



## **Director Qualification Standards (As of May 15, 2019)**

It is the policy of Zoetis Inc. (the "Company") that the Board of Directors consists of a majority of independent directors. The Corporate Governance Committee of the Board (the "Committee") has established these Director Qualification Standards, which meet the independence requirements of the New York Stock Exchange ("NYSE") corporate governance listing standards, to assist it in determining director independence. The Board will consider all relevant facts and circumstances in making independence determinations, not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation.

### **Determination of Independence**

To be considered "independent" for purposes of these standards, a director must be determined, by resolution of the Board as a whole, after due deliberation, to have no material relationship with the Company other than as a director. These determinations will be disclosed annually in the Company's proxy statement or other appropriate filing with the Securities and Exchange Commission (the "Commission") relating to the election of directors. Except as otherwise noted below, the "Company" includes the Company and any parent or subsidiary in a consolidated group with the Company or such other company as is relevant to any determination under the independent standards set forth in Section 303A.02(b) of the NYSE Listed Company Manual. In each case, the Board shall broadly consider all relevant facts and circumstances and shall apply the following standards: As used herein, the term "Immediate Family Member" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a person, and any person (other than a tenant or an employee) sharing the household of such person.

1. In no event will a director be considered "independent" if:
  - i. the director is, or has been within the last three years, an employee of the Company; or
  - ii. an immediate family member of the director is, or has been within the last three years, an executive officer of the Company; or
  - iii. the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company (other than director and committee fees and pension or other forms of deferred compensation for prior service with the Company, provided such compensation is not contingent in any way on continued service); or
  - iv. (A) the director or an immediate family member of the director is a current partner of a firm that is the Company's internal or external auditor; or (B) the director is a current employee of such firm; or (C) the director has an immediate family member who is a current employee of such firm and who personally works on the Company's audit; or (D) the director or an immediate family member of the director was within the last three

years (but is no longer) a partner or employee of such firm and personally worked on the Company's audit within that time; or

- v. an executive officer of the Company serves or served on the compensation committee of the board of directors of a company that, at the same time within the last three years, employs or employed either the director or an immediate family member of the director as an executive officer; or
- vi. the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1,000,000 or 2% of such other company's consolidated gross revenues.

Members of the Audit and Compensation Committees are subject to heightened independence standards in addition to those set forth in these Director Qualification Standards. Those heightened standards are set forth in such committees' respective Charters.

2. The following commercial relationships will not be considered to be material relationships that would impair a director's independence: (i) if a director is a current employee, or an immediate family member of a director is a current executive officer, of another company that does business with the Company and the annual sales to, or purchases from, the Company in any of the last three fiscal years were less than one percent of the annual revenues of the company for which the director or the director's immediate family member serves as an executive officer or employee, as applicable; or (ii) if a director or an immediate family member of a director of the Company is an executive officer of another company that is indebted to the Company, or to which the Company is indebted, and the total amount of either company's indebtedness to the other is less than one percent of the total consolidated assets of the company for which he or she serves as an executive officer.
3. The following not-for-profit relationship will not be considered to be a material relationship that would impair a director's independence: if a director, or a director's spouse, serves as an executive officer of a not-for-profit organization, and the Company's discretionary charitable contributions to the organization, in the aggregate, are less than two percent (or \$1,000,000, whichever is greater) of that organization's latest publicly available total revenues.
4. Annually, the Board will review commercial and charitable relationships of directors to determine, based upon the recommendation of the Committee, whether directors may be considered "independent." Information regarding commercial and charitable relationships that are not considered material relationships under paragraphs 2 or 3, as applicable, will not be reviewed by the Board; however, such information will be made available to the Board or the Committee upon request. There is no presumption that relationships exceeding the limits described in paragraphs 2 and 3 are material and the Board may determine (based upon the recommendation of the Committee) that a director who has a relationship that exceeds the limits described in paragraph 2 (to the extent that any such relationship would not constitute a bar to independence under the NYSE listing standards) or paragraph 3, is nonetheless independent. In that event, the Company will include the appropriate disclosure in the next proxy statement or other appropriate filing with the Commission.

5. The Company will not make any personal loans or extensions of credit to directors.
6. To help maintain the independence of the Board, all directors are required to deal at arm's length with the Company and its subsidiaries (and otherwise comply with the Company's Related Person Transaction Approval Policy and Code of Business Conduct and Ethics for Members of the Board of Directors) and to disclose circumstances material to the director that might be perceived as a conflict of interest.

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