CardinalHealth™

Fiscal 2023

Environmental, social and governance report

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A message from our CEO

Dear Stakeholders,

As a crucial link between the clinical and operational sides of healthcare, Cardinal Health is committed to our Environmental, Social and Governance (ESG) initiatives as we work to improve the lives of people every day. We approach ESG in a way that supports our business, positions us as a partner of choice for customers and suppliers, and ensures compliance with evolving regulatory requirements.

In fiscal 2023, our internal ESG Governance Committee established seven enterprise ESG priorities. These seven priorities, which are also the foundation of our three-year ESG strategic plan, are community engagement; diversity, equity and inclusion (DE&I); employee well-being; energy and climate; product and service innovation; responsible sourcing; and talent management.

I'm pleased to share with you our Fiscal 2023 ESG Report, which illustrates how our ESG priorities are helping us to create long-term, sustainable value for all our stakeholders. I want to share my gratitude to our Board of Directors for their commitment to, engagement with and oversight of our ESG work. The Board supports us in the firm belief that ESG is not only the right thing to do, but also the right thing to do for our business.

Building a world-class workplace culture

Our success begins with our employees, who work tirelessly to support the needs of our customers and the patients our customers serve.

We believe our workplace culture is one of our greatest strengths, enabling us to attract, develop and retain top talent, best meet our customers' needs and those of their patients, and strengthen the communities where we work and live. We continued our efforts throughout fiscal 2023 to further our goal of creating a workplace where everyone is encouraged to be their authentic selves, and where all people are treated fairly and equitably.

Throughout the year, we increased efforts to reduce stigma about mental health issues in the workplace, and to increase employees' access to mental health services, including the addition of a mental health specialist to our Benefits team and offering suicide prevention training. We began bringing together private and public sector leaders to discuss possible solutions to the growing prevalence of mental health issues in our workplaces and our communities. For example, the Ohio Business Roundtable (OBRT) and I convened a discussion on mental health with Ohio CEOs and Ohio Governor Mike DeWine.

Jason Hollar
Chief Executive Officer

> We approach ESG in a way that supports our business, positions us as a partner of choice for customers and suppliers, and ensures compliance with evolving regulatory requirements.

Reducing our environmental impact

In the fall of 2021, we announced our intent to reduce our Scope 1 and 2 greenhouse gas (GHG) emissions by 50% by fiscal 2030 (from a fiscal 2019 base year). We continue to make progress toward this goal, and have reduced our Scope 1 and 2 emissions by 13%.

In addition, we have baselined our Scope 3 GHG emissions and aligned on a near-term science-based target (SBT) that includes Scope 3 emissions. We have submitted this SBT to the Science Based Targets initiative (SBTi) for validation, and expect to provide more details in the coming months. Meanwhile, we continue to invest in energy efficiency opportunities across our distribution and manufacturing sites and are looking to expand our use of renewable energy across the enterprise.

Finally, our U.S. hospital customers are increasingly embracing the reprocessing of medical devices, both to reduce their costs and lessen their environmental impact. I am particularly proud of the work our Sustainable Technologies™ business is doing to meet this important and growing need. Sustainable Technologies collects certain single-use devices (SUDs) and reprocesses them for reuse. In fiscal 2023, the business nearly doubled the size of its Florida facility, enabling reprocessing at a larger volume and providing dedicated lab space for testing new reprocessing methodologies.

Ensuring a responsible supply chain

We are committed to ensuring that our supply chain reflects both our values and our ESG priorities, which is why we continued to improve our supplier due diligence program and supply chain mapping in fiscal 2023. Throughout the year, our Responsible Sourcing team focused on simplifying, improving and embedding a structure for our supplier due diligence processes, adding new tools and capabilities.

These new capabilities, focused on increasing transparency and business integrity throughout the supply chain, are driving positive and broader engagement with our supplier partners in both the Medical and Pharmaceutical Segments.

Increasing access to care

In the pages that follow, we share some of the ways we are helping to increase equitable access to quality healthcare among our workforce, through our business, and through the work that the Cardinal Health Foundation does in our communities.

I have signed on to the **Zero Health Gaps Pledge**, an initiative of the World Economic Forum's Global Health Equity Network. The pledge reflects a commitment from CEOs across industries and regions to embed health equity in their respective organization's core strategies, operations and investments.

In closing

Thank you – to all of our stakeholders, including our 48,000 employees around the globe – for your support of, partnership with, and contributions and commitment to our ESG work. We understand that there is more to be done, but we are working toward a fair, equitable and livable planet into the future and we are proud to share this report with you.

Sincerely,

Jason Hollar
Chief Executive Officer

01 About Cardinal Health

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Cardinal Health is a global healthcare services and products company providing customized solutions for hospitals, healthcare systems, pharmacies, ambulatory surgery centers, clinical laboratories, physician offices and patients in the home.

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. With more than 50 years in business, we are building on our expertise in distribution, products and solutions to innovate and create customer-centric solutions that address healthcare's most complicated challenges.

Company overview[1]

Pharmaceutical Segment

Our Pharmaceutical Segment comprises three key areas: Pharmaceutical and specialty distribution, sourcing and manufacturer services, and Nuclear & Precision Health Solutions (NPHS).

Key capabilities:

01 **Distribution**
Delivering branded, generic and specialty pharmaceuticals and over-the-counter healthcare and consumer products

02 **Sourcing and manufacturer services**
Providing end-to-end logistics and technology solutions for manufacturers, pharmacies and healthcare providers

03 **Nuclear & Precision Health Solutions**
Manufacturing radiopharmaceuticals, operating nuclear pharmacies and supporting radiopharmaceutical innovation

Medical Segment

Through our Medical Segment, we manufacture, source and distribute Cardinal Health™ Brand and national brand products to global healthcare providers across the care continuum.

Key capabilities:

01 **Integrated manufacturer**
Manufacturing, sourcing and distributing Cardinal Health™ Brand and national brand products to global healthcare providers across the care continuum

02 **Direct to patient**
Distributing products directly to the home and enabling customers to serve patients in their homes with supply chain solutions through at-Home Solutions

03 **Digital supply chain**
Through Wavemark™, providing an automated technology platform for inventory management.
Through OptiFreight™ Logistics, supporting the shipping and logistic needs of healthcare providers by optimizing direct shipments through integrated technology

Pharmaceutical Segment **$190B** in revenue

Medical Segment **$15B** in revenue

Total fiscal 2023 revenue **$205B**

cardinalhealth.com | facebook.com/cardinalhealthinc | linkedin.com/company/cardinal-health | @CardinalHealth

[1] Effective January 1, 2024, the company began operating under an updated enterprise operating and segment reporting structure, which includes two reportable segments: the Pharmaceutical and Specialty Solutions segment and the Global Medical Products and Distribution segment. Separate from these two new reportable segments, the company's Nuclear and Precision Health Solutions, at-Home Solutions and OptiFreight® Logistics operating segments will be reported as Other.

Awards and recognition

100 Best Corporate Citizens, 3BL Media

Best Places to Work for LGBTQ+ Equality, Human Rights Campaign

Bloomberg Gender-Equality Index

Brandon Hall Group Learning and Development Award, Gold
Best Advance in the Flow of Work
Best Use of Blended Learning

Business Group on Health Best Employers
Excellence in Health & Well-being
Excellence in Health Equity
Excellence in Mental Health

Campus Forward Award
For early career programs

Chief Learning Officer Learning Elite

Columbus Business First Corporate Citizenship Award and Vanguard Award

Human Rights Campaign Foundation's Corporate Equality Index
Perfect score of 100

LATINA Style 50 Companies

Ruth Bader Ginsburg Board Diversity Award

Seramount Awards
100 Best Companies
Best Companies for Multicultural Women
Inclusion Index
Top Companies for Executive Women

Fiscal 2023 ESG highlights

January 2023

We published an extensive ESG Report, aligned with the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) frameworks.

February 2023

We established a company-wide decarbonization working group that brings together senior advisors, managers and directors from business units and functions across the enterprise and the ESG team to identify strategic ways to integrate climate considerations into business decisions. The group has been meeting monthly since its inception.

April 2023

We hosted the company's first series of Earth Day events, one of which engaged employees in **13 of our distribution centers** in an electronics recycling event. Employees brought in more than 300 pounds of e-waste from their homes to be recycled.

May 2023

We baselined our Scope 3 greenhouse gas (GHG) emissions, and with our executive leadership team and the Board of Directors' Governance and Sustainability Committee, **we aligned on a new near-term science-based target** that includes Scope 3 emissions.

We submitted this science-based target (SBT) to the Science Based Targets initiative (SBTi) for validation; we expect to provide more details in the coming months.

June 2023

Our ESG Working Group, comprising vice president-level leaders, completed benchmarking and development of **three-year strategic plans for each of our seven ESG priority topics.** (Please see these seven ESG priority topics on the next page.)

ESG topics and priorities

In our fiscal 2022 ESG Report, Cardinal Health introduced a refreshed list of ESG topics that guide our ESG strategy development, manage organizational risks, and are intended to create lasting value for our stakeholders. These 17 ESG topics are deemed to be our 'material ESG topics,' as referred to in the Global Reporting Initiative (GRI) and included in our GRI Index, based on our impact on the environment, society and stakeholders.

When reviewing these ESG topics with the internal ESG Governance Committee, we elected to narrow the focus of our strategy development and prioritize **seven topics** to serve as the foundation for our three-year strategic plan. We selected these seven ESG priorities because they allow us to differentiate ourselves in the market while, we believe, enabling us to mitigate environmental and social risks to the company. Our ESG Working Group, composed of vice-president-level subject matter experts, with oversight from our ESG Governance Committee, is responsible for developing a strategy for each of the seven priorities.

Our seven ESG priority topics are:

01. **Community engagement**
02. **Diversity, equity, and inclusion (DE&I)**
03. **Employee well-being**
04. **Energy and climate**
05. **Product and service innovation**
06. **Responsible sourcing**
07. **Talent management**

The remaining 10 ESG topics serve as the basis for the ESG team's approach to managing organizational ESG risk in coordination with our traditional enterprise risk management (ERM) processes. We have robust programs in place to address and monitor risks for these 10 ESG topics. We regularly assess these ESG topics and related metrics to maintain visibility into Cardinal Health's performance and to determine whether our policies and programs are effectively managing risk. The remaining ESG topics included in our risk management activities are:

- **Workplace health and safety**
- **Wages and benefits**
- **Responsible use of prescription medications**
- **Product quality and patient safety**
- **Supply chain resiliency**
- **Waste management**
- **Efficient transportation and logistics**
- **Corporate governance**
- **Data privacy and security**
- **Business ethics and compliance**

Though these 10 ESG topics are not directly included in our ESG team's three-year strategic plan, we do report on them in this report. On the pages that follow, we have organized the 17 ESG topics into four broad categories: **empowering our people, creating value for our customers and communities, operating sustainably and responsibly, and governance, ethics and compliance.** Additionally, within our GRI Index, we align our disclosures with all corresponding standards for each of the 17 ESG topics.

United Nations Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDGs) continue to serve as guideposts for our ESG priorities and initiatives. Of the 17 SDGs resulting from the 2030 Agenda for Sustainable Development, we have prioritized the four goals below, as they are most aligned with our ESG priorities and we believe they can enable Cardinal Health to generate positive impact and create long-term value.

Our ESG goals and progress

ESG priority	Aspirational goal	Scope	Fiscal 2023 progress against base year
Energy and climate	By fiscal 2030, **reduce Scope 1 and 2 greenhouse gas (GHG) emissions by 50%,** from a fiscal 2019 base year	**Global**	**13% reduction as of the end of fiscal 2023**[2]
	Set a Science-Based Target approved by the Science Based Targets initiative (SBTi)	**Global**	**Proposed Science-Based Target was submitted to the SBTi in July 2023. We will communicate this goal once validation is completed.**
Diversity, equity and inclusion*	Between fiscal 2021 and fiscal 2030, **see increased representation globally of women**[3] at the manager level and above, from 40% to 48%	**Global**	40% **41.5%** 48%
	Between fiscal 2021 and fiscal 2030, **see increased representation in the U.S. of African American and Black employees**[4] at the manager level and above, from 5% to 11%	**U.S.**	5% **5.6%** 11%
	Between fiscal 2021 and fiscal 2030, **see increased representation in the U.S. of Asian, Latino, Indigenous and all other ethnically diverse groups**[4,5] at the manager level and above, from 17% to 23%	**U.S.**	17% **19.8%** 23%

*At Cardinal Health, we are focused on continuing to build and foster a workplace that values the unique perspectives and contributions of all our employees. Our people are our most important assets — and we believe that a diverse and inclusive workforce leads to better business results. Our talent strategy furthers our aspiration to be an employer of choice for all. Our DE&I program helps identify and eliminate barriers to equal opportunity and development, inspires outreach and recruitment efforts to reach a broader base of qualified individuals, and allows all individuals to feel comfortable bringing their authentic selves to work. We believe these efforts will result in progress toward our aspirational goal of seeing enhanced diversity in management.

[2] In fiscal 2023, we restated our fiscal 2019 GHG emissions. These have been assured, as have fiscal 2023 emissions, as part of Cardinal Health's commitment to accurate data reporting that best represents our business. The restatement was done in part due to the addition of new activities such as emissions from biomass and refrigerants; as well as adding market-based emissions calculations for Scope 2. Additionally, some data was removed due to the divestiture of the Cordis business, and therefore properties and activities associated with that business have been removed from Cardinal Health's operational boundary. Knowing that renewable energy will be a critical piece to Cardinal Health's emissions reduction strategy, we have transitioned to tracking progress towards our goals utilizing the market-based emissions method to be able to properly account for renewable energy within our boundary.

[3] This goal excludes Cardinal Health employees who identify as non-binary (U.S. only) or do not specify a gender within our voluntary survey.
[4] This goal excludes Cardinal Health employees located within U.S. Territories, and employees who do not specify an ethnicity or respond to the voluntary survey.
[5] We use the ethnic diversity categorization of the Equal Employment Opportunity Commission (EEOC). "All other ethnically diverse groups" include American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, and two or more races.

ESG governance at a glance

The management and oversight of ESG-related risks and opportunities are critical to engaging our entire organization and successfully carrying out our strategy, improving our impact across ESG priorities, and achieving our climate and representation goals. At Cardinal Health, ESG governance starts with our Board of Directors, setting a strong tone at the top, and ends with our employees across the organization who champion ESG priorities in their day-to-day work.

Board of Directors

The full Board discusses significant ESG risks and opportunities, but specific issues are overseen by the Board's relevant committees:

The Governance and Sustainability Committee provides formal oversight of enterprise ESG activities, policies, strategy, and reporting and disclosure practices (except to the extent such matters are overseen by another Board committee). The Vice President of ESG provides a report out to the committee each quarter that includes updates on the regulatory environment, progress against our ESG priorities, governance over ESG risks and opportunities, and our strategy for the coming months and years. The Governance and Sustainability Committee plays an active role in our goal-setting and reporting activities, as well. For example, in fiscal 2023 the committee was presented with our proposed science-based target (SBT) for alignment prior to submission for validation to the Science Based Targets initiative. Additionally, the committee is updated on our ESG reporting process.

Other Board committees have oversight of other specific ESG-related areas such as human capital management, diversity, equity and inclusion, and responsible sourcing.

ESG Governance Committee

Comprising the senior-most leaders of Cardinal Health, including the CEO, his direct reports and other leaders across the company, the internal ESG Governance Committee is responsible for approving and tracking progress against enterprise-wide ESG strategies, providing guidance on managing ESG risks, and helping to embed ESG-related policies and consistent messaging throughout the company.

Vice President of ESG and our ESG Working Group

The Vice President of ESG leads and coordinates ESG matters and regularly engages with the Board's Governance and Sustainability Committee. The VP of ESG is responsible for assessing and managing our ESG topics; collaborating with senior leaders to instill ESG-related priorities into our business operations; and developing ESG-related goals and managing our ESG data, measurement, and reporting.

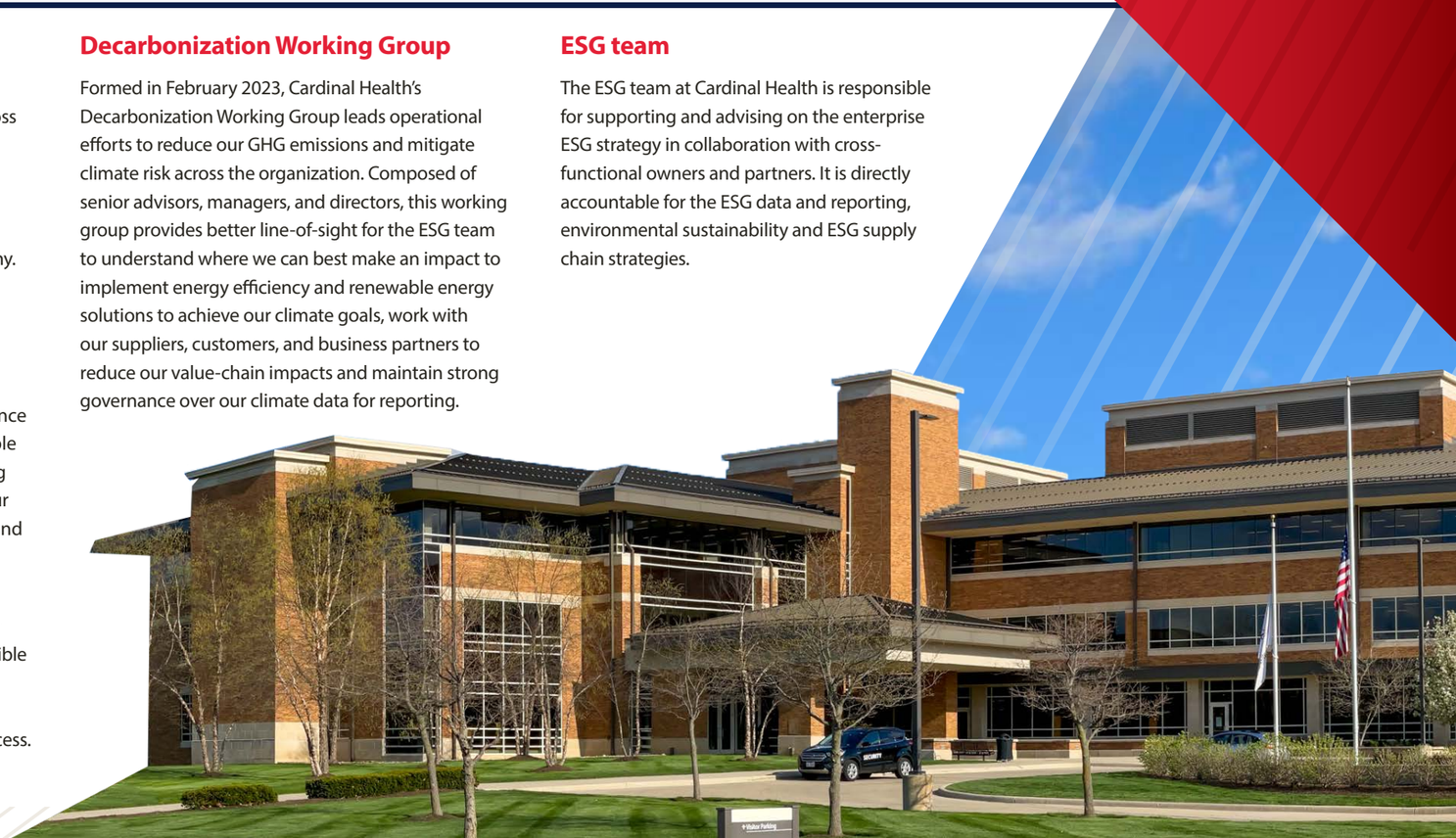
The VP of ESG also chairs the ESG Working Group, comprising vice president-level subject matter experts for Cardinal Health's ESG priority topics. This group is responsible for working together to set action plans for integrating ESG considerations into business strategies, policies, and operations and to identify gaps and opportunities for success.

Decarbonization Working Group

Formed in February 2023, Cardinal Health's Decarbonization Working Group leads operational efforts to reduce our GHG emissions and mitigate climate risk across the organization. Composed of senior advisors, managers, and directors, this working group provides better line-of-sight for the ESG team to understand where we can best make an impact to implement energy efficiency and renewable energy solutions to achieve our climate goals, work with our suppliers, customers, and business partners to reduce our value-chain impacts and maintain strong governance over our climate data for reporting.

ESG team

The ESG team at Cardinal Health is responsible for supporting and advising on the enterprise ESG strategy in collaboration with cross-functional owners and partners. It is directly accountable for the ESG data and reporting, environmental sustainability and ESG supply chain strategies.



02 Empowering **our people**

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15 Diversity, equity and inclusion
19 Talent management
21 Wages and benefits
23 Employee well-being
25 Workplace health and safety

Our employees around the globe are committed to our mission of delivering the products and solutions that improve the lives of people every day.

In turn, we support our employees with opportunities for ongoing learning and professional development. We provide a variety of benefits to help employees and their families care for their physical, mental and financial well-being and we work hard to create a workplace culture where every employee is invited and encouraged to be their authentic selves.

Diversity, equity and inclusion

We know there is strength in our differences. This drives us to create a workplace where every employee feels welcome, seen, heard and safe to bring their authentic selves to work. Creating this culture is a journey; there is always work to be done, but we are making progress.

At Cardinal Health, we organize our diversity equity and inclusion (DE&I) work under the pillars of engagement, equity and representation.

Engagement

Since fiscal 2022, DE&I learning objectives have been included in Cardinal Health's annual incentive plan. In fiscal 2023, all incentive-eligible employees were required to complete training on various DE&I topics, like how to build and maintain inclusive teams, how our company defines and operationalizes diversity and inclusion, how to challenge assumptions, and why allyship matters.

Celebrating ESG and DE&I in an annual town hall

In fiscal 2023, CEO Jason Hollar hosted the company's fourth annual DE&I town hall for all employees. The meeting introduced our fiscal 2022 ESG Report and helped employees understand the importance of our work on DE&I.

Our ESG work helps us to ensure a fair, equitable and livable planet into the future, and our DE&I work helps create a workplace where all people, regardless of race, ethnicity, sex, sexual orientation, age, ability or religion, are treated fairly and equitably. During the town hall, Hollar emphasized that ESG and DE&I initiatives are both the right things to do and good for business. ESG helps us fulfill our corporate mission of improving people's lives every day, allowing us to partner more closely with our customers and other stakeholders and better meet their expectations.

Both ESG and DE&I help us to recruit and retain top talent – because, more and more, ESG matters when people choose where they want to work. For example, numerous reports show that Gen Z and millennials[6], who collectively make up approximately 46% of the U.S. workforce, care about diversity, equity and inclusion, societal impact and environmental sustainability – and want to work for a company whose values align with their own[7].

Brenton Wheaton, manager of Cardinal Health's People Analytics team, was in the audience during the meeting and shared his reflections:

"It's clear that our CEO truly believes that DE&I and ESG are important both to individuals throughout the company and to our business: when we do these things well, it's best for our employees and for the business. That is very heartening. These things do impact our culture: I can honestly say that this is the first place I've worked where I feel completely comfortable being my authentic self."

[6] The Deloitte 2023 Gen Z and Millennial Survey: Waves of change: acknowledging progress, confronting setbacks. https://www.deloitte.com/global/en/issues/work/content/genzmillennialsurvey.html. Accessed November 28, 2023.
[7] Britt Peterson. What Gen Z wants in the workplace. The Washington Post, June 16, 2023. https://www.washingtonpost.com/business/2023/06/16/gen-z-employment/#.

Empowering all employees through diversity, equity and inclusion (DE&I) initiatives

Multiple employee organizations within Cardinal Health help incorporate DE&I into our work. These groups help us to create a workplace where all employees are empowered to bring their authentic selves to work every day, using their unique perspectives and experiences to generate new ideas and innovative solutions.

DE&I Steering Council

Mission: To champion internal conversations about DE&I. Members are senior leaders from across the company who are charged with identifying and discussing barriers to DE&I, challenging the status quo and championing change.

Executive sponsors/advisors:
Jason Hollar, CEO
Ola Snow, CHRO

Black and African American Racial Equity Cabinet

Mission: To create a safe space for senior leaders at Cardinal Health to listen and learn from Black and African American leaders from across the company.

Executive sponsors/advisors:
Jason Hollar, CEO
Ola Snow, CHRO
Michelle Greene, CIO
Ben Brinker, President, Global Products and Supply Chain

DE&I Ambassadors

Mission: To promote DE&I initiatives within their facilities. Ambassadors meet monthly with a DE&I team member to discuss the company's DE&I work, hear from various company leaders and brainstorm ideas for advancing DE&I in their locations. DE&I Ambassadors also gain valuable leadership experiences as they initiate and engage their colleagues in DE&I activities.

Executive sponsor/advisor:
Devray Kirkland, Chief DE&I Officer

GenerationNext

Mission: To support the initiatives of Cardinal Health's DE&I Steering Council and the Black and African American Racial Equity Cabinet. Members are diverse, mid-level leaders; their work within GenerationNext also helps them develop important leadership skills.

Executive sponsor/advisor:
Devray Kirkland, Chief DE&I Officer

New Perspectives

Mission: To host conversations about social issues that aren't often talked about in the workplace. Employees are invited to gather virtually to discuss a predetermined subject. Among the topics this grassroots organization discussed in fiscal 2023 were mental health issues, access to healthcare and social determinants of health.

Learning from the past

Gaining a better understanding of how racism, discrimination and racial inequality impact our employees, communities, and our customers' patients is a priority at Cardinal Health.

In fiscal 2023, teams across the company continued work to better understand how the history of slavery, lynching, segregation and Jim Crow laws have impacted the U.S. and how contemporary issues like discrimination, racial inequality and over-incarceration affect our communities. These teams, including CEO Jason Hollar and other senior leaders, the Human Resources leadership team, and the DE&I team, with members of our Black and African American Racial Equity Cabinet and our DE&I Steering Council, made multiple trips to Montgomery, Alabama, to visit the National Memorial for Peace and Justice and the Legacy Museum. Both facilities are projects of the Equal Justice Initiative, a nonprofit organization that provides legal representation to those who have been wrongfully incarcerated.

DE&I in a box

In June 2023, inspired by our Black and African American Racial Equity Cabinet, our DE&I team packed boxes with the Progress Pride flag and the Pan-African flag (a symbol of freedom for Black and African American people), signage and messaging around DE&I for all employee resource groups (ERGs), and sent them to many facilities around the globe, as a way to engage more employees in our DE&I work.

Left: Employees in Cardinal Health International India (CHII) hung the Progress Pride flag from the DE&I kit in celebration of Pride Month.

Equity

Employee Resource Groups (ERGs): Advancing DE&I and well-being initiatives

Open to all employees, our seven ERGs help create community for underrepresented populations, their allies and advocates.

The ERGs regularly support nonprofit organizations that serve their constituencies in our communities. The ERGs also dedicate programming each year to help advance members' well-being.

In addition, through attendance at external job fairs, mentorship, and event programming, they help recruit, develop, engage and retain diverse talent, all of which help further our 2030 aspirational representation goals.

Cardinal Health MCC Multi-Cultural Community

We also have seven Multi-Cultural Communities (MCCs) around the globe. Like our ERGs, our MCCs are engrained in the culture of Cardinal Health and welcome employees around the globe to get involved. The MCCs' mission is to bring more people across the globe into our diversity, equity and inclusion (DE&I) efforts.

Access for everyone

Access is a key component of equity; it means identifying and eliminating barriers that can prevent full participation of some individuals or groups. One way we ensure access is by including lactation rooms and meditation rooms in our facilities. These exist in our corporate headquarters and many of our sites around the globe. Today, we ensure that every new facility we open has both.

Our ERGs by the numbers

Cardinal Health APAN — Asian Pacific American Network: **678** members

Cardinal Health BOLD — Black and African American Network: **1,261** members

Cardinal Health DAN — Disability Advocates Network: **962** members

Cardinal Health ¡HOLA! — **813** members

Cardinal Health PROUD — **993** members

Cardinal Health VMA — Veterans and Military Advocates: **613** members

Cardinal Health WIN — Women's Impact Network: **3,213** members

8,533 total memberships

Representation

Inviting employees to self-identify

We welcome all employees in the U.S. to self-identify their disability status, gender preference and/or veteran status within Workday, our human resources management software. Self-identification helps us foster a more inclusive environment, where all are included and respected. We've also enabled our employees around the globe to identify as non-binary and share their pronouns and display their chosen names in Workday and other internal applications.

We want everyone at Cardinal Health to be proud of who they are and what they bring to the company. These are small but significant steps that empower our employees to show up and be seen as themselves.

PROUD ERG presents at Out & Equal

For several years, PROUD has promoted its allyship program – urging employees to learn more about the LGBTQ+ community and sign an ally pledge. **By the end of fiscal 2023, more than 6,000 employees had signed the pledge.**

In the fall of 2022, Cardinal Health and PROUD were asked to participate in Out & Equal's annual Workplace Summit to talk about this initiative. Out & Equal is a global nonprofit organization that works exclusively toward LGBTQ+ workplace equality. (According to Out & Equal's website, the Summit brings together executives, DE&I practitioners, ERG members, and others for workshops, networking and the sharing of best practices.) Steve Mason, CEO of our Medical Segment and Executive Sponsor of PROUD, plus several members of the ERG presented a panel discussion that drew a standing-room-only crowd and inspired lengthy discussion.

2030 aspirational representation goals: Fiscal 2023 progress

We believe that a diverse and inclusive workforce leads to better business results. If our talent strategy is successful, we will be an employer of choice for all and will see progress toward enhanced diversity in management.

Goal: Globally see increased representation of **women** at the manager level and above from **40%** to **48%**

41.5%

Progress:
Grew to 41.5% in fiscal 2023
(compared to 40.9% in fiscal 2022)[8]

Goal: In the U.S., see increased representation of **African American and Black** employees at the manager level and above from **5%** to **11%**

5.6%

Progress:
Grew to 5.6% in fiscal 2023
(compared to 5.3% in fiscal 2022)[9]

Goal: In the U.S., see increased representation of **Asian, Latino, Indigenous and all other ethnically diverse groups** at the manager level and above from **17%** to **23%**

19.8%

Progress:
Grew to 19.8% in fiscal 2023
(compared to 19.1% in fiscal 2022)[9]

[8] This goal excludes Cardinal Health employees who identify as non-binary (U.S. only) or do not specify a gender within our voluntary survey.
[9] This goal excludes Cardinal Health employees located within U.S. Territories, and employees who do not specify an ethnicity or respond to the voluntary survey.

Current representation highlights

Board of Directors
55% female
27% ethnically diverse

Operating committee (CEO, direct reports, business presidents, and other business and functional leaders)[10]
27% female
20% ethnically diverse

Executive leadership team (CEO and his direct reports)[10]
57% female
14% ethnically diverse

Employee population[9]
50% female (globally)
50% ethnically diverse (U.S. only)

[10] Diversity of employees is calculated based on data pulled from our HR system of record in September 2023 for the population of employees as of June 30, 2023 and excludes our Kinray employee base. Kinray is excluded as employment information is managed by a third party in a separate system of record and represents a minimal impact on the metrics. As of October 2023, Cardinal Health's operating committee comprises our CEO, his direct reports, business presidents, and other business and functional leaders, representing a total of 15 executives. The diversity of employees by ethnicity is limited only to Cardinal Health's permanent employees based in the U.S. Cardinal Health does not collect racial/ethnic demographics of its employees outside of the U.S. Ethnically diverse is defined as all nonwhite employees.

Talent management

Delivering our mission requires effective strategies to attract, recruit, develop and retain employees at every level around the globe.

