

PATTERSON COMPANIES

CORPORATE RESPONSIBILITY REPORT 2020



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FROM THE PRESIDENT AND CEO



Mark Walchirk
President and
Chief Executive Officer

At Patterson, our business purpose is to **strengthen the people who keep us and our animals healthy**. This statement guides us as we work closely with dentists, veterinarians and animal producers, so they can best support their patients, pet owners and our food supply. We are committed to delivering on our promises to our customers, employees, communities and stakeholders. I am incredibly proud of the work we do and even more so about *how* we do this work. Our 2020 Corporate Responsibility Report provides a snapshot of the many ways we are guided by our purpose, vision and values to do what is right.

2020 Corporate Responsibility

As you review our 2020 Corporate Responsibility Report, you will learn more about our commitment to be a responsible corporate citizen by implementing greener practices in our operations, promoting diversity and inclusion and committing to continuous improvement across our organization, as well as providing resources and opportunities to our team members and our communities. At all levels, we are aligning our work to ensure everyone is focused on the same priorities through performance management, ongoing communication and recognition programs.

Leading Through COVID-19

2020 has presented historic challenges in public health. At the onset of the COVID-19 pandemic, we established three core principles to guide our decision-making: employee health and safety, business continuity for our customers, and doing our part to help reduce the spread of the virus in our communities.

To protect our team members and reduce the spread of COVID-19, we implemented numerous new guidelines – from travel restrictions to staggered work schedules to extra protocols at our essential facilities. Every team member who can work remotely has done so, and we have implemented tools and resources to support our team members' health and financial well-being by providing time off for those who are quarantined or those who need to support distance learning for school-age children.

To support our customers, we remained open to supply them with the products and personal protective equipment needed to operate their businesses. Additionally, we developed tools and resources to support their unique circumstances. For our dental customers who had to temporarily close their practice due to government requirements, we provided safety reminders and on-site/virtual technical support to ensure they safely secured their business. For our veterinary customers, we provided unrivaled support as many changed their business practices and remained open to support the surge in pet adoption.

Our response to the pandemic reflects the dedication of our team members and our culture. Patterson has been on a multiyear culture transformation that involves listening, engaging and equipping our team. Our efforts have fostered a renewed strength and spirit within our teams, which has enabled us to safely and effectively navigate the impact of the pandemic so far.

2020 Highlights

- Improved employee culture and engagement
- Increased safety and sustainability efforts
- Created a strong compliance culture
- Continued focus on community needs

I invite you to explore the following pages to learn more about our efforts and commitment to corporate responsibility for all stakeholders.

LIVING OUR VALUES

We are PASSIONATE



We are excited about our business and authentic in our motivation.

Giving back is second nature to us. We are dedicated to helping make the communities in which we live and work a better place. We do this through the Patterson Foundation, our community giving program and thousands of donated volunteer hours per year. We are equally passionate about helping make the world a better place by implementing environmentally friendly practices and green initiatives designed to reduce waste and preserve precious resources.

We are PEOPLE-FIRST



We build lasting relationships and invest in our team members, customers and partners. We are collaborative, responsive and inclusive.

Relationships are the heart of our company. We are committed to ensuring that our company is one that not only drives but celebrates and promotes diversity. The work of our Patterson UNITES teams showcases this commitment to create a welcoming, inclusive culture. We also strive to create safe, healthy workplaces and offer robust training and opportunities to advance.

We are FOCUSED



We deliver results the right way. We are clear on our priorities, set high expectations, and are accountable for our commitments to our customers and each other.

At Patterson, we have a strong work ethic. We are committed to our purpose and objectives. We are unwavering in our dedication, it is part of our culture. It is who we are. We continue to build on our focused efforts to ensure every aspect of our business operates with integrity. And we hold our external partners to these same high ethical standards.

We are ALWAYS ADVANCING



We continually seek fresh ideas and innovative solutions for our business and our customers. We challenge ourselves and strive to become better every day.

From certifying that our facilities meet environmental standards to attempting to ensure supply chain integrity, we are always seeking ways to improve how we operate as a distributor that buys finished goods for resale. We are committed to listening and learning. We solicit feedback from our employees through town halls, focus groups, surveys and leadership events to make our company even stronger, and we regularly communicate with our investors and stakeholders.

ABOUT PATTERSON

Patterson strengthens the dental and animal health supply markets in North America and the United Kingdom. From small, private practices to large group organizations and production operations, we guide our customers with bold solutions and a personal touch. We are much more than a distributor – we are an indispensable partner.



1877

Founded in 1877

John and M.F. Patterson purchased a Milwaukee drugstore and began selling dental and surgical supplies in addition to their regular stock of medicines and toiletries.

1987

D.L. Saslow Co. acquisition

Patterson acquired D.L. Saslow Co. and strengthened its position as a national dental supplier.

1997

EagleSoft acquisition

Patterson acquired EagleSoft Inc. dental practice software, which positioned Patterson as a leader in technology and practice management.

2001

J.A. Webster acquisition

Patterson acquired J.A. Webster Inc. (also known as Webster Veterinary) and Patterson entered the animal health industry.

2013

National Veterinary Services acquisition

Patterson completed the acquisition of National Veterinary Services Limited (NVS), Staffordshire, U.K.

Animal Health International acquisition of Turnkey

In 2013, Animal Health International, which would later be acquired by Patterson Companies, acquired Amarillo, Texas-based Turnkey, a premier provider of accounting and management systems for the commercial cattle feeding industry.



1891

Headquarters relocation

The company relocated to St. Paul, Minnesota, and grew to locations in multiple states. By 1959, 40 branch locations were established.

1992

Patterson goes public

Patterson became a publicly traded company on Nasdaq with the stock ticker PDCO.

2000

Patterson Foundation founded

The Patterson Foundation was founded by former Patterson Companies chairman and CEO Peter L. Frechette and other executives of the company.

2011

Patterson Technology Center

The current Patterson Technology Center (PTC), which supports more than 100,000 customers nationwide and has provided support services to customers since 2000, opened in Effingham, Illinois.

2015

Animal Health International and Kane Veterinary acquisition

Patterson completed the \$1.1 billion acquisition of Animal Health International (AHI), Greeley, Colorado, including Kane Veterinary in Edmonton, Alberta, Canada.

