



# 2021 SUSTAINABILITY REPORT

ENVIRONMENTAL | SOCIAL | GOVERNANCE



ZIMMER BIOMET

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\*The disclosures in this report are for WholeCo Zimmer Biomet including Dental & Spine segment

# CEO INTRODUCTION

Every day, the Zimmer Biomet team works towards our mission of alleviating pain and improving quality of life for people around the world.

We also work toward being a responsible corporate citizen.

This Sustainability Report describes our annual accomplishments in developing a more sustainable business, reducing waste and use of natural resources, and improving the environmental performance of our operations. It also describes our commitment to the highest standards of patient safety and quality in our products and services and to world-class integrity and ethical business practices.

In 2021, we continued to make strong progress against our sustainability commitments. As a company, we are increasingly focused on advancing these initiatives and even more ambitious about what we can achieve, together.

On behalf of all of us at Zimmer Biomet, I thank you for your support. I look forward to continuing to share our progress with you as we move ahead.

Bryan Hanson  
Chairman, President and CEO, Zimmer Biomet





# COMPANY PROFILE

## Corporate Overview

Zimmer Biomet is a global medical technology leader with a comprehensive portfolio designed to maximize mobility and improve health. We seamlessly transform the patient experience through our innovative products and suite of integrated digital and robotic technologies that leverage data, analytics and artificial intelligence.

With more than 90 years of trusted leadership and proven expertise, Zimmer Biomet is positioned to deliver the highest quality solutions to patients and providers. Our legacy continues to come to life today through our progressive culture of evolution and innovation.

For more information about our product portfolio, our operations in more than 25 countries and sales in more than 100 countries, or about joining our team, visit [www.zimmerbiomet.com](http://www.zimmerbiomet.com) or follow Zimmer Biomet on Twitter at [www.twitter.com/zimmerbiomet](http://www.twitter.com/zimmerbiomet).

## Our Mission

Alleviate pain and improve the quality of life for people around the world.

## Guiding Principles

- Respect the contributions and perspectives of all team members.
- Commit to the highest standards of patient safety, quality and integrity.
- Focus our resources in areas where we will make a difference.
- Ensure our return is equivalent to the value we provide our customers and patients.
- Give back to our communities and people in need.

## Our Sustainability Commitment

Zimmer Biomet is committed to being a good corporate citizen. Our global team is dedicated to sustainable practices across the entire spectrum of the environmental, social and governance platform.



# OUR APPROACH TO ESG

We take a comprehensive and proactive approach to ESG. Our Board's Corporate Governance Committee oversees current and emerging political, social, environmental, corporate citizenship and public policy issues for the Company. At the team member level, we have established a functional ESG Working Group, comprised of team members spanning multiple divisions of the organization, including Human Resources, Operations, Environmental, Health, Safety and Sustainability, Quality, Finance, Accounting, Investor Relations, Communications, Government Affairs, Legal and Compliance.

The ESG Working Group meets monthly to discuss Zimmer Biomet's ESG initiatives and identifies ways we can enhance our ESG disclosures. Our CEO and CFO receive monthly updates on our ESG progress, while at the Board level, the Corporate Governance Committee receives quarterly reports.

We proactively engage with ratings agencies and investors to inform our ESG processes and provide the appropriate level of transparency while using third party auditing and benchmarking to pinpoint areas for continuous improvement.

# COMPANY AWARDS





# COVID-19

The COVID-19 pandemic has significantly affected Zimmer Biomet's financial results, but has not impacted the quality, safety and efficacy of our products.

Prior to COVID-19, Zimmer Biomet developed comprehensive crisis response plans and initiated contingency drills – including for pandemic events – across our operations. This exercise helped prepare our business and create enhanced disaster recovery plans that have been a significant benefit throughout our response to COVID-19.

Throughout 2021, we continued to aggressively secure our global supply chain and manage the unique challenges presented by each new COVID-19 wave. Due to these efforts, we continued to serve our customers without compromising product quality and safety.

All of our manufacturing sites and distribution centers continued to operate throughout 2021 with enhanced safety protocols. Our vigilance and commitment to health and safety ensured our team members in each region had what they needed to operate in a safe environment and meet our operational commitments. Our enhanced safety protocols were openly shared with suppliers to further secure our supply chain. Most Zimmer Biomet team members who were not directly responsible for or involved in manufacturing operations and the supply chain worked from home as an added safety measure to reduce risk of infection and secure the supply chain.



# ENVIRONMENTAL

## Environmental Risk Management Policy

Consistent with Zimmer Biomet's Mission, Code of Business Conduct and Ethics (<https://www.zimmerbiomet.com/en/about-us/our-impact.html>), and the Environmental, Health, Safety, and Sustainability (EHSS) vision, we are committed to our policy of conducting business in a safe and environmentally sustainable manner that promotes the health of our employees, customers, community and the environment, specifically fighting climate change.

The purpose of our Environmental Risk Management Policy is to implement the principles of the EHSS programs while implementing and sustaining global best practices. Corporate and regional standards exist to support these principles.

This policy applies to all locations worldwide and provides uniform guidance for Zimmer Biomet EHSS teams to manage and monitor risk within our global manufacturing and distribution processes. The EHSS Management System delivers six main outcomes, as follows:

### Compliance

We comply with, and often exceed the requirements of, all applicable EHSS laws, regulations, Company EHSS standards and other requirements to which we subscribe related to all EHSS subject matter and risks. We conduct frequent audits and implement best practices to maintain compliance with these requirements.

### Continuous Improvement

Zimmer Biomet establishes EHSS goals, objectives and targets across our global business and strives to continually improve our performance and publicly report on our progress. Our EHSS standards establish controls and promote a positive EHSS culture.

### Business Integration

We integrate EHSS principles into business decisions to proactively ensure the health and safety of our employees and communities, while also promoting environmentally sustainable practices. Specifically, we require that an EHSS evaluation be integrated into product design, manufacturing and distribution business processes and services that will reduce EHSS risks, improve performance throughout our operations, products and packaging across their lifecycle, and promote pollution prevention.

### Environment & Climate Change

To minimize our impact on the environment and address climate change, we minimize waste and emissions, reuse and recycle materials, promote renewable energy use, reduce greenhouse gas emissions, and conserve energy and water wherever feasible.

### Health & Safety

Zimmer Biomet EHSS establishes health and safety standards that promote a safe and healthy workplace by striving continuously to reduce hazards and risks to prevent workplace injuries and illnesses.

### Communication & Education

Zimmer Biomet EHSS communicates our Environmental Health and Safety Policy to employees, customers, shareholders, suppliers, community and other stakeholders. Zimmer Biomet EHSS standards, procedures and other resources enable employees to implement this policy and share best practices to promote continuous improvement and enhance environmental, health and safety performance.

## Environmental Targets

The environmental issues facing the world and the threat of climate change warrant an urgent and immediate response. In 2020, Zimmer Biomet publicly committed to setting science-based targets, which in 2021 were approved through the Science Based Target Initiative.

<https://sciencebasedtargets.org/companies-taking-action#table>

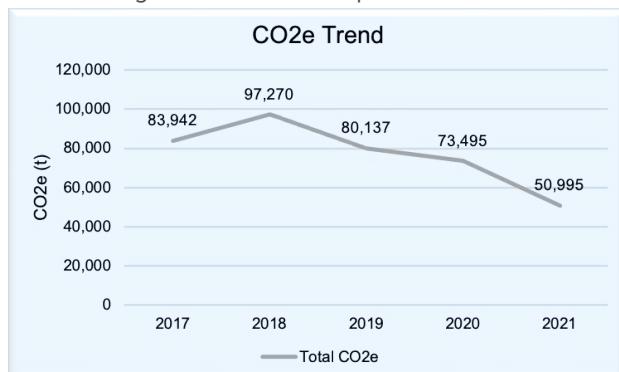
We are committed to reducing absolute scope 1 and 2 greenhouse gas (GHG) emissions 55% by 2030 from a 2017 base year. We have also committed to reduce absolute scope 3 GHG emissions from purchased goods and services to 15% by 2030 from a 2019 base year. More than 40% of our supply chain responded to our request for GHG emission disclosures in 2021, our first year of focus on scope 3, furthering our efforts to reduce our carbon footprint.

