

## Zimmer Biomet's Statement of Engagement on Public Policy Issues<sup>1</sup>

Zimmer Biomet operates in a heavily regulated global marketplace and, therefore, believes it is important to be able to express its 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 the Company's business and the incentives for innovation. There are also important policy proposals that can further the Company's business interests, including those of the Company's stockholders. Zimmer Biomet actively seeks to inform the debate on these proposals in the United States and in other countries. The Company also supports policies that advance the interests of patients, improve public health, and promote access to healthcare and innovation.

Zimmer Biomet's 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; and
- Sensible medical malpractice reform.

Specific policies of interest to Zimmer Biomet include the following:

- Corporate Tax Reform – U.S. corporate income taxes are among the highest in the world and serve as a disincentive to expand research and development (R&D) and manufacturing domestically. Zimmer Biomet supports tax reform that reduces the current tax rate, moves towards a more globally competitive system, and simplifies the tax code, as well as protects incentives that promote U.S.-based R&D and manufacturing.
- U.S. Medical Device Excise Tax Repeal – Beginning in 2013, medical device companies were hit with a 2.3 percent excise tax to fund U.S. healthcare reform measures

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<sup>1</sup> Zimmer Biomet will update this document at least once a year, with the notification of the Company's President and Chief Executive Officer and its Board of Directors.

associated with the Patient Protection and Affordable Care Act. With the passage of the Protecting Americans from Tax Hikes Act of 2015, or PATH Act, a 2-year suspension of the excise tax went into effect on January 1, 2016. While the 2-year suspension (2016-2017) provides temporary relief, it is not enough to undo the impact of its implementation. Companies, like Zimmer Biomet, cannot make long-term decisions or permanently reinvest with a two-year suspension. Zimmer Biomet feels strongly that the medical device tax should be permanently repealed.

- Medical Device User Fees – 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. However, with our industry partners, we continue to explore ways to achieve similar process improvements to FDA’s post-approval obligations, including its facility inspection program.
- 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 Zimmer Biomet engages in public policy debate is by communicating 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, the Company currently has six 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 Zimmer Biomet with expertise on issues that are important to the Company and its stockholders.

In compliance with the U.S. [Lobbying Disclosure Act](#), Zimmer Biomet files quarterly reports with the U.S. Congress describing the Company’s 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 employees and agents must abide by the Company’s 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**

Zimmer Biomet is a member of numerous industry and trade groups. The Company works 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, the Company can voice questions or concerns it may have about policy or related activities. At times, the Company may not agree fully with the views of these associations or its individual member companies; in such instances, Zimmer Biomet reserves the right to remove itself from related association or industry group activities when the Company determines it is appropriate to do so.

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

- Advanced Medical Technology Association (AdvaMed) – *14%*
- Medical Device Competitiveness Coalition (MDCC) – *100%*
- U.S. Chamber of Commerce – *30%*

***Last Updated June 2017***