



DELIVERING SHARED VALUE



OUR SIX AREAS OF SOCIAL RESPONSIBILITY

We at Zoetis deliver the greatest shared success and value for our business and society by improving the health of animals; enhancing the sustainability of animal agriculture; and enriching the lives of our customers, colleagues and communities where we operate. We use our resources, expertise and diverse portfolio of medicines and vaccines to help build a better business and a better world.





Dear Stakeholders,

In 2016, our fourth year as a public company, we began to talk about social responsibility at Zoetis in a more cohesive way. We identified six areas of responsibility through which we strive to make a difference: Advance Animal Health; Promote the Veterinary Profession; Ensure a Safe and Sustainable Food Supply; Support the Communities Where We Operate; Run Our Business Ethically and Responsibly; and Provide a Workplace Where Colleagues Feel Valued.

In this summary, we highlight the accomplishments of Zoetis colleagues in creating shared value in the day-to-day operation of our business. From an environmental perspective Zoetis sites worldwide are actively striving to improve sustainability by reducing water intake, reducing waste, and improving energy efficiency. For example, at our manufacturing site in Lincoln, Nebraska, we have reduced energy by more than 8,340 megawatt hours per year (equivalent to approximately 3,640 tons CO₂ per year). We've also implemented a project at our site in Catania, Italy to reduce water use by more than 44,000 cubic meters per year (equivalent of 11.5 million gallons per year).

As the leading global animal health company, we stand in a unique position to improve and **advance animal health** through our research and development in ways that support veterinarians and livestock farmers in the care of their animals. Among the 200 product approvals received in 2016 was Cytopoint™,

the first monoclonal antibody licensed in the U.S. to help reduce itching associated with atopic dermatitis — among the top reasons dog owners visit veterinarians for care. We also play a key role in **responding to emerging infectious diseases** that can affect public health. In 2016, Zoetis was awarded a conditional license by the USDA for our vaccine to aid in the prevention of avian influenza H5N1, which killed millions of chickens in 2015.

A safe, abundant and sustainable supply of meat, poultry, fish, milk and eggs begins with healthy animals. **In our work, we are placing ever-greater emphasis on disease prevention with vaccines.** Our leading vaccine franchises help control the most common and costly infectious diseases that can harm our sources of protein — pigs, cattle, poultry and fish.

Throughout the history of our company, we have been committed to the future of the veterinary profession. This commitment shines through in

programs like our Commitment to Veterinarians™ initiative in the U.S., the International Veterinary Collaboration for China, and the African Small Companion Animal Network. Such programs allow us to give back to our customers and communities by advancing standards of veterinary care and increasing access to it.

We invite you to learn more about Our Six Responsibilities and our accomplishments to fulfill them in this 2016 Summary and at www.zoetis.com/responsibility.

Juan Ramón Alaix
Chief Executive Officer

ZOETIS AT A GLANCE

45

Approximate Number of Countries Where We Have a Direct Presence

100+

Countries in Which We Market Our Products

300

Approximate Number of Product Lines

60+

Years of Experience in Animal Health

8

Core Species Supported



WE PROVIDE

**MEDICINES
VACCINES
DIAGNOSTICS**

**GENETIC TESTS
BIODEVICES
SERVICES**

OUR THREE INTERCONNECTED CAPABILITIES



DIRECT CUSTOMER RELATIONSHIPS

We achieve all that we can by building strong relationships through direct interaction with our customers in approximately 45 countries. Our sales and technical service professionals seek to delight our customers, listening to their needs and concerns and helping them succeed.



INNOVATION

We are committed to researching and developing ever-better solutions to address our customers' most pressing animal health challenges and deliver real value to their businesses.



HIGH-QUALITY MANUFACTURING

We know our customers depend on a reliable supply of high-quality products at competitive prices. We have built an efficient global manufacturing and supply network of internal sites and external partners to meet our customers' expectations.