Furthermore, in July 2021, a large-scale solar farm, Prospero II, for which Zimmer Biomet negotiated a Virtual Power Purchase Agreement (VPPA), went into commercial operation. The renewable energy generated from the solar farm will offset 100% of our North American electrical load. In the second half of 2021, the renewable energy generated for Zimmer Biomet was more than 5,474MWh, which equates to nearly 39,000 Metric Tons of CO2 emissions reduction, or 28% reduction of Zimmer Biomet's scope 1 and 2 GHG emissions. This amount of emissions reduction is equivalent to nearly 19,500 metric tons of coal burned. We continue to pursue renewable energies in other regions throughout the world to advance our commitment to becoming a recognized leader within the environmental space.

We have also outfitted all major manufacturing and distribution sites globally with LED lighting, which is more energy efficient than conventional bulbs.

In addition, we actively participate in the Carbon Disclosure Project (CDP), with a Climate Change 2021 ranking of B, and a 2021 Supplier Engagement Rating of A-; you can see our grades here. The Supplier Engagement Rating assesses performance on governance, targets, scope 3 emissions, and value chain engagement in the CDP Climate change questionnaire. Zimmer Biomet considers engagement of our supply chain a key part of our environmental leadership strategy.

The following chart shows our scope 1 and 2 GHG emissions.



Source: Zimmer Biomet internal invoice data and third party sources.

Additionally, we are proud that 10 of our major manufacturing and distribution sites are now zero waste to landfill, and we continue to look for ways to increase recycling as we reduce our landfill waste. The following chart details our waste streams for our global operations.



Since 2011, Zimmer Biomet has been a corporate sponsor of ACRES Land Trust, Indiana's oldest and largest membership-based nonprofit land conservation organization. ACRES protects more than 7,200 acres of forests, wetlands, grasslands and unique geological features in more than 115 nature preserves, many of which are open to the public.





# SOCIAL

## Talent

One of Zimmer Biomet's core strategic pillars is our commitment to being a "Best and Preferred Place to Work" and we advance that priority through a comprehensive and integrated approach. Below are highlights of our 2021 achievements in this area.

### Culture Promises

Our Culture Promises describe a shared commitment to deliver on our mission and build a stronger Zimmer Biomet. Shape Tomorrow is our promise to keep our eyes on the future and create opportunities to move the business forward. Ignite Collaboration reminds us that we are coming together as one Zimmer Biomet to collaborate and create winning outcomes. Focus to Win is a promise that we will maximize our impact for patients and colleagues by working with clarity and focus. These promises help us to work together to make Zimmer Biomet a Best and Preferred Place to Work.

### Team Member Engagement

Through the implementation of a comprehensive engagement strategy, we are engaging team members frequently for a more holistic view of the team member experience as we strive to be a Best and Preferred Place to Work.

We use the valuable insights gained through our annual team member engagement survey, frequent "pulse checks", and onboarding and exit surveys to inform our priorities and improve our team members' experience. Our surveys assess five key drivers of engagement, including purpose, culture, leadership, personal growth and belonging.

In 2021, we implemented quarterly performance check-ins between managers and team members, creating opportunities to align on priorities and report progress

on key milestones. Managers are also encouraged to provide coaching and feedback during these valuable conversations. As a result, team members reported significant improvement in engagement with their managers. In response to our company-wide 2020 engagement survey results, we implemented a global, social recognition platform. As a result, team members also reported improved satisfaction with the recognition they receive for their work.

As the COVID-19 pandemic continues, team members reported the need to do even more to nurture well-being and deliver transparent communication, both of which have been prioritized by our leadership team and included in our 2022 action plans.

We believe it is critically important to keep our team members engaged through frequent and transparent communication. This is accomplished through town hall meetings, video and written messages and various other channels. To stay connected throughout the COVID-19 pandemic, our Chief Executive Officer kept team members informed of our priorities, financial results, management response and team member health and safety through frequent video messages and written communications.

### Performance Management

In 2021, we worked to further embed our new framework and approach to performance management, which is branded internally as "Performance Connections". In addition to the quarterly check-ins mentioned above, we formalized the mid-year Career Check-In through which team members align opportunities to learn, develop, and grow with their ambitions for the next step(s) in their career. As part of this, team members create a talent profile that captures details of their professional resume and document a career plan that outlines next steps as a focal discussion point in ongoing check-ins with their manager.



## **Learning and Development**

We support the learning and development needs of the organization through a number of instructor/virtual training courses. These include desktop application training (e.g., Excel, Word, PowerPoint), Coaching in the Moment, and Insights Discovery. We continue to maintain, and take on opportunities to improve, our Learning Management System (LMS), branded internally as “iLearn”, which is the primary delivery mechanism for Quality, Compliance, and product-focused training that services 26,600 employees and contractors, and houses over 34,000 courses globally.

## **Global Mentoring Program**

We launched a pilot global mentoring program, Mentoring Connections, to connect experienced Zimmer Biomet professionals with team members who are eager to learn from their experience. We matched and trained mentor/mentee pairs to embark on a six-month formal mentoring relationship. We will evaluate the experience and impact of the program for pilot participants and plan to expand the program in 2022.

## **Virtual Work Support**

We launched virtual work global programming support intended to help team members achieve success through sustained remote work in response to the pandemic. This includes the creation of job aids and resources that help team members and managers focus on building and sustaining connections in the absence of regular, in-person contact. We also produced and shared four “fireside chats” featuring our leadership team members sharing their experiences and actionable tips of leading and working virtually. Chat topics focused on well-being, recognition, mentoring, and accountability and engagement.

## **Team Member Recognition**

In 2021 we launched a new global, social recognition platform, IGNITE, to recognize team members for the remarkable work they do every day. With a mobile app, team members can give recognition to others from anywhere, at any time.

## **Talent Acquisition**

As part of our commitment to diversity, the Talent Acquisition team partnered with our Employee Resource Groups (ERGs), hiring managers and executive sponsors to enhance our talent pools by engaging with new national and campus partnerships.

In 2021, Zimmer Biomet invested in our ERGs and diversity recruitment programs with newly formed partnerships with the following: Howard University, National Society of Black Engineers, National Association of Asian American Professionals, myGworks, FairyGodBoss, Hire Our Heroes, National Sales Network, Girls Who Code, National Football League, and Hispanic Alliance for Career Enhancement.

Additionally, INROADS and Howard University were named Zimmer Biomet’s campus and national partners for early career diverse talent in 2021 in the United States.

## **Early Career / Development Rotational Programs**

In 2021, Zimmer Biomet sustained and enhanced our early career talent programming in locations across the U.S., including full-time rotational development programs in Finance and Quality. Enhancements include partnering our early career hires with mentors from our global ERGs, hosting professional development and socialization events.

In the United States, Zimmer Biomet’s robust finance summer intern program is a direct pipeline for our full-time Finance Development Program (FDP.) Approximately 60% of our finance summer interns leave their internship with a full-time job offer, which includes a competitive salary, sign-on bonus, and full benefits.

Our full-time rotational development programs are a launch pad for college graduates. Participants rotate across 3-4 areas of the global business for a diverse view of their function and its processes, and at the conclusion of their two-year program, participants “graduate” and are promoted to next-level roles, which is on an accelerated time schedule in comparison to peers with the same years of experience.

## **Global Benefits**

Zimmer Biomet reviews our benefits each plan year, considering both our team member population as well as market benefit practices so we are competitive in our offerings.

We understand how critical well-being is for our team members and their families. Globally, initiatives are in place or being implemented to provide health-promoting activities that support sustainable behaviors among team members, reducing physical and mental health risks, improving the quality of life, and enhancing personal effectiveness at work. Also, in recent years, we have focused on key areas for women, family and individual health.

Below are key areas in the U.S. where we continue to assess and adjust as needed to support our team members.

- We continue to offer key preventative services and for mothers, we provide opportunities to help support and transition back to the workforce.
- We increased Infertility benefits and the number of Parental Leave days while continuing to provide child care discounts at multiple day care facilities.
- We understand our team members have individualized needs and we offer programs to support them, such as global employee assistance programs (EAP) counseling and also benefits such as transgender surgery/medical benefits.

