

2021

STATEMENT
OF NON-FINANCIAL
PERFORMANCE



Editorial

“ We do not inherit the Earth from our ancestors,
we borrow it from our children ”

(attributed to Saint-Exupéry).

This awareness should be the driving force behind the actions of humans on Earth.
We understand this well.

Making our development sustainable is a natural process for several reasons. The majority of our Group's capital is controlled by one family, that of its founder, Dr. Pierre-Richard Dick, whose profoundly human values have left their mark on the company and remain the foundation on which the company's strategy has been built.

The ability to foresee long-term outcomes and to act on these predictions has been a part of the company's DNA since our beginnings. The fact that we are a publicly traded company does not contradict this orientation, as more and more shareholders favor companies whose strategies incorporate sustainable development goals that do not impede but, on the contrary, favor economic performance.

Our mission (to create, manufacture and sell veterinary products and, more generally, animal health solutions) puts our company at the heart of the One Health ecosystem, which recognizes that the health of all living beings on Earth is intrinsically linked.

Our customers, veterinarians, farmers and animal owners, are becoming increasingly aware of their impact on the environment and human health. We are therefore, naturally led to direct our activities accordingly.

The growth of our Group in France and internationally leads to additional requirements. We are deeply rooted in our home territory, the French Riviera. With the increase in our workforce and investments in this region, our visibility is growing and making us an example for our teams and our community, both socially and environmentally.

At the same time, we have also become a global company that derives over 60% of its revenue from outside of Europe, with subsidiaries located in 33 countries across every continent. Our company must ensure that this development complies with our common principles, regardless of the territories in which it operates, particularly in the economic, social and environmental spheres.

In the social sphere, respect for human beings was one of the key values of our founder: maintaining real social dialogue, a proper remuneration and social coverage policy for employees at the lower end of the salary scale, and the trust and attention given to every employee are thus part of our traditional values. We are committed to preserving this legacy and building on it by complementing it with ambitious skill development policies.

In the environmental sphere, the company's operations guarantee that strict quality requirements are met: for example, through compliance with current Good manufacturing practices and Good laboratory practices. In addition, several years ago we embarked on a continuous improvement strategy designed to consistently cut waste and optimize the use of resources. The search for energy efficiencies and environmental protection are now being systematically integrated into our key decisions (investments, transport, product design, etc.).

In the economic sphere, our objective is to pursue the consistent and profitable growth the Group has experienced nearly every year since its inception. This development is based mainly on solid organic growth, driven by innovation and the quality of relationships with our customers. We regularly seek to supplement this growth with targeted acquisitions carried out while maintaining an acceptable debt level.

We are pursuing this strategy within the framework of simple and clear governance, guaranteeing a high level of transparency for our stakeholders. Without overdoing the communication, we are taking an authentic approach that targets long-term development and is considerate of our customers, employees, shareholders, partners and our environment.

Sébastien Huron

Chief executive officer, Virbac group

OUR VISION



Our purpose

Advancing the health of animals with those who take care of them every day, so that we can all live better together.

OUR STRATEGIC AREAS OF FOCUS

Choosing sustainability

(focus on societal issues for a better balance between economic growth and consideration for people and the environment)

Providing for the well-being of our employees

(high EHS standards, transparent governance, working environment, remote working agreement, distribution of created value through rewards and bonuses)

Accelerating development abroad

(United States, China, Brazil, India, innovative products and services: pharmaceutical specialty products, vaccines, petfood/pet care)

Improving the competitiveness of our industrial production and digitalizing our systems

Key animal health sector issues



Animal welfare



Feeding the planet
(food security & food safety)



Digitalization and Big Data



Consolidation



Regulations



Quality



One Health



Diversification

OUR VALUE CREATION MODEL

CREATE



Sustainable innovation based on technological advances and listening to caregivers



R&D CENTER AT 9 SITES

- France
- United States
- Australia
- Mexico
- Vietnam
- Taiwan
- Chile
- Uruguay
- China



4 SPECIALIZED SEGMENTS

- Companion animals
- Ruminants
- Aquaculture
- Swine



PARTNERSHIPS

Universities
Laboratories
Biotech



RDL INVESTMENT

Approx. **7.4%** of sales revenue
Before deducting the research tax credit

MAKE



Production facilities that meet the highest international quality standards



PLANTS IN 10 COUNTRIES

100% GMP-certified sites



RAW MATERIALS + PACKAGING

670 suppliers
100 M€ in purchases



SUBCONTRACTED PROCESSING

96 subcontractors
84 M€ in purchases



PURCHASES OF FINISHED GOODS

50 suppliers
51 M€ in purchases

5,100 EMPLOYEES
in 38 countries



SELL



A personalized relationship with veterinarians, farmers, and owners in each country



ANIMALS

59% companion animals



41% food producing animals



CUSTOMERS

Users

- Veterinarians
- Farmers
- Integrators
- Owners



Intermediaries

- Purchasing groups
- Distributors
- Wholesalers



DISTRIBUTION CENTERS

Internal

In countries with industrial facilities



External

Around the world

9,000 REFERENCES

Vaccines, antibiotics, parasiticides, anti-inflammatory drugs, dermatology, dental, specialties, diagnosis, nutrition

OUR ACCOMPLISHMENTS



HUMAN

81% of employees trained

86% of employees proud to say they work at Virbac



FINANCIAL

+18.4% organic growth at constant rates

Ebita +2.3 pts at constant rates

10.4 M€ debt relief



INTELLECTUAL

Animal health awards



INDUSTRIAL

Virbac plants helped generate 63.3% of Group revenue



SOCIAL AND SOCIETAL

Regionalized R&D
Virbac Foundation projects

OUR VALUE SHARING

1,064 M€

2021 REVENUE



EMPLOYEES

Remuneration
217.3 M€



STOCKHOLDERS

49.7% founder's family
50.3% other

Share price performance in 2021: +77.2%



ABILITY TO FUND FUTURE GROWTH

Operating cash flow
210 M€



BANKS/DEBT

Interest on debt
3.6 M€



SUPPLIERS

390 M€ in purchases
Group-wide



CSR at Virbac

GOVERNANCE AND ORGANIZATION

At Virbac, we feel that Corporate social responsibility (CSR) must be managed jointly by the departments that deal with the various economic, environmental and social issues. In conjunction with the Communications department, the Innovation, EHS, Financial Affairs, Legal and Human Resources departments are responsible for managing these topics and reporting on them to the general management of the Group.

Because sustainable development has been close to our hearts for many years, we also set up an internal working group more than ten years ago, headed by the CEO of Virbac. All the company's departments are represented in this task force: Human Resources, Finance, Marketing, Risk, Security, Regulatory, Sourcing, Legal, Communications, *etc.* Since 2020, this working group has focused on the accuracy of quantified commitments reflecting the company's CSR ambitions.

In terms of data collection, we rely on an optimized production process, thanks in particular to the formalization of the indicators and their scope within a dedicated reference system deployed in the major subsidiaries of the Group. This optimization also applies to the organization and training of a network of local correspondents specifically assigned to the major areas of sustainable development: environmental, social and economic.

A CORPORATE RESPONSIBILITY POLICY BASED ON A STRONG ETHICAL COMMITMENT

Our Group promotes strong values that are widely communicated at all our sites and are re-emphasized at every major event in the life of the company. In particular, they are explained during a presentation systematically given by one of the Group's managers to all newcomers. Entitled "Virbac culture," it presents the company's values as well as our purpose and the key strategic principles implemented across the Group's various entities.

At the same time, and for several years now, we have been running several legal compliance programs to ensure proper compliance throughout the Group with internationally recognized standards for corruption risk prevention and the processing of personal data.

In 2015, we drafted a code of conduct in sixteen languages. Issued to all Group employees, this code of conduct, about 30 pages in length, describes the standards and rules to be adhered to in the main areas related to the life of the company, grouped under four main themes: conducting business, protection of assets, business and private life, and corporate social responsibility. At the end of 2021, we began updating this code of conduct to make it more informative and understandable, enabling teams to take greater ownership of it. Designed to be adopted as a guide by all Group employees, it will be deployed in 2022.

Our management's commitment to the implementation of legal compliance programs was reflected in the creation of a position for a Group Legal Compliance director, who assumed her role in March 2021. This new position provides us with a resource entirely dedicated to the implementation and monitoring of legal compliance programs (mainly anti-corruption programs and compliance with the European General data protection regulation), thus strengthening the efforts undertaken for several years, without a prioritization conflict with our other objectives. The commitment of senior management also translates into continued support for the Legal Compliance division. The actions of the Group Legal Compliance director are also supported by all our legal or financial teams, particularly in subsidiaries abroad.

The first actions carried out by this new function in 2021 focused on the completion of an Internet alert collection portal for the collection and confidential processing of alerts that can be issued anonymously. Alerts are handled by designated contacts mentioned in the alert procedure, namely the Group Legal Compliance director, the Group general counsel, and the director of Human Resources, who may be accompanied by a committee formed based on the subject of the alert.

Within this framework, those responsible for receiving the alerts as well as the managers who may be required to handle them have been trained. To increase accessibility to employees, video tutorials, a presentation and the alert processing procedure are available on the Group intranet in a dedicated section in multiple (seven) languages. In 2021, we received five alerts. Two of them were classified as needing no further action, given the lack of information from the whistle-blower and a lack of response to requests for additional information. One alert was outside the scope of the system. Two alerts were investigated, one of which led to corrective measures. In addition, audits were initiated at several subsidiaries.

Prevention of corruption and influence-peddling

Beginning in 2016, we formalized specific challenges of the fight against corruption. Over the course of that year, we deployed a Group anti-corruption policy, now available in ten languages. Members of

the Group executive committee, members of the France management committee, the directors of the subsidiaries and their executive board signed a document formalizing their commitment to comply with this policy. Our new employees of the Group's subsidiaries must also undertake to comply strictly with this anti-corruption policy through their employment contract, which expressly refers to it.

In order to comply with the requirements of the Sapin II law of December 9, 2016, we approved an action plan to implement a corruption risk prevention program.

In 2021, the main actions undertaken concerned:

- a complete review of our corruption and influence peddling risk mapping, by Group company and by process, that will be deployed in 2022, starting with the entities identified as the most at-risk in the first mapping carried out in 2018. The results of this mapping will be validated by the Group executive committee under the supervision of the audit committee;
- continued training of employees on corruption issues in video conference format (152 Group senior executives trained during the year);
- updating procedures following the analysis of a specialized external consultant carried out in 2019 to assess non-compliant situations, remedy them and strengthen certain control points.

The control system that we implemented in 2019 for the partners most at-risk, involving legal teams worldwide, was reviewed in 2021, and improvements are planned based on the results of the risk mapping.



Respect for human rights

We are sensitive to the risks associated with non-compliance with human rights and in particular with regard to modern slavery, child labor and other related topics. We are vigilant about the application of the provisions of international conventions on this subject and are in compliance with local regulations on these subjects in all countries where special prevention measures apply to our business. The regulatory framework in which Virbac operates at the global level (Good laboratory practices, Good clinical or manufacturing practices) and that, under the control of agencies, precisely sets the guidelines for the skills and training of the staff involved in our activities, seems to us to be conducive to very broadly preventing the use of illegal work, such as child labor or modern slavery.

