



**PRENTISS
SMITH & CO**

Sustainable Investment Report for:

Regeneron Pharmaceuticals

Tarrytown, NY

Ticker: REGN US Equity

Website: www.regeneron.com

Last Updated: 01-26-2023

I. Exclusionary Screening

Does Regeneron Pharmaceuticals appear on any of the following lists? In our exclusionary screening, a single appearance disqualifies an investment.

Fossil Fuels & Precious Metals Mining

- BICS - Oil, Gas & Coal Industries¹
- BICS - Precious Metals Mining¹
- CDP/CAI Carbon Majors Database²

Agrochemicals & Animal Cruelty

- BICS - Crop Chemicals & Fertilizers¹
- Cruelty Free Investing Worst Companies for Animals³

Pornography, Gambling & Tobacco

- BICS - Casinos¹
- BICS - Tobacco¹
- BICS - Pornography¹

Defense & Retail Gun Sales

- BICS - Defense Primes¹
- SIPRI Arms Industry Database⁴
- Gun Retailers⁵
- NRA Top Allies⁶

Private Prisons

- BICS - Security Services¹

¹ BICS = [Bloomberg Industry Classification Systems](#)

² [CDP/CAI Carbon Majors](#)

³ [Cruelty Free Investing 10 Worst Companies for Animals](#)

⁴ NRA = [National Rifle Association Top 10 Industry Allies](#)

⁵ Prentiss Smith & Company Internal Research

⁶ SIPRI = [Stockholm International Peace Research Institute](#)

II. Environmental, Social & Governance Data

What quantifiable environmental, social and governance data, policies or recognition does Regeneron Pharmaceuticals exhibit? Positive factors may help support a decision to invest.*

General

Dow Jones Sustainability World Index 2021

Listed

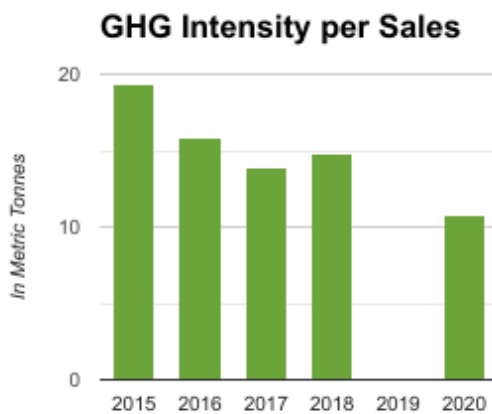
S&P Sustainability Distinction

Member

Just Capital Overall (1-954)

118

Climate Change & Fossil Fuels



Initiatives and Policies in Place:

- **Climate Change Policy**
- **Renewable Electricity Target Policy**

Environmental Stewardship

Just Capital - Environment (1-954)

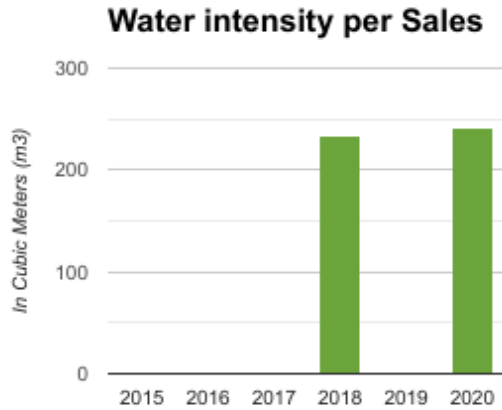
176

CDP A-List Area(s)

Water

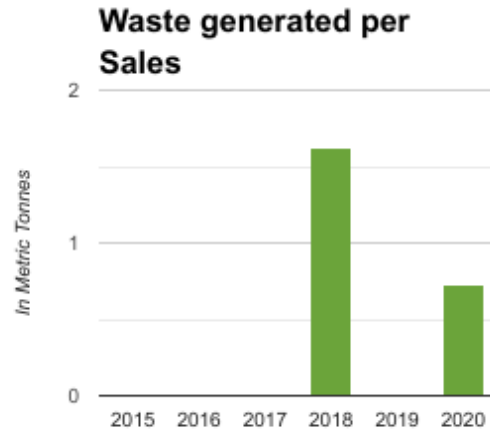
Sustainable Packaging

Yes



Publicly Disclosed Sustainable Supply Guidelines
Encompassing ESG Area

Yes



Initiatives and Policies in Place:

