2023/24 MDC Vision and Commitment to
Environmental, Social and Governance Strategy

Reshaping Discovery Responsibly

Medicines Discovery
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Our Environmental, Social and Governance (ESG) Strategy Framework

Our ESG Purpose
Actively enhancing and supporting MDC’s reputation, culture and delivery through positive environmental, people and decision-making actions

Our ESG Strategy
To understand and sustainably manage the impact we have on our environment, our community and the people who work for and with MDC

Our ESG Priorities
1. Drive sustainability for a better future
2. Be an open, inclusive organisation and a great place to work
3. Operate responsibly, ethically and with transparency

Approach

ENVIRONMENTAL
Optimise our physical impact by reducing waste and emissions
Be an advocate for sustainability

SOCIAL
Great workplace for all our employees
Promote equality, diversity and inclusion and connection with the community
Clarity of purpose and connectivity

GOVERNANCE
Build transparency across our business
Operate responsibly, and ethically, with transparency
Actively manage risks and opportunities
Our ESG Mission

MDC’s Vision and Purpose is at the core of everything we do.

Reshaping drug discovery for patient benefit, by transforming great UK Science into better treatments through partnership.

Our ESG Mission, aligns to our MDC Vision and Purpose, it seeks to:

Build sustainable and ethical practices into everything we do, to enhance our reputation and be seen as an advocate of ESG principles while delivering our purpose responsibly.
We incorporate our ESG practices into everything we do by working with our sector to overcome the four key barriers impacting the UK’s capability for innovation in drug discovery, namely:

<table>
<thead>
<tr>
<th>SECTOR-WIDE BARRIERS</th>
<th>BARRIERS IMPACTING INDIVIDUAL DRUG INNOVATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lack of Predictability of Pre-clinical Medicines Discovery</strong></td>
<td><strong>Lack of Access to Essential Technologies and Skills</strong></td>
</tr>
<tr>
<td>New technologies are needed; current preclinical disease models and biological assays provide inadequate representations of human diseases and how potential drug candidates will affect them.</td>
<td>Access to essential technology is needed; innovators lack ready access to essential combinations of industry expertise, advanced analytical technologies and scarce informatics skills to take medicines into, and through, clinical development with quality and pace.</td>
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<tr>
<td><strong>Lack of Connectivity Across UK Life-Sciences Ecosystem</strong></td>
<td><strong>Lack of Access to World-Class Industry Skills in R&amp;D</strong></td>
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<tr>
<td>Enhancing connectivity is needed; the UK medicines R&amp;D community is complex and fragmented. It does not naturally share knowledge or collaborate widely.</td>
<td>Access to R&amp;D skills is needed; innovators lack ready access to scarce industry-class skills and expertise across project validation and critical-path R&amp;D planning.</td>
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Through our work, we are making drug discovery more:

- **Predictable** for the treatment of disease
- **Effective** in clinical trials
- **Innovative** with decision-making data
- **Accessible** through investment
- **Collaborative** to respond to future challenges
Every business decision we make is driven by a focus on both our sustainability and on optimising our business impact. We are also a values driven business, so we work to align our corporate decisions at every level, across all of our business activities to our four MDC values:

**EXCELLENCE**
**INTEGRITY**
**COMMUNITY**
**INNOVATION**

These decisions touch every part of our business, from the people we employ, the projects we support and quality of our delivery, and everything in between. Applying these principles, during its first five years, MDC has developed and scaled rapidly, becoming a key pillar of the UK R&D landscape.

We have also led a national pandemic programme and have become a cornerstone of a revived community of drug R&D companies in the North-West region, supporting business growth throughout the UK. Then to expand it, by helping companies secure early-stage funding for high risk, innovative approaches.

In short, MDC has made a significant impact, but it’s not just what we do that is important, it is how we conduct our business that is also paramount.

We are committed to acting responsibly and with integrity across all of the activities we undertake. In this ESG Strategy, we outline our vision to:

- **Deliver improved sustainability** in what we do, for a better future
- **Enhance our culture** with a focus on respect, inclusion and values-driven decisions
- **Deliver transparently and responsibly** to enhance operational success
- **Support our community** across our drug discovery sector, and throughout our regional, local and onsite communities, engaging in programmes where we can make a difference.

MDC has a broad impact across our sector which means that our vision and commitment to ESG extends beyond our employees. We have supported 209 companies in their product development, and are uniquely placed to influence our sector through our collaborators and our customers. With our influential role in the medicines discovery sector, we have the opportunity to have an even greater impact and we wish to be an active advocate for sustainability and good practice.

We have developed this strategy to define how we plan to address the opportunities for delivery and include measurable targets to ensure we deliver on our promises.

