

CORPORATE RESPONSIBILITY REPORT 2017

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TABLE OF CONTENTS

3-4 A HISTORY OF LOOKING FORWARD

- 3 Letter from our Interim President and CEO
- 4 About Patterson

5-7 INVESTING IN OUR PEOPLE

- 5 Volunteer time off (VTO)
- 5 Team service hours (TSH)
- 6 Learning and development
- 7 Health and wellness

8-9 EMBRACING DIVERSITY AND INCLUSION

- 8 Diversity and inclusion vision, mission
- 9 Awards and recognition
- 9 Employee involvement
- 9 Recruiting diverse talent

10-11 GIVING BACK TO OUR COMMUNITIES

- 10 Charitable giving pillars
- 10 Patterson Foundation
- 11 Profiles of corporate giving

12-13 MANAGING OUR RESOURCES

- 12 Strengths in sustainability
- 12 Harnessing solar power
- 13 Follow the Patterson box

14 DEFENDING SUPPLY CHAIN INTEGRITY

- Supplier relationships
- Supplier code of conduct
- Gray market products

15 CREATING A FOUNDATION FOR CORPORATE RESPONSIBILITY

- Looking forward
- Contact information

Use the clickable navigation bar below to jump to a section of the report.



A HISTORY OF LOOKING FORWARD

We've been in business since 1877 – that's 140 years of innovation which led us to who we are today: a value-added distributor focused on providing a best-in-class customer experience to professionals in the dental and animal health markets.

We published our last Corporate Responsibility Report in 2015. This new version of the report includes updated information about our philanthropic efforts, as well as our environmental and social efforts as a company, including achievements over the past two years.



Highlights include:

- Our renewed commitment to diversity and inclusion, including a new vision and mission
- Innovative ways we invest in our people, including our new volunteer time off (VTO) program
- A record-breaking \$1.2 million in total giving through the Patterson Foundation in 2016
- Our most recent sustainability efforts, including the harnessing of solar energy at our fulfillment center in Dinuba, California
- Our continued efforts to raise awareness around gray market products

We continuously look for new ways to improve the way we run our business, and this report reflects the progress we've made over the past two years and our priorities looking forward. I invite you to review the report and follow along on our journey.

Thank you,

James W. Wiltz
Interim President and CEO
Patterson Companies Inc.



ABOUT PATTERSON

Patterson Companies, Inc. (Nasdaq: PDCO) is a value-added distributor focused on providing a best-in-class customer experience to professionals in the dental and animal health markets.

Patterson operates through its two distinct business units, Patterson Dental and Patterson Animal Health, with locations across the U.S., Canada and U.K., offering unrivaled expertise and advice, easy access to the latest technology, equipment and everyday essentials, and unbeatable service and support long after the sale.

MISSION



We connect expertise to inspired ideas, products and services and create a relevant, memorable difference in the lives of our clients and their customers.

VALUES



Partnership



Integrity



Innovation

NORTH AMERICAN LOCATIONS



- ★ Headquarters
- Veterinary Fulfillment Centers
- Dental Fulfillment Centers
- Veterinary & Dental Fulfillment Centers
- Animal Health Fulfillment Centers



INVESTING IN OUR PEOPLE



Patterson’s biggest competitive advantage is our people – they’re critical to our consistent growth, best-in-class customer experience and overall organizational success.

To continue to lead our industry and grow as an organization, we focus on and encourage personal accountability, growth and continuous learning for our employees.

VOLUNTEER TIME OFF (VTO)

Volunteerism is a priority at Patterson. To give our employees more opportunity to engage in our communities, employees are given eight (8) VTO hours each fiscal year for company-recognized volunteer activities.

The VTO program was introduced in September 2016, and our employees used **1,464 HOURS** of VTO by the end of our 2017 fiscal year.

In fiscal year 2018, our goal is to have employees use **2,000 HOURS** of VTO and in fiscal year 2019, **2,500 HOURS** of VTO.



TEAM SERVICE HOURS (TSH)

Managers at Patterson may choose to support nonprofit organizations in their communities by donating employee time and expertise. Additionally, managers may choose to support charitable programs by organizing team volunteer activities for their employees to participate in during work hours.