2017

Entry to the Fortune 500

Patterson was named to the Fortune 500 list of America's largest companies by revenue for the first time in its 140-year history.

2019

New Purpose, Vision and Values

Launch of new Purpose, Vision and Values brings all our entities together.

PEOPLE | PATTERSON'S CULTURE

People are the most important part of Patterson. Our employees are the reason we can confidently say we offer *Trusted Expertise, Unrivaled Support* to our customers every day.

Patterson's culture is shaped by each team member and each interaction they share. Our culture is centered on our **Purpose, Vision and Values**.

PURPOSE	VISION	VALUES
We Are Patterson. We Strengthen the People Who Keep Us and Our Animals Healthy. 	We will be the most indispensable partner for animal and oral health professionals, guiding them with bold solutions and a personal touch. 	We are PASSIONATE. We are FOCUSED. We are PEOPLE-FIRST. We are ALWAYS ADVANCING. 

Our values and our competencies play a key role in how we attract, motivate, develop and retain our team. We launched our purpose, vision and values in late 2019 and saw our team members live them in 2020 in incredible ways.

From sewing hundreds of masks for frontline health workers, donating paid time off for team members in need, helping with food drives and community cleanup events to quickly transitioning from the office to working from home without missing a beat, our team members have truly demonstrated what it means to embrace our values.

Employee Survey

We set out to hear from our team members in 2017 regarding their experience in the workplace and to identify areas for improvement. The survey was developed and administered through a third-party management consulting company and was designed to capture Patterson's operational effectiveness as seen through the eyes of our employees.

The 2017 survey results provided the fuel to spark our culture transformation. The focus areas identified in the survey became our company priorities and provided clear direction for our team members. We refreshed the 2017 questions to resurvey our team at the end of 2019 to measure our progress.

In two years, our overall score jumped **10 points** and survey participation increased by **eight percent**. Our 2019 survey showed improved scores across all nine categories and two-thirds improved at rates greater than the average resurvey. All management practice scores increased, with the greatest improvement in shared vision and strategic clarity, a testament to the culture transformation we are experiencing.

Going forward, we plan to continue to conduct employee surveys on a regular basis to capture progress and to listen to our employees.



Employees who reported that Patterson has gotten better since 2017 are more engaged, perceive a more inclusive environment, and report top tier health of the company.



PEOPLE | PATTERSON'S CULTURE

Total Rewards

As a people-first organization, the overall well-being of our team is important to us. Patterson's total reward philosophy is to provide market-competitive pay and a range of benefit choices designed to meet our employees' needs, reward for individual and business performance and drive shareholder value.

Compensation

We have worked over the last several years to implement a market-competitive total compensation structure that helps promote equitable pay for the corresponding job responsibilities and skillsets of our workforce. We annually review and evaluate our base, short-term incentives and long-term incentive programs to help reward our employees while delivering value to our shareholders. We review employee performance and how it aligns with, and supports, our goals.

Notable actions:

- Realigned our base pay practices to create market-based pay grades with corresponding geographic differentials to help promote competitive compensation opportunities for employees.
- Revised variable pay programs and eligibility to employees to help drive performance and reward key employees.
- Revised our long-term incentive practices to drive consistency in awards based on job grade levels.
- Reviewed and updated job descriptions and job families to ensure responsibilities are appropriately documented.



During the pandemic, we expanded our medical plan to cover coronavirus-related health care costs and extended our paid time off to provide 80 hours of additional recovery time, as well as paid time off for quarantine, as needed.

Health and Wellness

We support the health of our employees and offer multiple benefits including medical, dental and vision plans, as well as programs to encourage healthy lifestyles. Our medical plan provides comprehensive coverage and encourages preventive care, to identify health issues early. The plan also offers employees and their covered dependents the option for online and virtual or telephone visits with medical professionals 24 hours a day, seven days a week.



Employees logged an impressive 11,989 miles in three months during a "Virtual Vacation" inter-company step challenge.

We encourage financial health checkups too. Our offerings include a 401(k)-retirement savings plan, an employee stock ownership plan, and an employee stock purchase plan. Our financial partners provide educational tools to ensure our employees' financial goals are on track.

As part of Patterson's commitment to helping employees achieve their health and fitness, emotional, personal finance and work/life balance goals, Patterson has created **Well Together** – a wellness initiative for our employees

and their families. This comprehensive program emphasizes fitness goals, builds awareness around health and well-being, and provides financial wellness tools that will integrate both our health and retirement benefit plans. In addition, we provide an annual flu shot, biometric screening and a confidential, complimentary Employee Assistance Program (EAP) to assist employees and their families with life issues.

The COVID-19 pandemic has created new challenges both in our personal and professional environments, causing stress and anxiety for many. The EAP resource was promoted to support our employees to take appropriate actions to keep them safe – mentally, physically and financially.



Patterson recently enhanced our parental leave program to help support new mothers, fathers and domestic partners as they strive to balance work responsibilities with the exciting but challenging role of expanding their families.

PEOPLE | TALENT ACQUISITION

Patterson recognizes the reciprocal benefit of investing in the future of the communities where we do business. Through diverse talent acquisition programming we reach students in high school and college as well as members of the U.S. military.

Military Recruiting

Patterson's focus and commitment to hiring military personnel, both current and inactive, is demonstrated through our hiring efforts and initiatives. We recognize the skills developed in the military are highly valuable and beneficial to Patterson, which is why we currently partner with over 16 military organizations to find this top talent. We actively attend military focused hiring events and are committed to continuing to expand those partnerships.



High School Workplace Experience

Patterson is proud to partner with Minnesota organizations that introduce high school students from underserved communities into the workplace with internships in IT and other corporate functions. These students provide value and work on real-life projects while developing their skills and learning about career options.

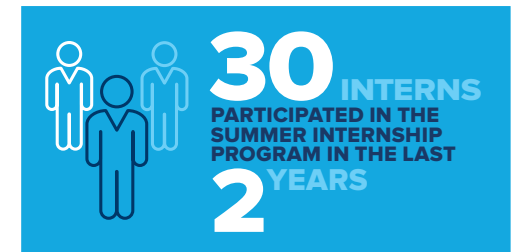


Internship Program

Patterson's summer internship program is an important component of our commitment to the development of talent within our communities. Each year Patterson hosts interns in a variety of roles across each business unit and our corporate office.

