

10 YEAR ANNIVERSARY

Together we are  
making a difference  
for a better world

2022 SUSTAINABILITY REPORT

zoetis





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



Contents



Introduction

- A Letter from our CEO
- Driven to Care
- About this Report
- About our Company

03  
03  
05  
07  
08

Communities

Care and Collaboration

- Sustainability Program Governance
- Caring for our Colleagues
- Caring for our Communities

11  
12  
14  
23

Animals

Innovation in Animal Health

- Securing a Sustainable Future
- Innovating for Sustainable Solutions
- Antimicrobial Stewardship
- Access to Veterinary Care in Emerging Markets
- Combat Diseases

29  
30  
31  
40  
44  
46

Planet

The Drive to Protect Our Planet

- Our Carbon Footprint
- Packaging

49  
50  
58

SASB and ESG Index

- Sustainability Accounting Standards Board (SASB)
- Social Data
- Environmental Data
- Taskforce on Climate-related Financial Disclosures (TCFD)

61  
62  
78  
80  
83



## A LETTER FROM OUR CEO

# Driven by purpose, we are building a better future for people, animals & the planet



At Zoetis, our purpose is to nurture the world and humankind by advancing care for animals. In fulfilling that purpose, we set an ambitious sustainability strategy three years ago. Since then, we have made meaningful and measurable progress on that journey in the face of ongoing economic and global challenges, from food insecurity to climate change.

I'm pleased to report that in 2022, we continued to advance our Driven to Care aspirations, which define our commitments to Communities, Animals, and the Planet. Through these commitments we are making a positive impact on our world with our diverse portfolio of medicines, vaccines, diagnostics and technologies for pets and livestock and considerable progress toward our long-term sustainability goals. None of this would be possible without the dedicated work and passion of our Zoetis colleagues across the globe.

This report honors our outstanding Zoetis teams – the colleagues who champion our purpose by contributing to a better future for us all. Following are highlights of our progress in 2022 to advance sustainability for communities, animals, and the planet we share.

## Communities: Care and Collaboration

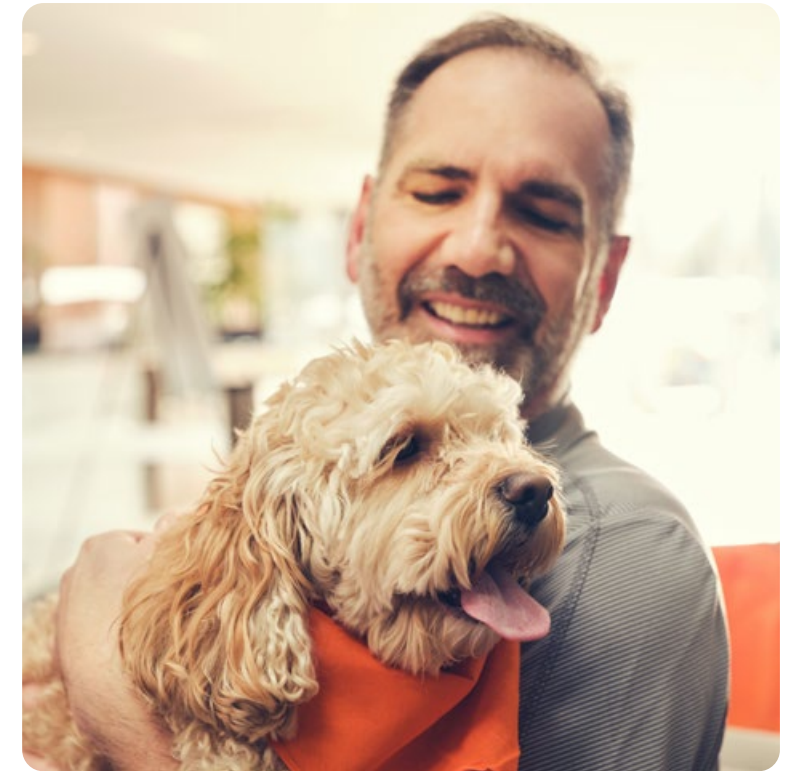
Caring for the communities where we live and work starts with our colleagues, and we are constantly working to make Zoetis a place where they can thrive. Our best-in-class colleague engagement levels remained high at 88% in 2022, reflecting a culture of inclusion that has earned Zoetis recognition as a best company in several markets.

Our Executive Team and Board of Directors are more diverse than ever, as we continue to ensure that leaders contribute ideas based on different experiences and are in the best position to connect with people across the organization.

In 2022, we continued to enrich our comprehensive range of benefits to accommodate more colleagues -- from support for families and self-care to 12-week parental leave (for adoptive parents too) in the U.S. Last year, about 43% of our U.S. colleagues who used this benefit were fathers.

At Zoetis, we believe that learning agility is essential to building resilience and staying adaptive in times of uncertainty. We've advanced our learning culture through expanded manager training, mentoring and sponsorship opportunities; advanced digital fluency across our workforce; and offered diversity, equity, and inclusion education for all colleagues. More than 60% of our Zoetis managers sharpened their leadership skills through the Leading@Zoetis curriculum, which equips them with the tools and training to coach and lead teams most effectively.

Caring for customers and communities around the world in meaningful ways, the Zoetis Foundation significantly increased initiatives and grants in 2022 to advance farmer and veterinary education, livelihoods, and well-being.



A new Foundation grant recipient for 2023 is the World Food Program USA, which provides nutrition and other assistance to communities facing emergencies. The Foundation committed \$1.2 million in grant funding over two years to help more than 80,000 livestock farmers in Ethiopia and Kenya gain access to financial and veterinary services that can help them keep their animals healthy during times of drought.

A strong, resilient veterinary profession is also essential to creating and sustaining a better future for animals. With increasing support for veterinary professionals, the Foundation provided funding for one of the largest annual veterinary student scholarships in the animal health industry. In addition, the Foundation is a Founding Sponsor of the It Takes a Village Foundation's Vet for a Day program, which teaches children in under-represented communities about opportunities in veterinary medicine. With less than 2% of U.S. veterinarians from the Black community, these programs are aimed at building a more inclusive veterinary profession.





### Animals: Innovation in Animal Health

My visit to Uganda last year was an important reminder of the fragility of our food system and how truly essential a steady supply of protein is for an affordable food supply. For the past five years, our African Livestock Productivity and Health Advancement (A.L.P.H.A.) initiative has been a significant means of expanding access to veterinary care in the Sub-Saharan region of Africa -- where 20% of livestock are lost to disease. The combination of Zoetis' leadership in animal health and experience in forging broad collaborations in emerging markets has enabled us to accelerate the advancement of animal health in the region -- by providing access to medicines and technology that helps farmers raise healthier animals, improve productivity and secure more sustainable revenue.

To further our impact, I'm incredibly proud to share that in 2022, we renewed support for this initiative through additional co-funding with the Bill & Melinda Gates Foundation. By expanding our reach to seven additional countries in Sub-Saharan Africa, we can advance the health and productivity of livestock even more. We've also added aquaculture to the existing programs supported by this initiative -- which has been widely recognized for its ability to improve the food supply and the livelihoods of countless farmers in the region. It's inspiring to note that Fortune named Zoetis to its 2022 Change the World list due to A.L.P.H.A.'s contributions to advancing sustainable veterinary care.

As we think about global food security, Highly Pathogenic Avian Influenza (HPAI) is another critical issue for our customers and the wider food value chain as it threatens a consistent supply of eggs and poultry meat. Zoetis stands ready to develop a new vaccine against the current strain if that is the route our customers and regulatory authorities want to take. Meanwhile, our field teams continue to support our customers with biosecurity needs to prevent HPAI from reaching their flocks.

### Planet: The Drive to Protect Our Planet

Climate change is a significant global issue with far-reaching impacts that touch us all. At Zoetis, we have committed to reducing greenhouse gas emissions in our own operations and thoughtfully managing our climate risks -- because it matters to the communities we serve, our colleagues, our customers and the health of animals in their care around the world.

During the last year, we mapped specific, measurable plans to achieve carbon neutrality by 2030, such as programs that drive energy efficiency at our sites and the introduction of more fuel-efficient hybrid and electric vehicles for our fleet.

I'm pleased to note that we've already met our target to reduce energy intensity in manufacturing and R&D 5% by 2025 with a 13.5% reduction in 2022 -- and with considerable progress towards carbon neutrality and sourcing 100% renewable electricity by 2030. In fact, one third of our manufacturing sites are operating with 100% renewable electricity. And in 2022, nearly 90% of our water withdrawals came from areas of low- to medium-water stress.

### The Journey Continues

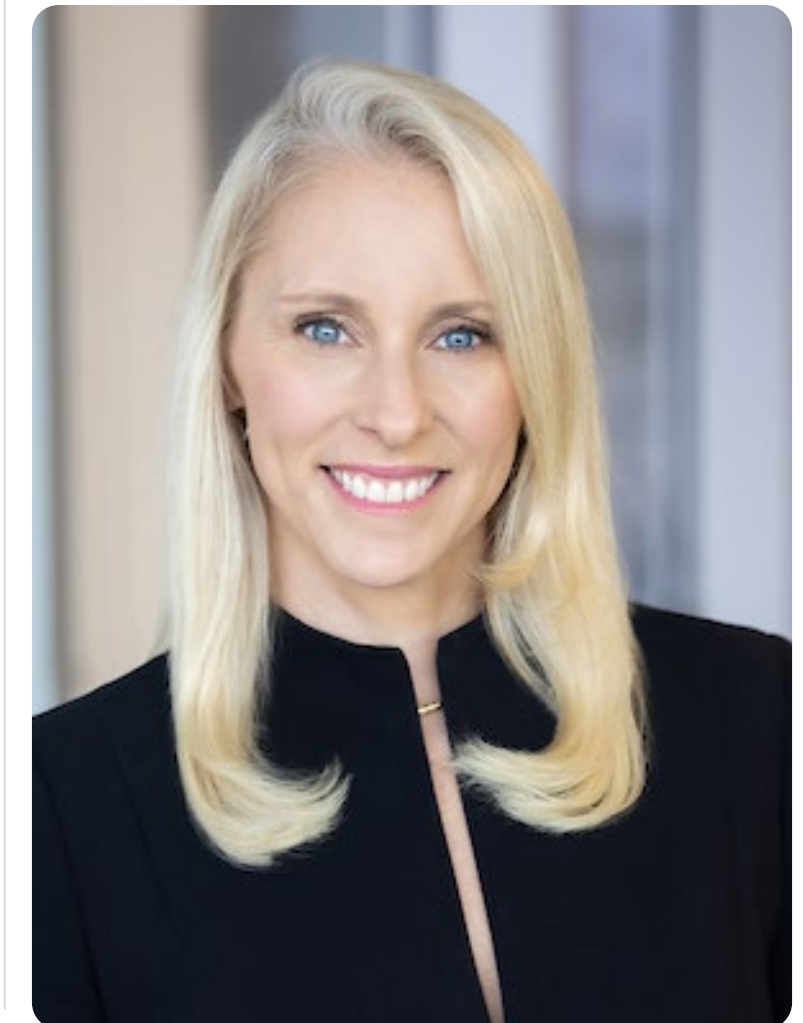
2023 marks our 10-Year Anniversary as Zoetis, when we launched the largest public company singularly focused on animal health. Never did I imagine that Zoetis would achieve the success, market leadership and level of growth we see today - or that animal health would be even more valued now as a durable and sustainable market.

Looking ahead, we will further our journey to be the most trusted and valued animal health company, shaping the future of animal care through our innovation, customer obsession and purpose-driven colleagues.

In closing, we at Zoetis have learned that sustainability has so many dimensions. It's creating a sustainable environment and seeing the impact we can have by improving animal health, lifting up communities in which we serve, and bringing prosperity to our customers. Our work on all these fronts has never been more important.

Sincerely,

**Kristin Peck**  
CEO, Zoetis





# Driven to Care Strategy

Zoetis strives to be the most sustainable animal health company in the world. Our sustainability strategy is built on our purpose—to nurture the world and humankind by advancing care for animals—and led by dedicated colleagues who are Driven to Care for our Communities, Animals and the Planet we share.

Our Driven to Care strategy formalizes our commitment to build a healthier future for all into a framework of sustainability aspirations. These aspirations provide a roadmap for how Zoetis can help make an impact and drive achievement of the United Nations (UN) Sustainable Development Goals (SDGs).



Launched by the UN in 2015, the 17 SDGs are a call for action to make measurable progress to end poverty, ensure prosperity for all people and protect the planet by 2030. This year marks the midpoint of our collective journey to achieve the SDGs, and we at Zoetis are proud that our Driven to Care strategy directly supports 11 of the SDGs.

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.

Our Aspirations	Targets	Progress	Sustainable Development Goal
Support our communities	Contribute <b>2,500</b> volunteer days (20,000 hours) annually in the communities we serve	<div></div>	<div>1 NO POVERTY</div>
Support veterinary professionals	Provide at least <b>\$1 million</b> in scholarships to veterinary students annually, focusing on underrepresented groups where possible	<div></div>	<div>1 NO POVERTY</div> <div>4 QUALITY EDUCATION</div>
	Provide access to professional programs for veterinarians in the countries where we have a presence	<div></div>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>
Expand vet care access to populations in need	Annually report on the number of pet owners reached through community programs and in-kind contributions	<div></div>	<div>3 GOOD HEALTH AND WELL-BEING</div>
Provide animal care in disaster relief	Annually report on the number of animals cared for through community programs and in-kind contributions	<div></div>	<div>1 NO POVERTY</div>
Create a sustainable governance framework	Integrate sustainability into <b>all strategic planning and resource allocation processes</b>	<div></div>	
	Establish an effective approach to <b>external sustainability disclosures</b>	<div></div>	
Support our colleagues and cultivate a safe, flexible, diverse and inclusive workplace	Increase representation of women at the director level and above to <b>40% by 2025</b> across Zoetis	<div></div>	<div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>
	Increase representation of people of color at all levels in the U.S. to <b>25% by 2025</b> <ul style="list-style-type: none"><li>5% Black US colleagues by 2025</li><li>6% Latinx US colleagues by 2025</li></ul>	<div></div>	
	Be a <b>top 100 leader</b> for workplace inclusion in key focus areas (women, people of color, LGBTQ+)	<div></div>	
	Commit to <b>diverse slates and interview panels</b> as we hire for all positions	<div></div>	

KEY	<div>✔</div> Target met	<div></div> On track	<div></div> Not on track, but mitigation measures are in place	<div></div> Not on track
-----	-------------------------	----------------------	--	--------------------------



Animals

Innovate in  
Animal Health

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

Our Aspirations	Targets	Progress	Sustainable Development Goal
Provide products and services that enable productive and sustainable livestock farms that preserve animal welfare	Innovate to create and drive adoption of key sustainable animal health solutions	<div></div>	<div><div>1NO POVERTY</div><div>2ZERO HUNGER</div><div>13CLIMATE ACTION</div><div>14LIFE BELOW WATER</div><div>15LIFE ON LAND</div></div>
	Equip our customers with innovative products to support their ambitious environmental, social and animal welfare goals	<div></div>	
Promote a preventive approach to animal health with positive implications on human health	Promote responsible use of antibiotics through technical education, introducing antibiotic alternatives, and developing diagnostic and digital tools	<div></div>	<div><div>3GOOD HEALTH AND WELL-BEING</div></div>
	Innovate around antimicrobial resistance to reduce the dependency on antibiotic classes shared with human health	<div></div>	
Grow access to vet care in emerging markets	Through our A.L.P.H.A. and A.L.P.H.A Plus initiatives with focus in Africa, by 2025 we will:	<div></div>	<div><div>1NO POVERTY</div><div>2ZERO HUNGER</div><div>3GOOD HEALTH AND WELL-BEING</div><div>4QUALITY EDUCATION</div><div>5GENDER EQUALITY</div><div>14LIFE BELOW WATER</div><div>17PARTNERSHIPS FOR THE GOALS</div></div>
	<div>• Train <b>100,000 farmers</b>, vet professionals and lab technicians</div>		
	<div>• Increase women trainees to <b>50%</b> of trainees</div>	<div></div>	
	<div>• Treat <b>10 million</b> cows with positive implications on smallholder livelihoods, food security and the environment</div>	<div></div>	
	<div>• Treat <b>200 million</b> chickens with positive implications on smallholder livelihoods, food security and the environment</div>	<div></div>	
Combat diseases that pose the greatest risk to animals and humans	Leverage the Zoetis Center for Transboundary and Emerging Diseases to develop vaccines for high-impact emerging diseases globally:	<div></div>	<div><div>2ZERO HUNGER</div><div>3GOOD HEALTH AND WELL-BEING</div><div>15LIFE ON LAND</div></div>
	<div>• Invest in R&amp;D on emerging infectious diseases</div>	<div></div>	
	<div>• Provide our <b>innovative vaccines to relevant markets</b> via tenders or other go-to-market pathways</div>	<div></div>	

Planet

Protect our  
Planet

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

Our Aspirations	Targets	Progress	Sustainable Development Goal
Minimize our carbon footprint	Become <b>carbon neutral</b> in our own operations by 2030	<div></div>	<div><div>13CLIMATE ACTION</div></div>
	Source <b>100% renewable electricity</b> by 2030	<div></div>	
	Reduce energy intensity in manufacturing and R&D by <b>5%</b> by 2025 <sup>1</sup>	<div><div></div><div>Retired in 2022</div></div>	
	<b>Rethink business travel</b> and work-from-home policies to reduce transportation-related emissions by 25% by 2025 <sup>2</sup>	<div></div>	
Rethink our packaging to reduce its environmental footprint	Integrate sustainability considerations into <b>all new packaging designs</b>	<div></div>	<div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>
Improve the sustainability in our locations	Stand-up “ <b>Location Sustainability</b> ” teams in major sites	<div></div>	<div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>

<sup>1</sup> Based on 2019 baseline. Energy intensity is gigajoules per \$1 million in revenue.  
<sup>2</sup> Based on 2019 baseline.

KEY

Target met

On track

Not on track, but mitigation measures are in place

Not on track





## About this Report

February 1, 2023 marked our 10th anniversary as Zoetis, launched in 2013 as the largest public company singularly focused on animal health. Our colleagues have led this journey since the beginning, establishing our Core Beliefs that guide everything we do and defining our enduring purpose – to nurture the world and humankind by advancing animal care. Our dedicated and talented colleagues continue to make the difference in our success, driving our innovation in animal health and our progress toward achieving our sustainability targets.

This is our third year reporting our progress toward our Driven to Care strategy. In developing our sustainability programs and ESG disclosures, we considered the disclosure frameworks and guidance of sustainability standards, such as the Sustainability Accounting Standards Board's (SASB) Health Care – Biotechnology & Pharmaceuticals industry, the Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals. In 2022, we also completed the CDP climate change and water surveys, which are available on the CDP website.

The discussion and data points in this report reflect the 2022 calendar year unless otherwise noted. Select case studies and programs feature information from 2023, up to the time of this report publication.

Please see the [back cover](#) for important disclosures regarding this report.



**"At Zoetis, our colleagues truly make the difference in driving our progress as we advance sustainability in animal health for a better future for communities, animals and our planet."**

**Jeannette Ferran Astorga**  
**Executive Vice President, Corporate Affairs, Communications and Chief Sustainability Officer and President of the Zoetis Foundation**



# About our Company

For over 70 years, Zoetis and our legacy companies have supported those who raise and care for animals in veterinary clinics and homes and on farms and ranches. We strive to be the most trusted and valued animal health company, shaping the future of animal care through our innovation, customer obsession and purpose-driven colleagues, and we care deeply about helping pets live longer, healthier lives and improving the health, welfare and productivity of livestock.

A Fortune 500 company, Zoetis generated revenue of \$8.1 billion in 2022 with approximately 13,800 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 that address the 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

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 advance sustainability in animal health for a better future.

## Our Vision

To be the most trusted and valued animal health company, shaping the future of animal care through our innovation, customer obsession and purpose-driven colleagues.

## 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 Glance<sup>1</sup>

## 8

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

## 4,200

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



## 13,800

total number of colleagues

## 300

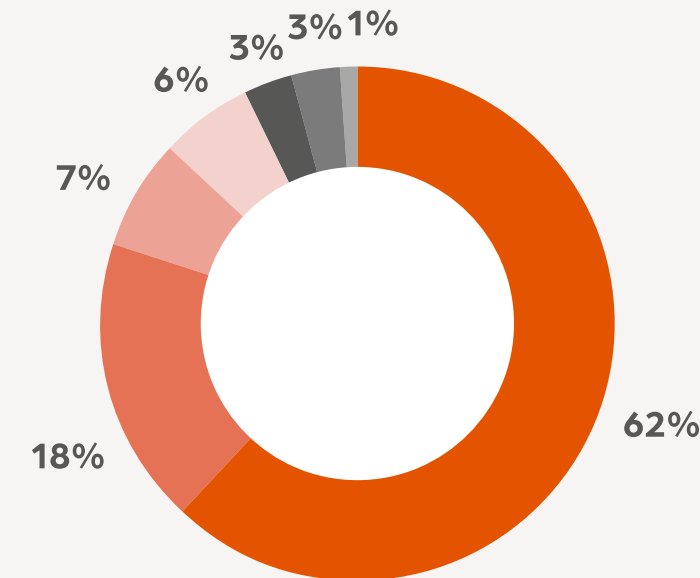
approximate number of comprehensive product lines

## 29



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

Revenue by Species\*



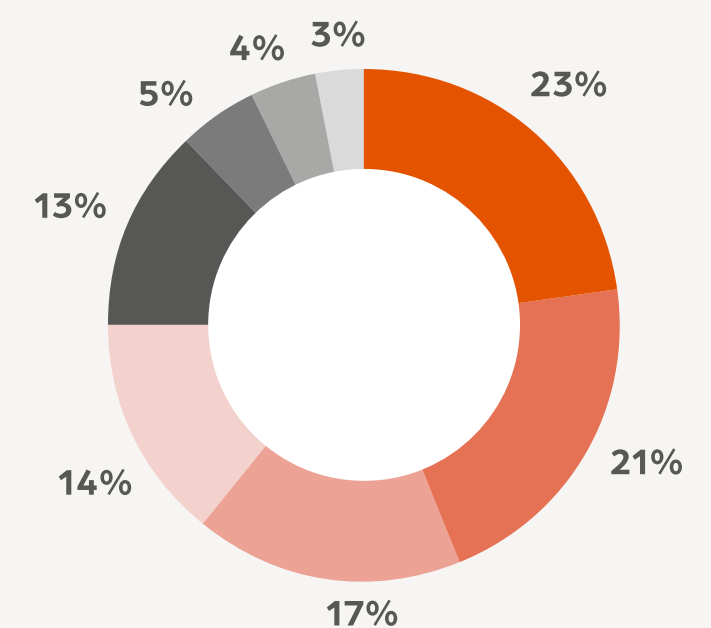
■ Dogs and Cats <sup>a</sup> 62%	■ Horses <sup>a</sup> 3%
■ Cattle <sup>b</sup> 18%	■ Fish <sup>b</sup> 3%
■ Swine <sup>b</sup> 7%	■ Sheep and Other <sup>b</sup> 1%
■ Poultry <sup>b</sup> 6%	

<sup>a</sup> Companion Animal 65%

<sup>b</sup> Livestock 35%

\* Revenue charts by species, product category and market exclude revenues associated with Client Supply Services and Human Health, which represented 1% of total 2022 revenue.

Revenue by Product Category\*



■ Parasiticides 23%	■ Medicated Feed Additives 5%
■ Vaccines 21%	■ Animal Health Diagnostics 4%
■ Dermatology 17%	■ Other Non-Pharmaceuticals 3%
■ Anti-Infectives 14%	
■ Other Pharmaceuticals 13%	

## 7



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

## 15

blockbusters with revenues of \$100M or more as of year-end 2022

## \$539M

R&D investment (expense) in 2022



## \$8.1B

revenue in 2022

## 1,430

approximate number of R&D colleagues

## 100



countries where our products are sold

<sup>1</sup> All figures are as of December 31, 2022.



# Honors and Recognition

When a company is Driven to Care, it shows. We received recognition for our efforts to demonstrate care for our communities, for animals and for the planet.



[Read about these and other honors and accolades here](#)



For our COVID-19 vaccine for animals, named among **Fast Company's Most Innovative Companies for 2022**, ranking eighth in the Corporate Social Responsibility category



For our African Livestock Productivity and Health Advancement (A.L.P.H.A.) initiative, named to **2022 Fortune Change the World** list



Recognized as one of the **2023 World's Most Ethical Companies®**



Named among **Best Places to Work for LGBTQ+ Equality**, with a top score of 100 on the Human Rights Campaign's Corporate Equality Index (CEI) in 2022



Listed among Seramount **100 Best Companies for Working Parents** for the ninth consecutive year in 2022



Named a 2022 Seramount **Best Company for Dads** for the second consecutive year



Named a 2022 Seramount **Best Company for Multicultural Women**



Named a 2022 Seramount **Best Company for Executive Women**



Named a **Noteworthy Company** and **Top Company for Board of Directors** by DiversityInc





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**

#### 2022 PROGRESS

Through our Driven to Care strategy, continued to embed sustainability goals and aspirations into our key business functions. Compensation paid to our Executive Team members under our annual incentive plan continues to be tied to shared and individual objectives organized around our six strategic priorities, including Advance Sustainability in Animal Health for a Better Future.

Continued to report in line with best practice sustainability frameworks and to engage with stakeholders to advance our program and disclosures, including submitting the CDP climate survey for the second year and participating in the CDP water survey for the first time.

Set up a centralized data management system for sustainability. High-quality data is key to reporting on our climate goals. This new data management system will advance our ability to report climate progress as well as other data points for sustainability.

The world leader in animal health, Zoetis is driven by a singular purpose: to nurture our world and humankind by advancing care for animals. Our sustainability and ESG practices are important priorities for our Board of Directors, CEO and Executive Team, and cascade across our organization.

Our Executive Vice President, Corporate Affairs, Communications and Chief Sustainability Officer, who reports directly to the CEO and is a member of our Executive Team, helps define the ESG agenda and provides 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 shared and individual business objectives, including the management of sustainability initiatives and the company’s strategic priority to advance sustainability in animal health for a better future.

## ESG MATERIALITY ASSESSMENT

**In 2020, we conducted an ESG materiality assessment to inform our Driven to Care strategy and to help us strategically identify the sustainability topics that have an impact on society and our business.**

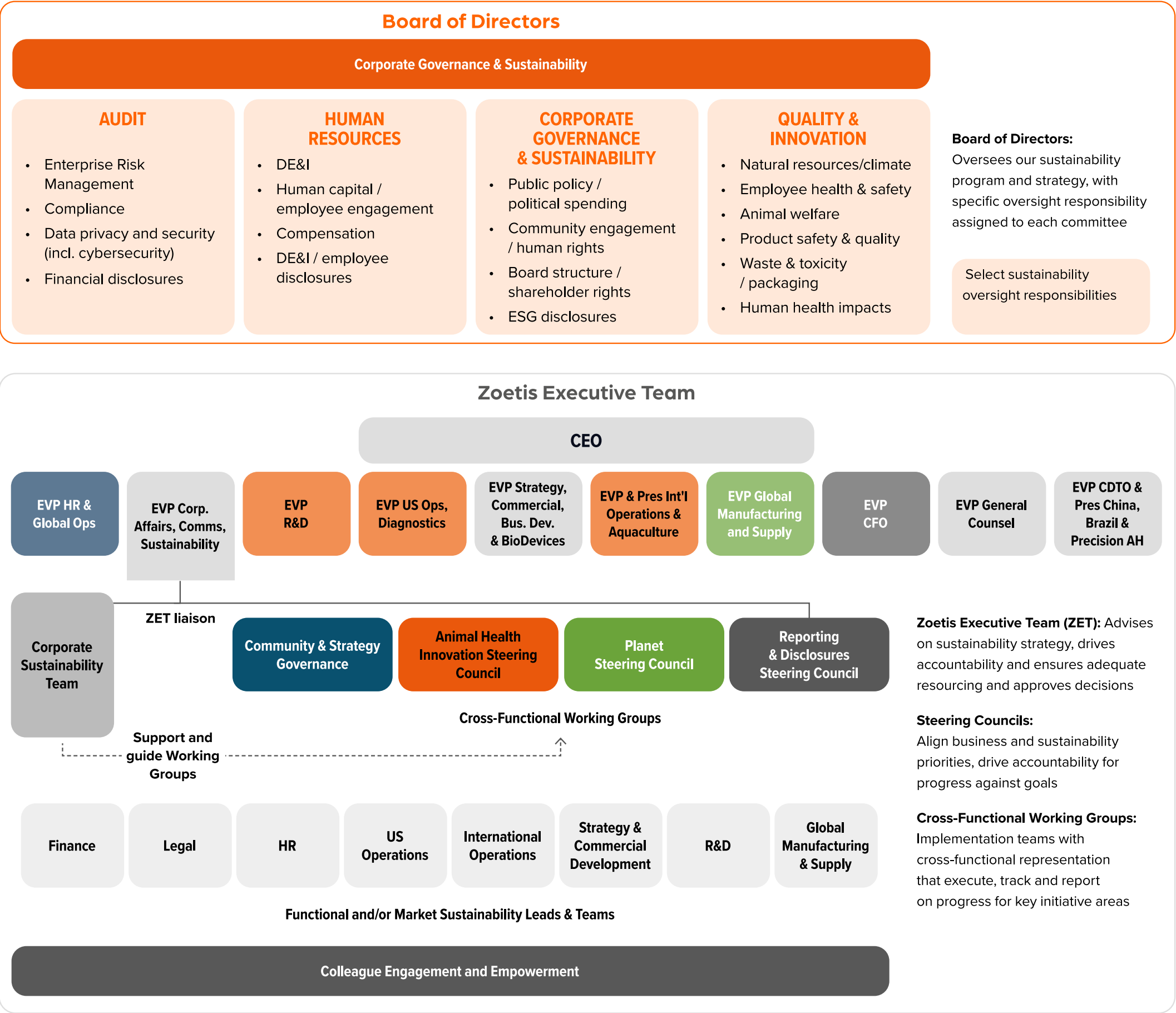
We plan to conduct a materiality assessment every few years as part of our ongoing sustainability strategy refreshment. Additional information about the assessment and the results can be found on page 15 of our [2020 Sustainability Report](#).



