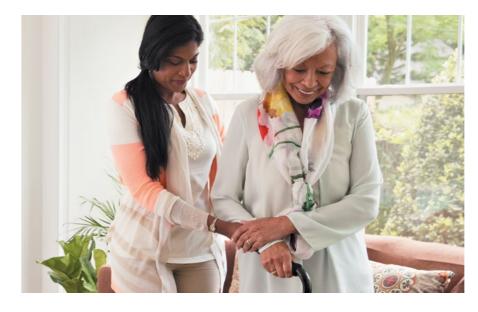


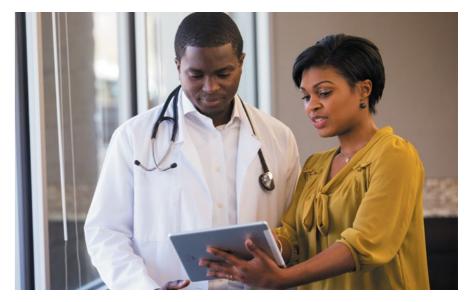
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A message from our CEO

As a distributor of pharmaceutical products and a global manufacturer and distributor of medical and laboratory supplies, Cardinal Health plays a critical role in the healthcare supply chain. We are first and foremost committed to being a trusted partner to our customers and suppliers. This commitment is especially critical as we continue to navigate the pandemic and drive our business forward.

2020 presented challenges that few could have imagined. We have seen, over and over again, the value of the role we play in healthcare and in our communities. In the following pages, you'll learn about our work to navigate a new normal in response to the global COVID-19 pandemic and how we stepped forward with urgency to call for racial and social justice while doing our critical part in keeping the healthcare system working during the pandemic.

Battling COVID-19

As the global pandemic unfolded, we moved quickly to protect the health and safety of our employees and to maintain operations needed to serve our customers. Our frontline employees have continued to work daily in distribution centers, manufacturing sites, pharmacies and other clinical sites as part of a critical infrastructure industry.

In March, we implemented enhanced worksite hygiene practices and cleaning procedures in all our facilities to help keep our employees safe. We also quickly transitioned our office-based employees to a remote work model and implemented new technologies and practices to ensure ongoing productivity. We have provided educational and mental health benefits for all our employees to support their total well-being. This includes additional compensation for our frontline teams who continue to demonstrate day in and day out why we are essential to care.

Whether on the front lines or working from home, our employees show incredible commitment, dedication and grit every day. I am both inspired by and deeply grateful to them.





Addressing racism and social inequities

As the pandemic has affected all of our lives, it has also highlighted deep inequities among people of color in the United States. Blacks, African Americans and Latino Americans are more likely to get COVID-19 and, according to a <u>new survey from the Commonwealth Fund</u>, they are facing greater mental health and economic challenges due to the pandemic than white Americans.

In the past year, I have had the opportunity to gain a deeper understanding of the history of inequities in this country and, in particular, racial bias.

Last year, I appointed a group of leaders to our new African American and Black Racial Equity Cabinet to provide guidance to me and other senior executives in addressing racism and social injustice. The Cabinet is developing communication and education strategies to help us understand the inequities in our country and begin to right them.

Early on, I asked the Cabinet and other Black leaders to talk to my leadership team about what it is like to live as a Black person in America. During the conversation, one leader shared how, while dropping off a child at an elite university, someone assumed he was an Uber driver and asked him to move his car. Another shared that, as a law student in a summer associate role at a law firm, he faced harsh criticism from a white partner who judged his writing skills based on his race and background. Without knowing that the summer associate was the managing editor of his school's law journal, the firm assigned him a writing coach who ultimately said the student needed no coaching.

We must hear these difficult stories, and we must speak out and act against racism and for social justice.

In February, I took a group of Cardinal Health leaders to Montgomery to visit the National Memorial for Peace and Justice and the Legacy Museum, sites that honor the victims of slavery and lynching. (You can read about our experience on page 16.)

We left Montgomery more deeply committed than ever to work together to fight racial inequity and social injustice, and to make a difference in our company, communities and world. We know that racism is our past, and it is our present. If we do nothing and these issues remain unchecked, racism will be our future. We cannot let that happen.



Nkyinkyim Installation, a sculpture by Ghanaian artist Kwame Akoto-Bamfo at the National Memorial for Peace and Justice in Montgomery, Ala.

When George Floyd's murder in May 2020 prompted protests across the U.S., we had to take a public stand against racism. While our work in diversity and inclusion has been a focus for many years, this marked a turning point. From that moment, we began to talk much more about racism and social injustice both inside and outside our company.



At Cardinal Health, we work hard to create a workplace culture that is truly diverse and inclusive, where every employee can bring 100% of themselves to work every day and thrive. We are encouraging employees at every level to learn more and to have courageous conversations about systemic racism and social injustice. And while sometimes uncomfortable, these conversations are the necessary beginning of a long journey to real change. The leadership team here at Cardinal Health is deeply committed to a future with equity and justice, and we embrace the challenges along this path.

It is the **right** thing to do, of course. But it is also the **smart** thing to do. As we create a more diverse, inclusive and equitable culture, we become a destination for the best talent. We also become more dynamic, innovative and better able to serve our customers and communities around the world.

As you'll read, diversity and inclusion are at the heart of our corporate citizenship work, and they also inform our compensation practices. Pay equity is a key priority. We are committed to transparency in our efforts toward pay equity; you can read more on page 17. I hope you'll read on about the work we're doing for each other, our customers and partners, and our communities.

You'll learn how we've been navigating through the pandemic to ensure that our customers and partners have the products and services they need to care for their patients. And, you'll find more in-depth reporting on our corporate citizenship work on our website.

Stay safe and be well.

Mike Kaufmann

Chief Executive Officer

Essential to care™

Cardinal Health is a distributor of pharmaceuticals, a global manufacturer and distributor of medical and laboratory products, and a provider of performance and data solutions for health care facilities. With 50 years in business, operations in more than 40 countries and approximately 48,000 employees globally, Cardinal Health is essential to care. Information about Cardinal Health is available at cardinalhealth.com.

Headquartered in Dublin, Ohio, Cardinal Health plays an important role in the healthcare industry by acting as a crucial link between the clinical and operational worlds, focused on helping our customers improve the lives of people every day. Approximately 48,000 employees worldwide

\$152.9 billion in revenue in fiscal year 2020

We deliver products and solutions to improve the lives of people every day.



Our medical and pharmaceutical products and services are in nearly 90% of U.S. hospitals



We work with more than 4,500 sourcing and manufacturing partners throughout the healthcare supply chain to support patients across the continuum of care



We serve more than 29,000 pharmacies



We serve more than 3.4 million patients with more than **46,000** home healthcare products



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

Customers and partners Sustainability Our communities Governance **ESG** indices Our people

Our Path Forward

Why we exist

We deliver products and solutions to improve the lives of people every day.

What we value

Integrity

we hold ourselves to the highest ethical standards

Inclusive

we embrace differences to drive the best outcomes

Where we are going

We aspire to be **healthcare's most trusted partner** by building upon our scale and heritage in distribution, products and solutions, while driving growth in evolving areas of healthcare through customer insights, data and analytics, and focusing our resources on what matters most.

HOW we will succeed



Grow and develop our people



Prioritize our work



Optimize our core



Invest for growth

Innovative

we develop new ways of thinking, operating and serving customers

Accountable

we bring passion, determination and grit to deliver on our commitments

Mission driven

we serve the greater goal of healthcare

Essential to care

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Empowering our people



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Our promise to our employees

At Cardinal Health, we commit to providing our employees with a unique experience. Here is what employees can expect to encounter as they share and grow their skills, abilities and knowledge as part of their journey.

Our employees do what matters every day: Employees improve the lives of people every day by solving complex healthcare problems. No matter what their job is, what our employees do makes a difference — for customers and their patients, families, communities and our world.

Employees find their place at Cardinal Health: Our employees grow and own their own careers with our trusted team of driven professionals who expertly navigate the challenging, fast-paced field of healthcare to generate results and make a lasting impact. Our employees enjoy what they do and who they work with — in a place where everyone belongs.

Employees are encouraged to focus on balance: Life should be lived fully. That's why we empower leaders to support their teams in all ways, so employees can reach their personal goals, as well as their professional goals.

Our employees can be themselves: Everyone deserves to work in a place where they can bring their best selves each and every day. Authenticity is welcomed here: Just the way a person is, is just right for us.



Working through the pandemic

Keeping our employees safe

Protecting the health and safety of our employees and their families has been a priority throughout the COVID-19 pandemic. As we have navigated our way through the pandemic, we have had to make many decisions quickly about our employees' safety. We have based every one of those decisions on science and in consultation with our Chief Medical Officer.

In March, all employees who could work remotely began working from home. We quickly expanded our technology infrastructure to help employees around the globe perform their duties remotely and continue to support customers, patients and our frontline colleagues.

Because Cardinal Health is part of a critical infrastructure industry, more than 30,000 of our employees have continued to report to work daily in distribution centers, supply chain operations, manufacturing sites, pharmacies and other clinical sites. We implemented comprehensive safety measures and we required all of these frontline workers to wear masks, even before the U.S. Centers for Disease Control and Prevention (CDC) made its strong recommendation for doing so.

To help prevent the spread of COVID-19 and protect the safety of our frontline employees, all of our facilities are thoroughly cleaned regularly. We have implemented worksite hygiene practices in accordance with the CDC and the World Health Organization (WHO) guidelines. We focused on educating employees on the things that they can easily do to help keep themselves and their families safe: wear a mask, wash hands and stay a safe distance from one another.





We have rolled out multiple trainings to help employees stay safe in their jobs. We put policies in place to ensure that employees who are sick with or who have been exposed to COVID-19 on the job can take time off, and that time off does not impact their paid time-off days for the year. Our safety measures have helped us to avoid a wide spread of COVID-19 among our employees.

As the pandemic evolves, we continue to closely monitor developments and adapt our operations.

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Supporting employees' mental health

Early in the pandemic, our Human Resources team learned from employee listening sessions that our employees felt a greater-than-ever need for collaboration and unity and longed for more opportunities for relationship building.