The objectives of Patterson's intern program are to:

- Provide an opportunity for current college students to gain real-world experience in their field of interest, while helping Patterson address true business needs
- Focus on our commitment to inclusion and diversity by strengthening our pipeline of talent in underrepresented groups
- Establish a pipeline of future talent straight out of school that Patterson can cultivate and grow within the company
- Provide developmental opportunities for current employees interested in gaining management experience



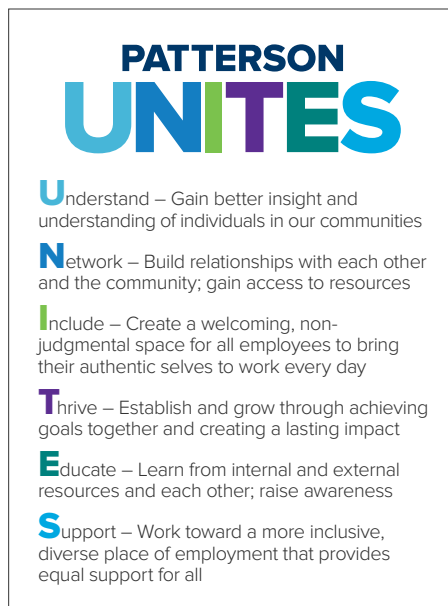
PEOPLE | DIVERSITY & INCLUSION

We believe that a diverse and inclusive workforce makes our company stronger. At Patterson we stand for equality, social justice, fairness and inclusion. We are dedicated to acceptance, understanding, listening and learning. These words, along with our Purpose, Vision and Values statements, guide us as we take concrete actions that support our values and advance diversity and inclusion.

Patterson UNITES

We have a volunteer team of Patterson team members focused on building and executing our Diversity and Inclusion strategy. These individuals represent a diverse set of experiences, backgrounds and roles within the company.

Together, the UNITES team and their executive sponsors drive four pillars of diversity and inclusion work: Community Engagement, Leadership Development, Employee Engagement and Talent Acquisition.



TALENT ACQUISITION	COMMUNITY ENGAGEMENT	EMPLOYEE ENGAGEMENT	LEADERSHIP DEVELOPMENT
OBJECTIVE: Patterson is FOCUSED on increasing diversity and inclusion through hiring, retention and promotion of employees.	OBJECTIVE: We are PASSIONATE about taking action to support the communities in which we serve.	OBJECTIVE: As a PEOPLE-FIRST organization, we are committed to creating an environment for employees to be their authentic selves.	OBJECTIVE: Patterson is ALWAYS ADVANCING our leaders to further embrace and encourage diversity with ongoing training and education and resources.



An Inclusive Culture

Our culture supports employees bringing their authentic selves to work, which means we also embrace differences in thought processes, educational background, work experiences, personalities, lifestyles and cultural backgrounds.

To support our differences, yet find connections, our employees can build a community where they work through employee resource groups. These groups are employee-run affinity groups that support and encourage all employees to get involved: Patterson UNITES (LGBTQA+), parenting, and religious groups.

Patterson UNITES LGBTQA+ Affinity Group

Established in 2019, UNITES LGBTQA+ is focused on creating a space where all can be comfortable and accepted without judgment through open employee discussion sessions, networking events and community volunteerism.

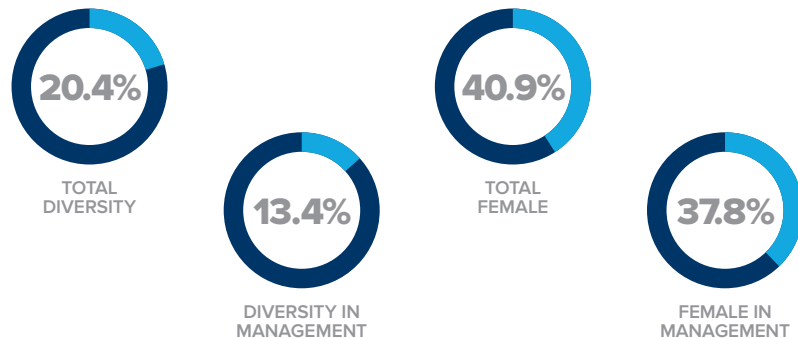


PEOPLE | DIVERSITY & INCLUSION



Our Commitment

We intend to measure our progress and hold ourselves accountable to create an inclusive environment and encourage our teams to bring their authentic selves to Patterson each day. We are committed to working toward increasing diversity* in key roles throughout the company and hold ourselves accountable through methods such as our balanced scorecard. Together, we seek to bring about positive change for team members, our customers and our communities.



**Diversity is defined as minorities within the U.S.*

Advancing Women Leaders

Patterson developed a mentoring initiative designed to advance the growth and development of women throughout the organization through participation in facilitated peer-mentoring circles as well as one-on-one mentoring of female employees with senior leaders. In 2020, approximately 36 women across the United States and Canada were selected to participate in this program.

In addition to developing our own program, Patterson partners with WILMAH, Women in Leadership and Management in Animal Health, an organization that mirrors our dedication to the well-being of all animals and provides opportunities to help women achieve success at every stage of their careers. As a platinum sponsor of their organization, we encourage our female employees in our animal health business to join their events and mentorship programs.

PATTERSON MENTORSHIP PROGRAM



Patterson is proud to sponsor the Feather in Her Cap Award. This award was created to recognize women who have made a major contribution to the animal health industry and both rewards excellence and inspires young women in the industry.

PEOPLE | **EMPLOYEE DEVELOPMENT**

Patterson is dedicated to continuous learning and professional development. Our employees have access to multiple training and development opportunities including on-demand courses, facilitator led programs, tuition reimbursement and leadership development partnership with the renowned Carlson School of Management through the University of Minnesota.

New Sales Talent

New sales team members are introduced to Patterson through a newly developed onboarding program geared toward their specific role and business unit. Onboarding includes in-depth sales training, introduction to our tools and systems, and an understanding of the Patterson value proposition. All new hires are required to take compliance training, including anti-harassment training. We are committed to improving and expanding the compliance training we provide to new hires to ensure they have the tools they need to succeed while staying in compliance with applicable laws and our requirements at all times.

