

# Healthcare and quality of life

Positive Conversations

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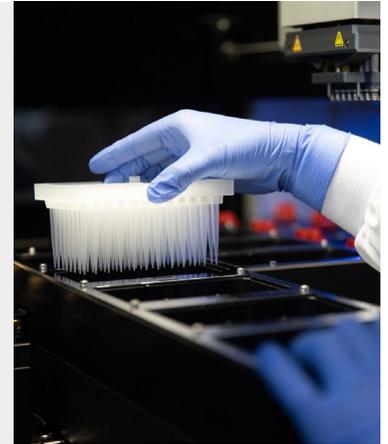
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# AbCellera

**First invested March 2021**  
**Healthcare and quality of life**

## Positive Change hypothesis

AbCellera is a best-in-class antibody discovery company. It has a differentiated technology stack, consisting of proprietary immunisation methods, single-cell screening, bi-specific engineering, continuous process improvements, and data and software use. This enables AbCellera to speed up the discovery process and go after hard-to-drug targets. The company provides antibody discovery services to biotech and large pharmaceutical companies in exchange for research fees, milestone payments and royalties. AbCellera also has several in-house programmes where it retains greater financial upsides. Antibody is a promising class of therapeutics. We believe AbCellera's technology and business model should enable the company to build a portfolio of valuable assets in this growing market.



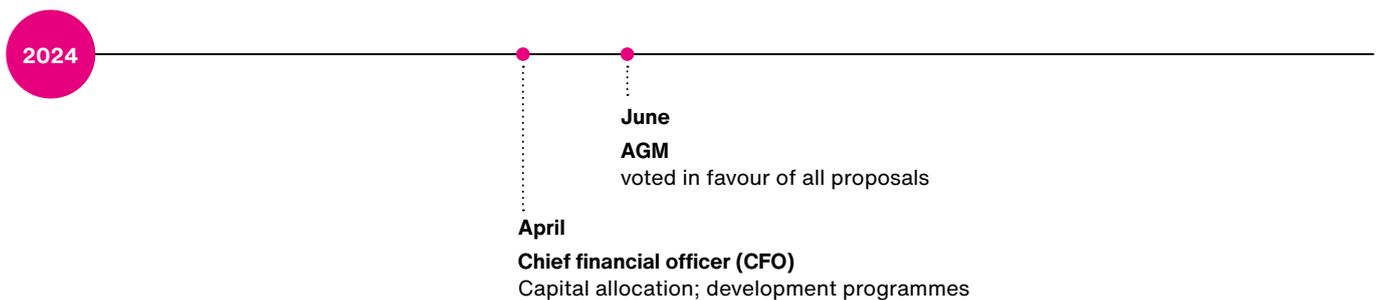
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## Priority engagement objectives

	KPI	Progress in 2024	First engaged on topic	Status
Encourage net zero alignment	<ul style="list-style-type: none"> <li>GHG emissions disclosure</li> </ul>	<ul style="list-style-type: none"> <li>The Canadian government proposed mandatory climate reporting for private companies</li> </ul>	2022	Ongoing

Topics engaged on in previous years: company culture; evolving business models; treatment pipeline; talent.

## Engagement activities in 2024

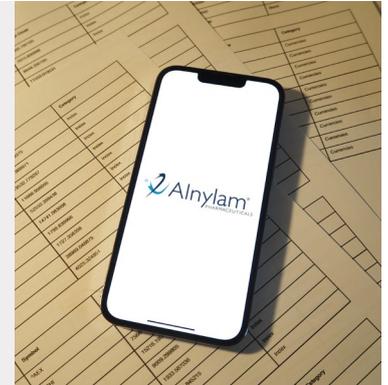


# Alnylam

**First invested January 2017**  
**Healthcare and quality of life**

## Positive Change hypothesis

Alnylam is a biotechnology company developing a new class of highly innovative drugs based on a breakthrough biological discovery known as RNA interference (RNAi). In addition to developing its own RNAi drugs, Alnylam has built up extensive technology and patents which it licenses out to other pharmaceutical companies. Today, Alnylam has five commercial RNAi therapeutic products and is poised for significant revenue expansion and profitability. The company’s focus on both rare and prevalent diseases, including hypertension and Alzheimer’s, could significantly expand its patient reach and impact on health outcomes in the coming years.