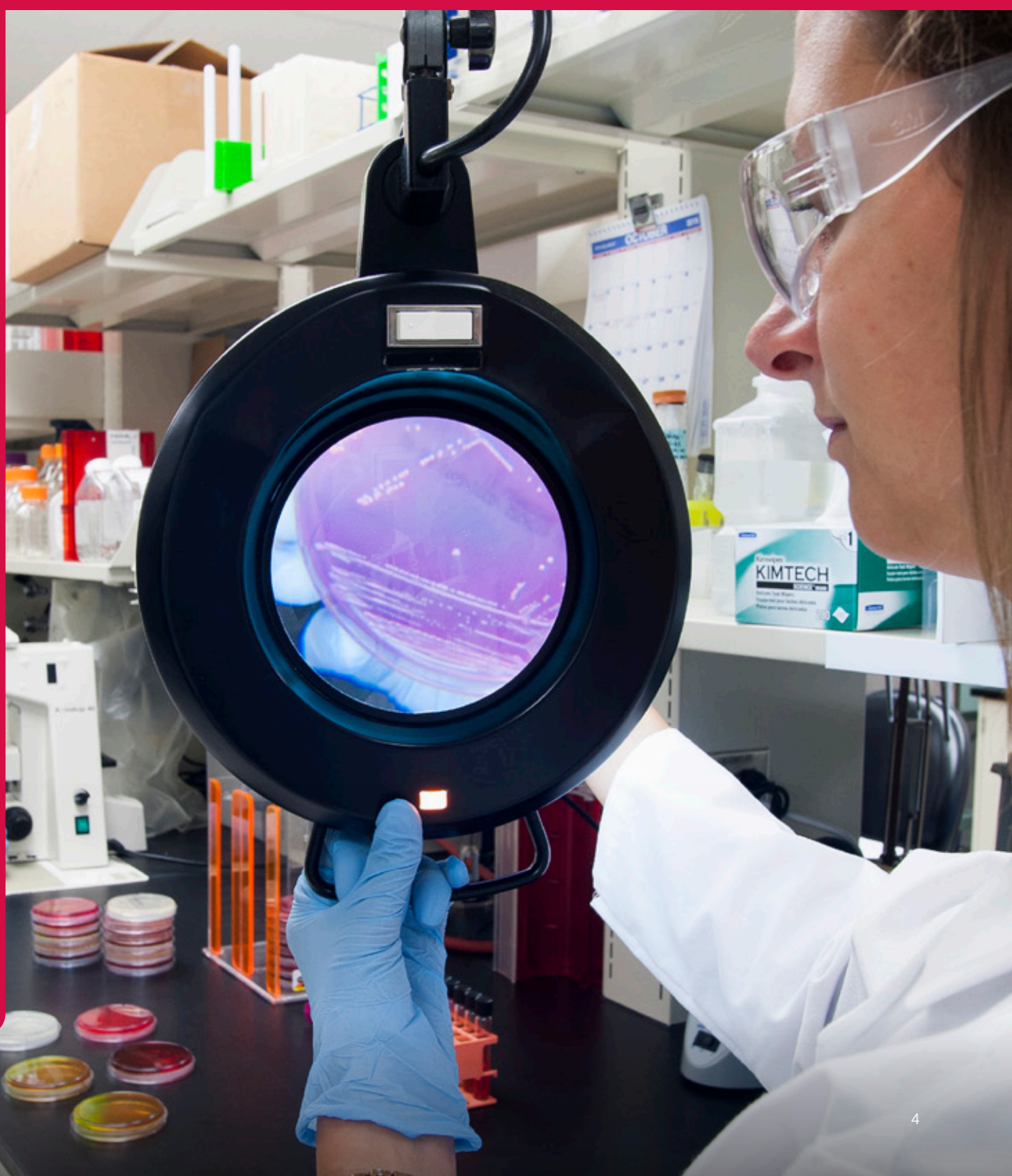


ADVANCE ANIMAL HEALTH

The single most important commitment we make is to advance animal health. By doing so, we also help protect and enhance public health.

We invest in research and development, striving to develop new and novel products for our customers. We also challenge ourselves to continuously improve our existing product portfolio in ways that deliver value to our customers, their businesses and the animals in their care.

Our diverse product portfolio supports our customers in their work to predict, prevent and treat illness in animals and address ever-present, as well as unmet, medical needs.



