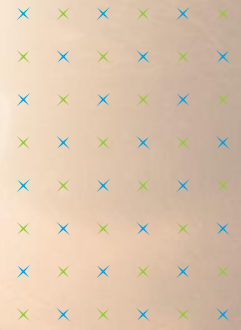




# ESG 2.0

**Casey Stock, Director of ESG & Sustainability**

April 2023



## Our core values

We are founded on **eight** core values that inform our daily operations. These values provide a framework to achieve our vision and mission at Natera. Engaging all stakeholders on these values is an important aspect of aligning what we do with what we say.

### 1. A person behind every sample

We treat every sample that comes to our labs as a real person, knowing that the work we do with these samples will have an impact on the lives and families behind them.



### 2. Embrace diversity

Our operations are built around a mosaic of people, ideas, and experiences.



### 3. Be accountable, take ownership

Responsibility is at the core of our organization. Patients rely on us to deliver accurate genetic information and support throughout their journey.



### 4. Think team

We work together, sharing a common purpose—our mission.



### 5. Lean and nimble

Our proprietary technology platform enables us to quickly innovate new solutions in cell-free genetic testing.



### 6. Show me the data

Data drives our decision-making processes. Our innovation within the genetic testing space is backed by a deep scientific foundation.



### 7. Be ready to change the world

Our focus is improving the health of patients while creating a positive impact for our people, communities, and planet.



### 8. Integrity is in our DNA

We infuse every interaction with honesty, respect, and the utmost care.



“Is the world better off because your business is in it, or not?”

Paul Polman, Former CEO of Unilever

# The Booming Trend of ESG



- **2020 highlighted** companies' areas of underperformance/ opportunity as it relates to climate change, equality, diversity, resiliency & governance
- **Investors** are getting serious about climate change
- **Call for data transparency** (SEC), eliminating greenwashing & aggressive plan of actions
- **Candidates** are seeking to work for companies that align with their values as it pertains to climate & environment, human rights, diversity and community engagement

# A Letter from Larry Fink, Blackrock

Dear CEO,

BlackRock is a fiduciary to our clients...most of the money we manage is for retirement – for individuals and pension beneficiaries like teachers, firefighters, doctors, businesspeople, and many others. **It is their money we manage, not our own.** The trust our clients place in us... **gives us a great responsibility to advocate on their behalf.**

We are **asking you to disclose how a [net zero energy plan]** is incorporated into your long-term strategy and reviewed by your board of directors.

As you issue sustainability reports, we ask that your disclosures on talent strategy fully reflect your **long-term plans to improve diversity, equity, and inclusion**, as appropriate by region. **We hold ourselves to this same standard.**

# Defining ESG

Environmental, Social and Governance describe a set of standards that socially-conscious investors use to screen potential investments.

## Environmental

How a company performs as a steward to the natural environment

## Social

How a company manages its relationships with its employees, customers (patients) & communities

## Governance

Company's leadership, ESG oversight, executive pay, internal controls

# CSR + ESG: How they are different & why it matters

## CSR

- An organization's internally-defined social impact vision
- Company's values, policies, and practices that address social, economic, and environmental issues
- Not externally mandated or regulated by outside bodies
- CSR makes up the “S” of ESG

## ESG

- set of criteria for evaluating a company's impact
- used by stakeholders (primarily investors) to assess a company's impact on society
- Public information about program informs ESG ratings (annual report, 10k, Proxy)
- Becoming externally mandated & regulated
- ESG = transparency

## Natera's ESG commitment


Natera's focus is on serving our physician partners and patients. The business operations that we engage in, every day, have a direct impact on the environment and the health of our partners, employees, and patients.

[View our 2021 ESG report  
and 2025 Goals](#) >

### IN 2021, NATERA:


#### OUR COMPANY


 **>1M+**  
patients served

 **>1.4M**  
tests performed

 **>\$264M**  
R&D spend


#### OUR PEOPLE

 **46%**  
of employees are BIPOC\*  
\*Black, Indigenous, and people of color

 **59.2%**  
of employees are  
women

 **73%**  
of Board of Directors  
independent

#### OUR IMPACT

 **4,440+**  
employee volunteer hours

 GHG emissions;  
**0.08 MTCO<sub>2e</sub>**  
per test performed



Great Place to Work –  
Certified Company



# Our ESG Program at Natera



## Pursuing Environmental Stewardship

- Energy, waste, water reduction
- Renewable energy
- Green building
- GHG emissions management
- Supply chain engagement
- EH&S
- Climate action



## Empowering our People, Patients & Communities

- Access & affordability
- Diversity, Equity & Inclusion
- Human rights
- Human capital development
- Employee engagement
- Pay equity
- Charitable Giving
- Volunteerism
- Clinical trial diversity