In early 2022, we changed the name of the Corporate Governance Committee of the Board of Directors to the Corporate Governance and Sustainability Committee to reflect its primary responsibility for overseeing strategies, initiatives, activities and disclosures regarding ESG and sustainability, 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 updates to the full Board at least twice a year and to the Corporate Governance and Sustainability Committee at each Committee meeting. As shown in the graphic, each committee of the Board of Directors also contributes to the oversight of select areas 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 page of our [website](#), as well as in the 2022 proxy statement available on the Investor Relations page of our [website](#).

See the [TCFD Index](#) for more information about how the Board and Management oversee climate change







# Caring for Our Colleagues



## ASPIRATION

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



### TARGET

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

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

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

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

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

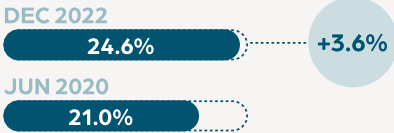
Commit to **diverse slates** and **interview panels** as we hire for all positions

### 2022 PROGRESS

Women at director level or above



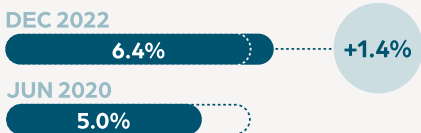
Colleagues (People of Color)



Colleagues (Black)



Colleagues (Latinx)



- 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 ninth year in a row; named a Best Company for Dads for the second time
- Ranked among the top 10 on Seramount’s Top 75 Companies for Executive Women list; recognized as a Pinnacle Company on Seramount’s Inclusion Index
- Recognized as a Seramount Best Company for Multicultural Women
- Named a DiversityInc Noteworthy Company and Top Company for Boards of Directors

Diverse slates and interview panels are required for open roles



# Our Colleagues Make the Difference

Being a global leader in animal health starts with colleagues who share our passion and purpose. At Zoetis, our colleagues are inspired to nurture our world every day, and we're committed to nurturing them, too—providing an award-winning workplace where they can thrive and advance their potential as we work together to provide care for animals around the world.

Our focus on our colleagues has contributed to our ability to attract and retain a high-performing workforce, with overall colleague engagement at 88%, as reported in our October 2022 Colleague Engagement Survey. Conducted at least annually, the survey assesses colleague engagement and key drivers enabling organizational performance: Strategy; Leadership; Workplace Climate; Diversity, Equity and Inclusion; our Core Beliefs; and Organization Systems and Processes. Results from our colleague survey inform not only our business priorities and focus areas for the company, but also our development of action plans at the functional and people manager level, helping to ensure improvement opportunities are customized and localized.

In 2022, we conducted the survey twice, inviting all colleagues to participate each time. While results from our October 2022 survey showed continued opportunities, we saw positive progress over 2021 and above benchmark scores in 23 out of the 26 engagement questions.

Building from these results, in 2022, the Zoetis Talent, Diversity, Equity and Inclusion team introduced the Leading@Zoetis program to support career development and provide resources and tools for all global managers. To learn more, see the [Leadership Development Programs](#) section.

88%  
colleague  
engagement rate

based on engagement surveys conducted in 2022

## Comprehensive Benefits Support our Colleagues

Our compensation and benefits programs are designed to support colleagues' well-being and enable them to achieve their full potential, and we continually evaluate them to ensure they meet our colleagues' needs. We recognize the diverse needs of our colleagues around the world and have developed comprehensive programs that vary by country and region to best address their specific needs for physical and mental health, financial wellness, and family and lifestyle resources.

In the U.S., these benefits include the following enhanced offerings:

- **Paid Parental Leave:** This program provides all colleagues with 12 weeks of 100% paid parental leave (an increase from 6 weeks in 2022) to welcome a child, whether through birth or adoption. To support colleagues after giving birth, we offer additional fully paid, short-term disability benefits. Colleagues who adopt a child receive 12 weeks of paid parental leave, and 6 weeks of paid adoption leave.
- **Flexible Return to Work:** This program allows new parents the flexibility to phase back into their full-time work schedules following Parental Leave.
- **Family Benefits:** We offer inclusive fertility benefits, as well as adoption and surrogacy benefits.
- **Gender Transition Coverage:** We ensure our health plan provides 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).
- **Support for Caregivers and Parents:** We provide parental support benefits for parents raising school-age children with learning and behavior needs and caregiver support to help colleagues with sick or aging loved ones. We also offer college coaching programs for colleagues and their high school-age students, including test prep and tutoring benefits. In 2022, we introduced virtual academic tutoring for colleagues' children between the ages of 5 and 18.
- **Family Support:** Our childcare concierge program provides colleagues and their families with dedicated support to find, tour and enroll with the right type of care for their family, even in areas where daycare centers are not common. Zoetis also provides up to 60 days of back-up care, providing a safety net for childcare and elder care needs when regular care arrangements are unavailable.
- **Self-Care Resources:** Our Employee Assistance Program (EAP) provides colleagues and their families with up to 16 sessions with a mental health coach or counselor. The EAP also provides access to a free library of mental health and well-being resources, including guided meditations, how-to videos and mindfulness strategies for everyday life.
- **Healthcare Advocacy:** In 2022, our colleagues gained access to UnitedHealthcare's new Premier Advocate4Me member services model, designed to help health plan members navigate and get the most out of their benefits. Members can connect one-on-one over the phone with an advocate or nurse for assistance with making informed decisions about care.

**We strive to create a work environment where all colleagues feel valued and supported, inspired to give their best and proud to work for Zoetis.**





**"I am so very happy to see the progression in benefits that Zoetis offers and am so proud to be a colleague here. Our benefits demonstrate advocacy across the full spectrum of diversity that our colleagues represent!"**

**Dr. Daniel Edge**

**Director, Medical Affairs, U.S. Petcare**



### Empowered Flexibility

In 2022, we continued to prioritize colleagues feeling safe, supported and balanced. This includes empowering flexibility, where possible—enabling remote work while also harnessing the value of in-person collaboration and connection. Our senior leaders help define flexible working models within their organizations to ensure we both meet business needs and safeguard colleagues' well-being and work-life balance. Throughout 2022, many office-based teams combined virtual and in-office work. Moving forward, we will continue to focus on nurturing our culture and building community through both intentional in-person collaboration and virtual teaming opportunities.

To further support well-being and work-life balance, we also enhanced our vacation offerings. All colleagues are now eligible for a minimum of four weeks of vacation; all colleagues with at least 15 years of service are eligible for five weeks of vacation. Colleagues with 30 or more years of service will continue to be eligible for six weeks of vacation.

### Philosophy on Pay Equity

We are committed to maintaining an inclusive environment where every colleague can thrive. For years, Zoetis has been focused on ensuring that our pay practices and processes include safeguards to ensure that salaries established when colleagues are hired, promoted or awarded annual salary increases consider relevant factors such as experience, qualifications, performance and applicable market data to seek pay equity across our colleagues.

We periodically conduct pay equity analyses and address any issues that may be found. Our most recent analysis, conducted by an external third-party in 2022, did not identify indicators of systemic discrimination in our compensation program.

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

### Investing in our Colleagues' Education

From reimbursing tuition for continuing education to assisting with repayment of existing student loans, every investment in our colleagues' education is an investment in our future. Through the Zoetis U.S. Tuition Reimbursement Program, we help colleagues empower themselves to further their education, develop individual potential, and improve their levels of professional and technical achievement. The program provides annual tuition reimbursement up to \$15,000 for eligible full-time colleagues and up to \$10,000 for eligible part-time colleagues. Over the last three years, we have had consistent participation in this program. In 2022 alone, Zoetis provided tuition reimbursement to 236 colleagues, of whom approximately 52% were women and roughly 20% were colleagues of color.

In 2022, 792 of our Zoetis colleagues accessed our Student Loan Repayment benefits, a 24% increase in participation from 2021. This benefit provides up to \$150 per month to help U.S. colleagues repay their own student loans. In 2022, 57% of participants were women and 13% were colleagues of color.



**We will continue to review our practices and analyze employee pay to ensure that we are paying our colleagues fairly.**



## Empowering Colleagues to Excel

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

## A Tailored Approach to Development

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.

Through Zoetis' Your Development Matters, every colleague has the opportunity to leverage trainings, tools and self-assessments to define their career aspirations and create individual development plans (IDPs)—pathways to achieve their goals with the support of their managers. Your Development Matters aggregates access to our learning and development offerings, including our Learning Management System's DEI trainings and our Leading@Zoetis live-facilitated courses and eLearnings. In 2022, 99% of our global workforce completed development and compliance trainings.

Colleagues can also access our LinkedIn Learning platform, which offers more than 16,000 online, on-demand courses taught by real-world professionals. In 2022, our first year offering LinkedIn Learning opportunities, more than 2,300 Zoetis colleagues participated in online courses, completing more than 5,400 hours of learning with focus in areas such as leadership, communication and productivity.



**In 2022, we launched Leading@Zoetis, expanding our investment and commitment to developing our people leaders.**



## Leadership Development

We support our colleagues' growth and fulfillment through a series of leadership development programs. The President's Leadership Development Program (PLDP) develops high-potential colleagues in our U.S. operations. The year-long program enables colleagues to work on real, business-critical projects outside 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, international-only program focuses on skill-based development initiatives for high potential senior colleagues in international markets.

In 2022, Zoetis expanded investments in leadership development initiatives to upskill all global people leaders with skills and tools consistent with Zoetis People Leader Core Competency behaviors and in alignment with our business priorities. The curriculum, Leading@Zoetis, provides leaders with tools to effectively assess, coach and lead their teams; supplemental well-being and mentoring learnings are also provided. The first component of this series, People Leaders Essentials, will expand in 2023 with a focus on next-generation talent and additional resources to help support colleague IDPs.

With the introduction of Leading@Zoetis in the fourth quarter of 2022, 62% of our managers participated in live virtual training, attending at least one session of Why Managers Matter. Managers also attended supplemental manager development workshops, including How to Give Feedback and How to Build Action Plans.

## Developing Diverse Talent

Zoetis' tailored approach to colleague development is aligned with our Diversity, Equity and Inclusion aspirations, and includes specialized development programs for our colleagues from underrepresented groups. Since 2020, Zoetis has participated in the McKinsey Connected Leaders Academy to offer leadership development programs that focus on the unique skills and challenges of Black, Latinx and Asian leaders. The programs also provide networking opportunities across organizations as well as sponsorship from senior management. In 2022, more than 30 colleagues participated in development programs focused on strengthening core leadership and management capabilities. In total, we have had 115 participants over the last three years.

We also provide opportunities for diverse colleagues and members of our CRGs to participate in continuous development opportunities. For example, each year, Zoetis sponsors the Simmons Leadership Conference and selects approximately 25 women to represent Zoetis at the conference.

## Zoetis Mentoring Zone

Launched in late 2022, our new Zoetis Mentoring program is designed to foster a sense of community around mentoring to drive engagement, fuel learning and develop career aspirations. We leverage a digital platform to match mentees and mentors based on profile attributes and matching criteria—configured specifically to our Zoetis Core Competencies, including career interests, development goals and skills gaps.

All colleagues are given equal opportunity to participate in Zoetis's Mentoring Zone. To encourage diverse and inclusive participation, Zoetis is piloting targeted programs for our Colleague Resource Groups (CRGs), beginning with a partnership with the Women Achieving Vision, Excellence and Success (WAVES) CRG. This targeted program was developed to help women network with other women, receive mentorship from a group environment and develop skills aligned with the Zoetis Core Competencies, including management and leadership skills, where applicable. As the Mentoring Zone continues to grow, we plan to explore ways to leverage our CRGs to increase diverse participation in our mentorship program.



**"Zoetis' mentoring program was really helpful. We chose topics that were important to us and ranged from big subjects like work-life balance to very practical discussions on being more effective communicators. We were able to discuss ideas, learn from each other's experiences, challenge our thinking, and apply the takeaways to our professional and personal lives. It was also a great way of learning more about areas of the business and being connected with colleagues who I do not normally interact with."**

**Deirdre Bradstock**  
**Director, Indirect Procurement**



# Advancing Diversity, Equity and Inclusion

We're striving to create a diverse, equitable and inclusive work environment in which every colleague feels valued, cared for and supported throughout their Zoetis career journey. Our commitment to advancing our Diversity, Equity and Inclusion (DE&I) strategy across the company begins with our Board of Directors and leadership team, who represent a spectrum of experiences and perspectives. With their passion and support for accelerating DE&I, Zoetis has taken concrete steps to attract more diverse candidates, foster a more inclusive environment through new partnerships with diverse organizations, develop our own Colleague Resource Groups (CRGs), and increase training and education on DE&I topics.

## Our DE&I Strategy and Aspirations

To help organize our DE&I efforts and balance both internal and external focus, our Diversity, Equity and Inclusion strategy has four pillars:

**Culture:** We are committed to maintaining an inclusive environment where every colleague can thrive. DE&I is embedded in our purpose and Core Beliefs and is central to our employer value proposition.

**Colleagues:** We are committed to a diverse global workforce, and we seek to ensure diversity and equity of opportunity are part of our internal and external pipeline management strategies.

**Career:** We are committed to innovative talent processes that maximize the potential of our colleagues.

**Community:** We are committed to advancing diversity, equity and inclusion in our business practices and the communities in which we live and work.

After assessing the composition of our current workforce, we developed DE&I aspirations to increase diverse representation within our company and to make Zoetis and our industry more inclusive. We are proud of the progress we made toward our DE&I aspirations in 2022 and will continue to work toward fully achieving our aspirations by the end of 2025. In concert with our overall talent strategy, we believe we will reach our aspirations in line with our commitment to attract and retain the best and brightest talent.

In 2022, we increased our overall headcount by 1,600 colleagues. Through this expansion, we have been able to further diversify our workforce, allowing us to exceed our target for Latinx colleagues in the U.S. and continue to make progress towards all other DE&I aspirations.

For a more detailed report of our U.S. colleague demographics, see our [2022 EEO-1 report](#).

## DE&I Aspirations for 2025

Increase representation of women director level and above globally from 32% to 40%

**32% → 40%**

Increase overall representation among people of color in the U.S. from 21% to 25%

**21% → 25%**

Increase representation of Black colleagues in the U.S. from 4% to 5%

**4% → 5%**

Increase representation of Latinx colleagues in the U.S. from 5% to 6%

**5% → 6%**

## Partnering for Change

We believe we can make a greater impact to advance diversity, equity and inclusion if we work collaboratively. Our colleagues, leaders, Board of Directors and Zoetis as a company are active members in national partnerships that work to expand and diversify the talent pool for our company and industry.

Our CEO serves on the Board of Catalyst, a global nonprofit organization that helps leading companies build workplaces that work for women and underrepresented groups.

Through our commitment to the CEO Action for Diversity and Inclusion, Zoetis and our CEO work with other CEOs to share best practices and exchange ideas and learnings to build more inclusive workplaces.

**40%** of our Executive Team members are of diverse racial or ethnic background, including Asian, Black, Hispanic/Latinx<sup>1</sup>

**60%** of our Executive Team members are women, including our CEO

<sup>1</sup> Statistics for Executive Team are as of April 1, 2023 to reflect a leadership change that occurred after December 31, 2022



Zoetis partners with national organizations focused on connecting underrepresented students and professionals with career opportunities, such as INROADS and Minorities in Agriculture, Natural Resources and Related Sciences (MANRRS). In 2022, Zoetis was proud to employ nine, or 10%, of summer interns as a result of these relationships.

We nurture long-standing partnerships with Colleges of Veterinary Medicine and Historically Black Colleges and Universities to support leadership and diversity among future veterinarians.

We partner closely with the Zoetis Foundation to support the Foundation’s core value to promote diversity, equity and inclusion across communities. More information on the Zoetis Foundation can be found on page 23.

Zoetis is proud to support organizations that advance DE&I in the veterinary industry, such as Pride Veterinary Medical Community (PrideVMC), an association for veterinary professionals who are part of the LGBTQ+ community. In 2022, Zoetis signed on to [PrideVMC’s Gender Identity Bill of Rights \(GIBOR\)](#), a document that states the rights of transgender, non-binary, and gender non-conforming persons, and provides guidance on how workplaces can support their employees by identifying and eliminating discriminatory practices.

**Developing a DE&I Mindset**

We believe DE&I training and education are critical in establishing and maintaining a supportive, inclusive work environment. All Zoetis colleagues receive DE&I training on inclusion and unconscious bias, as well as valuing differences, avoiding exclusion, and spotting and avoiding microaggressions. Our training offerings for people managers includes modules on inclusive leadership, narrative storytelling, allyship and courageous conversations. In 2022, we launched our Cultural Explorer training in eight languages to encourage respectful curiosity and open conversation about differences to deepen mutual understanding and value for our colleagues’ unique contributions to the workplace.

**Our Colleagues 2022**

Global Workforce: 13,800 (6,900 based outside the U.S., 6,900 based inside the U.S.)<sup>1</sup>

RACE/ETHNICITY – U.S. WORKFORCE	2022	2021	2020
White	75.4%	76.2%	78.7%
Black	4.8%	4.6%	4.2%
Asian	10.7%	10.5%	9.4%
Hispanic/Latinx	6.4%	5.9%	5.2%
Other	2.7%	2.8%	2.5%

GENDER – GLOBAL WORKFORCE	2022	2021	2020
Male	53%	54%	55%
Female	47%	46%	45%

GENDER – GLOBAL MANAGEMENT <sup>2</sup>	2022	2021	2020
Male	63%	65%	66%
Female	37%	35%	34%

<sup>1</sup> Workforce numbers are approximate.  
<sup>2</sup> Management levels defined as Director Level and above.

## Building a Diverse Board of Directors

Diverse boards don’t just happen—they’re built through a continuous commitment to identifying and attracting people with the unique combination of background, experience and expertise to be effective board members. To support Zoetis’ increasing focus on pet owners and direct-to-consumer marketing programs globally, our Board’s Corporate Governance and Sustainability Committee conducted a search in 2022 for a director who could provide valuable marketing, advertising and consumer insight experience.

The Committee found that experience in Vanessa Broadhurst, who currently serves as Executive Vice President, Global Corporate Affairs at Johnson & Johnson. Among her many other roles and recognitions, Broadhurst was named among Savoy magazine’s 2022 Most Influential Black Executives in Corporate America and is a member of the Executive Leadership Council (ELC), an independent nonprofit organization working to open channels of opportunity for the development of Black executives to positively impact businesses and communities.

With the addition of Broadhurst, the Zoetis Board of Directors’ 12 members now include five directors who are women and four directors from racially and ethnically diverse backgrounds.





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, as well as their allies and colleagues who want to learn.

1,236  
global active  
members across  
all CRGs



**ALIVE50+**  
**Age-less Inspirations Valued & Experienced**  
ALIVE50+ is a community for colleagues over the age of 50, focused on career development and social activities at Zoetis.



**ART**  
**Asians Rising Together**  
ART fosters networking, professional development, community outreach and social activities that celebrate each of the unique Asian, South Asian and Pacific Island communities at Zoetis.



**BELIEVERS**  
**Black Employees Leading in Inclusion, Equity, Vision, Education, Recruitment and Strategy**  
BELIEVERS seeks to ensure all colleagues feel included and are treated fairly and provides educational and mentorship programs to help develop and inspire growth for all individuals and Zoetis.



**DNA**  
**The Differently-abled Neurodiversity Alliance**  
DNA's mission is to advance awareness and inclusion for individuals who are differently-abled and/or have neurological differences, as well as their caretakers and allies.



**LaZos**  
**Latinx at Zoetis**  
LaZos promotes cultural diversity and fosters personal and professional development among Hispanic and Latinx colleagues across the organization.



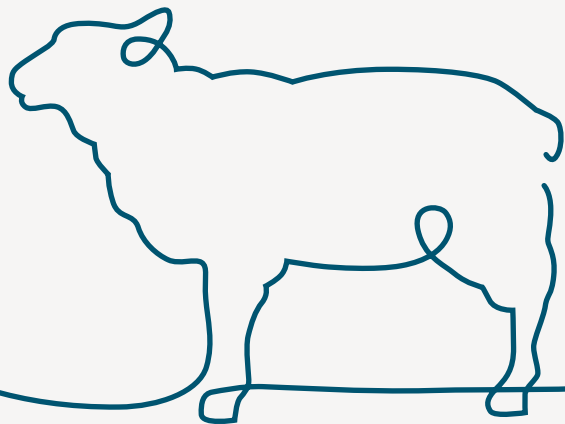
**PAW**  
**Proud and Welcome**  
PAW promotes awareness and knowledge about gender identity and other LGBTQ+ issues.



**WAVES**  
**Women Achieving Vision, Excellence and Success**  
WAVES is a community that is building a longer table to include colleagues of all genders who share the common purpose of elevating women for leadership.



**ZECC**  
**Zoetis Early Career Champions**  
ZECC strives to provide access to a diverse, global cross-functional network of Zoetis colleagues to help nurture our new colleagues' experience through education, leadership, mentorship and networking opportunities.



# Upholding a Culture of Health and Safety

Building a best-in-class safety culture for our Zoetis colleagues starts with our Global Environment, Health & Safety (EHS) Policy Standards that help identify risks and correct issues before injuries occur and define EHS performance requirements, procedures and practices for each site. We strive to ensure our colleagues’ safety by providing health and safety training programs, leadership process confirmation and injury prevention programs, supported by corporate audits and daily, weekly and monthly floor-level inspections. When injuries do occur, our procedures emphasize the need to investigate the cause, implement action plans and mitigate potential recurrence.

In our manufacturing and logistics sites around the world, we foster an open environment that promotes a culture of mindfulness, empowering individuals to play an active role in maintaining a safe workplace. Our colleagues are trained to identify risky behavior in themselves and others, and when they observe an unsafe behavior, they talk about it and help keep one another safe.

In the U.S., Zoetis participates in the Occupational Safety and Health Administration (OSHA)’s Voluntary Protection Programs (VPP), an initiative that engages our colleagues in decisions about their own safety. To participate in VPP, applicants undergo rigorous on-site evaluation against the program’s performance-based criteria for a managed safety and health system. Three of our manufacturing sites (Charles City, Iowa; Lincoln, Neb. and White Hall, Ill.) and one logistics center (Lee’s Summit, Mo.) received VPP Star status, VPP’s highest level of recognition, reserved for 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.

The proof is in the performance. Our strong safety culture has enabled us to achieve total injury rates (TIR) and lost time injury rates (LTIR) consistently lower than the industry average.

Building on our EHS program, we also incorporated OSHA’s VPP performance-based criteria into our internal health and safety management evaluation program, Zoetis H&S Star program, extending the principles of the OSHA VPP to our international sites.

We self-certified our first Zoetis Star site in Campinas, Brazil in 2020 and have since recognized our Catania, Italy and Suzhou MFA, China as Zoetis Star sites as well. Our Catania, Italy site has also received an ISO 45001:2018 Occupational Health and Safety Management Systems certification.

Our commitment to creating safe work environments extends to all who work at our facilities. Contractor safety is an important aspect of our site safety programs. Before they begin work, contractors are screened to ensure they have the relevant qualifications and licenses and have been trained on our contractor safety procedures and any specific hazards present at our sites. As we move forward in continuous improvement, we are implementing an automated onboarding tool for contractors.

## Health and Safety Performance

METRIC <sup>1</sup>	2022	2021	2020
Total Injury Rate (TIR) <sup>2</sup>	0.37	0.50	0.46
Lost Time Injury Rate (LTIR) <sup>2</sup>	0.20	0.26	0.20
Fatality Rate	0	0	0
U.S. OSHA Voluntary Protection Program (VPP) Star and Zoetis H&S Star Sites <sup>3</sup>	OSHA VPP Star: 3 U.S. manufacturing sites and 1 logistics center  Zoetis H&S Star: 3 global manufacturing sites	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

<sup>1</sup> These metrics cover worldwide operations.

<sup>2</sup> U.S. average for our industry in 2020 were 1.6 for TIR and 0.7 for LTIR. In 2021, U.S. average were 1.6 for TIR and 0.7 for LTIR. 2022 industry averages were not available at the time of publication.

<sup>3</sup> In 2022, we had 39 manufacturing and logistics sites (22 locations in the U.S. and 17 global), 5 primary R&D sites (2 location in the U.S. and 3 global), and 4 global sites supporting other business units. 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.





# Caring for Our Communities



## How We Give Back

Our colleagues and customers who raise and care for animals provide invaluable services to communities around the world. Increasingly, however, their work to support the health and productivity of the animals in their care faces immeasurable challenges. Livestock farmers and veterinary professionals in our communities fight threats to the health of people, animals and the environment they share. At Zoetis, our corporate community efforts focus on initiatives to expand communities' access to animal care, provide relief for communities in need, and support both the work and wellness of veterinarians and farmers everywhere.

## Zoetis Foundation

The Zoetis Foundation builds on Zoetis' purpose through grants to support the world's veterinarians and farmers. Guided by a board of directors and a colleague-driven Philanthropy Working Group, the Foundation prioritizes initiatives that advance diversity, equity and inclusion—enabling thriving and inclusive professions for veterinarians, veterinary technicians and farmers.

The Zoetis Foundation is committed to its goal of \$35 million in grants distributed by the end of 2025 to support the Foundation's three grant-making priorities: Education, Well-being and Livelihoods.

**\$7.4** million  
invested in communities  
through Zoetis Inc.  
corporate giving in 2022

## Engaging Our Colleagues in Community Giving

In 2022, the Zoetis Foundation continued to advance opportunities for veterinarians and farmers around the world. The Zoetis Foundation also provided opportunities for our colleagues to give back to causes that matter to them. Through the Colleague Resource Group (CRG) Philanthropy Grants program, Zoetis CRGs are invited to propose grantee suggestions for possible funding by the Zoetis Foundation. In 2022, all eight Zoetis CRGs submitted recommended organizations they felt supported their mission and were aligned with the Foundation's values to strengthen diversity, equity and inclusion. Among the 2022 grant recipients were the Asian American Legal Defense and Education Fund, nominated by the Asians Rising Together (ART) CRG, and Instituto del Progreso Latino, nominated by the Latinx CRG LaZos.



[Read more about our CRG  
Philanthropy Grants Program  
and the 2022 recipients](#)

**\$5.7** million  
distributed through  
Zoetis Foundation  
grants in 2022

# Zoetis Foundation Key Impact Areas

## Education

The Zoetis Foundation funds grants for 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

The Zoetis Foundation's focus on mental health emphasizes the importance of well-being for veterinary healthcare teams.

## Livelihoods

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.



[Learn more about the impact  
areas of the Zoetis Foundation](#)

**25**  
initiatives impacting 20  
countries supported by  
Zoetis Foundation grants

## It Takes a Village

Through children's programs and mentorships designed to provide early exposure to future career paths, the It Takes a Village Foundation plants seeds of hope and economic growth in regions across the country. The Vet for a Day program gives kids ages 12 to 15 from communities that are underrepresented in the veterinary profession an immersive look at careers in veterinary medicine. The Zoetis Foundation is the Founding Sponsor of the Vet for a Day program and with the support of grant funding from the Zoetis Foundation, the Middle Georgia-based nonprofit expanded its reach into six additional cities in 2022, empowering children in Baton Rouge, Houston, Las Vegas, Miami, Philadelphia and St. Louis to see themselves working in the animal health industry someday.

