

2017 Corporate Citizenship Report



to our people
to our community
to our environment
to our customers

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For all of us at Cardinal Health, debuting our first Corporate Citizenship Report provides a great opportunity to give real life examples of the values that we bring to the business of healthcare. Our employees around the world know that our customers count on them to provide safe, secure, efficient and effective solutions to complex healthcare challenges. This report tells the stories of those employees and their commitment to our mission and our values, which are inclusive of making our communities stronger and our world more sustainable. We know that by conducting our business in the right way, we create value for all of our stakeholders.

At Cardinal Health, we are deeply committed to creating a workplace where all our employees can bring 100 percent of their best selves to work every day. This authenticity starts at the top, and I am proud to say that our most senior executives sponsor the company's seven Employee Resource Groups (ERGs).

Every ERG is designed to foster collaboration, celebrate diversity and share best practices across the organization. For the past eight years, I have been proud to sponsor the Women's Initiative Network, which has provided me with hundreds of opportunities to think differently about gender equality and partnerships — and to spread the word around the company and around the world. I have watched careers flourish and leaders develop. Each of our ERGs follow similar paths — sponsoring events and panels, creating tools and fostering dialogue that make our company more inclusive and allow us to attract and retain a more talented workforce.

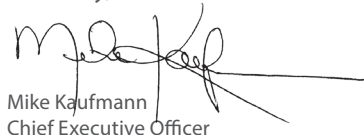
I am also proud to highlight how we take care of our communities — especially in times of crisis. In 2017, more than 600 of our employees based in Puerto Rico were especially hard hit. After dealing with life-threatening hurricanes from Florida to Houston and wildfires in California, our larger Cardinal Health team came together to provide basic supplies, including food, fuel, water and generators, to our colleagues in Puerto Rico. Meanwhile, our team on the island was working around the clock in devastating conditions to keep the healthcare infrastructure in place on the island. Our values came to life as we delivered essential medicines, supplies and materials to our colleagues, customers and their patients. That outpouring of support for friends, family and strangers in need moved me.

We are also in the midst of an ongoing public health crisis in the United States, and Cardinal Health employees care deeply about the devastation that opioid abuse has caused American families and communities. Ten years ago, we first created Generation Rx, a community-based program designed with The Ohio State University College of Pharmacy, to educate communities about the dangers of prescription medications. Since its inception, a million people have accessed our materials.

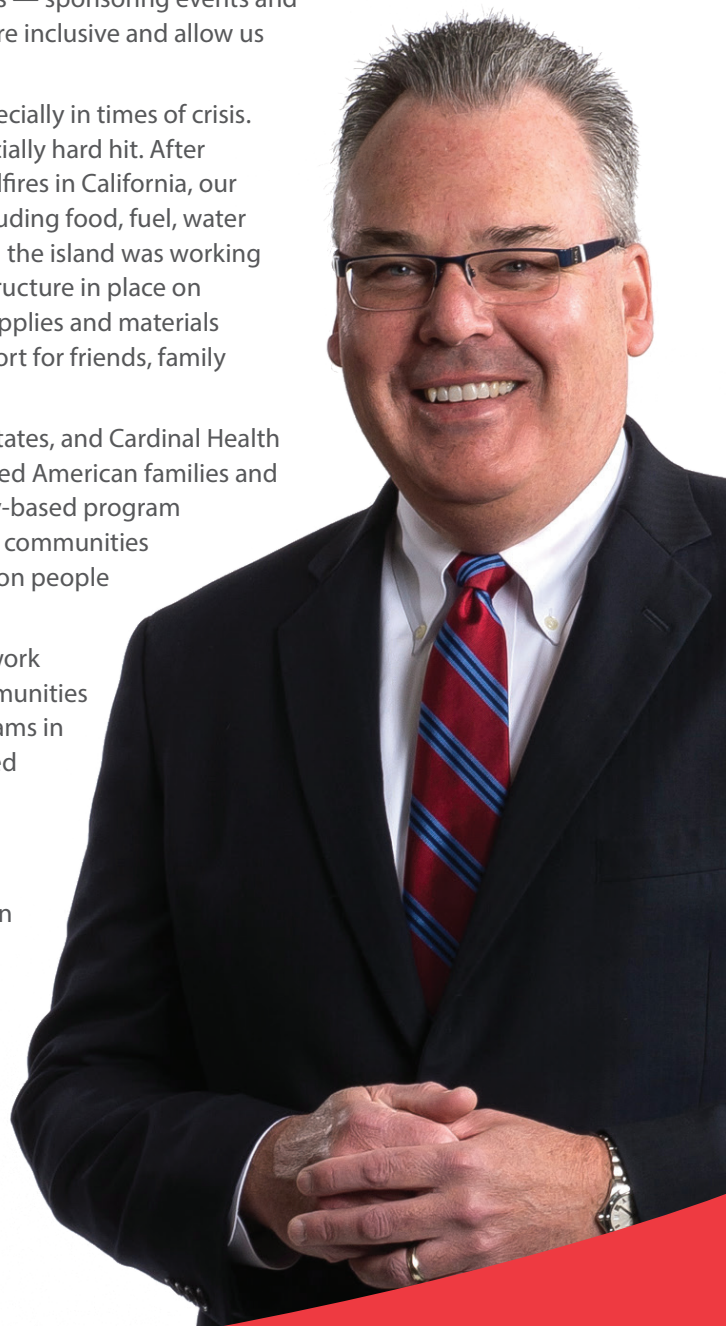
Recently, we launched the Opioid Action Program, which is built on our work with Generation Rx. This program started in some of the hardest hit communities in Ohio, Kentucky, Tennessee and West Virginia. We describe these programs in detail on pages 26 and 27 of this report. We believe that community-based models are the best way to help and that we all must work together — regulators, manufacturers, physicians, pharmacists and insurers — to address and alleviate this crisis.

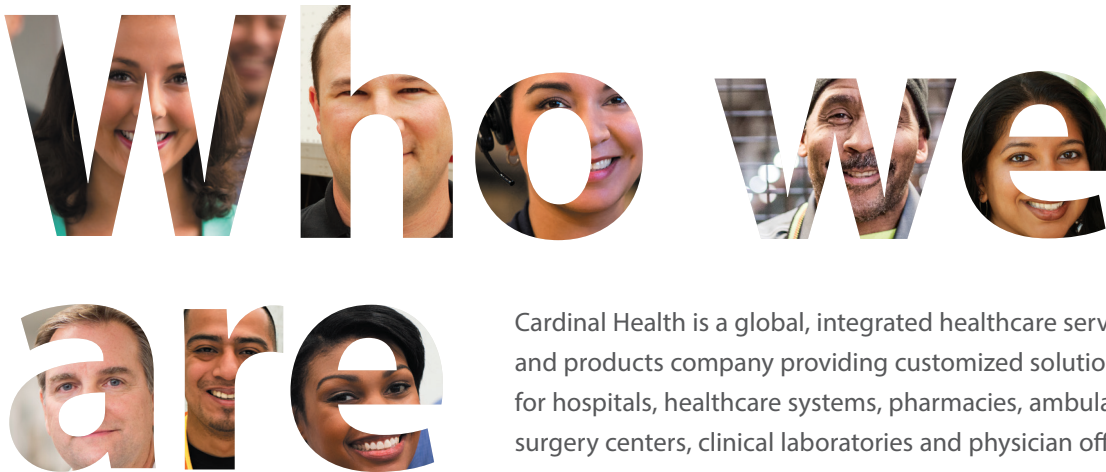
All of the work in this report is made possible by the caring and dedication of our employees. The stories you read here bring to life what it means to work at Cardinal Health. I am so proud of the tremendous service to our customers, our environment, our communities and one another that lies at the heart of every employee's story.

