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PFE.N - Pfizer Inc to Discuss Climate Action

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PRESENTATION

Caroline Roan - *Pfizer Inc. - Chief Sustainability Officer, Senior Vice President, Global Health & Patient Access*

Hello, and thank you for joining. I'm Caroline Roan, Pfizer's Chief Sustainability Officer and Senior Vice President of Global Health and Social Impact. Today, we are continuing our ongoing series on Pfizer's environmental, social and governance goals, and our work to embed ES&G principles into our core operations.

The need for this work is evident. We see first-hand how external forces are transforming societal and environmental norms. And to drive long-term value for our shareholders and other stakeholders, we remain committed to our goal of making a meaningful and measurable impact.

As a reminder, Pfizer's ES&G strategy includes 6 priority areas. They are: product innovation, our science; equitable access and pricing; product quality and safety; diversity, equity and inclusion; business ethics; and climate change. To discuss the latter, climate change, today, I'm joined by my colleague, Louise Proud, who is Vice President of Global Environment, Health and Safety to discuss Pfizer's commitment to the E in ES&G with a focus on climate action.

Now this topic feels more relevant by the day. Around the world, extreme weather events have dominated headlines this summer, with some regions seeing record-breaking heat and drought, while others have experienced catastrophic flooding. These types of extreme weather events are becoming more common and more severe because of the climate crisis, a pattern we're witnessing both in the U.S. and globally.

Now before we start our conversation, a word about forward-looking information. Forward-looking information is subject to substantial risks and uncertainties that could cause actual results to differ materially from those projected in such statements. Additional information regarding forward-looking statements is available in our SEC reports on Form 10-K and 10-Q under Risk Factors and forward-looking information and factors that may affect future results.

Please note, forward-looking statements on the webcast speak only as of the webcast's original date and we undertake no obligation to update or revise any of the statements. Now that we've got that out of the way, let's dive into some questions that we often receive from both our stakeholders as well as our investors.

QUESTIONS AND ANSWERS

Caroline Roan - *Pfizer Inc. - Chief Sustainability Officer, Senior Vice President, Global Health & Patient Access*

So Louise, let's get started with the why. Obviously, we know that climate change is affecting the health of our planet. But why do we, as a biopharmaceutical company, care about this issue?

Louise Proud - *Pfizer Inc. - Vice President, Global Environment, Health and Safety*

So firstly, Caroline, I'd like to say thank you for facilitating this conversation today on environment with focus on climate action. It is so great to be here with you in person today. So to answer your question about the why.

Well, first of all, I would say to start that planetary health impacts human health. And I say this for a number of reasons. Firstly, we know that air pollution is a contributing factor to respiratory illnesses. And you've certainly highlighted that around the world today, we're seeing the effects of

global rising temperatures with many populations affected today by hurricanes, typhoons and certainly wildfires. And that impacts livelihood and the health of those populations.

And we also have noted shifts in vector-borne diseases, they are reaching much larger geographies and leading to threats and health impacts in those areas. So I would say there's no doubt at this point that the health of our planet and the health of its inhabitants, and that includes you, it includes me, and it includes all of you that are listening here today, there is no doubt that health and climate are inextricably linked.

So when we put it in those terms, that's why we, as a biopharmaceutical company, care about climate and health because, in fact, the issue is connected to our core company business. And Caroline, you also note that in your daily work on global health, you certainly see this first-hand that climate change disproportionately affects historically underserved communities. So when we think of it that way, climate is also a health equity issue.

And then I would note that whilst climate impacts health, we also see that the health care system to which we, as a pharmaceutical company, supply vaccines and medicines, but that health care system also has an impact on climate because the United Nations has noted that 4% to 5% of global greenhouse gas emissions are attributed to the health care system that we serve.

So therefore, when we consider all these factors, that's why we, Pfizer, feel compelled to act. So we are working to influence change, particularly as the window for change to minimize the catastrophic effects of climate change is rapidly closing.

Caroline Roan - Pfizer Inc. - Chief Sustainability Officer, Senior Vice President, Global Health & Patient Access

So I'm so glad you brought up the health systems piece. As I always say to you, Louise, I learn something new every day when I have a conversation with you.

So pivoting to our work in this space, can you share more about how we're thinking about our approach to climate change. And there's so many frameworks out there that we hear about, what do you consider when you're making decisions?