INVESTING IN OUR PEOPLE



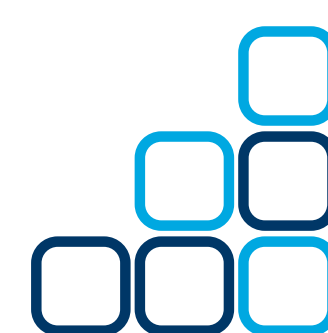
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LEARNING AND DEVELOPMENT

Patterson promotes a high-performing, productive learning culture through connecting employees to relevant and impactful learning experiences. Employees are inspired to grow, develop and innovate to achieve both professional and organizational goals.

Through our online learning system, MyTalent, employees can access online courses and training content, and register for instructor-led programs on a variety of topics.



Course highlight

A core, long-standing program we offer, The Essentials of Leadership, is a series designed to increase the competence and confidence of Patterson leaders in building a high-performance work environment. The program builds upon foundational concepts of leadership and incorporates concepts and strategies that help our leaders to ultimately drive organizational alignment and success. Topics covered include developing trust and credibility, coaching, managing change and more.



Since 2015, approximately **7,100 EMPLOYEES** have registered with accounts on MyTalent to participate in online training, learning and development.

Since 2015, 716 of the managers with registered accounts on MyTalent have completed **18,563 HOURS** of online training, learning and development.



INVESTING IN OUR PEOPLE



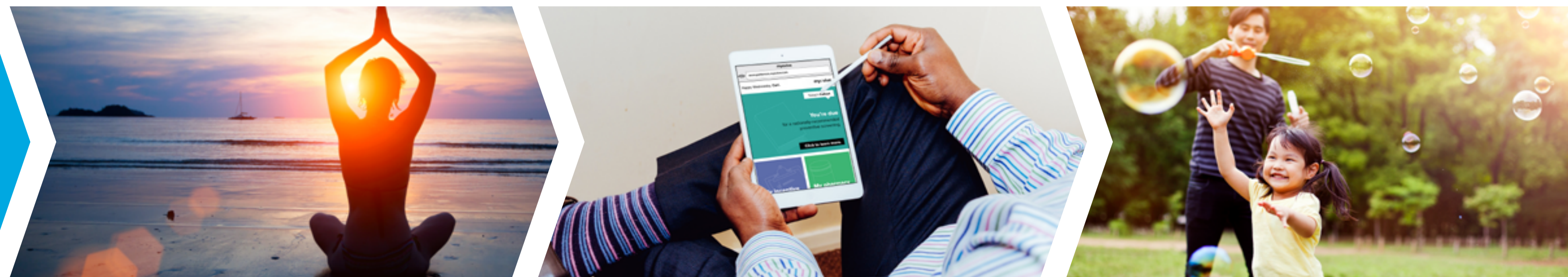
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HEALTH AND WELLNESS

Patterson is committed to the overall health and wellness of our employees. Through a new partnership with Evive Health, Patterson’s wellness program vendor, we encourage employees to take a holistic approach to their health – focusing not just on physical wellness, but on their emotional, social and financial wellness as well.

With MyEvive, a personalized, interactive online health and wellness platform, employees have access to numerous resources that empower them to influence and achieve their individual health and wellness goals. Through Evive Health and other partners, we offer an employee assistance program, annual health assessment, biometric screening, 401(k) financial planning, care management programs and more. When employees take steps to manage their total well-being, they earn monthly premium credits.



3,738 EMPLOYEES (more than half of all employees) have registered with accounts on MyEvive since it was introduced in October 2016.

3,606 EMPLOYEES have completed the annual health assessment.



EMBRACING DIVERSITY AND INCLUSION

DIVERSITY AND INCLUSION VISION

Patterson aspires to play a leading role in advancing workplace and workforce inclusion. We create an inclusive workplace environment that values, leverages, develops and retains internal talent where people are valued for their uniqueness and differences and are confident that their contributions matter.