Sincerely,



Mike Kaufmann
Chief Executive Officer





Cardinal Health is a global, integrated healthcare services and products company providing customized solutions for hospitals, healthcare systems, pharmacies, ambulatory surgery centers, clinical laboratories and physician offices. We provide medical products and pharmaceuticals as well as cost-effective solutions that enhance supply chain efficiency. We connect patients, providers, payers, pharmacists and manufacturers for integrated care coordination and better patient management.

With nearly 100 years of experience and expertise, we enhance supply chain efficiency and security, and improve care from hospital to home. We're proud of our work to reduce the total cost of healthcare and improve the lives of patients around the globe. Our scale and experience lead to improved outcomes across the entire care continuum.

We understand that healthcare — what it is, where it happens, and how we pay for it — is at an inflection point. The demands of an aging population, the emerging needs of public health and the continued policy debates around cost, quality and access to care offer both substantial challenges and exciting opportunities.

Addressing these challenges and being thoughtful about these opportunities requires adaptive and meaningful action from all of us at Cardinal Health. We're working as a team to help everyone in the healthcare continuum achieve better outcomes.

Our people

While a robust product and service portfolio is vital to the growth of our business, what sets us apart from the competition is the deep expertise and rich experience of our employees.

Our employees are humble partners striving each day to make healthcare more efficient, providers more effective and patients as healthy as possible.

We believe in fostering an inclusive, optimistic environment where all of our employees feel they can connect, develop and thrive both personally and professionally. We encourage our team to take pride in their achievements and tenaciously fulfill our commitment to our customers.

We are more than a business. More than a partner. More than hard workers. **We are Essential to care™.**

Our values

Our values are the foundation of who we are and what we believe. They describe our culture and our company mindset:

We are **tenacious** in fulfilling our commitments to customers.

We are **accountable** for high performance and to each other.

We are **inventive** and adaptable.

We bring a sense of **optimism, enthusiasm** and **competitive spirit** to our work.

We are **genuine, open, direct** and **respectful**.

We can be **trusted** to do the right thing.

We are **inclusive** and work together with confidence and trust.



*Reflects the acquisition of the Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses (Patient Recovery Business) from Medtronic, and the sale of our pharmaceutical and medical products business in China.



Employee diversity and inclusion

Inclusion at Cardinal Health is global and includes thoughts, communication style, interests, languages, values and beliefs, and a variety of dimensions.

We're dedicated to recruiting and retaining a diverse workforce. We firmly believe that varied backgrounds and viewpoints make us a stronger and more innovative company. A diverse and inclusive work environment is crucial to our employees' personal and professional success. We strive for a workplace that accurately reflects the communities and marketplaces in which we do business.

In the U.S., Employee Resource Groups (ERGs) are a vital resource for both our business and our workforce. ERGs provide our employees a place where likeminded individuals who share interests, passions and a common bond or background, can come together to offer support and encouragement.

2009-2017

Human Rights Campaign
**Best Places to Work for
LGBT Equality**

2012-2016

Working Mother Magazine
100 Best Companies

2012-2017

Top 60 Company for
Executive Women

ERGs make Cardinal Health a better place by providing an excellent platform to understand the professional, personal and business goals of our diverse workforce, while utilizing their insights to facilitate a way to better serve our customers.

Cardinal Health ERGs

- African American Network
- Asian Pacific American Network
- Disability Advocates Network
- Equality Network
- Hispanic American Network
- Veterans and Military Advocates Network
- Women's Initiative Network

In short, we consider diversity and inclusion essential to who we are and what we do.

Employee Resource Groups spotlight — The Equality Network

The goal of the Equality Network is to create an environment where Cardinal Health can attract, develop and retain the talents of LGBTQ (Lesbian, gay, bisexual, transgender, queer/questioning) employees, while allowing them to bring 100 percent of themselves to work and improve their engagement by removing any barriers that might limit their success.

We were recognized for more than a decade of commitment to LGBTQ equality in the workplace by receiving 100 percent on the Human Rights Campaign's [Corporate Equality Index](#) (CEI), as well as being named a Best Places to Work for LGBTQ equality.

Cardinal Health credits its 10-year perfect score on the CEI to its diversity and inclusion commitment including training courses focused on:

- Enhancing awareness and understanding of employee differences
- Aligning employee intent and effect in communications
- Challenging stereotypes in the workplace
- Seven employee resource groups including the Equality Network, which is comprised of LGBTQ employees and their allies
- Basic offerings such as spousal and partner benefits
- Philanthropic support of LGBTQ organizations

A small, but essential, way this culture is manifested at Cardinal Health is through our display of LGBTQ flags outside our building in June.



A photograph of two women walking their dogs on a grassy path in a park. The woman on the left is wearing a black zip-up jacket and black leggings, walking a tan and white dog. The woman on the right is wearing a white t-shirt and olive green shorts, walking a black and tan dog. They are walking towards the camera. In the background, there is a body of water, trees, and a metal bench. The scene is brightly lit with sunlight filtering through the trees.

live
for what
matters

Our well-being

Essential to care. It's who we are in healthcare. We also believe it's essential to care about each other and our families.

Our goal is to ensure that our employees are happy and healthy. We understand that when our employees feel well, they do well — both at work and at home.

One key to health and happiness is allowing our employees to balance their daily duties with their own well-being. We know that their top priorities are caring for themselves and their family.

We help employees focus on the total well-being of themselves and their family. This isn't a one-size-fits-all-world. So we offer choices to help employees connect with their family, friends and community; develop their career; and thrive physically, mentally and financially.

Programs to develop our employees

Each employee's experience starts with an orientation that develops their understanding of us and our business. Then it leads to ongoing development opportunities so employees can thrive in their field, stay current on industry developments, and reach for new roles within the organization.

- Training and development to enhance and add new skills
- Mentoring within functional departments and across the organization
- Leadership development programs to help prepare for an expanded role
- Internal courses on topics such as diversity and inclusion
- Tuition reimbursement to encourage continued learning and growth
- Career planning to allow employees to see the skills they need to achieve their goals
- Regular goal setting and performance reviews
- Recognition awards to acknowledge outstanding achievement

Our well-being spotlight — **EMERGE leadership development program**

Cardinal Health offers an entry-level rotational program, EMERGE, designed to offer leadership development to participants in an environment where they can rotate through different departments and locations. Participants are provided an ideal opportunity to explore careers within their discipline while gaining valuable work experience needed to succeed in the future. The program is geared toward recent college graduates interested in the healthcare industry who are searching for a challenging, rewarding career in a fast-paced, consumer-oriented environment. The goal of the program is to provide participants the tools and experiences to accelerate their leadership path at Cardinal Health. While in the program, participants will:

- Develop and apply business skills
- Experience broad and diverse rotations
- Receive ongoing training and development
- Build cross-functional relationships through formal networking and mentoring
- Accelerate their professional development
- Enhance productivity through process improvement
- Develop a solid peer group
- Bring fresh and inventive ideas to our company



EMERGE is a very competitive and selective program, and we recruit for participants during the fall season for the program that begins in July of the subsequent year. We currently offer the EMERGE program in the following disciplines: analytics, customer support services, engineering, finance, information technology, marketing, sourcing and supply chain.