Our leadership team made a pledge to each other — and asked our employees to make the same commitment. Collectively, we pledged to take care of ourselves, our families, our colleagues and our communities, to live our values, to set boundaries, and to be kind to ourselves and each other. Focusing on keeping that pledge is helping us to become a stronger organization as we continue to provide essential support to our customers.

We firmly believe that mental health matters. Our Human Resources team released a wellness and self-care learning series focused on COVID-19 and mental health. Within just a couple of months, hundreds of employees from more than 21 countries had completed 230 different courses within that learning series.



We also launched Mind Matters, a global mental health initiative to provide mental health resources to employees and their families, and to foster an open and supportive mental health culture throughout the company.

The first goal of Mind Matters — to provide resources escalated to an urgent need as the pandemic unfolded. To ensure that all employees have access to psychological and emotional well-being resources, we increased the number

of one-on-one counseling sessions that employees and their household members could access through our global Employee Assistance Program (EAP) and provided free access to Headspace, a meditation and relaxation app, to our employees worldwide. We also began offering a Mental Health First Aid (MHFA) certification course to employees throughout the U.S. to help employees at all levels learn how to support someone with a mental health issue.

The second goal of Mind Matters — to foster an open and supportive culture — is a long-term commitment that means eliminating the stigma of mental health issues in our workforce. We have begun acting toward this goal in multiple ways:

- Fostering dialogue through webinars with mental health professionals.
- Offering a Mind Matters Employee Resource Group Collaboration Series. According to the American Psychiatric Association, minorities often experience poorer mental health outcomes due to multiple factors — including lack of access to quality mental health services, cultural stigma around mental health care or discrimination. That is why the Mind Matters team collaborated with various Employee Resource Groups (ERGs) to customize webinars with messages about mental health issues specific to diverse groups of employees.
- Encouraging storytelling. Sharing stories can help increase compassion for those who struggle with mental health issues. We are helping connect those employees willing to share stories of their own mental health experiences with audiences throughout the company.
- Providing leaders with training on mental health responsiveness so they're better prepared to address mental health issues in the workplace.

Diversity and inclusion

At Cardinal Health, we embrace differences to drive the best outcomes. It's the right thing to do — it's also the smart thing to do. We know that leveraging the power of diversity and inclusion (D&I) gives us a competitive business advantage.

We are dedicated to building a diverse workforce and an inclusive workplace that values the unique perspective and contributions of all of our employees — a workplace where every employee can bring 100% of themselves to work every day.

Respecting and appreciating diversity of thought, experience and background helps us improve performance, understand our customers better and recruit and retain top talent. As we become more inclusive, we are also becoming more innovative, increasing employee engagement and improving customer and shareholder value.

We know that, as a large company, we have both the opportunity and the responsibility to create a better experience for each other and for our communities.

This year we implemented a series of racial equity courses with a video playlist of thought-provoking social injustice resources on our internal training site. This playlist has more followers and higher engagement among our employees than any other informational playlist we offer.

Our goal in educating ourselves and each other is to inspire more courageous conversations inside our company — and in the hopes that these courageous conversations also will carry over into our communities. Inside and outside our company's walls, these conversations can be tricky, uncomfortable — even heated. And that's okay. Because often, if the conversations are not difficult, we're not talking about things that can make a real difference.

Awards and recognition



Devray Kirkland: Top 50 Chief Diversity
Officers by the National Diversity Council



2020 Noteworthy Companies
DiversityInc



2020 Inclusion Index Company
Diversity Best Practices



2020 Diversity in Business Columbus Business First

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Diversity and Inclusion Steering Council

The D&I Steering Council exists to help drive internal conversations and be truth tellers related to diversity and inclusion. Council members are senior leaders from across the company who are charged with identifying and discussing barriers to D&I, challenging the status quo and empowering change. CEO Mike Kaufmann and CHRO Ola Snow serve as the Council's Executive Sponsors.

The Council asks employees at all levels of the company to:

- Consistently challenge unconscious bias from ourselves and each other;
- Embrace, encourage, share and respect human differences;
- Attract, recruit, hire, develop, empower, mentor and engage the best talent.

In collaboration with the Cardinal Health Human Resources and Diversity and Inclusion teams, as well with our Employee Resource Groups, the Council has created and put into place a plan to help keep D&I at the center of everything we do. This work includes driving awareness and leading discussion of the D&I business case, conducting workshops with diverse teams to uncover obstacles to D&I and hosting working groups with various ERG's leadership and Executive Sponsors.



Pictured above: The leadership team of our ¡Hola! employee resource group (ERG), photographed at the Dublin branch of the Columbus Metropolitan Library.

¡Hola! is one of seven ERGs at Cardinal Health. ERGs are aligned with our businesses; each is supported by a senior executive. They help foster an inclusive, engaged workforce, develop future leaders, expand marketplace reach and partner with nonprofits through volunteerism and fundraising.

Other ERGs include the African American Network, the Asian Pacific American Network, the Disabilities Advocates Network, PROUD, the Veterans and Military Advocates and the Women's Impact Network.

Diversity and Inclusion Steering Council



Mike KaufmannExecutive Sponsor
CEO



Ola SnowExecutive Sponsor
CHRO



Devray Kirkland Chief Diversity Officer



Melissa Laber Chair SVP, OptiFreight® Logistics



Preety Sidhu
Vice Chair
SVP, Strategy and
Business Development



Shane AbeyratneVP, Customer Service



Ben BrinkerSVP and GM, Medical
Manufacturing and
Supply Chain



Michelle BrittVP, Territory Sales



Snehal DesaiVP, IT Pharma
Supply Chain



Emily Gallo
VP, Product and
Solutions Marketing



Alex GumbsVP, Channel Partners



Sean HalliganSVP, Pharma Supply
Chain Operations



Eric JoynerVP, Strategic Pricing



Bekki Kidd SVP, Global Logistics



Travis Leonard SVP, Finance



Jessie Lian
VP, Medical-APAC



Mariela Martinez
VP, Software
Engineering



Mike Pintek
SVP, Customer
Operations and
Business Development



Stephanie RevishVP, Financial Planning
and Analysis

African American and Black Racial Equity Cabinet

In December 2019, CEO Mike Kaufmann appointed a group of leaders to a new African American and Black Racial Equity Cabinet that provides guidance to our senior executives in addressing racism and social injustice. The Cabinet aspires to bring the scale, influence and resources of Cardinal Health to openly identify issues of Black and African American inequity due to systemic racism and racial bias, both within Cardinal Health and outside the organization. Kaufmann serves as Executive Sponsor of this Cabinet; Victor Crawford, CEO of our Pharmaceutical Segment, and Ola Snow, CHRO, are Executive Advisors.



Mike KaufmannExecutive Sponsor
CEO



Victor Crawford
Executive Advisor
CEO, Pharmaceutical
segment



Ola SnowExecutive Advisor
CHRO



Eric JoynerVP, Strategic Pricing



Travis Leonard SVP, Finance



Sherrick OrieVP, Operations
Management



Stephanie RevishVP, Financial Planning
and Analysis



Devin Schaffer VP, Legal-M&A



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Angie Thomas VP, Account Management



Ken ThorntonVP, Territory Sales, Lab

Learning about and speaking out against racism

In February, CEO Mike Kaufmann traveled to Montgomery, Ala., with a group of diverse Cardinal Health leaders. Their destination: The National Memorial for Peace and Justice, the "nation's first memorial dedicated to the legacy of enslaved Black people, people terrorized by lynching, African Americans humiliated by racial segregation and Jim Crow, and people of color burdened with contemporary presumptions of guilt and police violence," according to the museum's website.

The memorial, located on six acres in downtown Montgomery, includes 800 monuments that are hung to symbolize lynching victims in the counties and states where the terrorism took place. The names of lynching victims are engraved on the columns.

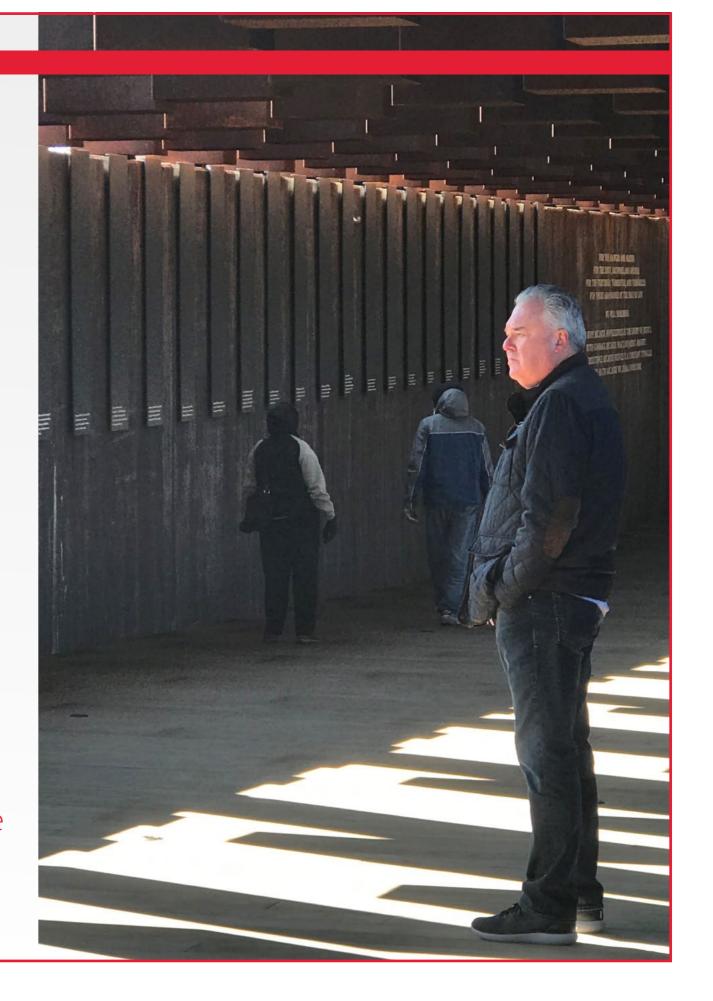
During the visit, four of our leaders found their own last names on a column, each one from a county and state in which their families once lived. None of these individuals had known about this part of their family history before the visit.

