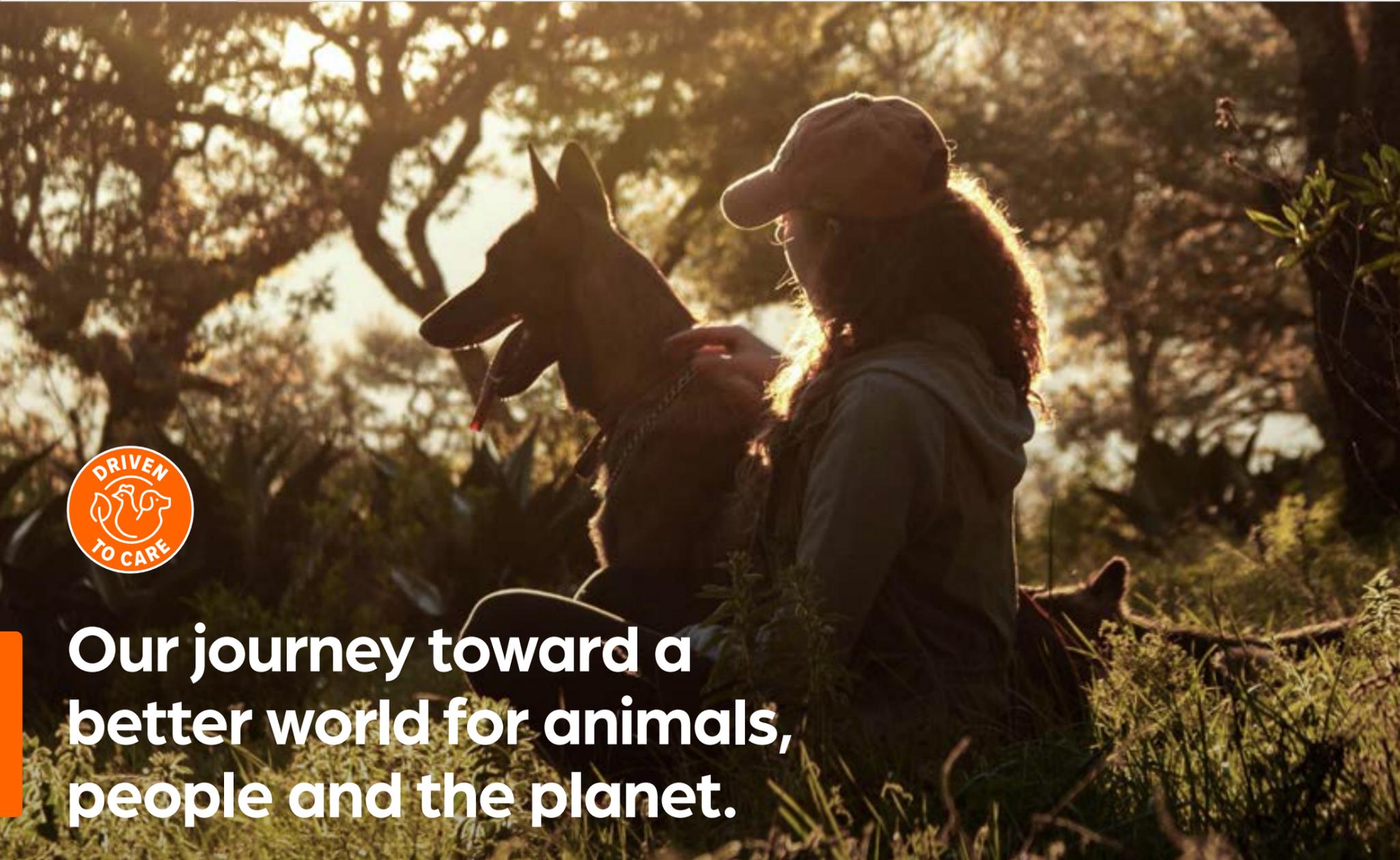


Our journey toward a better world

2021 SUSTAINABILITY PROGRESS UPDATE

zoetis



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

With the belief that healthier animals are essential to a healthier future, we designed our sustainability efforts across three key areas:

Communities
Care and Collaboration

Animals
Innovation in Animal Health

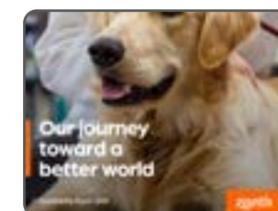
Planet
The Drive to Protect Our Planet

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Read more: [2021 SASB and ESG Index](#)



Read more: [2020 Sustainability Report](#)



Read more: [2020 ESG Appendix](#)

A LETTER FROM OUR CEO

Purpose and Innovation Drive Our Sustainability Journey



In a world filled with uncertainty and conflict, our purpose guides and sustains us as we care for animals, people and the planet we share.

We are on a journey to nurture our world and humankind by advancing care for animals. Along the way, our colleagues boldly embrace challenges and opportunities to champion a healthier, more sustainable future for all.

Our Driven to Care long-term sustainability goals include specific, measurable commitments across communities, animals and the planet. This 2021 sustainability progress update highlights how we are mobilizing these commitments, such as cultivating a flexible, inclusive workplace; providing grants, training and scholarships for veterinarians and farmers; combatting diseases that jeopardize animal and human health; and innovating in ways that protect the planet.

Zoetis closed 2021 with our strongest performance yet, demonstrating that animal health medicines, vaccines, diagnostics and devices remain essential – even in times of uncertainty. In this report, I invite you to learn how our Driven to Care sustainability initiative supports our company’s growth and, most of all, the health and well-being of our world.

Communities: Care and Collaboration

Our colleagues are passionate about driving our purpose to nurture our world and humankind by advancing care for animals—whether they are collaborating with a farmer to track health data on their herds, innovating in a lab or introducing a life-changing product to veterinary practices. We have a responsibility to do whatever we can to support them.

At Zoetis, we strive to create an environment where colleagues feel like they belong, are heard and valued for their unique talents and experiences. In 2021, we made steady progress in cultivating a diverse, equitable and inclusive workplace. Doing so is a top priority, because diversity drives innovation and deeper collaboration with customers—all resulting in better care for the animals we love and depend on.

To advance our goals, we partnered with organizations, industry associations and institutions to expand and diversify our talent, and hosted our second Annual DE&I Summit with colleagues to share the story of our ongoing journey. I am also pleased to report that 92% of our workforce took part in one or more DE&I training programs.

Caring for Colleagues and Customers in Ukraine

As the deepening war in Ukraine continues to test the resilience of our global community, I am proud of our ongoing efforts to provide care for our colleagues and customers in Ukraine, the animals in their care, and relief to local communities.

Our teams on the ground in Eastern Europe have worked tirelessly with care and compassion to provide evacuation assistance wherever possible to our colleagues in Ukraine, taking in refugees in some cases, and coordinating the donation of goods at the border. Zoetis is providing paid volunteer time off for colleagues in the countries bordering Ukraine to assist in humanitarian efforts related to the crisis.

To support our customers and those who care for animals, we have donated \$500,000 worth of critical medicines for food-producing animals. We also have mobilized aid for pets, donating Zoetis products and vaccinating pets and stray dogs at the border, and together with global veterinary group IVC Evidensia, we are supplying donations of much-needed vaccines, parasiticides and other medicines for pets from Ukraine in veterinary clinics across Europe.

I am encouraged by the increasing generosity of our Zoetis colleagues, who have contributed more than \$90,000 to the Zoetis Foundation's Red Cross microsite. The Zoetis Foundation is matching colleague donations up to \$150,000 donated to the Red Cross.

We found effective ways to support our colleagues during the past year and did the same for the customers we serve. We announced the Zoetis Foundation in 2021, and through the Foundation, we dispersed \$932,000 through grants to advance opportunities for veterinarians and farmers. In addition, we invested \$7.7 million in our communities through our corporate giving.

Animals: Innovation in Animal Health

Healthy, productive livestock animals contribute to a safe, sustainable food supply and provide sustainable livelihoods for farmers and their families. In 2021, we introduced new products and services to help farmers, and the veterinarians who support them, advance their environmental, social and animal welfare goals. For example, we equipped cow-calf producers with digital herd management software that gives them real-time insights into their cattle's health—along with blockchain technology to give beef producers and their customers access to cattle information from multiple sources. These advanced solutions bring data insights together to help cattle producers make earlier, more informed decisions to keep their animals healthy and productive.

With our customers always top of mind, we also strengthened collaborations with external organizations to drive sustainable livestock production.

Our innovations go beyond the farm. Around the world, the COVID-19 pandemic heightened awareness of the need to prevent the spread of diseases—not only to protect people and society but animals, too. In 2021, we donated more than 11,000 doses of our COVID vaccine for animals, and have committed an additional 15,000 doses to zoos, conservatories and other organizations in over a dozen countries. Together with zoo veterinarians, we are helping to protect the health and well-being of more than 300 mammalian species.

To help provide access to veterinary care in emerging markets, we advanced our African Livestock Productivity and Health Advancement (A.L.P.H.A.) initiative and trained 25,500 farmers, veterinarians and other personnel to help them improve livestock health and positively impact farmers' livelihoods in Sub-Saharan Africa. Our goal is to train 100,000 people by 2025.

Planet: The Drive to Protect Our Planet

As we deliver products and services, we must do so in a way that protects the planet we all call home. In January 2022, we announced updated climate goals for our operations to be carbon neutral by 2030, and we accelerated our renewable goal by 20 years, committing to source 100% renewable energy by 2030. We continue to examine our broader environmental footprint and make

progress on our planet goals by developing a clear roadmap to achieve our targets to minimize energy waste, reduce fleet emissions and expand renewable energy sourcing.

Also, to reduce our environmental footprint, we developed processes and policies to ensure our new product packaging designs meet customer and environmental considerations. We created a Packaging Council to shepherd this effort, and our company joined the Sustainable Packaging Coalition to engage with other organizations and work together on solutions.

In aspiring to be the most sustainable animal health company in the world, we have a distance to go before we reach our Driven to Care goals. Yet, we continue to make meaningful progress, thanks to our persistent and purpose-driven colleagues who care deeply about creating a sustainable future for customers, communities and animals everywhere.



Kristin Peck
CEO, Zoetis

Driven to Care Strategy

In 2021, Zoetis launched Driven to Care, the company’s first sustainability initiative, to formalize our commitments aligned to three pillars – Communities, Animals and Planet. As we strive to be the most sustainable animal health company in the world, we are committed to building a healthier future for all.

Driven to Care builds on our purpose to nurture the world and humankind by advancing care for animals, and reflects our commitments to our colleagues, customers, animals and the planet we share. Our sustainability aspirations also provide a roadmap for how Zoetis can help make an impact and drive the achievement of the United Nations Sustainable Development Goals (UN SDGs).

Our Driven to Care Strategic Pillars

Communities
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.



Animals
Innovation in Animal Health



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



Planet
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.



Launched in 2015, the 17 UN SDGs are a call for action to make measurable progress to end poverty, ensure prosperity for all people and protect the planet by 2030.



About this Report

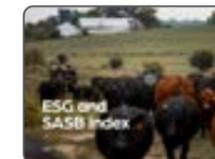
2021 marked Zoetis' best revenue growth performance as a business. We remain deeply committed to our purpose to nurture the world and humankind by advancing care for animals. In communities around the world, we stand by our customers – from livestock farmers to veterinarians and pet owners – who raise and care for animals. They are essential for our continued growth and innovation.

This year, we present our 2021 Sustainability Progress Update as part of a new biennial report approach to share the progress of our Driven to Care strategy. For those looking for a more detailed disclosure on our environmental, social and governance programs and practices, please see our [2020 Sustainability Report](#) and [2020 ESG Appendix](#). We also transitioned our sustainability reporting into an interactive website experience in an effort to create a single destination for stakeholders to view our sustainability commitments and progress towards our Driven to Care aspirations.

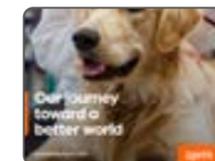
While developing our sustainability programs and ESG disclosures, we considered the disclosure frameworks and guidance of leading sustainability organizations, such as the Sustainability Accounting Standards

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. In 2021, we also completed the CDP climate change survey.

The discussion and data points in this report reflect the 2021 calendar year unless otherwise noted. Select case studies and programs feature information from 2022.



[Read more:](#)
[2021 SASB and ESG Index](#)



[Read more:](#)
[2020 Sustainability Report](#)



[Read more:](#)
[2020 ESG Appendix](#)

Championing a healthier, more sustainable future for all

About our Company

For 70 years, Zoetis has supported those who raise and care for animals – in veterinary clinics and homes and on farms and ranches. We care deeply about helping pets live longer, healthier lives and improving the health, welfare and productivity of food-producing animals.

A Fortune 500 company, Zoetis generated revenue of \$7.8 billion in 2021 with approximately 12,100 colleagues. The company's leading portfolio and pipeline of medicines, vaccines, diagnostics and technologies make a difference in over 100 countries. We apply our research and development (R&D), manufacturing, and technical expertise to create new and better animal health advancements to address the animal health and business challenges our customers face every day.

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 on which we depend.

