Thank you for your interest in LifeArc and our commitment to sustainability. We hope that our inaugural sustainability report will serve as a valuable resource in continuing our ongoing dialogue and engagement with you.”

While this is our first time formally sharing our sustainability approach and results, we have always reflected sustainability themes in our purpose. Through our own work and in partnerships, we accelerate healthcare innovation by transforming promising life science ideas into life-changing medical breakthroughs for patients.

We have identified 5 sustainability focus areas around which we organise our sustainability activities and initiatives: champion our people; patient impact; responsible business practices; ethics and governance; and protect our planet.

Through our sustainability strategy, we seek to mobilise our considerable capabilities and resources to positively impact the communities where we live, work and serve our patients.

Our sustainability policies and initiatives reflect our commitment to the uncompromising quality, integrity, inclusion and accountability that is required of our organisation. As we work to transform patients’ lives through science and partnerships, we operate with effective governance and the highest ethical standards to deliver on our mission.

On behalf of all my colleagues, I want to thank the many people and institutions who are critical partners in the important work reflected on these pages – our collaborators, suppliers and partners are essential to the development of the next generation of medicines.

One of the primary takeaways from a recent internal survey is that 82% of LifeArc colleagues are driven by our purpose and believe in it. This is inspiring to me, and my hope is that as you read more about our sustainability work and progress, you will be inspired, too.
Our sustainability aims

Our sustainability strategy and efforts directly support our purpose to transform promising life science ideas into life-changing medical breakthroughs for patients.

- Prioritise inclusivity by integrating inclusive practices into our processes, policies and systems.
- Remain committed to ethics, integrity and quality in everything we do.
- Minimise environmental impact across all our core operational, science, investment and venture processes.
- Invest in the acceleration of healthcare solutions and the expansion of health equity, particularly in under-served communities.
- Strengthen life sciences communities to address social issues, such as ethnic and gender equality and education.
- Empower a diverse workforce, harnessing a variety of perspectives to drive innovation, collaboration and impact.
- Integrate our sustainability goals into our business strategy and operations.

Five sustainability focus areas
Alignment with sustainable development goals (SDGs)*

Our mission, vision and values align with the United Nations Sustainable Development Goals (SDGs).

We utilised the SDG Compass to map our sustainability efforts and align our strategy to the SDGs. We have identified the following SDGs aligned to our 5 sustainability focus areas:

**Champion our people**
We operate from a strong financial position, creating security and opportunity to accelerate our formidable talent delivering on our purpose now and for the future. We work hard to foster a positive employee experience where people can do their best work aligned to our purpose and believe that our focus and investment in early careers, talent development, wellbeing and ED&I enhances social sustainability.

**Patient impact**
We are committed to maximising patient impact through its focus on developing and disseminating innovative healthcare solutions that enhance patient outcomes and prioritises inclusivity, diversity and accessibility to research and development activities. Through collaborative efforts and sustainable funding, we aim to develop innovative therapies that ultimately enhances patient outcomes worldwide.

**Responsible business practices**
We prioritise sustainability across all operations. From research to partnerships, we uphold high ethical standards, promote diversity, ensure fair labour practices and minimise environmental impact. The way we operate, our systems, policies and procedures and our integrity and ethics are all essential to transformative action.

**Ethics and governance**
By adhering to laws, safeguarding values and strengthening our reputation, we aim to secure our long-term success and to foster a high level of trust among all stakeholders. These efforts are further supported by our increased integration of sustainability aspects into all governance processes at all levels.

**Protect our planet**
We are committed to reducing our environmental footprint. Our organisation purpose guides our environmental priorities, with a focus on impact reduction, conservation of resources, and the minimisation of waste arising from our operations.

*The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity.*
Champion our people

- Our commitment
- Actions and results
Our commitment

At the core of our ecosystem is a team of interdisciplinary professionals ensuring the organisation operates efficiently and effectively.

Focused on finding life changing solutions for underserved patients across our Translational Challenges, our people thrive in an inclusive, equitable and supportive work environment that prioritises their health and wellbeing. Our financial strength, and multidisciplinary approach guarantee growth opportunities, while our culture of innovation and collaboration drives the impact we make delivering on our purpose of ‘putting patients at the centre of everything we do’.

Our people strategy has a focus on several interrelated areas which ultimately supports our aims of:

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**Building a high performing and engaged workforce to fulfil our purpose**

Cultivating a high-performing, motivated and committed workforce to increase innovations, improve operational efficiency and ultimately contribute our ability to positively impact patient lives.

**Fostering an equitable, diverse and inclusive culture centred around an exceptional employee experience**

By championing diversity and inclusion and prioritising employee wellbeing, we strengthen our organisational resilience and drive long-term value creation, which are key goals of our sustainability strategy.