Assessing employee engagement

Through the Voice of the Employee (VOE) initiative, the Talent Management team surveys employees about their engagement and sentiment. Every two years – including in fiscal 2023 – the team invites all regular, non-contracted employees around the world to participate in the survey, which asks employees to share their sentiments on a broad range of engagement categories, including career development, communication, customer focus, DE&I, empowerment, leadership, goals and objectives, work environment, retention and more. (In the years between these full VOE surveys, the Talent Management team sends a check-in survey, inviting all regular, non-contracted employees to respond to a briefer set of questions.) **Participation in these surveys is consistently high; this year's response rate was 88%.**

The 2023 survey responses showed that our workforce is highly engaged. Sustainable engagement, meaning how engaged, energized and empowered employees feel at work, is at 87% across the enterprise. Key drivers of employee engagement are the company's focus on customers, employees' feelings of empowerment, and their work environment.

Other key takeaways include:

More than **90% of employees** say they have a clear understanding of the company's goals and objectives and they know how their work contributes to them.

90% of employees also say Cardinal Health management supports diversity in the workplace.

87% of employees say they can be themselves at Cardinal Health without worrying about how they will be accepted.

As a result of these key takeaways, we have established a set of enterprise-wide focus areas for the year, including:

01 **A continued focus on clear, compelling goals and objectives achieved in a way that's consistent with Cardinal Health values and behaviors.**

02 **Ensuring clear communications around the company's long-term strategy and direction.**

03 **A continued focus on purposeful actions to maintain our culture and retain talent.**

In addition, leaders across the organization use the VOE results to create action plans to guide the work of their individual teams.

Our Time to Talk performance conversations

We help to inspire high performance through quarterly, one-on-one check-ins between employees and their managers, called Our Time to Talk conversations. During the first quarter of each fiscal year, employees work with their managers to set annual performance goals and plans for personal development. In the second and third quarters, these conversations focus on progress toward goals and development plans. In the final quarter, employees complete self-assessments of their performance and engage with their managers for performance reviews.

Leader development and succession planning

At Cardinal Health, succession plans for roles at the vice president level and above are routinely evaluated and measured to help us plan for critical workforce needs and ensure our leaders are equipped with the skills they need to align with long-range business plans.

We regularly assess the readiness of all those on succession plans, identifying the specific development areas and experiences needed and the targeted time frame for each plan.

Each year, we identify the individuals at the vice president level and above who are critical to retain and focus efforts on keeping them engaged through new roles and assignments, coaching and regular one-on-one "stay" conversations with their direct supervisor. Stay conversations help us understand these leaders' motivation and engagement, what they need in order to be more successful in their roles, and their evolving career goals.

In support of our talent and succession planning process, we have a commitment to leadership development for our highest potential talent from mid-management to executive-level leaders. A part of our development process is architecting careers through a tool called "Charting a Course." This mapping of the critical experiences and assignments needed allows us to better align our talent to the optimal next moves with long-term succession in mind.

How we approach development

70% on-the-job experience + **20%** networking + **10%** formal learning sessions

Learning and development

Growing and developing all employees and equipping them with learning opportunities aids in building the skills needed to serve the greater goal of healthcare. In fiscal 2023, the team focused on providing performance-based learning, which teaches employees the specific skills they need to achieve a desired outcome. Performance-based learning helps employees become more competent more quickly and make fewer on-the-job errors. Because it helps employees feel empowered, it also increases employee engagement.

The Learning and Development team also has incorporated gamification learning in some training programs, in which participants learn by solving problems in game-based settings. They compete with peers, participate as teams and earn points or badges.

Learning academies: Creating customized training for employees across businesses

Seven academies pair Learning and Development experts with business leaders across the enterprise to develop and implement training to equip employees in a rapidly changing work environment. **The academies support training for employees within the following areas:**

01 **Leadership**

02 **Nuclear and pharmacy clinical work**

03 **Supply chain and manufacturing**

04 **Sales**

05 **Customer experience**

06 **Corporate functions**

07 **International business**

myLeaderMoments

myLeaderMoments is a brief weekly email to all people leaders with tips and relevant resources designed to boost leadership development. In fiscal 2023, topics included providing feedback virtually, Generation Z employees and what they value at work (mental well-being initiatives, a supportive approach to DE&I and a strong commitment to work-life balance), and the importance of goal setting and holding frequent meetings to discuss progress against goals. In 2023, this initiative received a Gold Learning and Development Award from Brandon Hall Group™, a professional development company that offers data, research, insights and certification to learning and talent executives and organizations.

Building digital strength

In close collaboration with leaders in Global Technology and Business Services, the Learning and Development team launched Digital U in fiscal 2021. Digital U empowers employees with digital skills aligned with the company's strategic business outcomes, and it is helping build digital strength within the enterprise.

Three priorities guided the program in fiscal 2023:

- **Increase the number of employees who have the digital skills necessary for key roles and responsibilities.**
- **Increase career progression of digital college students and graduates.**
- **Increase retention of graduates.**

There are seven colleges (analytics, automation and AI; architecture; cloud; engineering; information security; project management; and SAP), and each one offers intensive learning programs that employees must apply for. Each student has an assigned mentor and the opportunity for job shadowing, stretch assignments and project work. By the end of a digital college program, each graduate can perform new digital skills or roles.

Mentoring

We have championed a robust, global mentoring program that provides development in a customized, tailored way. Through mentoring, the organization supports employee development – building capability and capacity to deliver on their business and professional objectives. At the same time, mentoring helps to further employees' personal development goals.

Mentoring has not only created connections for employees throughout the company but also has been a critical lever to foster and sustain our inclusive culture. By bringing together employees across businesses, functions and geographies, these collaborative mentoring partnerships are strengthened by their diversity.

Some of our largest mentoring program participation falls within our Employee Resource Groups (ERGs). Individual ERGs have long championed mentoring as a way to foster relationships across this large company. Mentoring is also embedded throughout our leadership development offerings from early-career programs to mid-level high potential development programs. Additionally, mentoring programs exist in our businesses and functional areas to create new relationships and foster career growth across the company.

Wages and benefits

Benefits overview

We know that when our employees and their families thrive, they can be their best selves at work, at home and in their communities. Our benefits empower employees' physical, mental and financial well-being. They reflect our values and help create a workplace culture where everyone is invited to bring their authentic selves to work. Here's a brief look at these benefits:

- **401(k) savings plan**
- **Flexible spending accounts**
- **Short- and long-term disability coverage**
- **Life insurance**
- **Tuition reimbursement**
- **Paid parental leave**
- **Adoption assistance**
- **Domestic partner benefits**
- **Mental well-being programs** and free access to a meditation app*
- **Live and Work Well employee assistance program (EAP*)**
- **Physical and financial well-being programs**
- **Backup childcare and eldercare**
- **Virtual physical therapy**
- **Virtual coaching program for pain management**
- **Access to experts in children's learning,** emotional, developmental or behavioral challenges
- **Business travel insurance**
- **College coaching for dependents**
- **Backup pet care**

Increasing mental well-being benefits

The Benefits team now includes a mental health specialist, a former practicing nurse who believes mental well-being is at the very core of wellness. In fiscal 2023, our specialist organized multiple small group discussions for employees to share stories of their mental well-being journeys and to hear from and support others. The Benefits team also produces the monthly "It's Okay" podcast, designed to further normalize conversations about mental well-being. Each episode features a different employee sharing personal experiences.

The benefits team is also working collectively to incorporate mental well-being messages into all employee benefits. As an example, Principal, our 401(k) benefit provider, has shared instructions with our employees on accessing our EAP to discuss financial stresses or retirement questions.

* Regardless of benefit enrollment, all employees and their household members have access to our EAP and a meditation app to help manage stress and support mental well-being. When reaching out to the EAP, employees and their household members can choose a series of phone sessions with mental health professionals, or can select from a list of qualified professionals in their local community for in-person sessions.

Pay equity

Each year, Cardinal Health conducts a pay equity study to assess progress towards equal pay for all employees who are performing substantially similar work, regardless of gender or ethnicity. Some of the things we consider include job-related skills, tenure, experience and education level, performance rating and geography.

98.6¢ For every dollar male employees are paid, **female employees** at Cardinal Health are paid 98.6¢[11].

For every dollar non-minority employees are paid, **minority employees** at Cardinal Health are paid 99.5¢[12]. **99.5¢**

We continuously assess our pay practices and make adjustments as we strive to equitably compensate our employees. We engage with an industry-leading independent third party to analyze our pay data at least twice each year and provide ongoing consultation to help inform our salary investments and compensation practices.

Increasing transparency around compensation is one step on the journey towards pay transparency and continued pay equity. To increase pay transparency at Cardinal Health, effective January 1, 2024, we began including hiring ranges on all internal and external U.S. job postings. While only some local and state legislation requires this level of pay transparency, we believe this is the right thing to do for our organization. Though this initial phase is only impacting the U.S., we are continuing conversations with our leadership around the globe to remain aware of and engaged in the right ways to promote pay transparency and pay equity internationally.

EEO-1 survey data

Below is the EEO-1 report that we file with the U.S. Equal Employment Opportunity Commission (EEOC) based on calendar year filing requirements. The data reflect U.S. representation of racial/ethnic groups in various job categories at Cardinal Health as of December 30, 2022. (The EEOC mandates the use of specific job categories that differ from our workplace categories.)

	Asian		Black or African American		Hispanic or Latino		American Indian or Alaska Native		Native Hawaiian or other Pacific Islander		White		Two or more races		
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	Total
Executive/senior-level officials and managers	1	1	1	3	1	3	0	0	0	0	13	33	0	2	58
First/mid-level officials and managers	132	222	172	212	135	198	5	8	1	4	1,293	1,605	29	38	4,054
Professionals	381	427	447	259	269	232	18	11	6	11	2,542	2,170	83	67	6,923
Technicians	43	87	153	156	178	151	9	8	5	6	440	460	22	20	1,738
Sales workers	16	19	32	38	41	34	4	1	2	3	524	555	9	16	1,294
Administrative support workers	54	25	613	72	208	54	13	5	8	2	948	186	58	8	2,254
Craft workers	0	4	16	51	3	40	0	1	0	0	11	148	1	1	276
Operatives	469	698	1,111	1,885	1,422	1737	29	44	55	78	1,170	2,610	82	156	11,546
Laborers and helpers	21	11	77	30	265	79	5	1	0	1	119	64	6	4	683
Service workers	0	1	0	11	1	8	0	0	0	0	1	31	0	1	54
Total	**1,117**	**1,495**	**2,622**	**2,717**	**2,523**	**2,536**	**83**	**79**	**77**	**105**	**7,061**	**7,862**	**290**	**313**	**28,880**
Previous report total	1,052	1,422	2,560	2,557	2,280	2,303	73	79	69	80	7,084	7,982	248	261	28,050

(F) Female, **(M)** Male

[11] Cardinal Health's gender pay equity metric is calculated using U.S. permanent employee compensation as of October 24, 2023. The calculation excludes employees located in U.S. territories, executives, employees on select incentive compensation plans, and employees who either identify as non-binary or do not respond to the voluntary survey.

[12] Cardinal Health's minority pay equity metric is calculated using U.S. permanent employee compensation as of October 24, 2023. Minority employees are those who identify with a race or ethnicity other than white. The calculation excludes employees located in U.S. territories, executives, employees on select incentive compensation plans, and employees who do not respond to the voluntary survey.

Employee well-being

MovingMatters

All employees and their covered family members are encouraged to seek regular care to identify ailments early when they are most treatable. This year, we restructured our annual incentive program to emphasize the importance of a primary care physician relationship: enrolled employees and covered partners who complete a check-up with their healthcare provider during this calendar year will receive a discount on their 2024 medical premiums.

We also achieved significant health plan savings this year for our employees and business by identifying program efficiencies. These savings were passed through to our employees and Cardinal Health was able to offer reduced or flat premiums for most plans as well as increasing affordability based on income level. Finally, we introduced a copay health plan to reduce monthly premiums and provided employee education to increase understanding about choosing providers based on both cost and quality.

Supporting those in transition

In fiscal 2023, we also expanded benefits for those who are seeking gender-affirming care, to include access to transgender advocates who can help employees find experienced care providers and social service professionals. Employees also have access to services including trachea shaves – a gender-affirming procedure for those seeking a more feminine appearance and voice training to help transitioning patients modify the way they speak to more closely align with how they identify.

Supporting pelvic health

Family history, childbirth, hormonal changes and aging all can impact pelvic health. To make pelvic healthcare more accessible, in fiscal 2023 we added a no-cost benefit to any U.S.-based employee with a vaginal anatomy. (Spouses, domestic partners and dependents ages 18 and older who are enrolled in a Cardinal Health medical plan can also participate in the program at no cost.)

The program provides confidential, private, clinical-grade care for pelvic-floor health. It gives access to pelvic health specialists, an intravaginal biofeedback sensor, a tailored pelvic-exercise program and resources. The pelvic health specialists are trained physical therapists with appropriate clinical experience.

MoneyMatters

Earned wage access

According to a recent health and well-being survey[13], 60% of full-time employees are stressed about finances; even among those who earn $100,000 or more annually, nearly half report feeling financial stresses. Nearly half of financially stressed employees said these worries have a significant impact on their mental health.

Late in calendar year 2023, we began piloting a new benefit to support the financial well-being of employees in the U.S.

Earned wage access allows employees to access a portion of their earned wages for hours already worked in a current pay period to meet their financial needs.

Earned wage access empowers employees to pay bills on time and avoid high-cost financial options like payday loans, borrowing against 401(k) accounts or late payments on bills.

Through a digital pay app, employees can access a portion of the money they've earned prior to pay day, and have the money transferred as direct deposits to their bank. The app also allows employees to set up a savings goal through direct deposit.

Backup pet care

We also added backup pet care through Bright Horizons, the same program that provides employees with backup childcare and elder care benefits. Now, employees with pets can access free backup boarding, pet walking or pet sitting services through rover.com.

On the Spot recognition

In fiscal 2022, we piloted a recognition program called "On the Spot," which was designed for leaders to immediately recognize and reward front-line workers for outstanding work. In April 2023, we rolled out On the Spot to distribution centers, manufacturing facilities and warehouses across the U.S.

Throughout the fiscal year, leaders awarded more than

2,700 employees

with On the Spot recognitions.

[13] PwC's 2023 employee financial wellness survey. PwC. 2023. https://www.pwc.com/us/en/services/consulting/business-transformation/library/employee-financial-wellness-survey.html

MindMatters

Addressing mental well-being openly is core to Cardinal Health's culture and is one of our ESG priorities.

Because stigma remains one of the most significant barriers to getting appropriate treatment, it's particularly important to normalize mental health issues. Eight in 10 employees say stigma prevents them from seeking mental health support, according to the National Alliance on Mental Illness (NAMI)[14], and only 51% of employees report feeling safe in their role if their mental health issues are revealed, according to 2022 research commissioned by Modern Health[15].

Through our global MindMatters initiative, designed to reduce stigma and increase access to mental health resources, we are building a psychologically safe culture where employees at all levels are invited to bring their authentic selves to work. They are encouraged to use support resources and to share their personal mental health journeys. Some of our senior leaders have been setting the example: Russell Schuster, President of Cardinal Health Canada, joined an all-employee town hall to talk about anxiety and how he manages it. CHRO Ola Snow has openly shared how her high-functioning anxiety manifests itself in worry, stress and loss of sleep; she was a featured guest on an episode of our internal "It's Okay" podcast.

Below are some of the ways we're supporting employees' mental well-being:

Bringing on mental health professionals

Through our EAP provider, we have dedicated mental health specialists available to our workforce. They host trainings and video podcasts, and support each of our employee resource groups (ERGs) in creating mental health awareness sessions relevant to the ERGs' constituencies. In fiscal 2023, we added three contractor positions for mental health professionals to work with employees both on-site and remotely at our facilities in Chicago and LaVergne, Tennessee.

Training employees

All U.S. employees have access to Mental Health First Aid (MHFA) training to learn to identify and support anyone experiencing a mental health issue and connect them with appropriate care. Employees also can take Question. Persuade. Refer. (QPR) training to learn to recognize the warning signs when someone has suicidal thoughts and how to offer hope and direct the person to proper help.

In fiscal 2023, for the second year in a row, Cardinal Health's support of employee mental well-being was recognized for excellence in mental health by the Business Group on Health's Best Employer Awards.

Use of EAP in fiscal 2023 **9.2%**

Bringing employers together

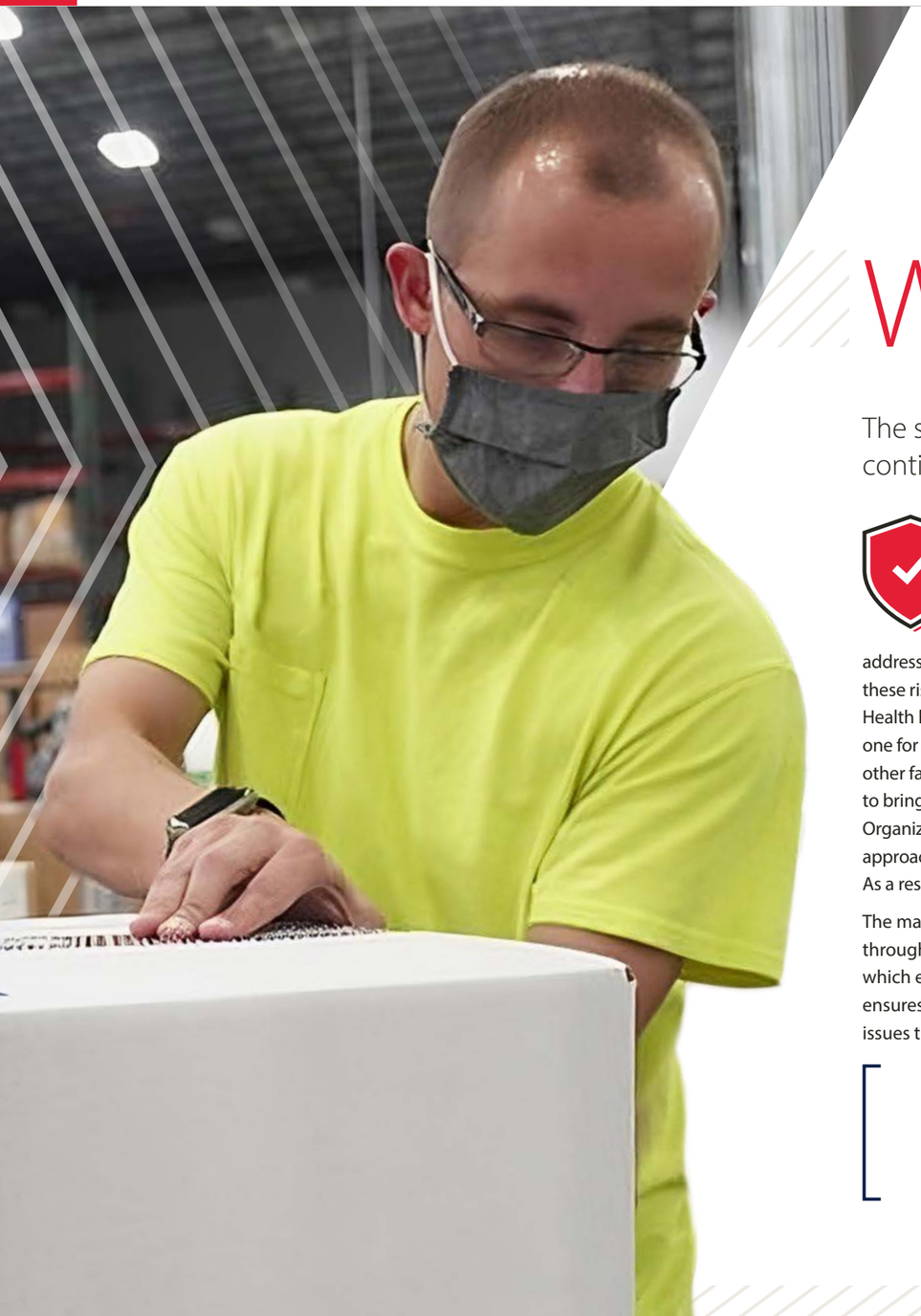
At Cardinal Health, we believe that engaging with a cross-section of private and public sector leaders to discuss the prevalence of mental health issues is critical, because it will take collective action to help people throughout our communities to live happier, healthier and more productive lives.

In May 2023, CEO Jason Hollar and the Ohio Business Roundtable convened a group of Ohio CEOs for a discussion with Ohio Governor Mike DeWine about mental health issues facing employees and their families. Following the event, Hollar and the leader of the Ohio Business Roundtable co-authored an op-ed published in the Columbus Dispatch in support of the Ohio Governor's mental health priorities, which include expanding mental health resources and reducing stigma. They noted,

"Supporting the mental health provisions in the Governor's budget is simply the right thing to do, for our businesses, for our employees, for our children and for our communities."

CHRO Ola Snow and the Ohio Chamber of Commerce also hosted a meeting to address mental health issues in the spring of 2023, with a panel of experts sharing their insights about mental well-being in the workplace. Joining the conversation were the director of the Ohio Department of Mental Health and Addiction Services (OhioMHAS) and the executive director of the Ohio Suicide Prevention Foundation (OSPF), who introduced a new employer mental health toolkit[16] that helps employers talk to their employees when someone experiences a mental health crisis in the workplace, and promotes the 988 Suicide & Crisis Lifeline, which offers 24/7 access to crisis counselors. Cardinal Health and the Ohio Chamber of Commerce supported the rollout of this resource to employers across Ohio.

[14] Pledge to be StigmaFree, National Alliance on Mental Illness website: https://www.nami.org/Get-Involved/Pledge-to-Be-StigmaFree/StigmaFree-Company. Accessed October 23, 2023.
[15] State of employee mental health in the world. Modern Health website: https://www.modernhealth.com/press/state-of-employee-mental-health-in-the-world. Accessed October 23, 2023.
[16] Mental health in the workplace, a resource guide for employers. OSPF website. https://www.ohiospf.org/employer-toolkit/. Accessed October 23, 2023.



Workplace health and safety

The safety of our employees and contractors is always our first priority, and we focus on continuous improvement and discipline to keep our people safe and healthy on the job.

In fiscal 2023, our Environment, Health and Safety (EHS) team set the goal of streamlining how we manage workplace health and safety at each of our sites through our EHS Management System (EHSMS). The EHSMS defines our overall strategy for addressing EHS-related risks and streamlines the management of these risks and the implementation of risk control measures. Cardinal Health has historically used two distinct EHS management systems, one for our 18 ISO-certified manufacturing sites and another for all other facilities. During fiscal 2023, our EHS team strategized a plan to bring all sites under one EHSMS aligned with the International Organization for Standardization (ISO) standards and piloted this approach with select distribution centers and manufacturing sites. As a result, the revised EHSMS was launched in August 2023.

The management of EHS-related risks at a site level is monitored through Cardinal Health's EHS compliance assurance program, which enables our teams to monitor EHS risks proactively and ensures immediate steps are taken to address any noncompliance issues through corrective action plans.

Additionally, to further drive safety and risk management at our sites, safety metrics are included in annual performance goals for all incentive-eligible employees in our facilities.

Focus Five transitions to a broader Safety Improvement Plan

Our Focus Five program, designed to bring safety excellence throughout our operations, has been in place since fiscal 2020. It is a three-year program built on the pillars of management, employee participation and risk mitigation. Ten sites completed their Focus Five work in fiscal 2023 and have collectively achieved a 22% year-over-year reduction in injury.

With the success of the Focus Five program, and to further reduce EHS risk, maintain compliance and achieve continuous improvements throughout the enterprise, we shifted our approach and launched a Safety Improvement Plan in fiscal 2023. The new program incorporates many elements from Focus Five and augments them with management leadership; communications and documentation; evaluations and continuous improvement; a system to recognize, evaluate and mitigate hazards; and employee training. We believe this new program will help us further a culture where every employee prioritizes their own and others' safety.

By the end of fiscal 2024, our new Safety Improvement Plan will be in place throughout the entire enterprise. Our EHS team and the Learning and Development team are collaborating to create relevant training for employees in all distribution centers and manufacturing facilities.

18 **Total number of manufacturing sites that are ISO 14001 and ISO 45001 certified** as of the end of fiscal 2023

1.51 **Total recordable incident rate (TRIR)*** in fiscal 2023 (Fiscal 2022 TRIR = **1.48**)

0.59 **Lost time incident rate (LTIR)*** in fiscal 2023 (Fiscal 2022 LTIR = **0.65**)

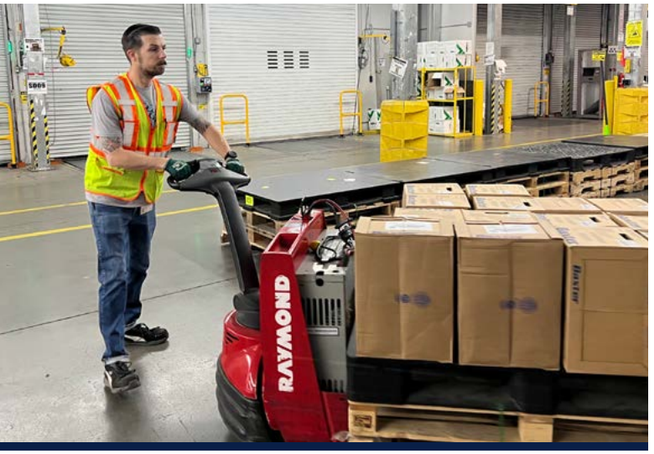
*Includes Cardinal Health employees only (not contractors).

Building a strong culture of safety in our distribution centers

"Safety has always been a priority here; we carefully maintain the safe handling of all our products," said Marsha Aragon, Director of Operations at our pharmaceutical distribution center (DC) in Valencia, California. "But we realized a couple of years ago that we could improve the ways in which we communicate our safety standards to our frontline people – those who pick, pack and ship, lift heavy boxes and manage heavy equipment."

So, as the DC leadership team began to roll out the Focus Five program late in fiscal 2022, "we took a step back and realized that though we talked about safety all the time, we weren't doing a good enough job of explaining the 'why.' And we learned that employees didn't always feel they could ask for explanations."

Aragon and her team started with a comprehensive site assessment that included all employees. "We asked lots of questions to learn where the knowledge gaps were and why," she said. "One of the first things we learned is that new employees or those newly assigned to different areas needed more and better safety training."



They engaged frontline employees in planning and executing training, creating brief videos with smartphones that show the right way to lift heavy boxes, to safely operate a forklift, and to bend and move to complete repetitive tasks to avoid injury. Leaders regularly walk the DC floor to check safety and security, Aragon said:

> **"We decided that anytime any of us walked the floor, we would bring along a frontline worker. As we walked, we looked at every area of the facility and brainstormed ways to do things more safely. We talked about everything, from increasing the use of power equipment to move heavy pallets to always putting equipment away where it belongs to wearing appropriate personal protective equipment (PPE)."**

The team also developed and implemented an environment, health and safety (EHS) scorecard, which tracked data on safety improvements throughout the facility. The scorecard was recognized with an EHS innovation award and is now being used in DCs across Cardinal Health.

Through this process, the team reduced its total recordable incident rate (TRIR), an indicator that helps benchmark safety measures.

In addition, "our site was promoted out of the Focus Five program after just one year," Aragon said. "We now mentor other DCs as they progress on their employee safety journeys. Ultimately, implementing the Focus Five program has led to a shared understanding of how a culture of safety can make everyone's life a little easier and is allowing us to make great steps forward."

03 Creating value for our customers **and communities**

In this section:

29 Product quality and patient safety
31 Responsible use of prescription medications
32 Supply chain resiliency
36 Community engagement

At Cardinal Health, we understand that what we do every day supports our customers, the communities where we work and live, and the patients that our customers ultimately serve.

We are dedicated to continually improving product quality and patient safety, increasing supply chain resiliency, and helping our customers provide the quality of care that their patients need.

Through the Cardinal Health Foundation and corporate giving, we work to improve equitable access to healthcare for those in need. We also encourage and empower employees around the globe to give back to their communities, and they do, generously, through volunteer service and donations.

Product quality and patient safety

Our Quality and Regulatory Affairs (QRA) team drives the work that ensures the highest quality, safety and integrity of our products.

Cardinal Health has robust Quality Management Systems (QMS) governing our product manufacturing and distribution. As part of our comprehensive QMS, Cardinal Health has a robust training program for personnel involved in Quality processes, where employees are trained in requirements and procedures that apply to the roles they perform. These training programs include new hire training, annual training requirements, new training when a procedure is revised and ongoing "refresher" training as needed.

Our Quality functions report up through the Chief Legal and Compliance Officer to ensure the independence necessary to perform their job functions. The Risk Oversight Committee of our Board of Directors also has oversight over our Quality functions, with the head of Quality participating in the Committee's quarterly meetings. Quality also works closely with other Cardinal Health functions such as Legal, Regulatory and Compliance, on matters involving regulatory compliance, including field action determinations and inspection management.

Improving our Quality Management System

In fiscal 2023, the team began deploying an enterprise-wide electronic quality management system (eQMS).

An eQMS is a structured electronic system for Quality Management System (QMS) processes and systems, such as design, manufacturing and process controls, supplier management, risk management, complaint handling, and document management controls required by regulations.

This project, which will be phased in over several years, is transformational, centralizing and harmonizing quality processes (such as document management, internal audit, supplier audit and response, complaints, risk management and lab investigation), and data and analytics. While we have the utmost confidence in our current quality processes, we believe this initiative will further enhance our QMS. At the same time, the conversion from a manual system to an electronic system will free up more time for employees to focus on the needs of our customers.

Our new eQMS system is designed to provide integrated digital capabilities to help improve process-driven decision-making and reduce technical complexities across the enterprise. The project will fold six legacy systems into one, and replace more than 100 paper-based processes with electronic workflows. The solution will ultimately provide a centralized system for quality-related activities such as complaint handling and investigations, corrective and preventive actions (CAPAs), and QMS policies and procedures.

Quality Begins with Me continues

Now in its fourth year, our Quality Begins with Me program continues to drive significant improvements. First launched in fiscal 2020, the program is in place in multiple of our medical manufacturing facilities around the globe, focusing our attention on delivering safe and effective products and solutions. Quality Begins with Me encourages employees to ask questions and to speak up if something doesn't look or feel right.

The program's purpose is fourfold:

01 **Promote a culture of accountability that drives the right behaviors.**

02 **Empower employees to promote operational excellence.**

03 **Create a singular and binding focus on quality and compliance improvements.**

04 **Drive flawless execution to achieve first time right, every time.**

Through the program, employees are developing an enhanced understanding of our products – asking questions about the manufacturing process, how and when our products are used and the reasons our customers and their patients rely on our products. Leaders across Medical Segment manufacturing have embraced the program, and each manufacturing site has elected Quality Begins with Me ambassadors, chosen by their peers, to keep the program's purposes top of mind.

Monitoring product quality

The Quality Begins with Me program and other cross-functional efforts to implement robust quality controls have helped drive improvements in product quality. We also have systems and processes to continuously monitor and address instances when manufactured or supplied products may not meet relevant quality and safety standards. These systems and processes include investigations and trending of external complaints about non-conforming products and other quality issues.

If a potential issue is identified with a product distributed in the field, we conduct a rigorous cross-functional assessment, with patient safety and product performance risks at the forefront.

That assessment includes convening a multi-functional board, which then makes process- and evidence-driven decisions on initiating a field action on the distributed product.

