

Charter of the Audit Committee of the Board of Directors of Zoetis Inc. (the “Company”)

Status

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors.

Membership

The Committee shall consist of three or more directors all of whom, in the judgment of the Board of Directors, shall be “independent” in accordance with New York Stock Exchange (“**NYSE**”) corporate governance listing standards and all applicable laws and regulations, including Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), except as may otherwise be permitted by such rules and regulations. At any meeting of the Committee, a majority of the members of the Committee shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held (or, where the Committee at the time only consists of three directors and only two members are present and constitute a quorum, by unanimous vote). Each member shall, in the judgment of the Board of Directors, have the ability to read and understand the Company’s financial statements or gain such ability within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall, in the judgment of the Board of Directors, have accounting or related financial management expertise or shall otherwise qualify as an “audit committee financial expert” in accordance with the rules and regulations of the Securities and Exchange Commission (“**SEC**”).

No member of the Committee may serve simultaneously on the audit committees of more than two other public companies, unless the Board of Directors determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and such determination is disclosed in accordance with the rules of the NYSE.

The members and Chair of the Committee shall be recommended by the Corporate Governance Committee and approved by the Board of Directors, provided that if the Board of Directors does not designate a Chair, the members of the Committee, by a majority vote of the full Committee membership, may designate a Chair.

Each member of the Committee shall serve for such term or terms as the Board of Directors may determine or until such member’s earlier resignation, removal or death. Any vacancy on the Committee shall be filled by the vote of the majority of the Board of Directors. No member of the Committee shall be removed as a member, except by the vote of the majority of the Board of Directors.

Purpose

The purpose of the Committee is to discharge the responsibilities delegated by the Board of Directors and to assist the Board of directors in fulfilling its responsibilities relating to: (a) the integrity of the Company’s financial statements and the adequacy of its internal controls, (b) the Company’s compliance with legal and regulatory requirements, (c) the independence, qualifications and performance of the Company’s independent registered public accounting firm and (d) the performance of the Company’s internal audit function.

In addition, the Committee shall oversee certain risk management activities as may be delegated by the Board of Directors. The Committee shall also prepare annually the report required by the rules of the SEC for inclusion in the proxy statement for the Company’s annual meeting of stockholders.

Duties and Responsibilities

The following responsibilities are within the authority of the Committee, and the Committee shall fulfill these responsibilities, consistent with and subject to applicable law and rules and regulations promulgated by the SEC, the NYSE or any other applicable regulatory authority.

Independent Auditors

- 1. Selection and Oversight of Accounting Firm; Audit Services.** Select, retain, evaluate and, when appropriate, terminate, the independent registered public accounting firm to act as the Company's independent auditor for the purpose of auditing the Company's annual financial statements, books, records, accounts and internal control over financial reporting, set the independent registered public accounting firm's compensation, oversee the work of the independent registered public accounting firm and pre-approve all audit services to be provided by the independent registered public accounting firm and, as necessary, any audit services on which the independent auditor expressly relies. The independent registered public accounting firm shall report directly to the Committee.
- 2. Policies and Procedures for Pre-Approval of Non-Audit Services.** Pre-approve all permitted non-audit services to be performed by the independent registered public accounting firm and establish policies and procedures for the engagement of the independent registered public accounting firm to provide permitted audit and non-audit services in accordance with Section 10A of the Exchange Act. The Audit Committee may, from time-to-time, delegate its authority to pre-approve non-audit services to one or more Audit Committee members, provided that such designees present any such approvals to the full Audit Committee at the next Audit Committee meeting.
- 3. Review of Reports.** At least annually, receive and review, taking into account the opinions of management: (a) a report by the independent registered public accounting firm describing the independent registered public accounting firm's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, peer review or Public Company Accounting Oversight Board (PCAOB) review, of the independent registered public accounting firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (b) other required reports, including, without limitation, such reports required by the NYSE and Section 10A of the Exchange Act, from the independent registered public accounting firm.
- 4. Independence of Accounting Firm.** At least annually: (a) evaluate the qualifications, performance and independence of the independent registered public accounting firm, including the lead audit partner and including whether the provision by the independent registered public accounting firm of permitted non-audit services is compatible with independence; (b) obtain and review a report from the independent registered public accounting firm describing all relationships between the firm or its affiliates and the Company or individuals in a financial reporting oversight role at the Company, that may reasonably be thought to bear on the firm's independence, and discuss with the firm the potential effects of any disclosed relationships on the independence; and (c) confirm with the independent registered public accounting firm that they are in compliance with applicable audit partner rotation requirements.
- 5. Oversight of Independent Audit.** Review with management, the internal audit function and the independent registered public accounting firm: (a) the audit objective and the proposed scope and results of the audit plan and fees, (b) any problems or difficulties that the firm encountered in the course of the audit work, and management's response; (c) any questions, comments or suggestions the firm may have relating to the internal controls or accounting practices and procedures of the Company or its subsidiaries; and (d) such other matters as are required by the PCAOB.

