July 2021

Social Bond Framework

ROYALTY PHARMA

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Our mission is to accelerate innovation in life sciences, collaborating with innovators to make the R&D ecosystem more productive

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	Collaborate with Academia / Not-for-profits		Collaborate with Companies	
What We Do	▪ Acquire existing royalties from innovators		▪ Co-invest in clinical trials for future royalties ▪ Co-invest in biotech equity alongside royalties	
Our Partners	▪ Universities ▪ Research hospitals ▪ Not-for-profit foundations		▪ Large biopharma companies ▪ Biotech companies	
Examples	Cystic Fibrosis Foundation; kalydeco, ORKAMBI, trikafta	Memorial Sloan Kettering Cancer Center; NEUPOGEN, Neulasta	Immunomedics; TRODELVY	biohaven pharmaceuticals; Nurtec ODT
Impact	Our $3.3 billion royalty acquisition provided capital that allowed the foundation to more than double funding to develop new lifesaving therapies & support CF patient care	Our $405 million royalty acquisition provided capital to reinvest in research and to fund part of the construction for one of the largest research centers in New York City	$250 million pre-approval funding in Trodelvy, now approved for metastatic triple negative breast cancer and metastatic urothelial cancer	$315 million pre-approval funding in Nurtec, now approved for migraine

"**These new funds give us a tremendous opportunity to supercharge our efforts to develop lifesaving new therapies**, ensure that the best possible care and resources are available for people with CF, and **pursue daring, new opportunities that one day may lead to a permanent, lifelong cure** for this disease."

Robert Beall, President & CEO — Cystic Fibrosis Foundation

"This $250 million funding provides Immunomedics the resources **to support the Company's next phase of growth… and on further building its clinical, medical affairs, commercial and manufacturing infrastructure."**

Michael Pehl, President & CEO — Immunomedics

"The net proceeds from this sale will be **used to reinvest in MSKCC's basic and translational research programs and facilities**, which we hope will **produce new discoveries that will benefit our patients and cancer patients** elsewhere."

John Gunn, Executive Vice President — Memorial Sloan Kettering Cancer Center

"This transaction will allow us to **fully fund Biohaven's current pipeline portfolio through the end of 2019 and demonstrates the value of our late-stage CGRP receptor antagonist products in migraine**."

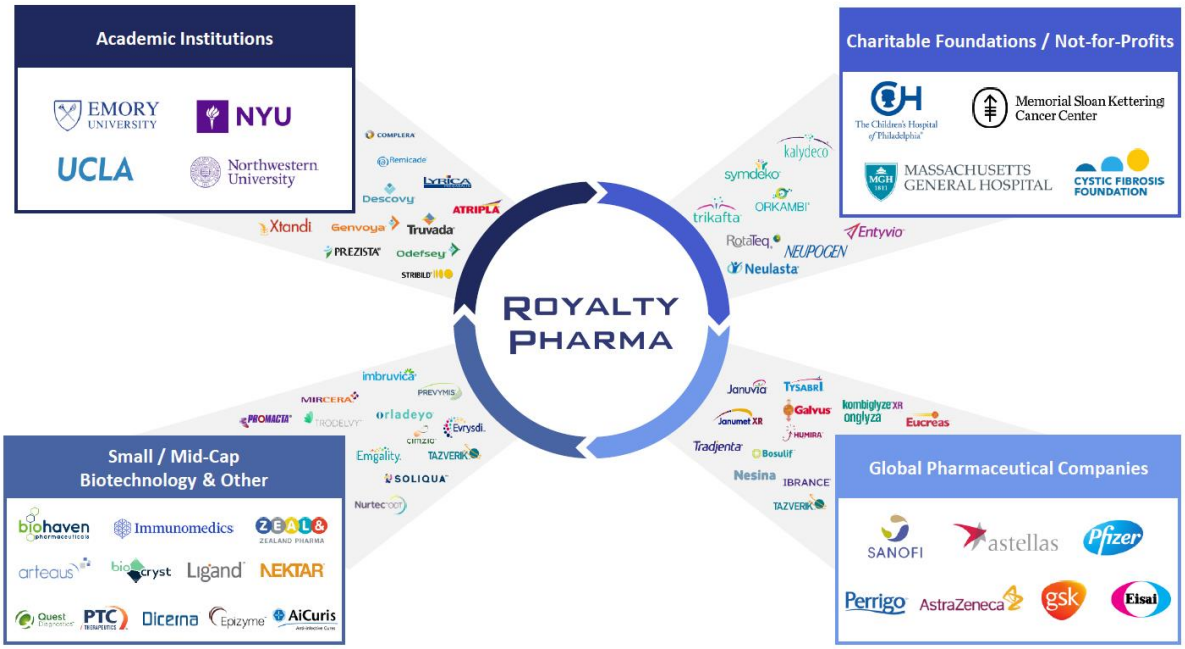
Dr. Vlad Coric, MD, CEO & Director — biohaven pharmaceuticals