International sanctions

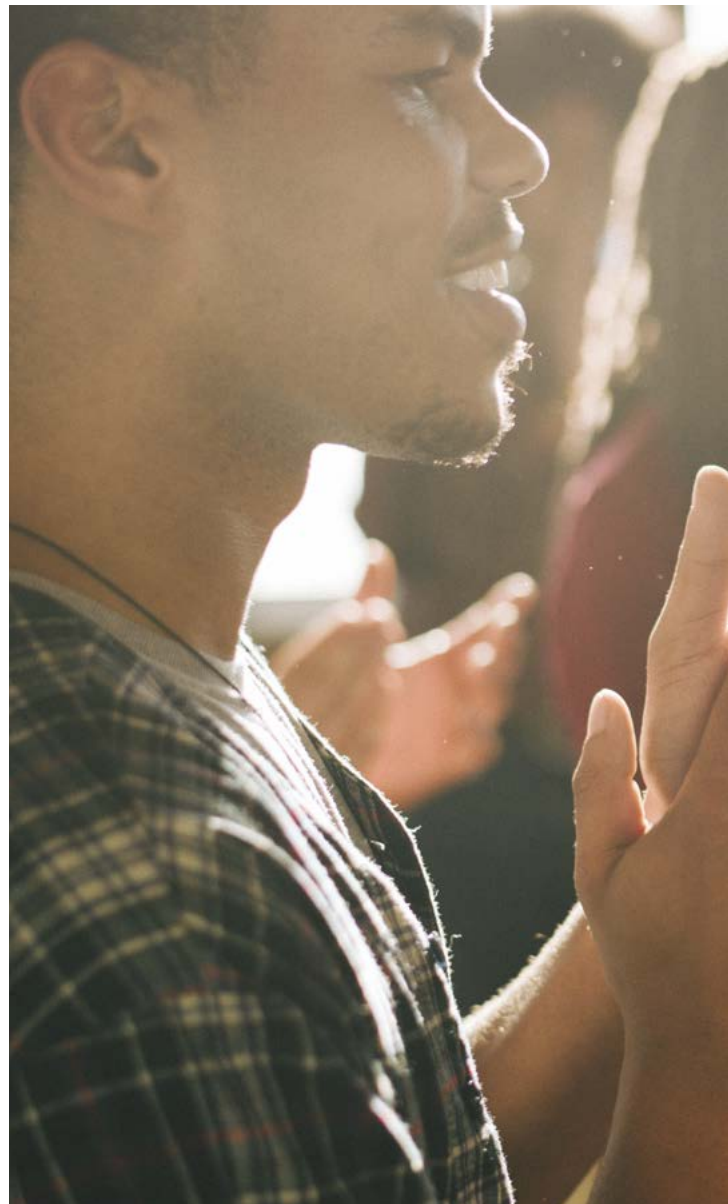
Proper compliance with international sanction systems concerns us greatly, and we are mindful when providing our products, which are essential for animal health and the protection of populations against zoonoses, in countries subject to sanctions when authorized. This is why we have worked with a consultant to implement the processes and procedures necessary to ensure proper compliance with the sanction procedures.

Protection of personal data

We have also initiated an action plan to bring our personal data processing into compliance with the European regulation n°2016/679, known as GDPR (General data protection regulation).

In this context and on the basis of the risk mapping carried out in 2018, we continued the actions that had been started to meet the obligations in this area, and in 2021:

- we deployed new training initiatives for employees likely to be involved in the processing of personal data as well as data champions in the subsidiaries;
- we continued to upgrade our main processing activities by working on the provision of information to data subjects, particularly employees, in addition to working on personal data policies and the strengthening of data security;
- we also integrated a privacy by design approach on the proper compliance of new processing resulting from our digitalization plan and from the implementation of merchant sites intended for non-professionals in certain countries;
- we deployed the personal data management tool at all entities in Europe, in particular by incorporating for each entity the register of processing activities for their data as well as the main procedures and workflows for the implementation of new processing activities. It will also be made available



to subsidiaries outside Europe with legislation inspired by the GDPR.

The Group executive committee is regularly informed of the progress of these various compliance programs. A complete review of the objectives and progress of these compliance programs will be carried out before the audit committee in 2022.

Responsible tax policy

We apply the laws and regulations in force in the countries where we operate. We file the required tax returns on time with the various tax authorities, and the amount due is paid.

We created the position of tax compliance officer in early 2019 to ensure that all entities comply with their tax obligations and that the tax due in each of the subsidiaries is properly accounted for. This position relies on local financial directors, regional financial



Integration of corporate responsibility issues into stakeholder relationships

Innovating, producing and marketing responsibly cannot be done consistently without our entire ecosystem being associated with it through regular dialogue: customers, employees, suppliers, scientists, local residents, representatives of public authorities and non-governmental organizations.

The stakeholders with whom we are actively involved are identified by factors such as:

- their contribution to a better definition of needs within the Group's areas of activity;
- their alignment with the company's strategy and their added value;
- their expertise in the field;
- staff involvement in the company's operations;
- their perception of the Group's activities and products.

controllers and, in some countries, on tax consulting firms, and prepares a report for the audit committee.

In the area of transfer pricing, we apply OECD principles and the regulations in force in the countries of residence to our intra-group operations and aim for appropriate remuneration for all Group entities. Virbac's transfer pricing policy is documented and made available to the various tax authorities.

We undertake to maintain transparent and constructive relations with tax or governmental authorities by submitting our country-by-country reporting to the French authorities on an annual basis. Our tax strategy, which is based on the reality of our operations, is aligned with our values, which preclude tax evasion. Income taxes are treated in accordance with international accounting rules in the consolidated financial statements and are commented on in the notes to the consolidated accounts.

Stakeholders	Approach and frequency of dialogue
Veterinarians Farmers Animal owners Distributors	Continuous product information via advertising Continuous information on specific animal diseases Continuous support programs for veterinarians and farmers Technical call centers in France, United States, etc. Conferences, specialized trade shows, scientific conferences Permanent websites Market research Social media platforms
Financial community Investors Analysts SRI Funds	Meetings between analysts and investors Annual shareholders' meeting Website including all regulatory information Multi-platform financial bulletins
Suppliers Partners	Regular monitoring of the Group's main suppliers (annual meetings) Audit plan for the Group's main suppliers Formal exchanges with each call for tender and for main suppliers about financial, environmental, ethical and quality criteria
Public authorities Regulatory authorities Associations of animal health professionals	Regular communication with regulators and decision-makers on critical issues that affect the pharmaceutical industry, the scientific community and Virbac customers Participation in industry-specific working groups
Civil society Non-governmental organizations Journalists	Multiple contact options via the Group's website Transparency of and accessibility to the Group's official reports Local contributions to NGO initiatives
Scientific community Research partners Opinion leaders Universities/veterinary schools Veterinarians	Establishment of research partnerships Contribution to scientific education programs Organization of technical symposia
Employees Applicants	Intranet, presentations and internal display networks Loyalty programs for employees and newcomers Plenary meetings or web conferences for managers and employees Internal opinion survey and global feedback Recruitment websites, professional forums and corporate culture on the Internet Partnership with schools and universities Social media platforms

The relationship with our suppliers is part of this continuity, with regular exchanges, favoring proximity with local suppliers. Our policies and tools make it possible to ensure responsible purchasing practices consistent with the Group's guiding principles: supplier charter, assessment questionnaires integrating CSR criteria, targeted audits, follow-up on indicators related to CSR themes, etc.

For every invitation to tender and for the main suppliers, we administer a questionnaire evaluating their compliance with the environmental and social standards in force. Since 2015, new framework contracts have

included a provision requiring compliance with these standards. In 2021, our assessment process carried out with new suppliers did not identify any risks in the area. If we were to identify a non-compliant supplier, we would require it to comply or risk terminating its contract. We also selected a platform that allows for a more refined management of suppliers (including the automatic integration of questionnaires and collection of their certifications) that will be gradually deployed starting in 2022.

MAIN CSR RISKS AND OPPORTUNITIES

We carried out a materiality analysis with a third-party expert in order to assess the priority sustainable development issues: social and environmental consequences of the activity, the effects of the activity on respect for human rights, the fight against corruption and tax evasion. This matrix was updated in 2018, reassessing the key issues and their weighting.

This approach is based on an analysis of credible internal and external sources:

- conducting interviews with industry experts for reflection on key CSR challenges;
- sharing of information about surveys and internal and external communication media;
- review of sectoral documentation;
- media analysis, etc.

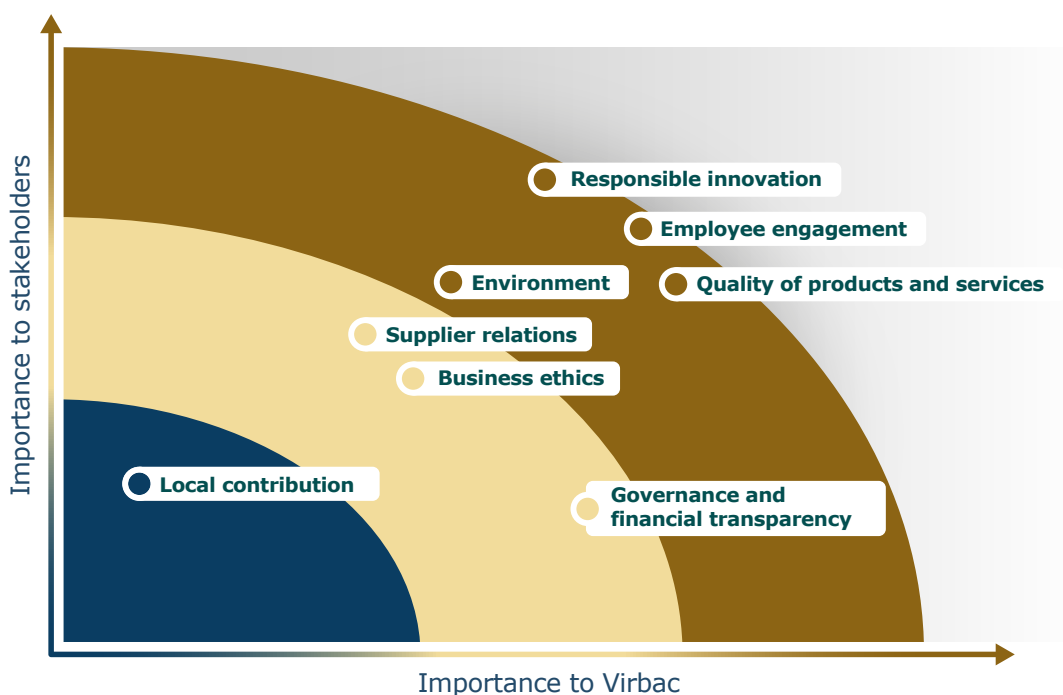
We summarized the results, at the cross-section of internal (impact of issues on the business) and external (importance of stakeholder expectations), and shared them with the Group's general manager for validation. The firm specializing in extra-financial reporting that supported us throughout the process ensured the independence and objectivity of the approach.