Our Standards of Business Conduct

Our Standards of Business Conduct are designed to foster a culture of integrity, drive compliance with legal and regulatory requirements and protect and promote our reputation. Employees receive our Standards of Business Conduct when joining the company and acknowledge it with regular training. These standards are:

- Act with integrity and in compliance with the law
- Ask questions, seek guidance and raise concerns
- Treat one another fairly and foster a safe, productive, diverse and environmentally responsible workplace
- Avoid conflicts of interest
- Compete with integrity in the marketplace
- Protect the integrity of the global supply chain
- Interact appropriately with government entities, officials and employees
- Maintain accurate books and records
- Protect information and assets
- Encourage individual volunteerism and corporate social responsibility

Learn more:

- [Standards of Business Conduct](#)

Our employment practices

► **Fair treatment and diversity**

We provide equal opportunity to employees and applicants during the employment process. We seek to build a diverse, inclusive workplace that is representative of the communities in which we operate and that is free from discrimination. In addition, we're dedicated to fostering a work environment where employees are respected and enjoy coming to work.

► **Harassment and bullying**

Employees must treat each other and those with whom they interact with respect and professionalism. We will not tolerate harassment (including sexual harassment), intimidation or bullying of employees by co-workers, managers or any other individuals with whom employees come into contact while conducting business. We require not only compliance with applicable laws prohibiting harassment, discrimination or bullying, but also conduct which is consistent with the Standards of Business Conduct and Cardinal Health policies.

► **Substance abuse**

The health and safety of our employees demands that each employee report to work free from the influence of any substance that could prevent him or her from conducting work activities safely and effectively. Substance abuse and the misuse of alcohol and drugs pose unacceptable risks for safe, secure and efficient operations and will not be tolerated.

► **Workplace violence prevention**

We do not tolerate workplace violence and will investigate and take appropriate action against unacceptable behavior such as physical assaults, fights, threats and intimidation.

► **Employment of minors**

We comply with applicable federal, state and local child labor laws.

► **Anti-slavery policies**

Cardinal Health is firmly opposed to slavery and human trafficking, including the use of force, fraud or coercion to obtain some type of labor, and we will not tolerate these practices. Our policies require employees to report to us any incident of modern slavery or human trafficking. In addition, our Vendor Code of Conduct sets clear expectations in the area of modern slavery and human trafficking for our suppliers.

► **Anti-retaliation**

We will not retaliate against an employee who truthfully raises a concern about any actual or suspected misconduct or other risks to the business.

Learn more:

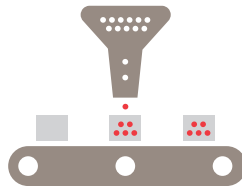
- [Equal employment opportunity/nondiscrimination](#)
- [Harassment and bullying prevention](#)
- [Employment of minors](#)
- [Modern slavery statement](#)

How we do business

Headquartered in Dublin, Ohio, Cardinal Health is a global, integrated healthcare services and products company serving hospitals, healthcare systems, pharmacies, ambulatory surgery centers, clinical laboratories and physician offices worldwide.



We serve more than 24,000 pharmacies.



We manufacture or source nearly 400,000 unique products to support patients across the continuum of care.



We're in nearly 85% of U.S. hospitals.



We serve more than 2 million home patients with nearly 50,000 medical products.



We serve more than 10,000 specialty physician offices and clinics.

We believe we create value for all our stakeholders by conducting our business in the right way. From our unique vantage point, we work with provider customers, manufacturers and suppliers to improve healthcare and the lives of patients, and the health and well-being of our workplace, our employees and our communities around the globe.

We lead by example and learn from experience. We set high standards for our people at all levels and strive to consistently meet them. Our sound business principles and practices foster our strong, innovative and collaborative culture, which is committed to ethical behavior, accountability and transparency.

We provide medical products and pharmaceuticals as well as cost-effective solutions that enhance supply chain efficiency from hospital to home. Cardinal Health connects patients, providers, payers, pharmacists and manufacturers for integrated care coordination and better patient management. We manage our business and report our financial results in two segments: Pharmaceutical and Medical.

Pharmaceutical Segment

Our Pharmaceutical segment distributes branded and generic pharmaceutical, specialty pharmaceutical, and over-the-counter healthcare and consumer products in the United States. This segment also provides services to pharmaceutical manufacturers and healthcare providers to support the development, marketing and distribution of specialty pharmaceutical products; operates nuclear pharmacies and radiopharmaceutical manufacturing facilities; provides pharmacy management services to hospitals, as well as medication therapy management and patient outcomes services to hospitals, other healthcare providers and payers; and repackages generic pharmaceuticals and over-the-counter healthcare products.

Medical Segment

Our Medical segment manufactures, sources and distributes Cardinal Health branded medical, surgical and laboratory products, which are sold in the United States, Canada, Europe, Asia and other markets. This segment also distributes a broad range of national brand products and provides supply chain services and solutions to hospitals, ambulatory surgery centers, clinical laboratories and other healthcare providers in the United States and Canada. This segment also distributes medical products to patients' homes and provides post-acute care management and transition services and software to hospitals, other healthcare providers and payers in the United States.



Product and supply chain integrity

Anti-diversion and regulation

At Cardinal Health, our role as a distributor of pharmaceutical products is to provide a safe, cost-efficient and secure channel to deliver medications of all kinds, from the hundreds of manufacturers who make them, to the thousands of pharmacies that dispense them. We help ensure that prescribers, pharmacists and patients have access to the medications they need — when and where they need them. We work diligently, within our distribution channels, to prevent the diversion of prescription pain medications from pharmacies to illegitimate and inappropriate uses. We take this responsibility seriously; it is at the core of our business.

Our commitment to combatting prescription drug diversion

Prescription drugs, including prescription pain medications, are critical to patient care; yet, their misuse and abuse has contributed to an opioid epidemic that is a serious and complex public health crisis. Operating as part of a multi-faceted and highly regulated healthcare system, we have state-of-the-industry control systems to combat the diversion of prescription pain medications from legitimate uses.

Although, as a pharmaceutical distributor, we do not manufacture, promote or prescribe prescription medications to members of the public, we recognize our role alongside all participants in the prescription drug supply chain, including regulators, manufacturers, physicians, pharmacists, insurers and patients, in helping to combat this challenge.

Our sophisticated, state-of-the-industry anti-diversion program uses advanced analytics, technology and on-the-ground deployment of investigators to evaluate pharmacies and scrutinize customers and orders, as well as to identify, block and report orders of prescription controlled substances that do not meet our strict anti-diversion criteria. The Cardinal Health anti-diversion team consists of about 85 dedicated professionals.

Our anti-diversion program consists of three main components:

► **Know your customer**

On a customer-specific basis, we understand the range of legitimate requirements for controlled substances and establish thresholds.

► **Electronic monitoring**

Cardinal Health customers are subjected to electronic monitoring for every controlled substance order prior to fulfillment. Cardinal Health monitors dosage units for each controlled substance drug family; when a pharmacy's orders hit the established threshold, the order is held and cancelled. Cancelled orders are reported to regulators.

► **Site visits**

Cardinal Health conducts regular site visits to its customers across the country as part of its anti-diversion program.

