

# Medtronic

## Medtronic Australasia Pty Ltd

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## Medtronic Australasia Pty Ltd FY23 Modern Slavery Statement

Medtronic Australasia strives to conduct its activities in a manner that reflects the global Medtronic Mission and [Code of Conduct](#) - which includes being a good corporate citizen, dealing fairly in business, behaving ethically, upholding human rights, supporting a safe and healthy workplace, doing business in an environmentally responsible manner, and complying with applicable law. We're committed to ensuring that our suppliers reflect our values and beliefs by conducting business in ways that are consistent with Medtronic's applicable policies and practices.

### Reporting entity

In accordance with the *Modern Slavery Act 2018* (Cth), **Medtronic Australasia Pty Ltd** ACN 001 162 661, incorporated in Australia with a registered office of 2 Alma Road, Macquarie Park, New South Wales, 2113 ("**Medtronic Australasia**") provides the following Modern Slavery Statement for the financial year starting 30 April 2022 and ending 28 April 2023 to be made available to the Federal Government Public Modern Slavery Register. The Modern Slavery Statement has been approved by the Medtronic Australasia Board of Directors on 9 October 2023.

The entities which Medtronic Australasia owns and controls include:

- Covidien Pty Ltd (ACN 003 143 502); and
- Medtronic New Zealand Limited (NZBN 9429000102308).

We have consulted with these entities in the preparation of this statement. Covidien Pty Ltd is dormant and is not purchasing or selling any products or services and has no supply chain.

### Our operations

Medtronic PLC, headquartered in Dublin, Ireland, is the leading global healthcare technology company. Medtronic was founded in 1949 and today serves healthcare systems, physicians, clinicians, and patients in more than 150 countries worldwide. The company has over 90,000 employees around the world and more than 350 locations. The company develops technologies and manufactures devices to treat various health conditions, such as cardiac

devices, cranial and spinal robotics, insulin pumps, surgical tools, patient monitoring systems, and more. Medtronic sells medical devices and therapies through a combination of direct sales representatives and independent distributors globally.

Medtronic's main operational offices are located in Minneapolis, MN, United States, and the administrative headquarters are located in Dublin, Ireland. Medtronic has a global presence, with regional locations across the world.

**Medtronic Australasia** was established in 1973. It is an Australian Private Company and is ultimately owned by Medtronic PLC. Our headquarters are in Macquarie Park, Sydney, Australia. We have hubs in Melbourne, Brisbane, Adelaide, Perth, and Auckland.

Medtronic Australasia is a distributor of medical devices and services in the Australian market. Our main brand names are 'Medtronic', 'MiniMed' and 'Covidien', with a few retail pharmacy products branded 'Surgipack', 'Gelflex' and 'Body Plus'.

Medtronic Australasia sells, loans, consigns, and services medical equipment to healthcare organisations, including provision of equipment for trials by healthcare professionals. Medtronic Australasia has a number of agents and distributors located in Australia and New Zealand who represent medical products on behalf of Medtronic Australasia. Agreements with agents and distributors include a requirement for compliance with the Global Distributor Code of Conduct, which includes a way for employees of those organisations to report a concern. Medtronic Australasia also has a number of retail agents who represent retail products to pharmacies.

Medtronic Australasia does not have any manufacturing operations in Australia.

## **Modern slavery risks in our operations and supply chain**

Medtronic's global supply footprint, and complex supply chain, involves exposure to potential human rights risks across the global medical device supply environment. Medtronic is aware that industry specific sustainability risks have been identified in lower tiers of the medical device supply chain, due to the number of suppliers and the origin of production, use of sub-suppliers, and the nature of operations.

However, Medtronic's overall conclusion from our human rights due diligence efforts for this reporting period, is that no adverse human rights impacts requiring further actions or remediation efforts were identified at the time of writing this report. Despite this, there are still potential risks of adverse impacts on human rights and decent working conditions in the supply chain that require ongoing efforts. As such, Medtronic continuously works to reduce potential risks of negative impacts by strengthening our due diligence processes and operating mechanism to ensure human rights risk are effectively identified and mitigated.

Medtronic Australasia has used the Walk Free Foundation's Global Slavery Index and other measures outlined below to understand and rate the risks of modern slavery practices in our operations and supply chain.

Please visit the [Global Slavery Index website](#) for more information on the Government Response Ratings to Modern Slavery referred to in this report.

## **Employees and shared service centres**

### *(a) Overview*

Medtronic Australasia employs more than 800 staff. The Medtronic employment relationship with all workers employed on a full time, part time, casual or fixed term arrangement are covered by common law contracts of employment. These contracts are underpinned by the *Fair Work Act 2009* (Cth) ("**Fair Work Act**"), which is federal legislation that ratifies the minimum terms and conditions of employment in Australia.