1. Overview

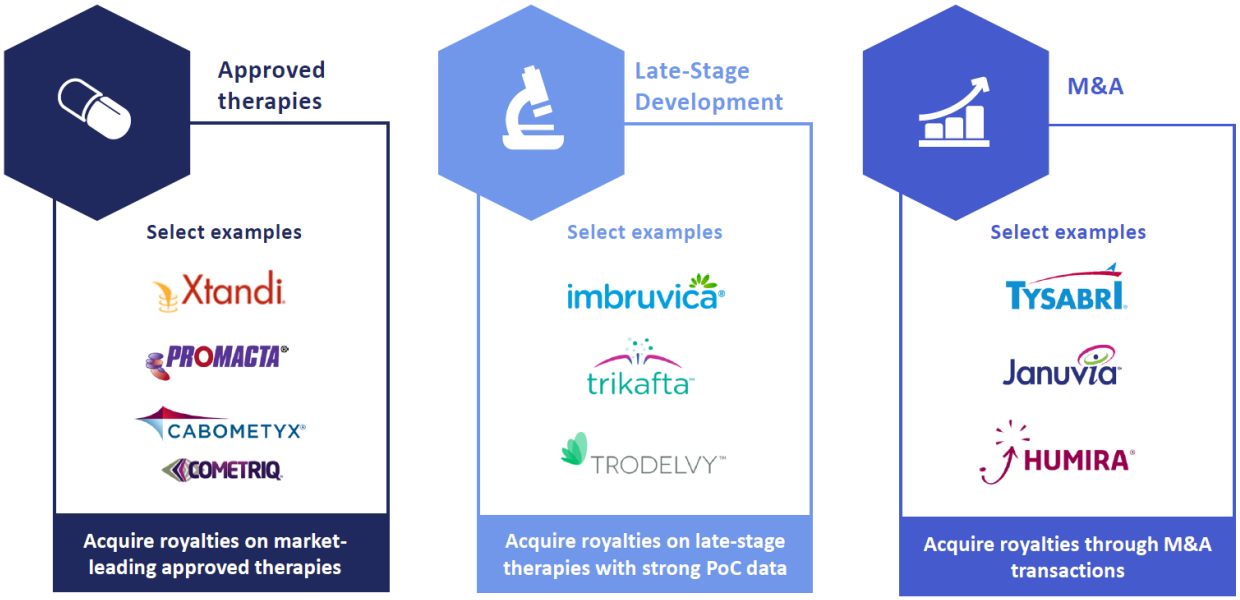
Founded in 1996, Royalty Pharma is the largest buyer of biopharmaceutical royalties and a leading funder of innovation across the biopharmaceutical industry, collaborating with innovators from academic institutions, research hospitals and not-for-profits through small and mid-cap biotechnology companies to leading global pharmaceutical companies. We have assembled a portfolio of royalties which entitles us to payments based directly on the top-line sales of many of the industry's leading therapies.

Our portfolio includes royalties on more than 45 commercial products, including AbbVie and J&J's Imbruvica, Astellas and Pfizer's Xtandi, Biogen's Tysabri, Gilead's Trodelvy, Merck's Januvia, Novartis' Promacta, and Vertex's Kalydeco, Orkambi, Symdeko and Trikafta, and five development-stage product candidates. The therapies in our portfolio address therapeutic areas such as rare diseases, cancer, neurology, hematology and diabetes.