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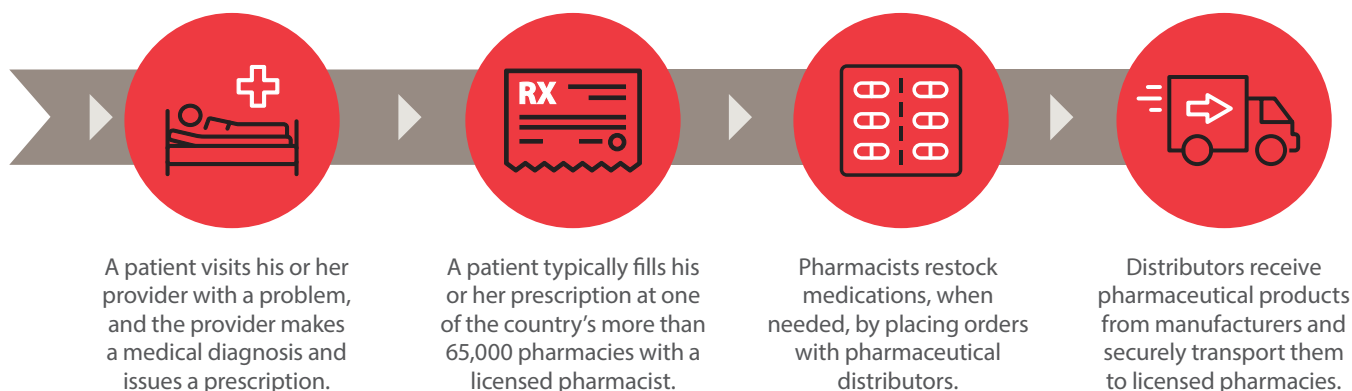
We have been and intend to remain an industry leader on this vital issue.

The people of Cardinal Health care deeply about the devastation opioid abuse has caused American families and our communities. We're committed to helping solve this complex national public health crisis and operate a constantly adaptive, rigorous internal systems to combat opioid diversion.

For more than a decade, we've funded education and prevention programs in communities across the country through [Generation Rx](#), a national program to help prevent the misuse of prescription medications that has reached more than a million people. In addition, our employees have collectively volunteered thousands of hours to community service to support drug take-back days and community awareness and education efforts at schools, senior centers and elsewhere.

The pharmaceutical supply chain

All medications travel through a complex and highly regulated healthcare system that includes many participants.



Quality and regulatory compliance

As a leading manufacturer and distributor of products for the healthcare industry, Cardinal Health and our employees across the globe work to comply with applicable legal and regulatory responsibilities to ensure we are providing safe and high-quality products. Our customers, shareholders and suppliers count on it, and our company's continued success depends on it.

Our processes and procedures are designed to ensure compliance with applicable global regulations, and establish standards for design, manufacturing and distribution of our products. We provide training and education to our employees about our quality systems and applicable regulatory requirements.

Our businesses are responsible for product design and development, registration, qualification of private label suppliers, manufacturing, packaging, labeling, sourcing, warehousing, installation and servicing. They are supported by the Cardinal Health Quality and Regulatory Affairs department, which has oversight and advisory responsibility and is ultimately overseen by the chief legal and compliance officer.

Our businesses maintain Corrective and Preventive Action (CAPA) systems designed to recognize sources of non-conforming product, investigate and diagnose the root cause and implement appropriate remedies to prevent the potential issue or its recurrence. Our businesses also operate management systems designed to effectively handle complaints for continuous improvement and corrective action.

Safety and security of the pharmaceutical supply chain

The safety and security of our nation's pharmaceutical supply is a top priority for Cardinal Health and a responsibility we take very seriously. A safe and reliable drug supply is central to our customers' business and critical to the health and well-being of patients.

Cardinal Health believes the fastest, safest and easiest way to secure the supply chain is by purchasing directly from the branded, generic or consumer health product manufacturers and distributing those products directly to our customers.

We continue to implement measures to ensure the safety of our deliveries and of the people involved in those exchanges.

- ▶ **Throughout our network we have strategically implemented the use of GPS units on routes to customer delivery locations throughout the U.S.**
- ▶ **We work with regional couriers who make deliveries in unmarked vehicles with tinted windows.**
- ▶ **We audit the chain of custody process** in the field to ensure that each step of the process is followed.
- ▶ **We regularly review crime data to determine our highest risk areas.**
- ▶ **Cardinal Health ships all totes and cases containing controlled substances in the same manner as totes and cases that do not contain controlled substances.**
- ▶ At the request of customers, we have the ability to **vary delivery time** so that there is not a predictable daily delivery that would be susceptible to notice.
- ▶ **We work with various industry associations** to stay up to date on the latest information on supply chain safety and security.
- ▶ **We operate the Security Operations and Intelligence Center**, a centralized Cardinal Health security center manned 24/7 where events are reported, tracked and responded to accordingly.

Responsible sourcing

The continued success of Cardinal Health depends on our vendors and business partners acting with honesty and integrity while conducting business with or on behalf of Cardinal Health.

Cardinal Health sources from more than

10,000 suppliers in **11** countries.

Supplier compliance

Each Cardinal Health vendor must comply with applicable laws and regulations of the jurisdiction in which they are doing business, specifically including:

- U.S. federal healthcare fraud and abuse laws
- Anti-bribery and anti-corruption
- Import/export laws
- Facility and supply chain security
- Anti-counterfeiting
- Conflict minerals
- Boycotts
- Antitrust
- Industry standards

Supplier integrity

All Cardinal Health vendors must conduct their overall business with integrity. Our vendor code of conduct specifically addresses business records, interactions with regulators, media/investors, gifts, conflicts of interest, insider trading, business continuity and crisis management, as well as animal welfare.

Learn more:

- [Vendor code of conduct](#)
- [Conflict minerals policy](#)

Supplier labor practices and human rights

All Cardinal Health vendors must comply with the following labor and employment practices:

- Child labor
- Compensation
- Hours of labor
- Forced/prison labor
- Discrimination/rights
- Immigration law and compliance
- Employee identification
- Employee records

Supplier diversity

Cardinal Health is committed to diversity in our supplier base and develops and fosters strategic business relationships with large and small businesses owned by ethnic minorities, women and veterans. In FY17, we spent \$3.2 billion with diverse suppliers. Cardinal Health participates in various events, workshops and seminars, providing an opportunity to share key program activities, best practices, and opportunities with diverse suppliers. We also develop and mentor diverse businesses through the [National Minority Supplier Development Council Centers of Excellence \(COE\) program](#), [Federal Government Mentor-Protégé program](#) and under Cardinal Health Corporate guidelines. Read the full [Diverse Supplier Inclusion Policy](#).

Cathy Mock honored with Lifetime Achievement Award; Future Award namesake

This year Cathy Mock, Director, Supplier Diversity, was awarded the Lifetime Achievement Award from the Ohio Minority Supplier Development Council (Ohio MSDC). In addition to this recognition, the award was renamed in her honor for future generations.

Ohio MSDC is an organization that bridges minority-owned businesses and corporate America. As former President of Ohio MSDC, Cathy has worked tirelessly throughout her career to support minority-owned businesses and advance supplier diversity. Cathy is the Ohio MSDC's Certification Committee Chair and has served on the Board of Directors for 17 consecutive years.



FY17 spend
\$3.3 billion
with diverse suppliers

Supplier partners
300
owned by women
or minorities

Diverse supplier
partner relationships
2,700+
inclusive of small
businesses,
HUBZone-based
businesses, and businesses
owned by minorities,
women, veterans and
service-disabled veterans

Supplier diversity spotlight — **DiSorb Systems**

At Cardinal Health, we promote sustainable business models, customer solutions and economic impact through our strong supply chain partnerships. DiSorb Systems is one of those partners who is strengthening Cardinal Health through providing diverse supplier solutions.