We are developing the most material themes below through the Group's four main commitments. We have also reviewed the statement of non-financial performance themes that are not applicable to our activity, particularly actions to combat food waste and food insecurity, as well as responsible, fair and sustainable food compliance.

OUR COMMITMENTS FOR THE FUTURE

- Innovating responsibly
- Strengthening employee commitment
- Ensuring the quality of products and services
- Protecting the environment

Virbac's matrix of materiality
Main issues



Our main CSR risks and opportunities are defined in the table below.

Priority risks and opportunities	Definition
Innovating responsibly	
Development of innovative products and services	The veterinary pharmaceutical industry is very competitive. Each year, in order to respond to market developments and needs, maintain our market share and ensure our development, we devote significant resources to research and development.
Animal ethics and welfare	In a rapidly changing environment, we owe it to ourselves to provide an innovative and safe range of products and services, developed and produced with respect for animal welfare.
Strengthening employee engagement	
Attracting and retaining talent	<p>In France, the key skills sought for core functions (Industry, Quality Assurance, Research & Development) are in high demand throughout the human and veterinary pharmaceutical industries.</p> <p>In addition to this competition among employers, the geographic location of the head office can represent a limitation to hiring, given the limited pool for spousal employment, coupled with the high cost of living in the region, particularly for real estate. At the same time, in emerging countries, the job market is very dynamic, but the size and reputation of Virbac do not always attract the best talent.</p>
Health and safety at work	Given the industrial nature of research and development and commercialization of our activity, the possibility of a workplace accident (conventional or related to the risk of contamination by products) cannot be ruled out.
Diversity	Increasing diversity is a way to demonstrate the Group's ability to incorporate differences. We have always considered the contribution of the various generations and cultures of the countries in which we operate to be a real treasure. These qualities must be demonstrated in the organization and in all relationships with stakeholders.
Ensuring the quality of products and services	
Proactive approach right first time	Through our Group quality policy, we are committed to implementing a proactive approach based on doing it right the first time in order to guarantee users safe and effective products.
Controls during the product life cycle	As part of the manufacturing control of our products, we have implemented controls before and after the release of products on the markets in order to reduce the risk of defective products.
Protecting the environment	
Sustainable use of resources (energy, water, material)	Our desire is to optimize the resources employed by controlling consumption (energy, material) in manufacturing processes.
Climate change	We place particular importance on measures to mitigate our carbon footprint, thus helping to fight against climate change risks.
Environmental discharges (wastewater and waste)	As part of our veterinary medicine manufacturing business, we use substances that present health, fire and/or explosion, emission and discharge risks during the various phases of development and marketing (R&D, manufacturing, storage and shipping). These risks could, should they materialize, cause damage to persons, property and the environment.

CSR STRATEGY AND FACTS AND FIGURES

Aims		2019	2020	2021	Progress
Innovating responsibly					
Development of innovative products and services					
	Maintain a ratio of biology RDL ¹ expenditures/total RDL > 30%	33.0%	32.8%	31.1%	● ● ○
	Maintain an RDL expenditures/total Group revenue ratio > 7%	8.1%	7.9%	7.4%	● ○ ○
Animal ethics and welfare					
	Reduce the number of animals used for quality control by 50% by 2025	27,917	23,377	20,107	● ● ○
Strengthening employee engagement					
Attracting and retaining talent					
	Achieve a Great Place to Work (Trust Index) satisfaction rate > 70% by 2025	65%	-	73%	● ● ○
Health and safety at work					
	Achieve a workplace accident frequency rate < 5 by 2025	6.96	4.32	4.88	● ● ○
Ensuring the quality of products and services					
Provision of right first time products					
	Limit customer technical complaints to a ratio of less than 5 per million units marketed	5.1	4.4	4.0	● ● ○
Controls during the product life cycle					
	Limit the number of batch recalls to a ratio < 1 per 1,000 batches marketed	0.71‰	0.38‰	0.48‰	● ● ●
Protecting the environment					
Sustainable use of resources					
	Reduce energy consumption (gas and electricity) by 5% by 2025 (MWh)	79,691	78 499	75,169	● ● ●
Climate change					
	Reduce greenhouse gas emissions scope 1 & 2 by 10% by 2025 (CO ₂ equivalent metric tons)	22,200	21 007	20,814	● ● ●
Discharges into the environment					
	Reduce by 5% the amount of COD (chemical oxygen demand) generated by 2025 (metric tons)	93	81	113	● ○ ○
	Reduce the volume of ordinary and hazardous industrial waste by 5% by 2025 (metric tons)	4,869	5,005	4,798	● ● ○

¹vaccines, immunological and biopharmaceutical products

Methodological note

The year 2018 serves as a reference year to assess the achievement of the quantified objectives as reflected in the facts and figures above. Some indicators may fluctuate depending on the activity; they are detailed in the following pages, if necessary. [This report has been prepared in accordance with the GRI \(Global reporting initiative\) Standards: Core option.](#) These standards have been adopted since 2011. For animals used in quality control, the 2018 base is 36,361. The scope of the workforce for 2021 covers sixteen countries and represents 4,291 employees, or 84% of the total staff. The scope of the principal environmental indicators covers all the production sites, representing 55% of the Group's revenue in 2021: South Africa, Australia, United States, France, Mexico, New Zealand, Uruguay and Vietnam (excluding Chile, for which the acquisition of 100% of the shares did not occur until the end of 2021). RDL: Research & Development + Licensing.



Innovating responsibly

For many years, we have sought to provide an innovative and safe range of products and services, developed and produced with respect for animal welfare. Our customers, veterinarians, farmers and animal owners around the world, are becoming increasingly mindful of their impact on the environment and human health. As a responsible company, we have naturally oriented our business accordingly.

Furthermore, we focus our research on increasingly innovative and distinguished health solutions that address a variety of diseases and production needs, based on the peculiarities of the individual geographic areas in which they appear. Every day, we are committed to the best way to achieve this, while remaining faithful to the quality requirements of health.

DEVELOPMENT OF INNOVATIVE PRODUCTS AND SERVICES

The field of the veterinary pharmaceutical industry is highly competitive, and every year, in order to meet market changes and needs, maintain our market share and ensure our development, we devote significant resources to research and development. We place particular importance on the search for continuous improvement in the innovative solutions proposed and in the way they are developed.

OUR KEY OBJECTIVES

- **Develop alternatives to antibiotics.**
- **Develop modern alternatives to traditional treatments.**
- **Use new environmentally friendly technologies to develop and update our products.**

GOVERNANCE

Our organization in charge of innovation is structured in research centers spread across all continents and which work in a network of key skills to generate greater synergies and creativity. This close proximity

with our customers and their needs in the different global markets allows us to have a range of relevant and adapted products and services.

OUR POLICIES AND ACTION PLANS

Develop alternatives to antibiotics

The development of prevention, particularly by vaccination, is one of the ways to reduce the use of antibiotics in animal production. Our recent investments in our centers for the research, development and production of vaccines intended for production animals in France, Australia, Chile, Uruguay and Taiwan reflect this ambition to strengthen the Group's development in this area. We have also engaged several partnership programs with public research institutes and private companies to advance together in the development of innovative products (immunostimulants, micronutrition, biocides), some of which may replace antibiotics or help reduce their use. New medicines that will help the veterinary profession advance toward its goal of changing its practices are also being developed.

Develop modern alternatives to traditional treatments

We remain very attentive to healthy ecosystems and to environmental protection. Our goal is to develop alternatives to certain traditional therapies. As part of our responsible innovation process, we have taken a new step forward thanks to the discovery of a new treatment that represents a real alternative to surgical castration in dogs, through hormonal regulation that neutralizes the reproductive capacity of the animal for six months or a year. The animal's well-being is preserved here. Any irreversible surgical procedure is currently unnecessary, in the interests of the animal and its owner.

Use new environmentally friendly technologies to develop and update our products

For the development of new products, all Virbac R&D sites worldwide in charge of analyses now use more efficient chromatography and extraction technologies. This approach helps reduce:

- the number of tests necessary for the development of the methods (-50%);
- the amount of organic solvents or materials (between -50 and -90%);
- as well as the energy consumption of the analysis devices (-50%).

The same approach is used with the same benefits throughout the product life cycle, including during regulatory updates of existing products. Beyond the methodologies, whenever a toxic solvent can be substituted with an alternative solvent, it is proactively replaced by an equivalent that is more environmentally friendly.

OUR RESULTS

Performance indicators	2019	2020	2021
% of RDL biology¹ expenditures/total	33.0%	32.8%	31.1%
% of RDL expenditures/Group revenue	8.1%	7.9%	7.4%

¹ vaccines, immunological and biopharmaceutical products

In 2021, the exceptional revenue performance has a downward impact on RDL expenditure ratios, even though the absolute growth of these expenditures between 2020 and 2021 is more than 8% (excluding the impact of the research tax credit).

ANIMAL ETHICS AND WELFARE

Virbac stakeholders (customers, veterinarians, farmers, employees, *etc.*) are increasingly mindful of the impact of our products on the entire value chain. This is why we conduct our innovation approach and our operations in a strong ethical framework, promoting as much as possible *in vitro* testing and associating our various partners and stakeholders: suppliers, supervisory authorities, professional associations, *etc.*

STUDIES ON ANIMALS

For the evaluation of our products in development or before marketing, our first approach is always to use methods that do not involve animals: bibliographical research, *in vitro* studies, computer modeling, *etc.* In some cases, when no recognized or adapted alternative method is possible, then animal studies of a necessary nature are conducted in accordance with applicable pharmaceutical rules and regulations.

These animal studies deal with

- animal protection: verification of the product's safety (non-toxicity, no impact on reproduction, non-carcinogenic, *etc.*) and its efficacy in treating or protecting the target animal;
- human protection: verification of safety for the product user and the absence of residues in species consumed (meat, milk, eggs);
- environmental protection: verification of the absence of toxicity for organisms other than the target species that may come in contact with the product.

Preclinical and clinical studies

- Pre-clinical studies (studies carried out in animal units under standardized and controlled conditions) are governed by regulations that affect every dimension of animal studies: approval of the institutions where the studies are carried out, staff training and qualifications, the provenance of the animals and their traceability, prior ethical evaluation of studies and their follow-up, controls by the authorities, ethics committees, and audits carried out by Virbac teams. These studies make it possible to verify the efficacy and safety of products under strict conditions;
- then clinical studies (conducted on owner or farm animals) are intended to confirm the efficacy and safety of the products under field conditions and are subject to a regulatory submission or prior trial authorization (depending on the country) and are conducted under the responsibility of veterinarians.

In the Group's animal units, the different categories of animals were distributed as follows in 2021: rodents 94.8%, rabbits 4.1%, food producing animals 0.5%, domestic carnivores 0.6%.