Zoetis colleagues also volunteer their time to inspire Vet for a Day participants to see the opportunities available in a career in veterinary medicine. The program has received meaningful support from the BELIEVERS CRG, whose members have given presentations and helped support the execution of Vet for a Day events throughout the year.



James White pictured with It Takes a Village founder, Dr. Vernard Hodges

**"I'm so proud to see the Zoetis Foundation help Vet for a Day scale into a nationwide program, building a more inclusive veterinary community. It was an honor and a pleasure to support this program by volunteering with fellow BELIEVERS CRG members at multiple events across the country."**

**James White**  
Account Manager, U.S.



[Read more about It Takes a Village Foundation and Vet for a Day program](#)

## Supporting Ukraine

When Russia invaded Ukraine in February 2022, we committed to provide both immediate and longer-term support for our Zoetis colleagues, customers and communities in Ukraine.

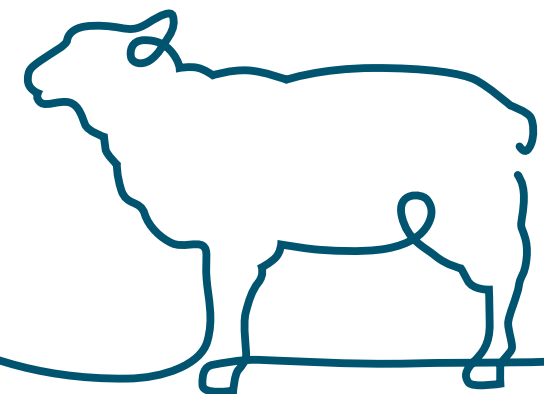
Our Zoetis teams quickly mobilized on the ground in Eastern Europe to provide evacuation support to our colleagues and their families—assisting with relocation, transportation and other urgent needs. Our Zoetis colleagues from Ukraine's bordering countries also received paid volunteer time off to assist in humanitarian efforts.

Caring for Ukraine's pets and food-producing animals became a vital part of those humanitarian efforts. In 2022, we donated over \$600,000 in Zoetis medicines to livestock producers in Ukraine, critical for supporting animal health and local food production. We also donated Zoetis products to support the health and wellness of companion animals. Approximately 9,000 dogs have been treated in Ukraine through Zoetis product contributions. This includes service dogs who are helping to locate and defuse mines, search for victims under rubble, and therapy-dogs in the hospitals. Working in collaboration with the

global veterinary community, our team helped provide care and vaccination for pets arriving at borders with their owners and for stray dogs separated from their families by the war.

Beyond the border, we supplied donations of much-needed vaccines, parasiticides and other medicines for pets from Ukraine receiving care in veterinary clinics across Europe.

The Zoetis Foundation provided support for humanitarian and relief efforts in Ukraine as well, making a \$150,000 grant to the Red Cross and matching over \$96,000 in contributions Zoetis colleagues made to the Foundation's Red Cross microsite. The Foundation also made a \$100,000 donation to Veterinarians Without Borders—an international organization working with local nonprofit and animal shelter partners in Ukraine and surrounding areas. Their relief efforts included supporting veterinary clinics, providing emergency animal care, food and medicine purchases and delivery, assisting with daily shelter operations and refugee pet vaccination.





## Walking Dogs in Dublin

Zoetis colleagues in Dublin volunteered their time to work with dogs at a Dublin Society for Prevention of Cruelty to Animals (DSPCA) event. Dogs awaiting adoption were treated to quality time away from the DSPCA shelter and plenty of affection as they accompanied our colleagues on a nature walk.

## Supporting Girls Sports in Iowa

When a Zoetis colleague's daughter joined an Iowa community's first-ever wrestling program for girls, the team lacked funds to secure the safety equipment they needed to prepare for their first season. Thanks to the Zoetis Matching Gifts program, our colleague was able to double the amount of his donation to the program and grow positive impact within the community.

## Repairing a Camp in Michigan

Colleagues brought their local community's camp new life at the Kalamazoo, Mich. site Volunteer Day. In one day, a team of 55 colleagues collectively volunteered 344 hours of service—just under nine weeks of work—and generated \$3,440 Dollars for Doers. Volunteers made memories at Pretty Lake Vacation Camp while restoring a deck, fences and landscaping.

### ASPIRATION

#### Support our communities



#### TARGET

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

#### 2022 PROGRESS

9,165 hours of volunteer time contributed by our colleagues, 46% of our stated goal. While we recognize we have a way to go to achieve our goal, the gradual return to in-person events in 2022 enabled our colleagues to begin to do more in their communities, with more than 3,000 additional hours logged in 2022 over 2021. We expect to see volunteer hours continue to increase as more colleagues take advantage of our 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 also 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 or more days of paid time off per calendar year to volunteer for a charitable organization of their choice in most markets.

**U.S. Dollars for Doers:** Our Dollars for Doers program allows eligible colleagues to receive Zoetis Foundation matching funds of \$10 for every hour volunteered, which can be donated to eligible nonprofit organizations of the colleague's choice.

**U.S. Matching Gifts:** By matching colleague donations, the Zoetis Foundation encourages colleagues to donate to their favorite nonprofit organizations.

For both the U.S. Dollars for Doers and U.S. Matching Gifts program, the Zoetis Foundation will match colleague donations up to \$1,000 per colleague per year.

## Celebrating Pride in New Jersey

Colleagues from our Proud And Welcome (PAW) CRG volunteered at North Jersey Pride, a Pride Month celebration attended by thousands of LGBTQ+ community members and straight allies. The event was a meaningful opportunity to stand together as #OneZoetis with our community to demonstrate inclusion, celebrate diversity and promote equity.



**"Pride in 2022 was very special for me as I was able to attend different events alongside my colleagues. I was especially excited for North Jersey Pride as I got to meet and volunteer with PAW members and colleagues in person while sharing Zoetis' support for the LGBTQ+ community."**

Yassin Tajafrat,  
Sr. Associate, Supply Chain

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

2022 PROGRESS

The Zoetis Foundation provided grants of \$2.5 million, and Zoetis provided approximately an additional \$160,000 in corporate contributions for scholarships to support more than 500 students. In the U.S., 48% of students supported by the Zoetis Foundation/Association of American Veterinary Medical Colleges (AAVMC) Veterinary Student Scholarship Program are members of traditionally marginalized or underrepresented communities and 21% identify as LGBTQ+.

Zoetis continued to invest in professional programs in 100% of our markets, through Zoetis-led programs and in partnerships with external organizations.

The Zoetis Foundation proudly contributed \$2.5 million to scholarship programs in 2022, and Zoetis provided approximately \$160,000 in additional funding in corporate contributions. Scholarships supported through the Zoetis Foundation include the AAVMC Veterinary Student Scholarship Program, 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. Zoetis and our legacy companies provided funding to the AAVMC’s scholarship program from 2010 to 2020, supporting 3,630 scholarships.

The Zoetis Foundation’s commitment to this program from 2021 to 2022 has helped reduce the burden of student debt for veterinary students. In the two-year period, the Foundation supported more than 800 scholarships by providing \$3.2 million in grants.

Recognizing that vet technicians are critical for animal health, the Foundation also provided a grant to the American Veterinary Medical Foundation (AVMF) through the Zoetis Foundation/AVMF Veterinary Technician Student Scholarship Program. These scholarships help offset veterinary technician training expenses.

The Zoetis Foundation provided a scholarship grant to the Wildlife Conservation Society to fund their Veterinary Residency in Zoological Medicine and Surgery. Through grants to the American Association of Swine Veterinarians Foundation (AASVF) and American Association of Equine Practitioners (AAEP) Foundation for the Horse, the Foundation also provided scholarships to students committed to working in the swine and equine practice areas.

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 continue to execute the Beyond Medicine Workshop, providing veterinarians with hands-on skills for non-medical parts of their job, such as communicating with clients, overcoming professional challenges and caring for their own well-being. In Thailand, Zoetis funded training for veterinarians across a number of skill areas including biosecurity, antibiotic use, bacterial diseases and data analysis. In the Czech Republic, Zoetis supported dermatology and osteoarthritis lectures for veterinarians.



[Read more about the scholarship programs funded by the Zoetis Foundation](#)

Project WAG  
(Wellbeing and Growth)

In 2022, Zoetis launched Project WAG to create a positive impact on the lives of veterinary professionals and the future of veterinary medicine. This initiative strives to go beyond awareness of well-being challenges in the veterinary profession to provide easy access to resources and tools designed for self-care.



[Read more about Project WAG and access resources](#)





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 contributions

2022 PROGRESS

Zoetis provided approximately \$2.2 million in monetary and in-kind contributions to support approximately 186,000 pet owners in need.

In 2022, we provided approximately \$2.2 million in monetary and in-kind contributions to support pet owners throughout the world. In the U.S., Zoetis held a heartworm prevention clinic with The Inner Pup, a veterinary clinic that provides low- and no-cost veterinary care for dogs in a Louisiana community. In Canada, we supported rural and underserved communities by providing in-kind contributions to Veterinarians Without Borders. Across many of our global markets, we provided product contributions to support guide dog programs.



ASPIRATION

Provide animal care in disaster relief



TARGET

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

2022 PROGRESS

Zoetis provided approximately \$1.7 million in monetary and in-kind product contributions to care for over 560,000 animals impacted by disasters.

In 2022, Zoetis provided approximately \$1.7 million in monetary and product contributions to help more than 560,000 animals in need.

We partner with local organizations and non-profits to support communities during times of crises and natural disasters including donating \$400,000 in in-kind contributions to support veterinarians and rescues impacted by Hurricane Ian and Fiona.





# Supplier Diversity

At Zoetis, we recognize that engaging a diverse pool of suppliers can have a transformative positive impact on our business and on the communities we serve. By providing access to economic opportunities for suppliers of all backgrounds, supplier diversity can create jobs, close wage gaps, improve impoverished communities and change lives. In the past year, we continued to accelerate our supplier diversity program, promote an inclusive approach to procurement and nurture relationships with traditionally underrepresented or underserved suppliers.<sup>1</sup>

## 32%

increase in U.S. Tier 1 and 2 diversity spend in 2022 from 2021 <sup>2</sup>

Our approach is proactive—we help underrepresented groups navigate the requirements to qualify for the tendering process and for certification as a diverse supplier. We partner with external organizations, such as 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 also engage our colleagues in our supplier diversity initiatives to ensure fairness and equality across the business landscape. In 2022, our supplier diversity team presented at the Zoetis Global Diversity Summit to help us raise awareness companywide.

## 12%

increase in U.S. Tier 1 and 2 diverse suppliers in 2022 from 2021 <sup>2</sup>

<sup>1</sup> 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.

<sup>2</sup> Zoetis diverse supplier spend increase is based on all procurement spend with diverse suppliers located in the United States. The increase in diversity spend and supplier count is based on both Tier 1 and Tier 2 diverse spend. Tier 1 diverse spend is defined as a direct expenditure with a certified diverse supplier. Tier 2 is defined as spend attributable to Zoetis, either directly or indirectly, through a primary supplier to a diverse supplier (certified or self-certified), but the diverse supplier has no direct contract with Zoetis.

## Advancing Gender Equality within our Supply Chain

Corporate procurement is a lever for positive change. By encouraging our key suppliers to work toward creating more diversity and gender equity within their organizations, Zoetis is now part of a growing coalition of companies advancing gender equality in communities around the world. In 2022, we joined the [Coalition for Gender Fair Procurement](#), an organization working to inspire progress toward UN SDG 5: Gender Equality and establish a new industry standard for gender fair procurement. To become certified as a Gender Fair company, a business must complete the Gender Fair assessment, which scores organizations' progress against the United Nations Women's Empowerment Principles.

To demonstrate our commitment to diversity and gender equity and to lead by example, in 2022, Zoetis took the assessment and became certified as a Gender Fair company, with an independently verified score of 88/100, putting the company in the top six percent of 800 companies in the Gender Fair Database. We encourage our suppliers to take the assessment, too. Our plan is to reassess our progress year on year and to encourage our high-impact suppliers to be Gender Fair assessed. Longer term, as the Coalition grows, we aim to integrate the Gender Fair assessment as a standard procurement requirement to evaluate our supplier landscape.



FOUNDING MEMBER





Animals

# Innovation in Animal Health

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





## Securing a Sustainable Future through Animal Health



**As the world's population approaches the United Nation's projected 10 billion people by 2050, some of our greatest challenges are emerging at the intersection of human, animal, environmental and economic health.**

At Zoetis, we work in that intersection and offer solutions to some of these significant global challenges impacting our customers and those who care for animals. By enhancing the health of livestock, our innovative solutions contribute to the economic well-being of farmers and communities, mitigate agricultural emissions, and support global food security.

Livestock currently supports the livelihoods of nearly 1.3 billion people around the world, according to the UN Food and Agriculture Organization (FAO). By 2050, overall food production must increase an estimated 70% to meet global demands. In the face of growing world human populations and rapid environmental change, farmers need innovative solutions to produce more food with fewer resources.

To meet these demands, we must ensure animals are healthy and productive because according to the FAO, over 20% of animal production losses are linked to animal diseases—which impact natural resources. The FAO recognizes that animal health can also play a key role in both reducing greenhouse gas (GHG) emissions from livestock systems and improving food security. Healthier animals are more productive and generate lower emissions per unit of food produced.

Improving animal health reduces emissions intensity and enhances resource use efficiency by reducing mortality and improving productivity.

Zoetis is committed to bringing farmers and veterinarians innovative solutions that enhance animal welfare, support the well-being of communities and improve the impact of our customers' animals on the environment. Every day, our colleagues are actively advancing research to understand disease drivers in the animals we serve and reduce the need to use antibiotics. Our scientists are driving innovation to predict, prevent, detect and treat disease to help livestock farmers raise healthier, more productive animals that ultimately contribute to a safe, sustainable food supply and farmers' own livelihoods.

**By 2050, overall food production must increase by an estimated**

**70%**





# 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

### 2022 PROGRESS

- Developed a Better Future Framework, which integrates key environmental, social and farmer/rancher economic considerations into our new product evaluation process.
- Developed resources for U.S. Dairy colleagues to highlight how Zoetis products can help dairy farmers achieve their sustainability goals throughout the animal lifecycle, including genetics, vaccines and treatments.
- Completed a study of our CLARIFIDE® Plus product that shows the positive effect genetic selection in the dairy industry can have on environmental sustainability outcomes.
- In Cattle, we expanded Protivity™, a vaccine to protect against M. Bovis, beyond the U.S. into Canada; launched Dectomax V® also branded as Valcor™ for broad-spectrum treatment and control of parasites; received expanded label approval for implants under the brand name of Synovex® Choice, Synovex® Plus and Synovex® One Feedlot, which have been shown to have performance benefits proven to help make beef production reliable and sustainable.
- Celebrated 30 years of providing customers around the world with the Embrex Inovoject® vaccination device, a result from decades of research, development, innovation and strong customer service to offer an industry-changing solution for hatcheries to vaccinate chicks in ovo (in the egg). This technology has played a major part in improving the health, welfare, profitability and sustainability of poultry production to meet the global demand for an affordable protein.
- Launched and received approvals in new markets for recombinant vector vaccines that can be delivered in-ovo under the Poulvac® Procerta brand in several countries including the U.S., Brazil, Mexico and India to give poultry customers solutions to protect against diseases such as Marek’s, infectious bursal and Newcastle diseases. These vaccines are proven to improve health, which can positively impact welfare and productivity to help producers responsibly manage natural resources. Combined with our Embrex Inovoject device, these vaccines can help improve efficiency and productivity in poultry.
- Expanded regulatory approvals for IMPROVAC® for use in female pigs intended for market in Europe and Australia which supports pork producers’ animal welfare and productivity goals to improve their sustainability. This complements the decades-long approval of Improvac as an alternative to physical castration in male pigs.

# Innovating Solutions for Better Health, Better Future

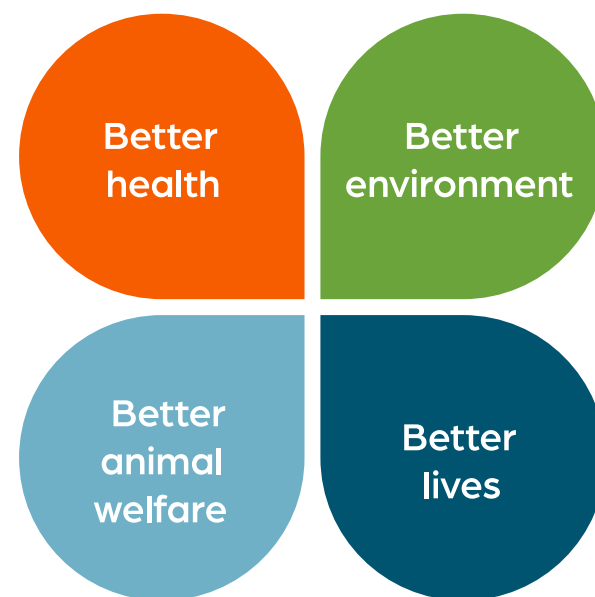
As demonstrated by our 2022 progress, Zoetis is dedicated to enhance animal health and support sustainable livestock production by advancing innovation in medicines, vaccines, diagnostics and other tools.

Using the UN SDGs to help structure our actions, we've developed a framework for delivering solutions to our customers. Our Better Future Framework recognizes the benefits livestock provides for food security, human health and the ecosystem, and positions sustainable and efficient livestock production as an environmental solution.

As we continue to incorporate key environmental, social and farmer economic considerations into our new product evaluation process, we are focused on driving Better Future Framework outcomes in these four, interconnected key benefit areas: better animal welfare, better health, better environment and better lives.

Our innovative products and services support our livestock customers in their essential work toward sustainable food production—they also support our companion animal customers by addressing unmet medical needs as they deepen their bonds with pets. Our areas of innovation include developing new vaccines, enhancing diagnostics and genetic tests, exploring new classes of animal-only antibiotics, and advancing novel solutions for the management of infectious disease.

## Better Future Framework



As we continue to innovate solutions for animals' health needs, we will evaluate the sustainability attributes of our current and pipeline products against our Better Future Framework and include this evaluation in our investment decision making.



**"We recognize the challenges and climate expectations that our livestock customers face, and we're committed to supporting them to meet their sustainability goals. Healthy animals can play a critical role in the world achieving the UN SDGs, and I am proud that our innovation enables healthy, productive, sustainable livestock that ultimately provide nutrient-rich foods to people around the world."**

**Shari Westerfeld**  
Vice President, U.S. Sustainability  
Customer Engagement



**"With the launch of new poultry vaccines in India that provide our customers with more options to prevent Marek's Disease and Newcastle disease, we are providing products that help them raise healthier birds for the country's meat and egg markets. This may have the added benefit of reducing the need to use antibiotics to treat disease in poultry and potential reduction in antimicrobial resistance over time."**

**Kishore Prayaga**  
Director, Veterinary Medicine  
Research & Development



# Mitigating Animal Emissions Through Health Technologies

Only healthy, thriving livestock can ultimately provide safe, nutritious food, and every animal lost to disease represents wasted feed, water and land resources. Improving animal health and performance outcomes in livestock is, therefore, essential to improving environmental sustainability measures in the food supply chain. Tools such as genetic testing and genomic predictions can significantly improve animal health outcomes by reducing disease incidence and antibiotic use while also improving productivity outcomes.

Increasingly, our stakeholders recognize genetic improvement provides an opportunity to improve herd productivity, health and sustainability outcomes. Our field force team uses data and information to derive meaningful insights that help livestock owners, and their consultants, make more informed decisions.

Our R&D efforts in this area are focused on creating integrated management solutions and predictive health and productivity analytics to address the complex challenges associated with improvements in animal health and productivity that we also anticipate will positively impact emissions.

We approach this challenge from several angles, including exploring new products that sustainably optimize feed efficiency and productivity, new technologies that mitigate methane emissions and other environmental impacts, and genetic tools that enable the selection of healthy and efficient animals with a reduced carbon footprint.

Through these innovative technology solutions, we see opportunities to provide data-derived insights and related decision-making tools to help livestock farmers and ranchers achieve their sustainability goals by managing inputs, optimizing outcomes, reducing methane emissions and continuing to enhance their environmental stewardship.

## Working with New Zealand Collaborators to Inhibit Methane Emissions from Grazing Ruminants

Around the world, extensive grazing systems are the basis of the majority of methane emissions produced by ruminant livestock, including cattle and sheep. Our colleagues are investigating innovative solutions to characterize and manage emissions release from grazing production systems. Complementing our internal research, in 2022, we announced a research collaboration with leading scientists in New Zealand to explore mechanisms that may inhibit methane emissions from grazing ruminants and, in turn, reduce GHG emissions.

The pillar of Zoetis' collaboration with the [Pastoral Greenhouse Gas Research Consortium \(PGgRC\)](#) and the [New Zealand Agricultural Greenhouse Gas Research Centre \(NZAGRC\)](#) is data-driven management of the effects of livestock production on the environment, including its contribution to anthropogenic GHG emissions. Collaborators aim to identify

potential small molecules to enter Zoetis' R&D pipeline that can increase livestock productivity and farmer/rancher profitability while reducing environmental impacts.

Funded by the New Zealand government, the NZAGRC invests in and coordinates research aimed at helping reduce New Zealand's agricultural GHG emissions. The PGgRC, a partnership investor between the New Zealand livestock sector and government, was created to provide knowledge and tools to help New Zealand farmers mitigate GHG emissions from the agricultural sector. Through this collaboration, Zoetis is working with NZAGRC to further develop these tools for livestock farmers.

Zoetis' collaboration in the research will ensure any viable solutions meet customers' needs across livestock farm systems and ultimately advance them to delivery into ruminant farmers' hands.



## Dairy Genetic Testing Improves Sustainability Outcomes

Because genetic testing can significantly improve animal health and sustainability outcomes, our colleagues are focused on providing customers with the tools and information needed to genetically test and select wellness traits for cows and calves. Our CLARIFIDE®, CLARIFIDE® Plus and other genetic testing tools allow dairy farmers to access the most comprehensive package of trait predictions and economic indexes, from birth to lactation.

In 2020, we published a study in the [Journal of Dairy Science](#) demonstrating the ability of CLARIFIDE predictions to accurately predict health, production and profitability outcomes in individual dairy animals, enabling better farm management.

In a 2021 study, we were also able to show the positive effect that genetic selection in the dairy industry can have on environmental sustainability outcomes. The U.S.-based study analyzed the impact of genomic data and on-farm records of the top 25% of cows with superior genetics in our proprietary Dairy Wellness Profit Index® (DWP\$), a combined lifetime measure of genetic results for health, productivity and profit for individual animals. Cows with higher DWP\$ were healthier (22% fewer lame cows and 44% less antibiotics usage for their lifetimes), more productive (35%

more milk), contributed 10% less methane emissions and ultimately required 27% less labor for health needs as compared to the inferior 25% group. This demonstrates that innovative technologies like the application of genetic testing using CLARIFIDE Plus can reduce antibiotic usage without compromising animal health and productivity.

In 2022, we collaborated on a project, with Farmers for Sustainable Food, Zoetis and eight aligned farms, that substantiate how focusing on genetic improvement through CLARIFIDE Plus correlates to not only lifetime profitability but also reductions in methane intensity, antibiotic usage and feed needed for maintenance on the farm. This project focused on animals born in 2015 and genomically tested as heifers. Results showed that this group of farms averaged \$1,552 lifetime profit per cow, 43% reduction in antibiotic usage, 23% reduction in the number of replacement heifers needed and 15.8 metric tons of methane reduced per 1,000 cow herd. These outcomes were achieved by focusing on utilizing the DWP\$ from CLARIFIDE Plus.



## Advancing Sustainability Goals Through Strategic Collaborations

We believe that strategic collaborations can help accelerate progress and deliver a sustained positive impact. Our collaboration with globally and internationally recognized organizations has allowed us to engage in informed discussions, goal development and industry support on animal health, welfare and sustainability, particularly on the topic of sustainable beef production.

- **Beef Roundtables:** Comprised of beef producers, processors, allied services and industries, retail companies, civil society, consulting, and national or regional roundtables, the Global Roundtable for Sustainable Beef advances sustainability of the beef value chain through leadership, science and multi-stakeholder engagement and collaboration. Our Zoetis team actively participates on the executive committee and in working groups to advance sustainable beef production. We also participate in Regional Beef Roundtables for the Brazilian Roundtable for Sustainable Beef, Canadian Roundtable for Sustainable Beef, New Zealand Roundtable for Sustainable Beef, and the U.S. Roundtable for Sustainable Beef, where we leverage our colleagues' technical expertise to support the development of regional sustainability goals, sector targets, tools and resources that the full value chain can adopt and utilize.

- **Swine Prediction Tool:** Announced in January 2023, Zoetis is part of an exclusive collaboration with EpiVax, Inc. to develop CircoMatch™, a unique bioinformatics tool that predicts the coverage of Porcine Circovirus Type 2 (PVC2) vaccines against field isolates of PVC2. This disease can cause production challenges generating significant economic losses to farmers. As we aspire to provide services that enable productive and sustainable livestock farming, CircoMatch can arm veterinarians and swine producers with predictive data to make more informed decisions about their vaccination programs.



# Making Aquaculture More Sustainable

According to the World Organization for Animal Health (WOAH), aquaculture accounts for nearly 50% of the aquatic animals used for food. Zoetis' aquaculture business, PHARMAQ's innovative tools can help the aquaculture industry make informed decisions and increase efficiency while managing fish health, reducing avoidable losses and improving fish welfare. Through our digital platform, iWISE, we provide our customers with trustworthy data to manage biosecurity—the practice of minimizing the introduction, establishment, and spread of pathogens and disease. Using the aggregate data, we also provide trends and predictions to equip decision-makers with actionable information. Since this information relates to the presence and prevalence of pathogens and how these affect the fish, there is a clear opportunity to identify and control risk factors for a specific geographic area.

In 2022, we also introduced our Next Generation Sequencing tool for veterinarians and producers to track and monitor infection. Combining genetic information from pathogens with the geographical occurrence and production methods enables us to develop tools for molecular tracing of transmission routes and the origin of infection. This knowledge is crucial for developing and introducing preventive measures in production to combat disease.



## Improving Outcomes for Colombia's Tilapia Farmers

In 2022, Zoetis concluded a three-year training program designed to increase productivity, profitability and sustainability within Colombia's tilapia production value chain. The Fish for Development project aimed to help the fish farming industry stimulate economic growth, create jobs and provide healthy food to Colombia's communities. PHARMAQ provided training on best practices for aquaculture and fish health management, including vaccination techniques.

Additional support was provided by the Norwegian Agency for Development Cooperation, the non-government organization, Caritas and its Colombian partner La Pastoral, as well as Colombia's National Authority on Aquaculture and Fishing. The program was considered a success and will be a reference for future similar projects.

# Innovating Solutions to Support Longer, Healthier Lives Together with our Pets

Pets are partners in our good health. Research by the Human Animal Bond Research Institute has associated pet ownership with numerous health benefits, including lowering the risk of cardiovascular disease, alleviating anxiety and depression, reducing stress, and promoting social interaction and exercise. Pet owners say their pets lift their mood, relieve their sense of loneliness and help them feel connected. It's no wonder global pet populations are rising as an increasing number of people recognize that our pets can help us enjoy longer, happier, healthier lives.

At Zoetis, our colleagues understand the value of the human-animal bond and are committed to innovating solutions that improve the health, well-being and quality of life for pets—including our own. That's why we continue to launch new tools and technologies to help veterinarians and pet owners keep pets healthier longer.



**At Zoetis, our colleagues understand the value of the human-animal bond and are committed to innovating solutions that improve the health, well-being and quality of life for pets—including our own.**

## Basepaws™

Across species, genetic screening tools help identify traits, biomarkers and potentially hereditary conditions. Basepaws, acquired by Zoetis in 2022, puts an easy-to-use, genetic screening tool in cat owners' hands to alert them of an individual cat's potential disease risk so they can seek veterinary care. Part of our genetics portfolio, Basepaws health reports facilitate more meaningful engagements between pet owners and veterinarians, increase the likelihood of early detection and treatment of disease, and potentially keep pets healthier longer.

## Vetscan Imagyst™

The first multi-purpose technology of its kind, our Vetscan Imagyst diagnostics tool has enabled veterinarians to efficiently perform applications including artificial intelligence (AI) fecal analysis and digital cytology image transfer—information critical to diagnosing and treating sick pets. In 2022, we added AI blood smear capabilities to the tool. This innovative solution uses deep machine learning AI to provide important blood smear results within minutes, enabling veterinarians to broaden in-clinic diagnostic offerings and provide the best possible care for dogs and cats.

## NewMetrica

Monitoring wellness has long been a routine human healthcare practice for the early detection of disease. Through the acquisition of NewMetrica in 2022, Zoetis now provides an efficient mechanism for vets to identify pets' health problems early. NewMetrica's VetMetrica collection of quality-of-life tools measures how an animal 'feels' about its circumstances from its individual perspective. This novel approach supports a significant shift in veterinary care and animal welfare more generally toward the attainment of good or excellent quality of life in companion animals.