The group then visited the <u>Legacy Museum</u>, built on a site where enslaved people were once imprisoned. The museum reflects the Equal Justice Initiative's "research

into the history of racial injustice and the narratives that have sustained injustice across generations," according to the museum's website. The museum shows how slavery evolved into labor contracts, lynching, legalized racial segregation and contemporary issues like mass incarceration. The exhibit also includes photos and videos from people who have directly experienced this evolution of racial injustice.

On the return from Montgomery, Kaufmann said, "Talking about racial injustice in the United States is extremely difficult and controversial, but we are going to talk about it. As a leadership team, we are committed to increasing awareness and taking action inside the walls of Cardinal Health and within the communities we serve.

"This is about living our values. It's about doing the right thing even when it is hard. Treating people with dignity and respect will make Cardinal Health a stronger company and improve the lives of many people along the way."



Pay equity

At Cardinal Health, our employees are our most important asset. Diversity and inclusion are at the heart of our corporate citizenship work, and they inform our compensation practices. Pay equity is a key priority, as is elevating women and diverse talent into leadership positions. We are committed to transparency in our efforts toward pay equity.

We define pay equity as equal pay for women, men and all ethnicities who are performing substantially similar work. Some of the things we take into account include job-related skills, tenure, experience and education level, performance rating and geography.

In FY18, we established a pay equity committee which guides ongoing analysis and benchmarking, in regular consultation with an independent third party to review and help inform our salary investments and compensation practices.

Our FY20 analysis shows that, on average in the U.S., women are paid 99% of what men are paid, and minority employees are paid 100% of what non-minority employees are paid.

We believe that every worker has the right to equal pay for equal work regardless of their gender, race, religion, national origin, age or physical/mental abilities. But we know that true pay equity also is an ongoing commitment.

We are committed to continuously assessing our pay practices and making adjustments to ensure we equitably compensate our employees — that's critical to our mission of being a truly inclusive company.

We are putting best practices in place when it comes to equal pay for equal work. We do not allow questions about pay history in the recruiting and interviewing process, and instead ask about pay expectations. We conduct annual audits that identify potential pay gaps, then make appropriate salary adjustments. We administer annual merit increases based on both performance and salary within the pay range, then make promotional salary increases based on market competitiveness and internal equity.

We are also taking actions focused on recruiting, retaining, developing and advancing women and minorities, including the launch of differentiated development programs to help accelerate their readiness for leadership roles.

We look forward to continuing these actions to help increase our diversity and remain an employer of choice.

Awards and recognition



20% by 2020 Women on Boards Winning 'W' Companies



50 Best Companies for Latinas to Work for in the U.S. Latina Style 50 Report



Best Places to Work for LGBTQ Community

Human Rights Campaign

We've received a perfect score from the Human Rights Campaign for 12 years in a row



Top Companies for **Executive Women** National Association for Female Executives

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EEO-1 survey data

The data below on the diversity of our U.S. workforce uses the same racial/ethnic groups and job categories included in EEO-1 reports we file with the U.S. Equal Employment Opportunity Commission (EEOC) and reflects data as of June 30, 2020, our last fiscal year end. The EEOC mandates the use of specific job categories, which differ from the way in which we organize our workforce. Although it is impossible to capture the diversity of backgrounds and thought at Cardinal Health in a single chart, we are publishing this information here for the first time because we want to be transparent about our diversity representation.

While we are proud of our work in building a truly diverse and inclusive culture, we recognize the composition of our workforce does not yet align with our goal of representation reflecting that of the communities we serve and those in which we work and live. Our Board and senior leadership are deeply committed to this work and we are proud of the diversity they represent. Currently, our Board of Directors is 31% female and 23% ethnically diverse, and our executive team (which includes our CEO's direct reports and our business presidents) is 44% female and 17% ethnically diverse.

EEO Category	Female						Male								
	American Indian or Alaska Native	Asian	Black or African American	Hispanic or Latino	Native Hawaiian or other Pacific Islander	Two or more races	White	American Indian or Alaska Native	Asian	Black or African American	Hispanic or Latino	Native Hawaiian or other Pacific Islander	Two or more races	White	Overall totals
Executive or Senior Level Officials and Managers	0	0	1	1	0	1	15	0	2	4	1	0	0	41	66
First or Mid-Level Officials and Managers	3	91	138	182	3	23	1,223	8	161	196	270	6	39	1,742	4,085
Professionals	12	331	330	340	6	70	2,379	10	449	193	277	7	57	2,273	6,734
Technicians	7	50	135	204	11	17	516	7	83	145	167	7	20	482	1,851
Sales Workers	3	23	33	66	2	9	718	3	21	51	52	3	14	773	1,771
Administrative Support Workers	12	57	671	232	4	53	1,072	2	13	107	67	0	9	194	2,493
Craft Workers	0	0	6	9	0	0	11	2	6	50	48	1	2	189	324
Operatives	34	403	1,098	1,166	42	59	1,087	37	691	1,868	1,738	59	130	2,657	11,069
Laborers and Helpers	2	87	230	236	1	8	184	0	24	49	78	0	0	98	997
Service Workers	0	0	2	0	0	0	2	0	1	14	14	0	0	82	115
Total	73	1,042	2,644	2,436	69	240	7,207	69	1,451	2,677	2,712	83	271	8,531	29,505

^{*} We have not filed a calendar year 2019 EEO-1 report with the EEOC, since the U.S. Department of Labor has delayed the process and instructions for filing due to Covid-19 until March 2021. The above data therefore was prepared following the EEOC's 2018 instructions.

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Our people

Preventing work-related injuries

Our Environment, Health and Safety (EHS) team works with our Operations and Real Estate teams to keep workspaces safe around the globe. The team provides comprehensive training, industrial hygiene sampling and incident analysis training.

Focus Five

In FY20, the EHS team launched its Focus Five program. This is a three-year training program designed to assist operations in accelerating their journey to safety excellence. In the first year, employees from each of the five participating facilities complete a comprehensive site assessment, then create an action plan designed to enhance various aspects of the operation's EHS management system. The site leader owns the plan and reports regularly to the operation's senior vice president and the business president on plan implementation and metrics. Monthly reports go to all site leaders engaged in the Focus Five program, which enhance accountability and provide valuable best practice-sharing and collaboration between the Focus Five participants.

During this time, the management teams of each participating facility also take an eighthour EHS management leadership course, which highlights the business case for EHS, the responsibilities of the leadership in integrating safety into the operation's culture and how to achieve continual EHS performance improvement.



To learn more about the work our EHS team does every day to keep our workspaces safe around the globe, please see pages 25-26 of our **FY19 Corporate Citizenship Report »**

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In year two, participants will continue to implement EHS management system protocols and to provide their regular status reports.

In year three, participants will mentor a new group of five facilities beginning year one of the program.



Highlights of the Focus Five pilot after one year:

- Employees completed more than 1,100 proactive safety activities and submitted more than 400 safety improvement recommendations to their leadership.
- Employees completed more than 2,300 job safety observations, focusing on reinforcing positive behavior and coaching at-risk behavior.
- All supervisors, managers and site directors completed hazard recognition, root cause analysis and EHS management leadership training.
- Operations reduced their total recordable incident rate (TRIR) by 46%.

The Focus Five program will add five new facility participants in FY21. Because collaboration and best practice sharing have proven to be strengths of the program, all 10 will come together regularly to share plan implementation and key safety metrics with senior vice presidents and presidents.

Global occupational injury/illness data	FY18	FY19	FY20
Rates			
Total recordable incident rate (TRIR)	1.36	1.47	1.37
Lost time incident rate (LTIR)	0.51	0.55	0.50
Days away from work, days of restricted work and/or days of jobs transfer (DART)	1.02	1.16	1.08
First aid case rate	3.09	3.02	4.62
Fatalities			
Fatalities — employee	0	0	0
Fatalities — contractor	0	0	0
Other			
Total reported near misses	1,703	1,881	2,117

These are standard Occupational Safety and Health Administration (OSHA) calculations used to evaluate and quantify a company's safety performance.

Cardinal Health operates many warehouses, distribution centers and other industrial work environments. According to U.S. Bureau of Labor Statistics (2019), Warehouse & Storage (NAICS 4931) has an average TRIR of 4.8 injuries per 100 full-time employees. Since FY09, we have reduced our TRIR 63%.

managers participate in EHS management leadership

training as part of Focus Five pilot program.

ESG indices

Creating value for our customers and partners



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Responding to the COVID-19 pandemic

Cardinal Health is one of the few companies that provide both the pharmaceutical and medical solutions that help our customers give their patients the care they need. We are a distributor of pharmaceuticals, a global manufacturer and distributor of medical and laboratory products, and a provider of performance and data solutions for healthcare facilities.

Throughout the COVID-19 pandemic, our mission of delivering the products and solutions to improve the lives of people every day has become more important than ever. We are working across our entire network in a variety of ways: increasing our manufacturing of needed products, leveraging our global footprint and relationships with partner suppliers to get products to our healthcare provider customers quickly, evaluating additional suppliers to diversify product options and collaborating with public and private sector partners.

The following are highlights of our response to COVID-19; find a more in-depth look at our COVID-19 Global Preparedness here »

Sourcing and distributing pharmaceuticals

Cardinal Health is partnering with our suppliers to continuously monitor supply chain implications for pharmaceutical products used to treat coronavirus, including brand and generic pharmaceuticals and over-the-counter cold and flu products. As the COVID-19 pandemic continues, we are balancing requests for urgent needs, while continuing to allocate products to meet existing demand.

Sustainability

We play an important role in delivering products and medications from suppliers to customers. Our

National Logistics Center in Central Ohio, which receives products from suppliers and moves them to distribution centers across the country, is recognized as a best-in-class model for effective, efficient delivery both for suppliers and customers. We have contingency plans for our distribution centers to provide continued delivery of products.

Employees in all of our distribution centers work tirelessly to meet the increased needs of our customers. During COVID-19, we have invested in air freight shipments to get customers what they need as quickly as possible. We've expanded hours of operation and rely on our connections



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with state emergency management groups to help facilitate getting our delivery trucks in and out of cities and states. To help keep our employees safe, we follow strict health and safety requirements and guidelines for each facility and help all drivers stay physically distanced from other employees.

