



2023

STATEMENT
OF NON-FINANCIAL
PERFORMANCE





STATEMENT **OF NON-FINANCIAL PERFORMANCE**

Integral part of the management report

A man and a child are walking away from the camera in a field of tall grass at sunset. The man is wearing a plaid shirt and a cap, and the child is wearing a dark jacket. The sun is low on the horizon, creating a warm, golden glow. The man has his arm around the child's shoulder.

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, solutions for the health of animals - 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 59% of its revenue from outside Europe and whose subsidiaries are located 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 10 SITES



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

4 SPECIALIZED SEGMENTS



- Companion animals
- Ruminants
- Aquaculture
- Swine

PARTNERSHIPS



- Universities
- Laboratories
- Biotech

RDL INVESTMENT



Approx. **9.1%** of sales revenue (before deducting the research tax credit)

MAKE



Production facilities that meet the highest international quality standards

PLANTS IN 11 COUNTRIES



100% GMP-certified sites

RAW MATERIALS + PACKAGING



950 suppliers
199 M€ in purchases

SUBCONTRACTED PROCESSING



117 subcontractors
120 M€ in purchases

PURCHASES OF FINISHED GOODS



82 suppliers
63 M€ in purchases

5,500
EMPLOYEES
in 37 countries



OUR ACCOMPLISHMENTS

SELL



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

ANIMALS



59% companion animals



41% farm 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



HUMAN

77% of employees trained

75% of employees proud to say they work at Virbac



FINANCIAL

+4.9% organic growth at constant rates

Ebita +0.01 pts at constant rates

27 M€ debt relief



INTELLECTUAL

Animal health awards



INDUSTRIAL

Virbac plants helped generate 59.4% of Group revenue



SOCIAL AND SOCIETAL

Regionalized R&D
Virbac Foundation projects

OUR VALUE SHARING

1,247 M€

2023 REVENUE



EMPLOYEES

Remuneration
256.4 M€



STOCKHOLDERS

49.7% founder's family
50.3% other

Share price performance in 2021: +57.7%



ABILITY TO FUND FUTURE GROWTH

Operating cash flow
235.1 M€



BANKS/DEBT

Net financial interests (profit) 0.2 M€



SUPPLIERS

560 M€ in purchases
Group-wide



CSR at Virbac

GOVERNANCE AND ORGANIZATION

In 2023, the Group decided to create a Corporate Social Responsibility (CSR) department, reporting to the deputy chief executive officer. This department's mission is to continue to build strategies to meet the challenges related to the three pillars of CSR (environment, social and governance), accelerate business transformation in connection with these pillars, lead and direct key initiatives at all levels of the organization, meet regulatory obligations on CSR topics and coordinate all reports and communication required in this area.

At Virbac, we believe that CSR must be managed collegially. Our dedicated management is therefore based on a steering committee that brings together the departments concerned with various economic, environmental and social issues, namely Innovation, Marketing, Environment, Health and Safety, Sourcing, Risk, Legal Compliance, Human Resources and Communications. This committee meets once a month to review progress on the implementation of the CSR roadmap. Once a quarter, a progress report on CSR work is presented to the Group executive committee, and at least once a year to the board of directors.

Internationally, we rely on a network of local correspondents specifically focused on the major themes of sustainable development. Data collection is carried out based on an optimized production process, including the formalization of indicators and their scope within a dedicated reference system deployed in the major subsidiaries of the Group. Non-financial information is reviewed annually by sustainability audit teams.

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 recalled 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 new arrivals. This presentation, entitled Virbac culture, lays out the company's values as well as our purpose, our ethical commitments, and our key strategic principles implemented across the Group's various entities.

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

Code of conduct

Published and applicable to all Group employees, accessible on our websites and made available to our partners, our code of conduct sets out the principles linked to our values and is intended as a guide for making the right decisions as we conduct our business. It describes the standards, the rules to be followed in the main areas related to the company's operations, under five main topics: Who we are, We take care of each other, We act with integrity, We understand our responsibility toward others, and We protect our company.

These five main topics define:

- the role and responsibility of each individual to behave in an appropriate and compliant manner while conducting the company's business, and in particular the role of managers in promoting a culture of integrity throughout the Group;
- the available channels allowing stakeholders to notify Virbac in the event of a behavior in violation of our code of conduct, in particular through our whistleblowing system, Virbac Signal;
- our renewed commitment to:
 - ▶ above all, protecting human rights, and the importance of complying with, and ensuring that our partners comply with, all applicable labor standards, as well as the principles set forth by the International labor organization (ILO),
 - ▶ and secondly, our zero tolerance regarding corruption, influence peddling and fraud of any kind, as well as our compliance with the relevant laws and regulations in this area.

For the Group Legal Compliance department, 2023 actions and communications made it possible to:

- emphasize the importance of an ongoing compliance process with our comprehensive "everyday compliance" program and the management's renewed commitment to zero tolerance, especially with regard to corruption and influence peddling;
- raise awareness in all our subsidiaries through the various committees in place locally at a country and regional level regarding the various programs underway, and the roadmap defined by program (mainly anti-corruption and personal data) validated with our Group executive committee;
- train Virbac employees with the objective of verifying that everyone will be able to:
 - ▶ understand the company's values and commitments on how to conduct business, regardless of the territory,
 - ▶ identify risky situations, deal with them by

adopting appropriate behaviors, or at the very least, know whom to contact within the company for help,

- ▶ know the tools put in place by Virbac to alert the company in the event of a situation that is inappropriate or against our code of conduct or that presents a risk for our employees, our company and our managers.

Prevention of corruption and influence peddling

The Anti-bribery anti-corruption (ABAC) program aims to combat and prevent corruption, bribes and influence peddling. It was created to comply with applicable laws, such as the French Sapin 2 act, the UK bribery act and the U.S. foreign corrupt practices act, if applicable. In 2016, we formalized the specific challenges of fighting corruption, in particular by deploying a dedicated Group policy written in ten languages. Members of the Group executive committee, members of the France management committee, the general managers of the subsidiaries and their executive board signed a document formalizing their commitment to comply with this policy. Our new employees based in subsidiaries must also undertake to comply strictly with this anti-corruption policy through their employment contract, which expressly refers to it.

At the same time, based on consolidated mapping of corruption and influence peddling risks, we approved a project to set up a corruption risk prevention program. In 2023, the main actions undertaken and validated by local governing bodies and the Group executive committee focused on:



- **risks identified as priorities.** Working groups were formed to improve measures to prevent these risks and strengthen our internal control, for example, through the improvement of the due diligence stage in the mergers and acquisitions process by strengthening our analysis of anti-corruption and international sanctions aspects, through the improvement of procedures in the event of interaction with the authorities and through the training of the International Regulatory Affairs team on these issues;
- **the creation of a code of conduct e-learning.** This module, in French, English and Spanish, which was launched at the end of December 2023 to train all Group employees, is part of the mandatory program for any new hire. New languages for this e-learning will emerge as we go, the objective being to have 100% of the Group's employees trained on our code of conduct;
- **awareness-raising and training of our teams.** Especially those who contributed to our influence peddling and corruption risk mapping. The Legal Compliance department took this opportunity to question, have discussions with, communicate with, and train the employees interviewed on the challenges of corruption in their own activities. This quality time with business teams that interact with third parties was carried out via videoconference (Latin American countries) as well as in person (France, India and South Africa, for example);
- **the updating of procedures and the strengthening of accounting controls.** This operation was based on the results of the risk mapping and external audits carried out to assess the compliance of some of our entities in the prevention of corruption. The goal being to identify areas for improvement, take corrective action, and strengthen certain control points.

With a constant and continually renewed desire to conduct our activities with honesty and integrity and create an inclusive environment in which everyone feels safe to express themselves, Virbac has made the Virbac Signal internal whistleblowing system accessible to all its stakeholders (virbac.besignal.com). Easily accessible and secure, this whistleblowing channel makes it possible to confidentially report potential violations of our code of conduct or misconduct involving unethical, illegal or inappropriate circumstances or behavior. This system complements existing channels and enhances our compliance process. The procedure is available in sixteen languages, and is accessible directly on the platform. An FAQ has been set up to explain how to use the external whistleblowing system.

Regarding the preventive third-party assessment process: based on the results of the consolidated corruption risk map, we were able to identify third parties considered to be the most at risk. With the Sourcing, Legal Compliance, Finance and Business departments, we are developing a third-party



assessment system that meets the requirements in both the prevention of corruption and responsible purchasing (for subcontractors). At the same time, improvements are planned in the selection process for partners wishing to enter into a partnership with the Group. Combined with the Virbac code of conduct, our Virbac business partner charter was created with emphasis on the strict ethical requirements adopted by the Virbac group, particularly in terms of integrity, respect for human rights, the environment and what we expect from our business partners. These two framework documents are accessible to all our stakeholders on our corporate website and are part of Virbac's CSR process and the Virbac integrity program.

International sanctions

Proper compliance with international sanctions systems concerns us greatly, and we are eager to provide our products, which are essential for the health of animals and the protection of populations against zoonoses, in countries subject to sanctions when authorized to do so. This is why we work with a consultant to implement the processes and procedures necessary to ensure proper compliance with sanctions systems. This topic is also included in the assessment process for the most at-risk partners and in our mergers and acquisitions processes.



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 which, 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.

Respect for human rights is particularly emphasized in our code of conduct, which applies to all our employees and is accessible to all our stakeholders, as well as in our Virbac business partner charter, thus highlighting the importance Virbac places on complying, and ensuring compliance by all our stakeholders, with all applicable labor standards, as well as the principles defined by the International labor organization (ILO). In the event of non-compliance with these international human rights standards or applicable laws on these

subjects, our Virbac Signal whistleblowing system allows any stakeholder to submit a report to our Group whistleblowing contacts.

Protection of personal data

Privacy protection, particularly the protection of the personal data of our employees, customers, suppliers and any other stakeholders in our operations, is an important issue for the Group. Our code of conduct outlines the fundamentals in this matter, particularly our commitments to confidentiality, minimization and security, which must accompany any processing of personal data.

