



ESG AT A GLANCE

Delivering for partners,
patients and society



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We accelerate innovation
in life sciences and transform
patient lives globally.

We partner with institutions
and companies on the forefront
of discovering lifesaving
therapies to improve human
health with our full suite of
funding solutions.

Highlights

We believe that our environmental, social and governance (ESG) strategy, policies and practices will create sustainable long-term value for our company, our employees, our shareholders and other stakeholders, while also helping us reduce risk and identify new opportunities.

Highlights of our ESG efforts

- ESG-informed investment processes
- Contributions to multiple Sustainable Development Goals (SDGs)
- Focus on human capital and Diversity, Equity and Inclusion (DEI)
- Commitment to philanthropy
- Independent, diverse board with ESG oversight
- Clear policies to reduce environmental footprint

Delivering for partners, patients and society

OUR BUSINESS IS PURPOSE-DRIVEN AT ITS CORE

While our work touches many SDGs, we focus on those where we can have the greatest impact based on our business, strategy and expertise. By delivering value for our partners and patients, we contribute positively to multiple SDGs, including those that focus on expanding health access and opportunity.



By the numbers

\$18+ billion

capital deployed since 2012

\$10-12 billion

capital deployment outlook over the next five years

60%+

of therapies in our portfolio address diseases on the Access to Medicines list

\$600 million

social bond issued in 2021

\$62 million

in pledges and contributions to nonprofit institutions by Royalty Pharma and management (2020-May 2022)



Principles



INTEGRITY

Maintain the highest ethical standards and trust in our role as investors and partners to the life sciences industry



CULTURE

Build a diverse, talented and inclusive workforce that will deliver competitive advantage and help us execute our strategy and drive our business forward



RESPONSIBILITY

Positively impact communities and support the work of patient advocacy groups and medical research foundations

Accelerating life sciences innovation while advancing our ESG priorities

We do not directly conduct research, manufacture or market products. However, we seek to promote responsible practices through our investment process, partner selection and due diligence practices. By customizing our approach to ESG in our investment process, we can reduce risk and drive impact.

PARTNER SELECTION

We seek to collaborate with companies and institutions with well-developed and transparent governance policies who operate responsibly. Where applicable, we select partners based on their reputation for responsible marketing, their operation under rigorous oversight of governmental agencies and their adherence to industry standards, such as PhRMA's Principles on Conduct of Clinical Trials and BIO's Principles on Clinical Trials.

DUE DILIGENCE

We conduct extensive due diligence when we evaluate new investment opportunities. From an ESG perspective, this typically covers commercialization capabilities, safety and use of best practice in clinical trials and manufacturing.

SOCIAL BOND FRAMEWORK

In 2021, we introduced our Social Bond Framework. ISS, our Second Party Opinion provider, determined our Social Bond Framework to have a "Significant Contribution to SDG 3." We plan to begin reporting on impacts of our Social Bond and other eligible investments in 2022.

Our ESG Impact

We play an important role in providing innovative funding solutions to the life sciences ecosystem, which in turn positively impacts human health.

For partners and patients

We seek investments that allow our partners to:

- Develop breakthrough treatments and therapies
- Protect all people from the burden of disease
- Fund projects to address the full spectrum of the life sciences ecosystem
- Invest in R&D capacity that has the best chance of benefiting patients

Learn more about our portfolio at www.royaltypharma.com/portfolio

PARTNERSHIPS AND COMMITMENTS FOR PATIENTS AND INNOVATION



Cystic Fibrosis Foundation

Cystic Fibrosis (“CF”) is a progressive, rare genetic disease that affects over 70,000 people worldwide. Our \$3.3 billion royalty acquisition of the CF Foundation’s royalties associated with the Vertex CF franchise provided capital that allowed the foundation to more than double funding to develop new lifesaving therapies and advance patient care.





For society

We are proud that our work contributes to several SDGs. Through our Social Bond Framework we will contribute in particular to SDGs 3 and 9 through our investments that both directly and indirectly fund innovation in the biopharmaceutical industry.

OUR CONTRIBUTION

OUR IMPACT



Expand access and improve patient choice

We strive to invest in novel treatments that address unmet patient needs and support ethical business practices that drive innovation and patient choice

45% of therapies acquired from 2020-21 focused on rare diseases



Increase availability of capital in the life sciences

We play an important and unique role in the life sciences ecosystem, supporting our partners' ability to address health needs by increasing access to capital

92% of transactions executed with nonprofits, foundations or small- and mid-cap biotechnology firms from 2020-2021



Partner with academia and industry to expand opportunity

We collaborate with organizations seeking to improve health outcomes, spur innovation and expand patient care opportunities for people from underrepresented groups

\$62 million in pledges and contributions to nonprofit institutions by Royalty Pharma and management (2020-May 2022), many focused on health equity and underserved communities



We are passionate about philanthropy

We aim to transform patient lives globally. Our philanthropy seeks to address the challenges of a complex and evolving world by providing funds and resources to support programs that enable innovation in the life sciences, reduce the risk of disease, strengthen access to healthcare and ensure equal access to quality healthcare.

