

APPLIED MEDICAL'S APPROACH TO

# CORPORATE SOCIAL RESPONSIBILITY







# APPLIED MEDICAL

A New Generation Medical Device Company

Applied Medical is a rapidly growing global company that designs, develops, manufactures and distributes medical devices to more than 75 countries. As a vertically integrated company, we manufacture our products in-house at our corporate headquarters in Rancho Santa Margarita, California, and our European headquarters in Amersfoort, the Netherlands.

By minimizing outsourcing our operations, we maintain more control over our manufacturing processes. This allows us to ensure we achieve the highest level of product quality and consistently meet or exceed regulatory and environmental standards.

Applied Medical is committed to continually developing sustainable practices to balance our economic, environmental and social impact. We actively pursue strategies that enable us to move toward sustainability while enhancing the value offered to our customers and making a positive impact on the people and communities where we work.



A photograph of four factory workers in a clean, modern manufacturing facility. They are wearing green lab coats, hairnets, and safety glasses. Two workers are holding a small component on a tray, while the other two observe. The background shows industrial machinery and a bright, well-lit environment.

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we maintain more control over our  
manufacturing processes to help ensure  
our high-quality products meet regulatory  
and environmental standards globally.*





## Economic Accountability at Applied Medical

While most medical device companies are founded on a technology, product or service, Applied Medical started with a belief. In the consumer technology arena, innovation is the solution to high costs, yet in the medical technology arena, innovation is erroneously blamed for high costs. Applied Medical's founders challenged that notion, believing that if computers, cell phones and televisions could be continuously improved and sold for less, medical devices could as well.

As a new generation medical device company, Applied Medical is committed to satisfying all of the demands of healthcare (quality, value, service, and enhanced clinical outcomes). We achieve this through our vertically integrated business model that enables our team members to develop our technologies in-house, with minimal outsourcing, thus controlling the cost and quality. On average, more than 400 million product components are produced each year by Applied Medical team members between our Southern California and Amersfoort manufacturing facilities.

We strive to make a meaningful, positive impact on all our stakeholders, and take our economic responsibilities seriously.

### CUSTOMERS

Applied Medical is a leading provider of breakthrough technologies that meet both the clinical and economic needs of our hospital customers. We are able to achieve our mission of delivering high-quality healthcare more affordably through our vertically integrated business model. Our economic impact is not limited to the price reductions we offer. As market leader in several medical device categories, Applied Medical has forced the competition to also lower pricing on their devices in an effort to stay competitive, saving the U.S. healthcare market over \$4.5 billion since 2010 in the laparoscopic abdominal access category alone.

### PATIENTS

Applied Medical is dedicated to providing innovative products that improve patient outcomes and enable the advancement of minimally invasive surgery. By making high-quality surgical care more affordable, Applied Medical is also making minimally invasive surgery more accessible to a wider patient population across the globe. Each year thousands of hospitals worldwide care for patients using Applied Medical devices.

### TEAM MEMBERS

We invest heavily in our team members. From wide-reaching health and wellness benefits to training and educational opportunities, Applied Medical recognizes that our team members have the greatest impact on our ability to achieve our mission and serve our customers. We invest millions of dollars annually to provide quality medical insurance for our team members and their families, provide dozens of programs and resources to support our team, and offer tuition reimbursement for team members who pursue continuing education.

### COMMUNITY

We know that a healthy company is made stronger through a healthy community. We are active partners in the communities where we work and live. In an effort to encourage the next generation of innovators, we provide internship opportunities to college students and welcome schools and community groups on campus for tours of our state-of-the-art manufacturing facilities.





# Environmental Sustainability at Applied Medical

As a manufacturing company, we understand the importance of being efficient with our resources. We identify and manage current and future environmental sustainability initiatives by tracking energy usage, water consumption, greenhouse gas (GHG) emissions and waste generation as part of our commitment to continual improvement. These efforts have resulted in significant energy and water conservation as well as limiting GHG emissions and waste output.

### ENERGY CONSERVATION

Throughout our continued growth, Applied Medical remains committed to setting standards for energy conservation. Our energy conservation efforts include using variable frequency drives, efficient air compressors and chillers, LED lighting, and state-of-the-art lighting controls. In addition, we use renewable and alternative energy sources. We generate solar power at our U.S. and European headquarters. We also utilize cogeneration systems to reduce our reliance on the local electrical grid while saving on utility costs. And, approximately 50% of the electricity powering our facilities globally comes from alternative energy sources.

### WATER CONSERVATION

Water is essential to the manufacturing operations at Applied Medical's facilities. Accordingly, we have taken measures toward conserving this vital resource by instituting several water saving initiatives. For example, we installed an advanced system that reuses cooling water generated during one of our manufacturing processes for irrigation purposes. We also installed a highly efficient water chiller system at one of our Southern California manufacturing facilities which utilizes a cooling tower that provides an up-to-95% reduction in water use compared to traditional water towers.