Our personal data policy (also referred to as the privacy policy) and our cookies policy are available on our websites, and all our employees have access to the policy regarding personal data that concerns them on our intranet portal. Through our HR system, new hires receive a copy of the policy for their information, and they must acknowledge receipt of it.

The Group Legal Compliance department, in charge of the personal data protection compliance program, particularly the enforcement of the European general data protection regulation n°2016/679, known as the GDPR, advises and supports the business lines in their operations and defines an action plan, while prioritizing

by risk the topics regarding the compliance of existing processing activities based on current risk mapping. In order to enable an effective rollout of the program in Europe, the Group Legal Compliance department facilitates a network of data champions, designated employees at the level of each Group subsidiary in Europe.

The latter are responsible in the subsidiary for deploying the roadmap of actions validated with the Group Privacy steering committee (or GDPR steering committee). The steering committee, created in 2018, comprises the following members: the Group chief financial officer, the Group Information Systems department and its team in charge of security, the Human Resources director, the Group general counsel, the Digital Business director and the Legal Compliance director.

While important, technological progress and the Group's international reach do not eliminate all potential risk, despite the preventive measures implemented. This is why we work to maintain and improve an effective compliance program with the aim of exploiting only the data necessary for the identified processing (with full transparency) and preventing the risk of personal data breaches and leaks.

This approach contributes to strengthening stakeholder confidence in the Group, and with this in mind, we are continuing our efforts to:

- improve and strengthen the security of our information system and the protection of our data, including personal data, by conducting security audits and breach tests of our information system on a regular basis, whether by our internal teams or by external auditors, to assess our level of security and strengthen our preventive measures if necessary;
- train our operational teams and our data champions on our expectations when processing personal data and their responsibility in this regard;
- update and communicate procedures and practical guidelines for operational staff with the objective of helping them acquire the proper habits as they implement the transparency principle;
- integrate into our processes (ideation phase and invitations to tender) the 'privacy by design' approach for any new project. To do this, we developed tools, including a questionnaire shared between the Group Information Systems department, Legal Compliance and the project manager that must be completed during the project design phase by each of the parties and validated before the implementation phase;
- deploy the Proteus Cyber personal data management tool in all entities in Europe, particularly by incorporating for each entity:

- ▶ the register of processing activities for their data,
 - ▶ the main procedures and workflows for the implementation of new processing activities,
 - ▶ one of the tools enabling the tracking of individuals' requests to exercise their rights concerning their personal data and thus enabling us to respond to them in due time;
- carry out the necessary preliminary impact assessments for processing likely to result in high risk to the rights and freedoms of natural persons.

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 2024.

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.

In 2022, we created the position of International Tax director 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 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, based on our actual operations, is aligned with our values, which prohibit tax evasion and the implementation of any tax scheme that could compromise the Group's good reputation and its values. When we invest in a specific country, this decision is primarily driven by business objectives. 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.

Integration of corporate responsibility issues into stakeholder relationships

Innovating, producing and marketing responsibly cannot be done consistently without our entire ecosystem being involved 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.



Stakeholders	Approach and frequency of dialogue
Veterinarians Farmers Pet 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 that includes 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	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 2022, 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 inclusion of questionnaires and the collection of their certifications). This platform was deployed in the United States in June 2022 and will be deployed in France in 2024.

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 business activity, the effects of business 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.

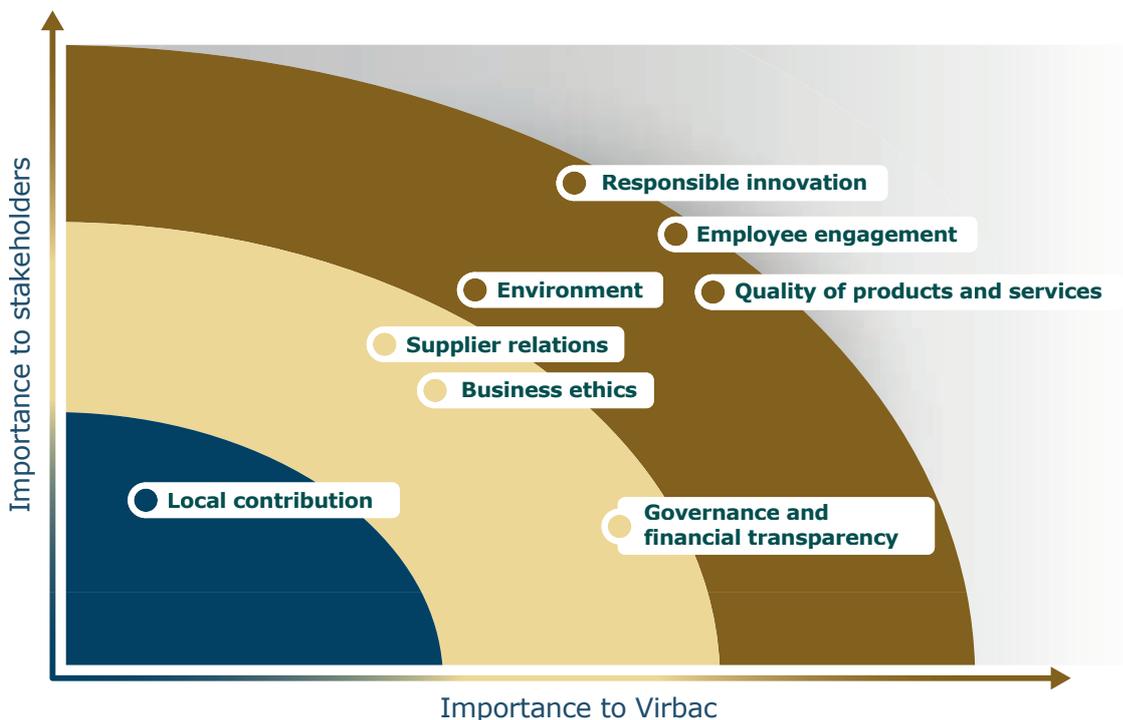
We summarized the results, at the cross-section of internal expectations (impact of issues on the business) and external expectations (importance of stakeholder expectations), and below, we elaborate on the most material themes through the Group's four main commitments.

In 2023, we began implementing actions from the Group's new CSR roadmap, and conducted a gap analysis of the new non-financial standards of the Corporate sustainability reporting directive (CSRD), including the double materiality matrix to prepare for the implementation of these new standards starting in 2024.

OUR COMMITMENTS FOR THE FUTURE

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

Virbac's materiality matrix
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.
Ethics and animal 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	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. 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.
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 true asset. These qualities must be demonstrated in the organization and in all relationships with stakeholders.
Ensuring the quality of products and services	
Proactive right first time approach	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 aim is to optimize the resources used by controlling the consumption of resources (energy, materials) 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	2018 Reference Year	2021	2022	2023 ¹	Progress
Innovating responsibly					
Development of innovative products and services					
 Maintain a ratio of biology RDL² expenses/total RDL > 30%	40.6%	31.1%	26.2%	26.5%	● ○ ○
Maintain a ratio of RDL expenditures/total Group revenue > 7%	8.4%	7.4%	8.3%	9.1%	● ● ●
Animal ethics and welfare					
 Reduce the number of animals used for quality control by 50% by 2025	36,361	20,107	20,458	24,333	● ● ○
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	5.61	4.88	4.25	3.67	● ● ●
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	4.9	4.0	4.6	4.6	● ● ○
Controls during the product life cycle					
 Limit the number of batch recalls to a ratio < 1 per 1,000 batches marketed	0.66‰	0.48‰	0.42‰	0.27‰	● ● ●
Protecting the environment					
Sustainable use of resources					
 Reduce energy consumption (gas and electricity) by 5% by 2025 (MWh)	83,161	75,169	83,890 ³	79,026	● ● ●
Climate change					
 Reduce scopes 1 & 2 greenhouse gas emissions by 10% by 2025 (CO₂ equivalent metric tons)	23,681	20,814	23,727	22,630	● ● ○
Discharges into the environment					
 Reduce by 5% the amount of COD (chemical oxygen demand) generated by 2025 (metric tons)	121	113	100	86	● ● ●
Reduce the volume of ordinary and hazardous industrial waste by 5% by 2025 (metric tons)	5,236	4,798	5,380	4,642	● ● ●

¹scope: includes Chile as of 2022 for environment, health and safety indicators

²vaccines and immunological and bio-pharmaceutical products

³2022 value updated to take into account self-consumed renewable energy (former value: 83,246 MWh)

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 was prepared in compliance with GRI (Global reporting initiative) standards: essential compliance option. These standards have been adopted since 2011. The 2023 company scope covers 18 countries and represents 4,951 employees, or 91% of the total workforce. The scope of the principal environmental indicators covers the main production sites, which represented 59% of the Group's revenue in 2023: South Africa, Australia, United States, France, Mexico, New Zealand, Uruguay, Vietnam and Chile (entered the scope as of 2022). 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 products that address a variety of pathologies and production needs, based on the unique features 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 for the health of animals.

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 offer 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 new drugs that are consistent with a sensible use of 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

OUR POLICIES AND ACTION PLANS

Develop new medicines that are consistent with a sensible use of 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 farm animals in France, Australia, Chile, Uruguay and Taiwan reflect this willingness to strengthen the Group's development in this area.

We have also initiated 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 be able to replace antibiotics or at least help reduce their use. New medicines that will help the veterinary profession advance toward its goal of changing its practices are also being developed. In 2023, one of these medicines was launched in European territory, offering new perspectives to veterinarians: it can be used as a first-line treatment in place of the current medicines that all contain antibiotics. It will be rolled out globally in the coming months and years. Other medicines are being developed to expand this concept to other pathologies and species.

