

Global Environmental, Social, and Governance Report 2024



2024 ESG REPORT

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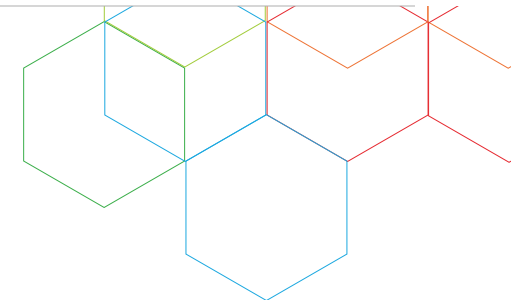
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A Letter from Our Co-Founder and CEO

Dear Stakeholders,

As I reflect on 2023 and the past 10 years of Recursion and anticipate what lies ahead, I am filled with a profound sense of momentum and possibility for the next chapter of Recursion. Our vision of using artificial intelligence (AI) and technology to create a better, more efficient process of discovering many new medicines is inherently a vision of sustainability. Efficiency – in our context – drives a more sustainable healthcare system.

For over a decade, we've been diligently pursuing this vision, shaping a new category in drug discovery we call TechBio. By using AI and machine learning (ML) technologies in concert with powerful new biological, automation, and chemistry tools, we can expand our search space to discover better medicines with a higher probability of success. Moreover, by building and harnessing new AI tools, the toil embedded in our processes can give way to a more efficient and creative workforce. In the decades ahead, we believe our approach, and others like it, will meaningfully lower the cost of medicines by moving failure earlier and reducing the rate of expensive, late-stage failures in clinical trials. This is the path to achieving a more equitable and sustainable healthcare system for everyone.

It's not just us who believe in the power of technology to achieve this new paradigm. Within the last 12-24 months, I've been encouraged to see many of the ideas embedded within TechBio, in particular the belief in the utility of AI in drug discovery, are beginning to take hold across some of the largest biopharma and technology companies.

As we push the boundaries of what is possible with TechBio, we're also making strides to drive positive impacts for all of our stakeholders. I am proud to highlight some of our key areas of progress from 2023:

We continue to advance our pipeline and partnerships, with multiple Phase 2 data readouts expected over the next year. Read more in our [Commitment to Patients](#) section.

We're building a leading full-stack technology platform with our Recursion OS, including new digital chemistry capabilities added through the acquisitions of Cyclica and Valence Discovery (now Valence Labs, our AI research engine).

We're fostering a diverse and inclusive team, with the addition of two new Employee Resource Groups and an innovative Returnship Program aimed at cultivating a culture of belonging and attracting world-class talent. Read more in [Our People and Culture](#) section.

Locally and globally, we're building a flourishing TechBio community through initiatives like Altitude Lab, our incubator, as well as our commitment to open science, as demonstrated by the release of datasets and models like Phenom-Beta on BioNeMo. Read more in our [Social Impact](#) section.

Our commitment to reducing our environmental footprint is backed by investments in renewable energy and the initiation of Scope 3 greenhouse gas assessments to understand the full impact of our value chain. We've also aligned our climate-related disclosures to the Taskforce on Climate-Related Financial Disclosures (TCFD) framework, which you can find in the [Metrics, Frameworks, and Standards](#) section.

These strides pave a path forward that is not only filled with remarkable advances in healthcare, but also a more sustainable future for our planet and communities.

We are not on this journey alone, and are energized by the collective commitment of all who share our mission and pledge. Our amazing team at Recursion, our partners, investors, and communities all play important roles in realizing this promising future.

I want to express my deepest gratitude for your continued support of Recursion. We are incredibly proud of our collective achievements, remain committed to delivering value to all our stakeholders, and hold great optimism for the future. Together, we are on a mission to **Decode Biology to Radically Improve Lives**, and with every stride, we are making this mission a reality.

Thank you for joining us on this exciting journey.

Chris Gibson, Ph.D.
Co-Founder and
Chief Executive Officer





About Recursion

Our Mission: Decode biology to radically improve lives

Recursion is a leading clinical-stage TechBio company decoding biology to industrialize drug discovery. Our vision is to leverage technology to map and navigate biology and chemistry to discover and develop better medicines faster.

Success in decoding biology implies our ability to predict ways to navigate it, which may enable us to build a massive pipeline of medicines, either by ourselves, with partners, or both. As part of that work, we seek to radically improve not only the lives of patients who could benefit from the medicines we help to deliver, but also the lives of those who care for those patients, the lives of our employees and their families, and the communities in which we operate our company.

We're industrializing drug discovery and development in pursuit of changing lives forever.

Quick Facts*

Numbers

2013
FOUNDING YEAR

>500
TEAM MEMBERS

~35% biologists, chemists, and drug developers

~44% data scientists, software programmers, and engineers

~21% strategic operations

Headquarters

SLC
SALT LAKE CITY, UT

Additional Sites

USA
SAN FRANCISCO BAY AREA

CAN
TORONTO, ONTARIO
MONTREAL, QUEBEC

Strategic Partners

Bayer
(Precision Oncology)

Roche and Genentech
(predominantly neuroscience)

NVIDIA

Tempus

Enamine

Recursion OS

>50PB
PROPRIETARY BIOLOGICAL, CHEMICAL, AND PATIENT DATA

>5T
INFERRED BIOLOGICAL RELATIONSHIPS
to mine using our atlas of biology

Pipeline

5
CLINICAL PROGRAMS
More than a dozen preclinical and discovery programs

Founding Principles



Explore the Uncharted



Create Virtuous Cycles



Build Connected Data



Industrialize to Scale



Optimize for the Portfolio



Challenge Assumptions

Values

We Care, We Learn, We Deliver, We Act Boldly with Integrity, We Are One Recursion

*As of December 31, 2023

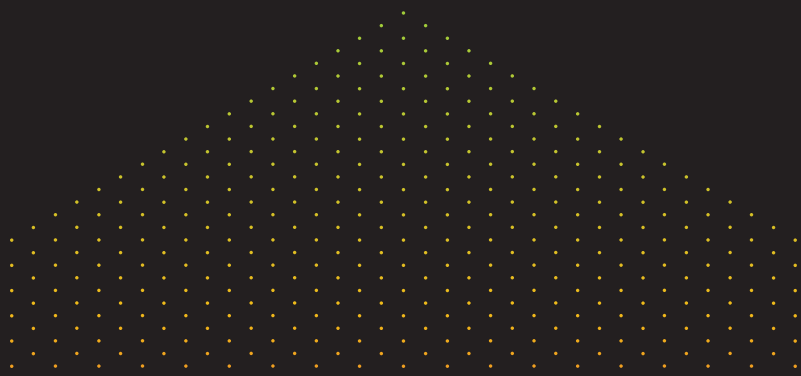
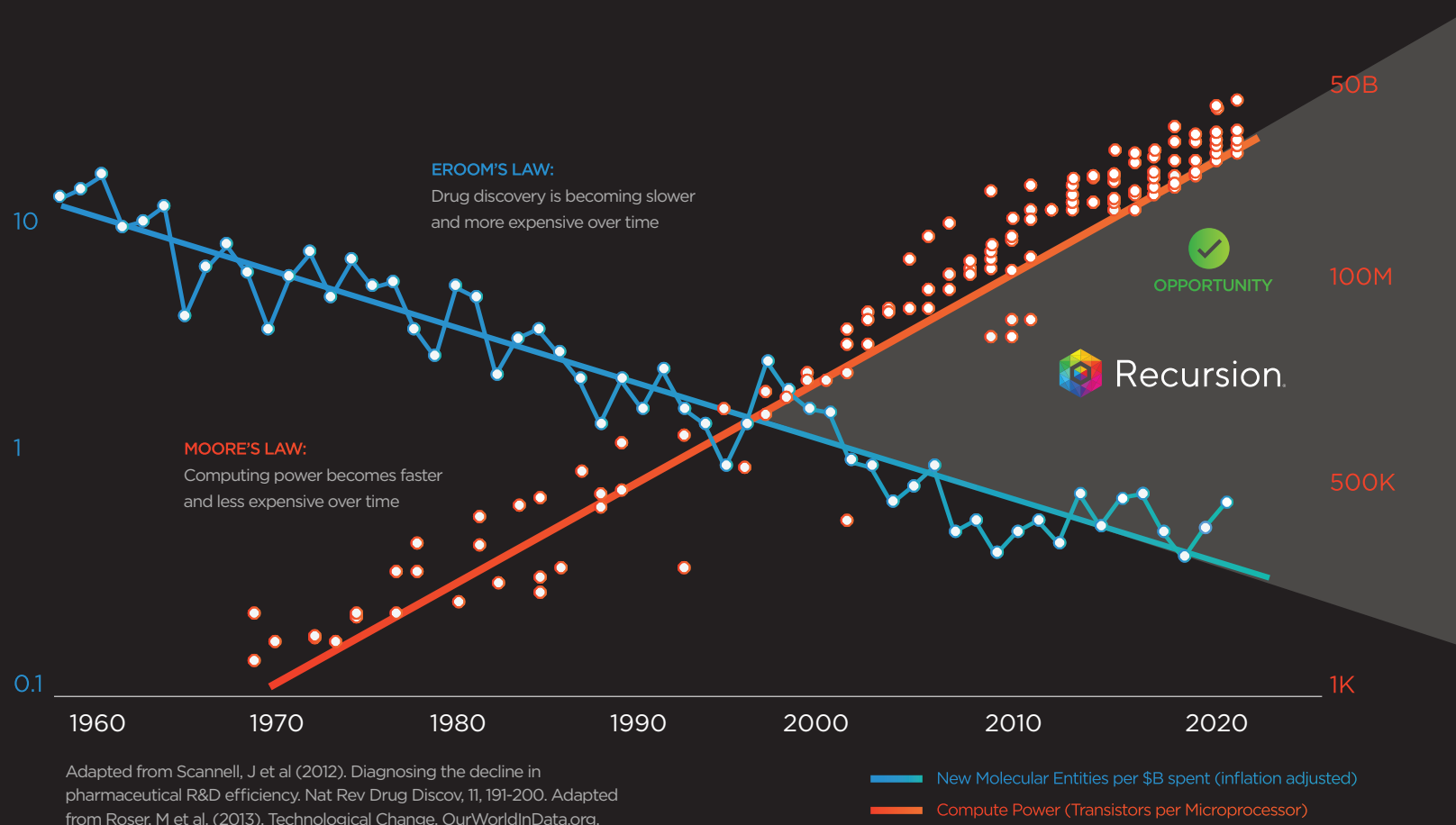


Industrialization Is the Path to Sustainability

Recursion was founded in 2013 with a vision to capitalize on the convergence of advancements in computation and ML to address the decreasing efficiency of drug discovery and development. We believe that this opportunity represents one of the most positively impactful applications of ML and AI for society.

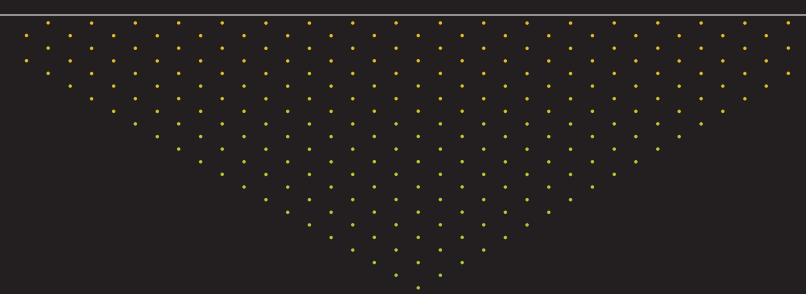
We believe we are among the companies leading this burgeoning new sector of the biopharma industry that we call TechBio. Our success, and the success of this new sector generally, has the promise to drive new and better medicines to patients at higher scale and lower prices. We are working hard to not only lead this space, but define it.

Eroom's Law observes that while technology advancements have made many processes faster and less expensive over the years, drug discovery is becoming slower and more expensive. Recursion was created to take advantage of the discontinuity between these fields and harness the power of accelerating technological innovations to improve the efficiency of drug discovery and development.





INDUSTRIALIZATION IS THE PATH TO SUSTAINABILITY *CONTINUED*



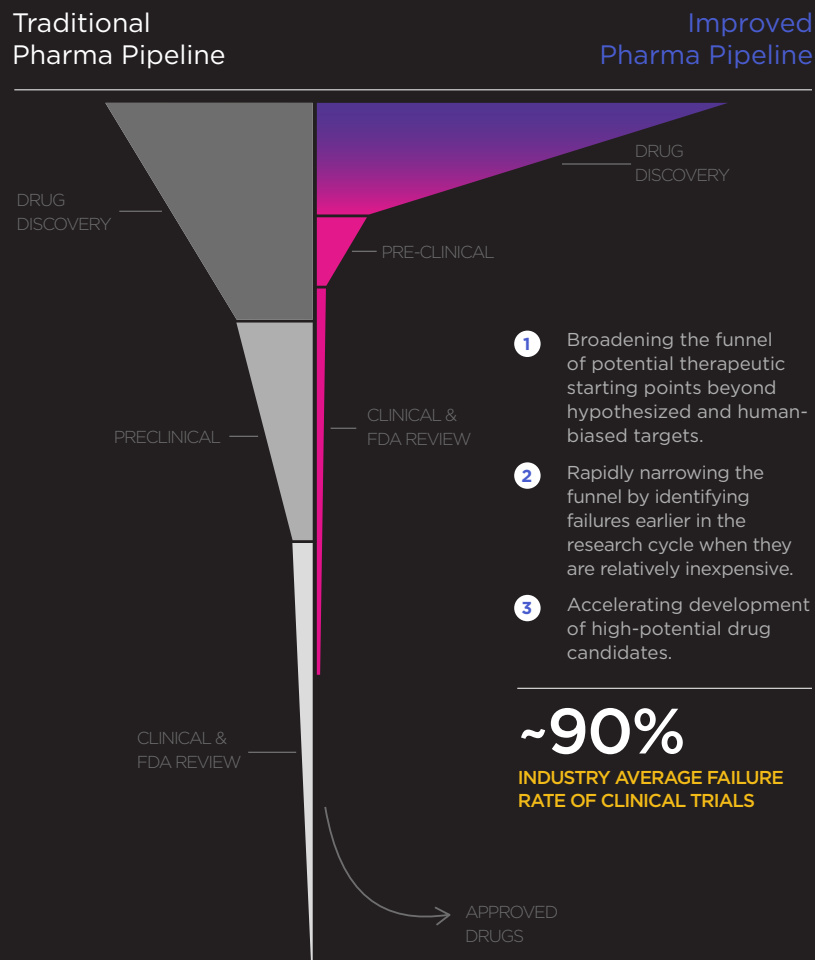
Our goal is to leverage technology to reshape the typical drug discovery funnel

Creating a More Sustainable R&D Model

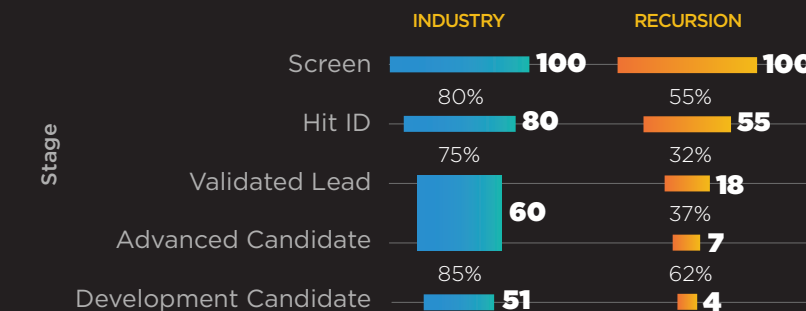
The primary driver of the cost to discover and develop a new medicine is clinical failure. Less than 4% of drug discovery programs that are initiated result in an approved therapeutic, resulting in a risk-adjusted cost of approximately \$1.8 to \$2.6 billion per new drug launched. Reducing the rate of costly, late-stage failures and accelerating the timeline from hit to a clinical candidate would create a more sustainable R&D model.

To achieve this, we believe that in its ideal state, a drug discovery funnel would morph from being shaped like the letter 'V' to being shaped like the letter 'T,' where a broad set of possible therapeutics could be narrowed rapidly to the best candidate, which would advance through subsequent steps of the process quickly and with no attrition. Our goal is to leverage technology to reshape the typical drug discovery funnel toward its ideal state by moving failure as early as possible to rapidly narrow the funnel into programs with the highest probability of success.

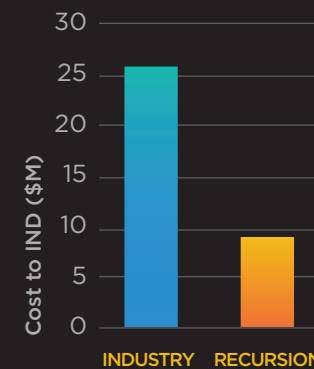
By leveraging our Recursion OS to explore and advance our programs, we have shown leading indicators of improvement when compared to the traditional drug discovery process, particularly with respect to cost and time. Across all Recursion programs from late 2017 through 2023, the average amount of time to reach the validated lead stage is approximately 11 months. By the end of 2024, we believe that Recursion programs could reach the validated lead stage in about half that time or less. Ultimately, we believe that future iterations of the Recursion OS will enable even greater improvements minimizing the total dollar-weighted failure and maximizing the likelihood of success.



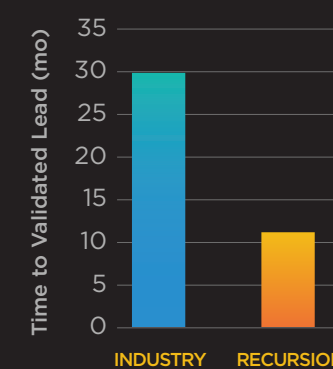
Failing faster and earlier to...



...spend less



...and go faster



The trajectory of our drug discovery funnel mirrors the 'ideal' pharmaceutical drug discovery funnel. We believe that, compared to industry averages, our approach enables us to: (i) identify low-viability programs earlier in the research cycle, (ii) spend less per program and (iii) rapidly advance programs to a validated lead candidate. All industry data has been adapted from Paul, et al. Nature Reviews Drug Discovery. (2010) 9, 203-214. The cost to IND has been inflation-adjusted using the US Consumer Price Index (CPI). The Recursion data shown for cost to IND pertains to the actual and projected costs for a novel chemical entity to reach IND.



2023 Progress Toward Our Goals

Our long-term ESG commitments are focused on our environmental impact, workforce diversity, and community impact. We are proud of the progress we have made and are committed to further advancing our capabilities in the years to come.

Net-Zero Greenhouse Gas (GHG) Emissions

Renewable Energy

PROCUREMENT STRATEGY

for our headquarters and supercomputer

[Read more](#)

Scope 3

MATERIALITY AND ASSESSMENT

initiated to understand the footprint of our full value chain

[Read more](#)

TCFD Framework

IMPLEMENTED

to align climate-related disclosures

[Read more](#)

Equal Gender Representation

Returnship Program

LAUNCHED

focused on hiring individuals who have left the industry for 2+ years

[Read more](#)

Launched Two

EMPLOYEE RESOURCE GROUPS

focused on supporting and advancing women and LGBTQ+ employees

[Read more](#)

Accelerate Community Impact

>\$120M

SEED FUNDING

secured by Altitude Lab startups since 2020

[Read more](#)

Phenom-Beta

AI MODEL PUBLICLY AVAILABLE

along with other open-science initiatives

[Read more](#)

ESG Recognition

Prime Rating

FOR ESG PERFORMANCE

from Institutional Shareholder Services (ISS) in 2023

Top Rated

IN PHARMACEUTICAL CATEGORY

by Morningstar Sustainalytics, ranking 16 out of over 900 companies as of January 2024

A Rating

FOR ESG PERFORMANCE

in the MSCI ESG Ratings assessment in February 2024





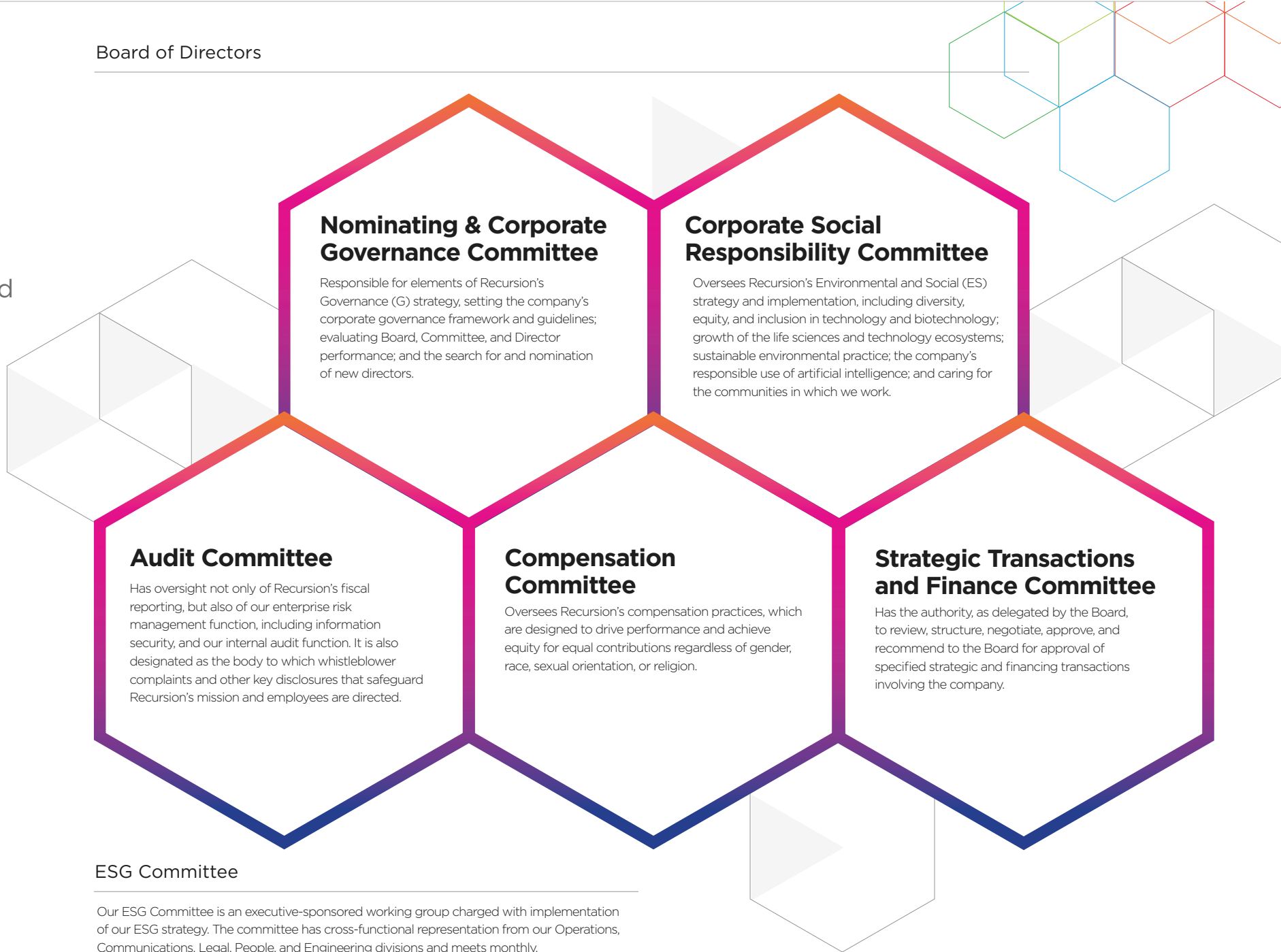
ESG Oversight

We believe in integrating our ESG strategy with our corporate strategy to benefit the long-term sustainability of Recursion. This starts with our Board of Directors, who are responsible for guidance and oversight of ESG within the organization.

