



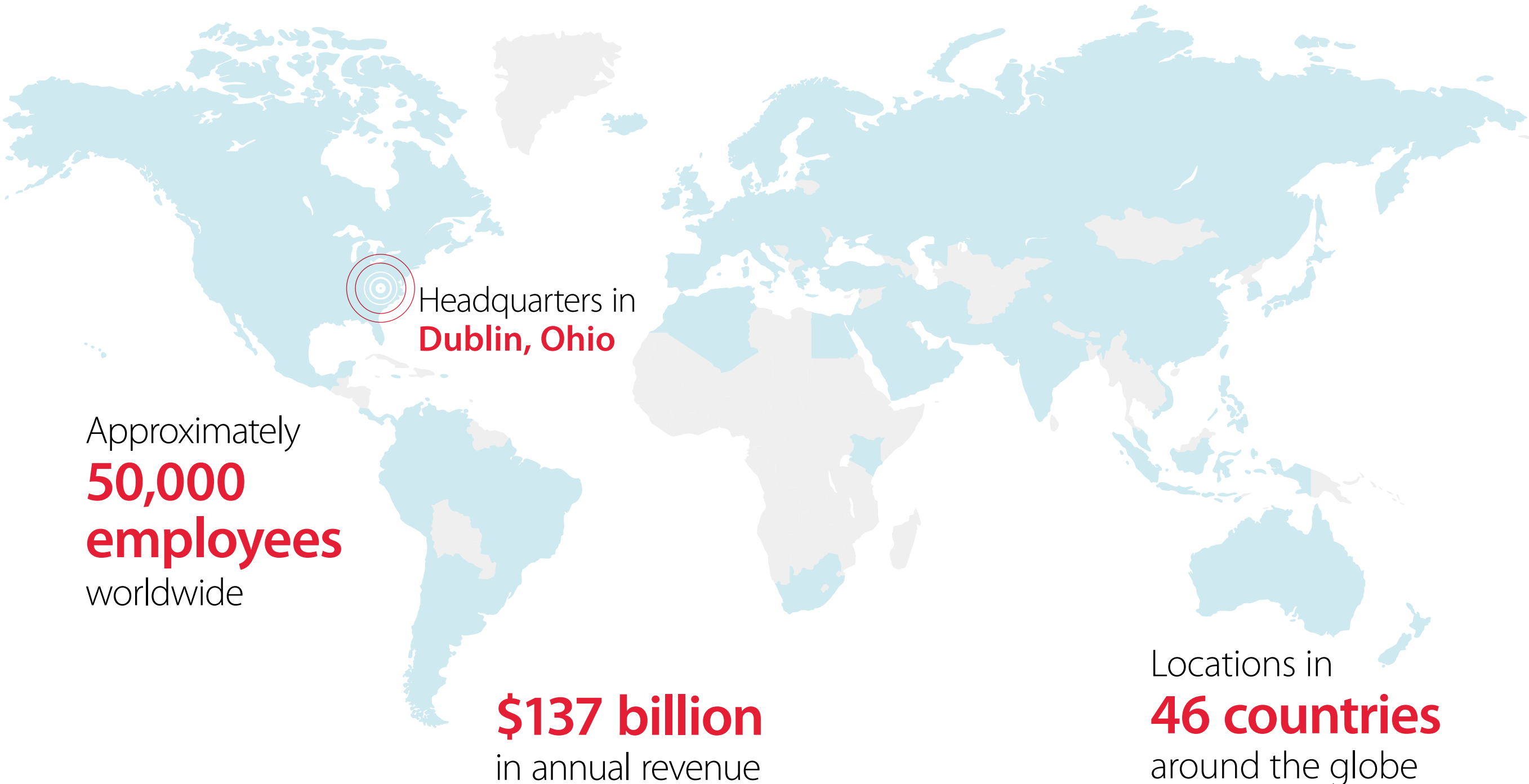
2018 Corporate Citizenship Report

Cardinal Health



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Message from Mike Kaufmann

Trust. Accountability. Respect. These values are at the foundation of who we are and what we believe. They describe how we treat each other, how we treat our customers and partners and how we do business.

As a global corporate citizen, Cardinal Health serves many roles: Employer, neighbor, an essential part of the healthcare system and more.

In this Corporate Citizenship Report, we are proud to share how we live by our values.

It all begins with our people

Fostering an environment where employees feel they can bring 100 percent of themselves to work is critically important to me. It shapes everything we do.

Prior to becoming CEO, I sponsored our Women's Initiative Network employee resource group (ERG). Now, as CEO, I am proud to oversee our Diversity and Inclusion Council, which represents the voices of our employees across a variety of dimensions — a group that feels empowered and accountable to provide candid, direct feedback from our employees to our leadership.

Supporting our communities

We have a rich history of strengthening the communities where our employees live and work. We support healthcare organizations as they work to improve patient safety. We support the American Heart Association, Pelotonia, the arts and much more.



We also inspire our employees to give back. Over the past year, our employees devoted thousands of hours volunteering in their communities, and donated more than \$1 million to causes that are important to them. Caring about others is a central part of our culture.

Many of us at Cardinal Health have been personally affected by the opioid epidemic. We care deeply about this issue and its devastating impact, and are committed to finding and supporting solutions. In November 2017, we launched the Opioid Action Program (OAP), which grew out of our 10-year commitment to Generation Rx, an open source, evidence-informed prevention education program.

The OAP was created to bring additional resources to help fight the opioid epidemic in some of the hardest hit communities. In the short term, we focused on initiatives with immediate benefits, including drug take-back events, safe disposal and Narcan® donations to law enforcement and first responders. Understanding that the complexity of the opioid epidemic requires multiple efforts and a long-term approach, we also invested in developing a curriculum around safe prescribing practices with The Warren Alpert Medical School of Brown University, and awarding grants to expand prevention education.

Through our Foundation, we continue to focus significant time and effort to help develop workable and meaningful contributions to solutions to address this public health crisis.

Working sustainably

In the broadest sense, our community is planet Earth. We all must do our part to sustain our planet and ensure its health for generations to come.

One of our headquarters buildings in Dublin, OH, is Leadership in Energy and Environmental Design (LEED) certified. Around the globe, we are implementing programs to minimize waste, optimize energy use and boost recycling to reduce our carbon footprint.

The examples I’ve highlighted here just scratch the surface of what our approximately 50,000 people do every day. The stories you’ll read in this report bring to life what it means to work at Cardinal Health and demonstrate why I’ve chosen to stay here for 28 years. I am so proud of what we do for our customers, our communities, the environment and each other — every day.

Sincerely,



Mike Kaufmann
Chief Executive Officer

Employees in Rayong, Thailand, organized a local bike ride to raise money for Pelotonia, an annual, Columbus-based cycling event that raises money for cancer research.



About Cardinal Health

Headquartered in Dublin, Ohio, Cardinal Health is a global, integrated healthcare services and products company. We provide customized solutions for hospitals, health systems, pharmacies, ambulatory surgery centers, clinical laboratories and physician offices around the world.

Backed by nearly **100 years of experience**, Cardinal Health ranks among the **top 14 on the Fortune 500**.

Being a good corporate citizen is as much about how we work as it is about the work we do.

Every day, our approximately **50,000 employees in 46 countries** leverage their experience and expertise to reduce healthcare costs and improve the lives of patients. We aim to create work environments where every one of our employees can thrive, professionally and personally.

As a company and as employees, we strengthen the communities where we live and work. And we work to minimize our businesses' impact on the environment.

Unless otherwise noted, this report reflects our corporate citizenship during the fiscal year ended June 30, 2018 (FY18).



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



We deliver more than **53,000** laboratory products to more than **6,700** labs



We serve more than **26,000** pharmacies



We support nearly **3 million** patients with more than **45,000** home healthcare products



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

OUR People

At Cardinal Health, we help our people connect, develop and thrive at work, at home and in their communities.