We support our communities through philanthropy by engaging on critical health and social needs to promote access to health care and health equity because we believe everyone should have the opportunity to attain their highest level of health.



Under the direction of Dr. Wafik El-Deiry, the now renamed Legorreta Cancer Center focuses efforts on world-class research, developing new therapeutics and addressing patients' unique needs.

SUPPORTING THE VISION FOR A WORLD-CLASS CANCER CENTER AT BROWN UNIVERSITY

A \$25 million gift from the Legorreta family will propel plans for a world-class, nationally designated cancer center at Brown that will turn basic science into treatments for patients in the region and beyond. This gift will support Brown University Cancer Center and its leaders in their efforts to recruit world-class experts, launch pilot research projects and build infrastructure that includes the expertise, equipment and support to develop new therapeutics and address patients' unique needs. This gift will also position the center to work toward National Cancer Institute designation, which recognizes centers across the nation that meet rigorous standards for state-of-the-art cancer research.

Select contributions

\$25 million

to Brown University Cancer Center to help transform this recently launched institute into a world-class cancer center

\$20 million

to the Mount Sinai Royalty Pharma Alliance for Health Equity Research to address disparities in medicine and promote health equity for all

\$7.5 million

to The Leukemia & Lymphoma Society to support equitable access to blood cancer care and treatments

\$5.3 million

to support important COVID-19 research at The Rockefeller University, Mount Sinai Health System and Columbia University



EXPANDING ACCESS TO BLOOD CANCER TREATMENT

Blood cancer does not discriminate, affecting people of every age, gender, race and ethnicity. But not all people have equal access to care and treatments.

In March 2022, we committed \$7.5 million to The Leukemia & Lymphoma Society (LLS), a global leader in the fight against blood cancer. LLS has a long-standing commitment to serving all blood cancer patients and reaching underserved communities where there are barriers to access and equitable care.

Through this five-year alliance, we will support initiatives focused on reducing healthcare disparities in blood cancer care and treatment. Royalty Pharma is a founding donor of the LLS' IMPACT grant program (Influential Medicine Providing Access to Clinical Trials) which awards funding to major cancer research and treatment centers to expand access to clinical trials for underserved and minority populations.

The gift is intended to propel the work LLS is doing in underserved communities through three key initiatives that will help break down these barriers and ensure that everyone has access to the care they need to treat their blood cancer.

"Royalty Pharma's generous contribution to these important initiatives will bring us closer to achieving our goal to ensure a future of expanded access and better outcomes for all blood cancer patients and their families."

Louis J. DeGennaro, Ph.D.,
*President and CEO of The
Leukemia & Lymphoma Society*



SUPPORTING THE FIGHT AGAINST COVID-19

We committed nearly \$5.3 million to supporting academic research centers and teaching hospitals on the frontlines of fighting the COVID-19 pandemic. In December of 2020, we made gifts to three venerable institutions—The Rockefeller University, Mount Sinai Health System and Columbia University—to advance innovative COVID-19 healthcare solutions, from novel antibodies and assays to much needed studies about seroprevalence and vaccine response. These efforts focused in particular on Latino/Hispanic and Black communities, whose health and economic outcomes were disproportionately impacted by the pandemic, and the mental health burden of healthcare professionals working with COVID patients every day.

Our ESG Approach

Environment

We are focused on reducing our environmental footprint.

Social

We are committed to our people, our stakeholders and the community as a whole.

Governance

Risk management, compliance and high ethical standards are foundational to our culture.





Environment

We are focused on reducing our environmental footprint.

Although most of our direct environmental footprint arises from our daily office-based activities, we are dedicated to protecting our planet. We are laying the groundwork for a culture focused on minimal environmental impact and have created an Environmental Policy that establishes a clear framework for our initiatives. We support sustainable business practices and are fostering a sustainability program internally as we prioritize our own local footprint.