If Cardinal Health decides to initiate a field action, or when a product in our supply chain is subject to a recall initiated by another manufacturer, Cardinal Health identifies impacted product through the supply chain to retail or health system customers, as warranted based on the level of recall and requirements for the product. When executing any recall, Cardinal Health also works closely with our customers to communicate the recall and provide support during execution. For example, Cardinal Health ensures customer service and sales functions are aware of product quality events to provide support through multiple points of contact. Cardinal Health focuses on initiating and executing product field actions in a compliant manner, with patient and customer needs always the top priority.

Responsible use of prescription medications

At Cardinal Health, we operate an uncompromising system to identify and report suspicious orders of controlled substances and maintain effective controls against diversion.

Our Controlled Substance Monitoring Program team includes investigators, data analysts, pharmacists and compliance officers at our pharmaceutical distribution centers, in the field and at our corporate headquarters. We regularly conduct on-site inspections of our pharmacy customers and collect pharmacy customer data. We identify and terminate the distribution of controlled substances to pharmacies that do not meet our rigid Controlled Substance Monitoring Program standards.

As part of the nationwide settlement that resolved most opioid-related lawsuits filed by state and local government entities, Cardinal Health and two other national distributors agreed to injunctive relief terms that apply to our Controlled Substance Monitoring Program; these injunctive relief terms were effective July 1, 2022. The terms require distributors to conduct consistent practices including the analysis of retail pharmacy customers' ordering and dispensing of controlled substances, and our monitoring for disciplinary or other regulatory actions involving our customers.

Additionally, the injunctive relief terms require training upon hire and annually thereafter for all employees who work on our Controlled Substance Monitoring Program team, and employees in our distribution centers whose jobs involve direct handling or oversight of the distribution of controlled substances.

This training is also required upon hire and every three years thereafter for employees in sales and operations and for senior executives who support our controlled substance/pharmaceutical distribution business.

This training is offered online, and includes four courses:

01 The duties of Cardinal Health to maintain effective controls against the potential diversion of controlled substances and to report suspicious orders.

02 The core functions of the Controlled Substance Monitoring Program at Cardinal Health.

03 The responsibilities of Cardinal Health under the injunctive relief terms.

04 What employees must do if they observe or suspect potential diversion of controlled substances or violations of Cardinal Health policy or procedure.

Approximately 1,600 employees are required to take this training upon hire and annually; approximately 8,400 employees are required to take the training upon hire and every three years. The training is available online for all other employees to take electively.

Supply chain resiliency

Increasing resiliency within our Medical Segment

Cardinal Health's U.S. Medical Products and Distribution (U.S. MPD) business manufactures, sources and distributes medical products to hospital systems, ambulatory surgery centers and clinical labs. After nearly three years of working collaboratively with customers to address pandemic-related supply chain challenges, the business has developed a supply chain that is resilient, flexible, fast-moving and continually evolving.

With the goal of continuous improvement in safety, service, quality and efficiency across the supply chain, U.S. MPD has invested in employees, physical space and innovations that add automation, enhance data and planning capabilities, and strengthen the employee experience:

- **Ensuring employees can best serve customers:** We've brought on experts in collaborative planning; forecasting and replenishment analytics; and supply chain visibility, flow, and innovation. We also ensure the more than 3,600 frontline employees in six regional replenishment centers (RCs) and 34 forward-facing distribution centers (DCs) in U.S. MPD have the tools they need to accurately and efficiently pick, pack and ship products to our customers.
- **Increasing physical space:** U.S. MPD's strategy to increase service levels and supply chain resiliency with increased inventory and expanded physical infrastructure led to a large DC opening in Central Ohio in fiscal 2023, and a significant square footage capital project completed in fiscal 2023 that added nearly 1.5 million square feet to our RC network. These investments strengthen our on-hand inventory, allowing us to rapidly restock our DCs and store more Cardinal Health™ Brand inventory.
- **Investing in automation and other innovations:** The new Central Ohio facility features an innovation lab where the U.S. MPD team can develop and test solutions in a real-world environment, like small, handheld product scanners and a variety of robotics. Solutions that have been deployed in fiscal 2023 include autonomous mobile robots (AMRs) that eliminate the need for employees to push carts filled with as many as 400 pounds of product from station to station within the DCs. AMRs are now deployed in eight U.S. MPD facilities (as well as in a medical products DC in Quebec). The Central Ohio facility tested an autonomous security robot (ASR) in fiscal 2023, which employs self-driving technology, face and license plate recognition and the ability to engage with people to help increase on-site security. And U.S. MPD is testing autonomous floor sweepers and scrubbers in a California facility.

Our at-Home Solutions business, which provides medical equipment and supplies to support patients in the home, also opened a new DC in Central Ohio in fiscal 2023. This facility is the first Cardinal Health warehouse to feature AutoStore, an automated fulfillment technology from Swisslog optimized by Swisslog's SynQ software, which provides warehouse management, material flow and automation controls that integrate with host systems and other warehouse software.

At-Home Solutions also announced in fiscal 2023 a new, 350,000-square-foot building that will be built in Greenville, South Carolina. Construction began in the summer of 2023 and is expected to be completed sometime in fiscal 2025. Like the facility in Central Ohio, it will be equipped with AutoStore.

Cardinal Health Canada also announced plans to open a new DC in Toronto. The new 160,000-square-foot facility will feature robotic technologies and is expected to be fully operational early in calendar year 2024. This brings Cardinal Health Canada's national distribution footprint to 1.12 million square feet.

Our continuous efforts in global logistics to enhance end-to-end international visibility and to collaborate with strategic logistics partners exemplify our commitment to increasing supply chain resiliency.

To improve international end-to-end visibility, we have successfully integrated international third-party logistics (3PL) milestone data into our supply chain operations, significantly boosting efficiency. This includes real-time tracking of goods through our logistics network. Looking ahead, we plan to implement an advanced global trade management software solution, which will incorporate a transportation management system with routing software. We believe this strategic move will enable us to minimize travel distances, optimize shipments in transit, cut costs, enhance service levels and reduce GHG emissions.

Increasing resiliency within our Pharmaceutical Segment

As hospitals balance the increase in medication expenses due to the growth of specialty therapies and biosimilars, they are struggling to right-size pharmacy inventory and are challenged with constantly evolving formulas used to calculate insurance reimbursements. (Depending on state regulations, plans may change these formulas many times a year.)

In fiscal 2023, we announced a strategic collaboration with Palantir Technologies, Inc., a proven leader in delivering mission-critical software across the public health supply chain, to design a solution that will give health systems and hospitals dynamic purchasing decision insights to help improve the bottom line and help them to increase access to specialty medications. This solution will be integrated into Foundry, Palantir's industry-leading operating system. It will deploy artificial intelligence (AI) and machine learning (ML) to bring together diagnostic and clinical data with real-time customer purchasing and consumption data for pharmaceutical products with best-in-class data and privacy protections.

Future iterations of the tool are expected to help inform purchasing decisions for therapeutic use, reimbursement insights and predictive drug inventory needs, all helping to advance the connection between health system purchasing and supply chain support.

Our collaboration with Palantir will create a data-driven solution that analyzes real-time clinical and purchasing data to effectively create a clinically-integrated supply chain for pharmaceuticals. Ultimately, we believe that the new software solutions will help expand patient access to innovative medications.

Reducing physical risks from climate change

Physical risks from climate change can harm our vehicles, facilities, and employees as well as cause disruptions to our business. These might be acute physical risks (in the case of a severe storm or flood), or chronic, related to longer-term shifts in climate patterns like sustained higher temperatures, rising sea levels, or changing precipitation. Both can cause disruptions to operations and the supply chain.

To mitigate disruptions from these risks, each year our Facilities and Real Estate Management team works closely with our insurance provider to conduct a physical risk assessment. The assessment results in a list of priority projects for our facilities in the areas of greatest risk and helps us determine what we need to focus on in the near term to protect these facilities against floods, extreme storms, hurricanes and other events exacerbated by climate change.

This assessment led us to implement mitigating measures to reduce our physical risk exposure at a Texas-based medical product distribution center (DC). The risk assessment conducted in fiscal 2022 identified this site as at high risk for physical damage and business interruption from extreme wind gusts. To mitigate the risk, the Facilities and Real Estate Management team designed a project to improve the roofing system, including securing the site's roof-mounted HVAC equipment to better handle wind conditions. In addition, all dock doors at the site were replaced with wind- and impact-resistant doors. This project was completed in fiscal 2023.

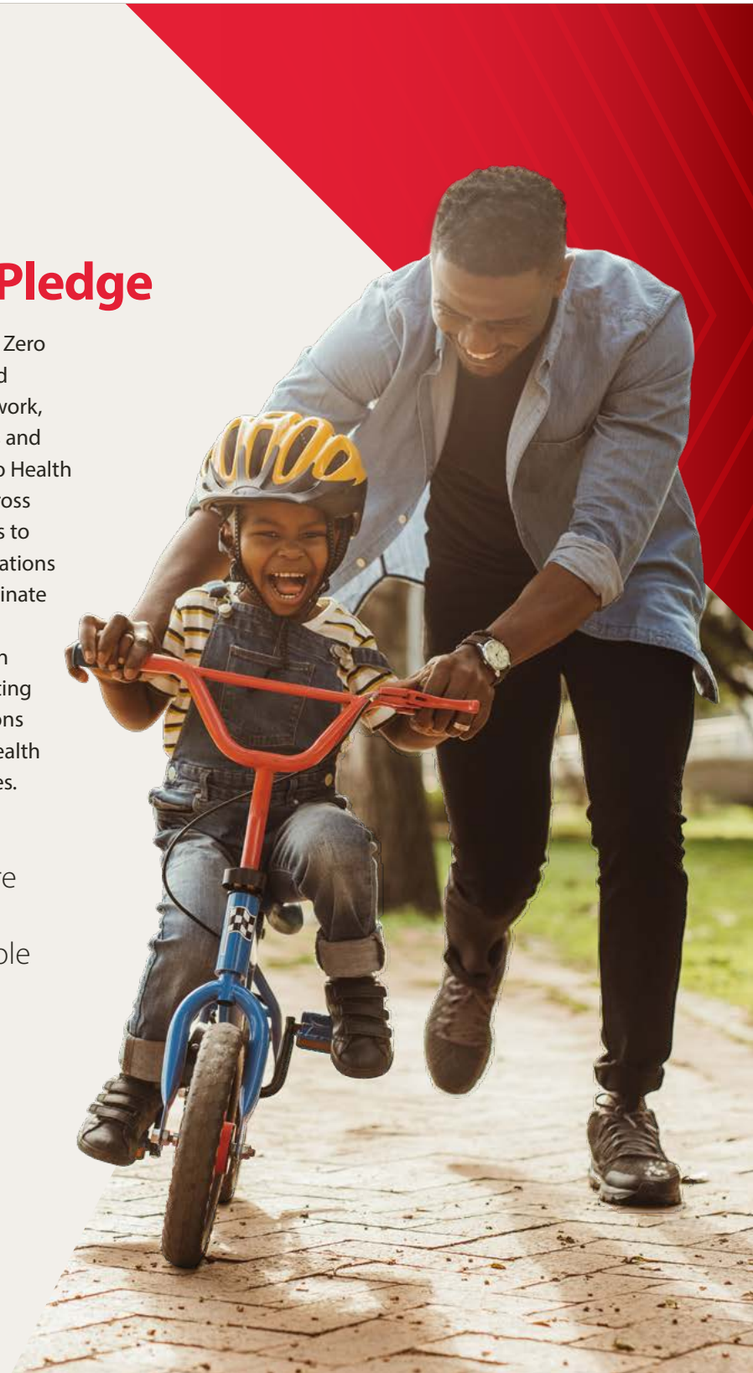
Another risk reduction project completed in fiscal 2023 addressed flood exposure at one of our pharmaceutical distribution centers in the Midwest. This site was identified as being exposed to a 500-year flood event, if a flood were to exceed the DC's existing 100-year flood levee protection. This physical risk was mitigated by the purchase and installation of flood barrier systems to protect all doors, window openings and critical outside utilities.

Committing to the **Zero Health Gaps Pledge**

In August 2023, CEO Jason Hollar signed the Zero Health Gaps Pledge, an initiative of the World Economic Forum's Global Health Equity Network, which brings together leaders across sectors and industries to advance health equity. The Zero Health Gaps Pledge is a commitment from CEOs across industries and regions for their organizations to embed health equity in core strategies, operations and investments. The pledge intends to eliminate health gaps, so that all people have a fair opportunity to fulfill their human potential in all aspects of health and well-being. Eliminating health gaps is also aligned with United Nations Sustainable Development Goals #3: Good Health and Well-being and #10: Reduced Inequalities.

By signing the Zero Health Gaps Pledge, Cardinal Health joins more than **80 other organizations** in committing to providing accessible high-quality physical and mental health services, investing in safe living environments and more.

Learn more here »



Helping customers provide equitable care to patients

At Cardinal Health, we believe that everyone has the right to high-quality healthcare. We know that by addressing disparities and increasing equitable access to healthcare, we are building a healthier future for our employees, customers and communities.

Health disparities are differences in health that occur because of income, education, disability, race, ethnicity, sex, age or various other factors. They put underserved populations at greater risk of poor health outcomes. Health disparities also come with a great financial burden: A study funded by the National Institutes of Health (NIH)[17] found that they cost the U.S. economy $451 billion a year – a combination of medical care, lost productivity and premature deaths among impacted groups.

With a health equity lens and targeted strategies, we are working to reduce health disparities and improve access to care to help improve patient health outcomes.

These are some of the ways that we support our customers in providing equitable access to healthcare for their patients.

Sonexus™ Access and Patient Support

Specialty medications hold the promise of better health outcomes, but they come with significant barriers. They are costly and often require clinical management, special storage, handling, administration and monitoring. Those patients who don't have adequate health coverage and/or financial assistance are often excluded from these therapies. That's where **Sonexus™ Access and Patient Support** comes in: Sonexus partners with biopharmaceutical companies to offer expertise and tailored solutions that help patients get on, and stay on, prescription medication therapy.

In fiscal 2023, Sonexus supported more than

116,000 patients

with cancer, rheumatic or other rare diseases.

The business offers patient assistance programs (PAPs) to uninsured or underinsured patients and offers services that assist patients who are waiting on a response from their insurance company to get time-sensitive medication, if possible. In fiscal 2023, PAPs dispersed more than 1,650 shipments a day, totaling approximately $5.1billion in free medications annually.

In addition, Sonexus call center representatives, including a team of nurses, are trained to support patients, respond to their questions and help minimize their stress by providing education on what to expect as they go through treatment.

[17] NIH-funded study highlights the financial toll of health disparities in the United States. May 16, 2023. National Institutes of Health. https://www.nih.gov/news-events/news-releases/nih-funded-study-highlights-financial-toll-health-disparities-united-states

Helping customers provide equitable care to patients (continued)

at-Home Solutions

Through **at-Home Solutions**, a medical supplies provider that serves people with chronic and serious health conditions in the U.S., we launched Velocare™, an exciting new care model that intends to enable the delivery of hospital-level care to patients in their homes. As traditional healthcare becomes more decentralized, hospital-at-home care models are enabling a broader spectrum of individuals to receive hospital-level care all within the familiar and nurturing confines of their home.

The hospital-at-home care model not only extends the opportunity for qualified patients to experience continuity of care in their home but also frees up hospital beds, allowing more individuals access to critical care promptly. Velocare, a supply chain network and last-mile fulfillment solution capable of reaching patients within one to two hours with critical products and services required for hospital-level care at home, is creating critical infrastructure to make hospital-at-home programs work and grow.

Our goal is twofold – to help our customers provide the best quality care to patients and ensure patients have timely access to critical supplies and services needed for recovery at home.

We have also invested in Medically Home, a technology company that provides health systems and hospitals with all the elements required to safely care for patients, including clinical protocols, payer access support, platform technology and fulfillment of all the clinical services required in the home through partners.

At-Home Solutions currently is supporting several health systems as they provide at-home, acute-level care to patients. Ultimately, we believe care at home can significantly advance equity, lower costs and improve patient outcomes.

Cardinal Health Community Health Center Pharmacy Services

Cardinal Health currently owns and/or manages the pharmacies at more than 50 Community Health Centers across the country, with another 10 coming online in the near future. These are federally-funded nonprofit health centers that serve medically-underserved populations, and provide primary care services, regardless of a patient's ability to pay. With an onsite pharmacy, a clinic can expand services and improve patient care and health outcomes. An onsite pharmacist ensures that clinic patients can get their prescriptions filled easily and affordably; the pharmacist also provides education that helps patients increase medication adherence. As part of the clinic's health team, the Cardinal Health pharmacy staff has access to patients' electronic medical records (EMR) and has a full picture of the patient's history, drug interaction and compliance.

Government Relations hosts executives on Capitol Hill to build stakeholder engagement

As experts on key issues that impact Cardinal Health and the healthcare industry, the Government Relations team plays a critical role, assessing legislation to determine how it may impact our business and our customers and building relationships with federal, state, and local government officials and educating them on the company's priorities. The team works to ensure that our views are represented as public policy takes shape in local, state, and national healthcare discussions.

One of the team's key initiatives in fiscal 2023 and into fiscal 2024 was to increase the engagement of Cardinal Health's senior executives with policymakers in Washington, D.C. "Relationships between members of our executive leadership team and policymakers is invaluable," said Rebecca McGrath, SVP of Government Relations. "When lawmakers know our leaders and understand the impact our employees and facilities have in their districts, they see that Cardinal Health is not just a business, but a company led by people who truly care about healthcare, our customers and the patients they serve."

In September, McGrath accompanied CEO Jason Hollar to D.C. where they met more than 20 members of the U.S. Congress and discussed legislative and policy issues important to Cardinal Health and to the healthcare supply chain. The Government Relations team then hosted a reception with Hollar, the Ohio delegation and leaders of the Ohio Chamber of Commerce and the Ohio Business Roundtable.

Earlier in the year, the team arranged visits for Debbie Weitzman, CEO of Cardinal Health's Pharmaceutical Segment, and Jessica Mayer, Chief Legal and Compliance Officer, with members of Congress. Among the topics Weitzman and Mayer discussed with policymakers: the critical role of the pharmaceutical wholesaler and the need for certain flexibilities to be made permanent after the end of the Public Health Emergency.

Chief Human Resources Officer Ola Snow also joined the Government Relations team in D.C. to meet with members of Congress for discussions about the rise of mental health issues across the country, and the need for increased access to mental and physical healthcare services.

Steve Mason, CEO of Cardinal Health's Medical Segment, joined AdvaMed's Board of Directors' Hill Day in D.C., meeting with senior staff for House and Senate leadership and the U.S. Department of Health and Human Services (HHS). Mason discussed critical issues in the medical device industry, including the need to protect the supply chain and modernize the regulatory framework for diagnostics.

"These meetings have been very helpful in deepening relationships between policymakers and our leaders, and reflecting our value and contributions to healthcare," McGrath said.

Community engagement

Addressing inequities in our communities

The Cardinal Health Foundation is focused on improving equitable health outcomes in the communities where our employees live and work. Using an equity lens with its investments, and by focusing on long-term outcomes and seeding programs with partners, the Foundation is helping to create sustainable, positive change.

New signature program piloted in Ohio

In fiscal 2023, the Cardinal Health Foundation adopted a new strategic initiative, called Equity Rx, to advance health equity by increasing access to medications. The program is designed to help those who will lose Medicaid coverage as the continuous enrollment provision established during the COVID-19 pandemic winds down. In Ohio alone, it is estimated that 220,000 individuals will lose coverage[18].

Lack of coverage and the cost of care are among the most significant barriers that prevent the uninsured from getting essential, and potentially lifesaving, treatments and medications. In 2021, uninsured nonelderly adults were two and a half times as likely as adults with private coverage to say that they delayed filling or did not get a needed prescription drug due to cost[19].

Early in fiscal 2024, the Cardinal Health Foundation launched Equity Rx through a funding partnership with the Charitable Health Network (CHN), the membership organization for Ohio's charitable healthcare organizations. Through the Foundation's support, CHN will expand access to medication for Ohio's most vulnerable citizens by:

- **Establishing an Equity Rx fund** to support free and charitable healthcare providers in meeting the increased demand for medications among those who lose Medicaid coverage. CHN established application guidelines and processed member applications to award funds to participating clinics and pharmacies.
- **Creating regional access to medications for charitable clinics** through an existing charitable pharmacy. The Foundation launched its pilot with St. Vincent de Paul Charitable Pharmacy in southwest Ohio and three charitable clinics in the region. St. Vincent de Paul Charitable Pharmacy fills prescriptions for clinic patients and delivers them to the free clinics for on-site dispensing to patients during their visits with primary care physicians. CHN oversees the coordination between St. Vincent de Paul Charitable Pharmacy and the free clinic partners. CHN also is collecting and analyzing data from this pilot, including medications dispensed, numbers of patients served, and health outcomes, with the expectation of developing a model that can be replicated throughout the state in future years.

Equity Rx will also include two long-standing programs focused on educating our communities about medication safety. Each of these programs provides volunteer opportunities for our employees and others in our communities:

- **Generation Rx,** an evidence-informed prevention education and awareness program founded at The Ohio State University College of Pharmacy and powered through a partnership with the Foundation since 2009. Generation Rx enables volunteers to educate people of all ages about using medications safely.
- **Drug take-back days across the country,** sponsored by the Foundation twice a year, in partnership with Kroger and Giant Eagle. These events are designed to encourage everyone to safely, anonymously and easily dispose of expired and unused medications.

[18] Resuming routine eligibility operations, Ohio Department of Medicaid. March 15, 2023. https://medicaid.ohio.gov/static/Stakeholders%2C+Partners/Unwinding/ODM_JMOC+Committee+Presentation_031523.pdf.
[19] Key facts about the uninsured population. KFF website: https://www.kff.org/uninsured/issue-brief/key-facts-about-the-uninsured-population. Accessed October 23, 2023.

Over the next two fiscal years, the Cardinal Health Foundation will continue two existing equitable health programs that are proving to catalyze sustainable change:

Through its Food Rx for Health program, the Foundation supports community health centers that are increasing access to healthy foods among their low-income diabetes patients to improve health outcomes. They are tracking each participating patient's A1C scores, which reflect a patient's average blood sugar levels. (The higher the patient's A1C score, the poorer their blood sugar control and the higher the risk of diabetes complications, including problems with eyes, kidneys, heart or nerves.) With more blood sugar control, patients are likely to experience fewer complications and hospitalizations and higher quality of life. The health centers provide food insecurity screenings for patients, and help connect patients to additional community resources. All participating health centers are working together in a learning collaborative to support each other and share best practices.

Through its Preventing Youth Suicide: A Cardinal Health Foundation National Collaborative, the Foundation is bringing together children's hospitals across the country to implement the Zero Suicide Institute's framework for systemwide transformation to prevent deaths by suicide among children in their care. The Foundation has engaged the national Children's Hospital Association (CHA) as a long-term partner in the Zero Suicide framework. CHA will sustain this work and spread it to other children's hospitals across the country.

The Foundation launched this work in fiscal 2021 with 17 adult and pediatric hospitals across the country. In fiscal 2023, the Zero Suicide Institute analyzed the results of the hospitals' work, and found that 100% of the health systems in the collaborative had created policies or protocols for suicide risk screening and assessment. Find more results **here.**

Also in fiscal 2023, the Foundation created its pediatric collaborative with a total of 25 hospitals (including nine of the hospitals that were involved in the 2021 collaborative plus 16 new grantees). In September 2023, the Foundation and the Children's Hospital Association announced a second pediatric suicide prevention cohort.

Supporting the mental well-being of frontline healthcare workers

In fiscal 2023, the Foundation piloted a program to support nurses and other frontline healthcare workers' mental well-being – helping them to recover from the struggles of caregiving throughout the COVID-19 pandemic so that they're able to continue to provide the best care for their patients.

The pilot delivered a six-week training course created by the **Center for Mindful Self Compassion** (CMSC) specifically for healthcare workers. More than 60 nursing leaders from four of the largest health systems in Central Ohio participated in the program, learning skills to harness mindfulness and compassion for themselves, their nursing teams, their patients and their colleagues. All sessions were delivered virtually in an interactive learning experience by two instructors at each session. All instructors were CMSC-certified instructors (either medical doctors or other healthcare professionals with the necessary physician education experience). Participants were awarded continuing education credits.

Following completion of the program:

82% of the participants said they would recommend the training to a colleague.

The chief nursing officers of the **4 participating health systems** advocated for the training for nurses throughout their hospitals.

All participants reported an improvement in "decompression" – the degree to which they can withdraw, recharge and enjoy life outside of work.

Partnering with customers to enable equitable access to education

Customers and employees at the Pharmaceutical Segment's Retail Business Conference (RBC) in Boston filled

2,500 backpacks with supplies for students of Title 1 schools.

(Title 1 is a federal education program that supports students in high-poverty schools, determined by the number of students who qualify for free or reduced lunch.)

Cardinal Health Volunteers of the Year

Shining a light on our Volunteer of the Year and runners up – the employees who logged the most volunteer hours in fiscal 2023.

Danny Peterson

Data analyst, global supply chain reporting, Columbus, Ohio

Danny Peterson and his wife live in a diverse Columbus neighborhood known as the Hilltop, located just a few miles west of downtown. The Hilltop is a historic residential section that is currently undergoing urban renewal.

The Petersons were attracted by the affordable housing in the area when they moved in nine years ago. "But it was the community that kept us here," Peterson said. "People here are very proud of the Hilltop, and eager to work together to make it better." He quickly became involved in the Hilltop Arts Collective, which hosts an annual free, family-friendly arts and culture festival, supports arts mentoring programs for area high school students, and supports the installation of public art, including murals and sculptures, throughout the neighborhood.

Peterson is chair of the Hilltop Arts Collective, an all-volunteer organization. He said,

> **"There's always more to be done than we can accomplish, but we're driven by the impact that the arts are making in our community – as well as our neighbors' response to it. For those of us who live here, the Hilltop is a very special place."**

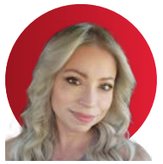
Kim Naumann

Product systems analysis consultant
O'Fallon, Missouri

Kim Naumann, who lives and works just west of St. Louis, serves as volunteer president for the St. Charles Sister Cities program. The program implements programs that foster understanding, friendship, and goodwill through cultural, social, business and educational exchanges between St. Charles and its sister cities, Ludwigsburg, Germany, and Inishowen, Ireland. Among other programs, Sister Cities sponsors high school exchange students and student visits to the sister cities.

For 25 years, Naumann has also volunteered with Susan G. Komen in St. Louis, an organization that raises money for breast cancer research and supports patient navigation and advocacy. She managed the local organization's website for many years, and continues to organize and chair fundraisers. "All the women in my family have been impacted by breast cancer," she said. "When I'm supporting Susan G. Komen, I'm fighting for my daughter, my granddaughter and myself."

She also spends volunteer hours supporting her granddaughter's Girl Scout troop. "It's a great way to spend time with my granddaughter and give back at the same time," she said.



Wilda Ferch

Senior specialist, customer engagement
Bakersfield, California

Most of Wilda Ferch's volunteer hours are devoted to a parents' group at her children's school. Called #Parentsquad, the group raises money for athletics programs, prepares and serves meals to the teams after the games, and chaperones the teams for away games. Ferch is the volunteer leader for the group; her husband, an alumnus of the school, volunteers, as well.

"The school has a flag football season, a volleyball season and a basketball season," she explains. "Throughout the school year our lives consist of work and the kids' games."

She created the logo for athletic department sweatshirts, and sells the merchandise to raise money for the school. "It's great to see all the parents and kids in their school colors when we travel to away games," she said.

"We started this volunteer work when my older son, now a freshman in college, began high school. He now comes back to volunteer with us. My younger son is a senior in high school, and my daughter is still in junior high – so we have a few more years to go. It's sort of our life, but we find it very fulfilling."

Rick Hurley

IT manager, global technology and business services
Dublin, Ohio

Rick Hurley serves on the board of directors of Willow Ridge Therapeutic Riding Facility, which provides equine-assisted therapy for children with special needs. His older son, who has autism spectrum disorder, was a student there for many years. (Now graduated from high school and an Eagle Scout, the son volunteers at Willow Ridge once a week.) "The Cardinal Health Foundation Leadership Grants, which help fund the nonprofits whose boards Cardinal Health employees serve on, have been helpful to the growth of this nonprofit – which aims to provide services to children regardless of their economic situations," he said.

Hurley also is a past Scoutmaster and current unit committee chairman of Boy Scouts troops 185 (which his sons belonged to) and 581, a girls' unit. He's a booster for his younger son's school marching band, and a musician in a band that occasionally performs to raise money for various causes.

"Volunteering is rewarding – you feel like you're really doing something to support your community," Hurley said. "And volunteering with your kids is a great way to help ensure they grow up with lots of good experiences, as well as a deep interest in giving back themselves.

Left: Danny Peterson speaks to a crowd at the Hilltop Arts Collective summer festival. He's standing in front of a public mural that the Collective sponsored.

Pelotonia

In 2023, Pelotonia celebrated its 15th anniversary. Since its inception, through cycling and volunteerism events, the organization has raised more than $258 million for innovative cancer research at the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute at The Ohio State University.

Cardinal Health has been a Pelotonia funding partner since the beginning; in fiscal 2023, more than 100 individuals participated on Cardinal Health's behalf in a weekend of bicycling or other activities and volunteerism. Recently, funds collectively raised led to the opening of the Pelotonia Research Center at OSU, named in honor of every Pelotonia participant, donor and partner. The Pelotonia Research Center will house the Pelotonia Institute for Immuno-Oncology – a research initiative focused on harnessing the body's immune system to fight cancer at all levels – the Center for Cancer Engineering, and other programs, enabling more seamless collaboration across departments.

$340K

Cardinal Health employees and the company donated nearly $340,000 to Pelotonia in fiscal 2023

More than 100 individuals participated on Cardinal Health's behalf in fiscal 2023

100+

American Heart Association Heart Walk

Every year, employees across the U.S. support the American Heart Association (AHA) through local Heart Walks, Go Red for Women and STEM Goes Red. The AHA is the country's largest and oldest volunteer organization dedicated to fighting heart disease – the number one killer in the world – and stroke, the number two killer. Collectively, employees and Cardinal Health donated more than $494,000 to help fund the AHA's research and education initiatives in fiscal 2023.

In fiscal 2023, Cardinal Health launched its inaugural National Heart Walk Team, to better coordinate the fundraising activities and engagement of employees across the country and include our international colleagues. Thirty-nine local teams across the U.S. came together under the National Team. Employees outside the U.S. joined the National Team as well: employees in Tijuana joined walkers in San Diego, and a team in India walked on the day of the Central Ohio Heart Walk.

Also in fiscal 2023, Cardinal Health funded the AHA's hands-only cardiopulmonary resuscitation (CPR) training for employees in multiple distribution centers and manufacturing facilities across the U.S. The potentially life-saving training reached employees through onsite education and virtual programming.

$494K+

In fiscal 2023, employees and Cardinal Health donated more than $494,000 to help fund the AHA's research and education initiatives

Cardinal Health philanthropy and volunteer giving in fiscal 2023

The Cardinal Health Foundation and the company donated

$8.4M to charitable causes.

Cardinal Health employees donated an additional

$1.0M to charitable causes representing more than **1,300 organizations** across the globe, and collectively gave more than **54,600 hours** of volunteer service.

(Volunteer hours are based on employee self reporting.)

Product donations:

Total: $13.53M

Pharmaceutical Segment donations: **$9.88M**
Medical Segment donations: **$3.65M**

04 Operating sustainably **and responsibly**

In this section:

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47 Waste
48 Efficient transportation and logistics
50 Product and service innovation
52 Responsible sourcing
54 Supplier diversity

As a large global company, we are committed to improving our impact on the environment and on society, particularly as global challenges continue to become more complex.