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## Priority engagement objectives

	KPI	Progress in 2024	First engaged on topic	Status
<b>Encourage Alnylam’s ambitions to expand beyond its rare disease franchise</b>	<ul style="list-style-type: none"> <li>• Launch of therapies outside rare diseases</li> <li>• Meeting the milestone of reaching 0.5 million patients by year end (YE) 2024</li> </ul>	<ul style="list-style-type: none"> <li>• Positive meetings on how rare diseases have validated RNAi technology</li> <li>• Alnylam targeting Alzheimer’s opportunity</li> <li>• Continued R&amp;D pivot into larger disease areas (hypertension, non-alcoholic fatty liver disease, Alzheimer’s, type 2 diabetes)</li> </ul>	2022	Ongoing
<b>Encourage net zero alignment</b>	<ul style="list-style-type: none"> <li>• Emissions reduction targets</li> </ul>	<ul style="list-style-type: none"> <li>• Alnylam indicated it would set scope 1–2 targets in the future</li> </ul>	–	New

Topics engaged on in previous years: priority diseases; interactions with the scientific advisory board; bottlenecks for expansion and scalability; company culture; innovation.

## Engagement activities in 2024

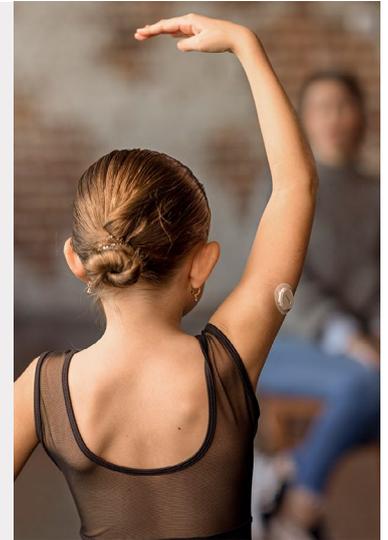


# Dexcom

**First invested January 2017**  
**Healthcare and quality of life**

## Positive Change hypothesis

Dexcom’s continuous glucose monitoring systems (CGMs) empower diabetic patients to more effectively manage their condition on their own. Diabetes is a chronic and life-threatening condition that affects hundreds of millions of people around the world. By helping patients manage their glucose levels more effectively than traditional finger prick tests allow, Dexcom is both improving patient lives and helping lower the cost of treating the disease and its associated health complications. We expect CGMs to become the standard of care for diabetic patients. It is also clear that there is a market beyond diabetes – notably with pre-diabetes, but also for those interested in understanding their metabolism better; Dexcom’s devices may begin to play a significant role in preventative healthcare. Increasing its reach within its existing patient groups worldwide and expanding into new groups provide a terrific growth opportunity. This is a competitive market, but we believe Dexcom’s technological leadership, distribution capabilities and growing brand awareness provide an edge.



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## Priority engagement objectives

	KPI	Progress in 2024	First engaged on topic	Status
<b>Ensure net zero alignment</b>	<ul style="list-style-type: none"> <li>Credible net zero targets</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive climate-related disclosure through the Carbon Disclosure Project</li> <li>Expanded scope 3 reporting</li> </ul>	2023	Ongoing
<b>Encourage the reduction of plastic waste</b>	<ul style="list-style-type: none"> <li>% of devices collected</li> </ul>	<ul style="list-style-type: none"> <li>No reported progress</li> </ul>	2023	Ongoing
<b>Promote the unlocking of new markets</b>	<ul style="list-style-type: none"> <li>Growth in type-2 diabetic non-insulin dependent patients</li> <li>Geographic expansion in sales</li> </ul>	<ul style="list-style-type: none"> <li>Launched Stelo for type 2 diabetics in 2024</li> </ul>	2022	Ongoing

Topics engaged on in previous years: executive remuneration; affordability; product-market fit; circularity; health outcomes; competition; product development; immunisation and diabetes.