DiSorb is a premier service-disabled, veteran-owned liquid medical waste treatment product manufacturer based in a North Philadelphia HUBZone, a designation assigned by the Small Business Administration to denote economically depressed areas. Being located within a HUBZone allows DiSorb to employ members of the community and help provide a long lasting financial impact for current and future generations. DiSorb's products help our customers take a step toward improving safety through solidifying liquid medical waste.

DiSorb's solidifiers turn liquid into a gel-like substance, so spills and splashes are virtually eliminated. They also decontaminate waste as it gels, further reducing the risk of dangerous bloodborne pathogens. This disinfecting solidifier allows hospitals to dispose of full suction canisters in non-regulated white bag trash, which can dramatically decrease waste management costs. The Association of periOperative Registered Nurses (AORN) acknowledges that use of solidifiers greatly reduces the risk of exposure to blood and contaminated bodily fluids.

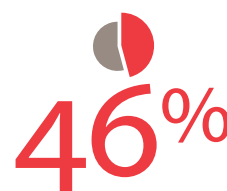
Ethics and governance

In operating our business, we are guided by established standards of corporate governance and ethics. The foundation of our approach to corporate governance is presented in our proxy statement.

Board of Directors

Our Board of Directors serves as the representative and acts on behalf of all of the shareholders of Cardinal Health. In representing Cardinal Health shareholders, the basic responsibility of the directors is to exercise their business judgment in good faith and to act in what they reasonably believe to be the best interests of the company.

The Board, among other things, oversees management in the conduct of our businesses and management's efforts to establish and maintain high standards of legal and ethical conduct; reviews and, where appropriate, approves, the company's major business strategies, capital deployment and long-term plans and reviews its performance; selects, evaluates and sets the compensation for the chief executive officer and other senior officers and plans for management succession; oversees management's efforts in regard to accounting, financial reporting and financial and other controls; oversees the company's risk management policies and practices; recommends appropriate candidates for election as directors; and oversees other aspects of our corporate citizenship programs and practices.



46%

of our board of directors is ethnically or gender diverse



David J. Anderson (A)
Retired Senior Vice President and Chief Financial Officer, Honeywell International Inc.
Former Executive Vice President and Chief Financial Officer, Alexion Pharmaceuticals, Inc.



Colleen F. Arnold (N)
Retired Senior Vice President, Sales and Distribution, International Business Machines Corp.



George S. Barrett
Executive Chairman of the Board, Cardinal Health, Inc.



Carrie S. Cox (H, C)
Chairman and Chief Executive Officer, Humacyte, Inc.
Former Executive Vice President and President, Global Pharmaceuticals, Schering-Plough Corp.

A: Audit Committee member
C: Ad Hoc Committee member
H: Human Resources and Compensation Committee member
N: Nominating and Governance Committee member
I: Independent Lead Director

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Calvin Darden (H, C)
Retired Senior Vice
President, U.S.
Operations, United
Parcel Service, Inc.



Bruce L. Downey (A, C)
Partner, New Spring
Health Capital II, LP
Retired Chairman
and Chief Executive
Officer, Barr
Pharmaceuticals, Inc.



**Patricia A. Hemingway
Hall** (A, N)
Retired President and
Chief Executive Officer,
Health Care Service
Corp.

In 2018, the Board formed an Ad Hoc Committee of independent directors to assist the Board in overseeing the company's response to the opioid crisis.



Akhil Johri (A)
Executive Vice
President and Chief
Financial Officer, United
Technologies Corp.



Clayton M. Jones (A)
Retired Chairman,
President and Chief
Executive Officer,
Rockwell Collins, Inc.



Michael C. Kaufmann
Chief Executive Officer,
Cardinal Health, Inc.



Gregory B. Kenny
(I, N, C)
Retired President and
Chief Executive Officer,
General Cable Corp.



Nancy Killefer (H)
Retired Senior
Partner, Public Sector
Practice, McKinsey &
Company, Inc.



David P. King (H)
Chairman, President
and Chief Executive
Officer, Laboratory
Corp. of America
Holdings

A: Audit Committee member
C: Ad Hoc Committee member
H: Human Resources and
Compensation Committee
member
N: Nominating and Governance
Committee member
I: Independent Lead Director

Governance of corporate responsibility

We have an Environmental, Social and Governance (ESG) Coordinating Committee, a cross-functional group of senior managers from our company. The ESG Coordinating Committee serves as the central coordinating body for our ESG strategy, benchmarking and reporting.

Ethics and compliance program

Our chief legal and compliance officer has responsibility to implement and maintain an effective ethics and compliance program. The Audit Committee of our Board of Directors oversees our ethics and compliance program.

Business conduct line

Our employees, as well as third parties, can ask questions about our Standards of Business Conduct and other ethics and compliance issues, or report potential violations, through our Business Conduct Line, a global telephone information and reporting service. Telephone calls are toll-free, and the Business Conduct Line is available 24 hours a day, seven days a week, with translators available. Cardinal Health has structures in place to handle inquiries regarding ethics and compliance issues and if a concern is substantiated, the situation is resolved through appropriate corrective actions, which may include disciplinary action.

More information about our approach to and administration of ethical business conduct for employees and third parties is available on our [Ethics and Compliance](#) page.

Anti-bribery and anti-corruption

Cardinal Health prohibits bribery and other corrupt conduct in any form within the countries in which we do business. In addition, other than payment of published fees to file documents, Cardinal Health employees must not make payment to expedite or secure a routine governmental action, often referred to as a facilitating payment. Employees who conduct business on a global basis must undergo periodic training on anti-corruption laws and our policy and procedures.

Interaction with healthcare professionals

We have processes and procedures to comply with the laws, regulations and industry codes that govern the interactions of healthcare companies and healthcare professionals in the many countries in which we do business. To help ensure compliance, our employees receive periodic communications as well as online and in-person trainings.

Learn more:

- [2017 Proxy Statement](#)
- [Standards of Business Conduct](#)
- [Anti-bribery and anti-corruption guide for third-party vendors working on behalf of Cardinal Health](#)
- [Cardinal Health corporate governance page](#)



Data privacy

Cardinal Health has policies and procedures designed to comply with the laws that govern the collection, use and management of patient-identifiable health information and other sensitive personal and financial information in the countries where we do business. These laws include the U.S. Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and European Union data privacy regulations. We have programs in place to detect, contain and respond to information security incidents, which are overseen by our chief information security officer and ultimately our chief information officer. We regularly conduct information security and privacy audits, domestically and internationally, to gauge our employees' understanding of our data protection policies. We also conduct practice cyber event drills to prepare for potential incidents. We build employee awareness of privacy issues through regular training and engagement.

Corporate political activity

Cardinal Health believes that as a responsible corporate citizen, it's important to participate in the political process by using our unique knowledge and experience in healthcare to help inform and advise policy makers on matters that impact the quality, effectiveness and affordability of healthcare and impact our company, customers, shareholders and employees. Consistent with our Standards of Business Conduct, our political contributions policy reflects our commitment to comply with federal, state and local laws and regulations governing political contributions and lobbying.

The vast majority of our political contributions to state candidates, and all of our contributions to federal candidates, are made by the Cardinal Health Companies Political Action Committee (PAC), and not with corporate funds. While the PAC is administratively supported by Cardinal Health, it is funded entirely by voluntary contributions from our employees.

The Nominating and Governance Committee of our Board of Directors oversees our policies and practices regarding political expenditures, including an annual review of our political contributions policy and corporate political contributions and trade association dues and payments.

We disclose contributions from corporate funds to state candidates and ballot initiatives and identify trade associations to which we paid more than \$50,000 in annual corporate member payments in our annual political activities and contributions report.

