

GENOME RESEARCH LIMITED PENSION PLAN

YEAR ENDED 31 DECEMBER 2024

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

For the Year Ended 31 December 2024

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 2023 to 31 Dec 2024 (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 SIP dated December 2023 (covering the period between 31 Dec 2023 and 12 Dec 2024) and the SIP dated December 2024 (covering the period between 12 Dec 2024 and 31 Dec 2024).

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 latest 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 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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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 seeks 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 Trustee reviewed and amended the Plan's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). A revised SIP was ratified in December 2024 to reflect the second phase of de-risking the investment portfolio, which was originally agreed by the Trustee in November 2023, in consultation with Mercer.

For the first phase, the Trustee made several changes to its investment strategy in the previous Plan Year.

For the second phase, the Trustee undertook a manager selection exercise to appoint an investment manager for all the components of the investment strategy. The Trustee decided to retain LGIM to implement the investment strategy; including a new LDI portfolio allocation, a new allocation to a bespoke Global Buy & Maintain Credit Fund, an allocation to the LGIM Sterling Liquidity Fund, and a lower allocation to the LGIM Future World (ex Tobacco) strategy.

Shortly before making this decision, the Trustee introduced a temporary allocation to the LGIM Matching Core Real Long Fund, in order to increase the effective level of liability hedging in the interim to the conclusion of the manager selection exercise.

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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. 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.

The Trustee has delegated responsibility for the selection, retention, and realisation of investments to their investment managers. 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 (such as integration credentials and resources). ESG and the level of integration will differ across asset classes and by investment manager. The Trustee takes into account ESG considerations through the tilting of its strategic equity allocation into LGIM’s Future World Fund range, and its tobacco exclusions policy. The Trustee ensured that this policy would extend to the new Buy & Maintain Credit Fund. This is in addition to LGIM’s in-house exclusions policy on coal and controversial weapons.

The Trustee does not require the Plan’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 engaged with the following companies on Climate Change

1. BP –

Rationale: As one of the largest integrated oil and gas producers in the world, BP has a significant role to play in the global transition to net zero, hence LGIM's focus on this company for in-depth engagements. As members of the CA100+, LGIM commit to engaging with a certain number of companies on their focus list and on account of their strong relationship with BP, they lead the CA100+ engagements with them.

What LGIM did: LGIM have been engaging with BP on climate change for a number of years. Following the company's decision to revise their oil production targets, LGIM met with the company several times in early 2023 to discuss concerns. At their 2023 AGM, LGIM voted against the re-election of the Chair; given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. Additionally, LGIM note concerns around the governance processes leading to the decision to implement such amendments.

LGIM have continued to engage with them in 2023 following their decision, and throughout 2024, specifically on several pre-defined objectives which reflect their main areas of concern at the company. LGIM remain the 'lead' on BP engagement with the CA100+ although they also undertake their own individual meetings with the company.

Outcome: Over the past few years, the company has made a number of positive steps. BP has made a commitment to allocate a substantial share of its capital to low carbon segments, and a series of announcements detailing their expansion into clean energy. These include projects to develop solar energy in the US, partnerships with Volkswagen (on fast electric vehicle charging) and Qantas Airways (on reducing emissions in aviation), and winning bids to develop major offshore wind projects in the UK and US. BP also announced that it would be reducing its oil and gas output over the next decade, with a view to reaching net-zero emissions by 2050.

LGIM will continue their engagement on these areas over the coming year, both individually and as part of the CA100+, building on the relationship LGIM have built with the company, and measuring progress. Emissions targets, business resilience, O&G production, capital allocation, value chain approach, responsible divestment and/ or decommissioning of assets continue to be a focus.

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2. Fortum OYJ –

Rationale: Fortum is a CA100+ focus company for which LGIM co-leads engagement. They believe Fortum has a critical role to play in supporting the electric utilities sector in getting on a net-zero trajectory to meet the goals of the Paris Agreement. Fortum is also a company that they directly engage with via our Climate Impact Pledge.

What LGIM did: LGIM have been engaging with Fortum since 2021. Their areas of focus in meetings and dialogue have included disclosures that meet the requirements of their Climate Impact Pledge Sector Guide, their expectations for Say on Climate votes, and the indicators of the CA100+ Benchmark.

