

Environmental, Health and Safety

Codes of Practice

The Environmental, Health and Safety (EHS) Codes of Practice set forth Zimmer EHS requirements for our business functions and facilities worldwide. In essence, the Codes operationalize the Company EHS Policy. The EHS Codes of Practice serve as a blueprint for increasing productivity, growth and customer focus by integrating EHS into our day-to-day business management systems. The Codes also support compliance with all applicable and relevant EHS laws and Company EHS policies and requirements outlined in the EHS guidance Manual. They serve as the basis for continuous improvement of our operations worldwide.

The Codes, which summarize existing requirements, are directed to the management of all facilities and business functions (e.g., marketing, human resources, maintenance, engineering, packaging, finance, research and manufacturing). Each manufacturing facility is required to adopt all elements of these Codes of Practice. Business functions and other facilities must adopt, at a minimum, those elements which pertain to their areas of functionality and support the overall division goals and objectives. The Company expects a senior management representative at each location to be assigned responsibility for coordinating that location's activities to comply with these Codes and support overall corporate goals and objective. Each manufacturing facility measures and reports its progress towards meeting these Codes of Practice through the annual EHS self-assessment program.

Read the entire EHS Codes of Practice

System Evaluation

A corporate internal audit program includes site evaluations to verify compliance with regulations and to assess the effectiveness of EHS activities. The audit program is supplemented by periodic site self inspections conducted by site staff. Annual self-assessments are conducted to determine compliance with EHS Codes of Practice. EHS related metrics regarding waste generation, energy and water use, accident statistics, and greenhouse gas (GHG) emissions are also collected annually to track progress.

Environmental, Health and Safety Codes of Practice Purpose:

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Programs and Procedures

Management Principle

Each facility and function is required to establish and implement programs and procedures in order to: conduct operations safely and in an environmentally-responsible manner; ensure conformance with all applicable EHS laws, Company EHS policies, and requirements; and tie the facility's and function's performance to corporate EHS goals and objectives.

Requirements

Management Commitment

- Each facility and affected function shall demonstrate commitment by complying with the corporate EHS Policy and the EHS Codes of Practice.

Program Scope

Company and manufacturing facility staff shall establish mutually consistent, measurable performance goals that support EHS requirements. Goals will be documented, and sufficient resources will be allocated to ensure that goals are achieved.

Integrated Management

Management Principle

Each facility and function shall integrate EHS programs and procedures into its business activities, as appropriate.

Requirements

Accountability

- Each level of management shall identify, understand, and ensure compliance with applicable EHS requirements.
- Progress towards achieving EHS goals and objectives shall be addressed as part of employee performance feedback, as appropriate.

Planning

- Each manufacturing facility and affected function shall prepare strategic plans that incorporate EHS goals and targets. EHS planning will be designed to minimize or eliminate the potential for adverse EHS impact which might reasonably arise from business activities. Plans will be reviewed periodically, and will reflect how and when EHS goals and targets will be achieved.
- Each manufacturing facility and affected function shall describe in their business plans how corporate and facility EHS goals shall be supported and achieved.
- Each manufacturing facility and affected function shall integrate EHS management into annual and long-term plans, performance goals and programs.

Resources

- Each facility and function shall provide resources that are sufficient to conform with EHS requirements.

Continual Improvement

Management Principle

Each facility and affected function shall ensure that Company requirements are periodically evaluated and continuously improved to enhance worker health, safety, and environmental protection. Evaluations shall take into consideration technical developments, recognized EHS best practices, scientific understanding, and customer, community, and other stakeholder expectations.

Requirements

Assessment and Continuous Improvement

- Each facility and affected function shall periodically evaluate its programs and practices by benchmarking against industry leaders and competitors.
- Each manufacturing facility shall conduct annual self-assessments of performance against EHS requirements.
- Each manufacturing facility shall measure and report its progress towards meeting the Codes of Practice through the annual EHS self-assessment program.

Employee Education

Management Principle

Each facility and affected function shall educate, train, and motivate employees to conduct their activities safely and in an environmentally-responsible manner. Employee training will be sufficient to fulfill employees' EHS-related responsibilities and comply with applicable EHS requirements.

Requirements

Employee Education

- Employee education regarding EHS shall include the following:
 - EHS awareness of all employees
 - EHS technical and professional training
 - Management awareness
 - Training that satisfies EHS requirements
 - Mechanisms to evaluate the effectiveness of training

- Each manufacturing facility and affected function shall have a system in place to:
 - Ensure that relevant EHS goals and objectives are communicated to employees
 - Maintain employees' skills and knowledge in support of EHS goals and objectives

Employee Participation and Motivation

- Systems shall exist for seeking and responding to employee comments about EHS training

- Activities shall exist for motivating employees to improve EHS performance and to recognize employee achievements with substantial EHS benefits.

Acquisitions and Divestitures

Management Principle

The Company shall identify EHS impacts and evaluate potential risks and liabilities for all acquisitions, divestitures, and joint ventures.