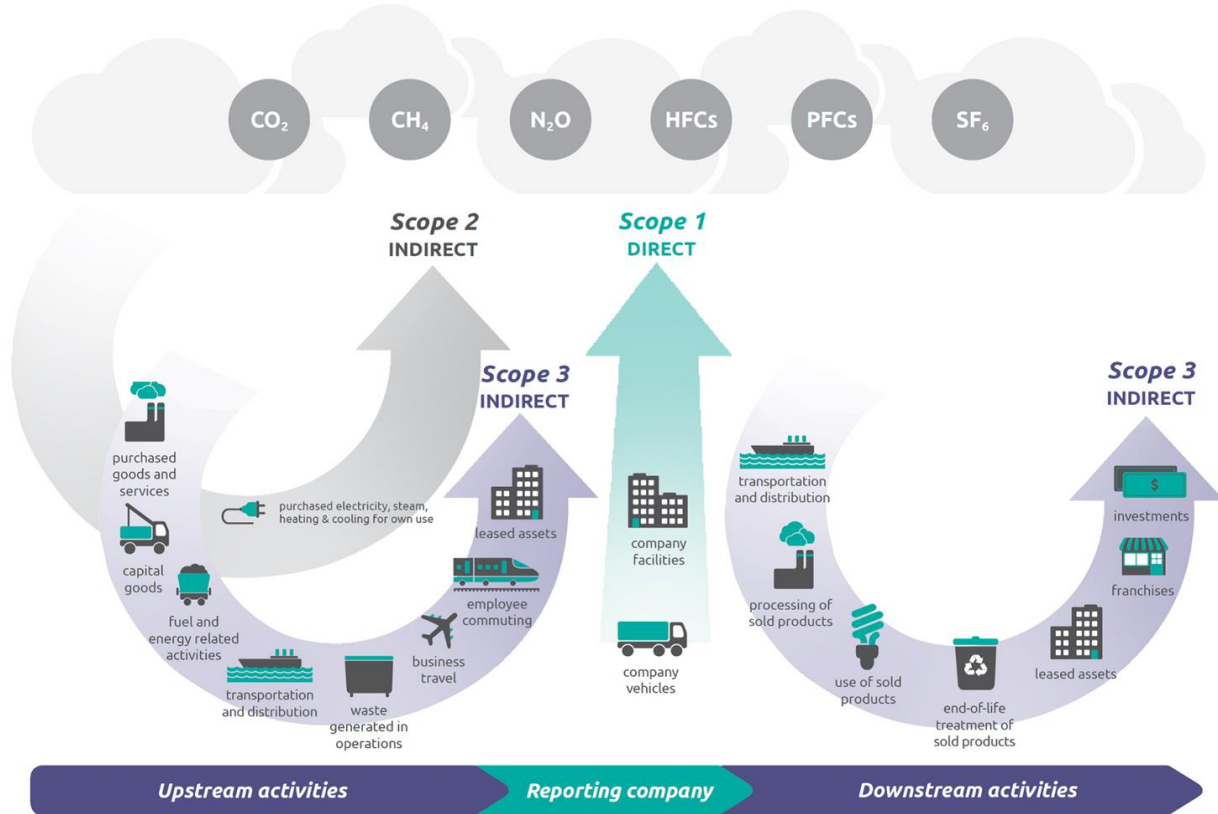
## Leadership & Governance

- Board oversight
- Leadership oversight
- Cyber Security
- Code of ethics & conduct
- Data privacy
- Climate action in leadership
- Executive compensation
- ESG reporting

# Natera's ESG Program Overview



# Natera's Greenhouse Gas Footprint: Scope 1-3 Emissions



# Our 2025 Environmental, Social, and Governance goals

In April 2022, Natera hosted its inaugural Environmental, Social, and Governance Summit bringing together members of the board, executive leadership, and senior leaders to create Natera's 2025 ESG goals. We will report on the progress of these goals in our annual ESG report. The 2025 ESG goals have a baseline year of 2021.