OUR KEY OBJECTIVES

Reduce the number of animals in R&D studies and quality controls, by eliminating studies or replacing them with alternative methods. Specifically, Virbac is committed to reducing, by 2025, the number of animals used for quality controls by 18,000 compared to 2018, *i.e.*, a 50% reduction.

GOVERNANCE

General management defines the strategic areas of focus regarding resources for conducting animal studies and the development of alternative methods. These areas are broken down by animal ethics corporate management in the form of policies, action

plans and control processes; animal ethics corporate management is also charged with promoting and observing animal ethics and welfare within the Group and by its partners.

OUR POLICIES AND ACTION PLANS

A code of ethics and policies to regulate animal studies

The Group has developed a code of ethics relating to animal studies, which includes ten points and applies to all employees of the Group and its subcontractors. Furthermore, the Group has two policies governing animal studies: Animal ethics committee and Animal welfare.

- The Animal ethics committee policy defines the scope, roles and responsibilities, organization, ethical rules and the functioning of Virbac's ethics committees.
- The Animal welfare policy defines staff roles and responsibilities with regard to animal welfare. Based on the principle of the 3Rs (Replace, Reduce, Refine animal studies) and the Virbac code of animal care, it describes the standards to be applied to animals, studies and animal units within the Group. These standards are also required from the Group's partners for any animal studies.

Control process

- Ethics committees are set up in all areas where animal studies can be conducted. They are all governed by the same ethical principles (independence, impartiality, absence of conflict of interest) and operational principles (imposed membership categories, ethical evaluation of

studies, deliberation, vote, etc.). They review 100% of studies, which can only be conducted after obtaining their approval.

- Ethics audits are carried out, both in the Group's animal units and at its external partners in order to qualify them. With regard to outsourced studies, the Group imposes the same level of requirement on its partners: CROs (contract research organizations), universities, etc. These requirements include the establishment of ethics committees within them, the deployment of strict procedures for the monitoring of their studies and respect for animal welfare and regulations.

Key actions implemented

- The 3Rs rule, now recognized as the international standard for animal studies, is our guiding principle for the design and execution of studies in our laboratories as well as those of our partners, but also for the development of alternative methods and their promotion with regulatory agencies around the world. For example, when possible, carrying out in vitro tests in lieu of in vivo tests, or by capitalizing on reproducible tests, on bibliographic research or computer modeling.
- Various initiatives (negotiations with regulatory agencies to eliminate routine tests, production of dedicated batches for countries that do not require animal tests, replacement with in vitro methods,



etc.) continue to bear fruit. They have enabled us to reduce the number of domestic carnivores used to release vaccine batches by 88%, and to commit to the objective of reducing the use of animals in quality control by 50%.

- In this context, Virbac Australia announced at the end of 2020 the release of its first vaccine batches using in vitro activity tests. After several years of development, this constitutes the first step towards the total elimination of quality control tests on rodents, saving 8,000 animals per year in this territory. To achieve this result, Virbac Australia's initiative led to the first regulatory acceptance of an in vitro release test by the Australian veterinary medicine authorities. This process began to bear

fruit in 2021 with a 46% decrease in rodents used in Quality Control in the Group's Australian subsidiary.

- In France, abandoning the leptospirosis vaccine release test in favor of a totally in vitro test has reduced the number of hamsters used by 75% since 2018, with animal testing being maintained at the request of the regulatory authorities of certain countries outside Europe.

In France, the post-study animal adoption program, implemented in 2013 in collaboration with the main French association dedicated to the adoption of laboratory animals, has also been expanded with an employee adoption procedure, and helps maintain our goal of guaranteeing a foster family for 100% of adoptable dogs and cats.

Adoption	2013	2014	2015	2016	2017	2018	2019	2020	2021	Overall total
Dogs	135	183	56	68	50	83	66	54	44	739
Cats	62	45	1	19	7	6	12	65	18	235
Total	197	228	57	87	57	89	78	119	62	974

OUR RESULTS

Performance indicators	2019	2020	2021
Number of animals used for R&D studies	6,664	6,148	5,772
Number of animals used for quality controls	27,917	23,377	20,107







Strengthening employee engagement

Our success is inseparable from the commitment of our employees, commitment that is explained by the place given to women and men who are at the heart of Virbac and its major decisions. Every day, we are committed to evolving our modes of operation and meeting the ongoing challenges of globalization, changing markets and new technologies, while adhering to our values of proximity with each of our customers.

In such an environment, the issue of human capital is fully in line with that of the company, our ambition being to support in the development of organizations and professions, as well as the specific needs of the teams, by building a strong partnership with managers and all employees.

GROUP GOVERNANCE AND HR POLICY

Virbac's policy as it pertains to this issue of human capital is based on three complementary tenets:

- training, skills development, performance compensation;
- well-being in the workplace and recognition;
- mobility and diversity aspects that provide a valuable resource for the Group.

We pay attention to our employees' opinions, and use them as a source of inspiration in defining our policies and the areas of improvement to target so as to unite employees around strong values, thus increasing the commitment and motivation of all. All employees regularly participate in a satisfaction survey that allows them to confidentially express their expectations on a very broad range of topics, many of which involve the CSR human capital issue.

In 2021, we conducted a new global internal opinion survey in partnership with Great Place to Work (same approach as in 2018 in the previous edition). Maintaining an identical method allows us to measure the changes in each of the areas. Over 91% of Group employees participated in this online internal opinion survey for all teams worldwide (nearly 83% participation rate in France).

In terms of overall results, we are seeing very good Group level growth of our two main indicators compared to 2018:

- +9 points on the Trust Index (73% in 2021). This score is the average of the positive response rates for all the questions asked in the survey;
- +7 points on the overall perception of the company (75% in 2021). This percentage corresponds to the question "Overall, I can say that Virbac is really a great place to work."

In France, these two indicators improved by eight points each to achieve an identical score of 57% in 2021. In detail, all the dimensions of the Great Place to Work model increased on the Group level, and our service provider has noted the exceptional nature of these increases between two surveys. In 2021, eight of the eligible countries with more than 50 employees (Mexico, Colombia, Uruguay, Brazil, United Kingdom, Germany, India and Vietnam) also applied for Great Place to Work certification.

In this last edition, we also included additional questions relating to the understanding of the extraordinary health situation we have been experiencing since 2020. The result: employees had a very good impression of all the measures taken within our company to ensure their safety in their work environment as much as possible.

The in-depth analysis of all the results has highlighted our strengths and guided us in defining our areas for improvement and developing our practices. In 2022, we will once again ask employees to work together to design a concrete action plan in conjunction with the selected areas of improvement and establish a deployment schedule. Thanks to this participatory methodology, we will define new specific actions. By combining them with those already implemented since the previous opinion survey, we provide follow up on every action introduced.

As part of our continuous improvement approach, we are committed to bringing about positive change within our company's shared work environment.

ATTRACTING AND RETAINING TALENT

The employment market has continued to evolve in recent years and is increasingly under tension. The qualified applicants we seek, whose skills are essential in the veterinary pharmaceutical industry, are becoming scarce and are not always available. To remedy this shortage, we offer development pathways spread over several years. The goal: to enable our new recruits and employees who have already joined us to improve their qualifications. We have also adapted our recruitment strategy by identifying new search sources that complement more conventional methods such as sites dedicated to job offers or recruitment firms.

The actions we have implemented help to improve the visibility of our job offers and promote the many employment opportunities our company offers. The development of digital communication methods and the increase in the number of devices available (smartphones, tablets, computers, *etc.*) have enabled us to expand our field of investigation. Social media is an excellent way for us to deliver postings around the world and to directly reap their benefits.

OUR KEY OBJECTIVES

- **Promoting employee commitment and loyalty.**
- **Continuing training actions aimed at improving skills and employability.**

OUR POLICIES AND ACTION PLANS

Recruitment policy

We recruit in all countries and for all jobs in order to support our growth. In order to ensure the consistency and relevance of such recruitment, for several years, we have been developing digital tools to allow for better visibility of available professional opportunities. In 2021, the Workday recruitment module was deployed in all our subsidiaries with the objective of harmonizing our Group processes in this area. All countries can publish their job offers via Workday on our internal and external career site at the same time in order to increase our visibility and develop our employer image.

This tool also allows us to manage the multicasting of our postings on different job boards (LinkedIn and other more local job sites) with a single entry point. Workday provides transparency on the recruitment process for managers (number of applications received, follow-up of candidates for interviews, etc.) and allows recruiters to manage applications directly in this system. All applications received are centralized and shared with our managers, and responses to candidates are also sent directly from this platform. The recruitment module also allows us to meet GDPR regulation requirements with regard to data retention.

Recruitment remains a very local activity linked to lines of business and cultural specificities. For this reason, the search for target profiles is managed mainly by the subsidiaries' teams in order to adapt to the context of each country and to attract talent more effectively. One of the approaches shared within our company throughout the world is the involvement of employees in the recruitment of new colleagues. To strengthen this practice, we have developed co-optation programs that aim to reward employees for their contribution in identifying profiles that may meet our needs.

Skills development policy

In this ever changing world, one of our key success factors is our agility, particularly our ability to learn and the speed at which we do so. The development of all is crucial to supporting our performance. This is why we offer training and courses on topics directly related to our issues: techniques, business know-how, development of behavioral and cross-functional skills, etc. Digital learning allows us to enrich our offer, thanks to content diversity and accessibility.

For example, training expenditures in France this year were 2.45% of payroll, or an investment of €1,780,337. In 2021, we also launched a program entitled Leaders in action, intended for the development of all managers in France. In this program we test new learning methods, including serious games, providing skills development through using simulators and video games.

Developing employees also means offering more career opportunities and thus encouraging internal mobility.

Performance evaluation and recognition

At Virbac, our managerial processes are developed to provide each employee with support throughout the year. These processes include several components, such as individual goal setting and performance evaluation. Manager and employee spend quality time together to set expectations and then evaluate performance.

Everyone has a key role in these processes:

- the employee is involved in these exchanges (proposal and drafting of his/her objectives, self-assessment of his/her performance and skills, formalization of feedback to his/her manager, etc.);
- the manager shares factual elements to support the evaluation, support development and provide visibility over the coming year, in conjunction with the company's objectives.

Within the annual performance committee, our executive board also shares the assessments, remuneration and professional development scenarios of key individuals in the Group. In France, for example, during the 2021 fiscal year, 100% of employees were compensated at a level above that of the legal minimum wage. The policy for base salaries is set at +5% above the minimum for the professional branch for all categories of staff. Our policy follows a rationale of competitiveness vis-a-vis the life sciences market and is generally at the median of this market.

In addition to the financial elements related to individual performance compensation, we continue to pay close attention to collective performance compensation plans. For this reason, several mechanisms are already in place, such as a triennial incentive agreement entered into in 2020, and a profit-sharing agreement signed in 2008. The amounts from these agreements or voluntary payments may be invested in mutual funds, in the employee savings plan or in the *Perco* [Plan d'épargne pour la retraite collectif (Group retirement savings plan)]. Since 2016, leave days that have not been taken may also be paid into the *Perco*, up to a limit of ten days per year.