Requirements

Notification

- The Real Estate and Facilities Director shall be notified prior to any real estate transaction or the sale, purchase, or lease of a business.

Review Criteria

- The Company shall ensure that the following items are reviewed prior to the sale, lease, decommissioning, or purchase of real property:
 - compliance with EHS requirements
 - existing and potential EHS risks and liabilities, including decommissioning requirements
- Corrective actions and control measures identified by the review shall be considered in structuring the acquisition, divestiture, or joint venture.
- Affected management shall refer to the “Integrating Management of Environmental, Health & Safety Issues into Acquisitions and Divestitures” guidelines for additional guidance on assessing EHS impacts before divesting or acquiring a site or business.

Products and Services

Management Principle

Each manufacturing facility and affected function shall identify, evaluate and minimize direct and indirect EHS impacts for product lines and services provided.

Requirements

Product Life Cycle (PLC) Program

- Each facility and affected function shall participate, as appropriate, in the Company PLC program in order to assess and reduce EHS impacts.
- The purpose of the PLC program shall be to develop and provide products and services that:
 - minimize negative EHS impacts
 - are safe in their intended use, transportation, and storage
 - are efficient in their use of energy and natural resources
 - maximize the potential for recycling, reuse, and safe disposal

Resource Focus

- Each manufacturing facility and affected function shall have EHS management systems in place to ensure responsibility resource selection, use, and exposure management.

External Customer Support

Management Principle

Each manufacturing facility and affected function shall ensure that the known EHS hazards or negative impacts of its products are appropriately communicated to potentially affected customers, distributors, or the public.

Requirements

Partnership with Customers

- Each manufacturing facility and affected function shall monitor and address the EHS expectations and concerns of external customers.
- Each manufacturing facility and affected function shall work in partnership with its customers to communicate information about potential EHS risks and impacts that are associated with its products and services, as appropriate. The information shall:
 - Result from cross-functional coordination between a number of functions including, but not limited to, marketing, product planning, sales, government affairs, legal, EHS, and operations
 - At a minimum, meet EHS requirements
 - Respond to the needs and preferences of customers, distributors, and the public
 - Explain, if appropriate, the concept of PLC to identify and minimize EHS impacts throughout the product's life cycle

Business Activities and Operations

Management Principle

Each facility and affected function shall identify, evaluate, and manage the facility's and function's EHS impacts.

Requirements

EHS Requirements and Guidelines

Company locations worldwide shall refer to the Zimmer "EHS Requirements and Guidelines". These are supported by a comprehensive set of reference documents that provide specific requirements and guidelines for successful implementation of the EHS Codes of Practice. Some sections of the EHS Requirements and Guidelines apply to all locations (including sales and administrative offices), but most sections are directed primarily to manufacturing and distribution facilities.

Research Support Management

Management Principle

Each manufacturing facility and affected function shall conduct or support research to develop solutions to significant EHS challenges associated with the manufacturing facility and function.

Requirements

Scope of Research

- Each manufacturing facility and affected function shall:
 - provide adequate resources to conduct or support research (research broadly covers any organized efforts to obtain new information and understanding of EHS challenges)
 - incorporate research into business planning
 - establish mechanisms for communicating the results of EHS research

Precautionary Approach

Management Principle

Each manufacturing facility and affected function shall proactively identify EHS issues that will impact operations and implement necessary corrective actions.

Requirements

Scientific and Technical Understanding

- Each manufacturing facility and affected function shall develop and maintain a system to evaluate EHS impacts associated with its activities in order to identify potentially negative impacts.
- Scientific uncertainty shall not preclude efforts to address negative EHS impacts associated with products and business activities.

Risk Assessment

- If the manufacturing facility or affected function identifies a business activity that may result in serious EHS effects, facility or function shall be responsible for evaluating the risk presented by the activity.

Modifications to Business Activity

Based on its assessment of risk, and consistent with scientific and technical understanding, each business function and facility shall modify its business activities to minimize the risk of serious environmental harm, accidents, incidents, or business interruption.

Contractors and Suppliers

Management Principle

Each manufacturing facility will encourage suppliers and contractors to adopt EHS policies and practices consistent with our own and to demonstrate a commitment to safe and environmentally-responsible products, service, and management. Suppliers and contractors shall provide products and services that comply with applicable EHS requirements.

Requirements

Contract Manufacturer and Supplier Evaluations

- Depending on the nature of the operations of a contract manufacturer, each manufacturing facility and affected function shall consider conducting an EHS evaluation of the facilities and operating practices of such a manufacturer.
- As appropriate, each manufacturing facility and affected function shall consider conducting an EHS evaluation of other suppliers as well.

Purchasing Guidelines

- Without compromising the quality and competitiveness of our products or operations, Purchasing shall pursue reasonable efforts to minimize adverse EHS impact directly associated with materials and services purchased by the Company.