HIGHLIGHTS

Board and Management committed to accountability for environmental impact

- Minimizing impact in line with our Environmental Policy
- Program oversight from Nominating and Corporate Governance Committee of the Board
- ESG executive committee support

Engaging employees in managing the environmental impact of our business

- Commitment to carbon neutrality 2022+
- Reducing single-use goods and plastics to reduce waste and carbon footprint
- Employee participation in environmental awareness, training and initiatives

Incorporating environmental considerations across our partner network

- Environmental criteria reviewed in investment process and due diligence
- Seeking partnerships with organizations that promote strong environmental practices

ENVIRONMENTAL POLICY HIGHLIGHTS

Carbon emissions

We are focused on tracking our footprint, mitigating the impact through energy efficiency and offsetting to achieve carbon neutrality.

Green building standards

We partner with our building management to encourage green building certification.

Waste management

We aim to reduce waste generation and seek to minimize the waste we send to landfills.

Responsible supplier management

We encourage the adoption of similar principles by our suppliers and seek to partner with suppliers that utilize similar practices.



Social

We are committed to our people, our stakeholders and the community as a whole.

Our people and culture are the driving force behind our success. We are focused on supporting our employees' health, well-being and growth. To build a high-performing, diverse team, we seek to foster an inclusive environment that stays true to our core values—even as we continue to grow.

HIGHLIGHTS

Strengthening social and human capital policies and practices

- Employee Handbook outlines expectations of every employee
- Policy Statement on Human Rights defines human rights expectations of employees and partners

Attracting, retaining and developing top talent

- Highly engaged, team-oriented culture with an owner-operator mindset
- Growing employee base with significant skills and experience
- Low turnover rate (6.8%, voluntary and involuntary)
- Focus on professional growth and career progression

Promoting diversity, equity and inclusion

- Companywide DEI engagement survey and initiatives
- Expanding diversity of our workforce

Engaging and developing employees

- Regular training in inclusion, leadership and other topics
- Employee Learning & Development Framework in progress

Supporting communities

- \$62 million in pledges and contributions to nonprofit institutions by Royalty Pharma and management (2020-May 2022)

OUR WORKFORCE BY THE NUMBERS

DIVERSITY

49%

diverse in gender

30%

diverse in ethnicity

50%

of new hires diverse in ethnicity

EXPERIENCE, TENURE AND ENGAGEMENT

40%

headcount growth in 2021

12+ years

average tenure among leadership team

6.8%

turnover in 2021

100%

access to competitive benefits



Governance

Risk management, compliance and high ethical standards are foundational to our culture.

One of Royalty Pharma's most valuable assets is our reputation for integrity, professionalism, fairness and good stewardship. Our strong corporate governance program, from board oversight to robust management practices, aligns the interests of our stakeholders and underpins our market-leading position and the high esteem with which we are held in the life sciences industry.

OUR BOARD BY THE NUMBERS

70%

of directors are independent

100%

of board committees are composed of independent directors

60%

of directors are diverse in gender or ethnicity

HIGHLIGHTS

Diverse, experienced and independent Board

- Lead Independent Director
- Majority diverse and independent
- All committee chairs and members independent
- Expertise across ESG areas

Board- and executive-level oversight of ESG

- Comprehensive Board oversight of risks (financial, strategic, regulatory, operational)
- Oversight of ESG strategy through the Nominating and Corporate Governance Committee
- ESG-related risks integrated into broader enterprise risk management (ERM) practices
- ESG committee with cross-functional leadership responsible for ESG strategy and disclosure

Robust governance policies and practices

- Culture of compliance and accountability
- Robust policies, available online
- Additional ethical safeguards include our Supplier Code of Conduct, Global Tax Policy, Clawback Policy, Whistleblower Policy

Culture of accountability

- 100% of employees receive and are expected to sign the Employee Handbook
- 100% of employees participate in compliance and ethics training, cybersecurity training
- 100% of employees and partners have access to anonymous grievance channels

ROYALTY PHARMA

We are the largest buyer of biopharmaceutical royalties and a leading funder of innovation across the biopharmaceutical industry.


Since our founding in 1996, we have been pioneers in the royalty market, collaborating with innovators from academic institutions and non-profits through small- and mid-cap biotechnology companies to leading global pharmaceutical companies.

Learn more about Royalty Pharma and our ESG efforts on our website at www.royaltypharma.com.

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This ESG Fact Sheet contains statements reflecting our views about our future performance that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking 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. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective assets, our industry, our beliefs and our assumptions. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. You should evaluate all forward-looking statements made in this ESG Fact Sheet in the context of the numerous risks outlined in Part I under Item 1A. under “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and as updated by our Quarterly Reports on Form 10-Q along with other public filings we make with the SEC.

ROYALTY PHARMA