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**Membership**

Employer’s Network for Equality and Inclusion

Equality, Diversity and Inclusion in Science and Health

**Sustainable development goals (SDGs)**

<table>
<thead>
<tr>
<th>Good health and well-being</th>
<th>Quality education</th>
<th>Gender equality</th>
<th>Reduced inequalities</th>
</tr>
</thead>
</table>

**Stakeholders**

- Colleagues
- Prospective candidates
- Students
Actions and progress

Building a high performing and engaged workforce to fulfil our purpose

We look for the best talent to join us in championing under-served patients. We recognise that people want to work for an organisation that has values that align with their own, and sustainability is increasingly a big part of that. We offer the chance to join an organisation that encourages innovation and change toward a better world. We know that building capability, development and career opportunities are important to our people and to our future success.

Encouraging professional growth
We want a future-ready workforce that can achieve our strategic objectives. To do this, we have made significant investments in learning and development, and continue to prioritise learning as a key part of our culture to drive engagement, innovation and performance. Alongside mandatory training in areas like ethics and health and safety, 282 activated learners took courses through LinkedIn Learning on a range of topics including creating winning teams, good leadership and managing in a matrix organisation.

Developing emerging leaders
Our managers play a pivotal role in enabling our teams to thrive, and to support them in this we are growing manager capability by developing confidence and skills, and empowering them through providing clear expectations, learning and resources. As a result, currently 93 colleagues are participating in our first management development program (LifeArc Managers’ Accelerator), of which the content was derived from evidence-based diagnostics. In addition, a manager portal for information, policies, resources and support will be launched in 2024.

Diverse science talent pipeline
The future of life science research depends on attracting and retaining a diverse range of people at all levels and we provide a unique opportunity in helping to develop future generations of translational scientists and specialists through programmes like industrial placements and a focus on careers in science. Since its inception, we have had on average 10 industrial placement students per annum, of which 72% were female, which aligns to our ambition to support more females in science careers. The ‘Science careers toolkit and pathways’ was created to help colleagues identify their career aspirations and opportunities, and to assist them in crafting a personalised development plan to achieve their goals.

2023 progress

<table>
<thead>
<tr>
<th>Encouraging professional growth</th>
<th>Developing emerging leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>282 activated learners on LinkedIn Learning</td>
<td>100% of leadership development programs are inclusive and address topics relevant to diversity</td>
</tr>
<tr>
<td>2202 videos completed on LinkedIn Learning</td>
<td>3,534 management training hours</td>
</tr>
<tr>
<td>662 courses viewed on LinkedIn Learning of which</td>
<td>First managers’ accelerator programme launched</td>
</tr>
</tbody>
</table>

Diverse science talent pipeline

72% female industrial placement students
Actions and progress

Building a high performing and engaged workforce to fulfil our purpose

Engagement

In January 2023 we conducted our first comprehensive employee engagement survey, followed by a pulse survey in November 2023, to understand colleagues’ levels of engagement and their perceptions of working at LifeArc. The survey explores a range of topics including company culture and values, strategy execution, inclusion and individual development.

There were exceptional response rates (93% and 89% respectively) for both surveys. The engagement score decreased slightly in the pulse survey from 63% to 61%. This outcome was anticipated following the strategy refresh and significant growth of the LifeArc team (33% in 2023). The data is used to identify potential risks and opportunities for improvement with ongoing action plans targeted to make the biggest impact to our overall engagement outcomes which will be reviewed following the next survey in April 2024.

Reward

We are committed to pay equity and differentiated annual incentive rewards based on performance. Our compensation packages are market-based ranges and are assessed annually via performance and career development reviews. All compensation decisions are made without regard to personal characteristics such as gender, race, colour, national or ethnic origin, age, disability, sexual orientation, gender identity or expression or religion. We also conduct an annual pay equity review of employee compensation to ensure that our pay practices are gender neutral.

We have voluntarily published our gender pay gap results for the last 2 years, as we fully understand the importance of transparency and the need to baseline to realise our commitment to achieving pay parity. The data and insights are informing our next steps.

2023 employee engagement results

- 93% participation rate in inaugural employee engagement survey
- 63% engagement score
- 68% of colleagues recommend LifeArc as a great place to work
- 82% of colleagues indicated a strong connection to LifeArc’s mission and purpose

FY 21/22 reward insights*

- Our results indicate that we are lagging behind life sciences sector standards, but are broadly aligned to national standards across all sectors
- Mean pay gap 13.2%
- Median pay gap 22%

Gender Pay Gap report >

*22/23 results to be published later this year
Actions and progress

Fostering an equitable, diverse and inclusive culture centred around an exceptional employee experience

Our vision is for all colleagues to feel engaged with our purpose and principles (our values) and to experience respect, inclusion and fair treatment at work. We are focused on creating an environment where all employees feel that they belong and are empowered and trusted to do their best.

This is the right thing to do, and we know that it gives us access to a wider pool of talent, to attract and develop a more diverse workforce that will in turn generate new ideas and innovative solutions and bring us closer to the diverse perspectives of patients, carers, partners and our other stakeholders.

Equity
We upskill and support managers to understand and implement the internal policies and controls needed to ensure equitable and inclusive employment practices, such as embedding access and inclusion into our recruitment processes.

Diversity
Three key areas of focus are gender, ethnicity and disability. Women made up 52% of our overall management (as reported in Sep 2023), but we have work to do to address our pay gap and further progress women internally into leadership pipeline roles. We are eager to recruit and develop more ethnically diverse talent. In 2023, our new early careers recruitment processes resulted in 19 recruits of which 47% are female.

