



# Breakthroughs that change patients' lives

Sustainability Bond Framework

March 2020



## Introduction

Pfizer Inc. is a research-based, global biopharmaceutical company. We apply science and our global resources to bring therapies to people that extend and significantly improve their lives through the discovery, development, manufacture and distribution of healthcare products, including innovative medicines and vaccines. We work across developed and emerging markets to advance wellness, prevention, treatments and cures that challenge the most feared diseases of our time. We collaborate with healthcare providers, governments and local communities to support and expand access to reliable, affordable healthcare around the world.

Pfizer has a number of key sustainability priorities where we believe we can potentially make a significant positive environmental and social impact, in order to conserve natural resources, reduce waste and increase access of our products to patients. Key priorities include:

- Reducing the greenhouse gas (GHG) emissions associated with our operations. This includes application of engineering and sustainability innovations to building management and construction;
- Decreasing waste generated from our operations through a multifaceted approach including source reduction, waste minimization, and recycling improvements, and finding markets/outlets to reuse materials we cannot reduce or recycle ourselves;
- Reducing water withdrawal associated with our operations and being good stewards of the water we do use;
- Reducing the environmental footprint of our products;
- Encouraging key suppliers to implement GHG, water, and waste reduction goals;
- Providing access to medicines and vaccines especially in underserved populations; and
- Leveraging our resources to help support strengthening of healthcare systems in low- and middle-income countries

In accordance with its Environment, Social, Governance (ESG) strategy, Pfizer has designed this Sustainability Bond Framework (the "Framework") under which it may issue Green, Social and / or Sustainability Bonds ("GSS Bonds") to finance or refinance projects that have environmental and / or social benefits. This Framework details:

- Which project types are eligible for financing / refinancing through use of proceeds of potential issuances of GSS Bonds;
- How projects are evaluated and selected;
- How proceeds are managed; and
- How Pfizer intends to provide allocation and impact reporting.

The Framework defines eligibility criteria in the areas of "Managing Environmental Impact", and "Patient Access", which are intended to align with the following five criteria aligning with the International Capital Market Association ("ICMA") Green Bond Principles 2018, Social Bond Principles 2018 and Sustainability Bond Guidelines 2018:

1. Green Buildings;
2. Energy Efficiency;
3. Pollution Prevention and Control;
4. Sustainable Water and Wastewater Management; and
5. Patient Access.

Pfizer has strategies and goals around two core themes, "Managing Environmental Impact", and "Patient Access". We would issue one or more series of GSS Bonds to help us make a potentially significant environmental and social impact as part of our commitment to the following areas:

- **Managing Environmental Impact:** Pfizer has had long standing strategies to reduce the environmental impacts of our operations in the areas of release reduction, energy conservation and efficiency, waste

minimization and water conservation and efficiency. These are described within Pfizer internal company standards, and outlined in our public disclosures to organizations such as Carbon Disclosure project (CDP).

- **Patient Access:** Pfizer deploys the full extent of our resources and partnerships to promote Health Equity—preventable differences in the burden of disease—and achieve optimal health in underserved communities globally. Pfizer strives to change the lives of our patients, including those in the most underserved communities around the world, by ensuring they have access to quality healthcare services and Pfizer’s breakthrough medicines and vaccines. Through innovative partnerships and bold investments, Pfizer is focused on strengthening health systems and increasing access to the quality healthcare people need to live healthier lives. We do this through a mix of different strategies, ranging from product donations to commercial approaches, to bring medicines and vaccines into the communities that need them most.

## Pfizer’s Framework

1. **Use of Proceeds:** Pfizer intends to allocate amounts equivalent to the net proceeds of potential issuances of GSS Bonds to finance and/or refinance, in whole or in part, new and/or existing Green and/or Social Projects (“Eligible Projects”). Such allocations may occur either in the form of direct investments by Pfizer or funding provided to third parties. Eligible Projects may include projects of our subsidiaries.

Eligible Projects include those which have received funding in the three years prior to the issue date of a GSS Bond. Pfizer intends to allocate all or substantially all of the net proceeds from any GSS Bonds that may be issued in the future within five years of issuance.

“*Eligibility Criteria*” means any of the following:

- a. **Access to Essential Services:** expenditures related to dedicating financial capital, know-how, and expertise to meet global health challenges facing underserved patients in need of reliable access to quality medicines and vaccines at affordable prices which includes:
  - a. Spending to support manufacturing capacity expansion and packaging to reduce disparities and meet growing health and well-being needs in low- and middle-income countries, particularly vulnerable populations such as women, newborns, children under 5 years of age, adolescent girls and older persons, as well as displaced persons and long-term migrants. Capital investments in manufacturing capacity would target products demanded and procured by a multilateral or bilateral health and development agency (USAID, UNFPA, UK DFID, Gavi), or under an MOU, guidelines, public recommendations, or principles provided by a global public health organization (e.g. World Health Organization, Bill & Melinda Gates Foundation, Access to Medicines Foundation). Definitions used to determine low- and middle-income countries include the World Bank Group<sup>1</sup>, including the World Atlas Method, the Access to Medicines Foundation list of “Index” countries<sup>2</sup>, the Institute for Health Metrics and Evaluation Global Burden of Disease<sup>3</sup>, and other country lists relevant to specific global health topics (e.g. Family Planning 2020 list of 69 target countries<sup>4</sup>). Internal governance mechanisms in place to monitor and guide decision-making on the allocation of funds include the Global Health Committee and the Sustainability Reporting Steering Committee.
  - b. Spending in support of multi-stakeholder coalitions aimed at collectively working through partnerships to address global public health emergencies. Examples of stakeholders either involved in or supportive of such coalitions and multi-stakeholder mechanisms include the Bill &

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<sup>1</sup> <https://data.worldbank.org/income-level/low-and-middle-income>

<sup>2</sup> [https://accesstomedicinefoundation.org/publications?theme=access\\_to\\_medicine\\_index](https://accesstomedicinefoundation.org/publications?theme=access_to_medicine_index)

<sup>3</sup> <http://www.healthdata.org/gbd>

<sup>4</sup> <https://www.familyplanning2020.org/countries>

Melinda Gates Foundation, the Access to Medicines Foundation, the AMR Industry Alliance, EU Innovative Medicines Initiative, CARB-X, the Wellcome Trust, etc.

