

# Zimmer Biomet

## Code of Supplier Conduct

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*Effective Date: 6/24/2015*

*This copy will not be updated. Refer to online documentation for the most current specification.*

## INTRODUCTION

Zimmer Biomet<sup>1</sup> strives to achieve and maintain the highest possible standards of corporate integrity and ethical behavior. Zimmer Biomet expects that its Suppliers will conduct their business not only in a lawful manner but also in compliance with the same high standards of integrity and ethics. In order to establish guidelines for such standards, Zimmer Biomet has established this Code of Supplier Conduct. This Code is not meant to be all-inclusive or exhaustive. The Code sets forth and highlights important legal, ethical, behavioural and other requirements for parties who wish to be a Zimmer Biomet Supplier. Zimmer Biomet Suppliers are further expected to take reasonable and necessary steps to help ensure that their sub-contractors and sub-suppliers conduct business in compliance with this Code of Supplier Conduct. Zimmer Biomet reserves the right to amend, modify and add to this Code of Supplier Conduct from time to time as Zimmer Biomet, in its sole discretion, believes is appropriate.

### ***Compliance with Applicable Laws, Regulations, and Industry Best Practices.***

At a minimum, Suppliers must conduct business in accordance with all applicable country, state, and local laws and regulations covering the jurisdictions in which they operate including, without limitation, laws relating to employment, human rights, the environment, health and safety, and trade. Supplier is to comply with the commercial best practices of Supplier's industry. Zimmer Biomet reserves the right to decline to deal with Suppliers who do not comply with the law.

## STANDARDS OF EMPLOYMENT

- **Safe Work Environment.** Suppliers shall maintain a healthy, clean and safe work environment and shall not implement or utilise mental or physical disciplinary practices. Suppliers shall maintain written safety and health policies and systems to minimise work-related injury and illness.
- **Child Labour Avoidance.** Suppliers must not employ any person younger than the legal minimum age for working in the jurisdiction in which such person is employed and must comply with all applicable minimum legal age requirements and other applicable child labour laws. Zimmer Biomet does support the use of legitimate workplace apprenticeship programs, but only if they comply with all applicable laws and regulations.
- **Slavery and Human Trafficking.** Suppliers must not support, promote or engage in the practice of slavery or human trafficking, and suppliers must comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business. Additionally, the materials incorporated into Suppliers' products must comply

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<sup>1</sup> This Code of Supplier Conduct, incorporated by reference into purchase order terms and conditions, applies to all suppliers providing goods or services (**Suppliers**) to Zimmer, Inc., Biomet, Inc., or any of their subsidiaries and affiliates.

with the laws regarding human trafficking of the country or countries in which they are doing business.

- **Wages and Benefits.** Suppliers must provide compensation, including regular wages and overtime hours, and legally mandated benefits, in accordance with all applicable laws and standards.
- **Working Hours.** Suppliers must comply with all applicable laws governing the number of maximum work hours, vacation time, leave periods and holidays. Suppliers' employees shall not work beyond the maximum working hours permitted by applicable law. Suppliers will compensate for overtime in accordance with applicable laws.
- **Respect and Dignity.** Suppliers shall take appropriate measures to promote and ensure that Suppliers workplace(s) are free from harassment of any type, harsh treatment, threats of violence, corporal punishment, or other forms of physical, mental or emotional coercion.
- **Non-Discrimination.** All conditions of employment by Suppliers shall be based upon an individual's merit and ability to perform the responsibilities of the job. Suppliers shall not discriminate on the basis of race, colour, national origin, gender, religion, age, nationality, disability, social or ethnic origin, pregnancy, political affiliation, veteran status, union membership or marital status, or other factors prohibited by applicable laws and regulations.
- **Freedom of Association.** Suppliers agree to respect the rights of their employees regarding the rights of such employees generally whether to associate or not associate with any group or labour organisation, in accordance with applicable laws and regulations.
- **Immigration Laws.** Suppliers shall only employ employees with a legal right to work in the jurisdiction(s) in which Suppliers intend to hire such employees. Suppliers shall review appropriate and relevant documentation and confirm the legal status of their prospective employees prior to hiring such prospective employee.