Inclusion
Over the past year we invested in community building, training and education, and communication campaigns to foster psychological safety and a sense of belonging for all colleagues. We have launched 4 dedicated colleague support networks that connect employees with shared experiences or backgrounds. To build on our unconscious bias training offer, we are developing further learning aimed at developing greater personal accountability for inclusion at work.

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2023 gender balance results
Gender distribution

- **Male**: 44%
- **Female**: 56%

52% females in management/leadership roles

2023 ED&I initiative highlights

- Black History Month lunch
- National Inclusion Week
- Celebrating women and girls in science
- Launched 3 new inclusion guides

ED&I report >
Actions and progress

Fostering an equitable, diverse and inclusive culture centred around an exceptional employee experience

**Wellbeing**

Based on insights from our 2023 employee engagement surveys, we will continue to evolve our wellbeing offering by building a comprehensive physical and mental wellbeing plan and reviewing our workplace wellbeing providers. This includes responding to feedback for help with financial wellbeing.

We are committed to providing comprehensive benefits that support the health and wellbeing of employees and their families. Our benefits package has an 85% satisfaction rating.

**Health and safety**

We are committed to creating a healthy and safe work environment for our people and to sustainably support their wellbeing and performance. We have taken proactive measures to enhance health and safety reporting through the implementation of a digital incident reporting system and comprehensive training initiatives. Consequently, there has been a notable increase in reported incidents, reflecting our commitment to transparency and continuous improvement in promoting employee wellbeing.

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**Wellbeing initiative highlights**

- World Mental Health Day
- Stress Awareness Month
- Employee appreciation day

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**Health and safety progress**

- 84% increase in reported incidents
- 92% of reported incidents are ‘near misses’ in line with industry standard
- 18 health and safety policies uploaded on Xoraila, policy management system
- 69% completed health and safety training

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*22/23 results to be published later this year*
Actions and progress

Fostering an equitable, diverse and inclusive culture centred around an exceptional employee experience

Employee value proposition (EVP)
We have recently co-developed with colleagues our EVP narrative which outlines the promise we make as an employer in return for our peoples’ commitment. It helps us translate our purpose into the culture, authentically describing why we exist, what we offer and how we work to attract and retain talent.

Our EVP journey continues by consciously using it as a filter for all our key activities – from engaging externally with interested audiences and attracting a diverse range of external candidates, to ensuring positive experiences across our employee lifecycle in ‘moments that matter’.

Colleague journeys
Kov’s story

“I started looking for a career shift and found an opportunity at LifeArc to work on translational science, which really moved outside my comfort zone and helped me develop management, business and strategic thinking skills.

Over the years, I developed confidence in my knowledge, business and strategic thinking skills and took new leadership responsibilities as a senior scientist and a principal scientist, where I was a group leader managing between 5 to 10 people.

My boss at the time saw the opportunity and was brave enough to ask me to take part in a multi-stakeholder collaboration group, which enabled me to expand my potential and grow my confidence again.

I’m proud we built this team by allowing our people to move transversely through the organisation and try a new role, allowing them to develop and apply their knowledge to new challenges.”

Case study
Co-creation of EVP
Our methodology has been tried and tested with organisations across the globe. It’s grounded in behavioural psychology and focuses on developing a deep understanding of the shift required to drive meaningful change, and accurately assesses how aligned your existing cultural narrative is to this.

We involved 60 employees during the journey. Participants reported feeling listened to and that they now have a sense of ownership over the new EVP narrative. During the ‘listen’ phase, participants said the following elements are key and positive characteristics of their employee experience. We asked them: why they decided to join LifeArc, what’s keeping them today, what their best and worst day feels like, and how the LifeArc experience is different from other organisations they have worked for.

With the support of 9 colleagues, we searched for proof points to understand how the promises we make are lived every day and understand which of those offers are still in development. We shifted the exercises and asked them what they think the organisation is asking from them in return. These are skills, mindsets and attitudes needed to thrive within LifeArc.
Patient impact

- Our commitment
- Actions and results
Our commitment

We are committed to maximising patient impact by developing and disseminating innovative healthcare solutions that enhance patient outcomes and prioritise inclusivity, diversity and accessibility to research and development activities.

Through collaborative efforts and sustainable funding, we aim to develop innovative therapies that ultimately enhances patient outcomes worldwide.

Our aims are:

**Fostering health equity**
We are committed to advancing health equity which ensures that everyone, regardless of background or circumstance, has access to the benefits of medical innovation. We pledge to prioritise research and development efforts that address health disparities, promote diversity and inclusion in all aspects of our work, and collaborate with partners to translate scientific discoveries into tangible solutions that improve the health and wellbeing of all communities. Through our unwavering dedication to equity, we strive to create a future where healthcare is accessible and equitable for everyone.

**Accelerating healthcare solutions with a patient-centric approach**
Working closely with patients and communities is fundamental to our mission of making an impact for patients. We actively listen to patients and their families to understand their needs, enabling us to focus our expertise on areas with the most significant impact.

