

Biopharma Investor ESG Communications Initiative



A facilitated
sector-focused
direct dialog
between
biopharma
and investors

The Biopharma Investor ESG Communications Initiative was set up in mid-2018 to address the common interest of leading biopharma companies and investors in achieving more effective, efficient, and decision-useful communications about the sector's most important environmental, social, and governance (ESG) issues.

The Challenge

EFFECTIVE, EFFICIENT, AND DECISION-USEFUL COMMUNICATIONS

The Initiative was catalyzed by discussions at the Biopharma Sustainability Roundtable and Investor Day meetings hosted by Roche and UBS in Basel, Switzerland, in April 2018. Biopharma and investor participants recognized that a growing body of research links superior performance in the high-priority ESG areas to positive long-term corporate financial performance. They also discussed the challenges in deciding which ESG topics are most relevant and how to structure effective, efficient, and decision-useful ESG communications for the capital markets. Shared frustrations include:

- **Fatigue over proliferation of competing ESG standards, frameworks, and ratings**
- **Confusion over score divergence and limited transparency of ESG ratings and data providers**
- **Limited constructive engagement between biopharma and investors**



A confirmation that we are on track with our strategic thinking on ESG.

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Consensus-oriented Dialog

ONGOING PROCESS

Early biopharma-investor dialog focused on building consensus on what ESG information from biopharma companies should be communicated to the capital markets, and how it can most usefully be structured. Conversations focused on building consensus around investor information needs for assessing corporate ESG strategy, governance, risks, opportunities, and performance.

Since the Initiative launched, over 100 executives from more than 20 biopharma and 24 investor companies have engaged in direct conversations.

The Initiative has since progressed through eight biopharma investor face-to-face meetings; seven one-on-one investor interviews with ESG and biopharma sector experts; a stream of feedback from a larger pool of investors and companies; a series of key stakeholder conversations; and benefited from the ongoing contributions of a core biopharma Working Group.

Shared High-priority ESG topics



BIOPHARMA SECTOR-SPECIFIC

One of the first steps was to define a pool of key ESG topics for the biopharma sector that were important to companies and the investor community alike. Biopharma and investors were separately asked to identify the high-priority – often termed material – biopharma sector ESG topics. The resulting lists, which turned out to be similar, were discussed and compared during three working meetings between the investor community and biopharma companies: the Biopharma Sustainability Investor Day on April 11, 2019, hosted by BlackRock in NYC, and two Biopharma Investor Workshops, on July 9 and November 4, 2019, hosted by the Rockefeller Foundation in NYC. The topics were reaffirmed during our recent biopharma-investor dialog.

-  **Access to Healthcare and Medicine Pricing[‡]**
-  **Human Capital Management**
-  **Business Ethics, Integrity, and Compliance**
-  **Innovation**
-  **Climate Change**
-  **Pharmaceuticals in the Environment and Antimicrobial Resistance**
-  **Clinical Trial Practices**
-  **Product Quality and Patient Safety**
-  **ESG Governance**
-  **Risk and Crisis Management**
-  **Environmental Impacts**
-  **Supply Chain Management**



Provides flexibility to cherry-pick topics with varying levels of relevance for different companies and adds focus into our discussions, which is then integrated into our ESG analysis.

-Investor

[‡] For the purpose of this Guidance, access to healthcare is viewed as an outcome of a business strategy that removes access barriers globally – with pricing considered as one such barrier.

Recommended Structure

ESG COMMUNICATIONS APPROACH



The Guidance

DYNAMIC AND EVOLVING

The consensus developed by the Initiative participants around biopharma – investor ESG communications is distilled in the [Biopharma Investor ESG Communications Guidance 4.0](#), published in March 2022. An [Investor Statement of Support](#) accompanies the Guidance.

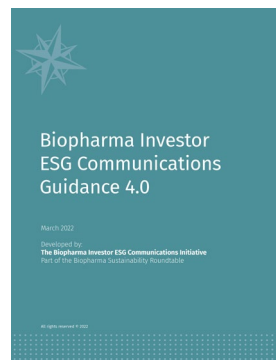
The latest Guidance is informed by the ongoing biopharma-investor dialog, is enriched with key stakeholder input, is improved by use case experience, and is compatible with the fast-evolving global ESG reporting landscape. Examples of best thinking on sector-specific metrics and key insights from the biopharma-investor dialog have also been included.