OUR RESULTS

Performance indicators	2019	2020	2021
Absenteeism	2.65% ¹	2.83% ²	3.09%
Employee turnover rate	13.91%	10.10%	11.2%
Great Place to Work Trust Index	65%	-	73%
Number of employees present on 12/31 who have taken at least one training session/total staff on 12/31	78%	85%	81%

¹the value of the 2019 absenteeism rate was adjusted following corrections to the United States data

²the value of the 2020 absenteeism rate includes the partial unemployment days completed

The increase in the 2021 absenteeism rate is largely related to the Covid-19 crisis in all the countries in which we operate.

HEALTH AND SAFETY AT WORK

Over the years, this priority area for the Group has become ingrained in the corporate culture. Our priority actions, which are borne by EHS management, are to ensure that industrial equipment and the risks associated with the use of chemicals comply with local regulations.

As in 2020, our absolute priority this year was to best protect the teams in the face of the Covid-19 crisis. The dedicated committee continued to coordinate all positions and maintain contact with all subsidiaries to monitor the situation as it evolved, and to quickly and effectively make the best decisions (Covid-19 unit reachable 24 hours a day, 7 days a week).



OUR KEY OBJECTIVES

To increase the safety of employees in the workplace by implementing action plans, for instance, for better protection against potentially hazardous materials, improved ergonomics and psychosocial hazard management, which aim to reduce the number of workplace accidents and achieve a frequency rate of less than five.

GOVERNANCE

Created in 2015, Corporate EHS management has put in place a rigorous policy to identify and assess safety risks and to develop means of prevention and methods of monitoring their effectiveness. We have defined severity and frequency criteria to better target the actions to be implemented to reduce the number of accidents and to integrate human and organizational

factors in the in-depth analysis of these events. The objective is to avoid any recurrence of accidents and to develop a safety culture for all our company staff, external company staff and temporary workers.

OUR ACTION PLANS

Safety culture

In 2021, we implemented numerous communication initiatives in France, including our participation for the first time in the European Safety and Health at Work Days. More than 800 employees participated in these two days at all sites in France through four distinct activities: an escape game, a quiz, treasure hunts and a safety wall. We have also deployed two e-learning modules on the topic for all Virbac organizations in France.

In all countries, we ensure that we implement numerous measures concerning the health and safety of our employees. Multi-year action plans on production machine compliance are thus in place at all major industrial sites: Australia, United States, Mexico and France. Chemical risk management is also taken into account, starting with product design, first on the choice of components but also on the number and type of analyses that must be performed at the different steps in the process.

Management of psychosocial risks

With regard to psychosocial hazards, the various departments of our company, with the support of HR teams and defined relays (social partners, workplace physician, etc.), are moving towards a global approach to quality of life at work. In 2021, we implemented various initiatives in addition to the Great Place to Work campaigns, related primarily to working conditions, manager training, and the dissemination of good practices, particularly with regard to workload. These initiatives also allowed us to finalize an internal "living better together" charter, a company-wide agreement on the right to log-off and a teleworking agreement.

OUR RESULTS

Performance indicators	2019	2020	2021
Frequency of work accidents	6.96	4.32	4.88
Severity rate of work accidents	0.19	0.18	0.25

The frequency rate used is based on French regulations and defined as the number of work accidents that resulted in at least one lost working day, divided by the number of hours worked, multiplied by one million.

The severity rate used is based on French regulations and defined as the number of lost days following accidents at work that resulted in at least one lost work day, divided by the number of hours worked, multiplied by one thousand.

After a historic low in 2020, the frequency rate of workplace accidents in our Group increased slightly in 2021 to 4.88 (+12%). This increase is the result of a very sharp decline in the frequency rate at sites in France, which reached 6.16. The severity rate of workplace accidents decreased greatly due to prolonged absences of people who suffered accidents in previous years (nearly 47% days lost).



DIVERSITY

Increasing diversity within Virbac will allow us to demonstrate our ability to integrate differences. Openness and ability to integrate are fundamental elements for innovation, adapting companies and identifying opportunities. These qualities must be demonstrated in both the organization and the outside world.

OUR KEY OBJECTIVES

Encourage equal treatment and diversity of employees.

GOVERNANCE

For Virbac, job equity between women and men is fundamental and requires that no form of discrimination exists or is tolerated, both in terms of access to employment and promotion, as well as in wage policy and other determinants of working conditions.

OUR POLICIES AND ACTION PLANS

Our diversity policy aims to guarantee equal treatment of staff, encourage diversity among people and human relationships and maintain worker employability. It is built around three key areas of focus: gender equality, disability, age mix.

Gender equality

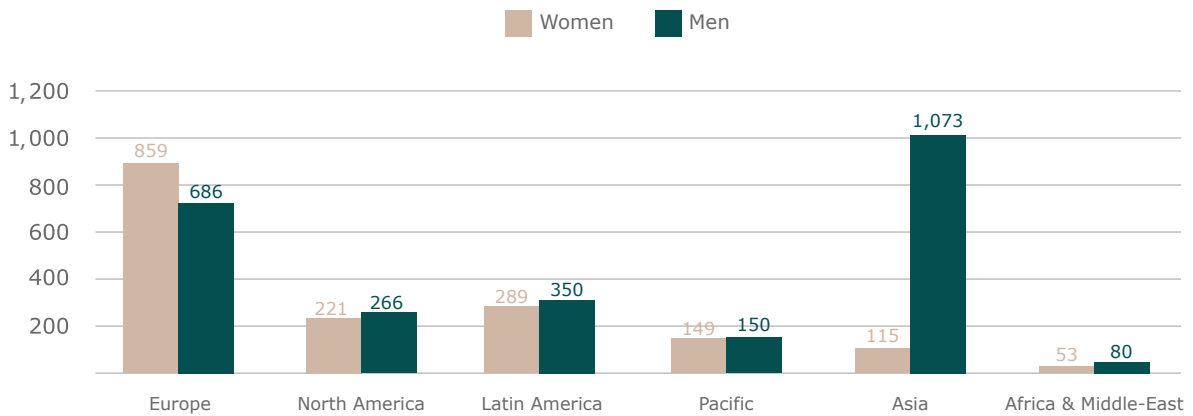
Globally in our Group, Spain, France, Italy, Vietnam and the United States are the countries with the fewest gender pay gaps for all professional categories. The average of the ratios weighted by workforce shows a rate of 96% for leaders (senior executives, executives, directors), 84% for managers, 107% for individual contributors.

When it comes to gender pay equity between men and women, actions are taken to measure gaps, identify causes and take action. In France, for example, we signed a new agreement in 2019 which established the principles of gender equality in career paths (access to vocational training, wage equality between women and men in an equivalent occupation and for the same level of competence and work-life balance). This agreement reaffirms our willingness to analyze and reabsorb any gender pay gaps using a methodology that makes it possible to study them based on the gender equality index calculated by the Ministry of Labor, Employment and Integration (index that amounts to 88 points out of 100 for our company). At the same time, we dedicate a specific budget to the resolution of pay inequalities in order to implement these salary adjustment measures each year.

In 2021, ten countries were given an internal classification tool (grading) that provides improved management of internal equity and a rational approach to external competitiveness, in addition to establishing compensation and benefits policies. We regularly conduct Group-wide surveys on compensation in order to ensure that it remains competitive in the job market and adjustments are made if necessary.

With regard to recruiting for key positions, priority is given to internal and local candidates. Recruitment decisions (internal or external) are based exclusively on the skills and qualification criteria for the position. The candidate's nationality, gender or age does not play a role in our decision. To the extent possible, we entrust leadership positions to local managers in order to be as close as possible to customers and the market culture. In 2021, in the sixteen company subsidiaries, 92% of senior managers were local hires and the management of eight subsidiaries were made up strictly of local hires.

Distribution of Women-Men by geographical area



Europe remains the only geographic area where women are in the majority (56% of the workforce). The Pacific region, with 50%, and the North America and Latin America regions, with 45%, exhibit a very balanced proportion. Africa & Middle-East, with 40%, shows a more significant imbalance. Asia has the lowest number of women in the workforce (10%). This very low representation is due to India, which has only 18 women per 934 men, or 1.9% of our staff in this country. India remains a special case: the sales teams, for reasons pertaining to local culture, job stress and security (visits to farms on two wheels), are more naturally composed of men. Excluding India, the Asian area accounts for 314 employees and remains composed mostly men at 57%.

Disabled workers

For several years, we have been reaffirming our commitment and desire to promote the employment of disabled workers and to ensure their integration and working conditions by applying a set of measures that revolve around five axes.

- **Adjusting workstations:** certain disabilities require the use of workstation or organizational arrangements that we take full responsibility for in order to facilitate working conditions. When recruiting or changing the job of an employee with a disability, regardless of the cause, the new position is subject to the necessary adjustments prior to taking up the position.
- **Supporting employees in their actions:** in order to help and encourage employees with disabilities in their actions with the competent authorities to obtain their recognition of beneficiaries of the employment obligation or their renewal, exceptional leave of absence is granted and remunerated. These employees also receive support from the occupational health team, which is available to support them in their efforts.
- **Helping employees who have a child with a disability:** to reaffirm our support to the employees concerned, in France we grant one day per year of additional paid leave.

- **Enabling disabled workers to better reconcile professional and personal life:** the adjustment and adaptation of living conditions within the company is an essential factor in inserting and integrating disabled workers under good conditions.
- **Participating in the well-being of disabled workers beyond the framework of the company,** by granting them one additional day of leave per year, and through the payment of a bonus in order to share in any arrangement of their living conditions at home that is necessary due to their disability.

Age and culture diversity

We have always considered the contribution of the various generations and cultures of the countries in which we are established to be a real treasure. Compliance by our employees with the values defined in the code of conduct is a prerequisite for any policy that values human capital. In the context of the extended company, the proper understanding by our partners of the rules related to employment practices is taken into consideration by the departments involved.

OUR RESULTS

Performance indicators	2019	2020	2021
Female/male salary ratio for the leaders category	82%	84%	96%

Based on total compensation, the female/male salary ratio is calculated as a weighted average of each leader's workforce (senior executives, executives, directors). A change in the calculation method (weighted average based on the number of subsidiary staff members) coupled with a new segmentation of the population of leaders led to a significant change in the 2021 result.





Ensuring the quality of products and services

QUALITY AND SAFETY OF PRODUCTS AND SERVICES

In the pursuit of continuous improvement, we place great importance on the quality of our products and services to offer high standards to our stakeholders: veterinarians, farmers and animal owners. The demand for food is increasing worldwide, due to the growing population, which is increasingly mindful of its diet. In the face of this trend, our ambition is to work towards the constant improvement of the health of livestock animals to contribute to a global supply of better quality meat and milk at a lower cost.

Regarding companion animals, we are mobilizing to offer veterinarians and animal owners medicines, vaccines, health products and a range of foods that are tailored to a carnivorous diet (in keeping with the animals' needs) and make it possible to prolong the lifespan of animals and improve their quality of life. This, in turn, contributes to the improved well-being of the owners and is of particular benefit to people who live alone.