Under LGIM's Climate Impact Pledge, they require companies to have a target for phasing out unabated coal by 2030 in advanced economies, and by 2040 globally. They are pleased to note that Fortum has committed to exit coal by 2027, and generate carbon-free electricity in Europe by 2035. They meet with Fortum on a regular basis and have not yet escalated climate engagement into voting sanctions against them.

In 2024, LGIM's three meetings with Fortum were focussed on further developments the company has made in response to feedback about climate lobbying transparency, and progress regarding SBTi.

Outcome: LGIM believe the levels of disclosure and transparency that they are encouraging companies to publish should better enable investors and the market to assess risks and opportunities related to the climate transition and price these more accurately. Appropriate pricing of climate-related risks and opportunities in the market can also be an important incentive for change.

LGIM will continue their engagement with Fortum under the CA100+, and to monitor their progress against expectations under the Climate Impact Pledge.

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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 Trustee would monitor and engage with relevant persons about relevant matters).

Policy

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

The Trustee has 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 2024, voting and engagement summary reports from the Plan'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.

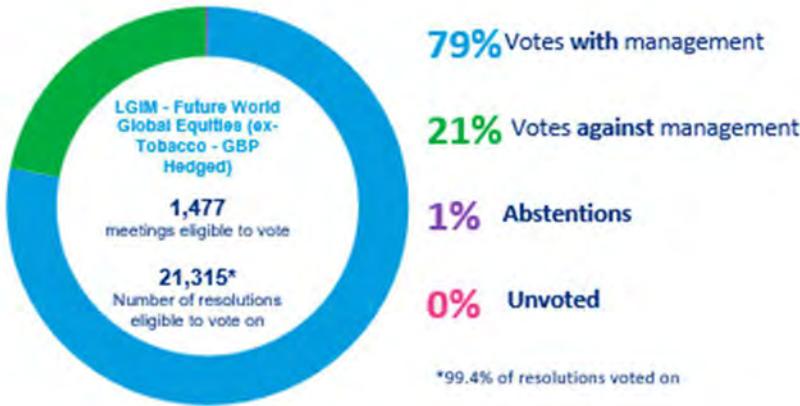
The Trustee supports the aims of the UK Stewardship Code and its investment managers are encouraged to report their adherence to the Code.

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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.



Source: LGIM, figures may not sum due to rounding.

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 2024, the Plan’s investment performance report was reviewed by the Trustee – 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

Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of manager vote	Final outcome following the vote	Significant Vote Theme
2.0%	Amazon.com, Inc.	22 May 2024	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines	For (against management Recommendation)	LGIM supports enhanced transparency and disclosure on companies' climate action.	✗	Climate
2.0%	Amazon.com, Inc.	22 May 2024	Disclose All Material Scope 3 GHG Emissions	For (against management recommendation)	LGIM generally expects companies to disclose their emissions data; particularly key categories of Scope 3 that are material to the company.	✗	Climate
1.5%	Meta Platforms, Inc.	29 May 2024	Report on Framework to Assess Company Lobbying Alignment with Climate Goals	For (against management recommendation)	LGIM encourages all companies to report their climate lobbying activity in line with the Global standard on responsible corporate climate lobbying.	✗	Climate
1.2%	Alphabet Inc.	7 June 2024	Report on Climate Risk in Retirement Plan Options	Against (against management recommendation)	The company's retirement plan is managed by an internal independent fiduciary, in conjunction with an external investment advisor, and employees are offered an option for investing more responsibly.	✗	Climate
1.1%	JPMorgan Chase & Co.	21 May 2024	Report on Impacts of JPMC's Climate Transition Policies	Against (against management recommendation)	LGIM expects companies to be taking sufficient action on the key issue of climate change.	✗	Climate

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Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of manager vote	Final outcome following the vote	Significant Vote Theme
1.1%	JPMorgan Chase & Co.	21 May 2024	Review Proxy Voting Record and Policies Related to Climate Change and Diversity	For (against management recommendation)	LGIM supports proposals related to a company's policies on climate change and diversity, as they consider these disclosures to be material information for investors. While they take into account the materiality of JPMAM's business to the group as a whole and acknowledge the company's existing disclosures around its proxy voting policies and practices, they believe there is room for further detail and transparency on alignment.	✗	Climate

Source: LGIM