The Guidance aims to:

- **Help companies prepare and deliver efficient and effective ESG communications on strategy, governance, risks, opportunities, and performance in a decision-useful, comparable manner for the investor community.**
- **Help investors engage more effectively with biopharma companies on ESG.**

KEY FEATURES

- **Sector-specific and investor-focused**
- **Outcome of biopharma- investor consensus-oriented dialog**
- **A resource and a primer, not a framework or standard**
- **Reflects best thinking**
- **Incorporates influences from SASB and TCFD**
- **Generally aligned with ongoing developments in the global ESG reporting landscape**
- **Validated and improved through use case experience**
- **Dynamic and evolving**



Senior Management trusts the Guidance because it has been tested with peers and investors. So, it is a reliable educational tool, internally and externally.

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We use it as an example of what is being developed in the ESG space, particularly in engagements with small and mid-size biopharma that are beginners in ESG.

-Investor

Outreach and Engagement

EXPANDING THE DIALOG

In addition to the ongoing biopharma-investor dialog, an outreach and engagement process with an ever-expanding group of stakeholders continues to inform the Initiative's work. Stakeholder dialogs include standard setters, industry associations, and third-party ESG rating agencies.

A focused engagement with SASB (now consolidated with the IFRS Foundation) is ongoing. Identified by investors as a leading standard-setter, they are still the only one with a biopharma sector-specific standard.

An outreach effort to put the Guidance to work in support of executive teams and corporate Boards led to a collaboration with Chief Executives for Corporate Purpose (CECP). On June 7th and 8th 2021, ten biopharma CEOs presented their long-term plans at the first sector-specific Biopharma CEO-Investor Forum, reaching nearly 1,000 participants. Access the CEO talks and related materials through our [website](#).



A driver of influence and a resource base for standard-setters like SASB.

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Participants, Partners, and Sponsors

WORKING GROUP OF BIOPHARMA AND INVESTOR REPRESENTATIVES

A core working group of biopharma ESG leaders provides ongoing contributions, along with key investor representatives. In addition, a wider range of biopharma and investor companies continue to participate in interviews, discussions, and workshops.

Working Group To-Date

Partners & Sponsors



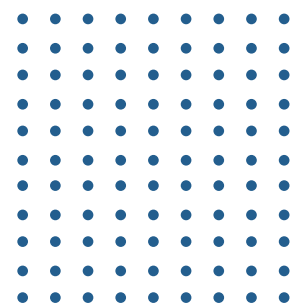
Participants



Investor Participants To-Date

- Aberdeen Standard
- Acadian
- Allianz Global
- APG*
- BlackRock
- Calvert
- Chardan*
- Credit Suisse
- Domini*
- EOS at Federated
- Hermes*
- Fidelity
- HSBC Asset Management*
- Manulife
- Morgan Stanley
- Novo Holdings*
- PGGM*
- Robeco*
- Rockefeller Capital
- Schroders*
- State Street
- TPG Capital
- UBS*
- Vancity*
- Vanguard
- Wellington

**Investor Statement of Support signatories*



**Biopharma
Sustainability
Roundtable**



ABOUT THE BIOPHARMA SUSTAINABILITY ROUNDTABLE

The Biopharma Sustainability Roundtable is a sector-focused collaboration platform supporting senior biotech and pharma executives to drive their Sustainability agendas forward. We facilitate a program of webinars and topical forums each Spring and an annual conference in the Fall, addressing a broad agenda of current ESG topics defined in collaboration with our participants. Executives and invited thought leaders come together to explore Sustainability challenges and trends, examine cutting-edge industry topics, share best practices, and learn from each other. The Roundtable also facilitates topical initiatives that engage participating biopharma companies and key stakeholders, such as the Biopharma Investor ESG Communications Initiative.

To learn more about the Initiative and Guidance or to contribute your perspective, please contact the Biopharma Sustainability Roundtable team through our website: biopharmasustainability.com

Sandor Schoichet

Partner and Co-Founder
San Francisco

Thomas Scheiwiller

Partner and Co-Founder
Zurich

Myrto Kontaxi

Partner
Boston