6. **Hiring Processes.** Establish and oversee policies for the hiring of employees and former employees of the independent registered public accounting firm.
7. **Review of Accounting Firm.** Perform, on a periodic basis, a detailed review of the Company's independent registered public accounting firm.

Financial Statements, Disclosures and Internal Controls

8. **Internal Controls; Trends; Fraud.** Review with the independent registered public accounting firm, the Company's Internal Audit Department, and management: (a) the adequacy and effectiveness of the Company's systems of internal controls (including management's annual assessment of the adequacy and effectiveness of the such internal control and the related report issued by the independent auditors (as applicable), any significant deficiencies or material weaknesses in the design or operation of and any material changes in such internal controls reported to the Committee by the independent registered public accounting firm or management), accounting practices, and disclosure controls and procedures (and management reports thereon), of the Company and its subsidiaries, and the related report issued by the independent auditors; (b) current accounting trends and developments; (c) all critical accounting policies and practices to be used in the audit; and (d) any fraud, whether or not material, involving management or other employees who have a significant role in such internal control over financial reporting, and take such action with respect thereto as may be deemed appropriate.
9. **Financial Statements.** Review with management and the independent registered public accounting firm the annual and quarterly financial statements of the Company prior to their filing with the SEC, including: (a) any material changes in accounting principles or practices used in preparing the financial statements prior to the filing of a report on Form 10-K or 10-Q with the SEC; (b) any "critical audit matters" (as defined under PCAOB standards) arising from the current period audit identified by the independent registered public accounting firm and/or management; (c) disclosures relating to internal controls over financial reporting; (d) the items required by applicable generally accepted auditing standards relating to the conduct of the audit of annual financial statements or review of interim financial statements; (e) the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Form 10-K or 10-Q filed with the SEC and (f) the form of audit opinion to be issued by the independent registered public accounting firm on the annual financial statements.
10. **From 10-K.** Recommend to the Board of Directors, based on the review described in paragraphs 4, 5 and 7 above, whether the financial statements should be included in the annual report on Form 10-K.
11. **Earnings Releases.** Review and discuss with management and the independent registered public accounting firm (to the extent necessary) earnings press releases, including the type of information to be included and its presentation and the use of "pro forma", "adjusted" or other non-GAAP information (and its reconciliation to GAAP) as well as Company policies with respect to earnings press releases, financial information and earnings guidance, if any, provided to analysts and rating agencies (this function may be performed by the Chair of the Committee). Review the effect of alternative accounting methods on the Company's financial statements.
12. **Disclosures.** Review and discuss with management and the independent registered public accounting firm (to the extent applicable), the Company's internal procedures and controls related to key environmental, social and governance (ESG) external disclosures and reports, including any assurance or verification being provided by the independent registered public accounting firm or other third party with respect to such ESG disclosures.

Internal Audit Function

- 13. Oversight of Internal Audit.** Oversee the Company's Internal Audit Department, including confirming that the internal audit function is conducted in accordance with standards recognized by the function, and reviewing and discussing with the independent registered public accounting firm, the internal audit's function's purpose, authority, organizational structure, budget, staffing, and performance; approving the Internal Audit Charter, annual internal audit plan, budget and resources; and authorizing the appointment and removal of the Company's Chief Audit Executive. Review, at least annually, the scope and results of the internal audit program, including then current and future programs of the Company's Internal Audit Department, procedures for implementing accepted recommendations made by the Internal Audit Department and the independent registered public accounting firm, and any significant matters contained in reports from the Internal Audit Department.