Distributing critical medical inventory

To help meet the needs of frontline healthcare workers in the face of unprecedented demand, we are managing the manufacturing and distribution of critical inventory for more than 100,000 medical supplies. We have worked closely with the CDC throughout the pandemic to optimize our nationwide network, prioritizing identified hotspots in the U.S.

For all Cardinal Health™ Brand Products and other national brand products that move through our channel, we use data and analytics to determine demand trends. We monitor daily inventory health through frequent discussions with product suppliers, and have increased manufacturing shifts and overtime in order to increase inventory levels for products with current or expected demand spikes. We have collaborated with U.S. and foreign trade authorities to expedite shipments and shorten lead times. And we continually explore new supply channels, including potential partnerships with suppliers outside the healthcare industry to help address the unprecedented need for supplies to fight the pandemic.

Supporting specialty physician offices

The COVID-19 pandemic has created unique challenges for nearly all our customers and partners, including retail independent pharmacists and nuclear medicine healthcare providers. One example of how we've helped them to continue meeting their needs is our support of specialty physician offices. Cardinal Health is working hard to help ensure they have the essential medicines and supplies they need.

We have not experienced significant shortages in specialty drugs, and we are collaborating with our suppliers to continuously monitor the supply chain. We have taken proactive measures to help maintain the ability of our customers to purchase in-demand products (subject to any applicable state or federal regulations, directions or mandates). We've worked with pharmaceutical manufacturers to secure extended payment terms that we've passed along to our customers.

Through our Government Affairs team, we are providing our specialty practice customers with information on financial support available through government programs such as the Payment



Protection Program (PPP) available through the Coronavirus Aid, Relief and Economic Security (CARES) Act, Economic Injury Disaster Loans and favorable tax provisions.

We are working to identify and offer additional resources to help specialty physician practices navigate the pandemic, including providing guidance on extended coverage for telehealth and caring for staff during difficult times.

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Ensuring patient safety and product quality

Safety and quality are at the forefront of every decision we make in order to help ensure a continuous supply of trusted products. We do not consider options that would sacrifice patient safety or product quality.

Manufacturing and sourcing strategy

Our people

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Our manufacturing and sourcing strategy for Cardinal Health™ Brand Products focuses on reliably and efficiently providing high-quality, cost-effective products to our customers.

We continually evaluate and employ strategies to mitigate risk and help ensure supply continuity by partnering with multiple sources, manufacturing in multiple locations and through demand management and inventory planning.

Our geographically diverse manufacturing and sourcing network supports our ability to deliver quality products at competitive prices. It also aims to reduce exposure to regional supply availability issues by shifting volume across sites as needed.

To do this, we rely on a broad network around the world. Cardinal Health operates a geographically diverse manufacturing network with nearly 80% of our owned manufacturing network in North America and Latin America and the rest in Europe and Asia. In addition, we do business with more than 20,000 direct and indirect suppliers in the U.S. and many other countries around the world.

We operate an extensive global network of warehouses to store inventory and safety stock to manage normal variability in demand and supply. This approach helps us meet our customers' needs for quality products at competitive prices while reducing exposure to regional supply availability issues.

We are exploring ways to retrofit and add equipment to production lines to increase the supply of items in most need, such as face masks, gowns and other essential personal protective equipment (PPE). We are evaluating additional suppliers to expand and diversify critical product options and have expedited our supplier validation and qualification processes.

Sourcing responsibly

Cardinal Health is focused on maintaining a supply chain that reflects our core values and respect for quality and social responsibility. (Please see page 36 for more information about sustainable sourcing.)

On product quality, we are committed to patient and user safety and providing products and services that meet or exceed the expectations of our customers.

To help ensure our products are safe and effective, our manufacturing sites and suppliers of medical devices are appropriately registered with the FDA and maintain a quality management system that meets or exceeds regulatory requirements, as well as applicable quality standards. We

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have also established quality objectives and metrics. Our medical device suppliers must meet the requirements of our supplier quality management process, which includes an on-site qualification audit and monthly performance monitoring.

Products in our supply chain that are authorized for emergency use comply with the terms of Emergency Use Authorization (EUA) as approved by the FDA. Additionally, EUA products from our suppliers are inspected upon receipt at our distribution centers.

As with all large-scale, global operations, from time to time, aspects of the network do not meet our standards. We have strict policies and procedures in place to protect against these issues and act to promptly remedy issues that arise. As an example, in January 2020, we issued a voluntary recall of 9.1 million surgical gowns and 2.9 million procedural kits when we discovered that one of our suppliers had shifted production of some gowns to unapproved sites in uncontrolled environments.

Employee uses 3D printers to make safety devices

In April, Andrew Endicott, a Dublin, Ohio-based Agile Coach at Cardinal Health, began using 3D printers to create clear face shields and ear guards for masks that he then donates to frontline workers.

His project started, he said, because he wanted to keep his family safe. "Both of my teenaged sons went to work at a local Kroger grocery store soon after the pandemic started." Endicott has Type 2 diabetes and is considered high-risk. "Giving them protection was important to me and to them."

Before the pandemic, he had only briefly used a 3D printer to help his son with schoolwork. But in response to the need, he began experimenting with printing PPE.



"Watching the news, and seeing the need and want from so many others, made me realize that I could do more," Endicott said. Once he had prototypes he liked, he reached out to a retirement community to ask if they could use face shields or ear guards. The retirement community wanted both.

Thanks to the donations of family and friends, Endicott had three 3D printers running almost 24/7 as of the end of FY20. He produced more than 3,000 ear guards and more than 400 face shields, which he donated. Some went to a medical company to protect delivery drivers, some went to a doctor's office for staff use and some went to a nurse who traveled to New York City to work during that city's pandemic peak.

Word of Endicott's work has spread, and more organizations have asked him for assistance. He says he plans to continue using 3D printing technology to make shields and ear guards for as long as people need them.

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Strengthening our communities



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Addressing the social determinants of health

Health is determined in part by social and economic opportunities, stable housing, access to healthy foods and more. These factors are known as social determinants of health, and minority populations tend to be disproportionately affected by them.

The U.S. Department of Agriculture (USDA) defines food insecurity as a lack of consistent access to enough food for an active, healthy life. The <u>latest data from the USDA</u> show that in 2019, 35.2 million people lived in food-insecure households. And according to a Kaiser Family Foundation health tracking poll published in May 2020, one in four adults in the U.S. said their families had skipped meals or had received groceries from nonprofit or government food programs since the outbreak of COVID-19.

In children, food insecurity is related to both acute and chronic health problems, diminished healthcare access and increased emergency department use, according to a <u>new study published in the journal *Pediatrics*</u>. In adults, the USDA has found that food insecurity contributes to higher rates of disease, including hypertension, coronary heart disease, stroke, cancer, asthma, diabetes and kidney disease. For people of all ages, the more meals missed, the greater the effect on the mind and body.

In FY20, the Cardinal Health Foundation invested nearly \$2.5 million in grants to combat food insecurity and housing instability — two social determinants that greatly influence health outcomes. By supporting organizations that increase access to healthy foods and prevent homelessness, we can help to improve health outcomes and eliminate health inequities.

Through the Cardinal Health Foundation, our philanthropic efforts focus primarily on three key initiatives: investing in healthcare and community health, supporting our employees' commitment to their communities and fighting prescription drug misuse.

You can read more about this work in our FY19 Corporate Citizenship Report »

Awards and recognition



Corporate Citizenship Award
Columbus Business First

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Employees help feed the hungry

The economic downturn created by the pandemic has greatly increased the needs of the most vulnerable in our communities. Employees around the globe have stepped up to help, including those in Doraville, Ga., below. In Early April, colleagues coordinated a drive to collect donations of canned foods, cereals, shampoos, soaps, paper towels and more. They delivered the donations to the Lilburn Co-op, a nonprofit organization that serves local families in need. Shown here are lead associate Collis Kitt, Nuclear Pharmacy Services supervisor Fred Corbett and nuclear pharmacist Darshini Mehta.



Expanding support for food pharmacies

Food pharmacies help bridge the gap between healthcare systems and food banks to transform and sustain the healthier eating habits of low-income patients accessing healthcare services. Through partnerships between food banks or pantries and healthcare organizations, clinic-based food pharmacies fill prescriptions written by healthcare providers to give patients access to nutritious foods as medicine.

Food pharmacies represent an opportunity for healthcare providers to engage and inspire patients around healthy eating, which can lead to better health outcomes and greater food security. In addition to providing free, nutritious foods, food pharmacies also support sustained nutritional behavior change with cooking instruction, recipe sharing and nutrition coaching.

We awarded two-year grants to support food pharmacy initiatives in five communities where Cardinal Health employees live and work:

• Akron-Canton Regional Food Bank, in partnership with the Akron Children's Hospital, Akron, Ohio. This food pharmacy focuses on improving the overall health of food insecure children and their families.

- Banco de Alimentos de Puerto Rico, in partnership with Hospital del Maestro, Hospital Wilma Vazquez and Manati Medical Center, Carolina, Puerto Rico. This food pharmacy works to improve health outcomes and reduce hospital readmissions for food insecure adults with high blood pressure.
- OhioHealth-Grant Medical Center, in partnership with the Mid-Ohio Foodbank, Charitable Pharmacy, Local Matters and Creation Gardens, Columbus, Ohio. This food pharmacy focuses on improving health outcomes in food insecure adults with diabetes and their families.
- Our Neighbors' Table, in partnership with Children's Health Care Practices, Anna Jacques Hospital and Newbury Port Public Schools, Amesbury, Massachusetts. This food pharmacy helps to improve health outcomes for food insecure children and their families.
- Second Harvest Food Bank of Middle Tennessee, partnering with Connectus Health and Nashville General Hospital, Nashville, Tennessee. This food pharmacy focuses on improving health outcomes for food insecure patients with diabetes and for food insecure patients in treatment for cancer.

Grantees participate in a learning collaborative led by a third-party subject matter expert to accelerate outcomes.

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Improving access to healthy foods in Central Ohio

More than 16% of the population in Central Ohio is food insecure; a <u>recent study from The Ohio</u>

<u>State University</u> shows that as many as one-third of households in some of our neighborhoods do not get enough food. We support nonprofit organizations in their work to increase access to fresh foods for people in low-income neighborhoods. Our grant funding allows these organizations to increase food pantry hours of operation, provide a mobile grocer in food desert neighborhoods and/or purchase coolers for increased capacity to store and offer fresh foods.