“ Our goal is to make Cardinal Health a place where every employee brings their best and does their best work, every day. Ours is an inclusive culture where employees can develop their skills, make deep connections with each other and thrive in their careers, while they make a positive impact on both our customers and our communities. ”



Ola Snow
Chief Human Resources Officer

Living for what matters

At Cardinal Health, we're committed to our employees' total well-being, and help them to connect, develop and thrive throughout their careers. That means helping them engage at work and in their communities and to find purpose in their lives and careers. It means offering choices that help each employee do well, physically, mentally and financially.

Each employee's journey to achieve total well-being is unique. It begins with an orientation and onboarding experience that helps connect them to the company and each other. From that point, employees have access to ongoing development opportunities, including mentoring relationships and regular goal setting and performance reviews.

In the U.S., benefits include medical, dental and vision care coverage, a paid time off plan, a 401(k) savings plan, paid parental leave, healthy lifestyles programs and more.

Focused on inclusion

We know that an inclusive culture helps us to attract and retain the very best talent. An inclusive culture inspires more innovations and produces better, more far-reaching products and services.

We seek inclusion throughout our workforce and across our businesses, and track diversity as a measure of our success. Of our global workforce, women make up 49 percent; 45 percent of our workforce in the United States is ethnically diverse. Our executive leadership team of eight includes three women and two ethnically diverse people.

Every day, our talent acquisition team works closely with hiring managers to connect with potential employees through many channels: All open positions are posted to thousands of job boards, including national and global sites, HBCU Connect (targeted to the Historically Black College and University community), hundreds of diversity websites, all 50 state workforce agencies, military networks and college alumni groups. The talent and acquisition team and our business leaders also regularly attend events geared toward veteran recruitment and networking. We participate in the Employer Partnership of the Armed Forces, and we recruit veterans through job boards for the military and returning veterans.



Diversity and Inclusion

We believe in fostering an inclusive, team-oriented culture where every employee feels respected, supported and connected and is comfortable bringing 100 percent of themselves to work. This requires the commitment of each of us every day. We can help shape the future of healthcare around the globe when we maximize the contributions of all.

Toward that goal, CEO Mike Kaufmann signed the **CEO Action for Diversity & Inclusion™** pledge to support open dialogue on D&I, share best practices and implement unconscious bias training in the organization.

CEO Kaufmann and CHRO Ola Snow are executive sponsors of our Diversity and Inclusion Council, created to embed inclusion into our company's DNA. The group is comprised of 17 senior business leaders, and chaired by Ramon Gregory, Senior Vice President of Customer Support Services. The Council is charged with recommending diversity and inclusion goals, priorities and metrics to our executive team.

“ **Workplace diversity is a key component of business success.** Our D&I Council was created to drive relevant, significant and timely change, with strategies initially focused on ethnic and gender diversity at the director level and above. ”



Ramon Gregory
Sr. Vice President, Customer Support Services and Chair, D&I Council

The D&I Council works closely with Chief Diversity Officer and Vice President of D&I, Devray Kirkland, who provides direction to individual businesses on tactical programs and systems related to attracting, retaining and promoting a diverse workforce.

Diversity and Inclusion Steering Council

Executive Co-Chairs:

- Steve Mason**, President, Cardinal Health at Home
- Tiffany Olson**, President, Nuclear & Precision Health Solutions
- Chair: Ramon Gregory**, Sr. Vice President, Customer Support Services
- Vice Chair: Melissa Laber**, Sr. Vice President, OptiFreight® Logistics

Members:

- Dan Movens**, Sr. Vice President, ParMed Pharmaceutical
- Emily Gallo**, Vice President, Product and Solutions Marketing
- Jennifer Fillman**, Vice President, Specialty Services
- Jia Lian**, Vice President, APAC Commercial
- Michelle Britt**, Vice President, Territory Sales
- Mike Pintek**, Sr. Vice President, Customer Operations and Business Development
- Preety Sidhu**, Vice President, Marketing
- Shane Abeyratne**, Vice President, Multi-Function Management
- Snehal Desai**, Vice President, Software Engineering
- Stephanie Revish**, Vice President, Financial Planning and Analysis
- Stu Kim**, Vice President, Associate General Counsel
- Talvis Love**, Sr. Vice President, Pharmaceutical IT
- Travis Leonard**, Sr. Vice President, Treasurer

Women in the workplace

Equitable treatment is a key priority for our CEO and executive leaders. We participated in the largest comprehensive study of the state of women in corporate America, *Women in the Workplace*, published by McKinsey & Company and LeanIn.org. In 2018, 279 companies employing more than 13 million people shared their pipeline data and completed a survey of HR practices for the report. 64,000 employees were surveyed on their workplace experiences.

The report shows that Cardinal Health compares well to other companies in the survey, in terms of percentage of women employed from entry level through management. The report notes that we have many policies and programs in place to support women and gender equity and diversity in the workplace, including:

- Prioritizing gender and racial diversity
- Tracking data on gender representation and ethnicity across levels
- Setting clear, consistent criteria for evaluating candidates in hiring, performance reviews or promotions
- Requiring a diverse slate of candidates to be considered for open positions and promotions
- Tracking hiring outcomes and performance ratings to check for bias
- Having clear policies and guidelines to prevent discrimination and harassment
- Prioritizing training programs for increasing inclusivity or reducing bias
- Offering training on managing or working with diverse teams
- Offering formal mentorships for underrepresented groups
- Offering child care support
- Offering flexible work policies
- Offering bereavement leave

We plan to use the results as a benchmark for improvement moving forward. As part of that, each of our 20 senior-most executives recently received anti-sexual harassment training, led by seasoned outside employment law counsel.

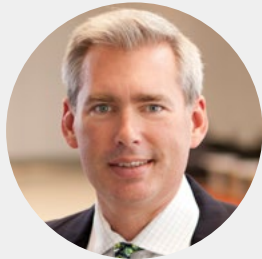
Veterans in the workplace

We know that those who have served in the military have values that can't be taught, like duty, honor and integrity. That's why we actively recruit and hire veterans, and encourage other employers to do the same.

Our support of veterans was recognized several years ago with the Secretary of Defense Employer Support Freedom Award. This is the U.S. government's highest recognition given to employers for their support of employees who serve in the National Guard and Reserve.

For separated and soon-to-be separated service members and their spouses who are seeking employment, we offer a free Veterans Professional Advancement Course (VPAC). VPAC was created by veterans; it is a professional development and mentoring program designed to provide the skills to successfully transition into the civilian workplace.

“Veterans bring real life experiences and leadership skills that help strengthen us as teams and as a company.”



Scot Lindsey
Sr. Vice President, Enterprise Infrastructure
and military veteran

Once on board, our Employee Resource Groups (ERGs), which provide onboarding, networking and professional development opportunities for employees at all levels, help create a strong community across the company. Each ERG is sponsored by one of Cardinal Health’s 20 senior-most leaders.

More than 5,240 employees participate in these 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 Twinsburg, OH, and Little Rock, AR, Multi-Cultural Councils are designed to engage all local employees in diversity, equity and inclusion and cultural awareness.

In addition, hundreds of employees create and participate in more informal Interest Groups and Clubs (IGCs). Among these groups in the U.S. are Parents at Work, the Cardinal Health Orchestra, an Employee Activities Committee and the Alzheimer’s Network. In the Philippines, employees have created nearly a dozen IGCs, organizing around their interests in sports, dance, inclusion, the arts, robotics and more.



Advancing D&I in the workplace and in our communities

- As a sponsor of the National Urban League Conference (left) held in Columbus, OH, we sponsored an on-site job fair.
- We regularly participate in various recruiting events, including a networking event with the National Association of Black Accountants; the annual conference and career fair of the National Sales Network, a minority sales organization; and a networking and career fair event for veteran students enrolled in STEM majors at The Ohio State University.
- Each year, we sponsor the Pride Festival in Columbus, OH.