## Environmental

### Waste

- Reduce non-biohazardous waste footprint per test kit by 25%
- Achieve 80% non-biohazardous waste diversion for our Austin and San Carlos sites



### Energy

- Transition 50% of sales fleet to electric vehicles
- Achieve My Green Lab Certification at Austin and San Carlos sites



### Supply chain

- Collaborate with 25 of Natera's top 100 critical suppliers to have Scope 1-2 emissions reduction initiatives



## Social

### Empowering our people

- Achieve 100% of people managers to complete annual Diversity, Equity, and Inclusion (DEI) training
- Perform annual pay equity analysis and adjust as appropriate



### Community impact

- Log 20,000 employee volunteer hours from 2021 to 2025



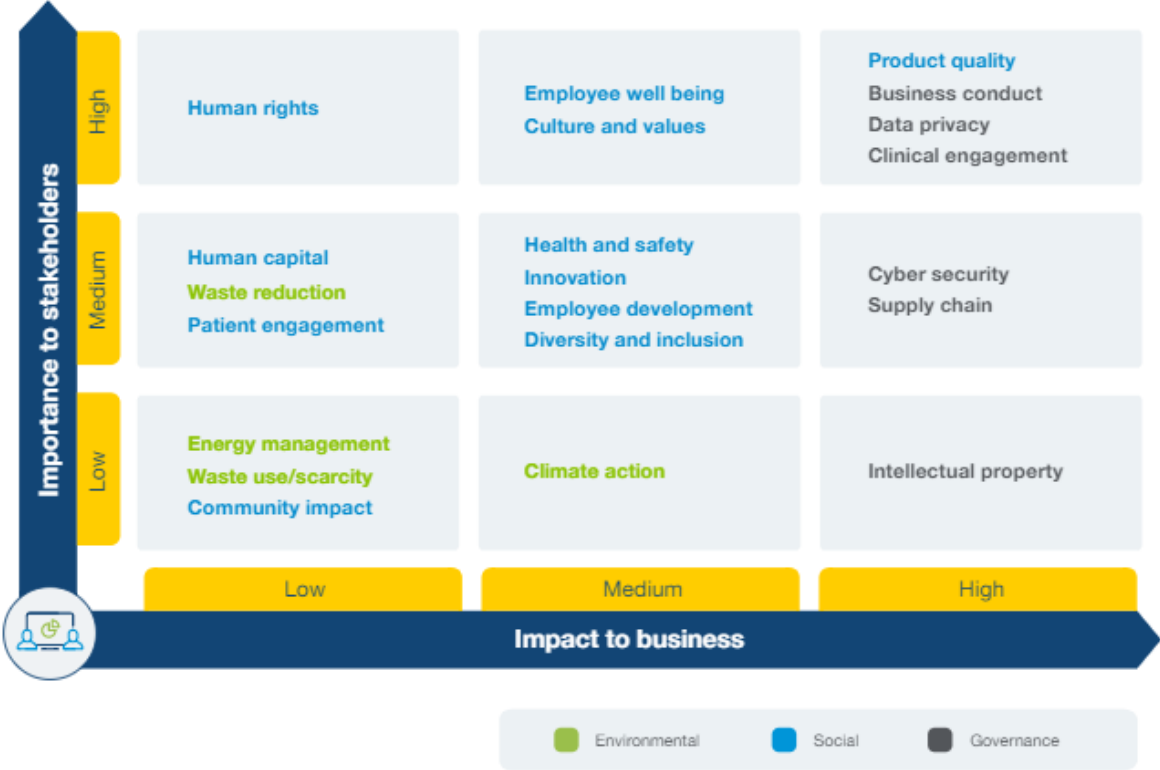
## Governance

### Governance

- Increase diversity of executive leadership
- Provide updates on ESG initiatives to Board twice annually



# Our Materiality Assessment



# Creating our 2025 ESG Goals

## 1

### 2025 Visioning

What do we want to be known for?


What is our 2025 Wall Street Journal headline for ESG?

 Fortune

[Companies embrace employee sustainability education to tackle climate emergency](#)

Companies embrace employee sustainability education to tackle climate emergency. By Lisa Held. April 11, 2022 8:00 AM PDT.



 Entrepreneur

[4 Steps to Bring More Much-Needed Diversity to Startup Culture](#)

Medical genetic testing company Invitae expanded its DEI (diversity, equity and inclusion) efforts in 2020. It added ERGs (employee resource...




 Wall Street Journal

[Walmart Makes Progress on Emissions Target By Winning Over Suppliers, CSO Says](#)

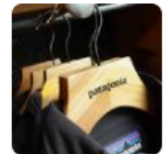
WSJ Pro Sustainable Business. A weekly look at environmental, social and governance issues and strategies for corporate decision makers. PREVIEW.



 The National

[US retailer Patagonia donates \\$10m from Black Friday sales to protect environment](#)

US outdoor apparel and gear retailer Patagonia is donating a record \$10 million in retail and online Black Friday proceeds as part of its...