## Diversity, Equity & Inclusion

Zimmer Biomet remains committed to creating, supporting and celebrating diverse and equal workplaces and communities. We continue to foster and embrace diversity and inclusion within our team and our communities, and commit our voices and our resources to community groups, business platforms and other organizations united to driving meaningful change and sustained improvement. We believe that representation matters. As of December 31, 2021, women made up 35.1% of our total employee population, and 25.1% of positions at Director level and above. People of Color (POC) made up 22.1% of our total employee population in the U.S., and comprised 15.2% of positions at Director level and above. We have established 2026 representation goals for women and POC in the organization, guided by internal and external benchmarks. Core to Zimmer Biomet's values is our commitment to stand together against hatred, discrimination and injustice, and we advance these values through our actions and investments. With this in mind, we have committed to the following initiatives to drive and accelerate change within our own organization and around the globe. We have shared these commitments publicly and are tracking our progress against them:

- Engage our more than 20,000 global team members in cultural awareness and inclusion programming.
- Invest \$1 million and provide executive sponsorship to support ongoing programs and elevate the impact of our ERGs.
- Commit at least \$5 million over five years through the Zimmer Biomet Foundation to nonprofit organizations globally dedicated to combating racism and supporting diversity, equality and justice. The Zimmer Biomet Foundation is an independent, nonprofit organization established in 2018 to address the needs of our global community. You can read more about the Zimmer Biomet Foundation below.

- Match, through the Zimmer Biomet Foundation, employee financial contributions to nonprofit organizations, including those dedicated to combating racism and supporting diversity, equality and justice.
- Expand our student and early career internship programs to attract and develop more Black leaders.
- Continue our financial support of Movement is Life, a multidisciplinary coalition seeking to eliminate racial, ethnic and gender disparities in muscle and joint health.

## Health, Safety & Wellness

The physical and mental health, financial well-being and work/life balance of our team members are vital to accomplishing our Mission and achieving our goals. We sponsor wellness programs designed to enhance physical, financial and mental well-being, and encourage participation in these programs through regular communications, educational sessions and other incentives.

We are also intensely focused on the health and safety of our team members in the workplace. Our environmental, health and safety team constantly monitors various metrics to ensure we are providing the safest environment in which to work. In 2021, our Total Recordable Incident Rate, which is defined as recordable incidents multiplied by 200,000 hours worked divided by total hours worked, was 0.29 and our Lost Time Incident Rate, which is defined as lost time incidents multiplied by 200,000 hours worked divided by total hours worked, was 0.14.

## Pay Equity

We are committed to our pay equity process and we conduct annual pay equity reviews. Our comprehensive pay equity review covers pay, promotions and new hire practices. This includes various types of pay, such as base salary, bonus, long-term incentives and new hire sign-on awards (cash or equity).

Prior to 2019, the pay equity review was focused on gender differences, with any identified pay issue also being reviewed for ethnicity against similarly situated positions. Starting in 2019, we further enhanced our analysis to review pay differences by gender, age, ethnicity and location, and in 2020 engaged a new external partner with increased analytical capabilities. Each year we assess our analysis capabilities to identify areas of opportunity.



Human Resources coordinates Zimmer Biomet's process to address any issues identified from the pay equity analysis. Individuals identified in the annual pay equity review continue to have their annual progress monitored in order to ensure that any pay issues are resolved.

## Collective Bargaining

Zimmer Biomet has more than 20,000 active team members globally, approximately 200 of whom are affiliated with a U.S. collective bargaining agreement.

## Discrimination Policy

Zimmer Biomet is an equal opportunity employer and is fully committed to a policy of treating all of our team members and job applicants equally.

We take all reasonable steps to employ, train and promote team members on the basis of their experience, abilities and qualifications without regard to race, color, ethnic origin, nationality, national origin, religion or belief, sex, sexual orientation, gender reassignment, age, marital or civil partnership status or disability.

We also take all reasonable steps to provide a work environment in which all team members are treated with respect and dignity and that is free of harassment based upon an employee's race, color, ethnic origin, nationality, national origin, religion or belief, sex, sexual orientation, gender reassignment, age, marital or civil partnership status or disability.

Zimmer Biomet does not condone any form of harassment, whether engaged in by team members or by outside third parties who do business with us.

## Product Quality

Zimmer Biomet is committed to best-in-class product quality and the robustness of our Quality Management System. Every site has a stringent internal quality audit program. In addition, we have an independent corporate

quality audit program and are audited periodically by external regulatory bodies such as the U.S. Food and Drug Administration (FDA) and other regulatory and nongovernmental competent authorities around the world. Our internal corporate audit and external audit results are closely monitored and reported at regular management review meetings, and we maintain a detailed set of key performance indicators in the quality area. In addition, the Quality, Regulatory and Technology Committee of the Board of Directors receives a comprehensive quality presentation at each quarterly meeting.

We have multiple manufacturing sites proactively participating in the Medical Device Innovation Consortium (MDIC) and the FDA Case for Quality Voluntary Improvement program. For more information on this program, visit [www.fda.gov/medical-devices/quality-and-compliance-medical-devices/case-quality](http://www.fda.gov/medical-devices/quality-and-compliance-medical-devices/case-quality)

Furthermore, we have a stringent supply chain monitoring program inclusive of quality, delivery and cost measures.

In recent years, Zimmer Biomet has made substantial progress on quality system enhancements and remediation across our network. As of December 2021, we had one pending FDA Warning Letter, which pertains to our Warsaw, Indiana North Campus facility. While the Warning Letter at the Warsaw North facility remains active, following an FDA re-inspection in 2020, the FDA classified the site as Voluntary Action Indicated, or VAI. Zimmer Biomet (Warsaw North Campus facility) is partnering with FDA and MDIC as part of an industry pilot study (Accelerate Sustainable Capability) to help improve product quality and safety, enable compliance actions to be closed faster, and structure systems for sustainable continuous improvement. The pilot program leverages a maturity assessment program that includes action plans with FDA reviews.

We have made significant investments in Quality Management System remediation and upgrades over the past four years. While these enhancements continue, we are very encouraged that these efforts have already resulted in a significant reduction in FDA product recalls during that time. In 2021, the FDA reportable recall total was 5, which was a 75% improvement compared to 2020.

Year	Class 1 Recalls	Class 2 Recalls	Class 3 Recalls	Forms 483 Received	Warning Letters Received
2016	1	40	1	3	1
2017	1	62	0	7	0
2018	1	48	0	3	1
2019	1	24	0	3	0
2020	0	21	0	1	0
2021	1	4	0	0	0

We are advancing automation in manufacturing, quality systems and inspection and measurement methods such as Manufacturing Execution System (MES), Design Controls and Risk Management Software (The Vault), and InfinityQS. A Product Lifecycle Management tool, Windchill, is in the midst of a global implementation to simplify regulatory compliance while simultaneously increasing new product speed to market. The global use of this tool will create an ability for resources to work across the network seamlessly and formulate a single approach to deliverable completion.

In addition to the *Quality Begins With Me* program launched in 2020, an upgraded compliance hotline process was launched across Zimmer Biomet in 2021 with a campaign called “*If You See Something, Say Something*”. Both the program and the hotline help us continue to promote a “blame free” culture where we drive appropriate behaviors, empower team members to promote operational excellence, and maintain focus on quality and compliance.

We have continued with Green Belt and Black Belt certification programs so team members learn and apply LEAN tools to reduce waste, drive out variation (by applying Define, Measure, Analyze, Improve and Control problem-solving), and make data-driven decisions through proven quality tools and statistical methods.

We are also working toward compliance and certification with the European Union Medical Device Regulation standards by 2024.

## **Supplier Code of Conduct**

We are committed to achieving and maintaining the highest standards of corporate integrity and ethical behavior, and we expect our suppliers to conduct business with the same high standards. To establish guidelines for such standards, Zimmer Biomet has instituted a Code of Supplier Conduct, available at

[www.zimmerbiomet.com/content/dam/zimmer-biomet/sourcing/Zimmer-Biomet-Supplier-Code-of-Conduct.pdf](http://www.zimmerbiomet.com/content/dam/zimmer-biomet/sourcing/Zimmer-Biomet-Supplier-Code-of-Conduct.pdf)

At a minimum, suppliers must conduct business in accordance with all applicable country, state, and local laws and regulations covering the jurisdictions in which they operate, including, without limitation, laws relating to employment, human rights, the environment, health and safety and trade. Each supplier is to comply with the commercial best practices of the supplier’s industry. Zimmer Biomet reserves the right to decline to deal with suppliers who do not comply with the law or our standards.

