



Our journey toward a better world

Sustainability Report 2020

zoetis

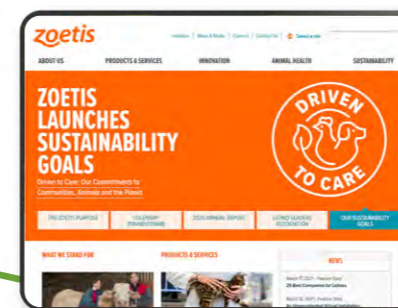


Our journey toward a better world for animals, people and the planet.

With the belief that healthier animals build a healthier future for all, we designed our sustainability efforts across three key areas:



Read more: zoetis.com/sustainability



Read more: [Environmental, Social and Governance Appendix](#)



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A Letter from our CEO

Championing a healthier, more sustainable future

We are taking bold action to build a healthier future for animals, people and the planet we call home.



We hired a head of sustainability and issued our first ever Environmental, Social and Governance (ESG) Review. In March 2021, we introduced Driven to Care, our longer-term initiative that aligns with the United Nations' Sustainable Development Goals and to which we'll hold ourselves accountable. In this report, I invite you to see the progress we have made.

Communities: Care and Collaboration

Our colleagues make the difference in everything we do, and we continually work to ensure Zoetis is a place where they feel safe, valued and cared for. During the pandemic, our priority was the health and safety of our colleagues. I am so proud of the way they went above and beyond to safely and effectively connect and collaborate with each other and our customers, as well as keep our essential business operations going.

Our colleagues also rallied around our customers who compassionately care for the animals we depend on. Driven by local efforts, we supported veterinarians, expanded access to animal care and provided disaster relief. In 2020, we invested over \$6 million globally to support animals and the people who care for them, with nearly 10% of all giving focused on immediate and long-term COVID-19 relief.

The COVID-19 pandemic reaffirmed our purpose as Zoetis: to nurture the world and humankind by advancing care for animals.

Our dependence on animals for nutrition, companionship and comfort – and the essential role of veterinarians and farmers in ensuring the health and productivity of animals in uncertain times – is only amplified in times of crisis. We also realized we can work differently and as a result take better care of the earth and people around us.

The events of the past year have deepened our commitment to champion a healthier, more sustainable future. In 2020, we formalized and mobilized our sustainability strategy.

We faced unforgettable, extraordinary moments in 2020, including those that reinforced our commitment to inclusion, equity and diversity. In the U.S. in particular, the call for racial equity emerged as an urgent need. In response, we increased diversity on our Board of Directors and executive leadership team and set in motion a plan to influence diversity, equity and inclusion across our organization – through education and new Colleague Resource Groups – and the industry by partnering with veterinary organizations.

Animals: Innovation in Animal Health

Healthier animals build a healthier future. This is why we bring forward innovative solutions that address sustainability challenges facing animals and people, including emerging infectious diseases like COVID-19. Our scientists quickly developed an experimental vaccine to be at the ready should COVID impact our pets, livestock or other animals. Fortunately, COVID has not been an issue for our beloved dogs and cats, or livestock, but we have helped veterinarians at the San Diego Zoo protect the health of their gorillas and are working to meet the needs of other zoos.

We also continue to support our customers in their quest to prevent disease and reduce the need to use antibiotics. And for the world's veterinarians and livestock farmers, we continually discover and develop new products and digital tools that allow them to provide uninterrupted care for herds, flocks, schools, and cats and dogs, too.

Planet: The Drive to Protect Our Planet

We have a responsibility to address climate change, including helping meet the targets set by the Paris Agreement. To that end, we have joined RE100 and committed to sourcing 100% renewable energy by 2050, set additional targets to reduce our greenhouse gas emissions, and will continue to improve our product packaging.

While our sustainability strategy is ambitious, we wholeheartedly embrace the journey and look forward to sharing our progress along the way. We've made incredible strides so far thanks to our dedicated colleagues who are instrumental in achieving our goals, and there is much more to come.

Thank you for your interest in Zoetis!

Kristin Peck
CEO, Zoetis

Introducing the Zoetis Foundation

Building on our purpose and in keeping with our sustainability aspirations, Zoetis is proud to commit \$35 million over five years through the newly established Zoetis Foundation. The Zoetis Foundation will advance opportunities for veterinarians and farmers. Initially, the Foundation will support scholarships and diversity initiatives to help drive an inclusive veterinary community in the U.S.

In 2022, the Foundation's work will expand to support veterinary debt relief, additional diversity and inclusion programming and mental wellness for farmers and veterinarians in the U.S., as well as support farmer and veterinary livelihoods in Africa, Australia, Brazil, China and Europe.

In 2020, our community investments included:

\$6M+

invested to support animals and people who care for them

9.6%

of all community investments supported COVID-19 relief

\$1.83M+

donated to care for animals impacted by disaster

\$934,000+

donated to veterinary scholarships

400+

veterinary students supported by our scholarships

\$974,000+

invested in veterinary training initiatives

About this Report

Championing a healthier, more sustainable future for all

Building on our purpose to nurture the world and humankind by advancing care for animals, one of our strategic business priorities is to champion a healthier, more sustainable future for all.



In developing our 2020 Sustainability Report, we considered the disclosure frameworks and guidance of leading sustainability organizations, such as the Sustainability Accounting Standards Board's (SASB) Health Care – Biotechnology & Pharmaceuticals industry standards, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and the United Nations Sustainable Development Goals (UN SDGs).

Our TCFD disclosure can be viewed in our [2019 ESG Review](#) and we plan to enhance our climate-related disclosure later in 2021. We also intend to participate in CDP (formerly Carbon Disclosure Project), a global environmental disclosure system, through the CDP climate change survey. The content in this report was informed by the feedback that we have received as part of our environmental, social and governance (ESG) materiality assessment, which is discussed in more detail below.

The discussion and data points in this report cover the calendar year 2020, unless otherwise noted. Some case studies and programs include information from 2021.

About Zoetis

At Zoetis, we are a global team committed to nurturing the world and humankind by advancing care for animals. For nearly 70 years, Zoetis has supported those who raise and care for animals – from clinics and homes to farms and ranches.

We care deeply about developing ways to ensure animals are in the best health possible, and we apply our Research & Development (R&D), manufacturing and technical expertise to create new and better medicines, vaccines, diagnostics and technologies that can address the animal health and business challenges our customers face every day.

We believe the bond between people and animals is special and makes the world a better place. Working together to advance care for animals, we are building a more sustainable future that benefits our colleagues, customers, communities and planet.

Our name, Zoetis (zō-EH-tis), has its root in zo, familiar in words such as zoo and zoology and derived from zoetic, meaning “pertaining to life.” It signals our company’s dedication to supporting the world’s veterinarians, livestock farmers and pet owners who raise and care for the animals we depend on.

Our Purpose

Our purpose – to nurture the world and humankind by advancing care for animals – inspires how we are reimagining animal health. We focus on innovations across the continuum of care for animals – from prediction and prevention to detection and treatment of disease – as well as in digital and data analytics that can accelerate the achievement of those goals. We also continue developing our highly engaged colleagues who help us champion a healthier, more sustainable future.

Our Core Beliefs

Our Core Beliefs are part of the promise we make to our customers, investors and partners, and to each other as members of One Zoetis team.

- Our Colleagues Make The Difference
- Always Do The Right Thing
- Customer Obsessed
- Run It Like You Own It
- We Are One Zoetis



Zoetis by the Numbers

8

8 species supported by Zoetis— cattle (beef and dairy), swine, poultry, sheep, fish, dogs, cats and horses

11,300

total number of colleagues

7

7 core product categories – vaccines, anti-infectives, parasiticides, dermatology products, medicated feed additives, animal health diagnostics, other pharmaceutical products

1,250

approximate number of R&D colleagues

3,600

approximate field force members (sales representatives and veterinary technical representatives)

100+

countries where our products are sold

\$6.675B

revenue in 2020

29

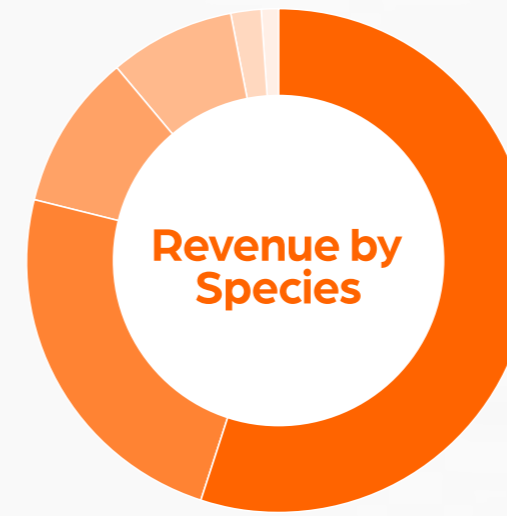
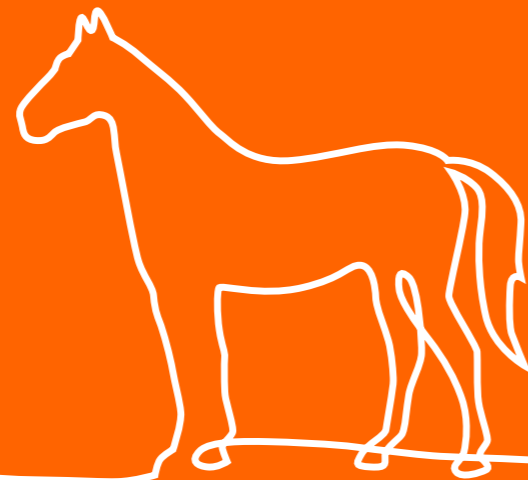
global manufacturing sites – all dedicated to delivering a reliable supply of quality products

\$463M

R&D investment (expense) in 2020

300

approximate number of product lines



- Companion Animal – 55%
- Cattle – 24%
- Swine – 10%
- Poultry – 8%
- Fish – 2%
- Sheep and other – 1%

- Vaccines – 22%
- Anti-infectives – 18%
- Parasiticides – 18%
- Dermatology – 14%
- Other Pharmaceuticals – 13%
- Medicated Feed Additives – 7%
- Animal Health Diagnostics – 5%
- Other Non-Pharmaceuticals – 3%



Driven to Care

While Zoetis has always operated with sustainability in mind, Driven to Care represents the company's first sustainability initiative and long-term aspirations.




In 2021, Zoetis launched Driven to Care, the company's first sustainability initiative, which builds on our commitments to customers, partners, the communities we serve and our colleagues. Across three pillars – Communities, Animals and Planet – our sustainability strategy outlines our priorities and the targets we have set to become an even more sustainable business and to support a healthier future for us all.

Driven to Care is our response to the interconnectedness among communities, animals and the planet, in addition to the sustainability issues that affect every one of us. Overcoming the complex challenges we face requires a holistic approach – one that can benefit from the combined expertise and passion we and our customers share.

At the heart of our sustainability strategy is the care and respect that is ever present in our actions and decisions — the care of animals and the people who nurture them, and the respect we have for the human-animal bond that enriches our world.

Driven to Care is an important milestone on our sustainability journey. It is our commitment to hold ourselves accountable for the impact of our actions as well as a promise to our stakeholders to proudly work alongside them to nurture animals, humankind and the planet we share. These sustainability aspirations also provide a roadmap for how we believe Zoetis can help make an impact and drive the achievement of the UN SDGs.