#### **FAIR BUSINESS DEALINGS; ANTI-CORRUPTION AND ANTI-BRIBERY**

- **Fair Dealings.** Suppliers shall conduct all business dealings in a fair and above-board manner. Suppliers must uphold fair business standards in advertising, sales and competition and prohibit agreements or actions that unreasonably restrain trade, are deceptive or misleading, or that unlawfully reduce competition. Suppliers must compete fairly and ethically for all business opportunities and ensure all statements, communications and representations to Zimmer Biomet are accurate and truthful.
- **Securities and Insider Trading Laws.** Suppliers that possess nonpublic information may not use or share that information to trade or enable others to trade in Zimmer Biomet securities.
- **Anti-Corruption and Anti-Bribery.** Suppliers will conduct their business without engaging in any form of bribery, extortion, embezzlement or corruption, including public or private bribery or kickbacks. Supplier will abide by, and will cause all of its affiliates and the respective directors, officers, employees, agents or representatives of such affiliates, its sub-contractors and sub-suppliers, as well as any other person acting on behalf of Supplier or any of its affiliates ("Relevant Parties") to abide by the US Foreign Corrupt Practices Act ("FCPA"); the U.K. Bribery Act, the Organisation for Economic Co-operation and

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Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (**OECD Bribery Convention**) and its local country enabling legislation; and any anti-corruption and anti-bribery laws, rules and regulations in all the jurisdictions in which Supplier transacts business. Suppliers will maintain integrity, transparency and accuracy in corporate record keeping. Supplier will immediately notify Zimmer Biomet in the event that Supplier should become aware of any behaviour by itself or any Relevant Party that violates or is likely to violate the FCPA, UK Bribery Act, the OECD Bribery Convention or any other anticorruption law, rule or regulation.

- **Conflict of Interest.** Suppliers are expected to disclose to Zimmer Biomet any situation that may present a conflict of interest with respect to Zimmer Biomet. For that reason, Suppliers must inform Zimmer Biomet if an employee of any Supplier, or their family member, has a relationship with a Zimmer Biomet employee who can make decisions that will affect such Supplier's business, or if any Zimmer Biomet employee, or their family member, may have an interest of any kind in such Supplier's business or any kind of economic ties with such Supplier. See Appendix A for further details.
- **Gifts and Hospitality.** Suppliers must ensure that the acceptance or bestowing of any gift or offer of hospitality cannot be construed as an attempt to secure favourable treatment from or to Supplier. Suppliers or any member of their family should not accept or bestow any type of gift or any offer of hospitality related directly or indirectly to Suppliers' operations beyond that of a \$25 value.

## **SECURITY, SAFETY, ENVIRONMENTAL SUSTAINABILITY, AND CONFLICT MINERALS**

- **Security.** Supplier shall maintain reasonably adequate security at all its facilities. Supplier shall implement and maintain supply chain security procedures designed to comply with all applicable customs principles, laws, regulations and rules.
- **Health & Safety.** Suppliers shall maintain a clean, safe, and healthy work environment to include appropriate controls, safety procedures, preventative maintenance, and appropriate protective equipment in compliance with all applicable laws and regulations. Supplier shall maintain written safety and health policies and systems to maintain such a work environment and minimise workplace accidents and injuries. Suppliers should measure, track, and improve Health & Safety performance and establish emergency response plans.
- **Environmental Sustainability.** Suppliers will act in an environmentally responsible manner. Suppliers shall comply with applicable environmental laws and regulations and remediate any environmental problems they may cause. Suppliers shall strive to implement and maintain manufacturing operations which are environmentally friendly. Zimmer Biomet will actively seek Suppliers that share our commitment to protecting the environment and who work to sustain, protect, and restore the environment, by such means as energy conservation, recycling, and proper disposal of waste.
- **Conflict Minerals.** As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the U.S. Securities and Exchange Commission (SEC) adopted a rule regarding disclosure and reporting requirements with respect to the use of conflict

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minerals. Under the rule, issuers must disclose their use of conflict minerals in the products they manufacture or contract to manufacture if the conflict minerals are necessary to the functionality or production of a product, and companies must report whether the conflict minerals originated in the DRC or adjoining countries. Zimmer Biomet expects its suppliers to source conflict minerals from socially responsible sub-tier suppliers and manufacturers and to undertake reasonable due diligence within their supply chains to determine the origin of the conflict minerals contained in materials and products they supply to Zimmer Biomet. See Appendix B for Zimmer Biomet's Policy Statement on Conflict Minerals.