Through partnerships with patient organisations, we establish continuous collaboration approaches to ensure that lived experience remains central to all our initiatives. Additionally, we are committed to further developing our approach to patient partnerships, ensuring systematic patient involvement in our decision-making and governance processes.

**Sustainable development goals (SDGs)**

<table>
<thead>
<tr>
<th>Partnerships for the goals</th>
<th>Decent work and economic growth</th>
<th>Industry, innovation, and infrastructure</th>
<th>Reduced inequalities</th>
<th>Good health and well-being</th>
</tr>
</thead>
</table>

**Stakeholders**

- Partners and suppliers
- Government and regulatory bodies
- Patients
- Healthcare providers
Actions and progress

Fostering health equity

We adopted an equitable and inclusive approach designed specifically to ensure our Translational Challenges ambitious programmes of work focused on addressing a particular healthcare problem through accelerating translational research address health inequalities and social disparities. From this strong equitable foundation our aim is to ensure the allocation and application of our resources continue to strengthen equity for all patients.

Establishing equitable partnerships and collaborations

By collaborating with diverse stakeholders, including academic institutions, healthcare providers, government agencies and non-profit organisations, we are focussed on establishing partnerships and ecosystems that prioritise fairness, inclusivity and mutual benefit to develop innovative healthcare solutions. The aim is to create synergies through the sharing of resources, expertise, and knowledge to address health challenges.

Ecosystem overview

- 177 stakeholders*
- 48 collaborative partnerships cutting across Translational Challenges

Current total portfolio (Translational Challenges)

- 137 research projects
- 45 research programmes

External 2023 commitments

- £166m committed to research programmes and projects

Some highlights

1. A major milestone was the approval in the USA and Japan of Leqembi® (lecanemab), an early Alzheimer’s disease drug that we helped to develop through our humanisation work. The drug was later recognised by 'Time Magazine' as one of the best inventions of 2023.

2. We’re able to focus on areas with unmet need that might otherwise be overlooked, perhaps due to patient demographics or a low chance of financial returns. Childhood cancer is a perfect example – a global leading cause of death in children that has attracted limited investment for too long. We announced childhood cancer as an area of focus this year and are making bold plans.

3. Launching ACE-CF, a trial with Royal Papworth Hospital NHS Foundation Trust and the National Institute of Health and Care Research, to test an at-home monitoring system for CF.

*excluding grant recipients
Actions and progress

Fostering health equity

Community engagement – Sub-Saharan Africa
We emphasise the importance of integrating the knowledge, perspectives, and priorities of local communities, scientists and stakeholders in the design, implementation and dissemination of scientific studies. This approach fosters trust, builds capability, and co-creates solutions that ultimately leads to more inclusive, equitable, and sustainable outcomes that benefits science and society.

Case study
Crick Africa Network (CAN)
This initiative in collaboration with the Francis Crick Institute aims to support young scientists in Africa by providing 4-year fellowship awards to build their careers in translational research. It includes support for up to 8 career accelerator fellowships for post-doctoral biomedical researchers to develop their research into translational scientific programs and become independent scientists on the African continent. The fellows from 5 African institutions will receive funding and access to world-class research and laboratory facilities at the Francis Crick Institute and LifeArc, as well as mentorship and support in grant writing, publications, research ethics, and translational science and commercialisation from LifeArc's academic engagement team.

Additionally, the initiative will provide technology development fellows with one-year training posts from African-based scientists in the management and development of science and technology platforms to enhance research support capabilities.

It is a great example of cross-border collaboration, involving a partnership among academia in the UK, South Africa, Uganda, Gambia and Ghana.

Capacity building
We invest in building scientific capabilities and infrastructure in under-served communities empowering them to participate in and benefit from scientific advancements and healthcare innovations.

Case study
Translational Centres for Rare Disease
We are partnering with the academic sector in the UK to revolutionise rare disease translational research. By uniting resources, the rare disease community can advance research and overcome challenges more effectively than if working individually.

In April 2023, we launched a £40 million funding call to establish multiple centres dedicated to rare disease translation. Leveraging the UK’s robust rare disease research base, the initiative aims to foster collaboration across the rare disease community, pooling knowledge and resources to address key challenges and accelerate the translation of lab-based ideas into innovative solutions for patients.

Over the next 5 years, this funding will enable the selected centres to establish themselves within the UK ecosystems, serving as hubs of translational excellence and best practice.

In July 2023, a workshop convened all shortlisted applicants, facilitating discussions on overlapping interests, potential partnerships, and determining each centre’s focus area within rare disease research. The collaborative atmosphere reaffirmed the efficacy and desirability of this approach.
Actions and progress

Accelerating healthcare solutions with a patient-centric approach

In our pursuit of accelerating healthcare solutions, we have undertaken several key actions and made significant progress.

**Digital ecosystem investment**
Investing in a robust, digital and technology foundation is integral to our strategy for accelerating healthcare solutions. By prioritising scalable projects with high impact, particularly those leveraging artificial intelligence (AI) and other technologies, we aim to enhance and expedite the delivery of innovative medicines to patients. Collaborating with partners on scalable projects in early-stage research and clinical development enables us to improve decision-making and generate actionable insights. Across the board, our impact in advancing healthcare will be bolstered by technology, whether through novel dry lab research, AI-driven asset generation, or app-based diagnostics and treatments. Effective data collection and analysis support our translational challenges, and investments in technology-focused organisations have the potential to bolster our financial sustainability and accelerate the delivery of our strategy.