DIVERSITY AND INCLUSION MISSION

Our mission is to implement, catalyze and share efforts promoting an inclusive environment by providing knowledge, programs and resources. We will achieve success through efforts and activities that bring us closer to our goals to:

- Promote diversity and inclusion in the workplace and the communities we serve by branding, communicating and representing Patterson at local and national conferences and events
- Develop diverse leaders who are knowledgeable and aware of all aspects of diversity and inclusion through the Diversity Leadership Council (DLC), DLC-sponsored events and mentorship opportunities
- Create programs that support diversity education and awareness, offering training and providing access to literature, webinars and workshops around diversity
- Establish a leadership position in our industries that results in attracting and retaining top diverse talent, mirroring the customers and suppliers we serve



STRENGTHS AND OPPORTUNITIES IN DIVERSITY AND INCLUSION

AWARDS AND RECOGNITION

Women in Corporate Leadership Honor Roll

Patterson Companies, Inc. was awarded a special distinction and placement on the Honor Roll for the 2016 Minnesota Census of Women in Corporate Leadership. This is the third year in a row we've achieved placement on the Honor Roll.



Given by the School of Business and Leadership at St. Catherine University in St. Paul, Minnesota, the placement recognizes Minnesota companies with 20 percent or more gender diversity in their executive ranks and on their board of directors. Special distinction companies such as Patterson have 30 percent or more gender diversity in their C-suites and on their boards.

EMPLOYEE INVOLVEMENT

- Diversity Leadership Council (DLC) – Employees are nominated to the DLC. The DLC is linked to the overall diversity initiative and the organizational business strategy, focused on diversity and inclusion trends and effecting long-term change.
- Diversity Recruitment and Retention Strategic Plan – Interns employed at Patterson in the summer of 2017 are creating a strategic plan for diversity recruitment and retention, focusing on increasing the number of women and people of color who are qualified applicants and are hired into leadership roles with Patterson Logistics Services.

RECRUITING DIVERSE TALENT

Patterson will remain focused on sourcing, recruiting and providing a diverse slate of candidates to hiring managers, ensuring diverse candidates are being considered.

The Talent Acquisition Team works diligently, partnering with various recruiting resources that target diverse talent, from specific diversity career fairs to national organizations tailored to the dental and animal health industries.

GIVING BACK TO OUR COMMUNITIES

A keystone of Patterson's culture is our focus on giving back to our communities. Patterson and the Patterson Foundation work to build thriving communities and enhance quality of life in the communities we serve. Through corporate donations, employee volunteerism and the philanthropy of the Patterson Foundation, we focus our charitable efforts in the following areas: Access to Care, Education and Strengthening Communities.

ACCESS TO CARE

Patterson supports organizations and programs that increase access to quality care for people in need in the dental and animal health fields.

SUPPORTING EDUCATION

Patterson supports education and leadership development programs for youth in our fields of interest. Through the Patterson Foundation Scholarship Program, children of Patterson employees can receive up to \$16,000 toward an undergraduate education.

STRENGTHENING COMMUNITIES

Patterson empowers our employees to give back to the communities where we live and work. Most employees in the U.S. receive eight hours of Volunteer Time Off each year to support causes that matter most to them. The Patterson Foundation strengthens communities through grant funding to community based organizations that care for the underserved.



PATTERSON FOUNDATION

The Patterson Foundation is a private foundation funded primarily by current and former Patterson employees. Its mission is to positively impact lives through higher education scholarships for the dependents of Patterson employees and grants to nonprofit organizations in the oral and animal health fields.

FOUNDATION GIVING AT-A-GLANCE

2016 total giving topped more than **\$1.2 MILLION GIVEN**



Scholarships

- **\$2.6 MILLION** in scholarships awarded since 2004
- **127 SCHOLARSHIPS** (43 new recipients, 84 renewed scholarships) awarded in 2016 totaling \$500,000



Grants

- 50+ nonprofit organizations received grants in 2016 totaling **\$697,000**
- 125+ nonprofit organizations have received grants to date totaling **\$6.9 million**

PROFILES OF CORPORATE GIVING

In the 2014-2015 school year, OHA reached 400,000 at-risk children with oral health screenings, education and sealants through the Smiles Across America program.