Risk Management and Compliance

- 14. ERM.** Oversee the Company's Enterprise Risk Management process, including reviewing with management the methodology by which enterprise risk assessment and management are undertaken.
- 15. Information Security.** Oversee the Company's information security (including cybersecurity) risk management programs, including, at least twice a year, reviewing with management the Company's information security risks, the effectiveness of the Company's controls and protections, and the Company's contingency planning in the event of a cybersecurity incident, as well as compliance with disclosure requirements under applicable laws and regulations.
- 16. Data Privacy.** Oversee the Company's data privacy program, including reviewing with management the Company's data privacy and controls and compliance with related laws and regulations.
- 17. Compliance.** Review: (a) the status of the Company's compliance with laws, regulations, and internal procedures; and (b) the scope and operation of systems designed to promote Company compliance with laws, regulations and internal procedures, through review of reports from management, legal counsel and third parties as determined by the Committee. Obtain and review from the applicable Company Compliance personnel reports on the Company's compliance program, and periodically review with management the implementation and effectiveness of the Company's compliance program.
- 18. Complaints.** Establish and oversee procedures for the confidential and anonymous receipt, retention and treatment of complaints, including those regarding the Company's accounting, internal controls or auditing matters, concerns or any potential violations of Company policy or the law as well as for the confidential, anonymous submissions by Company employees of such concerns. Oversee the review of any such complaints and submissions that have been received, including the current status and the resolution if one has been reached.

Procedures

- 19. Access.** Consult with and have free and confidential private access to the independent registered public accounting firm, internal auditors, financial management and legal counsel staffs, and any other personnel requested by the Committee, in order for the Committee to perform its duties and satisfy its responsibilities. The Committee may ask any officer or employee of the Company, or any representative of the Company's advisors, to attend any meetings and to provide such pertinent information as the Committee may request or to meet with any members or representatives of the Committee.
- 20. Committee Charter.** Conduct an annual performance evaluation of the Committee and annually evaluate the adequacy of this Charter.

The Role of the Audit Committee

In discharging its responsibilities, the Committee is not responsible for preparing financial statements, planning or conducting audits or determining that the Company's financial statements and disclosures are complete and accurate or are in accordance with generally accepted accounting principles and applicable rules and regulations or performing other accounting procedures. Management is responsible for the preparation, presentation and integrity of the Company's financial statements, the Company's accounting and financial reporting principles, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. It is also not the responsibility of the Committee to assess and manage exposure to risk, which is the responsibility of management with oversight from the Board of Directors. The independent registered public accounting firm is responsible for planning and performing an integrated audit to determine whether the financial statements present fairly, in all material respects, the financial position of the Company, results of operations and its cash flows for the periods presented and whether the Company maintains, in all material respects, effective internal control over financial reporting.

The Committee has the authority to delegate any of its responsibilities to subcommittees, each comprised of one or more of its members, as the Committee may deem appropriate in its sole discretion. The Committee may revoke any delegation of authority at any time.

The Committee may perform such other duties and carry out such other responsibilities as are consistent with this Charter or are delegated by the Board of Directors.

Outside Advisers

The Committee may, in its sole discretion and at the Company's expense, retain, oversee and terminate outside advisers to assist it in the execution of the responsibilities in this Charter, including to conduct investigations into, or studies of, matters within the Committee's scope of responsibilities. The Committee shall have the sole authority to approve the fees and other retention terms with respect to any such advisers. The Company will provide appropriate funding, as determined by the Committee, for any outside advisers retained by the Committee, and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Meetings

The Committee shall meet at least once during each fiscal quarter and at such other times as it deems necessary or appropriate to fulfill its responsibilities. Meetings of the Committee may be held in person, telephonically or via video conference. The Chair of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting. The Committee shall also periodically meet separately, in executive session, with management, the internal auditor and appropriate compliance personnel, and the independent registered public accounting firm. The Committee shall report regularly to the Board of Directors with respect to its activities and make recommendations to the Board of Directors, or the independent members of the Board of Directors, as appropriate. The Committee shall maintain minutes of its meetings and records relating to those meetings.