Develop modern alternatives to traditional treatments

Our goal is to develop alternatives to certain traditional, at times polluting, therapies. For example, and when it makes sense from a medical and epidemiological point of view, we look for routes of administration that have less of an impact on the environment and reduce dosages while maintaining at least the same levels of efficacy. In another area, that of animal well-being and bodily integrity, we have taken a new step forward thanks to the discovery of a new treatment

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

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	2021	2022	2023
% of biology RDL expenses¹/total	31.1%	26.2%	26.5%
% of RDL expenditures/Group revenue	7.4%	8.3%	9.1%

¹vaccines, immunological and biopharmaceutical products

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 qualification, 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 the products under strict conditions.

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 animal units, at constant scope, the different categories of animals were distributed as follows in 2023: rodents 95.4%, rabbits 3.5%, farm animals 0.5%, domestic carnivores 0.6%. Due to the recent establishment of aquaculture units within the Group and the ongoing work on the structural organization of these, the data has not been included in the scope.

OUR KEY OBJECTIVES

Limit the number of animals in R&D studies and quality controls by eliminating studies or replacing them with alternative methods whenever possible.

Specifically, Virbac is committed to implementing a demanding policy of reducing the number of animals for quality control insofar as the proposed methods are technically feasible and acceptable from a regulatory standpoint in the countries where our products are sold.

GOVERNANCE

General management defines the strategic areas of focus regarding resources for conducting animal studies and the development of alternative methods. These areas are defined by the Group's Animal Ethics department in the form of policies, action plans and

control processes; this department is also responsible for promoting and ensuring compliance with ethics and animal welfare within the Group and among 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, composition, ethical rules and operation of Virbac ethics committees.
- The Animal welfare policy defines staff roles and responsibilities with regard to animal welfare. Based on the 3Rs principle (Replace, Reduce, Refine animal studies) and the Virbac code, it describes the standards to be applied to animals, studies and animal units within the Group. These standards are also required of 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 monitoring their studies, respect for animal well-being and compliance with 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. Such alternative methods include, for example, carrying out *in vitro* tests in lieu of *in vivo* tests, when possible, or capitalizing on reproducible tests, bibliographic research or computer modeling.
- The 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 pay off; they have enabled us to commit to the objective of reducing the use of animals in quality control.

- A task force implemented within Virbac is dedicated to the development of alternative methods, which is a CSR priority objective by 2030 and will ensure a reduction in the number of animals.

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. In 2023, 50 dogs and 11 cats were put up for adoption.

Adoption	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Overall total
Dogs	135	183	56	68	50	83	66	54	44	16	50	805
Cats	62	45	1	19	7	6	12	65	18	4	11	250
Total	197	228	57	87	57	89	78	119	62	20	61	1,055

OUR RESULTS

Performance indicators	2021	2022	2023
Number of animals used for R&D studies	5,772	6,093	4,764
Number of animals used for quality controls	20,107	20,458	24,333

As some projects have entered a development phase requiring fewer animals, the number used in R&D studies decreased by 22% in 2023 compared to 2022.

The number of animals in quality control of all species combined, and at constant scope, is increasing (+19%) mainly due to the increase in sales of the rabies vaccine in Brazil, which does not recognize non-animal methods for the release of vaccines. In Europe, Oceania and Asia, since 2018, Virbac has managed to reduce the number of animals in quality control by 50%, 35% and

42%, respectively, highlighting Virbac's commitment to reducing the number of animals in quality control. For domestic carnivores, the number in quality control decreased dramatically (from 182 in 2013 to 8 in 2023, a 96% decrease), the remaining tests being dedicated to some countries whose authorities still require animal testing for the release of vaccine batches.





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 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 principles:

- 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.

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 increasingly rare, and are not always available on the market.

Faced with this shortage, we have adjusted our recruitment strategy by identifying new search sources that complement more conventional methods such as job advertisement platforms, the organization of Group recruitment activities or the use of specialized agencies.

The measures we have implemented aim to increase the visibility of our job opportunities and promote the many professional benefits that our company offers.

The rise of digital communication channels and the increase in the number of devices available (phones, tablets, computers, etc.) have broadened our optional courses of action. Social media in particular have proven to be excellent means for disseminating our job postings around the world, with concrete results.

In short, our innovative approach and continual adaptability are at the heart of our strategy to address the challenges of recruiting in a constantly changing job market.

OUR KEY OBJECTIVES

- Promoting employee commitment and loyalty.
- Continuing training initiatives 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. The Workday platform 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.

At the Group level, more than 550 positions were posted externally and 300 internally. Of these, 440 were filled. Approximately 530 individuals were co-opted (7% of whom were recruited), and there were 547 internal transfers. Overall, more than fifteen subsidiaries posted jobs on Workday.

In France, 190 positions were posted externally and 150 internally, 170 of which were filled. In addition, over 80 internal transfers took place during the same period.

In order to promote and simplify internal mobility, a new Boost your Mobility feature is now offered at the Group level as part of our human resources management system. This portal offers each employee the opportunity to view and apply for internal offers, access the status of their applications, create job alerts, and even recommend candidates, all centralized in one place. Boost your Mobility also simplifies the updating of professional profiles by allowing employees to add their resume, diplomas and studies directly on this hub. This information will be automatically included in an application when an employee applies for an internal offer.



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-option programs that aim to reward employees for their contribution in identifying profiles that may meet our needs.

For example, India and China have set up a co-optation program to promote the recruitment of sales managers. Vietnam has also launched its co-optation program, encouraging employees to invite their knowledge network to apply for job offers, and Australia is encouraging this by offering to reward co-optation for both permanent and temporary positions.

Another approach is to diversify recruitment sources: our Chilean subsidiary has developed its network by working with public employment services to recruit

blue-collar positions and with universities to gain access to young graduates in scientific fields. It has also launched several recruitment campaigns to attract the best talent in the pharmaceutical industry at national and international level, and uses internships to discover new talent ready to seize job opportunities within the Company.

University campuses are an important pipeline for recruitment: In this way, along with co-option, India has managed to hire nearly 150 employees from all parts of the country while maintaining costs related to the recruitment process. Uruguay also relies on a strong development of its relations with the academic community to fuel its strategy for attracting new talent.

In a highly competitive market, platforms like LinkedIn are also a good way to utilize social media. In the United States, leaders promote job opportunities through their own LinkedIn profile and professional network, and in Australia, managers are encouraged to share job openings by these same means. In Northern Europe, employees also disseminate job advertisements via their LinkedIn account. They also share the events in which the company participates (trade shows, conventions, conferences, etc.) to make its employer brand more visible, especially outside the veterinary circuit. This part of Europe has also relied on publicizing the company directly in places such as stores by communicating employment opportunities via a QR code that people can scan to obtain all the necessary information and to apply if they wish.

To meet recruitment needs, the company can also turn to internal transfers and the promotion of employees who already hold a position within the Group. Mexico, for example, continues to invest in the development of internal employees to provide sourcing within the Mexican subsidiary and other South American entities, and thus pave the way for the job succession in the future. India has implemented an internal recruitment policy by developing a five-step selection program to recruit regional sales managers, some of whom are already employed within the Indian subsidiary and promoted to these positions.

Successful recruitment also involves the formalization of policy in this area that clearly explains the processes and practices for selecting and assigning positions to be filled, all in keeping with the regulations in force in the country concerned. In this regard, China has introduced new guidelines to guide recruitment staff within its subsidiary, and our subsidiary in Taiwan asks each recruitment manager to take training before conducting candidate selection interviews. South Africa also believes that the drafting of a clear recruitment policy makes it possible to attract qualified and suitable candidates who will contribute to the success of the company while sharing its values. Indeed, while

a candidate's expertise and experience are important, adherence to shared values within the Group is a major contributing factor in successful recruitment.

Skills development policy

In May 2023, at the Group level, we rolled out the catalog of benchmark jobs and the competency framework, two key pieces that allow everyone to play a role in their own development. Six key competencies (important abilities and behaviors) to carry out our long-term strategy were identified. These competencies are an integral part of the employment benchmark, which lists the main responsibilities and functions for each position. They specify how the individual can effectively accomplish them. Each competency is broken down into four levels, and each benchmark job has its own expected competency levels. Thus, each Virbac group employee can now use Workday to access the level associated with each of the six competencies of his or her benchmark job.

A development guide has been made available to support everyone, regardless of their profession, with advice on how to develop these key competencies. This guide can also be used by managers as a reference tool to help them support their team members in drafting development plans or preparing for career advancement. Training modules on each of the six competencies are also available so that everyone can play a role in their development.

In the same spirit, a new platform, goFLUENT, has been made freely accessible to offer everyone the opportunity to develop their language skills and thus become comfortable and communicate impactfully when interacting in English, Spanish or French. Via Workday, it allows unlimited access to e-learning resources, level tests and conversation classes in a dozen languages.

In addition, many internal experts, present in the main departments, contribute to the development of team competencies by implementing training aimed



at a wide audience regarding corporate issues (safety, quality, digitalization, ecological transition, etc.).

With regard to the France scope specifically, the training catalog has been expanded in order to provide a face-to-face offer in connection with the six key Virbac competencies. Emphasis was also placed on training managers, continuing the Leaders in Action program and adapting it to the specificities of the different managers' targets. Total training expenses in 2023 represent 2.55% of payroll.

On the international level, most subsidiaries devote a significant portion of their budget each year to developing their employees' skills, using both internal resources and courses provided by external trainers. An employee's training often begins as soon as he/she joins the company and continues throughout his/her career.

Northern Europe implemented a mentoring approach: each new hire is paired with a mentor, whose role is to facilitate their onboarding and to support them in learning about the company. Training also gives marketing teams the opportunity to participate in sales seminars with sales representatives so that they can better understand the latter's needs with regard to promotional materials. New hires are also involved in business meetings, even if this activity is not part of their area of responsibility. Our China subsidiary conducts training sessions to accelerate product and policy knowledge over a one-month period when onboarding a new employee.