SUPPORTING THE FUTURE GENERATION OF FARMERS

Animal Health International, Inc. has a long history of supporting National FFA (formerly known as Future Farmers of America). National FFA’s mission is to make a positive difference in the lives of students by developing leadership, growth and career success through agricultural education.

In August 2016, Animal Health International, Inc. sponsored its fourth annual golf tournament to support the Colorado FFA Foundation’s primary project, the CoBank Center for Agricultural Education. The Center helps prepare future agricultural educators by providing training resources, classrooms, workshops and field resources.

In October 2016, Animal Health International, Inc. joined 60,000 FFA members in Indianapolis for the National FFA Convention and Expo. Company representatives engaged with FFA students and their mentors and teachers from across the country.

National FFA students are the next generation’s production farmers, teachers, veterinarians, research scientists, engineers and business leaders in agriculture – and we’re proud to support them.

SUPPORTING ACCESS TO DENTAL CARE

Patterson has been a longtime supporter of Oral Health America (OHA). In 2016, Patterson donated more than \$250,000 through cash and in-kind contributions to OHA in support of several OHA initiatives to improve the oral and overall health of children and youth in underserved communities. These donations align with one of Patterson’s charitable giving pillars, providing access to quality dental care.

A \$65,000 donation helped expand the Smiles Across America (SAA) program, which focuses on supporting preventive oral healthcare in school-based or school-linked settings.

Patterson’s donations helped support other OHA programs, including:

- The Human-Centered Design pilot project to strengthen the delivery of preventive services to children in school-based settings
- A Future to Smile About (AFTSA), a joint campaign effort to raise funds for SAA
- In-kind support for OHA’s annual Fall for Smiles campaign
- Sponsorship of OHA’s Annual Gala & Benefit



MANAGING OUR RESOURCES

STRENGTHS IN SUSTAINABILITY

Patterson is committed to applying environmentally friendly business practices that reduce, reuse and recycle materials to preserve our natural resources.

- We strive to meet quality standards, minimize our overall impact on the environment and achieve key certifications.
- We strategically create partnerships with suppliers and vendors who are environmentally responsible.
- We are actively reducing our carbon footprint through programs like lighting upgrades and adhering to LEED certification guidelines.

Photo at upper right of LEED-certified Patterson Technology Center (PTC) in Effingham, Illinois.

HARNESSING SOLAR POWER

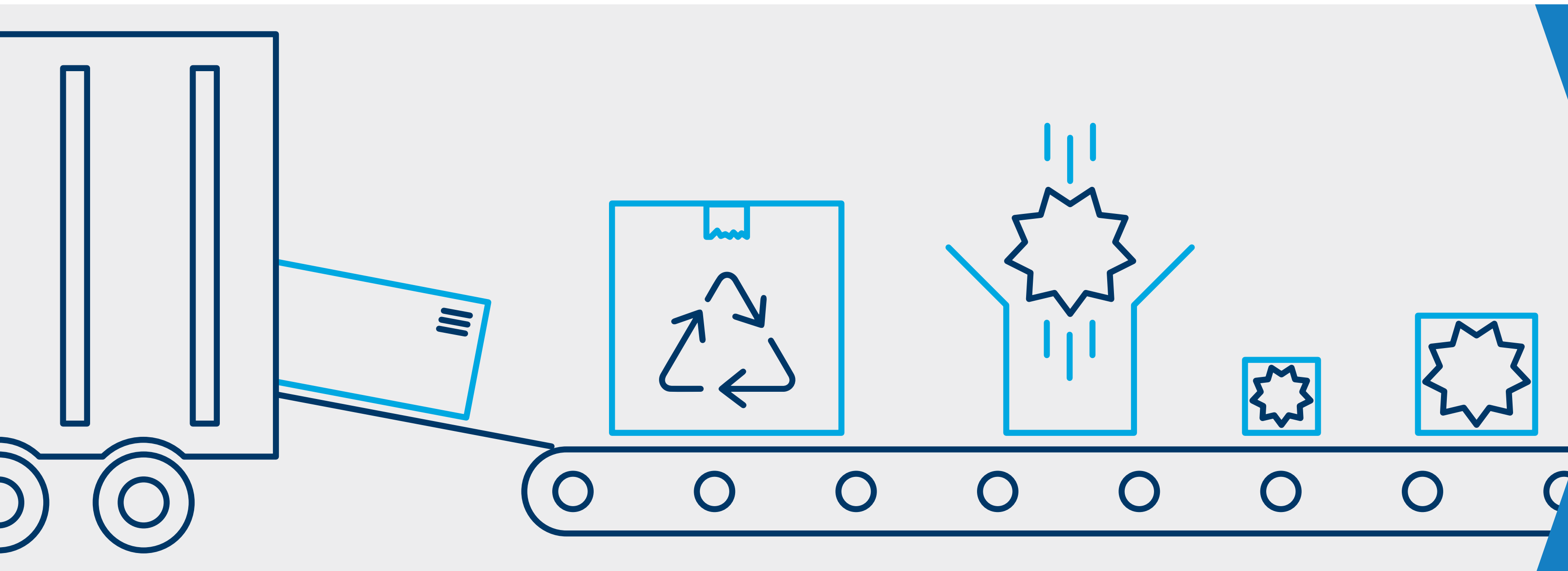
Patterson continually looks at new ways to improve its sustainability efforts and implement innovative solutions to conserve energy.

