

Fighting Against Forced Labour and Child Labour in Supply Chains Act Disclosure

Dear Minister of Public Safety, Democratic Institutions and Intergovernmental Affairs:

Under the Fighting Against Forced Labour and Child Labour in Supply Chains Act (The Act), certain companies manufacturing or selling products in Canada are required to disclose their efforts over the previous fiscal year to address the issues of forced labour and child labour. Zimmer Biomet Canada, Inc., ORTHOSoft ULC and Zimmer, Inc. (collectively, “Zimmer Biomet”) have jointly prepared this report as part of their obligations under The Act, covering their efforts over the 2023 fiscal year, thereby allowing consumers to make more informed choices regarding the products they buy and the companies they choose to support.

Zimmer Biomet strives to achieve and maintain the highest possible standards of corporate integrity and ethical behavior. Zimmer Biomet takes the issues of forced labour and child labour very seriously and will continue doing its part by responsibly managing its supply chains in an effort to eradicate forced labour and child labour. Zimmer Biomet makes the following disclosures as outlined in The Act:

- 1. Scope and Structure.** As a manufacturer, supplier and seller of orthopaedic implants and associated technologies, Zimmer Biomet operates within the healthcare sector and maintains two Canadian-based businesses: **Zimmer Biomet Canada, Inc.** (BN105791768), headquartered in ONTARIO, imports goods manufactured both inside and outside Canada, which it then sells to 3rd parties within Canada (principally Canadian hospitals); and **Zimmer CAS/ORTHOSoft ULC** (BN1206497510), headquartered in QUEBEC, produces goods (robotics and technology platforms used in orthopaedic surgery) that it sells inside and outside Canada. All of Zimmer Biomet Canada, Inc.’s and Zimmer CAS/ORTHOSoft ULC’s intra-company transactions are within the ownership chain of a single foreign entity, **Zimmer, Inc.**, headquartered in the USA. Accordingly, for the purposes of this report, Zimmer, Inc., Zimmer Biomet Canada, Inc. and Zimmer CAS/ORTHOSoft ULC are considered entities under The Act. This report is submitted as a joint report for these three entities, and has been approved by the Board of Directors of each such entity.
- 2. Identification of Risk of Forced Labour or Child Labour.** Zimmer Biomet has identified an elevated risk of forced labour or child labour associated with the locations of some of its activities, operations or factories, in particular those situated in China. Additionally, the orthopaedic implants that Zimmer Biomet manufacturers comprise raw materials that are sourced from mining and mineral extraction activities, introducing an elevated risk of the use of forced labour or child labour.
- 3. Policies and Due Diligence with Respect to Child Labour and Forced Labour.** Zimmer Biomet expects that its suppliers will conduct their businesses in a lawful manner and in compliance with its own high standards of integrity and ethics. As a first step Zimmer Biomet has established a Supplier Code of Conduct which is distributed to all of its suppliers and is available on Zimmer Biomet’s public website:

<https://www.zimmerbiomet.com/content/dam/zb-corporate/en/suppliers/global-and-nam/Zimmer-Biomet-Code-of-Supplier-Conduct.pdf>

This Code of Conduct specifically describes Zimmer Biomet’s expectation that its suppliers and their sub-contractors and suppliers do not utilize child labour or forced labour (page 2). Note that in its Supplier Code of Conduct and other policies, while Zimmer Biomet specifically uses the term “child labour” it does not use the term “forced labour”; however, in aggregate it believes the policies and standards as laid out under the “Standards of Employment” section of its Supplier

Code of Conduct comprehensively address the practices that, in aggregate, characterize forced labour. (For example, see the referenced policies specific to Slavery, Wages & Benefits, Working Hours, and Immigration.)

While Zimmer Biomet performs routine audits of its suppliers, it does not currently have a specific policy or process to explicitly evaluate compliance with forced labour or child labour. However, numerous of Zimmer Biomet's routine business practices support its position prohibiting forced labour and child labour. These include:

- An annual Conflict Minerals supplier survey to help identify where elevated risks of child labour or forced labour may exist due to the nature of Conflict Minerals and their extraction;
- Supplier certification, by acceptance of the "Zimmer Biomet Purchase Order Terms and Conditions," that the materials incorporated into the supplier's products comply with the laws of the country or countries in which they are doing business;
- Various other supplier agreements and audits that reinforce Zimmer Biomet's high standards of integrity and ethics, including Supplier Quality Agreements; Long-term Agreements with Key Suppliers (in an effort to bias relationships towards trusted suppliers who are known to uphold Zimmer Biomet standards); and the future and planned UFLPA China supplier review.

4. **Remediation.** In the Supplier Code of Conduct, child labour and forced labour are called out as activities for which Zimmer Biomet has a zero tolerance policy. If a supplier is found to be in violation of the Supplier Code of Conduct, Zimmer Biomet will take prompt, remedial measures to address the violation. Suppliers are expected to promptly take corrective action to address any deficiencies identified and Zimmer Biomet reserves the right to terminate its relationship with any supplier for failure to comply with this Supplier Code of Conduct.

Zimmer Biomet recognizes that child labour and forced labour are serious global issues and that leaders in industry need to continue to develop and implement policies and procedures that better identify, remediate, and continuously monitor identified risks. To date Zimmer Biomet's actions on these initiatives include regular reviews and audits of its policies and procedures related to child labour and forced labour, as well as tracking relevant performance indicators, such as levels of employee awareness, number of cases reported and solved through grievance mechanisms, and number of contracts with anti-child labour and anti-forced labour clauses.


Policies that are sensitive to the loss of income for the most vulnerable families impacted by remediation work tied to the elimination of child labour and forced labour remain an area where Zimmer Biomet looks forward to continuing to evolve its business practices in the most lawful and ethical manner.

5. **Training.** Zimmer Biomet has established an Employee Code of Business Conduct which applies to all Zimmer Biomet personnel, including employees and board members (collectively, "Employees"). Zimmer Biomet expects its business partners and contractors to share the general principles stated in the Code of Business Conduct. These general principles require Zimmer Biomet Employees to comply with all applicable laws and regulations, including but not limited to those relating to child labour and forced labour. The Zimmer Biomet Employee Code of Business Conduct specifically calls out Child Labor, Slavery, and Human Trafficking. The Code of Business Conduct explains that if an Employee needs guidance on a legal or ethical question or has witnessed or has knowledge of an illegal or unethical activity, he or she should consult with or report the matter to their manager, supervisor or the Compliance Office or via the Compliance Hotline, depending on the specific circumstances. All reports of alleged violations will be investigated by Zimmer Biomet. Disregard or deliberate ignorance of the law is not tolerated and may lead to disciplinary action.

All Employees are trained to the Employee Code of Business Conduct. Training is tracked and managed via iLearn, and additional curriculum requirements specific to the annual Conflict Mineral Supplier Survey are assigned to appropriate Employees.

- Accountability.** Zimmer Biomet assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chain through its Supplier Code of Conduct; its supplier audit, monitoring and remediation practices; and through monitoring of its Employees' compliance with their training requirements.

Sincerely,

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Luke Windisch
VP & GM, Zimmer Biomet Canada, Inc.

27-May-2024

Date

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Chad Phipps
SVP, General Counsel, and Secretary
Zimmer, Inc.

27-May-2024

Date