Environmental, Social and Governance Appendix

2020

zoetis

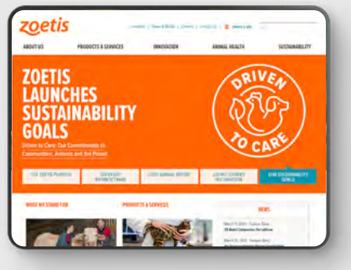
Environmental, Social and Governance Appendix

This appendix provides disclosure for relevant environmental, social and governance (ESG) data and narrative and references the Sustainability Accounting Standards Board (SASB) standards for the Health Care – Biotechnology & Pharmaceuticals industry. It should be read in conjunction with our 2020 Sustainability Report and reflects information for the calendar year 2020, unless otherwise noted.

For information on the company's Task Force on Climate-related Financial Disclosures (TCFD) disclosure, see our 2019 ESG Review. We plan to enhance our climate-related disclosure later this year through the CDP climate change survey.

Activity Metrics

Metric	2020	2019	2018
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, 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	$6.675B	$6.26B	$5.825B
Full-time equivalent	Approximately 11,300 5,300 in U.S. and 6,000 in other jurisdictions	Approximately 10,600 5,000 in U.S. and 5,600 in other jurisdictions	Approximately 10,000 4,500 in U.S. and 5,500 in other jurisdictions
Global Manufacturing Sites	29	27	25
R&D investments (expense)	463M	$457M	$432M



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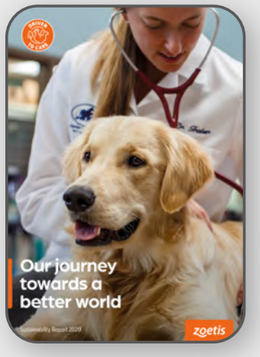


Read more:
2020 Sustainability Report

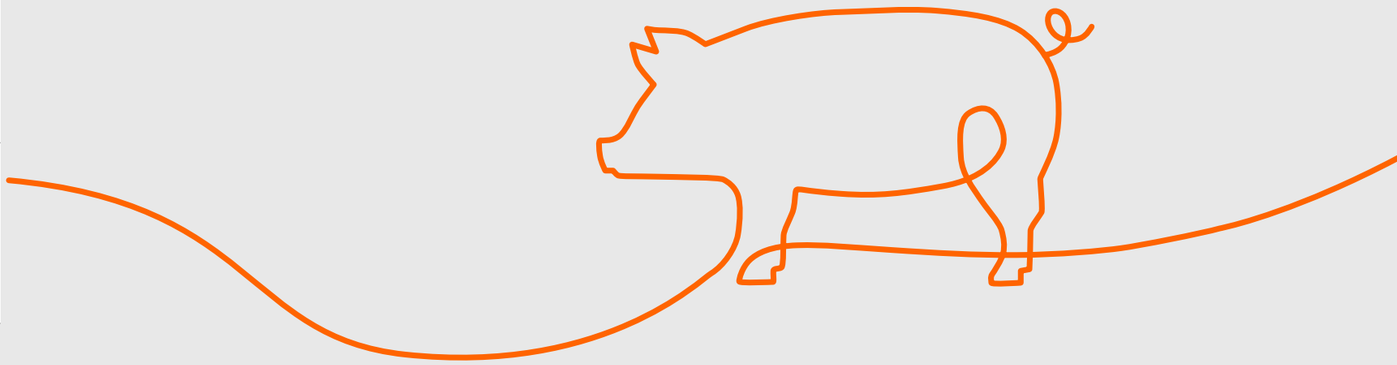
Safety of Clinical Trial Participants

Metric	
Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials **HC–BP–210a.1**	As an animal health company, our clinical trials involve animals. With that in mind, we refer to owners of animals in the following descriptions. **Oversight of clinical research organization's quality and safety systems** 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. **Discussion management process for CROs** 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. **Discussion nature and terms of monetary incentives used by the CROs** Costs for each study are allocated on a study-by-study basis and based on work conducted or milestones reached, e.g., veterinary surgeon (investigator) and owner payment for each visit completed or investigator payment for reaching target number of successfully enrolled cases. **Discussion of process for obtaining informed consent from participants** 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. **List all clinical trials that were terminated for failure to follow good clinical practices standards** None in the last 3 years. **List 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** Multiple studies have been cancelled or terminated due to project-specific reasons (technical/commercial) over the past 3 years. No studies have been cancelled/ terminated due to safety reasons or due to the decision of an internal data monitoring committee.
Number of 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 483 received over the last 3 years for clinical program in animal health. VAI and OAI procedures are not applicable to animal health trials or pharmacovigilance reporting.
Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries **HC–BP–210a.3**	If public disclosure criteria are met, any monetary losses as a result of legal proceedings associated with clinical trials would be included in our Annual Report on Form 10-K.