In this section, we focus on our efforts to address climate change, protect natural resources, reduce the environmental impact of our products and ensure fair working conditions in our supply chain.

Energy and climate

In fiscal 2023, we continued to make progress towards our Scope 1 and Scope 2 GHG emissions reduction goal, as shown at right.

Additionally, we measured our Scope 3 GHG emissions, or value chain emissions, that represent the emissions generated from business transactions occurring both upstream (i.e., purchasing goods and services from our tier 1 suppliers) and downstream (i.e., emissions generated from the use of our sold products) from Cardinal Health operations. As a result, we were able to baseline our Scope 3 GHG emissions for the purpose of setting a science-based target (SBT) and disclose our fiscal 2023 Scope 3 GHG emissions within this report.

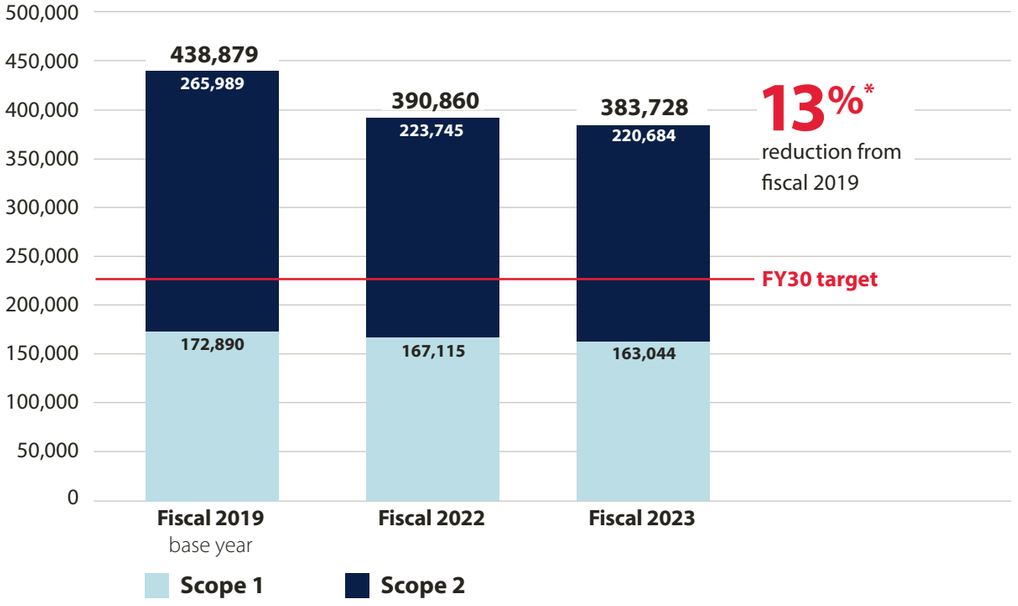
As of the publication of this report, we have officially submitted our SBT, which includes Scope 1, 2 and 3 emissions, to the Science Based Targets initiative (SBTi) for validation. Targets are considered science-based if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement, limiting global warming to 1.5°C above pre-industrial levels.

Also in fiscal 2023, we completed a project we'd begun in fiscal 2022, conducting ESG audits at all of our owned manufacturing sites to assess their environmental and social performance and identify opportunities for improvement. As a result of the audits, corrective and preventive actions (CAPAs) have been identified and provided to the director of operations at each site to review and implement solutions.

Scope 1 and 2 greenhouse gas (GHG) emissions

Total market-based GHG emissions

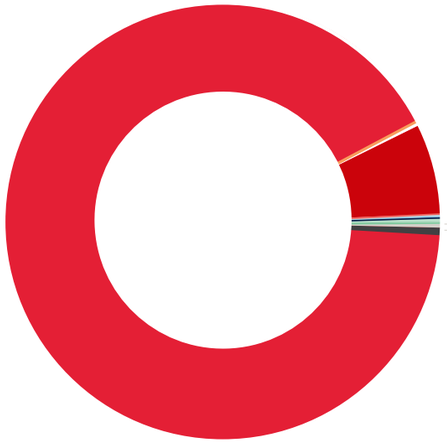
(metric tons CO_2e)



* In fiscal 2023, we restated our fiscal 2019 GHG emissions. These have been assured, as have fiscal 2023 emissions, as part of Cardinal Health's commitment to accurate data reporting that best represents our business. The restatement was done in part due to the addition of new activities such as emissions from biomass and refrigerants; as well as adding market-based emissions calculations for Scope 2. Additionally, some data was removed due to the divestiture of the Cordis business, and therefore properties and activities associated with that business have been removed from Cardinal Health's operational boundary. Knowing that renewable energy will be a critical piece to Cardinal Health's emissions reductions strategy, we have transitioned to tracking progress towards our goals utilizing the market-based emissions method to be able to properly account for renewable energy within our boundary.

Cardinal Health FY2023 GHG footprint

Total: 38,315,954 mt CO_2e



Scope 1:
Direct emissions (0.43%)
163,044 mt CO_2e

Scope 2:
Purchased electricity (0.58%)
220,684 mt CO_2e

Scope 3: Indirect value chain activities (99.00%)
37,932,226 mt CO_2e

- **91.26%** Purchased goods and services
- **0.08%** Capital goods
- **0.25%** Fuel- and energy-related activities
- **6.42%** Upstream transportation and distribution
- **0.09%** Waste generated in operations
- **0.04%** Business travel
- **0.09%** Employee commuting
- **0.00%** Upstream leased assets
- **0.09%** Use of sold products
- **0.63%** End-of-life treatment of sold products
- **0.02%** Downstream leased assets
- **0.03%** Investments

Using renewable energy and increasing energy efficiency

Renewable energy comes from sources like sun and wind that aren't depleted when they're used. They emit little or no greenhouse gases and are abundantly available around the globe. Climate scientists say that transitioning from reliance on fossil fuels to renewable energy is key to addressing climate change. That is why, throughout fiscal 2023, we continued to expand projects and initiated new ones across the enterprise that are driving energy savings and climate action.

First, we entered into a strategic relationship with an energy services company to conduct energy audits of select distribution and manufacturing sites and conduct a renewable energy assessment of both on- and off-site opportunities.

We have also begun thinking long-term when upgrading our existing facilities. For example, when we upgrade roofing at our distribution centers and manufacturing facilities across the U.S., we are making the roofs ready for the installation of solar panels. Additionally, we've begun to increase the thickness of our facility insulation when making upgrades in the U.S., as thicker insulation is a solution used to improve an air barrier across the building envelope, resulting in less energy used for heating and cooling.

Throughout facilities across the enterprise, we are focusing on increasing energy efficiency and, where possible, transitioning to electricity as a primary energy source. For example, in fiscal 2023, we replaced several hydraulic presses in U.S. facilities with more energy-efficient electric presses; one facility has completely transitioned to electric presses. With hydraulic systems, the motor and pump run continuously, consuming energy even when they're not in use. An electric system uses energy only when it's working. Electric presses also take up less space, require less maintenance and can be controlled with a greater degree of precision. As we transition to equipment powered by electricity, we also increase our ability to reduce GHG emissions by powering that equipment with electricity from renewable energy sources.

We continued our retrofitting projects, installing light-emitting diode (LED) lighting at 6 additional facilities in fiscal 2023. Switching to LED lighting reduces GHG emissions, and provides benefits for employees: it improves employee safety, productivity, picking accuracy and overall comfort.

We've also begun replacing old boilers in our facilities with more energy-efficient models. In addition, we have begun installing charging stations in our Medical Segment manufacturing facilities immediately adjacent to breakrooms, to recharge the 1,000-pound batteries that are used to power equipment like forklifts. This is enabling opportunity charging: traditionally, these large batteries need significant downtime to cool down and recharge, which is a challenge in facilities that run multiple shifts in a day. Opportunity charging is more efficient, because it means the equipment operator can move equipment directly to the charging station to charge the batteries during any downtime – like breaks or shift changes. Once the equipment operator is ready to go back to work, the battery will have enough charge to work until the next break. Opportunity charging makes it easier for operators to recharge the batteries and has the added benefit that it can extend the batteries' working life.

Driving year-over-year energy savings

Leaders at the Cardinal Health medical manufacturing facility in Tullamore, Ireland, kicked off an energy reduction program early in fiscal 2023, to support the company's goal of reducing Scope 1 and Scope 2 GHG emissions by 50% by fiscal 2030 (from a fiscal 2019 base year), and to better manage local increases in energy costs.

Their site goal was ambitious: Reduce energy use by 10% – or 750,000 kWh – in fiscal 2023 over the prior year. Their success was enabled through planning, research, and continuous communications that ultimately engaged the site's entire workforce.

They first invested in automated systems and controls to gather data and provide real-time analysis. "We wanted to be able to show data-driven results, to prove that the changes we make would result in sustained, long-term energy management solutions," said Sean McCormack, site facilities engineering supervisor.

The Tullamore team established a baseline of energy use in each of three pillars – general plant usage, power used by production tools, and unmetered energy – and then set up a core team around each pillar to identify savings opportunities. They also developed an internal governance team supporting the pillars to deliver their objectives. Through collaboration with the enterprise Environment, Health and Safety (EHS) team, the ESG team and external experts including Irish utility providers, they developed a site action plan in line with business strategies.

As part of their focus on cultural transformation, they launched a communications campaign for employees and appointed "energy champions" throughout the facility to help lead change. They instituted new energy-focused Gemba walks, where managers and leaders regularly walk the facility, observing various processes and talking with and learning from employees on the floor.

The walks identified multiple energy improvements to take action on, from using ultrasonic tools to identify compressed air leaks in equipment and improving HVAC efficiency, to adding local controls that shut off vacuums when not in use and turning lights off in low-occupancy areas. "Our Gemba walks focus primarily on easy wins – relatively low-cost fixes that have a big impact for the production tools pillar," McCormack said.

"Our first significant investment within the facilities pillar was a duct-sealing project in our air handling units (AHUs). Eliminating leakages allows the fan motors to run more efficiently, while also reducing the amount of air that has to be heated or cooled."

An energy awareness campaign for employees is ongoing, McCormack explained:

"We talk about saving energy at home and at the plant, to make the issue meaningful on a personal level. So when we bring in clean energy vendors, we make sure that employees know they can talk to them about solutions, like solar installations and smart lighting, for their homes as well as our facility."

The Tullamore team achieved its fiscal 2023 goal, and is now working on further energy savings in fiscal 2024. Projects include light-emitting diode (LED) lighting retrofits, new fans, and a proposed upgrade to a new, higher-efficiency combined heating and power (CHP) unit.

Everyone in the Tullamore facility now has an energy savings goal listed among their annual performance goals, McCormack said. "We talk about energy issues very regularly, share progress, and get lots of ideas and input. There's been a culture shift here – folks are really engaged in reducing energy both at work and at home."

Giant ice cubes keep employees cool and save on energy costs

Most electric utility providers charge different rates for electricity consumption depending on the time of day. Commonly referred to as on- and off-peak hours, rates are significantly higher during on-peak hours, when the highest amount of stress is put on the electricity grid's capacity. It also happens to result in more environmentally harmful fuels being used by electricity providers to meet demand.

In our facility in Greenwood, South Carolina, air-cooled chillers work at full capacity during off-peak hours to turn water collected from manufacturing processes in ice storage tanks into an ice slurry that can be used to cool our manufacturing plant during on-peak hours.

Each ice storage tank contains thousands of small capillaries, and during on-peak hours a glycol and water mixture runs through these capillaries where heat is exchanged (i.e., the glycol and water mixture is cooled by the ice in the storage tank). The glycol mixture then flows to heat exchangers where plant-supply chilled water is cooled.

Depending on outside temperature, the facility can achieve up to several hours of cooling from the ice slurry when the air-cooled chillers are in shutdown status. By using electricity during off-peak hours to create the ice slurry and reducing the run time of our air-cooled chillers during on-peak hours, our site is saving on annual electricity costs and helping the electric utility with demand-side management.

Waste

Paper

Paper accounts for nearly 12% of total waste in U.S. landfills, according to the Environmental Protection Agency[20]. Its production requires significant amounts of energy and water usage. Even seemingly small steps, like moving to paperless invoicing and packing slips, can have a significant environmental impact.

In fiscal 2023, we partnered with CVS Health, our largest customer, to implement electronic invoicing – a transition that is saving approximately 36,000 – 44,000 pieces of paper each day, resulting in more than 66 – 79 tons of paper saved per year[21].

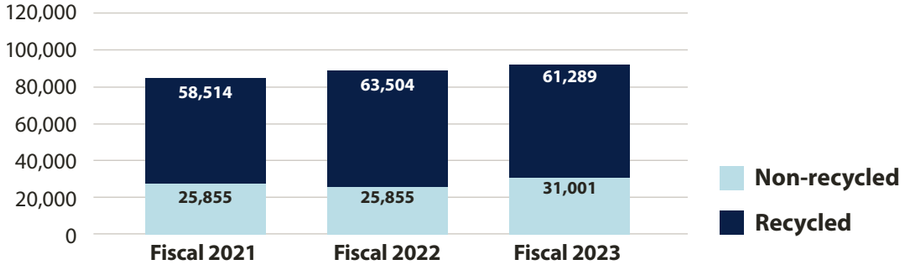
Electronic invoicing also saves time and increases invoice accuracy, while helping both companies advance commitments to reduce our impacts.

Water

Water is a critical resource to our operations, employees and the communities where we live and work. Though we must withdraw water to manufacture our products and provide our services, we understand that freshwater is a local and regional resource. In fiscal 2023, Cardinal Health performed an assessment of our water withdrawal volumes by activity to better understand our impacts. We plan to conduct a water risk assessment during fiscal 2024 as part of a larger strategy on addressing freshwater availability in the regions where we operate.

Total weight of waste generated globally

(metric tons)



Celebrating Earth Day

Across the U.S. and around the world, employees celebrated Earth Day in 2023 by planting trees, participating in local cleanups, and even plogging (picking up trash while jogging or walking).

In Central Ohio, about 50 employees planted more than 300 trees, removed invasive species, and weeded the children's garden at the Stratford Ecological Center, a nonprofit organization that teaches children and adults about the interconnectedness of humans, animals and the environment.

Employees in Lakeland, Florida, planted thyme in small pots and sent them to school children across the U.S. to help them learn about gardening. Employees in Norfolk, Nebraska, and all across Canada participated in cleanups near their work locations.

Recycling e-waste

In addition, our ESG team worked with our Total Waste Management vendor to promote electronics recycling in 13 of our U.S. distribution centers. Employees were encouraged to bring to work with them the small, hard-to-recycle home electronics (including old laptops, cell phones, calculators and cords) they no longer use and place them in collection boxes for recycling.

Collectively, the employees sent more than

300 lbs.

of e-waste to recycling centers rather than to landfill[22].

[20] The U.S. Environmental Protection Agency: National overview: Facts and figures on materials, wastes and recycling. Last updated December 3, 2022. https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/national-overview-facts-and-figures-materials.

[21] Based on June 2023 data, using 365 days per year in calculating tons of paper saved, and assuming that 50% of paper waste is sent to landfill and 50% is recycled.

[22] Per our Total Waste Management vendor Veolia, who was responsible for collecting and measuring this waste and reporting the final waste collected.

Efficient transportation and logistics

In fiscal 2023, our domestic logistics team focused on identifying ways to increase middle mile efficiencies. Middle miles include deliveries between distribution centers, between replenishment centers, or between replenishment centers and distribution centers. Because many trucks travel the middle mile with less than full loads, the team knew that there were opportunities for increasing fuel efficiencies and cost savings and reducing emissions.

The team also began implementing systems to baseline load utilization for first, middle and final mile shipments and better manage freight spend and usage. In fiscal 2024, the team is looking at other opportunities, as well, like changing delivery schedules to customers to ensure optimized truckloads, deploying strategies to reduce "empty miles" and taking on additional inventory to order goods less frequently.

Cardinal Health also considers the environmental and social impact of our international transportation and logistics activities, managed by our Global Trade team. In fiscal 2023, the Global Trade and ESG teams collaborated on key screening questions that should be considered when onboarding new maritime or aviation shipping partners.

Screening questions for new partners address topics such as their measurement and disclosure of greenhouse gas (GHG) emissions, their GHG emissions reduction targets, and whether they had existing policies on human rights and forced labor.

The ESG team is now included in quarterly business review meetings with our existing portfolio of long-standing global trade partners to better understand how they are working to improve environmental and social impact.

The supply chain crisis brought on by the COVID-19 pandemic continued to impact international shipments through fiscal 2022, with ports backed up and cargo stuck on ships. In fiscal 2023, the Global Trade team focused on reducing cargo detention and demurrage – the charges incurred when our containers are not cleared and returned within a specified time. These efforts have resulted in a significant cost avoidance year over year.

In addition, throughout fiscal 2023, the Global Trade team refined its international logistics model, work that continues in fiscal 2024. For example, a significant number of our shipments from the Asia-Pacific (APAC) region come through the Port of Long Beach in California, then require extensive middle-mile trucking to reach various destinations across the U.S. Through network design optimization, we are assessing transportation routes from APAC directly to ports along the east coast to significantly reduce middle-mile trucking and GHG emissions and move products more efficiently.

The team's strategic logistics partnerships play a vital role in its sustainability efforts, and, by closely monitoring container usage, Global Trade has been reducing less-than-container loads and 20-foot containers. This promoted consolidation for enhanced efficiency and reduced environmental impact. (20-foot containers require special equipment and handling for loading, and are less efficient than 40-foot containers.)

The team is also actively encouraging mode shifts from air to ocean. In fiscal 2023, the company put into place a systematic air freight approval process that involves close evaluation with senior leadership in Manufacturing, Planning, and Global Logistics. This is dramatically reducing our air shipments to only those that are truly essential.

In fiscal 2024, a key focus for the team is a collaboration with the company's packaging engineers to significantly reduce overages, shortages and damages (OS&D). OS&D are the discrepancies between the products that arrive at a warehouse or distribution center and the bill of lading. Together, the teams will reevaluate the way damaged packaging is handled, work to eliminate the use of unnecessary packaging materials, and explore new opportunities for reusing and recycling products.

In fiscal 2023, the Global Trade team brought on a training manager and launched a company-wide education campaign to ensure that employees across the enterprise understand the importance and impact of supply chain resiliency. In fiscal 2024, we are creating new training on our online learning platform that will be required for all employees who play a role in the supply chain.

Cardinal Health is a SmartWay® High Performer

The U.S. Environmental Protection Agency's (EPA's) SmartWay® program helps advance supply chain sustainability by measuring, benchmarking, and improving companies' freight transportation fuel efficiency.

Thousands of companies partner with the EPA through SmartWay and fewer than 10% of these companies are High Performers. Cardinal Health achieved this designation for calendar year 2022.

To be named a High Performer, companies submit their annual efficiency and air quality performance data to the EPA. For Cardinal Health, this designation means the 553 trucks in our fleet move heavier and more efficient loads and consume thousands of gallons less fuel each year compared to SmartWay peers[23]. Our efficiencies and air quality performance fall within the SmartWay programs' top performance range.

Putting electric vehicles to work

In February 2023, Cardinal Health signed a six-year lease on two electric tractor-trailers. Based in our Ontario, California, facility, they deliver medical products throughout Southern California. Both run full-time routes, five days a week. **The trucks can go as far as 220 miles (depending on the weight of cargo on board, topography and traffic) between charges.**

The Ontario facility also operates an electric transit van, used to haul smaller loads throughout Southern California. The transit van is charged onsite overnight. The site also is currently beta testing a smaller step van, designed to travel longer distances – up to 250 miles – between charges than the transit van.

Late in fiscal 2023, we also leased an electric yard dog (also known as a terminal tractor) at our Ontario facility and replaced two electric yard dogs with newer versions equipped with smart chargers at our location in Riverside, California. Yard dogs move empty semi-trailers to the dock for loading, then to the yard for drivers to collect them. In addition to eliminating emissions, electric yard dogs make very little noise, enhancing the experience for their drivers and minimizing noise pollution in the surrounding communities.

[23] According to data accepted and approved by the EPA, March 8, 2023.

Product and service innovation

Within our Global Products team, engineers and innovators are increasingly considering the sustainability and circularity of our products, packaging and services. Throughout fiscal 2023, the team gathered baseline data to assess the sustainability of current offerings and to identify future opportunities.

In fiscal 2024, the team is using this assessment to define product stewardship key performance indicators and resources required to deploy sustainable product development. Both product development and change management processes are being tailored to better integrate purposeful ESG initiatives.

For this team, product stewardship will include these factors:

01 **Cultural changes in the organization.**

02 **Process and procedural changes: each design now requires a sustainability consideration.**

03 **Categorizing products as primary or secondary environmental and social projects, with plans to set targets.**

04 **Alignment with customers to support their ESG goals.**

05 **Using fewer resources, leveraging recycled or recyclable materials, and designing products for full lifecycle consideration, including reprocessing.**

06 **Minimizing energy consumption at point of use.**

07 **Initiation of specific programs and partnerships.**

08 **Reducing or eliminating single-use disposable items (or ensuring that single-use items are reprocessed).**

09 **Reducing the use of hazardous materials.**

10 **Selecting materials that help support a diverse and humane supply chain.**

11 **Reducing the amount of packaging waste through reduced volume per product or increased use of eco-friendly packaging and labeling.**

The team is fostering a culture of innovation and responsibility by investing in training and development programs aimed at increasing employees' understanding of the impacts of sustainability. They are focused on highlighting the significant efforts and accomplishments to the company's marketing and sales organizations so the marketing and sales teams can in turn convey to customers how our sustainability work can support our customers' efforts toward greater sustainability.

Sustainable Technologies™

Reprocessing medical devices to reduce healthcare's carbon footprint

More and more, U.S. hospitals are turning to reprocessing single-use medical devices, both to reduce their environmental impact and reduce costs. Through Cardinal Health's Sustainable Technologies™ business, we are helping to meet the demand, providing single-use device (SUD) collections and reprocessing services. Reprocessed devices are regulated by the Food and Drug Administration and have the potential to extend the life of medical devices and reduce waste.

Hospitals that purchase reprocessed SUDs rather than new products can achieve significant savings: a report[24] by the Association of Medical Device Reprocessors noted that in 2021, U.S. hospitals and surgical centers saved more than $412 million through reprocessing.

The growing demand for reprocessing services led Sustainable Technologies™ to nearly double the size of its facility near Tampa, Florida, in fiscal 2023. This expansion has expanded capacity to reprocess a larger number of SUDs, and provided a lab space for testing new ways of reprocessing products that aren't yet in the Sustainable Technologies™ portfolio.

Among the products Sustainable Technologies™ reprocesses are compression sleeves, electrocardiogram lead wires and cables, and air transfer mats (used to transfer and reposition patients).

Our portfolio includes many other reprocessed products used in surgery, including ablation wands and electrodes, orthopedic manual devices and more. Many SUDs can be reprocessed multiple times, and when they can no longer be reprocessed, they can be recycled through our zero waste-to-landfill operating model.

The Florida facility operates on a unique zero waste-to-landfill model for disposing of devices at the end of their useful life.

Lithium-ion and alkaline batteries, for example, are melted down into a commodity for the metals market; corrugated cardboard is recycled into more corrugated cardboard or chipboard; and regulated medical waste and plant trash are turned into energy through a waste-to-energy program.

With its zero waste-to-landfill initiative, Sustainable Technologies™ has diverted 99.9% of waste from landfills.

During fiscal 2023, the Sustainable Technologies™ team engaged a third party to conduct a lifecycle assessment (LCA) and compare the environmental impact of using new, single-use intermittent pneumatic compression (IPC) devices (used to prevent deep vein thrombosis and pulmonary embolism) instead of reprocessed, single-use compression sleeves. The study concluded there is an environmental and economic benefit in using reprocessed compression sleeves. The overall life-cycle environmental footprint of a reprocessed device was found to be, on average, 43% lower than that of a single use device. In a breakdown of the lifecycle assessment results, reprocessed compression sleeves were found to reduce the carbon footprint by 40% and reduce hospital waste disposal costs by 90%.

SUDs collected in fiscal 2023 **17.05M**

Pounds of waste diverted from landfills **5.24M**

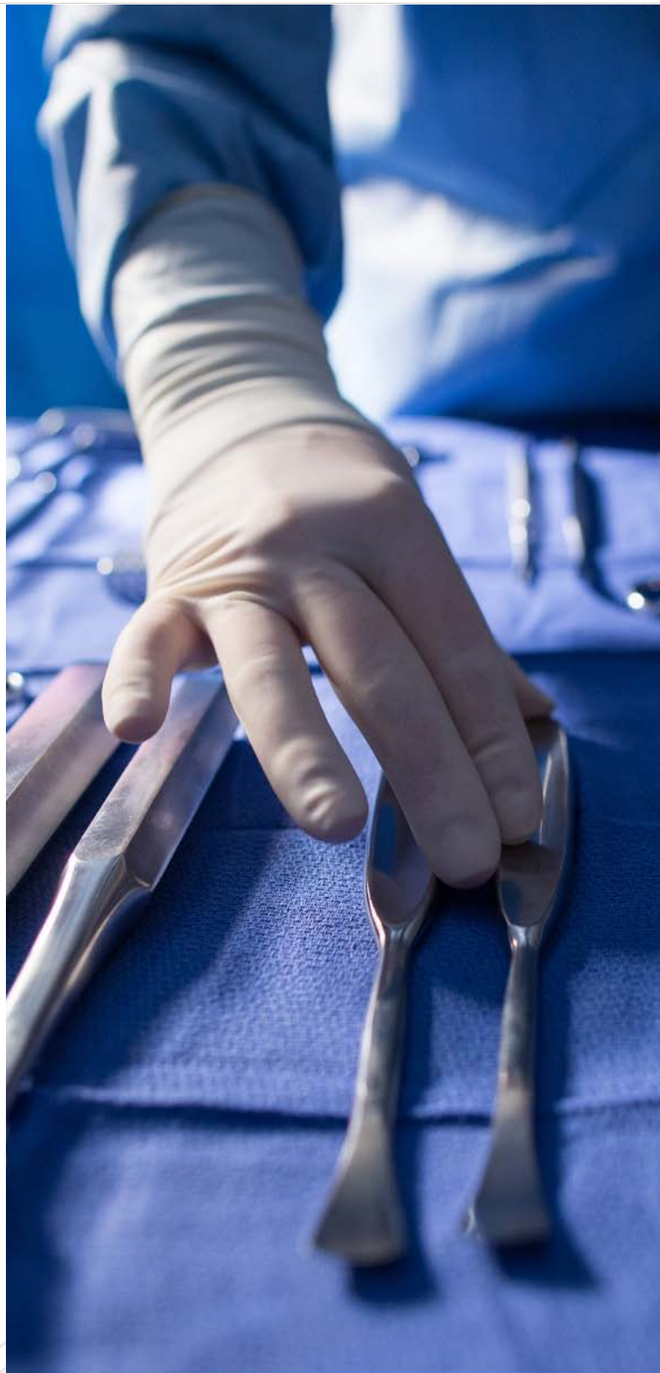
[24] 2021 annual AMDR member survey results: reprocessing by the numbers. AMDR. 2023. https://amdr.org/newsroom/reprocessing-by-the-numbers/

Packaging redesign to reduce waste

Late in fiscal 2023, we initiated a packaging redesign for our Presource surgical kits designed to significantly reduce waste. Our engineers created more efficient packaging for two distinct kits; the new design not only saves packaging materials, it allows the kits to be stored more efficiently within our distribution centers and in our customers' supply storage rooms.

We anticipate that the new packaging will eliminate more than 169,000 pounds of packaging waste in fiscal 2024.

The majority of our Presource kits are custom, meaning that the customer determines exactly what is in the kits. We have a team of business and clinical optimization experts, logisticians, clinicians and trained sales representatives who leverage data and analytics to optimize the kits. We are always looking for ways to add products or remove products to reduce waste and drive efficiencies. For example, in fiscal 2023, after customer engagement revealed customers threw away some of the unused components within our urology kits, we removed those components.



Responsible sourcing

We are committed to ensuring that our supply chain reflects our core values and our ESG priorities. All of our suppliers are expected to comply with our Vendor Code of Conduct and Standards for Suppliers. These documents set forth the obligation of all vendors and suppliers that do business with Cardinal Health; they are reviewed and updated regularly. We also have a Global Human Rights and Labor Standards policy and a Conflict Minerals policy, which establish requirements for global conduct related to human rights and labor standards.

In addition, 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.

In fiscal 2023, we improved our supplier assessment program, analytics and mapping with the addition of new tools and third-party providers. These new capabilities are enabling broader supplier engagement in both the Medical and Pharmaceutical Segments in fiscal 2024. Supplier assessments include self-assessment questionnaires (SAQs) and on-site audits; the ESG Supply Chain team focuses on assessing the suppliers with the highest inherent risk associated with human rights, labor standards, health and safety, environmental standards, business ethics and impact on the business. We performed a review of the fiscal 2022 self-assessment questionnaire and revised the number and types of questions to improve alignment with key risks in our supply chain.

As a result of our revised self-assessment questionnaire, we achieved an improved response rate which has helped improve our efficiency with risk-rating suppliers.

After completing their assessments, suppliers receive feedback from the ESG team, and when required, training and corrective action requests. When a significant issue with a supplier is identified, an investigation is conducted, and if necessary, the issue is escalated to cross-functional leadership for prompt action. Remediation of significant issues requires suppliers to implement Corrective and Preventive Actions (CAPAs) and complete follow-up audits to confirm that actions have been taken. In extreme cases, the supplier relationship may be terminated.

Throughout fiscal 2023, the ESG team focused on simplifying, improving and embedding a structure for the due-diligence process, which is helping to ensure transparency and business integrity. Cross-functional teams across the enterprise are being engaged to help them understand the importance of this work. In fiscal 2023, for example, members of the Global Procurement team were trained in ESG supply chain due diligence and about supply chain risks, including human rights, forced labor, child labor and conflict minerals.

Our supplier due diligence program

Responsible Glove Alliance

The Responsible Glove Alliance (RGA) is a collaborative initiative that works to prevent, identify and remediate conditions that contribute to forced labor in the medical gloves industry. All members apply significant due diligence to their supply chains and recruitment channels, and companies are vetted before they're allowed to become members. Currently, the RGA has six member companies; two additional companies are under consideration as potential new members.

Cardinal Health is a founding member of RGA and leads its steering committee. Early in fiscal 2024, the steering committee met in person for the first time, gathering in Malaysia, the world's largest supplier of medical gloves. Participants included government officials and senior leaders representing companies from the U.S., the United Kingdom, the European Union and Malaysia.

Among the meeting highlights: Leaders from member companies reiterated their commitment to eliminate forced labor in the medical gloves supply chain, and Malaysia's Deputy Minister of Human Resources discussed Malaysia's focus on human rights. In addition, the director of the U.S. Customs and Border Protection (CBP) Forced Labor Division told the gathering that the CBP can work with RGA to establish standards and collective goals.

Supplier diversity

We are committed to supporting and working with qualified diverse businesses, and we believe that diversity in our supply chain helps increase innovation, improve quality, and create opportunities and economic growth in the communities we serve.

As the healthcare industry continues to evolve, we rely on our diverse supplier partners to help us identify opportunities and navigate through challenges to ensure we continue to meet the needs of our customers.

We define diverse suppliers as small businesses and businesses that are owned, operated and controlled by people with disabilities, veterans and service-disabled veterans, and ethnic and gender minorities.

We have been committed to supplier diversity for more than 30 years. It has played a critical role in how we deliver value to our customers and the patients they serve. Supplier diversity will continue to play a key role in our work to move healthcare forward.