India relies on in-house development, especially for the sales and marketing teams, which represent the vast majority of its employees: It has developed an internal program for salespeople to improve their skills in sales techniques. The same approach has been implemented to strengthen the knowledge and practices of the marketing teams, including the implementation of a monthly session dedicated to exchanges between employees working in this field. This quality time allows everyone to discuss their experience in the field and share success stories. The subsidiary has also set up a specific management development program entitled "Sanskar for success" (keys to success). India sees all of these internally developed training programs developed as a strength that allows it to learn and react quickly to its ever changing environment and thus ensure the sustainable growth of its business.

South Africa promotes the continuous professional development of employees to enable everyone to have the knowledge and skills necessary to carry out their function effectively. It combines internal training carried out via the online tools available to them and



uses external structures to train its employees on compliance, sales or health by providing funding for these courses. It also allows employees to receive academic training by providing them with financial support when necessary, which is beneficial both for the employee and for the company in terms of productivity and skills development.

Brazil implemented a program called Campus Virbac, which aims to train its employees throughout the year on behavioral skills, such as how to give and receive feedback, or even on emotional intelligence. Regarding English courses for people who are required to use the language in their daily activities, this subsidiary uses the goFLUENT platform, now available to offer everyone the opportunity to develop their language skills. For strategic positions, this learning is verified via a TOEIC test. Uruguay also supports employees who need to improve their English language proficiency via this new platform.

Mexico maintains its investment in training to continue developing talent, stabilizing business, and improving processes. The subsidiary has created guides to help develop behavioral skills and has focused on developing leadership to foster a warm and caring environment. Developing leadership skills is also a

priority for Uruguay: this subsidiary has implemented specific training dedicated to the roles and responsibilities of managers and an internal training on payroll aimed at improving their knowledge in this field while debunking mistaken notions on the subject. Uruguay also dedicates a significant part of its training activities to the qualification of employees involved in the operational processes of quality control and Good manufacturing practices.

The Australian subsidiary has also developed and implemented a program for all its leaders. Based on the principles of emotional intelligence, it aims to improve the culture, commitment and well-being of team members. The United States also spends a portion of its training budget on leadership programs aimed at retaining today's talent and developing tomorrow's leaders.

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 back up his/her assessment, guide 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 2023 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-à-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 renegotiated in 2023 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 employee retirement savings plan. Since 2016, leave days that have not been taken may also be paid into the employee retirement savings plan, up to a limit of ten days per year.

The Brazilian subsidiary also signed a corporate agreement with the employee representatives, which, in addition to the profit-sharing program, provides for the payment of an amount calculated according to the position level and subject to the achievement of defined objectives. This agreement also states that, if the objectives set at the corporate level are exceeded, a 20% increase will be applied to profit sharing.

Virbac India, which consists mainly of sales and marketing teams, implemented a recognition and reward policy based on performance metrics defined at the end of the year for the coming year, and calculated through a monthly evaluation process based on quantitative and qualitative criteria. This policy has paid off by sustaining business growth year after year.

In China, the subsidiary has launched recognition programs to reward the efforts of employees achieving very good performance: one called “Quarterly sales acceleration”, which offers a special bonus to the best salespeople in the field, and the other, which rewards the best sales of products from the HPM nutrition range. The Taiwanese subsidiary, meanwhile, congratulates employees for their remarkable attitudes and results by awarding them a Value Award and granting “honor” leave to encourage the best performers.

In addition to the recognition program developed and facilitated internally that allows an employee to honor another employee, Mexico has launched three communication campaigns to encourage recognition: Virbac Pride, where employees present their experience in a video, Leadership stories, where leaders explain how they have overcome difficulties

encountered in managing their teams (which gives some the opportunity to find their mentor), and Who we are, where employees share their hobbies and interests in a document.

The organization of events to celebrate performance is also a sign of gratitude that employees appreciate. Uruguay invited its employees to participate in a three-day event in Argentina to celebrate the achievement of sales targets and to thank them for their contribution to this success. Chile, meanwhile, held quarterly ceremonies during which a large number of employees were honored by members of leadership and their teams.

OUR RESULTS

Performance indicators	2021	2022	2023
Absenteeism	3.09%	3.01%	3.45%
Employee turnover rate	11.2%	13.1%	14.0%
Great Place to Work Trust Index	73%	-	-
Percentage of employees on payroll as of 12/31 who took at least one training course/total headcount as of 12/31	81%	72%	77%



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.

OUR KEY OBJECTIVES

To increase the safety of employees in the workplace by implementing action plans such as better protection against potentially hazardous materials, improved ergonomics and psychosocial hazard management, which aim to reduce the number of workplace accidents.

GOVERNANCE

Created in 2015, our Group EHS department 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 include 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 all countries, we implement numerous preventive 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, Chile, 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.



In 2023, we continued to focus our efforts at our industrial sites in France by continuing our audits with respect to compliance with the five golden rules, and by initiating a program to develop a strong safety culture with the French Industrial Operations department intended to:

- make sense of safety;
- impact people and behaviors;
- capitalize on what has already been implemented;
- deploy innovative tools;
- build a resilient EHS system;
- reduce accidents.

At the same time, internationally, and particularly in Chile, risk prevention campaigns related to the use of cell phones during on-site movement have been initiated, thus reducing the number of accidents by half between 2022 and 2023.

Management of psychosocial hazards

With regard to psychosocial hazards, the various departments in our company, supported by HR teams and designated partners (management and the workforce, the workplace physician, the workplace social worker, etc.), are continuing their global approach to the quality of life at work. In 2023, the GPTW action plan defined in 2022 was fully implemented on:

- **well-being at work** (creation of “quiet” spaces for confidential professional exchanges, deployment of the Klaxit application to encourage carpooling between employees, evolution of telework with the inclusion of a new form and publication of quizzes to test knowledge on working guidelines);
- **recognition** (portraits of employees in their daily work, coaching to support new employees as they start their positions, mentoring to develop technical and behavioral skills, easier access to job offers to promote internal mobility, and creation of the HR newsletter to simplify access to HR information);
- **participatory management** (launch of peer feedback to promote recognition and development and promote cross-functional collaboration).

In connection with our GPTW action plan for well-being at work and as part of the week dedicated to well-being at work (WBW) every June in France, we organized an event in 2023 with scheduled yoga sessions at the office. Guided by an outside facilitator, these sessions consist of practicing relaxation and concentration exercises through simple movements and breathing and relaxation techniques practiced on office chairs in work attire. We offered employees the opportunity to participate in a yoga session and discover the benefits of this practice, adapted to the workplace, to improve their well-being.

Workplace well-being service have been strengthened by the addition of an additional partner to have a joint duo and ensure even wider coverage for the prevention or management of personal or professional situations. Discussions between the elected psychosocial hazards representatives and management have also made it possible to deal with and prevent individual or collective risky situations.

In addition to traditional whistleblowing channels (direct supervisors, Human Resources, social worker, occupational physician, staff representative), employees also have, under French law n°2016-1691 of December 9, 2016, on transparency, the fight against corruption and the modernization of economic life, known as the Sapin 2 act, access to a whistleblowing platform that allows them to report, anonymously or not, facts or practices that violate the rights and policies of countries.

At the international level, subsidiaries also pay particular attention to the management of psychosocial hazards and the well-being of employees. Mexico, Chile and Northern Europe regularly launch assessments in this area to measure potential risky situations and work first and foremost on prevention. Brazil has set up a call service provided by an external partner allowing employees to discuss health-related topics, both from a psychological and a financial standpoint, as well as social and legal assistance needs.

Uruguay combines prevention, promotion and direct actions: occupational medicine is involved in the recruitment phase to identify risks and then through annual follow-up appointments. Conferences and workshops are organized to address different topics: cardiovascular disease, blood pressure, eating habits, etc. Lastly, the doctor can also intervene to help find solutions for problems related to convalescence.

The Vietnamese subsidiary also takes steps to improve the management of these risks: For example, it has implemented teleworking to improve work-life balance. It also organizes workshops on psychological health as well as sports days for its employees. In addition to the information and prevention programs shared monthly with employees, South Africa organizes Vitality Days, during which employees can undergo a set of medical tests to allow them to assess their health and obtain medical assistance if a risky situation is detected.

Finally, Australia has expanded its psychological support service by adding financial or other support to help employees who need it. It has also developed a training module for managers and leaders to raise awareness on topics related to psychological health.



OUR RESULTS

Performance indicators	2021	2022	2023
Frequency of work accidents	4.88	4.25	3.67
Severity rate of work accidents	0.33	0.15	0.22

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

The frequency rate of our Group's occupational accidents, within the scope of the eighteen countries, has clearly improved in 2023 compared to 2022, reaching a new all-time record of 3.67. This improvement is the result of preventive actions related to the development of the safety culture, as described above.

DIVERSITY

Increasing diversity within Virbac allows us to continually improve 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, gender equality in the workplace 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, and age mix.

Gender equality

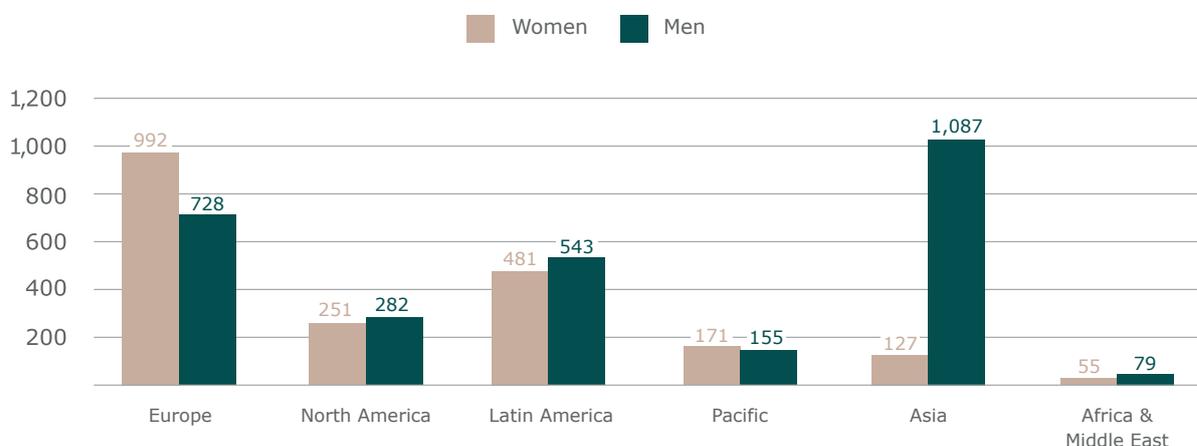
Within the defined scope, six countries have a pay gap of between -5% and +5% between women and men (South Africa, Chile, Colombia, France, New Zealand and Vietnam), and five other countries (Spain, United States, Italy, Japan and Uruguay) have a ratio of between -10% and +10%, all professional categories included. The weighted ratio, across all categories, represents a rate of 92%.