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

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. We apply digital technologies and data analytics to help integrate the continuum of care and create unique solutions for our customers. We also continue to develop 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 at a Glance¹

8

core species supported by Zoetis— dogs, cats and horses (collectively, companion animals) and cattle, swine, poultry, fish and sheep (collectively, livestock)

7

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

100+

countries where our products are sold

28

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

\$508M

R&D investment (expense) in 2021

12,100

total number of colleagues

\$7.776B

revenue in 2021

1,300

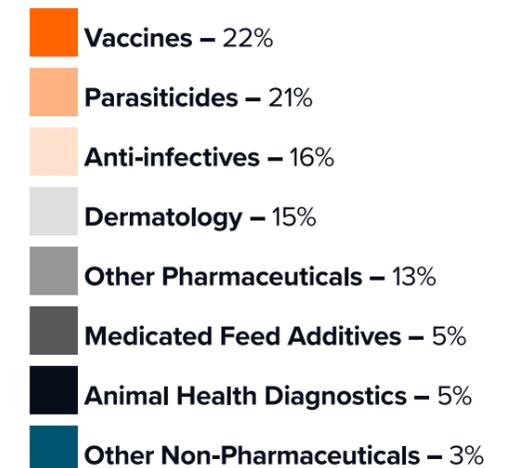
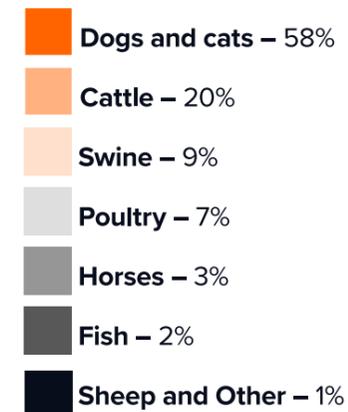
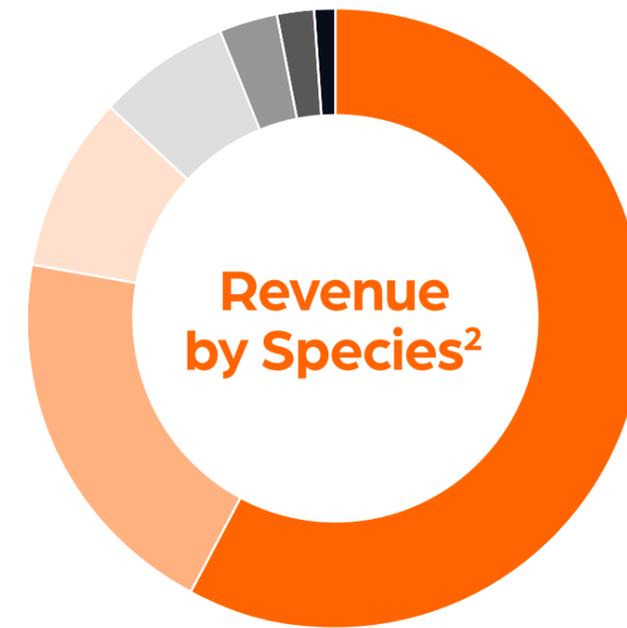
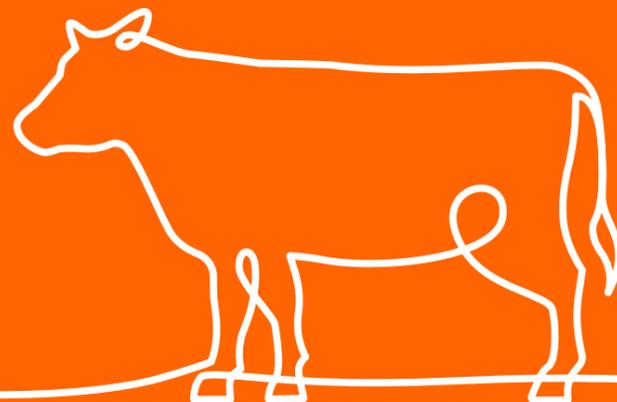
approximate number of R&D colleagues

3,800

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

300

approximate number of product lines



¹ All figures are as of December 31, 2021.

² Revenue charts by species and product category exclude revenues associated with Client Supply Services and Human Health, which represented 1% of total 2021 revenue.

Awards and Recognition



Selected as one of **Newsweek's America's Most Responsible Companies**, ranked #71 out of 500 in its first year



Named one of **Fast Company's Most Innovative Companies in 2022**, ranked 8th in the Corporate Social Responsibility category



Earned a top 10 spot on **Seramount Top Companies for Executive Women in 2021**



Zoetis product Librela® won **Best New Companion Animal Product** as the first monoclonal antibody approved to treat OA pain in dogs won IHS Markit award



Zoetis Named Among **Investor's Business Daily's Best 100 companies for ESG**, recognized for work to establish meaningful environmental, social and governance values



For the eighth year in a row, one of **Seramount 100 Best Companies** (previously known as the Working Mother 100 Best Companies list)



Certified as **2021 Canada's Best Workplaces™ for inclusion**



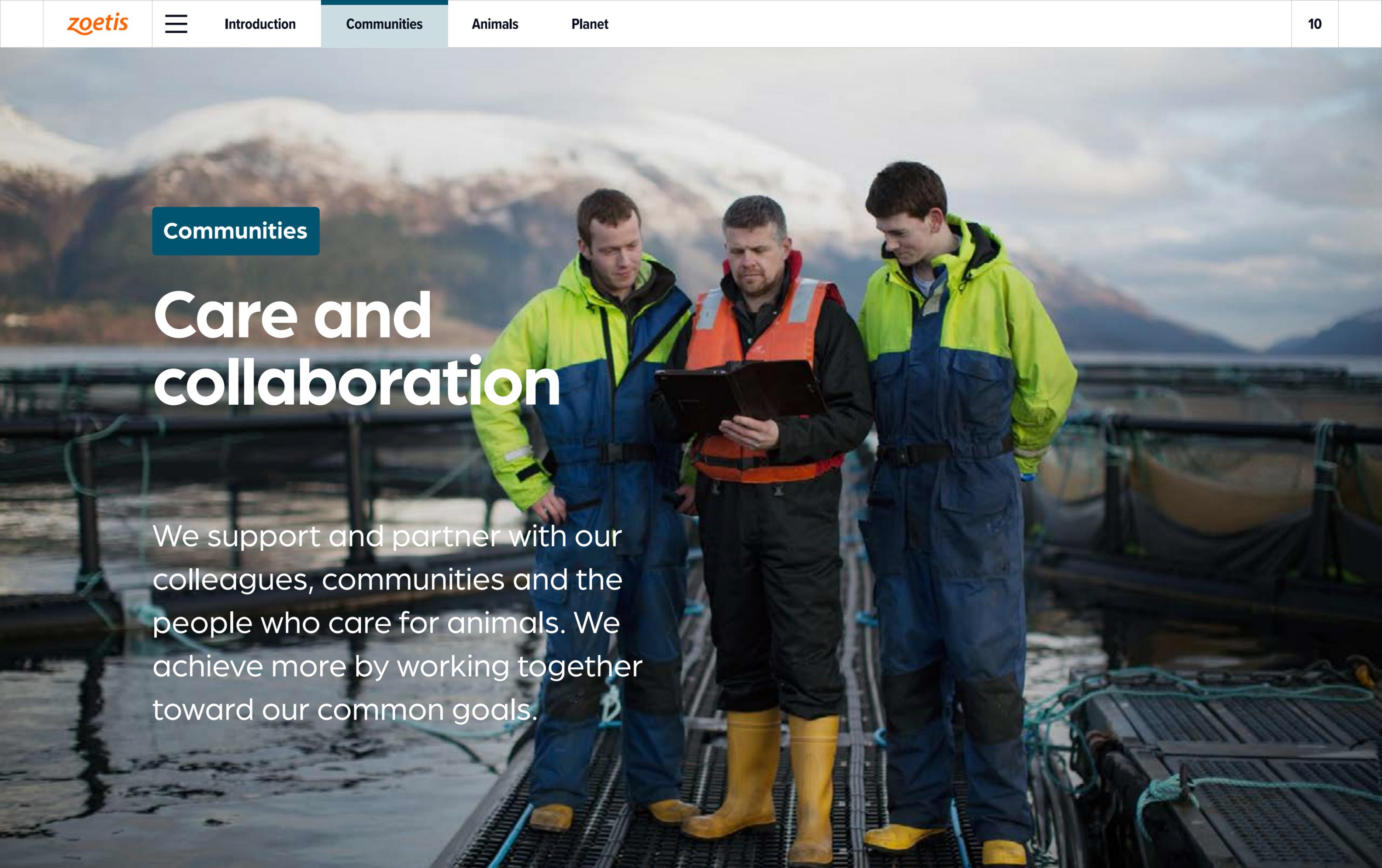
Named to **Seramount Best Companies for Dads** list for the first time



Awarded five stars in the area of Governance on the **2021 Hispanic Association on Corporate Responsibility (HACR) Index**



Recognized for our commitment to advancing diversity, equity and inclusion in the workplace in **Seramount Inclusion Index**

A photograph of three men in high-visibility workwear (yellow and blue jackets, black pants, and yellow boots) standing on a metal grating deck of a boat. They are looking at a tablet held by the man in the center. The background shows a body of water and mountains under a cloudy sky.

Communities

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.



Sustainability Program Governance



ASPIRATION

Create a sustainable governance framework

TARGET

- Integrate sustainability into our strategic planning and resource allocation processes
- Establish an effective approach to external sustainability disclosures

2021 PROGRESS

- Through our Driven to Care strategy, we have embedded sustainability goals and aspirations into our key business functions.
- We have continued to report in line with best practice sustainability frameworks and to engage with stakeholders to advance our program and disclosures.

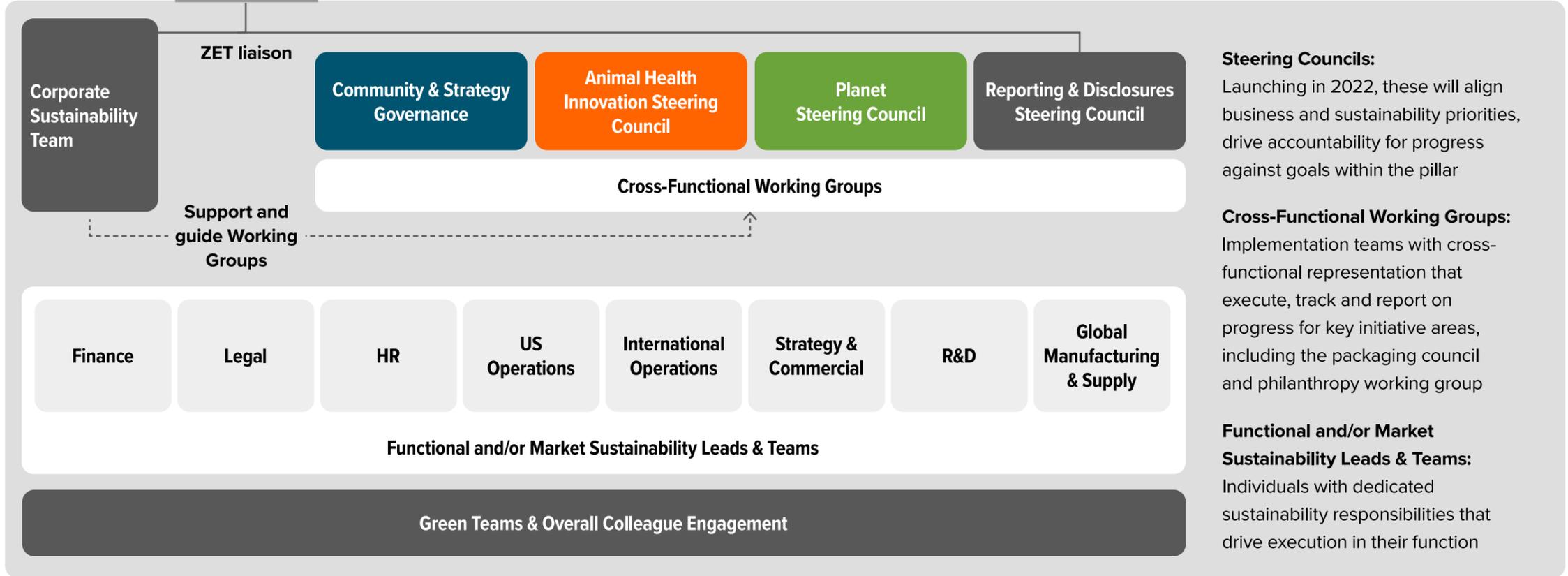
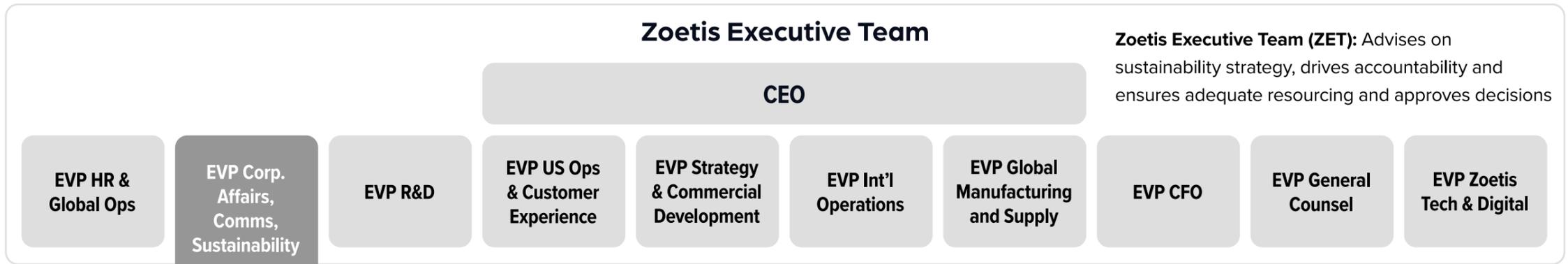
Zoetis is driven by a singular purpose: to nurture our world and humankind by advancing care for animals. As the world's leading animal health company, sustainability and ESG issues are important priorities for our Board of Directors, CEO and senior management, and cascades across our enterprise. Our Executive Vice President, Corporate Affairs, Communications and Chief Sustainability Officer who reports directly to the CEO and is a member of the Zoetis Executive Team, helps define the ESG agenda and provides daily management and oversight of our global sustainability initiatives and goals. While the Chief Sustainability Officer guides our goals and direction, our sustainability priorities

are embedded throughout the organization and key business functions. To drive further accountability, compensation for members of our Executive Team is based on multiple business objectives, including the management of the company's sustainability initiatives.

