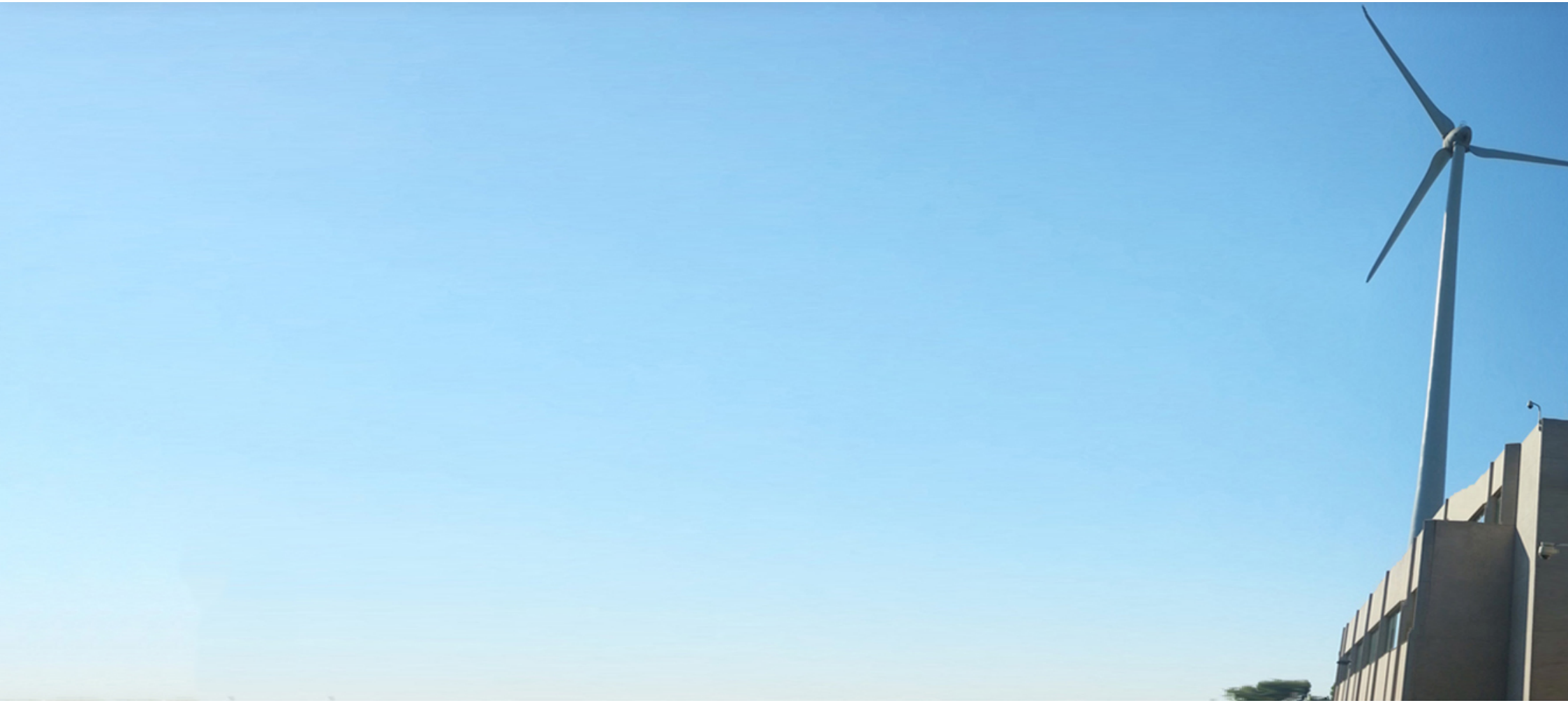

Net Zero by 2040: How Pfizer is Fighting Climate Change with Ambitious Science Based Goals

Wednesday, June 29, 2022

In 2015, on the eve of the Paris Agreement, Pfizer was one of the first companies in the world to seek and gain approval of its greenhouse gas emission reduction goal from the Science Based Targets Initiative (SBTi). Since then, leading scientific researchers, together with coalitions such as SBTi, have urged the private and public sectors to increase their commitments to address the growing urgency of the climate crisis. The

That's why, in late 2020, Pfizer announced a plan to be carbon neutral across internal operations by 2030 and to engage suppliers to set Greenhouse Gas emissions reduction goals. These goals were recognized as ambitious, as demonstrated by third party approval by the SBTi. Since then, the voluntary standard for goals to align urgent action with science-based targets has evolved.

