



charles river

# Meeting with Management

ESG and Digital Transformation

Birgit Girshick

Corporate Executive Vice President & Chief Operating Officer

---

September 21, 2023



# Our Approach to Corporate Citizenship

---

## **Accelerate Life-Saving Treatments**

Making accelerated, accessible therapies a reality for the patients who need them

## **Lead With Integrity**

Making a positive impact on patients, animals in our care, and the communities we work in

## **Inspire Our People**

Providing an exceptional employee experience where our people can learn, grow, and make an impact

## **Protect Our Planet**

Operating our business responsibly and promoting a sustainable future in the communities where we live and work

# Accelerate Life-Saving Treatments

- With a foundation as the leading, global provider of research models, we have built upon this legacy to develop a diverse portfolio of products and services that spans discovery, non-clinical development, and manufacturing
- Serve as an indispensable partner to our clients, providing scientific expertise and collaboration to support research at every point along the drug continuum
- Providing a broad portfolio and global scale allows clients to enhance their productivity and effectiveness, while lowering costs and increasing speed to market
- Commit to transforming the drug development process and delivering innovative, safe, and effective treatments to patients faster
- Innovate scientifically and technologically to achieve **our goal of further reducing our clients' drug development timelines**

## Every Moment Matters

CRL has worked on

**>80%**

of drugs approved by the U.S. Food and Drug Administration (FDA) over the last 5 years

**10+**

Average number of years to develop a new therapeutic

**~\$2.5B**

Average cost to research and develop each successful drug

# Lead With Integrity

- Creating and maintaining a culture of integrity, where privacy, security, collaboration, and innovation are seamless
- Unwavering commitment to compliance and ethics in our role as a trusted advisor and research partner
  - Striving for continuous improvement to maintain superior transparency and accountability
- Achieved ISO 27001 Certification, an international standard for information security management systems (ISMS), to ensure the protection and integrity of our clients' information and data at the highest level
- Ensuring respect for the fundamental rights of all humans across our value chain by following the highest global human rights and labor practices
  - Published a formal Human Rights statement aligned with U.N. principles
- Advance our Humane Care Initiative and animal welfare programs
  - Established the Office for Responsible Animal Usage (ORAU) and the Responsible Animal Use Committee on our Board of Directors to oversee responsible animal utilization and reduction practices, and operating standards of care

## Commitment to Leadership

**36%**

Representation of women and underrepresented ethnic groups (UREGs) on Board of Directors

**57%**

Women in CRL executive management (EVPs and above)