# Animal Care and Welfare

Zoetis is dedicated to helping animals live longer, healthier lives through the discovery and development of breakthrough medicines and therapies. Animal-based 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. 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 or user safety or the effectiveness of our medicines. We ensure that all use of animals globally is reviewed for scientific merit, considers the 3R's—Replacement, Reduction and Refinement—and is conducted in an ethical way in accordance with our [Policy on Animal Care and Welfare](#).

This policy reflects our commitment to ensure that animals used in our research and medicine production are treated humanely. It includes provisions for site accreditation by AAALAC International and country-defined regulatory monitoring and local ethical oversight committee monitoring. Our standards of animal care and welfare meet or exceed those required by applicable local, national, or international laws and regulations.

Oversight for all animal care and welfare programs begins with the Quality and Innovation Committee of our Board of Directors, with Executive Team members reporting at least annually to the Committee. Our policy is set by our Animal Welfare Board, comprised of Zoetis colleagues, and our Animal Care and Ethics Council ensures that the policy is implemented at all our sites that use animals. This policy is overseen by our Executive Team and applies to all colleagues, contractors and third-party affiliates who undertake any activity on behalf of Zoetis that involves animals. Zoetis conducts monitoring of animal welfare programs, both at onsite locations and with external partners around the globe. Regular welfare audits are conducted by individuals experienced in animal welfare regulations, auditing practices and sound professional judgment. The goal is to ensure compliance with local animal care and welfare standards and Zoetis policies. Site audits are conducted at least annually, and external third-party sites are audited based on the outcomes of our third-party risk assessments.

As we further our commitment to animal welfare, our global animal welfare compliance function includes a Board-certified veterinary behaviorist to design our behavioral wellness programs which includes enrichment, enhanced animal housing and training of the individuals that work with the animals.



## Using the 3Rs in our Fish Vaccine Research

While all registered products are required to go through batch-potency testing to demonstrate that the product holds the right quality and strength, colleagues in our aquatic health business, PHARMAQ, are using the 3Rs to develop animal-friendly potency testing for our vaccines. One such approach is the use of blood tests to determine efficacy in vaccinated fish, rather than challenging fish with pathogens. This approach is regarded as a better alternative from an animal welfare perspective.



[Read more about PHARMAQ's use of the 3Rs here](#)



### Replacement, Reduction and Refinement

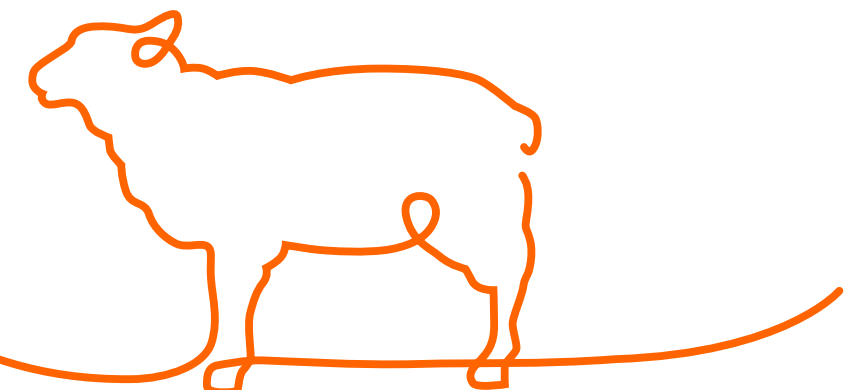
The guiding principles of the internationally established 3Rs underpin the humane use of animals in scientific research and testing. For as long as it remains necessary to use animals in the discovery, development and evaluation of new veterinary medicines and therapies, we embrace the principles known as the 3R's of animal research. The 3Rs include replacing animals with alternative methods whenever possible, reducing the number of animals required and refining studies to ensure humane conditions.

To implement the 3Rs effort, Zoetis has an internal program called Transition Away from Animal Testing (TAFAT) where colleagues are committed to developing and validating in vitro tests as alternatives to traditional in vivo tests required by regulatory agencies for product release. We have targeted the reduction of the use of animals in product release testing as a vital aspect of adhering to the principles of the 3R's.

In 2022, the TAFAT program has successfully gained regulatory approval for non-animal release tests for one of our Leptospirosis vaccines for dogs and our Rabies vaccines in the EU which will replace the use of animals for routine release testing, as well as progressed other tests in development. Zoetis now also takes an "in vitro first" approach to potency test development for new vaccines.

In addition, a Belgian Walloon region project grant called Innovlabpole was granted to Zoetis-Belgium in 2022. This grant provides financial support over three years for the development of new technologies to replace in vivo assays with in vitro tests and to assess new reagents like nanobodies and non-animal derived antibodies.

Further, an internal 3Rs Award program sponsored by the Zoetis Animal Welfare Board demonstrates our commitment to recognize and reward scientific creativity. Award winners in 2022 included teams at our sites in Brazil, China, Spain and the U.S. and recognized achievements to refine elements of our necessary animal research to provide more enrichment to animals involved as well as reduce the number of animals needed in certain studies through innovative data generation techniques and study efficiency.





## Advancing the use of Alternative Models Through Partnerships and Engagements

Zoetis is committed to cross-industry and cross-sectorial efforts to develop and refine new in vitro testing and predictive informatics-based systems that hold promise for reducing animal usage as well as fostering global regulatory acceptance. To drive our commitment, we are members of organizations and actively engage with and lead projects to move forward both the science and regulatory acceptance. A few examples include:

- **The European Partnership for Alternatives** to Animal Testing, which is instrumental for the 3Rs' harmonization efforts. Zoetis represented the Animal Health industry at the 2022 Partners forum on exposure considerations for human safety which is an important area of animal use for human safety assessment of animal medicines.
- **The European Animal Research Association**, a communication and advocacy group for animal research. Through EARA we can further communication and understanding for stakeholders of the way in which animals are used by our industry and the work being done to reduce or replace animal use where possible.

- **AnimalhealthEurope**, the voice of the EU animal health industry, with a focus on the availability of animal medicines in a sustainable way, including through advocating for a high standard of animal welfare. Zoetis is an active member of the animal welfare task force as well as leading technical and regulatory input in this area. This interaction is critical to further regulatory understanding and acceptance, closely with both the European Medicines Agency (EMA) and national competent authorities and their testing laboratories.
- **HealthforAnimals**, the voice of the global animal health industry. Zoetis is an active member of the 3Rs taskforce focused on advancing the regulatory acceptance of alternatives to animal testing globally.

In 2022, Zoetis collaborated with HealthforAnimals, International Alliance for Biological Standardization (IABS) and Animal Free Safety Assessment (AFSA) on a series of webinars and a workshop to promote acceptance of non-animal methods for vaccine batch release, engaging with regulators from around the world.

We also continue to lead the drive toward increasing acceptance of alternatives to animals for both routine product release and for product development where replacement or refinement is scientifically justified.

## Working Collaboratively with Regulators to Advance Alternatives to Animal Testing

Replacing or refining the use of animals in both regulatory testing and routine production is an area where global alignment and acceptance is critical for success in addition to advancing science. Zoetis works directly with regulators and through the previously mentioned partnerships to increase the recognition and acceptance of alternative models where such alternatives can be used appropriately. Zoetis is committed to advancing both the science and regulatory understanding to facilitate this and takes a lead role in international efforts.

In addition, Zoetis colleagues in Europe played a key role in the [VAC2VAC](#) project, a public, private partnership 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 on both technical aspects and methods as well as promotion of regulatory acceptance.







# Antimicrobial Stewardship

Read our [Position on Responsible Use of Antibiotics in Animals](#)

## 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

### 2022 PROGRESS

- Continued to collaborate with global stakeholders, including the International Consortium for Antimicrobial Stewardship in Agriculture and the Antimicrobial Resistance (AMR) Cross-Industry Expert Working Group of the Business Council for the United Nations.
- Continued to lead an Animal Health Institute working group on multiple antibiotic topics and advocating for veterinary oversight of antimicrobial use. These activities include One Health discussions on topics such as duration of use, U.S. Food and Drug Administration’s (FDA) Draft Guidance 152 on evaluating the safety of antimicrobial new animal drugs with regard to their microbiological effects on bacteria of human health concern, and World Health Organization antimicrobial list.
- Zoetis China, together with the Chinese Veterinary Medical Association and the Small Animal Medicine Branch of the Chinese Society of Animal Husbandry and Veterinary Medicine, released the Diagnosis and Treatment Guideline of Bacterial Infectious Diseases in Dogs and Cats.
- In Australia, completed the second edition of a Zoetis-funded [Australian Infectious Disease Advisory Panel](#) Antibiotic Prescribing Guidelines for Companion Animals.
- In support of the U.S. FDA’s Guidance for Industry 263 (which outlines plans to transition all remaining over-the-counter products containing medically important antibiotics to prescription status), all Zoetis over-the-counter labeling has been revised, submitted and approved by the U.S. FDA’s Center for Veterinary Medicine.
- Launched Apoquel Chewable, which treats itchy atopic dermatitis in dogs, in the EU and UK to provide the same proven medication in a delivery option designed to increase ease of use and compliance to promote treatment success. Increased compliance has been [shown to reduce the need for antibiotic intervention](#).

Innovate around antimicrobial resistance to reduce the dependency on antibiotic classes shared with human health

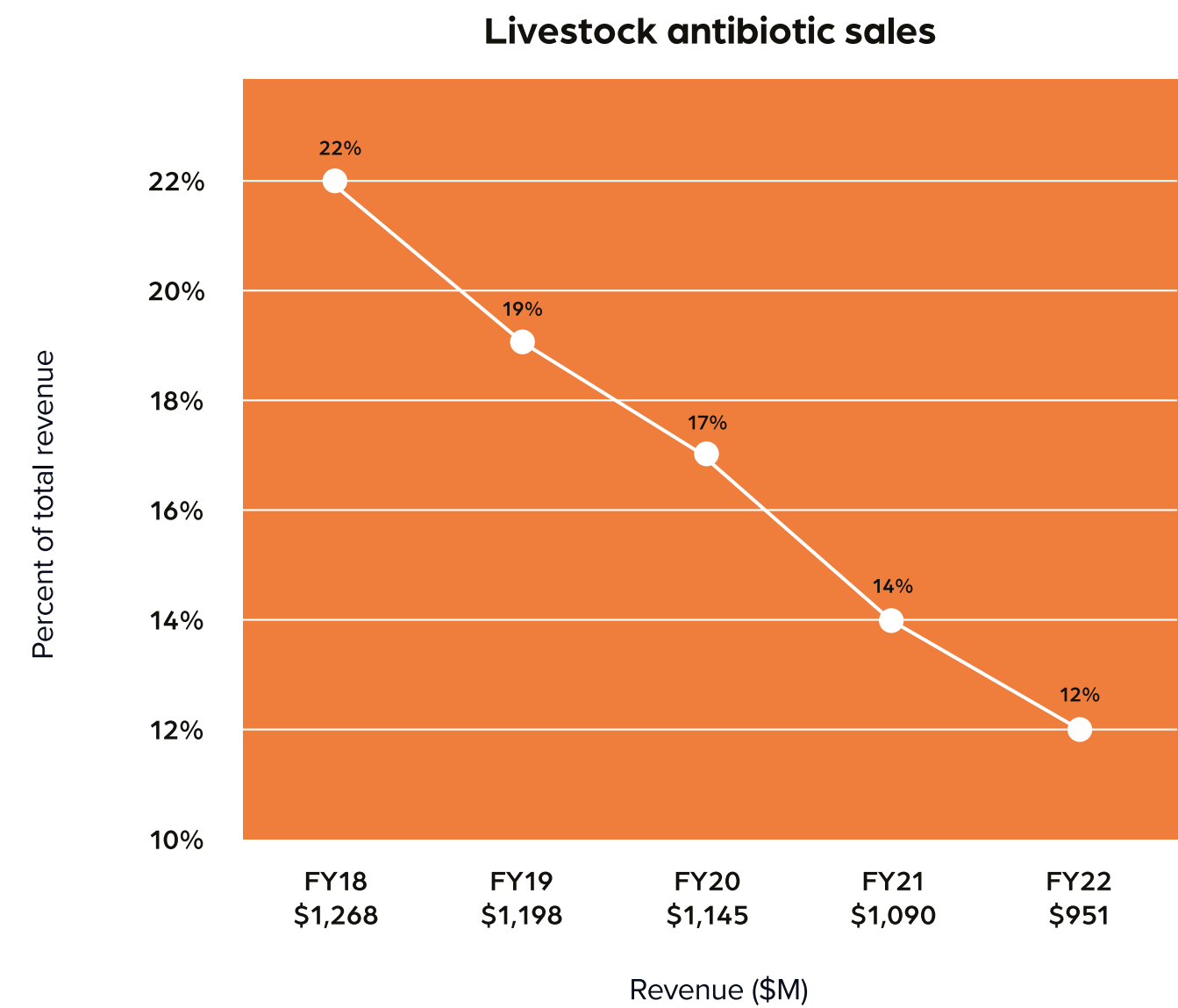
We recognize that animal and human health are interdependent. We advocate for taking a One Health approach to the responsible use of antibiotics across human and veterinary medicine, understanding that healthy animals help reduce the risk of zoonotic infectious diseases that can pass between animals and people. Healthy livestock, poultry and fish are essential to a safe, sustainable food supply. Responsible use of antibiotics in food-producing animals makes a difference in being able to meet the challenge of maintaining and increasing food safety and food security. With few alternatives today for treating life-threatening bacterial infections in animals, antibiotics are essential to animal health and their welfare.

Our vision is a world where veterinary antibiotics are used responsibly under the supervision of a veterinarian, and where they maintain their value as a therapeutic tool. Our commitment to responsible use of antibiotics in animals includes:

- Advocating for the health of animals and veterinary involvement
- Innovating with a focus on prevention
- Collaborating across the value chain and beyond

As part of our commitment to responsibly using antibiotics in animals, we do not sell medically important antibiotics, as classified by the U.S. FDA, for growth promotion in animals anywhere in the world. This change took effect in the EU at the beginning of 2006, in the U.S. at the beginning of 2017 and in remaining markets in 2020.





Total revenue from livestock antibiotics, which includes injectables and medicated feed additives, has decreased due to many factors. Among these is Zoetis’ commitment to bringing innovation focused on prevention (e.g. vaccines), genetic testing, diagnostics, data analytics and supporting our customers with responsible use education. Changing regulations in key markets and generic competition have also contributed to this impact. The majority of revenue from livestock antibiotics is from injectables, which are lower volume per dose and typically targeted for individual use.

**Supporting HealthforAnimal’s Roadmap to Reducing the Need for Antibiotics**

As a member of the global trade association, HealthforAnimals, of which our CEO, Kristin Peck, serves as the President, Zoetis is working with our peers to achieve the organization’s [Roadmap to Reducing the Need for Antibiotics](#). The roadmap outlines how countries can improve prevention, diagnosis and treatment of animal disease to reduce antibiotic need, and it included 25 measurable commitments that the industry pledged to complete by 2025, such as delivering 50 new vaccines, investing in veterinary training and more.

# Advocating for the health of animals and veterinary involvement

We believe that veterinary professionals should be involved in all decisions about the use of antibiotic medicines in animals to protect animal and human health, to assure the safety of the food supply, and to help reduce the risk of resistance.

Across the globe, our technical service veterinarians and field representatives support our customers by sharing knowledge on responsible use of our antibiotic medicines, including proper indications, dosages, routes of administration and the importance of withdrawal periods, as well as educating customers on practices such as vaccination and other husbandry protocols that can help prevent common diseases.

In the U.S., we support FDA’s Guidance for Industry 263, which outlines plans to transition all remaining over-the-counter products containing medically important antibiotics to prescription status. We are committed to supporting our customers through the transition period to help ensure the health and well-being of the animals in their care.

In the EU, we are engaged in multi-stakeholder efforts, including the European Platform for the Responsible Using of Medicines in Animals in which we are actively involved via our industry trade association AnimalhealthEurope. Through this effort, we are promoting best-practice frameworks for the responsible use of veterinary medicines to ensure better prevention and control of animal diseases and to reduce the need to use antibiotics.

## On-Demand Education and Training for our Customers

To help our customers effectively use our animal health solutions and improve the sustainability of their businesses, we offer over 1,500 on-demand complimentary courses, many with continuing education in multiple languages reaching over 92,000 customers including veterinary professionals, livestock farmers and their teams in more than 22 countries. The registered customers in our online learning community can keep skills current with up-to-date training on key disease state conditions, product information and training, professional development opportunities, and business solutions across multiple species. As an example, one course provides instruction on caring for newborn piglets with proactive, preventative healthcare within a pig’s first 24 hours can reduce illness, as well as the need for antibiotics.



[See additional information about our on-demand education](#)

# Innovating with a focus on prevention

We are investing in research and development across a continuum of care to provide our customers with new and enhanced solutions to better predict, prevent, detect and treat disease in their animals. We support reducing the need to use antibiotics by encouraging a preventative approach through good animal husbandry, nutrition, vaccination programs and our programs emphasize helping our customers prevent disease—through vaccines targeted against viral and bacterial pathogens, for example—which can help reduce the need to use antibiotics for treatment.

In 2022, we received approval for several livestock vaccines in additional markets which support the HealthforAnimals Roadmap to Reducing the Need for Antibiotics. We recognize that, despite the best preventative care, disease can still occur, and treatment may be needed. Alongside our approach to novel anti-infective solutions, we're also exploring additional diagnostics, immunomodulators and other pathways as well as precision animal health tools, utilizing digital technologies and data analytics that can help livestock producers make earlier and more informed healthcare decisions for their animals.



## Alternatives to Antibiotics

We are committed to veterinarians having viable treatment options to ensure the health and welfare of the animals in their care. Our innovation approach includes seeking new classes of antibiotics for veterinary use only and exploring novel, non-antibiotic anti-infective solutions. Over the past 20 years, our scientists have initiated 18 projects related to potential solutions for the treatment and control of common disease challenges including necrotic enteritis in poultry, E.coli and swine respiratory disease in pigs, as well as mastitis, metritis, liver abscesses and bovine respiratory disease in dairy and/or beef cattle. Today, half of these projects continue through our research and development process to find the best solutions for our customers that also support our commitment to reduce the dependency on antibiotic classes shared with human health.

To simply replace today's extremely effective antibiotics is a monumental challenge, and one that human health is faced with as well. As the leader in animal health, we are committed to responsible use of antibiotics in animals to help ensure these vital tools remain available and effective for treatment of disease when needed.



**"We are focused on the health of animals, so first and foremost, we want to help our customers prevent disease in their flocks and herds. This can help reduce the need to use antibiotics. New vaccines, especially those for bacterial pathogens, are one important tool as we strive to develop more alternatives to existing antibiotics."**

**Véronique Moulin**  
**Director, Bovine Biologics Research**



# Collaborating Across the Value Chain and Beyond

We collaborate in a One Health approach, working with leaders from the veterinary and human health professions, food industry, and public health to advance the responsible use of antibiotics and preserve animal health and welfare.

## AMR Surveillance Monitoring Program

We marked 25 years of commitment to our AMR surveillance monitoring program in 2022. This program is one way we collaborate to ensure antibiotics remain effective for decades to come. We conduct surveillance for antimicrobial resistance in pathogens that threaten the health of animal species to help preserve the efficacy of antibiotics. In 1998, Zoetis began actively monitoring the antimicrobial susceptibility of our approved products labeled for bovine and swine bacterial disease pathogens to identify potential changes in susceptibility and ultimately help ensure antibiotics remain effective.

The program has grown to include 29 bacterial pathogens from five animal species through the participation of 32 veterinary diagnostic laboratories in the U.S. and Canada. Our program expanded to include monitoring bovine mastitis pathogens in 2001, equine pathogens in 2010, and canine and feline skin and soft tissue and urinary tract infection pathogens in 2011. In a recent publication from our AMR surveillance monitoring program, our scientists noted Swine Respiratory Disease program resistance is not increasing, and they are seeing no changes in susceptibility against our antimicrobials.

## Business Council for the United Nations

In our third year of participation with the AMR Cross-Industry Expert Working Group of the Business Council for the United Nations, we continue to collaborate with human health, agriculture, animal husbandry, veterinary services, the financial sector and other industries involved in antimicrobial stewardship and solutions that contribute to the United Nations leadership on AMR. In coordination with key stakeholders including the World Health Organization (WHO), FAO and WOAHA, we support the collective action and knowledge exchange on AMR.

Through this membership, Zoetis was the only animal health company invited to speak at a virtual forum of the Global Leaders Group (GLG) on AMR held in January 2023. The GLG consists of world leaders and experts from across sectors working together to accelerate political action on antimicrobial resistance, including financing the global response to AMR. This GLG forum was an important step ahead of the 2024 High-level Meeting on AMR, which will be hosted by the Quadripartite of the FAO, UN Environment Programme, WHO and the WOAHA.

## Reagan-Udall Foundation for the FDA

In the U.S., Zoetis participated in one-on-one conversations and a roundtable as part of the Reagan-Udall Foundation for the FDA's partnership with the FDA's Center for Veterinary Medicine. This collaboration explored the development of a public-private partnership framework for collecting and analyzing real-world data regarding antimicrobial use in food-producing animals.

## International Consortium for Antimicrobial Stewardship in Agriculture

Zoetis continues to actively participate in and provide veterinary expertise to the International Consortium for Antimicrobial Stewardship in Agriculture (ICASA), the first research consortium to bring together participants representing all stages of the U.S. livestock supply chain to promote targeted antibiotic use, advance animal health and welfare and increase transparency in food production practices. Established in 2019 by the Foundation for Food & Agriculture Research (FFAR), ICASA currently has 22 research projects in progress, each creating practical solutions like new technologies and management practices that promote judicious use of antibiotics.

## Codex Task Force on Antimicrobial Resistance

Since 2010, as either a member of HealthforAnimals or the United States Delegations to the task force, Zoetis has participated in Codex Task Force on Antimicrobial Resistance's efforts to develop the Code of Practice and Integrated Surveillance documents. Both the Code of Practice and the Integrated Surveillance documents provide specific guidance on the responsible use of antibiotics in veterinary medicine as well as the development of country-based surveillance programs for quantitating change in AMR resulting from these practices.



# Access to Veterinary Care in Emerging Markets



## ASPIRATION

Grow access to vet care in emerging markets

Through our A.L.P.H.A. and A.L.P.H.A Plus initiatives with focus in Africa, by 2025 we will<sup>1</sup>:



### TARGET

### 2022 PROGRESS

Train **100,000 farmers**, veterinary professionals and lab technicians

Trained over 30,000 farmers, veterinarians, para-veterinarians, distributors and lab personnel during 1,200+ training days. Training courses have been tailored to address training gaps identified by regional surveys to ensure maximum relevance to stakeholders with the aim of increasing participation.

Increase women trainees to **50%** of trainees

30% of in-person trainees are women. During the COVID-19 pandemic, there was a shift toward online training delivery which resulted in a decrease in women participants due to lower digital readiness and connectivity availability. In 2022 we saw a positive trend compared to 2021 and expect it to improve as we move back to more in-person training.

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

Treated 9.7 million cows.<sup>2</sup>

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

Treated 196 million chickens.<sup>3</sup>

In line with our purpose to nurture the world and humankind by advancing care for animals, we support 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 advance the shift from disease treatment to prevention, thus reducing the need to use antimicrobials in livestock. One way that we supported this is through our African Livestock Productivity and Health Advancement (A.L.P.H.A.) initiative, co-funded with the Bill & Melinda Gates Foundation. The initiative’s aim was to help improve

livestock health and positively impact farmers’ livelihoods in Sub-Saharan Africa. The five-year initiative began in 2017 in Uganda, Nigeria and Ethiopia, and later expanded into Tanzania.

It strived for gender equality in animal health training for women and was anchored on three pillars:

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

The funded five-year A.L.P.H.A. initiative came to a close in August 2022, and all activities were transitioned to the commercial operations of the broader Sub-Saharan Africa region. Zoetis 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. Learnings from the A.L.P.H.A. initiative have been expanded to benefit the broader geographical coverage of the wider region, and we have been assessing future investment opportunities (beyond typical commercial presence) in the region to identify and pursue opportunities for development partnerships in the near future.

In 2023, with continued support from the Bill & Melinda Gates Foundation, Zoetis launched a new initiative that scales up our initial A.L.P.H.A. efforts. The new five-year A.L.P.H.A. Plus initiative will include aquaculture in addition to cattle and poultry and will include an additional seven countries in Sub-Saharan Africa. Drawing on the success from the past five years, we will maintain a strong focus on gender diversity, including women-led, female-only training courses optimally designed to maximize attendance. We also plan to further develop distribution and training models for ‘last mile’ networks, extend disease diagnostic services through laboratory networks in cooperation with public and private local partners, as well as develop outcomes research and digital services.

<sup>1</sup> Progress is year to date and is based on a 2019 baseline.  
<sup>2</sup> Assumption used that every cow receives at least two doses (treatment and prevention).  
<sup>3</sup> In 2021, we revised our assumptions from every bird receiving at least three doses to five 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. The newer calculation assumption has been applied to 2022 data.





**“Being recognized by Fortune is a proud moment for the Zoetis team and affirms the impact we can have by living our purpose to nurture the world and humankind by advancing animal care in all continents. Access to medicines, services and learnings will help farmers raise healthier animals, improve productivity and secure more sustainable revenue, which is critical to the economic development and well-being of the Sub-Saharan region and its population. I could not be prouder of the work of A.L.P.H.A. colleagues supported by One Zoetis team spirit during the first five-year initiative, and I am looking forward to the future success with A.L.P.H.A. Plus.”**

**Gabriel Varga**  
**Regional Director, Sub-Saharan Africa, Eastern Europe, Middle East and Africa Cluster**

**Veterinary Medicines and Services**

We provide 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. Our livestock portfolio includes products for poultry, ruminants and swine, including important vaccines for disease prevention. Of our products, 73 have received full regulatory approval for commercialization by the end of 2022, and an additional 11 new product registrations were submitted which will continue to increase the availability of quality products in Uganda,

Nigeria, Ethiopia and Tanzania. The number of doses of treatment and prevention products supplied to these markets have increased 48-fold in 2022 compared to 2016, which will have a considerable impact on livestock health in the region. The product registration dossiers and experience gathered for the A.L.P.H.A. initiative has been applied to other countries within the Sub-Saharan Africa region. In 2022, activities were targeted to understand unmet animal health needs in the region, identifying interventions which will have high future impact for local stakeholders to continue to help them raise healthy animals.

**Veterinary Laboratory Networks**

Farmers in Sub-Saharan Africa face negative economic impacts 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. Through A.L.P.H.A., we funded the development of 16 partner veterinary diagnostic labs to serve farmers and veterinarians for livestock productivity diseases. An estimated 26,700 chicken flocks and 42,100 cows have been tested to-date in an effort to improve applied treatment and reduce antibiotic usage.

During 2022, the scope of laboratory network development was shifted to support several veterinary laboratory partners who met a defined diagnostics sustainability criteria. We stopped routinely funding general set-up and running costs of labs, and instead focused on strengthening laboratory capacity-building efforts through funding for research development, and commercial propositions linked with our Continuum of Care approach – focusing on innovative solutions that predict, prevent, detect and treat diseases. Expansion of the ‘lab-in-a-pocket’ concept app called ‘Lab Cards’ continued in 2022 to help improve sample management and results communication. The merits of this app have been recognized internationally, with the app now tailored for use in Thailand and other Sub-Saharan Africa counties.

**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.

**Zoetis was named to Fortune’s 2022 Change the World list, a global ranking of the top 50 companies making a positive social impact through business practices that are integral to their core corporate purpose.**

Our inclusion on the list is based on our A.L.P.H.A. initiative and its impact in establishing sustainable veterinary care in Sub-Saharan Africa.

To date, over 30,000 individuals, including farmers, veterinarians and para-veterinarians, distributors, and lab personnel have been trained through over 1,200 training days. The estimated extended reach of our trainings is over 1.5 million people through a Train-the-Trainer approach.<sup>1</sup> Training courses have been tailored to address training gaps identified by regional surveys to ensure maximum relevance to stakeholders. Disease prevention through vaccination is at the forefront of training topics.

During the COVID-19 pandemic, there was a shift toward online training delivery – which unfortunately resulted in a decrease in participation of females due to lower digital readiness and connectivity availability. In 2022 we saw a positive trend compared to 2021, with 31% female attendance of all (online and in-person) training sessions.

<sup>1</sup> Assumption used that every trained person trains 50 other people.