R&D 2016 AT A GLANCE

1,000

Research and Development scientists worldwide

\$376M

Invested in R&D

300+

Programs and projects, reflect our commitment to advancing animal health with ever-improving solutions

100+

Research alliances

200+

New product approvals in 2016

SIGNIFICANT INNOVATIONS

In 2016, Zoetis introduced innovative medicines for areas of high need in dogs



RELIEF FROM ITCHING ASSOCIATED WITH ATOPIC DERMATITIS

CYTOPOINT™

- First veterinary use monoclonal antibody licensed by the U.S. Department of Agriculture to help control clinical signs of atopic dermatitis in dogs such as itching

- An injectable therapy administered by the veterinarian every four to eight weeks
- Developed by Zoetis scientists to target canine interleukin-31 (IL-31), the protein that triggers itching in dogs
- Built on insights confirmed by Zoetis scientists into the role of IL-31
- Itch affects roughly 1 in 6 dogs whose owners seek veterinary help. About half of these itchy dogs will be diagnosed with an allergy and approximately 15–20 percent of them have atopic dermatitis.

PERSISTENT, MONTH-LONG PROTECTION FROM FLEAS AND TICKS

SIMPARICA® (SAROLANER) CHEWABLES

- Chewable medication approved by the U.S. Food and Drug Administration provides fast-acting and persistent protection from fleas and ticks, with peak performance that lasts for a full 35 days, without losing efficacy at the end of the month
- Of competitive importance in the U.S., it rapidly kills the *Ixodes* tick which carries Lyme disease, and it may help reduce the likelihood of this disease in dogs.
- A competitive new product in the flea and tick market, a necessity for every dog and a market showing 5% compound annual growth



VACCINATION AGAINST LEADING CAUSE OF MORTALITY IN FARMED SALMON IN CHILE

ALPHA JECT® LIVAC® SRS

- Launched Alpha Ject® LiVac® SRS, the first attenuated live vaccine to protect farmed salmon against Salmon Rickettsia Syndrome (SRS).
- SRS is responsible for 74 percent of deaths from infectious diseases in Atlantic salmon; the leading cause of farmed fish mortality in Chile and the greatest threat to sustainability and profitability of the farmed fish industry there.
- This novel vaccine was shown to be effective and safe for fish and safe for the environment. It offers a sustainable alternative to the use of antibiotics to control SRS.



PROMOTE THE VETERINARY PROFESSION

Veterinary professionals play a vital role in society, serving as stewards of animal and public health. We are proud of our six-decade commitment to promote and help assure a bright future for the veterinary profession. This takes shape through:

- scholarships, career development programs and research fellowships for veterinary students.
- collaborations in developing countries to elevate standards of veterinary education, modernize treatment and standards of care, and grant wider, affordable access to it.



ZOETIS U.S. VETERINARY STUDENT SCHOLARSHIP PROGRAM

Partnership with the Association of American Veterinary Colleges

2016 AT A GLANCE

HELPED PROMISING STUDENTS OFFSET THE COST OF EDUCATION¹

353

Second-and third-year veterinary students recognized

\$700K+

Awarded in scholarships

IMPACT SINCE PROGRAM INCEPTION

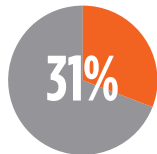
2,400+

Exceptional veterinary students helped

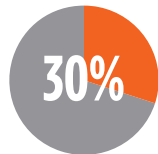
\$5.2M+

Awarded in scholarship funding

HELPED ADVANCE DIVERSITY AMONG VETERINARY PROFESSIONALS. AMONG THE 2016 AWARDED SCHOLARS:



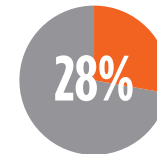
From racial and ethnically diverse backgrounds



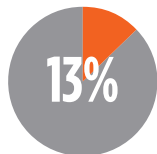
Studying mixed animal medicine



Studying to practice food animal medicine



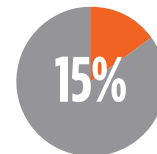
Going into small animal practice



Going into equine exclusive clinical practice



Entering academia (research and clinical), public health, or government



Pursuing areas, such as zoo/exotic and wildlife veterinary practice

¹Median debt of indebted graduates of U.S. colleges of veterinary medicine was \$152,259 in 2016. Source: Annual Data Report 2015-2016, Washington, DC: Association of American Veterinary Medical Colleges; 2016 February p. 1-27. Available from: <http://www.aavmc.org/About-AAVMC/Public-Data.aspx>.

