

Pfizer Limited

Directors' Report (continued)

Principle 1 – Purpose and leadership (continued)

3. Disruption Calls for Innovation;
4. Time is Life; and
5. Execution Makes the Difference.

To fully realise the Group's purpose, it has established a clear set of goals regarding what the Group needs to achieve for patients and how the Group will go about achieving them. The "how" is represented by four company values – Courage, Excellence, Equity and Joy.

Principle 2 – Board composition

"Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the Company."

The size of the Board is guided by the scale and complexity of the Company's business. Consideration is given to the size and structure of the Board to facilitate effective decision-making. During 2023, the Board comprised of seven members, with a gender balance of five male and two female directors. Each director provides a unique business perspective, experience and skills, all valuable and necessary to oversee the Company's business. The board includes representation from Commercial, Medical, People Experience, Legal, Finance, Manufacturing and Research & Development.

The Board is chaired by the UK country president who leads the Board and is responsible for its overall effectiveness. Board meetings occur on a quarterly basis, or more frequently as required, to ensure that all directors are appropriately informed of Company matters and have sufficient time for discussion. The provision of timely information including agenda and reports from Board committees is supported by the Company's Legal team and outcomes from meetings, where applicable, are communicated to the wider UK country management.

Principle 3 – Responsibilities

"The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge."

The Board is guided by Group policies and procedures and local regulation, which provide a framework for governance practices in the UK.

The Company has established formal and robust processes, in line with the internal control framework of the Group, to ensure controls are operating effectively and that the quality and integrity of information prepared by it is reliable. The Board receives regular and timely information on all matters required to maintain oversight of the Company's business, including reports on business and financial performance, key strategic risks and opportunities, operational matters, market conditions, people experience, legal, compliance, environmental, audit and regulatory matters. All information provided to the Board is prepared by subject matter experts with the relevant experience and skills necessary to ensure the integrity of information presented.

The Company demonstrates a commitment to ongoing professional development of the Board through the delivery of training sessions for statutory directors and senior country management as deemed appropriate.

Principle 4 - Opportunity and Risk

"The board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value, and establish oversight for identification and mitigation of risks."

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Principle 4 - Opportunity and Risk (continued)

The Group is committed to strategically capitalising on growth opportunities, primarily by advancing their own product pipeline and maximising the value of their existing products, but also through various business development activities. The Group views business development activity as an enabler of their strategies and seeks to generate growth by pursuing opportunities and transactions that have the potential to strengthen their business and capabilities. The Group assesses their business, assets and scientific capabilities/portfolio as part of their regular, ongoing portfolio review process and also continue to consider business development activities that will help advance their business strategy.

As a subsidiary of the Group, the Board of the Company reviews business strategy in line with the Group's overall initiatives to identify opportunities to create value. The Chair provides updates on the UK business environment during Board meetings.

The Board has the responsibility for the Company's overall approach to risk management which is aligned to the Group's methodology on mitigation of risks. Risks are mitigated through effective internal control processes in line with Group's overall internal controls framework. The Board is responsible for these internal controls and delegates the performance of the control activities to sub-committees and country management. The Company have a UK Legal Entity Governance document in operation that outlines the corporate governance of the Company including the composition of the sub-committees and the frequency with which they report to the Board.

Principle 5 – Remuneration

“A Board should promote executive remuneration structures aligned to the long term sustainable success of a company, taking into account pay and conditions elsewhere in the Company.”

The Board promotes remuneration structures that align to the long-term, sustainable success of the Company, in line with the Group's compensation philosophy set out by the Group's Compensation Committee.

The Group's compensation and benefit programs are designed to enhance Pfizer's ability to attract, motivate, retain, and engage a high-performing, committed workforce. Pfizer offers compensation and benefit programs that are:

- Equitable with a consistent approach across the globe – tailored for local markets.
- Philosophically consistent around the globe to the extent possible, but legally, locally and culturally appropriate.
- Appropriate for the company as it exists today, and where appropriate, anticipate future business needs.

The Company's compensation program is subject to the approved policy, and the Board has delegated authority to the People Experience team to review the Company's compensation practices with a view to ensuring they are comparable to peer companies, aligned to the Company's annual financial objectives and are rewarding relative performance of employees.

Reports covering a summary of the remuneration and performance data for all colleagues in the Company are discussed in Board meetings to consider whether compensation is balanced and aligned with the Company's diversity and inclusion aspirations.

The Board is committed to improving the Company's Gender Pay Gap. The Company's Gender Pay Gap report is available at <https://www.pfizer.co.uk/responsibility/diversity-equity-and-inclusion/gender-pay-gap-report>.