### GREENHOUSE GAS EMISSIONS REDUCTION

Applied Medical calculates and tracks its GHG emissions to evaluate its carbon footprint. Applied Medical's GHG emissions are influenced by a variety of factors, such as increasing production volumes, facility expansion and other aspects of our vertically integrated manufacturing operations. However, without the widespread outsourcing utilized by many other product manufacturers, and with in-house sterilization facilities and strategically located product warehouses both domestically and globally, we avoid freight-related emissions typically associated with outsourced manufacturing.

### WASTE REDUCTION

Applied Medical continues to increase material recycling rates through training, awareness and waste minimization measures. Recycled materials include raw and used plastic, scrap metal, paper, cardboard, silicone, pens and batteries. To encourage waste reduction, we removed disposable plastic water bottles from our conference rooms and provided our team members with reusable water bottles to be used at our water refill stations around campus. We also initiated the "Choose to Recycle" program which encourages team members to separate and recycle plastic, food waste and general waste. In addition, we converted to a form-fit packaging system for many products and resized our boxes accordingly, which reduces the amount of packaging material per product, while maximizing shipment efficiencies.

### APPLIED MEDICAL'S PROTERRA® COMMITTEE

The ProTerra Committee consists of passionate team members from various departments who focus their efforts on developing and organizing educational and awareness campaigns to increase sustainability efforts on and off campus. Our volunteer committee has created many initiatives, from encouraging the use of reusable items to reinforcing paper recycling to implementing a pen and battery recycling program. Our committee also shares sustainability tips with team members and participates in volunteer opportunities that benefit our environment and local communities.



### LAND USE

At Applied Medical's European headquarters in the Netherlands, we have constructed our facilities with extensive open parkland. More than one-quarter of the land is parkway with grass, trees, natural wildflowers, and tended gardens providing a refuge for bees and enabling pollination.



# Social Responsibility at Applied Medical

At Applied Medical, we believe in the importance of caring for our team members across the globe, supporting the people and communities where we live and work, and helping transform the world around us. It's all part of our mission to make a meaningful, positive difference every day, in everything we do.

## COMMUNITY RELATIONS

We maintain a strong commitment to our communities by assisting more than 170 global and local nonprofit organizations through financial, in-kind or volunteer support. These organizations are on the front lines of reducing poverty and hunger, meeting basic human needs, providing disaster relief, distributing medical supplies and more. Each year, hundreds of team members participate in company-organized volunteer events, from donating blood for critical medical needs to cleaning up beaches for coastline preservation. These opportunities help us build partnerships within our communities while strengthening bonds between team members.

## HEALTH AND WELLNESS

Applied Medical is committed to improving both the accessibility and affordability of high-quality healthcare globally. We achieve this through a vertically integrated business model that enables us to develop technologies that enhance clinical care, benefitting patients around the world. We also support the overall health and well-being of our team members, from offering comprehensive health insurance benefits, to company-sponsored sports activities and free fitness classes. Beyond physical fitness, Applied Medical brings healthy eating programs to the workplace and offers annual no-cost flu shots for team members and their families. Our workshops and educational events for team members cover topics focusing on financial, emotional and physical health.

## EDUCATION

We support the professional development of team members, encouraging them to expand their knowledge as they explore various roles within the organization. Our online learning platform, Applied Learning, gives team members opportunities to develop their skills and grow through our

leadership development programs. Applied Medical also offers tuition reimbursement to further encourage lifelong learning. Our commitment to education extends beyond our doors to the customers we serve. Each year, thousands of surgeons and other healthcare professionals across the globe participate in educational programs offered by Applied Medical, provided with the purpose of expanding minimally invasive surgery to improve patient outcomes.

## HUMAN RIGHTS AND ETHICS

Applied Medical fosters an environment in which people of diverse backgrounds are valued, challenged, acknowledged and rewarded. We enjoy an inclusive workforce globally, where all team members have opportunities to grow and thrive. As a company, we believe in respecting each team member's opinion as part of a culture of open communication across all levels and departments. We promote a workplace that respects human rights and is free from discrimination and harassment. We fully endorse the U.N. Universal Declaration of Human Rights, the U.N. Convention on the Rights of the Child, the U.N. Convention against Corruption, and the International Labor Organization conventions on forced labor, child labor, discrimination, and freedom of association. We have zero tolerance for any action that goes against these conventions both within our operations and from our raw materials suppliers.

As a vertically integrated company, our team members handle our product design, development and manufacturing processes in-house – both in California and the Netherlands. By minimizing outsourcing, we are able to ensure the highest standards of employment practices are maintained, which benefits our team members worldwide. We abide by all relevant U.S. and international employment laws and are an equal opportunity employer. When we do engage with an outside vendor, we require that they also follow good employment practices as outlined in our comprehensive Applied Medical Supplier Handbook.





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