PROMOTING THE VETERINARY PROFESSION WORLDWIDE

INTERNATIONAL VETERINARY COLLABORATION FOR CHINA



- China's agricultural economy is undergoing a transition, relying less on small, independent farms and more on the integrated, technology-based systems that are typical of industrialized nations. This had prompted the need for more veterinarians in China.
- Zoetis is the founding and sole corporate member of the International Veterinary Collaboration for China (IVCC). Working with the Chinese Veterinary Medical Association and veterinary colleges from the United States and United Kingdom, the IVCC helps advance veterinary medical education and practice standards in the People's Republic of China.
- U.S.-China Joint Doctor of Veterinary Medicine (DVM) Scholarship Program is led by the U.S.-China Center for Animal Health at Kansas State University. Zoetis has contributed approximately \$1 million in scholarship funds for 30 students. The China Scholarship Council has provided over \$2.5 million, and has committed another \$12.5 million in scholarship money for 50 Chinese students. The first students will graduate in May 2017 from Kansas State University College of Veterinary Medicine and become the first veterinary professionals in China to have earned DVM degrees since 1949.

AFRICAN SMALL COMPANION ANIMAL NETWORK (AFSCAN)



- AFSCAN strives to advance standards of veterinary care across sub-Saharan Africa and to help combat rabies. The organization, started in 2014, is building a sustainable network of small animal veterinary professionals across Kenya, Namibia, Nigeria, Tanzania, and Uganda to help improve the standards of veterinary practice and access to care.
- Zoetis is the founding and sole corporate partner in AFSCAN with the World Small Animal Veterinary Association.
- In 2016, two veterinary faculty and a fourth year veterinary student from colleges in Africa received the first grants awarded in the newly established African Small Companion Animal Network Awards to promote veterinary research, training, and development in sub-Saharan Africa, especially as it relates to small companion animals.



“IT IS A GREAT PRIVILEGE FOR THE VETERINARY ASSOCIATION OF NAMIBIA (VAN) TO BE PART OF AFSCAN WHICH IS LED BY DR. GABRIEL VARGA OF ZOETIS. ONE OF THE MAIN INITIATIVES OF VAN IS THE PROMOTION OF CONTINUOUS PROFESSIONAL DEVELOPMENT, WHICH WE HAVE ESTABLISHED WITH THE SUPPORT OF AFSCAN, THE WORLD SMALL ANIMAL VETERINARY ASSOCIATION, OUR NEIGHBOURING SOUTH AFRICAN COLLEAGUES, AS WELL AS OUR PARTNERS IN INDUSTRY.”

DR. ANSELM VOIGTS
VETERINARY ASSOCIATION OF NAMIBIA



ENSURE A SAFE, SUSTAINABLE FOOD SUPPLY

Livestock farmers worldwide are striving to meet increasing consumer demand for safe, affordable meat, poultry, fish, eggs and milk and to do this in a sustainable way, producing more using finite natural resources.

We at Zoetis are supporting them with technologies, vaccines and medicines to better predict, prevent and treat disease.



ANTIBIOTIC STEWARDSHIP

Zoetis has a diverse portfolio of anti-infective products for companion and livestock animals, including leading antibiotic medicines and feed additives. We strive to help protect their efficacy for decades to come.

We at Zoetis support the responsible use of antibiotic medicines in animals and in people.

We believe that veterinary professionals should be involved in 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.

PREPARING FOR THE VETERINARY FEED DIRECTIVE IN THE U.S.

In 2016, we provided thousands of veterinarians and their livestock farmers clients in the U.S. with education, training, and resources as they prepared for four important changes in the use of medically important antibiotics (those classes used in veterinary and human medicine) in livestock animals that went into effect on January 1, 2017:

- Requiring veterinary oversight for the use of all medically important antibiotics administered to food producing animals.
- Changes in the Veterinary Feed Directive regulation, which included new procedures and reporting requirements for recommending medically important antibiotics administered in feed.
- The phase out of production or growth uses of medically important antibiotics in farm animals. Zoetis removed growth promotion uses from the labeling of its medically important antibiotic products effective January 1, 2017.
- Transition of medically important antibiotic products in water from over-the-counter to by prescription status.