- **RoHS.** Supplier will also conform to the latest RoHS standards and certify that the products provided to Zimmer Biomet, whether component, raw material, or finished goods, will comply with the current RoHS compliance. Supplied product is also prohibited from containing bisphenol A (BPA), di(2-ethylhexyl) phthalate (DEHP), di-2-ethylhexyladipate (DEHA) or polyvinyl chloride (PVC) unless approved by Zimmer Biomet destination site.
- **Animal Tissue.** In compliance with European Union (EU) approved Regulation 722/2012 Zimmer Biomet identified those products that could contain animal origin materials (e.g. polishing materials, soaps, lubricants, coolants, detergents and other cleaning materials, packaging materials including glues/inks/etc., plastics release agents, and polishing leather gloves). Moreover, Zimmer Biomet has worked to replace animal origin materials with animal origin free substitutions. We are asking our suppliers to do the same. Suppliers must declare to Zimmer Biomet all products that "utilise" (as defined by EU approved Regulation 722/2012) tissues of animal origin. Suppliers **MUST** also declare any possible risk mitigation / exemptions as defined by:
  - (EU) No 722/2012 Article 1 or 2
  - (EU) No 722/2012 Annex 1
  - BS EN ISO 22442-1:2007 Annex C
  - or other EU regulations.

Zimmer Biomet reserves the right to not accept certain materials that "utilise" animal tissues and/or their derivatives.

## CONFIDENTIALITY AND PRIVACY

- **Confidentiality.** Suppliers with access to confidential Zimmer Biomet information must not disclose such information to other parties without Zimmer Biomet's written consent. In addition, Suppliers must respect intellectual property rights and the transfer of confidential information must be done in a manner that protects intellectual property rights. Such confidential information may include, but is not limited to, Product Pricing, Costs, Employees, Designs, Customers, Operating systems, policies and practices, Production technologies and know-how, and Engineering, technical and scientific.

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- **Privacy.** When Suppliers handle personal confidential information in the performance of services on our behalf, we require them to ensure that such information is protected against unauthorised disclosure and is appropriately safeguarded. Suppliers must immediately report actual or possible unauthorised disclosures of personal confidential Zimmer Biomet team member information to Zimmer Biomet's Compliance Department. "Personal confidential information" includes but is not limited to private information about individuals including name, address, birth date, identification numbers, etc. See Appendix C for Safe Harbor Policy Compliance.

## COMPLIANCE, RECORD RETENTION, AND INSPECTION

- **Audits and Assessments.** Suppliers will implement appropriate programs, policies and procedures to help ensure compliance with the standards and obligations set forth in this Code of Supplier Conduct, including designating one or more of its management staff to be responsible for monitoring their compliance with this Code. Zimmer Biomet or a third-party designated by Zimmer Biomet may conduct periodic audits, inspections and/or review of Suppliers' facilities for purposes of confirming such compliance.
- **Certifications.** Suppliers must certify that the materials incorporated into Supplier's products comply with the laws regarding human trafficking of the country or countries in which they are doing business.
- **Corrective Action.** Suppliers are expected to promptly take corrective action to address any deficiencies identified with respect to compliance with this Code of Supplier Conduct.
- **Compliance.** Suppliers will maintain necessary records and documentation to demonstrate such implementation and their compliance with this Code of Supplier Conduct.
- **Reporting Noncompliance.** Suppliers, their employees and their subcontractors should report any questionable behaviour by Zimmer Biomet employees or by such Suppliers, their employees or subcontractors. Reports can be filed, either by email or phone to the VP of Sourcing or calling the Zimmer Biomet Compliance Helpline at 1-877-593-4582.
- **Consequences.** If a Supplier is found to be in violation of this Code of Supplier Conduct, Zimmer Biomet will take all appropriate measures to address the violation. Zimmer Biomet reserves the right to terminate its relationship with any Supplier for failure to comply with this Code of Supplier Conduct.