A GROUP QUALITY POLICY

Our quality policy is the commitment of the Group executive committee to mobilize each employee to strengthen the quality culture in our daily activities. It applies to all sites, subsidiaries, subcontractors and suppliers.

The strategy aims to control our activities, comply with current regulations and improve our performance:

- by working on the right first time approach (each person must ensure that his/her activity is carried out correctly the first time);

- by encouraging continuous improvement and innovative thinking;
- by putting quality at the heart of competitiveness.

PROACTIVE RIGHT FIRST TIME APPROACH

OUR KEY OBJECTIVES

- Do it right the first time to ensure a high level of customer satisfaction.
- Maintain a client technical complaint ratio of less than 5 per million units marketed.

GOVERNANCE

An organization dedicated to quality

In order to ensure proper application of best practices at various stages of the product life cycle, we have deployed a dedicated Group-wide organization that covers the topics of quality control and quality assurance. This organization, comprising more than 100 employees and spread out over various Group sites, implements the Group's quality policy based on three areas of focus: product control, pharmaceutical compliance and sustainable economic output. The goal is to elevate the quality standards to comply with and anticipate the regulatory requirements that apply to the various research and production sites, as well as the commercial subsidiaries, and to ensure the Group's sustainability. At the same time, this quality system allows us to efficiently detect, trace and address all quality incidents inherent to the pharmaceutical business.

Regulatory monitoring

We have had an efficient regulatory monitoring system in place for several years, enabling us to stay abreast of regulatory developments applicable to all of our ranges. This monitoring system is carried out through inter-professional organizations:

- at a national level with, for example, the *SIMV* in France (French association for the animal health industry), the *NOAH* in the United Kingdom (National Office of Animal Health), the *BfT* in Germany (*Bundesverband für Tiergesundheit e.V.*), etc.;
- regionally with, for example, Animal health Europe, or *AHI* (Animal Health Institute) in the United States;
- at the global level with Health for Animals (Global animal medicines association).

ACTION PLANS

In compliance with the regulations of each country, we meet the highest quality-safety-effectiveness standards applicable. These standards involve every stage in the product life cycle, meaning before they are marketed and after they are placed on the market.

Through our quality policy, we are committed to maintaining a high level of product and service quality with a right first time approach, enabling us to reduce waste and destruction throughout the manufacturing

process until placement on the market. Right first time is deployed throughout the organization and is measured at the end customer.

In 2021, thanks to significant teamwork on process control, destruction at the Group's two main production sites (Carros and St. Louis) was reduced to an unprecedented level.

OUR RESULTS

Performance indicators	2019	2020	2021
Ratio of technical complaints per million units marketed	5.1	4.4	4.0

CONTROLS DURING THE PRODUCT LIFE CYCLE

OUR KEY OBJECTIVES

- **Limit the number of product non-compliances on the market (regulation, labeling, promotion).**
- **Maintain batch recalls at less than 1 per 1,000 batches marketed.**

GOVERNANCE

In addition to the inspections regularly carried out by the regulatory authorities, our Production and Quality Control teams present at each of our industrial sites carry out a set of checks throughout the production chain. These checks are necessary before and after marketing of the products.

PRE-MARKETING CONTROLS

Pre-development and development phase

We implement Good laboratory practice (GLP) relating in particular to data traceability, then select CROs working in accordance with these GLPs.

- ▶ 100% of products subject to pharmaceutical registration are subject to verification for Animal/Human/Environmental safety, quality, stability and efficacy.

Purchasing and subcontracting

Our teams systematically qualify the materials purchased from suppliers (active ingredients, excipients, packaging) in terms of quality and reliability. When possible, they identify several sources to limit the risk of disruptions and prioritize purchases from leaders in pharmaceutical equipment. Finally, we use outsourcing from subcontractors specialized by pharmaceutical form.

- ▶ 100% of active ingredient suppliers are qualified and analyzed during certification.

Production phase

During the production phase, we implement current Good manufacturing practices (cGMP) that are applied through the certification of all of our manufacturing sites. Actions are also implemented at the production tool level in order to ensure end-of-production-line product quality that is in compliance from the start, thus limiting scrap or damage of materials or finished products.

- ▶ 100% of products, whether subject to pharmaceutical registration or not, undergo component and raw material control at every manufacturing stage.
- ▶ 100% of Virbac industrial sites are certified.
- ▶ 100% of employees are trained in manufacturing processes.

Distribution phase

For the transportation of medicines, we apply Good distribution practices (GDPs), such as compliance with the cold chain when required by the nature of the products. Regarding the organization of transportation in accordance with regulations governing the shipping of high-risk products, safety data sheets for raw materials and finished products are made available to staff and carriers. Hazardous products are transported in packaging that meets current standards.

Packaging and promotion

The development or selection of specific packaging is determined on the basis of a product safety assessment. We strive to develop diagrams and pictograms and appropriate communication media for an optimal understanding of information that is fundamental to consumer health and safety. For all promotional communications, Virbac complies with the scientific and technical claims demonstrated during the development stage of the product. Finally, any product claim is scientifically demonstrated and made available to regulatory agencies in compliance with the requirements defined by national or supranational veterinary pharmaceutical agencies.

- ▶ 100% of products, whether subject to pharmaceutical registration or not, and nutritional products that do not require pharmaceutical registration are subject to advisory and support measures for the product users.

POST-MARKETING CONTROLS

Pharmacovigilance

In accordance with regulatory requirements, we monitor the future of pharmaceutical and nutritional products that we market in terms of safety and efficacy. This is thanks to a dedicated organization comprising a qualified person in pharmacovigilance (veterinarian) and a qualified interim person, who compile all the cases, analyze them, and decide whether or not these adverse effects are attributable to the use of the medicine or food in question, and officially report these cases to the supervisory authorities when appropriate. Taking into account the pharmacovigilance outcomes allows Virbac to improve knowledge of its products (for example: the addition of precautions for use), thus making their use safer.

- ▶ 100% of products, whether subject to pharmaceutical registration or not, and nutritional products that do not require pharmaceutical registration are subject to monitoring using the pharmacovigilance and nutriviigilance mechanism.

Continual research on stability

To ensure the efficacy over time of its pharmaceutical products that require registration, Virbac carries out ongoing research on their stability.

- ▶ 100% of products requiring pharmaceutical registration are subject to ongoing stability studies.

Key actions related to our quality strategy

The quality benchmark was designed on a collaborative basis that integrates standards for all production and research sites, in all departments and toward all subsidiaries, while taking into account the regulations and the diversity of product and dosage forms. The Virbac quality system (VQS) was then expanded to integrate the Group's organizations, processes, tools and Group quality standards (core model).

We have more precisely identified and updated the skills required, acquired and to be developed, so as to provide suitable training plans designed to enhance team skills and embrace a pharmaceutical culture. Finally, we have deployed a multidisciplinary team (research and development, production and quality assurance), aligned to deliver products on time and with the expected level of quality to satisfy our customers' expectations.

- ▶ The Group quality benchmark was built and shared with 100% of the R&D centers and production sites.

The acquisition at the end of 2021 of 100% of the shares of our Chilean subsidiary allowed us to begin to deploy this quality benchmark at the production site in this country. Still in 2021, thanks to enhanced communication with the authorities of the countries applying strict legislation on product promotion, the rate of non-compliance was reduced to 0%.



OUR RESULTS

Performance indicators	2019	2020	2021
Rate of batch recalls per 1,000 batches marketed	0.71‰	0.38‰	0.48‰
Rate of non-compliance with regulations and voluntary codes for 1,000 batches marketed	1.37‰	0.38‰	0.67‰
Rate of labeling non-conformities per 1,000 product references	1.38‰	1.63‰	0.78‰
Rate of promotional non-conformities per 1,000 product references	1.50‰	0.11‰	0.00‰

No cases of non-compliance with voluntary codes and regulations posed any danger to the health of animals. No packaging non-compliance has had any consequences on the distribution of the products.



Protecting the environment

Protecting the environment is a growing challenge and a priority for our company. Beyond initiatives deployed at the subsidiary level, our ambition lies in our proactive efforts to reduce the environmental footprint of all our activities and products.

GOVERNANCE AND A GROUP ENVIRONMENTAL POLICY

At the organizational level, our global EHS department, attached to the Group executive committee, supports this trajectory. One of these initiatives involves re-framing scope and reporting methods, a precondition for gaining an overall perspective of exposure to environmental damage risks at the Group level.

We have also committed to developing a training and awareness segment dedicated to environmental themes for both existing employees and for the new hires. External stakeholders were also involved in the effort, with the inclusion of environmental clauses in supplier assessment questionnaires. These initiatives, in conjunction with the rollout of audits throughout an

expanded range of subsidiaries (Mexico, Taiwan, United States, Australia, New Zealand, Uruguay, Vietnam and Chile) demonstrate our desire for consistency in the deployment of a Group-driven strategy.

SUSTAINABLE USE OF RESOURCES

In the context of optimization of the resources we employ, we seek to control the consumption of energy, water and materials used in our manufacturing processes.

OUR KEY OBJECTIVES

- Reduce energy consumption by 5% by 2025.
- Controlling water intake.
- Reducing the overall share of materials, including all packaging placed on the market.

OUR ACTION PLANS

Energy

For several years, we have been working to reduce energy consumption by carrying out equipment replacement actions for better efficiency, thermal insulation and air-conditioning optimization. We have also established consumption indicators that are as close as possible to end users for better control of energy expenditures. At all of our industrial sites around the world, we strive to address energy consumption by using the Best available techniques (BATs) applicable to our activity, whether this is for choosing new equipment or through ongoing monitoring.

Some examples of achievement in 2021.

Virbac in France

In line with the actions taken for several years to reduce energy consumption, all the air-conditioning and heating systems in the industrial management offices in France have been replaced by more efficient systems that can be controlled remotely.

Virbac in Australia

We have decreased the supply voltage of the Penrith site in Australia, reducing electricity consumption by approximately 7% with equivalent activity.

Reducing the energy intensity of our activities and our products is clearly a competitiveness lever, placing Virbac on a virtuous path, which will subsequently help reduce our overall CO₂ emissions.

Water

We are also striving to lower water consumption at equivalent activity volumes by setting up recycling or production facilities for various BAT-compliant grades of water. Thus, the reduction of water consumption at French sites (representing more than 50% of the Group's production) reached almost 25% over the past fourteen years.

We integrate the environmental context of the areas in which we operate into our analyses. Apart from the site in South Africa, located in a water stress area according to the criteria of the FAO (Food and agriculture organization) and the WRF (Water risk filter), none of the Group's other production sites are situated in a water stress area identified as such.

Raw materials and packaging

Again with a view to the sustainable use of resources, we are committed to fine-tuning our consumption of active ingredients, excipients and packaging items as much as possible in order to avoid product wastage or packaging proliferation.

With the help of our strategic suppliers, we have also given a new impetus to innovation that can reduce wrapping and packaging. This requires optimized supply management to limit warehousing and internal transfers. We are also progressing on optimizing flows and the speed of shipments. Finally, we launched a project to minimize waste at all stages of the industrial process.

