

Sustainability Report 2017



ENVIRONMENTAL



SOCIAL



GOVERNANCE

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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 orthopaedic 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.

Mission and guiding principles

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 and Safety Program Summary



Environmental Health and Safety (EHS) program

Zimmer Biomet exercises responsible resource stewardship by proactively identifying ways we can reduce our energy consumption and strictly adhering to water management guidelines. We reduce waste generation by recycling, reprocessing or re-using byproducts and managing waste. Our employees 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 regular internal EHS audits. All audit results are communicated to executive management and analyzed for improvement opportunities.

EHS Codes of Practice address the following series of elements:

- Programs & procedures
- Integrated management
- Continual improvement
- Employee education
- Acquisitions & divestitures
- Products & services
- External customer support
- Business activities & operations
- Research support
- Precautionary approach
- Contractors & suppliers
- Emergency prevention, preparedness & response
- Transfer of technology & best practices
- EHS Awareness in the Community: Good Citizenship
- Communication with stakeholders
- Measurement & reporting

Goals and accomplishments

Zimmer Biomet is measuring its effect on the environment by harmonizing an environmental sustainability strategy across its global manufacturing network. Through the prevention and reduction of negative environmental factors in four areas, the Company's goal is to reduce its negative effects on the environment by 20 percent by 2020, compared to its 2015 data.

The key metrics are:

- Greenhouse gas emissions calculated equivalent to carbon dioxide (CO₂e)
- Water consumption
- Hazardous waste generation
- Wastes that become landfilled

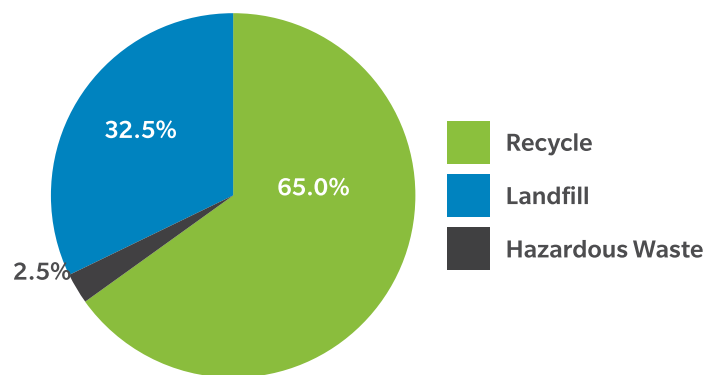
Energy audits have been conducted throughout the global manufacturing network to identify sites with high-energy consumption and focus efforts on managing those sources with greater efficiency. Several sites are focusing on and achieving energy reductions with the installation of higher efficiency compressed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

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.

Although 20 percent reductions are currently sought within five years to reduce landfill waste, Zimmer Biomet's long-term commitment 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.

Total byproduct generation 2017



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 employees. Workplace and job analyses are conducted according to our EHS Management System to ensure and improve health and safety on the job. Our 2017 total recordable incident rate was 1.19. 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 as a baseline to track key contributors to our overall environmental footprint over five years, to help identify best practices and opportunities for improvement.



20%

By 2020, our goal is to achieve at least a **20 percent** aggregate reduction in the following:

- CO2-e generation
- Water consumption
- Waste landfilled
- Hazardous waste generated

Key metrics selected for measurement were:

- Square footage
- Electricity
- Natural gas
- Diesel fuel
- Propane
- Water
- Recycling
- Landfill waste
- Hazardous waste

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 annually file a Conflict Mineral Disclosure Report 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 on conflict minerals can be found at: investor.zimmerbiomet.com/corporate-governance.

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
- Employee 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

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.

Employees 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.

Social Summary



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 employees globally a performance based annual bonus opportunity based upon 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 employees. We are committed to providing equal employment opportunities for all of our employees 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 employees 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 Accelerating Leadership 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.

Surveys are used to monitor employee engagement. In 2017, we conducted numerous employee 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 curriculums are designed to train and develop skills that are needed to support the orthopaedic industry. Examples include collegiate and high school co-op and intern programs, as well as machinist training. We also offer a Finance Development Program and a Quality Development Program for new college graduates.

Recent awards and recognition

Zimmer Biomet was named “2017 Top Employer” in China for the sixth consecutive year by the Top Employers Institute top-employers.com. The Top Employers Institute is an independent organization headquartered in Holland. The Institute has been studying the human resources programs of major employers around the world since 1991. The Institute recognizes “Top Employers” through a comprehensive audit of a company’s human resources environment, including strategy, policy implementation, monitoring and employee development.



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.

Zimmer Biomet earned a spot on Forbes’ “America’s Best Large Employers of 2017” list. We were ranked among 500 U.S. employers, as well as in the categories of Large Employers and Healthcare Equipment and Services. The annual Forbes rankings honor U.S. employers based on an anonymous, independent survey of over 30,000 employees across 25 industries.