In 2020, we conducted an ESG materiality assessment to help us strategically identify the sustainability topics that have an impact on society and our business, and to inform our Driven to Care strategy. Additional information about the assessment and the results can be found on page 15 of our [2020 Sustainability Report](#).

In early 2022, we changed the name of our Corporate Governance Committee to the Corporate Governance and Sustainability Committee to reflect its primary responsibility for overseeing strategies, initiatives, activities and disclosures regarding ESG and sustainability, including climate, citizenship and public affairs matters. The Committee also coordinates the ESG activities of our other Board committees and reports regularly to the full Board on the progress of the company’s sustainability initiatives. The Chief Sustainability Officer provides periodic updates to the full Board and to the Corporate Governance and Sustainability Committee. Each Committee of the Board of Directors also contributes to the oversight of Zoetis’ sustainability program and strategy and helps inform the Board’s ultimate oversight.

Additional information about our corporate governance practices, including committee charters and other governance documents can be found on the Corporate Governance section of our website www.zoetis.com.





Caring for our Colleagues



ASPIRATION

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



Increase representation of women at the director level and above globally to **40% by 2025**

2021 PROGRESS

Women at director level or above

+1%

DEC 2021

35.0%

DEC 2020

34.0%

JUN 2020

32.0%

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

2021 PROGRESS

Colleagues (People of Color)

+2.5%

DEC 2021

23.8%

DEC 2020

21.3%

JUN 2020

21.0%

Increase representation of Black colleagues in the U.S. to **5% by 2025**

2021 PROGRESS

Colleagues (Black)

+0.4%

DEC 2021

4.6%

DEC 2020

4.2%

JUN 2020

4.0%

Increase representation of Latinx colleagues in the U.S. to **6% by 2025**

2021 PROGRESS

Colleagues (Latinx)

+0.7%

DEC 2021

5.9%

DEC 2020

5.2%

JUN 2020

5.0%

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

2021 PROGRESS

- Achieved 100% on the Corporate Equality Index, earning the designation of a Best Place to Work for LGBTQ+ Equality in 2021 and 2022

- Named one of Seramount's 100 Best Companies (previously known as Working Mother 100 Best Companies List) for the eighth year in a row
- Earned a Top 10 spot on Seramount's "Top 75 Companies for Executive Women" list

- Recognized as a Seramount Best Company for Multicultural Women
- Recognized as one of 25 Best Companies for Latinos by Latino Leaders Magazine

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

2021 PROGRESS

Diverse slates and interview panels are required for open roles.

Advancing Diversity, Equity and Inclusion

At Zoetis, we understand the importance of embracing diversity to drive innovation, collaboration and relationships with our customers. We are committed to accelerating inclusion, equity and more diverse representation across the company, as demonstrated through the diverse make-up of our leadership team and Board across gender, ethnicities and experiences. Their passion and support for DE&I has been instrumental and unwavering.

We strive to create an environment where colleagues feel valued and cared for. We have been taking concrete steps to attract more diverse candidates, 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. DE&I is a top priority for our colleagues and a competitive advantage for our business every day.



[For a more detailed report of our U.S. diversity metrics, see our 2021 EEO-1 report.](#)

RACE/ETHNICITY – U.S. WORKFORCE	2021	2020
White	76.2%	78.7%
Black	4.6%	4.2%
Asian	10.5%	9.4%
Hispanic/Latinx	5.9%	5.2%
Other	2.8%	2.5%

GENDER – GLOBAL WORKFORCE	2021	2020
Male	54%	55%
Female	46%	45%

GENDER – GLOBAL MANAGEMENT ¹	2021	2020
Male	65%	66%
Female	35%	34%

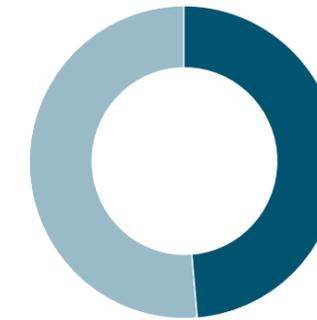
45%

of our executive team is of a diverse racial and ethnic background, including Asian, Black, Hispanic/Latinx and Mixed Race

45%

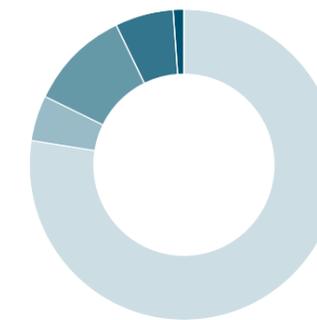
of executive team are women, including our CEO

Our Colleagues 2021



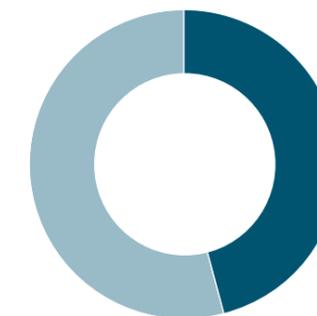
Global Workforce

Outside the U.S. – 6,200
U.S. based – 5,900



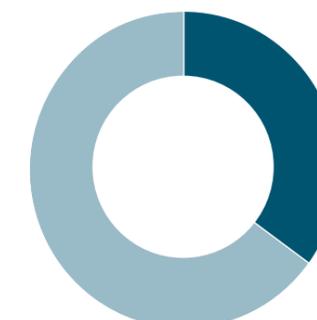
Race/Ethnicity – U.S. Workforce

White – 76.2%
Black – 4.6%
Asian – 10.5%
Hispanic/Latinx – 5.9%
Other – 2.8%



Gender – Global Workforce

Male – 54%
Female – 46%



Gender – Global Management¹

Male – 65%
Female – 35%

¹ Management levels defined as Director Level and above.

Partnering for Change

Our commitment to advancing DE&I starts with our CEO, Kristin Peck, the Board of Directors and our executive team. We partner with organizations and institutions to expand and diversify the talent pool for our company and industry. Our partnerships and external commitments include:

- CEO Action for Diversity & Inclusion: In the largest CEO-driven business commitment to advance diversity, our CEO and Zoetis commit to work with other CEOs to share best practices and exchange ideas and learnings to build more inclusive workplaces.
- Catalyst: Our CEO serves on the Board of Catalyst, a global non-profit working with leading companies to help build workplaces that work for women and underrepresented groups.
- INROADS and Minorities in Agriculture, Natural Resources and Related Sciences

(MANRRS): Zoetis partners with national organizations focused on connecting underrepresented students and professionals with career opportunities.

- Colleges of Veterinary Medicine: We nurture 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): In addition to these Zoetis initiatives, the Zoetis Foundation supports AAVMC with funding for the Zoetis Foundation Veterinary Student Scholarship Program, which focuses on addressing the issue of student debt and helps foster diversity in the profession. In 2021, the Foundation provided \$670,000 in funding. From 2010 to 2020, Zoetis and its legacy companies provided more than \$7.9 million in scholarships through this program to support the future of the veterinary industry.



Advancing DE&I Takes All of Us

We believe DE&I training and education are critical in establishing and maintaining a supportive, inclusive work environment. Zoetis offers DE&I training for all colleagues on inclusion, valuing differences, unconscious bias, avoiding exclusion, and spotting and avoiding microaggressions. We also offer training for people managers on leading inclusively, narrative storytelling, allyship and courageous conversations. In 2022, we launched Cultural Explorer training in eight languages to encourage respectful curiosity and open conversation about differences to deepen mutual understanding and value what each colleague brings to work.

92%

of our colleagues participated in one or more of our DE&I education offerings in 2021

Diversity, Equity & Inclusion Summits

In 2021, we hosted our 2nd annual virtual Diversity, Equity & Inclusion Summit. The theme of the session was “Captivating Hearts and Minds through Storytelling.” It featured updates on our DE&I journey, a panel with executive and senior leaders on how we are embedding DE&I into our business, an inspiring keynote on the topics of belonging, inclusion and allyship, as well as a conversation between the keynote speaker and our CEO, Kristin Peck. The 2021 summit also included a Colleague Resource Group (CRG) fair, where each CRG hosted a session for colleagues around the globe to learn more and get involved. More than 3,000 colleagues attended the summit, with over 650 colleagues attending one or more of the CRG fair sessions.

Colleague Resource Groups

Our CRGs spread awareness, foster inclusivity and make a positive impact on our business and communities by bringing together colleagues with shared experiences, their allies and any colleague who wants to learn more.



ALIVE50+

Age-less Inspirations Valued & Experienced

110 members



ART

Asians Rising Together

115 members



BELIEVERS

Black Employees Leading in Inclusion, Equity, Vision, Education, Recruitment and Strategy

145 members



DNA

The Differentlyabled Neurodiversity Alliance

110 members



LaZos

Latinx / Hispanic CRG

75 members



Proud and Welcome

LGBTQ+ CRG

155 members



WAVES

Women Achieving Vision, Excellence and Success

520 members



ZECC

Zoetis Early Career Champions

285 members

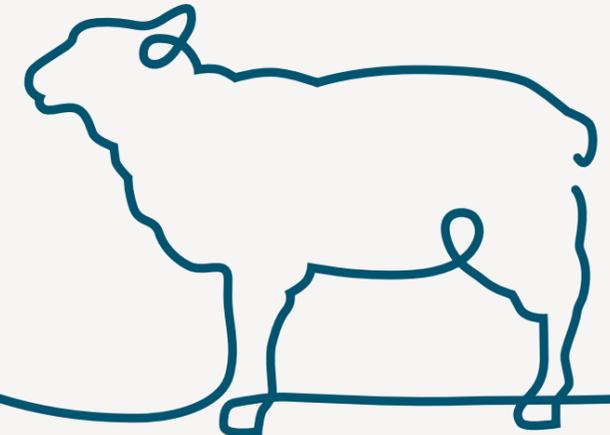
1,500

global active members across all CRGs¹



[For additional information about diversity, equity and inclusion program, see pages 17–26 of our 2020 Sustainability Report.](#)

¹ Membership numbers are as of April 2022.



Our Colleagues Make the Difference

Our colleagues distinguish Zoetis from our competition. Fueled by a shared purpose to nurture our world, our colleagues around the globe take pride in our customers, our company culture and our contributions to humankind by advancing care for animals. 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, feel inspired to give their best every day and feel proud of the company they work for.

88%

colleague engagement rate

based on engagement surveys conducted in 2021

Comprehensive Benefits Support our Colleagues

We are proud to offer an array of benefits, policies and programs to support colleague well-being, ranging from health and financial wellness to family resources. We pride ourselves on offering competitive packages designed to support colleagues and their families, from access to premier healthcare to retirement savings benefits that help colleagues reach their personal savings goals.



FAMILY-FRIENDLY AND INCLUSIVE BENEFITS

Given our commitment to help our colleagues excel, we offer a wide range of benefits that support their variety of needs. In the U.S., these include:

- Paid Parental Leave program provides all colleagues six weeks of 100% paid leave after welcoming a child through birth or adoption. Birth mothers receive additional fully paid short-term disability benefits, and the primary adoptive parent receives an additional six weeks of paid leave through our Adoption Paid Leave of Absence.
- Flexible return to work program offers a phased return to work following parental leave, allowing new parents the flexibility to ease back into their full-time job over time.
- Inclusive fertility benefits and surrogacy benefits.
- 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).
- Caregiver and parental education support, including a parental support benefit for parents raising school-age children with learning and behavior needs; caregiver support to help 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.

INVESTING IN OUR COLLEAGUES' EDUCATION

At Zoetis, we believe that investing in our colleagues' education is an investment in our future. The Zoetis U.S. Tuition Reimbursement Program reimburses full-time eligible colleagues with up to \$15,000 annually to further their education, develop individual potential, and improve their level of professional and technical achievement. In 2021, 268 colleagues received tuition reimbursement. About 45% of Tuition Reimbursement participants in 2021 were women and about 25% of participants were colleagues of color.

In addition, in 2021, we introduced Student Loan Repayment benefits to provide up to \$150 per month to help U.S. colleagues repay their own student loans. In its first year, 640 colleagues signed up for the program, with 36% of the participants being female and 14% colleagues of color.

Empowering Colleagues to Excel

At Zoetis, we work to nurture and develop the talent we have into the talent we need. As we continue to innovate and evolve our priorities, helping our colleagues develop and grow is a strategic priority for our business. Our goal is to enable each colleague the opportunity to build leadership capabilities and drive organizational results. We offer opportunities for growth at all levels of the company through programmatic development, annual performance reviews, coaching and feedback.

A TAILORED APPROACH TO DEVELOPMENT

Every Zoetis colleague has the opportunity to create a customized, individualized, self-paced individual development plan. Through the Your Development Matters program, colleagues can leverage tools, trainings, and self-assessment capabilities to define their career aspirations and create individual development plans to achieve their goals with the support of their managers.

Zoetis aims to set colleagues up for success with Core Competencies, a set of skills and behaviors we defined within each level of the organization. The Core Competencies give colleagues a practical tool to evaluate and develop a variety of skills and behaviors that result in more effective career planning. Additionally, a 360-degree feedback tool offers colleagues feedback and tools to identify development opportunities in service of a personalized leadership developmental plan.

LEADERSHIP DEVELOPMENT PROGRAMS

We aspire to keep our Zoetis colleagues growing and fulfilled through a series of leadership development programs. The President's Leadership Development Program (PLDP) develops high-potential colleagues in our U.S. Operations. In a year-long program, PLDP engages colleagues to work on real business-critical projects outside of their job scope and receive senior leadership mentorship. By the end of the program, participants emerge with increased leadership confidence and business acumen.

Our Emerging Senior Leaders initiative strengthens current and future leader competencies to prepare a strong and diverse leadership bench. The year-long program focuses on skill-based development initiatives for high potential senior colleagues in international markets.

Our Leadership Essentials program focuses on supporting colleagues new to people management by helping managers build and motivate their teams. The curriculum stresses the importance of diversity with topics including recruitment and candidate selection, leadership behavior assessment, career development, performance management, emotional intelligence and more.