We have also taken steps to ensure that slavery and human trafficking is not taking place in our supply chains or any parts of our business operations through the UK Modern Slavery Act of 2015 and the California Transparency in Supply Chains Act of 2010.

[www.zimmerbiomet.com/content/dam/zb-corporate/en/suppliers/global-and-nam/uk-modern-slavery-act-and-california-transparency-in-supply-chain-act-statement.pdf](http://www.zimmerbiomet.com/content/dam/zb-corporate/en/suppliers/global-and-nam/uk-modern-slavery-act-and-california-transparency-in-supply-chain-act-statement.pdf)

## **Supplier Social Responsibility Audits**

Zimmer Biomet conducts Social Responsibility audits with all new suppliers in high risk regions and on existing suppliers every three years. The audit investigates child labor; forced labor and human trafficking; disciplinary practices; working hours and compensation; environmental protection; health and safety; and management practices. Forty-seven suppliers were audited in 2019 with no major findings. The next round of Social Responsibility audits will occur in 2022 and focus on high-risk suppliers.

## **Supplier Diligence**

For all new proposed international suppliers, due diligence investigations are conducted by the Zimmer Biomet Compliance team to make sure the third party is not on a blocked person list, a specially designated national watchlist or otherwise a prohibited party. This global due diligence review starts at the front end of the request process. Ongoing due diligence is conducted periodically for existing suppliers.

## **Supplier Quality Audits**

New and existing supplier audit plans are established based on the applicable Quality Management System (QMS) requirement for the product/service the supplier provides. The applicable QMS requirements are focused on FDA and International Organization for Standardization (ISO) standards. These standards include FDA 21 CFR 820 and ISO 13485.

Zimmer Biomet has three global documents detailing the process: (i) the Supplier Questionnaire is used to collect a variety of information on the supplier, including an overview of the supplier’s quality system; (ii) the Supplier Qualification Report determines which audit plan will be followed and the supplier’s risk classification; and (iii) the Supplier Audit Report details the information found during the audit and the attendees.

All information gathered from the auditing process is stored in a global system and accessible to all Zimmer Biomet businesses.

## Supplier Diversity Policy

We believe that a diverse supply chain strengthens our ability to carry out our Mission and improve the communities in which we live and work. Zimmer Biomet's Supplier Diversity Policy in the United States assists in establishing and maintaining business relationships with suppliers that are either certified in diverse categories by the Small Business Administration or self-certified where applicable.

We assign a Small Business Liaison Officer (SBLO) as an administrator for the Supplier Diversity Program. The SBLO assures that reports documenting procurement levels, broken down by supplier classification, are prepared as requested by government agencies and contract groups. Annual Summary Subcontract Reports and Year End Supplementary Small Disadvantaged Business (SDB) Reports are submitted according to the Department of Defense.

Zimmer Biomet's diversity reporting obligations to the U.S. Federal Government include spending in the United States and Puerto Rico in the following six diverse supplier categories annually:

1. Historically Underutilized Business Zone Small Business (HUBZone)
2. Service-Disabled Veteran-Owned Small Business (SDVOSB)
3. Small Business (SB)
4. Small Disadvantaged Business (SDB)
5. Veteran-Owned Small Business (VOSB)
6. Women-Owned Small Business (WOSB)

## Management of Risks Associated with Use of Critical Materials

Zimmer Biomet has a Global Supply Risk Management process. We have established a systematic approach to:

- Ensure continuity of supply for goods and services
- Proactively manage (identify, assess, mitigate and monitor) potential supply risks which may result in product delays and/or revenue impact to the business
- Ensure that a global process is being utilized across the Zimmer Biomet Global Sourcing Organization

A key component in risk monitoring is the financial impacts that might occur in raw material scarcity and/or physical disruptions of Zimmer Biomet's own operations or in the operations of our supply chain. To mitigate these risks, Zimmer Biomet uses a third party to rank our top suppliers against 73 financial ratios on a scale of 1-100 to understand the overall financial health of these suppliers. It is considered to have substantive strategic impact on Zimmer Biomet's business if suppliers score below a 20 in this rating.

Through a third-party vendor, we obtain international private company financial statements and have a greater than 85% success rate (and above 90% in certain markets) to measure the core health of a supplier out to 36 months, and predicting probability of default over 12 to 18 months via a quantitative model to generate a rating.

## Animal Testing Policy

Zimmer Biomet's use of animal testing is consistent with animal welfare acts around the world. We use animal testing when required to demonstrate biological safety for our products that cannot be demonstrated by laboratory benchtop tests or when required to demonstrate compliance with medical device regulations.

The laboratories that Zimmer Biomet engages for animal testing typically have American Association for Accreditation of Laboratory Animal Care (AAALAC) certification or have their own animal research committee (i.e., an independent review committee) to ensure compliance with national animal welfare acts. Zimmer Biomet does not perform animal testing directly; the work is contracted to labs.

## Clinical Trial Program

We operate a robust global clinical research program that strives to collect meaningful clinical evidence to support our vast portfolio of products that ultimately help alleviate pain and improve the quality of life for people around the world. Our clinical research programs support the safety and effectiveness of our products, services and technologies in a compliant and transparent manner. Zimmer Biomet-supported clinical trials are conducted across many different programs, including sponsored multi-center global clinical trials, as well as Company supported smaller investigator initiated clinical trials.



Zimmer Biomet conducts studies all over the world that are managed by our global Clinical Affairs teams. These teams manage our regulated and post-market studies and are located in key locations across the globe. In all instances, these programs and teams adhere to Zimmer Biomet policies and procedures that incorporate the standards set forth in the International Conference on Harmonization, the Declaration of Helsinki, Good Clinical Practice guidelines and the AdvaMed Code of Ethics.

To protect the rights, privacy, safety and well-being of clinical trial participants, Zimmer Biomet has an overarching global procedure for Conducting Clinical Research Involving Human Subjects. This procedure also ensures that the clinical research from our clinical trials is qualified and reliable and can be used by worldwide regulatory authorities. As part of our procedures, clinical trials are reviewed and approved by several cross-functional internal committees, including a Clinical Investigation Review Committee and a Clinical Research Review Committee.

Clinical trials are only approved if they are scientifically sound, meet a well-defined business need and are within fair market value calculations. Clinical trial support can range from monetary funding, providing in-kind product, or even the loaning of specialized instrumentation and equipment. In addition to the internal Zimmer Biomet review and approval processes, all clinical studies are required to be reviewed and approved by an Institutional Review Board or Ethics Committee that is independent of both Zimmer Biomet and the participating investigational centers.

## Clinical Trial Transparency

Zimmer Biomet supports clinical research to foster advances in clinical knowledge and furthering medical device development related to our products and programs. As such, clinical trial transparency is required to appropriately contribute to and comply with the International Committee of Medical Journal Editors (ICMJE)

initiative and Food and Drug Administration Amendments Act (FDAAA) requirements by utilizing ClinicalTrials.gov to register our active clinical studies and study results once they are available. All study results are posted, regardless of whether the trial is deemed successful or failed to meet the primary end point. A sample listing of Zimmer Biomet clinical trials can be found at [ClinicalTrials.gov](#).

## Grants, Donations and Funding

### Zimmer Biomet Foundation

Zimmer Biomet is committed to our guiding principle of giving back to our communities and people in need.



The Zimmer Biomet Foundation is an independent, philanthropic, nonprofit organization established in 2018 to address the needs of our global community. The mission of the Zimmer Biomet Foundation is to improve the quality of life for our communities by providing resources to help: build healthy communities, advance Science, Technology, Engineering and Math (STEM) education, provide disaster relief and address healthcare disparities while advancing diversity, equity and inclusion. Zimmer Biomet continued to fund the Zimmer Biomet Foundation with a large contribution in 2021, allowing for continued charitable work globally.