- **Sustainable Development Goals Target Policy**
- **Social Supply Chain Management**
- **Biodiversity Policy**
- **Water Policy**
- **Waste Reduction**
- **Environmental Supply Management**
- **Emission Reduction**
- **Energy Efficiency Policy**

Human Rights & Well-Being

As You Sow Racial Justice Score (-23 to 62)

25.0

Just Capital - Workers (1-954)

189

Fortune - Best Places to Work (1-100)

50

Just Capital - Customers (1-954)

289

Just Capital - Communities (1-954)

179

Initiatives and Policies in Place:

- **Anti-child Labor Policy**
- **Human Rights Policy**
- **Equal Opportunity Policy**

Institute for Clinical and Economic Review (Fair Drug Pricing)

Member

Diversity, Equity, Inclusion and Justice

HRC Equality Index (100 points)

20

Women on the Board

25%

Women Executives

11%

Women in Management

25%

Women Employees

49%

Number of Women on the Board

3

Number of Women Executives

1

Corporate Responsibility

Just Capital - Shareholders (1-954)

234

Points of Light - Civic 50

Honoree

CPA-Zicklin Political Disclosure and Accountability
Score (1-100)

90

Employee CSR Training

Yes

Community Spending (\$ USD millions)

480.1

Initiatives and Policies in Place:

- **Whistle Blower Employee Protection Policy**
- **Ethics Policy**

* Data sources may include:

- Corporate SEC filings
- Company sustainability and other reporting.
- Bloomberg LP ESG Data (via Data License).
- [As You Sow Clean 200](#)
- [As You Sow Racial Justice 1000 Scorecard](#)
- [Banktrack Human Rights Benchmark](#)
- [Barron's 100 Most Sustainable US Companies](#)
- [CDP A-List](#)
- [CDP Responses](#)
- [CEO Action for Diversity & Inclusion Pledge](#)
- Climate Group [EP100 Members](#), [EV100 Members](#)
- [Corporate Knights 100 Most Sustainable Corporations](#)
- [CPA-Zicklin Index](#) for Political Accountability
- [Digital Rights Corporate Accountability Index](#)
- [Diversity Inc's Top 50 Companies for Diversity](#)
- [Dow Jones Sustainability Indices \(DJSI\)](#)
- [EPA's Green Power Partners](#)
- [Equileap's Top 100 Companies for Gender Equality](#)
- Forbes [Best Large Employers](#), [Best Midsize Employers](#), [Best Employers for Diversity](#)
- Fortune [100 Best Employers](#), [Best Workplaces for Women](#), [Best Workplaces for Millennials](#)
- [Glassdoor Best Places to Work](#)
- Great Places to Work [World's Best Workplaces](#), [Best Workplaces for Parents](#)
- [HRC's Corporate Equality Index](#)
- [Institute for Clinical and Economic Review \(ICER\) Policy Leadership Forum Members](#)
- [JUST Capital Rankings](#)
- KnowTheChain [Food, Apparel and IT Benchmarks](#)
- [MSCI ESG Ratings](#)
- PEOPLE [Companies That Care](#)
- [Points of Light Civic 50 Honorees](#)
- [RE100 Member List](#)
- [Roundtable on Sustainable Palm Oil \(RSPO\) Supply Chain Certificate Holders](#)
- [S&P Global Sustainability Yearbook](#)
- [Science-Based Targets initiative \(SBTi\) Companies](#)
- [State Street Global Advisors' Gender Diversity Index](#)
- [Task Force on Climate-related Financial Disclosures \(TCFD\) Supporters](#)
- World Benchmarking Alliance [Corporate Human Rights Benchmark](#), [Social Transformation Benchmark](#), [Gender Benchmark](#), [Digital Inclusion Benchmark](#), [Food and Agriculture Benchmark](#), [Auto and Utilities Benchmark](#)

III. Further Research

What else has our research process told us about how Regeneron Pharmaceuticals conducts business, in terms of its products and services, its environmental impact, and its approach to governance?