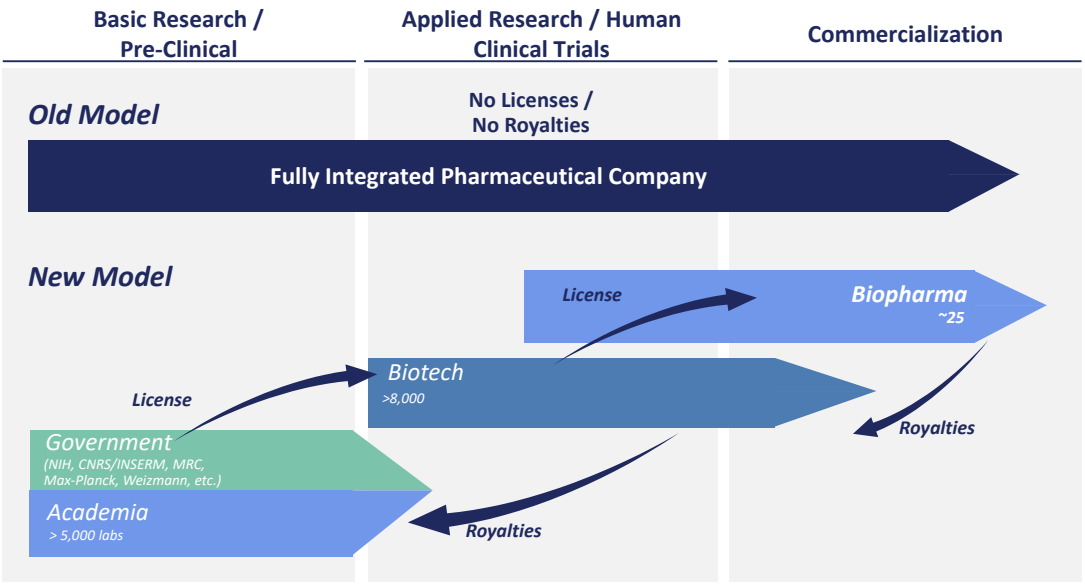
Partner of choice to the biopharma ecosystem



We fund innovation in the biopharmaceutical industry both directly and indirectly—directly when we partner with companies to co-fund late-stage clinical trials and new product launches in exchange for future royalties, and indirectly when we acquire existing royalties from the original innovators. We believe that our significant scale, flexible business model and extensive expertise uniquely position us to accelerate innovation in the biopharmaceutical industry. We seek to create favorable outcomes for all parties and play an important role in providing capital to the biopharmaceutical ecosystem that supports innovation and positively impacts human health.



Royalties play a fundamental and growing role in the biopharmaceutical industry. As a result of the increasing cost and complexity of drug development, the creation of a new drug today typically involves a number of industry participants. Academia and other research institutions conduct basic research and license new technologies to industry for further development. Biotechnology companies typically in-license these new technologies, add value through applied research and early-stage clinical development, and then either out-license the resulting development-stage product candidates to large biopharmaceutical companies for late-stage clinical development and commercialization, or commercialize the products themselves. As new drugs are transferred along this value chain, royalties are created as compensation for the licensing or selling institutions. Given our leadership position within the royalty sector, we facilitate the creation of new therapies that are developed to address unmet medical needs.



2. Royalty Pharma's Approach to Sustainability and Case Studies

Royalty Pharma plays an important role in providing capital to the biopharma ecosystem and thereby positively impacting human health. Our sustainability efforts reflect the uniqueness of our business model. Despite the passive nature of our business, we strive to invest in novel therapies that address unmet patient needs and support ethical business practices that drive innovation, competition and patient choice.