Building a culture of well-being

“ At Cardinal Health, we put a high priority on supporting our employees holistically. We want them to thrive — physically, mentally and financially — so they can lead the lives they want and plan for a secure future. ”



Ola Snow
Chief Human Resources Officer

We want every employee to be able to live life to the fullest. When our employees are healthy, physically, emotionally and financially, they’re stronger at work and at home and more engaged in their communities.

Our Healthy Lifestyles program features an interactive website where employees can access a free, confidential health assessment, have online chats with licensed physicians, participate in health challenges and access live sessions with health coaches. An active network of employee Healthy Lifestyles Champions supports the program.

We recently restructured our 401(k) match to benefit frontline workers. And we offer financial education on a variety of essential topics, including basic budgeting, buying a first home, saving for college and expanding personal savings through health savings accounts (HSAs).

We encourage employees to better deal with stress through mindfulness or guided meditation. In the U.S., we’ve recently launched a two-day course on mindfulness, compassion and



empathy and will soon offer a free subscription to an online platform that provides guided meditation.

Through our Employee Assistance Program, available to all employees and their families, we provide access to professional, confidential services to address both emotional concerns and financial stresses. Employees and their families can call a 24/7 toll-free line to reach a licensed mental health professional for consultation, information, help and resources on a variety of issues, including depression, substance use disorders, anxiety and stress.

Finally, we support a work-life balance, where employees are encouraged to disconnect from work during their off hours.

Employment practices

Global human rights and labor standards

In FY18, we adopted Global Human Rights and Labor Standards, which state that we strive to conduct our business in a manner that demonstrates respect for human rights and the dignity of all people and have the following principles, among others:

- **Diversity and inclusion:** Our Standards of Business Conduct articulate our commitment to an inclusive and diverse workforce.
- **Fair treatment:** We have a harassment and bullying prevention policy that addresses the rules and guidelines in place to provide a workplace that is free from harassment and discrimination of any kind.
- **Freedom from forced labor:** We will not use or engage in any form of coerced, bonded, indentured or prison labor. All work is voluntary, and employees are free to leave or terminate their employment in accordance with laws and regulations and without fear of physical, psychological, sexual or verbal abuse.
- **Hours of labor:** We require that working hours are consistent with laws and regulations and are not otherwise excessive.
- **Fair compensation:** We comply with minimum wage, overtime and maximum hour rules that are established by laws and regulations.

“ As a business, **Cardinal Health relies on the fair and equitable treatment of all people, around the globe.** Innovation requires both collective effort and collective input that are possible only when human rights are supported. ”



Tammy Gomez
Sr. Vice President,
Human Resources Business Partner

- **Free of child labor:** We do not allow child labor in our operations.
- **Work environment:** We will maintain healthy, clean and safe work environments and will not utilize mental or physical disciplinary practices.
- **Immigration law compliance:** We comply with immigration laws and regulations and only employ workers with a legal right to work.
- **Freedom of association:** We respect the freedom of association.

Learn more:

- [Equal employment opportunity/ nondiscrimination »](#)
- [Harassment and bullying prevention »](#)
- [Employment of minors »](#)
- [Modern slavery statement »](#)
- [Global human rights and labor standards »](#)

Health and safety initiatives

Our Environmental, Health & Safety (EHS) management system is designed to mitigate risk and prevent work-related illnesses, injuries and environmental incidents.

- We provide comprehensive EHS courses to train operations personnel, including supervisors and managers, on identifying, correcting, avoiding and preventing job-related hazards.
- We routinely perform industrial hygiene sampling to ensure workers using chemicals and those in noisier areas are properly protected.
- We offer electrical safety courses, 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.
- We provide incident analysis training that offers a uniform approach to determine root causes and develop impactful mitigation actions.

In addition, we partner with a global leader in contractor safety programs to enhance contractor compliance and risk mitigation.

Ergonomic and injury reduction initiatives

MSDs (musculoskeletal disorders) are soft tissue injuries of the muscles, nerves, tendon ligaments and spinal discs that develop over time and are among the most commonly-reported work-related illnesses. MSDs can be caused by workplace ergonomic risk factors, including excessive forces, awkward postures and high frequencies of movement or long duration.

Ergonomics — the science of designing tasks to fit the worker — can significantly reduce the potential for MSDs and improve employee health, quality and productivity. At Cardinal Health, we assess ergonomic risk factors in numerous work environments, including manufacturing, distribution and office work areas. We continuously strive to enhance the safety and productivity of our diverse workplaces.

We have continued to integrate more ergonomic solutions and injury reduction initiatives into our operations to make our employees and contractors safer in the workplace. In FY18, our training and safety initiatives resulted in 391 jobs with a 20 percent or greater decrease in ergonomic risk score.



We have continued to integrate more ergonomic solutions and injury reduction initiatives into our operations.

One of the ways we measure our success in maintaining a safe work place at all our locations is through the Total Recordable Incident Rate*. In FY18, our total recordable incident rate was 1.36, down from 1.58 in FY17.

*The Total Recordable Incident Rate is the total number of OSHA recordable incidents x 200,000 / total hours worked.

Awards and recognitions

National Association for Female Executives
Top 60 Company for Executive Women
(7 years)

Omnikal
America's Top 50 Inclusion Corporations
(Formerly Diversitybusiness.com) (3 years)

Forbes America's
Best Employers for Women

Human Rights Campaign
Best Places to Work for LGBT Equality
(100 percent score for 10 years in a row)

Aon Hewitt's
Best Employers in Puerto Rico

Becker's Healthcare
150 Top Places to Work in Healthcare
(5 years)

JUST Capital America's
Most JUST companies
(2 years)

Forbes Canada's
Best Employers

2020 Women on Boards
"W" Company
(8 years)

Values

Every employee understands the important role he or she plays in living by our values. Around the globe, these values unite us and shape our corporate culture.

- 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**.

OUR Customers & Partners

We create value for all of our stakeholders by conducting our business with integrity and an innovative spirit.

We lead by example and learn from experience. We set high standards for our people at all levels and work hard to meet them.

“ Our business principles and practices foster a strong, innovative and collaborative culture — one where we are all committed to ethical behavior, accountability and transparency. ”



Jon Giacomini
CEO, Medical Segment

Our businesses



Pharmaceutical Segment

Through our Pharmaceutical segment, we distribute branded and generic pharmaceutical, specialty pharmaceutical and over-the-counter healthcare and consumer products in the United States. We provide services to pharmaceutical manufacturers and healthcare providers for specialty pharmaceutical products, operate nuclear pharmacies and radiopharmaceutical manufacturing facilities and provide pharmacy management services to hospitals. We also provide medication therapy management and patient outcomes services to hospitals, other healthcare providers and payers, and repackage generic pharmaceuticals and over-the-counter healthcare products.



Medical Segment

Through our Medical segment, we manufacture, source and distribute Cardinal Health-branded medical, surgical and laboratory products, which are sold in the United States, Canada, Europe, Asia and other markets. We also distribute a broad range of national brand products and provide supply chain services and solutions to hospitals, ambulatory surgery centers, clinical laboratories and other healthcare providers in the United States and Canada. We distribute medical products to patients' homes in the United States.

Early in FY18, we acquired the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses (the "Patient Recovery Business") from Medtronic plc. The Patient Recovery Business manufactures 23 medical product categories, and its numerous industry-leading brands include CURITY™, KENDALL™, DOVER™, ARGYLE™ and KANGAROO™.

Product and supply chain integrity

Anti-diversion: 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 — because prescription medications, including prescription pain medications, are critical to patient care.

Unfortunately, the misuse of prescription pain medications has contributed to the opioid epidemic, a serious, complex public health crisis. We work diligently within our distribution channels to prevent the diversion of prescription pain medications.