BUILDING SUSTAINABLE AGRICULTURE SYSTEMS IN DEVELOPING COUNTRIES

Zoetis supports programs and projects that help educate small-scale farmers about modern animal health and husbandry practices and provide the technical support needed to help them move from subsistence to self-sufficiency and onto increasing productivity and profitability.

“SMALL RURAL FARMS AND VETERINARIANS IN EGYPT HAVE LONG SUFFERED FROM A LACK OF VETERINARY SERVICE AND INSUFFICIENT EDUCATION. ZOETIS’ SMART VILLAGE PROJECT HAS WORKED FOR YEARS TO PROVIDE GOOD VETERINARY SERVICE AND THE EDUCATION FARMERS DESERVE.”

PROFESSOR WAHID MOUSA
CAIRO UNIVERSITY,
FACULTY OF VETERINARY MEDICINE



EXPANDING THE SMART VILLAGES PROGRAM IN EGYPT

Through the Smart Villages partnership with Cairo University, Zoetis works to enhance the capacity of veterinarians who serve small agricultural villages in

Egypt. These communities have historically had limited access to veterinary services. We continued to expand outreach to rural farmers, increasing their animal health knowledge and connecting them with Smart Village veterinarians.

ZOETIS DAIRY SCHOOL HELPS IMPROVE DAIRY FARM PRODUCTIVITY IN CHINA

Zoetis in collaboration with the International Veterinary Collaboration for China, hosted its Dairy School, a hands-on training camp for dairy professionals in China with programs for 70 professionals. The program, in its fourth year, teaches animal health practices to improve the health and productivity of dairy herds in China essential to increase the supply of safe, affordable milk.



“I HAVE BEEN WORKING FOR LV HE FOR FOUR YEARS. IT WAS AN EXCITING OPPORTUNITY TO ATTEND IVCC-ZOETIS DAIRY SCHOOL. THE TRAINING WAS FAIRLY DETAILED AND HIGH-QUALITY. THE PROFESSORS INTRODUCED US TO ADVANCED CONCEPTS AND PRACTICAL SKILLS, SUCH AS MASTITIS PREVENTION AND CONTROL, AND NUTRITION REQUIREMENTS FOR TRANSITION DAIRY COWS. THESE TRAININGS ARE QUITE HELPFUL FOR MY JOB.”

SHANG HEFANG
DEPUTY DIRECTOR OF LV HE,
ZHONGYI DEMONSTRATION FARM



SUPPORTING THE COMMUNITIES WHERE WE OPERATE

We at Zoetis strive to use our resources and expertise to make a difference in the communities where we operate

We seek to promote pet adoption by supporting the work of shelters and agencies as they strive to find caring families for companion animals and deliver healthcare services while animals await new homes.

We pay tribute to first responders — human and canine — and support the partial cost of healthcare for retired for military, police and service dogs.

When disaster strikes, Zoetis is there helping to protect animal health and welfare in face of natural disasters.



ADVANCING PET ADOPTION AND WELLNESS

We support organizations worldwide that share our commitment to pet adoption, and we provide medicines, vaccines, and diagnostics to shelters that provide healthcare for animals awaiting new homes.

ZOETIS FOR SHELTERS

We made it our mission to find solutions to the toughest health challenges of animal shelters in the United States. Through the Zoetis for Shelters program, we provided medicines, vaccines, and diagnostics to 2,500+ shelters and rescue organizations across the U.S. and helped them not only save an average of \$5,500 annually, but also allowed them to find more animals forever families to care for them.

In China and Argentina our colleagues organized fundraising events to help support pet adoption.



THE DOG RUN

An annual event in Argentina, the Dog Run promotes responsible pet ownership. This year, 3,000+ dog owners and their pets either walked or ran together in this street race for the cause of animal wellness.