Our mission is to accelerate innovation in life sciences, collaborating with innovators to make the research and development ecosystem more productive. We do this through:

Collaborating with academia / not-for-profits (i.e., universities, research hospitals, not-for-profit foundations) to acquire existing royalties from innovators. Examples include but are not limited to:

- **Cystic Fibrosis Foundation ("CFF")** – Our $3.3 billion royalty acquisition of Kalydeco, Orkambi, Symdeko, Trikafta provided capital that allowed the foundation to more than double funding to develop new lifesaving therapies and support cystic fibrosis ("CF") patient care. We subsequently purchased a residual royalty interest from the CFF in November 2020 for up to $650 million
- **University of California, Los Angeles ("UCLA")** – Our $1.1 billion royalty acquisition of Xtandi, a treatment for metastatic castration-resistant prostate cancer, provided $520 million of proceeds to the university, with the remaining funds allocated to the original innovators and Howard Hughes Medical Institute. UCLA stated that these funds would support research programs aimed at generating additional discoveries that lead to medications and other products that serve the public good. UCLA also stated that it planned to support undergraduate scholarships and graduate student fellowships with the funds
- **Northwestern University** – Our $700 million acquisition of Lyrica, a medication used to treat epilepsy, neuropathic pain, fibromyalgia and other nerve conditions, provided capital for Northwestern University's endowment to help support financial aid for undergraduate and graduate students; startup costs for the University's research efforts; construction of new buildings and laboratories and improvements to existing facilities; and for other purposes
- **New York University ("NYU")** – Our $650 million acquisition of Remicade, an anti-inflammatory used in the treatment of rheumatoid arthritis, Crohn's disease and other inflammatory diseases, provided capital for the NYU School of Medicine's and University's academic and research enterprise
- **Memorial Sloan Kettering Cancer Center ("MSKCC")** – Our $405 million royalty acquisition of Neupogen / Neulasta, a stimulant of white blood cell production that is used to reduce the risk of infection for cancer patients receiving various forms of chemotherapy, provided capital to MSKCC to reinvest in cancer research, expand its footprint and build one of the largest research centers in New York City
- **Massachusetts General Hospital ("MGH")** – Our $94 million acquisition of Entyvio, a monoclonal antibody that is used in the treatment of ulcerative colitis and Crohn's disease, provided capital for MGH to accelerate its investment in discovery and science for the benefit of patients worldwide

- Collaborating with companies (i.e., large biopharma and biotech companies) to co-invest in clinical trials for future royalties and co-invest in biotech equity alongside royalties. Examples include but are not limited to:
  - Immunomedics - $250 million pre-approval funding in Trodelvy, now approved for metastatic triple negative breast cancer and metastatic urothelial cancer
  - Biohaven - $315 million pre-approval funding in Nurtec ODT, now approved to treat or prevent migraine

Case Study: Recent Partnerships with Cystic Fibrosis Foundation provide capital to Cystic Fibrosis Foundation to continue and expand on research

In November 2014, Royalty Pharma acquired a royalty stake in Vertex Pharmaceutical's franchise of drugs from the Cystic Fibrosis Foundation ("CFF") for an upfront payment of $3.3 billion. Subsequently, in November 2020, Royalty Pharma acquired CFF's remaining royalty stake in the franchise for an upfront payment of $575 million and a potential milestone payment of $75 million. CFF's goal in pursuing these agreements was to maximize the funds available to further their mission.

The liquidity provided by our transaction enabled the CFF to expand its efforts to develop new lifesaving therapies, ensure that the best possible care and patient programs are available for patients with CF and their families, and pursue new opportunities to one day develop a lifelong, permanent cure for the disease. Research and medical funding at the organization has more than doubled over the past seven years from $87 million in 2012 to approximately $220 million in 2019, with the number of research awards and supported CF clinical trials also more than doubling over the same period. These grants were used to fund 64 clinical trials in 2019, up from 28 in 2012. Since our royalty acquisition in 2014 when only Kalydeco was approved, three more royalty-bearing products in Vertex's portfolio have been approved (Orkambi, Symdeko and Trikafta), expanding the eligible CF population for Vertex therapies from approximately 5% of patients to approximately 90% of patients today.

The Cystic Fibrosis Foundation is a 501(c)(3) not-for-profit foundation founded in 1955 by a group of parents searching for a cure for their children. CFF's mission is to provide research, care and support for patients with CF. CF is a fatal genetic disease that primarily affects the lungs and digestive system. An estimated 30,000 children and adults in the United States (and 70,000 worldwide) are living with CF, and over 1,000 new patients are diagnosed each year in the United States.

