



SUSTAINABILITY REPORT

E N V I R O N M E N T A L | S O C I A L | G O V E R N A N C E

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COMPANY PROFILE

Corporate Overview

Founded in 1927 and headquartered in Warsaw, Indiana, Zimmer Biomet is a global leader in musculoskeletal healthcare. We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; office based technologies; spine, craniomaxillofacial and thoracic products; dental implants; and related surgical products.

We collaborate with healthcare professionals around the globe to advance the pace of innovation. Our products and solutions help treat patients suffering from disorders of, or injuries to, bones, joints or supporting soft tissues. Together with healthcare professionals, we help millions of people live better lives.

We have operations in more than 25 countries around the world and sell products in more than 100 countries.

ENVIRONMENTAL

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 the Company's 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.

Environmental, Health, Safety and Sustainability (EHSS) Program

Zimmer Biomet exercises responsible resource stewardship by proactively identifying ways we can reduce our energy consumption and strictly adhere to water management guidelines. We reduce waste generation by recycling, reprocessing or re-using byproducts and managing waste. Our team members implement LEAN manufacturing/Six Sigma principles and we provide green team training.

Zimmer Biomet's Environmental Management System (EMS) is consistent with international standards. Third-party audits are conducted periodically to validate the effectiveness of our EMS. In addition to third-party audits, our EHS staff conducts internal EHS audits. All audit results are communicated to executive management and analyzed for improvement opportunities. The Zimmer Biomet Environmental Health and Safety Management System is comprised of ten sections:

- Program Management and Accountability
- Risk Assessment and Hazard Control and Aspect Identification and Control
- Risk Control Programs
- Employee Engagement and Communications
- Environment, Health and Safety Training and Certification
- Emergency Preparedness and Response
- Environmental, Health and Safety Incident Investigation
- Management of Non-Zimmer Biomet Employees
- Management System Audits
- Legal, Reporting and Other Requirements



Goals and Accomplishments

Zimmer Biomet is measuring its effect on the environment by harmonizing an environmental sustainability strategy across its global manufacturing network.

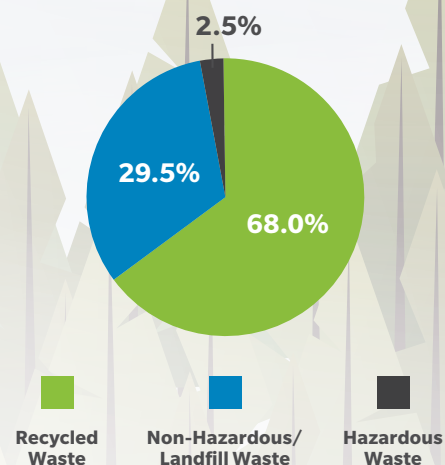
The key metrics are:

- Greenhouse gas emissions calculated equivalent to carbon dioxide (CO₂-e)
- Water consumption
- Hazardous waste generation
- Wastes that become landfilled

Energy audits have been conducted throughout the global manufacturing network to identify sites with high energy consumption and focus efforts on managing those sources with greater efficiency. Several sites are focusing on and achieving energy reductions with the installation of higher efficiency compressed air systems, improved control of heating and air conditioning systems and the installation of LED lighting.

2019 Waste and Recycling

Waste and Recycling	Total Waste Lbs.
Recycled Waste	12,451,462
Non-Hazardous/ Landfill Waste	6,133,224
Hazardous Waste	975,375



Zimmer Biomet's corporate Energy and Water Management Requirements contain policies and provisions that drive resource management leadership, measurement, analysis and continuous improvement. The collection of key metrics provides informed and on-track information to address negative trends through a plan/do/check/act philosophy.

Zimmer Biomet voluntarily participates in the Carbon Disclosure Project and Water Disclosure Project so data is transparent and public. In this way, stakeholders can review information on these two key metrics and compare Zimmer Biomet to other companies in the medical device industry.

One of Zimmer Biomet's long-term commitments is to become a zero-to-landfill company. We have made good strides in reducing landfill waste. Locating partners in the byproduct management arena, the Company is researching avenues to recycle byproducts that cannot be completely eliminated.

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 6,700 acres of forests, wetlands, grasslands and unique geological features in more than 100 nature preserves, many of which are open to the public.