In June 2022, Pfizer responded to these renewed and increased calls to action by announcing an intent to take even more ambitious action, adopting the voluntary Net-Zero standard, launched in the lead-up to the 2021 UN Climate Change conference. This standard urges long-term action to reduce company emissions by 95% and value chain emissions by 90%. Pfizer aims to achieve Net Zero by 2040, 10 years earlier than the expectations of the standard.

Louise Proud, Vice President, Global Environment, Health & Safety at Pfizer, sheds some light on what rising to the climate action challenge means and what Pfizer is doing to make a difference.

Why is environmental sustainability important to Pfizer?

At Pfizer, we truly recognize the profound societal and public health impacts that may result from environmental issues, including climate change.

Worldwide communities have increasing expectations for a better lifestyle, to be delivered from a planet with finite resources, which are depleting. For example, water scarcity and drought impact food sources, leading

Because of rising temperatures, we're seeing more places in the world threatened by vector borne diseases such as malaria, Dengue fever, Lyme disease, and encephalitis. These threats are real and highlight that planetary health impacts public health. And Pfizer, as a biopharmaceutical company, has a role to play. We're increasing the resilience of our supply chain to climate-related threats. We're limiting our environmental impact by driving action throughout our value chain. We're applying the power of science and engineering to contribute to these challenges. As we innovate to bring products to the market, we recognize that some of them may help tackle health conditions linked to climate. And we're engaging externally to make our position on the need for urgent climate action known.

What are some of the methods Pfizer is using to work toward the company's environmental goals?

As a science guided organization, Pfizer takes a proactive approach on our environmental initiatives. Over the past 20 years, we've taken significant voluntary steps to reduce our environmental impact. In that time, we've reduced greenhouse gas emissions from our operations by more than 60%.

We made this progress because we take a holistic approach to meet our environmental goals, harnessing the collective and deliberate efforts of our global network of dedicated colleagues.

Our manufacturing and R&D sites have long-term environmental sustainability masterplans outlining planned actions to reduce impact. These actions range in scale and complexity. For example, we look for opportunities to design environmental sustainability attributes into new facility or renovation projects so we

renewable sources. We also endeavor to undertake process enhancements within our product manufacturing processes to reduce the number of steps and resources required.

What does Pfizer's goal of Net Zero by 2040 mean?

Building on 20+ years of climate action, we are proud to set new, ambitious climate goals to commit to Net Zero by 2040. This further builds on our multi-year efforts, setting a trajectory to reduce company greenhouse gas emissions by 95% and value chain emissions by 90%, which we aim to deliver by 2040.

To achieve this, we will need to accelerate our transition away from fossil fuels. We'll need to achieve reductions throughout our value chain, working in conjunction with our suppliers. How? Well, that's the hard part. We know that Net Zero requires significant change to transition from the use of fossil fuel, which is currently one of the ways we generate power for Pfizer's operations. Partnering with organizations facing similar challenges to access good practices and access innovative technologies is one of the ways we're striving to address the challenge faced.

What does Pfizer's membership of Renewable Energy 100 (RE100) and commitment to achieving 100% renewable electricity by 2030 actually mean?

Pfizer currently sources around 6% of electricity from renewables for worldwide operations. The goal, by 2030, is for all of our purchased electricity to be from renewable energy sources. We have a long way to go,

500 MW Hornet Solar project in West Texas. That facility is expected to be operational by the end of 2023. Once it is, 100% of Pfizer's North American purchased electricity needs will be 100% powered by solar energy.

