 2023, the Trustee decided to switch from LGIM's Emerging Markets passive equity pooled fund to the LGIM Futures World Emerging Markets passive equity pooled fund. A revised SIP was signed in June 2023 to reflect changes made above.

In November 2023, in consultation with Mercer, the Trustee decided to de-risk the investment portfolio. The de-risking process will be completed in two phases. During the first phase, the Trustee made several changes to its investment strategy. These changes included reducing exposure to LGIM's Future World (ex-Tobacco) strategy and completely divesting from LGIM's Futures World Emerging Markets passive equity pooled fund. Additionally, the Trustee initiated investments in the LGIM Sterling Liquidity Fund, LGIM UK Gilts All Stocks, and LGIM UK Index-Linked Gilts All Stocks. A revised SIP was drafted in December 2023 to reflect changes made above.

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Section 3:

Environmental, Social and Governance (“ESG”)

Policy

The Plan’s SIP outlines the Trustee’s beliefs on ESG factors (including climate change). Further details are included in Appendix 3 of the SIP, which applies to the DB Section only of the Plan. The Trustee keeps its policies under regular review.

How has this policy been met over the Plan Year?

The Investment Consultant periodically reports any change in its ESG ratings to the Trustee on an ongoing basis and makes recommendations to the Trustee, as appropriate. ESG ratings are also monitored as part of the annual Value for Members Assessment in respect of the DC Section.

The Trustee has delegated responsibility for the selection, retention, and realisation of investments to their investment managers and accordingly, the Trustee seeks to manage the risks and opportunities associated with these ESG factors by selecting industry leaders in investment management who are committed to the Principles for Responsible Investment (“UNPRI”) (as they apply to the sector in which the manager invests or the strategy pursued by the manager) and against criteria which include ESG considerations. ESG and the level of integration will differ across asset classes and by investment manager.

The Trustee does not require the Scheme’s investment managers to take non-financial matters into account in their selection, retention and realisation of investments.

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Section 4

Engagement Activity by the Plan's Investment Managers



The following are examples of engagement activity undertaken by the Plan's investment managers.

LGIM engages with the following companies on Climate Change

1. Exxon Mobile-

What LGIM did: LGIM engaged with Exxon Mobil since 2016, and the company willingly participated in discussions and meetings. However, LGIM identified several areas of concern, including the lack of Scope 3 emissions disclosures, integration or a comprehensive net zero commitment, ambition in operational reductions targets, and disclosure of climate lobbying activities. Engagements focused on LGIM's expectations under the Climate Impact Pledge, as well as other material issues such as capital allocation and business resiliency. Despite ongoing engagement, LGIM believed that the improvements made by Exxon Mobil were insufficient.

As a result, LGIM took escalations, including voting against the re-election of the Chair in 2019 and placing Exxon Mobil on the Climate Impact Pledge divestment list in 2021. In 2022, LGIM supported two climate-related shareholder resolutions at Exxon's AGM, reflecting the continued desire for the company to take sufficient action on climate change. In 2023, LGIM co-filed a shareholder resolution requesting disclosure of the quantitative impact of the IEA NZ scenario on all asset retirement obligations. Although the proposal received 16% support from shareholders, LGIM believed it demonstrated the increasing recognition of the importance of this issue for investors.

Outcome: LGIM witnessed notable improvements from Exxon Mobil since 2021 in response to key engagement requests, including the disclosure of Scope 3 emissions, a 'net zero by 2050' commitment, and joining the Oil and Gas Methane Partnership (OGMP) 2.0. However, further enhancements were still needed in areas such as Scope 3 emissions targets, business resiliency disclosure, asset retirement obligations, capital allocation, and interim targets. While Exxon Mobil remained on LGIM's divestment list, the engagement with the company continued, focusing on the energy transition and advocating for greater transparency. LGIM's efforts, including voting in favor of a shareholder resolution on methane emission disclosure, aimed to encourage accurate pricing of climate-related risks and opportunities.

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LGIM was pleased with Exxon Mobil's progress in joining OGMP 2.0, influenced by public and shareholder pressure, growing OGMP membership, and the acquisition of OGMP member Pioneer Natural Resources. LGIM emphasized the importance of transparency in enabling accurate market pricing and incentivizing the desired changes. Ongoing engagements with Exxon Mobil, collaboration with EDF, and engagement with proxy advisors and fellow investors contributed to LGIM's pursuit of meaningful progress in addressing climate-related challenges.

2.BP –

What LGIM did: LGIM engaged with BP on climate change for several years, witnessing numerous actions taken by the company to mitigate climate change. In 2022, LGIM had multiple meetings with BP and supported management's 'Net Zero - from ambition to action' report at BP's AGM. BP strengthened its ambition by aiming for net-zero emissions by 2050, halving operational emissions by 2030, expanding scope 3 targets, reducing oil and gas production, and increasing capital expenditure in low-carbon growth segments.

In early 2023, following BP's decision to revise their oil production targets, LGIM held several meetings with the company to express concerns. At BP's 2023 AGM, LGIM voted against the re-election of the Chair, as shareholders expected the opportunity to vote on the amended climate transition strategy. LGIM also raised concerns about the governance processes leading to the implementation of these amendments. LGIM continues to engage with BP throughout 2023, meeting with senior staff, including the Chair and former CEO.