Louise Proud - Pfizer Inc. - Vice President, Global Environment, Health and Safety

Yes, there certainly are many frameworks. And I would say, Caroline, that at the simplest level, the framework that we use is science. So we're guided by expert reports because Pfizer is and always will be an organization that is committed to harnessing the power of science because it simply informs everything that we do. And that's why our company purpose is "Breakthroughs that change patients' lives."

So when we think about it, this purpose has and continues to guide our environmental priorities. We are focusing on climate adaptation and resilience. We're certainly seeking to conserve the resources that we use for our operations and ultimately to drive down our greenhouse gas emissions and reduce the waste arising from our operations. So that's why we have had long-term commitments.

You know, Caroline, that we set our first environmental standards over 30 years ago at this point. And you'll also remember that we set our first greenhouse gas emission reduction goals over 20 years ago. So we set our first public goal back in the year 2000. And in that time frame, we've had successive updates where we have tried to scale our ambition recognizing the latest intelligence from science. So we were one of the first companies to submit and gain approval by the Science Based Targets Initiative, a third party, that evaluates the scale of the ambition our then greenhouse gas emission reduction goal back in 2015 was approved. And that date is important because it just so happens that was the eve of the Paris agreement.

So when we think about all of these factors, we have used science to challenge us on the scale of our ambitions and actions, and we certainly are committed to utilizing science to continue to guide our way as we seek to harness innovation and technology that's key to driving sustainable growth potential.

Caroline Roan - Pfizer Inc. - Chief Sustainability Officer, Senior Vice President, Global Health & Patient Access

So can you -- and I have to say, I do remember the initial goal setting that we did. I wasn't here in 2000, but I'm always so proud of the company because we're always a step ahead in this space. I think it would be great to share with our audience more about the progress that we've made to date. What is our ambition for the future when it comes to reducing our greenhouse gas emissions?

Louise Proud - Pfizer Inc. - Vice President, Global Environment, Health and Safety

So of course, Caroline, I'm pleased to talk about our progress because we've come such a long way since that goal was first set back in 2000. So to the end of last year, so over that 21-year period, we have delivered 64% reduction in our company emissions. And that's what's described as Scope 1 and 2 greenhouse gas emissions using the greenhouse gas reporting protocol.

So as you will remember, back 2 years ago, we challenged ourselves to really think ambitiously about what we were doing to action the climate threat. And we spent a lot of time ideating and set a new goal 2 years ago at this point, that set us on a pathway to be carbon neutral across our internal operations by the year -- by the end of the year 2030.

And you'll also recall the conversation at that time that we wanted to use our influence to support our suppliers in committing to change. So at that time, we also set a goal, and that was seeking to unlock 64% of our suppliers by spend and getting them to also set climate goals. So when we think about those 2 facts related to our company and our suppliers, the Science Based Targets Initiative approved that goal as ambitious in February of 2021, so just over 18 months ago at this point.

But of course, the landscape and the world changes. And although those 2020 goals were ambitious, we now know that they aren't ambitious enough. So they put us on the right pathway, but they do not go far enough in delivering the expectations of the new voluntary net zero standard. That was the standard that was launched in the lead-up to the United Nations Conference of Parties or COP 26 back in Glasgow in November last year.

So when we looked at that standard, as you'll recall, the conversations, Caroline, we certainly recognized it was ambitious, it was much further reaching, but we appreciate it having the standard because it truly sets forward a common taxonomy and set of expectations for all stakeholders.

So when we think about the standard itself, it requires long-term action to reduce company greenhouse gas emissions by 95% and to reduce value chain emissions by 90% no later than the end of the year 2050. So you'll probably say to me, Caroline, "Well, that's great, but what does it mean in practice?" And in practice, it means that we need to accelerate our efforts to drive decarbonization right across and throughout our value chain.

So you'll remember the conversations when we read and reviewed the standard -- and we also thought about the urgency of the action needed whilst also considering our role in delivering health solutions, and we challenged ourselves to be bold. So that's why supported by our executive leadership, we announced our new ambition back in June this year, and that is to take action and seek to achieve the net zero standard throughout our value chain by the end of the year 2040. So just to note, that is 10 years earlier than the pathway described within the net zero standard, Caroline.

Caroline Roan - Pfizer Inc. - Chief Sustainability Officer, Senior Vice President, Global Health & Patient Access

And I know when we made that announcement, we received such positive feedback among our colleagues who are so deeply committed to this issue. So I guess the next logical question for you, Louise, is how are we going to achieve this great ambition?

