



29 December 2020

To whom it may concern

Modern Slavery Statement 2020

1. This is the initial annual Modern Slavery Statement for Zoetis Australia Pty Limited and Zoetis Australia Research & Manufacturing Pty Limited (**Zoetis**).
2. This joint statement is lodged to meet Zoetis' obligations under the *Modern Slavery Act 2018* (Cth) (**Act**) and covers the Australian financial year ending 30 June 2020 (**Reporting Period**).

Background

3. Section 13 of the Act requires Australian reporting entities to submit a Modern Slavery Statement on an annual basis which describes their actions to assess and address modern slavery risks.
4. Section 5 of the Act defines reporting entities as including those corporate entities with a consolidated revenue of at least \$100m for the Reporting Period. To be covered by the Act, the reporting entity must also be an Australian entity at any time during the Reporting Period or must carry on business in Australia at any time during the Reporting Period.
5. On this basis, Zoetis qualifies as a reporting entity under the Act and this Statement is made pursuant to its obligations under section 13.
6. Zoetis is committed to complying with all laws and regulations applicable to its operations. This includes being resolutely opposed to modern slavery, in all its forms, and being fully supportive of the Universal Declaration of Human Rights.

The structure, operations and supply chains of the reporting entity

7. Zoetis is a wholly owned subsidiary of its ultimate parent company, Zoetis Inc, which is listed on the New York stock exchange and is the world's largest producer of medicine, vaccine, diagnostic, biodevice and genetic goods and services for pets and production animals, including fish (**Products**). Members of the Zoetis Inc group market Products in approximately 45 countries and sell Products in more than 100 countries.
8. The Zoetis Inc's manufacturing network is constituted by 28 sites in 11 countries. Each Zoetis manufacturing site is designed to meet chemical and infectious agent safety regulatory requirements, among others. These manufacturing facilities are sometimes co-located with research and development operations which allow new products to be developed and rigorously tested before then moving to commercial production.
9. In Australia, Zoetis Australia Pty Limited is primarily comprised of Product sales, distribution and marketing personnel and operations, known as commercial whereas Zoetis Australia Research & Manufacturing Pty Limited is comprised of two principal functions. The first is a research function (part of the global research and development function known as Veterinary Medical Research & Development or VMRD) and the

second is a manufacturing function (part of the global manufacturing and supply function known as GMS).

10. While Zoetis' largest supplier is ultimately its parent company, Zoetis' suppliers also include various domestic and international suppliers (including some based in countries such as Belgium, China, Switzerland and the United States).
11. Zoetis Inc has implemented global ethical policies with respect to slavery, ethics and human rights under its global Corporate Compliance Program. These policies reflect Zoetis Inc's global commitment to acting ethically and with integrity in all countries of operation.
12. As a wholly owned subsidiary, Zoetis is bound by the policies implemented by its parent company and can access global resources administered by Zoetis Inc.

Global corporate compliance program

13. The Corporate Compliance Program includes many elements. Select parts of that program are set out below.
14. Firstly, the Zoetis *Global Code of Conduct* details Zoetis' corporate philosophy and prescribes non-negotiable, minimum standards of compliance by which it operates with suppliers. This Code prescribes its compliance structures, applicable laws and procedures that govern Zoetis Inc's approach to acting in a consistently ethical manner. Zoetis Inc's global Code of Conduct also details Zoetis' states its global ethical stance, including with respect to anti-bribery and corruption, its supporting equal opportunity and being against workplace bullying/violence.
15. Zoetis Inc's global Code of Conduct expressly states (in its Human Rights section) its commitment to respecting international human rights, providing:

We are committed to respecting the human rights and dignity of everyone, and we support international efforts to promote and protect human rights. We will not tolerate abuse of human rights in our operations or in our supply chain.

Each of us can help support efforts to eliminate abuses such as child labor, slavery, human trafficking and forced labor.

16. Secondly, Zoetis' *Global Compliance Helpline* is a confidential whistle-blowing resource that allows employees globally to report on possible violations of the global Code of Conduct, corporate policies or procedure or any applicable laws, rules or regulations as determined by country of operation. In addition, the Compliance Helpline can be used as a means to get information or receive advice anonymously.
17. The Compliance Helpline is a resource that gives effect to Zoetis Inc's global policy of anti-retaliation and confidentiality towards employees. Indeed, Zoetis Inc maintains an "Open Door Policy" which encourages employees to raise concerns to any supervisor, manager, Legal, Human Resources, or the Compliance Department, without fear of retaliation.
18. The Compliance Helpline is operated by third party ethics and compliance representatives who provide summaries of all reported calls to Chief Compliance Officer for assessment or any other appropriate further action. Zoetis Inc's internal Chief Compliance Officer is responsible for overseeing the compliance with the Corporate Compliance Program. This includes training, monitoring systems, developing informational resources, and investigating potential violations of company policy or applicable laws.

19. Colleagues who are found to have committed a breach of company policy or applicable laws are held accountable through disciplinary action, which may include dismissal.
20. Thirdly, Zoetis' ongoing *live and online compliance education program* ensures that all employees have access to an intranet site which contains the company's global policies, including the global Code of Conduct. On some subjects, all Zoetis Inc employees (including contingent workers or contractors) are required to complete online annual training and additional specific training as warranted.
21. Zoetis remains bound by these above ethical policies and resources comprising the global Corporate Compliance Program in addition to its own domestic efforts to assess and address modern slavery risks.