**2023**

Became a signatory to the United Nations Global Compact



# Commitment to Animal Welfare

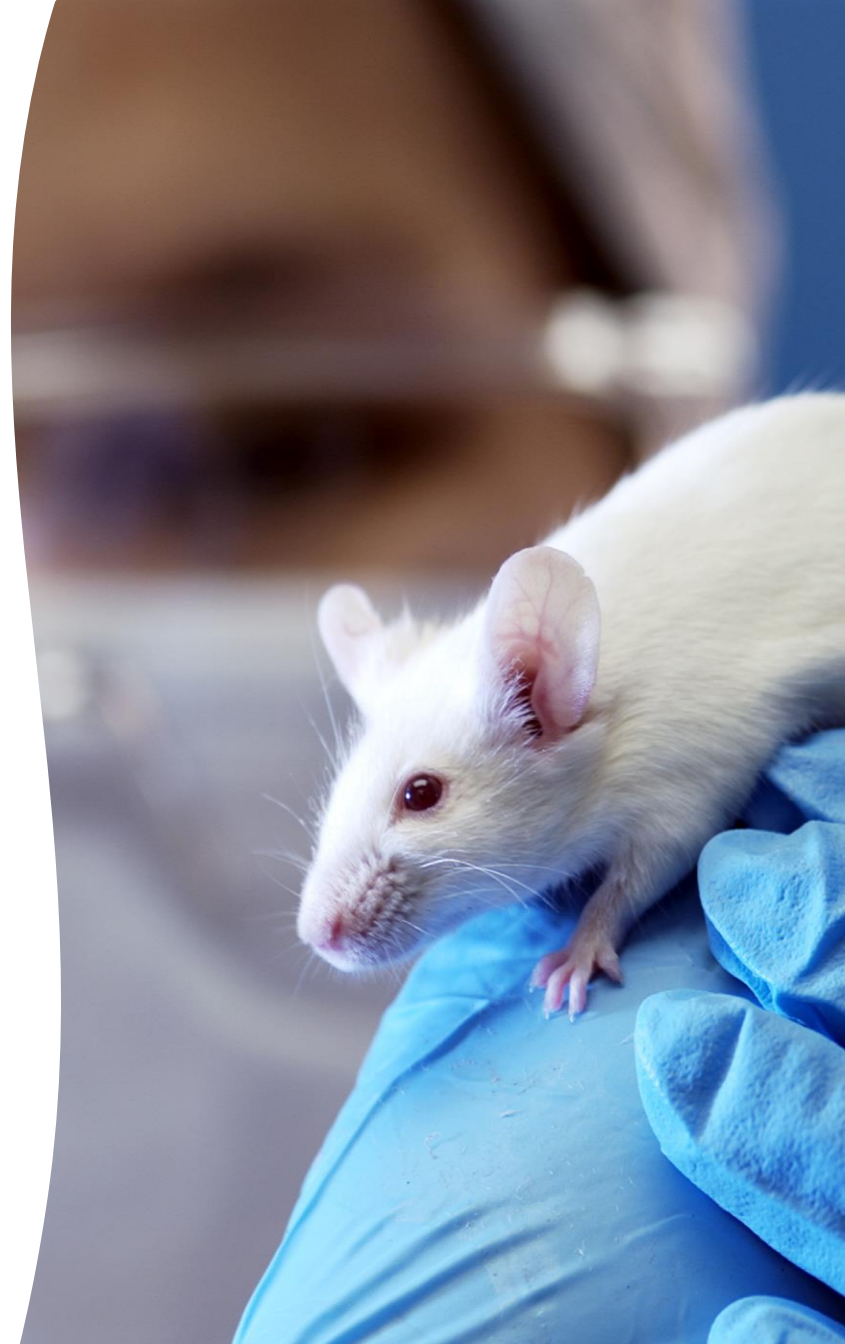
Ensure further acceleration of research and development timelines, where responsible animal use and patient safety remain top priorities

## Industry leader

- **Long history of investing in and embracing the components of the 3Rs** (Replacement, Reduction, and Refinement) developed over 70 years ago, and providing an ethical framework for performing animal research
- **Committed to continuing to lead the industry** in identifying technologies and supporting efforts by global regulatory bodies to advance solutions that reduce the impact on animals while protecting patient safety

## Industry innovator

- **Embrace innovation and collaboration** in developing best practices and standards, identifying new approaches and technologies to responsibly replace, reduce, and refine the use of animals
  - Support regulatory efforts while making drug development faster and more efficient for our clients
- Established the **Charles River Office for Responsible Animal Usage (ORAU)** and Board committee



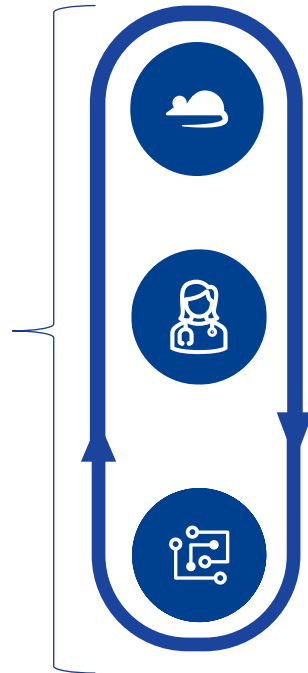
# 4Rs Mission

CRL has reframed the 3Rs (Reduction, Refinement and Replacement) to include a fourth R: **Responsibility**