ESG Appendix

Safety of Clinical Trial Participants

Metric	
Ensuring animal wellbeing in clinical trials	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 that 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. All studies involving client-owned animals are reviewed by a panel of objective experts in accordance with our Policy on Animal Care and Welfare. 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. 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. 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.

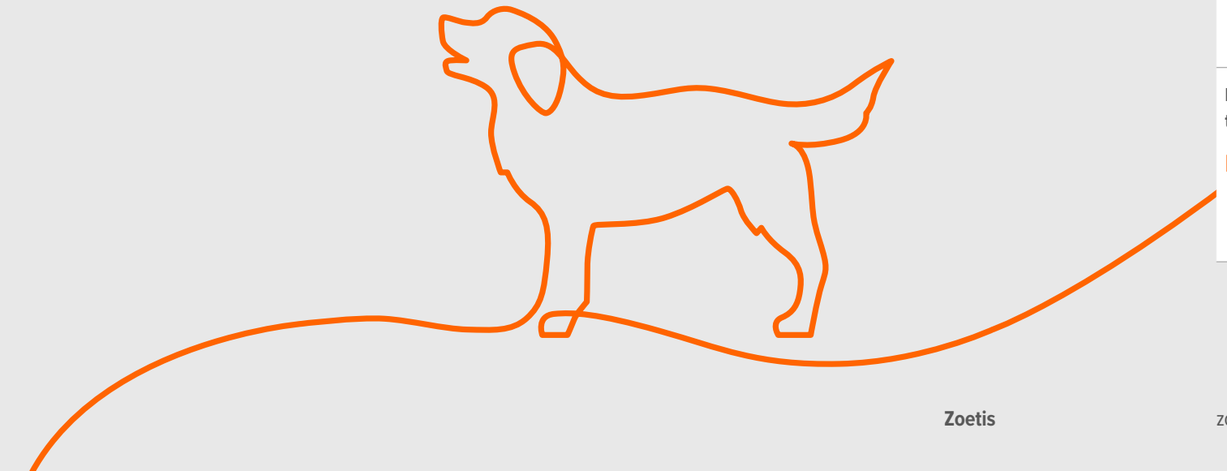


Access to Medicines

Metric	
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 Access to Veterinary Care in Emerging Market section of our 2020 Sustainability Report 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 & Pricing

Metric	
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**	Not applicable
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 2019-2020, our price growth was approximately 2%. Price growth was approximately 2% from 2018-2019, and approximately 3% in 2017-2018.
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 2020.



Product Safety

Metric	
Product Safety and Quality Program	With quality in 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 also ensures that our products are of the quality required for their intended use. Global Pharmacovigilance operates under a strict Corporate Policy for Adverse Event Reporting. This policy outlines the legal requirements with which Zoetis must fully comply whether or not there are specific local country adverse event reporting obligations. Further, we conduct annual, mandatory Pharmacovigilance (PV) training for all colleagues and contractors to assure PV requirements are understood and that we uphold our commitment to product safety, quality and reporting compliance. 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. **Certifications** While some of our sites hold different types of certifications (i.e., Hazard Analysis & Critical Control Point (HACCP), Safe Quality Food (SQF), International Organization for Standardization (ISO) or other notified bodies), depending on the type of product being produced (i.e., medical feed additives, human health products, reference labs), our internal manufacturing sites follow Good Manufacturing Practices (GMP) regulations and are audited by appropriate external authorities and independent bodies. They receive approval from those authorities through manufacturing licenses and GMP certificates.
List of products listed in the FDA MedWatch Safety Alerts for Human Medical Products database **HC–BP–250a.1**	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. 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.
Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System **HC–BP–250a.2**	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, biologicals and human medical devices.