When it comes to equal pay for 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 reduce 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 in 2023). At the same time, we dedicate a specific budget to closing gaps in order to implement these salary adjustment measures each year.

In 2023, ten countries were given an internal grading tool that makes it possible to better manage internal equity, have a rational approach to external competitiveness and establish 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. As much as possible, we entrust leadership positions to local managers in order to be as close as possible to customers and the market culture. In 2023, within the defined scope, 93% of senior managers were local hires, and the management of ten subsidiaries was made up strictly of local hires.

2023 gender distribution by geographic area



Europe (58%) and the Pacific region (52%) are the two regions where women are in the majority. The North America and Latin America regions, with 47%, each exhibit a very balanced proportion. Africa and the Middle East, with 41%, show 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 19 women per 955 men, or 2% 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 wheelers), are more naturally made up of men. Excluding India, the Asian area still consists mostly of men at 55%.

This year, Mexico launched a week dedicated to women, during which activities and presentations on topics of interest to them were offered, making this event a great success. The Mexican subsidiary also extended the duration of maternity leave compared to the regulations in effect in order to fully support the maternity leave period and thus promote a gradual return to work. The Brazil subsidiary participates in an annual Human Resources forum that conducts awareness-raising activities with an emphasis on the importance of recruiting women, particularly in management positions.

In Chile, the percentage of women recruited to positions of responsibility (management and leadership) has increased considerably, with an executive committee consisting of equal numbers of men and women. As a rule, the subsidiary puts great emphasis on an inclusive culture that ensures gender equity by offering men and women equal job opportunities and compensation based on the position held, not on gender. The analysis of pay indicators by job family shows that the average wage gap between women and men does not exceed 5%. It should be noted that for some job families, such as supervisor or manager, remuneration is shown to be higher for women compared to men.

Vietnam also ensures equal treatment between women and men in all HR processes (recruitment, salary reviews, promotions, etc.). Today, the subsidiary is led by a woman who serves as managing director, and the women/men ratio of her direct reports is 6:4.

This is also the case in South Africa, where a woman is at the head of the subsidiary, even though the majority of management positions, nearly 70%, are held by men. Responding to local legislation that promotes equal opportunities between women and men is a challenge in a work environment where it is difficult to find rare or advanced language skills to meet business needs in certain geographic areas of the country.

When recruiting, China and Taiwan also emphasize the importance of ensuring that candidate selection criteria are based solely on the expected competencies related



to the positions to be filled, without discriminating based on the candidate's gender.

Australia participates in a federal government-initiated program to promote women's return to work after a career break and keep them employed. This innovative approach is designed to increase the proportion of women in the workforce as well as to encourage them to take on leadership positions. Through this contribution, the subsidiary intends to support women's return to work and promote their inclusion in the workplace by exchanging information with other companies participating in the same program on the Australian continent.

The Australian subsidiary has implemented a series of actions to increase the representation of women in operational and executive management teams while being careful to adjust any differences in pay compared to men. In order to continue on this path in the coming years, it has developed a program for talented women to develop their leadership and give them the opportunity to become mentors.

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 adjustments for which we take full responsibility 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 administrative procedures:** in order to help and encourage employees with disabilities in their procedures with the competent authorities to obtain recognition as beneficiaries of the employment obligation or its 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 balance 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.

Our subsidiaries pay the same attention to the employment of workers with disabilities and to the adaptation of their work environment to promote their inclusion in the teams (adaptation of their workstations on-site and at home, organization of their working hours, etc.). One of the members of the Human Resources team in Chile has been certified as an inclusion manager: Their role is to promote equal opportunities for people with disabilities to develop within the company. As for Taiwan and Vietnam, these subsidiaries also make every effort to adapt the work stations and working conditions of employees with disabilities and thus support their employability.

Australia has begun a partnership with an organization created by the Australian government that helps people with disabilities or permanent medical conditions find jobs.

Through the implementation of this pilot program, a disabled employee was hired at the Milperra storage warehouse.

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 true asset. Compliance by our employees with the values defined in our 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.



Brazil is working on a project to set up a Diversity Committee that will consist of representatives of minorities and volunteers to work on this subject in order to raise awareness about the problems encountered, especially in the professional environment. The Mexican subsidiary has launched a study to assess the level of inclusion of all types of diversity within its subsidiary.

In terms of age diversity, Chile values and promotes the inclusion of different generations, believing that they all contribute to development and innovation within organizations. While some countries such as Taiwan do not hesitate to recruit seniors by providing them with the necessary training to acquire new skills, others have a harder time convincing hiring managers to agree to hire older employees who nevertheless have good professional experience.

The variety of nationalities and cultural backgrounds within the subsidiaries is a real strength for our Group.

India has decided to implement an equal opportunity policy emphasizing the importance of each person in a country that is very diverse in terms of cultures and languages. Meanwhile, the Australian subsidiary has developed a diversity, equity, inclusion and belonging (DEIB) strategy by creating a group of volunteer employees from different functions. Its objective is to study areas for improvement to develop the DEIB footprint within departments. Australia also dedicates an event to highlighting this cultural diversity: Harmony Week.

OUR RESULTS

Performance indicators	2021	2022	2023
Gender pay ratio	77%	81%	82%

This ratio is obtained by dividing the total remuneration of women/female workforce by the total remuneration of men/male workforce, taking into account the weighting of the workforce by country.

In terms of the company scope (excluding India), the gender ratio, across all categories, is equal to 82% in 2023 compared to 81% in 2022 and 77% in 2021.

In India, in 2023, there were 19 women per 955 men, or 2% of the population. The low representation of women combined with the proportion of India in the overall workforce (about 20%) makes the ratio irrelevant and volatile from one year to the next. This ratio would be 85% by including India.

OUR RESULTS

Performance indicators	2021	2022	2023
Gender pay ratio for the executive and management category	-	-	84%

In 2022, employees were divided into six categories: executive, senior executive, director, manager, supervisor, and individual contributor. The gender pay ratio was then calculated based on three categories: executive, senior executive and director, representing a panel of 190 employees.

The implementation of the job catalog in May 2023 led to a change in the distribution of employees into four main categories: executive, management, professional, support/para-professional.

With the executive category only affecting 33 employees in 2023, it appeared more appropriate to

broaden the basis of comparison by also including the management category for better representation. It should be noted that this change makes the comparison irrelevant with regard to past years.

Thus, the gender ratio, based on total remuneration, calculated by taking the weighted average of each headcount comprising the categories concerned, shows a rate of 84% for 2023, excluding India due to representation (1 woman per 171 men in the defined categories). This ratio would be 104% by including India.



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 continuous improvement of livestock animals' health 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 adequacy with the animals' needs) and make it possible to extend 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.

OUR KEY OBJECTIVES

- Do it right first time to ensure a high level of customer satisfaction.
- Maintain a customer technical complaint ratio of less than five 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 in 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 *Syndicat de l’industrie du médicament vétérinaire (SIMV)* in France, the National Office of Animal Health (NOAH) in the United Kingdom and the *Bundesverband für Tiergesundheit e.V. (BfT)* in Germany, etc.;
- regionally with, for example, AnimalhealthEurope, or AHI (Animal Health Institute) in the United States;
- at the global level with HealthforAnimals (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 damage 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 2023, we remained below five complaints per million units marketed, despite the inclusion of new, recently launched products that, in generating a significant number of questions, still require special support for customers.

OUR RESULTS

Performance indicators	2021	2022	2023
Ratio of technical complaints per million units marketed	4.0	4.6	4.6

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 practices (GLP) relating in particular to data traceability, then select CROs (Contract research organizations) 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 transporting 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 person qualified 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 nutrivi-gilance mechanism.

ONGOING 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 products and formulations. 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.



OUR RESULTS

Performance indicators	2021	2022	2023
Rate of batch recalls per 1,000 batches marketed	0.48‰	0.42‰	0.27‰
Rate of non-compliance with regulations and voluntary codes for 1,000 batches marketed	0.67‰	1.00‰	0.74‰
Rate of labeling non-conformities per 1,000 product references	0.78‰	1.01‰	0.37‰
Rate of promotional non-conformities per 1,000 product references	0.00‰	0.00‰	0.11‰

Overall, more precise development and better control of production processes have improved the quality of distributed products. 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 new Group Quality and Compliance department, demonstrates the Group's desire to accelerate its approach to reducing its environmental footprint.

One of these initiatives involves reframing scope and reporting methods, an indispensable precondition for gaining a global overview 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.
- Control water intake.
- Reduce 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.

Examples of achievements in 2023.

France

In addition to the work carried out in 2021 and 2022 on all air conditioning and heating systems at the administrative offices for France industrial management and the roof insulation work, we also invested in a new, more energy-efficient furnace in 2023.

Vietnam

In 2023, an enhanced preventive maintenance plan was initiated for all air conditioning systems and energy-intensive equipment (pumps and engines in particular).

Mexico

In 2023, Mexico led a project to evaluate renewable energy production facility options.

South Africa

In 2023, our industrial site in South Africa fully exploited its new solar renewable energy production facilities, bringing the share of renewable energy versus its total electricity consumption to 30%.