Performance Management

At Patterson, we utilize a continuous feedback model for performance management. This includes regular check-ins between employee and manager that focus on continuous feedback and career development. We continue to conduct annual reviews which focus on goal achievement, demonstration of our core competencies and exemplifying our values.

Manager Development

Patterson offers a range of programs to engage our managers and drive effective leadership across the company. In 2019, we entered into a partnership with Franklin Covey, a world leader in consulting and training, to provide The 6 Critical Practices for Leading a Team to leaders in our organization. The program equips leaders with the essential mindsets, skillset and toolsets to focus on team member development and team leadership. The program is a foundational building block to our overall leadership development programming and strategy that focuses on current and future leaders at Patterson.



PATTERSON LEADERSHIP ACADEMY

Leadership Development

In 2019, we launched The Patterson Leadership Academy, our executive leadership development program created in partnership with the Carlson School of Management at the University of Minnesota. This program is an intensive development curriculum where participants work closely with the Patterson Executive Leadership Team and colleagues across the company to gain valuable insights into how we approach our business and industries, as well as create personal connections to help elevate their careers. The robust curriculum is tailored to Patterson and taught by Carlson School of Management experienced professors.

Additionally, we are developing an emerging leader program to enrich individuals on track for upward mobility within our leadership pipeline. This program will align with our workforce planning efforts.



PEOPLE | EMPLOYEE DEVELOPMENT

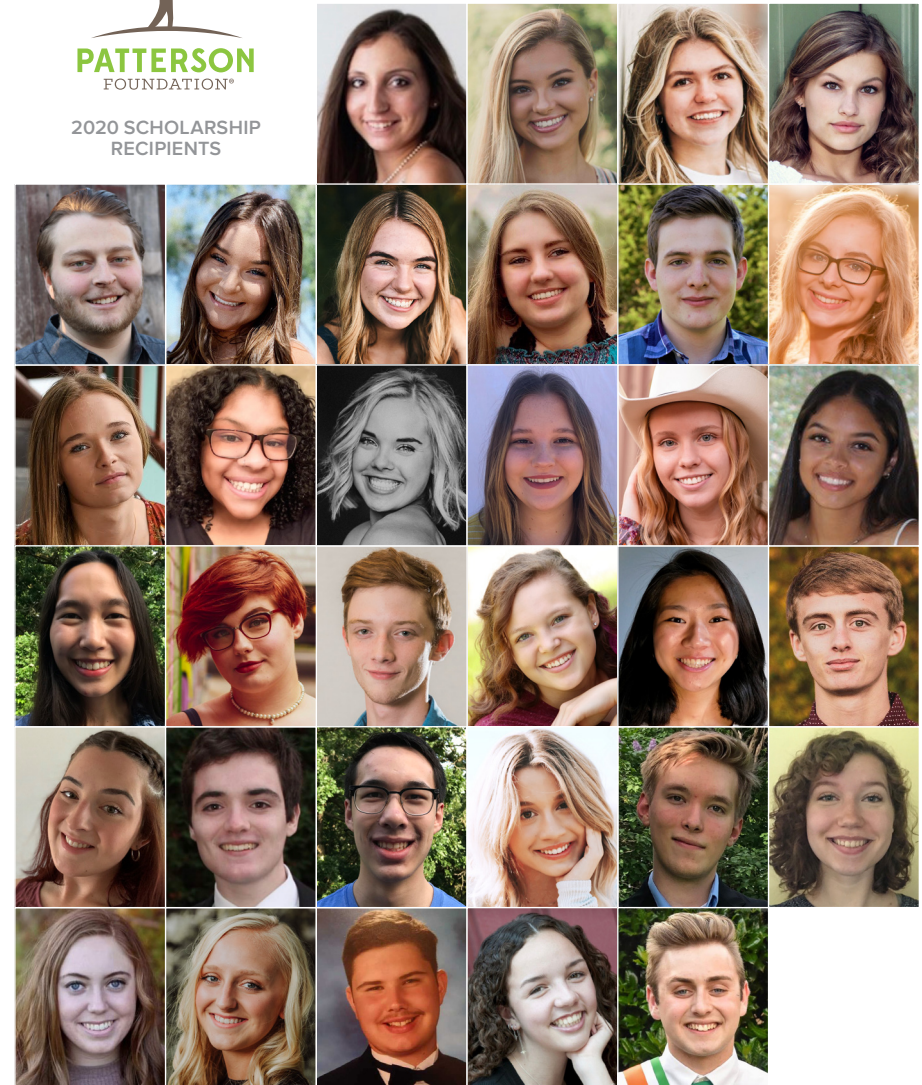
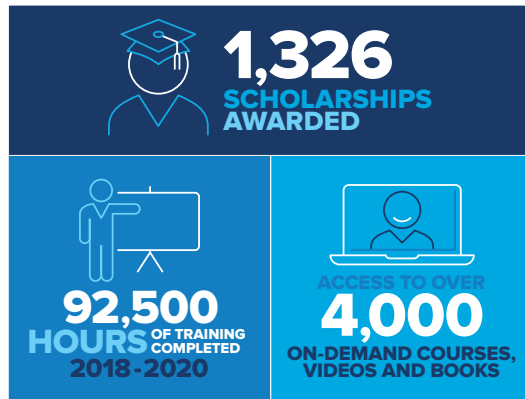
Workforce Planning

We take a strategic approach to planning our workforce and successors to ensure we have the right skillsets to meet business objectives and serve our customers. We perform an annual talent assessment and identify potential successors for future job openings and career aspirations. We identify development opportunities and talent gaps, developing action plans to mitigate potential risks associated with a changing workforce.

Tuition and Scholarship Program

Patterson provides a tuition reimbursement program to full-time employees who seek educational courses and programs that will enhance job skills and effectiveness; assist in preparing for advancement at Patterson; and/or lead to a high school diploma, associate or undergraduate degree, or an advanced or professional degree consistent with career plans at Patterson.

Additionally, the Patterson Foundation offers annual renewable scholarships to dependents of Patterson employees. Children of dependents are encouraged to apply for the scholarships in order to pursue any major or degree at an accredited two-year or four-year university, community college, vocational or technical college. A third-party partner evaluates submitted applications based on academic and extracurricular achievements.