An employee engaged on a casual basis is provided with the opportunity to take full time work with Medtronic Australasia at 12 months of employment if they wish to do so and Medtronic Australasia is committed to this process. Employees engaged on a fixed term contract, otherwise known as Maximum Term Contracts, also enjoy terms and conditions of employment in accordance with the Fair Work Act.

Medtronic Australasia pays all employees, however engaged, a rate of pay significantly higher than the minimum rate of pay in Australia. The full employment package for all Medtronic employees includes a generous incentive payment scheme and access to the Medtronic Employee Share Plan as well as a Health and Wellbeing Allowance.

Our operations are also supported by shared service centres located in the Asia Pacific region:

- the AskHR enquiry centre in Singapore which is supported by regional Human Resources ("**HR**") and Employee Relations ("**ER**") partners. There is an ER support in The Philippines which is also supported by a regional HR partner;
- a Finance shared service centre in China;
- support for Quality and Regulatory Affairs, Customer Care, Supply Chain, and our Diabetes Operating Unit in The Philippines.

### *(b) Risk assessment*

We consider that we have low inherent risks of modern slavery in our direct employee workforce based in Australia due to Medtronic Australasia's local and global policies and expectations, and the corporate governance and industrial relations laws and frameworks that exist.

We also recognise that we have higher inherent risks in our indirect workforce because our shared service centres are in Asia Pacific, and this region has publicised issues with forced labour exploitation and higher average

vulnerability scores in the Global Slavery Index. However, we consider our residual risk to be low because of the controls we have in place throughout Medtronic globally and because we have not received any reports about suspected modern slavery in this area to date.

## **Direct procurement**

### *(a) Overview*

Medtronic Australasia's direct supply chain facilitates the fulfilment of Medtronic products from our manufacturing sites, or third-party manufacturers, to end users directly or in some cases via intermediaries such as wholesalers and retail pharmacies. Whilst Medtronic Australasia does not manufacture products in Australia, the manufacturing and health care industries are considered to have higher inherent risks of modern slavery practices generally.

The majority of Medtronic PLC's procurement activities are directly linked to purchasing material and components to produce medical devices. Medtronic PLC procures materials and services from 63,800 suppliers across 130 countries - please refer to the Medtronic [Integrated Performance Report](#). The products marketed and distributed by Medtronic Australasia into the Australian market are sourced from over 80 of Medtronic PLC's manufacturing sites around the globe, concentrated in the USA and European Union, and complemented by a small number of regional suppliers specific to Medtronic Australasia. These are in Australia, Switzerland, Germany, France, Ireland, USA, China, Taiwan, Thailand, and Japan.

According to the Global Slavery Index data, China, Taiwan, and Japan have inherently higher geographical risks of modern slavery compared to the USA and European Union.<sup>1</sup>

### *(b) Risk assessment*

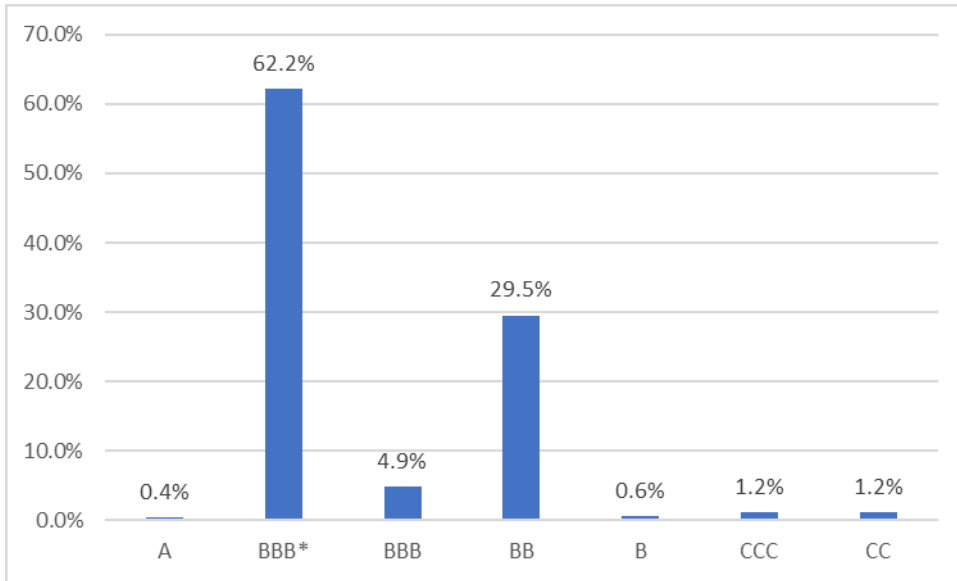
Since the last Modern Slavery Statement, we continued our review of the products that we market in Australia. This was aimed at removing obsolete and older technology devices from our offering in the Australian market.