Our Driven to Care strategic pillars

<p>Communities Care and Collaboration</p> 	<p>Animals Innovation in Animal Health</p> 	<p>Planet The Drive to Protect Our Planet</p> 
<p>We support and partner with our colleagues, communities and the people who care for animals. We achieve more by working together toward our common goals.</p>	<p>We use our expertise in animal health to solve sustainability challenges facing animals and people.</p>	<p>We steward resources responsibly and minimize our impact, as we deliver products and services that advance the health of animals.</p>

Communities

Care and Collaboration



Our Aspirations	Metrics	Sustainable Development Goal
Support our communities	Contribute 2,500 volunteer days (20,000 hours) annually in the communities we serve	
Support veterinary professionals	Provide at least \$1 million in scholarships to veterinary students annually, focusing on underrepresented groups where possible Provide access to professional programs for veterinarians in the countries where we have a presence	  
Expand veterinary care access to underserved populations	Expand veterinary care access to reach at least 30,000 pet owners in-need annually through charitable and human-animal bond programs	
Provide animal care in disaster relief	Care for at least 225,000 animals in-need annually through charitable programs and in-kind donations	
Create a sustainable governance framework	Integrate sustainability into all strategic planning and resource allocation processes Establish an effective approach to external sustainability disclosures	
Support our colleagues and cultivate a safe, flexible, diverse and inclusive workplace	Increase representation of women at the director level and above to 40% by 2025 across Zoetis Increase representation of people of color at all levels in the U.S. to 25% by 2025 • 5% Black US colleagues by 2025 • 6% Latinx US colleagues by 2025 Be a top 100 leader for workplace inclusion in key focus areas (women, people of color, LGBTQ+) Commit to diverse slates and interview panels as we hire for all positions	 

Animals

Innovation in Animal Health



Our Aspirations	Metrics	Sustainable Development Goal
Provide products and services that enable productive and sustainable livestock farms that preserve animal welfare	Innovate to create and drive adoption of key sustainable animal health solutions Equip our customers with innovative products to support their ambitious environmental, social and animal welfare goals	
Promote a preventive approach to animal health with positive implications on human health	Promote responsible use of antibiotics through technical education, introducing antibiotic alternatives, and developing diagnostic and digital tools Innovate around anti-microbial resistance to reduce the dependency on antibiotic classes shared with human health	
Grow access to veterinary care in emerging markets	Through our A.L.P.H.A. initiative with focus in Africa, by 2025 we will: <ul style="list-style-type: none"> • Train 100,000 farmers, veterinary professionals and lab technicians • Increase women trainees to 50% of trainees • Treat 10 million cows with positive implications on smallholder livelihoods, food security and the environment • Treat 200 million chickens with positive implications on smallholder livelihoods, food security and the environment 	
Combat diseases that pose the greatest risk to animals and humans	Leverage the Zoetis Center for Transboundary and Emerging Diseases to develop vaccines for high-impact emerging diseases globally: <ul style="list-style-type: none"> • Invest in R&D on emerging infectious diseases • Provide our innovative vaccines to all relevant markets via tenders or other go-to-market pathways 	

Planet

The Drive to Protect Our Planet



Our Aspirations	Metrics	Sustainable Development Goal
Minimize our carbon footprint	Source 100% renewable energy by 2050 Reduce energy intensity in manufacturing and R&D by 5% by 2025 ¹ Rethink business travel and work-from-home policies to reduce transportation-related emissions by 25%	
Rethink our packaging to reduce its environmental footprint	Integrate sustainability considerations into all new packaging designs	
Improve the sustainability in our locations	Stand-up “Location Sustainability” teams in major sites by the end of 2021	

¹ Based on 2019 baseline. Energy intensity is gigajoules per \$1 million in revenue.

Sustainability Program Governance

Aspirations

Create a sustainable governance framework

Integrate sustainability into all strategic planning and resource allocation processes

Establish an effective approach to external sustainability disclosures

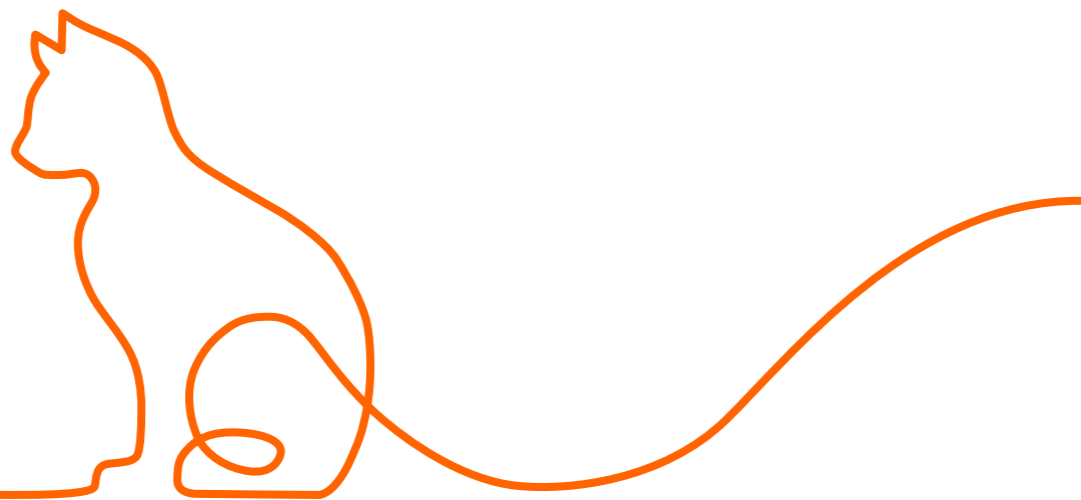
Sustainability and ESG issues are important priorities for Zoetis. Leadership of Sustainability starts with our Board of Directors, CEO and senior management, and cascades across our enterprise. Our Head of Sustainability helps define the ESG agenda and provides daily management and oversight of our global sustainability initiatives and goals. The Head of Sustainability provides regular reports to the Zoetis Executive Team. We also have cross-functional working groups, led by our Head of Sustainability, focused on ensuring that we make — and track — continued progress in our sustainability journey.

Our Board of Directors has determined that oversight of Zoetis' overall sustainability program is most effective at the Board level. The Board receives regular updates from our Head of Sustainability, reviews and provides guidance on sustainability strategy, and monitors our progress. The Board also receives regular updates on our enterprise risk management program.

The Board also exercises its oversight of ESG issues through its committees and

it receives regular updates regarding their respective areas of oversight. In 2020, our Board also expanded the charter of its Compensation Committee to include responsibility for overseeing talent development, diversity and inclusion, and employee engagement programs and policies. The Compensation Committee was renamed the Human Resources Committee to reflect these expanded human capital management responsibilities. For additional information about how our Board committees oversee ESG, see our [2021 Proxy Statement](#).

In 2020, we enhanced our [Policy on Sustainability](#) to include our ongoing commitment to protect the planet, develop innovative animal health products, and support colleagues and communities.



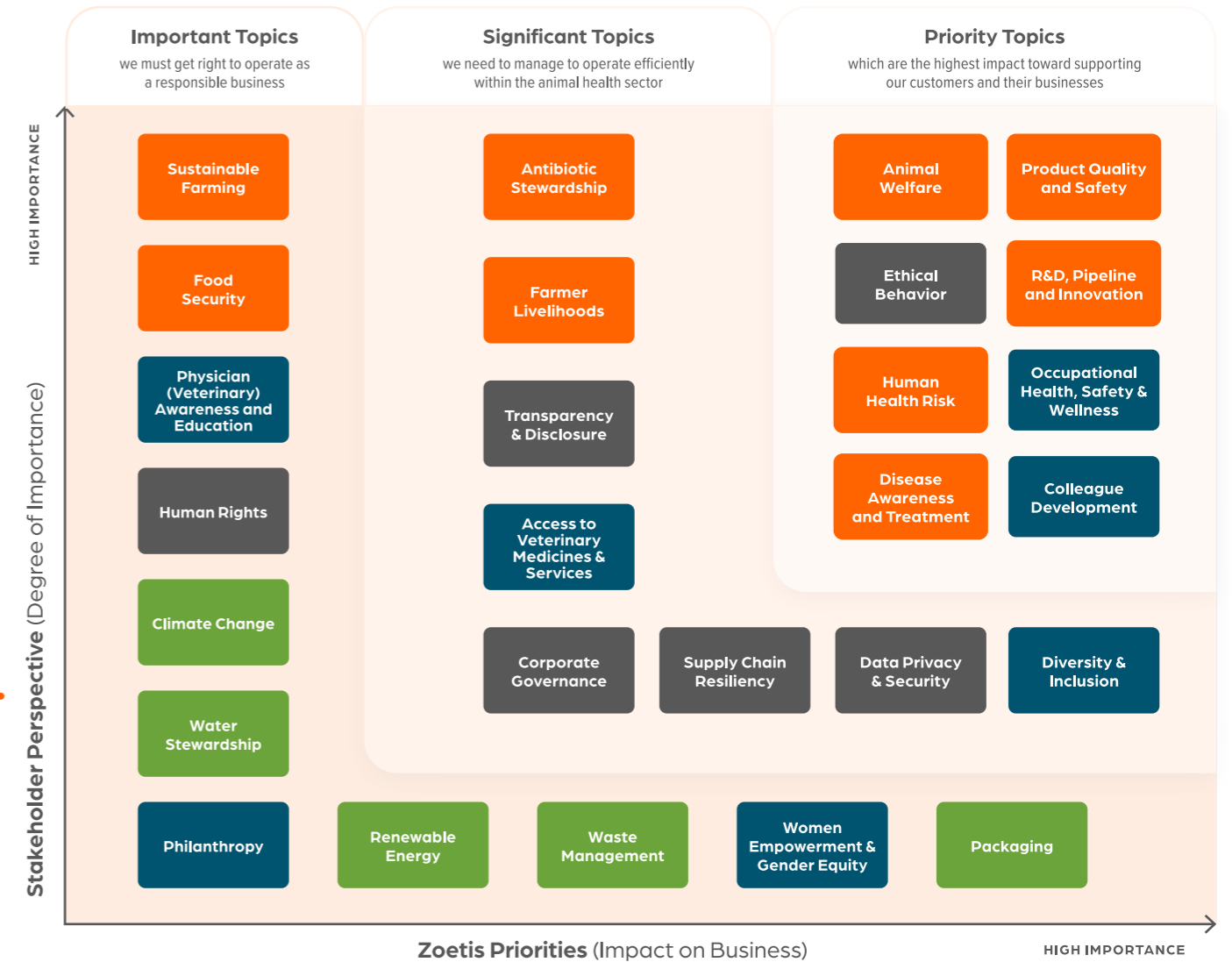
Sustainability Strategy Informed by Stakeholders

In the Fall of 2020, we conducted an ESG materiality assessment to strategically address relevant sustainability topics that have the most impact on society and our business, and to inform our Driven to Care strategy. The results of the assessment also drive our engagement with internal and external stakeholders on sustainability, help us prioritize our sustainability efforts, inform our sustainability targets, and guide our reporting and disclosure.

In conducting the assessment, we surveyed over 300 individuals from eight stakeholder groups — executive team, colleagues, direct customers, retail customers, investors, industry groups, community groups and suppliers — and asked that they rank 27 sustainability topics in order of importance. In determining the topics, we considered those that we are currently working toward, those that peers have deemed to be important for

their operations, feedback from investors, customers and other stakeholders on thematic sustainability topics, and leading sustainability reporting frameworks.

ESG Materiality Matrix



Sustainable governance
 Communities
 Animals
 Planet

Care and Collaboration

We support and partner with our colleagues, communities and the people who care for animals. We achieve more by working together toward our common goals.

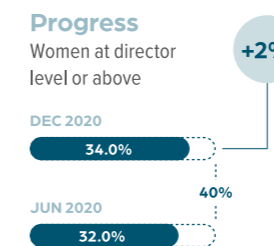


Caring for our Colleagues

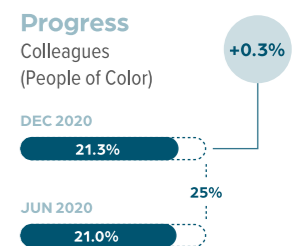
Aspirations

Support our colleagues and cultivate a safe, flexible, diverse and inclusive workplace

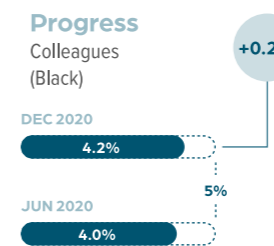
Increase representation of women at the director level and above to 40% by 2025 across Zoetis



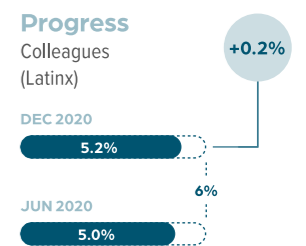
Increase representation of people of color at all levels in the U.S. to 25% by 2025



5% Black US colleagues by 2025



6% Latinx US colleagues by 2025



Be a top 100 leader for workplace inclusion in key focus areas (women, people of color, LGBTQ+)

- Progress**
- Achieved 100% score on the Human Rights Campaign Corporate Equality Index
 - 2021 Best Companies for Latinos, Latino Leaders Magazine
 - Forbes 2021 America's Best Midsize Employers
 - 2020 Top Company for Executive Women, Working Mother Media
 - Working Mother 100 Best Companies for 2020

Commit to diverse slates and interview panels as we hire for all positions

Progress
Diverse slates and interview panels are required for open roles.