Why is Pfizer focusing its environmental efforts beyond internal operations by seeking action from companies from which Pfizer sources goods and services?

Pfizer's value chain greenhouse gas emissions footprint is more than four times that associated with the company's emissions. The most significant contributor to our value chain emissions comes from buying goods and services, involving thousands of suppliers around the world. So, we're urging all of our suppliers to unite with us in making a commitment to action and integrating ambitious climate impact reduction targets into their management processes.

We really do believe that collective action will truly increase global impact. That's why, in addition to the environmental sustainability goals set for our internal operations, in 2015, we also established our first goals aimed at influencing approximately 120 suppliers to establish robust environmental sustainability programs with greenhouse gas, waste, and water reduction targets.

To be transparent, we didn't quite hit the target of 90%with established targets, although we made tremendous progress, with 75% setting greenhouse gas reduction targets. It's only made us more determined to meet our new, more ambitious goals.

What is and will Pfizer be doing to help suppliers to set and work toward the Net Zero goal?

Action is required throughout our value chain to drive down greenhouse gas emissions. So, Pfizer is urging all suppliers to take responsible action by committing to a science-aligned greenhouse gas reduction target.

We've integrated environmental criteria across our supplier sourcing, contracting, and performance management processes. We expect suppliers to commit to climate action by establishing their greenhouse gas emissions baseline no later than the end of 2022 and set a greenhouse gas reduction target in line with SBTi guidance by the end of 2025.

We're also excited to help found Energize, a first-of-its-kind collaboration between 10 global pharmaceutical companies to engage suppliers in decarbonization of the pharmaceutical value chain through renewable energy procurement. The program, which is designed and delivered by Schneider Electric, enables pharmaceutical suppliers to learn more about renewable energy adoption and contracting. In practice, this means giving suppliers—who may not otherwise have the internal resources or expertise available—the opportunity to participate in the market for power purchase agreements.

What are some of the biggest challenges Pfizer faces going forward while working toward environmental sustainability?

Pfizer aspires to take ambitious action, as evidenced by our Net Zero by 2040 commitment. However, this

One challenge is the availability of fossil fuel-alternate technologies. We particularly need to account for those used to generate heat and produce steam in order to meet the demand of product manufacturing operations and to accelerate the transition from natural gas-powered systems to low/no carbon energy sources.

Accelerating change requires dedication and action from Pfizer's extensive globally distributed value chain, who also face similar challenges in the pace of transition. The scale of change needed cannot be underestimated. It requires collective contribution and the creation of progressive standards that incentivize change.

Voluntary measures, such as those being taken by Pfizer and many other companies around the world, often offer the greatest opportunity for companies to design innovative solutions that work best for their particular situation, product range, and investment timelines. Tackling climate change, however, will require action from all parties across all sectors, and Pfizer urges governments both in the U.S. and abroad to establish ambitious climate policies to stabilize global temperature rise at 1.5 degrees.

While there is no one magic action that alone will deliver the full solution, through collaborative public and private action that leverages expertise, resources, and scale, we can get there... together.

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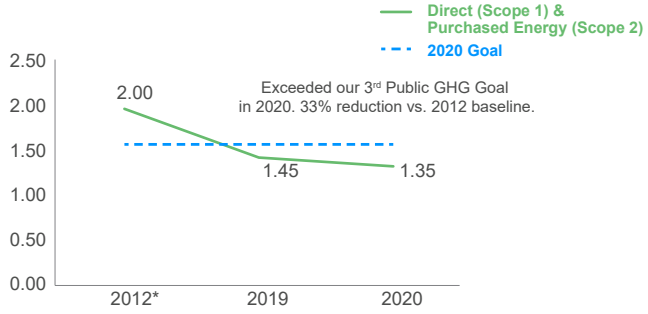
2020 KEY PERFORMANCE INDICATORS