[For additional information about how we attract, retain, develop and engage our workforce, see pages 17–26 of our 2020 Sustainability Report.](#)



Focused on Colleague Health and Safety

At Zoetis, we are deeply committed to ensuring a safe workplace for our colleagues. Our purpose anchors all we do, including striving to build a best-in-class safety culture with operational policies and procedures in place. To ensure we uphold the highest level of rigor, we maintain processes including health and safety training programs, corporate audits, leadership process confirmations, an injury prevention program, and daily, weekly and monthly floor-level inspections. We foster an open, mindful workplace culture whereby individuals can identify risky behavior in themselves and talk to each other when they see an unsafe behavior. This allows each person to be involved in keeping themselves and others safe.

Our strong safety culture has enabled us to achieve solid safety performance, with our total injury rates (TIR) and lost time injury rates (LTIR) being lower than the industry average.



[For additional information about our health and safety program, see page 26 of our 2020 Sustainability Report.](#)

Health and Safety Performance

METRIC ¹	2021	2020	2019
Total Injury Rate (TIR) ²	0.50	0.46	0.82
Lost Time Injury Rate (LTIR) ²	0.26	0.20	0.24
Fatality Rate ³	0	0	0.02
U.S. OSHA Voluntary Protection Program (VPP) Star and Zoetis H&S Star Sites ^{4,5}	OSHA VPP Star: 3 U.S. manufacturing sites and 1 logistics center Zoetis H&S Star: 2 global manufacturing sites	OSHA VPP Star: 3 U.S. manufacturing sites and 1 logistics center Zoetis H&S Star: 1 global manufacturing sites	OSHA VPP Star: 3 U.S. manufacturing sites and 1 logistics center

¹ These metrics cover worldwide operations.

² U.S. average for our industry in 2020 were 1.6 for TIR and 0.7 for LTIR. In 2019, U.S. average were 1.6 for TIR and 0.5 for LTIR. 2021 industry averages were not available at the time of publication.

³ One fatality occurred in 2019 and was transportation related.

⁴ 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. We extend the principles of the OSHA VPP Star recognition across our sites worldwide through the Zoetis H&S Star program.

⁵ In 2021, we had 41 manufacturing and logistics sites (23 locations in the U.S. and 18 global), 5 primary R&D sites (2 location in the U.S. and 3 global), and 4 global sites supporting other business units. In 2020, we had 40 manufacturing and logistics sites (22 locations in the U.S. and 18 global), 4 primary R&D sites (1 location in the U.S. and 3 global), and 4 global sites supporting other business units. In 2019, we had 41 manufacturing and logistics sites (23 locations in the U.S. and 18 global), 4 primary R&D sites (1 location in the U.S. and 3 global), and 4 global sites supporting other business units.

⁶ We extend the principles of the OSHA Voluntary Protection Program (VPP) Star recognition across our sites worldwide through the Zoetis H&S Star program.

2

International sites certified as a Zoetis Health and Safety Star Site⁶

4

U.S. sites certified as Star Sites under OSHA's Voluntary Protection Program



Caring for our Communities



How We Give Back

Zoetis has a long tradition of caring for and supporting our communities and our approach to giving works alongside our broader sustainability strategy. With our colleagues and customers, we work to bring our purpose to life – from caring for the animals and people living in our communities to supporting colleagues who volunteer.

\$7.7 million

invested in communities through corporate giving in 2021

OUR COMMUNITY EFFORTS FOCUS ON:



Supporting veterinary professionals



Expanding access to animal care



Providing animal care in disaster relief

Announcing the Zoetis Foundation

In 2021, we announced the Zoetis Foundation to further our purpose to nurture our world and humankind by advancing care for animals. We committed an initial \$35 million over five years to support the Foundation's three grantmaking priorities – Education, Well-being and Livelihoods.

EDUCATION

Empowering an inclusive veterinary community starts long before the first day of training and classes. While enrollment to veterinary schools and veterinary technician programs has been climbing steadily over the past 30 years, racial and ethnic diversity is still lacking. In addition, veterinary school tuition in the U.S. has risen at a higher rate than salaries. This has led to high debt loads for veterinary graduates. The Zoetis Foundation works with partners who provide scholarships, debt relief and other initiatives to drive a more inclusive veterinary community and broader access to veterinary and technician training.

WELL-BEING

Working in the veterinary profession can be meaningful and rewarding, full of both opportunities and challenges. However, compassion fatigue and increased debt, among other factors, can lead to mental health challenges, including a higher risk of suicide among veterinarians than many other professions. The Zoetis Foundation's focus on mental health emphasizes the importance of well-being for veterinary healthcare teams.

LIVELIHOODS

Healthy livestock are critical to achieving food security, particularly in regions with exceptionally high incidences of livestock and human disease. To ensure rising food and nutrient needs are met, livestock farming productivity must be improved. The Zoetis Foundation funds capacity-building initiatives and business planning programs that help veterinary practices and farmers develop sustainable businesses, protect family legacy and thrive in an increasingly dynamic industry.

\$932,000

**disbursed through grants by the
Zoetis Foundation in 2021**

The Foundation is guided by a board of directors and our colleague-driven Philanthropy Working Group. More details on the focus areas and how we integrate diversity, equity and inclusion in all we do can be found on our [Zoetis Foundation](#) webpage.



**The Zoetis Foundation seeks
to advance opportunities for
veterinarians and farmers
around the world**



Engaging our Colleague Resource Groups (CRGs) in Community Giving

The Zoetis Foundation represents the next chapter in serving our communities – and it also represents an opportunity for us to engage our colleagues to give back to causes that matter to them. Through the Zoetis Foundation, we launched the CRG giving program, which invites Zoetis CRGs to propose organization(s) that are meaningful to the group for the Zoetis Foundation Board’s review.

Resilient Ag Fund

Zoetis has a long history of addressing important challenges faced by farmers and the Zoetis Foundation is helping extend our purpose and drive forward our commitment to our customers and our communities. In 2021, the Zoetis Foundation approved a grant to the National Fish and Wildlife Foundation in support of the Resilient Ag Accelerator Fund, which was created by The Sustainability Consortium, to accelerate the adoption of conservation practices by farmers and dairy producers. This work will help sustain, restore,

and enhance the fish, wildlife, plants and habitats for current and future generations in the Northeastern region of the United States.

In 2022, this new conservation initiative will award grants to support on-the-ground partners who work directly with farmers to encourage the use of digital technologies to boost herd health and support farm productivity, reduce costs and improve access to U.S. Department of Agriculture’s Farm Bill and other cost-share programs that provide direct financial support to producers for on-farm conservation

practices and assist dairy farmers in accessing markets for their milk. In total, this partnership will engage an estimated 400 farmers and support implementation of conservation improvements on 40 dairy farms.

The Zoetis Foundation’s funds will be matched 1:1 with funding and resources from grantees and from federal U.S. agencies. The Zoetis Foundation’s investment of \$400,000 per year for two years will fund projects with a total project value of \$1.6 million.



A Customer and Colleague Team Up to Support a Community in Malawi

One of our customers introduced a Zoetis colleague to a nonprofit organization, When the Saints, whose mission is to end sexual exploitation and human trafficking in Malawi. Thanks to the leadership of a Zoetis colleague, When the Saints is now eligible to receive up to \$1,000 per colleague per year through the Matching Gifts program. This also inspired other colleagues to give, amplifying the impact. The contributions from Zoetis colleagues, matched by the Foundation, were used to help build a new dormitory, which allowed When the Saints to double their capacity and save more lives across Malawi.

An Injured Dog Inspires Years of Giving

When an injured dog in Ecuador needed care, a Zoetis colleague created The Dogs of Otavalo, an organization that helps provide care for the dogs that live on the streets in Otavalo, Ecuador. Over the last five years, the organization led trips to Ecuador with a team of veterinary professionals and volunteers to spay, neuter, vaccinate and treat hundreds of street dogs in Otavalo. The high-quality care provided would not have been possible without the generosity of Zoetis' product donations, expert resources and community support.



Zoetis Teams up with Operation Allies Welcome in support of Afghan Refugees

At the end of 2021, Zoetis' Tech and Digital Team engaged with the Operation Allies Welcome (OAW) to provide technology donations for Afghan Refugees. To support their Digital Equity project, Zoetis donated 45 laptops to aid with the Afghan Refugee resettlement activities. OAW welcomed over 75,000 guests across the country on nine military bases, where the donated computers were used for resume building, job searching, English as a Second Language (ESL) training, driving lessons, cultural training and more. At the end of the operation, the laptops were donated to the Afghan refugee guests.



Community Volunteering and Matching Gifts Program

ASPIRATION

Support our communities



TARGET

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

2021 PROGRESS

- 5,735 hours of volunteer time contributed by our colleagues, 29% of our stated goal. As in-person events become the norm again, we will continue to encourage our colleagues to engage in and lead local volunteering events for their teams and utilize programs such as the U.S. Dollars for Doers program.

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 expertise and participate in other activities to help nonprofit organizations and those in need. Through the Zoetis Foundation, we are also proud to support a U.S. Matching Gifts program and a U.S. Dollars for Doers program.

Volunteer Time Off: Zoetis supports giving back to communities with our Volunteer Day Policy, which allows colleagues one day of paid time off per calendar year to volunteer for a charitable organization of their choice.

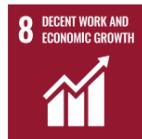
U.S. Dollars for Doers: The Dollars for Doers program allows eligible colleagues to receive a match up to \$1,000 per colleague per year from the Zoetis Foundation, \$10 per hour of volunteering, which can be donated to eligible nonprofit organizations of the colleague's choice.

U.S. Matching Gifts: The Matching Gifts program encourages colleagues to donate to their favorite nonprofit organizations and the Zoetis Foundation will match colleague donations up to \$1,000 per colleague per year.

Supporting Veterinary Professionals

ASPIRATION

Support veterinary professionals



TARGET

- 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 markets where we have a presence

2021 PROGRESS

- The Foundation provided grants of \$755,000 for scholarships and Zoetis provided an additional approximately \$100,000 in corporate contributions for scholarships to support over 450 students. In the U.S., 37% of students supported by the Zoetis Foundation/ Association of American Veterinary Medical Colleges (AAVMC) Veterinary Student Scholarship Program were diverse.
- Zoetis invested in professional programs in 100% of our markets, through Zoetis-led programs and in partnerships with external organizations.



The Zoetis Foundation proudly contributed \$755,000 to scholarship programs in 2021, with an additional approximately \$100,000 provided in corporate contributions. The scholarships supported through the Zoetis Foundation include the AAVMC Veterinary Student Scholarship which provides financial scholarships to second- and third-year veterinary students to address the issue of student debt, while also working to foster diversity in the veterinary profession. The Foundation also funded scholarships through the American Association of Equine Practitioners and American Association of Bovine Practitioners to support the development of future equine and bovine veterinarians. In addition, through Zoetis' corporate giving, scholarships were funded in Canada, Japan and China.

Zoetis is committed to investing in professional programs around the world. In the U.S., Zoetis partnered with the American Animal Hospital Association (AAHA) to execute the Beyond Medicine Workshop. This workshop is designed to provide veterinarians with hands-on skills for nonmedical parts of their job, such as client communications, overcoming professional challenges and caring for their well-being. In China, Zoetis colleagues hosted trainings for veterinarians across a number of areas including dermatology, anesthesia and laboratory operations. In the U.K., Zoetis supported the Young Vet of the Year Award through the British Veterinary Association to recognize young professional vets early in their career.

Building a More Diverse Future: Veterinarians behind National Geographic's Critter Fixers

Drs. Terrence Ferguson and Vernard Hodges, two Black veterinarians who founded a veterinary hospital in Georgia and star in Nat Geo's hit show "Critter Fixers," sat down with Zoetis' Chief Medical Officer, Dr. Mike McFarland, on a podcast to discuss their commitment to supporting vets of the future.

On the [podcast](#), they discussed their dream of becoming veterinarians and how discouraging it had been without Black role models in veterinary medicine. Dr. Ferguson shares, "I wanted to become a veterinarian at a very early age. It

wasn't until I was a junior in undergrad that I saw the first Black African American veterinarian, and it became a time where I kind of lost faith a little bit because I hadn't seen anyone who looked like me that was doing what I wanted to do. And I knew if I became a veterinarian, it was going to be very important to me to be that bridge between kids and getting in school."

To encourage the next generation, Dr. Ferguson and Dr. Hodges created It Takes a Village Foundation, to help teach basic business skills to kids interested in veterinary medicine. In 2022, the Zoetis Foundation commits to expanding the It Takes a Village's "Vet for a Day" program to help attract diverse students to the profession.



Expand Veterinary Care Access to Populations In-Need

ASPIRATION

Expand veterinary care access to populations in need



TARGET

- Annually report on the number of pet owners reached through community programs and in-kind donations

2021 PROGRESS

\$2.6 million

- Zoetis provided approximately \$2.6 million in monetary and in-kind donations to support over 119,000 pet owners in need.

Expanding veterinary care access to populations and communities in need is critically important to Zoetis. In 2021, we provided approximately \$2.6 million in monetary and in-kind donations to support pet owners throughout the world. In Canada, we provided the Cross Land Band of Indians with rabies vaccines to support the remote indigenous community who has limited to no access to veterinary care available. We also supported remote northern Canadian communities by providing in-kind donations to Veterinarians Without Borders for temporary veterinary clinics in these under-served communities. In Brazil, for the third year, we provided in-kind donations to Patas Therapeutas, an organization that selects and trains volunteers to visit hospitals and clinics with pets, providing emotional support for patients, children and elderly.