Central Ohio organizations that received funding to fight hunger include:

- Catholic Social Services
- Community Development for All People
- Local Matters
- Lutheran Social Services

Newly married couple celebrates by supporting a local shelter

When the COVID-19 pandemic forced Tyler Tapajna, a Field Engineer based in Cleveland, Ohio, and his fiancé, Melanie Vangieson, to cancel their wedding reception this year, they decided to turn what could have been a disappointing day into a day of giving.

The couple had paid in advance for their wedding venue and a food truck caterer to serve dinner for 150 people. When the venue shut down, the couple decided to have a simple outdoor wedding ceremony with family then donate the reception food to Laura's Home, a Cleveland shelter for single women and women with children.

"When we were forced to cancel the wedding, we could have canceled and received a refund on our food, too, but we loved the idea of helping others and working with our catering company, a local small business food truck," Tapajna said. "When we asked if it would be possible to donate the food to the shelter, they were immediately on board to help."

So, on their wedding day, dressed in gown and tuxedo, the couple served meals to 135 women and children at the shelter.

"We wore our wedding attire for the kids," Tapajna said.

"Laura's Home wanted them to feel as if they were at a

special event and, in turn, they made us feel special. When we walked in, we were greeted with applause."

The couple has been featured on various news outlets for their act of kindness. Tapajna said that the response has been positive and overwhelming; numerous strangers have shared that they were inspired by the newlyweds' story to donate to shelters on their behalf.

"Any good act can create a chain reaction of good feelings," Tapajna said. "While we were at Laura's Home serving food, the pure happiness and smiles we received were more than enough to fill our hearts with joy."



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Increasing access to stable housing in Central Ohio

The number of people in Central Ohio experiencing homelessness increased nearly 6% in 2019 over the previous year, according to a <u>report by the US Department of Housing and Urban Development</u>. And across the state, Ohio's housing wage (the hourly earnings needed to pay for a basic, two-bedroom apartment) is putting rent out of reach for many, according to a <u>report released</u> in July by the National Low Income Housing Coalition. The problem has been exacerbated by layoffs caused by the pandemic.

To help support those who need it most, we awarded grants to several organizations working with families and pregnant mothers in Franklin County, Ohio, who are at imminent risk of becoming homeless or those already in shelters and seeking rapid rehousing services. These organizations include:

- Community Shelter Board*
- Gladden Community House
- Homeless Families Foundation
- Young Men's Christian Association (YMCA)
- Young Women's Christian Association (YWCA)

Supporting COVID-19 emergency responses in Central Ohio

For low-income families, school closures caused by the COVID-19 pandemic mean more than a disruption in education; they also disrupt the critical source of food for children who depend on free and reduced-price meals. Closed schools also mean a loss of routine childcare for working parents and a lack of access to social workers and healthcare providers.

That is why, soon after the pandemic closed schools in Central Ohio this past spring, the Cardinal Health Foundation donated to the Mid-Ohio Foodbank and to the United Way of Central Ohio (UWCO) to support the organizations' COVID-19 emergency response efforts for children and families in need.

The Foundation made a \$500,000 donation to the Mid-Ohio Foodbank to help provide low-income children with meals during extended school closures. A smaller gift to the UWCO supported a matching fund to help meet the basic needs of those facing economic distress due to COVID-19.

The Foundation encouraged its food pharmacy grantees in five communities across the U.S., including Columbus, Ohio, to redeploy a portion of grant funding to meet local emergency food needs. That flexibility in funding allowed all the grantees to better respond to the growing number of hungry people in their communities as a result of the pandemic. Learn more about food pharmacies and our five grant recipients on page 29.

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^{*}Community Shelter Board is a collective impact organization that drives strategy, accountability, collaboration and resources to achieve the best outcomes for people facing homelessness in Franklin County. This organization will provide system leadership, training and technical assistance to the other grantees to help strengthen progress and outcomes.

Operating sustainably and responsibly



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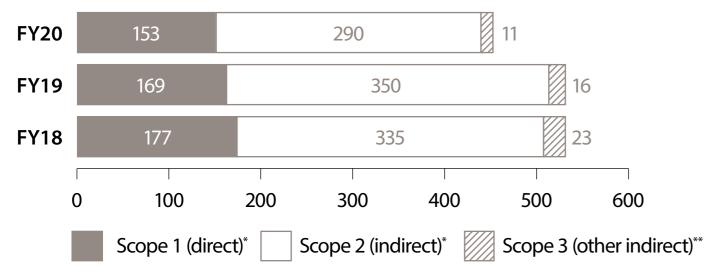
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Operating sustainably

Around the globe, we continue to look for ways to reduce landfill burden, conserve water, reduce greenhouse gas (GHG) emissions and design products and services that reduce overall environmental impact.

Greenhouse gas emissions

(thousand metric tons CO₂e)

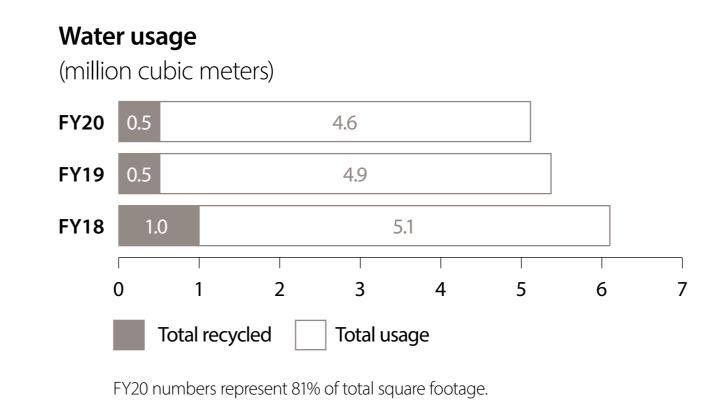


^{*} Calculated according to The Climate Register General Reporting Protocol.

FY20 numbers represent 89% of total square footage.

Cardinal Health engaged APEX in an independent verification of our reported greenhouse gas (GHG) emissions. Our FY20 GHG emissions 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).

Note: FY20 Scope 1 and Scope 2 emissions have decreased due to updating emission factors and COVID-19. Scope 3 emissions have decreased due to COVID-19 business travel restrictions.



You'll find highlights of our work to reduce our carbon footprint in FY20 here. You can learn more in our FY19 Corporate Citizenship Report »

^{**} Calculated according to the U.S. EPA Emission Factors for Greenhouse Gas Inventories. Our calculations include only North American-based air travel.

Total Waste Management

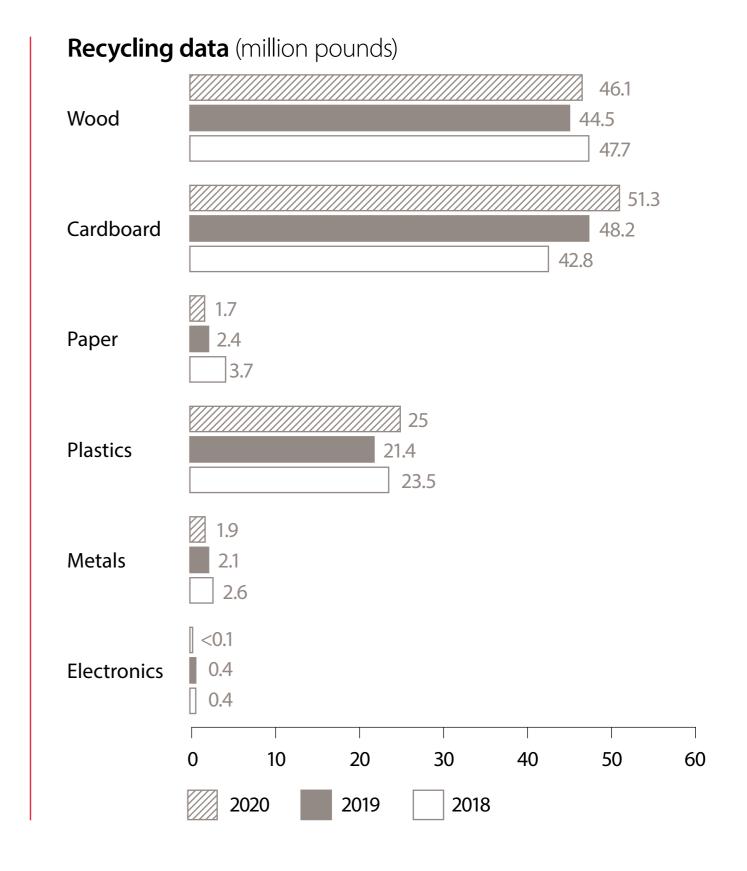
Total Waste Management is a new initiative at Cardinal Health intended to simplify and standardize waste management throughout the organization. It also will create business value by strengthening compliance for waste management, supporting business-critical operations and standardizing waste classification with SortSafe, a web-based tool that also provides insight into the tracking of waste shipments and facility waste generation — which will help us improve overall operational efficiency.

Cardinal Health has partnered with Veolia North America, the global leader in optimized resource management, to support the Total Waste Management initiative. Veolia provides water, waste and energy management solutions that contribute to the sustainable development of communities and industries.

We will begin rolling out this program more broadly in FY21 with a comprehensive facility assessment of our operations across North America. This baseline assessment will allow us to identify the kinds and quantity of waste generated at each facility, how the waste is handled and disposed of, and opportunities to decrease cost, increase operational efficiency and identify alternative waste treatment methods that are more sustainable.

Barring any potential operations or travel-related restrictions associated with COVID-19, we will launch the Total Waste Management initiative in Latin American and Canadian facilities in early 2021. By the end of FY22, we hope to begin establishing the program in the Asia Pacific region, Europe, the Middle East and Africa.

Once fully integrated throughout the enterprise by FY23, we expect that Total Waste Management will save at least 3% in waste management costs per year organization-wide compared to FY20 levels.



