

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 all of our products in-house at our corporate headquarters in Rancho Santa Margarita, California, and our European headquarters in Amersfoort, Netherlands.

By minimizing outsourcing our operations, we maintain complete control over every step of the manufacturing process. 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 impacts. 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, brightly lit manufacturing facility. They are wearing green lab coats with the 'Applied' logo, hairnets, and safety glasses. One worker on the right is wearing blue gloves and is holding a white tray with a component on it. The other three workers are looking at the component with interest. The background shows industrial machinery and a polished floor.

*As a vertically integrated company, we maintain complete control over our manufacturing process, shunning outsourcing, 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, mobile 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, without outsourcing, thus controlling the cost and quality. More than 287 million individual 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 develop our medical devices with the highest quality standards and offer them at prices that average 30 percent lower than competitive offerings. 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 \$250 million annually 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. In fact, each year nearly 10,000 hospitals worldwide care for patients using over 16 million 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 more than \$22 million annually to provide quality medical insurance for our team members and their families, provide dozens of programs and resources to support new parents and families, and offer tuition reimbursement for team members pursuing continuing education. More information on our Health and Wellness activities can be found in the Social Responsibility section of this brochure.

### COMMUNITY

We know that a healthy company is made stronger through a healthy community. As such, we are active partners in the communities where we work and serve. In an effort to encourage the next generation of innovators, more than 100 students are provided internship opportunities at Applied Medical each summer, and dozens of local school and community groups participate in tours of our state-of-the-art manufacturing facilities each year. More information on our Community Relations activities can be found in the Social Responsibility section of this brochure.



# 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 a reduction in carbon emissions and waste output.

## ENERGY CONSERVATION

Throughout our continued growth, Applied Medical remains committed to setting standards for energy conservation. Our energy conservation measures include the installation of a solar panel system at our corporate headquarters, generating 3.92 million kilowatt-hours of electricity annually. We also utilize a cogeneration system which helps further reduce our utility costs as well as reliance on the local electrical grid. Over one-third of the electricity powering our Southern California facilities comes from alternative energy sources.

## WATER CONSERVATION

Water is essential to the manufacturing operations at Applied Medical's facilities in both Southern California and the Netherlands. Accordingly, we have taken measures toward conserving this vital resource by installing an advanced system that utilizes wastewater generated during our manufacturing processes for irrigation purposes. We also installed a highly efficient water chiller system at our Southern California manufacturing facilities which utilizes a cooling tower that provides an up-to-95-percent 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 an in-house sterilization facility 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, pens and batteries. Team members in Southern California have successfully prevented the disposal of more than 550,000 plastic water bottles by refilling cups and bottles at refill stations around campus. In addition, we converted to a form-fitting 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 our global campus. Our volunteer committee has created many initiatives, from encouraging the use of reusable coffee mugs and water bottles 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 Amersfoort, 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.

For more information on Applied Medical's environmental sustainability efforts, please visit [appliedmedical.com/sustainability](https://www.appliedmedical.com/sustainability).

# 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 local and global communities by assisting more than 200 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 and an on-site Fitness Center, to company-sponsored sports leagues and free, daily 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 lunch-and-learn 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 own team members handle all 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. When we do engage with an outside vendor, we require that they also follow good employment practices. We abide by all relevant U.S. and international employment laws and are an equal opportunity employer.

For more information on Applied Medical's social responsibility efforts, please visit [appliedmedical.com/culture](https://appliedmedical.com/culture).





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