ESG Reporting

Our reporting is guided by key ESG frameworks and standards, notably the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (UN SDGs).

Board of Directors



Nominating & Corporate Governance Committee

Responsible for elements of Recursion's Governance (G) strategy, setting the company's corporate governance framework and guidelines; evaluating Board, Committee, and Director performance; and the search for and nomination of new directors.

Corporate Social Responsibility Committee

Oversees Recursion's Environmental and Social (ES) strategy and implementation, including diversity, equity, and inclusion in technology and biotechnology; growth of the life sciences and technology ecosystems; sustainable environmental practice; the company's responsible use of artificial intelligence; and caring for the communities in which we work.

Audit Committee

Has oversight not only of Recursion's fiscal reporting, but also of our enterprise risk management function, including information security, and our internal audit function. It is also designated as the body to which whistleblower complaints and other key disclosures that safeguard Recursion's mission and employees are directed.

Compensation Committee

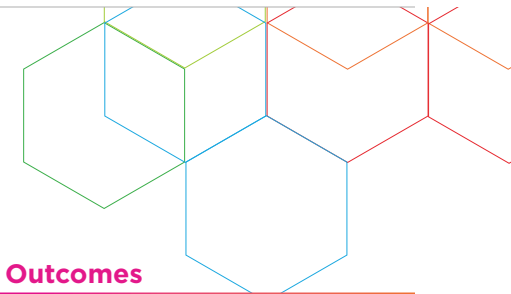
Oversees Recursion's compensation practices, which are designed to drive performance and achieve equity for equal contributions regardless of gender, race, sexual orientation, or religion.

Strategic Transactions and Finance Committee

Has the authority, as delegated by the Board, to review, structure, negotiate, approve, and recommend to the Board for approval of specified strategic and financing transactions involving the company.

ESG Committee

Our ESG Committee is an executive-sponsored working group charged with implementation of our ESG strategy. The committee has cross-functional representation from our Operations, Communications, Legal, People, and Engineering divisions and meets monthly.



Stakeholder Engagement

Achieving our audacious mission of decoding biology to radically improve lives will not be possible without the support, guidance, and commitment of all our stakeholders.

We care deeply about the work we do and the expansive impact we can have on humanity, and we take seriously our responsibility to engage regularly with our stakeholders to inform and drive various aspects of our business strategy. The table to the right provides more details on our stakeholder engagement.



Stakeholder Group	Methods of Engagement	Owners	Outcomes
Recursionauts	<ul style="list-style-type: none"> Weekly All-Hands Internal Communications Surveys Events 	<ul style="list-style-type: none"> Management Team People Operations Communications 	<ul style="list-style-type: none"> Achieving goals Building culture Improving benefits and employee services Learning and development
Patients, Advocacy Organizations, and Healthcare Providers	<ul style="list-style-type: none"> Patient Speakers Patient Advocacy Activities Sponsorships & Grants Therapeutic Advisory Board Medical Conferences Meetings 	<ul style="list-style-type: none"> Clinical Development Medical Strategy & Communications Regulatory Affairs 	<ul style="list-style-type: none"> Ethical and effective design of clinical trials and development plans Medicines that meaningfully improve the things patients care about Medicines that are valuable to society and patients alike
Investors	<ul style="list-style-type: none"> Conferences Meetings Press Releases Public Disclosures Website and Social Media 	<ul style="list-style-type: none"> Investor Relations Communications Management Team 	<ul style="list-style-type: none"> Disclosure strategy Information transparency ESG strategy
Partners and Collaborators	<ul style="list-style-type: none"> Meetings Website Conferences 	<ul style="list-style-type: none"> Business Development Project Teams 	<ul style="list-style-type: none"> OS platform expansion and development New disease areas New assets and programs
Suppliers and Vendors	<ul style="list-style-type: none"> Meetings Service and Quality Agreements Audits External Committees Strategic Partnerships 	<ul style="list-style-type: none"> Procurement and Supply Chain Business Operations Quality Assurance Relevant Functional Areas 	<ul style="list-style-type: none"> Enabling company growth and goal achievement Risk mitigation Supply chain management
TechBio	<ul style="list-style-type: none"> Trade Organizations Conferences Events Recruitment Activities Altitude Lab Website and Social Media 	<ul style="list-style-type: none"> Management Team Communications Technology Science Clinical Development Talent Acquisition 	<ul style="list-style-type: none"> Talent acquisition Strengthen innovation ecosystem
Local Community	<ul style="list-style-type: none"> Recursion Foundation Events Donations Volunteerism Sponsorships 	<ul style="list-style-type: none"> Facilities Management Sponsorship Committee Management Team People Operations Business Operations Communications 	<ul style="list-style-type: none"> Philanthropy strategy Community partnerships Sustainability strategy and environmental impact
Government	<ul style="list-style-type: none"> Meetings Company Educational Materials 	<ul style="list-style-type: none"> Regulatory Affairs Management Team 	<ul style="list-style-type: none"> Compliance Regulatory strategy Strengthen innovation ecosystem



Commitment to Patients

SECTION HIGHLIGHTS

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- 16 Quality and Safety of Clinical Programs
- 18 Ethical Use of Animals in Research





Our Pipeline

All of the programs in our internal pipeline are built on unique biological insights surfaced through the Recursion OS, where: (i) the etiology of the disease is well defined but the subsequent impacts of the disease are generally obscure, the primary targets are typically considered undruggable, or the primary targets are extensively recognized in association with a particular disease and (ii) there is a high unmet medical need, no approved therapies, or significant limitations to existing treatments.

We currently have five programs in Phase 2 or planning to initiate Phase 2 clinical studies and we are preparing to submit an Investigational New Drug (IND) application for a sixth program in H2 2024. We are preparing for multiple upcoming data readouts over the next 12 months, including REC-994 in cerebral cavernous malformation (CCM) in Q3 2024, REC-2282 in neurofibromatosis type 2 (NF2) in Q4 2024, REC-4881 in familial adenomatous polyposis (FAP) in H1 2025, and REC-4881 in AXIN1 or APC mutant solid tumors in H1 2025. In addition to our clinical-stage programs, we are actively developing dozens of preclinical and discovery programs.

2023 Highlights

5

PHASE 2 CLINICAL PROGRAMS

with multiple upcoming data readouts expected

2

POTENTIAL PROGRAMS EMERGING

from our collaborations with Bayer (in-licensed a novel program related to fibrotic diseases) and Roche and Genentech (Small Molecule Validated Hit Option exercised by Roche for a novel target related to GI oncology)

Our Pipeline

	PROGRAM	INDICATION	TARGET	PATIENT POPULATION	PRECLINICAL	PHASE 1	PHASE 2	PHASE 3
Rare and Other	REC-994	Cerebral Cavernous Malformation	Superoxide	~ 360K ¹	[Progress bar: Preclinical, Phase 1, Phase 2, Phase 3]			
	REC-2282	Neurofibromatosis Type 2	HDAC	~ 33K ²	[Progress bar: Preclinical, Phase 1, Phase 2, Phase 3]			
	REC-4881	Familial Adenomatous Polyposis	MEK	~ 50K ³	[Progress bar: Preclinical, Phase 1, Phase 2, Phase 3]			
	REC-3964	<i>Clostridioides difficile</i> infection	TcdB	~730K	[Progress bar: Preclinical, Phase 1, Phase 2, Phase 3]			
	EPSILON	Fibrotic Diseases	Undisclosed	~ 50K ^{4,5,6}	[Progress bar: Preclinical, Phase 1, Phase 2, Phase 3]			
Oncology	REC-4881	AXIN1 or APC Mutant Cancers	MEK	~ 65K ⁷	[Progress bar: Preclinical, Phase 1, Phase 2, Phase 3]			
	RBM39	HR-Proficient Ovarian & Solid Tumors	RBM39	~ 200K ⁸	[Progress bar: Preclinical, Phase 1, Phase 2, Phase 3]			

More than a dozen discovery and research programs in oncology or with our partners – first program optioned by Roche-Genentech in GI-oncology

All populations defined above are US and EU5 incidence unless otherwise noted. EU5 is defined as France, Germany, Italy, Spain, and UK. (1) Prevalence for hereditary and sporadic symptomatic population. (2) Annual US and EU5 incidence for all NF2-driven meningiomas. (3) Prevalence for adult and pediatric population. (4) Our program has the potential to address several indications. (5) We have not finalized a target product profile for a specific indication. (6) Incidence for US only. (7) 2L drug-treatable population. (8) 2L drug-treatable population comprising ovarian, prostate, breast, and pancreatic cancers with no HRR mutations.



Patient Support

The challenge we care so deeply about is creating a better process to discover many medicines, and making them more accessible to the people who need them. We do this by reducing barriers to participation in our clinical studies and supporting patient communities through education, sponsorships, and industry partnerships.

Patient Advocacy

We support the patient community by partnering with patient advocacy groups through sponsorships, scientific and patient presentations, patient experience testimonials, and giving events. We aim to provide patient education and engagement opportunities that are a direct response to an organization's greatest need.

Recursion partners with organizations that are aligned with our corporate strategy and goals, including:

[Alliance for Artificial Intelligence in Healthcare \(AAIH\)](#) strives to improve the drug discovery and development process through the use of artificial intelligence and machine learning. Our engagements have been focused on modernizing the FDA process to consider data derived from AI-enabled drug discovery. We have been corporate board members since 2020.

[National Organization for Rare Diseases \(NORD\)](#), where we are focused on bringing awareness to rare disease indications and educating patients about the value of participation in clinical trials. We recently joined NORD's regulatory and precision oncology working groups. We have been corporate council members since 2021.

[RARE-X](#), an organization looking to bring biotech, AI, and pharma companies together to optimize the opportunities to find cures for rare and ultra-rare diseases. We partnered with RARE-X to host a Rare Disease Day event in February 2023.

In addition, we partner with organizations that are specific to the indications in which we have active clinical programs, including:

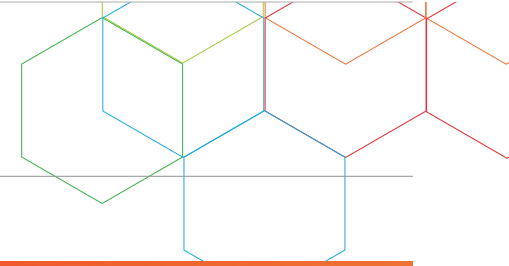
- [Children's Tumor Foundation](#) in support of people living with NF2
- [Alliance to Cure](#) in support of people living with CCM
- [Desmoid Tumor Research Foundation](#) in support of people living with FAP
- [The Peggy Lillis Foundation](#) to bring awareness to *Clostridioides difficile* (*C. difficile*) risk and support *C. difficile* survivors. This is a new partnership formed in 2023.





PATIENT SUPPORT CONTINUED

2023 Patient Engagement Highlights



TRIVIA CHALLENGE FOR DESMOID TUMOR RESEARCH FOUNDATION (DTRF)

To help raise awareness for FAP, we hosted an internal event featuring a patient advocate who spoke about her experience living with FAP, as well as the Executive Director of DTRF, combined with a company-wide trivia challenge. The winning team received naming rights on a \$5,000 donation to fund travel costs for 10 patients to attend DTRF's annual patient meeting.



SHINE A LIGHT NF WALK WITH CHILDREN'S TUMOR FOUNDATION (CTF)

To continue our annual support of CTF's Shine A Light NF Walks, our Co-Founder and CEO, Chris Gibson, delivered a keynote speech at the Salt Lake City walk in 2023, emphasizing our dedication to people living with NF2.



RARE DISEASE DAY EVENT FOR THE SALT LAKE CITY COMMUNITY

In February 2023 and 2024, we hosted a Rare Disease Day hybrid event to raise awareness of the impacts of rare and undiagnosed diseases. The event honored local advocates' contributions and united patients with several organizations, exemplifying Utah's strong, collaborative ecosystem dedicated to supporting those living with rare diseases.





PATIENT SUPPORT *CONTINUED*

Clinical Trial Diversity

Our Diversity, Equity, and Inclusion (DEI) in Clinical Development Council was established in 2022 to amplify and support DEI efforts across our clinical development programs. Our vision is to conduct clinical research in a way that reduces barriers to participation for underrepresented groups while supporting diverse clinical trial investigators and patient recruitment.

This cross-functional committee includes senior leaders from our Clinical Development, Medical Strategy and Communications, People Impact, and Regulatory teams to ensure our strategy and initiatives are considerate of all potential stakeholders. In 2024, our work will continue through Recursion-specific events and sponsorships as well as with our partners.

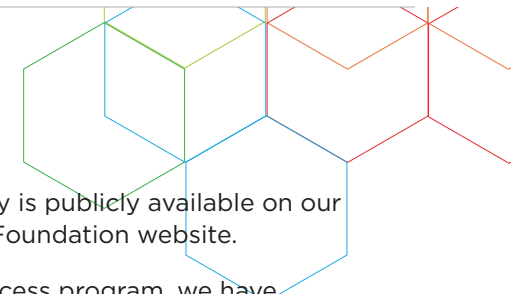
2023 DEI in Clinical Development Highlights

Access to Medicines

We believe that the best way to develop potential treatments is through well-designed, ethical clinical trials that determine the safety and effectiveness of investigational medicines. We understand that in some rare and specific circumstances, when enrollment into a clinical trial is not possible, physicians caring for patients with serious or life-threatening conditions or diseases may seek special access to investigational medicines. As a clinical-stage company, Recursion considers these individual Expanded Access requests for an investigational medicine outside of an ongoing clinical trial for the indication we are investigating.

Our full Expanded Access Policy is publicly available on our [website](#) and the Reagan-Udall Foundation website.

In addition to our Expanded Access program, we have long-term extension (LTE) studies for multiple programs. These studies enable qualifying main study participants an opportunity to have continued access to investigational medicines through participation in the LTE studies.



NEUROLOGY AS A CAREER PROGRAM FOR HBCUs

In collaboration with Alliance to Cure, we co-sponsored and participated in the Neurology and Neuroscience Career Exploration Day at the Duke University School of Medicine for underrepresented students. Students from North Carolina Central University, a historically black university, attended to learn about neurology and neuroscience careers and participate in resume reviews, mentorship, and mock interviews.

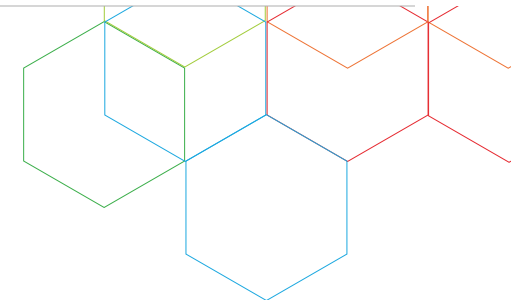
HEALTH EQUITY AWARENESS PROGRAM

During our 2023 winter education and giving event, employees were encouraged to engage in and discuss content related to inequities in healthcare, including clinical trials. This culminated in a Lunch & Learn presentation by a Health Equity expert, along with a \$10,000 donation to the New Venture Fund in support of the National Collaborative for Health Equity project.

EXPANDED REGULATORY ENGAGEMENT

Aligned with the FDA's efforts to diversify and modernize clinical trials under the Food and Drug Omnibus Reform Act (FDORA), we are deeply committed to promoting diversity in our trials. We look forward to discussing our strategies to enroll diverse study populations in clinical trials with the FDA, especially when seeking feedback on applicable pivotal trials.





Ethical Clinical Research and Patient Safety

Clinical Trials

We are committed to maintaining the highest level of integrity and ethics across all clinical trials and investigational programs. We adhere to the international codes, guidelines, and regulations where our trials are conducted and throughout the drug supply chain, including:

- International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH)
- United States Code of Federal Regulations (CFR)
- European Union Regulations and Directives
- UK Statutory Instruments
- Relevant Food and Drug Administration (FDA), European Medicines Agency (EMA), and Medicines and Healthcare Products Regulatory Agency (MHRA) guidance
- Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- European Global Data Protection Regulation (GDPR)

We maintain timely and transparent disclosure of clinical trial information and results. All company-sponsored Phase 2 and 3 clinical trials are posted on country-specific registries of clinical trials, such as clinicaltrials.gov. As part of our commitment to advancing science in the therapeutic areas in which we work, Recursion discloses results of these trials on public registries within 12 months following the trial completion date. To keep patients informed, results of our clinical trials are made available to trial participants upon request. Additionally, Recursion aims to submit an abstract of the primary analysis of clinical trial results for publication regardless of trial outcome or regulatory approval status.

Our Clinical Trial Transparency policy is publicly available on our [website](#).

Patient Safety

We are committed to designing and conducting ethical clinical research and ensuring patient safety and well-being in our clinical trials.

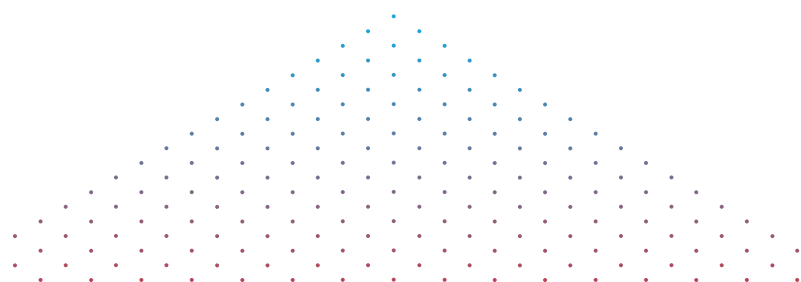
We have a multi-layered approach to ensure the safety of study participants in our clinical programs. As safety data are collected, they are reviewed by a multidisciplinary safety management team, which includes the Medical Monitor and Safety Officer. This is independent of any review by the clinical research organization (CRO).

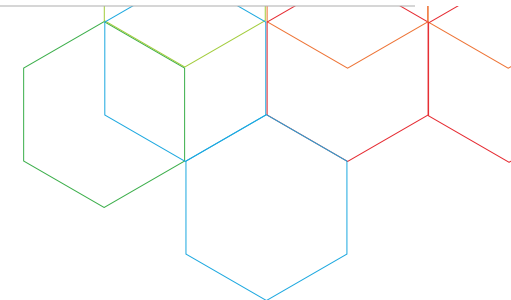
In some Recursion clinical studies, an external independent review body, the Data Monitoring Committee (DMC), is charged with safety oversight of a clinical trial. This group is chartered and consists of experts in medicine and clinical research. The DMC advises Recursion regarding the continuing safety of trial subjects and those yet to be recruited to the trial, as well as the continuing validity and scientific merit of the trial.

Furthermore, there are regulator-determined submissions, such as expedited reports of unexpected side effects as well as regular summaries of observed safety data that Recursion prepares to remain compliant and maintain transparency.

In addition to monitoring safety data, we conduct ongoing clinical monitoring of our trials to review subject data and ensure participant safety, data integrity, and protocol compliance.

Our activities are intentional by design and collectively demonstrate our commitment to conduct clinical trials only if the anticipated benefits justify the risks.