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls

22. Zoetis recognises that supply chains may be susceptible to practices of modern slavery on a domestic or international basis. On this understanding, Zoetis has comprehensively mapped its supply chains and conducted risk assessments of all new and existing suppliers. Factors of risk have included geographical location, industry of operation, product or service offered, the size of the supplier, and the amount of money spent with Zoetis.
23. Given Zoetis' operations in R&D and production, the majority of suppliers engaged are either utilities or professional service-providers hired on an *ad-hoc* basis. The nature of these services includes, among others, telecommunications services, employment and recruitment services, and clinical trial services. Zoetis has assessed most of its service-based suppliers as bearing relatively low risk in relation to modern slavery.
24. Zoetis did, however, identify greater risks arising from physical products sourced from countries with differing regulatory labour standards. Specifically, Zoetis has identified its suppliers providing commercial fridges and clothing/promotional items as bearing comparatively higher risks of modern slavery. This risk assessment was premised on the understanding that supply chains are susceptible to practices of modern slavery when specialising in low-value goods and/or based in countries with minimal labour protections.
25. Zoetis has therefor determined to allocate greater scrutiny and attention to those suppliers over subsequent reporting periods.

Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes

26. Zoetis recognises that the fight against modern slavery requires a comprehensive and continuous effort supported by all actors. This resolute opposition to modern slavery is a foundational aspect of Zoetis approach to conducting business as an ethical and compliant corporate citizen.
27. In June 2020, Zoetis convened a meeting of Zoetis senior management in order to devise appropriate approaches to achieving the objectives of the Act. The outcomes of that meeting and subsequent meetings related to it are set out below.

Mapping supply chains

28. Zoetis has comprehensively mapped its supply chain during the Reporting Period to evaluate any potential risks of modern slavery in its domestic operations. This involved each of Zoetis' major operating divisions mapping its suppliers engaged over the Reporting Period (those divisions being commercial, VMRD and GMS).
29. Zoetis' commercial function succeeded in mapping its supply chains to the extent of covering all suppliers engaged over the previous three reporting periods. Zoetis' commercial function subsequently applied a risk assessment to each listed supplier, labelling each supplier as 'relevant' or 'not relevant' for the purposes of further inquiring into modern slavery practices. This involved listing over 300 suppliers, of which over 250 were identified as 'not relevant' for the purposes of modern slavery.
30. Factors contributing to relevance include product of supply, industry of operation, size, and expenditure during the Reporting Period.
31. Zoetis' GMS function listed over 240 suppliers engaged over the recent Reporting Period, tracking the amount spent per supplier and their country of operation. While Zoetis' GMS function interacts primarily with domestic government and contract suppliers, it proceeded to map those suppliers operating offshore (including suppliers from China, Switzerland, Denmark, the United States, Berlin, France and Germany).
32. Zoetis' VMRD function listed over 50 suppliers engaged over the Reporting Period, focusing on goods and/or services provided. As previously noted, the majority of these suppliers were assessed as bearing comparatively lower risk due to the highly specialised and professional nature of services provided. Nonetheless, Zoetis VMRD identified providers of commercial fridges and clothing/promotional items as bearing comparatively higher risk based on supplier country of origin and product supplied.

Risk Assessment

33. Only a comparatively small number of suppliers were identified as having an appreciable risk of susceptibility to modern slavery. Zoetis proposes to follow up with these suppliers to seek assurance that they do not engage in such conduct and themselves comply with the Act.

Quality Control

34. Prior to being selected, prospective Zoetis suppliers must be approved via quality control systems which include requirements for them to demonstrate sustainable and ethical business practices. Engaged suppliers are then subject to audits which measure compliance with the supplier's regulations or any applicable regulations. The frequency of audits per supplier is determined through a risk-assessment considering the specific product or material being provided by the relevant supplier. Any suppliers determined to be of high-risk can be revisited for audits within a period of 12 months.
35. These audits are intended to measure the financial viability and standard of business practices adopted by the supplier. For suppliers subject to Good Manufacturing Practices (**GMP**), audits are conducted by the Therapeutic Goods Administration using on-site inspections. For suppliers not subject to GMP, audits are initiated by Zoetis in the form of facility observations. During such audits, supplier quality systems are audited to ensure that supplier conduct is sustainable, ethical and conducive to high quality output.

36. This auditing function is administered through Zoetis Inc's Internal Audit team, which maintains responsibility for auditing the policies and procedures of the Corporate Compliance Program. The Audit Committee of the Board of Directors maintains responsibility for overseeing and directing the audit functions of Zoetis Inc and its global subsidiaries. These functions include inquiring into the Company's systems of internal controls regarding legal and regulatory compliance (such as human rights and modern slavery compliance), finance, accounting and financial reporting processes.

Describe how the reporting entity assesses the effectiveness of such actions

37. The quality control process for procurement are well established and supported by audits, either by external regulators or Zoetis's own internal audit team.
38. Over future reporting periods, Zoetis will have access to increased information as to the effectiveness of its already implemented policies and strive towards continuous improvement of those policies.

Describe the process of consultation with any entities that the reporting entity owns or controls

39. Zoetis does not currently own or control any entities for the purposes of section 16 of the Act and interacts only with suppliers not owned nor controlled by Zoetis.

Conclusion

40. Zoetis is committed to the implementation of its anti-slavery policies and collaborating with all suppliers in order to eliminate any potential risk of modern slavery in its supply chains or operations.
41. Zoetis is proud of its progress achieved during this Reporting Period and but acknowledges that the fight against modern slavery is ongoing.

Yours sincerely

Mark Worsman

Mark Worsman
Senior Director, Legal

This statement was created at the direction of the boards of each of the two reporting entities covered by this statement. The boards gave that direction on March 2020 and the report was completed and approved in December 2020.

The boards of each reporting entity have the same Board members.



Lance Williams, Director
15 February 2021