Louise Proud - Pfizer Inc. - Vice President, Global Environment, Health and Safety

Yes. So that's certainly a question that's front of mind. And there's no doubt at all that decarbonization requires significant change because I would note that across the world, manufacturing, research and development and commercial office locations generally run on fossil fuels. That's the

primary energy generating source. So when we consider this scale of ambition for Pfizer operations, we are advancing a comprehensive strategy, and that begins with energy conservation efforts.

So we're doing many things. And just to name a few, so each time we have a chance to construct a new facility or to conduct a renovation project, we seek to integrate leading environmental sustainability attributes within the design because that ultimately leads us to deliver facilities with a reduced emissions profile.

We also continue to challenge ourselves when equipment comes to the end of its operational life, and that gives us an opportunity to replace equipment with energy-efficient alternates. And then you certainly know, Caroline, that as a science-guided company, we're always evaluating technology that comes on to the marketplace.

So one such example I'd give is the application of real-time monitoring systems. We use this at our sites and within our processes. And that, in practice, allows us to monitor the energy demands and determine if changes are noted. So if those signals are noted, then we can drive responsive action, and that allows us to recover the efficiency of those operations.

And then the last area that I'd note on the topic of conservation. Ultimately, we are manufacturing materials to meet our patient commitments, and we continually challenge ourselves to do more and go faster. So that means we are continually enhancing our processes. And by enhancing our processes, it also enables us to attain efficiency, which reduces our greenhouse gas emissions and drives the waste from our operations.

So then to complement these conservation efforts, we're also investing in renewable energy. So I would note that we set forth a goal back in 2020 -- and that goal is that we are seeking to procure 100% of our electricity from renewable sources by the end of 2030. And to do this, it means that we're setting up contractual arrangements with appropriate providers to enable us to get access to those renewable sources.

So I certainly talked in the past few minutes about the multiple actions that we're taking within the Pfizer organization. But I would say that our actions are not just limited to our own company operations. We know that we need to urge action from our supply chain partners, and that includes the third-party suppliers that are so instrumental to our ability to manufacture and deliver vaccines and medicines at scale to the patient populations that need these medicines and vaccines. So to do this, we are committed to sharing our progress and applying our learnings because it's through these learnings that then we can drive and change more in a shorter time, bind way throughout our value chain. And I'd just note, Caroline, the final fact is that our value chain comprises about 80% of our organization's greenhouse gas emission footprint.

Caroline Roan - Pfizer Inc. - Chief Sustainability Officer, Senior Vice President, Global Health & Patient Access

So I'm glad you brought that up. It's an interesting statistic. I didn't know it was at 80% -- that roughly 80% of our greenhouse gas emissions are attributed to our value chain. Can you share more about how you are engaging these suppliers? I know it's sort of the issue of the time for many, many companies. What are we doing?

Louise Proud - Pfizer Inc. - Vice President, Global Environment, Health and Safety

Yes. So quite often, people are surprised to hear the scale of the contribution. But based on our current projections and modeling, our value chain emissions are more than 4x that of our company emissions. And the most significant contributor to that fact is related to the purchase of goods and materials and services. And that literally involves thousands of suppliers right across the globe.

So we certainly recognize and appreciate many suppliers are already voluntarily taking their own action. They are setting their own greenhouse gas emission reduction goals and they're sharing their learnings with us. So that's really a great start. But we're also urging all our other suppliers to unite with us in sharing this level of commitment. So we're asking that they then apply climate impact reduction into their management processes.

And I'd note that today, 10% of our suppliers by spend, Caroline, have independently sought approval under the Science Based Targets Initiative and received approval of their goals, so it's certainly a very strong foundation. But we know that there is still work to be done in unlocking the

totality of the effort across our value chain. So that's why going forward, we are establishing strategies to measure and quantify the progress that our suppliers are making, and we're committed to recognizing our suppliers on their contribution and accomplishments.

So one of the things that we are committed to doing is to enter into collaborations and partnerships because they often give us ideas that we can then replicate and provide us solutions to third parties, and I am truly delighted to share the initiative called Energize. And you certainly heard about that through your work externally.

It's a collaboration that was launched in November 2021, so less than a year ago. It involves 10 pharmaceutical companies. And the purpose is to engage our suppliers in decarbonization efforts through renewable energy procurement. So the program itself, which is delivered by an independent organization, works to educate and enable suppliers to learn about renewable energy adoption and contracting. So simply stated, it offers suppliers, which may not otherwise have the internal resources or expertise available, to participate in the market for power purchase agreements to unlock renewable energy.