As a pharmaceutical distributor, we do not manufacture, promote or prescribe prescription medications to members of the public. However, we have a limited and important role, together with all participants in the prescription medication supply chain (including regulators, manufacturers, healthcare providers, pharmacists, insurers and patients), in helping to fight the opioid epidemic.

Cardinal Health has developed and implemented a constantly-adaptive and rigorous system to combat controlled substance diversion, including:

- **Knowing our customers:** We use a multi-factor process to evaluate pharmacies before they become our customer, including taking steps to understand their business and historical prescription drug ordering patterns.
- **Site visits:** We have a team of experienced investigators, including former DEA and state investigators, who regularly conduct customer site visits, both announced and unannounced.
- **Electronic monitoring and analytics:** Every order for a controlled substance passes through our order monitoring system, which tracks the order against threshold limits for each controlled substance family. If an order is deemed suspicious, it is canceled and reported to the DEA and applicable state regulators.
- **Management Committee:** We have a committee of senior anti-diversion and regulatory experts and supply chain integrity staff that meets regularly to evaluate customers with large-volume orders of controlled substances.

Safety and security of the pharmaceutical supply chain

A safe and reliable drug supply is central to our customers’ business and critical to the health and well-being of patients: The safety and security of our nation’s pharmaceutical supply is among our top priorities. We believe the fastest, safest and easiest way to secure the supply chain is by purchasing directly from the branded, generic or consumer health product manufacturers, then 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:

- We have strategically implemented GPS units on routes to customer delivery locations throughout the United States.
- We work with regional couriers who make deliveries in unmarked vehicles with tinted windows.
- In the field, we audit the chain of custody process to ensure that each step of the process is followed.
- We regularly review crime data to determine our highest risk areas.

- We ship all totes and cases containing controlled substances the same way we ship totes and cases that do not contain controlled substances.
- At the request of customers, we can vary delivery time to avoid a predictable, noticeable daily delivery.
- We work with various industry associations to stay current on the latest information on supply chain safety and security.
- We operate a centralized security operations and intelligence center 24/7, where events are reported, tracked and responded to accordingly.

In accordance with applicable agreements, we follow manufacturers’ specific instructions to ensure the safe distribution of their products (including products that may be used for lethal injections), and have procedures in place designed to ensure that we maintain these standards.





Product quality: We work to comply with legal and regulatory requirements in our distribution centers and manufacturing facilities around the globe, and to ensure that the products we distribute as well as the products we manufacture are safe and of high quality.

Our procedures are designed to ensure compliance with global regulations, and establish standards for design, manufacturing and distribution of our products. We educate our employees about our quality systems and applicable regulatory requirements. We provide annual training on topics like Current Good Manufacturing Practices and reporting of complaints or product safety issues. We also provide appropriate training when we add new or revised quality system procedures.

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 our Quality and Regulatory Affairs department, which has oversight and advisory responsibility.

Our businesses maintain Corrective and Preventive Action (CAPA) systems, designed to:

- Recognize sources of non-conforming product
- Investigate and diagnose root causes of issues
- Implement appropriate remedies and prevent recurrence

Our businesses also operate management systems to effectively handle complaints for corrective action and continuous improvement.

Ensuring supply chain integrity

We have procedures in place to comply with U.S. Food & Drug Administration (FDA) product labeling and database requirements across our businesses. The FDA's e-pedigree and electronic track and trace initiatives are designed to protect consumers from contaminated and counterfeit pharmaceuticals: Each unit of sale (like a bottle of pills) has a unique serial number that can be traced back to that pharmaceutical's manufacturer. We have also implemented an FDA-established unique device identification (UDI) system to identify medical devices through distribution and use.

Keeping our businesses running through natural disasters and other events

We have a strong history of continuous service to our customers during natural disasters and human-made events, ensuring that our customers can continue caring for their patients. Our Business Resiliency Management team coordinates business operations and emergency preparedness procedures, so that each of our facilities can anticipate, respond to and stabilize a situation immediately. These preparedness plans comply with national, state and local regulatory agency policies; in collaboration with governmental agencies, we take quick action to protect lives, support our customers and ensure the continued integrity of our supply chain. We work closely with Healthcare Ready, a nonprofit organization that brings together public health and private sector groups to help strengthen healthcare supply chains before, during and after disasters.



Helicopters filled with emergency supplies for employees and customers land near Houston just after Hurricane Harvey struck.

“ In every disaster, we prioritize three things: **employee safety, keeping facilities up and running or getting them back online**, and **taking care of our customers**. We take our responsibility of being essential to care very seriously. The products and services we provide keep healthcare systems operating in many locations when disasters strike. We have to be resilient. ”



Carla Fernandez
Sr. Vice President, Pharmaceutical Sales
and Services, Puerto Rico

Ensuring safety and business continuity in times of disaster

“ In 2017, there were Hurricanes Maria, Harvey and Irma and a major earthquake in Mexico. In 2018, there were wild fires and Hurricane Florence. Our disaster teams were on high alert for several months. **And we were among the first organizations to be able to respond to our customer and employee needs.** ”



Greg Halvacs
Sr. Vice President and
Chief Security Officer

Employees take action after Hurricane Florence

When Hurricane Florence struck North Carolina, more than 35 inches of rain fell in a 36-hour period in the small town of Whiteville. The four rivers surrounding the town overflowed, turning Whiteville into an island, flooding homes and forcing many residents to seek temporary shelter.

Ronnie Strickland, Regional Director of Pharmacy, took it upon himself to seek help for his neighbors. Through our Community Relations team, he connected with one of our relief agency partners.

The relief agency helped Ronnie secure 2,000 pairs of gloves and 1,200 masks for healthcare providers, plus 45 cases of personal hygiene kits (antibacterial soap, toothbrush, toothpaste, washcloth, etc.) to give to those who had been displaced by the floods. One week after the storm hit, Ronnie and his 15-year-old son delivered the kits to four relief centers.

Word of Ronnie’s support spread quickly, and he received more calls to help. The relief agency sent an additional 90

cases of hygiene kits directly to Whiteville via boat.

Three weeks after the storm when the schools reopened, many students in the area’s schools — including his son’s — were still living

in shelters. With tarps covered his own storm-damaged roof, Ronnie continued to help, delivering more hygiene kits and food supplies for the students.

In all, Ronnie procured more than 2,500 personal hygiene kits from the relief agency. “This has been an eye-opening life lesson for my son, and I’m glad we were able to help some people out,” Ronnie said.



Sourcing responsibly

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 does business with more than 20,000 suppliers in the U.S. and around the globe.

Supplier compliance: All our vendors are required to comply with our vendor code of conduct, which addresses compliance with the law, labor practices and human rights, and environment, health and safety standards, among other topics.

Supplier quality assurance: For Cardinal Health-branded medical products and pharmaceutical proprietary brands that we manufacture or source, we conduct initial and periodic quality assurance reviews for select suppliers.

Supplier diversity: We focus on diversity and inclusion in our supplier base. We develop and foster strategic business relationships with large and small businesses owned by ethnic minorities, women, veterans and lesbian, gay, bisexual and transgender individuals. We participate in outreach and networking events where we share programs, best practices and opportunities with diverse suppliers. We also develop and mentor diverse businesses through advocacy groups and customers.

- FY18 spend: \$3.6 billion with diverse suppliers
- 300 suppliers owned by women or minorities
- 2,700+ diverse supplier partner relationships, inclusive of small businesses, HUBZone-based businesses, and businesses owned by minorities, women, veteran and service-disabled veterans, and lesbian, gay, bisexual and transgender individuals

Learn more:

- [Vendor code of conduct »](#)
- [Conflict minerals policy »](#)
- [Diverse supplier inclusion policy »](#)

Supplier diversity spotlights

We award business to suppliers through a competitive process, based on best overall value including experience, quality, capacity, diversity and price. Here are a few of our diverse suppliers.