Summary

Regeneron Pharmaceuticals is a biopharma company focused on medicines to treat serious diseases including cancer, allergic and inflammatory diseases (e.g asthma, excema), eye diseases, cardiovascular and metabolic diseases, pain, hematologic conditions, infectious diseases, and other rare diseases. Founded in 1988, the company focuses solely on the development of new drugs (rather than acquiring existing ones), and says it focuses heavily on scientific research and development. Regeneron and its co-founder, Leonard Shleifer, have gained attention for involvement in efforts to fairly price its drugs, working with the Institute for Clinical and Economic Review (ICER) and making strong public statements about the drug industry’s responsibility to make drugs accessible to the maximum number of patients through fair pricing. Regeneron is also working toward a 1.5 degree-aligned emissions target, with several steps taken to transition to renewable electricity, and has been recognized for its efforts at water efficiency. The company frequently makes media lists of “best places to work,” has a low employee turnover rate and has nearly equal representation of women and men in its global workforce. Also notable is Regeneron’s disclosures of political spending, which include state and local campaign donation disclosures and disclosure of trade association payments over \$50,000, both rare examples of a company following a best practice..

In June 2020 the US Department of Justice sued Regeneron, claiming the company paid tens of millions in kickbacks using a foundation to cover up what were essentially co-pays, which gave its Eylea drug an unfair advantage against competitors. While such suits against biopharma companies by the DOJ have become very common, Regeneron, unlike other companies, has chosen to challenge the suit rather than settle outside of court. Regeneron should also make efforts to further diversify its board and executive team, and accelerate its Scope 3 commitments.

Products & Services

Background

- *Brief description of products/services:*
Regeneron is a biotechnology company that invents, develops, and commercializes medicines for people with serious diseases. Its medicines and pipelines are designed to help patients with eye diseases, allergic and inflammatory diseases, cancer, cardiovascular and metabolic diseases, pain, hematologic conditions, infectious diseases, and rare diseases.¹
- *Founding date:*
1988
- *Key historical changes to company structure (e.g. M&A):*
None
- *Key historical changes to products:*
The company says it is continually developing and researching new drugs.

Product detail

- *Current products/services detail, including social/environmental benefits:*
FDA approved: Dupixent, Evkeeza, Eylea, Inmazed, Kevzara, Libtayo, Praluent.²
Drugs treat eye diseases, allergic and inflammatory diseases (e.g. asthma, eczema), cancer, cardiovascular and metabolic diseases, pain, hematologic conditions, infectious diseases, and rare diseases.³
- *Significant recent developments or new plans for products/services (in the context of industry developments if applicable):*
The company says it has 10 drugs in the final phase of its investigational clinical pipeline.⁴

Landscape

- *Company size:*
10,300

¹ <https://www.regeneron.com/about>

² <https://www.regeneron.com/pipeline-medicines/investigational-pipeline>

³ https://www.sec.gov/ix?doc=/Archives/edgar/data/872589/000180422022000007/regn-20211231.htm#i58977c8e94dd4577b7dd02b6fd4ef00f_13

⁴ <https://www.regeneron.com/pipeline-medicines/investigational-pipeline>

- *Business segments and revenue:*
2021 Revenue: \$16,071.7 million⁵
Biotech/BioPharm
- *Industry position/market share:*
\$79.31 billion market cap⁶