Learn more:

- [Political activities and contributions report](#)



Taking care of where we live, work and play

Community

Cardinal Health is a responsible, engaged and helpful citizen in the communities and countries where we are located. Through financial support from Cardinal Health, the Cardinal Health Foundation and the investment of employee time, we focus on three core areas: reduced prescription drug misuse, better patient outcomes and healthier communities.

In 2017, employees personally contributed nearly

\$3 million

including a Cardinal Health Foundation match

Employees gave
thousands of hours

of volunteer time to nonprofits



Reducing prescription drug misuse

A decade ago, the Cardinal Health Foundation partnered with The Ohio State University College of Pharmacy to create Generation Rx, a national prescription drug prevention education and awareness program.

Generation Rx takes a multi-pronged approach to ending prescription drug misuse:

► Prevention education

Generation Rx offers age-appropriate resources to educate everyone about using medications safely. Materials include presentations, handouts, activities and videos.

► Drug take-back programs

Generation Rx helps communities build or expand medication disposal programs. Grantees, working alongside pharmacists and youth, are raising awareness and getting rid of thousands of pounds of drugs that are no longer needed.

► Best practices in pain management

We support healthcare organizations as they engage patients and healthcare providers in reducing the number of opioids prescribed for pain. *Our goal is simple: Better pain management with fewer opioids.*

► Community collaborations

Generation Rx supports communities as they work together to reduce prescription drug misuse. We know that ending the prescription drug misuse epidemic requires everyone to join forces, create non-traditional partnerships and design new strategies. Generation Rx supports communities as they work together to create innovative partnerships and design new strategies.



More than

1 MILLION

people have been reached with the Generation Rx message.



EVERY STATE

Generational Rx educational resources have been used in every state in the U.S.



More than

100 COLLEGES OF PHARMACY

have Generation Rx programs.



More than

230 PHARMACISTS

have been honored with the Generation Rx Champions award since 2010.

OPIOID ACTION PROGRAM

A Cardinal Health™ Program

To build on Generation Rx efforts, Cardinal Health launched the [Opioid Action Program](#). The program aims at helping communities in four of the nation's hardest-hit states across Appalachia — Ohio, Kentucky, Tennessee and West Virginia — combat the opioid epidemic.



The Opioid Action Program has four elements, each cited by leading experts, including the Centers for Disease Control and Prevention (CDC), the National Academies of Sciences, Engineering and Medicine (NASEM), and the President's Commission on Combating Drug Addiction and the Opioid Crisis, as critical to the fight to reduce opioid abuse and casualties.

1 Distribution of Narcan® free-of-charge for first responders and law enforcement

Cardinal Health is purchasing more than 80,000 dosage units of overdose-reversing Narcan® for distribution for first responders and law enforcement.

2 Drug take-back events

Cardinal Health will offer more robust support for drug take-back and education programs, including more than 80 take-back events across 22 states.

3 Student and prescriber education

Cardinal Health invested in a \$3 million expansion of grants focused on youth prevention education, prescriber opioid awareness and reduction efforts, and community responses to the epidemic.

4 Medical school training

Cardinal Health has partnered with the Warren Alpert Medical School of Brown University to support the development of curriculum that will teach the next generation of physicians core competencies in preventing prescription drug misuse.

Cardinal Health will evaluate the success and impact of this pilot program and seek opportunities to expand it into additional states and communities.

Better patient outcomes

Over the last decade, through our Effectiveness, Efficiency and Excellence in Healthcare Grant Program, the Cardinal Health Foundation has invested nearly \$10 million in more than 300 grants to hospitals, health systems or other health-related organizations to improve patient outcomes and reduce costs.

Healthier communities and disaster relief

The Cardinal Health Foundation provides financial support while our employees invest time to help countries worldwide through community involvement and donations to global disaster relief efforts.

Business resiliency

Cardinal Health takes its responsibility to maintain service to our customers during crisis situations very seriously, as demonstrated through our history of service during natural and human-made events. Whether an everyday incident, an emergency or a disaster, we have appropriate response and recovery capabilities.

Our Business Resiliency Management team has business resiliency plans that coordinate business operations and emergency preparedness procedures for each of our facilities to anticipate, respond to and stabilize a situation immediately following an incident. Our plans are designed to comply with national, state and local regulatory agency policies. In collaboration with governmental agencies, we focus on taking quick action to protect lives, enable our customers and ensure the integrity of our supply chain. In addition, we work closely with [Healthcare Ready](#) (formerly Rx Response) — a 501(c)(3) organization that brings together public health and private sectors to help strengthen healthcare supply chains before, during, and after disasters.

Community involvement spotlight — 2017 hurricane recovery

In response to three major hurricanes making direct landfall in the U.S. and Puerto Rico throughout August and September, Cardinal Health contributed nearly \$2 million in product donations to AmeriCares and World Vision International, two disaster relief organizations experienced in getting medical supplies quickly to those in need. Employees also personally donated tens of thousands of dollars to help colleagues most impacted by the storms.

In addition to these contributions, many employees worked front and center to support rescue relief efforts during Hurricanes Harvey and Irma.

Pam West, Manager, Nuclear Pharmacy Services at Cardinal Health — Houston, Texas

While at home when the storm first began, Pam stayed in close contact with her five employees who were stuck in the pharmacy and unable to leave. Although they planned ahead with plenty of food and water, the time was extremely stressful. The very next day, Pam's husband drove her to the pharmacy to help her employees find a way out.

After her employees safely exited the pharmacy, Pam took the responsibility of staying at the pharmacy for four days. With very little rest and a willing heart, she answered customer calls, employee calls and constantly altered her plan for how and when to re-open the pharmacy. Pam used a security mobile app to rescue an employee's son who had gotten stranded at a gas station and had lost his car in the flood waters. She also rescued a kitten, affectionately named Harvey.



[Read more stories](#)

about how collaboration and dedication helped overcome barriers in Texas and Florida for our customers and employees.



Environmental, health and safety

The Cardinal Health environmental, health and safety (EHS) programs strive to take care of where we live, work and play. In addition to our commitment to the health and safety of our employees, our contractors and our community, we remain committed to minimizing the impacts of our business on the environment. We believe that work-related illnesses, injuries and environmental incidents are preventable.

It's our vision to have all employees and contractors working safely and in an environmentally responsible manner 100 percent of the time.

Learn more:

- [Global EHS Policy](#)
- [Global EHS Management System](#)
- [Global Environmental Sustainability Guiding Principles](#)

Health and safety initiatives

Cardinal Health has health and safety training programs and initiatives that target risk reduction.

Examples include some of the following:

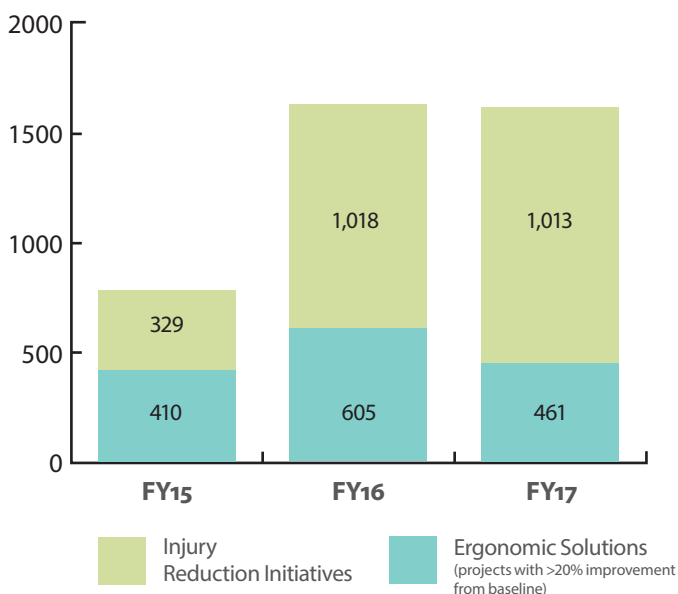
- ▶ **10- and 30-hour safety courses** that provide training on identifying, correcting, avoiding and preventing job-related hazards, targeting operations personnel such as supervisors and managers.
- ▶ **Root cause analysis training** that provides a uniform approach toward determining root causes and developing mitigation actions.
- ▶ **Electrical safety course**, developed in partnership with a leader in live maintenance training, to focus on building skills with hands-on training critical to completing work competently and safely.
- ▶ Cardinal Health has partnered with a global leader in contractor safety programs to enhance contractor compliance and risk mitigation.