## **APPENDIX A- ZIMMER BIOMET CONFLICT OF INTEREST POLICIES**

Zimmer Biomet utilises a standard methodology to identify and evaluate the potential of individual suppliers to meet the criteria for providing necessary goods and/or services. At a minimum, such an evaluation must include an inquiry into the personal interests or relationships (including ownership, management, or family relationships) between the potential supplier under evaluation and any Zimmer Biomet employee or any Healthcare Professional.

Conflicts of interest may arise when an employee, officer or director, or members of his or her family receive any personal benefits from any third party as a result of his or her position with Zimmer Biomet. This concept also applies to Zimmer Biomet's interactions with Healthcare Professionals. Zimmer Biomet does not take actions or make offers to a Healthcare Provider (HCP) or any immediate family member of an HCP that would induce the HCP to make or influence the purchase, recommendation, referral, or use of Zimmer Biomet Products.

Suppliers, who are also Zimmer Biomet customers (such as surgeons or hospitals), will receive no advantage in Zimmer Biomet purchasing decisions.

A conflict of interest exists when a person's private interests interferes --- or even appears to interfere --- in any way with the interests of the company; must be above reproach. The existence of a conflict depends upon the circumstances, including the nature and relative importance of the interest involved.

Zimmer Biomet requires that suppliers disclose current, relevant relationships, and situations that may constitute an actual or perceived conflict of interest. In the event that a supplier has a relationship or situation involving a Zimmer Biomet employee or HCP, either currently or in the future, that results in a potential conflict of interest; the supplier shall notify Zimmer Biomet immediately. This information may be disclosed to the applicable Zimmer Biomet Sourcing representative, Compliance Office, Legal Department, or by contacting Zimmer Biomet Compliance at 1-877-593-4582 or via the internet at [zimmerbiomet.ethicspoint.com](http://zimmerbiomet.ethicspoint.com)

Zimmer Biomet employees may not seek or accept any gifts, gratuities, payments, fees, services, privileges, vacations, or pleasure trips (even with an apparent business purpose), loans (other than conventional loans on customary terms from lending institutions) or other favours from any person or business organisation that does or seeks to do business with, or is a competitor of, Zimmer Biomet. Zimmer Biomet Sourcing representatives will not practice or encourage the practice of reciprocity in purchase decisions. Zimmer Biomet employees, nor Zimmer Biomet Suppliers, may accept anything of value in exchange for referral of third parties to any such person or business organisation.

## APPENDIX B -- POLICY STATEMENT ON CONFLICT MINERALS

The exploitation and trade of “conflict minerals” (including tin, tantalum, tungsten and gold) mined in the Democratic Republic of the Congo (DRC) and adjoining countries may be fueling human rights atrocities in the region. Zimmer Biomet and its subsidiaries support the actions of governments and organisations to increase supply chain transparency and enable companies to source conflict-free minerals.

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the U.S. Securities and Exchange Commission (SEC) adopted rules regarding disclosure and reporting requirements with respect to the use of conflict minerals. Under the rules, public companies must report the presence of conflict minerals originating in the DRC or adjoining countries in the products they manufacture or contract to manufacture if the conflict minerals are necessary to the functionality or production of a product. These reports must be filed with the SEC by May 31, 2014 and each year thereafter.

Zimmer Biomet is committed to working with its suppliers to responsibly source the materials and components used in manufacturing its products. Zimmer Biomet has initiated a comprehensive process to meet the conflict minerals regulatory requirements, taking steps to increase its supply chain due diligence measures for these minerals.

Zimmer Biomet does not typically source conflict minerals directly from mines, smelters, or refiners, and, accordingly, in most cases, is several levels removed from these market participants. Zimmer Biomet therefore requires the cooperation of its suppliers in the implementation of this policy and in enabling Zimmer Biomet to meet its SEC disclosure and reporting obligations on a timely basis.