Product Safety

Metric	
Number of recalls issued, total units recalled **HC–BP–250a.3**	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. We conduct investigations when deviations, out-of-specification and/or failure of our manufacturing processes to meet our quality standards, current Good Manufacturing Practices (cGMP) and other applicable regulations occur. 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. Zoetis initiated eight recalls in 2020 (none of them were global recalls).
Total amount of product accepted for take-back, reuse, or disposal **HC–BP–250a.4**	**Direct Customers in the U.S.** To manage expired products, we provide our direct clinic customers with options to properly dispose of expired products: • Return for Destruction & Credit: We provide pre-paid shipping labels so veterinary clinics may return expired product to our U.S. Logistics Returns Center. Once on-site, returned product is inspected, documented and ultimately destroyed following applicable waste management regulations. • Credit & Destroy on Site: As an alternative to physically returning expired product, veterinary clinics can destroy via their own medical waste streams. **Distribution Customers in the U.S.** Distribution partners can receive credit for expired product, 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. **Consumers in the U.S.** 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 programs 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. For Controlled Substances, all returns are processed through our warehouse specifically licensed with the DEA to handle Zoetis SKUs with a Controlled Substance classification. We are not able to report additional details on this metric per the SASB methodology and will continue to evaluate opportunities to provide this disclosure in future reports.

Product Safety

Metric	
Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type **HC–BP–250a.5**	We regularly participate in health authority inspections to help ensure the highest quality in our manufacturing facilities. A total of 24 inspections were completed in 2020. All our inspections were satisfactory to allow continuation of operations. No enforcement actions were taken. Further to this, all corrective actions for observations have been accepted by the relevant authorities. Zoetis is committed to ensuring quality and compliance for all our products in every market in which we sell them.

Counterfeit Drugs

Metric	
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, sales 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 is 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 Anti-counterfeiting Committee and participates in 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 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	
Total amount of monetary losses as a result of legal proceedings associated with false marketing claims **HC–BP–270a.1**	If public disclosure criteria are met, any monetary losses as a result of legal proceedings associated with false marketing claims would be included in our Annual Report on Form 10-K.
Description of code of ethics governing promotion of off-label use of products **HC–BP–270a.2**	The Zoetis Code of Conduct 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 & Retention

Metric	
Discussion of talent recruitment and retention efforts for scientists and research and development personnel **HC–BP–330a.1**	See the Developing our Colleagues section of our 2020 Sustainability Report.
(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**	

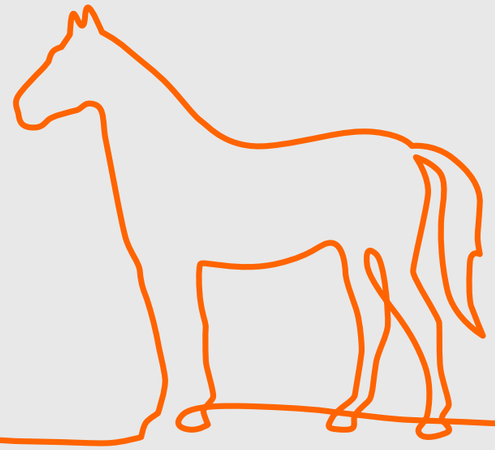
	Voluntary	Involuntary
Executives/senior managers	0.1%	0.8%
Mid-level managers	0.3%	0.1%
Professionals	1.8%	0.9%
Other	5.6%	5.6%

Parental leave usage (number of colleagues; U.S. only)

	2020		2019		2018	
	Female	Male	Female	Male	Female	Male
Parental leave	88	62	83	12	66	5
Adoption leave	0	0	1	1	2	2

Supply Chain Management

Metric	
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 maintains its own Environmental Health and Safety (EHS) auditing program for external suppliers of Active Pharmaceutical Ingredients (API) and finished goods.
Global supply chain management program	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 Global Supplier Conduct Principles and Position Statement. **Management Approach** Our Global Procurement and External Supply sourcing teams report into the EVP and President of Global Manufacturing and Supply and act centrally on behalf of the various divisions and enabling functions. In addition, we have a specialized procurement team dedicated to our research and development division reporting to the EVP and President of Research & Development. 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 APIs, active biological ingredients, raw materials, intermediate and packaging. Our External supply team manage our responsible sourcing strategy for third-party manufacturing partners in formulation, packaging and devices categories. **Governance** 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.



Supply Chain Management

Metric	
Responsible supply chain management	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 Global Supplier Conduct Principles. 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. In the area of environmental sustainability, the principles 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. 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 Counterfeit Drugs. 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. Zoetis' manufacturing procurement contracts ask that suppliers support our Global 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. Zoetis has a formal process for targeting and intervening with suppliers. Following an audit, we work with suppliers to develop action plans and track items to completion. 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 its supply partners in building their capability to deliver a robust, reliable and sustainable end-to-end supply chain.