# Combat Diseases

## ASPIRATION

Combat diseases that pose the greatest risk to animals and humans



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

### TARGET

Invest in R&D for emerging infectious diseases

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

### 2022 PROGRESS

- Continued to invest in developing vaccines and diagnostics against emerging infectious disease, including Severe Acute Respiratory Syndrome Coronavirus-2 (SARS-CoV-2), Highly Pathogenic Avian Influenza, Foot-and-Mouth Disease and African Swine Fever.
- Continued our partnership with Texas A&M University to operate the Transboundary and Emerging Disease Vaccine Development Facility in College Station, Texas.
- Continued partnering with leading researchers to pursue a safe and efficacious vaccine against African Swine Fever, including the U.S. Department of Agriculture, The Pirbright Institute (UK) and Friedrich Loeffler Institute (Germany).
- Initiated distribution of Rabies vaccine to the WOAHP Rabies Vaccine Bank to support the Zero by 30 initiative to eliminate human deaths from Rabies.
- Renewed contract to provide Classical Swine Fever Virus (CSFV) vaccine to the U.S. National Veterinary Stockpile until 2027. As of 2021, our CSFV vaccine includes an added claim for vaccinating breeding sows to reduce transplacental infection caused by CSFV to give farmers and governments more tools to work towards eradicating the diseases by providing fetal protection.
- In Brazil we worked in collaboration with the Brazilian Ministry of Agriculture and Livestock (MAPA), Brazilian Association of Swine Producers, Brazilian Association of Animal Proteins and many other associations in the National Plan of Classical Swine Fever Eradication Program. In 2022, we donated approximately 200 thousand doses of vaccine and mobilized resources to do trainings to ensure the plan was implemented. Additionally, we have an agreement with MAPA to provide vaccine to the stockpile.

A One Health approach recognizes that the health of animals, humans and the environment are interdependent. According to the WHO, at least 75% of emerging infectious diseases have an animal origin. As part of our commitment to a healthier, more sustainable future, our scientists are using their expertise to combat diseases that pose the greatest risk to animals and humans.

Through our [Center for Transboundary and Emerging Diseases \(CTED\)](#), Zoetis monitors approximately 200 diseases identified by WHO as zoonotic—those shared between animals and humans—as well as transboundary and emerging diseases that threaten livestock and pets. These include emerging new infectious diseases, such as COVID-19, and ever-present disease threats such as Foot-and-Mouth Disease (FMD) that affects cattle, pigs and sheep, and African Swine Fever (ASF), which can devastate herds, impact the food supply and harm the incomes of farmers who depend on animals for livelihoods.

Through CTED, Zoetis has developed or supported vaccines for high-impact emerging diseases around the world, including Avian Influenza, Porcine Epidemic Diarrhea Virus, Schmallenberg Virus, Hendra Virus, Bluetongue Virus, Lumpy Skin Disease, Canine Influenza, Rabies, Lyme disease, West Nile Virus and SARS-CoV-2. CTED continues to make advancements with FMD and ASF. Our scientists also organize our response to outbreaks of infectious diseases worldwide, mobilizing resources from across the company and working in close collaboration with leaders from government and health organizations, as well as veterinary and livestock agricultural communities to identify infectious disease threats early and develop solutions to help rapidly control them.



# Rabies

Rabies is a vaccine-preventable, zoonotic viral disease affecting the central nervous system. Rabies can affect both domestic and wild animals and can be transmitted to people and animals via saliva—usually through bites or scratches—with nearly all human cases caused by dog bites. Once clinical symptoms appear, Rabies is virtually 100% fatal. Although it’s the oldest disease known to affect both animals and humans, according to the WHO, Rabies is responsible for the deaths of an estimated 59,000 people globally each year, 40% of whom are children.

## RABIES

**In alignment with UN SDG 3 to ensure healthy lives and promote wellbeing for all at all ages, our contributions to global efforts to end human deaths from dog-mediated Rabies will save the lives of children, protect the livelihood of adults, improve equity and access to care, and strengthen human and veterinary health systems.**



Globally, according to the WHO, the economic burden of Rabies is estimated at \$8.6 billion per year, and yet for a relatively low cost, it is possible to stop transmission at its source and save human lives. Mass dog vaccination is a proven, cost-effective way to prevent people from dying from dog-mediated Rabies. A collaborative response through Rabies programs contributes to disease prevention and preparedness; this means integrated Rabies elimination is a model for One Health collaboration. In 2022, Zoetis contributed to the mission of a global collaboration dedicated to reaching zero human deaths by Rabies by 2030. Led by WHO, WOA, FAO and the Global Alliance for Rabies Control, the United Against Rabies collaboration leverages existing tools and expertise in a coordinated way to empower, engage and enable countries to save human lives from this preventable disease. In 2022, our colleagues participated in the United Against Rabies forum in Paris, where stakeholders from around the world shared information and ideas on how to achieve the collaboration’s Zero by 30 goal (zero human deaths from dog-mediated Rabies by 2030).

As the Rabies vaccine is a key component of the Zero by 30 strategy, WOA’s Rabies Vaccine Bank is vital to the program’s success. Created in 2012 to increase access to quality-assured, affordable dog Rabies vaccines for use in planned vaccination campaigns—particularly in the world’s poorest and most disadvantaged communities—WOA’s Rabies Vaccine Bank provides vital tools to governments and nongovernmental organizations advancing the Zero by 30 goal. In 2021, WOA designated Zoetis as one of the vaccine bank’s two approved vaccine suppliers. In 2022, Zoetis initiated the distribution of our Rabies vaccine to meet WOA requirements. Our continuing involvement, contracted for through 2025, will help contribute to the WOA’s member States’ objectives.



**"We are pleased to support a One Health approach to address Rabies by working closely with leaders from government, health organizations, and veterinarians to support the Zero by 30 Initiative with our vaccines."**

**John M. Hardham, Ph.D**  
**Director, Center for Transboundary and Emerging Diseases**

## Protecting Endangered Species from Disease

Around the world, Zoetis vaccines help protect the lives of animals every day. In New Zealand, we partnered with Pacificvet Limited to support conservation efforts to protect critically endangered bird species, including the kākāpō, the world’s only flightless parrot. By providing vaccines and technical expertise to species recovery programs, we’re part of conservation efforts to increase populations of kākāpō, takahē, kiwi, Campbell Island teal and other endangered bird species.



# Avian Influenza

Highly Pathogenic Avian Influenza (HPAI) is a highly contagious virus causing severe disease and death in infected birds, including poultry, fowl, and other domestic and wild birds. HPAI poses an unprecedented threat to poultry worldwide. According to the WOAHP, the number of birds affected has risen from 40 million in 2018 to over 200 million in early 2023, and this may continue to increase in the coming years. It is a critical issue for our customers and the wider food value chain as a steady supply of eggs and poultry meat is essential to an affordable food supply.

Zoetis has a long history of rapidly developing HPAI vaccines and deploying them when needed. In 2005, we developed our first Avian Influenza (AI) vaccine to address a global outbreak and subsequently updated our vaccine to the newer outbreak virus from 2014, for which the U.S. Department of Agriculture (USDA) granted a conditional license. In 2016, we supplied this vaccine to the National Veterinary Stockpile. We also sell vaccines to markets that vaccinate for AI, including Egypt, Jordan, Iraq, Vietnam and New Zealand.

The current outbreak, which began in 2022, has already lasted longer and affected millions more birds than previous outbreaks, which were seasonal. As leaders in the development of vaccines for transboundary and emerging diseases, we are monitoring the situation and stand ready to develop a vaccine if that is the route our poultry customers and regulatory authorities want to take. We also continue to support our customers with biosecurity needs to try to keep HPAI out of their flocks.

# COVID-19

At the onset of the coronavirus pandemic, as researchers and scientists rushed to develop COVID-19 vaccines to protect the global human population, our colleagues initiated the development of a safe and effective vaccine to protect vulnerable animals against the virus.

Led by researchers and scientists in our CTED, Zoetis discovered and developed a vaccine to provide protection for great apes, bears, tigers, lions, mink and more than 300 other mammalian species known to be susceptible to SARS-CoV-2. Since receiving a conditional license from the USDA in 2021, we have manufactured approximately 80,000 doses of vaccine doses available for donation and have received—as of year-end 2022—requests to donate approximately 30,000 doses to more than 140 zoos, conservatories, sanctuaries and animal organizations across the U.S., Canada, Chile and more than a dozen other countries.

The COVID-19 pandemic highlighted the significance of the connection between animal health and human health and demonstrated the importance of a One Health approach to effective prevention, detection, and treatment of disease in human and veterinary healthcare. For our impactful and dedicated effort to help combat this emerging infectious disease, Zoetis was named to [Fast Company's list of Most Innovative Companies for 2022](#), ranking eighth in the corporate social responsibility category.

# 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. While FMD is not a public health or food safety threat, a widespread outbreak would have a severe impact on the economy and devastating negative impacts on sustainable agricultural systems and food security.

With the Texas A&M University System's Center for Innovation in Advanced Development and Manufacturing (CIADM), we continue to operate 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 FMD. While FMD vaccines are the initial focus of the center's vaccine development, the facility can be expanded to accommodate vaccine development to combat other transboundary and emerging diseases in the future.

# African Swine Fever

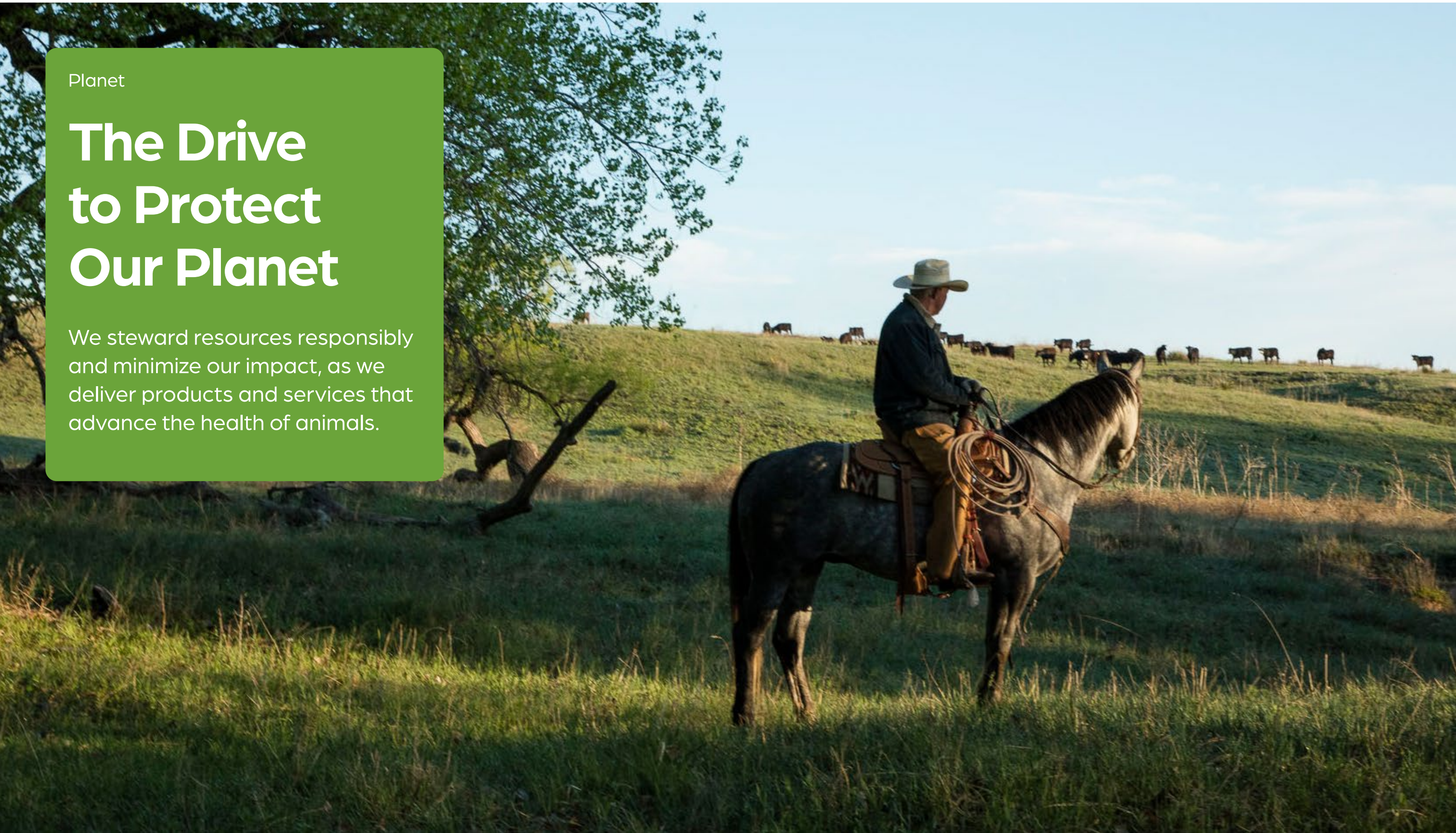
ASF is an infectious and highly contagious viral disease. The ASF virus causes illness exclusively in domestic and wild pigs and is, therefore, neither a public health threat nor a food safety concern. However, because a widespread outbreak would have tremendous negative consequences on sustainable agricultural systems, producers' livelihoods, food supply and food security, developing an ASF vaccine remains among Zoetis' top priorities. In 2022, our continuing pursuit of a safe and efficacious vaccine against ASF includes partnerships with leading researchers from the USDA, The Pirbright Institute (UK) and Friedrich Loeffler Institute (Germany).



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.







# Our Carbon Footprint



## ASPIRATION

### Minimize our carbon footprint



### TARGET

### 2022 PROGRESS

Become **carbon neutral in our own operations by 2030**

- Developed a roadmap to achieve our carbon neutrality target that includes short-, medium- and long-term initiatives including capital expense planning.
- Completed an energy and carbon assessment at our 10 largest sites—those responsible for 88% of our energy use—resulting in the identification of more than 100 energy efficiency projects.

Source **100% renewable electricity<sup>1</sup> by 2030**

- 14.7% renewable electricity sourced to date aligned with our RE100 commitment.<sup>2</sup>
- 6.4% renewable energy sourced to date.<sup>3</sup>
- Installed four photovoltaic solar arrays at three manufacturing sites and one R&D site.

Reduce **energy intensity in manufacturing and R&D by 5% by 2025<sup>4</sup>**

- Reduced energy intensity in manufacturing and R&D by 13.5% compared to 2019 baseline.

✔ Target met and retired in 2022

Rethink **business travel and work-from-home policies** to reduce transportation-related emissions by 25% by 2025<sup>5</sup>

- Developed global dashboard to track travel-related emissions by category.
- Implemented sustainable travel guidance at time of booking and initiated sourcing program to select more sustainable travel options.
- Launched Upgrading to Sustainable Travel campaigns for colleague awareness.
- Launched Empowering Flexibility training to people leaders as part of our continued focus to enable remote work, while harnessing the value of in-person collaboration and balancing opportunities to reduce colleague commuting emissions.

<sup>1</sup> Target language adjusted to renewable electricity from renewable energy in 2021 Sustainability Report to align with RE100 commitment

<sup>2</sup> Renewable electricity is aligned to our RE100 commitment and is the proportion of renewable electricity relative to total Scope 2 electricity use

<sup>3</sup> Renewable energy includes the proportion of renewable electricity, other renewable heating/cooling and biofuels use relative to total Scope 1 and 2 energy use

<sup>4</sup> Based on 2019 baseline. Energy intensity is gigajoules per \$1 million in revenue.

<sup>5</sup> Based on 2019 baseline.



# Our Journey to Carbon Neutrality

Climate change is a significant global issue with wide-ranging impacts. At Zoetis, we have committed to reducing greenhouse gas emissions in our own operations and managing our climate risks because it matters to the communities we serve, our colleagues, our customers, the health of animals and those who care for them around the world.

In 2022, we set a goal to be carbon neutral in our own operations by 2030, with a focus 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 carbon neutrality, we are focused on reducing emissions by: 1) driving energy efficiency at our sites, 2) transitioning our fleet to more fuel-efficient, hybrid and electric vehicles and utilizing biofuels where available, and 3) powering our operations with clean renewable electricity. We are proud of our achievements to date. In the very first year of setting these commitments, we have demonstrated clear progress in developing and implementing our roadmap to carbon neutrality. Within the next few years, while our business continues to grow, we expect to achieve reductions in our emissions as we realize gains from current emissions reduction programs and investments. These include large-scale energy efficiency projects at our R&D and manufacturing sites and power purchase agreements that will account for approximately 100% of our U.S. electricity needs. In 2022, even as our revenue increased compared with 2021 and we continued to expand our manufacturing footprint with new buildings in Kalamazoo, Mich. and Lincoln, Neb., we successfully limited our electricity usage growth to just over 1% for the year.



## Carbon Neutral Workstreams

### 1 Reduce Emissions

Optimize use of utility systems to minimize energy waste  
Design and embed energy efficiency and decarbonization into capital projects



### 2 Minimize Fleet Emissions

Reduce fleet emissions by increasing the use of electric, hybrid and more fuel-efficient vehicles



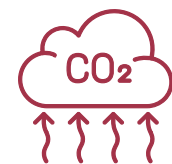
### 3 Source Renewable Electricity

Source 100% renewable electricity in all our operations



### 4 Purchase Carbon Offsets

Bridge remaining emissions with the purchase of carbon offsets





# Our Journey to Carbon Neutrality



## 2020

- Measured our energy and carbon footprint for 2017, 2018 and 2019.
- Set our energy intensity target (5% reduction by 2025 from 2019 baseline).
- First ESG Review and TCFD issued.



## 2021

- Committed to RE100 by 2050.
- Began formal tracking of our energy reduction projects.
- Signed first VPPA for solar power in North America.
- First CDP Climate submission.



## 2022

- Achieved 14.7% renewable electricity.
- Exceeded our target to reduce energy intensity by 5%, with a 13.5% reduction.
- Committed to carbon neutrality in our own operations by 2030 (scope 1 and 2).
- Brought our RE100 commitment forward to 2030.
- Developed our carbon neutral roadmap.
- Completed an energy and carbon projects assessment of our top 10 sites, accounting for approximately 90% of our total carbon footprint – identified > 100 projects.
- Initiated new sustainability technology platform to improve data collection and reporting.
- Installed four onsite solar arrays.
- Launched initiative to transition to renewable bioethanol fuel in our Brazilian Fleet.



## 2024+

- Continue expanding our climate reporting.
- Realize carbon reductions from projects on carbon neutral roadmap and identify new projects.



## 2030

**Target year for achieving carbon neutrality and 100% renewable electricity**

## 2023

- Expand external reporting on climate.
- Drive completion of key projects on our carbon neutral roadmap.
- Anticipate signing second VPPA to source all electricity for North America from renewables as early as 2027.
- Launching Greening US Fleet initiative.



# Reduce Emissions

Driving energy efficiency is a key lever toward achievement of our climate goals. Therefore, our approach to reducing GHG emissions first centers on increasing the energy efficiency of our operations. We are optimizing our utility systems and manufacturing equipment at our sites, as well as investing in equipment and design to embed energy efficiency and decarbonization into our capital projects.

In 2020, we set a target to reduce our energy intensity by 5% from our 2019 baseline. Through our ongoing energy efficiency programs, we achieved this target in 2021 and, going forward, we will focus on achieving carbon neutrality in our own operations.

We conducted energy and carbon assessments in 2022 at our top 10 sites, which account for 88% of total energy footprint. The assessment helped us identify more than 100 energy efficiency projects. We are beginning in 2023 with an initial focus on optimizing utility operations and minimizing excess energy consumption. Looking ahead, we will shift to large utility retrofit projects, followed by heat recovery and electrification projects as part of a multi-year program of capital investments.

Alongside building a robust roadmap to achieve our carbon neutral target, Zoetis has continued to leverage the energy efficiency programs we launched in 2020. We implemented a set of energy efficiency projects in 2022, which led to 51,150 gigajoules (GJ) of energy savings (equivalent to 1.4% of our energy footprint) and a collective GHG emissions abatement of 4,442 metric tons of CO<sub>2</sub>e. At our manufacturing site in Lincoln, Neb. (2nd largest user of electricity in our network), we replaced an old chilled-water distribution system with a high-efficiency unit resulting in a 3.3% reduction in the site's electricity footprint, a carbon abatement of 903 metric tons of CO<sub>2</sub>e, and improved reliability and performance. This was the first phase of a multi-year initiative at the site. We are also piloting an energy management program at our Rathdrum, Ireland site which will allow us to proactively monitor, measure and manage energy reduction and use our learnings as a model to expand across our network.

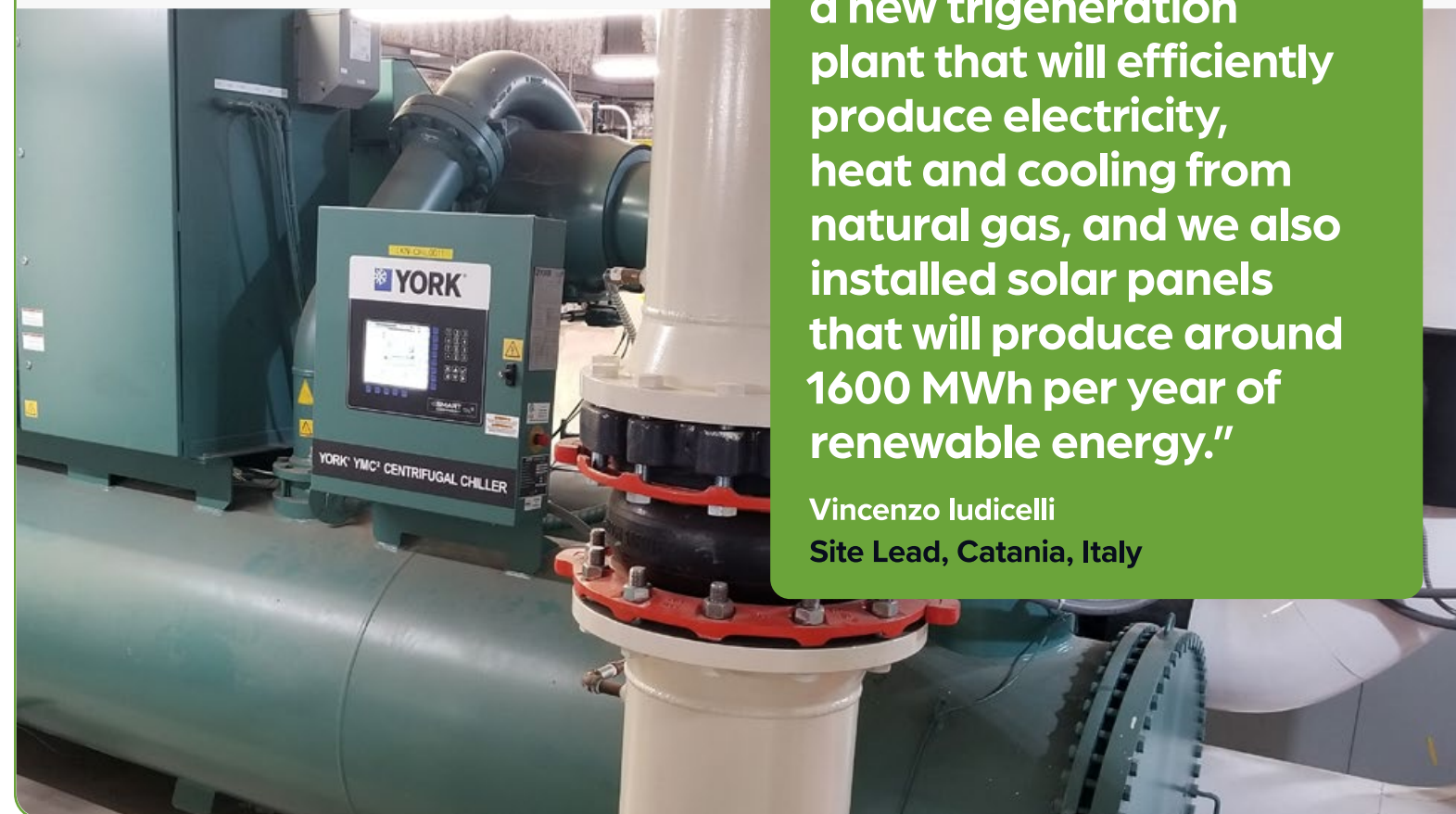
## Managing Energy Consumption in Catania, Italy

Across Zoetis, our colleagues are the driving force behind Driven to Care. That is why we empower them to identify ways to make our operations more efficient. Colleagues at our Catania, Italy fermentation facility led a multi-year green energy initiative that resulted in an annual carbon abatement of 12%. This included the installation of Zoetis's first trigeneration unit, two new energy efficient chillers, LED lighting throughout the site and photovoltaic solar panels, which generate enough electricity to meet 7% of the site's needs. Further, by replacing the chillers, the site is now able to use a refrigerant gas that has a 99.5% reduced global warming potential compared to the former refrigerant.



**"The investments that have been made at our Catania, Italy site are emblematic of Zoetis' aspiration to be the most sustainable animal health company. We installed a new trigeneration plant that will efficiently produce electricity, heat and cooling from natural gas, and we also installed solar panels that will produce around 1600 MWh per year of renewable energy."**

Vincenzo Iudicelli  
Site Lead, Catania, Italy



Greenhouse Gas Emissions (metric tons CO<sub>2</sub>e)<sup>1, 2</sup>

	2022	2021	2020
Scope 1 emissions – total <sup>3,4</sup>	112,577	101,498	77,694
Manufacturing, R&D and offices	91,621	81,477	77,694
Fleet	20,956	20,021	Not available
Scope 2 emissions – market-based <sup>5</sup>	190,609	186,710	Not available
Scope 2 emissions – location-based	226,423	227,904	243,576
<b>Scope 1 and 2 emissions<sup>6</sup></b>	<b>303,186</b>	<b>288,208</b>	<b>321,270</b>
<b>Scope 1 and 2 emissions intensity (per \$1MM revenue)</b>	<b>37.5</b>	<b>36.8</b>	<b>47.9</b>

<sup>1</sup> GHG emissions were calculated using the GHG Protocol Corporate Accounting and Reporting Standard.

<sup>2</sup> GHG emissions and emissions intensity from 2020 and 2021 were recalculated and restated to account for the acquisition of a new manufacturing site in Rutherford, Australia in 2022.

<sup>3</sup> 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 of CO<sub>2</sub>e being added to the company’s 2021 Scope 1 emissions. Data was not retroactively added to 2020 as data is not available. Emissions from Zoetis agricultural activity have been added to the manufacturing, R&D and offices line. Data related to herd emissions and breakdown of manure waste is reported in 2022 and has been retroactively added to 2021 emissions. Herd emissions data is not available for 2020. GHG emissions from a waste solvent incinerator at our Rathdrum site has been added to the footprint in 2022. Data has also been retroactively added for 2020 and 2021.

<sup>4</sup> 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 retroactively added for 2020. Energy data from the offices is estimated based on the square area of the office when energy invoices are not available. GHG emissions data from Zoetis office locations has been expanded to include more than 95% of the office locations for 2022, but data for these additional locations is not available for 2020 and 2021. Data from 19 Zoetis reference laboratories have been added to the emissions footprint in 2022. This has resulted 803 metric tons of CO<sub>2</sub>e being added to our emissions footprint. Emissions data for reference laboratories is not available for 2020 and 2021.

<sup>5</sup> In 2021, we commenced using market-based emissions factors for purchased electricity. GHGs from imported electricity are calculated using the GHG Protocol Scope 2 guidance requiring dual reporting using two emissions factors for each site: market-based and location-based. Location-based factors are the grid average emissions factor for the country, or region in the US, where a site is located. Market-based factors are specific to Zoetis purchasing, taking account of the residual energy mix a site is sourcing electricity from.

<sup>6</sup> For the purposes of reporting total emissions, 2021 and 2022 combine Scope 1 and market-based Scope 2 emissions. For 2020, 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 these metrics to measure our performance.

# Minimize Fleet Emissions

Reducing fleet emissions is an important part of our strategy to achieve carbon neutrality by 2030. Our fleet of just over 3,800 vehicles across 40 countries accounts for 6.9% of our total Scope 1 and 2 emissions. In 2022, electric vehicles represented 1.2% of our total fleet and hybrids accounted for 10%.

To advance our efforts in managing these emissions, we established a global workstream to support the transition of our fleet to higher efficiency vehicles and to accelerate the deployment of hybrid and electric vehicles in locations where the supporting infrastructure is available. While we have accelerated our progress to minimize fleet emissions, we are also working with the global challenges of limited hybrid and electric vehicle availability. We will continue to prioritize our purchasing of these vehicles based on availability, while also identifying methods to reduce fleet emissions through additional measures such as renewable fuels.

Despite this challenge, in 2022, we deployed 106 new hybrid vehicles and 38 new electric vehicles in the EU, which now account for 27% of our European fleet. Additionally, in Brazil, we increased the use of renewable bioethanol as a fuel source by 370% resulting in a carbon abatement of 2,145 metric tons of CO<sub>2</sub>e. In 2022, bioethanol accounted for 86% of the fuel used by our Brazilian fleet compared to 27% in 2021.