Zimmer Biomet expects its suppliers to source conflict minerals from socially responsible sub-tier suppliers and manufacturers and to undertake reasonable due diligence within their supply chains to determine the origin of the conflict minerals contained in materials and products they supply to Zimmer Biomet.

In furtherance of this policy, Zimmer Biomet’s suppliers are expected to:

- familiarise themselves with the SEC’s conflict minerals rules;
- implement policies that are consistent with this policy, and require their direct suppliers to do the same;
- implement procedures to trace conflict minerals at least to the smelter or refiner level, working with their direct and indirect suppliers as applicable;
- where reasonably possible, source conflict minerals from smelters and refiners validated as conflict free, and require their direct and indirect suppliers to do the same;
- maintain reviewable business records for a period not less than seven (7) years supporting the source of conflict minerals; and

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- from time to time, at Zimmer Biomet's request, provide Zimmer Biomet written certifications and other information concerning the origin of conflict minerals included in products and components supplied to Zimmer Biomet and the supplier's compliance with this policy generally, and require their direct and indirect suppliers to do the same.

Suppliers also are encouraged to support industry efforts to enhance traceability and responsible practices in global minerals supply chains. Zimmer Biomet reserves the right to request from any supplier at any time such information, certifications and documentation as it shall deem necessary to monitor or assess compliance with this policy.

Zimmer Biomet understands and appreciates the importance of this issue and is committed to supply chain initiatives and overall corporate social responsibility and sustainability efforts that work towards a conflict-free supply chain. Zimmer Biomet is encouraging its suppliers to likewise support these efforts. For more information on Zimmer Biomet's conflict minerals program, contact: [conflictminerals@zimmerbiomet.com](mailto:conflictminerals@zimmerbiomet.com).

## APPENDIX C -- SAFE HARBOR POLICY COMPLIANCE

Safe Harbor is an international personal data transfer certification program which is jointly administered by the US Department of Commerce and the European Commission. This certification program seeks to ensure “adequate” transfer of personal data, pertaining to residents of the European Union (EU), European Economic Area (EEA), Switzerland or Canada (EU Individuals), to the United States. Personal data is defined as any information that can be used directly or indirectly, singularly or combined, to identify, locate, or contact individuals. Common examples include a person’s or patient’s telephone number, address, social security number, email address, driver’s licence number, birth date, and the like.

In support of Zimmer Biomet’s Safe Harbor certification program, U.S. Sourcing affiliates must ensure that Suppliers given access to personal data of EU individuals, by virtue of their services for Zimmer Biomet’s U.S. affiliates, adhere to and uphold privacy and security safeguards for this data that are consistent with the requirements of that certification.

To ensure compliance with the Safe Harbor principles, Zimmer Biomet U.S. affiliates’ Suppliers will be responsible for the following:

1. Determining whether or not, by virtue of their services for Zimmer Biomet, they will be or have been given access to personal data of European Union, Swiss or Canadian individuals.
2. Understanding that to the extent that the Safe Harbor standards apply to Supplier’s work for Zimmer Biomet, the Supplier is responsible for upholding the Safe Harbor standards for personal data pertaining to the residents of the EU, Canada, and Switzerland.
3. Signing and returning the Zimmer Biomet Safe Harbor agreement – or – Providing evidence of certification through the U.S. Department of Commerce Safe Harbor website <http://safeharbor.export.gov> Either of these actions will certify that the Supplier will adhere to and uphold privacy and security safeguards for the personal data of European Union, Swiss or Canadian individuals that are consistent with the requirements of Zimmer Biomet’s Safe Harbor certification program.

For questions regarding your organisation’s role in Safe Harbor compliance, please contact your Sourcing representative and/or refer to the Safe Harbor website <http://safeharbor.export.gov>.

### *EU, Switzerland, and Canadian Suppliers*

Suppliers from the EU, Switzerland, or Canada whose personal data is collected by Zimmer Biomet (and shared with Safe Harbored companies in the U.S.) please contact your Zimmer Biomet Sourcing representative to obtain a copy of Zimmer Biomet’s notice on how EU Individuals personal data is collected and processed.

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