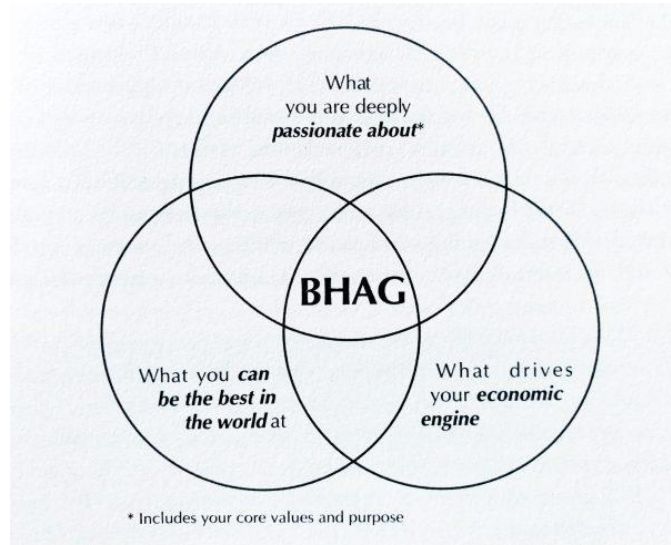
# Creating our 2025 ESG Goals

2

## Throwing Spaghetti to the Wall

3-4 small groups

Each team submits 7-10 goals across E, S and G equally



“

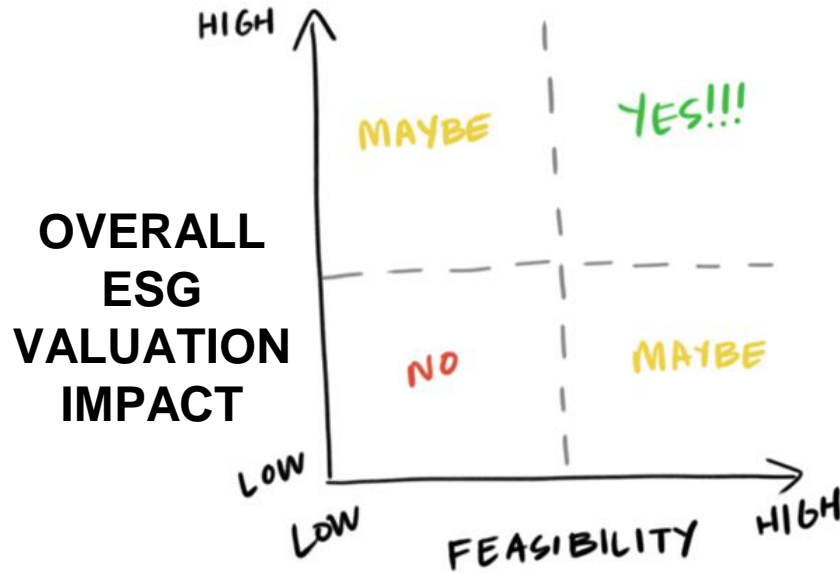
A GOOD BHAG  
FORCES YOU  
TO BECOME  
AN AMAZING,  
VISIONARY COMPANY.

# Creating our 2025 ESG Goals

## 3

### Organizing Goals

Place goals on Matrix of “Feasibility” and “Impact”





# Natera's ESG Program Fundamentals



## Framework

- Baseline Data
- ESG KPIs
- Core Team
- Executive Steering Committee
- Data back-up; internal audit



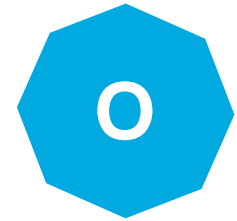
## Engagement

- BOD involvement
- Employee feedback
- ERG ownership
- Supplier collaboration
- Investor engagement



## Disclosure

- Annual ESG Report
- 2025 Goal Progress
- Financial Reporting (10k, Proxy)
- CDP, TCFD
- Public Policies



## Operational Excellence

- Water, energy, waste optimization
- Emissions reduction
- DEI life cycle efforts
- Culture integration

# Upcoming Climate Rules from the SEC

Reporting Measure	Details
Climate Risks & Material Impacts	Impacts on the business, strategy and outlook caused by climate change, generally consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) disclosures
Scope 1 & 2 GHG Emissions	Direct & Indirect emissions
Scope 3 Emissions	Value chain emissions (if material)
Financial Impacts of Climate Events	Additional qualitative and quantitative climate risk disclosures
Governance & Risk Management	Oversight of climate related events and sustainability initiatives
Support plans for environmental claims	How a company will achieve SBT/Net Zero
Data Assurance (Scope 1-3)	Third party data verification of Scope 1-3 GHG collection

# Getting Started: 5 Things to do now

1

Complete a materiality assessment.

2

Outline what ESG data is relevant + material to your company.

3

Identify your ESG vision + communicate it out to key internal stakeholders.

4

Build an ESG core team & find an executive sponsor

5

Build a transparent roadmap of where you are & what you're working on. Share that externally.

# Recommended Resources