WORLD VETERINARY DAY 5K CHARITY RUNS

Zoetis organized road races in four cities in China to bring attention to the living conditions of stray animals and promote pet adoption. Zoetis donated the proceeds as well as an equal value of Zoetis

medicines to four non-profit organizations dedicated to protecting the health of stray animals and promoting pet adoption.

RECOGNIZING THE HEROIC WORK OF FIRST RESPONDERS — HUMAN AND CANINE

We recognize the heroic work of first responders — human and canine — and provide support to care for retired military, police and service dogs.



ZOETIS K9 COURAGE PROGRAM

Through our K9 Courage program, Zoetis provided veterinary medical support for 550 retired military and police dogs which have worked to protect our communities. Once these dogs retire, with no guaranteed pension for their medical care, the burden and cost of care fall solely on their caregivers — often their first responder partners. Zoetis provided owners of each dog with \$300 on a debit card that was applied toward veterinary expenses ranging from wellness visits and vaccines to prescription medications and treats. Zoetis also donated \$10,000 to our partners in the program: The Sage Foundation for Dogs Who Serve, the National Police Dog Foundation and American Humane.



CARING FOR ANIMALS WHEN DISASTER STRIKES

RESPONDING TO FLOODING IN LOUISIANA

Zoetis did its part to help rescue and provide medicines to animals affected by the devastating flooding in Louisiana, the worst natural disaster to strike the United States since Superstorm Sandy.



AIDING SEARCH AND RESCUE OPERATIONS AFTER EARTHQUAKES IN ITALY

Zoetis colleagues in Italy were there to help when earthquakes struck central Italy twice. Zoetis provided much needed support to expand specialized training for search dogs which performed vital search and rescue operations.





RUN OUR BUSINESS ETHICALLY AND RESPONSIBLY

Always Do the Right Thing is one of our Core Beliefs. Part of Doing the Right Thing is operating our business in a sustainable way. Zoetis has established environment, health, and safety procedures and standards that apply to any given product from research and development through commercialization.



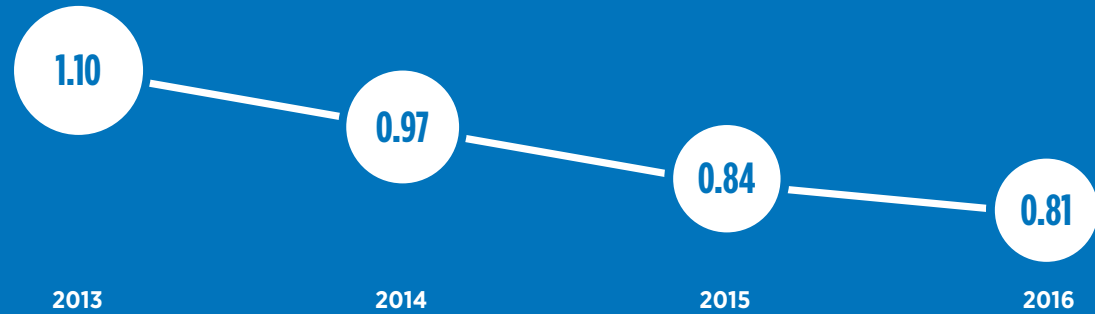
MARKING OUR FOURTH CONSECUTIVE YEAR OF IMPROVING WORKPLACE SAFETY

The health, safety and well-being of our employees are our top priority at Zoetis. Once again Zoetis improved workplace safety, achieving our fourth consecutive year over year decline in employee injury rate.

We are committed to a culture of safety in each of our locations around the world. The 25 sites across 11 countries that make up the Zoetis manufacturing network share a dedication to quality and safety that is embedded in all our manufacturing and supply processes.

ZOETIS GLOBAL MANUFACTURING SAFETY PERFORMANCE

TOTAL INJURY RATE (TIR) 2012-16*



* TIR Total Injury Rate: The ratio of the number of workplace injuries/illnesses requiring treatment beyond first aid per 100 colleagues (or every 200,000 man-hours)



LINCOLN, NEBRASKA

For the third consecutive year, Zoetis' manufacturing site in Lincoln, Nebraska was honored as one of Nebraska's Safest Companies by the National Safety Council, Nebraska.