Our Colleagues Make the Difference

At Zoetis, our people drive our success and fuel our purpose to nurture our world and humankind by advancing care for animals. Our colleagues around the globe take pride in our positive company culture and our contributions to animal health. When it comes to our culture, our Core Beliefs are the foundation of the commitments we make to our colleagues, customers and stakeholders every day. They have helped us create an award-winning workplace and become a leading partner of choice in animal health.

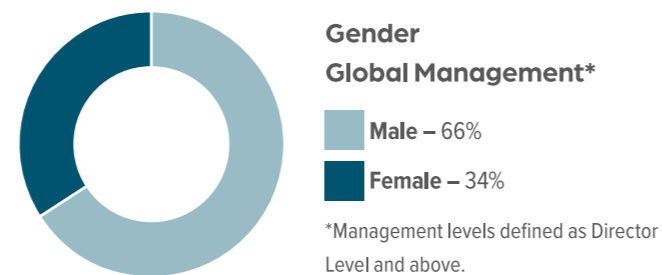
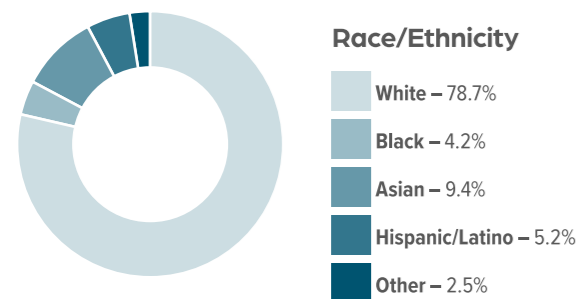
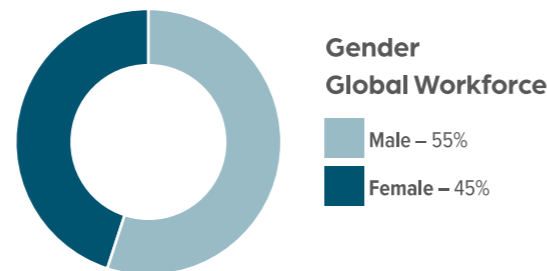
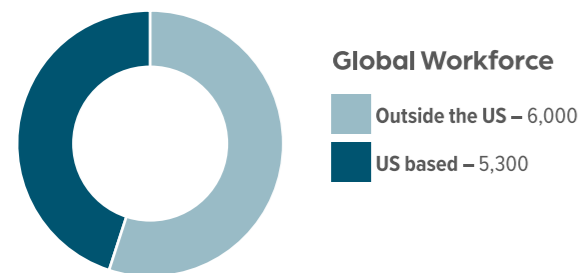
We strive to create a work atmosphere where colleagues feel valued and supported, can give their best every day and feel proud of the company they work for.

We assess colleague engagement and key drivers enabling organizational performance through the Zoetis Colleague Survey, our employee engagement survey, at least annually. Our focus on our colleagues has contributed to our ability to attract and retain a high-performing workforce, with overall colleague engagement at 89%, as reported in our last colleague survey in 2020. In 2020, the survey was conducted in three waves and included all colleagues.

Our Zoetis Colleague Survey is our main colleague engagement survey. It measures colleague engagement and key drivers that enable organizational performance: Strategy; Leadership; Workplace Climate; Diversity, Equity & Inclusion; our Core Beliefs; and Organization Systems and Processes. Results from our colleague survey inform business priorities and focus areas for the company.

Additionally, we review results and develop action plans at the functional and people manager level to ensure improvement opportunities are customized and localized.

Our Colleagues



Advancing Diversity, Equity & Inclusion

At Zoetis, diversity, equity and inclusion (DE&I) has always been an important part of who we are as a company and a critical element of our success. It is demonstrated most visibly through the make-up of our leadership team and Board over the years: a diverse mix of gender, ethnicities and experiences. Their passion and support for DE&I has been instrumental and unwavering.

In 2020, Zoetis amplified our focus on DE&I. We began taking concrete actions in order to: attract more diverse candidates and foster a more inclusive environment through new partnerships with diverse organizations; develop our own colleague resource groups; and increase training and education on DE&I topics for our colleagues.

Our Diversity Aspirations

We are committed to accelerating inclusion, equity and more diverse representation across the company. After understanding our current workforce composition and formalizing plans, we have developed aspirations for change to make Zoetis and our industry more inclusive—including specific aspirations focused on increasing diverse representation within our company by the end of 2025. In concert with our overall talent strategy, we believe we will reach our aspirations in line with our commitment to attract and retain the best and brightest.

Leaders Leading the Way

Our commitment to advancing diversity, equity and inclusion starts with our CEO Kristin Peck, the Board of Directors and our executive team. They make DE&I a priority for our colleagues and a competitive advantage for our business every day.

CEO ACTION FOR DIVERSITY & INCLUSION

Kristin Peck is a signatory of CEO Action for Diversity & Inclusion, the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. As a signatory, Kristin Peck and Zoetis commit to working together with more than 900 CEOs from 85 industries to share best practices and exchange ideas and learnings to build more inclusive workplaces.



In March 2021, Kristin Peck joined the Board of Catalyst, a global non-profit working with leading companies to help build workplaces that work for women and underrepresented groups.



Advancing and Valuing Board Diversity

At Zoetis, we value the breadth of perspectives that come from having a diverse Board of Directors. But diverse boards don't just happen—they're the result of a strategic move to identify and attract people with the unique combination of background, experience and expertise to be effective board members.

Antoinette (Tonie) R. Leatherberry is a case in point. An experienced technology strategist and executive, Ms. Leatherberry was appointed to serve on the Zoetis Board of Directors in December 2020. Recognizing Zoetis' focus on digital and data transformation, our Board, supported by the Corporate Governance Committee, conducted a search for a director who could provide valuable digital and data experience and insights.

The Corporate Governance Committee also asked the third-party search firm it worked with to ensure diverse candidates who met our search criteria were included on the list of potential candidates. Ms. Leatherberry is a long-time Deloitte executive and technology leader who brings to the Zoetis Board valuable insights gained from her career working with Fortune 500 companies on complex information technology transformations and operational issues. Further, Ms. Leatherberry has devoted much of her professional life to creating opportunities for women and people of color.

With the addition of Ms. Leatherberry, the 11-member Zoetis Board includes four female directors and three racially and ethnically diverse directors.¹



Board Diversity Action Alliance

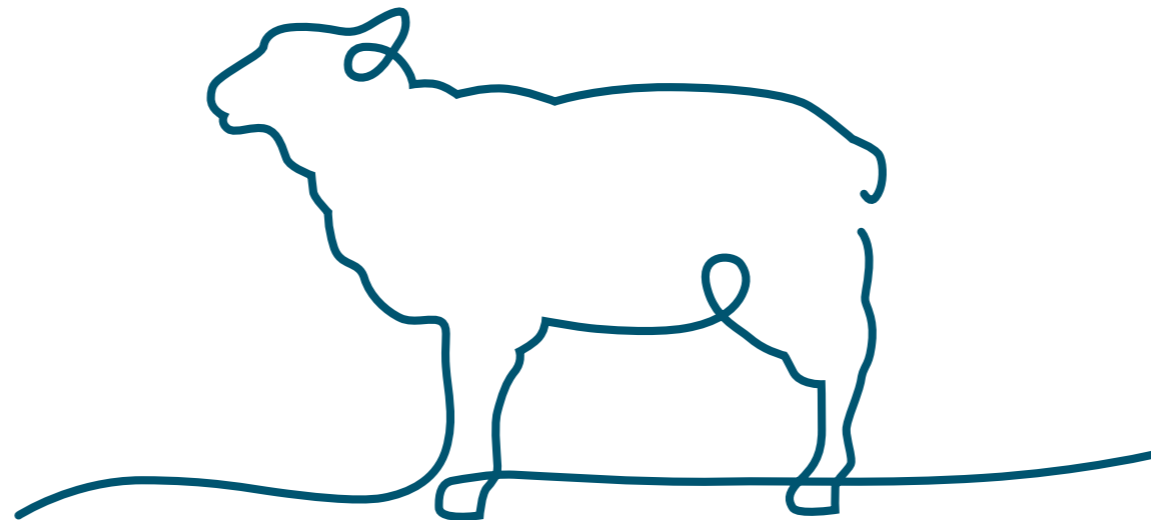
In November 2020, we underscored our recognition that leadership in corporate diversity starts at the top by joining the Board Diversity Action Alliance, whose mission is to increase the representation of racially and ethnically diverse directors on corporate boards starting with Black directors. The Board Diversity Action Alliance requires corporate signatories to voluntarily commit to: (1) increase the number of Black directors on the Board to one or more; (2) disclose the self-identified race and ethnicity of the Board's directors; and (3) report annually on diversity, equity and inclusion measures.

¹ As of May 20, 2021.

Advancing DE&I Takes All of Us

As part of our commitment to DE&I, our entire company embarked on an educational journey in 2020 to help our global colleagues understand their roles in our DE&I efforts. An inaugural DE&I Summit was the first step in a broader education effort to build on our healthy culture and nurture a more diverse, equitable and inclusive workplace. Featuring both internal leaders and external experts, the Summit featured announcements on our DE&I aspirations and commitments, as well as courageous conversations about topics such as gender and race.

Additional education sessions throughout the year focused on building a global foundation around inclusive leadership and behaviors. These sessions drew more than 5,500 attendees in 2020, including 92% of senior leaders. Our DE&I education journey continues with plans to introduce more complex DE&I topics throughout 2021.



DE&I Council

The Zoetis Diversity, Equity and Inclusion Council, pictured above, is a group of Zoetis colleagues across locations, functions and communities who partner with the DE&I team as ambassadors and champions for DE&I initiatives.

Partnering for Change

We believe partnering with outside organizations and institutions is critical to expanding and diversifying the talent pool for our company and industry. It's also an opportunity for our business and colleagues to give back to the wonderful communities that we are part of.

Our partnerships include:

- [INROADS](#) and [Minorities in Agriculture, Natural Resources and Related Sciences \(MANRRS\)](#), organizations that help underrepresented high school and college students learn about career paths and opportunities.
- [Management Leadership for Tomorrow \(MLT\)](#), an organization focused on ensuring underrepresented talent is represented in leadership pipelines.
- Colleges of veterinary medicine—we nurture our long-standing partnerships, including those with Historically Black Colleges and Universities, to support leadership and diversity among future veterinarians.

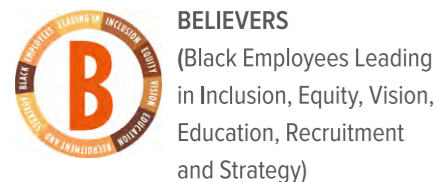
- The Association of American Veterinary Medical Colleges (AAVMC), where we support the future of the veterinary industry through a partnership with the [Zoetis Veterinary Student Scholarship Program](#) that focuses on addressing the issue of student debt and the need to foster diversity in the profession. Zoetis has provided more than \$7.9 million in scholarships through this program.

As part of our involvement with CEO Action for Diversity & Inclusion, Zoetis colleague Dr. Christine Jenkins, Vice President and Chief Medical Officer, U.S., is serving as a CEO Action for Racial Equity fellow. In this role, she is working with more than 100 CEO Action signatories to identify, develop and promote scalable and sustainable public policies and corporate engagement to address societal systemic racism and social injustice, and improve societal well-being. Fellows focus their efforts on four key areas of societal well-being: education, healthcare, public safety and economic empowerment.