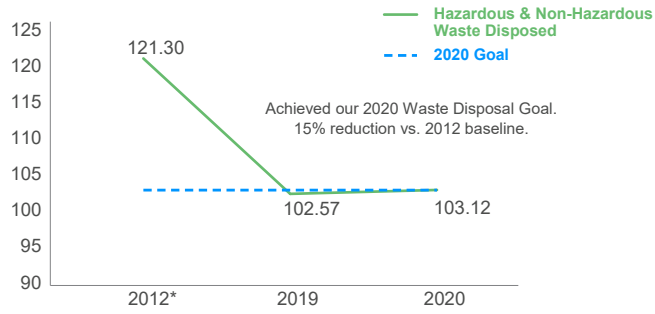
1. GREENHOUSE GAS EMISSIONS (ABSOLUTE)

MILLION METRIC TONS OF CO_2 Equivalents



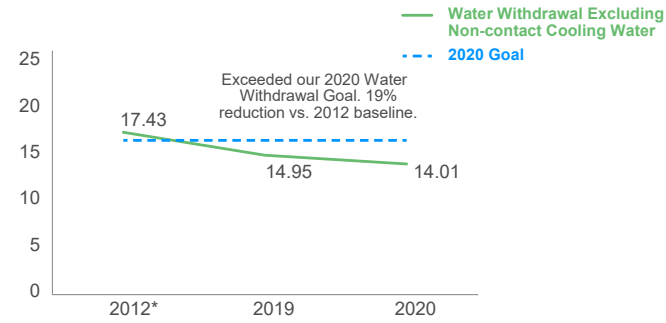
2. WASTE DISPOSED

MILLION KILOGRAMS



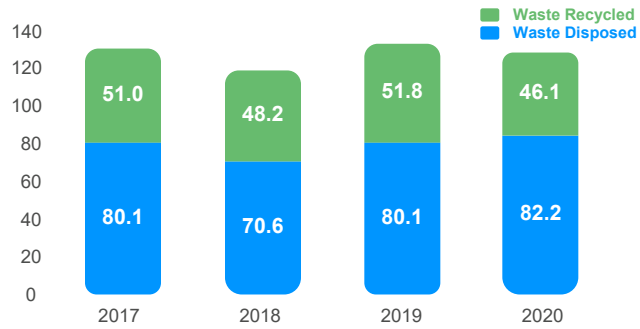
3. WATER WITHDRAWAL EXCLUDING NON-CONTACT COOLING WATER

MILLION m^3



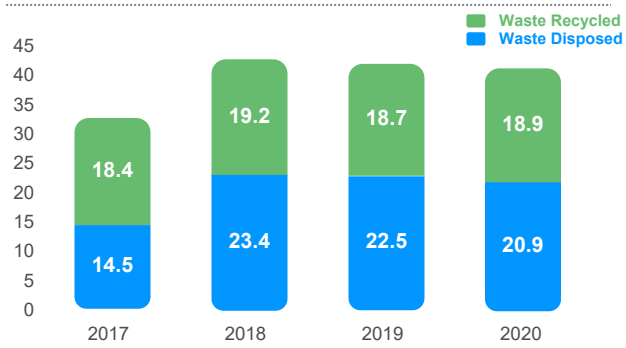
4. HAZARDOUS WASTE DISPOSED & RECYCLED

MILLION KILOGRAMS



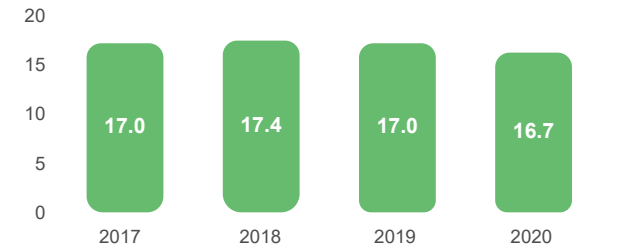
5. NON-HAZARDOUS WASTE DISPOSED & RECYCLED