## Engagement activities in 2024



## Proxy voting – notable votes

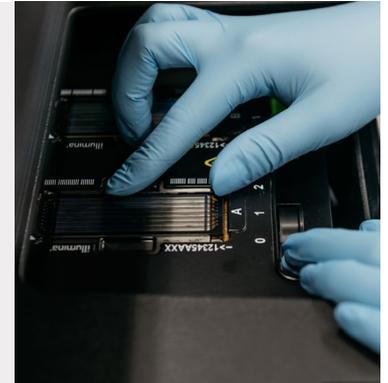
Resolution	BG Vote	Reason for vote	Result
Shareholder resolution – social	Abstain	We abstained on the shareholder proposal requesting for an unadjusted pay gap report. We believe it is a good principle, but we also recognise that the company has made progress and released the adjusted pay gap data. We have been engaging with the company on this topic and will continue to do so to encourage further transparency.	Fail
Shareholder resolution – governance	For	We supported the shareholder proposal on the political donations report, as the company is permitted to make such donations, but does not report on that. It is also lagging its peers.	Pass

# Illumina

**First invested January 2017**  
**Healthcare and quality of life**

## Positive Change hypothesis

Illumina is the leading provider of next-generation sequencing (NGS) tools and array kits that allow researchers to analyse many samples simultaneously for large-scale genetic studies. It sits at the centre of the genomics revolution, helping researchers and clinicians make genomic discoveries with the potential to help us better understand, diagnose and treat diseases. Its products have been used in research for a long time and using them in clinical settings offers exciting growth opportunities. Having pioneered the NGS market, it has reduced sequencing costs, and is the market leader with the financial and technical capabilities to maintain its strong competitive position in this growing market.



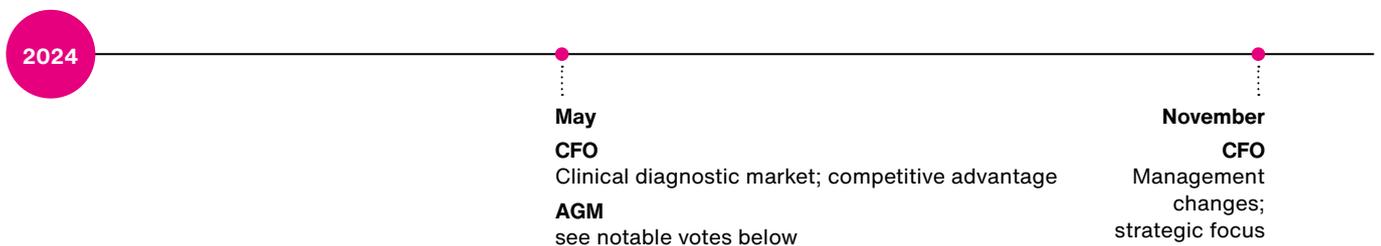
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## Priority engagement objectives

	KPI	Progress in 2024	First engaged on topic	Status
<b>Build a relationship with, and support Illumina's new management team</b>	<ul style="list-style-type: none"> <li>Meetings with the management team and board</li> </ul>	<ul style="list-style-type: none"> <li>New CFO appointed in 2024</li> <li>We met with the new CFO twice</li> </ul>	2023	Ongoing
<b>Ensuring that Illumina remains a responsible monopoly</b>	<ul style="list-style-type: none"> <li>Reduction in sequencing cost</li> <li>Maintenance of customer focus</li> <li>Efforts to rebuild customer confidence</li> </ul>	<ul style="list-style-type: none"> <li>We participated in the CFO's 'Listening Tour', where we encouraged a focus on unlocking the clinical diagnostics market, awareness of the competitive environment and the wise use of its monopoly position</li> </ul>	2024	Ongoing

Topics engaged on in previous years: Grail acquisition, management changes, activist shareholders; research and development; mergers and acquisitions; genomics growth.

## Engagement activities in 2024



## Proxy voting – notable votes

Resolution	BG Vote	Reason for vote	Result
Elect director(s)	Against	We opposed the re-election of one director as chair of the compensation committee. We have ongoing concerns with its compensation practices and the decisions being made, including the committee's responsiveness to shareholder dissent at last year's AGM	Pass
Remuneration	Against	We opposed executive compensation as we have ongoing concerns with the stringency of targets under the long-term incentive plan. Further, we continue to have concerns with its compensation practices and the decisions being made, including the committee's responsiveness to shareholder dissent at last year's AGM	Pass

# Insulet

**First invested July 2024**  
**Healthcare and quality of life**

## Positive Change hypothesis

Insulet’s innovative insulin pumps, Omnipod help diabetics manage their condition, leading to better health and lower healthcare spending. There are five million type 1 diabetics and six million insulin-intensive type 2 diabetics globally. Over time, we expect the penetration of insulin pumps in both market segments to rise significantly, driven by strong clinical evidence, an increase in reimbursement and rising awareness among both patients and doctors. Insulet has a competitive advantage due to its easy-to-use pumps that it distributes through retail pharmacy distribution in the US, helping it gain market share from competitors. Over the next five years, the company will grow revenues at high-teens compound annual growth rate (CAGR) while seeing a strong operating leverage, resulting in a 20 per cent plus operating margin.