Quality and Safety of Clinical Programs

Our drive to positively impact patients' lives and advance our mission motivates us to challenge orthodoxy, encourage critical thinking, and discover optimized processes to accelerate and scale the development of high-potential drug candidates by way of a steadfast commitment to quality, integrity, and compliance.

Our Quality Policy is centered on three principles that guide our decision-making to ensure quality, safety, and integrity in our clinical programs:

Chart a novel path to better serve humanity. We root every action in an unwavering commitment to patient safety, product quality, and data integrity.

Challenge traditional approaches to uncover fundamental truths. We seek to deeply understand the purpose, meaning, and objectives of regulations and guidance. We embrace regulations as our guidebook in developing high-impact quality processes.

Innovation enables quality at scale. We emphasize critical thinking to challenge assumed constraints and institutional norms and design quality processes that promote scalability and exceptional outcomes.

Quality Management

Our Quality Management System (QMS) brings people, processes, and systems together to facilitate excellence in drug development. It has been intentionally designed in a purposeful, principles-based way to ensure quality and safety, promote continuous improvement, and maintain compliance in our clinical programs.

Policies, Procedures, and Training

Our quality standards and processes are communicated in user-friendly Policies and Standard Operating Procedures (SOPs). Employees are required to complete training on these policies and procedures, commensurate with their role.

Our approach to training considers that our employees are our strongest asset. We conduct training for our people on timely and relevant topics that ensure all personnel executing on development activities remain current on industry and regulatory standards and understand how their role contributes to the drug development process. We also believe industry participation and professional certifications are important to Recursion's growth, and we encourage our employees to maintain active ties within the scientific community.

Investigations and Corrective Action/Preventive Action (CAPA)

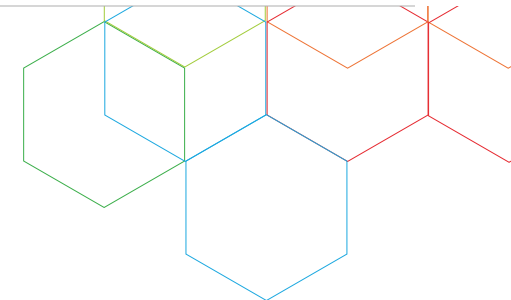
We take a risk-based approach to managing incidents and quality issues. The impact of the issue on patient safety, data integrity, and product quality guide the intensity of our investigations and CAPAs. In our operating model, where we work closely with Contract Research Organizations (CROs) and Contract Manufacturing Organizations (CMOs) partners, we collaborate to identify, investigate, and remediate issues and leverage our partners' quality systems to govern the process.

As a company that values a data-driven approach to drug development, we internally monitor investigation and CAPA data to identify trends and failure modes that then feeds into our QMS for continuous improvement.

We collaborate to identify, investigate, and remediate issues and leverage our partners' quality systems to govern the process.



QUALITY AND SAFETY OF CLINICAL PROGRAMS *CONTINUED*



Auditing

We leverage audits as one mechanism to ensure quality and monitor clinical trials and the manufacturing supply chain. Our audit program leverages a combination of (i) intelligence tools, regulatory information, records/data review, interviews, and physical observation to assess the safety and reliability of clinical programs and the clinical trial material supply chain; (ii) compliance with regulatory and ethical standards; and (iii) adherence to written agreements, procedures, protocols, and specifications. This multi-dimensional approach enables us to thoroughly, efficiently, and routinely evaluate our vendors, clinical investigators, and processes.

Partnering and Sponsor Oversight

We embrace our responsibility to provide sponsor oversight for our clinical programs and manufacturing operations. We partner with CROs and CMOs to manage our clinical studies and manufacture and distribute our clinical trial materials, respectively.

We maintain ongoing oversight and monitoring of our vendors from the initial qualification audit and throughout the lifetime of our partnership through our Vendor Qualification and Oversight program. We periodically audit our vendors to ensure they remain in good regulatory standing, have sufficient quality systems to ensure quality control and employee safety, and meet our high standards for safety and integrity.

Drug Quality and Safety

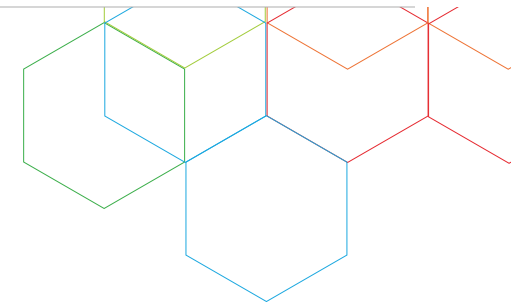
As a clinical-stage company, Recursion works closely with qualified, reputable, and specialized CMOs to manufacture, test, and package all clinical products. We ensure that our vendors providing these services have suitable technical capabilities, appropriate quality controls, and sufficient safety training to satisfy requirements and meet our high standards of drug quality and safety through our vendor qualification and periodic auditing process.

We provide ongoing sponsor oversight and monitoring across our entire drug supply chain. We establish and adhere to Quality Assurance Agreements (QAAs) with each CMO that define quality and operating standards that ensure the quality, safety, and integrity of our clinical trial material (CTM) is maintained from inception to use in a clinical trial. We also provide final disposition for all CTM prior to distributing it to clinical trial sites. As an additional oversight measure, we have a person-in-plant during critical manufacturing events.

To ensure quality and safety across our drug supply chain, we continuously monitor risks, deviations, investigations, temperature excursions, and product complaints to inform mitigation, remediation, and continuous improvement of manufacturing processes. When potential quality or safety-related issues related to clinical trial material arise, the Material Review Board (MRB) promptly convenes to evaluate the potential issue and determine what subsequent actions should be taken to mitigate or reduce the impact of the issue.

Internal programs that may be triggered by an MRB include Temperature Excursion Management, Product Complaint and Product Recall Management, and Investigation/CAPA Management.





Ethical Use of Animals in Research

We maintain humane and ethical treatment of animals within our in-house research testing and in partnership with third parties.

In vivo studies are an important tool for providing an assessment of the efficacy and safety of a compound within the context of a complete, complex biological system. Similar to other steps within the drug discovery and development process, conventional in vivo studies are fraught with human bias and limited in the endpoints that they measure.

With our InVivomics platform, our Digital Vivarium uses continuous video feeds and sensor technology to survey animals uninterrupted in their home environment in real time, significantly improving the quality of data we generate for our AI models and the welfare of the animals.

In 2022, our Digital Vivarium was assessed and accredited by the American Association for Accreditation of Laboratory

Animal Care (AAALAC). AAALAC is a private, nonprofit organization that promotes the humane treatment of animals in science through voluntary accreditation and assessment programs. The full program is reassessed every 3 years.

With the use of our Digital Vivarium as our primary readout, we can reduce the number of animals needed by >2X in comparison to transitional endpoint parameters.

Our Commitment to the 3Rs

We are committed to replacing, reducing, and refining our animal research by using our technology to enhance both the efficiency of experimentation and the welfare of the subjects involved.

REPLACEMENT

Our long-term vision is to build a digital in vivo modeling tool capable of predicting animal outcomes and compound toxicities. With machine learning and high-dimensional, multimodal data generation capabilities of our InVivomics platform, we believe we will be able to simulate compounds in a computerized, digital mouse environment. This powerful capability can drastically reduce the number of animals typically required for drug discovery.

REDUCTION

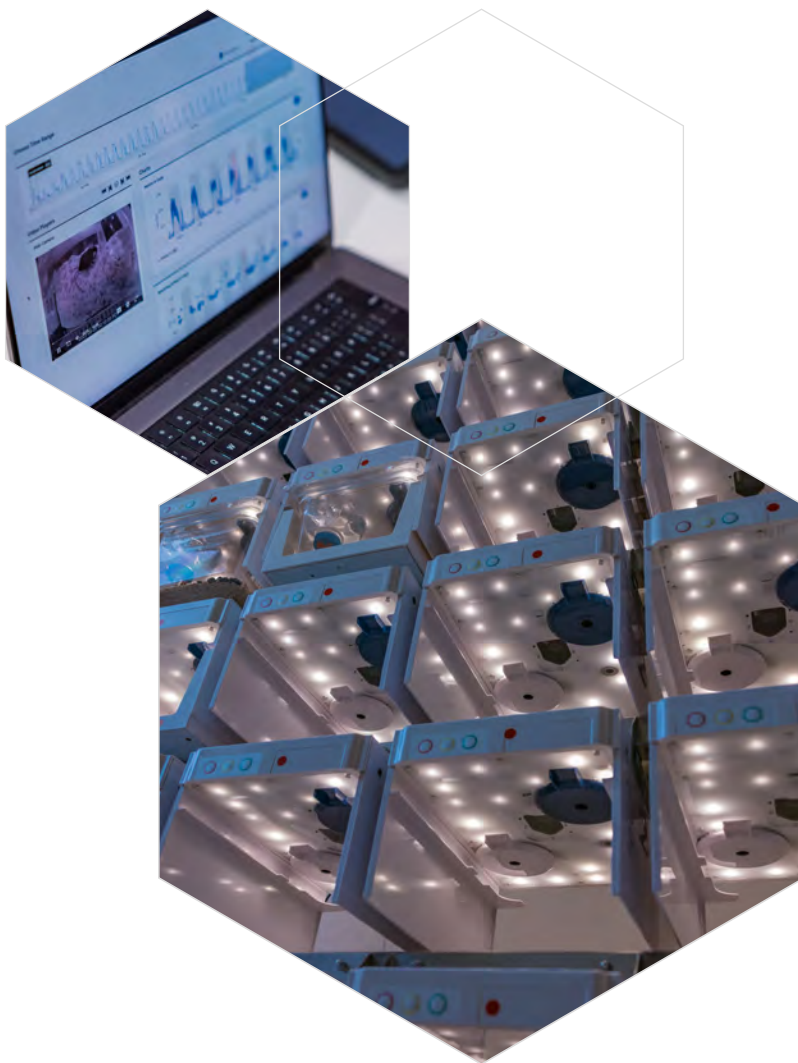
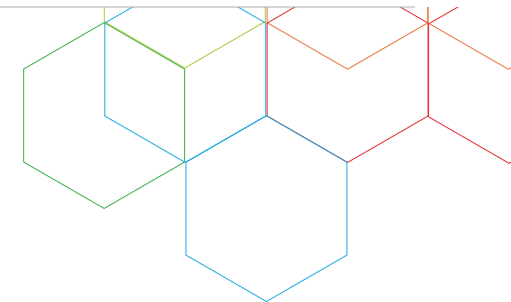
Our digital cages collect more holistic and unbiased measurements of an individual animal's behavior and physiological state, which improves the precision of our studies and reduces the overall number of animals required. Our technology can also predict potential compound toxicities faster than traditional studies, condensing the experiment duration and the animals' exposure to experimental conditions.

REFINEMENT

Our Digital Vivarium reduces the reliance on invasive and high-touch methods widely used in traditional in vivo studies. This reduces stress on the animals and improves data quality by capturing normal animal behaviors, not those modified by fear or stress.



ETHICAL USE OF ANIMALS IN RESEARCH *CONTINUED*



Our digital tolerability studies allow us to identify phenotypic responses unique to different modes of toxicity and prioritize which compounds and doses should be used in efficacy studies.

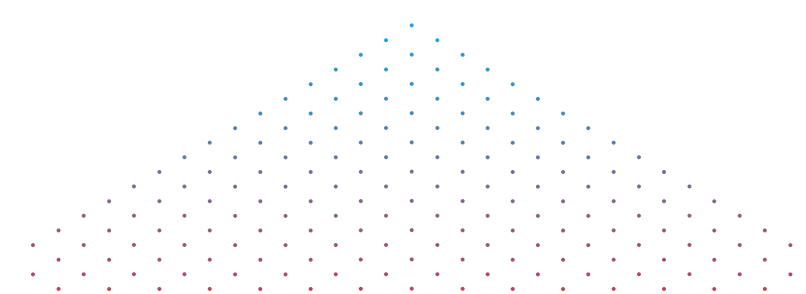
Accelerating and Improving Study Readouts

The real-time, high-dimensional readouts we gather using our Digital Vivarium technology provide distinct scientific advantages over traditional methods and ultimately allow us to advance potential medicines to patients faster and with higher confidence.

Our **digital tolerability** studies allow us to identify phenotypic responses unique to different modes of toxicity and prioritize which compounds and doses should be used in efficacy studies. Our **InVivomics efficacy** studies evaluate treatment effects early based on whole-animal digital observations. We have also initiated the expansion of our InVivomics tolerability studies into rats to leverage the advantages of whole-animal digital observations for exploratory non-GLP toxicology studies.

Readouts: Industry Standards vs. Recursion

	Industry Standard		Recursion
DISEASE INDUCTION	1 year	vs.	~2 months
DIGITAL TOLERABILITY	1 week	vs.	Real-time
LIABILITY INVIVOMICS	6-8 weeks	vs.	<1 week





Social Impact

SECTION HIGHLIGHTS

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24 Open Science





Community Engagement

We take our role seriously in giving back and supporting our local communities where we live and work, because we believe a strong community foundation helps us build for the long-term.

To date, we have focused our community efforts in areas of impact that are aligned with our Values and our strengths, including diversity, equity, and inclusion in technology and biotechnology; the growth and sustainability of our local life science and technology ecosystems; and the promotion of sustainable environmental practices.

We believe that through these principles of community engagement, we can extend our mission of radically improving lives to those in our communities.

Promoting STEM Education

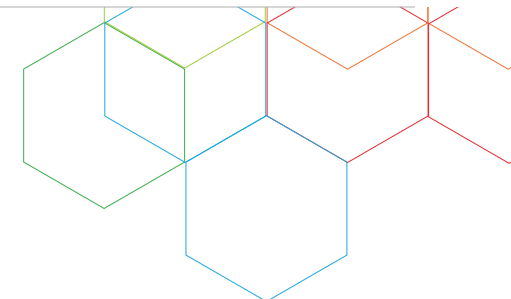
Utah STEM Fest

We joined over 12,000 students, teachers, and families from across Utah at the [2023 Utah STEM Fest](#) to showcase the many career opportunities at Recursion and in the growing TechBio industry. We provided interactive experiences and games for kids and families to explore the robots, microscopes, and data that allow us to industrialize drug discovery.

Science on Display in the Gateway

We partnered with Discovery Gateway Children’s Museum to create an external display of our science and technology outside our headquarters in Salt Lake City, complete with a cell sculpture, robotic arm, and a microscope showing some of the same cell pictures our scientists use in our drug discovery efforts.

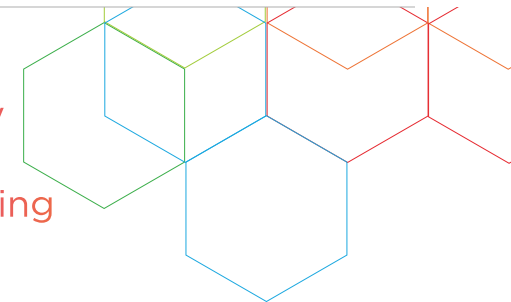
We also partnered with a local artist to paint five murals throughout the Gateway showcasing the science, technology, and impact of the TechBio industry. We celebrated these new displays in our neighborhood alongside the ribbon cutting ceremony of our expanded headquarters across the street from our original space.



Erin Mendenhall
Mayor of Salt Lake City



COMMUNITY ENGAGEMENT CONTINUED



“Altitude Lab has been instrumental to Rebel’s success, by not only providing affordable access to the physical lab space and modern lab equipment needed to develop our technologies, but by providing educational programs, networking events, and introductions to investors and partners.” - Brett Davis, co-founder of Rebel Medicine, alum 2023

Recursion Foundation

The Recursion Foundation was established in 2019 as a vehicle through which we could drive our charitable and philanthropic efforts over time. In late 2020, our Board of Directors committed to putting 1% of our equity into the Recursion Foundation to help demonstrate the strong commitment we have to social responsibility and to ensure a sustainable future for our work in this arena.



Altitude Lab is building the economic backbone for Utah’s biotechnology sector by enabling a new, diverse generation of founders. Since its launch in 2020, the incubator has housed 22 startups, six of which have graduated from the program and established their own headquarters in Salt Lake City. In 2023, Altitude’s startups secured over **\$32 million** in seed funding. Based on available data, this makes up more than half of all healthcare seed financing in Utah.

Key Facts

>\$120M

RAISED BY ALTITUDE STARTUPS SINCE 2020

22

STARTUPS SUPPORTED SINCE ALTITUDE COMMENCED OPERATIONS

56%

OF FOUNDERS ARE FROM UNDERREPRESENTED BACKGROUNDS

73%

OF STARTUPS ARE LED BY AT LEAST ONE UNDERREPRESENTED FOUNDER

In June 2023, Altitude Lab [relocated to the Gateway district, next to Recursion’s headquarters](#) to support its growth. This new, expanded facility increases residents’ access to valuable scientific and business resources, mentorship, and collaborative opportunities.

In addition to a new, state-of-the-art facility, Altitude has partnered with Chris and Summer Gibson to launch a [new fellowship program](#) to support recent graduates working to found a startup. The fellowship provides up to \$100,000 of value to new entrepreneurs to launch their startup and, in combination with Altitude’s educational platform, [Startup Nitro](#), provides founders with opportunities to learn from established entrepreneurs, access professional tools and services, and develop differentiated technologies and business models.

RISE SUMMIT AND DEMO DAY

Each year, residents at Altitude prepare for two key capstones: RISE Summit and Demo Day. These capstones are designed to engage investors, partners, customers, and clinicians, and have helped founders secure meetings, raise capital, and recruit talent.

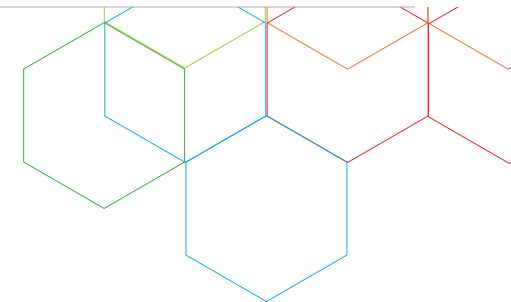
- 80+ investors recruited from across the nation to Utah
- >250 attendees at the sold-out Demo Day 2023
- Expanded overall investor network to >200 life science venture capitalists and family offices, establishing Altitude Lab as a credible regional partner

Altitude has also attracted founders hailing from cities across the country, including Boston, New York, Nashville, Phoenix, Madison, and Houston, bringing top-tier talent and diverse subcultural perspectives to Utah’s growing biotech ecosystem.

For more updates, visit altitudelab.org.



COMMUNITY ENGAGEMENT CONTINUED



BioHive

Recursion is a founding member of BioHive, a Utah life sciences ecosystem composed of therapeutics, diagnostics, medical device, pharmaceuticals, and health IT companies, along with the companies that support them and the public sector. BioHive represents a collective of more than 1,600 life sciences companies in Utah.



Key Facts

Recursion

FOUNDING MEMBER ALONGSIDE SEEK LABORATORIES

1,600+

COMPANIES REPRESENTED

>180,000

PEOPLE EMPLOYED DIRECTLY AND INDIRECTLY BY UTAH'S LIFE SCIENCE INDUSTRY

\$21B

DIRECT AND INDIRECT GDP FROM UTAH'S LIFE SCIENCE INDUSTRY

\$2M+

IN PUBLIC AND PRIVATE CONTRIBUTIONS TO DATE

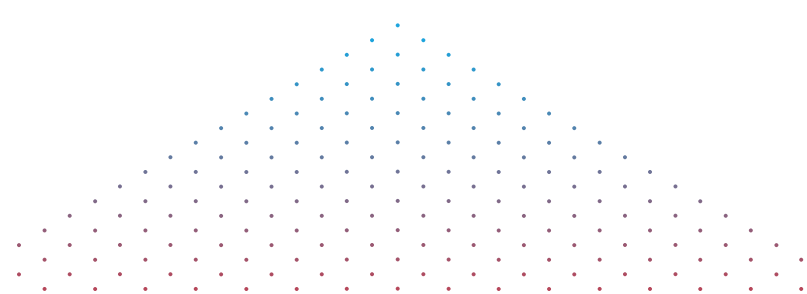
Advancing Women in STEM

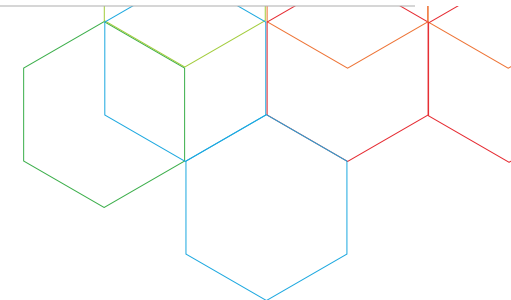
Recursion and BioHive partnered to launch a Women in STEM initiative focused on advancing women in STEM careers. This effort led to the formation of BioHive's Women In Technology and Science (WITS) chapter. WITS includes several senior women leaders from STEM industries and organizations in Utah.

Recursion and BioHive WITS are also involved with:

- The University of Utah's One Utah Initiative which aims to partner with industries to build the scope and impact of data science and computational biology research and infrastructure in Utah.
- WITS is an active and engaged partner with individual Women in STEM efforts within BioHive's founding member organizations like Recursion to host regular STEM seminars.
- WITS co-leads the STEM spoke of The Utah Bolder Way Forward initiative.

In addition, BioHive and WITS host several events which our executives regularly host, participate and engage with folks dedicated to advancing women in Utah including other STEM professionals, school kids, and community and state organizations.





