



ENVIRONMENTAL



SOCIAL



GOVERNANCE

Sustainability Report

2015

*Investing
now for
our future
world*



ZIMMER BIOMET

TABLE OF CONTENTS

LETTER FROM OUR CEO	
To our stakeholders	1
COMPANY PROFILE	
Corporate overview	2
Purpose. Mission. Values.	3
Our sustainability commitment.....	3
ENVIRONMENTAL	
Environmental Health and Safety (EHS) program.....	4-5
Environmental performance	5
External reporting standards.....	6
Health and safety performance.....	6
Green technologies	6
Supplier management	7
Green power partnership	7
Manufacturing	7
Quality and product safety	7
SOCIAL	
Talent management.....	8
Volunteer activities	8
Diversity	9
Supplier diversity.....	9
Work/life balance and wellness	9
Recent awards and recognition.....	9
Grants, donations and funding	10-11
GOVERNANCE	
Corporate governance.....	12
Ethics and compliance.....	13
CEO and senior executive compensation	13
Affiliations and memberships.....	13

To our stakeholders

At Zimmer Biomet, our musculoskeletal healthcare technologies help millions of people in more than 100 countries live better lives. Helping and healing through innovation has been at the core of our business for nearly nine decades. As a natural extension of that guiding commitment, Zimmer Biomet invests in a broad range of sustainable environmental, social and corporate governance practices.

As we detail in this report, we are dedicated to responsible stewardship of natural resources and the protection of our natural environment. This comprehensive range of programs and initiatives extends across our global business, and supports our goal to reduce our annual carbon emissions, water consumption and waste generation by an aggregate 20 percent by the end of 2020.

Our commitment to social sustainability begins from within Zimmer Biomet and extends to the local and global communities where we operate. We are proud to offer our employees a fair and competitive workplace that helps them to achieve their full potential. These practices are rooted in our deep respect for the rights, dignity and privacy of every individual, as well as a corporate culture that welcomes diversity in the workforce. Beyond our walls, Zimmer Biomet supports and funds a broad range of socially innovative programs and community collaborations, as well as medical scholarships and projects that enhance the diversity of the orthopaedic profession.

Fundamentally, sound corporate governance is at the heart of our ability to achieve these priorities. Maintaining the highest ethical standards is a given for a company with our history and values. Importantly, we see that these principles are reflected in every aspect of our business practices. We are also an active voice within our industry, where we lead numerous policy reform efforts to support the ongoing growth of the medical technology sector.

The sustainability strategies and accomplishments outlined here reflect the exciting progress we are making with an ambitious agenda of environmental, social and corporate governance initiatives. Through these efforts, we are honoring the trust that our stakeholders place in us.

David C. Dvorak
President and
Chief Executive Officer
Zimmer Biomet



Company Profile

Corporate overview

About Zimmer Biomet

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.

Purpose. Mission. Values.

Our Purpose

Restore mobility, alleviate pain and improve the quality of life for patients around the world.

Our Mission

Lead the industry in delivering value to healthcare providers, patients and stockholders, while embracing our broader social responsibilities.

Our Values



Customers First

We actively pursue ways to earn trust and exceed expectations in every Customer interaction.



Win Through Results

We are accountable for delivering on our commitments and recognize that success requires a winning attitude, discipline and a sense of urgency.



Positive Culture

We are optimistic, curious and committed in our interactions with others.



Do the Right Thing

We hold ourselves to the highest standard of quality and integrity in everything we do.



Innovate and Improve

We are driven to develop innovative solutions that make a difference and to continuously improve performance.



One Zimmer Biomet

We collaborate for the greater good in a global company that is united by Our Purpose.



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
- Common effort: good citizenship
- Communication with stakeholders
- Measurement & reporting

Our resource management elements include:

- Implementing energy and water management requirements
- Accounting for and tracking energy and water consumption
- Using high-efficiency lighting and motors
- Eliminating personal printers
- Conducting energy audits at major manufacturing locations
- Installing motion sensor lighting and heating, ventilation and air conditioning (HVAC) systems controlled by occupancy smart controls
- Using water-reducing practices and water-reducing plumbing fixtures
- Selecting energy-saving equipment features whenever possible (e.g., Energy Smart®)
- Equating energy utilization to greenhouse gas and CO2 equivalency
- Reducing/eliminating byproduct and waste generation
- Re-using byproducts when feasible
- Recycling byproducts at all levels of operations
- Diverting non-reusable materials away from landfills whenever possible
- Returning alloys and plastics to source vendors for reprocessing
- Returning drums and pallets to vendors for re-use
- Segregating byproducts at the source in manufacturing operations, allowing them to be recycled
- Identifying and eliminating byproducts or waste during stages of product development
- Using third-party vendors to proactively manage byproducts, returning them to processes in other industries
- Reducing packaging waste by using postconsumer fiberboard products

Accomplishments:

- Installed energy efficient lighting in facilities to reduce electrical consumption and improve the lighting of work spaces and parking lots
- Combined key environmental metrics collected from sites around the globe to continue our long-standing support and reporting to the Carbon Disclosure Project (CDP)
- Corporate sponsorship of ACRES Land Trust, Indiana's oldest and largest local land conservation non-profit (ACRES protects over 6,000 acres of forests, wetlands, grasslands and unique geological features within 100 nature preserves)
- Reports from our facilities across North America, Europe and China on waste elimination, recycling and energy efficiencies, including continuous improvement projects

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.