The 500 employers featured on the list were chosen based on the results of an independent survey from an online statistics provider called Statista. The survey was conducted among a sample of 30,000 American employees working at large companies with headcounts of 1,000 or more. The employees were contacted anonymously online without the involvement of their employers, and they were unaware the survey was for Forbes.

Volunteer activities

Zimmer Biomet is dedicated to its employees and to the communities in which we live and work. We encourage our employees to actively participate in volunteer organizations and projects. In 2017, employees 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 employees receive paid holidays and paid time off/vacation 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, employees 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 employees 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 the rich variety of perspectives, experiences, backgrounds, capabilities and lifestyles, we will continue to lead in innovation. That's 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

In 2017, Zimmer Biomet provided grants, donations and funding for numerous projects. These included various grants to support orthopaedic post-graduate medical education, including OMeGA grants. OMeGA is an independent legal entity with a singular mission: To award and administer grants for graduate orthopaedic 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 provided grants for 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 orthopaedic 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 orthopaedic surgery and engineering.



Zimmer Biomet is a Founding Sponsor of Nth Dimensions, an educational non-profit organization created to help increase diversity of women and underrepresented minorities in the field of orthopaedics, including pre-medical, medical and resident medical students. We are a corporate partner of the J. Robert Gladden Orthopaedic

Society, a multi-cultural organization with a mission to increase diversity within the orthopaedic profession. We also provide support to the Ruth Jackson Orthopaedic Society, which is dedicated to advancing the science and practice of orthopaedic surgery among women.



movement is life[™]
Catalyst for Change

Since 2004, Zimmer Biomet has continued to fund initiatives that focus on defining and reducing areas of disparity in orthopaedic care. For example, we have supported Movement is Life, a multi-disciplinary coalition that includes partnerships with thought leaders. The Movement is Life project is dedicated to the elimination of racial and ethnic disparities in muscle and joint health by promoting physical mobility to improve quality of life among women, as well as African American and Hispanic patients.

Movement is Life has also supported 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. A documentary project called “Start Moving Start Living” includes a set of related 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.

Zimmer Biomet collaborated with the Johns Hopkins University School of Medicine on a landmark research paper titled, “Musculoskeletal Healthcare Disparities: Influence of Patient Sex, Race, and Ethnicity on Utilization of Total Joint Arthroplasty,” published in the Journal of Long-Term Effects of Medical Implants. The team further developed an economic cost model to illustrate the significant cost of disparities. This model, which was recently published in Medical Care, is titled “A Fresh Perspective on a Familiar Problem: Examining Disparities in Knee Osteoarthritis Using a Markov Model”. Just as patients are often treated for one medical condition by one specialist instead of holistically for their mosaic of health problems, the healthcare system may consider only the cost of direct medical treatment without thought to lost productivity experienced by the employer and patient. To quote the conclusions, “Our results show that disparities in treatment of knee OA are costly. All stakeholders involved in treatment decisions for knee OA patients should consider costs associated with delaying and foregoing treatment, especially for disadvantaged populations. Such decisions may lead to higher costs and worse health outcomes.” In all cases, as would be expected and supported in the greater body of literature, early, preventative treatment is best.

Zimmer Biomet provided donations and funding to numerous organizations to support community and global projects in 2017:



American Red Cross
redcross.org



Beaman Home
thebeamanhome.com



Big Brothers Big Sisters
bbbs.org



Cardinal Services
cardinalservices.org



Combined Community Services
combinedcommunityservices.org



Kosciusko Community YMCA
kcymca.org



Lilly Center for Lakes & Streams
lakes.grace.edu



Ronald McDonald House
rmhc.org



STEM
stemcoalition.org



The Watershed Foundation
watershedfoundation.org



United Way
unitedway.org



Warsaw Community Schools
warsaw.k12.in.us

Other Community Programs

Support of community programs including children’s services, adult services, literacy and construction of a homeless shelter and battered women’s facility

Zimmer Biomet donated orthopaedic products to support more than 40 philanthropic medical mission trips in 2017 to help patients in need around the globe. Additionally, we donated orthopaedic implants for U.S. charitable surgeries through AmeriCares and Operation Walk USA.



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



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

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:

- AdvaMed Code of Ethics (United States)
- EucoMed Code of Business Practice (EMEA)
- MecoMed Code of Business Practice (Middle East)
- SAMed Code of Business Practice (South Africa)
- APACMed Code of Ethical Conduct (APAC)
- MTAA Code of Practice (Australia)
- ABIMED Code of Conduct (Brazil)
- AMID (Mexico)

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, Zimmer Biomet can voice questions or concerns it 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)
- Medical Device Competitiveness Coalition (MDCC)
- U.S. Chamber of Commerce
- Indiana Chamber of Commerce
- MedTech Europe (European Union)
- APACMed (Asia Pacific Medical Technology Association)
- American Medical Diagnostic and Device Manufacturers' Association (Japan)
- Indiana Manufacturers Association
- Colorado BioScience Association
- BioFlorida
- Healthcare Institute of New Jersey





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