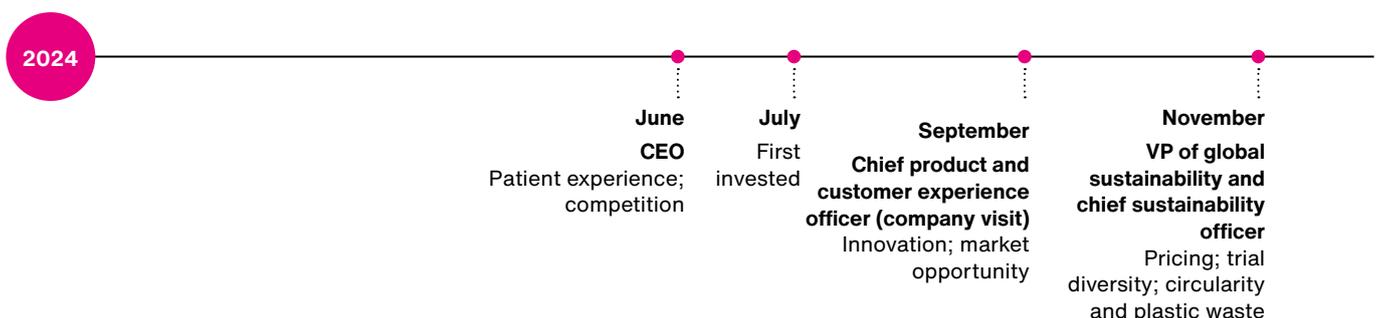
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## Priority engagement objectives

	KPI	Progress in 2024	First engaged on topic	Status
<b>Encourage the reduction of plastic waste</b>	<ul style="list-style-type: none"> <li>Number of used devices collected through Insulet’s takeback programmes</li> <li>Reduction in the amount of raw materials used in the production of Insulet products</li> </ul>	<ul style="list-style-type: none"> <li>5.9 million Pods were recycled in 2023. Insulet plans to expand the number of states offering takeback programmes in the US, following the success of a pilot drop-off in Massachusetts</li> <li>Insulet’s waste reduction measures now eliminate more than 260,000 pounds of plastic and over 46,000 pounds of silicone from manufacturing annually</li> </ul>	2024	Ongoing
<b>Encourage net zero alignment</b>	<ul style="list-style-type: none"> <li>Scope 1 and 2 emission reduction targets</li> <li>Scope 3 emissions reporting</li> </ul>	<ul style="list-style-type: none"> <li>In early 2024, Insulet completed a detailed operational GHG emissions reduction roadmap, which it has begun to action. Insulet plans to disclose scope 3 emissions next year (dependent on data validation)</li> </ul>	2024	New

Topics engaged on in previous years: not applicable, company added to the portfolio in 2024.

## Engagement activities in 2024

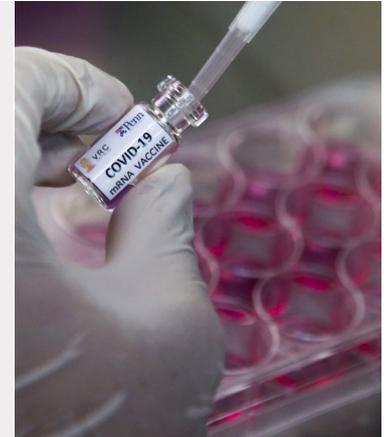


# Moderna

**First invested December 2018**  
**Healthcare and quality of life**

## Positive Change hypothesis

Moderna is creating a new category of medicines through the power of mRNA technologies. mRNA molecules can teach the body how to make a specific protein to help our immune systems prevent or treat certain diseases. Moderna's Coronavirus vaccine has proven that mRNA is a safe and effective way of providing protection against disease, de-risking the technology and providing significant cash flows that can be used to continue investing in the company's platform. Thanks to the programmability of mRNA, Moderna's investment in its technology platform means it should be able to develop vaccines and treatments for a wide range of viruses and diseases, from influenza to cancer. Moderna has the potential to improve human health outcomes globally through this new category of medicine.