05 Governance, ethics and compliance

In this section:

57 Corporate governance
59 Data privacy and security
61 Business ethics and compliance
66 About this report and cautionary statement

Strong corporate governance, data privacy and security, and business ethics and compliance are foundational to Cardinal Health; they create an environment of trust and accountability.

They guide our work and drive our business growth, empowering us to deliver the products and solutions that improve people's lives every day.

Corporate governance

Board of Directors[25]

The Board of Directors is responsible for monitoring the conduct of our businesses and of management's efforts to establish and maintain high standards of legal and ethical conduct; management's accounting, financial reporting and controls; risk management policies and practices; and our ESG strategy, goal setting, performance, and disclosures, among other things.

Gregory B. Kenny
Independent Chairman of the Board
Retired President and Chief Executive Officer of General Cable Corporation
Committee: Governance and Sustainability

Steven K. Barg
Global Head of Engagement of Elliott Management Corporation
Committees: Business Review,* Governance and Sustainability

Michelle M. Brennan
Retired Value Creation Leader of Johnson & Johnson
Committees: Audit, Human Resources and Compensation

Sujatha Chandrasekaran
Retired Senior Executive Vice President and Chief Digital and Information Officer of CommonSpirit Health
Committees: Audit, Risk Oversight

Sheri H. Edison
Retired Executive Vice President and General Counsel of Amcor plc
Committees: Audit, Risk Oversight

David C. Evans
Retired Executive Vice President and Chief Financial Officer of The Scotts Miracle-Gro Company and former Executive Vice President and Chief Financial Officer of Battelle Memorial Institute
Committees: Audit, Risk Oversight

Patricia A. Hemingway Hall
Retired President and Chief Executive Officer of Health Care Service Corporation
Committees: Governance and Sustainability, Human Resources and Compensation

Jason M. Hollar
Chief Executive Officer of Cardinal Health, Inc.
Committee: Business Review*

Akhil Johri
Operating Advisor to Clayton, Dubilier & Rice and retired Executive Vice President and Chief Financial Officer of United Technologies Corporation
Committees: Audit, Business Review*

Nancy Killefer
Retired Senior Partner, Public Sector Practice of McKinsey & Company, Inc.
Committees: Governance and Sustainability, Human Resources and Compensation

Christine M. Mundkur
Retired Chief Executive Officer of Impopharma, Inc.
Committees: Human Resources and Compensation, Risk Oversight

Board of Directors diversity

[25] Current Board members as of the publication of this Report. All Board members, with the exception of CEO Jason Hollar, are independent.
[26] Ethnically diverse Directors are all those who identify as a non-white race/ethnicity.

* The Business Review Committee was formed in September 2022 pursuant to a cooperation agreement with Elliott Management to conduct a review of the company's strategy, portfolio, capital allocation framework and operations. In May 2023, the term of the Business Review Committee was extended to July 15, 2024.

Cardinal Health honored with Ruth Bader Ginsburg Board Diversity Award

We are proud of the diverse representation on our Board of Directors, which helps ensure that our company benefits from diverse perspectives and experiences.

In May 2023, the national nonprofit organization DirectWomen announced that Cardinal Health was a recipient of the 2023 Ruth Bader Ginsburg Board Diversity Award, which recognizes corporations that have served as leaders in the effort to achieve board diversity, as illustrated by the critical mass of women directors on their boards and their strong commitment to diversity in the boardroom.

DirectWomen, whose mission is to increase the representation of women lawyers on corporate boards, presented the award at the Sandra Day O'Connor Board Excellence Award Luncheon in New York City in October 2023.

Investor Day highlights

In June 2023, Cardinal Health hosted an Investor Day at the New York Stock Exchange; investors, analysts and other stakeholders joined the audience either live or virtually.

CEO Jason Hollar highlighted areas of focus and strategic priorities, including the actions the company is taking to maximize and sustain value at Cardinal Health, and the work we're doing through our ESG initiatives to enable a more sustainable, equitable world.

> **"Cardinal Health is continuing its journey to becoming a simplified and more focused company, but the company will remain a crucial link between the clinical and operational aspects of the healthcare ecosystem."**
>
> Jason Hollar
> **CEO**

Top photo: CEO Jason Hollar surrounded by senior executives of the company at Cardinal Health's Investor Day. **Lower left:** Hollar at Investor Day. **Lower right:** Investor Day panel and presentation.

Data privacy and security

Our Enterprise Privacy Office (EPO), established in fiscal 2022, was designed to strengthen and centralize our Global Privacy Program. It is responsible for enabling Cardinal Health to remain current on changes in the privacy regulatory landscape, industry-leading practices, and emerging areas of privacy risk, in addition to addressing existing risks and enabling the use of personal data for business growth and innovation in a compliant manner.

Privacy remains a key priority at Cardinal Health, and the EPO partners with the Information Security team to protect the personal information we collect from our customers, patients, employees, suppliers, and other business partners.

The EPO is continuing to leverage its Global Privacy Framework to identify and implement the priority privacy initiatives for the enterprise. Recent accomplishments include the centralization of Privacy Officer roles within the EPO to create a more streamlined governance structure and the continued enhancement of enterprise privacy tools, processes and controls that promote organizational efficiencies and consistency. Other key events included the implementation of compliance work plans for newly-enacted comprehensive state and international privacy laws and the continued implementation of our cross-border data transfer strategy for the sharing of personal data.

The EPO is also continuing to drive awareness and provide training on the rapidly evolving privacy landscape and build greater connectivity with key stakeholders across the enterprise.

In May, the EPO held its Annual Privacy Summit over a three-day period, discussing key privacy topics with Security and Privacy Officers from across the enterprise, as well as marketing teams, indirect procurement, human resources, and other business teams. Additionally, the EPO met with Security and Privacy Officers on a quarterly basis to raise awareness of Global Privacy Program initiatives, and provided training within certain business units on privacy topics relevant to their specific areas and business initiatives.

The EPO continues to enhance the use of Radar First, an automated tool adopted in fiscal 2022 that enables greater transparency, tracking and analytics for all data privacy issues. The tool stores all incidents in one place and helps simplify all stages of incident management, including discovery, triage and investigation; regulatory research; third-party contracts; team collaboration; risk assessment and breach decision; remediation and notification; and analysis and benchmarking. The EPO also continues to utilize the OneTrust software platform for its record of processing activities.

Employee cybersecurity training

The Information Security Awareness team, part of our enterprise IT organization, ensures that employees have the information and knowledge they need to help keep data secure.

Each year, all global employees who have a Cardinal Health email address are required to complete an online training on cybersecurity best practices and review internal information security policies. Issues covered in the training include electronic device management, creating strong passwords, social engineering scams, and identifying phishing emails.

Each year, the team hosts events throughout Cybersecurity Awareness Month in October. In past years, programming has focused on employees in the U.S., but in fiscal 2023, cybersecurity activities included employees in Europe, the Middle East, Africa and Latin America. Additionally, we host a "Ninja Series" each spring and follow that series with an outside speaker event in the summer. The Ninja Series covers a wide variety of cybersecurity topics and is open to all Cardinal Health employees. Our summer speaker event highlights emerging topics; in fiscal 2023, the subject was generative artificial intelligence (AI) and its impact on security trends and risks.

2,200+

The fiscal 2023 Ninja Series drew more than 2,200 attendees, an increase over fiscal 2022 participation.

Guarding against phishing schemes

In addition to providing training on identifying phishing schemes, the Information Security Awareness team also regularly sends employees test emails that look like phishing emails. When employees forward these emails to the team's "Keep IT Safe" mailbox without clicking on any of the links, the team knows that training has been successful. Those employees who do click on the links are required to complete additional training.

Our Customer Service representatives in particular are targets of phishing schemes; they get additional customized training from the Information Security Awareness team. Those on the Finance and Treasury teams also get specialized training relevant to their work and the types of phishing emails they are likely to receive. And, because phishing schemes continue to grow more sophisticated, the Information Security Awareness team regularly increases the complexity of its phishing test emails.

The team also publishes **Free Tip Friday** notices each week on our enterprise social networking service, providing guidance on keeping information secure at trade shows and conferences, staying cybersafe during vacations, avoiding phishing schemes and more.

The team also enlists the help of our Security Ambassadors. These Ambassadors are Cardinal Health employees from across the globe who hold trainings, publish articles, and provide information security tips to their teams in their local languages. This ensures we are able to better understand our risks and make personal connections for more impactful results.

Cardinal Health's team of Security Ambassadors around the globe **are actively engaged in upskilling our workforce to combat information security threats.**

Our phishing program's annual report rate averaged 30% in fiscal 2023, surpassing the industry standard.

Business ethics and compliance

At Cardinal Health, our culture reinforces our value of integrity: Employees hold themselves to the highest ethical standards so our customers, suppliers, shareholders and fellow employees can trust us to do the right thing and enable us to be healthcare's most trusted partner.

Our compliance program is aligned with our company values and takes into consideration business operations and associated risks to ensure that we comply with all applicable laws and regulations. Our Ethics and Compliance team leads this work and reports directly to our Chief Legal and Compliance Officer with oversight from the Risk Oversight Committee of the Cardinal Health Board of Directors.

The Ethics and Compliance team works in close partnership with business leaders to implement our compliance program and foster a culture of compliance throughout our operations.

Our program is informed by the 7 fundamental elements of an effective compliance program:

01 Written policies and procedures

02 Designated compliance officer and compliance committee

03 Training and education

04 Effective lines of communication

05 Internal auditing and monitoring

06 Enforcement of standards according to guidelines

07 Prompt corrective actions for problems

We continually evaluate and modify our compliance program based on changing regulatory expectations.

The work of the Ethics and Compliance team is overseen by a Compliance Committee comprising the executive leadership team, which includes our CEO and his direct reports. Chaired by our Chief Legal and Compliance Officer, the Compliance Committee provides guidance on the implementation of the compliance program and monitors ongoing improvement in the overall processes across the organization that prevent, detect and respond to compliance risks.

Our Board of Directors has established the Risk Oversight Committee to assist the Board in overseeing the Ethics and Compliance program and in monitoring risks associated with Cardinal Health's operations, including, without limitation, risks associated with ethical, quality and legal and regulatory compliance matters, other than legal and regulatory requirements related to audit, accounting and financial disclosure matters and related internal matters, which are overseen by the Board's Audit Committee.

Standards of Business Conduct

The Cardinal Health Standards of Business Conduct outline the standards of integrity and responsible conduct that all employees must follow to protect the trust of our suppliers, customers and shareholders.

Employees are directed to use the Standards of Business Conduct as a navigation tool to guide daily decisions and to include consideration of ethics, values, policies, and laws in the work that they do every day.

Our Standards of Business Conduct are the foundation for responsible work and integrity. They are authorized and supported by the Cardinal Health Board of Directors and senior leadership, and available in 11 languages. They are distributed internally to every employee and are posted on the Cardinal Health website and intranet. **View them here.**

As part of our global compliance training program, employees are expected to complete training on the Standards of Business Conduct upon hire and thereafter on an annual basis.

In fiscal 2023, Standards of Business Conduct training was deployed to all exempt and non-exempt employees through our web-based training platform. **Of those assigned, 96% completed the course in fiscal 2023.** For those employees who do not have access to Cardinal Health's web-based training platform, the Ethics and Compliance team works to deploy the training in a method that best supports their learning environment, through live training or training videos, for example.

In addition to our Standards of Business Conduct, Cardinal Health has numerous policies and procedures that support the principles in our Standards of Business Conduct.

Training and awareness

Our global training and awareness program seeks to equip our employees with the information they need to make wise decisions that foster a culture of trust and responsible business conduct. The information is delivered through web-based training programs, compliance-focused communications, or both.

Cardinal Health employees receive training upon hire and annually thereafter through our web-based training platform on a core curriculum that addresses applicable risks within our businesses. Compliance Business Partners supplement our web-based training with additional virtual or in-person training sessions based on specific areas of risk within those business units. They also help augment compliance engagement and reinforce training topics.

In fiscal 2023, the Ethics and Compliance team increased the number of visits to our global facilities with the intended goal of raising compliance awareness, conducting compliance culture assessments, and fostering relationships with operational employees. These site visits include training for supervisors and employees and provide opportunities for employees to ask questions, raise concerns and meet with Ethics and Compliance representatives one on one.

Communications and messaging about ethics and integrity, including newsletters and articles about compliance topics published on our intranet, help reinforce our culture of encouraging employees to do the right thing. In fiscal 2023, the Ethics and Compliance team conducted a companywide "Compliance Week" event, with multiple written communications and video messages from leadership, focused on inspiring a commitment to compliance and discussions of how compliance enables the business.

Interactions with customers and healthcare professionals

In connection with Cardinal Health business activities, we interact with customers, healthcare professionals, and government officials in various ways, including the promotion and sale of products and services.

Our interactions with customers and healthcare professionals are monitored to align with all laws. Cardinal Health prohibits any transfers of value to a customer, healthcare professional or government official if even one purpose of the transfer of value is to induce the purchase, use, lease or recommendation of products or services offered by Cardinal Health. As part of our Ethics and Compliance program, Compliance Business Partners train, monitor and oversee compliance with all such interactions.

Cardinal Health has also adopted the AdvaMed Code of Ethics on Interactions with Healthcare Professionals. All policies relating to interactions with customers and healthcare professionals are designed to align with laws, regulations, and industry guidelines issued by trade associations such as AdvaMed.

In the U.S., we annually report transfers of value made to certain healthcare professionals and organizations as required by law, and these transfers of value are published publicly on the Centers for Medicare and Medicaid Services (CMS) website. In addition, we report payments and other transfers of value made to healthcare professionals outside of the U.S., as required by applicable country laws.

Bribery and corruption prevention

As part of Cardinal Health's global footprint, we operate through extended distribution channels and supply chains while remaining steadfast in our commitment to following the highest ethical and business standards and prohibiting all forms of bribery and corruption.

Cardinal Health's anti-bribery and anti-corruption program focuses on compliance with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other country-specific anti-corruption laws. In addition, our **Standards of Business Conduct** and **Anti-Bribery and Anti-Corruption (ABAC) Guide** prohibit bribery or otherwise attempting to obtain any improper advantage from government officials or others with decision-making power or influence over any aspect of our business.

Third-party compliance risk management program

Cardinal Health engages third party intermediaries in several countries to distribute and sell our products. Therefore, we maintain a robust third-party compliance risk management program aimed at mitigating bribery and corruption risks that may arise from interactions with certain third parties such as distributors, resellers and other potentially high-risk vendors.

Prior to engaging any new third-party intermediary, the Ethics and Compliance team performs due diligence on that third party to ensure they have not had any ethical issues or been sanctioned in the past for bribery or related matters.

Cardinal Health expects third-party intermediaries to comply with our **Vendor Code of Conduct**, **Anti-Bribery and Anti-Corruption Guide for Third Party Sellers working for or on behalf of Cardinal Health** and with all applicable anti-bribery and anti-corruption laws. In addition to this, Cardinal Health has adopted industry ethical codes and best practices that our third-party intermediaries should also follow with respect to their sales and marketing activities.

Cardinal Health requires that third parties have the necessary internal processes to help ensure their employees and representatives follow the respective industry standards and prohibit and help prevent bribery and other crimes from occurring within their organization.

Third-party intermediaries must train their employees and representatives who directly or indirectly transact business with us or on our behalf about their responsibilities to avoid and report bribery or other violations of the law or our standards. Cardinal Health's Anti-Bribery and Anti-Corruption Training and Certification Program is provided to third-party intermediaries through an online tool, or in person whenever possible. Third-party intermediaries are expected to complete their training before starting work for or on behalf of Cardinal Health, and refresher training is provided periodically.

To continuously assess the strength and effectiveness of our third-party compliance risk management program, we engage an external vendor to audit certain third-party intermediaries to ensure their adherence to ethical business practices and standards. These audits focus on anti-bribery, anti-corruption, and the regional or local ethical codes (such as those from AdvaMed, MedTech, APACMed, MECOMED and others).

Risk assessments and monitoring

Cardinal Health believes an effective compliance program is one that conducts periodic risk assessments to determine the effectiveness of its program and to proactively identify risks. The Ethics and Compliance team's risk assessment program comprises internal risk assessments led by members of the Ethics and Compliance team who work day-to-day with Cardinal Health's various businesses and periodic risk assessments conducted by third parties. The current Ethics and Compliance team's internal risk assessment framework includes risk identification through a variety of methods such as surveys, interviews and reviews of internal policies and processes, Business Conduct Line reporting, investigations, internal auditing and regulatory enforcement trends; documentation of risk assessments; and implementation of remediation action plans.

To continue building our capabilities in this area, the Ethics and Compliance team is implementing a new risk assessment tool in fiscal 2024 to enhance the risk assessment process with an automated component.

Business Conduct Line

The Business Conduct Line is available 24 hours a day, 365 days a year to employees and third parties to confidentially and, if desired, anonymously, raise issues about the business conduct of Cardinal Health and its employees.

The Ethics and Compliance team encourages and promotes a "speak-up" culture, free from retaliation. If employees want to raise issues, voice concerns, or are in need of guidance, there are several internal avenues available for them to do so, including the Business Conduct Line.

In addition to calling the Business Conduct Line, employees and third parties may submit written concerns regarding other matters, including ethical, quality and legal and regulatory compliance matters, to the Senior Vice President of Ethics and Compliance, to the Chief Legal and Compliance Officer or to the chairperson of the Cardinal Health Risk Oversight Committee of the Board of Directors, c/o Chief Legal and Compliance Officer, 7000 Cardinal Place, Dublin, OH 43017 USA.

Employees and third parties may also submit written concerns regarding accounting, internal controls, financial reporting or auditing matters to the Senior Vice President of Ethics and Compliance, to the Chief Legal and Compliance Officer or to the chairperson of the Cardinal Health Audit Committee of the Board of Directors, c/o Chief Legal and Compliance Officer, 7000 Cardinal Place, Dublin, OH, 43017 USA.

All reports will be treated confidentially, except where disclosure is required to properly investigate the issue or where disclosure is mandated by law. All issues submitted are entered into an electronic case management system for tracking and communication.

The Cardinal Health Internal Investigations team is resourced by dedicated individuals with diverse and experienced backgrounds in law, procurement, human resources and e-discovery. This team is responsible for the management and thorough investigation and documentation of matters escalated through the Business Conduct Line as well as other reporting channels. Cardinal Health's investigations process includes a review of the misconduct and actions taken to ensure that discipline is applied and documented consistently.

U.S. Business Conduct Line
800.926.0834
Find an international number »
Multilingual representatives available.

About this report and cautionary statement

This report provides qualitative and quantitative information regarding performance on our environmental, social and governance (ESG) priorities and other related information in fiscal 2023 (July 1, 2022 through June 30, 2023) or for other periods where noted.

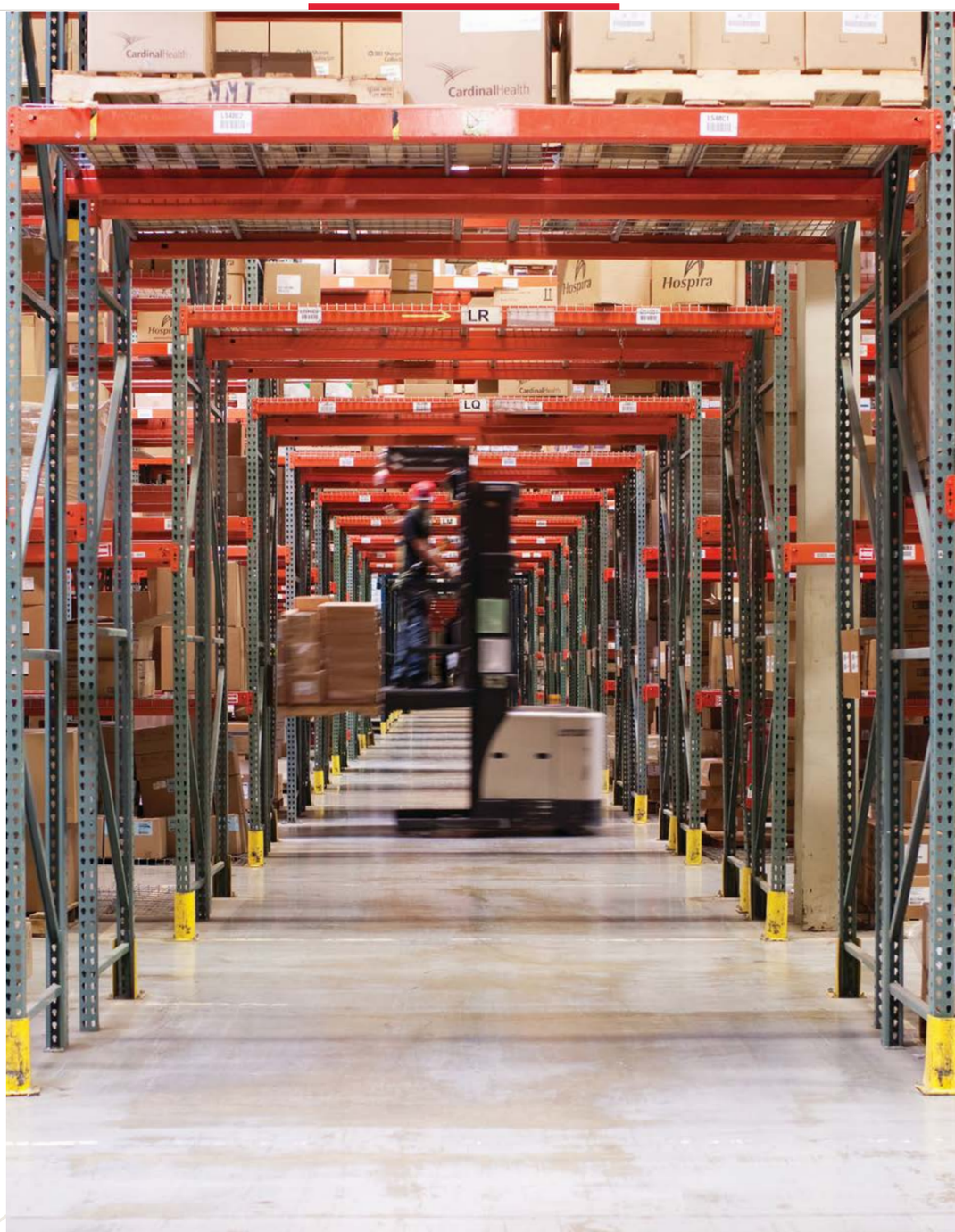
When we use the terms such as "Cardinal Health," "company," "enterprise," "we," "us," or "our," in this report, we mean Cardinal Health, Inc., and its majority-owned and consolidated subsidiaries, unless noted otherwise. In this report, the use of the term "material" and other similar terms is intended to reflect our priority ESG topics and risks. We are not using such terms as they are used under securities or other laws of the United States or any other jurisdiction or as these terms are used in the context of financial statements and financial reporting. Therefore, the inclusion of information or the absence of information in this report should not be construed to represent Cardinal Health's belief regarding the financial impact of that information or its importance to shareholders and other stakeholder groups.

This report includes estimates, projections and statements relating to our business plans, objectives and expected results regarding ESG-related priorities and goals that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "potential," "strategy," "future," "opportunity," "commit," "plan," "goal," "may," "should," "could," "will," "would," "will be," "will continue," "will likely result" and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially.

The most significant of these risks and uncertainties are described in "Risk Factors" in Cardinal Health's most recent Form 10-K and other related information filed with the United States Securities and Exchange Commission (SEC). Forward-looking statements in this report speak only as of the date of this document and we undertake no obligation to update or revise any forward-looking statement.

In addition, climate-related science, data and methodologies are rapidly evolving; those underlying our climate-related analysis and strategy remain subject to evolution over time. For example, we believe the methodology of carbon accounting will continue to improve over time, especially as it relates to Scope 3 GHG emissions. As a result of improvements to the quality and completeness of our data and updates to our methodology over time, we may include information in future disclosures that differ from those contained in this report or restate information contained in this report.

We report in accordance with the Global Reporting Initiative (GRI): Universal Standards and Sustainability Accounting Standards Board (SASB) reporting guidelines with respect to our material ESG topics and risks. Given the scope of our core business activities, we report to both the SASB Health Care Distributor and Medical Equipment and Supplies standards. We also report information aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework. Our GRI Content Index, SASB disclosures and TCFD disclosures are available in our **Reporting indices**. Additionally, we engaged ERM CVS to provide limited assurance over select environmental and DE&I metrics disclosed within this report. Please see our **fiscal 2023 assurance statement here**.



06 Reporting indices

In this section:

68 Global Reporting Initiative (GRI) Index
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102 Basis of reporting

Global Reporting Initiative (GRI) Index

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 2 – General Disclosures 2021[27]			
GRI 2-1	Organizational details	Cardinal Health, Inc. is a U.S. publicly traded Ohio corporation headquartered in Dublin, Ohio, with business operations in more than 30 countries globally.	Business operations are based on permanent employee work location.
GRI 2-2	Entities included in the organization's sustainability reporting	As used in this report, "we," "our," "us," "Cardinal Health" and similar pronouns refer to Cardinal Health, Inc., and its majority-owned and consolidated subsidiaries, unless the context requires otherwise. For a list of majority-owned and consolidated subsidiaries, please refer to Exhibit 21.1 within our **Form 10-K**.	
GRI 2-3	Reporting period, frequency and contact point	Unless noted otherwise, the enclosed ESG report and supporting indices cover Cardinal Health's fiscal 2023 (July 1, 2022-June 30, 2023), thereby aligning with our company's financial reporting period. Please submit inquiries regarding the information included within this report and supporting indices to: **ESGinquiries@cardinalhealth.com**	
GRI 2-4	Restatements of information	As noted earlier in this Report, the ESG team baselined our Scope 3 GHG emissions as a part of submitting our science-based target to the Science-Based Targets initiative (STBi) for validation. During that time, we also elected to review our inventory management plan and base year calculations for Scope 1 and 2 location-based GHG emissions and identified opportunities to improve the precision of our inventory. As a result of this review, Cardinal Health elected to restate our 2019 Scope 1 and 2 GHG emissions in this report, due to the Cordis divestiture and the addition of new emissions sources. Restated numbers can be seen in the table below. Additionally, market-based emissions were calculated and are to be used to track progress against our goal. These figures were subject to third-party assurance and included in our **fiscal 2023 assurance statement** from ERM CVS. The assured, restated base year values for Scope 1 and 2 GHG emissions were also included in our submission to SBTi as a part of our target validation application. **FY19 restated** / **Location-based $mtCO_2e$** / **Market-based $mtCO_2e$** Scope 1 / 172,890 / Scope 2 / 289,392 / 265,989 Per the Greenhouse Gas Protocol Corporate Standard, direct CO_2 emissions from the combustion of biomass shall not be included in Scope 1 but reported separately. Cardinal Health's FY19 direct CO_2 emissions from the combustion of biomass is not included in figures reported here in GRI 2-4, but is noted separately here as 18,927 $mtCO_2e$.	
GRI 2-5	External assurance	Cardinal Health engaged an external, third-party assurance provider to verify our Scope 1 and 2 location- and market-based GHG emissions, water withdrawal, global gender diversity and U.S. racial and ethnic diversity, as well as progress against our aspirational representation targets. We have indicated the specific metrics that were assured by placing a double asterisk next to the value (**). Please see our **fiscal 2023 assurance statement here**.	
GRI 2-6	Activities, value chain and other business relationships	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 healthcare facilities. The diverse set of products and services we offer our customers requires a globally interconnected value chain. For more information on the specific activities, products, services, and markets please see the Business section of our fiscal 2023 **Form 10-K** (pages 28-35).	

[27] Cardinal Health includes the year in which the GRI Standard was released to note the version we are disclosing against. Please see GRI 2-3 for our reporting period.

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations

GRI 2 – General Disclosures 2021 (continued)

GRI 2-7 Employees

Employees by type and gender

	Permanent employees	Temporary employees	Non-guaranteed hours employees	Full-time employees	Part-time employees
Female	23,800	670	476	23,920	1,026
Male	23,344	265	236	23,001	844
Non-binary (U.S. only)	24	0	0	24	4
Not declared	232	34	19	265	16
Total	**47,400**	**969**	**731**	**47,210**	**1,890**

Employee by type and region

	Permanent employees	Temporary employees	Non-guaranteed hours employees	Full-time employees	Part-time employees
U.S.	29,971	85	731	28,965	1,822
Outside U.S.	17,429	884	0	18,245	68
Total	**47,400**	**969**	**731**	**47,210**	**1,890**

Cardinal Health's population of employees is calculated based on data pulled from our HR system of record in September 2023 for the population of employees as of June 30, 2023.

Permanent employees are defined as regular employees (both full- and part-time) or employees not otherwise identified as on-call (employees that work "as needed"), Intern, or Global Assignee (employees that have taken an assignment in a country other than their normal work country). Note some part-time employees are not permanent employees. Cardinal Health discloses human capital information in our **Form 10-K** based on our permanent employee population, which agrees to the figures presented herein.

Temporary employees: Non-U.S. Temporary/Fixed Term (employees who are paid directly by the company and whose employment is for a limited period – not valid in the U.S.) and interns.

Non-guaranteed hours employees: on-call.

Full time employees: Employees who work 30 or more hours per week.

Part time employees: Employees who work less than 30 hours per week.

GRI 2-8 Workers who are not employees

Employee by type and region	Number of contractors
Information technology	3,786
Light industrial	2,652
Professional	2,103
Quality & regulatory, and engineering	238
Cardinal Health International India	62
Total Contractors	**8,841**

Workers who are not employees are defined as the number of contractors on assignment at the end of fiscal 2023 (i.e., June 30, 2023).

Contractors are workers whose scope is based on a defined contract and who are not permanent or temporary employees of Cardinal Health.

GRI 2-9 Governance structure and composition

Cardinal Health's Board of Directors represents the highest governance body at the organization and comprises 11 directors with relevant skills and experience that contribute to a well-functioning Board effectively overseeing our strategy and management. On page 57 of this report, we provide a full listing of our Board members as well as their diversity and the committees on which each of them serve.

The management of Cardinal Health's ESG function receives oversight from the Board's Governance and Sustainability Committee, which is specifically outlined in the Committee's **charter**. However, the full Board discusses significant ESG risks, and each standing Board committee has oversight of select risks.

For more details regarding the composition of the Board and its committees, please see our **2023 Proxy Statement.**

GRI 2-10 Nomination and selection of the highest governance body

For information regarding the nomination and selection process for Cardinal Health's Board of Directors, please see our **2023 Proxy Statement**.

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 2 – General Disclosures 2021 (continued)			
GRI 2-11	Chair of the highest governance body	Our Chairman of the Board of Directors is Gregory B. Kenny, who is not a senior executive of Cardinal Health.	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	The management of Cardinal Health's ESG function receives oversight from the Board's Governance and Sustainability Committee, which is specifically outlined in the Committee's **charter**.	
GRI 2-13	Delegation of responsibility for managing impacts	For information on Cardinal Health's ESG governance model to manage impacts throughout the organization, please see the **ESG governance section** within this report.	
GRI 2-14	Role of the highest governance body in sustainability reporting	The Board's Governance and Sustainability Committee has formal oversight of ESG matters such as environmental, social, and political risks, and reviews the ESG report prior to publication. Other standing Board committees have oversight of other specific ESG-related areas, such as human capital management.	
GRI 2-15	Conflicts of interest (within highest governance body)	Our Board of Directors has adopted written Standards of Business Conduct that outline our corporate values and standards of integrity and behavior, including conflicts of interest. Please see pages 14–15 of our **Standards of Business Conduct** to learn more about how we seek to prevent and mitigate potential conflicts of interest.	
GRI 2-16	Communication of critical concerns	As noted on page 9 of our **Standards of Business Conduct**, items of critical concern regarding Cardinal Health's business practices are communicated through our Business Conduct Line.	
GRI 2-17	Collective knowledge of the highest governance body	Please see the Director Skills Matrix on page 20 of our **2023 Proxy Statement** for more information on the collective knowledge of our Board of Directors.	
GRI 2-18	Evaluation of performance of the highest governance body	Please see page 30 of our **2023 Proxy Statement** to learn more about our Board of Directors' performance evaluation process.	
GRI 2-19	Remuneration policies	Please see pages 34–35 of our **2023 Proxy Statement** to learn more about director compensation and pages 40–71 to learn more about named executive officer compensation.	As described in the proxy statement and consistent with U.S. Securities and Exchange Commission (SEC) requirements, named executive officers include the CEO, CFO, CEO of the Pharmaceutical Segment, CEO of the Medical Segment, and Chief Legal and Compliance Officer.