Open Science

We believe in the benefits of open-source datasets and open science, and that by publicly releasing datasets, tools, and research, we help advance the field of machine learning research, methods development, and collaboration.

Valence Labs

Our AI research center, Valence Labs, is a hub for fostering community through open science and academic research. Valence Labs continues to publish research papers at top-tier conferences in areas such as causal representation learning, molecular representation learning, generative flow networks, generative chemistry, atomistic force field estimation, and more. We aim to be open about the basic research we're doing as we relentlessly pursue our mission. Learn more at valencelabs.com/research.

Beyond research, Valence also strives to be a leader within the machine learning community through open-science and open-source efforts, including:

- [Portal](#), the home of the TechBio community, where you'll find our [reading groups](#), [community blogs](#), and more
- [Open Source Software](#), such as [Datamol](#), [Molfeat](#), [Graphium](#), [Medchem](#), and more
- Events and meet-ups, such as the TechBio mixers we hosted during the 2023 International Conference on Machine Learning (ICML) and the 2023 Conference on Neural Information Processing Systems (NeurIPS)

Datasets

We have released five open-source datasets since 2019, some of which are the largest of their kind in the world, under terms that allow for broad academic and non-commercial use. To date, our public dataset releases have been cited in over 100 research publications. Visit rxrx.ai/datasets to learn more.

Models

In January 2024, Recursion announced the release of the first in a potential series of foundation models for external use, hosted on NVIDIA's new BioNeMo platform.

We call this model Phenom-Beta. It flexibly processes microscopy images into general-purpose embeddings. In other

words, Phenom-Beta can take a series of images and create a meaningful representation of the input image.

This enables robust comparison of images and other data science techniques to decode the biology or chemistry within such images. This enables scientists to systematically relate genetic and chemical perturbations to one another in a high-dimensional space, helping determine critical mechanistic pathways and identify potential targets and drugs.

Phenom-Beta was trained using the [RxRx3 dataset](#), a publicly available dataset we released last year. Despite being trained on a specific imaging assay, based on [Cell Painting](#), the model can be applied and utilized widely across different assays, such as brightfield images and the JUMP-CP dataset which uses the original Cell Painting assay. Learn more at rxrx.ai/phenom.

Public Dataset Releases

	RXRX3	RXRX2	RXRX19B	RXRX19A	RXRX1
Release Date	January 2023	August 2020	August 2020	April 2020	June 2019
Categories	Genetic Perturbations (genome-wide CRISPR) Small molecules	Large molecules	Infectious disease Small & large molecules	Infectious disease Small molecules	Genetic perturbations (siRNA)
Number of Images	~2.2M	131,953	70,384	305,520	125,510
Compressed Dataset Size	~83,100 GB	~185 GB	409 GB	~450 GB	~46 GB



Our People and Culture

SECTION HIGHLIGHTS

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- 28 Diversity, Equity, Inclusion, and Belonging
- 33 Employee Recruitment, Development, and Training
- 37 Benefits





Culture

The Recursion Mindset

We are a mission-first company, and our culture at Recursion is designed with intention to fuel our mission. Essential to decoding biology in our context is a mindset deeply committed to achieving impact at unprecedented scale through pioneering new industrialized approaches. We call it the Recursion Mindset. We apply this mindset broadly across our company to eliminate toil and inefficiency, creating space for our creative energy to be pointed at Recursion's hardest problems.

Recursion Mindset: A deep belief and commitment to industrialization through automation, systems-thinking, algorithms, and data to deliver our mission.

The Recursion Mindset is made manifest through our Founding Principles and supported by our Culture and Values. Our Founding Principles are the guideposts to our approach to technical and scientific decision-making. Our Values are the core behaviors that define our Culture and are the simplest definition of how we will achieve our mission. Combined, they are the shape of our culture and guide us to reimagine how medicines are made on the path to delivering our mission.

MISSION

Decoding Biology to Radically Improve Lives

PRINCIPLES

- Explore the Uncharted
- Virtuous Cycles
- Connected Data
- Industrialize to Scale
- Optimize for the Portfolio
- Challenge Assumptions

VALUES

- We Care
- We Deliver
- We Learn
- Act Boldly with Integrity
- We Are One Recursion

To learn more about our Founding Principles and Values, visit our website at [recursion.com](https://www.recursion.com).

Our People

Our people are mission-driven, humble, bright, generous of spirit, and constructively dissatisfied with the status quo. They are intentionally diverse across multiple dimensions. Our people need to think fast, nimbly, and in complex layers and systems, while embracing failure and demonstrating high change velocity. Together, these attributes allow us to build exceptionally high-performing teams that collaborate with urgency to deliver the mission. Our culture is brought to life by our people, living and leading with a Recursion Mindset.





Awards

6X

UTAH SHATTER AWARD RECIPIENT

By the Utah Women's Tech Council

#1 Pharma Employer

BASED ON GLASSDOOR & COMPARABLY

By Drug Discovery & Development Magazine

Equality Leader

IN BUSINESS

By Equality Utah in 2023

Tina Marriott

MOST INNOVATIVE WOMAN OF THE YEAR: HEALTHCARE

By the Stevie Awards in 2023

World's Most Innovative

BIOTECH CATEGORY

By Fast Company in 2023

Edison Award Finalist

IN DIGITAL TRANSFORMATION

By the 2023 Edison Awards

Chris Gibson

MOST INFLUENTIAL PEOPLE IN BIOPHARMA

By Fierce Pharma in 2023

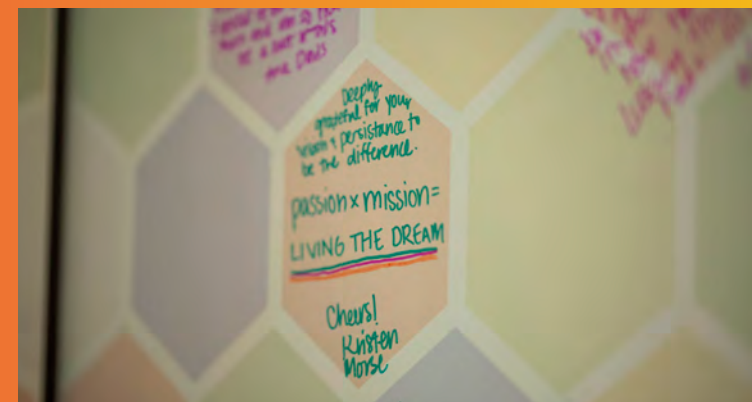
100 Companies Championing Women

IN UTAH

By the Governor's Office of Economic Opportunity

CELEBRATING 10 YEARS

In November 2023, our teams came together to celebrate Recursion's 10-year anniversary. We reflected on our progress and accomplishments, and shared our vision for the next decade of decoding biology.



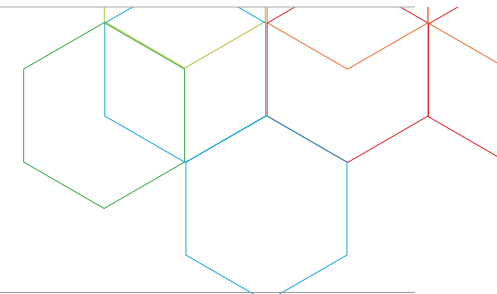


Diversity, Equity, Inclusion, and Belonging

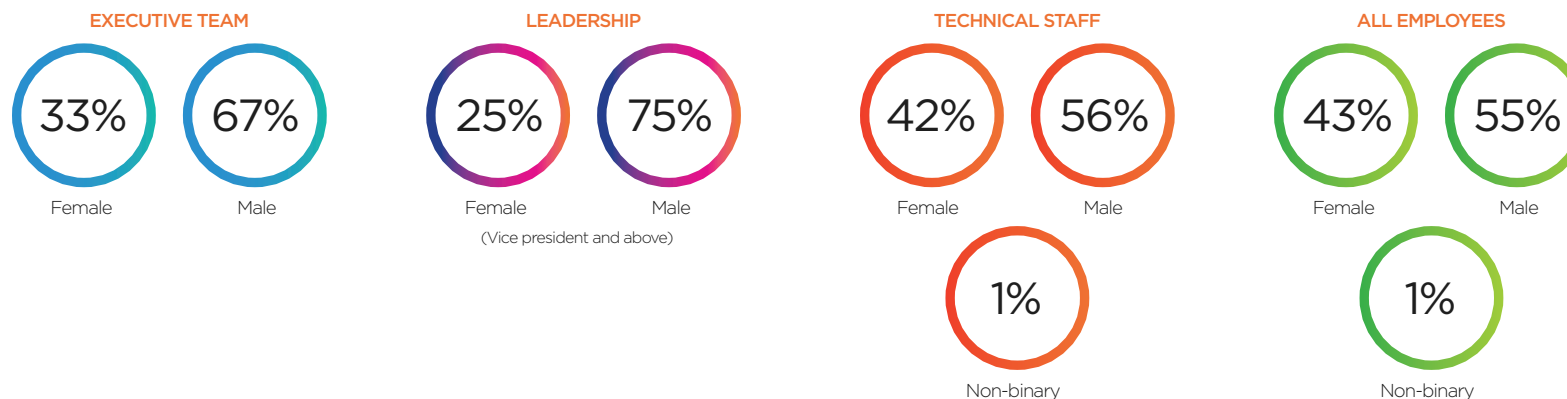
At Recursion, we believe in the moral and business case for diversity. The research-based evidence is unequivocal that diverse perspectives support better complex decision-making, foster greater innovation, and yield greater company success.

As a Utah-based company we aspire to be a diversity, equity, inclusion, and belonging (DEIB) role model and leader locally and beyond. Given the historic biases broadly seen in healthcare overall, we deeply believe it is a critical lever to deliver on our mission and serve humanity. It is also important to us to build bridges in a country that is increasingly divided. We have a framework to guide us to take caring, inclusive stands - when needed - that are aligned with our business, values, and corporate social responsibility focus areas. We have no tolerance for hate.

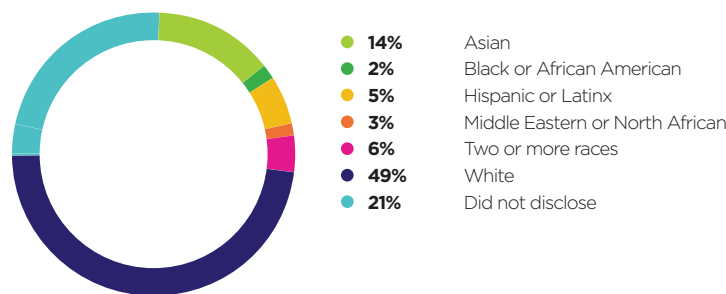
We intentionally work to build an inclusive and equitable culture to unlock the power of our diversity. In 2023, we were proud to be honored and awarded by Equality Utah as a Business Equality Leader, which demonstrates our commitment to DEIB for a second year running. We held an action-oriented training workshop that was made available to the entire organization where we focused on LGBTQIA+ allyship and ways to use inclusive language. Annually since 2019 we have offered inclusion training and learning experiences.



Gender Representation*



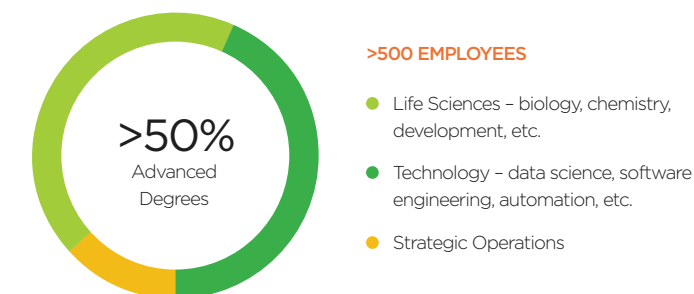
Racial/Ethnic Data



VOLUNTARILY COLLECTED

We work to capture employee racial and ethnic data while being sensitive to those who prefer not to share; we are doing this by communicating our why for collecting this data and how we will care for it. For the past two years, we have continued to make progress in capturing voluntary race and ethnicity data with internal Self ID campaigns, with 79% of employees self-reporting.

Functional Breakdown



*Percentages may not total 100%, as given employees who choose not to disclose their gender identity are excluded. Employee data as of January 31, 2024, and Executive Team data as of March 1, 2024.



DIVERSITY, EQUITY, INCLUSION, AND BELONGING CONTINUED

“I am grateful to be part of a company that understands that there may be many reasons for one to have a gap on their resume and that a varied life experience provides essential soft skills that could benefit a team. It is a lot to ask people to slow down their complex projects to teach someone new. However, I have felt nothing but inclusion and encouragement; a testament to the positive culture emphasized at Recursion.” - Meg Nilsson, iPSC Cell Culture Returnship

Building a Diverse Workforce

Building a high-performing, diverse workforce requires a deep investment in the entire recruitment, interview, and selection process. We seek the most capable and qualified talent by maximizing diversity at the top of the recruiting funnel. At the earliest stages of the cycle, we proactively connect with underrepresented talent to build a diverse slate of potential candidates. We create an inclusive candidate experience strengthened by objective decision-making criteria designed to mitigate bias for all interviews. This fully integrated approach allows us to identify, assess, and select the most qualified candidate, independent of representation.

We employ a competencies-based interviewing process to drive objective, unbiased decision-making in hiring. Competencies are grounded in skills, capabilities, and values required for a position.

Other ways Recursion has integrated DEIB into our hiring process include:

- We advise our recruiting agencies to honor our commitment to diversity, equity, and inclusion.
- We post on several job boards specifically designed to reach underrepresented candidates, such as the Society of Women Engineers, PharmaDiversity.com, Military2Career, iHispano, and the Black Career Network.
- We hold Inclusive Interviewer Trainings to help our hiring managers understand and mitigate their biases.
- We strive for diverse teams of interviewers by taking steps to ensure full panel interviews have two or more female or non-binary interviewers to the extent possible.
- We anonymously collect candidate demographic data to ensure that our process is fair and equitable at every step of the recruiting process.

Parity Pledge

In 2017, Recursion signed the Parity Pledge, committing to interview and consider at least one qualified woman and person of color for every open role, Vice President and above. In 2023, five employees were hired at the VP level. While all five positions included a person of color at the full panel interview stage, we were only successful in including final female-identifying candidates in two of the five positions. As we move forward, we intend to refocus and improve our efforts to ensure we live up to the Parity Pledge and our commitment to equal opportunity.

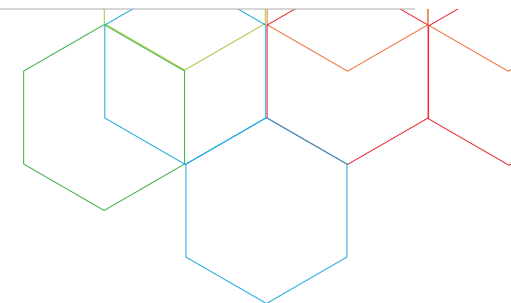
RETURNSHIP PROGRAM

In partnership with our Women at Recursion ERG, Inclusion Council, and Talent Acquisition teams, we launched a Returnship Program in early 2024 focused on hiring individuals who have left the industry for 2+ years due to child care, elder care, or other situations. Returnship positions are open to both men and women returning to the workforce. The program is meant to bridge the gap on highly developed talent that may have a gap in their work experience that is frequently flagged in a typical search process. The Returnship provides a supportive environment for returners to practice pre-existing skills and knowledge and learn about new technologies, allowing them to be a contributing and competitive candidate in the industry. Our first cohort of returners started in February 2024.

Our goal is to make this an annual effort and hire returners into full-time opportunities on our team.



DIVERSITY, EQUITY, INCLUSION, AND BELONGING *CONTINUED*



Equitable Compensation

By design we aim to equitably compensate all employees. We leverage a construct of clearly defined development stages (Developing, Skilled, Expert) within each level in our job architecture. This architecture allows us to build a robust market-based compensation structure for all roles, levels, and development stages. This mapping then provides an objective means for doing cohort-based compensation analysis and adjustments in service of equitability.

Additionally, this compensation structure allows us to be principled, consistent, and equitable with candidate offers. Since 2018, we have made it a practice to not ask candidates to disclose their current salary. We initiated this policy shortly after California bill AB168 was passed into law to bar employers from inquiring about a job candidate’s salary history. Candidates’ current salary and/or salary expectations have low relevance in our highly principled, highly equitable model. We have established a competitive minimum wage based on a belief that every Recursionaut delivers material value and deserves to be paid more than minimum living wage calculators would suggest. As a result, we have set an annual minimum base salary of \$60,000 company-wide.

Pay Equity Analysis

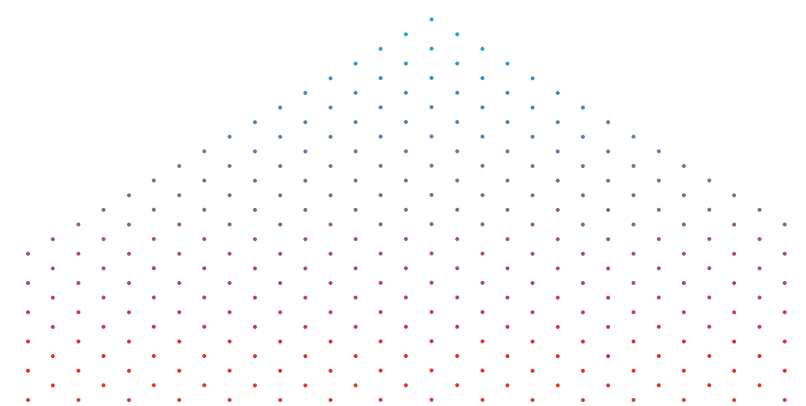
We engage outside counsel to regularly conduct a pay equity analysis of our employee base pay. The analysis was designed to detect any evidence of systemic, class-based pay discrimination under applicable laws, and determine whether pay was equitable. The analysis found no material systemic pay differences between genders across our workforce; in fact, for all roles at Recursion where men and women are performing similar work, women earn \$0.99 for every \$1.00 earned by their male counterparts. We target +/- 2.5% equivalency with this measure to take into account noise inherent in a company of our size, and in some years this measure has shown slightly higher earnings for women compared to men.

Pay Transparency

In early 2023, we launched an initiative focused on our pay transparency principles across roles and locations, regardless of local legislation. Our bonus structure has always aligned with these principles, and now our equity and pay bands are equally visible. With pay transparency, we have made a commitment to addressing and eliminating gender- and race-based pay gaps.

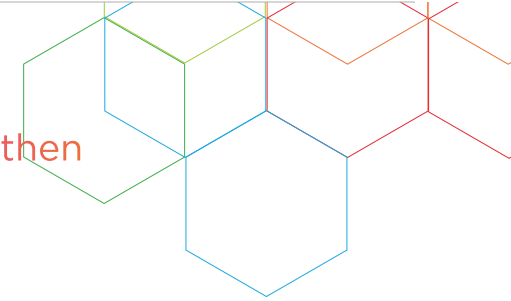
We provided our employees with the What, Where, Why, and How of their total rewards—pay range and equity targets: What the range is; Where they are in that range; Why they are at that point; and How they can get to the next level. These were shared in a one-on-one conversation with their manager and formalized in a letter. In addition, we include salary ranges on all open and posted positions to give candidates insight into how our compensation philosophy is structured and to set clear expectations. This approach demonstrates what is possible in this space and sets a high bar for other organizations to meet.

We include salary ranges on all open and posted positions to give candidates insight into our compensation philosophy and set clear expectations.





DIVERSITY, EQUITY, INCLUSION, AND BELONGING CONTINUED



Our hope is that by creating programming that first educates, and then engages, we build connections in brave spaces across Recursion.

Building a Culture of Inclusion and Belonging

Our Inclusion Council was formed in early 2020 to actively foster an inclusive environment where people are free to think, have opportunities to grow personally and professionally, and are emboldened to share their ideas, unencumbered by any form of judgment or bias. The Inclusion Council has seven members who rotate annually. The council defines and structures programming and educational resources for our employees, and their charter is reviewed annually.

In 2023, the Inclusion Council’s initiatives included monthly campaigns to create awareness and celebrate underrepresented groups. Throughout the year we held activities to foster learning, reflection, action, and celebration such as book clubs, lunch and learns, donation drives, and various ways our employees can get involved in their local communities.

In 2023, our Book Club inspired dialogue around the trans experience and opened doors for conversations that build trust and understanding. Our hope is that by creating programming that first educates, and then engages, we build connections in brave spaces across Recursion.

Inclusion Training

We provide two training programs centered on DEIB. In the Behaviors of Inclusion workshop, employees learn the psychology of unconscious bias, its impact at work, and how to mitigate its forces. The workshop also provides education on small habits that improve one-on-one interactions, gatherings, meetings, feedback, and decisions to foster an inclusive environment. The Inclusive Interview Training is designed to help us create a more intentional candidate experience, create interview questions with minimum bias, and effectively make hiring decisions

Internship Program

Recursion’s Internship Program was started to mentor early career talent that we ultimately hope will become the future of the company and the industry. In 2023, our internship cohort included participants across our Data Science, Engineering, IT, and Finance teams, and more than 60% of our interns were from underrepresented backgrounds. Each intern was embedded into a team and assigned a mentor. Our program included various offsite events within the Salt Lake City area to create camaraderie and ended with a demo day where our interns presented their work and learnings to the business.