Greensboro PD Total Waste Management pilot

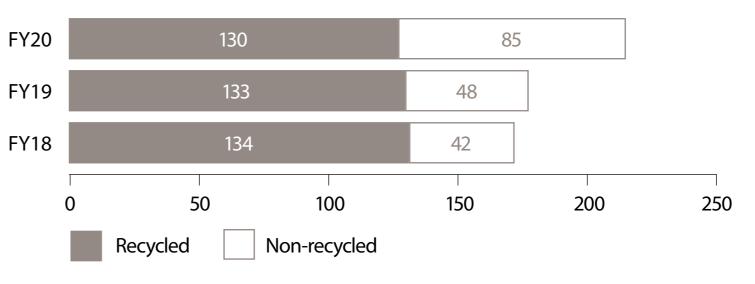
Our EHS team joined forces with employees at our Pharmaceutical Distribution Center in Greensboro, N.C., to pilot and validate the Total Waste Management process. Through the pilot, we identified 35.1 tons of waste per year that can be diverted from landfills and treated in a sustainable waste-to-energy process. We have also developed a list of recommendations to reduce waste management-related costs for the Greensboro Distribution Center. Just as significantly, the Total Waste Management initiative gives us a solution that complies with the U.S. Environmental Protection Agency's (EPA) new Pharmaceutical Hazardous Waste Rule (Subpart P).

Gown and kit recall

As referenced earlier, in January 2020, Cardinal Health issued a voluntary recall of 9.1 million surgical gowns and 2.9 million procedural kits due to issues with one of our suppliers. (A supplier had shifted production of some gowns to unapproved sites in uncontrolled environments; we could not assure the sterility of the gowns for surgical use.)

COVID-19 emerged around the same time, disrupting the supply chain and creating a significant increase in global demand for PPE. Although our recalled gowns could no longer be used in sterile environments, they could be used for non-surgical use, and we donated approximately 3.4 million of them to frontline workers.

Total recycling and waste (million pounds)



* Total hazardous waste comprises less than 2% of all waste generated. FY20 waste and recycling numbers represent 81% of total square footage.

The gown and kit components that could not be donated represented 4.5 million pounds of non-hazardous waste, all of which could have been landfilled. Instead, the EHS team leveraged cost-effective waste-to-energy treatment solutions and sent the gowns to an approved end disposal facility that converted them into electricity that was then used at the disposal facility and in the surrounding community.

In fact, the gowns and kit components were transformed into 1.2 million kWh of electricity, enough clean energy to power the equivalent of more than 1,300 homes for a month. The process also eliminated the generation of 2,200 tons of carbon dioxide and recovered approximately 114,000 pounds of metal for recycling.

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Sourcing sustainably

Cardinal Health is a member of Business for Social Responsibility™, a non-profit organization that works to develop sustainable business strategies and solutions through consulting, research and cross-sector collaboration. Through our Responsible Procurement and Manufacturing program, we have identified our top environmental, social and governance priorities for our suppliers and have communicated the company's expectations to our supplier network.

Our suppliers are required to comply with our vendor code of conduct, which sets forth the obligation of all vendors and suppliers that do business with Cardinal Health. We also have a Global Human Rights and Labor Standards policy, which establishes requirements for global conduct related to human rights and labor standards, and we issue an annual Modern Slavery Statement that sets forth the steps Cardinal Health has taken to prevent modern slavery and human trafficking in the business and supply chain. These policies and the statement <u>can be found here.</u>

We have been enhancing our Medical segment's supply chain sustainability due diligence procedures for self-manufactured and sourced medical products. Recognizing that our operations rely on a network of thousands of manufacturing locations across the globe, including self-manufacturing, contract manufacturing, private label, and OEM (original equipment manufacturer) suppliers, we completed supplier sustainability risk assessments in FY20 and prioritized supplier engagement based on inherent country and category risks, material priorities and business impact. We have been enhancing processes for risk assessments, including supplier questionnaires and on-site audits, and have focused on suppliers with the highest inherent risk for human rights and labor standards as well as for environmental, health and safety and business ethics issues.

Supporting environmental sustainability in Thailand

In Rayong, Thailand, where rapid industrial growth has increased waste generation and depleted natural resources, our employees participate in a variety of volunteer activities designed to increase environmental sustainability.



Recently, a team of

employees launched an education partnership with Samnak Wat Kraton School to teach young children about the environmental impact of garbage and how to reduce the impact by recycling and composting.

This is part of a larger and ongoing partnership with the school. Recently, for example, a technician from Rayong's Cardinal Health Engineering department visited the school to repair electrical hazards throughout the building. Although the pandemic forced the postponement of visits to the school, the Rayong team plans to return in FY21 to provide additional education — and repairs, as needed.

Our Rayong employees have also joined forces with employees from other companies in the region to plant trees in Amata City, helping to restore green spaces in that industrial estate. This is an annual event during which volunteers plant hundreds of trees throughout the city. As the trees grow, they help to reduce temperatures, increase biodiversity and absorb CO2.

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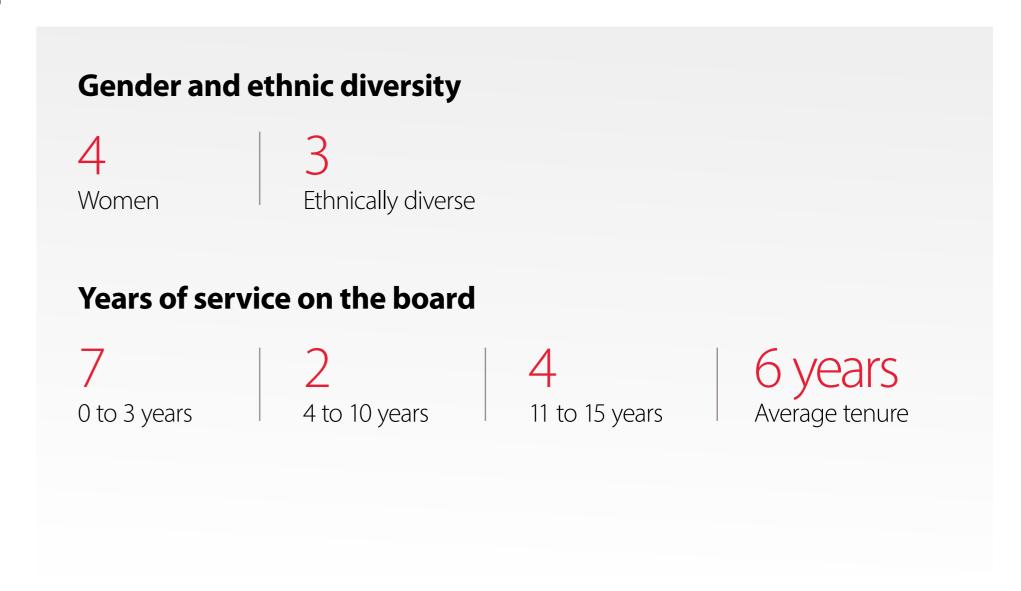
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Board of Directors

Our 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. The Board's responsibilities include:

- 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 the 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

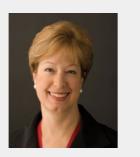
Our Corporate Governance Guidelines require that the Board be diverse, engaged and independent. Our Board reflects a diversity of skills; of professional, gender, ethnic and personal backgrounds; and of experience and thought, and includes a balance of longer-serving directors with newer ones.



Board of Directors



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



Carrie S. Cox Retired Chairman and CEO, Humacyte, Inc. Committees: H, AH



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



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



Sheri H. Edison **EVP** and General Counsel, Amcor plc Committee: A



David C. Evans Retired CFO, The Scotts Miracle-Gro Company Committee: A



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



Akhil Johri Retired EVP and CFO, United Technologies Committees: A, N, SG



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Michael C. Kaufmann CEO, Cardinal Health



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



J. Michael Losh Retired EVP and CFO, **General Motors** Committee: A



Dean A. Scarborough Retired Chairman and CEO, Avery Dennison Committee: H



John H. Weiland Retired President and COO, C. R. Bard Committees: A, SG

Committee codes: A: Audit; AH: Ad Hoc; H: Human Resources and Compensation; N: Nominating and Governance; and SG: Surgical Gown Recall Oversight. 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. The Surgical Gown Recall Oversight Committee of independent directors was formed in January 2020 to assist the Board in overseeing the company's response to a surgical gown recall. All Board members, with the exception of CEO Mike Kaufmann, are independent.

Standards of Business Conduct

The Cardinal Health Standards of Business Conduct communicate both our company's core values and our standards to our employees and provide specific guidance for how we interact with each other and with customers, vendors and all other third parties. 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

All of our employees worldwide are trained on our Standards of Business Conduct when they join the company, and they certify compliance annually thereafter.

We build on our Standards of Business Conduct when we implement company-wide policies that provide guidelines for doing our jobs in compliance with the laws and regulations applicable to each business unit's operations. From our manufacturing facilities to our distribution centers to our Sales and Marketing teams, these policies often require detailed procedures to ensure appropriate review and approval, where required.

For more details on governance and ethics at Cardinal Health, please see pages 59-62 of our FY19 Corporate **Citizenship Report** »

FY20 Interim Corporate Citizenship Report

About this report

We refer to this report as an interim Corporate Citizenship Report because much of the content covers our response to COVID-19 and calls for social justice that occurred during the second half of our fiscal year 2020 (Jan. 1 2020-June 30, 2020). We intend to publish a full Corporate Citizenship Report for our fiscal year 2021. Unless otherwise indicated, data in this report are reflective of the fiscal year 2020 (July 1, 2019-June 30, 2020). The statistics and metrics included in this report may be based on estimates, assumptions or developing standards. Except for the greenhouse gas emissions data, the information in this report has not been externally assured or verified by an independent third party.

Cardinal Health is headquartered in Dublin, Ohio. More than 97% of our FY20 revenue was generated in the United States. Although the scope of this report primarily reflects the United States, the governance and ethics sections in this report reflect company-wide practice. In addition, EHS data are based on our global operations.

GRI and SASB standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and the Sustainability Accounting Standards Board (SASB) standards for Health Care Distributors. It takes into account topic-specific GRI standards that we identified through our ESG priority assessment, which is discussed on pages 9-10 of our FY19 Corporate Citizenship Report. The GRI standards represent global best practice for reporting publicly on a range of economic, environmental and social impacts. Sustainability reporting based on the standards provides information about an organization's positive or negative contributions to sustainable development. SASB standards include 77 industry-specific standards that enable businesses around the world to identify, manage and communicate financially material sustainability information to their investors. The inclusion of information in this report in response to the GRI and SASB standards should not be construed as an admission or conclusion that the information is material to our investors.