MILLION KILOGRAMS



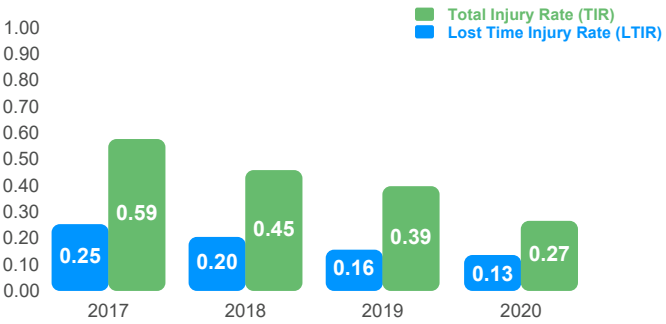
6. ENERGY USE

MILLION GIGAJOULES

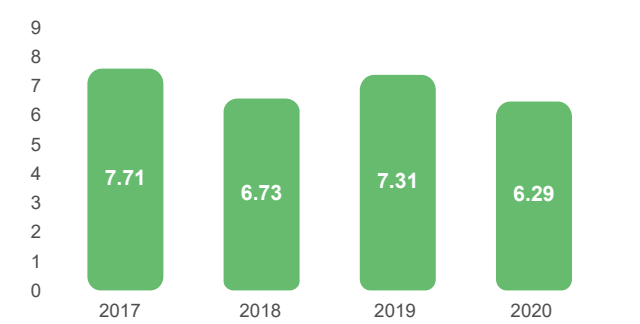


7. INJURY & ILLNESS RATES

CASES PER 100 COLLEAGUES



8. GLOBAL COLLISIONS PER MILLION KILOMETERS (CPMK) DRIVEN



SCOPE

Data scope is directed by Pfizer's EHS Standards and includes all sites within Pfizer's operational control.

NOTES

*Baseline Year for 2020 Environmental Sustainability Goal.

All environmental data is baseline adjusted in accordance with the WRI Protocol for reporting GHGs. The 2012–2020 GHG data is independently verified to the limited assurance level.

Progress on Our 2020 Environmental Sustainability Goals

INDICATOR	2020	Δ 2019-20	Δ 2012-20	NOTES
GRAPH 1 **ABSOLUTE GREENHOUSE GAS EMISSIONS (GHG)[1]** (Million Metric Tons CO_2 eq)	1.35	↓2%	↓33%	In 2020 Pfizer exceeded our third generation GHG emissions reduction goal of 20% compared to a 2012 baseline.
SCOPE 1 EMISSIONS[1] (Million Metric Tons CO_2 eq)	0.69	↓5%	↓31%	Scope 1 includes direct emissions associated with operations including fleet
SCOPE 2 EMISSIONS[1] (Million Metric Tons CO_2 eq)	0.66	↓8%	↓33%	Scope 2 includes emissions associated with purchased energy.
GRAPH 2 **WASTE DISPOSED[1]** (Million Kilograms)	103.12	↑1%	↓15%	In 2020 Pfizer met our 2020 waste disposal reduction goal of 15% compared to a 2012 baseline. The amount of waste recycled in 2020 was 65 million kilograms.
WASTE RECYCLING RATE[1] (Percent)	39	↓5%	↑26%	
WASTE GENERATED[1] (Million Kilograms)	168.1	↓3%	↓4%	
GRAPH 3 **WATER WITHDRAWAL EXCLUDING NON-CONTACT COOLING WATER[1]** (Million m^3)	14.01	↓6%	↓19%	In 2020 Pfizer exceeded our water withdrawal (excluding non-contact cooling water) reduction goal of 5% compared to a 2012 baseline.
WATER WITHDRAWAL INCLUDING NON-CONTACT COOLING WATER[1] (Million m^3)	33.49	↓7%	↓28%	
SUPPLY CHAIN ENVIRONMENTAL SUSTAINABILTY[2] % of key suppliers supporting Pfizer's supplier code of conduct (Goal=100%)	90%	-	NA	2016 was the baseline year for the Supply Chain Environmental Sustainability Goal. Additional details on our supply chain environmental sustainability goals can be found in our Environmental, Social & Governance Report.
% of key suppliers supporting Pfizer's supplier code of conduct and align with PSCI principles (Goal=100%)	93%	↑3%	NA	
% of key suppliers managing their environmental impacts (Goal=100%)	86%	↓2%	NA	
% of key suppliers with reduction goals for GHG; waste disposal and water withdrawal instituted (Goal=90%)	52%	↑6%	NA	