>60%

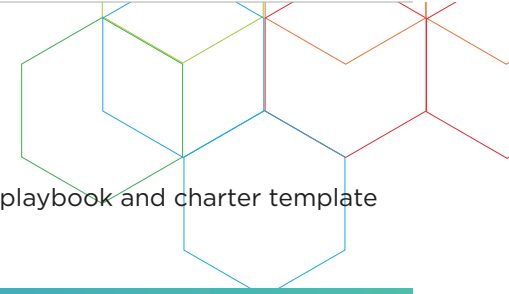
INTERNS FROM UNDERREPRESENTED BACKGROUNDS



DIVERSITY, EQUITY, INCLUSION, AND BELONGING *CONTINUED*

Employee Resource Groups (ERGs)

In 2023, we established Recursion's first two ERGs designed to focus inclusion and equity efforts around specific underrepresented communities. We also created an ERG playbook and charter template to make the formation of new ERGs in the future more accessible.



PRIDE ERG

Recursion's Pride ERG was formed to create a space for 2SLGBTQIA+ team members and their allies. The ERG's mission is to ensure that Recursion maintains a deeply

inclusive, equitable, and safe environment for 2SLGBTQIA+ employees and communities we serve. We enable our teams to thrive through education, networking, mentorship and professional development, advocacy, and community outreach.



In June, Recursion organized a float in the Utah Pride Parade in partnership with other BioHive companies, demonstrating our collective appreciation for and commitment to the LGBTQ+ community.

In 2023, we put together the building blocks of our strategy with clear goals for 2024. Our accomplishments in 2023 included being honored as a Business Equality Leader by Equality Utah for the second year in a row. In addition, we hosted various Pride ERGs throughout Utah with our partnership with Equality Utah at our office in Salt Lake City to highlight partnerships, cross-functionality, and connection. We plan to continue this work inside Recursion, within Utah, and in the communities in which our team members work and live.

WOMEN AT RECURSION ERG

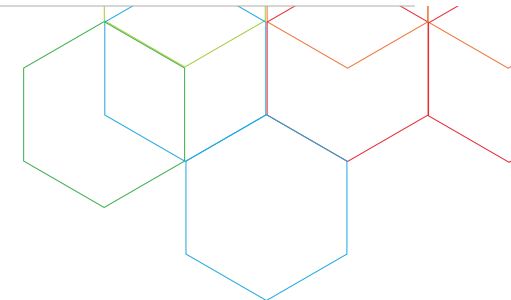
Our Women's ERG is designed to advance a culture where women can thrive, grow, and achieve their full potential. The ERG's mission is to holistically support women at Recursion,

partner with community organizations, and showcase achievements of diverse women in order to celebrate progress and inspire others.



From left: Callan Carpenter, Marissa Saunders, and Michaela Hatch accept an award from the Women's Leadership Institute for Recursion's commitment to the ElevateHER Corporate Challenge.

To recognize the varied and intersectional experiences that women face, a cross-functional leadership council was formed to oversee different circles focused on a particular area of interest. These circles include career-focused identities, such as Women in STEM, Women in Leadership, Returners, and Early Career, as well as more personal ones, such as Minorities, Mothers, and Women's Health. Each circle operates with individual objectives and initiatives in support of the ERG's mission. For example, the Women in Leadership circle sponsored 3 scholarships for ERG members to attend a local Women's Leadership Institute career development program, enhance their leadership skills, and broaden their network.



Employee Recruitment, Development, and Training

We take an employee-centric and systems-based approach to building the employee experience at Recursion.

We are building a company that’s doing something that’s never been done where we expect our people to do the best work of their lives in a deeply cross-functional context. The employee experience must be in service of those outcomes. To that end, we create moments, norms, rituals, rubrics, tools, systems, and more that drive belonging, growth, and impact. Importantly, we invest in people managers who also play a pivotal role in bringing this employee experience to life. The bottom line is we treat it as a fit-for-purpose system designed to deliver our mission.

Recruitment and Onboarding

We employ a targeted approach to identify, attract, and hire employees across highly technical scientific disciplines including: biology, chemistry, data science, machine learning, engineering, robotics, clinical development, and more. Our efforts are spearheaded by an experienced internal recruiting team who act as subject matter experts to recruit in-demand and world-class talent.

In 2023, we continued our expansion into Canada as a way to access its brilliant and diverse talent across technology, biology, and chemistry with the acquisition of Cyclica and Valence Labs. There are currently over 100 Recursionauts based out of our Toronto and Montreal sites. We are intentional to ensure that our Culture, Values, and Mindset are experienced across all of our sites while honoring local cultures and practices. We also ensure that our Canadian employees receive equitable and generous benefits offerings including a comprehensive health and wellness benefits plan, a rewarding retirement plan, flexible time-off policies, and more.



DECODING RECURSION

To accelerate understanding of our Recursion Mindset for new hires, we organize an immersive, two-day offsite where we dive deep into our Values and Founding Principles. The Decoding Recursion experience is designed around storytelling and activities facilitated by senior leaders, including regular attendance by our Co-Founder and CEO. The experience aims to accelerate time to belonging and impact. Belonging is closely tied to psychological safety, which we believe is an essential element for high-performing collaborative work environments. People must feel safe to speak up. We also believe that the sooner employees feel belonging and deliver impact, the more we generate engagement, productivity and retention.



EMPLOYEE RECRUITMENT, DEVELOPMENT, AND TRAINING *CONTINUED*

Employee Development

Culturally, we instill an expectation that we should all be learning and growing as fast as Recursion. Given the pace of change at our company, this is a tall and exciting ask. Programmatically, our Goals & Grow System is the year-round system that creates employee accountability for delivering goals and living our Values and Founding Principles. When we write our quarterly goals, self-reviews, or manager reviews, we look through the following lenses: My Delivery, My Learning, My Impact on Others, and My Recursion Mindset. From there, employees and managers are expected to create learning and development plans for their learning goal that recognize growth comes from pushing the boundaries of our expertise in solving real-world challenges and answering questions that have never been answered – yet.

Training

Internally, we offer a variety of training and development programs. Regularly scheduled topics include introductory manager fundamentals, advanced manager fundamentals, adaptivity and resilience, behaviors of inclusion, and inclusive hiring. We also provide training for specific opportunities, challenges, and technical needs. In 2023, our internal teams created workshops focused on delivering and providing feedback to ensure that our teams understand the anatomy of feedback, how to feel empowered to give feedback, and how to practice behaviors of giving and receiving feedback.

Coaching programs are offered through a world-class vendor that provides personalized, comprehensive coaching that drives whole person growth and sustained organizational outcomes. Over 30 employees participated in 2023. Popular coaching topics included communication effectiveness, nutrition, and parenting strategies for working parents. Executive coaching is provided to senior director positions and above. Additionally, we created Scientific Onboarding Series to help our new colleagues at Cyclica and Valence Labs come up to speed on Recursion’s OS and programs.

Additional ways we foster development at Recursion include journal clubs, code review, paired programming, and more. Our journal clubs consist of interdisciplinary discussions of recent journal publications in the realm of chemistry, data science, and more.

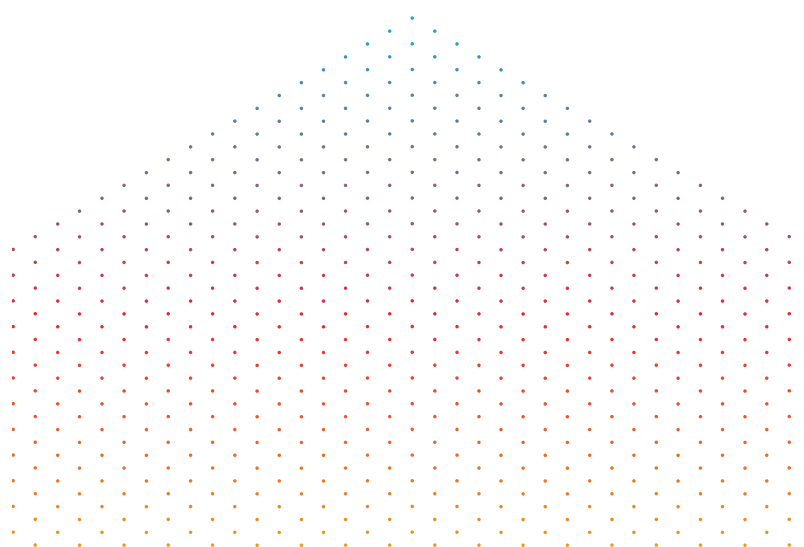
Internal Mobility

We are intentional about developing our talent from within, through promotion and mobility of our internal team. The inherent complexity and evolution of the Recursion Operating System means there is value in the institutional knowledge that comes with tenure. We seek to harness that value. The results of the 2022 engagement survey support that employees believe that there are good career opportunities for them at Recursion.

2023 Learning & Development

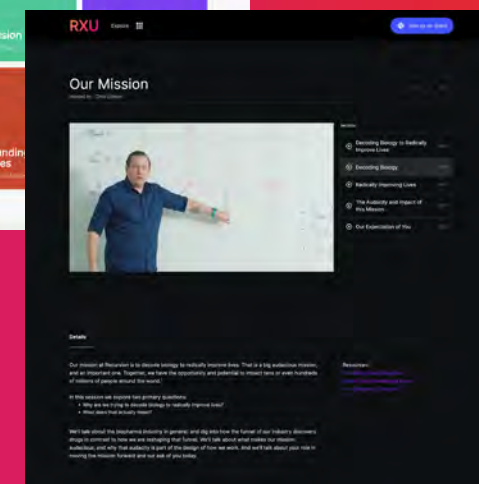
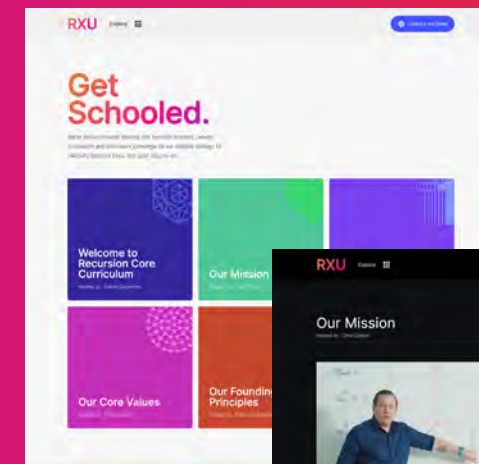
\$2,130

ANNUAL SPEND PER EMPLOYEE



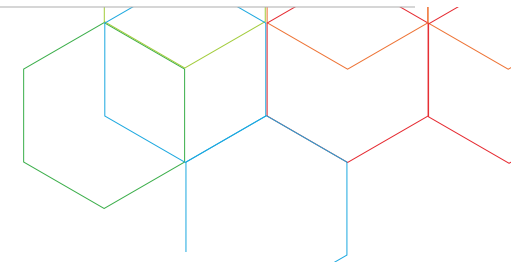
RECURSION UNIVERSITY

Launched in February 2024, we created Recursion University to serve as a dedicated home for learning. Recursion University will host and connect content that spans our culture, skills, and expertise, consolidating Recursion programming to ensure consistency in voice and structure, as well as equity of access. RXU content is built to accelerate understanding and adoption of the Recursion Mindset across everything we do.





EMPLOYEE RECRUITMENT, DEVELOPMENT, AND TRAINING *CONTINUED*



Environment

We aim to ensure employees are seen, heard, and celebrated through many practices. It is also important to us that employees have a broader context and deep understanding of our vision, ambition, priorities, progress, and decisions. Here are some examples of how we do it:

The Ritual of Gatherings

Our weekly All Hands meetings involve employees at all levels of the company, with significant senior leader and executive involvement. We aim to use the time to accelerate our people toward the mission by creating alignment, clarity on what matters, and a sense of belonging and connection to our bigger purpose.

The Systems of Appreciation and Connection

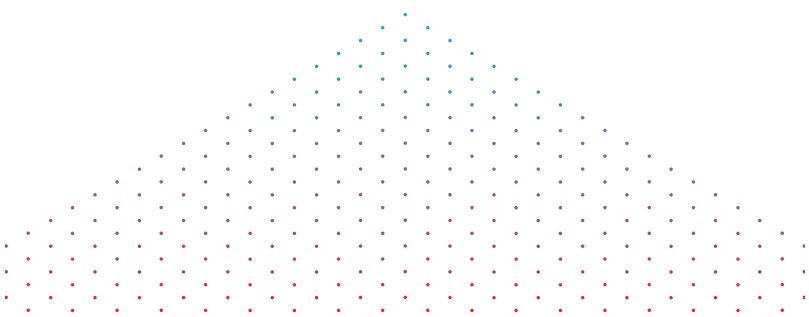
Kudos is our recognition and gratitude program in which employees can give each other points for demonstrating Founding Principles or core Values. In 2023, 83% of our workforce participated in Kudos, with over 8.4K Kudos messages sent. Donut is our tool for connecting Recursionauts from different functional areas for informal, 1:1 meetings.

The Table We Share

When onsite at headquarters, we eat together at our onsite kitchen, lovingly and jokingly named ‘High-Throughput Feeding.’ By eating together and knowing one another, we create belonging and connections across functions and throughout the company. We aim to replicate this in all our sites while taking into account the size of the team and local challenges and opportunities.

The Power of Flexibility to Be Productive and Creative

Depending on role and performance, many employees are afforded the flexibility of hybrid work. For hybrid roles we ask that our people spend at least 50% of their time onsite. Our fully remote team members (targeted <15% of all employees) are encouraged to come to one of our sites at least two weeks per quarter, to interact face-to-face with peers. Recursion covers all travel. We also aim to invite employees from other sites and who work remotely to attend offsites and employee celebrations at our SLC headquarters, and we cover travel and lodging for both employees and a partner in certain circumstances.



HACK WEEK

A main cultural value embedded within our organization is One Recursion, which calls us to lead and act company first, department second, with our cross-functional teams being our primary orientation. We live this value during Hack Week, an annual company-wide week of solving challenges and working cross-functionally across the organization. We minimize all non-essential commitments (e.g., regular meetings) at the company for this week to help teams focus on innovating, exploring, learning, connecting, and building. By not limiting participation to traditional “tech” employees, we foster company-wide innovation and collaboration by inviting everyone to join in the challenge. Employees self-select their project for the week.

Projects also result in tangible business value for Recursion. In 2023, all Hack Week projects were centered on our Founding Principles and our company-wide focus on industrialization. Teams whose projects had the greatest impact toward these focus areas were selected as winners. Hack Week provides a unique opportunity to have accelerated impact, learn, and explore, including in areas that individuals may not have been familiar with previously.

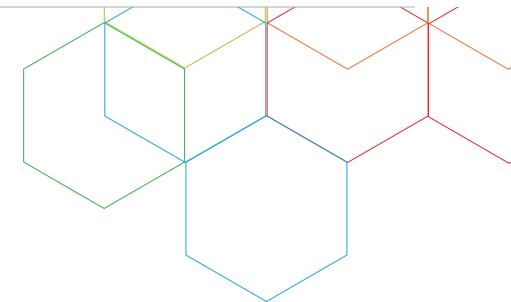
2023 HACK WEEK METRICS

34
PROJECTS

200
PARTICIPANTS



EMPLOYEE RECRUITMENT, DEVELOPMENT, AND TRAINING *CONTINUED*



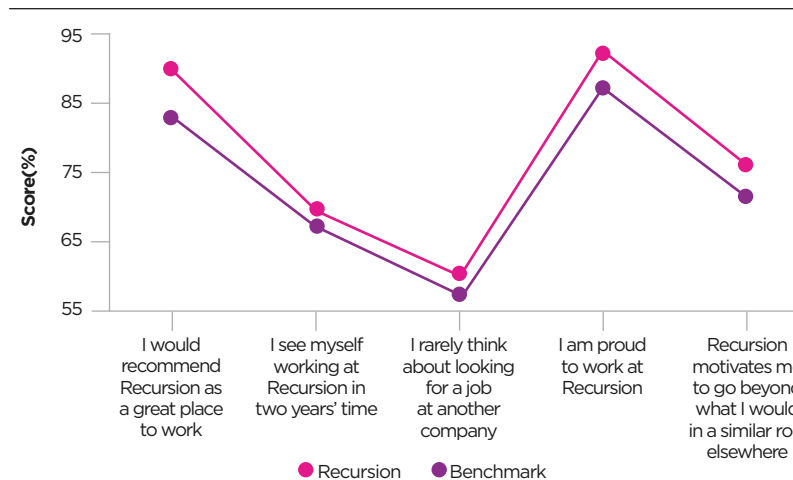
Employee Engagement Surveys

Engagement is a measurable score that is a proven driver of performance and business results. We measure engagement using an industry standard index of five questions on an agreeability scale. As a company, we target a high, but balanced, engagement score of 75-85, so we can be confident in the health of our organization. The targeted cap acknowledges that some amount of friction is healthy as we move and change at a relentless pace. Over-indexing on engagement above 85 could come at the cost of delivering for other stakeholders in the business, such as our partners, shareholders, or the patients we aim to serve.

Our score in 2023, 78, is above the Tech, Science & Research benchmark* of ~200 organizations. In fact, of the 42 questions that we can benchmark, 26 of our scores are greater than or equal to the benchmark. This is a solid result and reflects a cultural health and strength matching our ambition to lead in a new industry. Reasonably high engagement drives more productivity, execution, and results. Our engagement scores are consistently high year over year.

As a company, we target a high but balanced engagement score of 75-85, so we can be confident in the health of our organization.

2023 Recursion Engagement Index Scores vs Benchmark



78

2023 ENGAGEMENT SCORE

*Our benchmark is derived from over 20,000 survey responses from comparable companies during the 12 months ended June 30, 2023. Source: <https://support.cultureamp.com/hc/en-us/articles/115002216849-Overview-of-Culture-Amp-benchmark-insights>

Employee Turnover

In May 2023, we acquired two companies to bolster our digital chemistry efforts — Cyclica and Valence Discovery. While the majority of employees at both companies were offered permanent roles at Recursion, there was some redundancy of roles, which resulted in an increase in our overall employee turnover. Our increase in turnover also reflects our enhanced focus on performance management as we work to build a world-class team.

2023 Employee Turnover Metrics

25%

MANAGEMENT (VICE PRESIDENT AND ABOVE)

24%

ALL EMPLOYEES



Benefits

We believe healthcare and childcare are essential benefits where we aim to be exceptional.

We expect an exceptional commitment to the mission from our people, and therefore we commit to taking care of them and their families.

Physical

100%

HEALTH, DENTAL, AND VISION

Insurance premiums are covered at 100% by Recursion for employees and eligible dependents, including domestic partners and children.

\$600

LIFESTYLE SPENDING ACCOUNT

\$600 a year toward fitness or wellness

Time Off

12-22

PARENTAL LEAVE

12-22 weeks for parental leave

Flexible

VACATION AND SICK LEAVE

Flexible vacation policy with two week-long company closures and unlimited sick leave for employees and those in their care

Insurance

\$50K

LIFE AND AD&D INSURANCE COVERAGE

Full-time employees are provided with \$50,000 life and AD&D insurance coverage at no cost.

No Cost

SHORT- AND LONG-TERM DISABILITY INSURANCE (STD & LTD)

All full-time employees are provided with STD and LTD coverage at no cost, which provides pay replacement in the event that they experience an illness and are unable to work.

Mental



MENTAL HEALTH SERVICES

Mental wellness platform available to all employees and eligible dependents, covered 100% by Recursion, including 12 coaching sessions, 12 therapy sessions per year, and unlimited access to Modern Health's digital resource library. Additionally, an EAP (Employee Assistance Program) is offered.

Childcare



ONSITE CHILDCARE

Available for full day and drop-in usage; children's lunches and snacks served daily, provided in partnership with Bright Horizons.

Financial

4%

401(K) DOLLAR-FOR-DOLLAR MATCH

We have a 401(k) offering with a dollar-for-dollar match up to 4% of an employee's salary and an additional \$1,500 company contribution annually for every employee. Our employee stock purchase plan allows our employees to have additional ownership in the company at a discounted rate to market.

Restricted Stock Units and Stock Options

Every single person currently and previously employed full-time by Recursion who met criteria for vesting has been awarded either stock options, RSUs, or both.

Extras



OTHER BENEFITS

We offer employees the option to elect supplemental benefits for life insurance, pet insurance, disability, theft protection, legal services, and more.

SLC

OFFICE BENEFITS AT OUR HEADQUARTERS IN SALT LAKE CITY

Indoor rock climbing wall

Lunch served daily

Indoor bike racks

Free transit passes to encourage more sustainable commuting

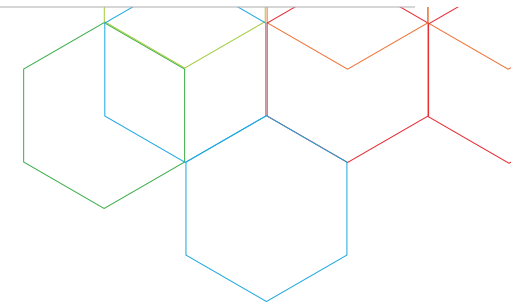


Environment

SECTION HIGHLIGHTS

- 39 Greenhouse Gas Emissions
- 40 Sustainable Facilities and Operations
- 43 Environmental Footprint of Hybrid Cloud Computing
- 44 Waste Management and Product Life Cycle Management
- 46 Environment, Health, and Safety





Greenhouse Gas Emissions

We are committed to reducing and offsetting our greenhouse gas (GHG) emissions across our operations to become a net-zero business by the year 2030.