Primary packaging that comes in contact with medicines is subject to strict pharmaceutical industry quality standards that limit the use of materials originating from recycling channels. On the other hand, regarding non-pharma-regulated products for companion animals, we incorporate the principles of eco-design as early as possible into the creation process. These same principles are implemented for secondary or tertiary packaging, from the research and development stage, in partnership with our suppliers.

In 2021, this mobilization allowed us to:

- reduce the packaging of our dog and cat food by 20% on small packages (3 kg or less);
- use recyclable cardboard packaging on a selection of dental products (toothpaste, dental kit);
- interrupt the marketing of our individual chews in France to work on a version with recyclable packaging;
- use recycled materials for 100% of the overpack boxes used at the main production sites in France.

Our other actions for the year focused on preparatory work aimed at:

- strengthening the presence of natural ingredients in our products for companion animals;
- raising awareness of the biodegradability of our hygiene and treatment shampoos;

- increasing the proportion of recycled or recyclable materials in the packaging of our products for companion animals.

OUR RESULTS

Performance indicators	2019	2020	2021
Gas consumed (MWh)	32,515	32,338	30,437
Electricity consumed (MWh)	47,176	46,161	44,732
Energy intensity	600	603	538
Water sampled by source (m³)	234,691	226,608	226,323

Energy intensity is the ratio between energy consumption (gas and electricity) and the value added in thousands of euros at the Group level (direct labor costs + indirect production costs).

In 2021, our consumption of gas and electricity continued to fall more significantly than in 2020, by 5.9% and 3.1%, respectively. The decrease in gas consumption was due to the optimization of boiler pipes at the sites in France and Mexico. Compared

to activity, this decrease in total energy consumption was more than 10%. Our water consumption at the Group level remained stable but decreased sharply (-7%) when compared to 2021 activity.

DISCHARGES INTO THE ENVIRONMENT

As part of our veterinary medicine manufacturing business, we use substances that present health, fire and/or explosion, emission and discharge risks during the various phases of development and marketing, from R&D and manufacturing to storage and shipping. To limit these risks, which could cause harm to people, property and the environment, we comply with the safety measures prescribed by the laws and regulations in force, implement current Good manufacturing practices and Good laboratory practices, and provide training to our employees. Our manufacturing sites and research and development facilities are also regularly inspected by regulatory authorities.

Due to the nature of our pharmaceutical manufacturing activity (especially confining technologies), we do not generate any visual, noise or olfactory pollution.

Therefore, we are focusing on the real impacts of our activity, atmospheric emissions, effluents or hazardous waste resulting from our activities or products by increasingly investing in environmental compliance: taking into account EHS impacts in the management of industrial projects, improvements in the environmental performance of existing facilities, etc.

Furthermore, the Group's environmental principles are adapted to countries according to different local regulations. Here again, the objective is to identify good practices at the subsidiary level to be consolidated within the Group context.

OUR KEY OBJECTIVES

- Limit the volume of water discharged and its COD (Chemical oxygen demand) content.
- Reduce the total amount of waste generated by 5% by 2025.

OUR ACTION PLANS

Effluents

For effluents as well as other environmental releases, our goal is to facilitate consolidation across the Group of the various local initiatives carried out locally and subject to specific regulatory frameworks, in particular on the optimization of the cleaning frequency of our facilities. In this sense, our vigilance translates into conservative guidelines. For example, many sites must recover and treat a large portion of manufacturing water discharges in accordance with related standards for hazardous waste.

The incident that occurred on part of the industrial water networks of a production building at the Carros site in France required numerous controls and a restoration of all the networks on the site. This work continued in 2021. Following the 2020 completion of studies for the installation of a new treatment plant at the historic Virbac site in Carros, France, we were able to implement it at the end of 2021. Due to this facility's high performance level, we received assistance from the *Agence de l'eau Rhône, Méditerranée et Corse*.

Hazardous waste

In addition to constant research to control the volumes generated and improve collection for maximum treatment and recycling, we ensure traceability of all our hazardous waste up to the point of disposal: soiled packaging; laboratory, production, medicinal or infectious wastes; and chemical effluents (mostly incinerated and therefore thermally treated or recycled for solvent recovery).

Controlling waste volumes also begins at the research and development stage by considering treatment application methods so as to limit wastage and residues that could harm the environment (targeting/optimizing sprays, for example).

OUR RESULTS

Performance indicators	2019	2020	2021
COD (metric tons)	93	81	113
Volume of hazardous industrial waste (metric tons)	2,493	2,254	2,153
Volume of ordinary industrial waste (metric tons)	2,376	2,751	2,646
Intensity of ordinary and hazardous industrial waste	37	38	34

The intensity of industrial waste is the ratio between the waste generated (ordinary and hazardous) and the added value in thousands of Euros at the Group level (direct labor costs + indirect production costs).

The two main reasons for the significant increase in COD (+40%) are the increase in the quantity of water released (+13%) and the measurement frequencies that have changed at our St. Louis site in the United States and the Carros site in France (which represent 83% of the quantities released). The total amount of waste generated decreased by 4% for each of the two categories: hazardous and ordinary. Compared to activity, the decrease is even sharper, with a drop

of nearly 11%. This decrease is particularly visible on our Australian, American and Vietnamese sites, with reductions of 24%, 17% and 54%, respectively, for ordinary industrial waste.

CLIMATE CHANGE

The risks related to the effects of climate change encouraged us to contribute to the reduction in greenhouse gas emissions. In our company, the direct and indirect emissions of greenhouse gases (scope 1 and 2) represent emissions linked to the consumption of various forms of energy (in this case, gas and electricity) at all industrial sites worldwide,

as well as the greenhouse gas emissions related to refrigerants. Other indirect greenhouse gas emissions (scope 3) reflect emissions linked to the shipping of finished products from all sites to the end-customer.

OUR KEY OBJECTIVES

- **Reduce scopes 1 and 2 greenhouse gas emissions by 10% by 2025.**

OUR ACTION PLANS

Scope 1 & 2 greenhouse gas (GHG) emissions

Actions on direct and indirect emissions (industrial site consumption and GHGs related to refrigerant gases):

- optimization of energy consumption: thermal insulation of installations, the energy recovery system on the wastewater treatment station for biological production units (Carros), solar boiler for industrial hot water (Mexico), generalization of plans to replace lighting with LED at almost all industrial sites;
- concerning emissions related to refrigerant gases: reinforcement of maintenance plans at industrial sites in Australia and France, but also a replacement program for the most polluting fluids with low CO₂ emissions..

Scope 3 greenhouse gas emissions

Actions on emissions resulting from the transport of finished products:

- the new calculation method implemented since 2018 has enabled us to increase the reliability of subsidiary data based on emissions coefficients given by the French environment and energy management agency (Ademe), see site www.bilans-ges.ademe.fr;
- shipping of finished products: destination grouping;
- transporting employees: inter-site shuttles, external shuttles, incentive policies to limit the carbon impact of company vehicles, carpooling, etc.

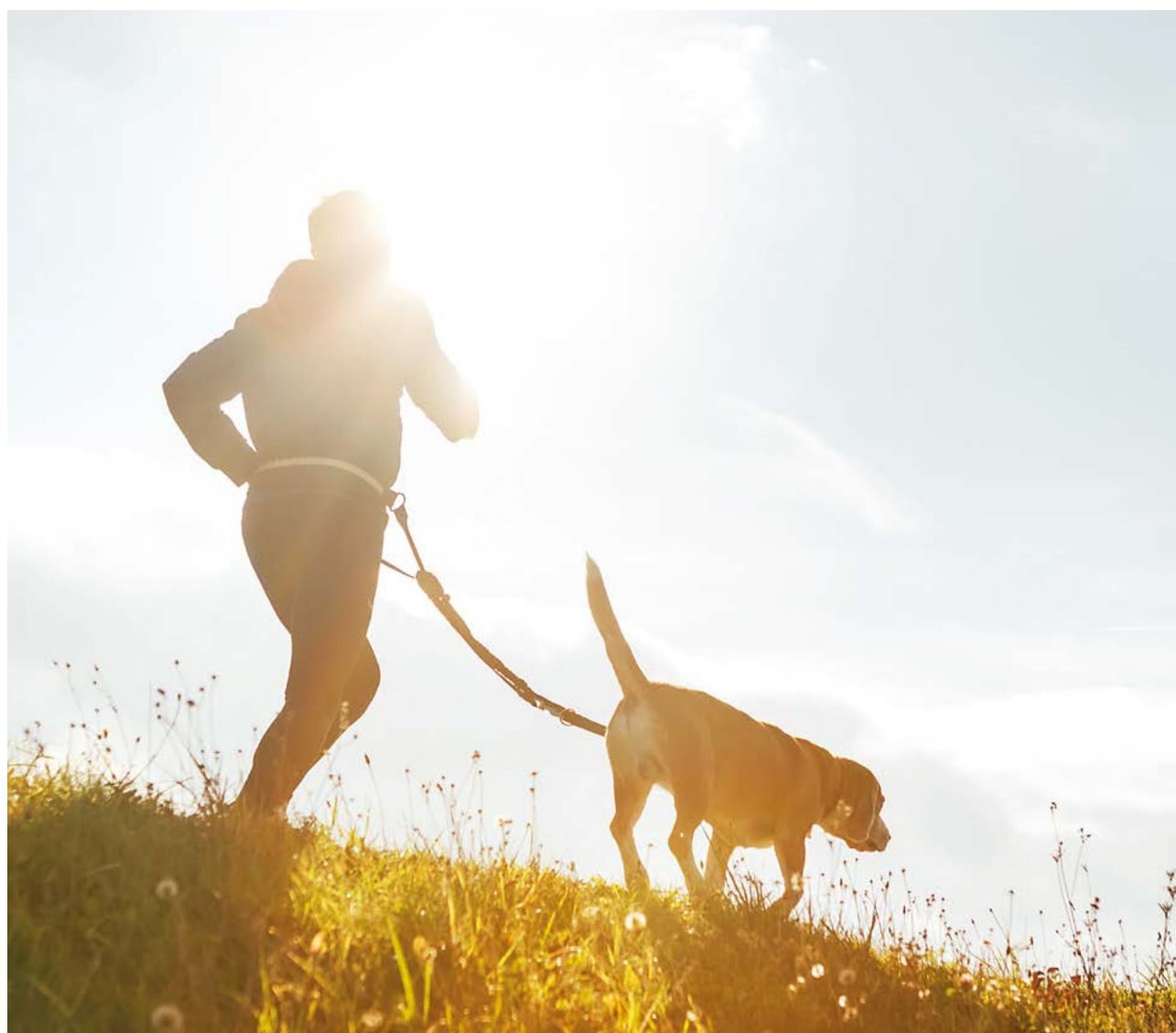
OUR RESULTS

Performance indicators	2019	2020	2021
GHG scope 1 & 2 (metric tons of CO₂ equivalent)	22,200	21,007	20,814
GHG scope 3 (metric tons of CO₂ equivalent)	27,790	11,401	11,093
GHG intensity scope 1, 2 & 3	376	249	229

The intensity of greenhouse gases is the ratio between the GHGs emitted (scope 1, 2 & 3) and the added value in thousands of euros at the Group level (direct labor costs + indirect production costs).