External Reporting Standards

We recognize the importance of disclosing our sustainability performance. We reference the following independent organizations to help us understand and communicate the potential impact of our business on critical sustainability issues:

Carbon Disclosure Project (CDP): cdp.net
 Global Reporting Initiative (GRI): globalreporting.org
 TruCost: trucost.com

Health and Safety Performance

We are committed to providing a safe and healthy work environment for our team members. Workplace and job analyses are conducted according to our EHS Management System to ensure and improve health and safety on the job. Our 2019 total recordable incident rate was 0.47. Teams across Zimmer Biomet are working toward a Zero Recordable Incident target.

Environmental Performance

After Zimmer and Biomet merged in 2015, operating results were collected from 22 Zimmer Biomet manufacturing sites with a potential environmental impact. These results are being used to track key contributors to our overall environmental footprint to help identify best practices and opportunities for improvement.

Carbon Disclosure Project¹

CLIMATE CHANGE SCORE PROGRESSION:



¹ Source: Carbon Disclosure Project, cdp.net

SOCIAL

Manufacturing

We regularly invest in operational improvements to address resource consumption and conscientiously source the materials and components we use to manufacture our products. We embrace our social responsibilities, while also delivering value to our customers, their patients and our stockholders.

Our sustainability objectives focus on six key areas:

- Governance: Maintain oversight, systems and accountability necessary to ensure performance
- Team member engagement: Provide encouragement and resources focused on performance improvement
- Energy and climate change: Optimize energy performance and realize cost savings by implementing best practice energy programs
- Resource conservation: Optimize efficient use of natural resources in a manner that addresses stakeholder interests
- Product life cycle: Minimize environmental impacts along the product life cycle
- External engagement: Improve transparency and engagement strategies around environmental excellence that strengthen brand equity

Supplier Management

Zimmer Biomet is committed to supply chain initiatives, overall corporate social responsibility and sustainability efforts that work toward a conflict-free supply chain. We encourage our suppliers to also support these efforts that are outlined in our Code of Supplier Conduct.

The Company supports actions to increase supply chain transparency. We file a Conflict Minerals Disclosure Report annually with the U.S. Securities and Exchange Commission (SEC) pursuant to the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Our policy statement on conflict minerals can be found at: investor.zimmerbiomet.com/corporate-governance.

Quality and Product Safety

Patients and healthcare professionals alike rely on the quality of our products. We take that trust seriously and have adopted and implemented regulatory compliant systems and processes to ensure the highest standards of quality and safety.

Zimmer Biomet's Quality Management System (QMS) is ISO 13485-certified. This internationally-recognized standard for regulatory compliance requires that we establish and maintain effective processes and ensures the consistent design, development, production, installation and delivery of our products.

Team members play a key role in improving Zimmer Biomet's quality assurance systems and processes. We must adhere to applicable laws, regulations, policies and procedures, and we are expected to raise questions and voice concerns about issues that may affect the quality or safety of our products.

Talent Management

Zimmer Biomet supports a fair and competitive work environment and is dedicated to attracting and retaining the best talent. We hire, compensate and promote based on qualifications, experience and skills. We offer all team members globally a performance-based annual bonus opportunity that reflects relevant financial metrics.

We respect the human rights, dignity and privacy of the individual. We follow applicable labor laws and do not allow child labor, forced labor or trafficking by Zimmer Biomet or its business partners.

We welcome diversity among our team members. We are committed to providing equal employment opportunities for all of our team members without regard to race, color, creed, religion, national origin, citizenship, gender, gender identity, sexual orientation, marital status, pregnancy, age, medical condition, disability or military or veteran status.

We are committed to helping our team members achieve their full potential. Our leadership team performs formal talent succession reviews annually, following the performance review process.

Importantly, we offer multiple leadership training and skills development programs. Several targeted leadership programs have been developed, including the Leading@ZB Leadership Development Program, as well as a broader set of skills development courses, including on-demand e-learning courses and open enrollment instructor-led courses. In addition, we offer financial assistance for continuing education.

We use surveys to monitor team member engagement. In 2019, we conducted numerous Pulse team member surveys to provide guidance for improvement on various key topics.

To help identify and develop talent, we partner with a host of organizations and local non-profit entities, as well as universities, colleges and high schools. We provide representation on local councils to identify current and future talent gaps and work with educational institutions to ensure that curricula are designed to train and develop skills that are needed to support the orthopedic industry. Examples include collegiate and high school co-op and intern programs, as well as machinist training. We also offer a variety of development programs for new college graduates.

Recent Awards and Recognition

ZIMMER BIOMET
2019 MEDTECH COMPANY OF THE YEAR



Medical Device and Diagnostic Industry (MD+DI) publication selected Zimmer Biomet as the 2019 Medtech Company of the Year.