So we've certainly spent a lot of time this afternoon talking about goals and commitments. And we certainly know that they themselves are not enough. We need to demonstrate our action through progress reports. And we do this through disclosure schemes. One such example I'd offer on the environmental disclosures is an organization called CDP, and Pfizer participates in their annual disclosure process. The CDP is a not-for-profit organization that runs a global disclosure system and its focus is to support responsible environmental impact management.

And I'm also pleased to note that CDP has recognized Pfizer as a supplier engagement leader, and we've held that for the past 4 consecutive years and are committed to continuing to drive action to continue to take and be demonstrated as a leader in this area, Caroline.

Caroline Roan - Pfizer Inc. - Chief Sustainability Officer, Senior Vice President, Global Health & Patient Access

Well, I'm very proud of that as well, Louise, and I know many of our colleagues share that pride. Now we talked a lot about our ambition, and it is bold. So what do you think of some of the challenges that you see in leading this work for Pfizer?

Louise Proud - Pfizer Inc. - Vice President, Global Environment, Health and Safety

Certainly, so we -- when we think about the human consequences of not taking action, that is what fuels our aspiration to be ambitious. And that is what led to our decision to make a commitment to attain the net zero standard by the end of the year 2040. So certainly, there's no doubt at all it will require broad sweeping change, it requires a transformative transition. And in some respects, whilst we know many of the actions we need to take, we are also taking a leap of faith that these technologies and these actions will be commercially available at the scale and in the timeline required that really aligns the action throughout our globally distributed value chain. And that is going to require significant dedication, action, action tracking and really recognizing the efforts of all of our partnerships collectively.

So when you think about the scale of the challenge and literally the change around the globe that is needed, we definitely will not underestimate the scale and the change that's needed. And that's why we are really seeking to adopt these progressive standards and ultimately hope that they will incentivize the change that's needed.

And of course, we've already talked this morning -- or this afternoon, Caroline, about the external landscape, which continues to evolve also. So we know that there are standards that are evolving. And what I would say is that having a deeper coherence on expectations and the application of defined frameworks. So it's certainly helpful to us when our investors and stakeholders are aligning behind common frameworks because it provides the common expectations taxonomy that allows us to engage in meaningful dialogue and discussion around the actions and the progress that we're all making together.

Caroline Roan - Pfizer Inc. - Chief Sustainability Officer, Senior Vice President, Global Health & Patient Access

Well, our time is coming to an end, and I think this is the perfect question to end on. I think you know that when we talk about the development of medicines and vaccines and particularly these past 2 years, inside the company, we say science will win. Science will conquer COVID-19, science will conquer disease. Do you feel that this is the same for our collective efforts to accelerate climate action?

Louise Proud - Pfizer Inc. - Vice President, Global Environment, Health and Safety

So there's no doubt at all. We started by discussing the use of scientific information that has led us to recognizing the scale of the challenge ahead and the degree of ambition that we need to take. And certainly to fuel that innovation we do need scientific rigor and tenacity, which is going to be critical to guiding the solutions that are needed.

But I think it is also fair to say, Caroline, that science alone isn't the only thing that needs to happen. So we also need to acknowledge that to effect the change in the timeline that's needed, we do need policy changes to help drive risk mitigation in the time and scale needed. And that truly is going to require partnerships, comprehensive partnerships between the public and private sectors to effect change.

So we've certainly talked about the many things that we're doing and the many actions. And whilst I'd love to be able to say there's one magic bullet, the truth is there is not one simple action that alone will deliver the full solution. So whilst the scale of challenge is immense, I am confident that through collaboration, through public and private sectors that bring together action, leverages expertise, resources, unlocks technology and the scale of ambition, we believe that jointly, we can make the change together.

Caroline Roan - Pfizer Inc. - Chief Sustainability Officer, Senior Vice President, Global Health & Patient Access

I'm so glad to end on a positive note, Louise. It's amazing to be able to be in the same room with you. I want to thank you for joining me today. And to all of you watching from afar, thank you for showing an interest in how Pfizer is adapting our ES&G efforts to better understand and address the needs of our stakeholders and our shareholders.

Today's discussion as well as our previous ES&G investor fireside discussions, which were on Access and Affordability and Corporate Governance, can be found on pfizer.com/investors. And to learn more about Pfizer's ES&G efforts, please see Pfizer's 2021 ES&G report, which can be found on pfizer.com.

In the meantime, please don't hesitate to reach out to your Investor Relations team contact with any questions or comments. Thank you again for taking the time to join us today. Stay safe, stay healthy.

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