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. Thus, at our sites in France (which represent more than 50% of

the Group's production), gas consumption decreased by 13% compared to 2022, thanks in particular to the replacement of a boiler with a modulating burner and a boiler stack economizer.

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. The reduction in water consumption intensity at the French sites (which account for more than 50% of the Group's production) reached 30% over the same period.

We integrate the environmental context of the areas in which we operate into our analyses. With the exception of the South African site, which is located in a water stress area according to the FAO (Food and agriculture organization) and the WRF (Water risk filter) criteria, no other Group production site is located in a water stress area identified as such.

France

In 2023, France experienced significant water stress. By applying government guidelines and stopping intramammary range production activities at Carros, we were able to stop the removal of well water, representing 30,000 m³ per year.

South Africa

In 2023, our industrial site in South Africa carried out a preventive maintenance campaign on all its water networks, leading to the treatment of a large number of leaks and the reduction of consumption by 23%

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. However, a cross-functional think tank was put in place at the end of 2021 with the first concrete action being to take into account these concepts, in particular that of recyclability, as a criterion of choice in all current and future projects.

For companion animal products that do not require a Marketing authorization (MA), we integrate eco-design principles as early in the creation process as possible. These same principles are implemented for secondary or tertiary packaging, from the research and development stage, in partnership with our suppliers.

In 2023, this mobilization allowed us to:

- launch several new products in Europe and the United States with recyclable and recycled plastic packaging for a hygiene product, among others;

- launch a new food supplement in more than 28 countries (Europe and Asia), which incorporates ingredients from a sustainable culture (Krill meal with MSC label) and is presented in recyclable packaging, incorporating 25% recycled material.

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	2021	2022	2023
Gas consumed (MWh)	30,437	30,071	27,698
Electricity consumed (MWh)	44,732	53,819	51,329
Energy intensity	538	528	459
Water sampled by source (m³)	226,323	313,840	264,061
Volume of packaging released to market (in metric tons)	4,769	4,832	4,052

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 2023, our gas consumption was down (by 8%) compared to 2022, as was our electricity consumption (by 5%). Note that the 2022 electricity value has been adjusted to take into account self-consumed renewable energy (former value: 53,175 MWh), and is thus comparable to consumption in 2023.

Compared to activity, total energy consumption decreased by 13% (energy intensity factor). Like energy, water consumption at the Group level is down by 16%.



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 across the Group the consolidation of the various local initiatives carried out locally and subject to specific regulatory frameworks, in particular on the optimization of the frequency at which our facilities are cleaned. 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.

At the Carros site in France, following the work carried out in recent years on the effluent treatment plant, we have invested in a new system for regulating the pH of these effluents with CO₂ instead of acid, as well as in an effluent pretreatment system to reduce COD.

Hazardous waste

In addition to the constant search 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).

It should be noted that at the Carros site in France, we have signed a new hazardous waste management contract with a target of 80% recovery.



OUR RESULTS

Performance indicators	2021	2022	2023
COD (metric tons)	113	100	86
Volume of hazardous industrial waste (metric tons)	2,153	2,118	1,922
Volume of ordinary industrial waste (metric tons)	2,646	3,262	2,719
Intensity of ordinary and hazardous industrial waste	34	34	27

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 sharp decreases at the highest COD-generating sites, Carros in France and Guadalajara in Mexico, account for the decrease by 14%. This is due in part to the installation of a new water treatment plant at the historic Carros site in France.

In 2023, the total amount of waste generated decreases significantly by 9% for hazardous waste and by 17% for non-hazardous waste. Compared to activity, the decrease is even sharper, with a drop of 20%.

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 (scopes 1 and 2, as defined in the greenhouse gas (GHG) protocol 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, downstream) reflect emissions linked to the shipping of finished products from all sites to the end customer.

In 2023, we initiated a project to complete our carbon footprint assessment on indirect emissions (scope 3) using the GHG protocol method, and performed an initial data consolidation for 2022. The approach will be continued in 2024 on the 2023 annual data in order to refine the results and thus prepare the carbon footprint assessment for 2024. These elements will help structure the Group's decarbonization trajectory.

OUR KEY OBJECTIVES

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

OUR ACTION PLANS

Scopes 1 & 2 greenhouse gas (GHG) emissions

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

- 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 Mexico, as well as a program to replace the most polluting fluids with 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 (see www.bilans-ges.ademe.fr);

- shipping of finished products: destination grouping and limitation of air transport;
- transporting employees: inter-site shuttles, external shuttles, incentive policies to limit the carbon impact of company vehicles, carpooling, etc.

In addition to these initiatives, the Guadalajara site in Mexico continued its reforestation campaign in 2023, by more than 50 trees, thanks to the involvement of employees and their families. A similar initiative is underway in Vietnam.

OUR RESULTS

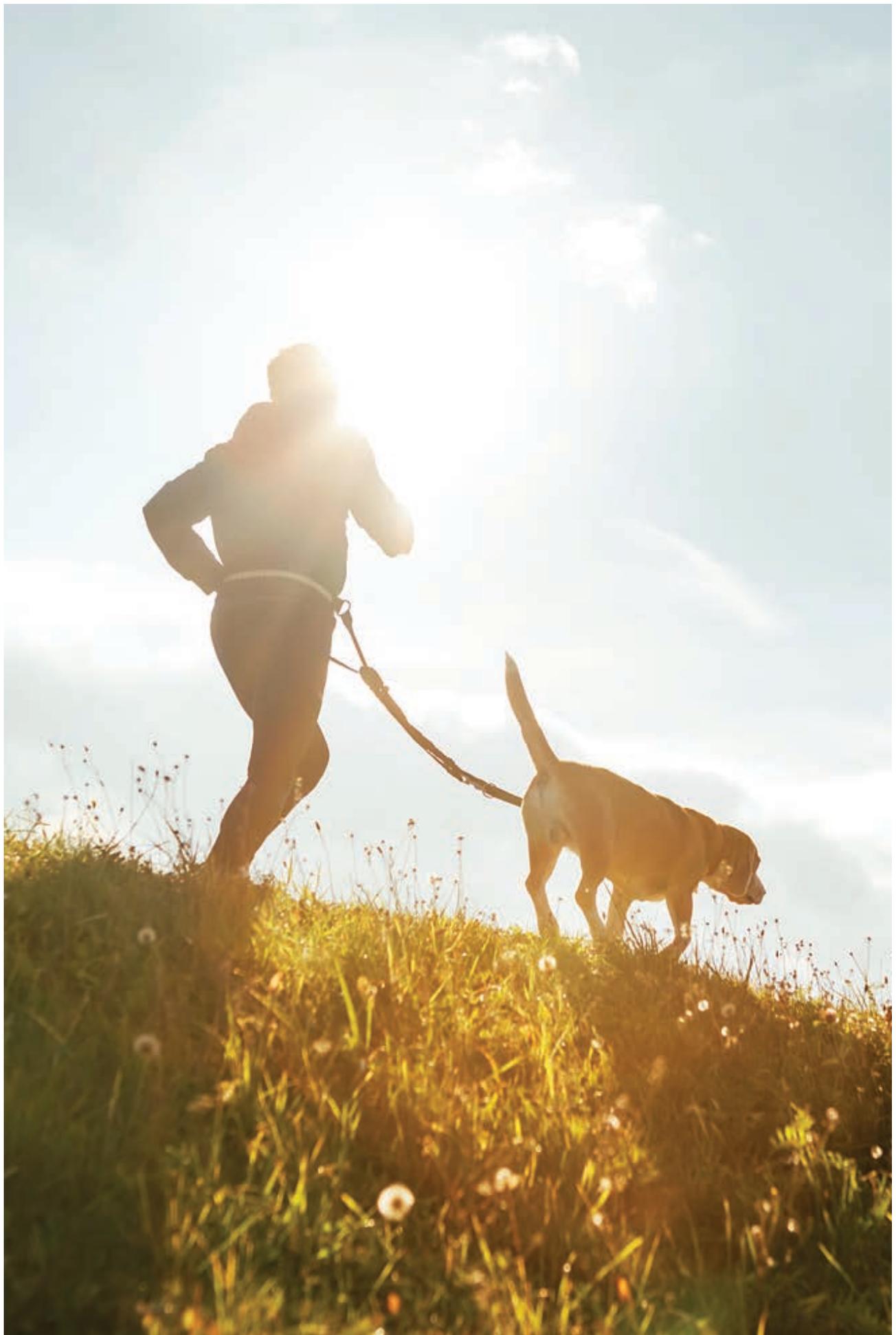
Performance indicators	2021	2022	2023
GHG scopes 1 & 2 (metric tons of CO₂ equivalent)	20,814	23,727	22,630
GHG scope 3 downstream (metric tons of CO₂ equivalent)	11,093	10,228	8,303
GHG intensity scope 1, 2 & 3	229	215	181

The emission factors used for calculating emissions of the various scopes are from the French site of the French environment and energy management agency (Ademe) at <https://bilans-ges.ademe.fr>. The intensity of greenhouse gases is the ratio between the GHGs emitted (scopes 1, 2 and 3) and the added value in thousands of euros at the Group level (direct labor costs + indirect production costs).

Our scopes 1 and 2 greenhouse gas emissions fell by 5% in 2023 compared to 2022, and by 12% with respect to operations, for an intensity of 132, far below our target of 164.

Our scope 3 emissions (downstream transport) decreased substantially (by 19%). This sharp decrease is mainly due to the reduction in air transport

from sites in France. It should be noted that the 2022 values of the scope 3 GHGs were the subject of an error correction due to double counting of the Carros site data in 2022.



EUROPEAN GREEN TAXONOMY - ELIGIBILITY/ALIGNMENT

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, starting with the fiscal year ended December 31, 2021, we are required to release 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.

For financial statements for the year ending December 31, 2022, the requirement has been extended and now calls for an analysis of the alignment for the climate objectives for the three financial indicators (revenue, Capex and Opex). 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 safeguards. 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.