ENVIRONMENT | ENVIRONMENTAL HEALTH & SAFETY

Patterson's Environmental Health and Safety (EHS) promotes employee safety and environmental awareness through foundational systems and activities. We emphasize operating in a responsible manner that does not compromise our environmental, health or safety values.

We are committed to high environmental health and safety standards and compliance with all applicable laws and industry best practices.

We value human life and the environment and manage risks accordingly.

We work safely, promote health and protect our community.

We will strive for continual improvement in environmental health and safety systems and processes to protect people and the planet.

These values, plus our EHS management system coupled with our health and wellness programs, allow our safety initiatives to flourish and demonstrate

that our management team "walks the talk." Our team members have visibility to safety metrics and are recognized for their efforts in the EHS area.

Patterson Environmental Health and Safety Purpose

Patterson will operate globally in a safe and responsible manner. We will not compromise environmental, health or safety values for profit or production.

Environmental Health and Safety Vision

Patterson seeks to be a leader of EHS commitment in the industry. We will build and strive for continued improvement in our EHS management system that integrates, enables and installs the core EHS competency needed to successfully service our customers, win in business and sustain our communities.



Notable actions

- As a testament to Patterson's commitment to its people and safety, recordable incident severity has been reduced over the last three fiscal years, even in the wake of business growth that has increased employees' hours worked.
- Patterson's EHS team regularly reviews recordable incident data to promote targeted safety initiatives.
- Promoting safety on the "front end" is key to a proactive, people-first approach. Patterson encourages employees to think proactively through participation in robust training modules and initiatives, including safe driving, ergonomics, equipment certification and more.
- Patterson is committed to reducing frequency of employee occupational injuries and has achieved substantial reductions at many facilities.

Health and safety goal

- Continue to invest in EHS management systems, resources and technologies, with the goal of reducing days lost from work related injuries by 5% each year



Healthy employees are more engaged and productive and less vulnerable to safety incidents and injuries.



Patterson's injury severity rate has decreased every year for the last three fiscal years.



Over 3,800 safety training courses completed online in past 12 months.

ENVIRONMENT | SUSTAINABILITY

We believe that sustainability takes root from the ground up – beginning with employee initiatives and resulting in green building operations. We strive to meet quality standards and minimize our overall impact on the environment.

Footprint

We continually evaluate our facility needs and seek opportunities to maximize the use of our real estate. Since 2017, we have reduced our global footprint by 200,000 square feet through smart consolidation of our facilities.

Eco-Friendly Operations

ENERGY EFFICIENCY

Patterson's fulfillment centers, which supply products through the Patterson Logistics Services Inc. (PLSI) distribution network, leverage energy-efficient building systems and solar panels within our facilities. We incorporate design and construction techniques that advance energy efficiency and reusability and are actively reducing our carbon footprint by making lighting upgrades and adhering to the use of recycled materials to preserve our natural resources.

The Patterson Technology Center (PTC), a 100,000-square-foot facility in Effingham, Ill., is a Silver LEED-certified building. The PTC features a state-of-the-art, energy-efficient heating, ventilation and air conditioning system as well as energy-efficient lighting throughout the building. Its low-flow plumbing



fixtures save approximately 250,000 gallons of water per year – enough to fill a typical home pool 20 times.

ORGANICS RECYCLING

In 2019, an employee task force focused on improving our sustainability efforts as a pilot in our corporate headquarters, with the goal of achieving 50% waste reduction through organics recycling. The task force partnered with Dakota County to receive a grant for materials to make the recycling and organics program a reality. Under the “Go Green” branding, the team communicated and trained all Minnesota employees on how to properly recycle, reducing our overall waste. We intend to roll out similar programs at other locations starting in 2021.



Advancing sustainability responsibly

ENVIRONMENT | SUSTAINABILITY

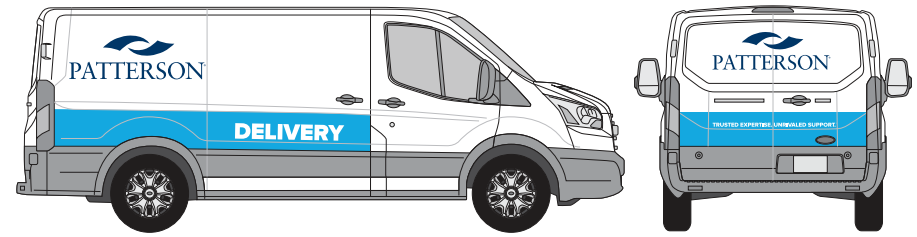
FLEET PROGRAM

Transportation is our business; from our strategic partnership with national delivery services to managing our own fleet vehicles, Patterson strives to ensure our customers get what they need when they need it. Our fleet program is continually working to reduce its carbon footprint and exploring hybrid/full-electric vehicles in select regions. We utilize trialing software that uses live engine data to provide real-time visual and audible feedback to improve fuel efficiency and safety. Additional efforts include:

- Rightsizing efforts, coupled with the effects of COVID-19, have reduced the estimated annual gallons of gasoline purchased for the fleet in 2020 by 29.7%
- Total annual carbon output is estimated to decrease by 8.7M lb by the end of 2020, compared with 2017 totals
- Analyzing Total Cost of Ownership modeling in planning process to select vehicles with optimal Miles Per Gallon (MPG) to reduce carbon footprint and fuel cost
- Consolidating vehicle types to help maintain a consistent mix of high performing vehicles, which can be deployed to other business locations as needed
- Examine existing fleet utilization to reduce number of vehicles needed and increase the productivity rate of each vehicle

SUSTAINABILITY GOAL

- By exploring applications of solar energy and the purchase of dedicated renewable energy with utility partners, Patterson aims to reduce energy dependence from non-renewable sources.
- Reduce the carbon footprint from vehicle use by piloting use of electric vehicles for fleet vehicles, installing electric charging stations for employee and visitor vehicles at certain locations, and enhancing remote work capability.



ENVIRONMENT | OPERATIONAL MANAGEMENT

Supply Chain Integrity

Patterson's robust supply chain network delivers the right mix of more than 439,000 products to dentists, veterinarians and animal producers each day. We build relationships with manufacturers and suppliers to ensure the highest quality products for our customers.

Our sourcing team thoroughly reviews all new suppliers and ensures we have appropriate distribution agreements and paperwork. Prescription medicine suppliers are subject to additional review and vetting from our compliance department. Additionally, all private label suppliers go through a review process that includes factory visits and sampling of the product to our sales team and customers. This ensures our products meet customer needs and our quality standards.