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 2 – General Disclosures 2021 (continued)			
GRI 2-20	Process to determine remuneration	Please see pages 34–35 of our **2023 Proxy Statement** to learn more about director compensation and pages 40–71 to learn more about named executive officer compensation.	As described in the proxy statement and consistent with U.S. Securities and Exchange Commission (SEC) requirements, named executive officers include the CEO, CFO, CEO of the Pharmaceutical Segment, CEO of the Medical Segment, and Chief Legal and Compliance Officer.
GRI 2-21	Annual total compensation ratio	As noted on page 67 of our **2023 Proxy Statement**, "the median annual total compensation of all our employees (other than the CEO) was $69,024. Mr. Hollar's annual total compensation for fiscal 2023 for purposes of the pay ratio disclosure was $18,536,924. Based on this information, for fiscal 2023, the ratio of the compensation of the CEO to the median annual total compensation of all other employees was estimated to be 269 to 1."	
GRI 2-22	Statement on sustainable development strategy	**See letter from CEO Jason Hollar at the beginning of this report.**	
GRI 2-23	Policy commitments	Cardinal Health's **Standards of Business Conduct** is our policy for responsible business conduct. It communicates both our company's core values and standards to our employees and contractors for how we interact with each other, customers, vendors, and all other third parties. Employees worldwide, from our senior leadership to our sales and marketing departments to our warehouse and plant employees, are trained on our Standards of Business Conduct when they join the company and certify compliance annually thereafter. For fiscal 2023, 96% of all eligible employees and contractors certified compliance through completing our Standards of Business Conduct training.	
GRI 2-24	Embedding policy commitments	Cardinal Health builds on our **Standards of Business Conduct** and guidance when we implement company-wide policies and procedures that provide requirements for doing our jobs in compliance with the laws and regulations applicable to each business unit's operations. From our manufacturing locations to our distribution centers to our sales and marketing teams, these policies often require detailed procedures to ensure appropriate review and approval of various regulated activities and activities that involve a transfer of value to third parties, specifically customers and healthcare professionals.	
GRI 2-25	Processes to remediate negative impacts	Cardinal Health provides all stakeholders a confidential and anonymous platform to raise issues about business conduct of Cardinal Health and its employees. All reports will be treated confidentially by our Ethics and Compliance division, except where disclosure is required to properly investigate the issue or where disclosure is mandated by law. All issues submitted are entered into an electronic case management system for tracking and communication.	
GRI 2-26	Mechanisms for seeking advice and raising concerns	As noted on page 9 of our **Standards of Business Conduct**, items of critical concern regarding Cardinal Health's business practices can be raised through our Business Conduct Line.	
GRI 2-27	Compliance with laws and regulations	We report any significant instances of non-compliance with laws and regulations in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	
GRI 2-28	Membership associations	Cardinal Health plays an active role in several membership and advocacy associations globally. For a full listing of trade associations to which we paid more than $25,000 in 2022, please see our **Political Activities and Contributions Report**	Cardinal Health updates our Political Activities and Contributions report on a calendar year basis. Therefore, the report link will provide our data for 2022.

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 2 – General Disclosures 2021 (continued)			
GRI 2-29	Approach to stakeholder engagement	Some of the ways we engage with key stakeholders include: • **Employees:** providing regular town halls and leadership panels that help drive diversity, equity and inclusion, talent development and retention, and strategies and goals; engaging employees and gathering feedback through a biennial employee engagement survey, more frequent pulse and life cycle surveys, and connecting with employees at all levels through internal social media websites, newsletters, digital signage, and posters. • **Investors and other interested parties**: disclosing against standards and frameworks (e.g., SASB, TCFD, GRI) and participating in the ESG surveys (e.g., CDP, EcoVadis, Sustainalytics) that are significant to them; engaging in investor engagement calls and the Annual Meeting of Shareholders. • **Customers**: assessing satisfaction through periodic surveys and responding to ESG surveys and inquiries. • **Suppliers and partners:** engaging to improve our responsible procurement and sourcing practices, increase employee well-being, and hold ourselves and our suppliers to high ethical standards.	
GRI 2-30	Collective bargaining agreements	As disclosed in our fiscal 2023 **Form 10-K**, approximately 11% of total employees are covered by a collective bargaining agreement.	The percentage of global employees covered by a collective bargaining agreement is calculated by taking the number of employees covered by a collective bargaining agreement that was still valid as of the end of fiscal 2023 (i.e., June 30, 2023) and dividing that by the total number of global permanent employees (GRI 2-7).
GRI 3 – Material Topics 2021			
GRI 3-1	Process to determine material topics	To determine our material ESG topics, the ESG team partnered with a third-party consulting firm to perform the following steps: 1. Through peer and industry research, we aligned on a list of topics relevant for the company. 2. We interviewed and surveyed internal and external stakeholders, including Cardinal Health's executive leaders, other key business, functional and ESG leaders across the company, customers, investors, outside experts, and associations. 3. We scored, prioritized, and ranked the topics based on the company's priorities and strategies, relevant reporting frameworks, global goals, industry association and collaborative initiatives, and existing and potential regulation. 4. We validated the results with internal stakeholders and then reviewed the final list of ESG priorities with our internal ESG Governance Committee and the Governance and Sustainability Committee of our Board of Directors. Please see the **ESG topics and priorities** section of this report for more information.	
GRI 3-2	List of material topics	Within the **ESG topics and priorities** section of this report, we disclose the full list of material ESG topics and how we've organized them to effectively conduct strategic planning and risk management activities.	
GRI 3-3	Management of material topics	The enclosed ESG Report and accompanying indices were organized based on our list of material ESG topics, so we could directly describe the actual and potential, positive and negative impacts that Cardinal Health has on the environment, society, and other stakeholders. Throughout these disclosures, we include descriptions of business relationships, company policies and commitments, and actions taken to manage each topic and the related impacts. To determine the effectiveness of these policies and actions, we measure and disclose within this report performance metrics for each ESG topic that align with GRI, SASB, and TCFD standards and frameworks.	

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 201 – Economic Performance 2016			
GRI 201-1	Direct economic value generated and distributed	For information on Cardinal Health's financial performance, including the generation and distribution of economic value, please see our Financial Statements starting on page 51 of our 2023 Form 10-K.	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	As noted in our TCFD Index, Cardinal Health has performed a qualitative analysis to identify relevant climate-related risks and opportunities for consideration during strategic, financial, and business planning activities. We have not yet performed a quantitative scenario analysis to determine the specific financial implications of climate-related risks and opportunities, but plan to do so in fiscal 2024.	
GRI 201-3	Defined benefit plan obligations and other retirement plans	Cardinal Health offers a 401(k) defined contribution plan to all regular U.S. employees. We offer a full suite of investment options, and participants can defer into pre-tax and Roth accounts up to the annually defined IRS contribution limits, while benefitting from a competitive company match. Internationally, all countries have government mandated retirement programs; some schemes are defined benefit or defined contribution. In many countries, Cardinal Health also contributes to supplemental retirement programs on behalf of employees.	
GRI 201-4	Financial assistance received from government	For information on Cardinal Health's financial performance, please see our Financial Statements starting on page 51 of our 2023 Form 10-K.	
GRI 202 – Market Presence 2016			
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 202-2	Proportion of senior management hired from the local community	55% of senior management	Senior management is defined as all permanent employees who are at a Vice President level and above within the management and executive tracks, excluding Kinray employee details. Local community is defined by work address in our HR system of record and includes the Dublin, Ohio, headquarters or other Central Ohio Cardinal Health locations.
GRI 203 – Indirect Economic Impacts 2016			
GRI 203-1	Infrastructure investments and services supported	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 203-2	Significant indirect economic impacts	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 204 – Procurement Practices 2016			
GRI 204-1	Proportion of spending on local suppliers	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 205 – Anti-corruption 2016			
GRI 205-1	Operations assessed for risks related to corruption	Our **Anti-Bribery and Anti-Corruption Policy** identifies requirements for employee conduct, and we train all employees and contractors on those requirements. Third-party sellers are bound by contractual provisions that oblige them to follow our Standards of Business Conduct and how to apply them when transacting business with Cardinal Health or when acting on our behalf. We regularly seek guidance from outside legal experts and consultants to make improvements to our anti-bribery and anti-corruption program. We subject third-party intermediaries who market or sell products on our behalf to regular compliance due diligence, training, and monitoring. We also implement a strict due diligence, training, and monitoring system for our higher risk vendors across the globe; currently, we are enhancing our compliance program for our suppliers and contract manufacturers. Our Ethics and Compliance team conducts risk assessments and uses data from various compliance systems to monitor activity levels in key compliance risk areas. In addition, our Internal Audit department conducts regular Foreign Corrupt Practices Act (FCPA) audits in our commercial organizations, manufacturing, and sourcing locations.	
GRI 205-2	Communication and training about anti-corruption policies and procedures	All employees and contractors are assigned a training, whether in person or online, on our Standards of Business Conduct. The online training course is deployed to any new hire and annually thereafter, and includes scenario-based situations, knowledge checks, policy links and other information on anti-bribery and anti-corruption, conflicts of interest and privacy and confidential information. The online training course was deployed in 17 different languages in 32 countries in all regions – U.S., Canada, LATAM, EMEA and APAC. Those in manufacturing and distribution centers mostly received in-person trainings, with certifications kept locally. We actively monitor training completions and follow up with reminders to employees and leadership teams to ensure the online training is completed. For fiscal 2023, 96% of all eligible employees and contractors certified compliance through completing our Standards of Business Conduct training.	
GRI 205-3	Confirmed incidents of corruption and actions taken	We report any significant incidents of corruption, or alleged corruption, and actions taken in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	
GRI 206 – Anti-competitive Behavior 2016			
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	We report any significant legal proceedings concerning alleged anti-competitive behavior, anti-trust and monopoly practices in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 207 – Tax 2019			
GRI 207-1	Approach to tax	For information on our approach to tax during fiscal 2023, please see our Financial Statements and Notes to Consolidated Financial Statements starting on page 51 of our 2023 **Form 10-K**.	
GRI 207-2	Tax governance, control, and risk management	For information on tax governance, control and risk management activities during fiscal 2023, please see our Financial Statements and Notes to Consolidated Financial Statements starting on page 51 of our 2023 **Form 10-K**.	
GRI 207-3	Stakeholder engagement and management of concerns related to tax	For information on stakeholder engagement and management of concerns related to tax during fiscal 2023, please see our Financial Statements and Notes to Consolidated Financial Statements starting on page 51 of our 2023 **Form 10-K**.	
GRI 207-4	Country-by-country reporting	For information on country-specific reporting on tax, please see our Financial Statements and Notes to Consolidated Financial Statements starting on page 51 of our 2023 **Form 10-K**.	
GRI 301 – Materials 2016			
GRI 301-1	Materials used by weight or volume	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 301-2	Recycled input materials used	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 301-3	Reclaimed products and their packaging materials	Sustainable Technologies™, a Cardinal Health business, is a leading provider of single-use device collections, reprocessing, and recycling services in the U.S. The business reprocesses pneumatic tourniquet cuffs, lateral air transfer mats, compression sleeves, disposable lead wires, pressure infusion bags, pulse oximetry sensors and more. The products to be reprocessed are inspected, sorted, and cleaned, then tested, inspected, disinfected, and sterilized, and finally, redistributed to healthcare locations. In fiscal year 2023, the team collected approximately 17.05 million single use devices which diverted 5.24 million pounds of waste from landfill.	Waste diversion is calculated by multiplying the average weight of all devices eligible for collection and reprocessing by the number of single use devices collected during the reporting period.

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 302 – Energy 2016			
GRI 302-1	Energy consumption within the organization	Total energy consumption (non-renewable and renewable): 4,659,773 Gigajoule (GJ) Total non-renewable energy consumption: 4,656,824 GJ Total renewable energy consumption: 2,949 GJ Total grid-purchased electricity consumption: 2,176,027 GJ	Energy consumption within the organization is inclusive of all energy sources consumed by assets under Cardinal Health's operational control, including diesel, gasoline, jet fuel, liquified petroleum gas (LPG), natural gas, grid-purchased electricity, and solar photovoltaic (PV)-generated electricity. Renewable energy consumption includes on-site PV generated electricity, green power purchases from utilities, and a single on-site biomass facility. Cardinal Health reports energy consumption within the organization with actuals that covers 88% of the operational boundary square footage, and for the first time, is estimating consumption for the remaining 12% where reported data is not available currently. This is done in an effort to provide the most realistic representation of all Cardinal Health operations, while simultaneously acting as a gauge to continuously improve data reporting coverage. Conversion factors used: • 2023 Climate Registry Default Conversion Factors (unit conversions)
GRI 302-2	Energy consumption outside of the organization	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 302-3	Energy intensity	0.000026 GJ of energy consumption per dollar of revenue	Energy intensity is calculated by dividing total energy consumption (as reported in GRI 302-1) by total enterprise-wide revenue as reported in our fiscal 2023 **Form 10-K**.
GRI 302-4	Reduction of energy consumption	8,885 GJ	Cardinal Health completed 10 LED retrofit projects during fiscal year 2023, reductions calculated utilizing vendor supplied expected annual savings.
GRI 302-5	Reductions in energy requirements of products and services	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 303 – Water and Effluents 2018			
GRI 303-1	Interactions with water as a shared resource	Cardinal Health withdraws, consumes, and discharges water at our locations globally. Most locations, including all distribution centers and pharmacies, withdraw water via the local municipality or utility. In distribution centers and pharmacies, water is typically used for general office and landscaping activities. At these locations, water is discharged through the local municipality or utility's wastewater infrastructure. Manufacturing locations withdraw water via wells and the local municipality or utility. To monitor water usage, data is assessed for withdrawal that exceeds a location-specific threshold to reduce water wasted from leaks or to identify changes in personnel or operational water-related behavior. We also seek opportunities to reduce water withdrawal at our locations. While Cardinal Health has not established external water-related goals, water withdrawal was included in the scope of our **fiscal 2023 assurance statement**.	

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 303 – Water and Effluents 2018 (continued)			
GRI 303-2	Management of water discharge-related impacts	Cardinal Health internal environment, health and safety (EHS) Standard 10-100: Water Management requires managers of operations with wastewater discharge to understand their location's wastewater generation, characterize the properties of that wastewater, and to not discharge that material unless allowed to do so by a discharge permit. Additionally, the water management standard requires the implementation of several other best management practices related to water discharge. In areas without existing discharge regulations, the water management standard sets minimum water quality thresholds for effluent discharges. These thresholds represent maximum daily concentration limits for typical wastewater parameters such as: oil and grease, total suspended solids (TSS), biological oxygen demand, chemical oxygen demand, and pH. These concentration limits are based on general discharge conditions often found in industrial discharge permits issued in locations with wastewater discharge regulations. Locations in jurisdictions with water quality regulations are required to obtain permits before discharging any effluent. Locations in jurisdictions without water quality regulations are required to follow the internally developed effluent water quality standards found in the water management standard. While we do not specifically consider the profile of the receiving waterbody at each location, our approach ensures that impacts to waterbodies are compliant when local authorities issue location-specific permits with conditions specific to receiving waterbodies, such as the U.S. National Pollutant Discharge Elimination System (NPDES) permitting program. For waterbodies located in jurisdictions without water quality regulations, our best management practices implemented by each location mitigate potential impacts.	
GRI 303-3	Water withdrawal	4.65** million cubic meters	Water withdrawal data is captured for locations that receive third-party invoices with metering infrastructure and owned sub-meters when locations withdraw water from a well or shared location. This value was included in our **fiscal 2023 assurance statement**.
GRI 303-4	Water discharge	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 303-5	Water consumption	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 305 – Emissions 2016			
GRI 305-1	Direct (Scope 1) GHG emissions	163,044** $mtCO_2e$	Scope 1 GHG emissions were measured in accordance with the World Resources Institute (WRI)/World Business Council for Sustainable Development's (WBCSD), The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol). Cardinal Health selected an organizational boundary based on operational control and direct emissions sources include stationary and mobile combustion. Fuel sources included in Cardinal Health's calculation of Scope 1 GHG emissions include natural gas, gasoline, diesel, jet fuel, and liquified petroleum gas (LPG), and CH_4 and N_20 from biomass. Per the Greenhouse Gas Protocol Corporate Standard, direct CO_2 emissions from the combustion of biomass shall not be included in Scope 1 but reported separately. Cardinal Health's direct CO_2 emissions from the combustion of biomass is not included in figures reported here in GRI 305-1, but is noted separately here as 31,712 $mtCO_2e$. Emission factors used: • 2023 Environmental Protection Agency (EPA) Center for Corporate Climate Leadership GHG Emission Factors Hub Please see our **Basis of reporting** for details on boundary, estimations, assumptions, and emission factors. Please see our **fiscal 2023 assurance statement here**.
GRI 305-2	Indirect (Scope 2) GHG emissions	Location-based method: 222,308** $mtCO_2e$ Market-based method: 220,684** $mtCO_2e$	Scope 2 GHG emissions were measured using both the location- and market-based method in accordance with the WRI WBCSD GHG Protocol Scope 2 Guidance. Cardinal Health selected an organizational boundary based on operational control and direct emissions sources include stationary and mobile combustion. Cardinal Health calculates Scope 2 emissions with actuals that covers 88% of the operational boundary square footage, and for the first time, is estimating consumption for the remaining 12% where reported data is not available currently. This is done in an effort to provide the most realistic representation of all Cardinal Health operations, while simultaneously acting as a gauge to continuously improve data reporting coverage. Emissions factors used: • 2023 Environmental Protection Agency (EPA) Center for Corporate Climate Leadership GHG Emission Factors Hub • 2023 IEA Emissions Factors • 2022 Green-e Residual Mix • 2022 Edison Electric Institute: Electric Company Carbon Emissions and Electricity Mix Reporting Database for Corporate Customers • 2022 AIB Residual Mix Results Please see our **Basis of reporting** for details on boundary, estimations, assumptions, and emission factors. Please see our **fiscal 2023 assurance statement here**.

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 305 – Emissions 2016 (continued)			
GRI 305-3	Other indirect (Scope 3) GHG emissions		Please see our Basis of reporting for details on boundary, estimations, assumptions, and emission factors.

Category number	Relevant Scope 3 categories	Emissions ($mtCO_2e$)
1	Purchased goods and services	34,966,010
2	Capital goods	29,666
3	Fuel- and energy-related activities	94,193
4	Upstream transportation and distribution	2,460,995
5	Waste generated in operations	35,736
6	Business travel	16,164
7	Employee commuting	34,864
8	Upstream leased assets	990 location-based method (LBM) 1,024 market-based method (MBM)
11	Use of sold products	35,193
12	End-of-life treatment of sold products	240,942
13	Downstream leased assets	6,943 (LBM) 6,592 (MBM)
15	Investments	10,894

GRI 305-4	GHG emissions intensity	0.000002 $mtCO_2e$ / USD	Emissions intensity is calculated by dividing the sum of Scope 1 and Scope 2 GHG emissions under the location-based method (as reported in GRI 305-1 and 305-2) by total enterprise-wide revenue as reported in our fiscal 2023 Form 10-K.
GRI 305-5	Reduction of GHG emissions	1,506 $mtCO_2e$	Cardinal Health experienced emissions reductions in Scope 2 directly due to the LED retrofit projects described in GRI 302-4.
GRI 305-6	Emissions of ozone-depleting substances (ODS)	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 306 – Waste 2020			
GRI 306-1	Waste generation and significant waste-related impacts	As a distributor of pharmaceuticals, a global manufacturer and distributor of medical and laboratory products, and a provider of performance and data solutions for healthcare locations, Cardinal Health has several waste streams and related impacts throughout our value chain that we actively work to measure and manage. Activities such as sourcing raw materials, manufacturing products, distribution of products and services, routine waste generation from operations, regulatory actions, product recalls, and changing waste disposal requirements all have an impact on Cardinal Health's waste streams and must be monitored on an on-going basis. We recognize that waste-related impacts apply not only to Cardinal Health, but also extend upstream to our raw material and product suppliers, and downstream to our customers.	
GRI 306-2	Management of significant waste-related impacts	Cardinal Health's Environment, Health and Safety (EHS) team develops and oversees our waste management program that requires all operations to manage waste in accordance with regulatory requirements, monitor waste streams (including identifying new waste streams or significant changes to waste generation), and consider the feasibility of reducing waste generation. We partner with third-party providers to dispose of waste, divert waste from landfills where possible, and manage our hazardous waste. Our EHS team requires these partners to provide Certificates of Destruction, if necessary, waste manifests, and other instruments to document contractual and regulatory requirements are being met. One external partner, Veolia, provides select sites detailed data regarding their activity via an online database shared with Cardinal Health EHS leaders. Cardinal Health also maintains an internal database to manage information related to waste generation and recycling. Field EHS teams and the ESG team monitor this data for completeness and accuracy as part of our environmental data validation process.	
GRI 306-3	Waste generated	During fiscal 2023, Cardinal Health generated 92,290 metric tons of waste.	Cardinal Health reports waste generation across our locations that contract directly with a waste management provider or actively manage waste collection and disposal. For locations that are not invoiced based on weight, the size and type of receptacle as well as the frequency of pick-up by the third-party vendor are used to estimate waste generation. Please note Cardinal Health reports on waste generated within the organization for only 78% of the total square footage within our operational control.
GRI 306-4	Waste diverted from disposal	During fiscal 2023, Cardinal Health diverted 61,289 metric tons of waste from disposal.	Cardinal Health reports waste diversion across our locations that contract directly with a recycling provider or actively manage recycling collection and disposal.
GRI 306-5	Waste directed to disposal	During fiscal 2023, Cardinal Health directed 31,001 metric tons of waste to disposal. 8,409 metric tons were directed to disposal for energy generation through our waste to energy program. Of our disposal materials, nearly 2,151 metric tons were designated hazardous.	Cardinal Health reports waste diversion across our locations that contract directly with a recycling or waste to energy provider or actively manage recycling collection and disposal. For locations that are not invoiced based on weight, the size and type of receptacle as well as the frequency of pick-up by the third-party vendor are used to estimate waste diversion.

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 308 – Supplier Environmental Assessment 2016			
GRI 308-1	New suppliers that were screened using environmental criteria	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 401 – Employment 2016			
GRI 401-1	New employee hires and employee turnover		The number and percentage of new employee hires and turnover by gender and region are calculated for fiscal 2023 (i.e., June 30, 2023) based on data pulled from our HR system of record in September 2023. Given the sensitive nature of our employees' age information, we have elected to exclude that data point from this topic's disclosure. New hires include both internal employee transfers and external candidates selected to fill open positions at Cardinal Health. Turnover includes both voluntary and involuntary separations from Cardinal Health. Both new hires and turnover percentages are calculated for permanent employees only and excludes our Kinray employee base. Kinray is excluded as employment information is managed by a third party in a separate system of record and represents a de minimis impact on the metrics.

Percentage of new hires by gender and region	
Gender break-out	
Female	46.4%
Male	52.5%
Non-binary	0.1%
Not Declared	1.0%
Regional break-out	
U.S.	50.7%
O.U.S.	49.3%

Percentage of turnover by gender and region	
Gender break-out	
Female	45.6%
Male	53.7%
Non-binary	0.1%
Not Declared	0.6%
Regional break-out	
U.S.	52.7%
O.U.S.	47.3%

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 401 – Employment 2016 (continued)			
GRI 401-2	Benefits paid to full-time employees that are not provided to temporary or part-time employees	Cardinal Health offers **health and wellbeing benefits** and resources that include comprehensive support for the "whole self" at affordable prices. Our benefits team's guiding principle is to manage costs and drive efficiencies to provide the best care to our employees and their families. U.S.-based staff, who work an average of 30 or more hours per week, can choose from a menu of health and wellness plans that best support their unique needs. International employee benefits vary by country and are established based on market competitiveness, while maintaining statutory compliance. All global employees and their household members, regardless of benefit enrollment, have access to a robust Employee Assistance Program (EAP) to help them manage stress and support their mental health.	
GRI 401-3	Parental leave	In the U.S., Cardinal Health offers employees 2.5 weeks of paid parental leave for fathers and mothers, including adoptive parents. This benefit provides birth mothers 100% of pay for up to 10.5 weeks (when used in combination with the short-term disability benefit). International parental leave benefits vary by country and are established based on market competitiveness, while maintaining statutory compliance.	Benefit enrollment and tracking occurs on a calendar year basis and does not align with Cardinal Health's fiscal year.
GRI 402 – Labor/Management Relations 2016			
GRI 402-1	Minimum notice periods regarding operational changes	6 out of the 10 active collective bargaining agreements at the end of fiscal 2023 include specific language regarding the minimum notice periods for any operational changes.	All collective bargaining agreements are active as of the end of fiscal 2023 (i.e., June 30, 2023).
GRI 403 – Occupational Health and Safety 2018			
GRI 403-1	Occupational health and safety management system	Cardinal Health has established and implemented a global Environmental, Health, and Safety Management System (EHSMS) comprising 10 elements. The EHSMS is implemented to manage risks in all the high-risk operations in the company (e.g., distribution centers, manufacturing, and nuclear pharmacies). It applies to all workers (including those who are not employees but whose work is controlled by Cardinal Health), and all activities performed within the physical boundaries of the operations. In addition to Cardinal Health's EHSMS, 18 of our 31 manufacturing sites have adopted the ISO 14001:2015 and ISO 45001:2018 management system standards. These manufacturing sites have been audited and certified to both ISO standards by an external third party.	EHSMS applies to Cardinal Health, Inc., its divisions and majority-owned or controlled subsidiaries, including those joint ventures, partnerships, or other business arrangements where Cardinal Health holds a majority ownership interest, majority voting control or where Cardinal Health by contract has agreed to manage the company.
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Element 2 of Cardinal Health's EHSMS, Hazard Recognition, Evaluation and Control, requires the recognition of work-related hazards, evaluation of risks on a routine and non-routine basis, and the application of hierarchy of controls in order to eliminate hazards and minimize risks. Further, Cardinal Health's EHS function has established a Risk Assessment and Reduction Program to guide operations through the risk assessment process. Finally, there is a requirement for workers to report work-related hazards and hazardous situations and for workers to remove themselves from work situations that they believe could cause injury or ill health. Cardinal Health protects workers against reprisals when they are reporting hazards or stopping unsafe work situations by empowering them to get engaged in safety activities and programs, particularly in addressing the hazards and investigating incidents that arise from those hazards or unsafe work situations. Element 8 of the EHSMS, Incident Investigation, defines the requirement to investigate work-related incidents. This includes the processes to identify hazards and assess risks relating to the incidents, determining corrective actions using the hierarchy of controls, and determining improvements needed in the occupational health and safety management system.	See GRI 403-1

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 403 – Occupational Health and Safety 2018 (continued)			
GRI 403-3	Occupational health services	Cardinal Health has established and implemented an EHS Standard for Occupational Health that defines the requirements to recognize, evaluate, and control occupational health hazards. The standard requires each location to have a system in place to deliver timely medical care in the event of sudden injury or illness, which includes having the appropriate number of trained personnel and ensuring the availability of first responders. Each location is also required to establish a relationship with a local medical clinic, have a first aid kit(s) to provide for the immediate treatment of minor injuries by first aid responders, and to have automatic external defibrillators (AEDs) that can be used by authorized operators who have been trained as required by local regulations and as recommended by the manufacturer. Cardinal Health maintains the confidentiality of workers' personal health-related information through our data management system (i.e., Intelex) where personal health-related information is reported and kept. In addition, paper copies of reports or assessments that may contain other personal health-related information are required to be kept in a secured filing system at each location. Cardinal Health ensures that workers' personal health-related information and their participation in any occupational health services is not used for any favorable or unfavorable treatment through the established accountability systems and mechanisms as required by the EHSMS.	See GRI 403-1
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Element 5 of Cardinal Health's EHSMS, Employee Engagement, requires operations to provide employees opportunities to engage in EHS initiatives and processes. Our 18 manufacturing locations operating in accordance with the ISO Standards 14001 and 45001 follow the guidance provided in ISO 45001:2018 clause 5.4d and 5.4e. Some examples of how our operations provide workers the opportunity to participate, consult, and communicate include but are not limited to: • EHS committees that address specific issues • Annual safety or EHS awareness campaigns • Management or business reviews • Employee suggestion programs or surveys • Town halls or employee group meetings Operations are required to define location-specific processes for employee participation and consultation. For team-based mechanisms, the location-specific process includes the frequency of meetings, members of the teams, topics needed to be discussed, specific goals they need to achieve, and tasks needed to be completed to achieve the team goals. For the rest of the mechanisms, the location is required to establish goals that they need to achieve (e.g., number of inspections to be completed, number of suggestions to be addressed).	See GRI 403-1
GRI 403-5	Worker training on occupational health and safety	Element 6 of Cardinal Health's EHSMS, Training and Education, requires operations to ensure employees have the required skills and knowledge to safely and accurately complete all assigned tasks. Each operation is required to provide effective training and education opportunities for employees to engage in the EHS initiatives and processes. Training can be delivered online through the Cardinal Health Learning Management System or by live instructor-led training (ILT) sessions. Corporate EHS and its Learning Management and Development business partners provide training guidance and tools to operations to plan for and deliver the training, including a Training Needs Analysis template to establish training topics for that operation. These topics include regulatory-required training (e.g., hazard communication, blood-borne pathogen) and company-required training (e.g., EHSMS training, risk assessment training, incident investigation and root cause analysis training).	See GRI 403-1

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 403 – Occupational Health and Safety 2018 (continued)			
GRI 403-6	Promotion of worker health	Cardinal Health's Benefits team actively manage and facilitate workers' access to non-occupational medical and healthcare services and voluntary health promotion services and programs. Cardinal Health offers a digital physical care program with real-time feedback as employees complete exercises designed just for them by a physical therapist. With 24/7 text-based support, participants get high-quality care when and where they need it. The program is free for all employees working 20+ hours per week, as well as free for all spouses, domestic partners, and dependents age 13 and older who are enrolled in a Cardinal Health medical plan. Cardinal Health provides 100% preventive care coverage in all medical plan options. In addition, Cardinal Health offers many well-being tools and resources such as, a well-being premium incentive, an employee assistance program, virtual behavioral health visits, a weight management program, a tobacco cessation program, 100% covered immunizations and mindfulness programs.	Benefits disclosed are specific to U.S. based, full-time Cardinal Health employees.
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Element 2 of Cardinal Health's EHSMS, Hazard Recognition, Evaluation and Control, requires the identification of hazards and assessment of risks on a routine and non-routine basis and to apply the hierarchy of controls in order to eliminate hazards and minimize risks. These activities include the mitigation of significant negative occupational health and safety impacts directly linked to the operations' activities, products, and services. The identification of hazards and assessment of risks account for all interested parties, including but not limited to contractors, vendors, regulatory agencies, communities, and business partners. Cardinal Health's Risk Assessment and Reduction Program provides operations with guidance and methodologies to determine the significance of the risks associated with hazards identified for activities, products and services of our operations and their interested parties.	See GRI 403-1
GRI 403-8	Workers covered by an occupational health and safety management system	Cardinal Health actively uses two EHS management systems at our operations, which comprise manufacturing locations, distribution centers, and nuclear pharmacies. 1. ISO 14001:2015 and ISO 45001:2018 for 18 manufacturing locations that have been certified by an external third party. 2. Cardinal Health's internal EHSMS for operations controlled by Cardinal Health. Total number and percentage of workers that are covered by an occupational health and safety management system: 32,168 (68%) Total number and percentage of workers covered by an internally audited occupational health and safety management system (i.e., Cardinal Health's internal EHSMS): 28,845 (61%) Total number and percentage of workers covered by an externally audited and certified occupational health and safety management system (i.e., ISO 14001:2015 and ISO 45001:2018): 13,238 (28%)	All employees and workers who are not employees but whose work and/or workplace is controlled by the organization as of June 30, 2023 are included in the calculation of these metrics.