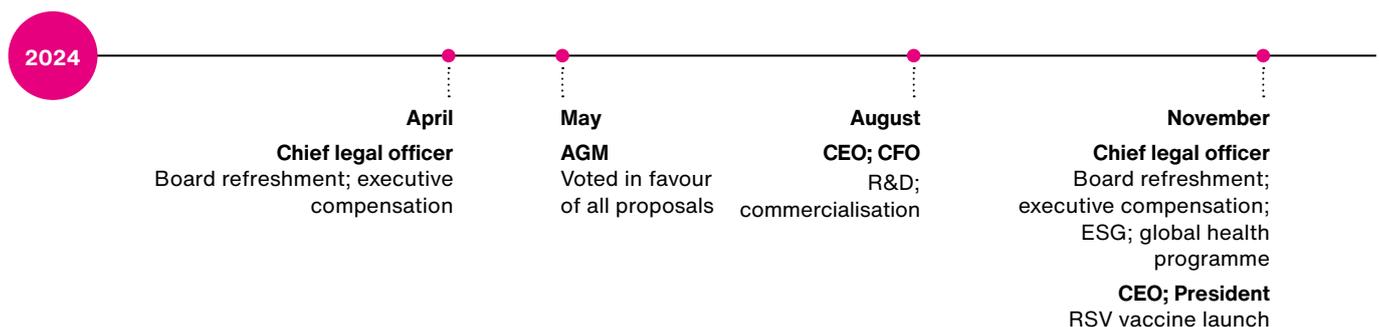
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## Priority engagement objectives

	KPI	Progress in 2024	First engaged on topic	Status
<b>Encourage the strengthening of governance to support commercialisation</b>	<ul style="list-style-type: none"> <li>New board members appointed</li> <li>Clear succession planning</li> <li>Enhanced structures to support commercial strategy</li> </ul>	<ul style="list-style-type: none"> <li>Two new board members appointed in 2024</li> <li>Company president took Chief Commercial Officer's responsibilities</li> </ul>	2022	Ongoing
<b>Promote equitable access to medicines</b>	<ul style="list-style-type: none"> <li>Progress on World Health Organisation (WHO) Priority Pathogen vaccines and mRNA Access Programme</li> </ul>	<ul style="list-style-type: none"> <li>New Access Principles established</li> <li>Seven priority pathogens in clinical development</li> </ul>	2020	Ongoing
<b>Encourage net zero alignment</b>	<ul style="list-style-type: none"> <li>Scope 3 reporting</li> <li>Credible net zero targets</li> </ul>	<ul style="list-style-type: none"> <li>Scope 3 reporting introduced</li> <li>Awaiting validated SBTi net zero targets</li> </ul>	2023	Ongoing

Topics engaged on in previous years: vaccine pricing and equitable access; executive remuneration; company culture and leadership; capital allocation; management changes; talent; research and development

## Engagement activities in 2024



# Sartorius

**First invested October 2019**  
**Healthcare and quality of life**

## Positive Change hypothesis

Sartorius supplies single-use equipment to biopharmaceutical companies and research laboratories, ranging from bioreactors to storage bags. The company will benefit from growth in the biotech industry (across an increasing number of new types of medicines) and greater adoption of single-use products within that. Single-use products lower the upfront capital costs for biotech businesses, bring productivity gains (shorter set-up times) and require fewer resources (eg energy and water) than stainless steel products. Sartorius is a leading player due to its deep understanding of customer needs and willingness to invest (both organically and through mergers and acquisitions) to make sure it is innovating to meet customer needs. Sartorius enables the biology revolution.



© Sartorius AG

## Priority engagement objectives

	KPI	Progress in 2024	First engaged on topic	Status
<b>Ensure a smooth transition to new management</b>	<ul style="list-style-type: none"> <li>Smooth transition of CEO</li> </ul>	<ul style="list-style-type: none"> <li>Sartorius has indicated a successor for its long-standing CEO</li> </ul>	2023	Ongoing
<b>Improve executive remuneration structures</b>	<ul style="list-style-type: none"> <li>Improvements in disclosures</li> <li>Higher proportion of share-based remuneration</li> </ul>	<ul style="list-style-type: none"> <li>While the company has increased its transparency, its disclosures are still far from optimal. A director's salary exceeding the policy cap is also a concern</li> </ul>	2023	Ongoing

Topics engaged on in previous years: acquisitions; China strategy; management turnover; inventory management; single-use bioreactors.