Supplier Code of Conduct

Patterson ensures high quality and safety standards are incorporated into the products and services it makes available through its subsidiaries around the

world. Patterson expects its suppliers to conduct themselves in an ethical manner, and to comply with applicable laws and regulations, including those relating to:

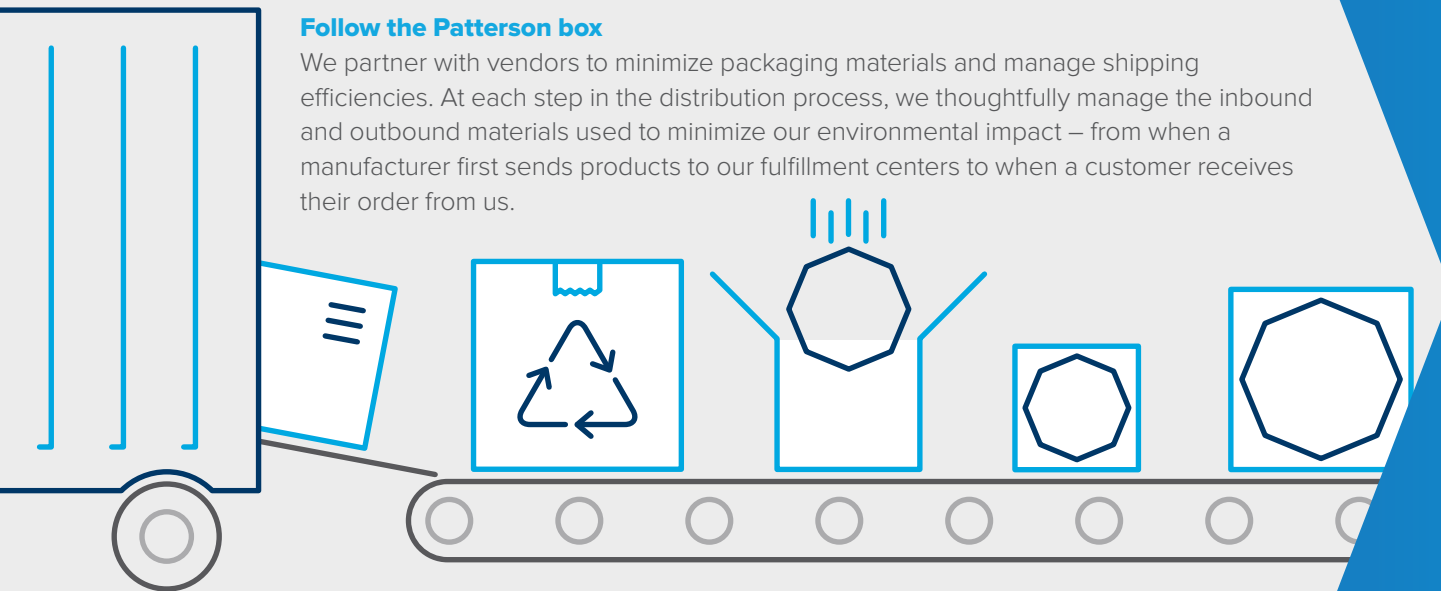
- Corruption and unfair business practices
- Prohibition of child labor
- Prohibition of human trafficking, slavery and forced labor
- Health and safety

Gray Market Protection

We continue to drive awareness about gray market goods to protect customers and their patients from purchasing or using potentially unsafe gray market dental products – products and materials often found at deep discounts through unauthorized channels. These include products that are recalled, counterfeit, expired, toxic, mislabeled or banned. We have made strides to ensure the integrity of our supply chain, with a focus on doing everything in our ability to source directly from manufacturers.

Follow the Patterson box

We partner with vendors to minimize packaging materials and manage shipping efficiencies. At each step in the distribution process, we thoughtfully manage the inbound and outbound materials used to minimize our environmental impact – from when a manufacturer first sends products to our fulfillment centers to when a customer receives their order from us.



PARCEL OUTBOUND SHIPPING

U.S. GROUND		AIR
96%	Dental	4%
91%	Companion Animal	9%
90%	Production Animal	10%

ENVIRONMENT | OPERATIONAL MANAGEMENT



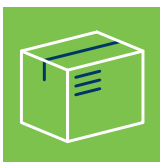
Minimizing packaging materials

We work with suppliers to minimize the packaging materials used to ship product to minimize environmental impact, whether that's by making the walls of the box thinner or ensuring the box is the optimal size based on the product being shipped.



Recycling/reusing inbound materials

Once the manufacturer ships the product to us, we attempt to recycle or reuse all the materials sent including things like cardboard, shrink wrap and pallets.



Reducing waste

At our fulfillment center locations, when we fill a customer's order, we use cartonization technology to determine the optimal package size for shipping – reducing waste and improving cost efficiencies.



Minimizing our footprint

Our fulfillment center locations are based on next-day U.S. ground shipping to our customers – using fewer locations to serve the maximum number of customers.



Managing shipping efficiency

Working with our package delivery providers, we look at ways to minimize air cost, the delivery cost per package and miles driven to provide the most efficient shipping process possible.



GOVERNANCE | ETHICS & COMPLIANCE

Our commitment to compliance is an important part of who we are, the work we do and our Patterson culture. These standards are not just here to meet legal and regulatory requirements, they are tools and guidelines we use every day to help guide our behavior and decision making. We have focused our efforts on the people, policies, processes and procedures that address our business operations.

We have recently made significant advancements in our compliance and regulatory programs that include hiring key roles, enhancing our compliance hotline, refreshing the company's Code of Conduct, and updating our Corporate Governance Guidelines.

Key Roles

We have added highly experienced Compliance and Regulatory team members in the following roles:

- Chief Compliance and Regulatory Officer
- VP, Regulatory Operations
- Director, Compliance
- Director, Pharmacy
- Director, Environmental Health and Safety

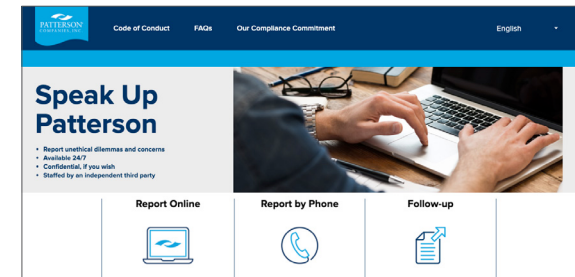


Governance Guidelines

Our board of directors has adopted updated Corporate Governance Guidelines to guide Patterson on matters of corporate governance. We've created a new committee of Board members focused on Compliance and Regulatory. This committee – as with all board committees – is chaired by an independent director.