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**Professor Chris Molloy**
Chief Executive Officer
Medicines Discovery Catapult
OUR COMMITMENT
To Deliver Sustainability for a Better Future

We will continue to strive for excellence in delivery, without compromising on our aim to reduce our environmental impact. We will consider our contribution to climate change for our stakeholders, our employees and the world. It is our responsibility to ensure future growth of MDC, and the sector is delivered with sustainability in mind.

We have identified an initial five focus areas and objectives for 2023/24 through which we can make the greatest environmental contribution.
Our Focus Areas for 2023/24

1. Environmental Sustainability
An Environmental Sustainability Policy will be developed and implemented to drive best practice within our business. It will inform our employees of approaches to attain high standards and achieve our environmental goals and will be shared with our supply chain and partners to encourage their adoption of greener practices.

MDC will also create and launch an Environmental Sustainability Handbook, to detail practical advice on reducing our environmental impact within all areas of the business.

2. Emissions (including Supply Chain)
MDC is working closely with a specialist software provider ‘Zerofy’ to develop their carbon accounting software product, which will enable MDC, and other businesses, to better capture, monitor and manage its energy and waste data. The aim for this year is to finalise the baseline data generation. This data includes energy utilisation and business and commuting travel data. The aim is to develop this as a tool for adoption across MDC. Employee and supply chain engagement is key in this area, as MDC seeks to educate and adjust behaviours to make a positive difference.

3. Energy Efficiency and Usage (including Energy from Renewables)
We will assess, track and reduce our energy utilisation within our office and lab environments. This will include driving initiatives to switch off equipment when not needed, reduce active and passive energy utilisation within meeting rooms, and introduce closer monitoring of electrical usage across the equipment portfolio. All these initiatives aim to encourage efficiency, reduce environmental impact and reduce cost. MDC will work with our office, lab and facilities partners to encourage wider efficient practices, seek to maximise our access to energy from renewable sources and will engage employees to promote awareness.
4. Recycling Efforts
MDC will drive behaviour changes across the laboratory and office environments to increase recycling and reduce/manage kitchen waste. Working with our facilities partners and suppliers we will aim to reduce cross contamination of waste, to enable increased recycling, reduce volume of incinerated waste and optimise greener waste processing.

5. Safety Audits and Inspection Reports and Deficiencies
We must continue to operate effectively, safely and to the benefit of our employees, and the environment. We will formally instigate quarterly laboratory inspections and six-monthly office inspections; all completed using best practice audit tools including clear reports (with actions). To enhance wider awareness of good practice and challenges the business faces, we will engage with the Executive Team and encourage key leadership and non-scientists to directly participate in the inspections and increase the general awareness of safety principles across the employee group. Safety will be a shared responsibility.

Environmental Summary
We believe that sustainability should be a consideration in everything we do. We will build a shared understanding of our environmental aims within MDC and with our supply chain partners, providing support to enable alignment. MDC will seek opportunities to demonstrate a commitment to sustainability and show how sustainability can create business value and enable long-term success.
MDC is a people focused business, and we believe investment in our employees is central to our success. Our recruitment policies focus on finding the best people, and we seek to offer training and development opportunities to provide satisfying and fulfilling careers. We work with our customers and collaborators to access advanced scientific technologies, and provide expert advice and support the development of new ideas and approaches in the sector. We will continue to strive to ensure that MDC is a great place to work, our recruitment, retention and development approaches have equality principles at their core. We want to continue to amplify our sector impact internally and through our third party partners.
Our Focus Areas for 2023/24

1. Build ESG into our Vision, Purpose and Values Statements and Link New Initiatives with Business Ethics

We are continually striving to ensure that MDC is a great place to work, where our people demonstrate our values and where their contributions are welcomed and recognised. MDC’s vision and purpose statements are underpinned by our values and behaviours. We aim to build on employee engagement feedback to influence MDC culture and enhance business delivery. We will build on our core principles to integrate ESG thinking and purpose into the way we do business, with particular focus on wellbeing and ethics. We will apply the principles across MDC’s communications and increase the awareness of the crucial role of ethics in driving best practice. We will promote ESG thinking and enhance the profile of the ethics team as advocates of good practice.