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 403 – Occupational Health and Safety 2018 (continued)			
GRI 403-9	Work-related injuries		Work-related injuries and illnesses are self-reported by employees and entered by a location manager into the Intelex application for record keeping and reporting. Fatalities, high-consequence work-related injuries and illnesses, and recordable work-related injuries and illnesses were determined as of October 3, 2023, for fiscal 2023. Cardinal Health defines a recordable injury or illness in accordance with the Occupational Safety and Health Administration's (OSHA) definition. Cardinal Health defines high-consequence work-related injuries and illnesses as those that result in employee lost time exceeding 180 days.
GRI 403-10	Work-related ill health	Cardinal Health does not distinguish between work-related injuries and ill health; therefore, all work-related incidents are disclosed within GRI 403-9.	

Metric	All Employees	Workers who are not employees but whose work is controlled by Cardinal Health	Unit of Measure
# of fatalities from work-related injury	0	0	Fatalities
# of high-consequence work-related injury/illness (excluding fatalities)	13	0	Injuries/illnesses
Recordable work-related injury/illness	667	15	Injuries/illnesses
Total Recordable Incident Rate (TRIR)[1]	1.51	0.83	Incident per 200,000 hours worked
Main type of work-related injury/illness	Strain	Strain	N/A
# of hours worked	88,185,385	3,608,682	Hours

[1] Cardinal Health calculates TRIR by dividing the number of recordable work-related injuries and illnesses by the total number of hours worked and multiplying the quotient by 200,000.

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 404 – Training and Education 2016			
GRI 404-1	Average hours of training per year per employee	Cardinal Health utilizes two online platforms to administer training for employees and contractors. The first serves as the primary platform to ensure employees and contractors understand and comply with Cardinal Health policies and procedures. For fiscal 2023, employees and contractors together obtained, on average, 30.9 hours of training on myLearning. The second online platform serves as the primary platform to provide employees learning and development opportunities on a variety of subject matter including but not limited to diversity, equity, and inclusion, finance, customer impact, supply chain, and manufacturing excellence. For fiscal 2023, employees obtained, on average, 12.6 hours of training while contractors obtained, on average, 6.0 hours of training on this platform.	Within the first online platform, training hours consist of an estimate of how long a specific training will take an employee or contractor to complete, and not the actual duration of how long a training took to complete. Within the second online platform, training hours are recorded based on the actual duration it took an employee or contractor to complete the training. In some instances, if the total time is recorded as zero, it is assumed that an average of 30 minutes was needed to complete the training.
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	We offer interactive leadership development programs for first-time people leaders who have transitioned from individual contributors to leading others and existing leaders who are looking for practical relevant resources to effectively lead and manage their teams. Programs such as Leading the Cardinal Health Way, Sales Leadership Academy, FrontLine Leaders and Aspiring Leaders are designed to prepare our employees to be effective, inclusive people leaders that align with Cardinal Health's core values. While most are U.S.-based, we are actively seeking to provide access to our international teams. We have a team dedicated to the leadership and professional development for our international employees. We also offer a robust curriculum of professional development courses that will increase our employees' skillsets in business writing, presentation skills, and technical skills. Our content is available in our learning management system and is offered in a variety of methods including in person, virtual and web-based.	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	At Cardinal Health, we encourage quarterly "Our Time to Talk" (OTTT) performance and development conversations between employees and managers. While completion is tracked quarterly, the fourth quarter and fiscal year end OTTT4 is formally tracked and used for reporting purposes. For fiscal 2023, 96% of employees completed their OTTT4 discussion with their manager.	Percentage of employees receiving regular performance and career development reviews is calculated as of September 18th, 2023, when OTTT4 officially closed in our Workday system of record. The metric includes all eligible global employees where the manager has acknowledged in Workday that an end-of-year performance and development conversation has occurred. The following employees are not "eligible" and are not included in this report: • Field/operations and executive level employees • Employees from countries that have labor union laws prohibiting this process • Employees who are on leave of absence or have been terminated during the process timeframe • Employees who are defined as "too new to rate" (started employment on or after March 27, 2023)

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations

GRI 405 – Diversity and Equal Opportunity 2016

GRI 405-1 Diversity of governance bodies and employees

Board of Directors – Gender Diversity

Gender	Director count (percentage of total)
Female	6 (54.5%)
Male	5 (45.5%)
Total	**11**

Board of Directors – Racial/Ethnic Diversity

Race/Ethnicity	Director count (percentage of total)
Asian	2 (18.2%)
Black or African American	1 (9.1%)
White	8 (72.7%)
Total	**11**

Operating Committee – Gender Diversity

Gender	Employee count (percentage of total)
Female	4 (26.7%)
Male	11 (73.3%)
Total	**15**

Operating Committee – Racial/Ethnic Diversity

Race/Ethnicity	Employee count (percentage of total)
Asian	1 (6.6%)
Black or African American	1 (6.7%)
Hispanic or Latino	1 (6.7%)
White	12 (80.0%)
Total	**15**

Global Employees – Gender Diversity

Gender	Global count (percentage of total)	U.S. count (percentage of total)	Outside U.S. count (percentage of total)
Female	23,800 (50.2%)**	14,224 (47.5%)	9,576 (54.9%)
Male	23,344 (49.3%)**	15,647 (52.2%)	7,697 (44.1%)
Non-binary	24 (0.1%)**	24 (0.1%)	0 (0.0%)
Not declared	232 (0.5%)**	76 (0.2%)	156 (1.0%)
Total	**47,400**	**29,971**	**17,429**

US Employees – Racial/Ethnic Diversity

Race/Ethnicity	U.S. employee count (percentage of total)
Not declared / Not specified	164 (0.5%)**
American Indian / Alaskan Native	164 (0.5%)**
Asian	2,724 (9.1%)**
Black or African American	5,504 (18.4%)**
Hispanic or Latino	5,624 (18.8%)**
Native Hawaiian or Other Pacific Islander	179 (0.6%)**
Two or More Races	651 (2.2%)**
White	14,961 (49.9%)**
Total	**29,971**

Diversity of employees is calculated based on data pulled from our HR system of record in September 2023 for the population of employees as of June 30, 2023 and excludes our Kinray employee base. Kinray is excluded as employment information is managed by a third party in a separate system of record and represents a de minimis impact on the metrics. Given the sensitive nature of our employees' age information, we have elected to exclude that data point from this topic's disclosure.

The composition of the Board of Directors is disclosed on page 20 of our **2023 Proxy Statement.**

The composition of Cardinal Health's operating committee is disclosed on our website: **Our Leaders (cardinalhealth.com).**

The diversity of employees by gender includes Cardinal Health's global population of permanent employees. The diversity of employees by ethnicity is limited only to Cardinal Health's permanent employees that are based in the United States. Cardinal Health does not collect racial/ethnic demographics of its employees outside of the United States. The number of employees that are reported is based upon employees self-reporting their gender and/or ethnicity. The "Not declared/Not specified" category of employees are those who declined to disclose such information.

Please see our **fiscal 2023 assurance statement here**.

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 405 – Diversity and Equal Opportunity 2016 (continued)			
GRI 405-2	Ratio of basic salary and remuneration of women to men	Among employees who are performing substantially similar work, for every dollar male employees are paid, female employees at Cardinal Health are paid 98.6 cents.	Cardinal Health's gender pay equity metric is calculated using U.S. permanent employee compensation as of July 7, 2023. The calculation excludes employees located in U.S. territories, executives, employees on select incentive compensation plans, and employees who either identify as non-binary or do not respond to the voluntary survey.
GRI 406 – Non-discrimination 2016			
GRI 406-1	Incidents of discrimination and corrective actions taken	Cardinal Health provides equal employment opportunity to all applicants and employees in all aspects of employment, including but not limited to sourcing; recruiting; hiring; transferring; promoting; maintaining or establishing terms and conditions of employment; training; educational assistance; compensation and benefits; corrective action; and determining layoffs, recalls, position eliminations, and terminations. Discrimination on the basis of race, religion, sex, color, national origin, ancestry, age, physical or mental disability, sexual orientation, gender identity/expression, veteran status, pregnancy, marital status, creed, reproductive health decision making, status with regard to public assistance, genetic status or any other status protected by federal, state, or local law is prohibited and is not tolerated. All Cardinal Health employees share in the responsibility for fulfilling the commitment of Cardinal Health to equal employment opportunity. Employees who believe they have been discriminated against or who believe they have witnessed discrimination against others must report their concerns to their manager or supervisor immediately. If the employee is uncomfortable raising the concern with their manager, the employee must raise the concern with the Human Resources department immediately. Note that all complaints of discrimination must be reported to the Business Conduct Line (businessconductline.com). All allegations of discrimination are investigated. The Advice & Counsel Center (ACC) within the Human Resources function has primary responsibility for leading these investigations but will do so in partnership with the Ethics and Compliance department as needed. The ACC consists of experienced investigators that have deep expertise in Title VII and Equal Employment Opportunity to identify actions that are a violation of our **policy**, which is posted on our internal intranet and externally on cardinalhealth.com. Immediate measures and corrective action, up to and including termination, will be taken against any person we find has engaged in conduct that is in violation of our policy. No employee will be retaliated against for making a complaint in good faith or for participating in good faith in an investigation pursuant to our policy.	
GRI 407 – Freedom of Association and Collective Bargaining 2016			
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 408-1 – Child Labor 2016			
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 409 – Forced or Compulsory Labor 2016			
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 410 – Security Practices 2016			
GRI 410-1	Security personnel trained in human rights policies or procedures	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 411 – Rights of Indigenous People 2016			
GRI 411-1	Incidents of violations involving rights of indigenous peoples	We report any significant legal proceedings concerning the rights of indigenous people in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	
GRI 413 – Local Communities 2016			
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 414 – Supplier Social Assessment 2016			
GRI 414-1	New suppliers that were screened using social criteria	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 414-2	Negative social impacts in the supply chain and actions taken	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	

Reference	Metric	Disclosure	Boundary, Assumptions, and Estimations
GRI 415 – Public Policy 2016			
GRI 415-1	Political contributions	For information on our political contributions, please see our **Political Activities and Contributions Report**.	Cardinal Health updates our Political Activities and Contributions Report on a calendar year basis. Therefore, the report link will provide our data for 2022.
GRI 416 – Customer Health and Safety 2016			
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Cardinal Health understands the importance of identifying and responding to the health and safety impacts our products and services have on our customers. An example of how we identify and manage those impacts are demonstrated through our **Controlled Substance Monitoring Program**.	
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	We report any significant legal proceedings concerning the health and safety of our products and services in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	
GRI 417 – Marketing and Labeling 2016			
GRI 417-1	Requirements for product and service information and labeling	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
GRI 417-3	Incidents of non-compliance concerning marketing communications	We report any significant incidents regarding non-compliance, or alleged non-compliance, concerning marketing communications in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	
GRI 418 – Customer Privacy			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cardinal Health has established strong governance measures to protect the security and confidentiality of the information it collects, including policies and procedures for identifying, prioritizing, reporting, mitigating, and responding to potential security and privacy incidents. Training has been deployed across the organization to aide in incident identification and escalation. Additionally, Cardinal Health has invested in technology solutions to expedite our incident discovery and assessment processes. We also leverage these tools to better enable timely notifications to impacted stakeholders as appropriate. We report any material complaints or events concerning breaches of customer data or losses of customer data in our Forms 10-K, 10-Q and 8-K filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	

Sustainability Accounting Standards Board (SASB) Index

Topic	SASB Code	Accounting Metric	Disclosure	Boundary, Assumptions, and Estimations
SASB Index – Health Care Distributors Standard				
Fleet Fuel Management	HC-DI-110a.1	Payload fuel economy	Fuel efficiency for our fleet operating on diesel fuel – 8.29 MPG Fuel efficiency for our fleet operating on gasoline – 11.41 MPG	Fuel efficiency reported under this metric includes only trucks within the Medical Segment Fleet operated by Penske Logistics and leased through Penske Truck Leasing. Penske Truck Leasing's telematics system, Omnitracs, supplies the data used to calculate the fuel efficiency for trucks that operate on diesel and unleaded gasoline. Penske Logistics and Penske Truck Leasing provided the data directly to Cardinal Health, using a date range of July 1, 2022 – June 30, 2023.
Fleet Fuel Management	HC-DI-110a.2	Description of efforts to reduce the environmental impact of logistics	The Enterprise Logistics Center of Excellence (COE) within Cardinal Health is responsible for the environmental impact reduction of our Medical Segment fleet. **Equipment specification:** When ordering and securing equipment, significant investments in technology are part of an ongoing strategy to improve fuel efficiency. The tractors, trucks, and trailers we lease are equipped with physical options designed to improve fuel economy. These features include roof fairings, side extenders, aerodynamic mirrors, aerodynamic bumpers, fuel tank skirts, eco-flap mud flaps, trailer side skirts, SmartWay fuel efficient tires (low roll resistance), single torque engines, automated transmissions with overdrive, aluminum rims, and tire pressure management systems, including automatic inflation. According to the North American Council for Freight Efficiency (NACFE), a fleet investing in these technologies can see fuel efficiency increase up to 13%. **Vehicle maintenance:** Penske Truck Leasing maintains our equipment and uses synthetic oil and lubricants where available. This is done both to reduce impact on engine performance and reduce the waste stream. Regularly scheduled maintenance, paired with onboard proactive diagnostic alerts, identify any malfunctions or non-optimal conditions early; therefore, decreasing the risk that a truck is not performing in top condition. Malfunctions are identified early for correction before impacting fuel economy at a meaningful level. **Vehicle speed management:** When a tractor or truck is put into service, the engine governors are set at 67 mph. The vehicle's road speed affects its fuel economy, since as road speed increases, so does air resistance. By limiting the top speed of the vehicle, this loss of efficiency can be reduced. **Vehicle idle management:** When we put a tractor or truck into service, the idle auto shutoff is set at three minutes. Idle time can significantly affect the vehicle's fuel efficiency. Every hour of idle time can decrease fuel efficiency by 1%. **Tracking and management programs:** Penske Logistics, which operates our fleet, is required to report miles per gallon and idle time monthly to allow corrective action or investigation of outliers if needed. Additionally, all tractors and trucks are equipped with On-Board technology for driver monitoring. **SmartWay®:** Cardinal Health's Medical Segment fleet participates in the EPA's SmartWay program and has been a SmartWay Truck Carrier partner since 2010. In 2023, the Medical Segment private fleet received a Smartway 'High Performer' designation for our 2022 performance. **Electrification:** In fiscal 2023, Cardinal Health put into operation two electric-powered tractors and one electric-power van at our Ontario, California, location, bringing the total number of electric vehicles in Cardinal Health's California fleet to five. In compliance with new California regulatory requirements (i.e., CARB Advanced Clean Fleet (ACF) Rule), Cardinal Health will continue to put electric vehicle assets into operation in our California fleet in the short term.	
Product Safety	HC-DI-250a.1	Total amount of monetary losses as a result of legal proceedings associated with product safety	We report any significant legal proceedings concerning the safety of our products in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	

Topic	SASB Code	Accounting Metric	Disclosure	Boundary, Assumptions, and Estimations
SASB Index – Health Care Distributors Standard (continued)				
Product Safety	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	To address the health and safety risks of sold products, Cardinal Health has established multiple programs designed to combat prescription drug misuse and the diversion of controlled substances. For more information, please see the following pages within the Cardinal Health website: **Combating Opioid Misuse**, **Controlled Substance Monitoring Program (CSMP)**, **Addressing the Opioid Crisis: Board Engagement and Governance**	
Counterfeit Drugs	HC-DI-260a.1	Description of methods and technologies used to maintain traceability of products throughout the distribution chain and prevent counterfeiting	The safety and security of our nation's pharmaceutical supply chain is among our highest priorities. A safe and reliable supply chain is critical to the health and well-being of patients and central to our customers' businesses. Our pharmaceutical distribution procedures are designed to comply with the U.S. Drug Supply Chain Security Act (DSCSA). Before we receive pharmaceuticals, we conduct a licensing check to make sure the product comes from an entity authorized to distribute prescription pharmaceuticals. We visually inspect products for signs of tampering or any indications that the products are suspect. If we discover illegitimate product, we notify our trading partners, the U.S. Food and Drug Administration (FDA) and other regulatory bodies as required. In 2018, as a requirement of the DSCSA, manufacturers began placing a unique product identifier on every pharmaceutical package and case. In 2023, we started electronically tracking product at the individual package level with this product identifier. Transaction data is starting to be exchanged through the Electronic Product Code Information Services (EPCIS), a secure, interoperable, and electronic system to further minimize the threat of counterfeit product entering the supply chain. Please see the **Cardinal Health Pharmaceutical Tracing** website for more information.	
Counterfeit Drugs	HC-DI-260a.2	Discussion of due diligence process to qualify supplier of drug products and medical equipment and devices	The distribution of drug products is conducted through Cardinal Health's Pharmaceutical Segment and the distribution of medical equipment and devices is conducted through Cardinal Health's Medical Segment. Each segment has their own approach for conducting due diligence to qualify suppliers, which is described below: **Medical Segment:** Within the Medical Segment, Cardinal Health's procurement team evaluates suppliers to select the ones that are best able to meet the needs of the business in terms of quantity, specification, price, etc. Once selected by procurement, these suppliers are subject to the approved supplier list (ASL) qualification process that is conducted by the Medical Segment supplier quality team. Depending on a supplier's risk profile, the supplier quality team may audit the supplier, obtain a quality agreement, or send a survey to further qualify the supplier prior to including them in the ASL. Once on the ASL, the supplier is subject to performance monitoring and audits on a recurring basis. Audits conducted by the supplier quality team are in accordance with the standard the supplier holds (i.e., ISO 13485 or ISO 9001), confirm compliance with FDA's Current Good Manufacturing Practice (CGMP) (21 CFR 820), and determine the supplier quality agreement is adhered to. We verify that the supplier has a current ISO certificate, and that they have FDA Establishment Registration for the current calendar year. **Pharmaceutical Segment:** The Pharmaceutical Segment conducts due diligence in two stages: the supplier qualification process and the supplier lifecycle management program. As part of the supplier qualification process, Cardinal Health implements quality agreements, which describe the materials or services to be provided, quality specifications, and communication mechanisms between Cardinal Health and the supplier. Within the qualification process, questionnaires may be posed to the supplier or location to gain additional insights into the potential working relationship with a new supplier. For example, this questionnaire can have a scope that is focused on a new supplier's Quality Management System (QMS) to ensure the company has the adequate procedures in place to support a product. Once engaged with Cardinal Health, the supplier enters the lifecycle management program. In this program, Cardinal Health may use a series of questions to confirm an existing supplier has continued to maintain their QMS or other mechanisms, such as a risk assessment, to determine if an inspection or audit is required for a supplier or location. The inspection or audit is an event that evaluates a process (e.g., QMS) to ensure compliance to a set of requirements and may be performed routinely or for cause. If available, Cardinal Health may request third-party certification for FDA's Current Good Manufacturing Practice (CGMP) regulations enforced by the FDA from its suppliers or locations. This third-party certification, such as UL, NSF, and ISO, include an independent evaluation of a manufacturing process to show it meets a set of specific requirements.	

Topic	SASB Code	Accounting Metric	Disclosure	Boundary, Assumptions, and Estimations
SASB Index – Health Care Distributors Standard (continued)				
Counterfeit Drugs	HC-DI-260a.3	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	When we discover potential suspect or counterfeit product, either through the receiving process at our distribution centers, a customer complaint, an inquiry from a state or federal agency, or from a manufacturer communication, we immediately quarantine the product and investigate, in conjunction with the manufacturer, to determine if the product is illegitimate. The identification of illegitimate product triggers several subsequent notification processes. Downstream customers would be notified through our recall process. In addition, the Drug Supply Chain Security Act (DSCSA) requires that any trading partner who identifies illegitimate product in their possession or control to notify the FDA and all immediate trading partners believed to have received the illegitimate product within 24 hours of the determination. Notifications to the FDA regarding illegitimate product are made on Form FDA 3911.	
Product Lifecycle Management	HC-DI-410a.1	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	At Cardinal Health, our packaging engineering team is responsible for the design and sourcing of packaging materials used for our Cardinal Health-branded medical equipment and supplies as well as our Presource® kitting services. As resources, materials and costs allow, the Cardinal Health team evaluates ways to reduce the environmental impact of packaging within our primary control. To help monitor these efforts, the packaging engineering team has created a sustainability tracker that categorizes projects based on the strategy used to reduce environmental impact, including component elimination, material changes, or smaller packaging. Several active projects are being tracked and once implemented Cardinal Health will be able to quantify the weight reduced and emissions avoided because of these efforts. Additionally, Cardinal Health is actively working on compiling packaging material weights for all Cardinal Health products to understand volumes of materials, recycled content from suppliers, and recyclability of material.	
Product Lifecycle Management	HC-DI-410a.2	Amount (by weight) of products accepted for take-back and reused, recycled, or donated	Cardinal Health engages in both the take-back and reprocessing of single-use medical devices for reuse as well as donation of both medical and pharmaceutical product each year. During fiscal 2023, we collected and reprocessed more than 17.05 million single use devices representing 5.24 million pounds and donated more than $13.65 million in medical and pharmaceutical product.	Waste diversion is calculated by multiplying the average weight of all devices eligible for collection and reprocessing by the number of single use devices collected during the reporting period. Product donation (in dollars) is calculated based on the internal cost of products at the time they are designated for donation.
Business Ethics	HC-DI-510a.1	Description of efforts to minimize conflicts of interest and unethical business practices	Within our **Standards of Business Conduct**, Cardinal Health outlines our corporate values and standards of integrity and behavior. Please see **pages 62-66** of this report to learn more.	
Business Ethics	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 any significant legal proceedings concerning bribery, corruption, or other unethical business practices in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	
Activity Metrics	HC-DI-000.A	Number of pharmaceutical units sold by product category	Approximately 751 million units	Pharmaceutical units are measured using the number of items ordered by a customer and fulfilled by Cardinal Health as recorded in our sales system of record. Pharmaceutical units are reported depending on how our sales systems organize items into purchase orders and can represent both single- and multi-dose volumes sold by both Cardinal Health's Medical and Pharmaceutical Segments. For the Medical Segment, pharmaceutical units include items assigned a prescription drug regulatory code in our sales system of record. For the Pharmaceutical Segment, all non-prescription drug-related items were excluded from the metric as well as the following business units: • Metro Medical • Major Rugby

Topic	SASB Code	Accounting Metric	Disclosure	Boundary, Assumptions, and Estimations
SASB Index – Health Care Distributors Standard (continued)				
Activity Metrics	HC-DI-000.B	Number of medical devices sold by product category	Approximately 465 million units	Medical devices are measured using items ordered by a customer and fulfilled by Cardinal Health as recorded in our sales system of record within the Medical Segment only. Cardinal Health defines a medical device in accordance with the World Health Organization's definition, which states "a medical device can be any instrument, apparatus, implement, machine, appliance, implant, reagent for in vitro use, software, material or other similar or related article, intended by the manufacturer to be used, alone or in combination for a medical purpose." The value reported excludes the following medical segment business units: • Medical Distribution - International • Cardinal Health Canada • Cardinal Health at-Home Solutions • Cardinal Health Singapore
SASB Index – Medical Equipment and Supplies Standard				
Affordability & Pricing	HC-MS-240a.1	Ratio of weighted average rate of net price increases (for all products) to the annual increase in the US Consumer Price Index	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
Affordability & Pricing	HC-MS-240a.2	Description of how price information for each product is disclosed to customers or to their agents	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
Product Safety	HC-MS-250a.1	Number of recalls issued, total units recalled	During fiscal 2023, Cardinal Health reported 5 Class II product recalls. Class II recalls represent situations in which use of or exposure to a violative product may cause temporary or medically reversible adverse health consequences or where the probability of serious adverse health consequences is remote.	
Product Safety	HC-MS-250a.2	List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
Product Safety	HC-MS-250a.3	Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience	Cardinal Health reports all data as required by the U.S. FDA regarding Manufacturer and User Facility Device Experience (MAUDE). To see Cardinal Health information, please visit the MAUDE Database.	

Topic	SASB Code	Accounting Metric	Disclosure	Boundary, Assumptions, and Estimations
SASB Index – Medical Equipment and Supplies Standard				
Product Safety	HC-MS-250a.4	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	We report any significant regulatory matters concerning FDA enforcement actions taken in response to violations of cGMP, or allegations of such violations, in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	
Ethical Marketing	HC-MS-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	We report on significant legal proceedings concerning false marketing claims in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	
Ethical Marketing	HC-MS-270a.2	Description of code of ethics governing promotion of off-label use of products	Cardinal Health maintains an active policy in the U.S. that prohibits the promotion of medical device products for off-label use as defined within our policy or otherwise unapproved purposes. The policy applies to all forms of promotional activities, including but not limited to direct healthcare provider communications, conducting, or sponsoring promotional talks or discussions that involve off-label promotions, and providing access to online materials or educational programs for the purpose of off-label promotions.	
Product Design and Lifecycle Management	HC-MS-410a.1	Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	
Product Design and Lifecycle Management	HC-MS-410a.2	Total amount of products accepted for take-back and reused, recycled, or donated, broken down by: (1) devices and equipment and (2) suppliers	Cardinal Health engages in both the take-back and reprocessing of single-use medical devices for reuse as well as donation of both medical and pharmaceutical product each year. During fiscal 2023, we collected and reprocessed more than 17.05 million single use devices representing 5.24 million pounds and donated more than $13.65 million in medical and pharmaceutical product.	Waste diversion is calculated by multiplying the average weight of all devices eligible for collection and reprocessing by the number of single use devices collected during the reporting period. Product donation (in dollars) is calculated based on the internal cost of products at the time they are designated for donation.
Supply Chain Management	HC-MS-430a.1	Percentage of (1) entity's facilities and (2) Tier 1 suppliers' facilities participating in third-party audit programs for manufacturing and product quality	Cardinal Health has elected not to disclose performance on this metric for fiscal 2023.	

Topic	SASB Code	Accounting Metric	Disclosure	Boundary, Assumptions, and Estimations
SASB Index – Medical Equipment and Supplies Standard (continued)				
Supply Chain Management	HC-MS-430a.2	Description of efforts to maintain traceability within the distribution chain	Starting in fiscal 2023, the ESG team initiated a risk-based approach to mapping our critical supply chains using digital technology ensuring supply chain transparency and enabling identification of ESG-related risks.	
Supply Chain Management	HC-MS-430a.3	Description of the management of risks associated with the use of critical materials	Cardinal Health acknowledges that 3TG minerals (tin, tantalum, tungsten and gold) are used in the manufacturing of medical devices and electronic components. We also recognize that profits from certain mining operations of conflict minerals found in the Democratic Republic of the Congo and adjoining countries, and other conflict-affected and high-risk areas of the world, may provide financial support to armed groups that commit violence and human rights violations. In addition, the U.S. Conflict Minerals Rule requires public companies such as Cardinal Health to annually disclose specific information about the origin of the conflict minerals in the products they manufacture or contract to manufacture to the extent those conflict minerals are necessary to the products' functionality or production, as well as information on their related compliance procedures. For more information, please see **Cardinal Health's Conflict Minerals Global Policy** and our **2022 Form SD** filed with the SEC.	Please note Form SD is reported on a calendar basis and therefore does not align with our fiscal year reporting period.
Business Ethics	HC-MS-510a.1	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	We report on significant legal proceedings concerning bribery or corruption in our Forms 10-K and 10-Q filed with the SEC to the extent required by SEC rules. Please see our **Investor Relations** website for access to corporate filings.	
Business Ethics	HC-MS-510a.2	Description of code of ethics governing interactions with health care professionals	Our Interactions with Customers and Healthcare Professionals policy applies to all interactions by Cardinal Health companies, business units and functional groups with customers, healthcare professionals (HCPs) and government officials (GOs). This policy applies to all transfers of value to a customer, HCP or GO even if an employee pays for a transfer of value to a customer, HCP or GO out of his or her own funds and does not seek reimbursement from Cardinal Health. It also applies to indirect transfers of value to customers, HCPs or GOs requested by Cardinal Health or its employees through third parties. Employees that violate this policy or its related procedures will be subject to disciplinary action up to and including termination. Cardinal Health has also adopted the AdvaMed Code of Ethics on Interactions with Healthcare Professionals. As part of our Ethics and Compliance program, Cardinal Health has engaged compliance business partners who train, monitor, and oversee compliance with this policy.	
Activity Metrics	HC-MS-000.A	Number of units sold by product category	Approximately 2.16 billion units	Number of units are measured using the number of items ordered by a customer and fulfilled by Cardinal Health as recorded in our sales system of record. This includes all medical equipment and supplies, including general medical suppliers, at-home healthcare supplies, and heath aid items sold by our Pharmaceutical Segment to retail pharmacies. 23.84M of units sold included in this total were pulled under categories labeled "HBA – Health and Beauty Aid" and "GENMERCH" (General Merchandise) and include Medical Equipment and Supplies but also include many other product types. Business unit exclusions include: • Medical Distribution - International • Cardinal Health Canada • Cardinal Health at-Home Solutions • Metro Medical • Major Rugby • Nuclear and Precision Health Solutions

Task Force on Climate-Related Financial Disclosures (TCFD) Index

Recommended Disclosure	Disclosure
Governance	
Describe the board's oversight of climate-related risks and opportunities.	Board-level oversight of Environmental, Social and Governance (ESG) activities, policies, strategy, and reporting resides with the Governance and Sustainability Committee, which is formalized within the committee charter (**Governance and Sustainability Committee Charter**). The ESG activities overseen by the Governance and Sustainability Committee include climate-related risks and opportunities and the strategy to manage those risks and opportunities. For example, during fiscal 2023 the Committee reviewed and aligned on Cardinal Health's Science-Based Target (SBT), which includes Scope 3 greenhouse gas (GHG) emissions, prior to submission to the Science Based Targets Initiative (SBTi) in July 2023. Among its other responsibilities, the Governance and Sustainability Committee is expected to: 1. Oversee and report to the full Board regarding the company's ESG activities, policies, strategy, and reporting (except to the extent such matters are overseen by another Board committee) and discuss such matters with the company's management as appropriate. 2. Monitor and evaluate environmental, social, and political issues and risks potentially impacting the company and report to the full Board regarding such matters.
Describe management's role in assessing and managing climate-related risks and opportunities.	Cardinal Health's internal ESG Governance Committee, comprising Cardinal Health's CEO, his direct reports, and other leaders across the company, is the highest level of management responsible for aligning on the company's ESG strategy, action plans, and goal setting, including our approach to climate-related risks and opportunities. Our VP of ESG, who reports to the SVP & Deputy General Counsel, communicates ESG risks (including climate-related risks and opportunities) to the internal ESG Governance Committee at least six times per year to maintain line of sight into ESG performance and industry trends and expectations. In fiscal 2023, the ESG Governance Committee aligned on the key ESG-related risks and opportunities to prioritize for strategy development and risk management, which included energy and climate (see **ESG topics and priorities**). To manage these priorities and develop a three-year strategic plan for improving Cardinal Health's performance on each priority, the VP of ESG formed the ESG Working Group, comprising vice-president-level subject matter experts, with oversight from our ESG Governance Committee. The VP of ESG then coordinates with the broader ESG team to engage with employees across the organization to help them understand how they can collectively contribute to managing ESG risks and opportunities. In fiscal 2023, the ESG team further formalized this engagement through the development of a Decarbonization Working Group to specifically address climate-related risks and opportunities in our operations and across our supply chain.