**Scientific expertise deployment**
Our team of scientists and experts actively provides guidance and support to researchers and entrepreneurs in navigating the complexities of drug discovery. This support accelerates the translation of scientific discoveries into tangible healthcare products, fostering innovation and addressing unmet medical needs.

We have applied our discovery platform to provide lead panels of antibodies with a start-up company in the infectious disease space and are supporting a UK DRI academic group discovering antibodies in the neurodegenerative space with our humanisation technology. We also joined an international Cancer Grand Challenge consortium combing our expertise in targeted protein degradation with our focus on the unmet medical need in childhood cancer.

**Technology transfer initiatives**
Our technology transfer initiatives drive sustainability by facilitating the translation of scientific discoveries into tangible healthcare solutions. Through collaborative partnerships with academic institutions and commercial partners, we accelerate the transfer of innovative technologies, such as novel antimalarial drug candidates, targeted protein degradation approaches, diagnostic tools, gene therapy technologies, and drug formulation advancements. These initiatives not only advance medical innovation but also contribute to environmental, social, and economic sustainability by improving patient outcomes, reducing healthcare costs, and addressing unmet medical needs.

**Patient-centric approach**
Working closely with patients and communities is fundamental to our mission of making an impact for patients.

We are forming an MND Insights Group made up of people with lived experience of MND, to help us understand their most pressing needs. The group will bring patients, carers and gene carriers together to share their health challenges and unmet healthcare priorities to help inform our future research priorities and focus. Through collaboration, we aim to identify key questions and prioritise research that can make a significant impact on the lives of people living with MND.

**Case study**
**Collaborating with patients**

With Asthma + Lung UK, we have established a new bronchiectasis research community made up of people with lived experience. We are also consulting with people living with cystic fibrosis through our charity partner, Cystic Fibrosis Trust. Guidance from people who will use the solutions being developed is powerful and is shaping our decision making to ensure we achieve the greatest impact for patients.

**Case study**
**Listening to those living with MND**

We are forming an MND Insights Group made up of people with lived experience of MND, to help us understand their most pressing needs. The group will bring patients, carers and gene carriers together to share their health challenges and unmet healthcare priorities to help inform our future research priorities and focus. Through collaboration, we aim to identify key questions and prioritise research that can make a significant impact on the lives of people living with MND.
Responsible business practices

- Our commitment
- Actions and results
Our commitment

The way we operate, our systems, policies and procedures and our integrity and ethics are all essential to transformative action.

We are becoming an ever-more digital organisation, which is helping us to drive efficiencies, e.g. giving us greater supply chain insight. However, increased digitalisation comes with a greater responsibility to protect the rights of our consumers, suppliers, stakeholders and employees by safeguarding their data and using it respectfully.

We aim to continue to accelerate healthcare through:

Advancing sustainable procurement
The core objectives of the strategic procurement processes are to assert high quality standards along the entire supply chain, to identify and exploit opportunities to create value through procurement competence, and to ensure compliance and sustainability.

Data privacy and cyber security
We believe that data protection is an integral part of responsible business conduct. Cyber security and data privacy are key success factors for us, and for digitalisation in general. While data privacy practices cover personal data from a legal perspective, cyber security focuses on protecting products, solutions, and services, information technology, and operational technology. We are committed to meeting high standards of data privacy and information security, whether the data belongs to our clients, partners, or colleagues.

Sustainable development goals (SDGs)

Stakeholders

- Partners and suppliers
- Patients and carers
- Colleagues
- Government and regulatory bodies
- Healthcare providers
Sustainable and equitable supplier selection/management processes

Sustainable business practices are an integral part of our procurement principles. Our principles outline our expectations in areas of human rights, diversity, the environment, and anti-corruption. The development of new procurement guidance and processes has provided the opportunity to strengthen ED&I requirements and expectations. This resulted in the adoption of a new supplier risk assessment questionnaire, a more clearly delineated approach and increased ED&I weighting in the supplier selection scorecard and development and inclusion of our Supplier Code of Conduct into all new and extended procurement contracts. The supplier risk assessment questionnaire has been completed by our top 30 suppliers, and the aim is that this will be completed by all new suppliers.

Technology enabled compliance

In 2023, a procure-to-pay solution, Coupa, has been acquired and is in the process of being implemented. This enables significant improvement in our ability to optimise procurement efficiencies, including the automation of supplier compliance with our supplier risk assessment and Supplier Code of Conduct.

Embedding changes through communications, coaching and training

In October 2023, a refreshed procurement intranet site was launched, providing all internal stakeholders with access to the key procurement guidance, processes and procedures. In addition, to embed new ways of working a combination of training modules (6 modules), self-service bite-size learning videos (5 videos) have been released and a situational coaching approach is being adopted.