- c. Spending on health system strengthening in low- and middle-income countries (LMICs) for underserved populations and for global health emergencies, including catalytic philanthropy to help make the world safer from infection. An example of the type of partnership for which proceeds could be used in the future include a coalition of Pfizer, several other companies and the Bill & Melinda Gates Foundation to advance efforts by Living Goods and Last Mile Health to accelerate access to health services for 1.7 million people in up to six countries in Africa<sup>5</sup>. Another example is Pfizer's ongoing partnership with Zipline and its other partners, the Bill & Melinda Gates Foundation, the Gavi Alliance, and the UPS Foundation, to help support the Government of Ghana in establishing a medical drone delivery system to ensure access to crucial health products in some of the nation's most rural areas.<sup>6</sup>
- b. **Green Building:** New, existing or refurbished buildings that have received certification from a respected international green building rating and certification systems such as but not limited to:
  - a. US LEED: Silver, Gold or Platinum;
  - b. Singapore BCA Green Mark Certificate: Gold, Gold Plus, or Platinum; or equivalent green design.
- c. **Investments intended to improve the environmental performance of our manufacturing facilities and corporate offices in the following areas:**
  - a. **Energy efficiency:** Expenditures designed to reduce energy use and increase the efficiency of our operations in new or existing facilities or corporate offices with projected energy savings, such as:
    - i. Investments in physical infrastructure that result in fuel-agnostic energy savings (e.g., sensors, insulation, etc.);
    - ii. Physical or operational improvements which improve the overall efficiency of the process (e.g., changes to batch size, physical layout, ventilation or process optimization)
  - b. **Pollution Prevention and Control:** Expenditures designed to minimize emissions to air and water, and reduce waste disposed from our operations. Accomplished through waste prevention, waste reduction, waste recycling and use of energy efficient and well controlled waste to energy; and finding or creating new markets for materials we cannot use or recycle. Includes projects with projected waste diversion rate and/or projected energy savings, such as:
    - i. The use of process wastes as an energy source (subject to efficiency and emissions standards in line with market practice);
    - ii. Waste diversion such as through recycling programs or re-use;

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<sup>5</sup> <https://livinggoods.org/media/public-private-collaboration-commits-to-accelerate-access-to-health-services-in-africa-reaching-1-7-million-people/#>

<sup>6</sup> [https://www.pfizer.com/news/featured\\_stories/featured\\_stories\\_detail/going\\_the\\_distance\\_improving\\_access\\_to\\_crucial\\_medicines\\_via\\_drone\\_delivery](https://www.pfizer.com/news/featured_stories/featured_stories_detail/going_the_distance_improving_access_to_crucial_medicines_via_drone_delivery)

- c. **Sustainable water and wastewater management:** Expenditures related to water and wastewater management and treatment, such as investments in wastewater treatment or process water reduction or water reuse.

## 2. Project Evaluation and Selection

- A multi-disciplinary Pfizer team (comprising Environment, Health and Safety, Engineering, Corporate Affairs and Treasury) will assess and determine Eligible Projects. The final approval will be followed by the recommendation of allocation of proceeds and provision of description of Eligible Projects to the Pfizer Treasury Team.

## 3. Management of Proceeds

- A multi-disciplinary Pfizer team (comprising Environment, Health and Safety, Engineering, Corporate Affairs and Treasury) will track the net use of proceeds using its internal system. Pending allocation, the net proceeds may be temporarily invested in cash, cash equivalents, short-term investments, or used to repay other borrowings.

## 4. Reporting

- Pfizer will publish details of allocation of proceeds annually until full allocation, the first of which would be publicly available within one year from the date of issuance of any such GSS Bonds. The reporting will be accompanied by management's assertion of the amount of the net proceeds that was allocated to Eligible Projects, and an examination report from an independent accountant on such assertion.
- The allocation reporting will include the amounts allocated on category level with additional descriptions of select Eligible Projects.
- When reasonable, the reporting would also include expected outcomes and impact metrics, which may include a selection of the following:

Eligibility Criteria	Potential KPIs
Green Buildings	<ul style="list-style-type: none"> <li>• Square feet of green certified buildings, by certification type and level</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub></li> <li>• % Energy Reduction</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>• Annual energy savings in MWh</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub>e</li> <li>• % Energy Reduction</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>• Waste diversion rate</li> <li>• % of waste recycled</li> <li>• Metric tons of waste diverted</li> <li>• Energy generated and or GHG reduction from better waste management</li> </ul>
Sustainable Water & Wastewater Management	<ul style="list-style-type: none"> <li>• Annual water savings</li> <li>• Annual volume of water or wastewater treated or avoided</li> <li>• % Water reduction</li> </ul>
Patient Access	<ul style="list-style-type: none"> <li>• Estimated # of people helped by initiatives</li> <li>• # of shipments to low income countries <ul style="list-style-type: none"> <li>• Number of doses provided</li> <li>• List of global health stakeholder partners</li> </ul> </li> <li>• # of new product R&amp;D and access opportunities targeting an unmet need</li> <li>• Number of health workers trained in antimicrobial resistance, infectious diseases or child health protocols</li> <li>• Case studies</li> </ul>