Provide Animal Care in Disaster Relief

ASPIRATION

Provide animal care in disaster relief



TARGET

- Annually report on the number of animals cared for through community programs and in-kind donations

2021 PROGRESS

- Zoetis provided approximately \$1.6 million in monetary and in-kind product donations to care for over 721,000 animals impacted by natural disasters.

Through charitable contributions and in-kind product donations, we support our customers and the animals they care for when they are impacted by wildfires, tornados, hurricanes, flooding, windstorms and more. In 2021, Zoetis supported approximately \$1.6 million in monetary and product donations to help more than 721,000 animals in need. We partner with local foundations to support communities during times of natural disasters, including donating \$30,000 to the support farmers in South Africa with the Agri Relief Foundation.

Offering Relief During the Belgium floods

After heavy floods in Belgium, Zoetis Benelux took swift action to donate 50,000 euros to support communities in-need. We designated funds to local organizations, including the Red Cross and two animal rescue organizations—The Société Royale Protectrice des Animaux and Un combat pour vivre—in the region of Liège, where the disaster hit the hardest.

Zoetis was proud to help animals find safety when pet owners were displaced. The two animal rescue organizations ensured animals were fed and cared for, free of charge, and that animals who were found wandering around the flooded areas were placed in foster care or staff members' homes.

Supplier Diversity

We recognize that underrepresented suppliers are not always given the same opportunity to compete for our business as their larger, more widely known counterparts. Therefore, we maintain a strong focus on promoting diversity in our supply chain.¹ In 2021, we launched a supplier diversity program to further enable fair competition and we formalized a corporate-level council comprised of cross-functional team members with a shared aspiration to increase supplier diversity. Our supplier diversity program is focused on the following areas:



External Council Memberships: We work with external organizations to promote diversity and inclusivity. We are corporate members of the National Minority Supplier Development Council (NMSDC), National Gay & Lesbian Chamber of Commerce (NGLCC) and Women's Business Enterprise National Council (WBENC) development councils. We continue to evaluate memberships in other councils and other opportunities to increase our visibility in the diverse supplier community.

¹ Zoetis defines diverse suppliers as women-owned, minority-owned, small business, LGBTQ-owned, veteran-owned and other disadvantaged enterprises. To qualify, a supplier must apply to one or more certifying organizations.



Supplier Training and Certifications: We take a proactive approach in assisting underrepresented groups to qualify for tendering processes by helping suppliers better understand Zoetis' supplier needs. We also help suppliers navigate the process for certifying as a diverse supplier.



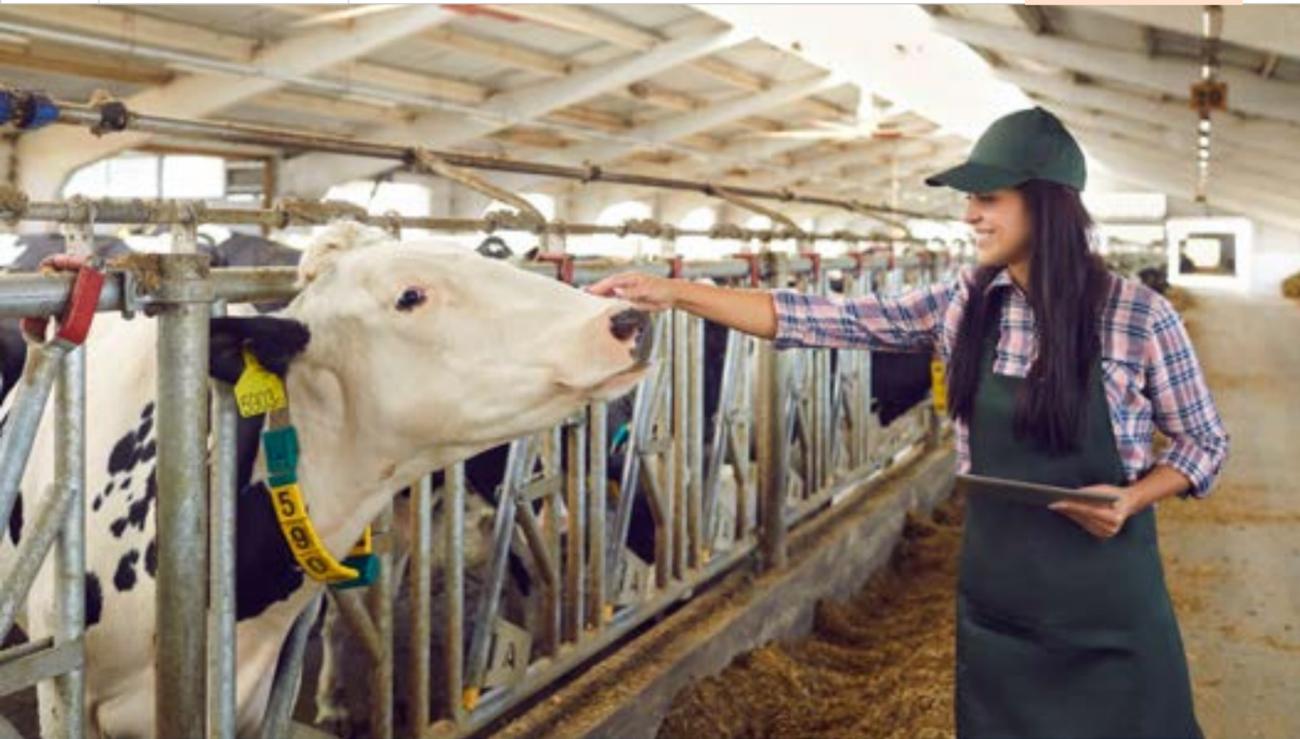
Internal Engagement: We have internal awareness campaigns on supplier diversity to engage all colleagues in helping us achieve our goals.

Animals

Innovation in Animal Health

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





Innovation in Animal Health



Innovating for Sustainable Solutions

ASPIRATION

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



TARGET

- 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

2021 PROGRESS

- Incorporated key environmental, social and farmer economical considerations into our new product evaluation process which includes key evaluation milestones as part of our R&D pipeline.
- Joined external organizations Global Roundtable for Sustainable Beef and The Sustainability Consortium to support collaboration across the livestock value chain and drive sustainable livestock production.
- Introduced products and services to support our customers in meeting their sustainability and animal care goals, including Performance Ranch, a cow-calf management software and BLOCKYARD™, a blockchain solution; gained U.S. approval for M.bovis vaccine to help prevent bovine respiratory disease; expanded claims for IMPROVAC® to improve sustainable pork production; and, invested in more research to support dairy producers' use of CLARIFIDE® genomic testing.

Our scientists are focused on medicines, vaccines, diagnostics and technologies to help livestock farmers raise healthier, more productive animals which ultimately contribute to safe, sustainable food supply and farmers' own livelihoods – especially in developing countries. Driven by the need to solve sustainability challenges facing animals and people, our expertise in animal health innovation directly supports the advancement of the United Nations Sustainable Development Goals (UN SDGs), including SDG 1: No Poverty, SDG 2: Zero Hunger, SDG 3: Good Health and Well-Being, SDG 5: Gender Equality, SDG 13: Climate Action and SDG 15: Life on Land.



We believe that the role of animals must be considered to achieve the UN

SDGs, in particular the importance of disease prevention in improving livestock production and ensuring the availability of nutrient-rich foods that many rely on. This is why we signed the [UN Business Declaration on Food Systems Transformation](#) as part of the UN Food Systems Summit held in 2021.



[Read more about our commitment to ensuring healthy animals' contribution to a sustainable food system.](#)

Our innovation focuses on the important role healthy animals play in creating a healthier future. Healthier animals have a smaller environmental footprint and are critical for sustainable livestock production. Our products and services support our livestock customers in their essential work to sustainably produce protein and our companion animal customers as they address unmet medical needs and deepen our bonds with pets.

Driven by our purpose, we discover and develop solutions across the continuum of care to predict, prevent, detect and treat health conditions in animals, with the aim of helping our customers achieve their sustainability and animal care goals. Our areas of focus include developing additional vaccines; exploring new classes of antibiotics for veterinary use only and novel, nonantibiotic anti-infective solutions; and enhancing diagnostics, genetic tests and digital technologies. For example, our vaccines for poultry and salmonids have contributed to a reduction in the use of antibiotics over the years. One of our genomic prediction tools helps dairy farmers increase financial sustainability and improve animal welfare by offering wellness solutions that significantly reduce disease conditions, morbidity and mortality in dairy cattle.

Sustainable Partnerships

We engage with organizations, such as the Global Roundtable for Sustainable Beef (GRSB) and the Dairy Sustainability Framework, to support collaboration among farmers, ranchers, meat and dairy processors, and food brands. Our Executive Vice President, Corporate Affairs, Communications and

Sustainability sits on the GRSB executive committee, allowing Zoetis to play an important role in helping advance sustainable livestock production. In 2021, we joined The Sustainability Consortium with a focus on supporting efforts to increase supply chain transparency and sustainability with U.S. pork producers. Our U.S. team has been involved with the [U.S. Roundtable for Sustainable Beef](#) in developing goals and sector targets.



Data Helps Farmers Make Earlier, More Informed Decisions

Zoetis is building out the intersection of genetics, health management, and data to help livestock farmers maximize health and well-being, performance and sustainability across livestock farming operations. With consumers' growing interest in how food-producing animals are raised, we are confident that on-farm data will make a meaningful impact when shared throughout the supply chain.

Performance Ranch™, a new cow-calf management software, helps cow-calf producers easily capture health and performance data, manage costs and track herd inventory in real time. This software solution joins the Performance Beef platform, expanding the Performance Livestock Analytics offerings for cattle producers. The easy-to-use software provides users insights to make informed decisions across financials, nutrition, genetics and animal health. Users are able to access real-time data and see variations in performance to make more informed decisions earlier regarding the health and marketability of their animals.

BLOCKYARD™ helps collect, transfer and connect information on individual cattle from multiple sources across the complex beef cattle production chain. The new blockchain solution, developed in collaboration with IBM Consulting leveraging IBM Blockchain Platform on the IBM Cloud, works with existing health and data management solutions, such as Performance Ranch™, INHERIT™ and SELECTVAC®. BLOCKYARD makes the production, health and genomic information available to all stakeholders on a permissioned basis.

CLARIFIDE Genomic Testing

Genomic testing can significantly reduce the costs of animal health by reducing disease incidence and antibiotic use. A 2020 study published in the Journal of Dairy Science demonstrated the ability of CLARIFIDE predictions to accurately predict health, production and profitability outcomes in individual dairy animals, enabling better farm management.

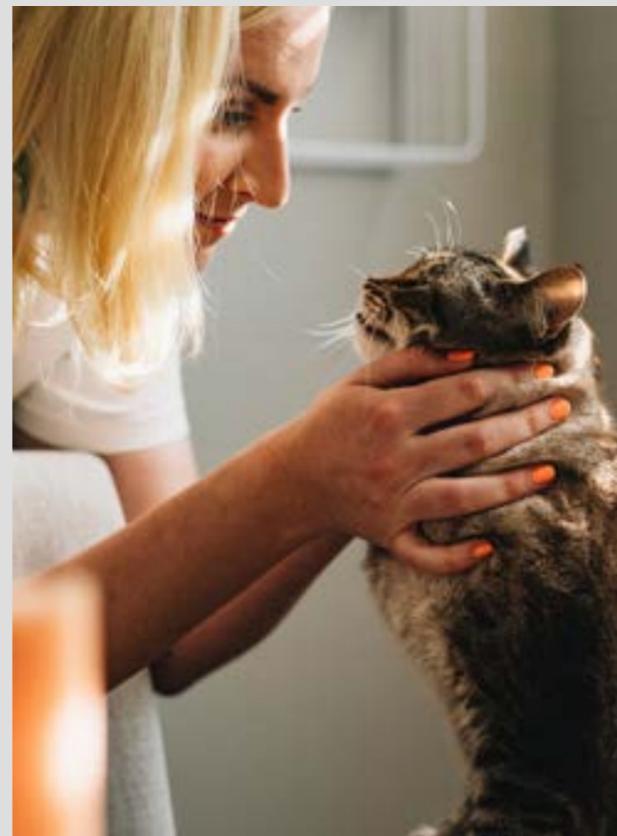
In 2019, 1,053 dairy cows across four U.K. farms were genomically tested using CLARIFIDE Plus. The genomic predictions accurately identified animals that produced more milk, had fewer cases of mastitis and lameness and required fewer antibiotic treatments.

These results from the U.K. study were supported by a more in-depth study in the U.S., conducted in 2021, which looked at the impact of Dairy Wellness Profit Index (DWP\$). Cows with higher DWP\$ were healthier (22% less lame cows, needed 44% less antibiotics), more productive (35% more milk and 11% less feed) and ultimately required 27% less labor for health needs.



Helping Pets Live Longer, Happier Lives

Our products and services are designed to help pets live longer, healthier, happier lives. We understand the importance of the human-animal bond, and we use science and understanding of our customers' needs to find solutions that improve the health, well-being and quality of life for pets. One example is the recent launch of LIBRELA® and SOLENSIA® – the first injectable monoclonal antibodies for alleviating osteoarthritis pain in dogs and cats in Europe and certain other countries. Without treatment, osteoarthritis pain can worsen over time and seriously affect a cat's or dog's long-term health and well-being, disrupting the unique bond pets share with their humans.



Providing Solutions for Agricultural Emissions

Improving animal health offers the greatest opportunity to reduce greenhouse gas emissions from livestock. Every cow, pig, sheep, chicken or fish lost to disease represents emissions spent that are not converted into food. We see an opportunity to reduce methane emissions per unit of animal protein produced and for our precision animal health solutions to provide information and decision-making tools to help livestock farmers optimize input and reduce methane and other waste emissions. Our R&D efforts in cattle focus on creating integrated management solutions for the complex challenges around these emissions. We approach this challenge from several angles, including exploring products to optimize feed efficiency and health, along with genetic tools that can help select for low methane cattle and potentially novel feed additives to reduce methane emissions.