Expanding Colleague Resource Groups

We have expanded our colleague resource groups (CRGs) to bring together colleagues who share similar backgrounds, experiences or interests and can help us work toward our DE&I goals. These groups are already a critical voice of influence on our DE&I priorities and will help us reach additional candidates who may not think of Zoetis as a potential employer.

Additionally, we are in the early stages of supporting interested colleagues with the formation of a colleague resource group focused on Asian and Pacific Islander colleagues.



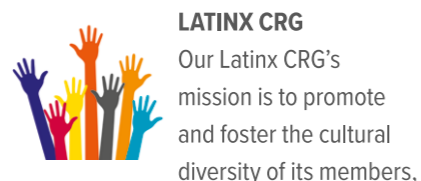
The Black Colleague Resource Group seeks to ensure all colleagues feel included and are treated fairly while providing educational and mentorship programs that will develop and inspire growth for all individuals and Zoetis—now, tomorrow and in the future.

Supportive Benefits and Policies

We are proud to offer competitive healthcare and retirement savings benefits that help our colleagues and their families access the best healthcare and reach their personal savings goals. In addition, we offer an array of benefits, policies and programs to support employee well-being in every sense, from health and financial wellness to family and lifestyle resources.



DNA's mission is to advance awareness and inclusion for individuals who are differently-abled and/or have neurological differences and caretakers/allies at Zoetis.



Our Latinx CRG's mission is to promote and foster the cultural diversity of its members, both professional and personally. The Latinx CRG drives awareness and change for the Hispanic and Latinx colleagues across the organization.



PAW seeks to build an organizational culture of acceptance and inclusion, not only with the LGBTQ+ community within Zoetis, but with all Zoetis colleagues.

Equitable and Competitive Compensation

We're committed to maintaining an inclusive environment where every colleague can thrive. In 2017, we performed an internal review of pay practices to ensure gender pay equity. This review found no material or unexplainable pay gaps based on gender. In 2020, we expanded this review beyond gender to include race/ethnicity across our U.S. colleagues. The 2020 review similarly confirmed that there were no noteworthy or unexplainable pay gaps related to gender or race/ethnicity. Our pay practices and processes include safeguards



WAVES is a community that is building a longer table to include colleagues of all genders who share the common purpose of elevating women for leadership.



ZECC embraces all colleagues, especially those within their first five years with Zoetis. ZECC strives to provide access to a diverse, global cross-functional network of Zoetis colleagues that will help nurture the new colleague experience through education, leadership, mentorship and networking opportunities.

to ensure that salaries established when colleagues are hired, promoted or awarded annual salary increases consider relevant factors such as experience, qualifications, performance and applicable market data to seek pay equity across our colleagues.

We have a pay-for-performance culture and we measure performance against objectives established annually at the company, organization and individual level. Individual objectives focus on two to three critical priorities plus day-to-day job responsibilities. Managers and colleagues meet annually to discuss performance against objectives.

Family Friendly and Inclusive Benefits

Our approach to benefits starts with the recognition that different colleagues have different needs. We want our benefits to be there for all of us.

In 2020, we introduced several new benefits that enhance what we already offer by modernizing our benefits program and further supporting the diverse needs of all our colleagues. For example, in the U.S. we:

- Enhanced our Paid Parental Leave program to provide all colleagues six weeks of 100% paid leave after welcoming a child through birth or adoption. Birth mothers continue to receive additional fully paid short-term disability benefits, and the primary adoptive parent will receive an additional six weeks of paid leave through our Adoption Paid Leave of Absence. We also offer phased return to work following parental leave, allowing new parents the flexibility to ease back into their full-time job over time.
- Extended fertility benefits to single parents and same-sex couples and added new surrogacy benefits.
- Established full coverage for gender transition related to a diagnosis of gender dysphoria, based on guidelines provided by the World Professional Association for Transgender Health (WPATH).
- Introduced an array of benefits for caregiver and education support, e.g., a parental support benefit for parents raising school-age children with learning and behavior needs; caregiver support to support colleagues with sick or aging loved ones; and college coaching programs for colleagues and their high school-age students with test prep and tutoring benefits.

Employee Assistance Programs

Our employee assistance programs (EAP) across the globe provide emotional and mental health and wellness support, many with innovative care options, including self-guided apps, video coaching, digital lessons and exercises, and expert advice, such as legal, financial, identity theft, and dependent care services.

We introduced an enhanced EAP benefit in the U.S. in 2020 that includes up to 16 counseling sessions annually either in person or via video. A well-being and resiliency mobile app is also available with the EAP.

Flexibility

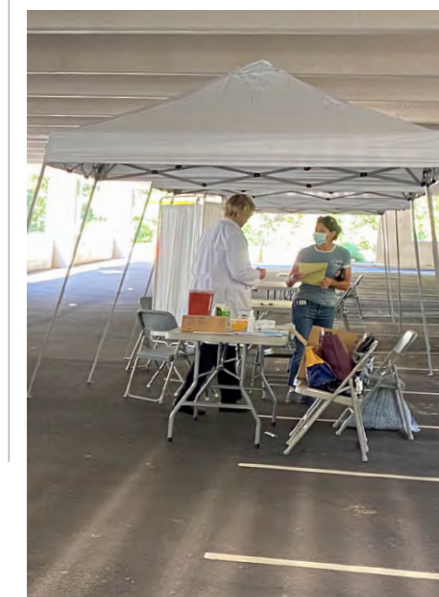
We offer an array of flexible work arrangements that help colleagues integrate their work and personal responsibilities, including the ability for colleagues to work from home or from an off-site location; alternate their work schedules to set their own start and end times; and pursue flexible arrangements to accommodate long commutes and other personal needs.

Supporting Colleagues through the COVID-19 Pandemic

The health, well-being and safety of our colleagues and their families was—and continues to be—our top priority as we navigated the COVID-19 pandemic. We established the principles of ensuring our colleagues can be safe, feel safe and feel supported, which guided the actions we took to support our colleagues through the pandemic. This included moving approximately 70% of our workforce into remote work arrangements and implementing strict health and safety protocols in our essential sites that remained open, including social distancing, masks and temperature checks.

Early in the pandemic, we sought feedback from our colleagues on our response and their feelings about the future of work through a colleague survey. Eighty-five percent of colleagues who responded were satisfied with the company's focus on well-being; the actions taken by the company; and the communications from the company. Ninety-four percent of colleagues felt they were able to effectively perform their role amidst changes due to the pandemic. We also rolled out additional benefits for colleagues to support them through this time, including:

- Enhanced back-up care at U.S. locations, providing subsidized near-site or in-home back-up care that colleagues could use when regular daycare, childcare or eldercare arrangements fell through (coverage for up to 60 days per dependent per year).
- Academic support for learning pods and tutoring to support remote learning environments. This included match and search tools for finding educators that can manage small-group learning pods and access to exclusive discounts on tutoring, test prep and enrichment classes from high-quality partners.
- Flu shot clinics on-site to ensure colleagues were able to safely receive their flu vaccination in the fall.



Developing our Colleagues

Talent development is a strategic priority for our business, and we offer opportunities for growth at all levels of the company. Our goal is to ensure we have the right colleagues with the right skills in the right roles with the appropriate support to build leadership capability and drive organizational results.

As business priorities evolve and we seek to innovate, we work to nurture and develop the talent we have into the talent we need by taking a programmatic and focused approach to colleague development, involving annual performance reviews and regular coaching and feedback.

YOUR DEVELOPMENT MATTERS

Your Development Matters

For all colleagues, Zoetis has a customized, individualized, self-paced development program designed to help colleagues pursue their individual development goals with the support of the organization and their manager. It includes tools, trainings and self-assessment capabilities to help colleagues define their career aspirations and develop plans to achieve their goals. Corresponding content is available for managers to support their colleagues in defining and achieving their goals. Your Development Matters provides colleagues with robust and meaningful individual development plans.

Zoetis Core Competencies

Within Your Development Matters are the Zoetis Core Competencies, a set of skills and behaviors we have defined as important to success at Zoetis within each level of the organization. The Competencies give colleagues a practical tool to evaluate and develop a variety of skills and behaviors that result in more effective career planning.

We have developed a 360 feedback tool to support colleague development of our Competencies. This tool is designed to help colleagues increase their self-awareness and develop themselves through individual assessment, peer and internal partner assessment and direct report and leadership assessment. This tool has helped colleagues identify development opportunities and hidden potential and informed their personal developmental goals. The Competencies are also a critical component of our leadership development programs for managers to build and motivate successful teams. In addition to curriculum on the Zoetis Core Competencies, these leadership development programs cover topics such as recruitment and selection, strength assessment, career development, performance management, emotional intelligence and more.

Tuition Reimbursement Program

The Zoetis U.S. Tuition Reimbursement Program reimburses full-time eligible colleagues up to \$15,000 annually to further their education, develop individual potential, and improve their level of professional and technical achievement. In 2020, 198 colleagues received tuition reimbursement, up 28% compared to 2019. About half of Tuition Reimbursement participants in 2020 were women and about a quarter of participants were colleagues of color.

Mentoring Programs

Zoetis offers mentoring programs—including one exclusively for women—that play an important part in driving the success and advancement of our colleagues. Colleagues who participate in our mentoring programs enhance their business acumen and self-awareness skills, and obtain honest, constructive feedback.

Development Programs Focused on Diverse Talent

Zoetis is one of a select group of organizations invited to participate in the McKinsey Black Leadership Academy in 2020. As part of this initiative, 40 Black colleagues participated in development programs focused on strengthening core leadership and management capabilities. The programs also provided networking opportunities across organizations. To support these programs, we have provided participants with sponsorship and networking opportunities with members of our Executive Team.

We also provide opportunities for diverse colleagues and members of our colleague resource groups to participate in industry-leading conferences. For example, each year approximately 25 women leaders are selected to represent Zoetis at the Simmons Leadership Conference.

Opportunity Finder

Opportunity Finder is a program that aims to develop and retain top R&D talent. It provides a simple way for colleagues to “raise their hand” for development assignments and be matched with opportunities to grow their careers. The Opportunity Finder also enables colleagues to confidentially inform others about opportunities that would interest them if nothing is currently available.

Leadership Development Programs

We offer multiple leadership development programs. The President’s Leadership Development Program (PLDP) develops high-potential colleagues in our U.S. Operations into future leaders. Using a year-long action learning program, the PLDP engages colleagues to work in teams on a real business-critical project outside of their normal job scope. Senior leadership provides mentoring to enhance skills and capabilities, and participants engage in learning-reflection activities. At the end of the program, participants emerge as advanced leaders, demonstrating greater business acumen, confidence and overall success.

Our Emerging Senior Leaders initiative is a year-long targeted skill-based development initiative for senior colleagues in international markets identified as key talent. The objective is to prepare a strong and diverse leadership bench by strengthening current and future leader competencies and business outcomes in a sustainable way. The program focuses on skills such as strategic project management, targeted content learning, and cross-business and cultural collaboration.

Additionally, our Leadership Essentials program – a new program launched in 2019 for first-line field managers and managers in newly acquired businesses (typically colleagues new to people management) – is focused on building and motivating successful teams. The curriculum stresses the importance of diversity through topics on recruitment and candidate selection, leadership behavior assessment, career development, performance management, emotional intelligence and more.