**"I am extremely proud of the Brazilian team for their incredibly fast uptake of our renewable fuel program. This willingness from our colleagues to choose more sustainable transportation options is a key factor in reaching our goals."**

**Paula Diniz Oliveira**  
Global Head of Fleet



# Source Renewable Electricity

As part of our carbon neutrality goal, we have committed to sourcing 100% renewable electricity by 2030 and joined the RE100 initiative. We plan to achieve these commitments by entering in power purchase agreements to procure renewable electricity in regions and markets where it is available and through the installation of on-site renewable electricity at our suitable locations. Further, we continue to monitor the renewable energy industry to understand new opportunities to help us meet our renewable electricity targets.

In 2021, we signed a 15-year VPPA with Vesper Energy to deliver 40 MW or approximately 33% of our U.S. electricity requirements starting in 2025. We anticipate finalizing a second VPPA opportunity to enable sourcing of 100% renewable electricity for our current U.S. electricity needs as early as 2027.

We are making clear progress to power our sites with renewable electricity. Nine of our 29 manufacturing sites operate with 100% renewable electricity and we continue to power our offices in Zaventem, Belgium and Dublin, Ireland—the company’s largest offices outside of the U.S.—plus four commercial operations sites in Norway with renewable electricity.

During 2022, we also expanded our investment in on-site renewable energy with four sites (Catania, Italy, Olot, Spain, Durham, N.C., and Mumbai, India) completing projects to install photovoltaic solar arrays. In total, the new solar arrays generated 383 GJ of solar electricity during 2022. These are the first large scale solar arrays our company has invested in, and we will continue to identify new opportunities for onsite renewables.

## RE100

RE100 is a global initiative bringing together the world’s most influential businesses with commitments to source 100% renewable electricity and shift away from nonrenewable energy. Through this initiative, Zoetis commits to source 100% renewable energy across our global operations by 2030.

14.7%  
renewable electricity

31%  
of our manufacturing  
sites operate with  
100% renewable  
electricity



**"We are proud to have completed phase two of an energy management project at our R&D site in India. The installation of 779 rooftop solar panels is expected to result in a 10% savings in the site's electricity requirements and an approximate annual abatement of 400 metric tons of CO<sub>2</sub>e."**

**Shrikant Nadpurohit**  
**Manager, EHS & Engineering, VMRD**





# Reducing Travel-Related Emissions

As part of our Driven to Care strategy, we set an aspiration to rethink our business travel and work-from-home policies to reduce our transportation-related emissions by 25%. We refined the aspiration by committing to a target year of 2025, using 2019 as our baseline. As we build on our understanding of our emissions footprint, we will report on the metrics that we use to measure our progress. In 2022, we continued to advance our efforts and implemented several actions to reduce our travel-related emissions, while further understanding travel patterns and the corresponding environmental impact.

We developed a business intelligence program and dashboards to identify key emissions components with the ability to delve deep into trip and location-based travel patterns. In total, domestic and international air travel account for 82% of our business travel emissions, followed by hotel stays at 13% and the remaining 5% from car rental/rail transportation. With this information, coupled with detailed itinerary analysis, we launched an Upgrading to Sustainable Travel campaign to promote sustainability awareness across our colleagues and influence their travel booking decisions. In addition to the awareness campaign, we incorporated trip guidance at time of booking into our global travel agency and its reservation tools. Colleagues are provided with information to make more informed decisions, such as selecting direct and lower GHG emitting

air routings, opting for rail versus air travel where possible, and choosing a more efficient car rental option or a sustainable hotel choice. Additionally, through our annual travel sourcing process, Zoetis continues to enhance our travel partner selections to ensure more sustainable options are available to our colleagues. As Zoetis continues to monitor the impact of these changes, we remain committed to reducing non-essential travel and focusing on business-critical travel, adjusting our program and policies to meet our travel aspirations.

As we advance our business travel emissions reduction efforts, we are also focusing on the many benefits that can be associated with remote work—including a reduced environmental footprint. In 2022, we continued to focus on enabling remote work, while harnessing the value of in-person collaboration and connection. We work together with our senior leaders to define flexible working models within their organizations to ensure that we meet our business needs as well as support our colleagues' well-being and work-life balance, with many teams combining virtual and in-office work. Where possible, we will balance opportunities to reduce employee commuting emissions, while ensuring we nurture our culture and continue to build community through both intentional in-person collaboration and virtual teaming opportunities.

# Water and Waste

## Water

As an animal health company, being good stewards of the environment is important to us, the communities where we operate and our customers. We recognize that some of our manufacturing processes can be water and resource intensive. Therefore, we are focused on making our operations more efficient, identifying opportunities to recycle and repurpose our wastewater, and reducing the amount of and responsibly managing waste.

To reduce water use, we integrated water conservation considerations in our new manufacturing building in Durham, N.C. We installed a rainwater collection and redistribution system that allows us to meet all of the sanitary water requirements with recycled rainwater. From August to December 2022, the site repurposed 14,000 gallons of water for use in sanitary systems, equivalent to 3.4% of site water requirements.

We also consider the water needs of our locations and assess the impact of our operations on the local environment. In 2022, approximately 88% of our water withdrawals are within areas of low- to medium-water stress. For sites located in high-water stress regions—such as Olot, Spain and Catania, Italy—we are developing projects that will allow us to treat and reuse water onsite, significantly reducing the amount of hazardous wastewater sent for treatment and reducing the site's overall water needs.

These conservation measures are important as we continue to grow our business. We recognize that with this growth, our water intake has increased and water recycling has decreased. We are continuing to explore opportunities across our manufacturing network to increase water efficiency.



## Pharmaceuticals in the Environment

Zoetis is committed to minimizing the environmental impact of our products and this includes actively working to mitigate the presence of pharmaceuticals in the environment (PiE). The primary source of pharmaceuticals entering the environment from our products is through animal use of medicine where a minimal amount is naturally excreted by the animals. To a lesser extent, pharmaceuticals can enter the environment during the manufacturing process or due to improper disposal.

As part of our product development process, we conduct an extensive risk assessment that evaluates the environmental fate and potential effects of products which, when used in animals, can result in significant environmental exposure. We then take steps to mitigate any potential risks identified during this process. In 2022, we also established a Sustainability Hub in R&D, a team dedicated to coordinating innovation to reduce the impacts of our products on the environment through evaluating green chemistry alternatives, formulation innovation, and innovative approaches to facilitate the sustainability of our customers. We also view our commitment to investing in new products to predict, prevent and detect disease early, reducing the need to use products such as antibiotics to ensure animal health and welfare.

We focus on environmentally responsible manufacturing of antibiotics and other medicines that may pose a risk to the environment if not handled properly. To this end, we have implemented a PiE program to perform detailed environmental risk assessments (ERA) at our manufacturing sites and key suppliers. These assessments include a detailed evaluation of how active pharmaceutical ingredients (APIs) are managed throughout the manufacturing processes at a site to ensure that wastewater discharges meet safe emissions limits. The process includes an assessment of where APIs have the potential to be released to wastewater and action planning for those risk areas, to ensure implementation of best practices such as materials handling and equipment cleaning procedures designed to mitigate the risk of potential releases. Optimization and implementation of the most effective pollution prevention and control measures are supported by training programs for site management and personnel as well as by developing analytical methods in effluent for the high priority APIs.

## Waste

Minimizing our waste footprint and reducing the impact on our environment is important to us. Across our combined hazardous and non-hazardous waste categories, our overall waste footprint dropped by 55 tons, by 0.2%, compared to 2021. In 2022, we focused heavily on finding opportunities to reduce the volumes of non-hazardous waste sent to landfill. We accelerated efforts to improve waste segregation and recycle waste resulting in a reduction of our non-hazardous waste to landfill by 831 tons (17%).

In line with overall company growth and manufacturing output across our biologics and fermentation network, generation of hazardous waste has increased. We are continuing to evaluate opportunities to reduce the volumes of hazardous waste we generate. In 2022 we focused our efforts on maximizing the recovery and reuse of our hazardous waste streams and added a new metric to track the quantity of hazardous waste that is reused for energy recovery.

We are continuing to leverage Operational Excellence best practice to design energy reductions into our processes. Our fermentation operation in Chicago Heights, Ill., re-designed and optimized part of the equipment cleaning process which resulted in a 5% reduction of their hazardous waste footprint.

# 11%

reduction in routine  
operational non-  
hazardous waste  
compared to 2021

# 17%

reduction in quantity  
of non-hazardous  
waste sent to landfill  
compared to 2021

77% of hazardous waste was recycled, reused or incinerated for energy recovery in 2022, compared to 72% in 2021, with 11,420,528 kg of waste being used for energy recovery in 2022

# Environmental Management Program

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

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

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



# Rethink our Packaging

**ASPIRATION**  
Rethink our packaging to reduce its environmental footprint



TARGET	2022 PROGRESS
Integrate <b>sustainability considerations into all new packaging designs</b>	<ul style="list-style-type: none"><li>• Established a sustainable packaging guidance document for suppliers to ensure new product packaging takes into account environmental considerations. Added Packaging Council review as a formal step in the product development process to ensure sustainability considerations in new product development.</li><li>• Continued to improve packaging materials sustainability and advance packaging reduction initiatives and take-back programs in our global markets.</li><li>• Selected a packaging specification management system which will advance our ability to track and report data on our packaging materials, allowing reporting and identification of opportunities for additional areas of focus. This system will be integrated in 2023, with data being populated in 2023-24.</li></ul>

Zoetis is committed to improving our products’ environmental impact throughout their life cycle—from research and development to post-consumer waste management. We recognize that further action is needed to ensure our innovative, industry-leading solutions are delivered sustainably and have committed to include sustainability considerations in all new packaging designs.

Our colleagues share our commitment. Every day, we’re working together to innovate packaging systems that not only maintain the safety and quality of our products and provide convenience for our customers but also result in less waste and reduced emissions at every stage of the product pathway. To guide these efforts, in 2022, we developed our Sustainable Product Pathway, a framework for considering product impacts across the life cycle. Through this initiative, Zoetis will invest in solutions to optimize end-to-end product sustainability in ways that also enhance our customers’ experience.

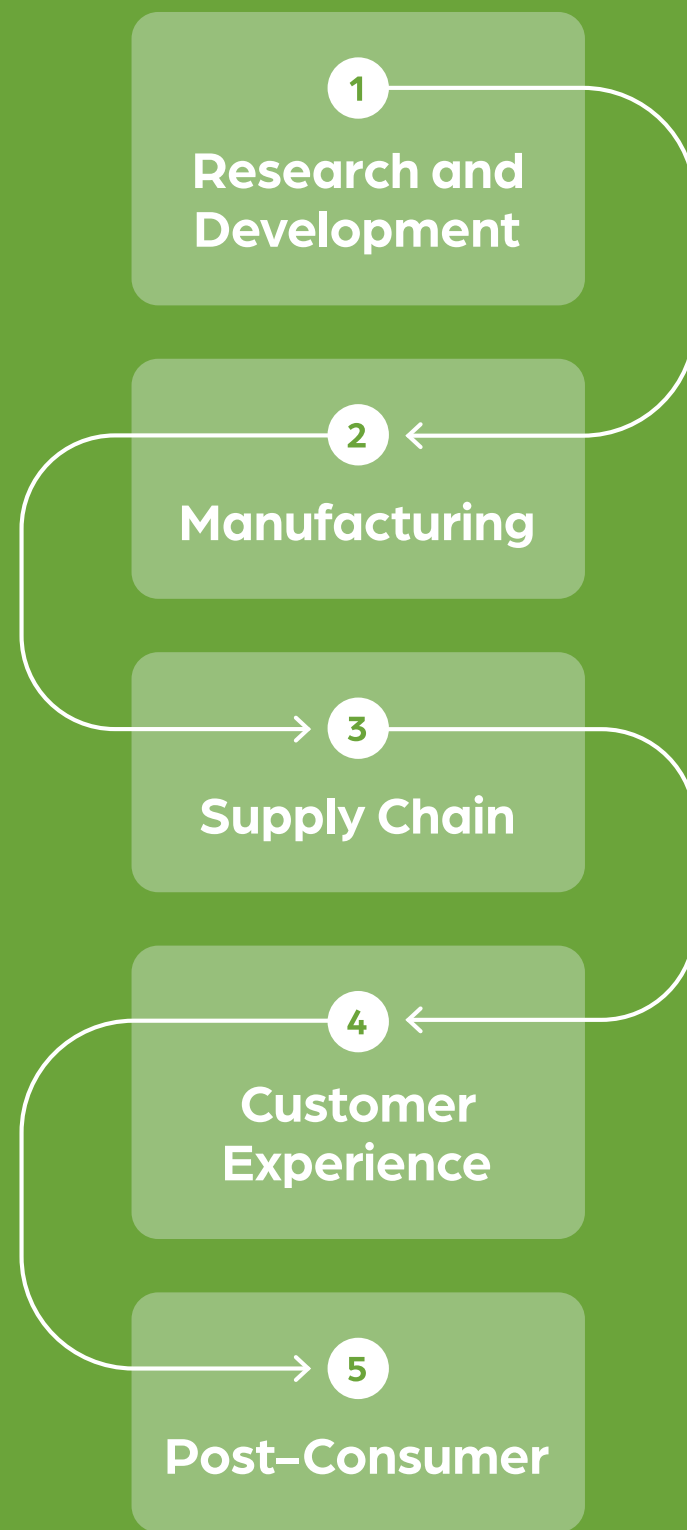


## Zoetis Sustainable Product Pathway

Products have an impact on the environment at each stage of their life cycle—from manufacturing to freight to end-of-life disposal. Understanding these impacts is crucial to achieving a more sustainable future.

Our Sustainable Product Pathway initiative will inform sustainable product and packaging design for all new Zoetis products and we've identified key decision-making stages early in the research and development process where primary, secondary, and tertiary packaging design and materials can be explicitly evaluated. Integration of these considerations early in the process allows sustainable packaging design and testing alignment with data acquisition, capital planning and launch timings to ensure a smooth outcome.

At each of these five stages of the Sustainable Product Pathway, we will work to identify focus areas for improvement and investment, as well as integration of sustainability thinking and considerations. To help identify key areas for improvement, we will use a life cycle approach in broad alignment with life cycle assessment principles outlined by ISO 14040:14044: Environmental Management - Life Cycle Assessment.



To help guide our packaging efforts, we formed a Packaging Council in 2020. This cross-functional team evaluates the safety, quality, sustainability, cost and customer experience considerations of all new packaging designs. In 2022, the Packaging Council reviewed proposed packaging improvements for a wide variety of product types, including diagnostics, vaccines, nutritional products, antimicrobials and parasiticides, and adopted guidelines to expand the scope of submissions across the business. This resulted in new packaging designs and new more sustainable packaging materials approvals which will be brought to market in the next few years. As we drive our sustainability goals, the responsibility of the Packaging Council may further expand.

In 2022, we created a sustainable packaging guidance document for suppliers to provide packaging specification guidelines for all products delivered to Zoetis. Developed with oversight by the Packaging Council and in partnership with business functions that will be most impacted—commercial, manufacturing, and research and development—the specifications outlined represent materials, attributes and formats that are strongly recommended and will support our packaging improvements. While the specifications are not mandatory, we will require that our suppliers engage with us before delivering packaging that deviates from the materials and formats outlined within the guidance document.

### Sustainable Packaging Partnerships

Zoetis is a member of several industry groups driving improvement in sustainability, including the American Chemical Society, Green Chemistry Institute, Pharmaceutical Round Table and the Sustainable Packaging Coalition. We're also a member of the Pharmaceutical Supply Chain Initiative, which aims to drive excellence in safety, environmental and social outcomes across global pharmaceutical supply chains.

### Global Packaging Sustainability Improvement

In 2022, we continued to take meaningful steps to reduce the environmental impact of our packaging in markets around the world.

- In Japan, we began transitioning our labeling of prescription veterinary medicines to label data provision via a QR code. This will streamline our process and reduce packaging use by an estimated 18,000 lbs per year.
- In seven markets, including the U.S., Canada and China, we removed cotton from our Rimadyl® chewable products packaging, reducing cotton use by an estimated 6,000 lbs per year.
- In the U.S., we transitioned Cerenia® to a recycled paper pouch while reducing its packaging footprint by an estimated 55 tons per year.



**"By not only choosing more sustainable materials for our packaging but also rethinking the way we administer our products to animals, we can provide customer-focused, pioneering solutions which also have a lighter impact on the environment and improve animal welfare."**

**Dr. Kristen Baxter**

**Senior Manager, Sustainability Integration**

# New Zealand and Australia Take-Back Program

As dairy farmers have increasingly utilised Teatseal/Orbeseal to prevent mastitis in their dry cows and heifers, we have seen global growth in this product, especially in markets in Oceania. Tons of emptied plastic tubes—waste from protecting cows against developing mastitis—has been directed to landfills during dry-off season every year. The wide geographic spread of farms can make it challenging to initiate successful agricultural recycling programs. However, that’s exactly what we did in 2021, with our inaugural Teatseal take-back program in New Zealand, resulting in the recycling of 1.6 million tubes, approximately 30% of those used in the market in its first year.

The success of the program was driven by the relationships between farmers and their local veterinary clinics, which served as collection points. In 2022, Zoetis leveraged those relationships in even more communities, launching a Teatseal syringe take-back recycling program in Australia and expanding the program in New Zealand to include additional packaging for livestock vaccines, tissue sampling unit spacers, and Rimadyl and Apoquel medicine bottles. In New Zealand we are now offering recycling for 50% of livestock product lines. In 2022, 60 clinics participated in our recycling program, a 27% increase from 2021, which resulted in the recycling of just over 2.1 million Teatseal/Orbeseal tubes, equivalent to approximately 18.74 tons, a 35% increase from 2021, while Australia recycled 1,170 lbs. of tubes in its inaugural year.



# Location Sustainability Teams

## ASPIRATION

Improve the sustainability in our locations



## TARGET

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

## 2022 PROGRESS

All major sites have sustainability teams. Stood up Market Green Team with regional representatives from international commercial business units. To drive progress, the Market Green Team shares ideas, actions and education, collaborates on projects, and shares best practices for market-level sustainability actions. They leverage internal collaboration tools, including internal social media platforms, for broad reach. These team members also act as ambassadors to the markets in their regions and help advance sustainability actions for market-level efforts supported by the Zoetis Global Sustainability Team. This progress builds on our 2021 efforts to strengthen colleague engagement on sustainability globally, which included a Driven to Care learning series and an open virtual community for colleagues to share their personal sustainability efforts.



## Appendix

# SASB and ESG Index

This index provides information on relevant environmental, social and governance (ESG) metrics and our disclosure of the Sustainability Accounting Standards Board (SASB) standards for the Health Care – Biotechnology & Pharmaceuticals industry. As an animal health company, some of the SASB standards are not applicable to our operations. Where appropriate, we seek to provide comparable disclosures relevant to our business. We supplemented the table with additional narrative about our programs.



Activity Metrics

METRIC	SASB CODE	2022	2021	2020
Number of patients treated	HC-BP-000.A	Not applicable for animal health.		
Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3)	HC-BP-000.B	1) As disclosed in our Form 10-K, we have approximately 300 comprehensive product lines.  2) Phases 1-3 are not applicable for animal health. For competitive reasons, we are not reporting number of products in R&D.		
Revenue	—	\$8.080B	\$7.776B	\$6.675B
Full-time equivalent	—	Approximately 13,800  6,900 in U.S. and 6,900 in other jurisdictions	Approximately 12,100  5,900 in U.S. and 6,200 in other jurisdictions	Approximately 11,300  5,300 in U.S. and 6,000 in other jurisdictions
Global Manufacturing Sites	—	29	28	29
R&D investments (expense)	—	\$539M	\$508M	\$463M



Safety of Clinical Trial Participants

METRIC	SASB CODE	DISCLOSURE
Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	HC-BP-210a.1	<p>As an animal health company, our clinical trials involve animals. With that in mind, we refer to owners of animals in the following descriptions:</p> <p><b>Oversight of clinical research organization’s quality and safety systems</b></p> <p>Our quality and safety programs for clinical research include standardized operating procedures (SOPs) for study conduct, training and qualification of personnel, and audits of contract research organizations (CROs), clinical processes, investigator sites and study documentation.</p> <p><b>Discussion of management process for CROs</b></p> <p>All pivotal/non-pivotal clinical research is appropriately monitored by scientific staff. Additionally, CROs, which are pivotal to clinical research, are vetted by the quality assurance program and include legal oversight and third-party risk assessment, if necessary.</p> <p><b>Discussion around nature and terms of monetary incentives used by the CROs</b></p> <p>Costs for each study are allocated on a study-by-study basis and based on work conducted or milestones reached—for example, a veterinary surgeon (Investigator) and owner payment for each visit completed or investigator payment for reaching target number of successfully enrolled cases.</p> <p><b>Discussion of process for obtaining informed consent from participants</b></p> <p>Owner consent is documented either in an Owner Consent document or by signature on the Protocol when the Investigator owns the animals or the CRO owns the animals and the Investigator is acting as their agent.</p> <p><b>List of all clinical trials that were terminated for failure to follow good clinical practices standards</b></p> <p>None in the last three years.</p> <p><b>List of all clinical trials terminated, whether the decision was made by investigators or study sponsor, and whether it was made with or without the input of a data monitoring committee.</b></p> <p>Multiple studies have been cancelled or terminated due to project-specific reasons (technical/commercial) over the past three years. No studies have been cancelled and/or terminated due to safety reasons or due to the decision of an internal data monitoring committee.</p>



METRIC	SASB CODE	DISCLOSURE
Number of Food and Drug Administration (FDA) Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI)	HC-BP-210a.2	No FDA Form 483s from Sponsor Inspections have been received over the last three years for our clinical program in animal health.
Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	HC-BP-210a.3	We have not, to date, incurred any monetary losses as a result of legal proceedings associated with clinical trials. Any future material losses would be publicly disclosed in our SEC filings as required.
Ensuring animal well-being in clinical trials	—	<p>For each study involving client-owned animals, we identify an appropriately experienced Sponsor Representative to act on our behalf as the Sponsor, and to be ultimately accountable for all aspects of study execution, including those of ethical conduct. This requirement is defined within study type-specific SOPs, including requirements for the study to be conducted both in accordance with our Policy on Animal Care and Welfare and with relevant local or national regulatory requirements. Our global Animal Care and Ethics Council has a guideline for clinical studies that outlines further requirements for ethical conduct, including the need for written contracts, written informed consent, an existing veterinary client patient relationship (VCPR) and prior ethical review. This framework of requirements, in conjunction with the Veterinary Medicine Research and Development (VMRD) managerial line structure, gives robust responsibility for, and assurance of, ethical conduct in any study involving client-owned animals.</p> <p>All studies involving client-owned animals are reviewed by a panel of objective experts in accordance with our <a href="#">Policy on Animal Care and Welfare</a>. The requirement for ethical review and conduct of such clinical studies is further defined within a specific Zoetis global Animal Care and Ethics Council that also indicates that site-specific committees are responsible for such review. This requirement for prior ethical review for all studies involving client-owned animals is also reinforced within VMRD study type-specific study conduct SOPs.</p> <p>Only qualified personnel conduct our studies, following appropriate SOPs and a training system. For pivotal studies, our quality assurance system includes audits of CROs, clinical processes, investigator sites and study documentation.</p> <p>We have an obligation to monitor studies on a regular basis to ensure protocol adherence. Beyond that, we have a regulatory obligation to report all adverse events through the study report if an investigational product is used. If an approved veterinary product is used in a study, issues are reported within strict timelines through the Zoetis Global Pharmacovigilance (PV) group and would be reported to regulatory authorities as applicable, including outcomes, violations and corrective actions. PV reporting requirements are determined by legislation and agency requirements, including frequency of reporting, timing of reporting and documentation of adverse events.</p> <p>For additional information, see the <a href="#">Animal Welfare and Care section of this report</a>.</p>

Access to Medicine

METRIC	SASB CODE	DISCLOSURE
Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index	HC-BP-240a.1	The Access to Medicines Index is for human health and not relevant to Zoetis as an animal health company. See the <a href="#">Access to Veterinary Care in Emerging Market section</a> to learn about our efforts to promote access to our products.
List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)	HC-BP-240a.2	None of our products are on the WHO List of Prequalified Medicinal Products.

Affordability and Pricing

METRIC	SASB CODE	DISCLOSURE
Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period	HC-BP-240b.1	The Abbreviated New Drug Application process applies to human medical products and is not applicable to animal health. The animal health equivalent legislation is the Abbreviated New Animal Drug Application process, for which Zoetis made no payments or provisions to delay the entry of generic products in 2022.
Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year	HC-BP-240b.2	We price our products globally, according to the competitive market and how our customers value the benefits they receive. From 2021 to 2022, our price growth was approximately 3%. Price growth was approximately 1% from 2020 to 2021, and approximately 2% from 2019 to 2020.
Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year	HC-BP-240b.3	While we are not reporting percentage change in list price, we are disclosing that no single product materially contributed to our price growth in 2022.