## Responsibility

**Leading progressive change** within the industry regarding animal use through cooperative efforts internally, with clients, and regulatory agencies



## Replacement

Partnering and investing in **technology alternatives** to animal models, such as Endosafe® cartridge technology, *in vitro* oncology models, *in silico* approaches

## Reduction

Collaborating with clients on **study design** to minimize the use of animal models, including validating Virtual Control Groups

## Refinement

**Developing procedures** that significantly reduce impacts on animals, such as less invasive identification methods, harmonized blood collection guidelines, species appropriate social housing, and species-specific behavioral trainings

Advancing **Responsible Science**

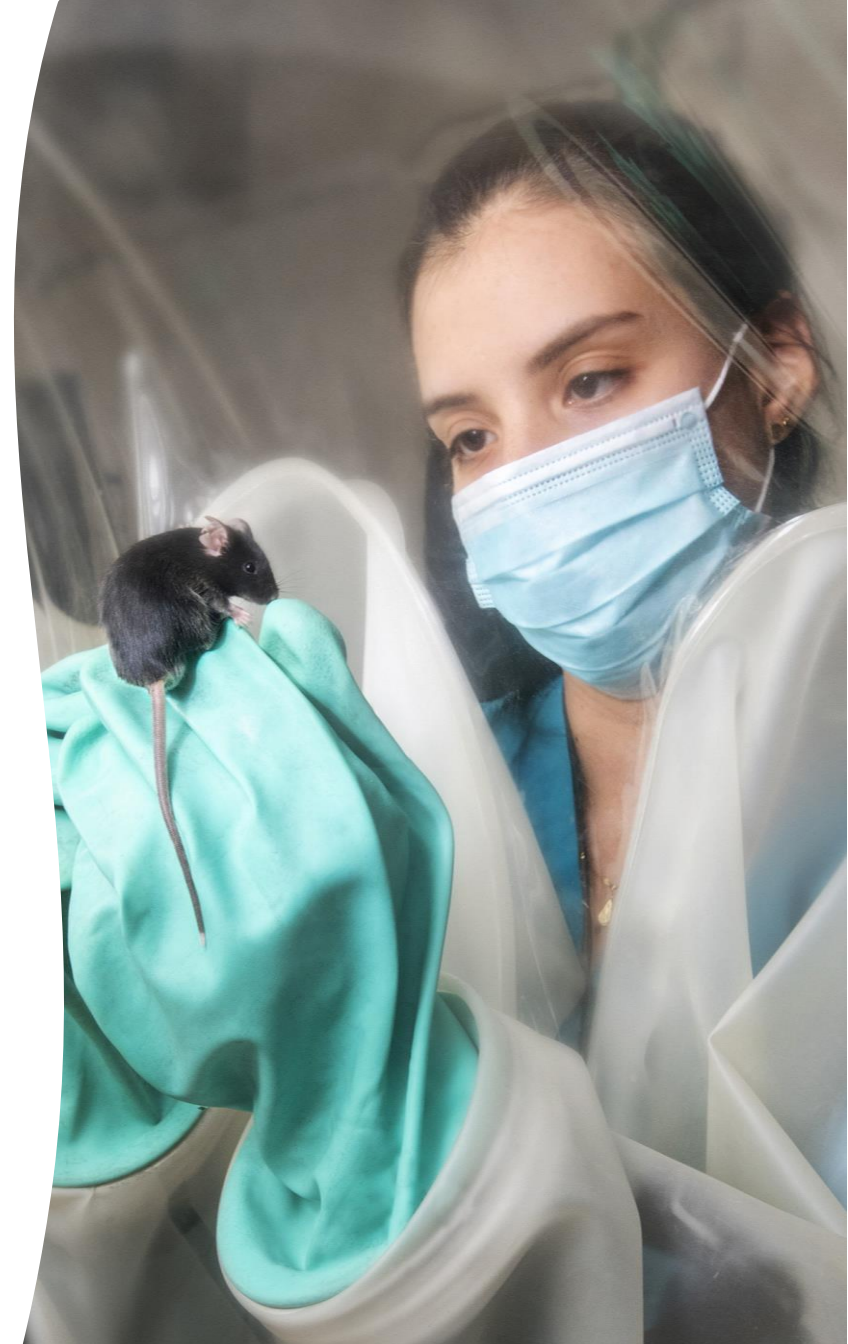
**Committed to continuing to lead the industry in the next frontier of drug development**