Animal Care and Welfare

Zoetis is dedicated to helping animals live longer, healthier lives through the discovery and development of breakthrough medicines and therapies. Our [Policy on Animal Care and Welfare](#), which outlines our commitment to the principles of the 3Rs of animal research – replacement, reduction and refinement – reflects our commitment to ensure that animals used in our research are treated humanely.

We believe that animal-based biomedical research in the pharmaceutical industry remains critical in the discovery, evaluation and regulatory processes that lead to the development of products designed to save or improve animal lives throughout the world. However, we remain fully committed to the development and use of scientifically validated alternative testing methods deemed acceptable to regulatory authorities and that do not compromise patient safety or the effectiveness of our medicines.



[Our efforts in this space are discussed in more detail on page 35 of our 2020 Sustainability Report.](#)

Working Collaboratively to Advance Alternatives to Animal Testing

Zoetis is committed to cross-industry collaboration to develop and refine new in-vitro testing and predictive informatics-based systems that hold promise for reducing animal usage. By working with associations, governmental agencies and peers, our colleagues have helped advance alternatives to animal testing.

In Brazil, the Ministry of Agriculture, Livestock and Food Supply (MAPA) has introduced a new regulation that will reduce Target and Laboratory Animal Batch Safety animal testing requirements for products sold in the country. The new regulation is a result of a partnership between the local regulatory authorities and [SINDAN](#), the animal health industry association in Brazil. Zoetis was involved through leadership of SINDAN's working group for biologics which drove the collaboration.

In addition, Zoetis colleagues in Europe played a key role in the [VAC2VAC](#) initiative dedicated to developing quality control testing approaches for human and veterinary vaccines using non-animal methods. The six-year project concluded in February 2022 and has resulted in the validation of two in-vitro assays that are approved as replacements for animal tests. Additional in-vitro assays are still being explored. Moreover, the VAC2VAC project produced 21 peer-reviewed open access publications.



Combatting Diseases

ASPIRATION

Combat diseases that pose the greatest risk to animals and humans



TARGET

- Leverage the Zoetis Center for Transboundary and Emerging Diseases to develop vaccines for high-impact emerging diseases globally
- **Invest in R&D** for emerging infectious diseases
- Provide our **innovative vaccines to all relevant markets** via tenders or other go-to-market pathways

2021 PROGRESS

- Continued to invest in developing vaccines and diagnostics against emerging infectious disease including Severe Acute Respiratory Syndrome Coronavirus-2 (SARS-CoV-2), Foot-and-Mouth Disease (FMD) and African Swine Fever (ASF).
- Progress: In partnership with Texas A&M University, we opened the Transboundary and Emerging Disease Vaccine Development Facility in College Station, Texas.
- Secured a contract to provide rabies vaccine to the World Organization for Animal Health (WOAH formerly the OIE) Rabies Vaccine Bank. Represent on the OIE United Against Rabies Committee to develop implementation strategies for the OIE Zero By 30 Program to combat human rabies.

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. We organize our response to outbreaks of infectious diseases through our Center for Transboundary and Emerging Diseases (CTED). We mobilize scientific 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 to help rapidly control them.



[Read more about CTED and how we respond rapidly to transboundary and emerging diseases here.](#)

Our expertise in animal diseases and proven process of identifying emerging infectious diseases led us to develop SARS-CoV-2 diagnostic tests and a vaccine for animals. We continue to make advancements with Foot-and-Mouth Disease and aim to develop a vaccine that can help protect pigs against African Swine Fever.

To further our commitment to combat disease that affect animals and people, we were appointed by the OIE as one of the two approved vaccine suppliers to the Rabies Vaccine Bank for four years. The bank was created to provide governments and non-governmental organizations, particularly in development countries, with a reliable supply of quality vaccines at an acceptable

price. Our involvement will help contribute to the OIE's members' objectives to reach zero human deaths from dog-mediated Rabies by 2030 (Zero by 30 Program).

In 2021, together with Texas A&M University's Health Science Center for Innovation in Advanced Development and Manufacturing (CIADM), we opened the Transboundary and Emerging Disease Vaccine Development Facility in College Station, Texas. The facility is focused on accelerating the development of transboundary and emerging disease vaccines – including those for Foot-and-Mouth Disease (FMD). While FMD vaccines are the initial focus of the center's vaccine development, the facility can be expanded to accommodate vaccine development for other emerging diseases in the future.

Foot-and-Mouth Disease (FMD) is a severe and highly contagious viral disease. The FMD virus causes illness in cows, pigs, sheep, goats, deer and other animals with divided hooves. FMD is not a public health or food safety threat; however, an outbreak would have severe economic impact.

African Swine Fever (ASF) is a highly contagious, infectious animal disease. As a viral disease impacting only pigs and not people, it is not a public health threat or a food safety concern. However, outbreaks of ASF have an enormous negative impact on producers' livelihoods and food supply.

Rabies is the oldest disease known to affect both animals and humans and yet is still responsible for the death of an estimated 59,000 people globally each year.¹

¹ World Organization for Animal Health.



Developing our COVID-19 Vaccine

Given the concerns about SARS-CoV-2 in zoo animals, Zoetis developed a vaccine that could be used in animals and since the beginning of 2021 has donated over 26,000 doses of our COVID-19 vaccine to over 240 zoos, conservatories, sanctuaries, and other animal organizations located in over a dozen countries including Canada, Chile, and the United States. This use was authorized on a case-by-case basis by the U.S. Department of Agriculture, appropriate state veterinarians and individual countries' regulatory authorities. Based on information received from zoo veterinarians, we expect that our single experimental COVID-19 vaccine formulation will be effective in helping to protect the health and well-being of more than 300 mammalian species—what we believe is an unprecedented success story.

+26,000

COVID-19 vaccine doses donated

+240

zoos, conservatories, sanctuaries and other animal organizations

+12

countries

+300

mammalian species

Antibiotic Stewardship

ASPIRATION

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



TARGET

- **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**

2021 PROGRESS

- Continued to collaborate with global stakeholders, including the International Consortium for Antibiotic Stewardship in Agriculture and the AMR (antimicrobial resistance) Cross-Industry Expert Working Group of the Business Council for the United Nations.
- Conducted responsible use educational programs in Latin America and Southeast Asia.
- Launched vaccines to protect against bacterial diseases in poultry and continued active research on alternatives to antibiotics.
- Received U.S. approval for a vaccine to help prevent bovine respiratory disease caused by M. bovis.

To protect the health of animals and humans, we emphasize responsible use of antibiotics in animals and collaborate with global stakeholders to foster responsible use and veterinary involvement when antibiotics are used. To demonstrate this commitment, we:

- Removed growth promotion use of medically important antibiotics in feed in the U.S. in 2017 and in remaining markets in 2020
- Continue to conduct robust antimicrobial resistance surveillance, a program we started in 1993
- Contribute to research through industry stakeholder groups and with universities and governmental agencies

We continue to channel internal and external innovation toward developing products that could help reduce the need for antibiotics – including the recent U.S. approval of a vaccine to help prevent bovine respiratory disease caused by M. bovis – and we continue to explore alternatives to antibiotics and potential partnerships with companies with novel anti-infective approaches.

Through the [International Consortium for Antibiotic Stewardship in Agriculture \(ICASA\)](#), we are actively advancing research to understand disease drivers so that we can reduce the need to use antibiotics. The collective investment in research yields practical solutions, such as new technologies and management

practices that promote responsible use of antibiotics, raise healthier more productive livestock and improve animal welfare.

We are also the only stand-alone animal health company to participate in the AMR Cross-Industry Expert Working Group of the [Business Council for the United Nations](#). We collaborate with human health, agriculture, animal husbandry, veterinary services, the financial sector and other industries involved in anti-microbial stewardship and solutions to contribute input to United Nations leadership on AMR efforts in coordination with the World Health Organization, Food and Agricultural Organization and World Organization for Animal Health (OIE).

In August 2021, Zoetis participated in an AMR Stewardship Webinar conducted by the Indonesian Ministry of Agriculture. Our technical expert presented educational material related to responsible antibiotic use in treating chronic respiratory disease in poultry. The program was attended by approximately 600 senior officials, academics, and local livestock stakeholder community members including veterinarians and poultry producers. Zoetis continues to support organizations in Latin America, for example [Alianca in Brazil](#), that provide educational content and training to veterinarians on responsible use of antibiotics.

HealthforAnimals

As a member of the global trade association, HealthforAnimals, Zoetis is working with peers to achieve the organization's Roadmap to Reducing the Need for Antibiotics, a strategy for addressing AMR and improving responsible use of antibiotics. The strategy includes 25 commitments for the sector to undertake by 2025, and as of 2021, some are well ahead of schedule, with:

- 49 out of 100 vaccines delivered (22 against bacterial diseases)
- 17 out of 20 diagnostic tests delivered

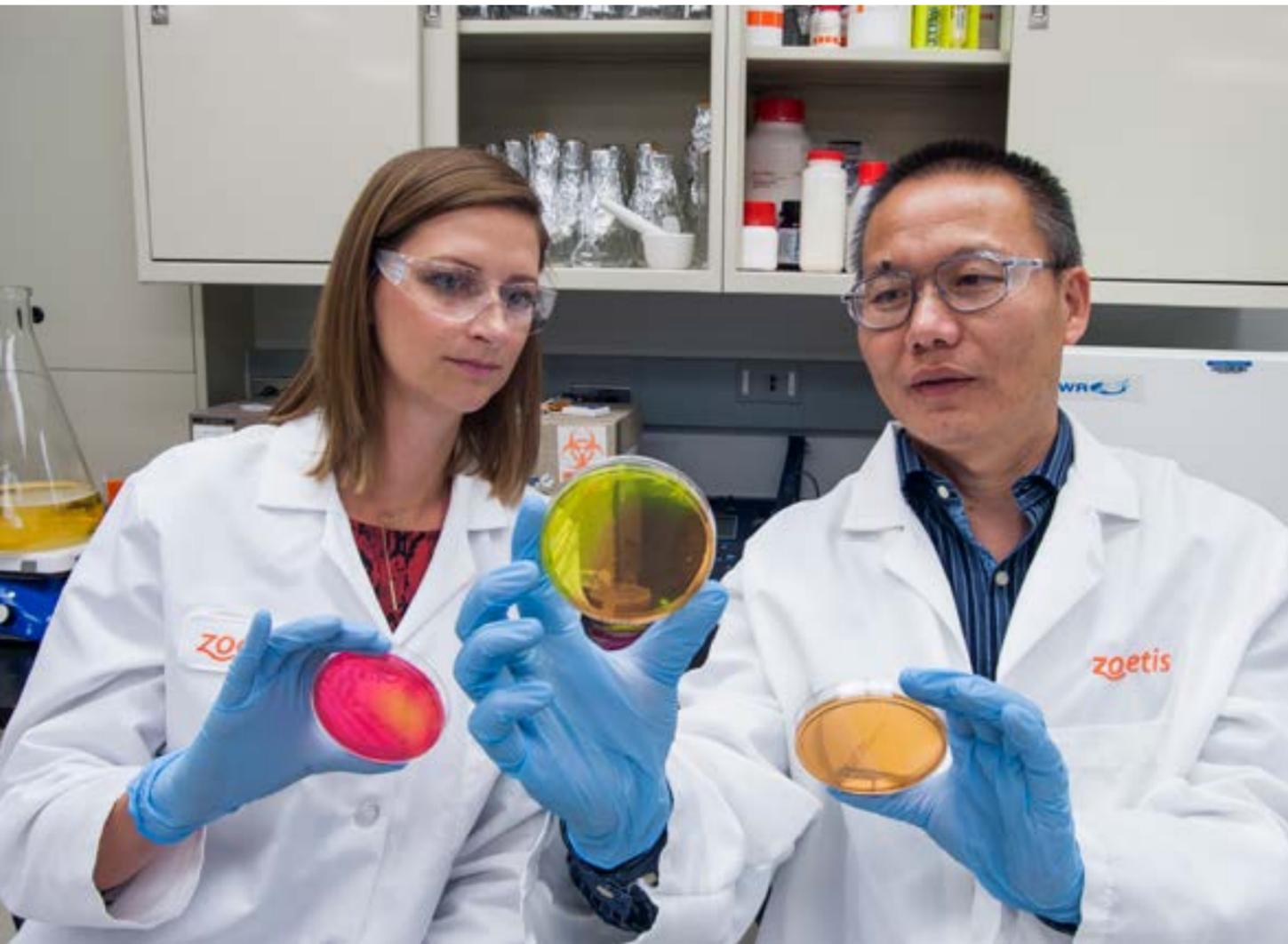
- 657,000 veterinary professionals indirectly trained
- \$6.7 million allocated in veterinary scholarships, exceeding \$5 million goal



[Read more about this work in the Roadmap to Reducing the Need for Antibiotics 2021 Progress Report here.](#)



[For a more detailed discussion about our antibiotic stewardship efforts, including our partnerships, see pages 36-37 of our 2020 Sustainability Report.](#)



Access to Veterinary Care in Emerging Markets

ASPIRATION

Grow access to vet care in emerging markets



TARGET

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
- 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

2021 PROGRESS

25.5%

- Trained 25,500 farmers, veterinarians, para-veterinarians, distributors and lab personnel over 1,063 training days.

60%

- 30% of trainees are women.

48%

- Treated 4.8 million cows.¹

61%

- Treated 121.6 million chickens.²

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

² In 2021, we revised our assumptions from every bird receiving at least 3 doses to 5 doses (treatment and prevention) due to the higher rate of adoption of broader vaccinations. We recalculated 2020 data to reflect this change and it is reflected in the reported number.

In line with our purpose to nurture the world and humankind by advancing care for animals, we focus on supporting customers in underserved rural communities working to predict, prevent, detect and treat illness in animals and to address unmet medical needs. Through this, we also support a shift from disease treatment to prevention, thus reducing use of antimicrobials in livestock.

