

NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy (“Policy”) has been adopted by Pfizer Limited’s Board of Directors (“Board”), acting on the recommendation of its Nomination and Remuneration Committee.

1. OBJECTIVES:

The Policy shall be in compliance with Section 178 of the Companies Act, 2013 read with the applicable Rules thereto and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The key objectives of the Policy would be:

- a. Assess necessary and desirable competencies of Board members;
- b. Review Board succession plans;
- c. Evaluate the Board’s performance;
- d. Make recommendations to the Board on:
 - i. Executive Directors remuneration and incentive policies;
 - ii. Remuneration packages of key managerial personnel and senior management;
 - iii. The Company’s recruitment, retention and termination policies for key managerial personnel and senior management; and
 - iv. The remuneration framework for Directors.

2. PFIZER LIMITED’S COMPENSATION PHILOSOPHY:

Pfizer Limited’s (“Company”/“Pfizer”) Compensation and Benefits programs are designed to enhance its ability to attract, motivate, retain and engage a high performing and committed workforce.

3. DEFINITIONS:

- a. “Act” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b. “Key Managerial Personnel” means
 - i. Chief Executive Officer or the Managing Director or the Manager;
 - ii. Whole-time Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary; and
 - v. Such other officer as may be prescribed under the Act.
- c. “Senior Management” means personnel of the Company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the Executive Directors including the functional heads.

4. ROLE OF THE COMMITTEE:

a. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee:

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- ii. Identify persons who are qualified to become a Director and persons who may be appointed as Key Managerial Personnel and Senior Management Personnel in accordance with the criteria laid down in this policy;
- iii. Formulate criteria for evaluation of Directors, Key Managerial Personnel, Senior Management Personnel and the Board as a whole;
- iv. Recommend to the Board, criteria for remuneration for Directors, Key Managerial Personnel and other Employees;
- v. Recommend to the Board, appointment, re-appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel and
- vi. Devise a Policy on Board Diversity.

b. Policy for appointment, re-appointment, remuneration and removal of Directors, Key Managerial Personnel and Senior Management:

i. The Nomination and Remuneration Committee will ensure that:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, Key Managerial Personnel and Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

ii. Appointment criteria and qualifications:

- a) the Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at senior Management level and recommend to the Board his / her appointment.
- b) the candidate shall possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) the appointment of any Director / Key Managerial Personnel / Senior Management shall also be governed by the prevailing policies of the Company.

iii. **Term / Tenure:**

a) **Managing Director / Whole-time Director:**

The Company may appoint or re-appoint a person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term up to five consecutive years on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it should be ensured that the number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director, and three listed companies as an Independent Director in case such person is serving as a Whole-Time Director of a listed company or such other number as may be prescribed under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. For this purpose, the Independent Directors shall submit a declaration in this regard and the Committee / Board shall rely on such declaration.

iv. **Evaluation:**

The Committee shall carry out the evaluation of performance of Directors, Key Managerial Personnel, Senior Management Personnel and the Board as a whole at regular interval (yearly).

v. **Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder or for such other compelling reasons, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management Personnel subject to the provisions and compliance of the Act, Rules and Regulations and applicable policies of the Company.

vi. **Retirement:**

The Independent Directors shall not be liable to retire by rotation. The other Directors, Key Managerial Personnel and Senior Management Personnel shall retire as per the applicable provisions of the Act and prevailing policies of the Company.

c. Policy relating to the Remuneration for the Managing Director, Whole-time Director, Key Managerial Personnel and Senior Management Personnel:

i. General:

While determining the remuneration/ compensation / benefits etc. to the Managing Director, Whole-time Directors, Key Managerial Personnel and Senior Management Personnel, the Committee shall keep in mind following criteria:

- That the remuneration is aligned with market when compared to relevant peer companies;
- That the remuneration is appropriate for the Company as it exists today but anticipates future business needs;
- Philosophically consistent around Pfizer's global policies but locally and culturally appropriate;
- Understandable and valuable to the talent the Company wishes to attract, motivate, engage and retain;
- Simple and cost-effective for the Company to communicate, maintain and administer;
- Selected positions may be paid higher remuneration than market aligned peer group remuneration; and
- Higher remuneration may be considered for the purpose of retention of talent.

The remuneration / compensation / benefits etc. of Managing Director and Whole-time Directors shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

ii. Increments to the existing remuneration / compensation / benefit structure of Managing Director Whole-time Directors will be recommended by the Committee to the Board subject to the maximum limits approved by the Shareholders.

iii. Remuneration to Managing Director, Whole-time Director, Key Managerial Personnel and Senior Management Personnel:

The Committee shall ensure that Remuneration to Managing Director, Whole-time Directors, Key Managerial Personnel and Senior Management Personnel has a balance between fixed and variable incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals. The components of remuneration consists of annual guaranteed cash comprising of basic salary, ad-hoc/special allowance, House Rent Allowance, etc. Variable component consists of bonus / performance linked incentives based on the performance of the Company and performance of each Director / Key Managerial Personnel / Senior Management Personnel. The Managing Director / Whole-time Directors / Key Managerial Personnel / Senior Management Personnel are also eligible for Long Term Incentives granted by the Parent Company, Pfizer Inc., U.S.A in the form of Stock Options and Restricted Stock Units. The quantum of perquisites includes employer's contribution to Provident Fund, Medical Reimbursement Expenses, Leave Travel Assistance, Car / Conveyance Allowance etc.

iv. Remuneration to Non-Executive / Independent Directors:

- **Sitting Fees:**

Resident Non-Executive / Independent Directors shall be paid the sitting fees for attending the meetings of the Board and the Committees of which they are member. The Board may at its discretion revise the sitting fees payable to the Resident Non-Executive / Independent Directors from time to time. Provided that the amount of such fees shall not exceed the limit prescribed under the Act.

- **Commission:**

In addition to the sitting fees, Resident Non-Executive / Independent Directors may also be paid a Commission, as may be determined by the Board, as recommended by the Nomination and Remuneration Committee after considering the performance of the Company and the performance and contribution of the Directors, as evaluated by the Board, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act and subject to approval of Shareholders.

- **Stock Options:**

Independent Directors shall not be entitled to any stock options of the Company or its Parent Company.

5. OTHERS:

Clauses with respect to the Membership and Term, Chairperson, Frequency of Meetings, Nomination and Remuneration Duties and other administrative functions of the Committee shall be as per the Nomination and Remuneration Charter of the Company.

6. REVIEW OF THE POLICY:

The Committee will discuss any revisions that may be required, and recommend any such provisions to the Board for consideration and approval.

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