CF is an orphan disease, defined by the Orphan Drug Act as a disease or condition that affects less than 200,000 people in the United States. For most of the last century, scientists and physicians had very little understanding of the disease, other than the fact that very few patients ever reached adulthood. In 1989, CFF-sponsored scientists identified the cystic fibrosis transmembrane conductance regulator (the "CFTR") gene, which is defective in patients with CF. This breakthrough 25 years ago paved the way for the

discovery of Kalydeco and other products, which were specifically engineered to treat the underlying cause of CF.

In addition to its vast contributions to groundbreaking CF research, the CFF also runs a patient assistance service, Compass, to help with the insurance, financial, legal, and other issues faced by anyone with cystic fibrosis, their family, and their care teams. The Compass team strives to provide excellent service to anyone living with CF or their loved ones, regardless of income or insurance status.

With regard to its clinical trials, CFF discloses its work with the Therapeutic Development Network ("TDN"). Since 1998, TDN has been conducting CF clinical trials. Collaborating with the TDN gives investigators and sponsors access to resources that will help them ensure efficient study design, optimize clinical trial execution, and obtain the highest-quality data for their CF clinical trials. CF Therapeutics Development Centers and other CF researchers rely on these steps to help ensure CF protocols are of the highest quality and in the best interests of people with CF.

Case Study: Acquisition of Memorial Sloan-Kettering Cancer Center's Neupogen / Neulasta Royalty

In 2004 and 2005, Royalty Pharma acquired Memorial Sloan-Kettering Cancer Center's ("MSKCC") royalty asset in Amgen's Neupogen/Neulasta, a stimulant of white blood cell production that is used to reduce the risk of infection for cancer patients receiving various forms of chemotherapy, for a total of $405 million. These blockbuster marketed therapies were in the early stages of a transition from Neupogen to the longer-lasting version, Neulasta.

MSKCC is a leading cancer research center, and at the time was preparing to expand its footprint and build the largest research center in New York City. However, the illiquid Neupogen/Neulasta royalty asset relative to MSKCC's total endowment represented a significant percentage of total endowment assets. Under the agreements with Royalty Pharma, MSKCC sold 80% of its interest in U.S., European and certain other foreign royalties across two separate transactions for upfront cash payments totaling $405 million. MSKCC stated at the time of the transaction that the net proceeds from the sale would be used to reinvest in MSKCC's basic and translational research programs and facilities, in hope of producing new discoveries to benefit its patients and cancer patients elsewhere.

Founded in 1884, Memorial Sloan-Kettering Cancer Center is the world's oldest and largest institution devoted to prevention, patient care, research, and education in cancer. Its scientists and clinicians generate innovative approaches to better understand, diagnose, and treat cancer. Sloan-Kettering specialists are leaders in biomedical research and in translating the latest research to advance the standard of cancer care worldwide. Through its partnership with Royalty Pharma, MSKCC received immediate cash to fund a significant capital project and was able to build its new facility to benefit patients, while dedicating additional funds towards its longtime commitment to groundbreaking cancer research.

3. Rationale For Issuance

Through the issuance of any Social Bonds, we will aim to finance and refinance, in whole or in part, Social Investments that align with our mission to positively impact human health. We hope the issuance of any Social Bonds will inspire other companies to do the same.

4. Alignment with the Social Bond Principles, 2021

The Social Bond Principles, 2021 ("SBP") are voluntary process guidelines for best practices when issuing Social Bonds. The SBP recommend transparency and promote integrity in the social bond market.

This Framework is aligned with the four core components of the SBP:

(i) Use of Proceeds

(ii) Process for Investment Evaluation and Selection

(iii) Management of Proceeds

(iv) Reporting

4.1 Eligible Investments

We intend to allocate an amount equal to the net proceeds from the sale of any Social Bond issuances to finance or refinance, in whole or in part, one or more new or existing Eligible Investments. "Eligible Investments" include investments made by us or any of our subsidiaries and affiliates beginning with the issuance date of any Social Bonds, or in the 24 months prior to any such issuance.