Award-Winning Culture

At Zoetis, we’re proud of the culture we have built around our Core Beliefs and grateful that our company has been recognized by respected publications and organizations around the world. Recent achievements include:



2021
Forbes Best
Midsize Employer



2020
Top Company for
Executive Women |
Working Mother Media



2021
Best Place to Work for
LGBTQ Equality | Human
Rights Campaign



2020
Working Mother Top
100 Companies



2021
Top 25 Employers for Latinos
| Latino Leaders Magazine



2020
Best Workplace for Mental
Wellness in Canada |
Great Place to Work



2021
Top Employer Belgium



2020
Best Workplace for Women in
Canada | Great Place to Work



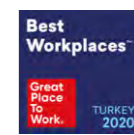
2020
Kincentric Best
Employer in China



2020
Best Workplace in Italy
| Great Place to Work



2020
Best & Biggest in Brazil
| Exame Magazine



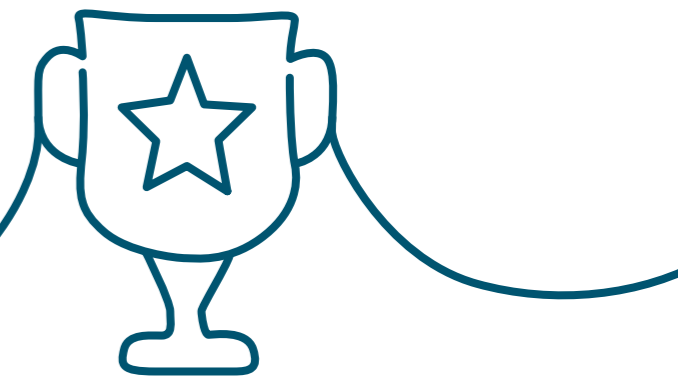
2020
Best Workplace in Turkey
| Great Place to Work



2020
Best Workplace in Costa
Rica | Great Place to Work



2020
Forbes Diamond
Award in Poland



Occupational Health & Safety

We're committed to ensuring a safe working environment for our colleagues. Our Global Environment, Health & Safety (EHS) Policy Standards define EHS performance requirements for each site, along with procedures and recommended practices. We strive to build a best-in-class safety culture in everything we do. We believe in identifying risks and correcting issues before injuries occur. We achieve this through corporate audits, leadership process confirmation, injury prevention programs, and daily, weekly, and monthly floor-level inspections. We also foster an open environment that promotes a culture of mindfulness focused on individuals identifying risky behavior in themselves and talking to each other when they see an unsafe behavior. This allows each person to be involved in keeping themselves and others safe.

Zoetis has three manufacturing sites: (Charles City, Iowa, Lincoln, Neb., White Hall, Ill.) and one logistics center (Lee's Summit, Mo.) certified as Star Sites under the Occupational Safety and Health Administration (OSHA)'s Voluntary Protection Program (OSHA VPP). Star recognizes employers and employees who demonstrate exemplary achievement in preventing and controlling occupational safety and health hazards in the development, implementation, and continuous improvement of their safety and health management system. To participate, employers must apply to OSHA and undergo a rigorous onsite evaluation. We extend the principles of the OSHA VPP Star recognition across our sites worldwide through the Zoetis EHS Star program. In 2020, we self-certified the first Zoetis Star site in Campinas, Brazil.

Contractor Safety is an important aspect of our site safety programs. We screen contractors to ensure they have the relevant qualifications and licenses and are trained in our contractor safety procedures, as well as specific hazards present at

our sites prior to beginning work. By following this approach, we partner with our contractors to provide a safe work environment for all workers at our facilities.

We track key health and safety performance metrics—total injury rate (TIR), lost time injury rate (LTIR), restricted work injuries and medical treatment injuries—monthly for all manufacturing and Veterinary Medicine Research and Development sites, and for U.S. offices, field force, fleet and logistics. We track TIR and LTIR for all our operations worldwide.

Our Health and Safety Response to COVID-19

As the COVID-19 pandemic evolved, the health, safety and well-being of our colleagues has been the primary focus of our response. Our approach was guided by our Core Beliefs, especially that our colleagues make the difference, do the right thing and demonstrate customer obsession. We initiated a daily Global COVID-19 Crisis Response Team comprising the Zoetis Executive Team and key functional leaders to address colleague safety and business continuity. We established local COVID-19 teams and empowered them to make decisions about site actions in accordance with local conditions, guidance from local governments and aligned to our COVID-19 principles of 'Be Safe, Feel Safe, Feel Supported.'

While prioritizing colleague safety, Zoetis implemented contingency plans to continue manufacturing and delivering vital medicines to our customers, maintain the welfare of animals in our care and continue essential research and development activities with an impact on future innovations for animal health. During the pandemic, we implemented travel restrictions and a work from home policy. Where essential personnel were required to be on site to support critical

Our safety programs have enabled us to achieve solid safety performance, with TIR and LTIR rates lower than the industry averages (U.S. averages in 2019 were 1.6 for TIR and 0.5 for LTIR). Our procedures emphasize the need for the causes of all injuries to be investigated and for action plans to be implemented to mitigate potential recurrence.

Metric ¹	2020	2019	2018
TIR	0.46	0.82	0.68
LTIR	0.20	0.24	0.21

¹ These metrics cover worldwide operations.

operations, we implemented procedures to help limit the spread of the virus and minimize risk to our colleagues.

We took numerous actions including:

- Implementing additional cleaning and sanitizing procedures
- Adapting work processes and procedures to allow social distancing
- Installing physical barriers in areas where distancing was not possible
- Establishing a face covering policy

We employed visual reminders—such as Xs spaced six feet apart on break room tables, and posters promoting frequent and thorough handwashing—throughout our sites. In cases where a colleague tested positive for COVID-19, our Human Resources and Occupational Health Nurses implemented a robust contact tracing program. To ensure colleagues would be open about potential illness and exposures, we adapted our sick pay policy so colleagues were paid if quarantine was required due to a positive test or to an exposure within or outside the workplace. These and other ongoing actions have enabled us to maintain a supply of our products without any significant disruptions.

Caring for our Community

Aspirations

Support our communities

Contribute 2,500 volunteer days (20,000 hours) annually in the communities we serve

Progress

In 2021, we will establish a tracking process which will enable us to report on our progress in 2022.

As our Driven to Care strategy was announced in early 2021, we continue to improve our process for tracking our global efforts so we can monitor our progress toward achieving these targets. We expect to have this in place to track our work in 2021 and beyond.

Support veterinary professionals

Provide at least \$1 million in scholarships to veterinary students annually, focusing on underrepresented groups where possible

Progress

Over \$934,000 provided in scholarships to support over 400 students. In the U.S., 34% of students supported by the Zoetis/Association of American Veterinary Medical Colleges (AAVMC) Veterinary Student Scholarship Program were diverse.

Provide access to professional programs for veterinarians in the countries where we have a presence

Progress

Over \$974,000 invested in professional programs across over 80% of the markets we serve.

Expand veterinary care access to underserved populations

Expand veterinary care access to reach at least 30,000 pet owners in-need annually through charitable and human-animal bond programs

Progress

In 2021, we will establish a tracking process which will enable us to report on our progress in 2022.

Provide animal care in disaster relief

Care for at least 225,000 animals impacted by disasters annually through charitable programs and in-kind donations

Progress

Provided over \$1.83 million globally to care for animals impacted by disasters. In 2021, we will establish a tracking process for the number of animals impacted that will enable us to report our progress in 2022.

In 2020, Zoetis was proud to support communities across the globe

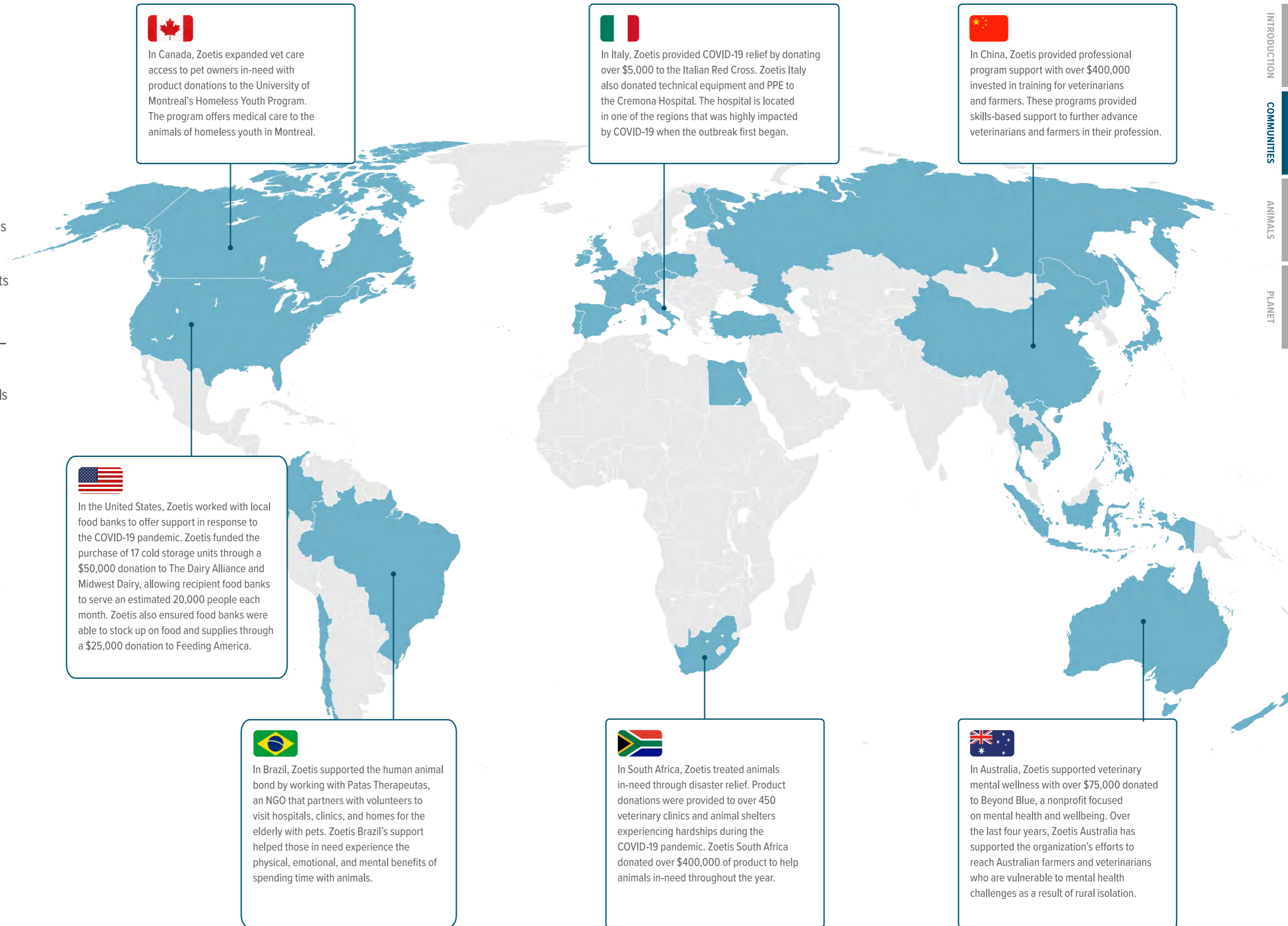
Zoetis' approach to giving works alongside our broader sustainability strategy. In 2020, we invested over \$6 million globally to support animals and the people who care for them.

Driven by our colleagues' local efforts around the world—and recognizing that we achieve more by working together toward our common goals—our community efforts focus on:

- Supporting veterinary professionals
- Expanding access to animal care
- Providing animal care in disaster relief

Given the unprecedented global COVID-19 crisis that began in 2020, Zoetis is proud to have directed 9.6% of the company's overall contributions to COVID-19 relief.

Shading represents where Zoetis provided support for communities during 2020.



Community Volunteering

At Zoetis our colleagues are committed to making a positive impact—not only for animals and those who care for them, but also for our communities. Zoetis provides paid time off for colleagues to volunteer their time, share their resources and expertise, and participate in other activities to help those in need.

Helping Animals in Need

It's no surprise that many of our colleagues spend their volunteering efforts in the service of animals in need—a love for animals is part of why they are so passionate about working at Zoetis.

One colleague spent her Volunteer Day at a thoroughbred rescue center in West Chester, Pa. where she helped groom, feed, and walk retired and rescued racehorses. “It felt really good to use my time to help these amazing animals, and also do some hands-on work in one of my favorite settings: a horse farm.” she said.