For the accounts closed on December 31, 2023, the obligation was extended to include an analysis of the eligibility of the four complementary objectives: transition to a circular economy, prevention and reduction of pollution, sustainable use and protection of aquatic and marine resources, and protection and restoration of biodiversity and ecosystems.

The taxonomy’s six environmental objectives are:

- climate change mitigation (2021 eligibility/2022 alignment);
- climate change adaptation (2021 eligibility/2022 alignment);
- transition to a circular economy (2023 eligibility);
- pollution prevention and reduction (2023 eligibility);



- sustainable use and protection of aquatic and marine resources (2023 eligibility);
- biodiversity and ecosystem protection and restoration (2023 eligibility).

The eligibility analysis of the four additional objectives was conducted in accordance with the taxonomy regulation. It follows from this analysis that the Group is mainly concerned with the objective of preventing and reducing pollution, and as such must declare its share of revenue generated and Capex and Opex incurred in its medicine production.

The eligibility and alignment 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 and business experts in France and in our main subsidiaries. The following departments contributed to the reflection:

- Group Consolidation department for the financial data;

- Financial Affairs department of the subsidiaries in scope;
- facilities management, industrial management for buildings and maintenance;
- fleet managers and Group Regulatory department;
- Legal, Insurance and EHS departments for the assessment of climate DNSH;
- Compliance, HR, Legal and Tax departments for the analysis of minimum safeguards;
- CSR department.

The whole consists of a methodology whose significant elements – assumptions, interpretations, clarifications and methodological limitations – are described below. The Group will revise this method and the figures resulting in light of regulatory developments, in particular with the implementation of the Corporate sustainability reporting directive from 2024 onwards.

It should be noted that this work was carried out with the support of an external board, which assisted the Group in appropriating the concepts to be implemented, facilitating training/information sessions, and lastly, analyzing the criteria required to justify the alignment of activities.

DNSH criteria

All Do no significant harm criteria were assessed at the Virbac group level and locally by the subsidiaries. The Group did not evaluate the Do no significant harm criteria at the value chain level.

The DNSHs (circular economy, pollution, aquatic and marine resources, biodiversity and climate) were studied activity by activity to assess their alignment.

Climate change adaptation

The Group conducted a preliminary analysis of the exposure and vulnerability of its activities to physical climate risks, as defined in section II of appendix A of the European regulation. This analysis was conducted by management on the basis of the reports of our insurers on the prevention of natural and climatic risks at our industrial sites, and on the basis of internal knowledge at our main sites. In 2023, the Group enhanced this approach with simulations of global warming scenarios, based on the IPCC's assumptions, which made it possible to map the risks identified and their degree of importance for our industrial sites worldwide. On this basis, we are now working to complete our action plans to limit the potential impact of these risks.



Minimum safeguards

In accordance with the guiding principles for minimum safeguards described in article 4 of the taxonomy regulation, economic activities that substantially contribute to one of the climate objectives and meet the relevant generic and specific DNSHs must also demonstrate compliance with the minimum safeguards. Compliance with the minimum safeguards was assessed at the Virbac group level only. In all our activities, we take into account the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, including the principles and rights set out in the ILO declaration on fundamental principles and rights at work and the International bill of human rights.

The Group used the report on the minimum safeguards of the platform on sustainable finance to ensure compliance with the principles set forth in the preamble to the statement of non-financial performance, in the paragraph entitled "A corporate responsibility policy based on a strong ethical commitment," starting on page 16, and in particular the body of measures put in place by the Group:

- the Virbac code of conduct and business partner charter, on page 17;
- the Human rights, in the Respect for human rights paragraph, on page 19;
- prevention of corruption, in the Prevention of corruption and influence peddling paragraph, on pages 17-18;
- responsible taxation, in the Responsible tax policy paragraph, page 20;
- fair competition, on page 17.

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 rates and sectors where economic activities have the potential to allow substantial reductions in GHG 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 offered by the Group do not contribute to reducing the emissions of other sectors, the Group does not have activities that are taxonomy-eligible under the two climate objectives.

In 2023, the analysis conducted on the four complementary objectives (transition to a circular

economy, prevention and reduction of pollution, sustainable use and protection of aquatic and marine resources, and protection and restoration of biodiversity and ecosystems) leads to the conclusion that Virbac, like the pharmaceutical sector, is directly concerned with the objective of preventing and reducing pollution.

The statistical classification of economic activity (*NACE*) codes that concern Virbac are as follows: C21.1 Manufacture of basic pharmaceutical products and C21.2 Manufacture of pharmaceutical preparations.

For this reason, Virbac declares the share of its revenue generated on its active ingredient manufacturing (PPC1.1 activity), as well as its medicine manufacturing (PPC 1.2 activity). To do this, management reviewed its entire net consolidated revenue and used as a basis the European definition of medicines as available on the European website: <https://www.ema.europa.eu/en/glossary/medicinal-product>.

In this case, the eligible revenue includes all manufacturing of medicines or related products. The consolidated net revenue of the animal nutrition, diagnostics, and hygiene ranges, and non-medicine care ranges is deemed ineligible. With regard to the scope, it should be noted that only the manufacturing carried out at our own industrial sites, or through subcontracting, was selected to assess the eligible share. Trade products (purchase/resale) were considered ineligible regardless of the nature of the product.

The Group will review this methodology and the resulting figures based on regulatory developments and FAQs from the first fiscal year of implementation.

For the 2023 financial year, the consolidated net revenue eligible for the pollution prevention and reduction objective amounts to €701 million, that is, 56% of the Group's consolidated revenue.

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Do no significant harm")									
	Code (2)	Turnover (3)	Proportion of turnover, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular Economy (8)	Pollution (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Circular Economy (14)	Pollution (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)

A. Taxonomy-eligible activities

A.1. Environmentally sustainable activities (taxonomy-aligned)

Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%														0%		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T

A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)

				EL; N/EL															
Manufacture of medicinal products	PPC 1.2	700,991	56%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		700,991	56%	0%	0%	0%	0%	56%	0%								0%		
A. Turnover of taxonomy-eligible activities (A.1+A.2)		700,991	56%	0%	0%	0%	0%	56%	0%								0%		

B. Taxonomy-non-eligible activities

Turnover of taxonomy-non-eligible activities		545,910	44%
Total (A+B)		1,246,901	100%

	Proportion of turnover/total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR		0%
CE		0%
PPC		56%
BIO		0%



Capex taxonomy

As defined by article 8 (2) (b) of regulation (EU) 2020/852, the denominator of the Capex taxonomy corresponds to the 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, with the exception of Globion India, which entered the consolidation scope in the last quarter of 2023. It should be noted that the Virbac group has no investment processed according to Investment Property (IAS 40) and Agriculture (IAS 41) standards.

Eligibility analysis

Capex flows are derived from consolidated accounting data. They were analyzed transversally by the Finance teams of each subsidiary and local experts. The flows related to investments that are individually eligible under CCM 6.5, CCM 7.2 - 7.7 and WTR 1.1 activities are thus identified by the local teams on the basis of the guidelines communicated by the Group in accordance with the taxonomy regulation.

According to the updated taxonomy regulation, the Group extended its analysis to Capex category A (related to an eligible activity) under PPC 1.1 and PPC 1.2 activity, which made it possible to identify Capex related to the pharmaceutical active ingredient (PPC 1.1) and medicinal product (PPC 1.2) manufacturing activities.

A comprehensiveness analysis was conducted in the form of workshops to ensure that no other activities related to climate and environmental objectives were

omitted within the scope of analysis.

Eligible Capex is 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 (CCM/CCA 6.5);
- renovation of existing buildings (CCM/CCA 7.2, CE 3.2);
- installation, maintenance and repair of energy efficiency equipment (CCM/CCA 7.3);
- installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings (CCM/CCA 7.4);
- installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings (CCM/CCA 7.5);
- installation, maintenance and repair of renewable energy technologies (CCM/CCA 7.6);
- acquisition and ownership of buildings (CCM/CCA 7.7);
- data-based solutions for reducing GHG emissions (CCM/CCA 8.2);
- manufacture of pharmaceutical active ingredients (API) or active substances (PPC 1.1);
- manufacture of medicines (PPC 1.2);
- manufacturing, installation and associated services

for leak-control technologies to reduce and prevent leaks in water supply systems (WTR 1.1).

In 2023, it should be noted that no Capex was identified for activities 7.4, 7.5, 7.6 and 8.2.

Alignment analysis

An alignment analysis was conducted for both climate objectives. Capex flows related to CCM 6.5, CCM 7.2, CCM 7.3 and CCM 7.7 activities were analyzed with regard to the technical criteria for substantial contribution and DNSH by each subsidiary. The application of the criteria is intended to comply with the text of the taxonomy. However, it should be specified that Virbac management was required to interpret the texts as described below.

Substantial contribution criteria

- Climate change mitigation (CCM) 7.7: Virbac refers to the DEEPKI index for the top 15% energy performance of buildings on a national scale.
- Climate change adaptation (CCA): climate risk analysis and adaptation roadmap are underway. Virbac believes that the substantial contribution criterion for climate change adaptation activities has not been met to date: "The economic activity has implemented physical and non-physical solutions substantially reducing the most significant physical climate risks that are important for this activity." Therefore, not all Capex flows related to eligible investments for climate change adaptation activities are considered aligned.

Generic DNSH

Appendix A DNSH Climate change adaptation: an exposure analysis was conducted in collaboration with the Group's risk management. Construction of a climatic risk analysis and an adaptation roadmap are underway to meet taxonomy reporting and CSRD

requirements. Virbac believes that this analysis will be finalized by 2025. CCM activities are therefore considered aligned if other criteria are met, based on the principle that the adaptation DNSH (appendix A) will be satisfied by 2025.

Specific DNSH

Climate change mitigation - 6.5 DNSH pollution: the regulatory evolution affecting DNSH pollution for activity 6.5 requires Virbac to collect information (in this case, tire labels) too complex given the resources available to date in subsidiaries. As a result, it was agreed that no vehicle met the requirements of this DNSH, and therefore, no activity is aligned in 6.5.