Product Safety

METRIC	SASB CODE	DISCLOSURE
List of products listed in the FDA MedWatch Safety Alerts for Human Medical Products database	HC-BP-250a.1	<p>Zoetis closely monitors the FDA MedWatch Safety Alerts database. In addition to monitoring the Medwatch database for Human Health Devices, we actively monitor the veterinary equivalent public adverse event reporting databases, such as the FDA publicly released openFDA website that publishes all FDA received complaints, whether reported by consumers or industry. These databases are updated on a regular basis by the FDA and monitored by Global Pharmacovigilance.</p> <p>In Europe, the European Medicines Agency (EMA) publishes information on all of the adverse events globally that have been reported to the EMA as well as information on recent changes to labels for Centrally Authorized Products: information on nationally authorized products is published by individual European Country Authorities.</p>
Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System	HC-BP-250a.2	<p>All Zoetis adverse events are collected and entered into the Zoetis global enterprise-wide adverse event database. We report all adverse events as appropriate to global regulatory agencies in accordance with reporting requirements. Major regulatory agencies such as FDA and EMA publish reported information on their applicable websites for animal health pharmaceuticals and biologicals.</p>
Number of recalls issued, total units recalled	HC-BP-250a.3	<p>Product safety and quality are our top priority. We maintain a robust quality system with harmonized processes and procedures, in compliance with external regulatory requirements and standards.</p> <p>We conduct investigations when deviations, out-of-specification and/or failure of our manufacturing processes to meet our quality standards occur. We also investigate variance from current Good Manufacturing Practices (cGMP) and other applicable regulations.</p> <p>Zoetis has a process to assess quality defects and safety issues and determine whether a market action such as a recall is required. Any such incident is investigated and assessed by subject matter experts, pharmacovigilance/safety experts, quality management and regulatory teams. As applicable, market actions such as recalls are executed as agreed with the relevant competent authorities.</p> <p>Zoetis initiated three voluntary recalls in 2022. None of them were global recalls. A recall on one serial of Stockguard 5<sup>®</sup> vaccine was executed in the Japan market on 1,275 units. One packaged lot of FluSure XP3<sup>®</sup> vaccine was recalled in the Mexico market on 833 units. Two packaged lots of Cerenia<sup>®</sup> Injectable Solution in the Italy and Greece market on 879 and 33 units, respectively. Corrective and preventative actions were taken to prevent future occurrences. Zoetis was not subject to any FDA requested or mandated recalls in 2022.</p>

METRIC	SASB CODE	DISCLOSURE
Total amount of product accepted for take-back, reuse, or disposal	HC-BP-250a.4	<p>Our products are high-turnover products with very limited take back and reuse. We take back products for disposal in line with legal requirements in each country.</p> <p><b>Direct Customers in the U.S.</b> To manage expired products, we provide our direct clinic customers with options to properly dispose of expired products:</p> <ul style="list-style-type: none"><li>Return for Destruction &amp; Credit: We provide pre-paid shipping labels so veterinary clinics may return expired product to our U.S. Logistics Returns Center. Once onsite, returned product is inspected, documented and ultimately destroyed following applicable waste management regulations.</li><li>Credit &amp; Destroy on Site: As an alternative to physically returning expired product, veterinary clinics can destroy via their own medical waste streams.</li></ul> <p><b>Distribution Customers in the U.S.</b> Distribution partners can receive credit for expired products, provided it is shipped to our U.S. Logistics Return Center. Destruction is conducted following all applicable waste management regulations. In addition to handling destructions from distribution partner warehouse-related Zoetis products that expire, these distribution customers will accept returns from their own veterinary clinic customers and isolate Zoetis-sourced products for return to us.</p> <p><b>Consumers in the U.S.</b> Zoetis has been a long-standing member of the Pharmaceutical Product Stewardship Work Group (PPSWG), an external pharmaceutical industry association with a significant focus on take-back and safe disposal of product. The PPSWG was formed to address the complexities and uncertainties of new laws that govern the disposal of unused and unwanted pharmaceutical products. PPSWG members have developed a framework for addressing these laws through active member engagement and MED-Project, a safe, effective, and compliant household medicines and sharps take-back program, on behalf of its member companies. PPSWG’s mission is to provide infrastructure, guidance, and subject matter expertise to support member compliance and improve awareness of existing pharmaceutical disposal options.</p> <p>For Controlled Substances, all returns are processed through our warehouse specifically licensed with the U.S. Drug Enforcement Administration to handle Zoetis SKUs with a Controlled Substance classification.</p> <p><b>International Customers</b> As a company that operates globally, our model for product returns and take-back differs by market and jurisdiction. Generally, in all markets we have mechanisms to accept returns to our distribution center where they are inspected, documented and destroyed based on local requirements. Typically, these processes are similar to our practices in the U.S., as described above.</p>
Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	HC-BP-250a.5	<p>We regularly participate in health authority inspections to help ensure the highest quality in our manufacturing facilities. A total of five FDA inspections were completed in 2022. A Form 483 was issued during three of these inspections, which were classified as Voluntary Action Indicated and appropriately resolved. All inspections were satisfactory and allowed continuation of operations. No further FDA enforcement actions were taken.</p> <p>Furthermore, all corrective actions for observations have been accepted by the relevant authorities as a response to their inspections. Zoetis is committed to ensuring quality and compliance for all our products in every market in which we sell them.</p>



METRIC	SASB CODE	DISCLOSURE
Product safety and quality program	–	<p>With quality at the forefront of our commitments, Zoetis has established appropriate controls and processes for the manufacturing of our products to ensure they are fit for their intended use, comply with the requirements of the Marketing Authorization, and demonstrate adequate safety, quality and efficacy. A Quality Management System (QMS) also ensures that our products are of the quality required for their intended use throughout the different stages of the product lifecycle.</p> <p>The QMS also extends to the control and review of outsourced activities and quality of purchased materials including quality risk management and oversight.</p> <p>Our suppliers are qualified to determine the capability to provide materials that meet Zoetis standards. An ongoing evaluation process including material testing, specification review and auditing is employed by Zoetis to ensure that the materials continue to meet our requirements.</p> <p>Suppliers of outsourced activities are managed by Quality Agreements and ensure appropriate, periodic Good Manufacturing Practice (GMP) and Quality Assurance training.</p> <p>Our internal manufacturing sites and contract manufacturers are regularly audited by trained, qualified corporate auditors who evaluate the sites for compliance to GMPs, the state of the QMS, and ensure our products demonstrate adequate safety, quality and efficacy.</p> <p>A structured governance process is also in place to inform senior management about quality performance, escalation of quality issues, compliance with internal and external requirements to facilitate decision making, quality objectives planning, and stratified investments to enable continuous improvement programs at sites. Senior management is responsible for quality system governance through periodic quality council reviews to ensure QMS continuous suitability and effectiveness.</p> <p>A global Pharmacovigilance System is also in place for continuous monitoring of product safety and efficacy performance, signal detection, and complaint trending.</p> <p>Global Pharmacovigilance operates under a strict Corporate Policy for Adverse Event Reporting. This policy outlines the legal requirements with which Zoetis must fully comply, regardless of specific local country adverse event reporting obligations. Further, we conduct annual, mandatory Pharmacovigilance (PV) training for all Zoetis colleagues and contractors who conduct work for Zoetis to assure PV requirements are understood and that we uphold our commitment to product safety, quality and reporting compliance.</p> <p>In addition, product testing is described in the marketing authorization and technical dossiers approved by health authorities and is carried out according to approved testing methods. The necessary and relevant product testing is conducted to control the quality of our products. Testing is performed on each lot to support product release to markets. Product stability testing programs are also in place to monitor the quality of the product over its shelf life.</p> <p><b>Certifications</b></p> <p>Our legal right to operate and sell our products is governed by licenses and/or certifications, depending on the products that we manufacture and/or supply to markets. These are obtained through regulatory applications and inspections by the appropriate external authorities and independent bodies.</p> <p>Our sites have obtained 100% of the required licenses to operate in compliance with applicable laws and regulations and certifications.</p> <p>Some of our manufacturing sites also hold ISO quality management systems certifications. These include Griesheim, Germany and Union City, California. (ISO 13485) and Farum, Denmark, Griesheim, Germany and San Diego, California. (ISO 9001).</p>

Counterfeit Drugs

METRIC	SASB CODE	DISCLOSURE
Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	HC-BP-260a.1	Counterfeits are identified through a combination of customer, field force, distributor alerts, customs alerts and online monitoring. Counterfeits are confirmed through reviews of batch numbers, lot numbers, expiration dates and bar codes, along with an examination of label, packaging and product appearance. Lab testing may be done when other identification methods are not sufficient or when warranted per a risk-based analysis. We participate in the International Trademark Association (INTA) and our Chief Counsel for Global Trademarks serves on the INTA In-House Practitioner’s Committee and the INTA Healthcare & Pharmaceutical subgroup, which helps monitor and address ongoing threats.
Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	HC-BP-260a.2	If there is a risk of harm or significant market penetration or a combination of the two, we will plan to send letters to distributors and end customers (veterinarians) or provide other alerts. We encourage all customers to buy through regular business channels from authorized distributors of Zoetis in order to ensure access to safe products and the Zoetis product guarantee.
Number of actions that led to raids, seizure, arrests and/or filing of criminal charges related to counterfeit products	HC-BP-260a.3	Notification to legal or regulatory authorities depends on local requirements and specific cases. If local authorities require notification regarding the existence of counterfeits, notification takes place. If notification is not required, but authorities are receptive to reports of counterfeits, we will report counterfeits depending on the case (market saturation, type of product involved and whether detailed information or evidence is available). When regulators and law enforcement accept such information, Zoetis is often not informed when raids, seizures, arrests and/or filing of criminal charges take place.

Ethical Marketing

METRIC	SASB CODE	DISCLOSURE
Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	HC-BP-270a.1	We have not to date incurred any monetary losses as a result of legal proceedings associated with false marketing claims. Any future material losses would be publicly disclosed in our U.S. Securities and Exchange Commission (SEC) filings as required.
Commitment to Ethical Marketing	–	We maintain internal policies requiring all advertising and marketing communications to customers to comply with relevant laws, regulatory requirements, and Zoetis policies and procedures. All Zoetis colleagues and contingent workers are required to be familiar with our policies relating to external communications. In addition, the local marketing and legal functions must approve all advertising and marketing materials in order to ensure that all advertising and marketing material is truthful, clear, accurate and well balanced. Violations of our external communications policy may result in disciplinary action up to and including termination.
Description of code of ethics governing promotion of off-label use of products	HC-BP-270a.2	The Zoetis <a href="#">Code of Conduct</a> mandates that all promotional materials and communications must be accurate, not misleading, and compliant with all applicable legal and regulatory standards, including any applicable standards addressing off-label promotion, substantiation, scientific rigor and fair balance. Colleagues in sales, marketing, veterinary medical services and regulatory functions are trained on, and must comply with, local or regional policies with respect to labeling, promotional programs, product samples and other related topics. Regulatory review committees are used on a regional basis to review and approve marketing and promotional materials prior to their use. Compliance with policy is subject to internal audits, and policy violations may result in disciplinary actions, up to and including colleague termination.



Employee Recruitment, Development and Retention

Metric	SASB Code	Disclosure		
Discussion of talent recruitment and retention efforts for scientists and research and development personnel	HC-BP-330a.1	See the <a href="#">Caring for our Colleague section</a> .		
(1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) mid-level managers, (c) professionals and (d) all others	HC-BP-330a.2		Voluntary	Involuntary
		Executives/senior managers	0.1%	0.1%
		Mid-level managers	0.4%	0.1%
		Professionals	2.8%	0.5%
		All other	7.3%	0.9%
		Data provided reflects inclusion of all colleagues who meet headcount includable requirements as of the date data was compiled for this report on February 13, 2022, for calendar year 2022. As headcount includable status may vary over time due to changes in employee status, management has accepted that slight variances (not to exceed 1-2%) may occur for the same time period if data is compiled on an alternate date.		
Parental leave usage	—	A total of 155 U.S. colleagues took advantage of the Zoetis Paid Parental Leave in 2022.		

Supply Chain Management

METRIC	SASB CODE	DISCLOSURE
Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the RX-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients	HC-BP-430a.1	Zoetis conducts due diligence before doing business with suppliers and has well-developed periodic Supplier Quality and Environment, Health & Safety audit programs. We classify suppliers to manage risk and conduct formal assessments and audits to verify and monitor supplier compliance with applicable laws and regulations and Zoetis quality and EHS requirements. Zoetis utilizes RX-360 audit reports to supplement our internal audit programs as necessary.
Global supply chain management program	–	<p>As a global company, Zoetis procures goods and services from all over the world. We align our procurement and supplier management processes to ambitious ethical, social and environmental-related principles. We aim to work only with suppliers whose values are consistent with our own and support them in building their own sustainability capabilities. Throughout the life of our relationship with each supplier, we seek to ensure that their conduct matches the expectations in our <a href="#">Supplier Conduct Principles</a> and <a href="#">Supplier Conduct Position Statement</a>.</p> <p><b>Management Approach</b></p> <p>Our Global Sourcing and External Supply sourcing teams report into the EVP and President of Global Manufacturing and Supply and act centrally on behalf of the manufacturing platforms and sites. Our Global Indirect Procurement team reports into the EVP, Chief Financial Officer and acts centrally on behalf of corporate enabling functions and commercial divisions. In addition, we have a specialized procurement team dedicated to our research and development division reporting to the EVP and President of Research &amp; Development. President of Research &amp; Development. Our R&amp;D procurement team manages scientific outsourcing to Contract Research Organizations (CROs), laboratories and other third parties. These teams have a shared responsibility to execute our vision in this area and leverage synergy by bundling know-how and procurement spend. Our main direct procurement materials include Active Pharmaceutical Ingredients (APIs), active biological ingredients, raw materials, intermediate and packaging. Our external supply team manages our responsible sourcing strategy for global third-party manufacturing partners in formulation, packaging and devices categories. Our indirect procurement team manages information technology, professional services, marketing and advertising, human resources services, etc. Our R&amp;D procurement team manages scientific outsourcing to Contract Research Organizations (CROs), laboratories and other third parties</p> <p><b>Governance</b></p> <p>Our procurement policy, which applies to all colleagues, is based not only on economic principles but also on ethical, environmental and social principles. We provide our procurement professionals with detailed training on these important topics and operate according to established procurement and supplier management processes. Long-term contracts and active supplier management for strategically important goods and services are important elements, which serve to minimize risk such as supply constraints and significant price fluctuations in order to deliver uninterrupted supply and long-term competitiveness.</p>



METRIC	SASB CODE	DISCLOSURE
Responsible supply chain management	—	<p>Our responsible procurement approach requires our suppliers to adhere to Zoetis’ commitments on human rights, ethics, environment, health and safety, and related management systems via our <a href="#">Supplier Conduct Principles</a> and <a href="#">Supplier Conduct Position Statement</a>. Zoetis is an associate member of the Pharmaceutical Supply Chain Initiative (PSCI). This organization establishes and promotes responsible practices that will continuously improve social, health, safety and environmentally sustainable outcomes for our supply chains.</p> <p>Zoetis operates a zero-tolerance policy with respect to all forms of modern slavery, including forced labor, child labor, slavery and human trafficking. Our standard contracts with suppliers require them to comply with all applicable laws, including modern slavery laws. Our stance on modern slavery and measures taken to mitigate the risk of modern slavery in our operations and supply chain can be found in our <a href="#">Statement on Modern Slavery</a>.</p> <p>We have implemented a <a href="#">Global Human Rights Policy</a>, which outlines our commitment to respecting the human rights and dignity of everyone and our efforts to promote and protect human rights. Our Global Human Rights Policy applies to all of our colleagues worldwide and details the specific responsibilities our colleagues have in ensuring human rights are protected in our operations and supply chain.</p> <p>In the area of environmental sustainability, the principles for our suppliers are consistent with Zoetis’ corporate commitment to environmental responsibility by implementing systems to assure the safe handling and management of waste, wastewater and air emissions. In support of international regulations regarding conflict minerals, Zoetis surveys its supply base annually to request relevant companies disclose the origin of certain raw materials, so we can play our part in preventing the perpetuation of violence and human rights abuse in conflict zones.</p> <p>Zoetis also extends its work to stem the tide of counterfeit medicines. Illegal medicines may cause harm to humans or animals and fail to treat the disease for which they were intended. They do not pass through the usual evaluation of quality, safety and efficacy that is required for authentic authorized medicines. Our distribution and supply contracts have anti-diversion clauses in them, and we work to secure the integrity of our products through carefully selected supply channels. Zoetis incorporates anti-counterfeiting features in some of our printed packaging components and has a focused approach to deterring counterfeiters through targeted investigations, legal actions, and partners with government and non-governmental organizations to raise awareness and strengthen anti-counterfeiting laws. For more information see <a href="#">Counterfeit Drugs</a>.</p> <p>Zoetis conducts due diligence before doing business with suppliers to assess compliance with leading anti-corruption/anti-bribery practices and has well-developed Supplier Quality and EHS audit programs. We classify suppliers to manage risk and conduct formal assessments and audits to verify and monitor supplier compliance with applicable laws and regulations.</p> <p>Zoetis’ manufacturing procurement contracts ask that suppliers support our Supplier Conduct Principles and conform to EHS expectations. Standard contract language also requires that manufacturing suppliers agree to be audited to assess compliance with these principles, if requested. Following an audit, we work with suppliers to develop action plans and track items to completion.</p> <p>Zoetis takes a long-term strategic view when partnering with suppliers and will often share investment costs and resources to work in a highly collaborative way to assist our supply partners in building their capability to deliver a robust, reliable and sustainable end-to-end supply chain.</p>

Business Continuity

METRIC	SASB CODE	DISCLOSURE
Business continuity	—	To assure continuity of critical business processes and to safeguard our colleagues, assets and business reputation, Zoetis maintains a Business Continuity Management (BCM) program. Our BCM methodology provides a risk-based approach to the development of Business Continuity Plans (BCP) that identify potential vulnerabilities, and document action plans to mitigate the risk. The BCP initiative includes a training program and ongoing technical support by our Global EHS team, and extends across manufacturing and R&D sites, commercial markets, supply chain and critical external suppliers. To evaluate the resiliency and risk profile of a site or market, a cross-functional team utilizes assessment templates, along with a risk rating matrix to complete business interdependency mapping, operational and product risk assessments, and business impact analyses. In addition, a BCP score card is used to track the status of each individual location’s BCP and indicates areas for improvement. Plans are routinely updated and tested by conducting a tabletop exercise to validate recovery capability and identify potential process improvements. Disaster Recovery plans for IT systems and applications are also a key output and have been successfully implemented across all critical Zoetis locations.

Business Ethics

METRIC	SASB CODE	DISCLOSURE
Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	HC-BP-510a.1	We have not, to date, incurred any monetary losses as a result of legal proceedings associated with corruption and bribery. Any future material losses would be publicly disclosed in our SEC filings as required.
Description of code of ethics governing interactions with health care professionals	HC-BP-510a.2	<p>Zoetis maintains a comprehensive <a href="#">Code of Conduct</a> summarizing important policies and procedures including our corporate policy, Interactions with Prescribing Animal Healthcare Professionals and related local procedures governing promotional activities (the Global Vet Policy). The Global Vet Policy governs the interactions our colleagues have with Prescribing Animal Healthcare Professionals (PAHPs) including: (i) animal healthcare professionals with prescribing authority; and (ii) all employees of veterinarian hospitals and veterinarian practices working directly with a prescribing veterinarian, regardless of whether or not such persons have prescribing authority. The policy requires promotional materials to be accurate, not misleading and compliant with all applicable legal and regulatory standards. It also requires compliance with Zoetis standards concerning hospitality and gifts, which must be modest in value and infrequent, have a reasonable business purpose and must avoid even the appearance of attempting to influence the independent business judgment of the recipient, inappropriately reward or influence the prescribing or dispensing behavior of PAHPs.</p> <p>Each market is required to have a local standard operating procedure that has been approved by commercial leadership, Finance, Legal and the Zoetis Compliance function. In 2021, Zoetis completed a comprehensive update of these local standard operating procedures. Colleagues who interact with PAHPs are trained upon hiring and receive updated training during their employment. This includes online live and virtual training sessions.</p> <p>Compliance is enforced through local, regional and senior management, as well as the Zoetis Global Compliance program. The Zoetis Global Compliance Program, in collaboration with Finance and Internal Audit, actively monitors and audits transactions and expenditures for consistency with the Global Vet Policy and local procedures. Potential violations identified through monitoring, testing or audits are escalated to the Compliance Investigations function for investigation and resolution consistent with our Code of Conduct.</p>



METRIC	SASB CODE	DISCLOSURE
Ethics and compliance program		<p>Zoetis is committed to maintaining integrity and ethical business conduct. Our Core Belief, “Always Do the Right Thing”, is the foundation of our Global Compliance Program. In addition, Zoetis has a comprehensive Compliance function to ensure ethical risks are mitigated or avoided through compliance training on our Code of Conduct, multiple channels for reporting potential ethical risks, and risk-based assessments and audits performed in conjunction with Zoetis’ Internal Audit function.</p> <p><b>Leadership, Governance and Accountability</b></p> <p>The Compliance Program is led by our Chief Compliance Officer (CCO), who also oversees the Zoetis Enterprise Risk Management (ERM) Program. The connectivity between the Compliance Program and the ERM Program reinforces and strengthens our strong culture of compliance, and demonstrates the commitment of Zoetis to identify, mitigate, and resolve significant potential enterprise-wide and compliance risk.</p> <p>The Audit Committee of the Board of Directors oversees the Compliance Program, including business ethics issues, and receives comprehensive reports and updates from the CCO during its meetings, which take place at least four times per year. In addition, the CCO reports out to the full Board of Directors at least three times per year concerning the Compliance Program and ERM.</p> <p>The Compliance Program has strong support from the Zoetis senior leadership team through the Executive Compliance and Risk Council (ECRC), which is led by the CEO and holds formal quarterly meetings with the full Executive Team and other senior leaders with significant compliance and risk-focused roles (including our Controller, Chief Audit Officer, and Chief Information and Security Officer). The ECRC focuses on the performance of our Compliance Program and alignment with executive leadership supporting continuous improvement and strengthening our strong culture of compliance.</p> <p>In 2021, Zoetis added substantial new resources to our Compliance Program including full-time dedicated anti-bribery and anticorruption, monitoring and testing, operations and investigations functional area leaders reporting to the CCO.</p> <p>Zoetis established the Zoetis Compliance Champions Network (ZCCN) of more than 70 colleagues with representation across functions and seniority levels globally. The ZCCN is a megaphone for the compliance program that promotes a company-wide culture of integrity and supporting compliance initiatives. Additionally, the Compliance function works closely with regional and local leaders globally to help ensure that our efforts to promote compliance initiatives and program improvements resonate with our colleagues and is a meaningful mechanism through which the Compliance function receives and applies feedback for continuous improvement.</p> <p><b>Ethics and Compliance Training and Culture</b></p> <p>Zoetis requires all colleagues to complete our Code of Conduct training annually, which includes a written confirmation upon completion of the training that they have read and understand the Code of Conduct. In 2022, 100% of Zoetis colleagues completed the training. There are additional required online trainings that colleagues complete such as Pharmacovigilance, Anti-Bribery and Corruption, Data Privacy, Travel and Entertainment, and Respectful Treatment (Anti-Harassment and Discrimination). These online trainings are supplemented by virtual and live training sessions and workshops for regional and local colleagues with a focus on relating our compliance standards to their daily work for Zoetis. Select colleagues are required to complete additional trainings based on their job duties. All corporate policies and trainings are translated into at least seven core languages and select policies are translated into 15 languages.</p>

METRIC	SASB CODE	DISCLOSURE
Ethics and compliance program (continued)		<p>Starting in 2023, Zoetis will also require all contingent workers with a Zoetis email address to complete our Code of Conduct training and our general data protection training.</p> <p>Additionally, the Compliance function monitors the responses of Zoetis colleagues to compliance culture questions asked in our annual colleague engagement surveys (including the questions “Colleagues at Zoetis are committed to performing with integrity?” and “I can report unethical practices without fear of reprisal?”). The Compliance function reports out on colleague responses, benchmarks and engages with leaders to address potential trends. The Zoetis survey results for these questions for the past two years places Zoetis in the top quartile of companies.</p> <p><b>Reporting and Non-Retaliation</b></p> <p>Zoetis offers colleagues multiple channels to report potential issues or concerns, including the Zoetis helpline web portal, which is available 24/7 for reporting potential violations. Zoetis reinforces the importance of colleague reporting through training and updates (in-person, virtual and on-line) that take place locally, regionally and globally with an emphasis upon building a culture that expects and empowers colleagues to always do the right thing when it comes to integrity, compliance and ethical business conduct. All reports are taken seriously, appropriately investigated, and resolved consistent with the law and applicable Zoetis policy. Zoetis will not tolerate retaliation against anyone who reports in good faith any known or suspected improper conduct or a violation of Zoetis policy. In addition, Zoetis will not tolerate retaliation against anyone who participates in a compliance investigation. Zoetis policy provides for corrective measures including disciplinary action as may be appropriate to address and resolve a reported violation.</p> <p><b>Risk Assessment, Evaluation and Audits</b></p> <p>Zoetis maintains a comprehensive ERM Program, which is designed to identify existing and emerging enterprise-wide risks, ensure that these risks are mitigated appropriately and adjust mitigation plans as risks may evolve or change. The ERM Program is also designed to promote and further strengthen our compliance culture by fostering risk awareness among our colleagues and engagement to mitigate risks effectively. The ERM Program includes a Task Force, comprised of more than 20 senior enterprise leaders with diverse expertise across Zoetis globally, who lead our annual risk assessment and periodic updates to the Executive Team and the Board of Directors.</p> <p>The Compliance function conducts risk-based assessment and audits in collaboration with Internal Audit focusing on antibribery and anti-corruption, global trade compliance, colleague expenditures, data privacy and other potential risk areas, including ethics. These audits include holistic audits of our global antibribery and anticorruption program every two years, annual holistic audits of our third-party distributors and other sales channel partners, and audits of our data privacy program following the implementation of data privacy laws in high-risk markets. The areas of focus are informed by internal compliance trend analysis, external enforcement actions, complexity of business operations in a region or country, and external corruption perception risks, among other factors.</p> <p>Further, the Zoetis Internal Audit function routinely audits elements of our compliance program, including an annual audit of our Code of Conduct training program to comply with the requirements of the Sarbanes-Oxley Act of 2002. Zoetis also annually conducts three proactive compliance program effectiveness audits in high-risk markets to continuously improve our compliance program and ethical business culture. In addition, Zoetis’ external independent auditors audit our internal compliance matter management and reporting procedures on an annual basis.</p>



METRIC	SASB CODE	DISCLOSURE
<b>Ethics and compliance program</b> (continued)		<p><b>Monitoring and Testing</b></p> <p>Zoetis recognizes that compliance monitoring and testing is essential to evaluate the effectiveness of our internal controls and identify opportunities for continuous improvement of our Compliance Program. This includes testing to ascertain adherence to Zoetis policies and procedures, as well as compliance with legal and regulatory requirements. The Compliance function conducts ongoing monitoring and testing under our anti-bribery and anti-corruption procedures, including risk-based due diligence of third-party suppliers and sales channel partners, as well as sponsorships, donations and other transactions. Additionally, the Compliance function collaborates with Finance on continuous, near real-time monitoring of colleague expenses. Potential concerns identified through monitoring and testing, or as a result of compliance assessments, are referred to the Compliance Investigations function for further review and action.</p> <p>Zoetis reinforces this core expectation of colleagues through online, live and virtual training, and meetings where compliance, integrity and ethical business conduct are discussed. In 2021, Zoetis implemented a campaign we call “Safe to Say” to help promote a culture of openness and transparency where colleagues are expected to ask questions and report concerns if they become aware of any potential or actual violations.</p> <p>The Compliance Investigations function maintains comprehensive performance reporting metrics including benchmarks for the total number of potential compliance matters reported or escalated to the Compliance function, matter type or subject, closure rates, corrective measures, and other metrics for evaluating the effectiveness of our Compliance Program. Disciplinary actions are tracked and reported for trend analysis as well as for consistency and fairness of application. Additionally, the Compliance Investigations function maintains practices for feedback from investigations to be incorporated into assessments, auditing, monitoring and testing, and training for continuous improvement of our Compliance Program.</p> <p><b>Anti-Bribery and Anti-Corruption</b></p> <p>Zoetis maintains Global Anti-Bribery and Anti-Corruption Key Principles, applicable to all colleagues and anyone acting on behalf of Zoetis, including consultants, agents and representatives, which prohibit providing any payment or benefit to any person or entity in order to gain an unfair business advantage. These principles provide guidelines on acceptable/appropriate behavior and approval procedures for certain payments. The Zoetis Compliance function monitors and tests all pre-approval requests for transactions subject to the Principles and requires all persons acting on behalf of Zoetis to provide responses to an anti-bribery and anti-corruption questionnaire to further facilitate compliance with the Principles.</p>
<b>Political Involvement</b>		<p>Our <a href="#">Policy on Political Contributions</a> and any contributions from Zoetis’ Political Action Committee, are overseen by senior management with periodic updates to the Corporate Governance and Sustainability Committee of the Board of Directors. Information on our Policy on Political Contributions and political spending disclosures can be found under the Policies and Procedures section of our Corporate Governance web page at: <a href="#">Zoetis Animal Health Corporate Governance   Zoetis</a>.</p>

Data Security and Privacy

METRIC	SASB CODE	DISCLOSURE
Data and privacy protection	—	<p>Zoetis is committed to the responsible and transparent use and protection of personal data entrusted to us by customers, employees and others. Our Global Privacy Office maintains an enterprise-wide policy that guides the collection, maintenance and protection of personal data and considers the legal and regulatory requirements where we do business. Our data protection practices are also reviewed with our Data Protection Governance Council, a cross-functional body composed of senior-level leaders who provide oversight and guidance that informs company practices.</p> <p>Our focus on “privacy by design” in 2022 was to help ensure that privacy principles are considered during process design and throughout our entire engineering lifecycle. With this approach in mind, we constantly assess how data protection can be achieved by improving processes and promoting greater awareness throughout the organization as to the importance of data privacy.</p> <p>We continually provide our employees and contractors with training on global privacy principles in accordance with our commitment to respect and safeguard personal data. Regular data privacy updates are also given by our Chief Privacy Officer to senior leadership and the Audit Committee.</p>
Information security	—	<p>The Zoetis information security program is aligned and measured against the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF). We employ a risk-based and intelligence-driven program protecting data and information with multiple defenses and layers of security, commonly referred to as a “Defense in Depth” approach, and ensure we align our capabilities with the five functions of the NIST CSF: Identify, Protect, Detect, Respond and Recover. In addition to continuous environment monitoring, a third-party assessment, which we conduct approximately every 18 months, ensures our cybersecurity program constantly adapts to the changing threat landscape and our evolving business. This third-party assessment includes an evaluation of our capabilities based NIST Cybersecurity Framework.</p> <p>Zoetis has an extensive information security training program that includes: monthly awareness articles, a robust ethical phishing program (with reports reviewed with the Executive Team to drive down ethical phishing click-rates), a Security Ambassador program for additional training and awareness for individuals in high risk roles, required and optional training modules in our Learning Management System, and quarterly podcasts to help colleagues, both personally and professionally, with their security decisions. Securing our customers’ data and our critical information assets, including our own colleague data, is always at the forefront of the decisions we make regarding our information security program.</p> <p>We have a 24/7 managed Security Operations Center (SOC) for immediate escalation of any critical events. It uses automation to ensure that events are processed quickly and efficiently.</p> <p>In the event of an incident, we use an Incident Response procedure and playbook that is carefully followed and practiced in simulated incident exercises. It is based upon the NIST Standard 800-61 and customized for Zoetis. Additionally, through disaster recovery and business continuity practices, we strive to ensure continuous business operations for our customers. To provide additional protection for the company, we also maintain a cybersecurity insurance policy.</p> <p>Because data security is such an important area of risk oversight, we have an established governance program with clear roles for the executive management team as well as Board for the oversight.</p> <p>Our Board receives a quarterly information security dashboard covering the most active and relevant threats to Zoetis, trends, and any notable events. In addition, the Board receives an annual update from our Chief Information Security Officer on the information security program, including the results of our independent, third-party assessment. The Board also participates in periodic table-top exercises involving simulated data security incidents.</p>



# Social Data

GLOBAL WORKFORCE <sup>1</sup>	2022	2021	2020
Outside of the U.S.	6,900	6,200	6,000
Inside the U.S.	6,900	5,900	5,300

RACE/ETHNICITY – U.S. WORKFORCE	2022	2021	2020
White	75.4%	76.2%	78.7%
Black	4.8%	4.6%	4.2%
Asian	10.7%	10.5%	9.4%
Hispanic/Latinx	6.4%	5.9%	5.2%
Other	2.7%	2.8%	2.5%

GENDER – GLOBAL WORKFORCE	2022	2021	2020
Male	53%	54%	55%
Female	47%	46%	45%

GENDER – GLOBAL MANAGEMENT <sup>2</sup>	2022	2021	2020
Male	63%	65%	66%
Female	37%	35%	34%

For a more detailed report of our U.S. colleague demographics, see our 2022 [EEO-1 report](#).

