

Independent Board Chair 2019 – Pfizer, Inc.

RESOLVED: The shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. This policy would be phased in for the next CEO transition.

If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

Supporting Statement: We believe:

- The role of the CEO and management is to run the company.
- The role of the Board of Directors is to provide independent oversight of management and the CEO.
- There is a potential conflict of interest for a CEO to have an inside director act as Chair.

Pfizer's Ian Read has served both as CEO and Chair of the Company's Board of Directors and effective January 1 will step down as CEO and become Executive Chair of the Board. Dr. Bourla will become our new CEO. While this creates a separate Chair role, the position is not held by an independent Director. We believe Pfizer should create a stronger governance structure.

As Andrew Grove, Intel's former chair, stated, "The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he's an employee, he needs a boss, and that boss is the Board. The Chairman runs the Board. How can the CEO be his own boss?"

In our view, shareholders are best served by an independent Board Chair who can provide a balance of power between the CEO and the Board. The primary duty of a Board of Directors is to oversee the management of a company on behalf of shareholders. A former CEO serving as Chair can result in excessive management influence on the Board and weaker oversight of management. We urge Pfizer's Board to take the opportunity when Mr. Read leaves the Executive Chair position to appoint a new independent Chair.

Numerous institutional investors recommend independence for these two roles. For example, California's Retirement System CalPERS' Principles & Guidelines encourage separation, even with a lead director in place.

According to ISS "2017 Board Practices", (March 2017), 58% of S&P 1,500 firms separate these two positions and the number of companies separating these roles is growing.

A similar resolution to Pfizer last year received a 25.59% vote.

To simplify the transition, this policy would be phased in and implemented when the next CEO is chosen or when Mr. Read steps down as Executive Chair.