Our Ambitious Goal: Net-Zero Greenhouse Gas Emissions by 2030.

We are committed to reducing and offsetting our greenhouse gas (GHG) emissions across our operations to become a net-zero business by the year 2030.

In early 2023, we continued on our journey to net-zero by measuring and benchmarking our Scope 1 and Scope 2 GHG emissions. With established baselines, we are implementing the following initiatives in 2024:

- Investing in Renewable Energy Credits to offset 100% of our usage at our Salt Lake City headquarters. This is expected to reduce our carbon footprint by more than 71 million pounds of CO2 and increase demand for renewable energy equivalent to the electricity needed to power 5.1 million LED light bulbs for a year.
- Building a decarbonization roadmap for Scope 1 and Scope 2 emissions that looks at all Recursion sites and prioritizes load reduction, phased constructions costs, and recommended implementation strategy taking into account individual leasehold commitments by site. This is expected to be completed in 2024.
- Assessing and measuring Scope 3 GHG emissions to understand the impact of our full value chain and explore opportunities for further reductions.
- Implementing greener biology and chemistry methodologies.

In 2023, Recursion aligned its climate-related risk management approach with the Taskforce on Climate-Related Financial Disclosures (TCFD) framework. For more information, refer to the [TCFD table](#) in the Metrics, Frameworks, and Standards section of the report.

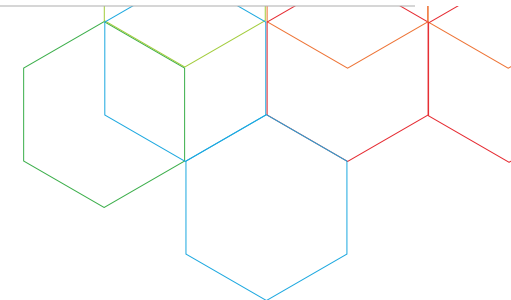
2023 Greenhouse Gas Inventory*

854 SCOPE 1 (METRIC TONS CO2E) **1,474** SCOPE 2 (METRIC TONS CO2E)



	MTCO2E
Scope 1 Emissions	
Stationary Combustion	741
Natural Gas	741
Mobile Sources	0.3
Fugitive Source	112
TOTAL SCOPE 1 EMISSIONS	854
Scope 2 Emissions	
Electricity (Market Based)	1,474
Electricity (Location Based)	1,864
Purchased Heat and Cooling	657
SCOPE 2 (MARKET BASED)	1,474
SCOPE 2 (LOCATION BASED)	1,864
Total Organization Emissions	
TOTAL SCOPE 1 AND 2 (MARKET BASED)	2,327
TOTAL SCOPE 1 AND 2 (LOCATION BASED)	2,718

*Each reporting year we aim to pursue stronger data quality. In the 2023 calendar year, we received more representative data of electricity consumed by our supercomputer, which contributes to our overall energy consumption and location-based emissions. All calculations were completed in accordance with The Greenhouse Gas Protocol.



Sustainable Facilities and Operations

In 2023 we significantly expanded our overall footprint with an expanded headquarters in Salt Lake City, a new office in Toronto, and an expanded footprint in Montreal with the acquisition of Valence Discovery (now Valence Labs, our AI research engine). In each of these expansions, we ensured building sustainability and efficiency was a priority.

Toronto Office Opening

In June 2023, we celebrated the opening of our 28,000-square-foot Toronto site, which serves as the headquarters for Recursion Canada. This new site represented our significant growth in Canada and our continued investment in the local economy. The Toronto site is Recursion's largest site outside of our global headquarters in Salt Lake City.

The new building is designed to meet the requirements of the Toronto Green Standard.

This includes intelligent energy, stormwater and waste management systems, features to encourage sustainable commuting options, and a green roof.



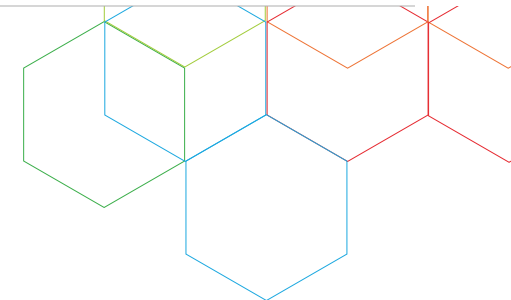
Coming Soon: New London Office

In March 2024, we announced plans to open a new 6,700-square-foot office in London's vibrant King's Cross neighborhood. Set to formally open in June 2024, the site will provide Recursion and Valence Labs access to world-class talent across Europe's rapidly growing TechBio sector and embed Recursion in a thriving innovation ecosystem of leading technology and life science companies.

Located within a 3-minute walk from King's Cross Station and St. Pancras International, the site offers excellent transit access. The building includes an onsite cafe, bicycle storage, showers, prayer room, and mothers room. The building meets the requirements for an "Excellent" rating by BREEAM building standards and is linked to a site-wide district heating and cooling network that results in net-zero carbon emissions.



SUSTAINABLE FACILITIES AND OPERATIONS CONTINUED



In 2024, we will be conducting a thorough energy audit and existing building retro-commissioning of our HVAC units at our headquarters in Salt Lake City with an aim at achieving energy savings targets consistent with our 2030 net zero goals.

Energy Management Policy

Recursion is committed to building a healthier and more sustainable future for our team, the patients we serve, and the communities in which we live and work. We do so by incorporating energy and workstream efficiency planning in both office and laboratory settings. Recursion encourages energy efficiency and Smart Office technologies through a whole-building approach that enables agencies and organizations to improve the efficiency of an entire facility rather than specific laboratory or office components. We are committed to continuing to find new ways to uncover inefficiencies and boost the utilization of smart technology to improve sustainability, save resources, and boost productivity. Our full environmental policy [can be found on our website here.](#)

Space and Occupancy Efficiency

We have several unoccupied mode settings and programming modes for automatic after-hours settings within our facilities. These include:

- Occupancy light sensors are utilized for all laboratory, office, and shared spaces, which have been shown to reduce energy consumption by 40%.

- LED lighting is used throughout the entire space.
- Light-sensing fixtures are located near all exterior windows that dim lights when sufficient natural light is detected.
- Temperature and light settings for office space are set back after-hours.
- Interior lights are programmed to automatically move to a default of “off.”
- Deadband temperature is increased from 5 degrees to 10 degrees.

In 2024, we will be conducting a thorough energy audit and existing building retro-commissioning of our HVAC units at our headquarters in Salt Lake City with an aim at achieving energy savings targets consistent with our 2030 net zero goals.

Air Quality Monitoring

Recursion continues to focus on monitoring and improving air quality by utilizing smart office solutions and upgrades to existing ventilation systems. These changes support workforce wellness and promote laboratory-safe environments.

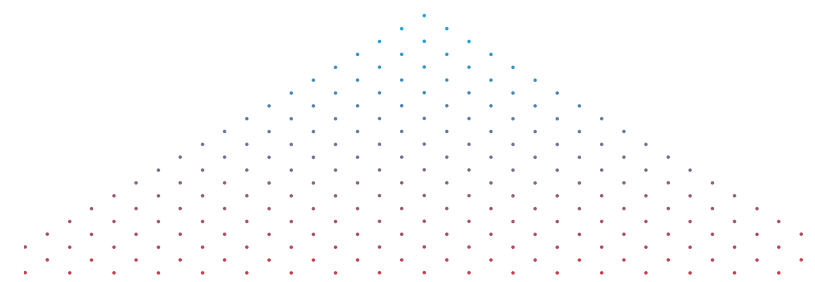
HEPA filtration is now standard in all new laboratory construction. The filtration will improve air quality for our people and the science that is created in these spaces.

HVAC Improvement Program

We continue to implement our office Heating, Ventilation, and Air Conditioning (HVAC) improvement program to replace all original 20-year-old HVAC units present at our facilities. In 2023, we replaced the final four original units. The new equipment and updated controls systems will allow for automated and standardized control of our HVAC systems.

Laboratory Air Handling Systems

Routine monitoring of air quality and particulate counts (in both office and laboratory settings) is performed, including a process to capture data and respond appropriately when trends emerge. We also retrofitted the laboratory supply air handler to support improved efficiency and reduction of maintenance downtime. We drastically reduced the need for chilled water to cool the lab space during the warmer months with use of a heat recovery glycol loop to capture the 70-degree air leaving the space. Warm air leaving the lab in the winter is used to pre-heat the incoming air to the supply air handler, and cool air leaving the lab in the summer is used to pre-cool the incoming air to the supply air handler.





SUSTAINABLE FACILITIES AND OPERATIONS *CONTINUED*

Instrumentation and Equipment Efficiency

Recursion strives to lessen the environmental impact associated with our cutting-edge technologies and instrumentation without sacrificing the speed with which we generate high-quality results. As such, Recursion has sought out ways to “go green,” by adopting more energy-efficient lab equipment and practices.

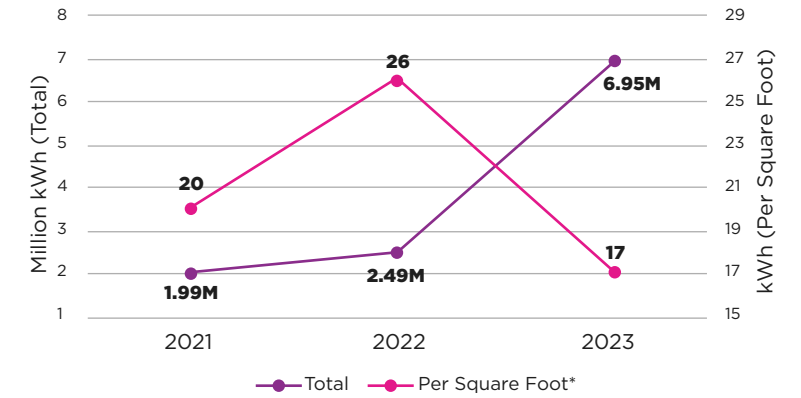
An automatic fault detection and diagnostics system is in place to provide real time updates on instrumentation performance and error notification. These include refrigeration and environmental monitoring systems to help maintain appropriate temperature and environmental settings. Equipment and instrumentation assessments are performed for electrical safety and energy/resource consumption, efficiency, and optimization prior to purchase, installation, and/or relocation.

Building Certification and Selection

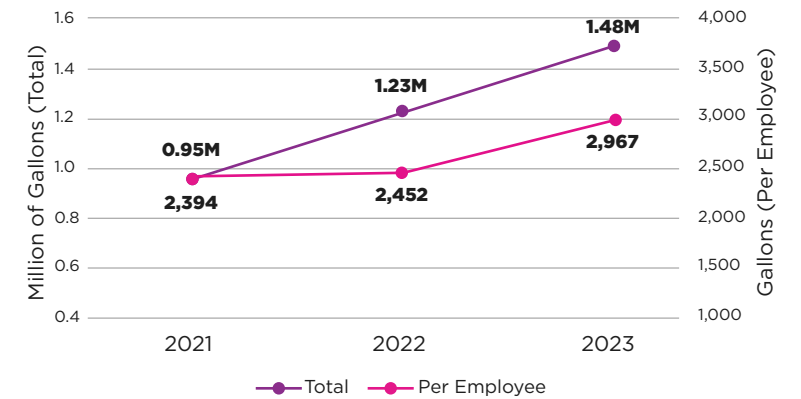
As we continue to expand our business and facilities, we take environmental considerations into account in selecting new sites. Our criteria for new sites includes evaluating key quality of life indicators in addition to physical climate risks. Key environmental considerations include, but are not limited to, access to local and regional public transportation, environmental certifications, material transfers, parking, bicycle and pedestrian access, zoning, and building type. Environmental certifications for Recursion are being investigated for existing and future locations.



Electrical Consumption



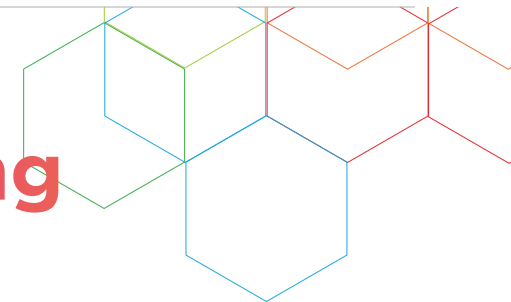
Water Consumption



*Each reporting year we aim to pursue stronger data quality. In the 2023 calendar year, we received more representative data of electricity consumed by our supercomputer, which contributes to our overall energy consumption. Electricity intensity by square foot is for offices and lab spaces only. Water consumption data does not include our expanded headquarters space.



Environmental Footprint of Hybrid Cloud Computing



In 2023, we continued to drive toward our goal of net-zero carbon computing through migration to our primary cloud provider and into lower carbon intensity regions.

At the same time, we significantly increased our overall compute usage to meet the needs of our business as we developed larger computational models, which increased gross emissions. We will continue to evaluate the efficiency of our compute practices to look for opportunities to continue to drive down our carbon footprint. Largely because of these efforts, nearly 100% of our cloud operations are now net-zero carbon.

Our supercomputer, known as BioHive-1, which powers the critical work we do at Recursion, is run by an external third party that also incorporates energy efficient practices such as leveraging renewable energy and using efficient cooling practices through a closed loop system to exclude net water usage.

2022 Carbon Emissions from Cloud Computing

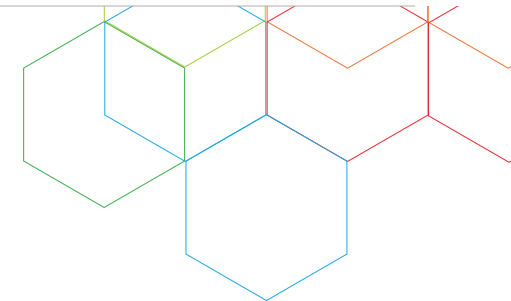


2023 Carbon Emissions from Cloud Computing



In 2023, 100% of electricity consumed by BioHive-1 was generated from renewable sources.





Waste Management and Product Life Cycle Management

As part of our environmental commitment, we place heavy emphasis on responsible management of both hazardous and non-hazardous office and laboratory waste to ensure our practices scale safely as our testing and experimental needs increase.

Laboratory Waste Management Program

Recursion's in-house laboratory waste-stream experts enforce stringent and robust processing and treatment mechanisms to ensure we comply with local, state, and federal regulations. We maintain robust processes and training for hazardous and non-hazardous waste identification and management, and have a detailed Hazardous Waste Policy. Hazardous waste is either treated in-house according to hazard class and waste-stream need or contracted out for treatment/disposal with a third-party vendor.

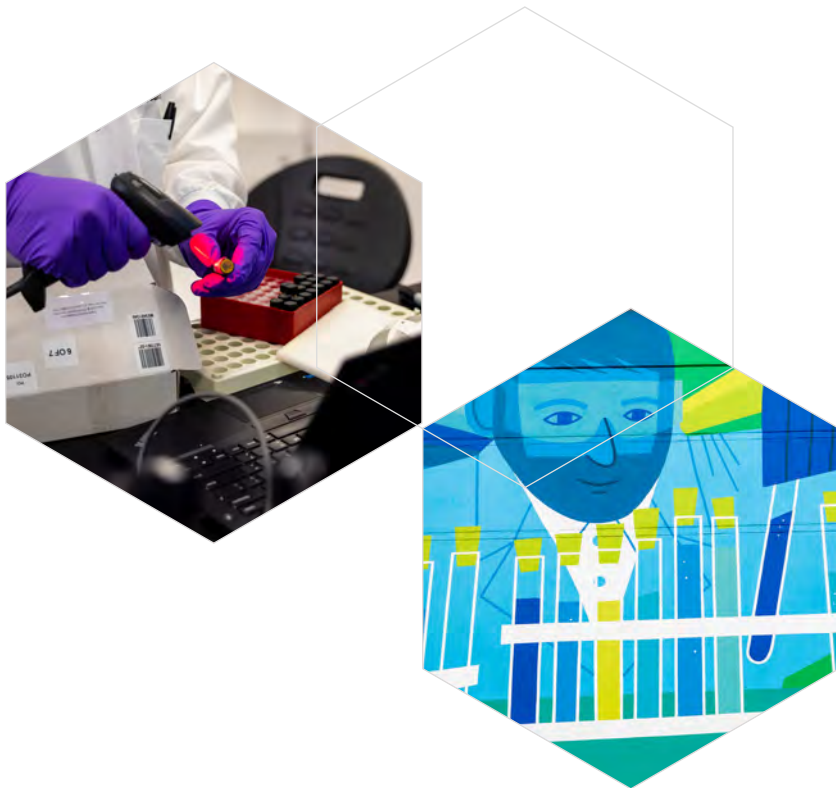
Solid biological waste is generally treated in-house using validated autoclave equipment and procedures.

A list of waste streams and proper disposal processes is maintained by the EH&S officer and is updated as part of the new chemical and reagent onboarding processes. Dedicated reviews of processes and corresponding working policies are put into place to minimize the quantities of hazardous waste generated.

We take measures to ensure that any discharges into wastewater do not pose an environmental risk. Effluent leaving the site as laboratory discharge is evaluated and disclosed to the city. We have also evaluated possible air pollutants and their concentrations leaving our facility. All emissions fall well below regulatory thresholds. Recursion's facilities undergo an environmental assessment at least annually.

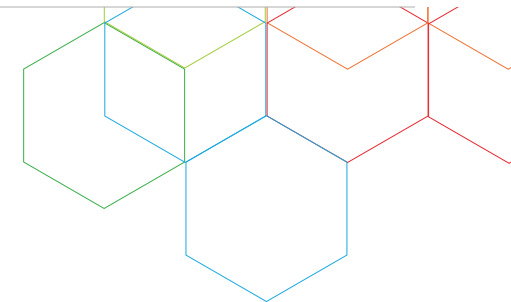
Lab Recycling

Non-contaminated packaging or other items that can be recycled are done so using the company recycling program and separated for pickup by a third-party vendor. Packaging and materials purchased from Corning brand laboratory supplies are separated and returned to Corning's recycling partner as part of an industry-wide effort to decrease lab waste.





WASTE MANAGEMENT AND PRODUCT LIFE CYCLE MANAGEMENT *CONTINUED*



Employee Training

Recursion believes that safety is a key foundation of our culture, and that unified education and commitment across roles is fundamental to our mission. As such, laboratory employees and adjacent support groups are actively engaged in waste management practices. Required training and education opportunities covering waste streams and waste management are part of the onboarding process to ensure safety is at the forefront of the introduction to the lab space. Documented training covering the Chemical Hygiene Plan, new reagent onboarding, and waste management are required for laboratory personnel. In-person training with the EH&S department is part of the New Employee Onboarding Program for all lab-facing employees. We also provide periodic refresher training as policies are updated.

Office Waste Management Programs

We collect and recycle appropriate materials generated in our office, including glass, plastics, and paper products. Confidential paper materials are professionally shredded by an external vendor prior to being recycled, and cardboard is collected and stored for pickup and recycling. Batteries are collected after use and periodically sent to our third party for recycling. We also include containers at all of our printer stations where employees can bring in and deposit used household batteries to be properly recycled.

2023 Waste Metrics

0.89 tons
HAZARDOUS WASTE

14.51 tons
NON-RCRA REGULATED WASTE

2023 Recycling Metrics

5.85 tons
FOOD COMPOSTED

1.73 tons
MIXED RECYCLABLES

0.56 tons
GLASS RECYCLED

8.14 tons
TOTAL WASTE RECYCLED

Recursion is considered a **Very Small Quantity Generator (VSQG)** of hazardous waste, and waste metrics are tracked and reviewed monthly to verify proper generator status.





Environment, Health, and Safety

We are committed to protecting our employees' health and well-being by providing a safe and healthy workplace.

Workplace Safety

We have dedicated Standard Operating Procedures (SOPs) to document workplace hazards and control strategies, safety training to communicate safe work practices to employees, internal inspections to identify gaps and hazards, and incident and near-miss reporting to document and correct potential failures. Recursion's Chemical Hygiene Plan (CHP) is the primary guide that protects laboratory personnel from potential hazards associated with the use of chemicals and manages risks. Specific biological safety procedures, including a Bloodborne Pathogens Exposure Control Plan, outline the proper safe work practices for handling biological materials. Every employee is responsible to ensure these procedures and policies are followed, and compliance is mandatory for all employees.

Our co-founder and CEO is also the Director of Public Safety at the company and has the ultimate responsibility for chemical hygiene within the organization. Our Chemical Hygiene Officer oversees the day-to-day management of institutional chemical hygiene, including developing and implementing appropriate policies; monitoring procurement, use, and disposal of chemicals used in the lab; and ensuring employees know and follow chemical hygiene rules.

Employee Training

All new hires attend mandatory, site-specific training designed to provide education on the location-specific features, security concerns, and emergency procedures.

Additional emergency training information is provided on the company intranet, via company-wide communication, electronic training modules, and through periodic in-person training events such as training seminars and emergency response drills.

Laboratory Safety Training

Mandatory training on chemical hygiene, biological safety, and laboratory hazards is required for lab employees to keep aware of laboratory risks. Topics include Respiratory Protection, Bloodborne Pathogens Exposure Control Plan, Fire Prevention and Life Safety Plan, Formaldehyde Safety, Hazardous Waste, and specific hazard training based on lab needs. All labs are secured by badge access, and only employees who have undergone lab safety training have access to the lab spaces. Safety training is automatically assigned on an annual basis to all lab employees, and periodic in-person training is also held to stay current on best practice.