Net Pac

Net Pac International, a nationally recognized supplier of packaging, maintenance, repair, operational and janitorial solutions, is a certified Minority Business Enterprise (MBE), Women Business Enterprise (WBE) and Disadvantaged Business Enterprise (DBE) headquartered in Columbus, Ohio. Net Pac has been a value-added supplier of packaging consumables to Cardinal Health since 2011, earning them an opportunity for a mentor-protégé relationship and participation in the Ohio Minority Supplier Development Council's Center of Excellence Program.

SGM

SGM is a minority-owned business established in 2007 in the south suburbs of Chicago. The company distributes commodity and specialty chemicals to Fortune 500 companies in the food, pharmaceutical, personal care, resin/coating and chemical manufacturing industries; its core competency is supplying bulk loads throughout North and South America. Since 2011, SGM has supplied Cardinal Health facilities in the United States and in the European Union with sodium thiosulfate pentahydrate, a key ingredient in hot and cold packs.

Hydrox Laboratories

Hydrox Laboratories, a minority-owned manufacturer of hydrogen peroxide, rubbing alcohol and surgical instrument care products, was originally established in 1913. Today, it is one of the oldest continuously running manufacturing companies in the United States. Hydrox Laboratories is one of the few MBE-certified manufacturers of health and beauty products in the country, and has been a Cardinal Health supplier for more than 30 years.

OUR Communities

At Cardinal Health, our philanthropic efforts are focused primarily on patient safety, strengthening the communities where our employees live and work, supporting employee engagement in their local communities and, in the United States, fighting the opioid epidemic.

In FY18, we donated more than \$10.4 million toward these goals through a combination of funds from the Foundation and the company. In addition, we contributed more than \$7.7 million in product donations to disaster relief organizations and other nonprofits.

Each year, \$2 million of the Foundation's giving matches employee giving and volunteerism.

“ At Cardinal Health, employees at every level put a high priority on making their communities stronger. Giving back is both a privilege and a responsibility for all of us. ”



Jessie Cannon
VP, Community Relations

Patient safety

Through grants and awards, we partner with many experts and innovators across the country to increase patient safety. Joining with others allows us to learn, pilot projects and share best practices.

Last year, we donated **more than \$500,000 to 11 healthcare organizations** that received multi-year E3 (Effectiveness, Efficiency and Excellence in Healthcare) grants to improve medication safety. Our total commitment to these organizations is \$1.7 million over three years.

Since launching the E3 program nine years ago, we have invested more than \$9 million in hundreds of healthcare organizations working to improve patient outcomes and reduce healthcare costs.

These organizations are embedding improvements at a rate that outpaces industry norms: According to The National Institutes of Health, it takes an average of 17 years for evidence-based practices to be fully embedded into healthcare practices. Yet within a year, our grantees are reducing hospital readmissions, reducing lengths-of-stay, helping to improve the quality of life of patients and reducing healthcare costs. On this page we highlight a few of our past grantees' results.



In **Phoenix, Arizona, the Banner Health Foundation** created a high-tech, high-touch in-home care delivery model for healthcare super-users in a medically underserved region. While representing only about five percent of all patients in this region, they account for about half of healthcare spending. Through home health equipment and tablets, patients interact directly with their telehealth team and an in-person certified nursing assistant provides hands-on care and liaises with the rest of the care team. **In one year, the program reduced hospitalizations by 45 percent, saved 2,214 hospital days and saved nearly \$6.9 million in healthcare costs.**



Ballad Health in Johnson City, Tennessee, provides a “chairside concierge” for oncology patients to get prescriptions filled quickly. The concierge, a pharmacist, meets with patients at the health systems’ cancer centers, works with insurance companies to get necessary authorizations and helps patients get access to medication assistance options. Pharmacy technicians follow patients through their treatment, offering medication instructions, counseling, nutrition information and care and recovery support. **In one year, the program decreased patients’ out-of-pocket medicine costs by more than \$750,000 and saved 850 hospital days and nearly \$3.7 million in healthcare costs.**



Senior patients transitioning from hospital to home were the focus of a transitions model created by the **Southeastern Virginia Areawide Model Program** and the **Area Agency on Aging in Norfolk, Virginia**. The model surrounds high-risk patients with a multi-functional care team that follows the patient post-discharge; supervised student pharmacists make home visits to the highest-risk patients. **In one year, the program reduced 30-day readmissions from about 19 percent to just under 11 percent and saved 180 hospital days and nearly \$450,000.**

Strengthening our communities

We are committed to supporting vibrant, healthy communities. We work in partnership with non-profit organizations to develop responses to health, education and social needs in the communities where our employees live and work. We know that the arts help transform communities, and we support a variety of arts organizations, particularly in Central Ohio, where Cardinal Health is headquartered.



Giving highlights

Every year, Cardinal Health employees join in raising money and awareness for diabetes, juvenile diabetes, cancer, Ronald McDonald House and many more health-related causes. Two of the largest are the American Heart Association Heart Walk and Pelotonia.

AHA Heart Walk

516
Employees
and families

Third-highest
fundraising
company in
Central Ohio

Raised more than
\$173,000
for heart and
stroke research



Pelotonia

323
Riders, virtual riders
and volunteers

Raised more than
\$307,000
for cancer research



Employee engagement: mobilizing our greatest resource

We empower our employees to support the philanthropic causes that align with their personal passions — creating an environment where people are highly engaged in their communities. By partnering with employees, the company finds innovative and practical solutions to problems facing communities today.

Employee involvement is multi-faceted. Employees support events by running, biking or walking for causes important to them — and raise millions of dollars each year. They share professional skills — in human resources, operational excellence, management, strategy, marketing and other areas — with nonprofits. Employees at all levels participate on the boards of nonprofit organizations, often in leadership capacities.

Employees supporting employees

We have a non-profit, tax-exempt charitable fund that serves as a financial resource for employees dealing with unexpected crises like natural disasters. Called the Associates Fund, it is operated by Cardinal Health employees. In response to the 2017 hurricanes in Texas, Florida and Puerto Rico, which impacted hundreds of our employees, the Associates Fund provided recovery support to more than 800 of those who were displaced from their homes or otherwise devastated by the storms.



Employees around the world engage in their communities (clockwise from top left): In Thailand, employees organized a blood donation drive; in Hudson, WI, employees teach the community about medication safety with Generation Rx resources; and colleagues in Mexico support American Heart Association’s Go Red for Women.

Fighting the opioid epidemic and preventing prescription drug misuse

For a decade, the Cardinal Health Foundation has been involved in prevention through Generation Rx, created in partnership with The Ohio State University College of Pharmacy.

Since 2009, the Foundation has invested millions of dollars in educating people of all ages about the dangers of prescription drug misuse. Our colleagues, along with countless teachers, healthcare providers and community volunteers, have given thousands of hours to teach prevention education at schools, senior centers and throughout their communities.

Generation Rx was built on three simple but effective messages:

- Only use prescription medications as directed by your health professional.
- Never share your prescription medications, and never use someone else's prescription medications.
- Always store your medications securely and properly dispose of medications that you no longer need.

To date, more than 1.6 million people across every state in the country have been reached with critical Generation Rx prevention messages, and students in more than 100 colleges of pharmacy have taught Generation Rx programs on their campuses or their larger communities.



Each year, employees in locations throughout the U.S. reach children in grades K-12 with the prevention education messages of Generation Rx. Often, they join pharmacists or student pharmacists to deliver the messages.

“ All of us at Cardinal Health care deeply about the devastating impact the opioid epidemic has had on our communities. Like so many across this nation, we have family members, friends and colleagues who have been impacted by opioid abuse and misuse. **We are committed to working with others to help find solutions to this complex national public health crisis.** ”



Mike Kaufmann
CEO

Opioid Action Program

In November 2017, Cardinal Health launched its Opioid Action Program (OAP) with an investment of \$10 million. The OAP grew out of our commitment to Generation Rx. The OAP focused primarily on Ohio, Kentucky, Tennessee and West Virginia — four of the states hit hardest by the opioid epidemic.

