

Supply Chain Management

SASB Code: HC-BP-430a.1

Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit programme or equivalent third-party audit programmes for integrity of supply chain and ingredients

Zoetis conducts audits before doing business with suppliers and has well-developed periodic Supplier, Contract Service Provider and Contract Manufacturer Quality and Environment, Health & Safety (EHS) audit programs. We classify suppliers based on risk and manage them accordingly. We also 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 when available as well as appropriate audit reports to supplement our internal and external audit programs as necessary.

Global Supply Chain Management Program

Throughout the life of our relationship with each supplier, we seek to ensure that their conduct matches the expectations in our Supplier Conduct Principles and Supplier Conduct Position Statement.

Management Approach

Our Global Procurement and External Supply teams report to the EVP and President of Global Manufacturing and Supply and act centrally on behalf of manufacturing and sites. Our Global Indirect Procurement team reports to 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 R&D division reporting to the EVP and President of Research & Development. Our R&D procurement team manages scientific outsourcing to 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, intermediates 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, and human resources services, among other responsibilities.

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 help us minimize risks, such as supply constraints and significant price fluctuations, in order to deliver uninterrupted supply and long-term competitiveness.

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 **Supplier Conduct Principles** and **Supplier Conduct Position Statement**. 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.

Responsible Supply Chain Management

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 Statement on Modern Slavery.

We have implemented a Global Human Rights Policy, 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.

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.

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 uses a risk-based approach to conduct 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 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.

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.

Additional Policies and Statements:

- **Global Human Rights Policy**
- **Statement on Modern Slavery**
- **Policy on Use of Conflict Minerals**