Managing key supplier performance

We have launched a programme for regular key supplier performance reviews, aligning with our commitment to responsible business practices and sustainability. These reviews serve as a valuable platform for dialogue between us and our suppliers, facilitating open communication and the exchange of feedback. By engaging in constructive two-way discussions, we can address challenges, identify opportunities for improvement, and reinforce our shared commitment to sustainability and responsible business practices. This initiative underscores our commitment to fostering long-term partnerships that prioritises sustainability and mutual value creation.
Actions and progress

Data privacy and cyber security

Our funding comes mostly from our own intellectual property. This means we must be rigorous and secure in our management of data. Moreover, our patients, partners, employees, suppliers and other third parties trust us to store their information securely. We monitor global regulations closely, including developments and actions related to the UK General Data Protection Regulation. In addition to external regulations, we hold ourselves accountable to our own internal policies and standards. In response to growing and changing cyber threats, we continually assess and strengthen our cyber defences and response capabilities.

Board oversight
Management and oversight of privacy and IT security is a priority for our leadership, resulting in the creation of a specialist network and security team, responsible for ensuring our privacy and security efforts are aligned with the company’s broader business initiatives and that our business leaders are aware of changing regulatory or technical risks. With respect to Board oversight of cyber security risk, the Audit and Risk Management Committee (ARMC) receives regular updates from management on matters related to cyber security incidents. Our chief technology officer also provides updates on significant threats to our systems, risk mitigation strategies, programme assessments, planned improvements and the status of information security initiatives. In addition, a newly formed ISO 27001 programme board brings together representatives across the company to ensure we maintain our accreditation.

Advanced defences against cyber security threats
In 2023, we obtained our ISO27001 and Cyber Essentials Plus certification. ISO 27001 certification is an internationally recognised proof of compliance with information security management. This certification gives our partners confidence that their data is safeguarded and helps us collaborate more broadly across the globe. We are evolving our cyber defences to minimise impact from a cyber threat by using a multi-pronged approach that helps safeguard our assets and data. As an example, we contracted with a security operations centre partner – an external party that monitors our environment 24/7. Although we have achieved increased confidence in our ability to manage threats, we recognise this is an area that requires consistent and continued rigour and focus.

Employee education on cyber security
To further mitigate security and privacy risks related to cyber threats, we engage in real-time education of our workforce by:

• introducing phishing and security awareness proficiency assessment (SAPA) training
• undertaking regular simulated phishing campaigns

In 2023, 79% of our employees completed the cyber security awareness training. Our mitigations are reaping results as we achieved an organisational SAPA* score of 78.4% compared to the industry SAPA benchmark of 64.1%.

*Security Awareness Proficiency Assessment (SAPA)
Ethics and governance

- Our commitment
- Actions and results
Our commitment

We are committed to responsible corporate governance. LifeArc is a charity registered with the Charity Commission and with the Office of the Scottish Charity Regulator, and a company limited by guarantee, having been incorporated under the Companies Act in 1992.

By adhering to laws, safeguarding values and strengthening our reputation, we aim to secure our company’s long-term success and to foster a high level of trust among all stakeholders. Our efforts are further supported by our increased integration of sustainability aspects into all processes and at all levels of the company.

Corporate governance
Our approach to corporate governance practices goes beyond legal requirements and is derived from our vision and purpose. It forms the basis for the respectful working relationship among our colleagues and with our all our stakeholders. Adhering to responsible practices in every facet of our organisation is essential for effective corporate governance.

Enterprise risk management
As an international life science organisation, we are exposed to a wide range of internal and external developments and events that could significantly impact the achievement of our financial and nonfinancial targets. Our risk definition is supplemented by potential negative impacts that our business operations could have, for example, on environmental or social matters.

Compliance management
Responsible innovation starts with compliance. We aim to ensure that all our activities adhere to relevant laws, regulations and ethical standards around the world. This also helps us to protect our reputation as an employer and partner.

Sustainable development goals (SDGs)

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Responsible consumption and production
Peace, justice, and strong institutions

Stakeholders

Board of trustees
Strategic advisory council
Government, policymakers and regulators
Colleagues
Actions and progress

Corporate governance

Strong corporate governance is essential for the effective management of our organisation and is the cornerstone of trust in us. Our system of governance, along with our internal policies and controls, also ensures we comply with applicable laws, rules and industry regulations, and helps us maintain high ethical standards. It is intended to support sustainable financial performance and long-term value creation for our patients, carers, partners and our other stakeholders.

Our governance structure
We have a foundation model of governance, in which membership is restricted to serving trustees. Our primary governance bodies are a board of trustees, and the executive committee (exec). Each has different roles and responsibilities within our overall governance system:

The board of trustees have a broad range of extensive expertise in biomedical sciences, biotech and pharma industry, finance, law and medicine to set strategic direction in the delivery of our charitable objects. It is the ultimate decision-making authority. It operates through 4 permanent committees: Audit and Risk Management Committee (ARMC); Remuneration Committee (RemCo), Nominations Committee and the Investment Committee. The board of trustees represents the interests of all stakeholders and oversees the work of the exec. It is in regular contact with the exec through meetings and monthly CEO reporting.