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

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.

OCCUPATIONAL HEALTH AND SAFETY			
*FY2012	*FY2013	*FY2014	**FY2015
Employee injury incident rate ¹			
1.55	1.39	1.13	0.69
Employee lost workday case rate ²			
0.60	0.45	0.36	0.11

1. The number of work-related injuries or illnesses serious enough to require treatment beyond first-aid, per 100 employees working a full year.
2. The number of work-related injuries or illnesses serious enough to cause an employee to miss one or more work days per 100 employees working a full year.

* Zimmer

** Zimmer Biomet

Green technologies

When possible, we offer products that are considered green technologies. For example, our UltrafleX Fluid Waste Management System features a closed system for controlling fluid and smoke waste in the operating room environment.



The UltrafleX System automatically empties, applies cleaning enzyme, and EPA approved disinfecting agent to reduce red bag waste by up to 70%.



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/governance.cfm



Green power partnership

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.

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 are committed to helping our employees achieve their full potential. To meet identified goals, we provide training and support that includes offering financial assistance for continuing education.

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 respect the rights of our employees to freedom of association, freedom of expression and the right to be heard.

Volunteer activities

Zimmer Biomet is dedicated to its employees and to the communities in which we live and work. We encourage our team members to actively participate in volunteer organizations and projects. In 2015, team members volunteered in many activities, including:

- Feed My Starving Children
- United Way's Day of Action
- STEM Education and Robotics
- Big Brothers Big Sisters
- Kosciusko Youth Leadership Academy

Diversity

We respect and 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. Diversity is much more than a category of persons; it is about embracing individuals' ideas and thinking.

Supplier diversity

A diverse supply chain strengthens our ability to carry out our mission and improve the communities where we live and work. The United States government requires that we annually report our spending in the U.S. and Puerto Rico with 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)

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.

Recent awards and recognition

Zimmer Biomet was honored in 2015 as a top employer in China for the fifth 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.

We recently earned EPA recognition for converting our Warsaw, Indiana headquarters to 100 percent green power. The Green Power program allows homes and businesses to designate a portion, or all, of their monthly electric usage to be attributable to electricity generated by renewable energy sources, such as wind power.



Zimmer Biomet is a constituent of the FTSE4Good Index Series, which is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices.

Grants, donations and funding

In 2015, Zimmer Biomet provided grants, donations and funding for numerous projects. These included a contribution to the American Association of Orthopaedic Surgeons' learning center building project and various grants to support orthopaedic post-graduate medical education, in addition to 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.

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, and we also provide support to the Ruth Jackson Orthopaedic Society, which is dedicated to advancing the science and practice of orthopaedic surgery among women.



In 2015, Zimmer Biomet continued to fund initiatives that focus on defining and reducing areas of disparity in orthopaedic care. Since 2004, we have supported Movement is Life, a multi-disciplinary coalition founded by Verona Brewton Zimmer Biomet's Director of Minority Initiatives, that includes partnerships with the Bloomberg School of Public Health. 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. Zimmer Biomet's Market Intelligence Director Anne Maurer collaborated with Dr. Lynne C. Jones, Ph.D., of 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. Since 2012, 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. In addition, 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 also supported important initiatives overseas. In 2015, we began working on a multi-year collaboration with the Indo UK Institutes of Health to increase the capacity of India's healthcare infrastructure. The Institute will help improve the delivery of and access to high-quality healthcare across India by training surgeons on the latest orthopaedic procedures and the safe and effective use of Zimmer Biomet medical technologies.

Zimmer Biomet provided donations and funding to numerous organizations to support community and global projects in 2015:



Kosciusko Community YMCA
kcymca.org



Ronald McDonald House
rmhc.org



Kosciusko Lakes and Streams
 A community water quality program



STEM
 Education Programming



American Red Cross
 Kosciusko County Chapter



Combined Community Services
combinedcommunityservices.org



United Way
unitedway.org



Feed My Starving Children
fmfc.org



Beaman Home
thebeamanhome.com



Cardinal Services
cardinalservices.org



Warsaw Community Schools
warsaw.k12.in.us



Big Brothers Big Sisters
Big Brothers Big Sisters
bbbs.org

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 35 philanthropic medical mission trips in 2015 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



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/governance.cfm 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/governance.cfm

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)

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. Below is a list of U.S. industry and trade groups of which Zimmer Biomet is a member:

- Advanced Medical Technology Association (AdvaMed)
- Quality Implant Coalition (QuIC)
- Medical Device Competitiveness Coalition (MDCC)
- U.S. Chamber of Commerce
- Indiana Chamber of Commerce