2. Procurement and Supply Chain Standards

MDC procurement team supports MDC needs, those of its employees and its core customers, working with a wide range of suppliers in the UK and overseas. Our current procurement and tender practices focus on core business needs such as value, quality and time. We will build in ESG considerations and selection factors into our core procurement processes, including principles of non-discrimination, equal treatment, transparency, procedural fairness, mutual recognition, proportionality and business efficiency, to ensure we are considering ESG impact and potential. This will be aligned with financial capability and delivery factors. We already carry out due diligence on prospective partners and suppliers and ensure they align to our contractual terms and conditions, confirm they will comply with our policies and provide their services in accordance with all applicable laws and regulations. We will continue to build in changes to procurement legislation and consider the National Procurement Strategy and its embedded social considerations, to ensure our practices are effective, up to date and drive good practice. Employees will receive focused training and be encouraged to be advocates for high quality and ethical procurement practices.

3. Equality, Diversity and Inclusion (ED&I) - a Workplace for All to Thrive

MDC has created a clear ED&I pathway to support our activities. This is aligned to our ongoing relationship with Inclusive Employers and our commitment to the Catapult Network ED&I charter. Within the MDC workplace we will focus on our ongoing commitment to equality, diversity and inclusion ensuring our employment policies and practices support our ED&I aspirations. This ensures we will attract and retain the very best people and provide us with the ability to reward performance in a fair, transparent and consistent way.

We continuously review our talent acquisition processes to ensure that we provide an inclusive recruitment experience for all. We will develop unconscious bias and inclusive recruitment training for all hiring managers and provide line manager guidance materials. Assessments of race, sex or age are irrelevant to all job vacancies at or applications to MDC.
4. Connecting with our Community

Engaging in programmes where we can make a difference to the communities we work with installs a greater sense of pride in the work that we do. Small changes can make a big difference, and we all can play a role in this.

MDC has delivered skills and sector awareness training in primary and secondary education settings. Going forward, we will create an enhanced schools engagement programme to engage students in further education and incorporate a PhD intern programme. We will also continue to support work experience placements for young people.

In addition, MDC will encourage and empower our employees to volunteer their time to a number of charities and good causes in the local community. MDC is committed to working with our teams to identify the key areas that matter the most to us, and our local communities, to make a bigger impact. We will further develop a business wide and coordinated approach to charitable causes and focused areas for our social mobility policy. We wish to ensure our employees are able to contribute their time and energy to local projects, which enhance our impact and connects MDC to the communities in which it operates.

5. Sector and Employee Skills

We promote and encourage personal development at MDC and will seek opportunities to share knowledge and develop sector skills and provide access to high quality jobs in medicines discovery, biological sciences and technology. We have delivered skills and sector awareness training in primary and secondary education settings, and going forward MDC will be creating an enhanced schools engagement programme to encourage students who are interested in science and pursuing science in further education. MDC currently runs a PhD intern programme and is committed to the continued support of this programme to develop young scientists of the future. MDC is including STEM (Science, Technology, Engineering and Mathematics) initiatives into its KPIs for the next five-year business plan and will report internally and externally on delivery. All employees are encouraged to participate and to consider ongoing professional training and/or mentoring. We aim to promote wellbeing, supported through the benefits we provide and the initiatives we drive.

Social Summary

MDC’s impact is delivered by our employees. We ensure that our employment practices are fair, transparent and ethical and want our employees to thrive, be motivated, and feel supported at work. Our teams are encouraged to have an individual and professional impact on our sector and community.
Governance

OUR COMMITMENT
To Operate Transparently, Responsibly and Ethically

MDC is committed to improving the standard of its corporate governance. We are striving to deliver governance practices which are effective, visible and transparent.

MDC will align with corporate governance codes and best practice but also adopt practical risk management processes, focus on mitigating compliance risks and promote an ethical approach to business.

Through improved practices, MDC will enable its employees to directly align with our company values and provide a clear and demonstrable link between business governance and risk-assessed decision-making for high quality performance. We will be an advocate across our network for responsible and transparent decision-making.
Our Focus Areas for 2023/24

1. Enterprise Risk Management
   The identification, reporting and management of MDC risks is of increasing importance given our ambitious strategic goals. It is vital that we manage risks effectively and consistently to drive high quality decision making. MDC has developed a comprehensive risk management framework to drive standardised thinking, promote a considered and flexible risk culture throughout our business and a clearly defined risk-reward trade-off to improve decision making. The framework will be supported by the risk management policy and a new risk management software tool to enable risk tracking, management and action planning across our activities. The framework, policy and tool will be communicated to employees and directed training will be provided to build awareness, confidence and an open and honest risk assessment culture to enhance our business delivery.

2. Cybersecurity Training and Practice
   The embedded nature of technology in everything that MDC does and the importance to us of professional, appropriate and well managed data management, means we must continue to protect our information from being accessed, used or copied without our permission or by third parties. Keeping a focus on the risks of cybersecurity, maintaining certification from third-party bodies on our practices and integrating awareness and management training into our employee and new starter programmes is vital. MDC will develop and maintain a clear compliance and training approach to cyber risk management and will seek to ensure that third-party suppliers, customers and partners adhere to appropriate levels of security. An enlightened approach across our employees is crucial to our successful future.