ESG Appendix

Supply Chain Management

Metric	
Supplier diversity program	When selecting partners to work with, Zoetis maintains a strong focus on promoting diversity in our supply chain. We have a corporate level council composed of cross-functional team members that meet regularly to account for underrepresented supplier groups such as women-owned, minority-owned, small business, LGBTQ-owned, veteran-owned and other disadvantaged enterprises. Zoetis takes a proactive approach toward assisting underrepresented groups in qualifying for tendering processes, along with helping these suppliers further develop themselves to better understand Zoetis' supplier needs. Working with external organizations, Zoetis seeks to promote diversity and inclusivity, while making a positive change in the community. We are also corporate members of the National Minority Supplier Development Council (NMSDC) and Women's Business Enterprise National Council (WBENC) development councils and continue to evaluate memberships in other councils to further advance our supplier diversity and inclusion goals.

Business Continuity

Metric	
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 and critical external suppliers. To evaluate the resiliency and risk profile of a site or market, the cross-functional teams utilize templates and tools to complete business interdependency mapping, operational and product risk assessment, and business impact analyses. Plans are routinely updated and tested using tabletop exercises 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	
Ethics and Compliance Program	Our comprehensive corporate compliance program is intended to ensure all colleagues not only meet legal requirements in the markets in which we operate, but also act responsibly and with integrity in everything they do for Zoetis. We provide extensive annual and additional targeted training to our colleagues on the following, among other, important compliance-related topics: • **CODE OF CONDUCT** Applying our Core Beliefs in the way we do business every day; especially our Core Belief "Always Do the Right Thing." Our Code of Conduct informs colleagues of our expectations for adhering to the highest standard of ethical business conduct and guides us how to apply that standard in all we do with our customers, colleagues and other stakeholders. • **WORKPLACE HARASSMENT AND DISCRIMINATION** Reinforcing expectations that all colleagues and others we interact with are treated with dignity and respect, and ensuring our workplace environments are free of harassment, discrimination and other improper conduct. • **PHARMACOVIGILANCE** Making sure that our colleagues make timely reports of adverse events and other product-related concerns under our established reporting process. • **DATA PROTECTION** Encompassing both IT network security and data privacy (including protection of proprietary, confidential, personal and other non-public information) and making sure colleagues understand their responsibilities for protecting our network and data. • **ANTI-BRIBERY AND ANTI-CORRUPTION** Making sure our colleagues understand our policies and procedures, which are designed to avoid even the appearance of corruption, and apply them appropriately. The training covers all colleagues, as well as contingent workers supplementing our colleagues in temporary staff augmentation roles. In certain instances, the training may apply more broadly to contingent workers. For example, all contingent workers with a Zoetis email address are required to complete our Data Protection training regardless whether they are in a staff augmentation or project-based role. The Zoetis Corporate Compliance Program is overseen by the Audit Committee of the Board of Directors, which meets at least five times per year. The program has strong support from the Zoetis leadership team through the Executive Compliance and Risk Council, which is led by the CEO and holds formal quarterly meetings with the leadership team focusing solely on compliance. The Zoetis Corporate Compliance program includes dedicated anti-bribery and anti-corruption, monitoring and testing, operations, and investigations functional areas under a highly experience Chief Compliance Officer. We encourage and expect colleagues to speak up when they become aware of potential legal and policy violations, and we have zero tolerance for any form of retribution against colleagues who report potential issues in good faith, even if it turns out the colleague who reported the matter was mistaken in their belief.