In January 2017, more than 2,600 solar panels were installed on the roof of our 210,000-square-foot fulfillment center in Dinuba, California. This new solar power system derives clean, pure energy from the sun and helps combat greenhouse gas emissions. Patterson expects to achieve 70% of the building's energy demand over the life of the solar lease.

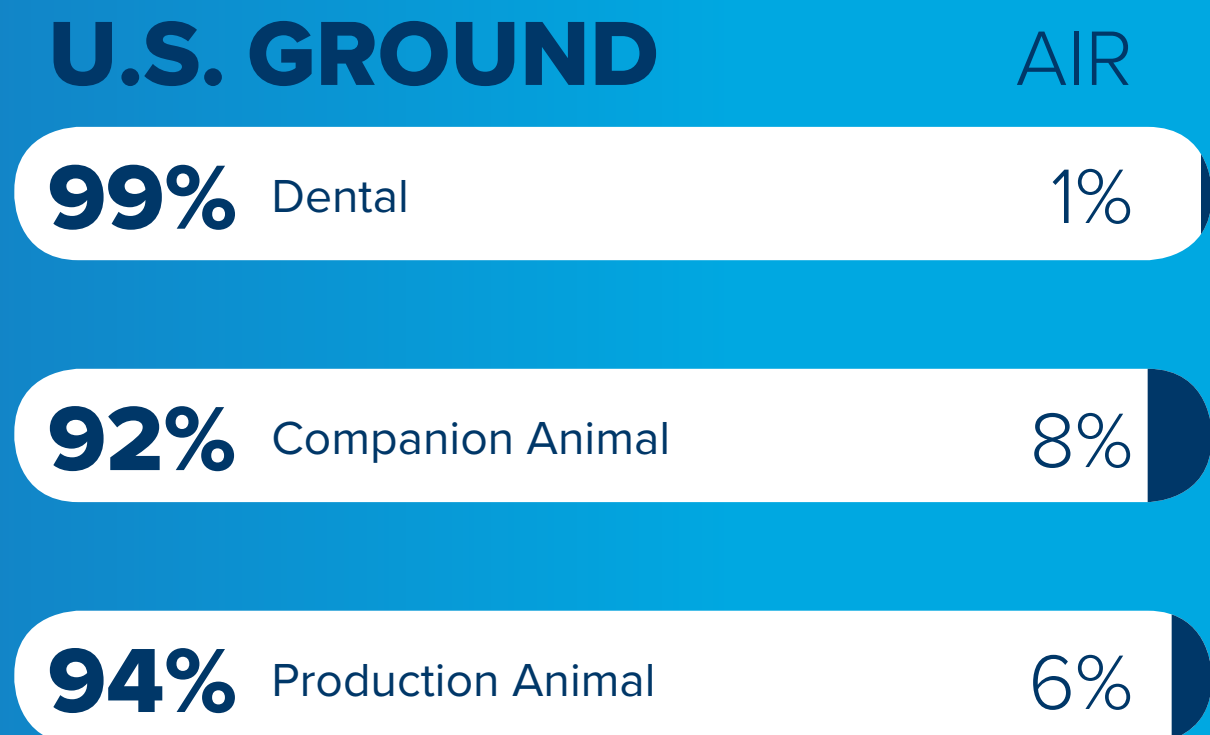
- Size – 982 kW
- Production – 1,639,000 kWh