3. Anti-competitive Behaviour and Practices
   MDC’s status, purpose and position in the sector requires it to have a clear and communicated approach to competitive practices, including compliance with applicable laws, rules and regulations in the context of subsidy/state aid and bribery and corruption. MDC will always act in an ethical manner, with integrity and transparency in all of our dealings. We have policies in place and will be providing refresher training to current employees and building in compliance to our new starter processes. We intend to safeguard against any form of anti-competitive practices in our businesses, partnerships or supply chains. We expect our employees, suppliers and partners to act responsibly and to comply with this at all times.
4. Financial and Investment Controls

As an entity which operates with a range of public and private income sources, strong and well governed financial management tools and practices are central to our continued success. MDC is building out its finance and procurement systems and developing clear governance on its management of reserves and utilisation of capital to support its business goals.

We take financial crime extremely seriously and have clear anti-money laundering and conflict of interest processes in place. Employee training will be refreshed, and clear communication maintained to ensure employee actions align with policy goals to drive ethical, focused and repeatable behaviour.

5. Health and Safety Metrics

Science is at the heart of everything we do at MDC and it is of vital importance that we ensure our employees can use the facilities, technology and materials required in a safe environment. We routinely review and refresh our core processes and procedures to maintain a safe environment. Developing improved metrics to set safety goals and monitor delivery to achieve continuous improvement and a strong safety profile is ongoing. We will use comparative benchmark data to ensure leading and lagging indicators are generated to track progress and drive improved practices.

Governance Summary

Our continued success will be built on transparent and responsible operational and governance controls. Holding our employees, supply chain and partners to high standards of behaviour will support our focus on ethical, risk-assessed and sustainable delivery. Our impact is increased through a reputation for effective and considered innovation.
At MDC, we are committed to making a positive impact on our world, not just now, but also for future generations. The initial 2023/24 strategy is just the beginning. Here, we outline our ambitions beyond 2023/24, which should enhance our ESG focus and support our ongoing contribution to a more ethical, sustainable, and equitable future for all.

**Our Sustainable Future: ESG 2024 and Beyond**

**ENVIRONMENTAL**
To deliver sustainability for a better future

**Social**
To support our employees, ensure clarity of purpose and strive for inclusive delivery

**Governance**
To operate transparently, responsibly and ethically

**Our Actions**

**Ethical and Sustainable Practices**
Work towards ‘Best in Class’ delivery through attainment of MyGreenLab accreditation and adoption of sustainable practices

**Emissions and Energy Efficiency**
Set emissions targets to mitigate our environmental impact and to support the national ‘net zero’ challenge to decarbonise by 2050

**Supplier Network and Selection**
Integrate energy efficiency, renewability and emissions principles into the MDC supplier network selection process

**Recycling and Waste**
Strive to overlay the ‘5R principles’ of: Refuse, Reduce, Reuse, Repurpose and Recycle into MDC’s and our partners’ operational delivery, to enhance reputation and mitigate our environmental impact

**ESG Thinking at the Core of MDC**
Ensure ESG policy and practice is seen and felt across MDC as part of our ‘corporate DNA’; to drive engagement, ethical decision-making and impact awareness

**Equality Diversity and Inclusion**
Integrate ‘ED&I roadmap’ activities as a foundation of MDC business delivery, employment practice and people strategy

**Community and Skills**
Create and support programmes where we can make a difference to the communities we work with, through employee initiatives and targeted projects, to build awareness and share our skills and experience

**Procurement and Supply Chain Excellence**
Building ethical, ED&I and community enhancement requirements into our supplier selection and due diligence questionnaires and working with suppliers to share, reward and celebrate best practice

**Cybersecurity**
Reinforce the critical importance of integrated cybersecurity best practice to protect our data and the data of our collaborators. Share incident data, celebrate compliance successes and support a culture of excellence and of integrity

**Risk Management Awareness and Culture**
Enable a risk aware and confident workforce, supporting risk-informed and transparent decision-making and differentiated processes to promote a culture within which people feel empowered to challenge

**Financial Investment and Control**
Build a business culture which prioritises professional, transparent and ethical financial and investment controls to develop the business and enhance MDC’s potential

**Health and Safety Practice**
Promote continuous improvement in MDC’s safety culture, developing employee engagement to drive shared ownership and seek ISO 45001 H&S accreditation to ensure good H&S practice remains at our core