Business Ethics

Metric	
Open Feedback Culture	We have an Open Door Policy where colleagues are encouraged to present ideas, concerns, questions, problems or suggestions directly to any level of leadership within Zoetis, without fear of retaliation. We value responsibility and integrity. The Zoetis Code of Conduct contains general guidelines for conducting business with the highest standards of ethics. We are committed to an environment where open, honest communications are the expectation, not the exception. We want colleagues to feel comfortable in approaching their supervisor or management in instances where they believe violations of policies or standards have occurred. In situations where colleagues prefer to place an anonymous report in confidence, they are encouraged to use our ethics hotline, hosted by a third-party hotline provider, EthicsPoint. Colleagues are encouraged to submit reports relating to violations stated in our Code of Conduct, as well as asking for guidance related to policies and procedure and providing positive suggestions and stories.
Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery **HC–BP–510a.1**	If public disclosure criteria are met, any monetary losses as a result of legal proceedings associated with corruption and bribery would be included in our Annual Report on Form 10-K.
Description of code of ethics governing interactions with health care professionals **HC-BP-510a.2**	We maintain a comprehensive Code of Conduct summarizing important policies and procedures including our interactions with Animal Healthcare Professionals and Promotional Activities Policy. This 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. Our policy requires promotional materials to be accurate, not misleading and compliant with all applicable legal and regulatory standards. Our policy 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. Each market is required to have a local standard operating procedure that has been approved by the Zoetis Legal team for compliance with applicable local legal standards. Colleagues who interact with PAHPs are trained upon hiring and given updated training during their employment. Compliance is enforced through local, regional and senior management, as well as the Zoetis Corporate Compliance program. We offer colleagues multiple channels for reporting potential issues or concerns including the Zoetis helpline web portal which is available 24/7 for reporting potential policy and legal violations. All reports are taken seriously, appropriately investigated and resolved consistent with the law and applicable Zoetis policy. Zoetis policy provides for appropriate corrective measures including disciplinary action as may be appropriate to address and resolve a reported violation.
Political Involvement	Our Policy on Political Contributions, and any contributions from Zoetis, are overseen by senior management with periodic updates to the Corporate Governance Committee of the Board of Directors.

Data Security and Privacy

Metric	
Information Security Program	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, an annual third-party assessment 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. We practice continuous improvement relative to the ever-evolving regulatory frameworks such as California Consumer Privacy Act and General Data Protection Regulation. Securing our customers' data and our critical information assets, including our own colleague data, are always at the forefront of the decisions we make regarding our information security program. 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. Zoetis has an extensive information security training program that includes: monthly awareness articles, a robust ethical phishing program (with reports reviewed with the Zoetis 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. 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. 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. 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 and Digital Officer and 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.

Corporate Governance

At Zoetis, we understand the importance of good corporate governance and we are committed to maintaining high ethical standards, integrity and transparency in the manner in which we conduct our business to create and sustain value for all our stakeholders.

Our Board of Directors is firmly committed to effective corporate governance that promotes transparency for, engagement with and accountability to the company's stakeholders. Our Board adopted the following corporate governance documents that set forth the company's governance framework: Corporate Governance Principles, Code of Business Conduct and Ethics for Directors, Director Qualification Standards and the Related Person Transactions Policy.

The Zoetis Board's Corporate Governance Committee reviews these corporate governance documents at least annually and recommends any advisable enhancements to the full Board for its approval. The Board, along with its Audit, Corporate Governance, Human Resources, and Quality and Innovation Committees meet regularly throughout the year and actively engage with management on an ongoing basis as part of their oversight responsibility and duties to Zoetis shareholders.

Zoetis has a broad range of practices and procedures that promote effective governance and Board oversight, including:

Board Quality and Independence	• Highly qualified, experienced and diverse directors with relevant expertise • All directors are independent other than our current CEO[1]
Independent Board Chair	• Board Chair is an independent director and is elected by the Board annually
Board Committees	• Four independent Board Committees – Audit, Human Resources, Corporate Governance, Quality and Innovation
Proxy Access	• Shareholder proxy access right
Board Oversight of Management Succession	• Board regularly reviews and discusses succession plans for CEO and other key executives
Board Self–Evaluation	• Our Board conducts an annual evaluation of itself and each of its Committees to assess its effectiveness and identify opportunities for improvement
Accountability	• Code of Business Conduct and Ethics for Directors fosters culture of honesty and accountability • Anti-hedging and anti-pledging policies covering directors and employees • Claw-back policy covering incentive compensation paid to executives
Board Diversity	• Diverse board with female and racial/ethnic representation • Board considers diversity of skills, experience, race, ethnicity, gender, cultural background and thought among directors when evaluating director nominees • The Corporate Governance Committee considers, and asks search firms to include in candidate lists, diverse director candidates who meet applicable search criteria

[1] As of May 20, 2021.

Our Corporate Governance Guidelines, the charters of the Audit, Corporate Governance, Human Resources, and Quality and Innovation Committees, our director and employee Codes of Ethics, and other corporate governance documents can be found on the Corporate Governance section of our website www.zoetis.com.

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

zoetis

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