Scopes 1 & 2 emissions decreased by 0.9% this year. This slight decline is the result of a decrease in energy consumption and an increase in emissions related to refrigerant gases (in spite of plans for maintenance at facilities using greenhouse gases and that were put in place at our industrial sites in 2020). Our scope 3 emissions are down 2.7%. This decrease is linked to

the increase in transport by boat (+14.8% of emissions related to this type of transport) to the detriment of air transport (-4.8% of emissions related to this type of transport). Compared to activity, greenhouse gas emissions decreased by 8.3% in 2021..



EUROPEAN GREEN TAXONOMY

As a result of the sustainable finance action plan launched in 2018 by the European Commission, European Regulation 2020/852 of June 18, 2020, establishes a framework to promote “sustainable” investments in the European Union, called the European Green Taxonomy. In accordance with this regulation, we are subject for the first time in the 2021 fiscal year to the obligation to publish the share of our taxonomy-eligible activity – revenue, capital expenditures (Capex) and operational expenditures (Opex), on the first two environmental objectives related to climate change. To be considered sustainable, an activity must contribute substantially to one of the six environmental objectives listed below, not hinder the other five according to the Do no significant harm (DNSH) principle and comply with minimum social standards.

The taxonomy regulation is supplemented by two delegated acts: the first published in April 2021 specifying the technical environmental criteria for the first two objectives, the second published in July 2021 specifying the expected taxonomy reporting methods. It should be noted that to date, the indicators that we are publishing concern only the first two objectives.

The taxonomy’s six environmental objectives are:

- climate change mitigation (2021);
- climate change adaptation (2021);
- transition to a circular economy;
- pollution prevention and reduction;
- sustainable use and protection of aquatic and marine resources;
- biodiversity and ecosystem protection and restoration.

Taxonomy revenue

As defined by the regulation, an activity is deemed taxonomy-eligible if it is on the list of sectors covered by the climate change mitigation and adaptation

objectives. The selection of covered sectors is based on two areas of consideration: sectors with high emission rates¹ and sectors where economic activities have the potential to allow substantial reductions in greenhouse gas emissions in other sectors.

As a pharmaceutical group, Virbac does not belong to sectors with a high carbon impact, such as the energy, construction and transport sectors. Furthermore, as the products we offer do not contribute to reducing the emissions of other sectors, our Group does not have activities that are taxonomy-eligible.

Over the 2021 fiscal year, revenue is therefore zero for climate change adaptation and mitigation objectives. Virbac could nevertheless be eligible for the other four objectives as listed in the preamble.

¹quantitative data on GHG emissions by NACE code (Statistical classification of economic activities in the European Community)

Capex taxonomy

As defined by the regulation, the denominator of the “Capex taxonomy” corresponds to acquisitions of tangible assets (IAS 16) and intangible assets (IAS 38), the acquisition of rights of use (in accordance with IFRS 16). In addition, assets acquired through business combinations (IFRS 3), excluding goodwill, are included in the lines of the table below. It should be noted that the Virbac group has no investment processed according to Investment Property (IAS 40) and Agriculture (IAS 41) standards.

In 2021, the Capex taxonomy denominator totaled €61.2 million.

Investments	Total amount (in millions of euros) ²	Eligibility as a %
Tangible assets (IAS 16)	35.9	2.8%
Intangible assets (IAS 38)	13.2	0.0%
Rights of use (IFRS 16)	12.1	100%
Total Capex	61.2	21.4%

²see the consolidated financial statements for the 2021 fiscal year notes A2, A4 and A5



Eligible Capex are mainly found in the list of the following Capex (the reference in parentheses corresponds to the classification by activity as defined by the taxonomy):

- transport by motorcycles, private cars and light utility vehicles (6.5);
- renovation of existing buildings (7.2);
- installation, maintenance and repair of energy efficiency equipment (7.3);
- installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings (7.4);
- installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings (7.5);
- installation, maintenance and repair of renewable energy technologies (7.6) ;
- acquisition and ownership of buildings (7.7);
- data-based solutions for reducing GHG emissions (8.2).

Over the 2021 fiscal year, total eligible Capex was €13.1 million, *i.e.*, 21.4% of the total. They mainly concern long-term leases, vehicle rentals and, to a lesser extent, building renovations that help reduce our energy consumption (LED lighting, heat pump system, *etc.*).

Opex taxonomy

As defined by the taxonomy regulation, Opex classification corresponds to all the Group's operational expenditures (purchases consumed, external expenses, staff expenses and other current operational expenditures). In 2021, the Opex taxonomy denominator totaled €874.1 million.

Over the 2021 financial year, the total potentially taxonomy-eligible Opex (R&D, maintenance and rental charges) represents less than 10% of the Group's total operational expenditures. In view of this insignificant amount, which relates to expenditures that do not constitute the core of our activity, the work carried out concludes that this indicator is not material for our Group. In accordance with the regulation, the analysis of eligible Opex has therefore not been carried out.

We will adapt our methodology and our eligibility analysis as the taxonomy is implemented.

Methodological note

This first assessment was conducted on the basis of a detailed analysis of the Group's activities, based on the processes, existing reporting systems and assumptions made with management. The whole consists of a methodology whose significant elements - assumptions, interpretations, clarifications and methodological limitations - are described below. The Group will review this methodology and the resulting figures based on changes in regulations, in particular with the publication of delegated acts relating to the four other environmental objectives in 2022.

Capex

In accordance with the definition in the appendix to article 8 of the delegated act, the Group's eligible share of Capex within the meaning of the taxonomy is calculated by determining the ratio of the following financial aggregates:

- for the denominator: the sum of the increases in the gross value of intangible and tangible assets on the balance sheet and increases in the gross value of the right of use of long-term rental assets recognized under IFRS 16 (see notes A2, A4 and A5 in the consolidated accounts pages 158, and 161 to 163 of the annual report). We retained a materiality threshold of €0.5 million per subsidiary and, thus, covered 90% of the increases for the fiscal year ended 12/31/2021;
- for the numerator: the sum of Capex identified in the denominator as being linked to taxonomy-eligible activities according to the list described above.

Opex

The value of Opex (operational expenditure) in the denominator was calculated in accordance with the definition in the appendix to article 8 of the delegated act. The total costs of research and development, building renovation, short-term rental and maintenance and repair of the Group's assets represented less than 10% of the total of the Group's Opex as of December 31, 2021, which was not considered representative of its business model.

Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial performance statement

This is a free English translation of the report by one of the statutory auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended December 31, 2021

To the shareholders' meeting,

in our capacity as statutory auditor of Virbac SA (hereinafter the "Company"), appointed as independent third party ("third party") and accredited by the French accreditation committee (*Cofrac*), under number 3-1048 (*Cofrac* inspection accreditation, no. 3-1048, scope available at www.cofrac.fr) and currently adapting our management system as required by the *Cofrac* for this accreditation (from ISO17020 to ISO 17029), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial performance statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2021 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French commercial code.

Conclusion

Based on our procedures as described in the section "Nature and scope of procedures" and the evidence we have obtained, no material misstatements have come to our attention that cause us to believe that the non-financial performance statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comment

Without qualifying the conclusion expressed above and in accordance with article A. 225-3 of the French commercial code, we make the following comment:

The Declaration does not cover the consolidated scope of the Group. Are excluded 16% of the total workforce (social results) and 45% of the total revenues of the Group (environmental results). Including the entity « Centro Veterinario Y Agrícola Ltda » (Chile), with 384 employees and a production site, that is still excluded from the social and environmental results.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, summarised in the Statement and available on the Company's website or on request from its headquarters.

Responsibility of the Company

The board of directors is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory

provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set-out in article 8 of regulation (EU) 2020/852 (Green taxonomy);

- implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's guidelines as referred to above.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French commercial code;
- the fairness of the information provided pursuant to part 3 of sections I and II of article R. 225-105 of the French commercial code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As it is our responsibility to issue an independent conclusion on the information prepared by management, we are not authorised to participate in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in article 8 of regulation (EU) 2020/852 (Green taxonomy), the fight against corruption and tax evasion;
- the fairness of information set-out in article 8 of regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with articles A. 225-1 *et seq.* of the French commercial code, the professional guidance issued by the French institute of statutory auditors relating to this engagement and acting as the verification programme and with the international standard *ISAE 3000* (revised).

Independence and quality control

Our independence is defined by article L. 822-11-3 of the French commercial code and French code of ethics for statutory auditors. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory

requirements, ethical requirements and the professional guidance issued by the French institute of statutory auditors relating to this engagement.

Means and resources

Our work engaged the skills of three people between December 2021 and March 2022 and took a total of seventeen weeks.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around fifteen interviews with people responsible for preparing the Statement

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgement enable us to express a limited assurance conclusion:

- we familiarized ourselves with the activities of all companies in the consolidation scope and the description of the principal risks;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- we verified that the Statement covers each category of information stipulated in section III of article L. 225-102-1 governing social and environmental affairs, as well as in the second paragraph of article L. 22-10-36 regarding the respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement provides the information required under article R.225-105 II of the French commercial code where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L.225-102-1 III, paragraph 2 of the French commercial code;
- we verified that the Statement presents the business model and a description of the principal risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
 - ▶ assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - ▶ corroborate the qualitative information (measures and outcomes)¹ that we considered to be the most important¹. For these information, our work was carried out on the consolidating entity.

- we verified that the Statement covers the consolidated scope, *i.e.* all companies within the consolidation scope in accordance with article L. 233-16, with the limits specified in the Statement;
- we obtained an understanding of internal control and risk management procedures implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes² that we considered to be the most important, we implemented:
 - ▶ analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
 - ▶ substantive tests, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities³ and covered between 35% and 81% of the consolidated data selected for these tests.
- we assessed the overall consistency of the Statement in relation to our knowledge of the entire Company.

The procedures conducted in a limited assurance review are substantially less in scope than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French national institute of statutory auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, **April 19th, 2022**

One of the statutory auditors,

Deloitte & Associés

Hugues Desgranges - Partner, Audit

Catherine Saire - Partner, Sustainability Services

¹ **qualitative information selected:** disabled workers and age & culture diversity, ensuring the quality of products and services: proactive approach right first time

² **quantitative social information selected:** total staff on December 31; staff turnover rate; number of employees present on December 31 who have taken at least one training session; female to male salary ratio for the leaders category; frequency and severity rate of work accidents; absenteeism rate

quantitative environmental information selected: water withdrawn by source (m³); COD content (tons); volume of hazardous waste (tons); volume of non-hazardous waste (tons); gas consumption (MWh); electricity consumption (MWh); direct and indirect greenhouse gas emissions Scope 1, 2 et 3 (only downstream transportations) (tCO₂eq)

³ **selected entities:** Virbac SA, Virbac France, Virbac South Africa (social indicators), Virbac Australia (environmental indicators)



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Façonnons l'avenir
de la santé animale

Virbac