From its genesis, we focused on initiatives with both immediate impact, like drug take-back programs, safe disposal and Narcan® donations, as well as multiple, long-term strategies, including medical school safe prescribing curriculum development at The Warren Alpert Medical School of Brown University and grants to support prevention education, reduce opioid prescribing and support collaborative community work at the local level.

We are currently developing strategic plans to work with partners to increase reach and scope with various initiatives.

Learn more at cardinalhealth.com/OpioidActionProgram »





Clockwise from top left: Jon Giacomini, Medical Segment CEO, presents a donation to David Coker, President of Fisher House Foundation.

Ohio-based employees volunteer at the Fisher House at Wright-Patterson Airforce Base in Dayton, OH.

Fisher House provides a comfort home for the families of veterans and military personnel who are receiving treatment at nearby VA hospitals.

Honoring our military veterans

We are proud to support the men and women who have served in the U.S. military. Much of our philanthropic and volunteer support benefits Fisher House Foundation, an organization best known for Fisher Houses, which provide a free home-away-from-home for the families of military people receiving care at nearby VA hospitals.

In 2018, during annual national meetings for employees, customers and vendors, participants helped us **raise nearly \$310,000 for Fisher House — bringing our support for the organization since 2016 to more than \$1 million.**

As a company, we also **contributed \$250,000 to the new National Veterans Memorial and Museum** — the only museum in the country dedicated to all our nation's veterans — in Columbus, OH.

Our Veterans and Military Advocates (VMA) employee resource group is an inclusive organization with the goal of continuing the spirit of service by supporting each other, the Cardinal Health mission and veteran causes in our communities. Each year, the VMA supports the Resurrecting Lives Foundation with a charity golf outing, and Fisher House with thousands of care packages for Fisher Houses.

Product donations improve lives

In a rural community in southern Guatemala, Carlito was born with a cleft lip and palate.



Though his family could not afford quality healthcare, they found a visiting medical team from Medical Missions for Children, a nonprofit organization supported by AmeriCares, one of our product donation partners.

The visiting medical team successfully repaired Carlito's cleft lip, and later, his cleft palate, at no cost to the family. On this trip, the Medical Missions team performed 24 operations on other children of poor families, and provided dental care to 25 special needs adults.

AmeriCares says that the donation of our IV packs were crucial to the success of Carlito's surgery, and to the treatment of many other patients.

"Product donations are mission-critical to Medical Missions for Children," said the medical team leader Dr. Charles Badaoui. "Without the ongoing support of medical supplies and other essentials, we could not do our work."



Product donations

Cardinal Health donates a significant amount of product each year, primarily through four international relief organizations that support charitable missions and disaster relief throughout the United States and around the world. In FY18, we donated nearly \$5 million in products to these organizations.

- **AmeriCares Foundation, Inc:** A health-focused relief and development organization that responds to people affected by poverty or disaster with medicine, medical supplies and health programs. AmeriCares works with a network of local, national and international partners. [Learn more at americares.org](https://www.americares.org) »
- **Heart to Heart International:** An international health organization that responds to crises and natural disasters both domestically and internationally by supplying medical relief and mobilizing volunteers. The organization is on the "Philanthropy 400." [Learn more at hearttoheart.org](https://www.hearttoheart.org) »
- **MAP International:** MAP works with partners to restore health by providing basic medicines and health supplies to those living in poverty. MAP responds to natural disasters by sending Disaster Health Kits, medicines and medical products and other relief supplies to treat injuries and prevent the spread of illness. [Learn more at map.org](https://www.map.org) »
- **World Vision:** This humanitarian organization conducts relief, development and advocacy activities in its work with children, families and communities in nearly 100 countries. Its work addresses the causes of poverty and injustice. [Learn more at worldvision.org](https://www.worldvision.org) »

OUR Environment

Cardinal Health works to minimize the impacts of our business on the environment.

“ We know that a healthy environment is essential to healthy communities. Our guiding principles set the stage for us to do business in a way that is consistent with environmental sustainability. ”



Greg Halvacs
Sr. Vice President,
Corporate Security

Our environmental sustainability initiatives

Our business continues to evolve and grow in complexity — in turn, adding complexity to our sustainability initiatives. In FY18, we acquired the Patient Recovery Business, which significantly increased our overall emissions, water usage and waste generation. As a result, rather than restating our FY16 and FY17 data, we are using FY18 as a new baseline year.

Learn more:

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

Greenhouse gas emissions

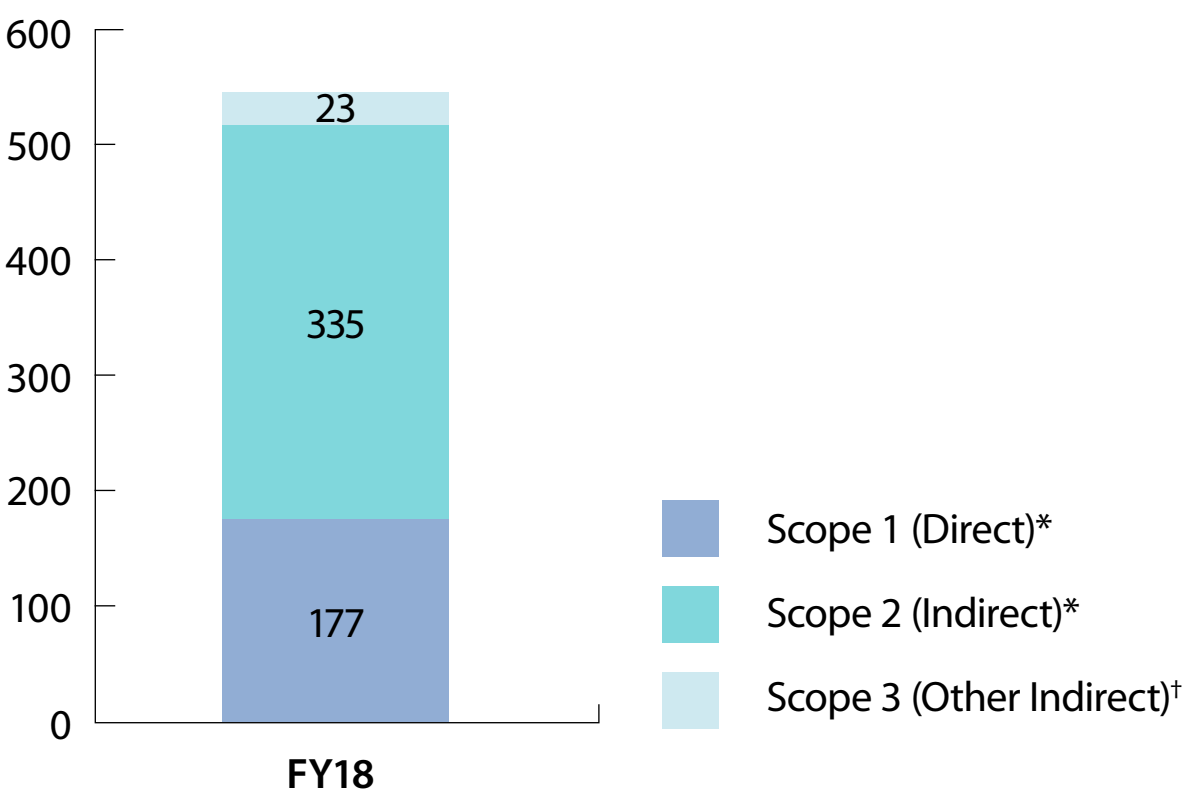
We invest in energy optimization technologies that reduce our greenhouse gas emissions. One of our headquarters buildings in Dublin, OH, is Leadership in Energy and Environmental Design (LEED) certified. Across our portfolio we’ve installed a biomass boiler, solar panels, more efficient HVAC systems and process equipment, LED lighting, improved temperature control measures and improved building insulation. Energy optimization projects across our facilities are ongoing, providing energy cost savings and reducing carbon dioxide equivalency (CO₂e) emissions. We identify the sites that have the largest emissions profile and prioritize them for emission reduction measures.