From supporting Zimmer Biomet team members' charitable programs, to funding community efforts in line with its pillars, the Zimmer Biomet Foundation donated nearly \$2.7 million in charitable grants in 2021.

The Zimmer Biomet Foundation continued the Team Member Relief Fund to support team members facing financial hardship due to personal or catastrophic reasons, including COVID-19. Since its inception, the Fund has provided more than \$1 million in relief grants to team members.

## Zimmer Biomet Medical Missions

Zimmer Biomet donated orthopedic products to support more than 15 philanthropic medical mission trips in 2021 to help patients in need around the globe. Due to the ongoing pandemic, several planned medical mission trips were postponed and rescheduled for future dates.

Zimmer Biomet continued our unique partnership with Faith in Practice by donating a replenishment of implant inventory necessary to continually perform charitable surgeries in Guatemala. Faith in Practice ([www.faithinpractice.org](http://www.faithinpractice.org)) is committed to serving the poor of Guatemala through short-term medical mission trips that take an integrated approach to care that strives to reach those in the greatest need.

Zimmer Biomet supported many other organizations--including One World Surgery, Bayside Medical Missions, Operation Walk, and more--to care for underprivileged patients in need in Dominican Republic, Honduras, Ecuador, Kenya and more.

Additionally, we continue to support charitable surgeries in the U.S. by donating implants through Americas. In 2021, Americas was able to support approximately 40 charitable surgeries in the U.S. with Zimmer Biomet implants. Americas ([www.americares.org](http://www.americares.org)) saves lives and improves health for people affected by poverty or disaster so they can reach their full potential.

In addition, the Zimmer Biomet Foundation matched team member donations to over 500 nonprofit organizations with a dollar-for-dollar match. Nearly \$400,000 combined from team member contributions and the Foundation match was contributed to charities in 2021.

We proudly support team members volunteering in their communities and abroad by offering resources to match team members with volunteer opportunities and work policies that allow them to take the time to support their community.

For the first year collectively capturing data on the volunteer program, team members logged close to 3,000 hours of giving back to their community. Some of those organizations include Feed My Starving Children, Prospect Hospice Limited, Bumbleance Ireland (Saoirse Foundation)

and the United Way. In addition, team members organized several collection drives to provide needed items for back-to-school efforts and help during the holidays.

The Zimmer Biomet Foundation created the Zimmer Biomet Scholarship Fund for dependents of team members in the U.S. For the inaugural year, 10 recipients were selected to receive \$2,500 for educational costs toward college expenses.

The Foundation continued to contribute to COVID relief efforts through Americas, as well as match team member donations. Funding was provided to the Red Cross to assist with efforts following the flooding in Europe. With the earthquake disaster in Haiti in 2021, Zimmer Biomet donated external fixation devices to nonprofit organizations to help patients in need. Additionally, in late December 2021, we donated burn care equipment to assist with the aftermath of the Haiti fuel truck explosion.

The Zimmer Biomet Foundation also supported the Indiana Chamber Foundation's Accelerating Indiana Vision 2025 program. The initiative has a number of important dimensions, including broadband access, urban development, K-12 STEM curricula and advancing Diversity, Equity and Inclusion. The ZBF continued support of STEM-related activities through the local school system in Warsaw, Indiana, home of Zimmer Biomet's global headquarters.

## Zimmer Biomet Corporate Grants

In 2021, Zimmer Biomet provided grants, donations and funding for numerous educational and philanthropic projects. These included grants to support orthopedic post-graduate medical education, including funding to OMeGA Medical Grants Association. OMeGA ([www.omegamedicalgrants.org](http://www.omegamedicalgrants.org)) is an independent legal entity with a singular mission: to award and administer grants for graduate orthopedic medical education through an open, accessible process designed to safeguard against potential conflicts of interest and to ensure transparency in the allocation of resources.

Zimmer Biomet also provided educational grants to support independent medical education conferences that promote scientific knowledge, medical advancement and the delivery of effective healthcare. In addition, Zimmer Biomet provided grants to third-party organizations for independent research to advance patient treatment designed for improved outcomes.

## **Advancing Diversity, Equity and Inclusion**

The Zimmer Biomet Foundation has partnered with many nonprofit organizations to advance diversity, equity and inclusion, particularly related to disparities and career development in healthcare.

As part of the large-scale partnership with the National Association for the Advancement of Colored People (NAACP) to focus on expanding medical access for people of color, our funding has supported the creation of the organization's Learning and Impact Team and seed funding to support a partnership with Brookings Institute to develop the Black Asset Index.

Funding was also provided to support programs that promote diversity and multiculturalism in medical schools and in surgeon professional development, as well as industry minority initiatives to raise orthopedic treatment awareness and support higher education. One example of diversity-related funding is the support we provide to The Perry Initiative, which is committed to inspiring young women to be leaders in the fields of orthopedic surgery and engineering.

Zimmer Biomet is the Founding Sponsor of Nth Dimensions, an educational nonprofit organization created to help increase diversity of women and underrepresented minorities in the field of orthopedics, including pre-medical students, medical students and residents. We are a corporate partner of the J. Robert Gladden Orthopedic Society, a multi-cultural organization with a mission to increase diversity within the orthopedic profession. We also provide support to the Ruth Jackson Orthopedic Society, which is dedicated to advancing the science and practice of orthopedic surgery among women, as well as the American Association of Latino Orthopedic Surgeons, which represents not only members of Latino descent, but all orthopedists who treat members of the Latino and Hispanic communities.

The Zimmer Biomet Foundation also collaborated with Zimmer Biomet's global Employee Resource Groups to support nonprofit organizations that align with the focus of each group, and enhance the positive impact we can make across all areas of inclusion.

<b>NAACP</b> <a href="https://naACP.org/">https://naACP.org/</a>	<b>Nth Dimensions</b> <a href="http://www.nthdimensions.org">www.nthdimensions.org</a>
<b>Perry Initiative</b> <a href="https://perryinitiative.org/">https://perryinitiative.org/</a>	
<b>Ruth Jackson Orthopedic Society</b> <a href="http://www.rjos.org/">http://www.rjos.org/</a>	

## **Access to Healthcare**

### **Movement is Life**

Since 2004, Zimmer Biomet has funded initiatives that focus on defining and reducing musculoskeletal disparities. *Movement is Life*, a multi-disciplinary coalition, partners with thought leaders and national member organizations aligned to create sustainable change in marginalized populations. The coalition is dedicated to the elimination of racial, ethnic, geographic and gender disparities in muscle and joint health by promoting physical mobility to improve quality of life among African American, Hispanic and rural women.

Movement is Life programs include:

- Operation Change, a community-based public health intervention focused on positive behavior modification in individuals who suffer from joint pain and chronic comorbid conditions such as diabetes and obesity. Due to limitations related to COVID-19, in 2021 Movement is Life created a monthly, virtual Operation Change series focused on educational topics and movement.
- The "Start Moving Start Living" website that serves as a repository for culturally competent patient communication tools to raise awareness about the health risks associated with immobility in the United States.
- A "Health Disparities" podcast focused on critical issues including social determinants of health, environmental impact on marginalized communities and structural barriers to equitable healthcare. More than 110 podcasts have been recorded. The podcasts can be found on the Movement is Life Caucus website.
- A monthly virtual speaker forum to include nationally recognized experts on topics such as political determinants of health, structural bias and safety net hospitals.
- In 2021, Movement is Life hosted its 11th Caucus, attracting more than 200 participants including policy makers, community advocates, academicians, providers, healthcare professionals and patients with the goal of educating and elevating critical messaging regarding the impact of the coronavirus on marginalized communities. The Caucus featured many nationally known and published speakers such as Daniel Dawes, Garth Graham, Wayne Riley and Elvis Francois to address the impact of structural racism and social determinants of health.

## Patient Privacy and Data Security

At Zimmer Biomet, the patient is always the patient, and never the product. Patient data is used to improve outcomes and create value for patients and their care teams through our algorithms, systems and products in order to support our commitment to the highest standards of patient safety, quality and integrity.