Ergonomic and injury reduction initiatives

Since FY15, we've completed more than 1,400 ergonomic solutions and more than 2,300 injury reduction initiatives aimed at reducing risk and making our employees and contractors safer in the workplace. The ergonomic and injury reduction initiatives are integrated into operations. The Total Recordable Incident Rate is just one of the many metrics we utilize in sustaining our safety culture.

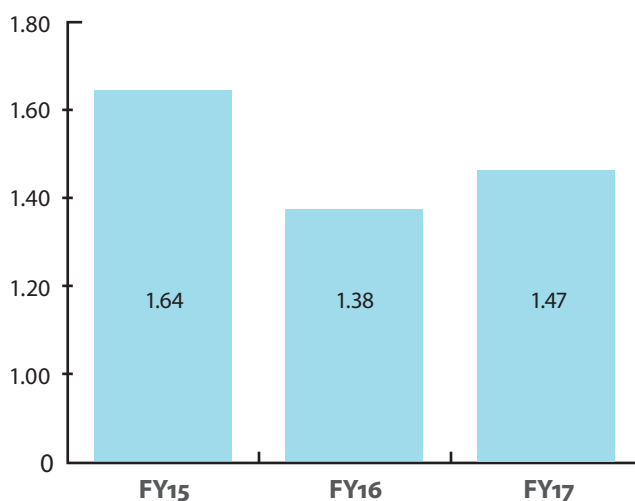
Ergonomic solutions and injury reduction initiatives

(project count)



Total Recordable Incident Rate

(total OSHA recordable incidents x 200,000/total hours worked)



Environmental sustainability guiding principles

Fundamental to our environmental sustainability program are four key principles that guide our efforts.



Pollution prevention

Minimize waste generated in our operations and maintain high rates of reuse and recycling.



Energy optimization

Optimize energy selection and use to reduce impacts to the environment, minimize greenhouse gas emissions and give preference to renewable energy sources when feasible.



Design for environment

Design products and services to reduce consumption of natural resources and energy requirements, to reduce waste and emissions, and to maximize overall product functionality.



Employee and public outreach

Promote environmental awareness and engagement among employees, the public and our customers that lead to sustainable development.



Environmental sustainability initiatives

Greenhouse gas emissions

Cardinal Health invests in energy optimization technologies that reduce our greenhouse gas emissions through improving technology and increasing efficiency. Examples of past projects include a Leadership in Energy and Environmental Design (LEED) certified headquarters building, a biomass boiler, solar photovoltaic (PV) panels, more efficient heating, ventilation, air-conditioning (HVAC) systems, upgraded efficient process equipment, upgraded lighting with light emitting diode (LED) technology, improved temperature control measures in office buildings and improved building insulation values. Ongoing energy optimization projects across our portfolio provide energy cost savings and reduce carbon dioxide equivalency (CO₂e) emissions.

In FY17 approximately 1,900 Metric Tonnes CO₂e¹ and 2.6 million kWh were avoided due to energy efficiency projects.

Cardinal Health engaged Bureau Veritas North America, Inc. in an independent verification of our reported greenhouse gas emissions. Our FY17 and CY16 emission data have been verified at a Limited Level of Assurance: Scope 1, Scope 2 (Location based), and Scope 3 (Air travel departing from North America only).

FY17 energy efficiency projects resulted in

1,900

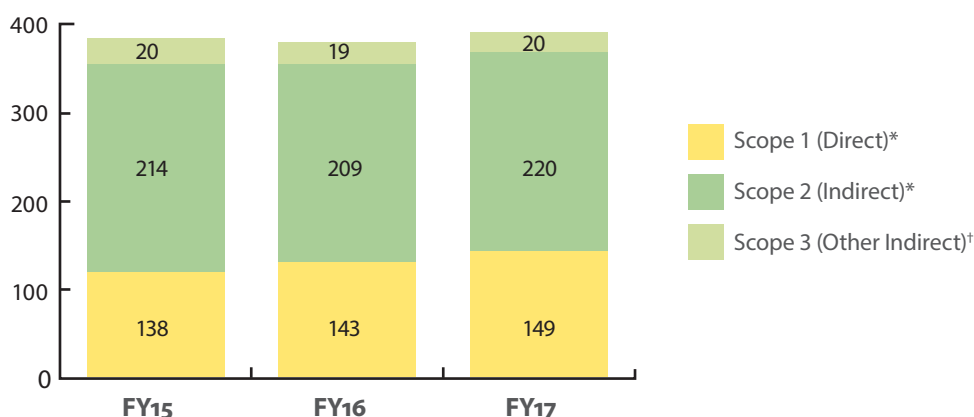
Metric Tonnes CO₂e and

2.6 million

kWh avoided

Greenhouse Gas

(thousand metric tons CO₂e)



* Scope 1 & 2: Calculated according to The Climate Registry General Reporting Protocol

† Scope 3: Calculated according to the U.S. EPA Emission Factors for Greenhouse Gas Inventories

FY17 represents approximately 85 percent of total square footage.

¹ Calculated according to U.S. EPA greenhouse gas equivalencies calculator



Water conservation

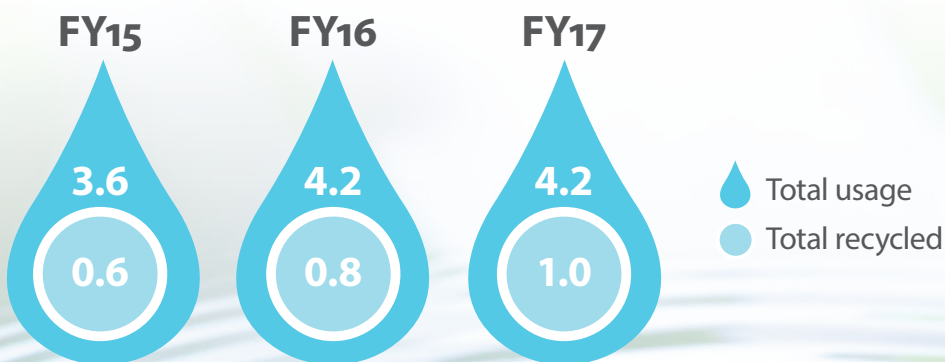
Cardinal Health strives to conserve the amount of water used in our manufacturing processes, and on our facility grounds.

In FY17 more than 20 percent (or more than 250 million gallons) of our total water consumption was comprised of recycled process water at our facilities.