ENVIRONMENT, HEALTH, AND SAFETY CONTINUED

Safety Equipment Inspections and Certifications

To ensure we operate under the highest levels of safety, we conduct a variety of safety checks and certifications on systems and equipment.

- Annual certifications are performed by external third parties to verify equipment (such as biosafety cabinets and chemical fume hoods) is functioning properly to ensure user safety.
- Autoclave validation is performed monthly, along with indicators added to each cycle, to ensure biological waste is treated appropriately.
- Oxygen sensors are placed near any area where compressed gasses and cryogenic liquids are used, and they are verified on an annual basis to eliminate risks of exposure to low oxygen levels.
- Eyewash and safety shower systems undergo individual weekly checks and annual system testing.
- Annual certification is performed on all elevators on-site.
- Fire suppression systems, along with all other lifesaving systems (horns, strobes, smoke detectors, flow switches, risers, and fire extinguishers) are tested annually.

2023 Health and Safety Metrics



Our health and safety metrics fall well below industry averages* and reflect our commitment to a healthy and safe workplace.



*Industry source: <https://www.bls.gov/web/osh/table-1-industry-rates-national.htm>



Governance and Responsible Business Practices

SECTION HIGHLIGHTS

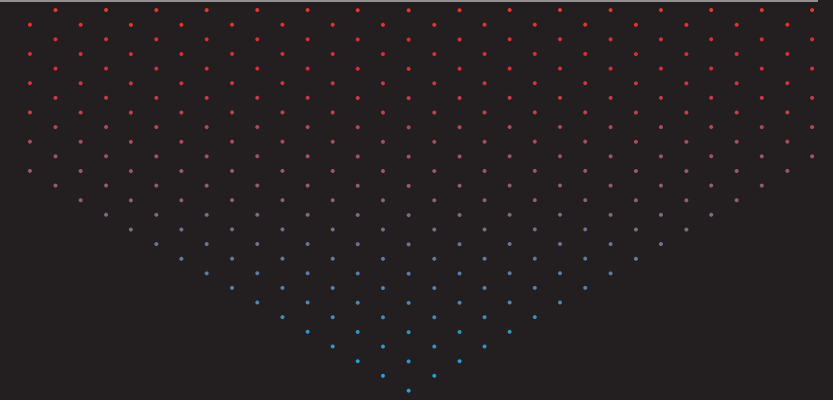
- 49 Board Independence and Diversity
- 50 Business Ethics and Compliance
- 51 Risk Management and Business Continuity
- 52 Supply Chain Management
- 53 Data Security and Customer Privacy





Board Independence and Diversity

Our board possesses a wide array of experience and skills to guide the company effectively.



The Nominating and Corporate Governance Committee considers diversity in expertise, gender, race, and ethnicity as part of the holistic evaluation of candidate profiles, including broader evaluation of professional ethics and integrity, business acumen, proven achievement, and competence in one's field relevant to the needs of guiding and governing Recursion's business.

Seven of eight directors are classified as independent according to Nasdaq listing standards, including our Board Chair and members of our Audit, Nominating and Corporate Governance, Compensation, and Corporate Social Responsibility committees.

Board Metrics



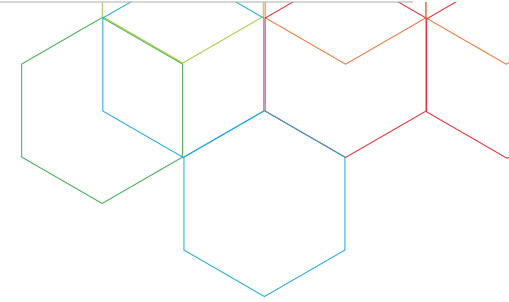
To learn more about our board, please refer to the [Board of Directors section](#) of the Investor Relations section of our website.

Board Diversity Matrix

TOTAL NUMBER OF DIRECTORS: 8	FEMALE	MALE	NON-BINARY	DID NOT DISCLOSE GENDER
Part 1: Gender Identity				
Directors	1	7	-	-
Part 2: Demographic Background				
African American or Black	1	-	-	-
Alaskan Native or Native American	-	-	-	-
Asian	-	2	-	-
Hispanic or Latinx	-	1	-	-
Native Hawaiian or Pacific Islander	-	-	-	-
White	-	4	-	-
Two or More Races or Ethnicities	-	-	-	-
LGBTQ+			1	



Business Ethics and Compliance



We uphold the highest levels of ethical conduct, guided by our [Code of Business Conduct and Ethics](#), which helps promote a culture of integrity and accountability throughout the company. During the onboarding process, all new employees must sign an acknowledgment form confirming that they have read the Code and that they understand and agree to comply with its provisions.

Compliance Program and Policies

We maintain specific policies related to legal and ethical standards to ensure we operate with integrity internally and externally. These include Anti-Bribery and Anti-Corruption, Insider Trading, Whistleblower, Trade Secret and Confidentiality, External Communication, and Investment policies.

Our [Global Anti-Bribery and Anti-Corruption Policy](#) is overseen by our Compliance Officer and requires annual reviews to confirm adequacy and effective implementation, as well as annual certifications from all team members attesting that they have read and understand the policy and agree to comply with it. All third-party representatives are also required to comply with the policy.

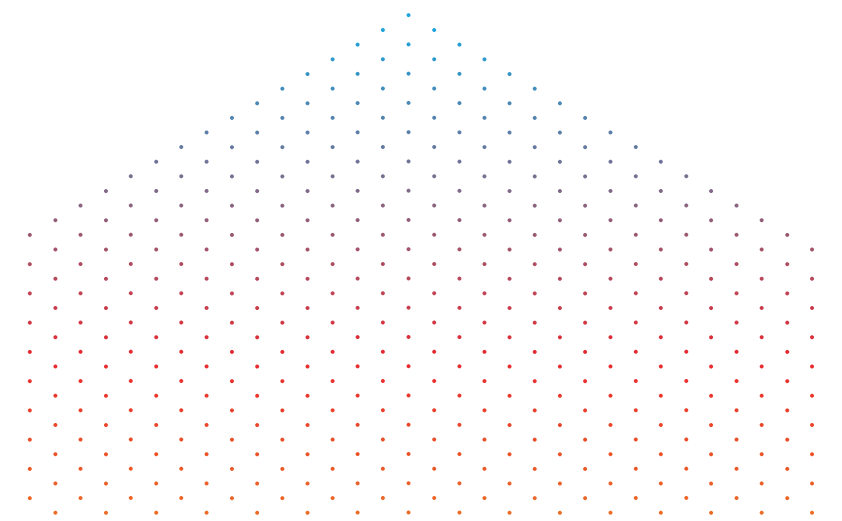
To ensure all employees can raise concerns free from harassment, discrimination, or retaliation, we have adopted a [Whistleblower Policy](#) for receiving, investigating, and retaining complaints. Employees can use our confidential and secure web portal or reporting hotline, which are both available 24 hours per day, seven days per week, to anonymously report any concern including known or suspected violations of law or policy.

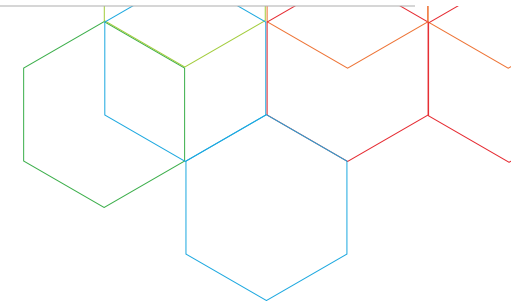
Reported violations are promptly and thoroughly investigated. As a general matter, the Board oversees investigations of potential violations by directors or executive officers, and the Compliance Officer oversees investigations of potential violations by other employees. Once complaints are logged, the Compliance Officer reports all material complaints promptly to the Chairperson of the Audit Committee of the Board. The Compliance Officer also provides the full Audit Committee with a quarterly report of all received complaints and their investigations.

We also maintain a specific Insider Trading Policy with written acknowledgment of the policy required by all employees.

Training

As part of our compliance program, we utilize a third-party platform to conduct annual employee training on topics such as anti-harassment, inappropriate conduct, intellectual property, responsible business communication, insider trading, and data security. These trainings occur upon hire and annually thereafter. Our People team tracks completion percentages and follows up with any employees to ensure 100% participation.





Risk Management and Business Continuity

As Recursion continues to grow and scale, we manage the risk exposure of the organization strategically and in an integrated manner to ensure we can accomplish our objectives. We also use insurance as a risk management tool and have robust business interruption insurance.



In 2023, Recursion aligned its climate-related risk management approach with the Taskforce on Climate-Related Financial Disclosures (TCFD) framework. For more information, refer to the [TCFD table](#) in the [Metrics, Frameworks, and Standards](#) section of the report.

Business Continuity

Our disaster recovery and continuity plan for critical systems identifies intricacies and any potential fail points of the systems. We regularly execute tabletop exercises in response to simulated critical events to validate and update our plans to ensure continuity of our platform and operating system.

We take many factors into consideration to ensure we can keep our systems up and running during a potential incident or interruption. Most of our data is stored in the cloud, but we run periodic testing of hardware infrastructure as part of our business continuity framework.



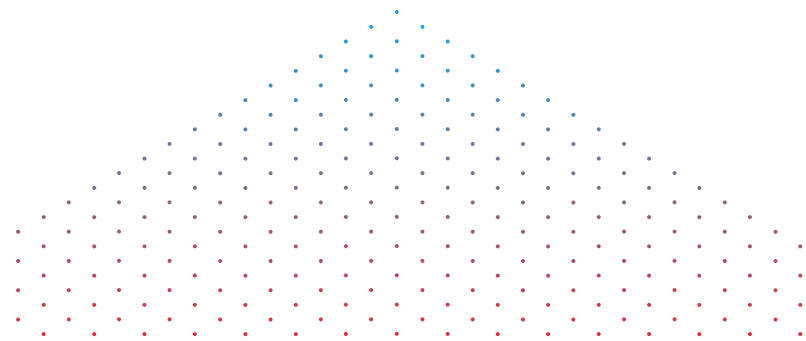
Supply Chain Management

We have relationships with more than 500 suppliers and partners, who provide products and services that support our operations. We are committed to fostering procurement relationships that extend the positive impact of our business and manage potential risks.

Selection of our partners happens through the lens of our values to ensure that these principles are emulated not only in the work we do, but in the work carried out on our behalf. Our [Supplier Code of Conduct](#) outlines expectations for our partners around topics including, but not limited to, ethics, product quality, data privacy and security, human rights and labor, environmental sustainability and responsible sourcing, and health and safety.

We also plan to continue to monitor and track our supplier diversity footprint. As we persist in integrating diversity into our procurement strategy, we will be defining supplier diversity and inclusion objectives to register our suppliers as being owned by women, people of color, people with disabilities, LGBTQ+ individuals, and other underrepresented communities.

In addition, we will strive to include at least one diverse supplier in 50% of every bid by the end of 2024.





Data Security and Customer Privacy

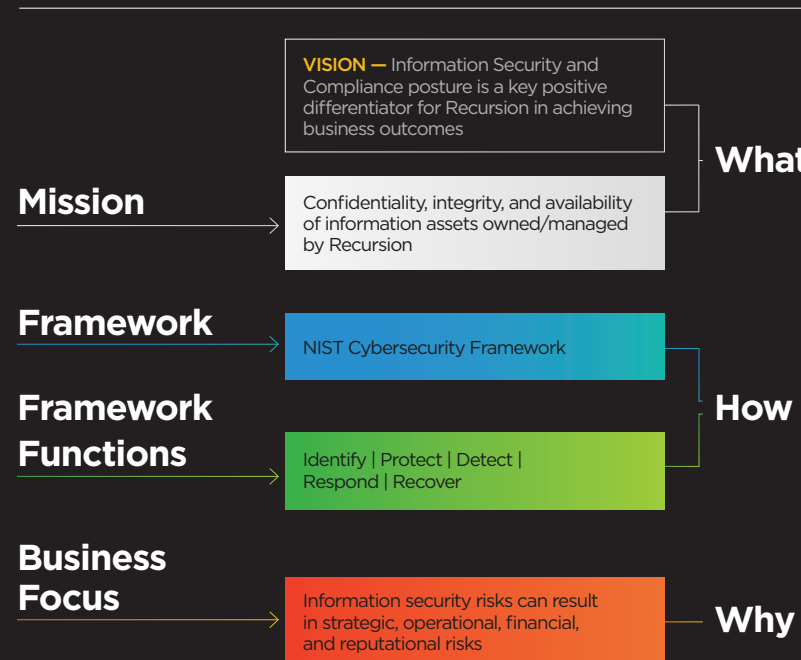
Recursion maintains robust oversight and controls of cybersecurity and patient privacy systems. The Audit Committee of the Board is responsible for the company’s cybersecurity and other information technology risks and reviews these risks, controls, and procedures quarterly. Our Chief Information Security Officer provides a report on data security metrics and updates to the Audit Committee on a quarterly basis.

SOC2 Compliance

Recursion undergoes regular SOC2 Type II attestation efforts through an AICPA-accredited auditor on a regular basis. We have designed, built, and operationalized controls around the Recursion OS and our technology infrastructure, system, and vendors to manage risks and protect our critical data from cyber threats that target companies in the pharmaceutical, biotech, and technology industries. This SOC2 Type 2 attestation provides assurance to our partners of the effectiveness of our information security controls and demonstrates our ongoing commitment to protecting data.

Information Security Program

We view a strong Information Security and Compliance program as a key positive differentiator in achieving business outcomes. Our operating model to govern the function of information security follows the National Institute of Standards and Technology (NIST) Cybersecurity Framework. The NIST framework helps us assess information security posture, implement capabilities, and measure our progress.



The key elements of our Information Security program are:

- Strategic Governance: Decision-making, execution, oversight, and compliance with regulatory obligations (e.g., SEC, SOX, GDPR, and HIPAA regulation)
- Framework: Process and technical capabilities to match the desired outcomes
- Risk-Based Approach: Identification and prioritization of top risks
- Metrics and Reporting: Progress measurement and reporting

All new hires are required to go through Information Technology and Security training conducted by the Security Director upon onboarding, which includes an overview of systems and proper usage, VPN solutions, phishing simulations, and physical security aspects vital to the ongoing security of Recursion operations.

A proactive Information Security program enables the organization to keep pace with the evolving information security risk landscape. Recursion has outlined a multi-year program roadmap in which we plan to bolster our existing program with clear policy and procedure implementations, risk identification and action planning, and continued third-party audits and testing of critical systems.



DATA SECURITY AND CUSTOMER PRIVACY *CONTINUED*

Incident Management

We have several processes and procedures that guide incident management, laid out in our Cybersecurity Incident Response Plan (SIRP). The SIRP outlines expected actions to be taken in the event of a suspected Cybersecurity Incident. The SIRP is designed to help Recursion respond appropriately to any Cybersecurity Event, comply promptly with its legal obligations, and mitigate the impact of a Cybersecurity Incident, including harm to individuals, business partners, and Recursion's reputation and finances. The plan details event classification, escalation steps, detection and analysis, containment and recovery, and post-incident activities. We hold regular tabletop exercises with technical and executive teams to practice our response procedures and improve them as applicable.

All Recursion employees are empowered and expected to report any incidents of compromised systems or processes through the appropriate channels outlined via internal policy.

Privacy

Recursion complies with all applicable U.S. state and federal laws and ex-U.S. privacy laws. Our Privacy Policy sets out general privacy compliance guidelines and the process for obtaining required approvals. The policy applies to all Recursion personnel, regardless of location, position, and whether they are permanent, temporary, contractors, consultants, interns, or secondees. At Recursion, we expect all employees to be respectful and protective of personal information gathered in the course of business, treat it lawfully, explain the intended use of the information whenever possible, and limit requests to the minimum amount required for the business purpose. The Privacy Policy is maintained by our Chief Legal Officer.



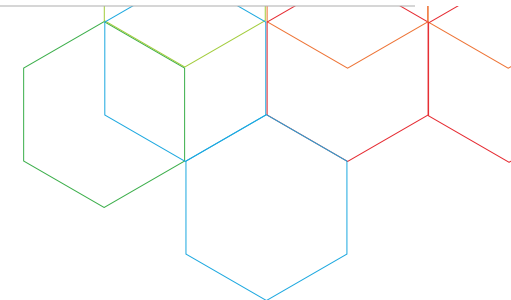


Metrics, Frameworks, and Standards

SECTION HIGHLIGHTS

- 56 Performance Metrics
- 57 Taskforce on Climate-Related Financial Disclosures (TCFD)
- 61 United Nations Sustainable Development Goals (SDGs)
- 62 Sustainability Accounting Standards Board (SASB)





Performance Metrics

People and Culture*	2023	2022	2021
Employees	>500	500	400
Gender Diversity - All Employees	43% women; 1% non-binary; 55% men	43% women; 1% non-binary; 55% men	44% women; 1% non-binary; 54% men
Gender Diversity - Technical Staff	42% women; 1% non-binary; 56% men	42% women; 1% non-binary; 55% men	43% women; 1% non-binary; 55% men
Gender Diversity - Leadership (VP+)	25% women; 75% men	32% women; 68% men	41% women; 59% men
Gender Diversity - Executives	33% women; 67% men	44% women; 56% men	44% women; 56% men
Racial and Ethnic Diversity - All Employees	14% Asian 2% Black or African American 5% Hispanic or Latinx 3% Middle Eastern or Northern African 6% Two or More Races 49% White 21% Did not Disclose	13.7% Asian 1.6% Black or African American 5.5% Hispanic or Latinx 1.4% Middle Eastern or Northern African 4.1% Two or More Races 47.7% White 25.5% Did not Disclose	n/a
Turnover - All Employees	24%	15.10%	11.24%
Turnover - Leadership (VP+)	25%	16.90%	8.90%
Pay Equity (female-to-male ratio)	\$0.99 for every \$1.00	\$1.00 for every \$1.00	\$0.99 for every \$1.00
Employee Engagement Score	78%	79%	86%

Environment	2023	2022	2021
Total Electrical Consumption	6,954,503 kWh	2,494,499 kWh	1,996,800 kWh
Electrical Consumption per Employee	13,909 kWh	4,989 kWh	4,992 kWh
Electrical Consumption per Square Foot ¹	17 kWh	26 kWh	20 kWh
Total Water Consumption	1,483,568 gallons	1,225,972 gallons	957,440 gallons
Water Consumption per Employee	2,967 gallons	2,452 gallons	2,394 gallons
Cloud Computing Gross Carbon Emissions	643 mtCO ₂ e	294.8 mtCO ₂ e	263.5 mtCO ₂ e
Cloud Computing Net Carbon Emissions	2 mtCO ₂ e	3 mtCO ₂ e	24.4 mtCO ₂ e
Cloud Computing Operations with Net-Zero Carbon Emissions	99%	97%	70%
Renewable Energy Fueling BioHive-1	100%	100%	100%
Hazardous Waste	0.89 tons	0.87 tons	0.94 tons
Non-RCRA Regulated Waste	14.51 tons	9.51 tons	n/a
Total Waste Recycled	8.14 tons	4.44 tons	1.91 tons
Scope 1 GHG Emissions	854 mtCO ₂ e	269 mtCO ₂ e	n/a
Scope 2 GHG Emissions ²	1,474 mtCO ₂ e	980 mtCO ₂ e	n/a

Health and Safety	2023	2022	2021
Total Recordable Incident Rate ³	0.2	0.2	0.5
Days Away Restricted or Transferred Rate ⁴	0	0.2	0.25
Fatalities	0	0	0

Business	2023	2022	2021
Clinical-Stage Programs	5	5	4
Dataset Size	>50 petabytes	>21 petabytes	>13 petabytes
Inferred Relationships	>5 trillion	>3 trillion	200 billion
Physical Locations	4	3	3
Collaborations	5	2	2

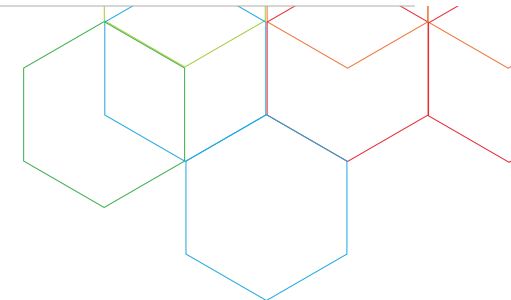
*Percentages may not total 100% as given employees who choose not to disclose their gender identity are excluded. Employee data as of January 31, 2024; executive team data as of March 1, 2024.

¹Electricity intensity by square foot is for offices and lab spaces.

²Scope 2 emissions are Market Based. All calculations were completed in accordance with The Greenhouse Gas Protocol.

³Recordable injuries per 100 full-time employees during a one-year period.

⁴Injuries and illnesses resulting in lost time per 100 full-time employees during a one-year period.



Taskforce on Climate-Related Financial Disclosures (TCFD)

Governance

Describe the Board's oversight of climate-related risks and opportunities.

Recursion's Corporate Social Responsibility Committee (CSR) of the Board has oversight of Recursion's environmental and social strategy, including sustainable environmental practices. The CSR Committee assists the Board in processes of accountability, reporting, and advisory. This Committee provided oversight and guidance in the development of Recursion net zero 2030 target along with the Board of Directors when Recursion established our goal.