Our commitment to protecting patient and customer data is embodied in our four Privacy and Data Security Pillars:

- **Privacy.** Privacy is a fundamental human right and we maintain robust practices to help ensure that that right is protected. Patients and customers decide what they share with us.
- **Security.** Zimmer Biomet protects the data that patients and customers entrust us with through strong safeguards. Among other measures, we apply encryption in transit and at rest, scheduled annual security risk assessments and penetration testing by third parties.
- **Data usage.** We only use customer and patient data to provide the services we have agreed upon, and for purposes that are compatible with providing those services.
- **Ownership.** We put patients and customers in control of their data and have established tools and processes that give patients easy options to exercise their rights with respect to their personal data.

### Privacy

There have never been more opportunities to use information collected in the course of treatment to create innovative solutions to improve patient outcomes. At the same time, the importance of protecting patient privacy has never been higher.

Privacy is built into our products and services by design and by default. By taking this approach, we accommodate privacy in an effective and user-friendly way.

Zimmer Biomet has engaged with OneTrust, the industry-leading privacy management solution, to embed privacy in our products and services. Our mymobility® platform, for example, is supported with a dedicated portal for individuals to exercise their privacy rights, with user-friendly features such as explanatory hovertext, local-language accessibility, and automated identity verification. We want to make it as easy as possible for patients to communicate their privacy preferences.

### Data Security

Zimmer Biomet implements and verifies stringent security requirements to protect data we hold for patients and customers. These include a broad array of controls, including encryption, third-party penetration testing, malware defenses, access limitations and auditing. We also have our compliance with security requirements arising under the Health Insurance Portability and Accountability Act (HIPAA), General Data Protection Regulation (GDPR), California Consumer Privacy Act (CCPA), LGPD (Brazil), China's Personal Information Protection Law (PIPL) and other key data protection regulations reviewed and verified by third-party experts. We are transparent regarding our security controls so that customers can understand and document the ways in which their information is protected.

### Data Usage

Zimmer Biomet ensures that information is only collected, used and disclosed for permissible purposes. Through our contracts with customers, notice and consent forms, and other means, we are transparent about the ways we use information to create value for patients and providers. We have implemented robust policies, procedures and trainings designed to ensure that patients' and customers' information is being handled consistent with those statements.

### Ownership

The patient, provider and Zimmer Biomet each have rights and responsibilities regarding data collected in the course of treatment.

Zimmer Biomet's customer engagements, patient consents and notices and other privacy and information security practices are designed to ensure that these rights and responsibilities are respected.

## Cybersecurity

A strong cybersecurity program is essential in today's business landscape and we have continued to invest in people, processes and next generation cybersecurity technology solutions to combat this evolving risk. Cyber threats are emerging and evolving daily so we continue to manage these cyber-risks in alignment with industry best practices and frameworks.

Our commitment to cybersecurity includes a programmatic approach aiming to protect the confidentiality, integrity and availability of our systems, data and products. This continuous process ensures that measures are in place to improve and update our cybersecurity program using key methods such as independent assessments, penetration testing, vulnerabilities scanning and maintaining key industry certifications. Zimmer Biomet strives to ensure

all third-party vendor management, governance and data protection programs are aligned to best practices, regulations and standards in order to reduce organizational risk.

We have a dedicated global security operations team that executes the cybersecurity incident response plan and threat management, and conducts regular exercises to assure our preparedness and effectiveness. Our global cybersecurity awareness program has increased awareness of cyber threats for users and we continue to share best practices with all our team members.

The cybersecurity program is led by Zimmer Biomet's Chief Information Security Officer and the Chief Information Officer, and regular progress updates are presented to the Audit Committee of the Board of Directors.



# GOVERNANCE

## Corporate Governance

We are committed to effective corporate governance, adhering to the highest ethical standards and acting as a responsible member of our communities.

Our business is managed under the direction of our Board of Directors, which has responsibility for establishing broad corporate policies and for our overall performance.

As of March 1, 2022, our Board is made up of 10 Directors who have been nominated based on their skills, experiences, backgrounds and the needs of the Board and our Company. Every Director must stand for election annually. At all times, a majority of the Board of Directors must meet the criteria for independence established by applicable laws and regulations and the New York Stock Exchange. All of our Directors, except our Chairman, President and Chief Executive Officer, are independent.

Directors are recruited to strengthen the Board's diversity and ensure that the Board reflects and understands the diverse perspectives of Zimmer Biomet's stakeholders around the globe. Three of our ten Directors (30%) are women, three (30%) are ethnically diverse, one (10%) identifies as LGBTQ+, and four (40%) were born outside the United States. Additionally, of our four Board committees, one (25%) is chaired by a woman.

The Board recognizes the importance of having a strong independent Board leadership structure to ensure accountability. Accordingly, our Corporate Governance Guidelines provide for the appointment of a Lead Independent Director when the Chairman is not independent. The Board believes that a Lead Independent Director is an integral part of our Board structure and facilitates the effective performance of the Board in its role of providing governance and oversight.

Among other duties and responsibilities, the Lead Independent Director convenes and presides at meetings of the independent Directors, including executive sessions

of the independent Directors held in conjunction with each regularly scheduled Board meeting, reviews and provides input on meeting agendas for the Board and its committees, and provides feedback on the flow of information from management to the Board. The Lead Independent Director is also available, as appropriate, for direct communication with shareholders.

Zimmer Biomet has developed risk management processes designed to promote long-term shareholder value with oversight by the Board of Directors. Sustainability topics are incorporated into our risk management processes, and various executive leadership team members have responsibility for implementing processes designed to identify, evaluate, mitigate and monitor risks. Reviews of key risks occur at regularly scheduled meetings of the Board of Directors and its committees. The Board executes its oversight responsibility for risk management directly and through its committees:

### Audit Committee

Oversight Areas:

- The integrity of our financial statements
- The performance of our Internal Audit function
- Our compliance with legal and regulatory requirements
- Our Corporate Compliance Program
- Privacy, data security, business continuity and cybersecurity-related risk exposures

### Compensation and Management

#### Development Committee

Oversight Areas:

- The compensation of our senior executives
- Our incentive and equity-based compensation plans and programs
- Senior management talent and development plans (in conjunction with the full Board)
- Our policies and strategies relating to human capital management (in conjunction with the full Board)

## **Corporate Governance Committee**

### Oversight Areas:

- Our public policy, government relations and advocacy activities
- Our sustainability activities, including initiatives related to the environment and climate change
- Our community relations activities and charitable contributions, including the underlying philosophy, goals and purposes of our contribution activities
- Our initiatives related to promoting access to healthcare and other social responsibility issues

## **Quality, Regulatory and Technology Committee**

### Oversight Areas:

- Product quality and safety
- Risks relating to our compliance with laws and regulations enforced by the U.S. Food and Drug Administration and comparable foreign government regulators
- Research, innovation and technology initiatives

## **Executive Compensation**

Our executives receive fixed compensation (base salary), as well as short-term and long-term performance-based compensation. Applicable performance metrics and targets align executives' interests with those of Zimmer Biomet shareholders and are approved by the Compensation and Management Development Committee of our Board of Directors.

We are committed to the highest standards of patient safety and quality in our products and services and to world-class integrity and ethical business practices. In support of this commitment, and to drive accountability for compliance with, and sustained improvements in, our global quality system, the Compensation and Management Development Committee included a global quality bonus modifier component to executives' annual cash incentive plan in 2021. The modifier was designed such that, based on the achievement of specified global quality metrics related to our FDA inspection results, it could result in a decrease (but

not an increase) to executives' 2021 bonus payouts by up to 5%. In 2021, across our global network, we received no new FDA Warning Letters and our average number of Form 483 observations per inspection was less than 3.0. As a result, the global quality bonus modifier had no impact on our executives' 2021 bonus payouts.

For more information on our executive compensation philosophy and programs, please see our [2022 proxy statement](#).

## **Ethical Business Conduct**

We are committed to being a leader in the area of ethics and compliance. Every day, we strive for the highest standards of patient safety, quality and integrity in all that we do.

Whether working with surgeons, regulators, distributors, partners or fellow team members, we know that what we do to contribute to our mission is as important as how we do it.

Our commitment to doing business with integrity is guided by the comprehensive compliance policies and procedures that help team members and business partners navigate the applicable laws, regulations and industry codes, as well as Zimmer Biomet's own ethical standards. These standards are outlined in Zimmer Biomet's Code of Business Conduct and Ethics.