Computerworld named Zimmer Biomet as one of the 100 Best Places to Work in IT.



Forbes recognized Zimmer Biomet in the first-ever ranking of America's Best Employers by State, honoring the organizations liked best by employees.



Zimmer Biomet China was awarded the Top Employers China certification by the Top Employers Institute (top-employers.com).



Zimmer Biomet's Warsaw, Indiana headquarters is wholly powered by renewable, green energy in compliance with the U.S. Environmental Protection Agency's (EPA) Green Power Partnership program.

Volunteer Activities

Zimmer Biomet is dedicated to its team members and to the communities in which we live and work. We encourage our team members to actively participate in volunteer organizations and projects. In 2019, team members volunteered in many activities, including Big Brothers Big Sisters, STEM Education and Robotics and United Way's Day of Action.

Work/Life Balance and Wellness

Zimmer Biomet recognizes that a balance in work and life is vital. Our full-time team members receive paid holidays and paid time off that is based on length of service. When life events occur, such as the birth or adoption of a child or the loss of a loved one, team members receive paid time off to focus on their families. We also realize the importance of a healthy lifestyle, so we offer Wellness programs to provide team members with professional help for guidance and support.

Diversity and Inclusion

At Zimmer Biomet, we believe that in order to succeed, everyone must feel valued and respected. Innovation is in our roots. By recognizing, supporting and drawing from a rich variety of perspectives, experiences, backgrounds, capabilities and lifestyles, we will continue to lead in innovation. That is why we embrace diversity and encourage inclusion every single day. This allows us to develop products of the highest quality, transform patient care and stay at the forefront of our industry.

Supplier Diversity

A diverse supply chain strengthens our ability to carry out our mission and improve the communities where we live and work. Annually, we report spending with certain diverse suppliers, such as the following:

- Historically Underutilized Business Zone Small Business (HUBZone)
- Service-Disabled Veteran-Owned Small Business (SDVOSB)
- Small Business (SB)
- Small Disadvantaged Business (SDB)
- Veteran-Owned Small Business (VOSB)
- Women-Owned Small Business (WOSB)

Grants, Donations and Funding



Zimmer Biomet created the Zimmer Biomet Foundation in late 2018 and provided initial funding in support of charitable efforts. As an independent, philanthropic and non-profit organization, the Zimmer Biomet Foundation improves the quality of life for our communities by providing resources to help: Build Healthy Communities; Advance STEM education; and Provide Disaster Relief. Numerous organizations received support from the Zimmer Biomet Foundation throughout 2019. Zimmer Biomet continued to fund the Foundation with a \$2 million contribution in late 2019 allowing the Foundation to continue charitable work around the country.

Zimmer Biomet provided donations and funding to various organizations to support community and global projects in 2019, including:



American Red Cross
redcross.org



Arthritis Foundation
arthritis.org



The Beaman Home
thebeamanhome.com



Big Brothers Big Sisters
bbs.org



Cardinal Services Inc.
of Indiana

Cardinal Services
cardinalservices.org



Combined Community Services
combinedcommunityservices.org



Kosciusko Community YMCA
kcymca.org



Lilly Center for Lakes & Streams
lakes.grace.edu



The Watershed Foundation
watershedfoundation.org



United Way
unitedway.org



Warsaw Community Schools
warsaw.k12.in.us

Zimmer Biomet donated orthopedic products to support more than 40 philanthropic medical mission trips in 2019 to help patients in need around the globe. Zimmer Biomet continued to partner with Faith in Practice by donating a replenishment of implant inventory necessary to continually perform charitable surgeries in Guatemala. Additionally, we continue to support charitable surgeries in the U.S. by donating implants through AmeriCares and the Operation Walk USA program.



americares
Saves lives and improves health for people affected by poverty or disaster so they can reach their full potential.
americares.org



Faith in Practice
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.
faithinpractice.org



Operation Walk USA
Helps patients to become mobile.
opwalkusa.com

In 2019, 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 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.

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 was one of the host sites for local high school students to participate in a one-day hands on program to learn directly from medical professionals and engineers.



Zimmer Biomet is the Founding Sponsor of Nth Dimensions, an educational non-profit organization created to help increase diversity of women and underrepresented minorities in the field of orthopedics, including pre-medical, medical students and residents.

We are a corporate partner of the J. Robert Gladden Orthopaedic 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 Orthopaedic Surgeons, which represents not only members of Latino descent, but all orthopedists who treat members of the Latino and Hispanic communities.