1. Includes Upjohn data.
2. Key suppliers in scope reflect the pre-Hospira sourcing strategy.

NOTATIONS
GHG = greenhouse gas
VOC = volatile organic compound

↓= decrease (reduction)
↑= increase

Other EHS Performance Data

INDICATOR	2020	Δ 2019-20	Δ 2017-20	NOTES
GRAPH 4 HAZARDOUS WASTE DISPOSED[1] (Million Kilograms)	82.2	↑3%	↑3%	The amount of hazardous waste recycled in 2020 was 46.1 million kilograms.
HAZARDOUS WASTE RECYCLING RATE[1] (Percent)	36	↓8%	↓8%	
HAZARDOUS WASTE GENERATED[1] (Million Kilograms)	128.3	↓3%	↓2%	
GRAPH 5 NON-HAZARDOUS WASTE DISPOSED[1] (Million Kilograms)	20.9	↓7%	↑44%	The amount of non-hazardous waste recycled in 2020 was 18.9 million kilograms.
NON-HAZARDOUS WASTE RECYCLING RATE[1] (Percent)	47	↑4%	↓15%	
NON-HAZARDOUS WASTE GENERATED[1] (Million Kilograms)	39.8	↓3%	↑21%	
GRAPH 6 Energy Use[1] (Million Gigajoules)	16.7	↓2%	↓2%	Reduction achieved through energy conservation projects and site consolidation.
GRAPH 7 TOTAL INJURY & ILLNESS RATE[1] (Recordable cases per 200,000 hours worked)	0.27	↓32%	↓54%	Pfizer's global injury rate is based on OSHA recording criteria. There were no work-related colleague fatalities in 2020.
LOST TIME INJURY & ILLNESS RATE[1] (Lost time cases per 200,000 hours worked)	0.33	↓22%	↓49%	Injury rate associated with incidents involving 1 or more days away from work.
GRAPH 8 FLEET SAFETY[1] (Collisions per Million km Driven)	6.29	↓14%	↓18%	Pfizer has an active Driver Safety program led through the Commercial Organization.

1. Includes Upjohn data.
2. Key suppliers in scope reflect the pre-Hospira sourcing strategy.

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↑= increase

Other EHS Performance Data

INDICATOR	2020	Δ 2019-20	Δ 2017-20	NOTES
SUPPLIER EHS ASSESSMENTS (Count of assessments at supplier facilities)	46	↓55%	↓28%	The number of supplier EHS assessments is subject to change each year dependent on time since last assessment and other factors. Reduction in supplier EHS assessments in 2020 due to COVID.
VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS (Thousand kg)	406.4	↑20%	↓1%	Emissions represent a small percentage of total VOC use (<1%).
OZONE DEPLETION POTENTIAL (ODP) (kg R-11 Equivalents)	3,911	↑483%	↑582%	ODP was higher in 2020 due to a one time event that has been resolved. A strategy has been implemented reducing the use of Ozone Depleting Substances.
COMPLIANCE (Penalties paid - currency equivalent in thousand USD)	$4.4	↓65%	↓87%	Settlement costs were paid to address matters where non-compliance with EHS regulation or law was alleged.

1. Includes Upjohn data.
2. Key suppliers in scope reflect the pre-Hospira sourcing strategy.

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