Minimum safeguards

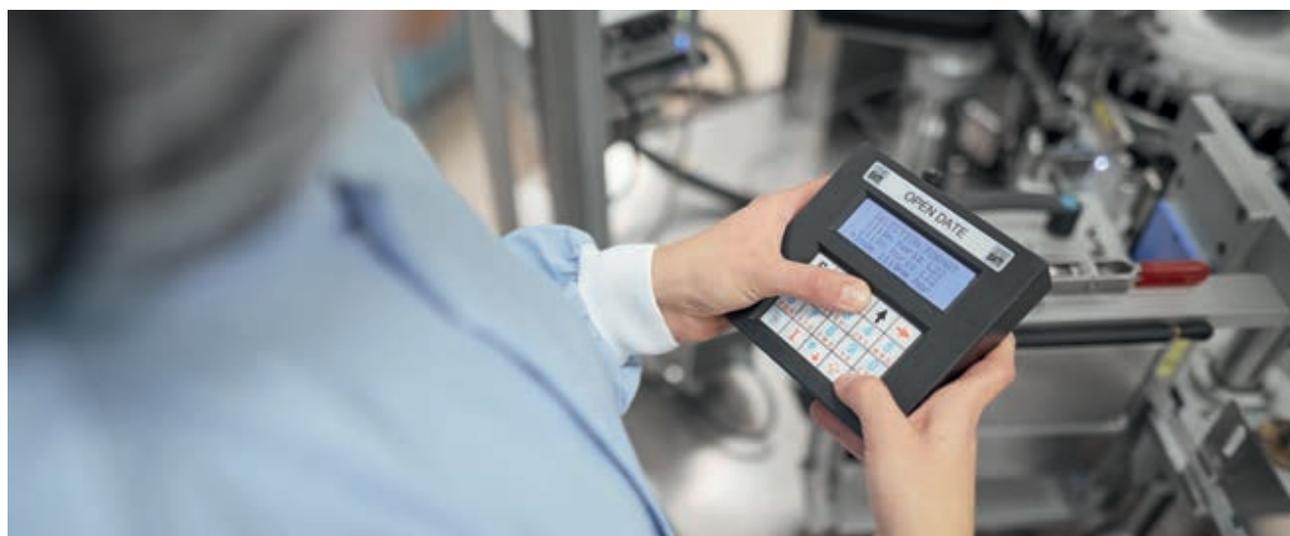
Virbac's human rights policy will be made available by 2025. This charter will make it possible to cover the expectations of minimum human rights safeguards of the reporting taxonomy and will contribute to the preparation for compliance with the Corporate sustainability due diligence directive (CSDDD).

In 2023, the Capex taxonomy denominator totaled €73.7 million.

In the 2023 financial year, total eligible Capex is up compared to 2022 due to our sustained investment policy. It amounts to €19.4 million, that is, 26% of the total. They mainly concern vehicle rentals (€2.2 million), renovations and acquisitions of buildings (€5.7 million), and Capex related to our medicine production activities (€11.4 million).

The aligned Capex amounts to €0.002 million, that is, 0.003% of the total Capex. They mainly concern equipment that helps reduce our energy consumption.

The analysis was carried out over the entire scope from the consolidated accounting data, for each asset category, thus avoiding the risks of double counting.



	Proportion of Capex/total Capex	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.003%	12.7%
CCA	0%	12.7%
WTR		0.1%
CE		9.2%
PPC		15.6%
BIO		0.0%

Opex taxonomie

In 2023, the amount of the Opex denominator as defined by the taxonomy regulation amounts to €59.1 million, that is, 5.6% of the Group's current operating expenses (that is, less than 10% of total Group operating expenses). 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 Virbac. In accordance with the regulation, the analysis of Opex eligibility has therefore not been carried out.



Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Do no significant harm")									
	Code (2)	Opex (3)	Proportion of Opex, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) Opex, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Activity 1	NA	NA	0%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0%		
Activity 2	NA	NA	0%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0%		
Opex of environmental-ly sustainable activities (taxonomy-aligned) (A.1)		NA	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling		NA	0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which transitional		NA	0%														0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Activity 1	NA	NA	0%	NA	NA	NA	NA	NA	NA								0%		
Activity 2	NA	NA	0%	NA	NA	NA	NA	NA	NA								0%		
Opex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		NA	0%	0%	0%	0%	0%	0%	0%								0%		
A. Opex of taxonomy eligible activities (A.1+A.2)		NA	0%	0%	0%	0%	0%	0%	0%								0%		
B. Taxonomy-non-eligible activities																			
Opex of taxonomy-non-eligible activities		NA	100%																
Total (A+B)		59,108	100%																

	Proportion of Opex/total Opex	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR		0%
CE		0%
PPC		0%
BIO		0%

Annex III - Model 1 - Nuclear energy and fossil gas activities

Activities related to nuclear energy		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Methodological note

This 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 above.

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, on pages 178, 182 and 183 of the annual report). The analysis was carried out over the entire scope from the consolidated accounting data, for each asset category, thus avoiding the risks of double counting;
- 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 (operating 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 external research and development studies, 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, 2023, 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

Year ended December 31, 2023

To the shareholders' meeting,

in our capacity as statutory auditor of your company (hereinafter the "Entity"), appointed as independent third party ("Third Party") and accredited by the French accreditation committee (Cofrac - Cofrac validation/verification accreditation under number 3-1886 scope available at www.cofrac.fr), we have conducted procedures to express a limited assurance conclusion on the historical Information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2023 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report pursuant to the legal and regulatory provisions of articles L225-102-1, R. 225-105 and R225-105-1 of the French commercial code (*Code de commerce*).

Conclusion

Based on the procedures we have performed as described in the section "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines, in all material respects.

Comment

Without qualifying the conclusion expressed above and in accordance with article A225-3 of the French commercial code, we remind that the declaration does not cover the consolidated scope of the Group. Are excluded 10% of the total workforce (social results) and 48% of the total revenues of the Group (environmental results).

Preparation of the non-financial performance statement

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarised in the Statement and available on the Entity's website or on request from its headquarters.

Limits inherent in the preparation of the Information

As stated in the Statement, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some Information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the company

The board of directors is responsible for:

- selecting or establishing suitable 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 considering those risks and the outcomes of said policies, including key performance indicators and the Information set-out in article 8 of regulation (EU) 2020/852 (green taxonomy);

- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- designing, implementing and maintaining internal control over Information relevant to the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been endorsed by the board of directors.

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 R225-105 of the French commercial code;
- the fairness of the Information provided pursuant to part 3 of sections I and II of article R225-105 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 we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Entity'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 French duty of care law and against corruption and tax evasion);
- 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 A225-1 *et seq* of the French commercial code, with our verification program consisting of our own procedures and with the professional guidance issued by the French institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) applicable to such engagement, in particular the professional guidance issued by the *Compagnie nationale des commissaires aux comptes, Intervention du commissaire aux comptes – Intervention de l'OTI – Déclaration de performance extra-financière*, and acting as the verification programme and with the international standard ISAE 3000 (revised).

Independence and quality control

Our independence is defined by article L821-28 of the French commercial code and French code of ethics for statutory auditors (*Code de déontologie*). 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 (*Compagnie nationale des commissaires aux comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of five people between December 2022 and April 2023 and took a total of four 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 are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgement. In carrying out our limited assurance engagement on the Information:

- we obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- we verified that the Statement includes each category of social and environmental Information set out in section III of article L225-102-1, as well as Information regarding compliance with human rights and anticorruption and tax avoidance legislation.
- we verified that the Statement provides the Information required under article R225-105 II of the French commercial code where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the Information required under article L225-102-1 III, paragraph 2 of the French commercial code;
- we verified that the Statement presents the business model and a description of the main risks associated with 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 main risks;
- we referred to documentary sources and conducted interviews to:
 - ▶ assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented; and
 - ▶ corroborate the qualitative Information (measures and outcomes) that we considered to be the most important¹. Concerning certain risks or Information, our work was carried out on the consolidating entity, while for other risks, our work was carried out on the consolidating entity and on a selection of entities.

- we verified that the Statement covers the consolidated scope, *i.e.* all companies within the consolidation scope in accordance with article L233-16 of the French commercial code, with the limits specified in the Statement;
- we obtained an understanding of internal control and risk management procedures implemented by the Entity and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important², we implemented:
 - ▶ analytical procedures that consisted in verifying the proper consolidation of collected data as well as the consistency of changes there to;
 - ▶ tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities³ and covers between 33% and 66% of the consolidated data relating to the key performance indicators and outcomes selected for these tests.
- we assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional Guidelines of the French national institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, April 7, 2024

One of the statutory auditors,

Deloitte & Associés

Jérémie Perrochon - Partner, Audit

Julien Rivals - Partner, Sustainability Services

¹ **qualitative information selected:** review of the Great Place to Work questionnaire and actions to achieve a 70% satisfaction rate; review of controls carried out as part of the development of innovative products and services (focus on measuring the ratio of RDL expenses to total group revenue)

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 per 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 scopes 1 & 2 (tCO₂e)

³ **selected entities:** Virbac SA, Virbac France, Virbac Mexico (environmental information), Virbac Chile (social information)



THE VIRBAC TEAMS
ARE LISTENING TO YOU
ON 5 CONTINENTS

CORPORATE.VIRBAC.COM

Virbac

13^e rue LID - BP 27
06511 Carros cedex - France
Phone number: +33 4 92 08 71 00 - contact@virbac.com

Investor relations
finances@virbac.com

Corporate Communications
communication@virbac.com

Public limited company with a capital of 10 572 500 €
1^{ère} avenue 2065 m LID - 06511 Carros cedex - France - 417 350 311 RCS Grasse

Design and production: Corporate Communications - Photos: Adobe Stock - F. Bonin - K. Leinster - Virbac library © Virbac

Shaping the future
of animal health