Another colleague, a veterinarian, volunteered her services with the Fort Bend County Animal Shelter, where she helped care for over 40 animals, including performing spays, neuters, infectious disease screens, vaccinations and Proheart® 6 injections to prevent heartworm infestation. She said, “I felt so grateful to be part of helping the homeless pet population of the shelter prepare for adoption! I ended the day with an exhausted body and replenished spirit.”

In South Africa, Zoetis colleagues celebrated World Animal Day with a collaborative volunteering effort to help in the Vaal Animal Clinic vaccination drive.

Supporting Our Communities

Zoetis colleagues have an opportunity to serve the causes close to them. Two colleagues used their Volunteer Days to prepare food for 80 people at a food pantry and homeless shelter. Giving her time to feed those in need provided nourishment for the volunteers, too: “I am so happy we were given the time to do this,” said one of them. “I knew there was a need for it but life has been so busy I had not taken the time to get involved in this center. I have now met and formed relationships with them and will continue to give my time!”

Colleagues at the Zoetis Colorado State Incubator did a fun art project to benefit kids in the community by creating seasonal cards.



Volunteering During a Pandemic

As the novel coronavirus impacted the health and well-being of people throughout the world, many Zoetis colleagues found ways to support their local communities in need.

To help the dedicated doctors and nurses at their local hospital, the Saint-Pierre clinic in Belgium, address critical care needs due to COVID-19, our Global Manufacturing and Supply (GMS) Engineering and Maintenance teams used their expertise to produce Personal Protective Equipment (PPE). Coordinated by a GMS colleague, the teams used 3D printers to make protective visors for the hospital staff.

Together, the team made approximately 15 visors per day and delivered them directly to Saint-Pierre clinic.

In addition, the Louvain la Neuve site in Belgium donated five pallets of sanitary equipment to the hospital, including Tyvek aprons, plastic shoe and hair covers, hand soap and sanitizer, shower gels, and paper products.

“You can never be more proud as a leader than when discovering that your team is not only doing its utmost to provide the required vaccines to our customers, but on top of that making that extra effort to support the brave doctors and nurses at the frontline,” said the Zoetis Louvain la Neuve site leader.



Support Veterinary Professionals

Zoetis is passionate about supporting veterinary professionals and fostering the next generation of veterinarians through access to education. That's why we've set a goal to provide \$1 million in scholarships annually to veterinary students and provide access to professional programs for veterinarians in the countries in which we have a presence. In 2020, Zoetis was proud to have completed 93% of our goal, contributing over \$934,000 to scholarship programs and over \$974,000 to professional programs around the world.

Expand Veterinary Care Access to Underserved Populations

Expanding veterinary care access to underserved populations and communities in need is critically important to Zoetis. We have established an initial goal of reaching 30,000 people annually through charitable and human-animal bond programs. As our Driven to Care strategy was announced in early 2021, we continue to improve our process for tracking our global efforts.

Provide Animal Care in Disaster Relief

Zoetis knows the impact we can have in caring for animals following a natural disaster. As a result, we have set an initial goal of caring for 225,000 animals affected by disasters annually through charitable programs and in-kind donations. In 2020, Zoetis was proud to have contributed over \$1.83 million in charitable contributions and in-kind product donations that went toward helping animals in-need. As our Driven to Care strategy was announced in early 2021, we continue to improve our process for tracking our global efforts.



Innovation in Animal Health

We use our expertise in animal health to solve sustainability challenges facing animals and people.



Innovation

Aspirations

Provide products and services that enable productive and sustainable livestock farms that preserve animal welfare

Innovate to create and drive adoption of key sustainable animal health solutions

Equip our customers with innovative products to support their ambitious environmental, social and animal welfare goals

We're proud to contribute to the important role healthy animals play in our society—deepening bonds with pets and nurturing a safe, sustainable food supply. Our products and services support our customers in their essential work to predict, prevent, detect and treat health conditions in animals, ensure the efficient and sustainable production of protein, and address unmet medical needs.

To support our livestock customers in meeting the world's growing demand for protein, our innovation efforts are focused on animal health solutions that can help our customers meet their ambitious environmental, social and animal care goals. Innovative solutions will be required to produce fish, meat, poultry, dairy and eggs from fewer, healthier animals with limited land and water resources. We are committed to collaborating with veterinary and livestock agriculture stakeholders to consider how we can better support sustainable farming practices that can enhance both animal health and productivity and human and environmental health. We

engage with organizations, such as the Global Roundtable for Sustainable Beef and the Dairy Sustainability Framework, to support collaboration among farmers, ranchers, meat and dairy processors, and food brands. We also recently joined The Sustainability Consortium to focus on increasing supply chain transparency and sustainability with U.S. pork producers.

Continuum of Care

We commit to innovating across the continuum of care to predict, prevent, detect and treat health conditions in animals. This includes developing vaccines, new classes of antibiotics for veterinary use only, novel, nonantibiotic anti-infective solutions, diagnostics, genetic tests and digital innovation for precision farming.

For example, vaccines have contributed to a reduction in the use of antibiotics over the years. The approval of the Alphaject micro 4-2 and Alpha ERM Salar makes available products that prevent bacterial diseases in salmonids. Poulvac E. coli, another first-in-class vaccine for poultry, continues to gain use around the world. These products have had a direct impact on the reduced use of antibiotics in fish

and poultry. For several years, we have provided Texas and Puerto Rico our novel experimental cattle fever tick vaccine (BM86), which has reduced the need for acaricide applications and contributed to the eradication of resistant ticks. Our CLARIFIDE-Plus genomic predictions help commercial dairy farmers around the world increase financial sustainability and improve animal welfare by offering wellness solutions that significantly reduce disease conditions, morbidity and mortality in dairy cows and calves.



Combat Diseases

Aspirations

Combat diseases that pose the greatest risk to animals and humans

Leverage the Zoetis Center for Transboundary and Emerging Diseases to develop vaccines for high-impact emerging diseases globally

Invest in R&D on emerging infectious diseases

Provide our innovative vaccines to all relevant markets via tenders or other go-to-market pathways

With at least 75% of emerging infectious diseases, including COVID-19, having an animal origin, understanding the connection between animal health and human health is more important than ever.

At Zoetis, we organize our response to outbreaks of infectious diseases through our Center for Transboundary and Emerging Diseases (CTED). Our scientists mobilize resources from across the company and work closely with leaders from government, health organizations, and the veterinary and livestock agricultural communities to identify infectious disease threats early and develop solutions—including vaccines and diagnostic tests—to help rapidly control them.

Our expertise in animal diseases and our proven process of identifying emerging infectious diseases led us to develop SARS-CoV-2 diagnostic tests and a vaccine for animals. We're also continuing our work to develop a vaccine that can help protect pigs against African Swine Fever, a highly contagious, infectious animal disease that only impacts pigs, not people.

Developing our COVID-19 Vaccine

Based on initial concerns about SARS-CoV-2 in domestic animals, Zoetis initiated development activities for diagnostic tests and a vaccine that could be used in animals. We completed our initial studies in eight months. This vaccine was used experimentally to help the San Diego Zoo's veterinary team with its Great Apes.

We developed and validated feline- and canine-specific real-time Polymerase Chain Reaction (PCR) tests for SARS-CoV-2 specific RNA. When a veterinarian and local health authorities determine an animal should be tested for SARS-CoV-2, Zoetis Reference Laboratories can perform real-time PCR testing that can be used to detect SARS-CoV-2 in animals.



Photo credit: © San Diego Zoo Wildlife Alliance

Animal Welfare

Our [Policy on Animal Care and Welfare](#) reflects our commitment to ensure that animals used in our research are treated humanely—we have made it a company target to ensure compliance with this policy at internal and third-party external facilities. The policy, set by the Zoetis Animal Welfare Board and overseen by the Zoetis Executive Team, applies to all Zoetis colleagues, contractors and third-party affiliates who undertake any activity on behalf of Zoetis that involves animals. Our Animal Care and Ethics Council is responsible for executing the policy, which includes provisions for site accreditation by the international animal care and use accreditation organization, AAALAC International, country-defined regulatory monitoring and local ethical oversight committee monitoring. Our standards of animal care and welfare meet or exceed those required by applicable local, national, or international laws and regulations.

The guiding principles of the internationally established 3Rs—Replacement, Reduction and Refinement—underpin the humane use of animals in scientific research and testing. The 3Rs include reducing the number of animals required, refining studies to ensure humane conditions and replacing animals with alternative methods whenever possible.

To support this 3Rs effort, Zoetis supports a program called Transition Away from Animal Testing (TAFAT) where colleagues are committed to developing and validating in-vitro tests as alternatives to traditional in vivo tests required by regulatory agencies for product release. We have targeted the humane use of animals as a vital aspect of adhering to the principles of the 3Rs.

In addition, Zoetis conducts monitoring of animal welfare programs both at on-site locations and with off-site partners around the globe. Audits are conducted by individuals experienced in animal welfare regulations, auditing practices and sound professional judgment. The goal: to ensure compliance with local animal care and welfare standards and Zoetis policies and to provide information for continuous improvement in animal welfare.

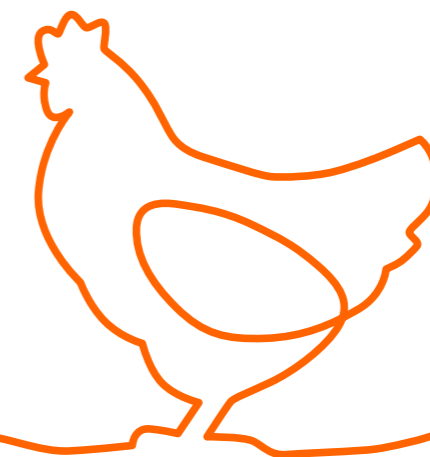
Advancing the use of Alternative Models Through Partnerships, Engagements and Colleagues Innovation

Zoetis is committed to cross-industry efforts to develop and refine new in-vitro testing and predictive informatics-based systems that hold promise for reducing animal usage. To drive our commitment, we are members of these organizations:

- The [European Partnership for Alternatives to Animal Testing \(EPAA\)](#), which is instrumental for 3Rs harmonization efforts.
- The [European Animal Research Association](#), a communication and advocacy group for animal research.
- [Animal Health Europe](#), the voice of the EU animal health industry, with a focus on the availability of animal medicines in a sustainable way, including through advocating for a high standard of animal welfare.
- [Animal Health Institute](#), which focuses on in-vitro technology to replace animal testing for product release, with a focus on quality manufacturing and modern technology.

Zoetis works directly with regulators to increase the recognition and acceptance of alternative models where such alternatives can be used appropriately.

Further, a 3Rs Award program sponsored by the Zoetis Animal Welfare Board demonstrates our commitment to recognize and reward scientific creativity in implementing alternatives.



Antibiotic Stewardship

Aspirations

Promote a preventive approach to animal health with positive implications on human health

Promote responsible use of antibiotics through technical education, introducing antibiotic alternatives, and developing diagnostic and digital tools

Innovate around anti-microbial resistance to reduce the dependency on antibiotic classes shared with human health

Because we want to protect the health of animals and humans, we have focused on promoting the responsible use of antibiotics in animals. We collaborate with stakeholders around the world to foster responsible use and veterinary involvement when antibiotics are used to preserve their effectiveness for decades to come.

Removed Growth Promotion

As part of our commitment to using antibiotics responsibly in animals and people, as of June 2020 we no longer sell products containing medically important antibiotics (as defined by the Food and Drug Administration) and labeled exclusively for growth promotion in animals. This change came after we carefully considered animal health—and human health—needs in the few remaining markets where this practice occurred. To ensure animal health and welfare standards continue to be upheld, we provided knowledge and tools to customers in these markets as they transitioned to new ways to raise their animals. Completing this action makes good on our resolve for medically important antibiotics to be used only for therapeutic purposes.

Antimicrobial Resistance Surveillance Program

We conduct surveillance for antimicrobial resistance in pathogens that threaten the health of animals to help preserve the efficacy of antibiotics. Approximately 40 veterinary labs in the U.S. and Canada participate in our surveillance program, which began in 1998.

