



PFIZER LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Board of Directors (the “Board”) of Pfizer Limited (the “Company”) has adopted this Policy, upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). Amendments, from time to time, to this Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS

“Audit Committee or Committee” means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors as defined under the Companies Act, 2013 and Listing Regulations.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

“Material Related Party Transaction” means a Related Party Transaction entered into individually or taken together with previous transactions during a financial year exceeds the following:

Consolidated Turnover of Listed Entity Threshold*	Threshold
Up to ₹20,000 Crore	10% of the annual consolidated turnover of the Company
More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the Company above ₹20,000 Crore
More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the Company above ₹40,000 Crore or ₹5000 Crores, whichever is lower

or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Regulations, whichever is stricter, from time to time.

**For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.*

“Material Modifications” means any subsequent modification(s) to an approved related party transaction(s) which individually or taken together with previously approved transactions with the same related party, during the financial year results into change in the volume or value of the said transaction(s) by more than 20%.

“Related Party” means related party as defined under the Companies Act, 2013 and Listing Regulations, as amended from time to time.

“Related Party Transaction” means any transaction with a Related Party for transfer of resources, services or obligations, regardless of whether a price is charged between:

- (i) The Company on one hand and a related party of the Company on the other hand
- (ii) The Company on one hand and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company.

and includes –

- a. Sale, purchase or supply of any goods or materials;
- b. Selling or otherwise disposing of, or buying property of any kind;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;
- e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company;
- h. Financing (including loans and equity contributions in cash or kind);
- i. Providing or obtaining guarantees and collaterals; and
- j. Deputation of employees.

The above is an indicative list and not an exhaustive one. Following shall not be a related party transaction:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.

“Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- a. Members of a Hindu undivided family;
- b. Husband or wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son’s wife;
- g. Daughter;
- h. Daughter’s husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

The terms **Director, Managing Director, Independent Director, Chief Financial Officer, and Company Secretary** shall have the same meaning as assigned under the Companies Act, 2013.

4. POLICY

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

Subject to the provisions of Clause 4.2.6, the management shall enter into transactions with related parties only if the transactions are at arm’s length and in the ordinary course of business. For this purpose the management would certify to the Committee that the proposed transactions are at arm’s length and in the ordinary course of business based on the criteria adopted by the Audit Committee.

All proposed Related Party Transactions and subsequent modifications must be placed before the Audit Committee for its prior approval, by the Independent Directors of the Committee in accordance with the applicable provisions of the Companies Act and Listing Regulations.

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval, details whereof are given in a separate section of this Policy.

The members of the Audit Committee, who are Independent Directors, may ratify Related Party Transactions value of which does not exceed Rs. 1 crore during a financial year, within three months from the date of the transaction(s) or in the immediate next meeting of the Audit Committee, whichever is earlier. Details about ratification of related party transactions are given in a separate section of this Policy.

4.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Company Secretary on an annual basis:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a Member or Director;

4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).
7. Any other information which the listed entity should be aware about for the purpose of ensuring compliances with respect to Related Party Transactions.

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;
5. Director or Key Managerial Personnel of the holding company or their Relatives;
6. All Pfizer Group entities; and
7. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Regulation 23 of the Listing Regulations or the relevant Accounting Standard.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary and Chief Financial Officer. The functional / business heads / Chief Financial Officer / Company Secretary / shall have access to the updated database.

Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

The Management shall place before the Audit Committee and the Board of Directors such details of the proposed transaction as may be prescribed under relevant sections of the Companies Act, 2013, SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 read with Industry Standards notified by SEBI, as amended from time to time.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

4.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions and subsequent material modifications shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. All the Related Party Transactions and subsequent material modifications shall be approved only by those members of the Audit Committee, who are Independent Directors. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

Remuneration and sitting fees paid by the Company to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.

4.2.1 CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) The value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed INR 1 crore.

(ii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iii) any other condition as specified by the audit committee

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved or ratified as the case maybe by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be noted by the Committee at its next scheduled meeting.

4.2.2 APPROVAL BY THE BOARD

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting or by way of circular resolution, as appropriate and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances. Similarly, in case of any subsequent material modification in the transaction(s) approved by the Board, such proposed material modification shall also be placed for approval of the Board after being considered by the Audit Committee.

As required by the Companies Act, 2013, all Related Party Transactions which are not in the ordinary course of business or not on arm's length basis shall be considered, reviewed and decided by the Audit Committee and the Board of Directors only at a duly convened meeting.

4.2.3 STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant standing pre-approval / omnibus approval, subject to the following conditions:

- (i) the audit committee shall lay down the criteria for granting the omnibus approval in line with this policy
- (ii) While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company.
- (iii) The omnibus approval shall specify the following:
 - a. Name of the related party
 - b. Nature of the transaction
 - c. Period of the transaction
 - d. Maximum amount of the transactions that can be entered into
 - e. Indicative base price / current contracted price and formula for variation in price, if any
 - f. Such other conditions as the Audit Committee may deem fit.

- (iv) The Audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee. Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

4.2.4 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through Ordinary Resolution and no related parties shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not.

4.2.5 TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through resolution and no related parties shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not.

4.2.6 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

4.3 DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

All material Related Party Transaction entered into by the Company shall be referred to in the Board's Report to the shareholders along with justification for entering into such transactions. The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by SEBI from time to time, and publish the same on its website

The Company Secretary and Chief Financial Officer shall be responsible for such disclosures. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

All Related Party Transactions are to be disclosed in the Board's Report or in the Financial Statement as may be required by the Companies Act of 2013 and the SEBI LODR and related rules. Furthermore, any material Related Party Transaction will be disclosed to the entire Board of Directors.

5. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

6. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

ANNEXURE 1

NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,

The Company Secretary/Compliance Officer
Pfizer Limited
The Capital, 1802/1901,
Plot No. C - 70, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051.

Dear Sir,

- A. I,, son/daughter/spouse of, resident of, holding Shares (equity or preference) of Rs. 10/- each (.....percent of the paid-up Capital) in the Company in my name, being ain the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies of Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

- B. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Name of the Body Corporate

- C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

I also confirm that all the informations as maybe required by the Company to comply with the provisions with respect to Related Party Transactions shall be disclosed by me promptly to the Company.

Signature:
Name:
Designation:

Place:
Date:

SCHEDULE

LIST OF RELATIVES

No.	Relationship	Full Name	Address	Shareholding in Pfizer Limited
1	Spouse			
2	Father (including Step-Father)			
3	Son (including Step-son)			
4	Daughter			
5	Daughter's Husband			
6	Brother (Including Step-Brother)			
7	Sister (Including Step-Sister)			
8	Mother (including Step-Mother)			
9	Son's Wife			
10	Members of HUF			