# Committed to Driving Scientific Advancement

Focused on ensuring patient safety and reducing animal use

## Advancing the 4Rs

- Microbial business launched **Endosafe® Trillium®**, our new animal-free recombinant test for endotoxin detection, in July 2023
- Invest in innovation to broaden our reach through **strategic partnerships for cutting-edge technologies** that promote *in vitro* methods
  - Partnerships with **BitBio** (iPSC-derived human cells) and **Cypre** (3D tumor modeling platform; immuno-oncology assays)
  - Partnered with **PathoQuest** in 2020 to access an *in vitro* next-generation sequencing (NGS) platform for viral safety testing
- **Virtual control groups (VCGs)** as an alternative to animals in toxicity studies, to reduce animal usage, lower costs, free capacity, and increase statistical power



# Inspire Our People

- Encourage a culture of purpose, continuous learning, and well being for our people
  - Rely upon the values that make up our CRL DNA to guide how we make decisions, grow our future leaders, and pave the way for the future
- Foster a safe, inclusive, equitable, and welcoming global workplace where everyone can succeed and thrive
- Build a talented workforce reflective of the communities in which we live
  - Committed to investing in tools, resources, and training to ensure our people thrive in their roles, reach their highest potential, and have endless opportunities to grow and build their careers
- Promote a culture of workplace safety through the CRL Employee Health and Safety Program
- Invest in the communities where we live and work, and serve our communities with our time and philanthropic giving through our CRL Cares Programs

## CRL DNA: Care, Lead, Own, and Collaborate

10

ERGs (Employee Resource Groups) with >3,000 employees participating worldwide

<1%

Gap in pay by gender (global) and race/ethnicity (U.S.) demonstrates equitable pay practices

10.7%

Reduction in Total Recordable Incident Rate (TRIR) from 2018 to 2022



# Protect Our Planet

- With more than 20,000 employees working across >150 locations in >20 countries, our commitment to operating our business responsibly and sustainably extends to the communities where we live and work
- Committed to achieving 100% renewable electricity by end of 2030 utilizing vPPAs in North America (solar) and Europe (wind)
- Working in a healthy, safe, and sustainable manner is embedded in everything we do and every decision we make
  - Employees are encouraged to actively engage as leaders in our sustainability initiatives
- With our supply chain partners, we operate responsibly to ensure quality, accountability, and visibility across our value chain
  - Utilize tools that improve the completeness and accuracy of our supplier data and identify potential risk
- As a member of the Pharmaceutical Supply Chain Initiative (PSCI) and Energize, we expect all our suppliers to act both responsibly and sustainably

**Working safely and sustainably**

**24%**

Decrease in Scope 1 and 2 GHG emissions on an absolute basis from 2018 to 2022

**~90%**

Renewable electricity achieved from virtual power purchase agreements (vPPAs) as of August 2023 <sup>(1)</sup>

**\$3.7M**

Capital projects to reduce annual GHGs funded in 2022 under the CRL Sustainability Capital Fund

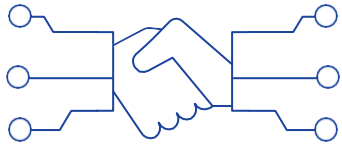
# ESG Reporting

- CRL publishes an extensive biennial Corporate Citizenship Report, and an annual ESG Data Table against 3 global frameworks:
  - **GRI**
  - **SASB**
  - **TCFD (new in 2023)**
- The next Corporate Citizenship Report is scheduled to be published in spring 2024
- Recent reports and an ESG Library of historical metrics are available on our website at [www.criver.com/CorporateCitizenship](http://www.criver.com/CorporateCitizenship)