Our African Livestock Productivity and Health Advancement (A.L.P.H.A.) initiative, co-funded with the Bill & Melinda Gates Foundation, helps to improve livestock health and positively impact farmers' livelihoods in Sub-Saharan Africa. The initiative began in 2017 in Uganda, Nigeria, and Ethiopia, and later expanded into Tanzania. The initiative strives for gender equality in animal health training for women and it anchors on three pillars:

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

In 2021, we started transitioning our grant co-funded A.L.P.H.A. initiative activities throughout the broader Sub-Saharan Africa region to our commercial operations. Zoetis is committed to sustain and grow its presence in the region by focusing on distribution improvement and geographical coverage, technical support, diagnostic support, digital capabilities, training and education and support of private-public partnerships.

Veterinary Medicines and Services

We are focused on providing veterinarians and farmers throughout Sub-Saharan Africa with tools to help them raise healthier and more productive animals – contributing to both a sustainable food supply and their livelihood. Of our products, 62 have received full regulatory approval for commercialization and an additional 120 are pending approval, which will increase the availability of quality products in Uganda, Nigeria, Ethiopia and Tanzania. Our livestock portfolio includes products for swine, poultry and ruminants, including important vaccines for disease prevention. Pooled vaccination projects, where a team of veterinary professionals vaccinate animals at small scale farms, have also been launched in all four countries to increase access to quality vaccines applied in a correct and efficient manner. The number of doses of treatment and prevention products supplied to the markets have increased 35x in 2021 compared to 2016, which will have a considerable impact on livestock health in the region.

Veterinary Laboratory Networks

Farmers in Sub-Saharan Africa face negative economic impact due to inappropriate disease treatments and an increased risk of antimicrobial resistance due to the lack of diagnostic services, including veterinary input and correct disease diagnosis. In 2021, five

new labs were opened in collaboration with local strategic partners. By the end of 2021, we opened a total of 16 labs to serve farming communities, which included conducting intensive training for laboratory staff and vets on diagnostic testing and sampling, with logistics lines developed in collaboration with farming associations to support farmers.

In addition, we expanded the development and roll-out of a digital app called 'Lab Cards.' This successful 'lab-in-a-pocket' concept was designed to help improve lab sample management and results communication. An estimated 20,000 chicken flocks and 20,000 cows were tested to date in an effort to improve applied treatment and reduce antibiotic usage.

Training and Education

Training and education are important in Sub-Saharan Africa to help empower local communities to improve livestock health and welfare and to ensure that veterinary medicines are effective through correct storage and administration to animals. To date, 25,500 individuals, including farmers, veterinarians and para-veterinarians, distributors, and lab personnel have been trained through 1,063 training days. In 2021 alone, over 12,300 people were trained in 423 training days, with an estimated extended reach of some 615,000 people through a Train-the-Trainer approach.¹ Training courses have been tailored to address training gaps identified by regional surveys to ensure maximal relevance

to stakeholders. Disease prevention through vaccination is at the forefront of training topics. Since the onset of the COVID-19 pandemic, there has been a shift toward online training delivery due to limitations on face-to-face interactions. Participation declined among females and this decrease reflects lower digital readiness and connectivity availability for women farmers, which is a key point of focus for improvement in 2022.

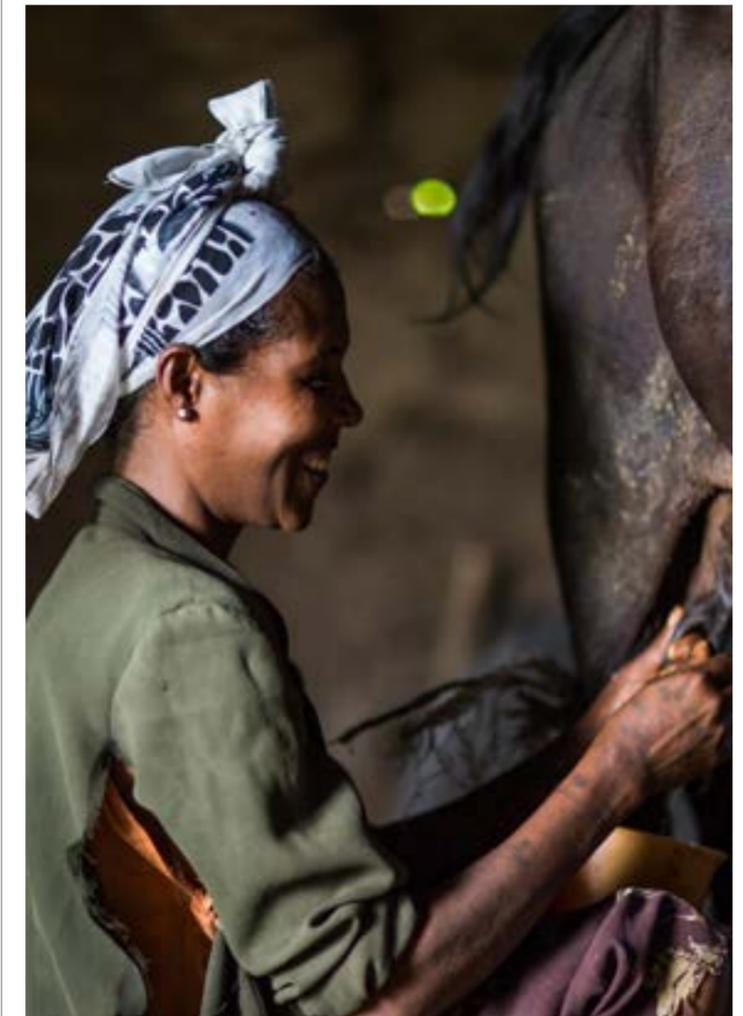


Photo courtesy of the Bill & Melinda Gates Foundation

¹ Assumption used that every trained person trains 50 other people.

Planet

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.



The Drive to Protect Our Planet



Our Carbon Footprint

ASPIRATION

Minimize our carbon footprint



TARGET

- Become **carbon neutral in our own operations by 2030**
- Source **100% renewable energy by 2030**
- Reduce **energy intensity in manufacturing and R&D by 5% by 2025¹**
- Rethink **business travel and work-from-home policies** to reduce transportation-related emissions by 25%

2021 PROGRESS

- Developed a hierarchical approach to achieving carbon neutrality in our operations by focusing on energy efficiency and minimizing energy load, capital project investments, and renewable energy sourcing.
- In the first half of 2022, we will initiate energy audits at our top 10 energy-consuming sites that account for 90% of our energy footprint.
- Moving forward, 2021 will serve as our baseline and we will report our progress towards this target annually.
- 13.5% renewable electricity sourced to date (RE100 commitment).
- 6.1% renewable energy sourced to date.
- Reduced energy intensity in manufacturing and R&D by 14%.
- Began evaluating policies and practices that will support a reduction of business travel and colleague commuting emissions and plan to report on actionable steps in next year's report.

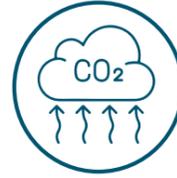
¹ Based on 2019 baseline. Energy intensity is gigajoules per \$1 million in revenue

In 2022, we announced a refresh to our Driven to Care sustainability aspirations for mitigating the company's climate impact. We set a new goal to be carbon neutral in our own operations by 2030. The target focuses on our Scope 1 and 2 emissions from our manufacturing and R&D operations, office locations and fleet vehicles. We also accelerated our commitment to source 100% renewable energy in our operations by 20 years – with a goal of achieving our RE100 commitment by 2030.

To achieve our carbon neutrality commitment, we will take a hierarchical approach to reduce emissions. Our first focus area is to reduce energy use at our sites: optimizing how we operate our utility systems and manufacturing equipment to minimize energy waste, as well as investing in sustainable equipment and design to embed energy efficiency and decarbonization into our capital projects. Underpinning this drive to reducing emissions, we will conduct energy audits at the ten sites that account for 90% of our energy footprint. In parallel, we will develop a strategy to electrify our fleet of vehicles and expand our sourcing of renewable electricity.

Carbon Reduction Hierarchy

Bridge remaining emissions with the purchase of carbon offsets



Source 100% renewable electricity in all of our operations



Convert our fleet over to electric vehicles



Optimizing use of utility systems to minimize energy waste

Design and embed energy efficiency and decarbonization into capital projects



Purchase of
Carbon Offsets

Purchase of
Renewable Electricity

Electrify
Zoetis Fleet

Reduce
Emissions

Graphic is for illustrative purposes and not to scale.

10%

reduction in Scope 1 emissions intensity of our manufacturing and R&D operations from 2020

5.5%

reduction in absolute Scope 2 emissions from 2020¹

¹ Based on location-based emissions.

Greenhouse Gas Emissions (metric tons CO2e)

	2021	2020	2019
Scope 1 emissions — total ^{1,2}	98,085	76,057	72,426
Manufacturing, R&D and offices	78,064	76,057	72,426
Fleet	20,021	Not available	Not available
Scope 2 emissions — market-based ³	185,097	Not available	Not available
Scope 2 emissions — location-based ⁴	226,951	240,083	234,580
Scope 1 and 2 emissions ⁵	283,182	316,140	307,006
Scope 1 and 2 emissions intensity (per \$1MM revenue)	37	47	49

- 1 In 2021, Zoetis added fleet vehicles to our Scope 1 footprint. Adding fleet emissions to the Scope 1 footprint resulted in an additional 20,021 metric tons CO2e being added to the company's 2021 Scope 1 emissions. Data was not retrospectively added for previous years.
- 2 GHG emissions from Zoetis owned and leased offices where data was available (accounting for 70% of our owned and leased office space) was added to our carbon footprint in 2021. Zoetis offices account for less than 0.5% of the 2021 emissions footprint. Data was retrospectively added for 2019 and 2020. In addition, Zoetis operates 19 reference laboratories that are located throughout the U.S. Emissions from these labs, which we expect to be de minimis, are not included in our emissions footprint.
- 3 In 2021, we commenced using market-based emissions factors for purchased electricity.
- 4 Steam was added to our Scope 2 emissions and retrospectively applied to 2019 and 2020. Steam accounted for 10% of our Scope 2 emissions in 2021.
- 5 For the purposes of reporting total emissions, 2021 combines Scope 1 and market-based Scope 2 emissions for 2021. For prior years, we have combined Scope 1 with location-based Scope 2 emissions. Scope 1 and market-based Scope 2 emissions are the basis of our carbon neutrality commitment and we will be using this to measure our performance.

Energy Use

Zoetis has long been committed to reducing our energy needs and this year we exceeded our target of reducing the energy intensity of our manufacturing and R&D operations by 5% by 2025. Driven by key energy efficiency projects and top line revenue growth, in 2021, we achieved a 14% reduction in energy intensity from our 2019 baseline. We know reducing our energy needs is critical for achieving our carbon neutrality commitment and we plan to continue to invest in updated technology to be more energy efficient. For example, a project to retrofit a spray dryer at our Chicago Heights, Ill., manufacturing site, resulting in a 10% reduction in energy consumption in 2021. At our global R&D headquarters in Kalamazoo, Mich., we delivered a 2% reduction in total energy consumption during 2021 through the implementation of energy efficient projects in utilities and lighting.

Vehicle Fleet

Zoetis' fleet of approximately 3,500 vehicles across 40 countries account for 7% of our total Scope 1 and 2 emissions, and thus, it is a focus of our strategy to achieve carbon neutrality. In 2021, electric vehicles represented 0.5% of our total fleet and hybrids accounted for 6.3%. As a part of our carbon transition plan, we are actively evaluating opportunities to increase the use of electric, hybrid and more fuel-efficient vehicles, while factoring in our field colleagues' needs with battery ranges and charging infrastructure.

In addition to shifting to electric and hybrid vehicles, where available, we aim to switch to more sustainable fuels and use technology solutions to help optimize routes. For example, in 2021, our Brazil operations launched Sustainable Route, an effort to encourage our Brazilian field force of more than 500 colleagues to use ethanol when fueling fleet vehicles. In Brazil, ethanol is sourced from renewable sources, such as sugarcane, which has a smaller carbon footprint than gasoline. As of January 2022, about 80% of our Brazilian field force has switched to ethanol.

Renewable Energy

As part of our aspiration to achieve carbon neutrality, we accelerated our commitment to RE100 by 20 years, with a new target of achieving 100% renewable energy sourcing by 2030. We developed a formal approach to procuring renewable energy through power purchase agreements, including a new 15-year virtual power purchase agreement with Vesper Energy, which will generate more than 40 megawatts of renewable energy to power approximately 33% of Zoetis' North American operations' projected energy needs. Our current efforts are focused in North America

because it represents approximately 75% of our global electricity consumption.

Currently nine of our 28 manufacturing sites, along with three commercial operations sites in Norway, operate on 100% renewable energy, with our San Diego, Calif. diagnostic site recently added to the list. Additionally, our offices in Zaventem, Belgium, and Dublin, Ireland – the company's largest offices outside of the U.S. – are now being powered by 100% renewable electricity. As a result of these investments, 13.5% of our total electricity consumed is from renewable electricity.

RE100 is a global initiative bringing together the world's most influential businesses with commitments to source 100% renewable electricity and shift away from non-renewable energy.

Reducing Travel-Related Emissions

We recognize our responsibility to reduce our impact beyond our operational emissions. Therefore, we set an aspiration to rethink our business travel and work-from-home policies to reduce our transportation-related emissions. While our global travel volume is still 50% below 2019 levels, as we look ahead, we will identify opportunities to maintain reduced environmental impacts of travel. We will do this by understanding the largest contributors of business travel carbon emissions within our organization and identifying actionable reduction opportunities, including through policy changes, provider selection and trip reductions. We also aim to increase colleagues' awareness to empower them to make more sustainable travel decisions.