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 *Movement* is dedicated to the elimination of racial, ethnic and gender disparities in muscle and joint health by promoting physical mobility to improve quality of life among African American, Hispanic and Rural American women.

Operation Change, a *Movement* program, is 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. In 2019, this signature program expanded to five cities across the United States, focusing on ethnically-concordant programming with physical activity, health education, nutrition, motivational interviewing and language. The San Diego cohort was conducted entirely in Spanish, while the Hazard, Ky. program was multi-ethnic. As a result of the program, participants built trust and understanding around their health and built accountability with other participants.

Movement is Life maintains a website, "Start Moving Start Living" which serves as a repository for culturally competent patient communication tools to raise awareness about the health risks associated with immobility in the United States. Zimmer Biomet is dedicated to improving access to musculoskeletal care for all by working through the parallel channels of patient education, policy development, community programs and provider training.

In 2019, *Movement is Life* hosted its 10th Caucus, attracting policy makers, community advocates, academicians, healthcare professionals and patients alike; educating, engaging and facilitating collaboration amongst them. The Caucus has always included a keynote from renowned leaders: David R. Williams, Camara P. Jones, David Ansell and others to address structural racism and the long term effects it has on communities. The health disparities message reached new heights in 2019 with the development of the weekly 'Health Disparities Podcast' available on the *Movement is Life* Caucus website.

The landmark research paper authored with Johns Hopkins University School of Medicine entitled, "Musculoskeletal Healthcare Disparities: Influence of Patient Sex, Race, and Ethnicity on Utilization of Total Joint Arthroplasty," was published in the Journal of Long-Term Effects of Medical Implants in 2019. The work of *Movement is Life* continues to evolve as we seek to empower patients, providers, policy makers and communities at large with the tools to reduce social determinants, improve individual engagement and dismantle health disparities.



movement is life[™]
Catalyst for Change

GOVERNANCE

Corporate Governance

Zimmer Biomet is committed to good corporate governance and believes that an attentive, performing Board of Directors is a tangible competitive advantage. Our Corporate Governance Guidelines (investor.zimmerbiomet.com/corporate-governance) assist the Board in monitoring the effectiveness of policy and decision-making both at the Board and management level, with a view to enhancing stockholder value over the long term.

In the United States, we advocate for tax, financial, regulatory and other key policies on the state and federal levels. As required by U.S. law, we file mid-year contribution reports and quarterly lobbying activity reports with the United States federal government regarding these activities. These reports are publicly available and can be found on the internet.

Ethics and Compliance

We are committed to maintaining the highest ethical standards and complying with all applicable laws, regulations, company policies and industry codes. We conduct our work and interact with others according to our shared values reflected in Zimmer Biomet's Code of Business Conduct and Ethics (investor.zimmerbiomet.com/corporate-governance).

In addition, we endorse and are committed to complying with the relevant codes for industry associations of which Zimmer Biomet is a member, including:

- 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)
- Austromed: Verhaltenskodex (Austria)
- BVMed: Kodex Medizinprodukte (Germany)
- CANIFARMA (Mexico)
- Confindustria dispositivi medici (Italy)
- EucoMed Code of Business Practice (EMEA)
- Fenin Code of Ethics (Spain)
- 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)
- MedTech Europe: Code of Ethical Business Practice
- MTAA Code of Practice (Australia)
- MTANZ (New Zealand)
- SAMED: Medical Device Code of Ethical Marketing and Business Practice (South Africa)
- Thai Medical Device Technology Industry Association (Thailand)

CEO and Senior Executive Compensation

Our CEO and senior executives receive fixed compensation as well as short-term and long-term performance-based compensation. Applicable performance metrics and targets align executives' interests with those of Zimmer Biomet stockholders, are approved by the Compensation and Management Development Committee of the Board of Directors and reported in our filings with the SEC, which are publicly available.

Affiliations and Memberships

Zimmer Biomet is a member of numerous industry and trade groups. 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 our representatives on the boards and committees of industry groups and associations, we can voice questions or concerns we may have about policy or related activities. We are a member of many global industry and trade groups, some of which are listed below:

- Advanced Medical Technology Association (AdvaMed)
- American Medical Diagnostic and Device Manufacturers' Association (Japan)
- BioFlorida
- Colorado BioScience Association
- Healthcare Institute of New Jersey
- Indiana Chamber of Commerce
- Indiana Manufacturers Association
- Medical Device Competitiveness Coalition (MDCC)
- MedTech Europe (European Union)
- U.S. Chamber of Commerce