Recursion's [Audit Committee](#) has direct oversight of the company's enterprise risk management strategy. This includes reviewing and discussing the company's guidelines and policies to identify, monitor, and address enterprise risks. The Committee also oversees the company's major financial risk exposures and the steps management has taken to monitor and control such exposures. This includes any climate-related risks that are identified as material or significant to our business.

More information about ESG oversight can be found in the [ESG Governance](#) section of our report.

Describe management's role in assessing and managing climate-related risks and opportunities.

Recursion's ESG cross-functional, mid-level working group leads the process for setting climate targets, seeking approval from the Board, and ensuring accountability. The cross-functional ESG working group reports to our CFO and CEO and includes members from the Engineering and technical teams, Communications, Operations, Legal, and HR. The ESG working group is responsible for the day-to-day monitoring and management of climate-related issues.

Recursion has four cross-functional teams, called Hubs, through which we deliver on company objectives. Each hub integrates risk management principles - identification, assessment and mitigation - into its decision-making processes.

Risks identified are assessed through a variety of lenses, including market standards, scenario planning, technology and IP-related infrastructure considerations, and surveys within our industry.

More information about ESG oversight can be found in the [ESG Governance](#) section of our report.

Strategy

Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term

Recursion has identified physical and transition risks related to climate change.

Physical risks, such as more frequent severe weather events, changes in participation patterns, and extreme weather variability, may lead to negative impacts on our operations as well as those of our vendors, suppliers, and collaborators, thus putting at risk our financial condition.

Climate-related transitional risks include lower greenhouse gas emissions technology, the effects of carbon prices, changes in public opinion, public mandates and regulations, taxes, climate-related lawsuits, insurance premiums, and the implementation of disaster recovery and business continuity plans. These risks could increase costs to maintain or resume our operations or achieve any of our sustainability commitments. If we fail to make a climate change commitment by 2030 and adopt policies and practices to enhance environmental, social, and governance initiatives, our reputation and our customer and other stakeholder relationships could be negatively impacted and it may be more difficult for us to compete effectively or gain access to financing on acceptable terms when needed, which would have an adverse effect on our results of operations, financial condition, reputation, and prospects.

Recursion has identified opportunities to increase resilience against climate impacts. According to the CDC, "climate change, together with other natural and human-made health stressors, influences human health and disease in numerous ways. Some existing health threats will intensify, and new health threats will emerge." Recursion's unique position as a leader in technology-enabled drug discovery creates a long-term opportunity for our business to continue advancing our products and services to meet the needs of the global shifts in increasing and emerging diseases with a technology platform that we believe may more rapidly and efficiently develop potential treatments. In the short term and medium term, we have also identified opportunities to adopt renewable technologies and improve the energy efficiency of our operations and cloud computing, both of which will drive our climate strategy, including our commitment to be carbon neutral by 2030. We have assessed the opportunity for managing ESG and sustainability-related risks within our business to drive access to capital and define best practices for our industry.

Material risks are disclosed in our [Annual Report](#) on Form 10-K, and more information can also be found in the [Industrialization Is the Path to Sustainability](#) section of our report.



TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Strategy *continued*

Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning

Climate-related risks and opportunities have influenced our business strategy and financial planning in a number of ways, including:

- **Transitioning to a low carbon economy:** As a company driven by science, we recognize the need to act with urgency to mitigate our impact on climate change. We are committed to reducing and offsetting our greenhouse gas emissions across our operations with the goal of becoming net-zero by the year 2030.
- **Operations:** Recursion encourages energy efficiency and Smart Office technologies through a whole-building approach that enables agencies and organizations to improve the efficiency of an entire facility rather than specific laboratory or office components. We incorporate energy and workstream efficiency planning in both office and laboratory settings and are committed to continuing to find new ways to uncover inefficiencies and boost the utilization of smart technology to improve sustainability, save resources, and boost productivity. Recursion has sought out ways to reduce our environmental impact by adopting more energy-efficient building, office, and lab practices. These include: efficiency upgrades, air quality monitoring, HVAC improvement program and retrofitting, instrumentation and equipment efficiency and monitoring systems, and building certification and selection process that accounts for environmental considerations.
- **Cloud Computing Operations:** In 2022, Recursion moved several large databases from a third-party cloud platform that did not offer full carbon offsetting into one that did. This has significantly driven down net carbon emissions. To further reduce emissions, we determined we were primarily operating in a region with high carbon intensity. As a result, we started to shift our services into a region with some of the lowest carbon intensity in the US. In 2023, 99% of our cloud computing operations were net-zero carbon emissions. We will continue to evaluate the efficiency of our computing practices to look for opportunities to continue to drive down our carbon footprint. Our supercomputer, known as BioHive-1, which powers the critical work we do at Recursion, is run by an external third party that also incorporates energy efficient practices, such as leveraging renewable energy and using efficient cooling practices through a closed loop system to exclude net water usage. In 2023, 100% of electricity consumed by BioHive-1 was generated from renewable sources.
- **Financial Planning:** In 2023 we completed a cost analysis of specific strategies to inform our strategy for achieving our 2030 net-zero target. This analysis was incorporated in our internal roadmap with review from our Executive Leadership Team (ELT). The analysis includes the evaluation of:
 1. Investing in Renewable Energy Credits to offset 100% of our usage at our Salt Lake City headquarters. This is expected to reduce our carbon footprint by more than 71 million pounds of CO2 and increase demand for renewable energy equivalent to the electricity needed to power 5.1 million LED light bulbs for a year.
 2. Building a decarbonization roadmap for Scope 1 and Scope 2 emissions that looks at all Recursion sites and prioritizes load reduction, phased constructions costs, and recommended implementation strategy, taking into account individual leasehold commitments by site. This is expected to be completed in 2024.
 3. Assessing and measuring Scope 3 GHG emissions to understand the impact of our full value chain and explore opportunities for further reductions.

More information can be found in the [Sustainable Facilities and Operations](#) section of our report.

Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Recursion understands completing a climate-scenario analysis can support our business strategy and climate-resiliency, but we have not formally completed this exercise. Over the last few years, we have formalized a number of working groups and policies with the aim of mitigating climate-related risks and to drive GHG reduction, which has been our primary focus. As our climate strategy continues to mature, we may consider a climate scenario analysis to inform our future strategy and sustainability disclosures.

Risk Management

Describe the company's processes for identifying and assessing climate-related risks.

Climate-related risks are identified through our Enterprise Risk Management process with a cross-functional leadership team who meets to prioritize, assess risks, and develop mitigation measures. This committee meets at least monthly and maintains records and logs of the company's identified risks to inform the monitoring and mitigation strategies. Risks identified are assessed through a variety of lenses, including market standards, scenario planning, technology and IP-related infrastructure considerations, and surveys within our industry.

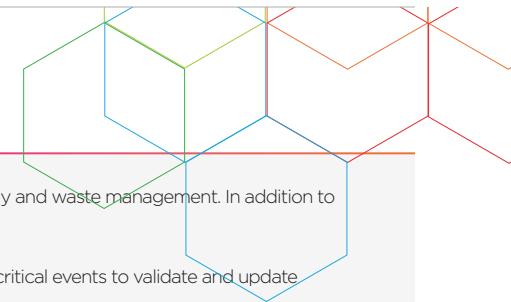
In 2024, we plan to reorganize our operating model for our risk management approach to better advance our strategy and formalize additional processes in identifying and monitoring risks.

More information on ESG oversight can be found in the [Risk Management and Business Continuity](#) section of our report.



TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Risk Management *continued*



Describe the company's processes for managing climate-related risks

Our [Commitment to Environmental Sustainability](#) formalizes our management approach to minimize our environmental impacts, including achieving our net-zero 2030 target as well as our approaches to energy and waste management. In addition to this policy, both our Risk and Compliance Committee and ESG Working Group oversee the day-to-day management of climate-related risks that have been identified as significant.

We also have a formalized disaster recovery and continuity plan for critical systems to identify intricacies and any potential fail points of the systems. In 2022 we executed a tabletop exercise in response to simulated critical events to validate and update our plans to ensure continuity of our platform and operating system, including in the event of extreme weather events or other system disruptions.

Reducing our GHG emissions has been a core strategy to reducing both our climate impact and climate-related risks our organization has identified. In addition to GHG reduction strategies, our Environmental Health and Safety (EH&S) officer maintains policies and procedures to ensure regulatory compliance for waste, effluents, and emissions. We have also evaluated and submitted possible air pollutants and their concentrations leaving our facility to the city. All emissions fall well below regulatory thresholds.

All Recursion's facilities undergo an environmental assessment at least annually. Prior to proceeding with any new facilities, Recursion conducts site assessments to evaluate physical climate risks and establishes design criteria based on these risks. None of our current sites are identified as being located in areas that would be covered by water during real or modeled future flood events. We are increasingly working to ensure that our existing facilities align with our ESG goals. Our office in Toronto meets the Tier 1 Toronto Green Standard and we recently executed a lease in London that meets the BREEAM standard "Excellent." We continue to prioritize green building attributes and certifications as we seek new lease agreements.

More information on ESG oversight can be found in the [Risk Management and Business Continuity](#) section of our report.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management.

Recursion's process for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process through our governance structure (management positions, management committees, and Board oversight) and overarching policies, including both our [Commitment to Environmental Sustainability](#) and Business Continuity Plan.

As our climate strategy continues to mature, we continue to include cross-functional management positions in the discussion and implementation of our strategy.

Metrics and Targets

Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process

Recursion collects and discloses many environmental metrics on an annual basis, including those related to climate change. In our annual sustainability report, we disclose our Scope 1 & 2 GHG emissions, energy consumption and intensity, cloud computing emissions, and more. Our energy consumption and cloud computing emissions drive our progress on our climate target and inform internal cost assessments and roadmaps continue to drive GHG reduction. Internally, we also conduct project-specific cost assessments to inform our planning.

- 2023 Carbon Emissions from Cloud Computing:
 - 643 mtCO₂e Gross Emissions
 - 2 mtCO₂e Net Emissions
 - 99% cloud computing operations with net-zero carbon emissions
- 2023 Energy Metrics:
 - 6,954,503 kWh total electrical consumption
 - 13,909 kWh per employee
 - 17 kwh per square foot

More information can be found in the [Environment](#) and [Performance Metrics](#) sections of our report.



TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Metrics and Targets *continued*

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Our scope 1 & 2 GHG emissions are disclosed annually in our sustainability report. This year we are also conducting a scope 3 materiality screening and beginning to calculate our baseline emissions. We understand a significant portion of our emissions occur in our value chain, and we are eager to better understand our baseline emissions to inform opportunities for value chain engagement and emission reduction opportunities.

2023 Greenhouse Gas Inventory:*

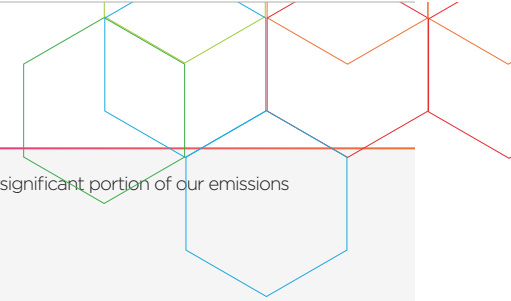
Scope 1 Emissions	mtCO2e	Scope 2 Emissions	mtCO2e	Total Organization Emissions	mtCO2e
Stationary Combustion	741	Electricity (Market Based)	1,474	Total Scope 1 & 2 (Market Based)	2,327
Natural Gas	741	Electricity (Location Based)	1,360	Total Scope 1 & 2 (Location Based)	2,718
Mobile Sources	0.3	Purchased Heat and Cooling	657		
Fugitive Sources	120	Scope 2 (Market Based)	1,473		
Total Scope 1 Emissions	854	Scope 2 (Location Based)	1,864		

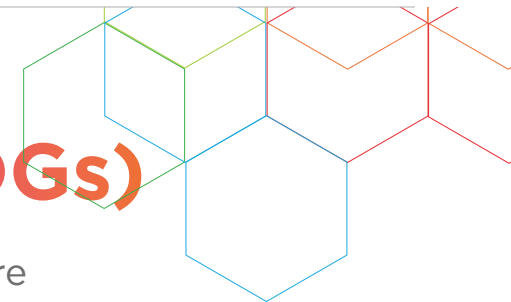
*All calculations were completed in accordance with the GHG Protocol

Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets

We are committed to reducing and offsetting our greenhouse gas emissions across our operations with the goal of becoming net-zero by the year 2030.

For more updates on our progress on this goal, please see the [Greenhouse Gas Emissions](#) section of our report.

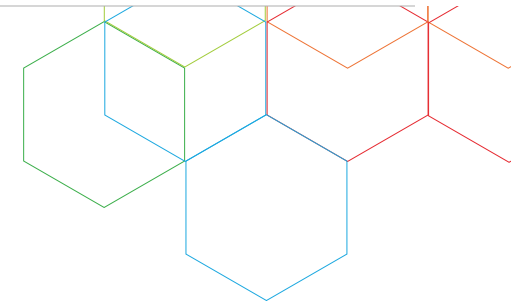




United Nations Sustainable Development Goals (SDGs)

In 2015, the United Nations developed 17 Sustainable Development Goals (SDGs) with the aim of achieving a more sustainable future for the world. Six SDGs in particular align to our ESG priorities and are outlined below. This table references sections of this report related to each goal.

Goal	Description	Alignment to Recursion	Report Section
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Core mission: Decode biology to radically improve lives Leveraging technology to build the world's largest biological dataset, enabling us to improve the scale and efficiency of drug discovery Public release of datasets and models like Phenom-Beta on BioNeMo. Five ongoing clinical trials 	Commitment to Patients
 <p>5 GENDER EQUALITY</p>	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> DEI efforts and progress Recruitment, retention, and development of women leaders at all levels Onsite childcare center to support working parents and address one of the greatest barriers in the pursuit of an equal and equitable society 	Diversity, Equity, Inclusion, and Belonging
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all	<ul style="list-style-type: none"> Fast-growing company capitalizing on technological innovations and employing high tech and advanced degree workers Altitude Lab focused on advancing underrepresented entrepreneurs BioHive focused on building our life sciences ecosystem 	Employee Recruitment, Development, and Training Community Engagement
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	<ul style="list-style-type: none"> Industrialization of drug discovery through the continued interdisciplinary integration of broad technologies across biology, chemistry, automation, and computation Commitment to investing in novel scientific innovations like Recursion's maps of biology and AI models Majority (75%) of employees work in R&D and are balanced between life scientists and computational and technical experts - highlighting confluence of biology, chemistry, and technology to industrialize drug discovery 	Employee Recruitment, Development, and Training
 <p>10 REDUCED INEQUALITIES</p>	Reduce inequality within and among countries	<ul style="list-style-type: none"> DEI efforts and progress, specifically those focused on promoting equity for underrepresented racial/ethnic minorities 	Diversity, Equity, Inclusion, and Belonging
 <p>13 CLIMATE ACTION</p>	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> Commitment to achieving net-zero greenhouse gas emissions by 2030 Investments in renewable energy sources and net-zero greenhouse gas data centers 	Environment



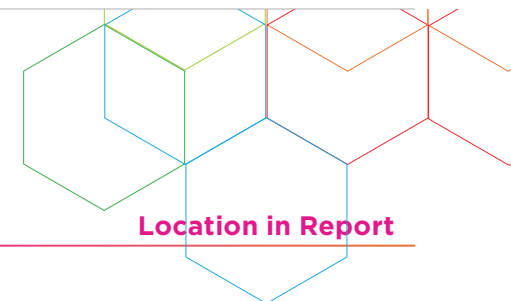
Sustainability Accounting Standards Board (SASB)

Biotechnology and Pharmaceuticals

Topic	Accounting Metric	SASB Code	Comments	Location in Report
Safety of Clinical Trial Participants	Discussion, by region, of management process for ensuring quality and patient safety during clinical trials	HC-BP-210a.1	Reference the Ethical Clinical Research and Patient Safety and Quality and Safety of Clinical Programs sections of this report.	Ethical Clinical Research and Patient Safety Quality and Safety of Clinical Programs
	Number of inspections related to clinical trial management and pharmacovigilance that resulted in: (1) entity voluntary remediation or (2) regulatory or administrative actions taken against the entity	HC-BP-210a.2	Recursion has not had any inspections related to clinical trial management and pharmacovigilance that resulted in (1) entity voluntary remediation or (2) regulatory or administrative actions as of year-end 2023.	
	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	HC-BP-210a.3	Recursion does not have any legal proceedings associated with clinical trials in developing countries.	
Access to Medicines	Description of actions and initiatives to promote access to healthcare products for priority diseases and in priority countries as defined by the Access to Medicine Index	HC-BP-240a.1	Recursion does not have these data because we are a clinical-stage company.	Access to Medicines
	List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)	HC-BP-240a.2		
Affordability & Pricing	Percentage change in: (1) weighted average list price and (2) weighted average net price across product portfolio compared to previous reporting period	HC-BP-240b.2	Recursion does not have anything to report because we are a clinical-stage company.	
	Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous reporting period	HC-BP-240b.3		



SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) CONTINUED

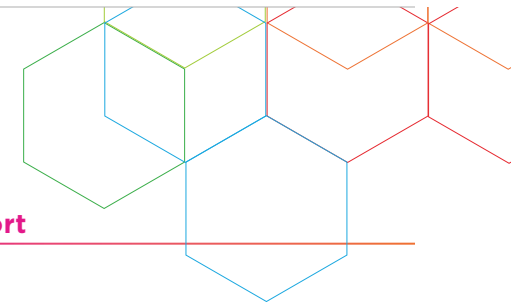


Biotechnology and Pharmaceuticals (continued)

Topic	Accounting Metric	SASB Code	Comments	Location in Report
Drug Safety	Products listed in public medical product safety or adverse event alert databases	HC-BP-250a.1	Recursion does not have anything to report because we are a clinical-stage company.	Quality and Safety of Clinical Programs
	Number of fatalities associated with products	HC-BP-250a.2		
	(1) Number of recalls issued, (2) total units recalled	HC-BP-250a.3	Recursion has not had any recalls issued as of year-end 2023.	
	Total amount of product accepted for take-back, reuse, or disposal	HC-BP-250a.4	Recursion does not have anything to report because we are a clinical-stage company.	
	Number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards, by type	HC-BP-250a.5	Recursion has not had any enforcement actions taken in response to violations of current Good Manufacturing Practices as of year-end 2023.	
Counterfeit Drugs	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	HC-BP-260a.1	Reference the Drug Quality and Safety section of this report.	Drug Quality and Safety
	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	HC-BP-260a.2		
	Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products	HC-BP-260a.3		
Ethical Marketing	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	HC-BP-270a.1	Not applicable to Recursion.	
	Description of code of ethics governing promotion of off-label use of products	HC-BP-270a.2		
Employee Recruitment, Development & Retention	Discussion of talent recruitment and retention efforts for scientists and research and development staff	HC-BP-330a.1	We take an employee-centric and systems-based approach to building the employee experience at Recursion. We are building a company that's doing something that's never been done where we expect our people to do the best work of their lives in a deeply cross-functional context.	Employee Recruitment, Development, and Training
	(1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) mid-level managers, (c) professionals, and (d) all others	HC-BP-330a.2	Reference the Employee Recruitment, Development, and Training section of this report.	
Supply Chain Management	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients	HC-BP-430a.1	Reference the Supply Chain Management section of this report.	Supply Chain Management
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	HC-BP-510a.1	Recursion has not had any monetary losses as a result of legal proceedings associated with corruption and bribery as of year-end 2023.	Business Ethics and Compliance
	Description of code of ethics governing interactions with healthcare professionals	HC-BP-510a.2	Reference the Business Ethics and Compliance section of this report.	
Activity Metrics	Number of patients treated	HC-BP-000.A	Reference the Pipeline section of this report.	Our Pipeline
	Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3)	HC-BP-000.B		



SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) CONTINUED



Software and IT Services

Topic	Accounting Metric	SASB Code	Location in Report
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	TC-SI-130a.1	
	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	TC-SI-130a.2	Environmental Footprint of Hybrid Cloud Computing
	Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-SI-130a.3	
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-SI-220a.1	
	Number of users whose information is used for secondary purposes	TC-SI-220a.2	
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	TC-SI-220a.3	Data Security and Customer Privacy
	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	TC-SI-220a.4	
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	TC-SI-220a.5	
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	TC-SI-230a.1	Data Security and Customer Privacy
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	TC-SI-230a.2	
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that require a work visa	TC-SI-330a.1	
	Employee engagement as a percentage	TC-SI-330a.2	Diversity, Equity, Inclusion, and Belonging Employee Recruitment, Development, and Training
	Percentage of gender and diversity group representation for (1) management, (2) technical staff, and (3) all other employees	TC-SI-330a.3	
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	TC-SI-520a.1	<p>Recursion has not incurred monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations.</p> <p>For more information on our intellectual property protection and competitive behavior practices and policies, please review our latest Annual Report on our website.</p>
Managing Systemic Risks from Technology Disruptions	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	TC-SI-550a.1	
	Description of business continuity risks related to disruptions of operations	TC-SI-550a.2	Risk Management and Business Continuity
Activity Metrics	(1) Number of licenses or subscriptions, (2) percentage cloud-based	TC-SI-000.A	
	(1) Data processing capacity, (2) percentage outsourced	TC-SI-000.B	Environmental Footprint of Hybrid Cloud Computing
	(1) Amount of data storage, (2) percentage outsourced	TC-SI-000.C	