Once the review was complete, it showed that the ratio of products we market that are manufactured in countries where the Government Response Ratings to Modern Slavery are greater than CCC is still 98%. In our last Modern Slavery Statement, we indicated that 285 of the materials we market in Australia were sourced from countries with a CCC and CC rating. We have reduced this number by 25%, and now only have 211 of the almost 9,065 materials sourced, from countries with a CCC or CC rating.

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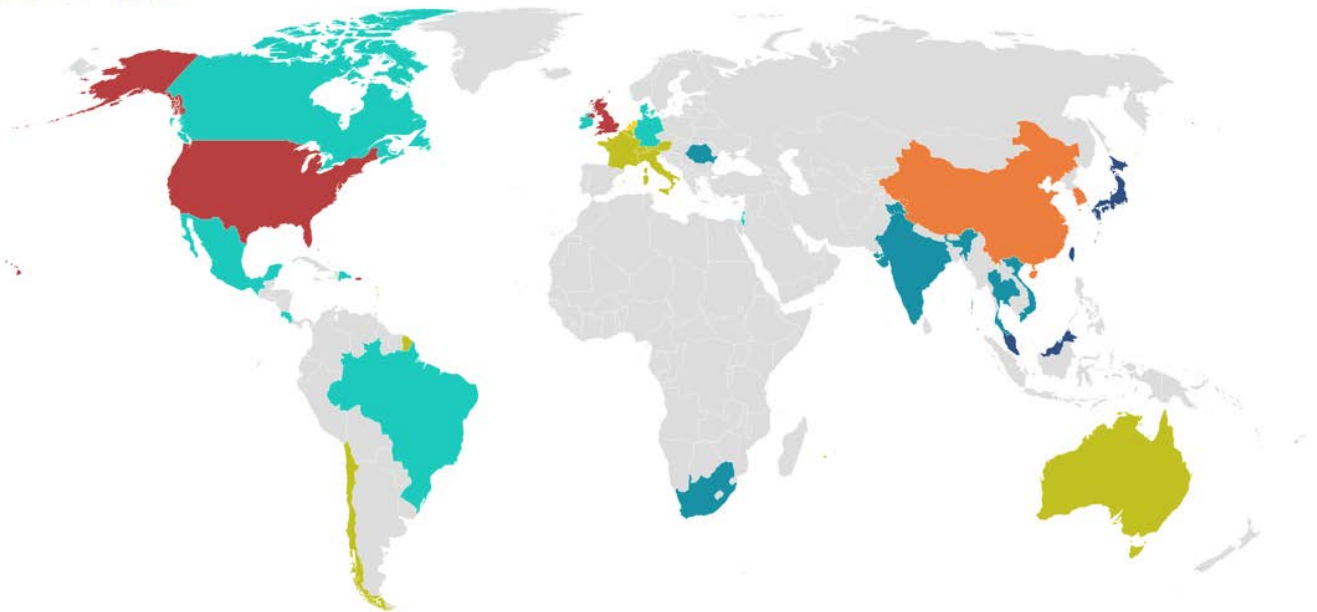
<sup>1</sup> 'Regional Analysis: Asia and the Pacific', Global Slavery Index (Web Page, 2018)  
<https://www.globallslaveryindex.org/2018/findings/regional-analysis/asia-and-the-pacific/>.

**Figure 1: Percentage of materials in Medtronic Australasia's product range by Global Slavery Index Government Response Rating**



**Figure 2: Medtronic Australasia's product manufacturing plants by Global Slavery Index Government Response Rating**

Global Slavery Index  
A B BB BBB BBB\* CC CCC



## Indirect procurement

### (a) Overview

Indirect procurement refers to all the goods and services that are not intended for sale to customers, but which are required by Medtronic Australasia's internal stakeholders to support its effective operations.

Medtronic Australasia's indirect procurement activities includes but is not limited to:

- property fit out (construction);
- facility maintenance and cleaning services;
- telecommunication and IT services and products;
- professional services;
- clinical trials;
- warehouse and freight services;
- equipment calibrations and maintenance;
- travel and accommodation;
- labour hire;
- insurances; and
- stationery.