Since 1993, Zoetis has taken a leading role in developing standards for antimicrobial susceptibility testing of veterinary pathogens through the Clinical and Laboratory Standards Institute Subcommittee on Veterinary Antimicrobial Susceptibility. Antimicrobial Susceptibility tests are the primary diagnostic tool used by clinicians for selection of the most appropriate antimicrobial to treat an infection.

Aquaculture Vaccine Reduces Antibiotic Use

Vaccination helps keep fish healthy and more productive. During the recent World One Health Congress, Chief Veterinary Office of Norway, Knut Rønningen presented a study on “How to address One Health Issues with veterinary vaccination - Importance of vaccination in the Aquaculture Industry to reduce AMR - The Norwegian Experience.”

Vaccines developed by our aquatic health business, PHARMAQ, reduce diseases and contribute to sustainable, profitable growth in farmed salmon. Vaccination of salmon ultimately helps reduce the use of antibiotics while lessening pressure on the environment.

Vaccination regimes combined with effective disease management contribute to:

- Improved fish health and survival during production
- Improved yield by higher survival rate and improved feed conversion
- Secure fish export and trade
- Improved food safety for the consumer

These injectable vaccines enabled the industry to move from treatment with regular use of antibiotics to prevention and protection through routine vaccination. Effective vaccines were

probably the most important single factor enabling the Norwegian aquaculture industry to grow from 57,000 tons in 1987 to 1,250,000 tons in 2012. By introducing predictable vaccines, the industry has reduced its use of antibiotics by 99.8% per ton of trout and salmon produced, compared to the 1987 level. Since the introduction of the oil-based vaccine concept, nearly two billion Norwegian salmonids have been injected with vaccines from PHARMAQ.

United States

In collaboration with Colorado State University, we established the Zoetis Incubator Research Lab to explore the livestock immune system and target new immunotherapies—paving the way for new alternatives to antibiotics in food-producing animals. The initial focus is biotherapeutics for cattle, which could yield broader implications for pigs and poultry.

Our commitment to the Centers for Disease Control and Prevention Antimicrobial Resistance Challenge includes:

- Promoting the involvement of veterinary professionals in antibiotic stewardship
- Expanding access to veterinary care
- Supporting broader use of vaccines and modern animal husbandry and biosecurity practices to help prevent disease
- Working to develop veterinary-only antibiotics and antibiotic alternatives, novel vaccine technologies, and diagnostic tests

United Kingdom

We have developed educational resources for veterinarians through the UK National Office of Animal Health and for the fourth International Antibiotic Guardian Awards for Animal Medicines Best Practice Training Program.

Canada

Zoetis is one of the sponsors of the Canadian Global Food Animal Residue Avoidance Databank (CgFARAD) to ensure a safe food supply. CgFARAD helps veterinarians provide livestock and poultry producers with accurate withdrawal information on the disposition of drugs, including antimicrobials in animals and their milk, meat and egg products.

INTRODUCTION
COMMUNITIES
ANIMALS
PLANET

Access to Veterinary Care in Emerging Markets

Aspirations

Promote a preventive approach to animal health with positive implications on human health

Through our A.L.P.H.A. initiative with focus in Africa, by 2025 we will:

Train 100,000 farmers, veterinary professionals and lab technicians

Progress

Trained 13,234 farmers, veterinarians, paraveterinarians, distributors and lab personnel over 619 training days.

Increase women trainees to 50% of trainees

Progress

30% of trainees are women.

Treat 10 million cows with positive implications on smallholder livelihoods, food security and the environment

Progress

Treated 1.1 million cows.¹

Treat 200 million chickens with positive implications on smallholder livelihoods, food security and the environment

Progress

Treated 110 million chickens.²

We are proud to contribute to the important role healthy animals play in our society, and in nurturing a safe, sustainable food supply. Our products and services support our customers in their essential work to predict, prevent, detect and treat illness in animals, and address unmet medical needs, with a focus on underserved rural communities. We are increasingly supporting a shift from disease treatment to prevention, thus reducing use of antimicrobials in livestock.

Increasing Access to Veterinary Services in Sub-Saharan Africa

Our African Livestock Productivity and Health Advancement (A.L.P.H.A.) initiative, co-funded with the Bill & Melinda Gates Foundation, helps improve livestock health and positively impact farmers' livelihoods in sub-Saharan Africa. The initiative aims for gender equality in animal health training for women.

The A.L.P.H.A. initiative began in 2017 in Uganda, Nigeria and Ethiopia, and later expanded into Tanzania. It focuses on three pillars:

- Veterinary medicines and services
- Veterinary laboratory network
- Training and education

Veterinary medicines and services

So far, 36 products have received full regulatory approval for commercialization, and a further 86 are pending approval – increasing availability of quality products in Uganda, Nigeria, Ethiopia and Tanzania. The livestock portfolio now available includes products for swine, poultry and ruminants, incorporating important vaccines for disease prevention. Pooled vaccination projects have been launched in Tanzania (poultry) and Uganda (swine) to increase access to quality vaccines applied in a correct and efficient manner. Over 1.7 billion doses of treatment/prevention products have been supplied to the markets which will have a considerable impact on livestock health in the region.

Photo credit: © Bill & Melinda Gates Foundation



Veterinary Laboratory Networks

Diagnostic services for farmers, including veterinary input and correct disease diagnosis, are typically lacking in Sub-Saharan Africa. This results in economic losses to farmers from inappropriate disease treatments and increases risk of antimicrobial resistance. At the end of 2020, ten labs were opened in collaboration with local strategic partners to serve farming communities, and a further seven labs are in development. Intensive training was held for laboratory staff and vets on diagnostic testing and sampling, with logistics lines developed in collaboration with farming associations to support farmers. An estimated 6,605 chicken flocks and 12,000 cows were tested in 2020.

Training and education

To-date, 13,234 individuals, including farmers, veterinarians and paraveterinarians, distributors, and lab personnel have been trained through 619 training days. In 2020 alone, 5,457 people were trained (with an estimated extended reach of some 268,950 people through a Train-the-Trainer approach³) in 349 training days. Training courses have been tailored according to key training gaps identified by regional surveys to ensure maximal relevance to stakeholders — and disease prevention through vaccination is at the forefront of training topics.

With the onset of the COVID-19 pandemic, there was an efficient shift toward online training delivery due to limitations on face-to-face interactions, although female participation was reduced. This decrease reflects lower digital readiness and connectivity availability for women farmers, which is a key point of focus to improve for 2021.

¹ Assumption used that every cow receives at least 2 doses of treatment.
² Assumption used that every bird receives at least 3 doses (prevention and treatment).

³ Assumption used that every trained person trains 50 other people.

The Drive to Protect Our Planet

We steward resources responsibly and minimize our impact, as we deliver products and services that advance the health of animals.



Aspirations

To minimize our carbon footprint, rethink our packaging to reduce its environmental footprint and improve the sustainability in our locations

Source 100% renewable energy by 2050

Progress

- 8.8% renewable electricity sourced to date (RE100 commitment).
- 4.3% renewable energy sourced to date.

Reduce energy intensity in manufacturing and R&D by 5% by 2025¹

Progress

Reduced energy intensity in manufacturing and R&D by 2.2%.

Rethink business travel and work-from-home policies to reduce transportation-related emissions by 25%

Progress

Across Zoetis, we recognize the opportunity to rethink business travel and work-from-home policies to reduce non-essential travel and commuting. As a result, we have established a “Return to the Workplace” cross-functional team to shape how we evolve our ways of

working that can have an impact on colleague safety and well-being while minimizing the environmental impacts of travel. In 2021, we will finalize our approach and explore tracking mechanisms so we can report our progress toward our goals in the future.

Integrate sustainability considerations into all new packaging designs

Progress

Formed the Packaging Council, a cross-functional group with representatives from Veterinary Medicine Research and Development, Commercial, Commercial Development, and Global Manufacturing and Supply.

Developing tools and resources to weigh sustainability considerations such as recyclability, use of recycled material and greenhouse gas emissions with other factors, such as cost, time-to-market and customer experience into new packaging options.

Stand-up “Location Sustainability” teams in major sites by the end of 2021

Progress

We believe cross-functional working groups will be instrumental in implementing our strategy and goals by engaging our colleagues globally to achieve the Protect Our Planet goals.

We will stand these working groups up in 2021 and will share our progress in future reporting.

¹ Based on 2019 baseline. Energy intensity is gigajoules per \$1 million in revenue.

Environmental Management Program

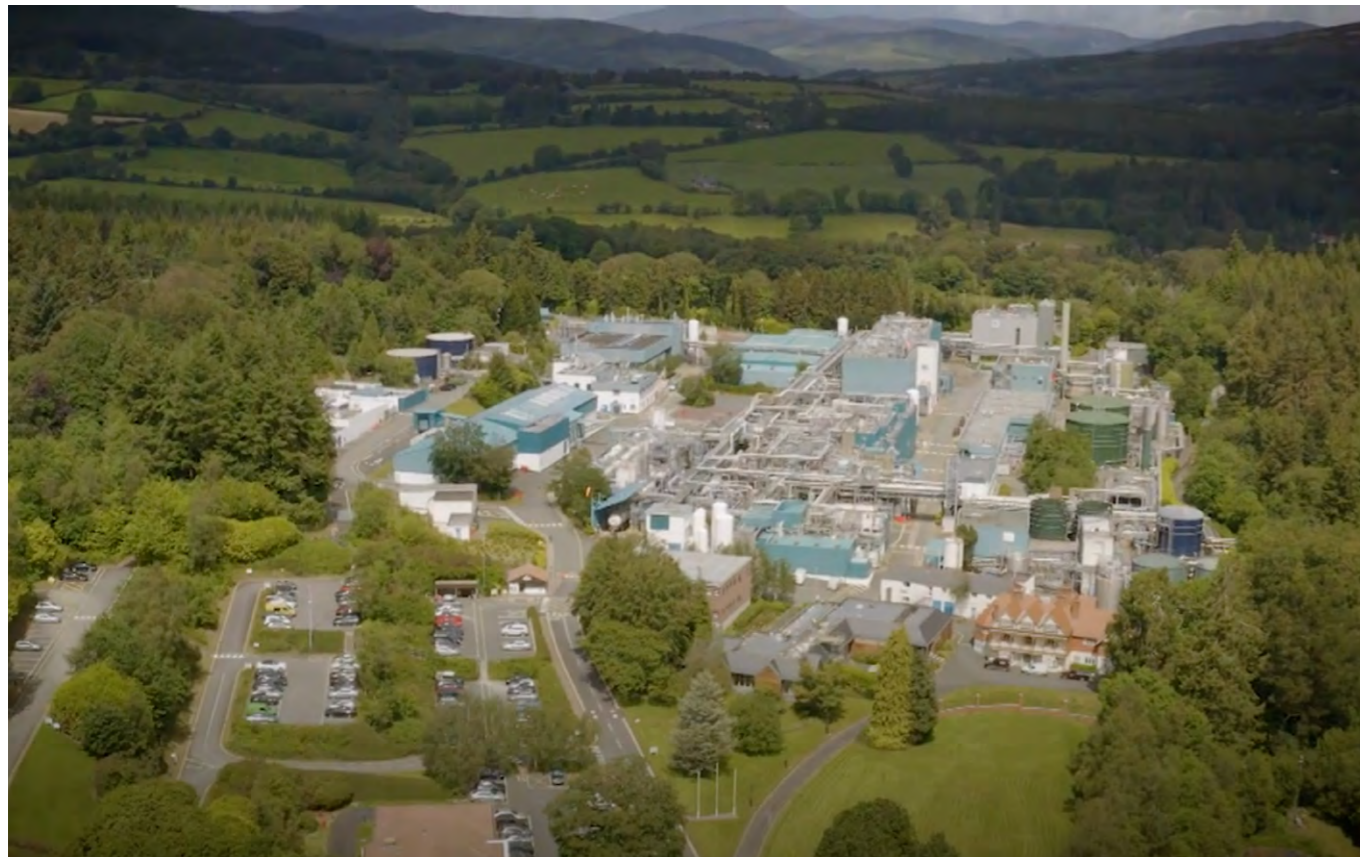
Our global EHS management principles ensure that all Zoetis sites achieve and maintain consistently high levels of EHS performance. Our principles are set globally and implemented locally across functions. Each of our manufacturing, R&D and logistics sites is required to implement the Zoetis EHS management system, as defined by our EHS Policy Standard, and to continue to advance it over time. Our sites complete periodic self-audits, checklists and inspections, and review applicable environmental requirements at least annually to ensure compliance with environmental laws and regulations.