In FY18, energy efficiency projects saved approximately 1,400 Metric Tonnes CO₂e¹ and 2.1 million kWh. Cardinal Health engaged Bureau Veritas North America, Inc. in an independent verification of our reported greenhouse gas emissions. Our FY18 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).

By the end of 2021, we plan to set a public greenhouse gas emissions reduction goal for our pharmaceutical distribution business.

Greenhouse Gas

(thousand metric tons CO₂e)



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

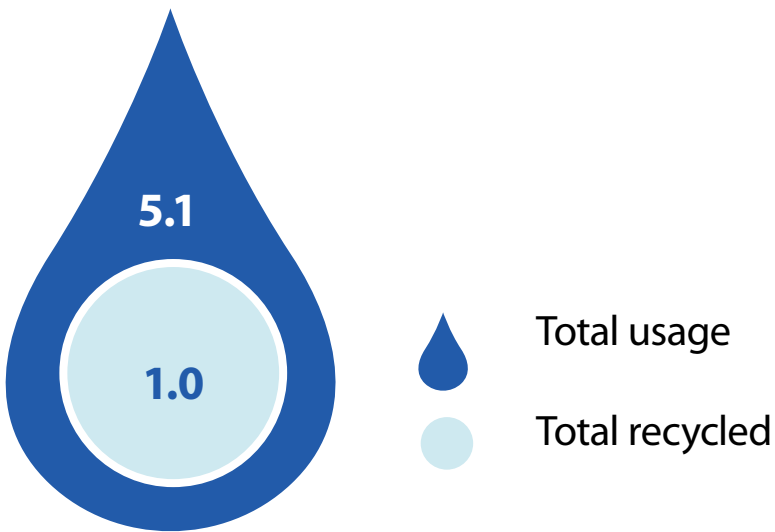
† Scope 3: Calculated according to the U.S. EPA Emission Factors for Greenhouse Gas Inventories. Our calculations include only North American based air travel
FY18 represents approximately 89 percent of total square footage.

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

Water usage

We take actions toward reducing water consumption levels at select locations. One of our key practices is recycling water.

Water usage FY18
(million cubic meters)



FY18 numbers represents 85 percent of total square footage.

Waste to energy / Landfill avoidance

Some locations are pursuing landfill avoidance by sending site wastes to incineration-to-energy facilities. Nearly 1.5 million pounds avoided the landfill as a result of our waste-to-energy programs.

Transportation

As a leader in healthcare logistics, we have one of the largest healthcare-dedicated fleets in the industry. In FY18, our private fleet alone traveled nearly 33 million miles. We reduce overall transportation expense by improving logistical efficiency. We partner with national and regional commercial carriers to service customers across the continuum of care.

In the U.S., we have 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 in the program since 2015.

In addition, some of our locations, including our corporate headquarters, now offer electric vehicle charging stations to employees.

SMART Columbus

Columbus was named the sole winner of the U.S. Department of Transportation’s first-ever Smart City Challenge, and received \$50 million in funding and the designation as America’s Smart City. The city is embracing the reinvention of transportation to accelerate human progress. Smart Columbus is managed through a public/

private partnership of the City of Columbus and the Columbus Partnership.







As an Accelerated Partner of the initiative, we are supporting the development of a more sustainable future for the region, our employees and our customers.



Recycling

Fundamental to our sustainability initiatives, our recycling programs include wood, cardboard, plastics, paper, metal, electronics, ink cartridges and other materials.

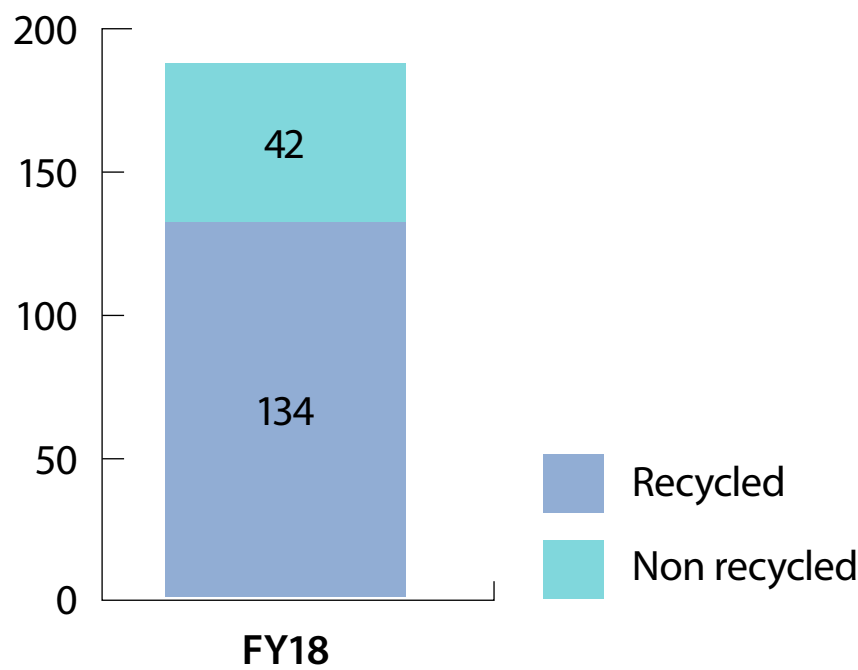
Recycling data FY18
(million pounds)

	Wood	47.7
	Cardboard	42.8
	Paper	3.7
	Plastics	23.5
	Metals	2.6
	Electronics	0.4

Waste minimization: We are working with a U.S. manufacturer of printer toner cartridges that uses a closed loop process, so that remanufactured cartridge cores can be reused multiple times, which reduces landfill waste.

Around the globe, we are reducing our paper waste by adopting electronic documentation — an initiative originally submitted in an internal innovation competition. Now an enterprise-wide standard, electronic signatures and document tracking are saving time, money and energy.

Total recycling and waste
(million pounds)



*Total Hazardous waste comprises less than 2% of all waste generated



Environmental sustainability spotlight

PackSize technology at distribution centers

Some of our distribution centers have recently implemented PackSize, an on-demand packing solution that allows every product to ship in the smallest possible box.

PackSize machines create custom-sized boxes that save time and money, and significantly reduce environmental impact. This on-demand packaging means lower box inventories and reduced use of cardboard, packing paper and plastic air pillows. Cardboard waste from the machines can be recycled.

Right-sized packaging means that more boxes fit on a single truck — reducing freight costs and transportation emissions. And finally, the customer that receives product in right-size packaging also receives less waste to dispose of.

“ As sustainable technologies evolve, we are making a concerted effort to expand reprocessing capabilities and identify new technologies or outlets to increase material reclamation. **Being responsible and environmentally sustainable are fundamental to who we are as a company.** At our manufacturing sites in Asia, we have implemented programs to minimize waste, optimize energy use and boost recycling — all helping to reduce our carbon footprint. We are deeply committed to promoting sustainable development. ”



Roy Noda, Region President,
Medical Segment, APAC

Environmental Sustainability Programs

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

The Cardinal Health Sustainable Technologies Group is a leading provider of single use device collections, reprocessing and recycling services in the U.S. As a trusted partner to more than 1,700 hospitals, Sustainable Technologies is committed to simplifying the supply chain, providing additional value to customers and reducing the impact of healthcare delivery on the environment without compromising patient care or safety.

One manufacturing facility achieved zero waste to landfill status in 2017, from a goal set in 2016. Currently, all single use devices and materials used within these operations are reprocessed, recycled or sent to waste to energy plants. In 2018, Cardinal Health and its sustainability partners diverted more than 886 tons of used medical devices from landfills.