REDUCING OUR USE OF NATURAL RESOURCES, ENERGY AND WASTE

We actively strive to improve sustainability by reducing water intake, reducing waste, and improving energy efficiency at our manufacturing sites.



LINCOLN, NEBRASKA

- The employees at our manufacturing site in **Lincoln, Nebraska**, have engineered a number of improvements with more than 25 energy reduction projects — large and small.
- This has included improvements in the return of steam condensate; insulation; heat recovery from air handling systems; boiler controls and boiler efficiency; optimizing fresh air exchange rates in rooms; replacing conventional motors with more efficient variable frequency drive motors; and installation of more efficient lighting and lighting on demand systems.
- They reduced energy by more than 8,340 megawatt hours per year which is equivalent to a reduction of approximately 3,640 tons CO₂ equivalent per year.



CATANIA, ITALY

- Zoetis employees at our site in **Catania, Italy**, implemented projects to reduce water use in the process cooling and water purification systems at the site by more than 44,000 cubic meters per year (equivalent of 11.5 million gallons per year).
- Plant engineers analyzed the quality of individual wasted water streams and identified potential on-site uses for the water. Several site systems operating outside the manufacturing process had water needs which matched the water quality of the waste water.
- Piping and controls were installed to redirect the wasted water for reuse by these systems. In addition, they achieved lower costs in fresh water use and waste water treatment.



LOUVAIN-LA-NEUVE, BELGIUM

At our site in **Louvain-la-Neuve, Belgium**, our colleagues once again decreased CO₂ footprint by approximately 3.370 tons equivalent over 2015 by reducing energy use in manufacturing processes and implementation of energy-efficient LED lighting. Since 2005, the team has improved energy efficiency by more than 36 percent.



KALAMAZOO, MICHIGAN

- At our manufacturing site in **Kalamazoo, Michigan**, colleagues replaced 92 exterior building light fixtures that used sodium vapor and metal halide technology with LED fixtures.
 - Reduced energy use by 75 percent, saving 107,600 kWhs per year in electricity equivalent to 80 tons CO₂ equivalent reduction per year
 - Achieved annual total cost savings of \$10,500 which include both energy and maintenance savings
- Colleagues there also completed a project to reduce use of natural gas, water consumption, electrical costs, and salt consumption, installing two high efficiency gas water heaters (~400,000 BTU/hr) and other new technologies. Results included:
 - Significant reduction in water usage (~2,000,000 gallons) and natural gas consumption
 - Elimination of potassium permanganate and reduction in salt consumption
 - Estimated saving of \$10,000 a year



PROVIDE A WORKPLACE WHERE COLLEAGUES FEEL VALUED

We have created a distinct culture at Zoetis grounded in our Core Beliefs — a culture in which integrity, accountability, collaboration and customer focus are the hallmarks of success.

With our singular focus on animal health, Zoetis colleagues join in a common purpose, sharing knowledge and resources for the success of our customers — those who raise and care for animals.



A GREAT PLACE TO WORK

Zoetis is known for a high level of engagement among its colleagues. Our colleague engagement survey in 2016 recorded an engagement level of 85 percent.

We invest in our people and offer exciting opportunities for colleagues to grow their knowledge and skills and take on more complex challenges. We are committed to fostering a workplace where diversity is valued and there is no tolerance for discrimination



GUIDED BY OUR CORE BELIEFS

Our people drive our success. We have instilled a highly collaborative culture where colleagues have a sense of ownership and derive satisfaction from seeing and measuring the impact of their achievements on the success of our company, our customers and their businesses.



Our colleagues distinguish Zoetis from our competition. We grow our company when we create an environment where colleagues excel.



Integrity is the guiding principle for all our decisions and relationships. We are honest and trustworthy in our words and actions.



We are passionate about our customers and the animals in their care. Our customers come first, and when they succeed, we succeed.



We take ownership to deliver results that matter. We constantly pursue faster, simpler and better ways of doing business.



Zoetis is much more than the sum of its parts. We work together with a common purpose, sharing knowledge and resources, for the best interest of our company as a whole.



FOR ANIMALS. FOR HEALTH. FOR YOU.

ZOETIS GLOBAL HEADQUARTERS

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