Emergency Prevention, Preparedness and Response

Management Principle

Each facility shall develop, implement, and maintain emergency prevention, preparedness and response plans or procedures to address EHS incidents. If a plan is needed, it shall be coordinated with emergency services, relevant authorities and the local community. Each business function shall assess its potential for EHS incidents and participate, if appropriate, in the emergency planning process.

Requirements

Hazard and Incident Assessment

- A hazard and incident assessment process shall exist which identifies the risks of potential EHS incidents and implements appropriate preventive measures.

Emergency Response Plan

- An emergency response plan shall include responsibilities and procedures for responding to and mitigating emergency incidents.
- The plan shall be periodically tested and reviewed for effectiveness and revised as necessary.

Transfer of Technology and Best Practices

Management Principle

Each manufacturing facility shall participate in the sharing of technology and best practices related to EHS performance and management systems.

Requirements

Company Information Transfer

- Each manufacturing facility shall participate in information transfer regarding technologies and best practices that relate to EHS impacts.

External Information Transfer

- Each manufacturing facility shall participate in systems (e.g., through trade associations) which identify best practices developed and implemented outside the Company.
- Each manufacturing facility shall benchmark its EHS performance against appropriate competitors and other leadership companies.
- Without compromising the Company's intellectual property rights and competitive advantage, each manufacturing facility shall endeavor to share its best practices and technology with relevant external audiences.

Common Effort: Good Citizenship

Management Principle

Each facility and affected function shall contribute, as appropriate, to public policy and to business, governmental and educational initiatives that will enhance EHS awareness and protection in the community.

Requirements

Public Policy

- Each facility shall work, as appropriate, with the public leaders in developing effective and feasible EHS policies, so that EHS benefits and burdens are shared fairly by all members of society. Activities can include:

- participation in private-public sector cooperative initiatives
- working with other industry leaders to develop management tool for EHS excellence

EHS Awareness and Education

- Each facility and affected function shall consider opportunities to participate in, or sponsor, private and public sector initiatives to raise EHS awareness and understanding in the community.

Communication with Stakeholders

Management Principle

Each facility and affected function shall foster openness and dialogue with Company and external stakeholders, anticipating and responding to their concerns regarding the potential EHS hazards and impact of products, operations, and services.

Requirements

Stakeholder Communications Systems

- Each facility and affected function shall develop communication systems that:
 - identify key stakeholders including, but not limited to, employees, shareholders, customers, contractors, suppliers, government regulators and legislators, neighbors, and the public
 - support ongoing dialogue and relationships with stakeholders
 - where appropriate, integrate significant stakeholder concerns and expectations into business goals.

Measurement and Reporting

Management Principle

Each manufacturing facility shall measure its EHS performance through recordkeeping, audits, and self-assessments.

Requirements

Resource Focus

- Each manufacturing facility shall conduct periodic assessments to ensure:
 - responsible resource selection
 - efficient use of resources
 - management of exposure to hazardous resources (e.g., materials, equipment, and energy)

EHS Operating Results

- In order to identify, evaluate, and resolve the EHS impacts related to its operations, each manufacturing facility shall measure its performance by completing the annual Operating Results survey.

EHS Auditing

- Corporate EHS shall conduct periodic audits to determine conformance with EHS requirements.

Reporting

- Each manufacturing facility shall develop reporting systems that ensure that measurement results are reported, as appropriate, to key stakeholders.

Glossary of Terms and Definitions

Capital Appropriation Request – the documentation required to support a request for expenditure of Company funds for acquisition or construction of a capital asset.

Codes of Practice – Zimmer Company EHS requirements for its business functions and facilities worldwide.

Company – Zimmer Company and majority-owned joint ventures.

Contract Manufacturer – any facility, business or other entity not owned or operated by the Company which manufactures, finishes, produces, formulates, packages or processes a product, intermediate, raw material, or packaging material to the Company's custom specifications. The Company may or may not own the material used by a contract manufacturer.

Employee – for the purposes of these Codes of Practice only, and for convenience of reference, the term "employee" includes all employees, full time or part time, and all personnel, including contract personnel, affected by these Codes.

EHS Coordinator – generic term for the employee(s) who serves as a focal point for the EHS program. The actual title given to the EHS coordinator at a particular location may differ from this generic term. The term also includes employees who fill the role on part-time basis.

Facility – a plant, warehouse, laboratory, office or combination of any of these at a single physical site.

Manufacturing Facility – Facility that manufactures products.

Affected Function – Functions that have a direct involvement in achieving compliance with a particular EHS Code of Practice or related requirement.

Government – national, provincial, federal, state, local and other governments which have authority over a facility.

Supplier – any facility, business or other entity which supplies a product, intermediate, raw material, packaging material or services.

EHS Guidance Manual – detailed implementation information corresponding to each of the Codes of Practice.

Acronyms

CAR Capital Appropriation Request
EHS Environmental, Health and Safety
PLC Product Life Cycle