"Eligibility Criteria" are outlined below:

Eligible Social Investment category	Eligibility Criteria for Social Bond Proceeds	Social Benefit	Sustainable Development Goal (SDG)
Access to essential services: healthcare	Social Bond Proceeds may be used for investments related to partnerships that fund innovation in the biopharmaceutical industry intended to treat diseases such as: • Orphan diseases, as defined by the FDA • Top diseases or leading causes of death, as defined by WHO and/or UN • Diseases that are underserved by research and treatment options These investments are made either: • Directly when we partner with companies to co-fund late-stage clinical trials and new product launches in exchange for future royalties, or; • Indirectly when we acquire existing royalties from the original innovators, including from hospitals, not-for-profit foundations, and academic institutions	We provide capital to the biopharma ecosystem that supports innovation and development of new life-saving therapies, and positively affects human health	SDG 3 – Good Health and Well-Being SDG 9.5 – Enhance Scientific Research, Encourage Innovation

The examples of investments noted above are for illustrative purposes only and no assurance can be provided that disbursements for investments with these specific characteristics will be made by Royalty Pharma or any of its subsidiaries or affiliates. We will not knowingly allocate proceeds from the issuance of our Social Bonds to activities involving the exploitation of human rights or environmental destruction. We will allocate investments as soon as practicable.

4.2 Process of Investment Evaluation and Selection

We regularly analyze the environmental and social impacts of our business. Additionally, we conduct extensive due diligence when evaluating potential new opportunities and monitoring of our investment positions. The biopharmaceutical companies, academic and not-for-profit institutions with which we work typically have well-developed and transparent governance policies, which seek to benefit wider society through sustainable and ethical business practices. Selected members from the Treasury, Research & Investments, and Legal teams will review and select investments that align with our Social Bond framework. Final allocation will be reviewed and approved by the Treasurer.

4.3 Management of Proceeds

We have established an internal process to track an amount equal to the net proceeds of any Social Bond and allocate it to Eligible Investments. Pending allocation, proceeds may be temporarily invested in cash, cash equivalents, and/or held in accordance with Royalty Pharma's internal liquidity policy. We will allocate investments as soon as practicable.

4.4 Reporting

4.4.1 Allocation Reporting

We anticipate that annually, until all the proceeds of any Social Bonds have been fully allocated, and on a timely basis in case of material developments, we will publish a Social Bond Report.

The report will include (i) the amount of net proceeds allocated to each Eligible Social Investment either individually or by category, subject to confidentiality considerations; (ii) expected impact metrics, where feasible; (iii) a selection of brief investment descriptions; and (iv) the outstanding amount of net proceeds to be allocated to Eligible Social Investments at the end of the reporting period.

4.4.2 Impact Reporting

Where feasible Royalty Pharma's Social Bond Report will include qualitative and if practical quantitative social performance indicators, such as total number of patients impacted by new therapies.

5. External Review

5.1 Second Party Opinion

Royalty Pharma will obtain and will make publicly available a Second Party Opinion ("SPO") from a consultant with recognized social expertise to provide an opinion on the benefits of this Framework as well as its alignment to the SBP. The SPO will be available on the SPO provider's website.

5.2 Assurance

We expect that any Social Bond Report will be accompanied by (i) assertions by Royalty Pharma's management as to the amount of the net proceeds from the sale of the Social Bond that have been allocated to Eligible Investments; (ii) a report from an independent registered public accounting firm in respect of its examination of management's assertions on the allocation of proceeds conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

6. Disclaimer

The information and opinions contained in this Framework are provided as of the date of this Framework and are subject to change without notice. None of Royalty Pharma, its subsidiaries or any of its affiliates assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Royalty Pharma policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Royalty Pharma and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Royalty Pharma as to the fairness, accuracy, reasonableness or completeness of such information.

This Framework may contain "forward-looking statements" about future events and expectations. Forward-looking statements are generally identified through the inclusion of words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. Forward-looking statements are subject to many risks, uncertainties and other variable circumstances that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No assurance can be given that any goal or plan set forth in forward-looking statements in this Framework can or will be achieved, and readers are cautioned not to place undue reliance on such statements which speak only as of the date of the Framework, and Royalty Pharma does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

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