FOLLOW THE PATTERSON BOX

At each step in the distribution process, we thoughtfully manage the inbound and outbound materials used to minimize our environmental impact – from when a manufacturer first sends products to our fulfillment centers, to when a customer receives their order from us.



PARCEL OUTBOUND SHIPPING



MINIMIZING PACKAGING MATERIALS

We work with suppliers to minimize the packaging materials used to ship product to us in order to minimize environmental impact, whether that's by making the walls of the box thinner or ensuring the box is the optimal size based on the size of the product being shipped.

RECYCLING/REUSING INBOUND MATERIALS

Once the manufacturer ships the product to us, we recycle or reuse all the materials sent including things like cardboard, shrink wrap and pallets.

REDUCING WASTE

At the fulfillment center, when we fill a customer's order, we use cartonization technology to determine the optimal package size for shipping – reducing waste and saving money for us, and our customers.

MINIMIZING FOOTPRINT

Our fulfillment center locations are based on next-day U.S. ground shipping to our customers – using the fewest number of locations to serve the maximum number of customers.

MANAGING SHIPPING EFFICIENCY

Working with our global package delivery provider, we look at ways to minimize air cost, the delivery cost per package and miles driven to provide the most efficient shipping process possible.



DEFENDING SUPPLY CHAIN INTEGRITY

FOCUSING ON SUPPLIER RELATIONSHIPS

As a leading value-added distributor focused on providing a best-in-class customer experience to professionals in the dental and animal health markets, Patterson builds relationships with manufacturers and suppliers to ensure the highest quality products for our customers.

SUPPLIER CODE OF CONDUCT

Patterson ensures high quality and safety standards are incorporated into the products and services it makes available through its subsidiaries around the world. Patterson expects its suppliers, at all times, to conduct themselves in an ethical manner, and to comply with applicable laws and regulations, including those relating to:

- **Corruption and unfair business practices.** Corrupt practices – including public and private bribery and kickbacks – are not allowed. Competitive data, proprietary information and intellectual property shall be handled properly, and legal requirements concerning competition, antitrust and truthful marketing shall be met. Corporate recordkeeping shall be complete and accurate in all respects.
- **Prohibition of child labor.** The use of child labor and all forms of child exploitation are prohibited. Patterson follows local and national laws defining legal working age.
- **Prohibition of human trafficking, slavery and forced labor.** All forms of human trafficking, slavery and forced labor are forbidden, including physical abuse and corporal punishment.
- **Health and safety.** National, local, provincial or other applicable laws and regulations shall be followed with regard to the health and safety of workers, including but not limited to those relating to waste management, handling and disposal of chemicals and other dangerous materials, labeling, packaging, transportation, etc.



BUILDING AWARENESS AROUND DENTAL GRAY MARKET PRODUCTS

We continue building awareness against gray market distributors to protect dentists and their patients from purchasing or using potentially unsafe gray market dental products – products and materials often found at deep discounts through unauthorized channels. These include products that are recalled, counterfeit, expired, toxic, mislabeled or banned.

We have made strides to ensure the integrity of our supply chain, with a focus on doing everything in our ability to source directly from manufacturers. We're committed to helping better secure dental supply chains to ensure patient safety and reduce industry reputation risk.

CREATING A FOUNDATION FOR CORPORATE RESPONSIBILITY

Thank you for reviewing the Patterson Companies, Inc. 2017 Corporate Responsibility Report. This report will help create a foundation for future reporting activities and the information within will serve, where applicable, as a baseline for comparisons.

We plan to release our next Corporate Responsibility Report in 2019. Over the course of the next two years, we'll continuously look for new ways to improve the way we run our business and our priorities looking forward as captured in this report.

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