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Directors' Report (continued)

Principle 6 – Stakeholder Relationships and Engagement

“Directors should foster effective stakeholder relationships aligned to the Company’s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.”

The Board is clear that good corporate governance and effective communication are essential on a day-to-day basis to deliver the Company’s purpose and to protect the Company’s brand, reputation and relationships with all stakeholders, including our patients, regulators, shareholders, suppliers, customers and employees. The Company has channels to receive appropriate feedback from discussions with all stakeholders and directors consider the feedback during the decision-making processes. The stakeholder engagement and employee involvement disclosures in the Directors’ report detail how the Company engages with these parties.

Streamlined Energy and Carbon Reporting

In accordance with the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the directors present the company’s energy and carbon report for the year ended 30 November 2023.

Methodologies used

The reporting methodology in the current year aligns to Pfizer Inc. Operational Control Approach (*The Greenhouse Gas Protocol: A corporate accounting and reporting standard, Chapter 3 Setting Organisational Boundaries*). As the SECR guidelines do not mandate reporting on Scope 3 Category 8 ‘Upstream Leased Assets’ emissions, this report contains Scope 1 and 2 emissions from the Walton Oaks site. The sites that are outside of operational control for this report are Hurley and London Victoria. The methodology now includes refrigerant gas losses within the carbon total. In view of this change, the comparatives have been restated to align with this approach. The UK Government Department for Energy, Security and Net Zero 2022 and 2023 GHG Conversion Factors were utilised for this reporting period.

Commitment to responsible energy management

The company and its ultimate parent and ultimate controlling party, Pfizer Inc., are committed to reaching Net Zero by 2040. Global targets have been set to mitigate climate change and its impact, minimising the environmental impact of our products and facilities.

The company and the group of Pfizer UK companies (“Pfizer UK”) has developed an energy program to contribute to Pfizer Inc.’s in meeting global commitments.

2023 Progress

The company and Pfizer UK energy program spans across Pfizer UK sites and offices and is focused on generating awareness, consolidating and refreshing office space, operating more efficiently, and investing in new technology.

Total energy consumption rose in 2023 due to an increase in business travel since COVID-19 restrictions were lifted. Total greenhouse gas emissions rose in 2023 due to an increase in business travel, as above, and an increase in refrigerant gas losses.

The following energy efficiency projects have been completed to date;

- Walton Oaks site powered by 100% renewable electricity for the duration of the reporting period.
- Launched salary sacrifice scheme to enable colleagues to purchase EVs.

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Directors' Report (continued)

Streamlined Energy and Carbon Reporting (continued)

The following energy efficiency projects are planned for the future;

- Battery Electric Vehicle (BEV) charging infrastructure – working together with our landlords to install BEV charging.
- Clean Air Project – working with our Global Fleet team to trial BEV technology, with the aim of moving our fleet to 100% BEV.
- Promoting a Travel Hierarchy across our UK sites – to further encourage carbon efficient colleague behaviours.
- Promoting the Energy Hierarchy across our UK sites – to further encourage energy efficient colleague behaviours.
- Investment in energy efficient measures e.g., building management system schedule and setpoint adjustments, plant room insulation, LED lighting upgrades, parallel pump control & replacing end-of-life AHUs, boilers and chillers.

Energy consumption and greenhouse gas emissions

	Units	2023	2022 restated	2022 unadjusted
Energy consumption				
Electricity	kWh	2,641,456	2,593,240	2,593,240
Gas	kWh	—		2,424,881
Business travel: road ⁽¹⁾	kWh	1,420,533	691,636	691,636
Other fuels including gas ⁽²⁾	kWh	2,521,120	2,450,278	—
Total Streamlined Energy and Carbon Report energy consumption	kWh	6,583,109	5,735,154	5,709,757
Greenhouse gas emissions^(3,4)				
Scope 1	tCO ₂ e	1,323	686	606
Scope 2	tCO ₂ e	585	507	507
Scope 3	tCO ₂ e	11	5	5
Total emissions (scope 1, 2 and 3)	tCO ₂ e	1,919	1,198	1,118
Total emissions intensity (scope 1, 2 and 3)	tCO ₂ e/£m Revenue	1.65	0.39	0.36

(1) Business travel, claimed through expenses, and on site vehicles is based on mileage, converted to kWh using UK Government GHG conversion factors.

(2) Location based steam generation and fuel for emergency generators converted to kWh using UK Government CHG conversion factors.

(3) Calculated using UK Government GHG conversion factors for company reporting. The scope of this Streamlined Energy and Carbon Report disclosure does not include some Scope 3 emissions.

(4) Total emissions calculated using 'Location Based' method.

Note: The prior year's data has been restated due to an update in the reporting methodology to include refrigerant gas losses.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.