Throughout 2021, we continued to support colleagues based on their individual role, organizational and team needs. When possible, in line with local health restrictions, we offered colleagues the opportunity to work from home on a full-time or hybrid basis. As the pandemic subsides and we transition back to the office, we are evaluating policies that will allow our colleagues to maintain the flexibility provided by working from home, while also allowing us to reduce transportation-related emissions.

Energy (gigajoule)

	2021	2020	2019
Energy ^{1,2}	3,365,305	3,301,567	3,181,551
Energy intensity (per \$1MM revenue)	437	493	507
Renewable energy	205,566	130,435	123,176
Renewable energy (%)	6.1	3.9	3.9
Renewable electricity (%)	13.5	8.8	8.6

1 Energy usage from Zoetis owned and leased offices where data was available (accounting for 70% of our owned and leased office space) was added to our energy footprint in 2021. Zoetis offices account for less than 0.5% of the 2021 energy footprint. Data was retrospectively added for 2019 and 2020. In addition, Zoetis operates 19 reference laboratories that are located throughout the U.S. Energy usage from these labs, which we expect to be de minimis, are not included in our energy footprint.

2 Steam was added to our energy metrics and retrospectively applied to 2019 and 2020. Steam accounted for 7.8% of our energy use in 2021.

13.5%

renewable electricity

Reducing our Environmental Footprint

As an animal health company, being good stewards of the environment is important to us and our customers. While manufacturing products can be water and resource intensive, we are heavily focused on making our operations more water efficient, identifying opportunities to recycle and repurpose our wastewater, reduce the amount of waste that we produce and responsibly manage our waste.

To reduce our water intake, we have invested in improved technology, such as closed loop cooling systems. We identified opportunities to reduce and reuse water in our processes and implement additional efficiency measures. We integrated lean manufacturing principles and tools to help facilities identify areas for water conservation. This has allowed us to reduce our water intake intensity by 2% in 2021. While water use increased by approximately 380,000 cubic meters, we experienced significant growth in water intensive manufacturing operations in our biologics and fermentation operations. We also increased our water recycling efforts, including the use of reject water from purified water loops as feedwater for boilers.

During 2021, we strengthened our global processes and internal controls for waste management to enable streamlined traceability of all our waste streams. In addition, we improved our onsite waste management processes and increased our capabilities to segregate and recycle waste. This has allowed us to identify innovative opportunities to repurpose our waste. For example, our manufacturing site in Campinas, Brazil partnered with a nearby cement manufacturer to enable 'Co Process' recycling of a Zoetis waste solvent stream.

Zoetis provided 55 tonnes of waste solvent to the neighboring cement manufacturer for use as an 'alternative fuel' in the cement manufacture process. In addition, in 2021, we launched an ambitious program of hazardous waste reduction projects at three of our top ten waste generating sites. This program has a goal of reducing our hazardous waste footprint through improved management of aqueous waste streams.



[For additional information about water and waste management efforts, see pages 44-45 of our 2020 Sustainability Report.](#)

Water (cubic meters)

	2021	2020	2019
Water intake	3,288,114	2,907,422	3,070,960
Water discharge	2,476,575	2,647,329	2,681,002
Water recycled	58,047	50,000	Not available
Water intake intensity (per \$1MM revenue)	427	435	491
Water discharge intensity (per \$1MM revenue)	322	397	373

12%

reduction in routine operational non-hazardous waste compared to 2020

7%

increase in non-hazardous waste recycling in 2021

43%

of non-hazardous waste was recycled, reused or incinerated for energy recovery in 2021

Non-Hazardous Waste (kilograms)

	2021	2020	2019
Non-hazardous waste – total ¹	11,410,917	12,922,114	10,390,293
Landfilled	4,919,540	Not available	Not available
Incinerated	474,821	Not available	Not available
Recycled/reused/energy recovery	6,016,556	5,630,506	3,919,978
Non-hazardous waste intensity (per \$1MM revenue)	1,481	1,928	1,707
Non-hazardous waste recycled intensity (per \$1MM revenue)	781	840	637

¹ In 2021, Zoetis commenced a program of improved waste segregation and management. This resulted in us removing 1,283,000 kilograms of construction and demolition debris from our routine operation waste in 2021.

Hazardous Waste (kilograms)

	2021	2020	2019
Hazardous waste – total	13,610,759	9,455,723	12,594,248
Landfill	1,181,817	Not available	Not available
Incinerated	2,502,738	Not available	Not available
Recycled	9,926,202	2,665,399	1,973,233
Hazardous waste intensity (per \$1MM revenue)	1,745	1,375	2,012
Hazardous waste recycled intensity (per \$1MM revenue)	1,272	398	315

Location Sustainability Teams

ASPIRATION

Improve the sustainability in our locations



TARGET

- Stand-up “Location Sustainability” teams in major sites

2021 PROGRESS

- Continued to evaluate the opportunity to launch colleague working groups across our sites to advance our sustainability targets. In 2021, we strengthened engagement in sustainability with our global colleague community through a Driven to Care learning series and Yammer Community, an internal communications group where colleagues shared how they were engaging in sustainability efforts. We also established an Energy Intensity Core team, a cross-functional group across manufacturing and R&D operations focused on identifying opportunities to reduce our energy use and embed sustainability into our capital investment processes.

Rethink our Packaging

ASPIRATION

Rethink our packaging to reduce its environmental footprint



TARGET

- Integrate sustainability considerations into **all new packaging designs**

2021 PROGRESS

- Began developing internal processes and policies to ensure new product packaging designs take into account environmental considerations.
- Conducted a supplier survey to gather data on the sustainability packaging capabilities of our top packaging vendors. The feedback received from the survey informed our enterprise-wide packaging guidance policy.

At Zoetis, we are actively working to reduce our environmental footprint, as we know this is important to our customers, our communities and our planet. By responsibly stewarding resources, we aim to reduce the impact our product packaging has on our customers' businesses and our planet at large.

To help support and guide our efforts, we formed a Packaging Council, a cross-functional team comprising manufacturing operations, R&D, sustainability and marketing colleagues who review packaging proposals to evaluate customer experience, sustainability, manufacturability, value and product quality. The Packaging Council is tasked with developing tools to align with industry standards for determining environmental impacts of packaging options, establishing programs and policies, and setting long-term goals. The Packaging Council is supported by an executive sponsorship team, who provides guidance on long-term initiatives and feedback from both a manufacturing and customer perspective.

In 2022, we plan to establish an enterprise-wide packaging guidance policy that will ensure the packaging of every new product takes environmental considerations into account and that the packaging of existing on-market products is reviewed for environmental impact. This will include assessing our material guidance policy, competitive and regulatory landscapes, and vendor capabilities. The policy is being

developed with oversight by the Packaging Council and in partnership with business functions that will be most impacted, including commercial, manufacturing and R&D. The policy will also be informed by a supplier survey launched in 2021 to understand the sustainability programs and capabilities of our top 20 vendors.

In addition, we are focusing on building our internal knowledge base and capabilities. We onboarded a packaging sustainability engineer and invested in life cycle assessment tools to help us analyze and evaluate the environmental impact of our packaging options.

Joined the Sustainable Packaging Coalition

In 2021, Zoetis joined the Sustainable Packaging Coalition, a membership-based collaborative that uses the power of industry to make packaging more sustainable. As we take critical steps to improve the packaging systems that will benefit our customers and our environment, this coalition will help us take actionable steps by lending a collective, expert voice on sustainable packaging.

Packaging Sustainability Improvement

Reimaging packaging means decreasing our environmental footprint and increasing customer satisfaction. In 2021, we took meaningful steps across the globe – from replacing virgin materials with recycled-content materials to creating programs to divert packaging from landfills.



In **Canada**, we shifted to temperature-controlled trucks, resulting in more than 90% of shipments being made without styrofoam coolers. We also implemented programs to collect unused livestock medications and packaging in partnership with Health Products Stewardship Association, a not-for-profit organization that helps support the safe and effective collection of unused health products to improve pet medication packaging collection.



In the **E.U.**, we launched Solensia and Librelra, our new monoclonal antibodies to alleviate pain associated with osteoarthritis in cats and dogs, in cardboard packaging.



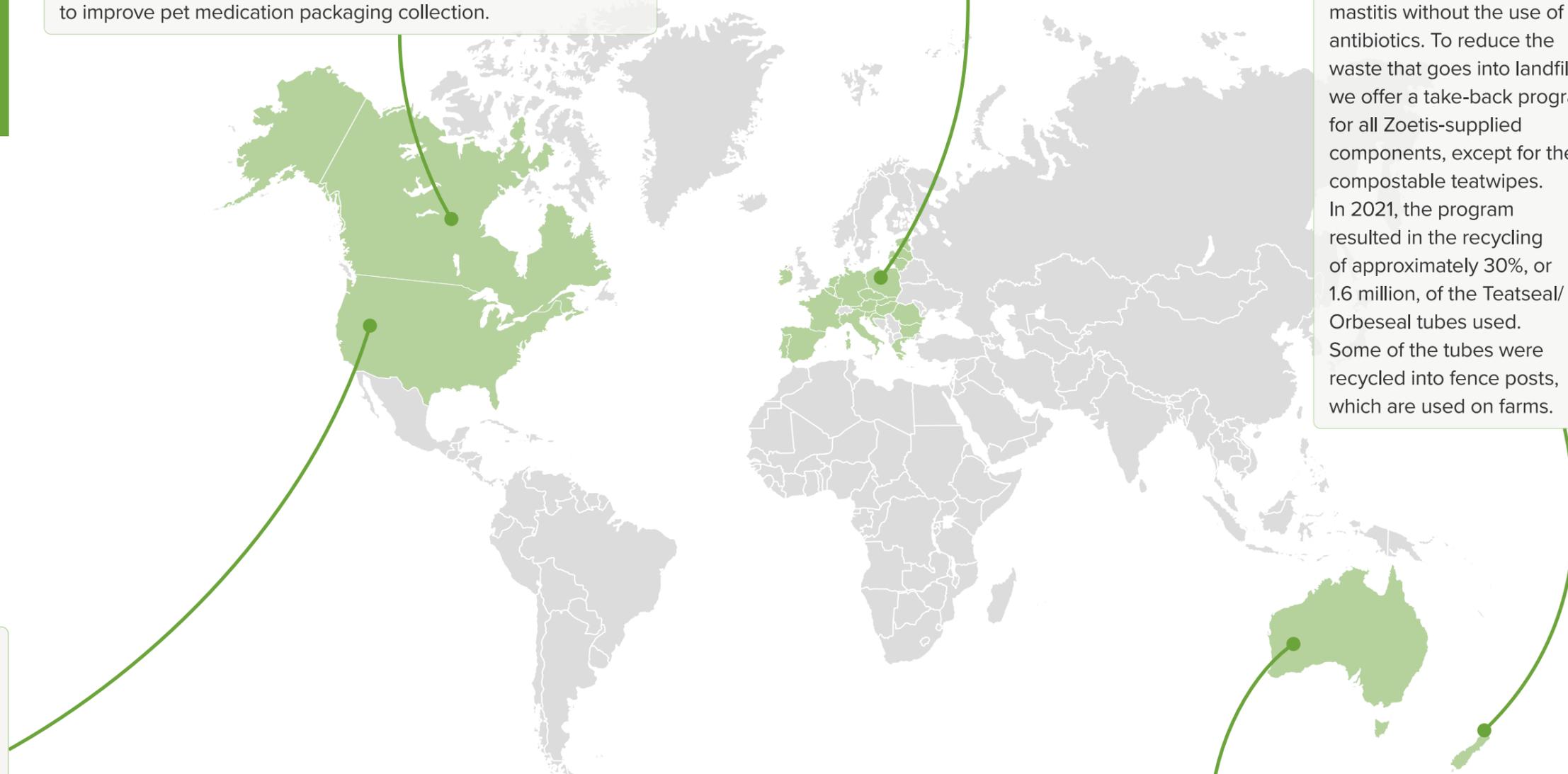
In **New Zealand**, we focused on reducing packaging waste from the biggest product we sell in that market – Teatseal/ Orbeseal, a sealant that prevents cows from getting mastitis without the use of antibiotics. To reduce the waste that goes into landfills, we offer a take-back program for all Zoetis-supplied components, except for the compostable teatwipes. In 2021, the program resulted in the recycling of approximately 30%, or 1.6 million, of the Teatseal/ Orbeseal tubes used. Some of the tubes were recycled into fence posts, which are used on farms.



In the **U.S.**, we introduced new sustainable packaging for Clavamox Chewable. Customer feedback led to a new design that considered reducing waste of cardboard: 30% of customers were not using all of the dispensing envelopes used in legacy packaging. The new “roll out” design allows for easier access to treatment, more shelf space and a reduction in cardboard and carbon emissions. In addition, dispensing envelopes were upgraded to a 100% recyclable film.



In **Australia**, we replaced plastic sleeves made from virgin materials with ones made from 100% post-consumer recycled plastic for Dectomax-V, our injectable parasitic used for cattle.





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

FORWARD-LOOKING STATEMENTS

This 2021 Sustainability Progress Update and 2021 ESG and SASB Index include forward-looking statements about, among other things, our progress toward our Driven to Care aspirations; our sustainability, energy and climate goals, targets and plans; our business plans or prospects; future operating or financial performance; and other future events. These statements are not guarantees of future performance or actions. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materializes, or if management's underlying assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they

are made. Zoetis expressly disclaims any obligation to update or revise any forward-looking statement in this 2021 Sustainability Progress Update and 2021 ESG and SASB Index, whether as a result of new information, future events or otherwise. A further list and description of risks, uncertainties and other matters can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, including in the sections thereof captioned "Forward-Looking Statements and Factors That May Affect Future Results" and "Item 1A. Risk Factors," in our Quarterly Reports on Form 10-Q and in our Current Reports on Form 8-K. These filings and subsequent filings are available online at www.sec.gov, www.zoetis.com, or on request from Zoetis.

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