For more details, please refer to the GRI and SASB indices at the end of this report.

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 forwardlooking 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 our 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 this document is first published. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. Forwardlooking 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.

For more information about corporate citizenship at Cardinal Health, please see our FY19 full report »

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GRI index

The GRI content index includes references to this 2020 Corporate Citizenship Report (CCR), our 2019 CCR, our 2020 Form 10-K, our 2020 Proxy Statement and other information available on cardinalhealth.com. The inclusion of information in this report in response to the GRI standards should not be construed as an admission or conclusion that the information is material to our investors.

GRI 102: General Disclosures 2016*

GRI Standard/ Disclosure	Description	Page/Comment
Organizational	profile	
102-1	Name of the Organization	Cardinal Health, Inc.
102-2	Activities, brands, products, and services	2020 CCR (pg. 6), Form 10-K (pg. 26-27)
102-3	Location of headquarters	7000 Cardinal Place, Dublin, Ohio 43017
102-4	Location of operations	<u>Form 10-K</u> (pg. 40)
102-5	Ownership and legal form	Cardinal Health, Inc. is a publicly held Ohio corporation that is listed on the New York Stock Exchange under ticker symbol CAH.
102-6	Markets served	2020 CCR (pg. 6), Form 10-K (pg. 26-28)
102-7	Scale of the organization	2020 CCR (pg. 6), Form 10-K (pg. 28, 40, 49-52, 73-74)
102-8	Information on employees and other workers	2020 CCR (pg. 6 and 18), <u>Form 10-K</u> (pg. 28)
102-9	Supply chain	2020 CCR (pg. 24-25 and 35), <u>2019 CCR</u> (pg. 35-36 and 38-39)
102-10	Significant changes to the organization or its supply chain	<u>Form 10-K</u> (pg. 27)
102-11	Precautionary Principle or approach	Cardinal Health does not have an official policy as it pertains to the precautionary principle.
102-12	External initiatives	<u>2019 CCR</u> (pg. 5 and 60)
102-13	Membership of associations	2019 CCR (pg. 62), Political Activities and Contributions Report (pg. 2 and 3)

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GRI Standard/ Disclosure	Description	Page/Comment
Strategy		
102-14	Statement from senior decision-maker	2020 CCR (pg. 3-5)
Ethics and integ	rity	
102-16	Values, principles, standards, and norms of behavior	2020 CCR (pg. 7 and 39), <u>Standards of Business Conduct</u>
102-17	Mechanisms for advice and concerns about ethics	2019 CCR (pg. 61), Standards of Business Conduct (pp. 13-15)
Governance		
102-18	Governance structure	2020 CCR (pg. 37-38), <u>2019 CCR</u> (pg. 9), <u>Proxy Statement</u> (pg. 17-20)
102-25	Conflicts of interest	2020 CCR (pg. 39), <u>Standards of Business Conduct</u> (pg. 21-22), <u>Proxy Statement</u> (pg. 27)
Stakeholder eng	gagement	
102-40	List of stakeholder groups	Our stakeholders include the following groups that may be affected by or could influence or impact our activities: shareholders, peers, partners, suppliers, industry associations, customers, employees and prospective talent, non-governmental or non-profit organizations, media, product standard-setters, community representatives, governments, regulators, international policy organizations and disclosure standard-setters.
102-41	Collective bargaining agreements	Approximately 1% of our U.S. workforce is covered by collective bargaining agreements. We have a portion of employees outside the U.S. covered under work councils or collective bargaining agreements. These vary in scope by country or region based on local regulatory or compliance requirements or customary practice.
102-42	Identifying and selecting stakeholders	2019 CCR (pg. 9 and 11)
102-43	Approach to stakeholder engagement	<u>2019 CCR</u> (pg. 11), <u>Proxy Statement</u> (pg. 25)
102-44	Key topics and concerns raised	<u>2019 CCR</u> (pg. 9-10), <u>Proxy Statement</u> (pg. 25)

GRI Standard/ Disclosure	Description	Page/Comment
Reporting pract	ice	
102-45	Entities included in the consolidated financial statements	Form 10-K (Exhibit 21.1)
102-46	Defining report content and topic Boundaries	2020 CCR (pg. 40), <u>2019 CCR</u> (pg. 9-10)
102-47	List of material topics	<u>2019 CCR</u> (pg. 10)
102-48	Restatements of information	Cardinal Health has no restatements of information to report for FY20.
102-49	Changes in reporting	None
102-50	Reporting period	July 1, 2019-June 30, 2020
102-51	Date of most recent report	Our 2019 CCR was published in May 2020.
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	ESGinquiries@cardinalhealth.com or Investor Relations at 614.757.1607 or investor.relations@cardinalhealth.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	2020 CCR (pg. 42)
102-56	External assurance	Some of our environmental data is assured; see 2020 CCR (pg. 32). We did not seek external assurance for the remainder of the data in the 2020 CCR. See 2020 Verification Statement, 2019 Verification Statement and 2018 Verification Statement.

GRI 200-400 Topic-Specific Disclosures 2016*

GRI Standard/ Disclosure	Description	Page/Comment
Indirect Econom GRI 203: Indirect E	nic Impacts Economic Impacts 2016	
103-1 103-2 103-3	Management approach	Our supplier diversity program reports to our President, U.S. Sales, Medical Solutions, who reports to our CEO, Medical Segment. See also 2019 CCR (p. 39). Our VP, Community Relations reports to our Chief Human Resources Officer (CHRO). With respect to the management approach regarding the company's response to the opioid epidemic, see Proxy Statement (pg. 7, 20 and 22) and GRI 416.
		Boundary: Communities, Customers, Investors, Policymakers, Suppliers
203-2	Significant indirect economic impacts	2020 CCR (pg. 27-30), <u>Proxy Statement</u> (pg. 7) and <u>2019 CCR (</u> pg. 39 and 42-27)
Anti-Corruption GRI 205: Anti-Corr		
103-1 103-2 103-3	Management approach	Our Chief Legal and Compliance Officer (CLCO) has responsibility to implement and maintain an effective ethics and compliance program. She is assisted in that role by our SVP of Ethics & Compliance, who administers the program. Our Board's Audit Committee oversees our ethics and compliance program. Segment compliance committees comprised of the top segment executives meet regularly to support the program. In addition, we have a robust ethics and compliance organization with compliance professionals who work alongside business leaders throughout the world. 2020 CCR (pg. 39), 2019 CCR (pg. 60), Anti-Bribery and Anti-Corruption Policy
205-1	Operations assessed for risks related to corruption	Boundary: Communities, Customers, Investors, Policymakers, Suppliers 2019 CCR (pg. 60), Anti-Bribery and Anti-Corruption Policy
205-2	Communication and training about anti-corruption policies and procedures	2019 CCR (pg. 60), Anti-Bribery and Anti-Corruption Policy

GRI Standard/ Disclosure	Description	Page/Comment
Energy GRI 302: Energy 2	016	
103-1 103-2 103-3	Management approach	Our environmental governance and management systems are part of an integrated environment, health, and safety (EHS) management approach. The Vice President, EHS leads our EHS management efforts and elevates matters when required to the SVP, Corporate Security and the CHRO. Our Board's Nominating and Governance Committee oversees environmental sustainability and other corporate citizenship activities.
		<u>2019 CCR</u> (pg. 49)
		Our latest CDP submission is posted on our corporate website and contains more information about how we are managing risks and opportunities arising out of climate change. We aim to align our management of climate-related risks to the recommendations laid out by the Taskforce on Climate-related Financial Disclosures (TCFD). By the end of 2021, we plan to set a public greenhouse gas emissions reduction goal for our pharmaceutical distribution business. We also plan to explore the use of climate scenario analysis to better assess our exposure to climate-related risk.
		Boundary: Communities, Customers, Investors, Policymakers
302-1	Energy consumption within the organization	We consumed 4,960,000 gigajoules (GJ) of energy during FY20, including 4,955,000 GJ from non-renewable sources (diesel fuel, motor gasoline, jet kerosene, liquified propane gas and natural gas) and 4,870 GJ from renewable fuel sources (solar PV production). We purchased 2,323,000 GJ of electricity.
		Our total energy consumption was aggregated using standard reporting methodology published by the Greenhouse Gas Protocol and The Climate Registry General Reporting Protocol. All conversion factors were aligned with The Climate Registry 2019 Table 1.1 where possible; otherwise, conversions used were from the U.S. Energy Information Association.

GRI Standard/ Disclosure	Description	Page/Comment
Emissions GRI 305: Emission	ns 2016	
103-1 103-2	Management approach	Please refer to GRI 302 for a description of our management approach to EHS matters.
103-3		Boundary: Communities, Customers, Investors, Policymakers
305-1	Direct (Scope 1) GHG emissions	2020 CCR (pg. 32)
305-2	Energy indirect (Scope 2) GHG emissions	2020 CCR (pg. 32)
305-3	Other indirect (Scope 3) GHG emissions	2020 CCR (pg. 32)
Environmental GRI 307: Environn	Compliance nental Compliance 2016	
103-1 103-2	Management approach	Please refer to GRI 302 for a description of our management approach to EHS matters.
103-3		Boundary: Communities, Investors, Policymakers
307-1	Non-compliance with environmental laws and regulations	We report on significant incidents of noncompliance, and any allegations of significant incidents of noncompliance, in our Forms 10-K and 10-Q filed with the U.S. Securities and Exchange Commission.
	nmental Assessment Environmental Assessment 2016	
103-1 103-2 103-3	Management approach	2020 CCR (pg. 35)
308-1	New suppliers that were screened using environmental criteria	The percentage of new suppliers screened is not available at this time.

