



# 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, particularly at a sector-specific level, due to several factors:

- **Fatigue over proliferation of competing ESG standards, frameworks, and ratings**
- **Confusion over score divergence and limited transparency of ESG ratings**
- **Absence of constructive dialogue with investors about the highest priority ESG topics given constrained capacity to engage on the parts of both investors and companies**

In mid 2018, work began to build consensus on what ESG information from biopharma companies should be communicated to the capital markets, and how it can most usefully be structured.

The Initiative facilitates a direct dialog between biopharma companies and their investors. Our conversations seek to build consensus around investor information needs for assessing corporate ESG strategy, governance, risks, opportunities, and performance.



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

-Biopharma

# Consensus-oriented Dialog

## INTROSPECTION: MID 2018 TO EARLY 2020

One of the first steps was to define a pool of key ESG topics for the biopharma sector that were important to both the companies and the investor community. Biopharma and investor working group members were separately asked to identify a list of high-priority – often termed material – biopharma sector ESG topics. The resulting lists, which turned out to be similar, were compared and discussed 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.

Investor and biopharma representatives converged on a core list of 12 high-priority ESG topics for the biopharma sector (Figure I), acknowledging that each company will address these topics as appropriate for its business model and strategy.

**Figure I** Shared High-priority ESG topics for the Biopharma Sector



<sup>‡</sup> For the purpose of this Initiative, access to healthcare is viewed as an outcome of a business strategy that removes access barriers globally – with pricing considered as one such barrier.

“ 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

The Initiative participants also tackled recommendations for structuring ESG communications between biopharma and investors (Figure II ).

**Figure II** Recommended Structure of ESG Communications



# Guidance Launch

APRIL 2020

The consensus developed by the Initiative participants around investor information needs for assessing corporate ESG strategy, governance, risks, opportunities, and performance, was distilled in the Biopharma Investor ESG Communications Guidance (Guidance 2.0), launched in April 2020. A companion Investor Statement of Support was released at the same time.

The Guidance is a resource to guide strategic thinking about biopharma-investor ESG communications. It aims to help companies prepare and deliver efficient and effective ESG communications in a decision-useful, comparable manner. It also aims to help investors engage with companies more effectively. Guidance use case examples to-date include corporate ESG report preparation, thinking about ESG strategy, and materiality review input. On the investor side, it has been used in investor stewardship engagement, particularly with biopharma companies that are at the early stages of their ESG journey.

The Guidance 2.0 and the Investor Statement of Support are available through our website: <https://biopharmasustainability.com>



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

-Biopharma

## KEY FEATURES

- **Sector-specific and investor-focused**
- **Developed through direct engagement**
- **Reflects best thinking**
- **A resource and a primer, not a framework or standard**
- **Incorporates influences from SASB and TCFD**
- **Dynamic and evolving**



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

## ONGOING PROCESS

Starting mid 2020, the Initiative has expanded the dialogue beyond biopharma companies and investors.

A series of key Stakeholder Dialogs was organized in November 2020 – including Framework and Standard-setters, ESG Rating Agencies, and Industry Associations – to socialize the Initiative’s results, and to obtain fresh perspectives on the 12 high-priority ESG topics and related metrics.

A focused engagement with SASB (now the Value Reporting Foundation) was initiated. Identified by investors as a leading standard-setter, they are also the only one already having a biopharma sector-specific standard.

An outreach effort to put the Guidance to work in support of executive teams and corporate Boards seeking to address ESG-related questions led to a collaboration with Chief Executives for Corporate Purpose (CECP). On June 7th and 8th 2021, nine biopharma CEOs presented their long-term plans at the first sector-specific Biopharma CEO-Investor Forum, reaching an online audience of nearly 1,000 participants. All the CEO talks and related materials are available through our website: <https://biopharmasustainability.com/>



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

*-Biopharma*

## Metrics deep-dive

Following the launch of the Guidance 2.0, Initiative participants set out to discuss metrics for the 12 high-priority ESG sector topics. Biopharma and investor participants were asked separately to review a list of potential metrics for each high priority topic. Participants had to provide feedback independently, and were encouraged to suggest or refine existing metrics, or to propose alternative metrics per their professional expert judgement. The views of each group were consolidated for review and discussion at a Initiative working group meeting on March 8, 2021. The discussion revealed a plurality of opinions and perspectives, and highlighted areas of consensus and disagreement, and areas where appropriate conceptual models still need to be developed. The Initiative continues work to address gaps and evolve the Guidance.



We used the Guidance as a major input for our recent materiality review.

*-Biopharma*

# Participants, Partners, and Sponsors

## ONGOING 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. Since the Initiative launched more than 45 senior executives from 17 biopharma and 18 investor companies have participated and contributed.

### Working Group

#### Partners & Sponsors



#### Participants



### Investor Participants To-Date

Aberdeen Standard

Acadian\*

Allianz Global

APG\*

BlackRock

Calvert\*

Chardan

Domini\*

Federated Hermes\*

Fidelity

Manulife\*

Morgan Stanley\*

PGGM\*

Rockefeller Capital\*

State Street

TPG Capital

UBS\*

Vanguard

Wellington\*

\* Investor Statement of Support signatories

## ABOUT THE BIOPHARMA SUSTAINABILITY ROUNDTABLE

The Biopharma Sustainability Roundtable is a sector-focused collaboration platform that works with senior biotech and pharma executives to help drive their Sustainability agendas forward. We facilitate a program of webinars and topical forums each spring, a sector-focused survey, and an annual conference in the Fall, all addressing a broad agenda of ESG interests 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](https://biopharmasustainability.com)

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