And, at a manufacturing plant in Japan, we are recycling water, reducing electricity consumption, using steam energy and reducing waste by reusing plastics, using returnable boxes and converting waste to solid fuel, significantly reducing landfill waste.



Sustainability guiding principles

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 financially responsible.

Design for environment:

Design products and services to reduce consumption of natural resources and energy requirements while maximizing product functionality.

Governance & Ethics

At Cardinal Health, how we do business is as important as the business we do. We are guided by established standards of corporate governance and ethics.

We believe that by conducting our business in the right way, we can create value for all our stakeholders. We can collaborate with providers, customers, manufacturers

and suppliers to improve healthcare, and, at the same time, improve the health and well-being of our workplace, our employees and our communities around the globe.

Learn more on the following pages and at the following links:

- [2018 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 »](#)

Board of Directors

Our Board of Directors serves as the representative and acts on behalf of all shareholders of Cardinal Health.

Directors are responsible for exercising their business judgment in good faith and for acting in what they believe to be the best interests of the company. Among the Board’s responsibilities are:

- Oversight of management in the conduct of our businesses and of management’s efforts to establish and maintain high standards of legal and ethical conduct
- Review of and (where appropriate) approval of the company’s major business strategies, capital deployment and long-term plans
- Review of company performance

- Selection and evaluation of the CEO and other senior officers
- Setting compensation for CEO and other senior officers
- Planning for management succession
- Oversight of management’s accounting, financial reporting and financial and other controls
- Oversight of risk management policies and practices
- Recommending appropriate candidates for the Board

Our Corporate Governance Guidelines require that the Board be diverse, engaged and independent. Our Board reflects a diversity of skills, of professional, gender, ethnic and personal backgrounds, and of experience, and includes a balance of longer-serving directors with newer ones.

Gender and ethnic diversity

4
WOMEN

2
ETHNICALLY
DIVERSE

Years of service on the Board

4
0-4
YEARS

3
5-9
YEARS

3
10-14
YEARS

AVERAGE
TENURE IS
7 YEARS

Board of Directors



Gregory B. Kenny
Chairman of the Board
Retired President and CEO,
General Cable Corp.
Committees: N, AH



Bruce L. Downey
Retired Chairman and CEO,
Barr Pharmaceuticals and
Partner, NewSpring Health Capital II, LP
Committees: A, N, AH



Nancy Killefer
Retired Senior Partner
Public Sector Practice, McKinsey & Company
Committees: H



Colleen F. Arnold
Retired SVP, Sales and Distribution, IBM
Committees: A



Patricia A. Hemingway Hall
Retired President and CEO,
Health Care Service Corporation
Committees: H, N



J. Michael Losh
Retired Executive Vice President and
Chief Financial Officer, General Motors
Committees: A



Carrie S. Cox
Retired EVP and President,
Global Pharmaceuticals, Schering-Plough and
retired Chairman and CEO, Humacyte, Inc.
Committees: H, AH



Akhil Johri
CFO, United Technologies
Committees: A

Committee codes: A: Audit; AH: Ad Hoc; H: Human Resources and Compensation; N: Nominating and Governance. The Ad Hoc Committee of independent directors was formed in 2018 to assist the Board in overseeing the company's response to the opioid crisis.



Calvin Darden
Retired SVP of U.S. Operations, UPS
Committees: H, AH



Michael C. Kaufmann
CEO, Cardinal Health

All Board members, with the exception of CEO Mike Kaufmann, are independent.

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.

We promote a culture of compliance at all levels in the organization. We have a robust ethics and compliance organization with compliance professionals who work alongside business leaders throughout the world. We regularly communicate to employees the importance of acting with integrity and in compliance with our Standards of Business Conduct. Our employees also receive online and in-person training to help ensure compliance with laws and with our policies and procedures.



Standards of Business Conduct

Our Standards of Business Conduct guide all of us in fostering a culture of integrity, drive compliance with legal and regulatory requirements and help to protect and promote our reputation.

Employees are trained on our Standards of Business Conduct when they join the company and receive annual training and certify compliance with them. These standards include:

- 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

The Standards of Business Conduct encourage employees to raise questions and concerns about business ethics. Our Business Conduct Line, a global telephone information and reporting service, is available, toll-free, 24 hours a day, seven days a week, in multiple languages. Employees and third parties can ask questions about our Standards of Business Conduct and other ethics and compliance issues, or report concerns (anonymously, if they choose) through this line. We respond to inquiries and investigate all substantiated ethics and compliance issues in accordance with internal procedures, and resolve the situation through appropriate actions, which may include disciplinary action such as additional policy training or termination of employment.

Information about our Business Conduct Line is communicated to employees at least annually through Standards of Business Conduct training as well as through other compliance trainings and postings on our internal employee website and in employee break rooms and gathering places at all Cardinal Health locations.

We also encourage employees to contact supervisors or the Human Resources or Legal departments with concerns. We prohibit retaliation against any employee who makes a good faith complaint through any channel.

More information about our approach to and administration of ethical business conduct for employees and third parties is available on the Ethics and Compliance page on our website.

Preventing bribery and corruption: We prohibit bribery and all other corrupt conduct wherever we do business around the globe. Other than payment of published fees to file documents, our employees must not make payments to expedite or secure a routine governmental action (often referred to as a facilitating payment). Employees who conduct business internationally are required to have periodic training on anti-corruption laws and our policies and procedures.

Interacting with healthcare professionals: Our processes and procedures are designed to comply with the laws, regulations and industry codes that govern the interactions of healthcare companies and healthcare professionals in the countries in which we do business. Our employees receive online and in-person training and regular communications to ensure compliance.

Protecting data privacy: We have 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 (EU) 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 our chief information officer, who reports to the chief executive officer. Examples of some of the measures we take to prevent data breaches include, among other things, phishing awareness campaigns and tests at regular intervals throughout the year, penetration testing over the Cardinal Health network and multi-factor authentication for more sensitive areas.

We regularly conduct information security and privacy audits, both domestically and internationally, including HIPAA audits and third-party vendor assessments. We also conduct practice cyber event drills to prepare for potential incidents. We build employee awareness of privacy issues through regular training and engagement, including annual HIPAA training for all U.S. employees with computer access and annual cybersecurity training for all employees with computer access.

Participating in the political process: We believe that it is important, as a responsible corporate citizen, to participate in the political process. We use our unique knowledge and healthcare experience to inform and advise policy makers on matters that impact the quality, effectiveness and affordability of healthcare, as well as matters that impact our company, customers, shareholders and employees.

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

The Nominating and Governance Committee of our Board of Directors oversees our policies and practices regarding political expenditures. The committee annually reviews our political contributions policy, our corporate political contributions and our 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.

You can learn more about our political activities here:
[Political Activities Report »](#)

We comply with U.S. federal and state laws, including the Lobbying Disclosure Act and Honest Leadership and Open Government Act, which require reporting on lobbying activities and certification of compliance with Congressional gift rules. You can find our federal lobbying reports here: **[lobbyingdisclosure.house.gov/ »](#)**

Learn more:
[Standards of Business Conduct »](#)

About this report

Unless otherwise indicated, data in this report is reflective of fiscal 2018. 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. Over 97 percent of our FY18 annual revenue was generated in the United States. Though the scope of this report primarily reflects the United States, our business description and ethics and governance sections reflect company-wide practice. In addition, data about environment and health and safety is based on our global operations.

For more information about the operations of Cardinal Health, please refer to the **FY18 Cardinal Health Annual Report »**

Cautions concerning forward-looking statements

This report contains forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent on 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,” “commit to” or other words or expressions of similar meaning, although not all forward-looking statements contain such terms. Actual results may differ materially from those projected, anticipated or implied in forward-looking statements due to a variety of factors, including the 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 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.



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