The Exec is responsible for the day-to-day running of the charity under authority delegated by the board of trustees. The team, under the leadership of the CEO, proposes to the board of trustees where the charity should invest its time, money and expertise. It is also responsible for developing the financial and operational plans for board approval and monitoring impact progression.

Composition

Board of trustees

- 11 members
- 45% female

Executive team

- 9 members
- 55% female

Sustainability management
Sustainability matters receive strategic guidance and oversight at the highest levels of the company, including from the Chairman and Chief Executive Officer, and the board of trustees. The board has delegated certain duties and responsibilities related to sustainability to some of its committees. The board conducts an annual sustainability review of investments to identify exposure to any material issues be they positive or negative, and explaining how negatives are being managed. Exclusions and limits of exposure include the tobacco industry, alcohol, gambling, pornography and weapons.

The Remuneration Committee reviews our reward structures to ensure they encourage behaviours that support sustainable value creation. The exec is responsible for operational management of sustainability matters. Sustainability issues are integrated into our Enterprise Risk Management (ERM) approach. In addition, we have internal policies and controls to minimise risks in areas such as human rights, health and safety, anti-bribery/corruption and environmental sustainability.
Enterpise risk management

We are committed to effective risk management and see it as an enabler to deliver the strategy. The need to maintain risk registers and apply risk management is recognised as integral to good governance by the board and executive committee. In addition, it is a mandated requirement for not-for-profit organisations in the UK. While risks are overseen by owning managers, risk identification and mitigation is the responsibility of everyone in LifeArc. This allows the organisation to take opportunities in a risk aware manner.

Board responsibilities
Risk management helps protect the company’s people, assets and reputation while supporting our long-term strategy for growth and success. The overall Enterprise Risk Management (ERM) process is the responsibility of the board of trustees, delegated responsibility to the chief executive officer. Principal enterprise risks and their mitigation effectiveness are approved by the Audit and Risk Management Committee (ARMC) on a quarterly basis. It is designed to generate a holistic view of risks for the organisation and drive a culture of risk-based decision-making. Each relevant functional area are responsible for managing its key risks and responses to them.

Enterprise risk framework and system
In 2023 due to significant growth and our redefined strategy, we updated our Enterprise Risk Management (ERM) framework and implemented a risk management system. This enabled us to generate a holistic view of risks for the company and drive a culture of smart opportunity-taking. It ensures that effective risk management is integrated into our significant activities and helps us better understand our risk exposure by providing increased transparency for leaders on how our key threats and opportunities are evolving throughout the year. It ensures that the accountability lies with the appropriate executive leader.

Assurance
We follow a model for assurance developed by the Institute of Internal Auditors that describes 3 lines of assurance.

First line
Operational policies, processes and procedures:
• Employees addressing potential risks that might arise through their business activities represent the first line.

Second line
Management check and oversight:
• Second-line roles provide expertise, support, monitoring and challenge on risk-related matters.

Third line
Independent assurance:
• In the third line, independent assurance ensures that the other lines are operating effectively.

Assurance works according to an audit plan approved by the Board’s Audit and Risk Management and Compliance Committee. Assurance is risk focused and utilises a risk informed approach to generate the Internal Audit Plan.

2023 audits
During 2023, as part of the Internal Audit Assurance Programme, we carried out 6 audits.
Protect our planet

- Our commitment
- Actions and results
Our commitment

Planetary health and human health are inextricably linked, making it imperative to look after the health of the planet in our efforts to treat illness and cure disease.

We are committed to reducing our environmental footprint. Our purpose guides our environmental priorities, with a focus on impact reduction, conservation of resources, and the minimisation of waste arising from our operations.

Our environmental sustainability strategy lays out the following priorities to achieve this:

**Achieve net-zero carbon emissions***

Transform the sustainability mindset across our organisation

Collaborate with industry partners to influence change in our sector

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*Sustainable development goals (SDGs)

| Clean water and sanitation | Affordable and clean energy | Responsible consumption and production | Climate action |

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**Stakeholders**

- Board of trustees
- Strategic advisory council
- Government, policymakers and regulators
- Colleagues

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*Timeframe to be confirmed once carbon footprint has been finalised in September 2024*
Achieve net-zero carbon emissions

Emissions are calculated using UK Government conversion factors for company reporting of greenhouse gas emissions and the Greenhouse Gas Protocol’s Corporate Standard on an operational control approach basis. We have used 2021/22 as our baseline year, have reported its Scope 1 and 2 emissions in line with best practice guidelines of the GHG Protocol and SBTi since 2020. We are in the process of validating, our net-zero target and an updated near-term target for 2030.

**Scope 1 and 2 carbon emissions**

Direct greenhouse gas emissions (Scope 1) arise from sources that are in the company’s possession or under its control. Indirect greenhouse gas emissions (Scope 2) arise from the use of purchased electricity and district heating.

Most of our emissions come from purchased electricity and we are dependent on the National Grid’s decarbonisation progress. We are developing a strategy and implementation plan for reaching net zero. Most of the electricity consumed by LifeArc is concentrated at our approx. 34,000 sq. ft R&D site in Stevenage.