Impact

- *Detail on additional social/environmental benefits of products:*
Regeneron has gained attention for its efforts at fair drug pricing.⁷ CEO Leonard Shleifer was quoted as saying, on a panel discussion with other pharmaceutical leaders in late 2016, that "the real reason we're not liked, in my opinion, is because we as an industry have used price increases to cover up the gaps in innovation." Shleifer also reportedly told then-Pfizer CEO Ian Reed: "You're not entitled to a fraction of GDP."⁸

In 2018, Regeneron worked with the Institute for Clinical and Economic Review (ICER), the leading drug pricing watchdog, to "responsibly price [its] innovative medicine in line with its clinical benefits."⁹ In exchange for significantly lowering the price of cholesterol drug Praluent, Regeneron negotiated with Express Scripts to make it easier for patients to access the drug (Express Scripts also guaranteed that for relevant medical conditions, it would exclusively offer Regeneron's treatment).

Regeneron says its largest drug, Eylea, has not seen a price increase since its FDA approval in 2011, even though the company continues to spend on research and development for the drug.¹⁰ Another of the company's biggest drugs, Dupixent, which is used to treat asthma, eczema, and other allergy-related conditions, was priced based on consultation with ICER, as well as with payers and insurers.¹¹ Similar to Praluent, industry watchers have expressed hope that the approach "could set a model for the pharmaceutical industry."¹²

⁵https://www.sec.gov/ix?doc=/Archives/edgar/data/872589/000180422022000007/regn-20211231.htm#i58977c8e94dd4577b7dd02b6fd4ef00f_13

⁶ <https://companiesmarketcap.com/regeneron-pharmaceuticals/marketcap/>

⁷

<https://www.forbes.com/sites/forbesdigitalcovers/2018/07/26/regenerons-billionaire-founder-battles-the-drug-pricing-system/?sh=6898845a73ea>

⁸ <https://www.foxbusiness.com/markets/regenerons-ceo-blasts-peers-on-innovation>

⁹ <https://icer.org/news-insights/commentaries/pcsk9-grand-bargain/>

¹⁰ <https://www.regeneron.com/downloads/regeneron-us-pricing-philosophy.pdf>

¹¹ <https://www.advisory.com/daily-briefing/2017/04/11/new-pricing-strategy>

¹² <https://www.statnews.com/2017/04/03/regeneron-drug-price-model/>

Environment

Goals and disclosure

- Environmental Commitments
 - *CDP reporting and score:*
Climate Change 2022: B
Water Security 2022: B¹³
 - *1.5-degree SBTi target?*
No. The company is planning to set a target in 2023.
 - *Scope 3 targets?*
By 2021 engage our top 30 suppliers, representing approx. 50% of spend, to gather and report Scope 3 GHG emissions data.¹⁴
 - *Water/waste/deforestation goals?*
See below.
- Environmental Disclosures and Progress¹⁵
 - *Emissions:*
Reduced Scope 1 & 2 GHG emissions per sq meter by 15% compared to 2016; goal is 30% by 2025. Installed 133kW solar array at NY site. Allocated 188kW of renewable hydropower expected to come online in 2022. Achieved 20% renewable electricity; goal is to match 50% of electricity consumption from renewable energy sources. 100% renewable electricity at Irish site.
 - *Water:*
Goal for 2025 is to improve water efficiencies by using a mapping and stewardship program; did some mapping and completed a system at Irish site that is projected to save 8.5 million liters of water per year.
 - *Waste, including use of recyclable materials:*
Divert 100% of waste from landfill (2020 goal), 2021 goal to compost food waste at all sites >2000 employees. Composting programs are in place at two work sites, with one delayed from pandemic. 2025 goal to increase plastic recycling and reduce hazardous waste generation (seems like minimal progress).
 - *Deforestation:*
None

¹³https://www.cdp.net/en/responses/40390/Regeneron-Pharmaceuticals-Inc?back_to=https%3A%2F%2Fwww.cdp.net%2Fen%2Fresponses%3Fqueries%255Bname%255D%3Dregeneron&queries%5Bname%5D=regeneron