## Engagement activities in 2024

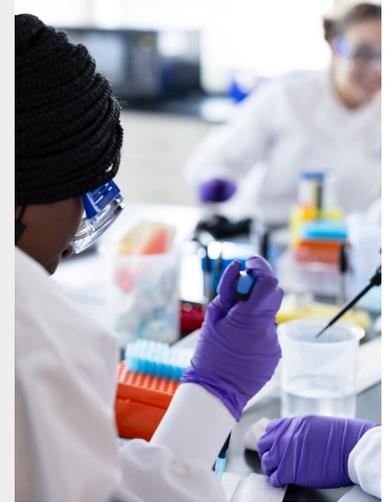


# Vertex Pharmaceuticals

First invested June 2024  
**Healthcare and quality of life**

## Positive Change hypothesis

Vertex is a specialty pharmaceutical company focused on bringing transformative medicines to areas of high unmet needs. The company’s differentiated Research and Development (R&D) approach of being disease-led and technology-agnostic has yielded great success so far. Its monopolistic position in Cystic Fibrosis (CF) is defensible and these medicines will continue to generate sustainable cash flow to fund R&D for other programmes. Vertex will also expand its CF treatments to new patients who have not yet benefited. In the next five years, two new treatment areas will contribute meaningfully to revenues and profits. These include medicines for pain management that will help to prevent opioid use disorder, and a gene editing therapy for blood disorders Sickle Cell Disease and Beta Thalassemia, which is potentially curative. At the same time, the rest of the pipeline, which includes type 1 diabetes and kidney diseases, will mature and get closer to approval.



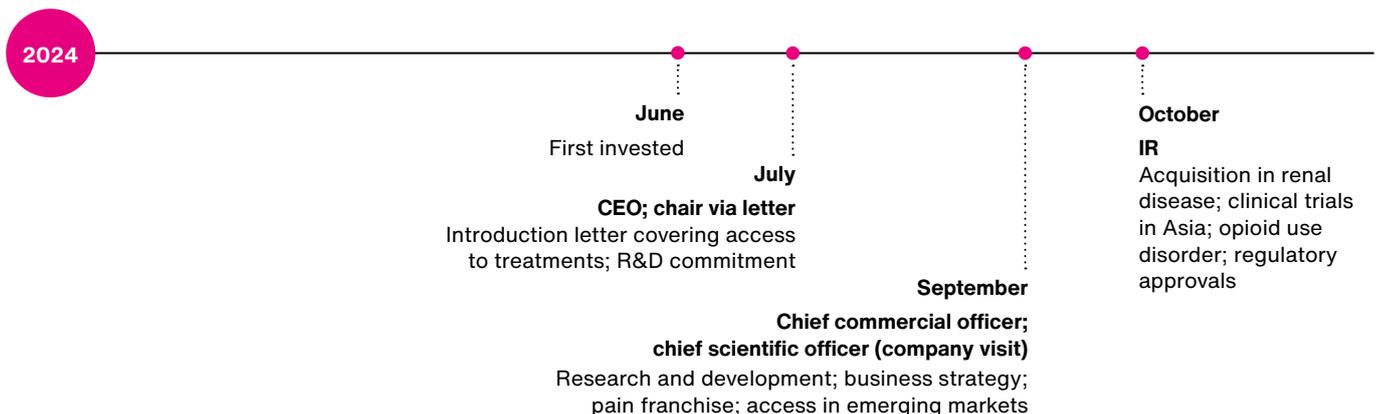
© Vertex Pharmaceuticals

## Priority engagement objectives

	KPI	Progress in 2024	First engaged on topic	Status
<b>Promote equitable access to medicines</b>	<ul style="list-style-type: none"> <li>Increased access to CF treatments in low- and middle-income countries</li> <li>Expanded eligibility of treatments for CF patients</li> <li>Successful reimbursement agreements for Suzetrigine</li> </ul>	<ul style="list-style-type: none"> <li>We had two discussions on this topic in 2024 and sent a letter to the CEO and chair emphasising its importance</li> <li>Vertex announced expanded access in South Africa and came to access agreements in England, Canada and Australia</li> </ul>	2024	New
<b>Encourage net zero alignment</b>	<ul style="list-style-type: none"> <li>Setting a long-term net zero goal</li> </ul>	<ul style="list-style-type: none"> <li>Vertex has set credible scope 1-2 emissions targets</li> </ul>	New	New

Topics engaged on in previous years: not applicable, company added to the portfolio in 2024.

## Engagement activities in 2024



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