Compliance Hotline

In early 2020, we enhanced our confidential compliance hotline – **Speak Up Patterson** – and set expectations that each employee has a role in compliance and maintaining our ethical culture. These enhancements and communications offer Patterson employees better ways to ask questions and report any ethical and compliance concerns.



Code of Conduct

We refreshed the company's Code of Conduct to closely align with our Purpose, Vision and Values and locations. The new, global Code of Conduct reinforces both the company's and the employee's role in compliance – from executives to part-time team members. Our Code of Conduct provides guidance for making tough decisions and speaking up if something seems wrong.

All employees – including our executive leadership team and our board of directors – are subject to our Code of Conduct, which covers ethical business practices and our expectations of compliance, as well as other key provisions such as conflicts of interest.



GOVERNANCE | BOARD OF DIRECTORS OVERVIEW

Board and Committee Composition

Patterson's board of directors pursues the best interest of our company and our shareholders. Each member brings diverse viewpoints, backgrounds, skills and experience to their oversight of our business.

- 7 of 8 directors (87.5%) are independent*, including the board chair and all board committee members; no executives serve on board committees
- Each standing board committee has a charter available on our website and its own chairperson
- Our board is declassified with directors serving one-year terms (all directors are elected annually)
- Any board nominee who fails to receive an affirmative majority vote in an uncontested election is subject to our director resignation policy

	AUDIT	COMPENSATION	GOVERNANCE AND NOMINATING	FINANCE AND CORPORATE DEVELOPMENT	COMPLIANCE
John D. Buck ★					
Alex N. Blanco					
Jody H. Feragen					
Robert C. Frenzel					
Francis J. Malecha					
Ellen A. Rudnick					
Neil A. Schrimsher					
Mark S. Walchirk					

★ Chairman of the Board  Chair  Member

Selection and Evaluation of Directors

- Our Governance and Nominating Committee identifies board nominees based on selection criteria that include: integrity; high level of education; business experience; broad-based business acumen; understanding of our business and industry; strategic thinking and willingness to share ideas; network of contacts; diversity of experiences, expertise and backgrounds among members, balanced representation of the best interests of Patterson's shareholders as a whole rather than special constituencies; and any potential conflicts with Patterson's interests

- Prior to nominating an existing director for re-election, our Governance and Nominating Committee considers and reviews on an annual basis each existing director's board and committee attendance and performance; length of board service; experience, skills and contributions; and independence

Meetings and Training

- The full board and board committees conduct regular meetings
- Orientation and training is provided for new directors and continuing education is encouraged for all directors

Conduct and Ethics Standards

- Our board has adopted corporate governance guidelines to guide Patterson on matters of corporate governance
- Directors are subject to our Code of Conduct, which includes conflict of interest prohibitions (among other guiding principles)

Non-Employee Director Compensation and Stock Ownership Guidelines

- Our Governance and Nominating Committee annually reviews director compensation
- A significant portion of director compensation is delivered in the form of equity-based awards
- Stock Ownership Guidelines require directors to own stock in Patterson having a value equal to at least five times their annual cash retainer

Management, Evaluations and Succession

- We have in place management development and succession plans and policies
- Our CEO serves on no boards of directors other than Patterson

Reporting

- Patterson encourages reporting of ethical or compliance concerns via a secure, confidential helpline and website

* Under applicable standards of the U.S. Securities and Exchange Commission and the Nasdaq Stock Market

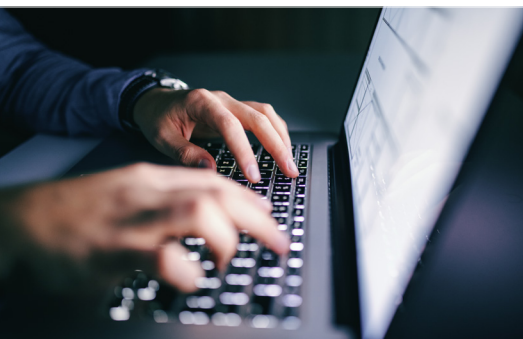
GOVERNANCE | STAKEHOLDER ENGAGEMENT & INFORMATION SECURITY

Stakeholder Engagement

Patterson embraces transparency and dialogue across our broad range of stakeholders, including customers, supplier partners, industry associations, shareholders and team members, and in the communities where we work and live. As we seek to understand the needs and interests of these various stakeholders, we strive to create possibilities and solutions that can benefit all stakeholders and ultimately drive long-term business success.

We value the voices of our internal and external stakeholders, as their opinions and insight are used to inform our corporate responsibility strategy, product portfolio, process and business improvements and to identify opportunities for growth and innovation. Our engagement techniques include:

- Regular communication and collaboration with our internal team members through quarterly town halls, monthly management briefings, weekly newsletters, focus groups, surveys, learning sessions and leadership events
- Regular analyst calls and conferences to address their questions and feedback
- Regular vendor reviews to engage our partners to continually improve our sustainable sourcing practices and help hold ourselves and our vendors to high ethical standards



Information Security

At Patterson, protecting our customers, employees and partners from harm and cybersecurity threats is the cornerstone of our information security program. We use a combination of technologies, people and processes to ensure a comprehensive risk-based program and alignment to industry best practices such as the National Institute of Standards and Technology

framework. Our approach is based on sound principles (confidentiality, integrity and availability) and uses overlapping layers of technology protections, security awareness training and associated processes.



Over the past few years, we expanded our security function to deliver on actions and outcomes in strengthening foundational security capabilities and drive operational efficiencies.



We foster a culture of security for our employees through active engagement in our phishing program. We routinely send simulated phishing emails to employees to help train and bolster our human defenses. When an employee clicks on one of our phishing test links, we follow up by sending information on how to stay safe in the future, including a link to our Phishing Awareness course.