¹⁴ <https://investor.regeneron.com/2021RR> pg 57

¹⁵ <https://investor.regeneron.com/2021RR> pg 19

Product impacts

- *Significant environmental benefits to using products:*
N/A
- *Significant environmental commitments in supply chain:*
See scope 3 milestones and targets, below.
- *Do products help customers reduce emissions? By how much?*
N/A
- *Intermediate scope 3 milestones and targets:*
Engage top 30 suppliers (50% of spend) to improve scope 3 emissions data and plan for reductions.
- *Significant environmental fines, remediation or controversy:*
None

Operational initiatives

- *Are scope 1 and 2 commitments 1.5-aligned?*
No, targeting 2023 to set a 1.5 degree-aligned target.
- *Intermediate scope 1/2 initiatives, milestones and targets:*
No
- *Specific initiatives that could help achieve scope 1/2 targets, or lower emissions if no targets:*
Irish production site uses 100% renewable energy, Sleepy Hollow NY office will use 100% with existing 100-Mw rooftop solar array plus renewable hydropower purchases.¹⁶
- *Other specific, internal initiatives in service of water conservation, waste management, etc:*
By 2023 set targets for scope 1 & 2 GHG emissions¹⁷

Management Integrity and Ethics

Leadership & Diversity

- *Brief profile of CEO and any other notable leaders:*
Leonard Schleifer (Founder, President and CEO): Recognized as one of Barron's Best CEOs and as an Ernst & Young Entrepreneur of the Year. Dr. Schleifer is a licensed physician, certified in Neurology by the American Board of Psychiatry and Neurology, and worked as a practicing neurologist before founding Regeneron. Shleifer's leadership is known for its

¹⁶ <https://www.regeneron.com/responsibility/sustainable-communities>

¹⁷ <https://www.regeneron.com/responsibility/sustainable-communities>

focus on science and R&D. Shleifer has also been an outspoken proponent of fair drug pricing.

George Yancopoulos (Scientific Founder, President and Chief Scientific Officer): Principal inventor of Regeneron's nine FDA-approved drugs and foundational technologies. He has been named an Ernst & Young Entrepreneur of the Year and is credited with creating a science-driven, collaborative R&D culture at Regeneron, earning repeated recognition as one of the "most innovative companies in the world" by Forbes magazine. Dr. Yancopoulos was the 11th most highly cited scientist in the world in the 1990s, and in 2004, he was elected to be a member of the National Academy of Sciences.¹⁸

- *Leadership Composition*
 - *Executive team:*
 - 25% women (global)
 - 19% POC (U.S. only)
 - Board:*
 - 25% women
 - 42% (gender, race, ethnicity)¹⁹
- *Employee/Management Composition and Pay Equity*
 - *Employees:*
 - 49.3% women (global)
 - 23.6% minority representation (U.S.)
 - Partnership with the Society for Science, "we contribute a substantial amount annually to science, technology, engineering, and mathematics ("STEM") equity and outreach programs to help increase access to science research education and bridge opportunity gaps among students historically underrepresented in the sciences. We also continue to take steps to further integrate diversity considerations into the design and selection of sites for our clinical studies to make sure they reflect the diversity of patients with the diseases under investigation."²⁰
 - *Management:*
 - Not disclosed.
 - *Pay equity:*
 - Not disclosed.