Recommended Disclosure	Disclosure
Strategy	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Given the nature of our operations, Cardinal Health is exposed to a diverse portfolio of risks and may be presented with a diverse range of opportunities. We continuously monitor those risks and opportunities that could have a significant impact on our financial performance, our ability to meet the needs of our customers and other stakeholders, and our Company's reputation. As noted in the Governance section on the previous page, our VP of ESG and SVP & Deputy General Counsel, communicate climate-related risks and opportunities to the Governance and Sustainability committee of the Board and ESG Governance Committee, which also considers the potential financial impact and time horizon of each risk and opportunity. Across short-term (1-2 years), medium-term (2-5 years), and long-term (5-10 years) time horizons, Cardinal Health considers the impacts of climate-related physical and transition risks and opportunities on our physical long-lived assets and our products and services. Through our enterprise risk management (ERM) process, the qualitative scenario analysis completed in 2021, and our property management and logistics teams, we identified climate-related risks and opportunities and organized them into key themes that may impact Cardinal Health over the short-, medium-, and long-term: **Climate-related risks[28]:** • **Acute physical risk:** In the healthcare industry, the timely delivery of products and services is critical to allow our healthcare partners to treat their patients. To meet our customers' needs, Cardinal Health maintains a diverse, global portfolio of manufacturing, distribution, and office facilities and constantly assesses the risk of climate-related physical events that could impede those facilities' operations. Acute physical risks including but not limited to flooding, wildfire, and wind brought on by rising temperatures and severe weather events are a significant climate-related risk to our operations over the short-, medium-, and long-term, and mitigating those risks is a critical piece of our business resilience strategy. • **Current and emerging regulatory risk:** As a global distributor, energy and fuel represent a key resource to Cardinal Health. However, our reliance on energy and fuel also represents a key risk to our business. Domestically and abroad, regulations are being passed focused on energy and emissions that could impose fines and other financial burdens on our business over the medium- and long-term time horizons. Additionally, volatile global energy markets and the resulting impact on pricing are short- and medium-term risks that must be considered when conducting strategy planning. • **Market and reputational risk:** There is a growing understanding of the value of managing ESG and climate-related risks among Cardinal Health's stakeholder groups. Stakeholder expectations for transparency and action on climate continue to grow, and not meeting these investor, customer, employee, or other stakeholders' expectations may adversely impact Cardinal Health's financial performance in the short-, medium-, and long-term. We are managing an increasing number of customer inquiries related to Cardinal Health's greenhouse gas (GHG) emissions and climate action plans. Climate-related questions are also becoming more standard in customer RFPs, making the requests for climate-related information relevant for both current and potential customers over the short- and medium-term time horizons. **Climate-related opportunities:** • **Energy sources:** The development of new technologies present opportunities for Cardinal Health to optimize and decarbonize the transportation and distribution of goods within the healthcare delivery ecosystem. Whether upstream from Cardinal Health's distribution centers, within our own operations, or downstream delivery to our customers, our teams are evaluating and integrating lower- or zero-emission fuels and equipment or software that enable us to improve efficiency in the short-, medium-, and long-term time horizons. • **Products and services:** We are regularly challenged by our customers and the marketplace to continue developing and distributing products and services in a manner that reduces our impact on the environment. Cardinal Health has made strategic decisions within our business units to recognize and respond to these challenges with the intent of improving the lives of the patients our customers serve while reducing our environmental impact over the short-, medium-, and long-term time horizons. These opportunities can differentiate Cardinal Health in the market, build a positive reputation, and build stronger stakeholder relationships. • **Resource efficiency:** Within Cardinal Health's manufacturing operations, the ability to enhance the efficient use of resources is always present. Our teams regularly evaluate site-specific fuel and energy use and the related costs as these have a direct impact on site operations and profitability. Additionally, we maintain line of site regarding material use and whether opportunities exist to repurpose scrap materials as pre-consumer recycled content in other processes, which help save on both the cost of materials and waste generation over the short- and medium-term time horizons.

[28] The inclusion of examples of potential climate-related risks relating to Cardinal Health should not be read as a characterization regarding the materiality or financial impact of such potential risks for purposes of applicable securities laws or any other laws of the United States. For a discussion of risks that Cardinal Health has determined could be financially material, please see "Risk Factors" and other sections in and exhibits to our Form 10-K, as well as any such risk factors and other sections in and exhibits to our subsequent Form 10-Q filings.

Recommended Disclosure	Disclosure
Strategy (continued)	
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	As noted above, Cardinal Health has identified climate-related risks and opportunities that can have a significant impact on the operational and financial performance of the business as well as our reputation over the short-, medium-, and long-term. These also serve as Cardinal Health's foundation for considering climate during business, strategy, and financial planning to mitigate risks and take advantage of opportunities. **Climate-related risks:** • **Acute physical risk:** Cardinal Health's Facilities and Real Estate Management team partners with our global insurance provider to regularly assess the risk of acute physical climate events on our manufacturing, distribution, and office facilities. As a part of this assessment, we consider the potential loss expectancy at each facility from wildfire, wind gusts, storms, and flood risk in terms of both physical damage and business interruption. These loss expectancy figures are considered when preparing our business resilience, strategic, and financial planning activities, which has resulted in capital expenditures across Cardinal Health's portfolio of facilities to mitigate loss expectancy, improve resilience, and reduce our insurance premiums. • **Current and emerging regulatory risk:** As regulations focused on energy and emissions are adopted domestically and abroad, Cardinal Health considers the impact on our operations when engaging in strategic and financial planning. For example, our Transportation and Logistics team identified a regulation within California's South Coast Air Quality Management District (AQMD – Jurisdiction that covers Southern California, specifically large areas of Los Angeles, Orange, Riverside, and San Bernadino counties), which enacted the Warehouse Indirect Source Rule (ISR). The Warehouse ISR is a credit-deficit system based on warehouse truck traffic. Through the Warehouse Actions and Investments to Reduce Emissions (WAIRE) program, operators must submit annual compliance reports and earn enough "WAIRE points" to offset the determined air quality impact or pay an annual mitigation fee. Cardinal Health has begun implementing various emission mitigation actions to decarbonize our operations in order to avoid paying an annual mitigation fee. These actions include (but are not limited to) working with our fleet management partner to lease electric vehicles (now totaling six), installing electric vehicle (EV) charging stations, and increasing the number of EV trips going in and out of our facilities. In compliance year 2023, Cardinal Health implemented mitigation actions sufficient to cover all obligations resulting in zero fees. • **Market and reputational risk:** In response to stakeholder and customer inquiries on ESG and climate, Cardinal Health's ESG team has worked to improve our external-facing commitments and communications to meet changing expectations. For example, in fiscal 2023, Cardinal Health submitted our SBT to the SBTi for validation which includes our Scope 3 greenhouse gas (GHG) emissions. Additionally, we have measured and disclosed all relevant categories of Scope 3 GHG emissions for fiscal 2023 and included those figures in this Report. Finally, the ESG team has increasingly attended quarterly business reviews with our suppliers and customers to provide updates on progress against our targets, present updates on our strategies to address material ESG topics and identify opportunities to increase industry collaboration. **Climate-related opportunities**: • **Energy sources:** Within our global logistics footprint, Cardinal Health has partnered with our global trade vendors, fleet management vendors, and operations leaders to transition to lower- and zero-emissions fuels and assets that not only help with decarbonizing our logistics activities but also hedge against future fuel price volatility. For example, our Global Trade team has taken advantage of opportunities presented by select marine shipping partners to leverage the use of sustainable marine fuel (SMF) to decarbonize some of our product shipments. Additionally, in February 2023, Cardinal Health signed a six-year lease on two electric tractor-trailers. Based in our Ontario, California, facility, they deliver medical products throughout Southern California. Both run full-time routes, five days a week. The trucks can go as far as 230 miles (depending on the weight of cargo on board, topography and time stuck in traffic) between charges. Finally, in 2023, Cardinal Health was named a High Performer in the U.S. Environmental Protection Agency's SmartWay® program. This designation means our fuel efficiency and air quality performance fell within the SmartWay programs' top performance range. • **Products and services:** Through Cardinal Health's Sustainable Technologies™ business, we are helping to meet the demand for environmentally preferable products, providing single-use device (SUD) collections and reprocessing services. These processes extend the life of medical devices, reduce waste, and offer products with lower carbon footprints. In fiscal 2023, Sustainable Technologies™ completed a lifecycle assessment to compare the environmental impact of using new, single-use intermittent pneumatic compression (IPC) devices (used to prevent blood clots) instead of reprocessed, single-use compression sleeves. The reprocessing of IPC sleeves provides an environmental and economic benefit in comparison to single-use devices. The environmental footprint of reprocessed sleeves was found to be reduced in all categories compared to single-use devices, leading to a weighted normalized reduction of 43% across all categories. In a breakdown of the life cycle assessment results, reprocessed IPC sleeves were found to reduce the carbon footprint by 40%; hospital waste disposal costs were reduced by 90%. • **Resource efficiency:** Within our operations, Cardinal Health employees are encouraged to identify opportunities to improve energy and material efficiency where possible to reduce our impact. In fiscal 2023, a Cardinal Health manufacturing site located in Ireland implemented a comprehensive energy reduction program with the aim of achieving an annualized electrical energy consumption reduction of 10%. The Cardinal Health facility implemented a data-driven approach to energy reduction following the examination and understanding of the high energy uses across the facility. Through the implementation of energy efficiency measures and engaging with employees to generate collective buy-in, the Cardinal Health manufacturing facility achieved an 11.8% annualized electrical energy reduction of 880,000 kWh through the implementation of more efficient HVAC units/AHU duct sealing, intelligent compressed air controls, and automation and deployment of smart equipment controls. The energy reduction achieved equates to a 157 metric ton reduction in associated CO_2 emissions.

Recommended Disclosure	Disclosure
Strategy (continued)	
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Cardinal Health performed a qualitative analysis in fiscal 2021 using three different scenarios augmented with industry and geographic trends specific to Cardinal Health. The scenarios were used to evaluate the resilience of Cardinal Health's business, strategy, and financial planning against changes occurring to the environments we operate within and rely upon. The three scenarios were all extended to the year 2030, which aligned with our existing GHG emissions reduction target and included: • 1.5°C trajectory using Representative Concentration Pathway 2.6 and Shared Socioeconomic Pathway 1. • 3°C trajectory using Representative Concentration Pathway 6.0 and Shared Socioeconomic Pathway 4. • >4°C trajectory using Representative Concentration Pathway 8.5 and Shared Socioeconomic Pathway 3. Through this analysis, the Cardinal Health team recognized that our strategy must continue evolving as the impacts of climate change are felt throughout our business. Our ESG team continues to monitor and assess both the physical and transition risks that climate change may pose to our business, and in fiscal 2024 we plan to refresh our climate scenario analysis and include a quantitative component in the future as part of planning for and responding to the impacts of climate change.
Risk Management	
Describe the organization's process for identifying and assessing climate-related risks.	The VP of ESG shares responsibility for the identification of climate-related risks and opportunities with Cardinal Health's business leaders. Risks and opportunities are identified primarily through engagement and discussion with teams across the business, active participation in industry groups, and news monitoring. The ultimate assessment and management of such risks and opportunities is led by the relevant impacted internal business partners and considers both physical and transition risks as well as existing and emerging regulatory requirements related to climate change. Climate-related risks and opportunities are then presented to Cardinal Health's ESG Governance Committee, where they are prioritized based on significance and ultimately presented to the Board's Governance and Sustainability Committee, which is responsible for board-level oversight of climate-related risks and opportunities and the strategy to manage those risks. Our ESG team works closely with our business partners in Legal, Finance, Accounting, and Government Relations to maintain line of sight into other emerging domestic and international regulations pertaining to limits on emissions, use of materials, waste management, and financial controls on climate-related capital expenditures.
Describe the organization's processes for managing climate-related risks.	Just as the climate-related risk assessment process is managed by a cross-functional group including our Enterprise Risk Management (ERM) team, business unit leaders, VP of ESG, the ESG Governance Committee, and the Board's Governance and Sustainability Committee, the effective management of climate-related risks takes a cross-functional team of business leaders. Once the most significant risks are identified for prioritization, the ESG team engages with functional leaders to determine the impact each risk could have on our product and service offerings, raw material availability, and the performance of our locations and vehicle fleet. As noted in the Strategy section of this index, climate-related risks are then integrated into business, strategy, and financial planning activities at the functional-level within Cardinal Health. The ESG team acts as subject matter experts and an on-going resource to business units to ensure that climate-related risks and their impacts are being defined and interpreted consistently throughout the enterprise, and the plan for risk mitigation is aligned with the strategic direction set forth by the ESG Governance Committee and the Board's Governance and Sustainability Committee. The ESG team meets regularly on its own and with other business units to discuss climate-related risks, which keeps the ESG team apprised of progress the business is making in managing such risks. The VP of ESG then provides updates to the ESG Governance Committee and the Board's Governance and Sustainability Committee during regularly scheduled meetings throughout the year.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	As previously noted, the responsibility for identifying, assessing, and managing climate-related risks is shared among business leaders and the ESG team. Through these activities, climate-related risks and opportunities are shared with Cardinal Health's ERM team for inclusion in their enterprise-wide risk assessment process. A summary of our ERM process and function at Cardinal Health is provided below: The ERM function develops with the risk owners an initial risk rating for each identified risk. The assessments with initial risk identification, mitigation controls and risk ratings are then presented to the area's leadership team for review and to make changes. A risk matrix is used to assist in rating each risk and contains guidelines for assessing a risk impact against the likelihood of the risk to occur. Each risk identified will be assessed (a score of 1-5) based on each of the impact factors identified (financial, reputational, and business strategy). The scores of the individual impact factors are added together to determine the total impact score, and then the likelihood of the risk is assessed and given the appropriate value (1-5). These values of likelihood and impact are then plotted on a risk radar, to determine the overall risk rating. This radar is plotted as necessary for risk review. Business and functional leaders are responsible for addressing the risks that have been identified through the ERM process and determine the necessary risk mitigation action, assess its effectiveness, and monitor progress. The ERM function will facilitate the process and further support as necessary with annual reviews to assess progress of mitigation plans. Cardinal Health's ERM function reports to our Chief Financial Officer, who oversees the ERM process. An ERM Steering Team led by our Chief Audit Executive and composed of senior functional leaders sets strategic direction, defines risk appetite, drives accountability, and oversees Board communications. Oversight is provided by the ERM Steering Team, senior management, and the Board's Audit Committee.

Recommended Disclosure	Disclosure
Metrics & Targets	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Through our ESG materiality assessment, Cardinal Health identified energy and climate as an ESG topic that would be included in our three-year strategic plan. As our ESG report is prepared in accordance with the GRI Universal Standards and our index includes disclosures in alignment with SASB standards for Health Care Distribution and Medical Equipment and Supplies, we report on GRI- and SASB-related climate metrics that include energy, greenhouse gas (GHG) emissions, fleet efficiency, and waste management. We also disclose climate-related metrics through our annual CDP disclosure. The metrics are tracked, disclosed, and used to assess our progress against publicly-stated targets, risks, opportunities, and overall performance.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	Cardinal Health measures our Scope 1 and 2 GHG emissions using the market-based method in accordance with the World Resources Institute (WRI)/World Business Council for Sustainable Development's (WBCSD) The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol) and we receive limited assurance annually from an independent third party. Please see our **fiscal 2023 assurance statement here**. We also measure our Scope 3 GHG emissions across the categories that the ESG team at Cardinal Health determined to be relevant in accordance with the WRI/WBCSD's Greenhouse Gas Protocol but do not receive assurance for those metrics at this time.

		Emissions ($mtCO_2e$)
	Fiscal 2023 Scope 1 GHG emissions	**163,044**
	Fiscal 2023 Scope 2 GHG emissions (market-based)	**220,684**
	Relevant Scope 3 categories	
1	Purchased goods and services	34,966,010
2	Capital goods	29,666
3	Fuel- and energy-related activities	94,193
4	Upstream transportation and distribution	2,460,995
5	Waste generated in operations	35,736
6	Business travel	16,164
7	Employee commuting	34,864
8	Upstream leased assets	990 location-based method (LBM) 1,024 market-based method (MBM)
11	Use of sold products	35,193
12	End-of-life treatment of sold products	240,942
13	Downstream leased assets	6,943 (LBM) 6,592 (MBM)
15	Investments	10,894

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	In September 2021, we publicly announced our goal to reduce aggregate Scope 1 and 2 GHG emissions by 50% by fiscal 2030, as compared to a fiscal 2019 base year. At the end of fiscal 2023, we achieved a 13% reduction in emissions compared to our base year. Additionally, in fiscal 2023, we submitted our SBT, which includes Scope 3 GHG emissions, to SBTi for validation. We plan to release more information regarding that target following the validation process. NOTE: In fiscal 2023, we restated our fiscal 2019 GHG emissions. These have been assured, as have fiscal 2023 emissions, as part of Cardinal Health's commitment to accurate data reporting that best represents our business. The restatement was done in part due to the addition of new activities such as emissions from biomass and refrigerants; we also added market-based emissions calculations for Scope 2. Additionally, some data was removed due to the divestiture of the Cordis business, and therefore properties and activities associated with that business have been removed from Cardinal Health's operational boundary.

Basis of reporting

Greenhouse Gas (GHG) Emissions - Basis of Reporting

Guidance and Boundary

Within this report, Cardinal Health measures and discloses the company's Scope 1, Scope 2, and relevant categories of Scope 3 GHG emissions in accordance with the following guidance and standards:

- World Resources Institute (WRI)/World Business Council for Sustainable Development's (WBCSD), The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol)
- WRI/WBCSD GHG Protocol Scope 2 Guidance
- WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

For Scope 1 and Scope 2 location- and market-based GHG emissions, Cardinal Health selected an organizational boundary based on operational control. Therefore, only assets or facilities where our business operates and has the ability to directly influence emissions-generating activities are included in our Scope 1 and Scope 2 GHG emissions calculations. Boundaries for Scope 3 categories can vary slightly, as detailed below, but are generally defined as activities upstream from Cardinal Health's operational control but limited to Tier 1 suppliers (i.e., those who contract directly with Cardinal Health or a Cardinal Health business) and downstream from Cardinal Health's operational control but limited to transactions made directly by Cardinal Health with customers or investees.

Scope 1 GHG emissions

Scope 1 GHG emissions were measured in accordance with the World Resources Institute (WRI)/World Business Council for Sustainable Development's (WBCSD), The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol). Cardinal Health selected an organizational boundary based on operational control and direct emissions sources include stationary and mobile combustion. Fuel sources included in Cardinal Health's calculation of Scope 1 GHG emissions include natural gas, gasoline, diesel, jet fuel, LPG, refrigerant loss, and palm kernel shells (biomass)[29].

Cardinal Health obtains primary data from utility invoices, aviation reports, fuel receipts, fleet telematics, manufacturing site logs, and maintenance logs. Where primary data is not available, the Cardinal Health team uses generally accepted methods to estimate in order to calculate emissions using a complete and accurate population of data for the reporting period. The following summarizes estimation methodologies used by Cardinal Health for Scope 1:

- For facility-level data gaps, Cardinal Health uses the Commercial Building Energy Consumption Survey (CBECS) energy intensity values and facility square footage or historic monthly consumption values to estimate.
- In fiscal 2023, Cardinal Health took the first steps to understand and estimate fugitive emissions. Currently, about 80% of fugitive emissions is estimated, based on extrapolation of actual data. Cardinal Health is considering a phased approach for data collection for sites to begin reporting actual data for refrigerant losses/leakages in the future.
- Biomass emissions are related exclusively to a single manufacturing site located in Thailand, which utilizes a biomass facility on-site to reduce the use of fossil fuels for energy. This site uses palm kernel shell for combustion to generate power. Cardinal Health leverages the provided emissions factors from the journal article "Life-cycle greenhouse gas emissions in power generation using palm kernel shell" (Sato, Issei, et al.)[30] , and obtains source data collected from the site for tons of material purchased, to generate estimated emissions. Starting with total tons of palm kernel shell (PKS) from the reporting period, converting to kilograms, Cardinal Health applies the provided conversion of 17.3 MJ/kg PKS to transform the data from weight to energy output based on a low heating value (LHV). From there, the LHV energy is converted to both N2O and CH4 equivalencies with the journal supplied emissions factors and then GWP's applied appropriately.

As noted above, Scope 1 fuel sources include palm kernel shells (PKS) which is considered to be a biofuel. Our Scope 1 emissions footprint includes the methane and nitrous oxide emissions from the combustion of these biofuels, converted into carbon dioxide equivalent. In accordance with the GHG Protocol, Cardinal Health separately disclosed biogenic CO_2 emissions generated from the combustion of this biofuel.

Scope 1 Emissions Factors:

- 2023 Environmental Protection Agency (EPA) Center for Corporate Climate Leadership GHG Emission Factors Hub.
- California Air Resources Board High-GWP Refrigerants
- IPCC Changes in Atmospheric Constituents and in Radiative Forcing, Table 2.14 Lifetimes, radiative efficiencies and direct (except for CH4) GWPs relative to CO_2. For ozone-depleting substances and their replacements, data are taken from IPCC/TEAP (2005) unless otherwise indicated.
- A Comparative Life Cycle Assessment of Palm Kernel Shell in Ceramic Tile Production: Managerial Implications for Renewable Energy Usage

Scope 2 GHG emissions

Scope 2 GHG emissions were measured using the location- and market-based methods in accordance with the WRI/WBCSD GHG Protocol Scope 2 Guidance. Cardinal Health selected an organizational boundary based on operational control. Sources of emissions included in Cardinal Health's calculation of Scope 2 GHG emissions includes electricity.

Cardinal Health obtains primary data to calculate Scope 2 GHG emissions from utility invoices at sites that are within Cardinal Health's operational control. Where primary data is not available, the Cardinal Health team uses generally accepted methods to estimate in order to calculate emissions using a complete and accurate population of data for the reporting period. The following summarizes estimation methodologies used by Cardinal Health for Scope 2:

- For facility-level data gaps, Cardinal Health uses the Commercial Building Energy Consumption Survey (CBECS) energy intensity values and facility square footage or historic monthly consumption values to estimate.
- To generate market-based emissions values, Cardinal Health applies the appropriately assigned market-based emissions factors as outlined below, to the total consumption per site that is not provided from renewable sources. Therefore, consumption that is used to calculate emissions equals total annual consumption less annual consumption from renewable sources (in the case of Cardinal Health, on-site PV and green power contracts through utilities).

Scope 2 Emissions Factors:

- Location-based method emission factors
  - 2023 International Energy Agency (IEA) Emission Factors
  - 2023 EPA eGRID Emission Factors
- Market-based method emission factors
  - 2022 Green-e Residual Mix Emissions Rates
  - 2023 International Energy Agency (IEA) Emission Factors
  - 2023 EPA eGRID Emission Factors
  - AIB 2022 Residual Mix Results
  - Electric Edison Institute (EEI) Electric Company Carbon Emissions and Electricity Mix Reporting Database for Customers

[29] Diesel and gasoline consumption associated with carrier fleet includes only US fleet vehicles. Canada fleet contribute to an immaterial portion of fleet emissions (<5%) and has been excluded
[30] Sato, Issei, et al. "Life-cycle Greenhouse Gas Emissions in Power Generation Using Palm Kernel Shell." GCB Bioenergy, vol. 14, no. 7, 2022, pp. 875–892, https://doi.org/10.1111/gcbb.12950

Greenhouse Gas (GHG) Emissions - Basis of Reporting (continued)

Scope 3 GHG emissions

Prior to measuring and disclosing Scope 3 GHG emissions, the Cardinal Health team assessed each of the 15 categories of emissions, as defined by the WRI/WBCSD GHG Protocol, for relevancy. Based on Cardinal Health's understanding of each category's definition and our business operations, we elected to exclude the following categories from our boundary based on the conclusions listed below:

- Category 9 – Downstream Transportation and Distribution
  - As Cardinal Health pays for the transportation and distribution of goods to the retailer, we include emissions related to this business activity within Category 4: Upstream Transportation and Distribution, which aligns with the guidance provided by the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
- Category 10 – Processing of Sold Product
  - Cardinal Health does not manufacture intermediate goods that require additional processing following sale to customers.
- Category 14 – Franchises
  - Cardinal Health does not operate as a franchisor or franchisee.

The following table contains details regarding boundaries, activity data, and emissions factors used for each Scope 3 category:

Scope 3 Category	Methodology	Emissions Factors
Purchased goods and services	Emissions are calculated using a hybrid-method and includes both spend-based and supplier-specific calculations: • Across each of Cardinal Health's business units, annual procurement figures by supplier were provided by either the accounts payable or procurement team leads. Additionally, both the U.S. and International indirect procurement leads provided annual spend by supplier for inclusion in the calculation. Across each population of transactions included in the calculation of emissions, the suppliers comprising the top 90% of spend were aggregated and assessed for emissions calculations. • For suppliers representing 59% of total category emissions, Cardinal Health performed calculations using CDP supplier-specific emissions data by using the supplier's Scope 1, 2 (location based) and relevant Scope 3 emissions, obtained from CDP and multiplying it by Cardinal Health spend with the supplier divided by supplier total revenue. • The remaining suppliers spend was converted into emissions using the industry-based environmentally extended input–output (EEIO) emission factors published by the EPA then extrapolated to represent emissions generated from 100% of upstream purchasing activity.	EPA Supply Chain Greenhouse Gas Emission Factors for U.S. Industries and Commodities v1.1 (2022)
Capital goods	Emissions from capital goods are calculated using a spend-based method. Within each business segment, teams at Cardinal Health track actual spend that occurs during the fiscal year for projects that have been approved by leadership. Actual spend figures are converted into emissions using the commodity-based EEIO emission factors published by the EPA.	EPA Supply Chain Greenhouse Gas Emission Factors for U.S. Industries and Commodities v1.1 (2022)
Fuel- and energy-related activities	Emissions from fuel- and energy- related activities were calculated by fuel and energy type, by country, following the guidance set forth by the Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 Emissions Chapter 3 utilizing the average-data method requiring the quantities and types of fuel consumed and estimating emissions by using secondary (e.g., industry average) emissions factors.	2023 IEA Life Cycle Upstream Emissions Factors (Pilot Edition) DEFRA UK Government GHG Conversion Factors for Company Reporting – WTT Fuels
Upstream transportation & distribution	Emissions are calculated using a hybrid-method and includes both spend-based and supplier-specific calculations: • Across each of Cardinal Health's business units, annual contract distribution spend figures by supplier were provided by both U.S. and international indirect procurement leads. Across each population of transactions included in the calculation of emissions, the suppliers comprising the top 90% of spend were aggregated and assessed for emissions calculations. • For suppliers representing 30% of total category emissions, Cardinal Health obtained statements that contained emissions from the supplier's business activities with Cardinal Health during the reporting period. • The remaining suppliers spend was converted into emissions using the industry-based EEIO emission factors published by the EPA then extrapolated to represent emissions generated from 100% of upstream purchasing activity.	EPA Supply Chain Greenhouse Gas Emission Factors for U.S. Industries and Commodities v1.1 (2022)

Greenhouse Gas (GHG) Emissions - Basis of Reporting (continued)

Scope 3 GHG emissions (continued)

Scope 3 Category	Methodology	Emissions Factors
Waste generated in operations	Emissions from waste generated in Cardinal Health's operations are calculated using weight of waste as entered by Environment, Health and Safety (EHS) professionals into our environmental management system of record. Emissions factors used account for the end-of-life treatment of the waste, as well as the waste category.	2023 U.S. Environmental Protection Agency (EPA) Emission Factors for Greenhouse Gas Inventories
Business travel	Emissions from business travel include air, rail, and rental car usage by all Cardinal Health employees when traveling away from their home office as noted in Cardinal Health's HR system of record. Data for each mode of transportation comes from our travel booking partner's system of record and emissions are calculated based on passenger miles traveled. Cardinal Health's boundary for the calculation is inclusive of all business-related travel activity that is booked using our partners, which aligns with the Cardinal Health Employee Travel Policy. Any business travel booked by employees individually is considered outside the reporting boundary and is considered de minimus.	DEFRA/DECC Conversion factors for Company Reporting (2023)
Employee commuting	Emissions from employee commuting are calculated for U.S. employees only using data from our HR system of record that provides the zip code of each employee's home address, the zip code of each employee's work location, and the number of days the employee has agreed to commute to the work location. Using this information, Cardinal Health calculates the distance employees commute over the reporting period and conservatively assume that every employee drives individually using a passenger vehicle. Emissions are also calculated for U.S. employees who are identified as being full-time remote workers, using a methodology published in a white paper by Anthesis Group in February 2021.	2021 U.S. Environmental Protection Agency (EPA) Emission Factors for Greenhous Gas Inventories **Anthesis Group, Remote Worker Emissions Methodology, February 2021**
Upstream leased assets	Emissions for upstream leased assets are determined by Cardinal Health's operational boundary definition for which stationary assets and activities fall within the boundary by leasing language. Leasing structures that place Cardinal Health as the lessee, operating an asset with little to no insight or control over utilities, have their energy and emissions placed in this category.	See **Scope 2 GHG Emissions Factors**
Use of sold product	Emissions are calculated for every Cardinal Health™ Brand product that has a plug load and is sold during the reporting period. Using the country of sale, the estimated useful life of the product, and the rated plug load, emissions were calculated for the estimated electricity consumption of the products sold during the fiscal year.	• U.S. EPA Emissions & Generation Resource Integrated Database (eGRID) Year 2021 (released 01/30/2023) • 2022 International Energy Agency (IEA) Emission Factors
End of life treatment of sold product	Emissions are calculated using the weight of every Cardinal Health™ brand or manufactured product using items ordered by a customer and fulfilled by Cardinal Health as recorded in our sales system of record within the medical segment only for the reporting period. Emissions factors used account for the end-of-life treatment of the waste. The value reported excludes the following medical segment business units: • Medical Distribution – International • Cardinal Health Puerto Rico • Cardinal Health Canada • Cardinal Health at-Home Solutions • Cardinal Health Singapore	2023 U.S. EPA Emission Factors for Greenhouse Gas Inventories
Downstream leased assets	Emissions for downstream leased assets are determined by Cardinal Health's operational boundary definition for which stationary assets and activities fall within the boundary by leasing language. Leasing structures that place Cardinal Health as the lessor or acting lessor (in the event of a sublease), operating an asset where the activities within the space are not controlled by Cardinal Health, have their energy and emissions placed in this category.	See **Scope 2 GHG Emissions Factors**
Investments	Emissions are calculated for all direct and indirect investments held by Cardinal Health as of the end of the reporting period.	U.S. EPA Supply Chain Greenhouse Gas Emission Factors for U.S. Industries and Commodities v1.1 (2022)

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