<sup>1</sup> Workforce numbers are approximate.

<sup>2</sup> Management levels defined as Director Level and above.

Health and Safety Performance

METRIC <sup>1</sup>	2022	2021	2020
Total Injury Rate (TIR) <sup>2</sup>	0.37	0.50	0.46
Lost Time Injury Rate (LTIR) <sup>2</sup>	0.20	0.26	0.20
Fatality Rate	0	0	0
U.S. OSHA Voluntary Protection Program (VPP) Star and Zoetis H&S Star Sites <sup>3</sup>	<div>OSHA VPP Star: 3 U.S. manufacturing sites and 1 logistics center</div> <div>Zoetis H&amp;S Star: 3 global manufacturing sites</div>	<div>OSHA VPP Star: 3 U.S. manufacturing sites and 1 logistics center</div> <div>Zoetis H&amp;S Star: 2 global manufacturing sites</div>	<div>OSHA VPP Star: 3 U.S. manufacturing sites and 1 logistics center</div> <div>Zoetis H&amp;S Star: 1 global manufacturing site</div>

<sup>1</sup> These metrics cover worldwide operations.

<sup>2</sup> U.S. average for our industry in 2020 were 1.6 for TIR and 0.7 for LTIR. In 2021, U.S. average were 1.6 for TIR and 0.7 for LTIR. 2022 industry averages were not available at the time of publication.

<sup>3</sup> In 2022, we had 39 manufacturing and logistics sites (22 locations in the U.S. and 17 global), 5 primary R&D sites (2 location in the U.S. and 3 global), and 4 global sites supporting other business units. 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.



# Environmental Data

## Greenhouse Gas Emissions (metric tons CO<sub>2</sub>e)<sup>1,2</sup>

	2022	2021	2020
Scope 1 emissions – total <sup>3,4</sup>	112,577	101,498	77,694
Manufacturing, R&D and offices	91,621	81,477	77,694
Fleet	20,956	20,021	Not available
Scope 2 emissions – market-based <sup>5</sup>	190,609	186,710	Not available
Scope 2 emissions – location-based	226,423	227,904	243,576
Scope 1 and 2 emissions <sup>6</sup>	303,186	288,208	321,270
Scope 1 and 2 emissions intensity (per \$1MM revenue)	37.5	36.8	47.9

<sup>1</sup> GHG emissions were calculated using the GHG Protocol Corporate Accounting and Reporting Standard.

<sup>2</sup> GHG emissions and emissions intensity from 2020 and 2021 were recalculated and restated to account for the acquisition of a new manufacturing site in Rutherford, Australia in 2022.

<sup>3</sup> 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 of CO<sub>2</sub>e being added to the company’s 2021 Scope 1 emissions. Data was not retroactively added to 2020 as data is not available. Emissions from Zoetis agricultural activity have been added to the manufacturing, R&D and offices line. Data related to herd emissions and breakdown of manure waste is reported in 2022 and has been retroactively added to 2021 emissions. Herd emissions data is not available for 2020. GHG emissions from a waste solvent incinerator at our Rathdrum site has been added to the footprint in 2022. Data has also been retroactively added for 2020 and 2021.

<sup>4</sup> 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 retroactively added for 2020. Energy data from the offices is estimated based on the square area of the office when energy invoices are not available. GHG emissions data from Zoetis office locations has been expanded to include more than 95% of the office locations for 2022, but data for these additional locations is not available for 2020 and 2021. Data from 19 Zoetis reference laboratories have been added to the emissions footprint in 2022. This has resulted 803 metric tons of CO2e being added to our emissions footprint. Emissions data for reference laboratories is not available for 2020 and 2021.

<sup>5</sup> In 2021, we commenced using market-based emissions factors for purchased electricity. GHGs from imported electricity are calculated using the GHG Protocol Scope 2 guidance requiring dual reporting using two emissions factors for each site: market-based and location-based. Location-based factors are the grid average emissions factor for the country, or region in the US, where a site is located. Market-based factors are specific to Zoetis purchasing, taking account of the residual energy mix a site is sourcing electricity from.

<sup>6</sup> For the purposes of reporting total emissions, 2021 and 2022 combine Scope 1 and market-based Scope 2 emissions. For 2020, 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 these metrics to measure our performance.

Energy (gigajoule)<sup>1,2</sup>

	2022	2021	2020
Energy	3,546,540	3,381,761	3,331,122
Energy intensity (per \$1MM revenue)	439	432	496
Renewable energy	226,858	204,879	130,435
Renewable energy (%) <sup>3</sup>	6.4	6.1	3.9
RE100: Renewable Electricity (%) <sup>4</sup>	14.7	13.4	8.7

<sup>1</sup> Energy and energy intensity data from 2020 and 2021 was recalculated and restated to account for a manufacturing site in Rutherford, Australia acquired in 2022.

<sup>2</sup> Energy use 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 retroactively added for 2020. Energy data from the offices is estimated based on the square area of the office when energy invoices are not available. Energy data from Zoetis office locations has been expanded to include more than 95% of the office locations for 2022, but data for these additional locations is not available for 2020 and 2021. Energy data from 19 Zoetis reference laboratories has been added to the energy footprint in 2022. Energy data was not retroactively added to 2021 or 2020 as it is not available. The energy footprint was expanded in 2022 to include energy consumed in our waste solvent incinerator at our Rathdrum facility and retroactively added for 2020 and 2021.

<sup>3</sup> Renewable energy includes the proportion of renewable electricity, other renewable heating/cooling and biofuels use relative to total Scope 1 and 2 energy use.

<sup>4</sup> Renewable electricity is aligned to our RE100 commitment and is the proportion of renewable electricity relative to total Scope 2 electricity use.

Water (cubic meters)<sup>1,2</sup>

	2022	2021	2020
Water intake	3,528,312	3,273,613	2,918,334
Water intake in areas of high / extremely high water stress <sup>3</sup>	11.7%	12.2%	8.1%
Water discharge	2,588,745	2,485,020	2,655,549
Water recycled	35,803	58,047	50,000
Water intake intensity (per \$1MM revenue)	437	418	434
Water discharge intensity (per \$1MM revenue)	320	317	395

<sup>1</sup> Water and water intensity data from 2020 and 2021 were recalculated and restated to account for a manufacturing site in Rutherford, Australia acquired in 2022.

<sup>2</sup> Water usage data for our office locations and 19 reference laboratories has been included in our 2022 water footprint where data is available. Water data was not retroactively added for 2020 and 2021 as it is not available. For offices and reference laboratories where metered data is available, this is included. For offices and reference laboratories where no metered data is available, water usage has been estimated based on the number of colleagues on site plus estimated water usage in laboratory equipment.

<sup>3</sup> Sites in areas of Water stress include Buellton CA, San Diego CA, Eagle Grove IA, Durham NC, Louvain La Neuve Belgium, Catania Italy, Suzhou China & Melbourne Australia.



Non-Hazardous Waste (kilograms)<sup>1</sup>

	2022	2021	2020
Non-hazardous waste - total <sup>1,2</sup>	16,034,356	18,044,798	12,924,106
Landfilled	4,088,767	4,919,541	Not available
Incinerated	784,348	474,821	Not available
Energy Recovery <sup>2</sup>	1,402,966	6,014,636	5,630,506
Recycled <sup>3</sup>	3,775,233		
Land application (Recycled) manure <sup>3</sup>	5,983,041	6,635,800	Not available
Non-hazardous waste intensity (per \$1MM revenue)	1,984	2,305	1,924
Non-hazardous waste recycled/energy recovery intensity (per \$1MM revenue)	1,381	1,616	838

<sup>1</sup>Waste data from a manufacturing site in Rutherford, Australia acquired in 2022 was not added to the waste footprint as data is not available. We plan to collect waste data in line with Zoetis reporting practices in 2023.

<sup>2</sup>In 2021, Zoetis reported waste disposed through incineration with energy recovery and recycled waste under a single category “recycled/energy recovery.” In 2022, we split out the waste disposed through incineration with energy recovery and reported it as a unique category.

<sup>3</sup>In 2022, we began reporting the quantity of cow manure waste that we recycle as fertilizer on our farm facilities. We have retroactively included manure waste data for 2021.

Hazardous Waste (kilograms)<sup>1</sup>

	2022	2021	2020
Hazardous waste - total	15,196,924	13,135,713	9,467,446
Landfill	1,619,397	1,181,818	Not available
Incinerated	1,898,191	2,499,143	Not available
Energy Recovery <sup>2</sup>	11,420,358	9,454,752	2,665,400
Recycled	258,978		
Hazardous waste intensity (per \$1MM revenue)	1,881	1,678	1,409
Hazardous waste recycled/energy recovery intensity (per \$1MM revenue)	1,445	1,208	397

<sup>1</sup>Waste data from a manufacturing site in Rutherford, Australia acquired in 2022 was not added to the waste footprint as data is not available. We plan to collect waste data in line with Zoetis reporting practices in 2023.

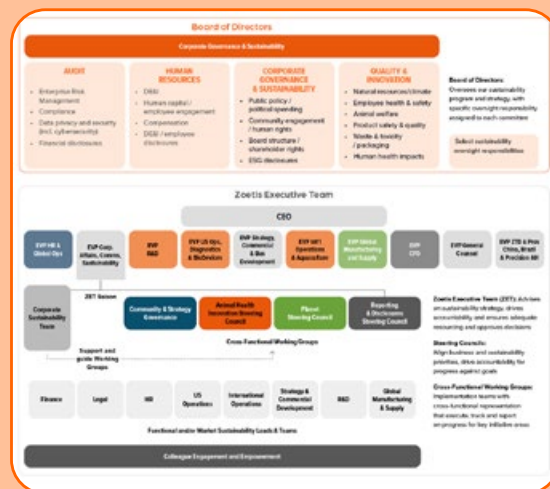
<sup>2</sup>In 2021, Zoetis reported waste disposed through incineration with energy recovery and recycled waste under a single category “recycled/energy recovery”. In 2022, we split out the waste disposed through incineration with energy recovery and reported it as a unique category.

# TCFD Index

## Introduction

At Zoetis, we have committed to our Driven to Care strategy, launched in 2021, as the governance framework to guide and deliver on the integration of climate-related risks and opportunities into our overall business strategy. This long-range strategy and targets includes our commitment to reducing our greenhouse gas (GHG) emissions with a goal of being carbon neutral in our operations by 2030. Climate change is a significant global issue with wide-ranging impacts and we are managing our climate-related risks to better serve the communities we work in, our colleagues, our customers, the health of animals and those who care for them around the world.

See our full governance diagram in the introduction section of this report



Zoetis supports the Taskforce on Climate-related Financial Disclosure (TCFD) and has committed to disclosing our progress aligned with the TCFD recommendations. Zoetis published our first TCFD-aligned ESG report in 2019 which is available on our corporate website. Information on our CDP Climate Change disclosure, which provides further detail on our approach to climate change, is available at <https://www.cdp.net>. We continue to make progress on our climate-related risk strategy and this report reflects our actions and processes as of December 31, 2022 to better understand our climate-related risks and opportunities and their potential impacts. We will continue to update our disclosures in the future as we progress along our climate journey.

## Governance

**Board level:** Zoetis' Board of Directors (the Board) exercises ultimate oversight and responsibility over Zoetis' sustainability program and strategy. Each Committee of the Board contributes to the oversight of Zoetis' sustainability program and strategy and helps inform the Board's ultimate oversight. The Board provides guidance regarding Zoetis' goals and targets and monitors our climate initiatives including our RE100 commitment, carbon neutrality initiatives, and our overarching Driven to Care sustainability strategy. In 2022, Zoetis announced expanded climate commitments, including a goal to achieve carbon neutrality in our operations by 2030.

The Corporate Governance and Sustainability Committee (CGSC) of the Board has primary responsibility for overseeing Zoetis' sustainability strategy and practices. The CGSC coordinates the ESG activities of Zoetis' other Board Committees and reports regularly to the full Board on the progress of the company's sustainability initiatives. The Quality and Innovation (Q&I) Committee of the Board oversees climate-related targets and programmatic progress specifically. Both CGSC and the Q&I Committee receive regular progress updates on Zoetis' carbon neutral roadmap and

progress on all climate-related targets at each Committee meeting with focused progress discussions at least annually. Additional details regarding all of the oversight responsibilities for each of the Board Committees can be found below under Zoetis Governance Overview.

**Management level:** At the management level, our Executive Vice President, Corporate Affairs, Communications and Chief Sustainability Officer (CSO) is responsible for leading Zoetis' ESG agenda manages and oversees our global initiatives within Zoetis' three sustainability pillars: Communities, Planet and Animals. The CSO reports to the Chief Executive Officer (CEO) and leads our overall climate strategy, including resourcing and governing efforts to ensure climate strategy delivery as well as communicating Zoetis' climate ambition and progress. The CSO provides a semi-annual detailed update to the Board that covers Zoetis' sustainability programs and progress. The CSO and/or representatives from the Reporting & Disclosures Steering Council provide more frequent sustainability updates to the CGSC and Q&I as outlined above, and general sustainability updates are provided to the Audit Committee and Human Resources Committee regularly. The CSO also reports progress regularly on Zoetis' sustainability strategy directly to the CEO and the Executive Team.

The CSO is informed on the day-to-day evolution of Zoetis' sustainability strategy by the Global Head of Corporate Sustainability (Head of Sustainability). The Head of Sustainability is responsible for establishing and implementing the company's sustainability priorities and goals, tracking progress, and driving organizational accountability. This includes coordinating the work and agenda of our Planet Steering Council. The Head of Sustainability collaborates with cross functional leaders, including the Vice President, Head of Sustainability Operations, to define climate targets, progress, reporting, evaluation

and governance of the climate strategy. The Head of Sustainability reports Zoetis' progress on our sustainability goals and targets to the CSO.

The Planet Steering Council is a working group dedicated to aligning business and sustainability priorities across our organization, which enables cross functional engagement from a variety of Zoetis business units including representatives from Communications, R&D, Global Manufacturing and Supply (GMS), among others. The Planet Steering Council divides work and accountability across our three key sustainability priorities within our Planet Pillar: minimizing our carbon footprint, rethinking our packaging and improving the sustainability of our locations. These priority areas are further supported by cross-functional working groups.

In addition, Zoetis established site sustainability teams and a Market Green Team as cross-functional working groups to support Zoetis' third sustainability priority: improving the sustainability of our locations. In 2022, site sustainability teams were designated at major Zoetis sites to lead localized sustainability actions and their activities include determining climate opportunities, such as onsite renewables.

In 2020, Zoetis established the Energy Core Team, a technical working group comprised of representatives across our manufacturing and R&D business units. The team focuses on ways to operationalize our climate targets by building tools and updating processes to embed sustainability into our capital program and cost improvement processes. The Energy Core team provides routine updates to the GMS Leadership Team on progress.

The above graphic presents how accountability for sustainability and ESG topics is managed across Zoetis' internal teams and committees.



Strategy

As part of the existing risk management processes, Zoetis has identified several climate-related risks and opportunities for ongoing monitoring, mitigation, and effective overall risk management. Zoetis defines the following time horizons covered in the assessment of our climate-related risks and opportunities:

- Short-term: 0-3 years
- Medium-term: 3-10 years
- Long-term: 10+ years

Key Physical Risks

RISKS	INCREASED FREQUENCY OF NATURAL DISASTERS AND ADVERSE WEATHER OCCURRENCES	CHANGES IN AIR AND WATER TEMPERATURE	CHANGES IN WATER SUPPLY
Timeframe	Medium-term: 3-10 years	Medium-term: 3-10 years	Medium-term: 3-10 years
Risk Description	Potential disruption of our manufacturing processes and our supply chain.	A) May result in increasing prevalence of parasites and diseases that affect food animals and livestock.  B) May impact the availability of land suitable for raising livestock.	Potential water supply interruptions and low water quality.
Business Impact	These disruptions may have a material effect on our business, financial condition, results of operations and/or cash flow.	Increases in air and water temperatures may have the potential to impact our customer’s operations and businesses. If such events occur, our customers may purchase fewer Zoetis products which inherently will negatively impact our revenues.	A reduction in water supply would impact our production capabilities as our manufacturing process requires ample water.
Mitigation Response	A) Our Business Continuity Management (BCM) addresses interruptions of supply or production due to exceptional weather events. These plans are determined and adapted by each individual Zoetis site. Plans are routinely updated and tested using tabletop exercises to validate recovery capability and identify potential process improvements. If a potential severe weather risk threatens a facility, Zoetis works to implement these plans in collaboration with our insurance providers.  B) Natural hazards exposures have been added to our due diligence questionnaires that are required for Zoetis to consider for a potential acquisition. Natural hazard reviews are also conducted for select key suppliers, third-party distribution centers and contract manufacturers.	A mitigation response is not yet in place, but Zoetis will consider this in future years.	Zoetis is committed to reducing the vulnerability of our sites to climate-related impacts. We include water related risks in our BCM program to advance our mitigation capabilities. These actions include having documented plans of action for physical impacts to our site that could be increased in frequency due to climate change such as long-term regional blackouts. The plans document how each site should proceed in terms of likelihood of occurrence and impact to our company's direct operations, value chain and customers. The program’s intent is to prepare our sites for natural hazards and resource availability in order to reduce the amount of time a business function is offline due to emergency events.

Additional mitigation strategies for reducing Zoetis’ risk of natural hazards/severe weather events are supported by FM Global, a third-party commercial property insurance provider, who has expertise in property risk mitigation. Since 2016, FM Global has been engaged to survey property insurance loss mitigation at all critical Zoetis sites including owned, leased and key third-party suppliers. This includes advice on implementation of site-specific mitigation measures to reduce property risk exposure for fire and natural hazards. In 2022, Zoetis implemented a number of recommended mitigation measures suggested by FM Global targeted at reducing potential exposure to climate-related risks. These measures included: evaluation of roofing for snow drifting, creation of a protocol for semi-annual roof inspection and maintenance, improvements to flood emergency response plans, installing secondary roof drainage systems, and providing seismic gas shutoff devices for methane lines.

FM Global tracks mitigation efforts at each site and recently developed a Global Site Climate Risk Report that measures and tracks Zoetis’ exposure to climate risk, climate risk quality, and climate resilience at key Zoetis facilities. Starting in 2023, Zoetis will receive this report quarterly.

Key transition risks

RISK	NEW OR EXPANDED LAWS AND REGULATIONS ENACTED TO ADDRESS CLIMATE CHANGE
Timeframe	Short-term: 0-3 years; Medium-term: 3-10 years; Long-term: 10+ years
Risk Description	Emerging international, national, regional, and local regulations in response to climate changes have the potential to impact areas where we have operations or may establish future operations.
Business Impact	Zoetis is investigating strategies to quantify the possible impact of carbon regulation and taxes and how new regulations might affect our budgets and operations in certain geographical areas, as well as potential costs in the form of investments of capital to maintain compliance with the laws, regulations and taxes.
Mitigation Response	Mitigation strategies include, but are not limited to:  A) Internal tracking and reporting of current and proposed laws, governing through appropriate committees, adherence to credible ESG frameworks, and leveraging technology systems to capture and disseminate relevant info.  B) Adherence to policy standards and procedures, governing through appropriate committees, assessments of regulatory landscape, colleague training, implementing, and leveraging technology systems to best manage processes, and engaging in appropriate lobbying efforts.

Key opportunities

OPPORTUNITY	INCREASED REVENUES RESULTING FROM INCREASED DEMAND FOR PRODUCTS AND SERVICES
Timeframe	Medium-term: 3-10 years
Risk Description	Concerns regarding GHG emissions and other potential environmental impacts of livestock production have led to some consumers changing preferences to products raised with environmentally friendly production practices.
Business Impact	Zoetis has identified a market opportunity to provide our customers with products and services that could help them lower the environmental and carbon impact on their livestock.
Opportunity Response	Zoetis has implemented processes to evaluate the carbon impact of our products and has engaged with our stakeholders to explore markets for environmentally preferable products. Zoetis is investing in resources and research and development in programs to work with customers to reduce their emissions and environmental impact. Some examples include:  <ul style="list-style-type: none"><li>Using genetics, data and digital technology to improve individual care of animals</li><li>Innovations including immune therapies that could yield alternatives to antibiotics or understanding pathways that could help reduce methane production</li><li>Improved access to veterinary care, products and training in developing countries, where intensity of GHG emissions from animals are greatest</li></ul>



In addition, managing the GHG emissions footprint of our operations is a prioritized risk that Zoetis takes into account during our financial planning processes. Implementation of our Carbon Neutral Roadmap is embedded in our capital planning processes for both manufacturing and R&D. Opportunities to improve energy efficiency have been included in capital planning for years prior and became an explicit focus beginning in 2020 when we established our initial energy intensity goal, with the addition of a focus on abating carbon in 2022 when the carbon neutral target was established.

**GHG management strategies include, but are not limited to:**

1. We continue to invest in energy efficiency upgrades in manufacturing equipment; utilities such as cooling towers, chillers, and boilers; and LED lighting. We are also optimizing operating processes in air ventilation and other utility systems, and we are committed to procuring renewable energy.
2. Global Head of Corporate Sustainability and our Vice President, Sustainability Operations, with the support of our CSO, partner to assess and address external stakeholder expectations for reporting and disclosure of our GHG footprint. Our process also includes review by our Internal Audit team to validate the accuracy of our disclosures and process controls. The GHG footprint data is incorporated into our strategy to identify focus areas for our energy efficiency and decarbonization workstreams and then incorporate those opportunities into our capital planning process.
3. Beginning in 2020, we took additional steps to incorporate energy efficiency and renewable energy into our capital project planning and design. We have established an Energy Core Team, composed of Engineering, Operational Excellence, and Environmental Health and Safety colleagues to determine how to develop a consistent approach on reviewing capital projects while considering climate change impacts.

**Risk Management**

In 2022, Zoetis’ updated its process for identifying, assessing and responding to climate risk under its Enterprise Risk Management (ERM) Program. Zoetis maintains a customized Risk Register intended to identify categorize and define potential risk to Zoetis comprehensively. The Risk Register is updated annually by the Zoetis ERM Task Force (comprised of 20 key Zoetis enterprise leaders with diverse areas of expertise and functional responsibilities e.g., sustainability, finance, legal, manufacturing, operations, commercial, quality, regulatory, EH&S, IT, R&D). Climate-related risks are identified and raised across the business on an ongoing basis, such as by the Board, Executive Team, ERM Task Force, Zoetis colleagues, external reports, and regulators. The updated ERM process has led to the re-categorization of risks identified within the strategy section. This includes the three physical risks (Increased frequency of natural disasters and adverse weather occurrences, Changes in air and water temperature, and Changes in water supply) now captured under the ERM risk ‘Natural Hazards/Weather’, and the one transition risk (New or expanded laws and regulations enacted to address climate change) now captured under the ‘Corporate Sustainability Due Diligence and Disclosure Laws’.

As of December 31, 2022, Zoetis has identified eight climate-related risks categories in total:

- Financial Impact of Environmental Exposure
- Climate Change
- Natural Disasters/Weather
- Changes in U.S. Securities and Exchange Commission (SEC) Disclosure Requirements
- Corporate Sustainability Due Diligence and Disclosure Laws
- Chemical Regulatory Changes
- Environment, Health and Safety (“EHS”)
- Corporate Sustainability Reporting

All eight risks have undergone initial assessment, and they will continue to be assessed, monitored and reviewed under the following updated Zoetis ERM processes. These risks are rated and assessed annually by the Zoetis ERM Task Force as part of a comprehensive annual review overseen by the ERM Program Office. Each risk is assigned an inherent risk rating based on an impact score and likelihood score. A mitigation score is determined based on effectiveness of current risk management strategies and applied to the inherent risk rating to finally arrive at a residual risk rating (critical, high, medium, low). Risks rated as “critical” and “high” become identified as Zoetis’ Most Significant Risks (MSRs), which translates to management “action required” or “continuous monitoring” respectively. Other risks may be included in a new ERM Watch List that captures evolving risks which are being actively monitored and evaluated for inclusion as an MSR.

As part of the continuous improvement of its ERM program, in 2022 Zoetis implemented a new ERM Dashboard to support the Executive Team and Board’s oversight. The dashboard provides an overview of the evolution of Zoetis’ MSRs over a rolling four-quarter period, along with other emerging risks that are currently on the ERM “Watch List” of evolving or new risk undergoing additional consideration and evaluation by Zoetis. The Executive Team began utilizing the ERM Dashboard in Q1 2023 as the mainstay of its quarterly risk management responsibilities, to confirm, update and/or revise current risk assessments and mitigation strategy effectiveness. The bi-annual ERM presentation to the Board in December 2022 included the inaugural dashboard to support the Board’s oversight of the results of the annual ERM risk assessment and mitigation of Zoetis’ MSRs. Mitigation plans for Zoetis’s MSRs are updated annually by the Task Force and are subject to quarterly adjustments based on Executive Team and other feedback to the ERM Program Office.

As of December 31, 2022, Corporate Sustainability Due Diligence and Disclosure Laws has been identified as an MSR. As part of Zoetis’ ERM process, all identified MSRs must have additional mitigation plans that follow Zoetis’ risk mitigation framework requirements. The requirements are divided into five main categories:

- A. Governance: A team of cross-functional personnel to implement high-level oversight and controls that govern management
- B. Process: More-detailed programs and day-to-day workflows that implement the higher-level governance requirements
- C. People: Assigned responsibility to select Zoetis personnel for managing specific risks, along with the educational programs and communications that support their efforts
- D. Technology: Systems and IT solutions that are deployed to mitigate specific risks or assist colleagues in their risk mitigation efforts
- E. Continuous improvement: Planned but not yet implemented mitigation efforts

As part of the ‘Corporate Sustainability Due Diligence and Disclosure Laws’ MSR’s mitigation strategy, the Legal team was tasked with monitoring evolving requirements related to sustainability reporting (e.g., SEC rulemaking) along with our Corporate Sustainability, GMS, Research and Development, and Quality teams.

Looking ahead, Zoetis has plans to adapt our ERM program to add focus on the potential impact of climate change on our business with support and direction from our CSO.

Metrics and Targets

Zoetis has measured and tracked its scope 1 and 2 GHG emissions against a 2019 baseline year. Zoetis is currently taking steps to build capabilities for Scope 3 emissions reporting beyond our already established target to reduce travel-related emissions.

For all environmental performance, see our [Environmental Data](#) in the ESG Index of the report.

Zoetis is committed to minimizing our impact on the environment and, to support this goal we have set the following sustainability goals and targets to guide us in that journey:

- Carbon neutrality in our own operations by 2030
- 100% renewable energy by 2030
- Reduction of energy intensity in manufacturing and research and development by 5% by 2025 (a target that Zoetis already surpassed in 2022 by reducing energy intensity by 13.5% and is now retired) from a 2019 baseline
- Reduction of transport-related emissions by 25% by 2025 from a 2019 baseline

Progress on our sustainability goals and targets has been tied to executive compensation. Overall compensation for the Executive Team is based on multiple business objectives, including management of the company’s sustainability initiatives.





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

## DISCLOSURES

This 2022 Sustainability Report includes forward-looking statements, which reflect the current views of Zoetis 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; expectations regarding future operating or financial performance; general industry conditions and competition; general economic factors; technological advances and new products; the impact of pharmaceutical industry regulation and animal healthcare legislation in the United States and internationally; 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 2022 Sustainability Report, 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 most recent Annual Report on Form 10-K, 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](https://www.sec.gov), [www.zoetis.com](https://www.zoetis.com), or on request from Zoetis.

This 2022 Sustainability Report contains non-financial information and metrics that are subject to measurement uncertainties resulting from limitations inherent in the nature of, and the methods used for determining,

such data. Some of our disclosures in this report are based on assumptions due to the inherent measurement uncertainties. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary. Metrics are presented based on information available at the time. Restatement for prior two years is completed if new information or changes to process is available. The information set forth in this report reflects the 2022 calendar year unless otherwise noted and Zoetis reserves the right to update its measurement techniques and methodologies in the future.

## ZOETIS GLOBAL HEADQUARTERS

10 Sylvan Way  
Parsippany, NJ 07054  
973-822-7200  
[sustainability@zoetis.com](mailto:sustainability@zoetis.com)  
[zoetis.com](https://zoetis.com)