The Code defines Zimmer Biomet's approach to delivering high performance with high integrity, and articulates the ethical standards by which team members are held accountable. It also guides and inspires positive interactions with customers and with people in the communities in which we live and work.

So that every team member understands and is accountable for our Code, and has access to it, it is available online in 33 languages. Zimmer Biomet also requires training for all newly hired team members within the first 60 days of employment and re-trains all team members annually.

In 2021, 100% of team members put their collective integrity into action, successfully completing the Code of Business Conduct & Ethics training in addition to Conflicts of Interest and Anti-Bribery and Anti-Corruption trainings.



In 2021:

- **100 percent** of team members successfully completed the Code of Business Conduct & Ethics training

Annually, we mark our commitment to the highest levels of integrity and ethical business practices by hosting "Compliance Week". The intent is to maintain and increase awareness about the Compliance program and the resources available, further strengthening our compliance culture by engaging team members in activities and communications that promote ethics and integrity.

In 2021, the format for Zimmer Biomet's sixth annual Compliance Week celebration was largely virtual due to the COVID-19 pandemic. Team members participated in group video watch parties of two thought-provoking and engaging discussions about the importance of raising concerns and how that protects Zimmer Biomet, including a review of real-life examples where Zimmer Biomet team members have spoken up. Locally, team members participated in discussions with leaders, meet-and-greet events with Compliance team members, and educative trivia contests.

We are also committed to compliance with a variety of industry codes designed to ensure that relationships with healthcare professionals and other customers are conducted in accordance with the highest ethical standards and transparency. These codes each recognize that adherence to ethical standards and compliance with applicable laws is critical to the industry's ability to preserve and promote its collaboration with healthcare professionals and serve to clarify and distinguish between appropriate and inappropriate activity between healthcare professionals and companies.

Without reservation, Zimmer Biomet strongly endorses the spirit and the letter of the industry codes for associations of which Zimmer Biomet is a member, including:

- ABHI (UK)
- ABIMED Code of Conduct (Brazil)
- ABIMO (Brazil)
- ABRAIDI (Brazil)
- AdvaMed China (China)
- AdvaMed Code of Ethics (United States)
- American Medical Devices and Diagnostics Manufacturers' Association (Japan)
- AMID (Mexico)
- APOMED (Portugal)
- ARTED (Turkey)
- Austromed: Verhaltenskodex (Austria)
- beMedTech (Belgium)
- BVMed: Kodex Medizinprodukte (Germany)
- CANIFARMA (Mexico)
- Confindustria dispositivi medici (Italy)
- CZECHMED (Czech Republic)
- Fenin Code of Ethics (Spain)
- IMEDA (CIS)
- Instituto Ética Saúde (Brazil)
- Korea Medical Devices Industry Association (Korea)
- Mecomed Code of Ethical Business Practice (Middle East)
- Medical Technology Association of India (India)
- Medical Technology Industry Group (Singapore)
- Medicoindustrien (Denmark)
- MedTech Europe: Code of Ethical Business Practice
- MedTech Sweden (Sweden)
- MTAA Code of Practice (Australia)
- MTANZ Code of Practice (New Zealand)
- Nefemed (Netherlands)
- ORDER (Turkey)
- Salib-MedTech (Finland)
- SAMED: Medical Device Code of Ethical Marketing and Business Practice (South Africa)
- SNITEM (France)
- Swiss Medtech (Switzerland)
- Thai Medical Device Technology Industry Association (Thailand)

## Countering Corruption

The cornerstone of our best-in-class compliance program is Zimmer Biomet's commitment to ensuring that team members and business partners conduct themselves ethically and in compliance with all applicable laws, regulations, industry codes, and our own policies, including refraining from any bribery, kickback or corruption-related activities.

We have established anti-bribery and anti-corruption policies and procedures that cover, among other things, interactions with healthcare providers and government officials. These policies and procedures are reinforced by a robust, interactive, annual training program as well as periodic auditing and monitoring. Zimmer Biomet has a zero-tolerance policy when it comes to bribery and corruption.

Zimmer Biomet's Global Third-Party Compliance team supports and monitors business partners, such as distributors, to help ensure they adhere to the same ethical standards as our team members. Zimmer Biomet also performs anti-corruption due diligence prior to engaging a third party, and periodically during the course of our relationship with a third-party, in addition to third-party compliance audits. In 2021, we introduced a new due diligence platform that provides improved real-time visibility of the due diligence process, a more user-friendly interface and enhanced reporting capabilities.

Zimmer Biomet also has a dedicated global compliance investigations team staffed by experienced anti-corruption investigators who manage and conduct all compliance investigations.

## Whistleblower Program

Team members, business partners, customers and members of the public are encouraged and empowered to speak up when they become aware of behavior that may be in violation of Zimmer Biomet's policies, applicable laws, or industry practices.

Every team member and business partner has a responsibility as outlined in the Code of Business Conduct and Ethics to be a voice of integrity.

In 2021, Zimmer Biomet introduced the new "Speak Up Hotline" where concerns can be raised confidentially or anonymously, 24 hours a day, seven days a week. The "Speak Up Hotline" replaced a prior compliance hotline platform that had been utilized for many years.

Team members can use the hotline to report any concern about a known or potential violation, concerns about safety in the workplace, potential discrimination or harassment, unethical behavior by another team member or a third-party vendor or distributor, falsification of documents or misuse of Zimmer Biomet resources.

In addition to the "Speak Up Hotline", concerns can also be raised directly to managers or Compliance or HR business partners.

Zimmer Biomet prohibits retaliation against anyone who makes a good faith report of a known or suspected compliance or legal issue. Retaliation in any form is unacceptable and not tolerated.

Our Compliance team tracks and oversees all reported concerns from investigation to resolution. We have instituted a robust and rigorous remediation process to ensure appropriate corrective actions are implemented following all substantiated investigations, such as team member separations, documented warnings and retraining. The Hotline Investigations Steering Committee guides and ensures consistent disciplinary decision-making of these actions. In addition, the Audit Committee of our Board of Directors receives frequent reports on hotline complaints, investigations and corrective actions.

In 2021, there were more than 90 compliance concerns reported and investigated. We had **100% completion** of all remediation activities arising from these compliance investigations, in addition to audits and monitoring.





## Ethical Marketing

Zimmer Biomet is committed to marketing our products and services truthfully, responsibly and professionally. We engage in marketing activities to, among other things, announce the availability of new products and services, reinforce existing customer choices, differentiate Zimmer Biomet products and services from other products and services in the marketplace, and increase awareness of medical technologies and treatments to healthcare professionals (HCPs), patients and others.

All marketing activities conducted by Zimmer Biomet must have a commercially reasonable and legitimate business purpose, and cannot involve cash, fees or other forms of compensation provided directly or indirectly to HCPs or public officials. Marketing activities are also expected to be separate from any company-sponsored training or education program. We do not use marketing to improperly influence purchasing, leasing, recommendation, use, prescription or coverage decisions associated with our products and services.

## Zimmer Biomet's Statement of Engagement on Public Policy Issues

We operate in a heavily regulated global marketplace and it is important to be able to express our views on a variety of proposals to policymakers and other stakeholders in a transparent manner. These efforts include monitoring public policy proposals, analyzing these proposals and advocating for those policies that enhance patient and healthcare provider access to innovative technologies to treat debilitating joint pain and musculoskeletal conditions.

Zimmer Biomet is committed to participating constructively and responsibly in the public policy process. Government policy proposals to regulate the healthcare system may directly affect Zimmer Biomet's business and the incentives for innovation. There are also important policy proposals that can further our business interests, including those of our shareholders.

Zimmer Biomet actively seeks to inform the debate on these proposals in the United States and in other countries. We also support policies that advance the interests of patients, improve public health and promote access to healthcare and innovation.