Rater/Ranker	Current score	Previous Score	Performance
CDP – Climate	A-	A-	Top 10% of all companies
CDP – Supplier Engagement	A-	A	Top 10% of all companies
CSA	33/100	27/100	Mid - 69 <sup>th</sup> percentile
EcoVadis	66/100 - silver rating	54/100 - bronze rating	Top - 90 <sup>th</sup> percentile
ISS: Company Score	C	C	High - Top 20%
ISS: Quality Score	Governance: 7 (low) Environment: 2 (high) Social: 1 (high)	N/A – updated monthly	N/A
ISS: Cyber Risk Score Alert	662/850	N/A – updated monthly	High (considered low risk)
MSCI	BBB 4.6/10	BB	Mid-to-low 39 <sup>th</sup> percentile (out of 100)
Sustainalytics	18.9 (low ESG risk)	20.4 (medium ESG risk) (Oct. 2020)	Mid-to-top 21 <sup>st</sup> (1 = lowest risk)

# Digital Transformation

## Our Vision

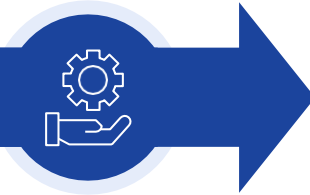


Become a 'digitally enabled trusted partner' integrating unrivaled expertise, seamless offerings, and digital delivery to effectively enable clients and accelerate development of high-quality medicines for patients

- Our digital focus:
  - Apollo™ cloud-based digital platform for clients
  - AI and technology partnerships to accelerate science
  - Utilize data to drive speed and operating efficiency



## Our Capabilities



**Agile operating model** driving rapid decision making



Investment in **talent and capabilities**



**Analytics capabilities** to unlock value of clients' data



**Metrics and KPIs** aligned to aspirations



**Prioritized investment portfolio** with focus only on what matters



**Modernized technology assets** to turn digital vision into reality

**Implementing strategic digital and technology capabilities that set CRL apart from competitors by making us the easiest and fastest partner to work with**

### **Frictionless digital client experience**

- Greater access to study milestones and data reduces friction and barriers, and contributes to a more efficient and effective process
- Self-service tools in a secure, cloud-based platform facilitate sharing of study data, insights, and analysis, and enhance connectivity and accessibility
- Decision-making tools are available earlier and upfront to fail forward faster

### **Re-imagined digitally enabled operations**

- Creating a foundation to harness our full digital potential by leveraging technology and data to drive more value
- Working in an agile way to drive industry transformation

### **Analytics-driven science and insights**

- Adoption of digital technologies, coupled with advancements in science and artificial intelligence (AI), have the potential to reshape and revolutionize drug research and development





# AI in Drug Discovery & Development

AI-driven digital applications have the potential to improve the quality and efficiency of studies and accelerate drug discovery



## Launched Logica™ through strategic partnership with Valo Health

- Transformative, AI-enabled platform to make drug discovery and preclinical development more efficient and economical
- Produce preclinical assets with key performance characteristics optimized for client preferences