**Energy efficiency measures**

Two air source heat pumps provide year-round heating and cooling of our office and lab spaces. The existing units were replaced with more modern, more energy efficient modules, which are already providing energy savings. To help reduce energy consumption, we are upgrading our building management systems and engaging employees to use less lighting and air conditioning.

**LifeArc scope 1 and 2 carbon emissions**

- **Scope 2**
  - Electricity: 525 tCO₂e purchased electricity in 2021, 454 tCO₂e purchased electricity in 2022
- **Scope 1**
  - Process emissions
  - Fugitive emissions
  - Mobile fuel
  - Stationary fuel
Collaborate with industry partners to influence change in our sector

Supply chain
We are working to advance transparency across our value chain, including in our Scope 3 emissions. We obtained supplier emissions data from 18% of our total supplier spend, which indicated a material contribution to our carbon footprint. Data obtained in this screen covered a wide range of types of services and goods, from advisory services and consultancies to IT and science services and laboratory consumables. We are also investigating additional opportunities to engage with suppliers to better track and analyse our supply chain emissions.

We will be working with key suppliers to identify areas of our value chain where we could potentially drive emissions reductions. We intend to use the data gathered through our supplier engagement efforts to inform our evolving supply chain strategy related to climate change. In 2024 we will be integrating environmental sustainability criteria in all new supplier contracts. Our aim is to find ways to collaborate across our industry peers and supply chain sectors to further our understanding of our entire value chain, their activities and impact on our Scope 3 emissions.

Investments
Given the nature of LifeArc as an organisation and the long-term investment horizon of the investment portfolio, our role as responsible stewards of the organisation’s capital is critical. This entails firstly considering all material determinants of investment risk and opportunity, including sustainability factors, many of which are material to the longer-term success and resilience of the fund managers we invest with and businesses in which we ultimately invest. Secondly, we seek alignment as far as practical with our organisation’s core mission and mindset.

We are committed to employing an increasingly structured sustainability framework as part of the investment process. In 2023, the first assessment of portfolio carbon emissions was undertaken for FY2022, ESG investor collaborative engagement forums were explored, ESG investment data providers were assessed with one onboarded toward year end, and ESG questionnaires were sent to all public equity managers.

In 2024, the investment team plan to use output from the ESG data provider to assist in quarterly monitoring of ESG metrics and the implementation of a controversy monitoring and engagement system for public assets as well as enhance portfolio carbon emissions assessments. Public equity ESG questionnaires will be assessed, recorded and engaged on where necessary and non-public equity questionnaires will be formulated and sent out. Commitments will be made to partner with and engage through at least one collaborative investor forum.
Actions and progress

Sustainability mindset

Case study
‘Greening’ our R&D labs

We are committed to reducing the environmental impact of our activities, including of our scientific research and development in our laboratories in Edinburgh and Stevenage, UK. From 2022 to 2023, we embarked on a programme of awareness, education and action at Edinburgh with our partners, My Green Lab. My Green Lab are experts in laboratory self-assessment and recommending practical, easy to implement changes across key topics including community, waste and resource management, procurement, green reagents, water, electrical consumption from small items to lab infrastructure, and travel. My Green Lab certification is recognised by the United Nations Race to Zero campaign as a key measure of progress towards a zero-carbon future.

The Edinburgh team began their green laboratory journey with a survey of existing awareness, knowledge and processes for environmentally-conscious lab activities. With personal and supportive engagement, the team achieved 100% survey uptake, against a benchmark average of 60%. My Green Lab’s scoring of current lab sustainability put us at 51% sustainability score, above the average for labs globally at 45%. Over the course of the next 6 months, the team were hard at work to engage with practical recommendations from My Green Lab.

A final survey assessed progress, and the team once again achieved a 100% response rate. Through real commitment to sustainable laboratories, close and high-value collaboration, and striving for excellence, achieved an unprecedented 73% sustainability score, earning a ‘Platinum’ grade. This effort evidences a culture of environmental consideration that is a key feature of our approach and offer to the life sciences sector.

Case study
Recycling of laboratory waste

Laboratories are incredibly resource intensive environments. Our Edinburgh and Stevenage labs generate tonnes of waste each year across a range of activities in our quest to develop new diagnostics and treatments for patients with urgent need. Two intertwined issues are that used consumables can often be contaminated with hazardous agents during use, preventing easy reuse or recycling, and that many materials are designed with the expectation that they will become contaminated through use, and so are made from non-recyclable materials.

An appreciable subset of consumables coming into our labs are made from recyclable plastics, mostly polyethylene derivatives and some polypropylene, and it is the recycling of these that we have focused on to make ‘material’ gains in waste minimisation.

Since 2021, we have expanded the types of consumables made from recyclable plastics that it can recycle with the aid of external partners. Packaging around pipette tips provided by Metler Toledo is returned to the manufacturer and is ground into pellets that can be reformed into an array of products for use in the outside world. Since December 2020, we have recycled more than 100kg of lightweight plastic packaging that would otherwise be incinerated unnecessarily.

We have further begun recycling bottles of used reagents and buffers from kits and processes not contaminated with hazardous agents. With new recycling processes in place, since 2021 we have saved over 1000 of these containers from unnecessary incineration and release of carbon emissions to the atmosphere.