Our engagement in the political process is focused on the following areas:

- Access to musculoskeletal care
- Transparent, timely, and scientifically-based regulatory decision-making
- Market-based payment or reimbursement
- Strong protection of patents and other intellectual property rights
- Open and competitive access to international markets
- Tax policies that support innovation and global competitiveness
- Sensible medical malpractice reform

Specific policies of interest to Zimmer Biomet include the following:

- **Corporate Tax Policy** – Zimmer Biomet supported the changes to the U.S. corporate tax code in 2017, which created a more globally competitive system for U.S. businesses by lowering the corporate tax rate and shifting to a territorial system.
- **Stability in Payment Policies** – As innovation in medical technology changes the way that care is delivered, Zimmer Biomet supports payment and reimbursement policies that ensure stability and access for patients, providers, innovators and the entire healthcare ecosystem.
- **Diversity, Equity and Inclusion** – Zimmer Biomet supports policies that strengthen a diverse and inclusive medical technology workforce and ensure equitable patient access to innovative devices and therapies.
- **Medical Device User Fee Amendments (MDUFA)** – Zimmer Biomet supports a well-resourced and well-functioning U.S. Food and Drug Administration (FDA). The long-standing user fee program has helped FDA make significant improvements to the regulatory approval process for new medical devices. In 2021, Zimmer Biomet and its industry trade group began negotiations with FDA and Congress regarding changes to MDUFA in anticipation of legislation in 2022.
- **Support for International Trade Agreements** – Zimmer Biomet supports trade policy initiatives that seek to improve access to medical devices in overseas export markets.

## How Zimmer Biomet Engages

The primary means by which we engage in public policy debate is through communication of information to government officials, policy makers and their staffs. Zimmer Biomet's Government Affairs office in Washington, D.C. is responsible for advocacy activities with the U.S. Congress and the Executive Branch, as well as advocacy at the state level. The Government Affairs office, which also has staff outside the United States, reports to the Senior Vice President and General Counsel. Globally, we currently have seven full-time employees wholly dedicated to Government Affairs matters.

To assist with its advocacy and policy analysis work, Zimmer Biomet occasionally contracts with private firms specializing in government affairs advocacy. These firms provide the organization with expertise on issues that are important to Zimmer Biomet and our shareholders.

In compliance with the U.S. [Lobbying Disclosure Act](#), Zimmer Biomet files quarterly reports with the U.S. Congress describing our advocacy activities in Washington, D.C. and the amount of money spent each quarter to support these activities. These reports also include the cost of maintaining the Government Affairs office in Washington, D.C. and the portion of Zimmer Biomet's trade association dues associated with advocacy activities. To view Zimmer Biomet's quarterly lobbying expenditures, click on the above link and search for Zimmer Biomet under registrant.

All Zimmer Biomet team members and agents must abide by our Code of Business Conduct and Ethics. This Code covers a wide range of business practices and procedures, and is designed to deter wrongdoing and promote the highest ethical standards. Among other things, the Code makes clear that no illegal payments of any kind (monetary or otherwise) are to be offered or made to an individual or entity—including officials or employees of national, state, local or foreign governments or national or foreign political candidates—at any time or under any circumstances.

## Industry Groups and Trade Associations

We have membership in several industry and trade groups and we work with these groups on a variety of issues of importance to Zimmer Biomet and the medical device industry. These groups can help the industry reach consensus on policy issues and be more effective with issue advocacy.

With Zimmer Biomet representatives on the boards and committees of industry groups and associations, we can ask questions and voice concerns about policy or related activities. At times, we may not agree fully with the views of these associations or their individual member companies; in such instances, Zimmer Biomet reserves the right to remove itself from related association or industry group activities when we determine it is appropriate to do so.

Following is a list of U.S. industry and trade groups of which Zimmer Biomet is a member and for which we pay at least \$25,000 per year in membership fees, with the percentage of fees attributable to non-tax deductible, federal lobbying expenditures noted in italics:

- Advanced Medical Technology Association (AdvaMed) – 10%
- Medical Device Competitiveness Coalition (MDCC) – 100%
- U.S. Chamber of Commerce – 20-25%

## Political Contributions

Zimmer Biomet's policies prohibit contributions of corporate funds to candidates, political party committees and political action committees. Contributions by Zimmer Biomet's Political Action Committee (Z-PAC) – which is supported entirely by voluntary contributions made by eligible employees and non-employee directors – support candidates, parties or committees whose views on specific issues are consistent with Zimmer Biomet's priorities. The Z-PAC is governed by an Advisory Committee consisting of representatives from across the Company's U.S. business units and business functions. The Advisory Committee reviews Z-PAC activities and establishes policies and priorities.

The Z-PAC contributes to candidates and political committees on a bi-partisan basis, and does not make contributions in connection with U.S. Presidential elections. Contribution decisions are not made to reflect the personal political views or interests of senior management. In deciding whom to support, consideration is given to candidates who represent the communities Zimmer Biomet serves, those who serve on relevant committees or in leadership and those who have shown support for policies and initiatives of importance to the U.S.

Z-PAC contribution guidelines also emphasize the character and integrity of candidates, including the candidate's position on issues that may impair Zimmer Biomet's corporate reputation or are contrary to its values, such as the candidate's positions and record in the area of diversity, equity and inclusion. Contributions made by the Z-PAC are, as required by law, reported in filings with the Federal Election Commission (FEC). The most recent FEC report is [available here](#).

Following the events of January 6, 2021 at the U.S. Capitol in Washington, DC, we halted our Z-PAC contributions, but these contributions have since been partially reinstated. We continue to review our contribution decisions to ensure that our contribution strategy remains in line with the criteria outlined above.

## 2021 Sustainability Accounting Standards Board Index

We are proud to publish Zimmer Biomet's first Sustainability Accounting Standards Board (SASB) Index. This reflects our continued commitment to our sustainability efforts and increased transparency in our sustainability disclosures.

<b>Topic</b>	<b>Code</b>	<b>SASB Metric</b>	<b>2021 Reporting</b>
Affordability & Pricing	HC-MS-240a.2	Description of how price information for each product is disclosed to customers or to their agents	In the United States, a customer will typically engage with a local sales representative who will work with their local office to provide pricing for products the customer is interested in purchasing. Larger systems issue RFPs, which Zimmer Biomet responds and then enters into a formal agreement. Pricing is communicated during the contract process and can either be shared by hard copy (local, state or federal government accounts), email or through electronic interchanges.
Product Safety	HC-MS-250a.1	Number of recalls issued, total units recalled	5 recalls in 2021.
Product Safety	HC-MS-250a.3	Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience	None
Product Safety	HC-MS-250a.4	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	In 2021, Zimmer Biomet did not receive any warning letters, seizures or consent decrees.
Ethical Marketing	HC-MS-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	None
Ethical Marketing	HC-MS-270a.2	Description of code of ethics governing promotion of off-label use of products	Please see page 26
Product Design & Lifecycle Management	HC-MS-410a.1	Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products	N/A
Product Design & Lifecycle Management	HC-MS-410a.2	Total amount of products accepted for takeback and reused, recycled, or donated, broken down by: 1) devices and equipment and 2) supplies	None

<b>Topic</b>	<b>Code</b>	<b>SASB Metric</b>	<b>2021 Reporting</b>
Supply Chain Management	HC-MS-430a.1	Percentage of 1) entity's facilities and 2) tier I suppliers' facilities participating in third-party audit programs for manufacturing and product quality	100% of Zimmer Biomet manufacturing sites are audited by a third party and are ISO certified. 50% of Tier 1 suppliers are audited by a third party. The highest risk suppliers are audited by a third party as part of their ISO certification or are audited by a Zimmer Biomet facility. Those suppliers not participating in third-party audit programs have been vetted as the lowest risk, given the minimal likelihood of severity to the Zimmer Biomet quality system based on a failure of the product or service to meet specifications.
Supply Chain Management	HC-MS-430a.2	Description of efforts to maintain traceability within the distribution chain	Zimmer Biomet and all distributors, including all sales and office staff, are required to implement identification and traceability controls. Distribution records must include the customer's name, address, part number, control number, date and quantity shipped. The distribution record is maintained by Zimmer Biomet from the time of receipt through storage, handling and distribution until the product is implanted into a patient, permanently retired from use or permanently disposed.
Supply Chain Management	HC-MS-430a.3	Description of the management of risks associated with the use of critical materials	Please see page 15
Business Ethics	HC-MS-510a.1	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	None
Business Ethics	HC-MS-510a.2	Description of code of ethics governing interactions with health care professionals	Please see page 27

For ESG surveys please contact [surveys@zimmerbiomet.com](mailto:surveys@zimmerbiomet.com)

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