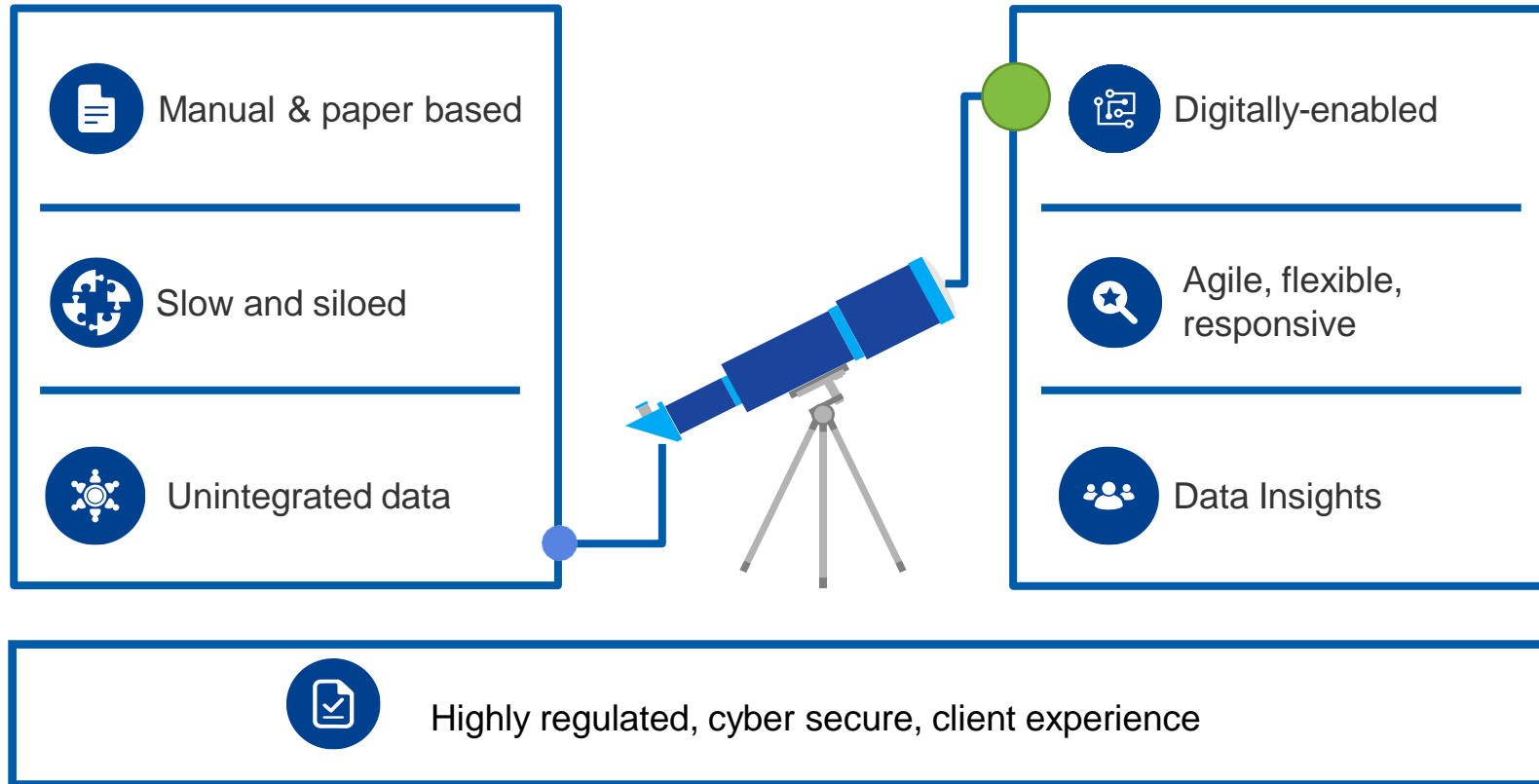


## Driving efficiency, quality, and innovation

- Predict likely future outcomes as early as possible, to improve the odds of success downstream or to help programs 'fail fast early' rather than later and at greater cost
- Improve productivity to lead to new insights and new targets that were not normally considered



# Data Integration



Our digital journey is about combining, uniting, and extracting value from the data generated across our operations to sustain and advance our market position — unlocking the next horizon of growth for Charles River as a leading ‘digitally-powered’ scientific partner

# Our Commitment to Corporate Citizenship

“ We can be the difference by accelerating the delivery of life-saving treatments, protecting our environment, valuing our employees, and operating with integrity. ”

**Jim Foster**

Chairman, President & CEO



The 2021 Corporate Citizenship Report published in April 2022 and 2022 ESG Performance Data Table are available at:  
[www.criver.com/CorporateCitizenship](http://www.criver.com/CorporateCitizenship)



charles river