To ensure adherence to our EHS management system, we also conduct corporate audits of our operating sites. In addition, two of our sites – Catania, Italy and Suzhou, China – are ISO 14001 certified. Key aspects of our EHS management system include:

- Compliance Management
- Risk Assessment
- Objective Setting
- Competency and Training
- Employee Engagement and Communications
- Management of Change
- Monitoring
- Emergency Preparedness
- Self-Audit

In 2020, we implemented a cloud-based EHS software tool that enables Zoetis to better collect and track data and provide reports on EHS progress. We also use this tool to develop program advances and initiatives to drive continuous improvement in our EHS performance.

Colleague engagement and EHS committees are critical to the effective implementation of EHS programs and improvements. We involve our colleagues in strategic planning and assessing performance status to ensure continuous engagement of all colleagues. We encourage our colleagues to participate on EHS Committees, identify safety issues, and implement solutions to improve their workplace. These committees generally meet at least monthly.



Energy and Greenhouse Gas Emissions

We are committed to reducing our energy use and associated greenhouse gas emissions. To achieve this, we continue to invest in energy efficiency upgrades in manufacturing equipment; utilities such as cooling towers, chillers and boilers; and LED lighting. We are also optimizing operating processes in air ventilation and other utility systems, and are devoted to procuring renewable energy.

While our absolute energy use and emissions have increased due to increased demand for our products, our energy intensity decreased by 2.2% in 2020 from our 2019 baseline. To continue to meet our customers' needs, we have expanded our facilities and increased production volume. However, even as we grow, we are dedicated to reducing our environmental impact. To advance our efforts to achieve our target of a 5% reduction in energy intensity by 2025, we launched an energy review program in 2020 that compiled energy efficiency opportunities at each of our ten largest energy consuming sites. In 2021, we are expanding this program to share learnings across the entire network, prioritize high impact projects and track our progress.

Manufacturing Site Energy Projects: Rathdrum, Ireland

In 2020 our Rathdrum, Ireland manufacturing site initiated several energy improvement and reliability projects as part of process plant and facility upgrades:

- Launched an LED Lighting Replacement Program for quality, operations, engineering and two production plants. This included replacing older fluorescent light fittings with new LED units along with Passive Infrared (PIR) detection devices in select areas to detect movement and adjust lighting accordingly, increasing energy efficiency.
- Completed replacement of variable speed drives and motors in three production plants as part of an overall reliability program. Existing units were over 20 years old; new units are typically 15 to 20% more efficient. Sixteen units were replaced with a combined energy saving of 32Kwh.
- Replaced cooling tower, resulting in a reduction in annual energy consumption of 318 Mwh.
- Gained efficiency and reliability by replacing uninterruptable power supplies.
- Commenced replacement program for end-of-life office air conditioning units to comply with European regulations for ozone-depleting substances.
- Upgraded older meeting room projectors to LED screens.
- Completed a high-level energy audit that identified a number of opportunity areas for 2021.

R&D Site Energy Projects: Kalamazoo, Michigan

Our Veterinary Medicine Research and Development site in Kalamazoo, Mich. completed the following energy reduction projects in 2020, producing annual energy savings of 1,798 MWhr:

- Upgraded cooling tower.
- Installed exhaust fan variable frequency drives and static pressure control.
- Upgraded two chilled water systems.
- Replaced basement and outdoor lighting with LEDs.

Our Commitment to Source 100% Renewable Energy

In 2021, we joined RE100 with a commitment to achieve 100% renewable energy sourcing by 2050. RE100 is a global initiative bringing together the world's most influential businesses with commitments to achieving 100% renewable electricity. To advance this commitment, we plan to initiate a formal approach to procuring renewable energy through Power Purchase Agreements (PPA). We will focus most of our efforts in North America, as it represents approximately 75% of our global electricity consumption. In conjunction with these efforts, we are securing Guarantee of Origins (GoO) and/or electricity from providers of renewable electricity for our larger sites in Europe. As of mid-2021, eight of our international manufacturing sites operated with 100% renewable electricity.

Water

Water issues continue to grow in importance worldwide. We reduced our water intake in 2020 by 5% compared to 2019.

Our water consumption data includes our global manufacturing, R&D, logistics and office operations. We use water directly in chemical and pharmaceutical production, to clean equipment, for cooking, maintenance, landscaping, sanitary needs and other activities—not including water used in closed loop systems (other than water added during the year). Most of the water that Zoetis withdraws is from municipal water supplies.

Managing wastewater discharged from Zoetis' production operations is one of our most significant environmental priorities. We are committed to improving our water discharge and continuing to evaluate new treatment technologies.

To reduce our water intake, we have invested in improved technology such as closed loop cooling systems, identified opportunities to reduce and reuse water in our processes and implemented additional efficiency measures. For example, our Navi Mumbai, India R&D facility operates a rain harvesting system to collect rainwater from the roofs of the site's buildings. The rainwater is used for the building's utility cooling tower, reducing water use by more than 2.5 million liters per year.

We also integrate lean manufacturing principles and tools to help facilities identify areas for water conservation. At our Kalamazoo, Mich. manufacturing facility, our colleagues led a Green Belt lean manufacturing project that re-engineered the amount of time required to clean the various tanks, glove boxes and tri-blenders used at the site. By reducing the amount of time the cleaning equipment operated, the site reduced the amount of water used during equipment cleaning by more than 250,000 gallons each year.

In 2021, we plan to conduct a more rigorous analysis of our operational water impacts. We aim to better understand where water scarcity or issues related to clean water access may present significant business challenges. With this information, we will be better equipped to make important decisions that could have significant environmental, social and financial implications.



Pharmaceuticals in the Environment

Zoetis is actively working to mitigate the presence of pharmaceuticals in the environment (PiE), with a primary focus on environmentally responsible manufacturing of antibiotics and other medicines that may pose a risk to the environment if not handled properly. To this end, we have implemented a PiE program to perform detailed waste stream assessments at our manufacturing sites and key suppliers. These assessments include targeted training and setting expectations for site management and personnel, fine-tuning operations for environmental risk, and implementing best practices such as materials handling and equipment cleaning procedures designed to mitigate the risk of potential releases of active pharmaceutical ingredients from manufacturing operations wherever necessary.

Solid Waste

Zoetis is committed to minimizing its impact on the environment by reducing the generation of solid non-hazardous waste. Zoetis progressed our waste management objectives through increased focus on recycling, improved segregation of waste streams and raising awareness of recycling. This has resulted in a 41% increase (1,646 tons) in recycled waste compared to 2019. Key contributors to this 2020 success are:

- Segregated 50 tons of steel and other recyclable materials from construction debris generated during an expansion project at our Kalamazoo, Mich. manufacturing site rather than sending to landfill.
- Established a cardboard recycling initiative at our Union City, Calif. site that resulted in recycling of 130 tons of corrugated cardboard during 2020.
- Reused more than 1,000 tons of manure generated at our Lincoln, Neb. site as fertilizer.
- Identified an opportunity to recycle 18 tons of 'super sacks' packaging materials associated with a new product line at our Chicago Heights, Ill. manufacturing facility.
- Recycled 14 tons of wooden pallets at our Lincoln, Neb. site for use as wood chips.

Hazardous Waste

Zoetis is actively working to reduce the amount of hazardous waste generated in our manufacturing operations. We maintain an EHS Policy Standard: Waste and Surplus Material Management, that defines performance expectations for proper management of waste. We also maintain best practices guidance to assist in preventing releases to soil, groundwater or surface water.

In 2020, Zoetis decreased generation of hazardous waste by 25% compared to 2019. Continued efforts to identify opportunities for recycling of hazardous waste streams have also resulted in a 35% increase in hazardous waste recycling during the same period. Key contributors to this success were:

- 151 tons of spent solvent from Rathdrum, Ireland site recycled for energy generation.
- 220 tons of wastewater treatment sludge from Rathdrum sent for use in energy recovery.
- 1,600 tons of oil by-product from manufacturing operations at Willow Island, W. Va. reused in a biofuel blend rather than direct disposal by incineration.



Packaging

To provide further focus and support for future initiatives, Zoetis formed a packaging council that is a cross-functional team comprising manufacturing operations, R&D and marketing colleagues who review packaging proposals for customer experience, sustainability, manufacturability, value and product quality. This team will also develop tools to align with industry standards for determining environmental impacts of packaging options and, in the long-term, set and drive improvement goals and programs.

To further our efforts, in 2021, we plan to define a new sustainability packaging policy and guidance document. We will also engage with our suppliers on their sustainability efforts and innovations for use in future packaging development.

Packaging Sustainability Improvement

In 2020, following a review of CYTOPOINT™ packaging, we implemented a change from plastic clamshells to paperboard cartons — resulting in a reduction of 27 tons of plastic waste annually. Our teams in Lincoln, Neb. also identified opportunities to improve recyclability by moving from white PET with UV inhibitor additives to paperboard content.

In the U.S., we transitioned the Styrofoam coolers used for transporting vaccines—which require stable temperatures to maintain potency—to fully recyclable shipping coolers. Upon receiving shipments, customers can easily reuse or recycle the materials.

We continue to complete pilot projects that allow us to identify areas of strengths and improvements, helping us uncover additional opportunities for packaging efficiency and reduced environmental impact.



Environmental Metrics^{1,2}

Greenhouse Gas Emissions	2020	2019*	2018*
Scope 1 emissions (metric tons CO2e)	76,134	71,742	70,261
Scope 2 emissions (metric tons CO2e)	222,072	213,865	206,154
Scope 1 and 2 emissions (metric tons CO2e)	298,206	285,607	276,415
Scope 1 and 2 emissions intensity (metric tons CO2e/\$1MM revenue)	44.7	45.6	47.5
Energy			
Energy (GJ)	3,001,248	2,876,835	2,795,036
Energy intensity (GJ/\$1MM revenue)	450	460	480
Renewable energy (GJ)	130,435	123,176	73,184
Renewable energy (%)	4.3%	4.3%	2.6%
Renewable electricity (%)	8.8%	8.6%	5.3%
Water			
Water intake (cubic meters)	2,906,865	3,070,829	2,836,472
Water discharge (cubic meters)	2,647,259	2,332,472	2,155,824
Water intake intensity (cubic meters/\$1MM revenue)	435	491	487
Water discharge intensity (cubic meters/\$1MM revenue)	397	373	370
Waste			
Solid waste (kilograms)	12,799,097	10,686,324	10,216,980
Solid waste recycled (kilograms)	5,630,506	3,984,569	3,503,267
Solid waste intensity (kilograms/\$1MM revenue)	1,917	1,707	1,754
Solid waste recycled intensity (kilograms/\$1MM revenue)	844	637	601
Hazardous waste (kilograms)	9,454,480	12,592,955	10,746,552
Hazardous waste recycled (kilograms)	2,665,400	1,973,233	447,555
Hazardous waste intensity (kilograms/\$1MM revenue)	1416	2012	1845
Hazardous waste recycled intensity (kilograms/\$1MM revenue)	399	315	77

1 These metrics cover our Global Manufacturing and Supply, Veterinary Medicine Research and Development, and other operations not including standalone office spaces or Zoetis Reference Laboratories. These emissions account for more than 99% of our operational emissions. All emissions are calculated based on location emission factors.

2 2020 metrics underwent a data integrity review. The process identified opportunities for data process improvements that will inform future data collection. Data collected for 2019 and 2018 is restated as part of this process.

To learn more about how we nurture the world and humankind by advancing care for animals, visit: zoetis.com/sustainability



zoetis

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