¹⁸ <https://www.regeneron.com/about/leadership>

¹⁹ <https://investor.regeneron.com/2021RR>

²⁰ <https://www.sec.gov/Archives/edgar/data/872589/000180422022000007/regn-20211231.htm>

Human and Labor Rights

- *Are clear policies in place on forced labor and supply chain monitoring?*
Zero tolerance policy against human trafficking, covering human rights issues such as forced and child labor and ethical research/development²¹
- *What % of supply chain is covered?*
100% (inferred)
- *Supply chain enforcement mechanisms:*
Hold suppliers, manufacturers, and business collaborators accountable by leveraging existing policies; the global trafficking hotline; non-retaliation reporting; conflict mineral traceability; and an ethical Regeneron reporting hotline.²²
- *Employee safety metrics:*
0 fatalities, 0.11 lost-time incident rate, 0.72 total recordable incident rate. 53% of incidents were ergonomic, 16% slip/trip/falls.²³
- *Labor relations disputes or successful agreements:*
N/A
- *Employee satisfaction metrics:*
89% say it's a great place to work
#9 Fortune Best Workplaces in BioPharma 2022
#27 Fortune Best Workplaces in NY 2022²⁴
Reported 7.8% turnover rate in 2021 is significantly lower than what the company says is the industry average of 19%.²⁵
- *Programs requiring diverse hiring practices, professional training in underserved communities, or other equity-focused initiatives:*
Black Employee Resource Group, ReLGBT Group, Women in Science and Engineering at Regeneron, Veterans at Regeneron, and Humanity of Planet Earth Group. Hired Chief Diversity, Equity, and Inclusion Officer, mandatory inclusion training, etc.²⁶

Political and Charitable Activity

- *Does the company have a policy not to spend anything on lobbying or political contributions?*
No funds for federal candidates; some allowed for state and local.²⁷

²¹ <https://www.regeneron.com/downloads/regeneron-position-statement-on-human-rights-clean.pdf>

²² <https://www.regeneron.com/downloads/regeneron-position-statement-on-human-rights-clean.pdf>

²³ <https://investor.regeneron.com/2021RR> pg 45

²⁴ <https://www.greatplacetowork.com/certified-company/1100602>

²⁵ <https://investor.regeneron.com/2021RR>

²⁶ <https://www.regeneron.com/responsibility/corporate-integrity#3>

²⁷ <https://www.regeneron.com/downloads/corporate-political-contributions-policy.pdf>

- *Federal lobbying expenditures and political donations:*
Individual & PACs contribution \$148,783, lobbying \$1.03 million²⁸
- *Is lobbying data voluntarily disclosed, including state and local contributions, trade association memberships, and PACs?*
Yes. Regeneron voluntarily discloses all PAC spending, including state and local contributions and trade association memberships with payments over \$50K/year
- *How much is spent annually on charitable contributions?*
\$16.5 million to non-profit orgs (2021)
- *How much volunteer time do employees give annually?*
4400 employees volunteered 19,300 hours valued at \$1.5 million (2021)
- *Major charitable or volunteer projects with meaningful long-term impact:*
\$859 million in in-kind donations including donations of free medicine through Regeneron patient support programs. “Day for Doing Good” volunteer efforts to support diversity and equity programs, STEM experiences for students, and community revitalization and beautification.²⁹

Legal

- *Outstanding legal disputes with significant reputational and/or financial stakes (including shareholder lawsuits):*
US filed suit against Regeneron on June 24, 2020, claiming the company paid tens of millions in kickbacks using a foundation to cover up what were essentially co-pays, which gave its Eylea drug an unfair advantage against competitors.³⁰ While such suits against biopharma companies by the DOJ have become very common, unlike others Regeneron has chosen to challenge the suit rather than settle outside of court.³¹
- *Significant fines paid or in dispute:*
None found (yet).
- *Current or recent headline controversies involving the company or its management:*
Same as bullet one

²⁸ <https://www.opensecrets.org/orgs/regeneron-pharmaceuticals/summary?id=D000067512>

²⁹ <https://investor.regeneron.com/2021RR> pg 68/69

³⁰

<https://www.justice.gov/usao-ma/pr/united-states-files-suit-against-drug-manufacturer-regeneron-paying-kickbacks-through-co>

³¹

<https://www.fiercepharma.com/pharma/regeneron-vows-to-fight-new-doj-lawsuit-alleging-charity-donations-were-eylea-kickbacks>

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