

## **Charter Compensation Committee**

### **Status**

The Compensation Committee (the Committee) is a committee of the Board of Directors (the Board) of Pfizer Inc. (the Company).

### **Membership**

The Committee shall consist of three or more Directors, all of whom, in the judgment of the Board, shall be independent in accordance with New York Stock Exchange (NYSE) listing standards, and all applicable laws and regulations. Specifically, the Board shall affirmatively determine the independence of all Committee members, considering all factors specifically relevant to determining whether a director has any relationship to the Company that is material to that Director's ability to be independent from management in connection with the duties of a Committee member, including, but not limited to, the source of the director's compensation and the director's affiliation with the Company. In addition, a person may serve on the Committee only if the Board determines that he or she (i) is a "non-employee director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and (ii) satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code, as amended.

The Chair of the Committee shall be designated by the Board, provided that if the Board does not designate a Chair, the members of the Committee, by a majority vote, may designate a Chair.

The members of the Committee shall be elected by the Board, based on the recommendation of the Corporate Governance Committee of the Board. Each member of the Committee shall serve for such term or terms as the Board may determine or until his or her earlier resignation, removal or death. Any vacancy on the Committee shall be filled by the Board. No member of the Committee shall be removed as a member except by the Board.

### **Purpose**

The purposes of the Committee are to discharge the responsibilities delegated by the Board relating to the review, determination and execution of the Company's compensation philosophy, and the compensation of the Company's Chief Executive Officer (CEO) and members of the Executive Leadership Team (ELT). Except as otherwise required by applicable laws, regulations or listing standards, all major decisions are considered by the Board as a whole.

### **Duties and Responsibilities**

The following duties and responsibilities are within the authority of the Committee and shall include, consistent with and subject to applicable law and rules and regulations promulgated by the Securities and Exchange Commission (SEC), the NYSE or any other applicable regulatory authority:

- reviewing and approving the Company's overall compensation philosophy and the design of related compensation and benefit programs, policies and practices;
- reviewing and approving the Company's peer companies and data sources for purposes of evaluating the Company's compensation competitiveness and establishing the appropriate

competitive positioning of the levels and mix of compensation elements, and compensation practices;

- establishing annual and long-term performance goals and objectives for the CEO and reviewing the goals approved by the CEO for the members of the ELT;
- evaluating the performance of the CEO and reviewing and approving the CEO's evaluation of the other members of the ELT in light of the approved performance goals and objectives;
- setting the compensation of the CEO and reviewing and approving the compensation of the members of the ELT as recommended by the CEO based on an evaluation of their performance;
- approving or recommending employment agreements, offers of employment and other elements of compensation provided to the CEO and members of the ELT;
- approving or recommending severance arrangements or plans for the CEO and members of the ELT, including change-in-control and similar provisions; and
- reviewing and making recommendations to the Board with respect to new cash-based incentive compensation plans and equity-based compensation plans.

The Committee's decisions regarding performance goals and objectives, and the compensation of the CEO and members of the ELT, are reviewed and ratified by the independent members of the Board.

The Committee's additional duties and responsibilities include:

- overseeing the Company's submissions to shareholders on executive compensation matters, including shareholder advisory votes on executive compensation and the frequency of such votes, incentive and other executive compensation plans, and amendments to such plans (to the extent required under NYSE listing standards) and, in conjunction with the Corporate Governance Committee (or its designees), engagement with proxy advisory firms and other shareholder groups on executive compensation matters;
- overseeing the administration of the Company's cash-based and equity-based compensation plans that are shareholder approved and/or where participants include members of the ELT or Senior Leadership Council (SLC);
- reviewing and certifying awards under corporate performance-based plans;
- granting options and awards under equity-based plans;
- reviewing and setting the compensation structure for SLC members whose individual compensation is not otherwise approved or recommended by the Committee;
- determining officer stock ownership guidelines and monitoring compliance with such guidelines;
- preparing an annual performance evaluation of the Committee;
- reviewing and discussing with the Company's management the Compensation Discussion and Analysis (CD&A) to be included in the Company's annual proxy statement and determining whether to recommend to the Board that the CD&A be included in the proxy statement;
- providing the Committee Report for inclusion in the Company's proxy statement that complies with the rules and regulations of the SEC;
- reviewing and assessing on an annual basis potential risk to the Company from its compensation program and policies, including incentive and commission plans;
- consulting with, and considering recommendations of, the Regulatory and Compliance Committee, including: (a) whether compensation practices, including sales incentives for sales and marketing personnel, are aligned with compliance standards, (b) reviewing and approving the adoption of, or revision to, any "clawback" policy that allows the Company to recoup incentive compensation received by colleagues, and (c) reviewing all written recommendations regarding "clawbacks" of incentive compensation and determining the extent, if any, to which incentive-based compensation of the relevant colleagues should be reduced or extinguished;

- annually evaluating the adequacy of this Charter; and
- performing such other duties and carrying out such other responsibilities as are consistent with this Charter or are delegated by the Board.

The Committee has the authority to delegate any of its responsibilities to another committee, officer and/or subcommittees, as the Committee may deem appropriate in its sole discretion, subject to applicable law, rules, regulations and NYSE listing standards.

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and shall be directly responsible for the appointment, compensation and oversight of the work of any such consultant, legal counsel or other adviser retained by the Committee. The Company must provide for appropriate funding, as determined by the Committee for the payment of reasonable fees to any such consultant, legal counsel or other adviser retained by the Committee. Except as specified in the NYSE listing standards, the Committee may select a consultant, legal counsel or other adviser to the Committee only after taking into consideration all factors relevant to that person's independence, including the following:

- the provision of other services to the Company by the entity that employs the compensation consultant, legal counsel or other adviser;
- the amount of fees received from the Company by the entity that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of such entity;
- the policies and procedures of the entity that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
- any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- any business or personal relationship of the compensation consultant, legal counsel, other adviser or the entity that employs the consultant, legal counsel or other adviser with an executive officer of the Company.

With regard to any compensation consultant or other adviser identified or to be identified in the Company's proxy statement, the Committee's duties and responsibilities shall include reviewing whether the retention of such consultant or adviser, or work performed or to be performed by such consultant or adviser raises any conflict of interest and, if so, to determine how to address such conflict of interest.

### **Meetings**

The Committee shall meet at least four times each year and at such other times as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board with respect to its activities and make recommendations to the Board as appropriate. The Committee shall maintain minutes of its meetings and records relating to those meetings. The Committee may request that any officer or employee of the Company, the Company's outside counsel, or any other adviser (i) attend a meeting of the Committee, or (ii) meet with any members of, or consultants to, the Committee.

12/2015