Outcome: BP made a commitment to allocate a significant portion of its capital to low carbon segments and announced various initiatives to expand into clean energy. These initiatives include solar energy projects in the US, partnerships with Volkswagen for fast electric vehicle charging, partnerships with Qantas Airways to reduce emissions in aviation, and successful bids for major offshore wind projects in the UK and US. BP also announced plans to reduce oil and gas output over the next decade and achieve net-zero emissions by 2050.

LGIM will continue engaging with BP on climate change, strategy, and governance topics, both independently and as part of the CA100+ engagements. Key areas of focus include emissions targets, business resiliency, oil and gas production, capital allocation, value chain approach, responsible divestment, and asset decommissioning. With a longstanding relationship with the company, LGIM will leverage its influence to encourage BP to uphold its commitments and plans for the climate transition.

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Section 5:

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees' would monitor and engage with relevant persons about relevant matters).

Policy

The Trustee has delegated its voting rights to their investment managers. Where applicable, investment managers are expected to provide voting summary reporting on a regular basis, at least annually.

The Trustee have not been asked to vote on any specific matters over the Plan year.

The Trustee does not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustee.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.

How has this policy been met over the Plan Year?

During 2023, voting and engagement summary reports from the Scheme's investment managers were provided to the Governance Committee for review to ensure that they were aligned with the Trustee's policy. The Trustee does not use the direct services of a proxy voter.

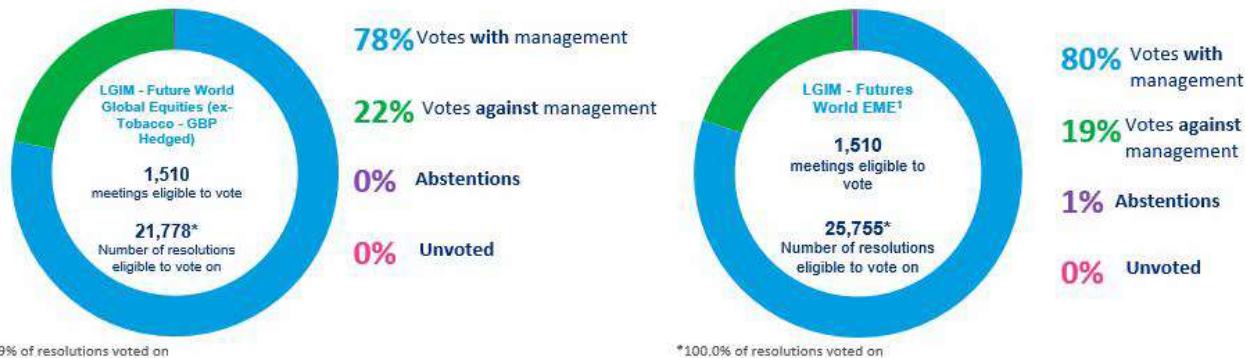
The Trustee supports the aims of the UK Stewardship Code and its investment managers are encouraged to report their adherence to the Code.

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Voting Activity during the Plan year

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies of the Plan. Funds where voting is not applicable (i.e. non-equity funds) are not included in the list below



Source: LGIM, data may not sum due to rounding. ¹The Plan disinvested from the LGIM Futures EME Fund over Q4 2023.

Most significant votes

A "Significant Vote" is defined, by the Trustee as one that relates to the Trustee's following key stewardship priorities:

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in monitoring existing investment managers, including reviewing ESG ratings provided by the investment consultant for the investment managers and the funds in which the Plan invests. During the year to 31 December 2023, the Plan's investment performance report was reviewed by the Trustee on a quarterly basis – this includes manager research ratings (both general and ESG-specific) from Mercer, as well as detail on how investment managers are delivering against their specific mandate. Trustee are required to report on all votes they believe are the 'most significant'. The most significant votes, detailed below, are determined by the Trustee as those that impact climate and are more than 1% of the fund holding.

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✗ Resolution not passed ✓ Resolution passed

<u>Fund</u>	<u>Portion of the fund (%)</u>	<u>Company</u>	<u>Date of vote</u>	<u>Resolution</u>	<u>How the Manager voted</u>	<u>Rationale of Manager vote</u>	<u>Final outcome following the vote</u>	<u>Significant Vote Theme</u>	<u>Why Vote is Significant</u>
LGIM - Client Specific Unitised Fund (TSGW) - GBP Hedged	1.0% 10	JPMorgan Chase & Co.	16 05 2023	Resolution 9 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	For (Against Management Recommendation)	LGIM generally supports resolutions that call for additional disclosures on how companies plan to manage their financing activities in alignment with their published targets. LGIM believes that providing detailed information on the specific actions and	✗	Climate transition	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

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timelines involved in achieving the targets set for 2030 can help focus the attention of the board and provide assurance to stakeholders. LGIM emphasizes that it is the responsibility of the board to determine the necessary activities and policies to fulfill their own ambitions, rather than investors imposing restrictions on the company.

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LGIM - Future World Emerging Markets Equity Index Fund (Disinvested over Q4 2023)	3.5%	Tencent Holdings Limited	17 05 2023	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director	Against (against management recommendation)	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors.	✓	Climate	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/

Source: LGIM as at 31 December 2023.