- ▶ A manufacturing plant has invested in a waste water recovery operation from their expanding process instead of sending increased waste water to local water treatment plants.
- ▶ A Cardinal Health facility in Puerto Rico collects rain water from site roofs and utilizes it for cooling of air handling units, bathrooms and irrigation. Since its installation, this collection system continues to reduce municipal water demand and reduce energy consumption for the air handling units.
- ▶ At the Cardinal Health headquarters, rain water runoff is redirected and collected to supplement water used for irrigation of the campus grounds.
- ▶ A facility located in an arid climate has re-landscaped their grounds implementing xeriscaping in which only native plants that thrive in their region are utilized thus eliminating the need for supplemental irrigation.
- ▶ Multiple facilities have reduced their amount of water usage from eliminating lawn irrigation.

Water usage

(million cubic meters)



FY17 represents approximately 85 percent of total square footage.

Renewable energy

Cardinal Health has invested globally in renewable energy projects. In FY17 solar panels generated more than 207,000 kWh. The Cardinal Health Rayong, Thailand manufacturing operation, with a long-standing commitment toward environmental sustainability, can operate a biomass renewable energy boiler depending on economic conditions. Fueled by sustainable eucalyptus wood wastes, the renewable energy generator is capable of offsetting 100 percent of the natural gas consumption in the manufacturing process. The biomass boiler utilizes fuel supplied by partners that are certified Forest Stewardship Council (FSC) 100 percent.



Waste to energy / Landfill avoidance

Some locations are pursuing landfill avoidance by sending site wastes to incineration-to-energy facilities.

In FY17 more than

2.5 million

pounds of waste
avoided landfills

Transportation

- ▶ Cardinal Health has been a partner in good standing in the SmartWay program as both a shipper and a carrier since 2010. Cardinal Health Canada has been a partner since 2015.
- ▶ Cardinal Health Puerto Rico has invested in liquid petroleum gas (LPG) fleet vehicles to increase efficiency and reduce both emissions and costs. The project has successfully resulted in improved fuel efficiency, while reducing maintenance costs, fuel prices and emissions. The success of the project resulted in an ongoing expansion to the LPG fleet.
- ▶ Some locations offer electric vehicle charging stations available to employees. Station data along with employee feedback will guide future electric vehicle charging station deployment.



Recycling

Recycling is a part of our core guiding principles fundamental to our sustainability program. Our programs recycle wood, cardboard, plastics, paper, metal, electronics and ink cartridges among other resources. In FY17, more than 102 million pounds of materials were recycled, which equates to 75 percent of our total waste.







Waste minimization

In working toward minimizing landfill waste, multiple facilities are working with a U.S. manufacturer of printer toner cartridges. The manufacturer operates a closed loop process allowing remanufactured cartridge cores to be reused multiple times and avoid single use and disposal as landfill waste.

Additionally, Cardinal Health is actively reducing our paper waste through the adoption of electronic documentation. What began as an idea submitted to the company's internal innovation competition has expanded into an enterprise-wide standard. Electronic signatures and electronic document tracking are saving the company time, money and energy.

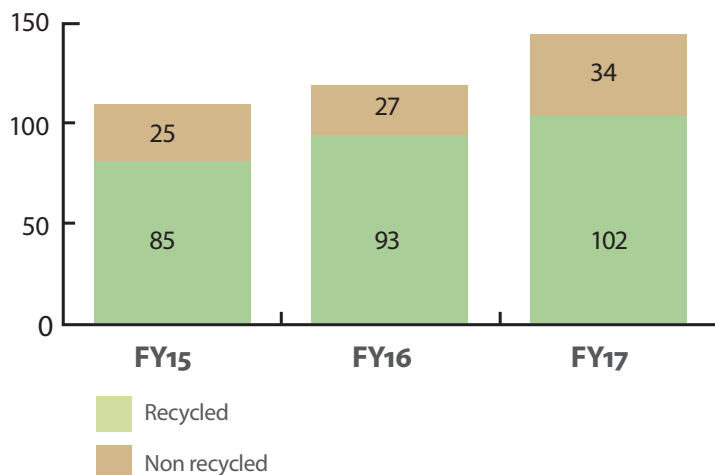
Recycling data

(million pounds)

	FY15	FY16	FY17
 Wood	37.5	44.2	47.4
 Cardboard	34.3	33.9	37.1
 Paper	1.7	2.4	2.4
 Plastics	4.7	5.5	8.6
 Metals	2.4	2.7	2.4
 Electronics	0.2	0.3	0.3

Total recycling and waste

(million pounds)



FY17 represents approximately 85 percent of total square footage.



Packaging technology center

Cardinal Health creates optimized packaging designs for our business that meet patient safety requirements while conforming to the principals of regulatory compliance and environmental efficacy. The team of engineers at the Packaging Technology Center evaluate packaging designs to find opportunities for improvement in both recyclability and raw material utilization.

In FY17 the team implemented multiple optimization projects reducing more than 35,000 pounds of packaging material.

Environmental sustainability spotlight — Community engagement



Carbon Disclosure Project

We have disclosed our environmental information and impacts with the Carbon Disclosure Project annually since 2009. View our [2017 CDP response](#).



SmartWay® Partner

We have been a partner of the SmartWay® Program since 2010. Through its partnership, the U.S. Environmental Protection Agency (EPA) helps SmartWay® Partners move more goods, more miles with lower emissions and less energy. [Learn more](#).



Healthcare Plastics Recycling Council member

The Healthcare Plastics Recycling Council (HPRC) is a private technical coalition of peers across the healthcare, recycling and waste management industries seeking to inspire and enable sustainable, cost-effective recycling solutions for plastic products and materials used in the delivery of healthcare. [Learn more](#).



RobecoSAM Sustainability Yearbook

Cardinal Health qualified for inclusion in the 2018 Sustainability Yearbook and has received the Industry Mover distinction for its excellent sustainability performance. [Learn more](#).

About this report

Unless otherwise indicated, this report details our corporate citizenship efforts during FY17 (July 1, 2016 – June 30, 2017). The statistics and metrics included in this report may be based on estimates, assumptions or developing standards. The report, except for the greenhouse gas emissions data, has not been externally assured or verified by an independent third party.

Cardinal Health is headquartered in Dublin, Ohio. Most of our FY17 annual revenue was generated in North America. While the scope of the FY17 report primarily reflects North America, our business description and ethics and governance sections reflect company-wide practice. In addition, data included in the environmental, health and safety section is based on our global operations. Environmental data does not reflect mergers and acquisitions that occurred during FY17.

For more information about the operations of Cardinal Health, please refer to the [FY17 Cardinal Health Annual Report](#).

Cautionary note

This report contains forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. These statements may be identified by words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “will,” “should,” “could,” “would,” “project,” “continue,” “likely,” and similar expressions, and include statements reflecting our goals, plans and projections with respect to corporate citizenship, sustainability, employees, environmental matters and policy and business risks and opportunities. These matters addressed in forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. These risks and uncertainties include competitive pressures in Cardinal Health’s various lines of business; risks associated with the recently completed acquisition of the Patient Recovery Business, including the ability to retain the acquired businesses’ customers and employees, the ability to successfully integrate the acquired businesses into our operations and the ability to achieve the expected synergies as well as accretion in earnings; changes in the distribution patterns or reimbursement rates for health care products and services; and the effects of any investigation or action by any governmental or regulatory authority, including litigation relating to opioid distribution. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health’s Form 10-K, Form 10-Q and Form 8-K reports and exhibits to those reports. Forward-looking statements in this report speak only as of the date of this document. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. Forward-looking statements are aspirational and not guarantees or promises that goals or targets will be met. Investors are cautioned not to place undue reliance on any forward-looking statements.