GRI Standard/ Disclosure	Description	Page/Comment
Employment GRI 401: Employn	nent 2016	
103-1 103-2 103-3	Management approach	Responsibility for our human resources function sits with our CHRO, who reports to our CEO. Our Human Resources and Compensation Committee provides Board-level oversight of this function, including overseeing and advising the Board about our human capital management strategies and policies, including with respect to attracting, developing, retaining and motivating management and employees, workplace diversity and inclusion initiatives and progress, employee relations and workplace safety and culture. Senior leaders specializing in various human resource specialties report to the CHRO. 2020 CCR (pg. 9-18)
		Boundary: Prospective employees
401-1	New employee hires and employee turnover	We hired more than 7,900 employees in FY20 globally, including more than 6,500 in the U.S.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	We operate in several countries and benefit offerings vary accordingly. We offer competitive benefits based on local customs and practices, which can include health and wellness benefits, savings programs to prepare for financial security and retirement, commuter subsidies to encourage the use of public transportation, time away from work benefits, and flexible work arrangements when possible.
		2020 CCR (pg. 10-11), <u>2019 CCR</u> (pg. 18-19)
Occupational Health and Safety GRI 403: Occupational Health and Safety 2018		
103-1 103-2 103-3	Management approach	Please refer to GRI 302 for a description of our management approach to EHS matters. In addition, our Human Resources and Compensation Committee provides Board-level oversight of workplace safety.
. 55 5		2020 CCR (pg. 19-20)
		Boundary: Prospective employees
403-9	Work-related injuries	2020 CCR (pg. 20)

GRI Standard/ Disclosure	Description	Page/Comment
Training and Edu GRI 404: Training a	and Education 2016	
103-1 103-2 103-3	Management approach	Please refer to GRI 401 for a description of our management approach to human resources matters. 2019 CCR (pg. 20-22)
		Boundary: Prospective employees
404-1	Average hours of training per year per employee	16.6
404-2	Programs for upgrading employee skills and transition assistance programs	<u>2019 CCR</u> (pg. 20-22)
404-3	Percentage of employees receiving regular performance and career development reviews	100%
Diversity and Eq GRI 405: Diversity	ual Opportunity and Equal Opportunity 2016	
103-1 103-2	Management approach	Please refer to GRI 401 for a description of our management approach to human resources matters.
103-3		2020 CCR (pg. 12-18) Boundary: Prospective employees
405-1	Diversity of governance bodies and employees	2020 CCR (pg. 18 and 37-38)

GRI Standard/ Disclosure	Description	Page/Comment	
	Local Communities GRI 413: Local Communities 2016		
103-1 103-2 103-3	Management approach	Please refer to GRI 203 for a description of our management approach to community relations and community initiatives to combat opioid misuse. 2020 CCR (pg. 27-30), Proxy Statement (pg. 7) Boundary: Communities, Customers, Investors, Policymakers	
413-1	Operations with local community engagement, impact assessments and development programs	2020 CCR (pg. 27-30) , <u>Proxy Statement</u> (pg. 7)	
	Supplier Social Assessment GRI 414: Supplier Social Assessment 2016		
103-1 103-2 103-3	Management approach	Please refer to GRI 308 for a description of our management approach to supply chain management, including our Vendor Code of Conduct. 2020 CCR (pg. 35) Boundary: Customers, Investors, Suppliers	
414-1	New suppliers that were screened using social criteria	The percentage of new suppliers screened is not available at this time.	

GRI Standard/ Disclosure	Description	Page/Comment
Customer Healtl GRI 416: Custome	h and Safety r Health and Safety 2016	
103-1 103-2 103-3	Management approach	Responsibility for quality and regulatory matters across Cardinal Health sits with our EVP, Quality and Regulatory, who reports to our CLCO. The EVP, Quality and Regulatory is a member of the leadership teams of each of the segment CEOs and regularly updates the segment CEOs on quality and regulatory matters. The Audit Committee of our Board of Directors oversees our quality and regulatory program. The Board formed a separate Surgical Gown Recall Oversight Committee of independent directors in January 2020 to assist the Board in overseeing the company's response to a surgical gown recall that occurred during FY20. See Proxy Statement (pg. 20 and 22) for more information. 2020 CCR (pg. 24-25), 2019 CCR (pg. 32-33 and 35-36) Our CLCO has responsibility for oversight of our controlled substances anti-diversion compliance program and our defense of opioid litigation. Our SVP of Supply Chain Integrity, who reports to the CLCO, administers the anti-diversion compliance program. Our EVP, Quality and Regulatory, who also reports to the CLCO, has responsibility for quality and regulatory compliance in our Pharmaceutical Distribution business, including aspects of supply security and reporting. The Board's Ad Hoc Committee comprised of independent directors assists the Board in its oversight of opioid-related issues. Proxy Statement (pg. 7, 20 and 22), Addressing the Opioid Crisis: Board Engagement and Governance Boundary: Customers, Investors, Suppliers
416-1	Assessment of the health and safety impacts of product and service categories	2020 CCR (pg. 24-25), <u>2019 CCR</u> (pg. 32-33 and 35-36)

GRI Standard/ Disclosure	Description	Page/Comment
Customer Privac GRI 418: Custome		
103-1 103-2 103-3	Management approach	Our Chief Information Security Officer (CISO) and our Chief Information Officer (CIO), who reports to the CEO, oversee our programs to prevent, detect, contain, and respond to information security incidents. The Board's Audit Committee oversees our major information technology risk exposures, and the steps management has taken to monitor and control such exposures. The Board and Audit Committee have received regular updates on our cybersecurity programs. Assisting in program oversight are an Information Technology Risk Governance Committee, in which the CIO and CLCO participate, and a Privacy Committee. Both committees are cross-functional and comprised of senior managers and meet on a regular basis. 2019 CCR (pg. 37), Form 10-K (pg. 30, 37) Boundary: Customers, Investors
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<u>2019 CCR</u> (pg. 37), <u>Form 10-K</u> (pg. 30, 37)
Socioeconomic Compliance GRI 419: Socioeconomic Compliance 2016		
103-1 103-2 103-3	Management approach	Please refer to GRI 205 and GRI 416 for a description of our management approach to ethics and compliance, quality and regulatory matters and anti-diversion compliance program. Boundary: Customers, Investors, Suppliers
419-1	Non-compliance with laws and regulations in the social and economic area	We report on significant incidents of noncompliance, and any allegations of significant incidents of noncompliance, in our Forms 10-K and 10-Q filed with the U.S. Securities and Exchange Commission.

^{*}Cardinal Health's 2020 Corporate Citizenship Report applies the 2016 version of the GRI Standards. "2016" refers to the Standards issue date, not the date of information presented in this report.

SASB index

The following is a Sustainability Accounting Standards Board (SASB) content index for the Health Care Distributors Sustainability Accounting Standard. It includes references to this 2020 CCR, our 2019 CCR, our 2020 Form 10-K, our 2020 Proxy Statement and other information available on cardinalhealth.com. The inclusion of information in this report in response to the SASB standards should not be construed as an admission or conclusion that the information is material to our investors. Certain of our disclosures are only partially aligned with the applicable SASB metrics.

SASB Code	Metric	Page/Comment		
Fleet Fuel Mana	Fleet Fuel Management			
HC-DI-110a.1	Payload fuel economy	We utilize a mix of commercial and dedicated third party transportation and logistics providers as well operate a private fleet of delivery vehicles for the delivery of our products. We do not have direct operational control over the commercial provider deliveries and do not have access to our third-party partners' fuel economy data. We utilize SmartWay partners whenever possible. Our private fleet operates a mix on local route deliveries and regional line haul shuttles.		
HC-DI-110a.2	Description of efforts to reduce the environmental impact of logistics	<u>2019 CCR</u> (pg. 53)		
Product Safety				
HC-DI-250a.1	Total amount of monetary losses as a result of legal proceedings associated with product safety	We report on significant legal proceedings associated with product safety in our Forms 10-K and 10-Q filed with the U.S. Securities and Exchange Commission.		
HC-DI-250a.2	Description of efforts to minimize health and safety risks of products sold associated with toxicity/chemical safety, high abuse potential, or delivery	2020 CCR (pg. 24-25), <u>2019 CCR</u> (pp. 32-33, 35-36, 38), <u>Proxy Statement</u> (pg. 7), <u>Addressing the Opioid Crisis: Board Engagement and Governance</u>		
Counterfeit Drugs				
HC-DI-260a.1	Description of methods and technologies used to maintain traceability of products throughout the distribution chain and prevent counterfeiting	<u>2019 CCR</u> (pg. 35-36)		

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SASB Code	Metric	Page/Comment
HC-DI-260a.2	Discussion of due diligence process to qualify suppliers of drug products and medical equipment and devices	<u>2019 CCR</u> (pg. 33)
HC-DI-260a.3	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	<u>2019 CCR</u> (pg. 35-36)
Product Lifecycl	e Management	
HC-DI-410a.1	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	<u>2019 CCR</u> (pg. 52)
HC-DI-410a.2	Amount (by weight) of products accepted for take-back and reused, recycled, or donated	2020 CCR (pg. 33-34), <u>2019 CCR</u> (pg. 52)
Business Ethics		
HC-DI-510a.1	Description of efforts to minimize conflicts of interest and unethical business practices	2020 CCR (pg. 39), <u>2019 CCR</u> (pg. 59-61), <u>Standards of Business Conduct</u> (pg. 13-15, 21-27, 33-35)
HC-DI-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery, corruption, or other unethical business practices	We report on significant legal proceedings associated with bribery, corruption or other unethical business practices in our Forms 10-K and 10-Q filed with the U.S. Securities and Exchange Commission (SEC). In addition, in February 2020, Cardinal Health entered into a settlement agreement with the SEC for \$8.8 million to settle alleged violations of the internal controls and books and records provisions of the U.S. Foreign Corrupt Practices Act. The allegations related to activities of a Chinese pharmaceutical and medical device distribution business that Cardinal Health divested in 2018. Cardinal Health did not deny or admit to the SEC's findings and the U.S. Department of Justice declined to take any action against Cardinal Health.
Activity Metrics		
HC-DI-000.A	Number of pharmaceutical units sold by product category	We do not report the number of pharmaceutical units sold but we do report Pharmaceutical segment revenue in our Form 10-K. See Form 10-K (pg. 73-74)
HC-DI-000.B	Number of medical devices sold by product category	We do not report the number of medical units sold but we do report Medical segment revenue in our Form 10-K. See Form 10-K (pg. 73-74)

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