Patterson further reinforces our information security posture through collaboration with strategic partners, providing various services, including vulnerability assessments and penetration testing. We remain diligent in conducting routine assessments to gauge effectiveness of our program against maturity objectives. We also maintain a membership in a national security coalition organization that provides strategic frameworks and best practices from industry experts and security leaders in various industries. Participation in the coalition has helped validate our approach and facilitated collaborative sessions on lessons learned.

RISK-BASED APPROACH

- **Optimize** limited resources and ensure compliance by prioritizing on what's the most valuable and what's the most vulnerable.
- **Align** to business strategies and strengthen security risk management practices.

FROM REACTIVE TO PROACTIVE

- **Reduce** business disruption for our customers accessing data and services by keeping our system and applications secure.
- **Accelerate** process automation; deliver operational efficiencies.
- **Empower** application teams to own security best practices.

INVEST IN HUMAN DEFENSES

- **Build** investment beyond technical defense to include policy updates and effective security awareness training for employees.

COMMUNITY | THE PATTERSON FOUNDATION

The Patterson Foundation has donated millions of dollars to dental and animal health nonprofit organizations in order to increase access to oral health care and increase the availability of assistance dogs to veterans, first responders and individuals with disabilities. Quarterly grants are awarded with a preference to organizations where our employees volunteer and those our employees value in their communities.

The Patterson Foundation also awards post-secondary scholarships to Patterson employees' dependents, encouraging Patterson families to continually advance their education.



MORE THAN
\$14M

GIVEN IN
20 YEARS

1,326
SCHOLARSHIPS AWARDED

198

NONPROFITS SUPPORTED

OVER \$26,000
DONATED TO DOLLARS FOR DOERS

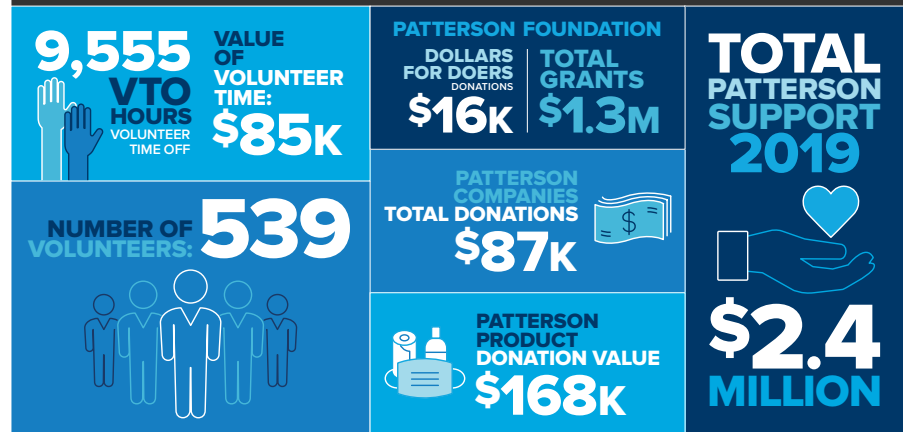
COMMUNITY | CORPORATE GIVING



A keystone of Patterson's culture is the commitment to giving to support the industries we serve. We support many charitable organizations through cash and product donations, as well as pro bono services. Our giving comes from our corporate or local teams by donating their time, money and talents, and through the Patterson Foundation.

- **America's Dentists Care Foundation (Dental Mission of Mercy):** Patterson Dental and the Patterson Foundation have donated more than \$500,000 in cash and in-kind donations since 2000. The ADCF is a driving force in helping provide dental care to underserved populations. Their ability to provide expert service and support for dental equipment used by volunteer organizations nationwide helps to expand care access for those in need.
- **Dental Lifeline Network:** Patterson Dental and the Patterson Foundation have donated more than \$1.1 million in cash and in-kind donations since 2010.
- **America's ToothFairy:** As the title sponsor, Patterson Dental and the Patterson Foundation have donated almost \$1.5 million in cash and in-kind donations since 2004. Patterson Dental sponsors National Children's Oral Health

2019 VOLUNTEER AND FINANCIAL SUPPORT



Foundation's National Mobile Care Initiative, which provides essential resources to more than 40 mobile dental clinics across the nation. In 2019, more than 144,000 children received oral health services from their mobile dental clinic partners. Many of their pediatric patients may have otherwise had to go without oral treatment, but instead received critical preventive and restorative care.

- **Future Farmers of America (FFA):** Patterson has been a longtime supporter of the FFA by providing scholarships and charitable donations. The FFA's mission is to make a positive difference in the lives of students by developing leadership, growth and career success through agricultural education.
- **Freedom Service Dogs:** More than \$87,000 in grants have been awarded to this organization that focuses on unleashing the potential of dogs to assist people in need. Our grants have facilitated capital improvement projects to allow handicap access and to install an outdoor sunshade in the play yard to assist with outdoor training.
- **America's VetDogs:** Patterson Veterinary and the Patterson Foundation have donated more than \$200,000 in cash and in-kind donations since 2011. America's VetDogs has been the two-time recipient of an employee giving campaign that was presented in conjunction with the Patterson Foundation to over 800 employees. America's VetDogs provides highly trained service dogs to U.S. military veterans and first responders who have disabilities.

COMMUNITY | STRENGTHENING LOCAL COMMUNITIES

Our actions help shape the communities in which we operate and live by providing *Trusted Expertise, Unrivaled Support* to our customers and through being active in our communities.

Our local philanthropic efforts include sponsorship of community dental events and support to animal humane centers as well as many other worthwhile organizations. Beyond these activities, a formal Corporate Giving Committee regularly reviews eligible opportunities.

Disaster Relief

Natural disasters are unpredictable. To support communities impacted, we frequently provide hygiene kits and other basic necessities. In addition, for our dental and animal health customers, we provide a practice recovery guide and special financial offers to help them rebuild their practice.

Employee Involvement

Our employees are active members of the communities where they live and work. Each year, our employees donate thousands of dollars and hours to make a meaningful difference. We support this commitment by offering programs that encourage their involvement, including:

- **Volunteer Time Off (VTO):** Employees are able to use up to eight hours of paid time off to work with local nonprofit organizations or educational institutions per year
- **Dollars for Doers:** Whenever two or more employees volunteer with a nonprofit organization, the Patterson Foundation donates \$100 per employee to that organization