### (b) Risk assessment

Most of Medtronic Australasia's indirect procurement activities occur within Australia and New Zealand. Australia and New Zealand are deemed low-risk jurisdictions with a Global Slavery Index Government Response Rating of BBB.

However, as outlined above, Medtronic Australasia does procure goods and services from the construction and cleaning industries to support our commercial leases and facilities services. These industries are considered at risk of forced labour exploitation in Australia.<sup>2</sup> Based on our assessment to date, we believe that the risks are low given Australia's corporate governance and industrial relations frameworks.

We also acknowledge that the supply chains of our indirect procurement suppliers may include sources from higher-risk jurisdictions, including throughout Asia Pacific. According to the Global Slavery Index, in 2016 the Asia Pacific region 'had the second highest prevalence of modern slavery in the world with 6.1 per 1,000 people'.<sup>3</sup>

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<sup>2</sup> 'Country Studies: Australia', Global Slavery Index (Web Page, 2018)  
<<https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>>.

<sup>3</sup> 'Regional Analysis Asia and the Pacific', Global Slavery Index (Web Page, 2018)  
<<https://www.globalslaveryindex.org/2018/findings/regional-analysis/asia-and-the-pacific/>>.

## Actions taken to address modern slavery risks

### Policy commitment, policies and procedures

Medtronic strives to conduct its business in a manner that demonstrates our respect for internationally recognised human rights and the dignity of all people. Our Global Human Rights Framework, Global Human Rights and Labor Standards Policy, Global Anti-Human Trafficking and Forced Labor Policy, Code of Conduct and Global Supplier Standards outlines the foundation for Medtronic's standards and expectation for ethical and sustainable business conduct.

Our overall commitment and approach to human rights is embedded in our governing documents. The [Global Human Rights and Labor Standards Policy](#) and [Global Anti-human Trafficking and Forced Labor Policy](#) set forth Medtronic's commitment to respect internationally recognized human rights throughout its supply chain. The Human Rights and Labor Standards Policy statement guides the company's human rights work and includes principles on:

- Diversity and inclusion
- Fair Treatment
- Freedom from Forced Labour
- Free of child labour
- Fair compensation
- Freedom of Association

For more information on our policy commitment, see Medtronic's policies (hyperlinked above).

In addition, to support the implementation of Medtronic's commitments, Medtronic has numerous other global policies in place - including:

- Global Inclusion and Equal Employment Opportunity Policy
- Global Harassment and Other Forms of Offensive Behavior Policy
- Global Workplace Safety and Security Policy
- Global Environmental Health and Safety (EHS) Policy
- Voice Your Concern Policy

Medtronic is committed to ensuring that our supply chain reflects our values and beliefs by conducting business in ways that are consistent with Medtronic's applicable policies and practices, including adherence to principles of responsible sourcing of materials for our products. As part of our commitment to responsible sourcing and human welfare, Medtronic has set forth [Global Supplier Standards](#) and a Supplier Quality Excellence Manual that sets out general expectations related to promoting human rights and decent working conditions towards our suppliers. The Global Supplier Standards are available in 20 languages and can be found at Medtronic.com, '[Supplier Standards and Policies](#)'. Suppliers are also expected to comply with [Medtronic's Conflict Minerals Policy](#) which commits to compliance with the United States requirements known as the Dodd-Frank Act.

## **Governance structure**

Medtronic has a company-wide global approach to human rights due diligence processes which is integrated into our governance structure. Our shared ownership structure reflects the horizontal nature of the company's human rights processes and the size and complexity of the organisation. At the time of reporting, the responsibility for Medtronic's due diligence activities is shared between Enterprise Risk Management, Human Resources, and Global Supply Management - with support from Trade Compliance and Legal.

The Human Resources department holds the responsibility for the Global Human Rights program related to internal facilities, and the Global Supply Management team oversees the company's Responsible Supplier Management Program. Medtronic's Enterprise Risk Management function has the overall accountability and responsibility for reporting of human rights risks to senior leadership, and to ensure program consistency across the company's human rights due diligence activities.

Further details on how Medtronic's business is organised can be found in Medtronic's [Integrated Performance Report](#).

## **Medtronic's approach to identify and manage human rights**

Medtronic's Global Human Rights Framework and approach has been established to identify and prioritise the most significant human rights risks across our business operations. The approach integrates human rights due diligence and risk assessments processes across internal facilities and our supply chain and is guided by the United Nations Guiding Principles (UNGPs).

## **Medtronic's approach to human rights due diligence**

### *(a) Due diligence related to internal facilities*

Medtronic conducts annual risk assessments of our internal operations facilities, and assessments of our commercial facilities every third year. Facilities are assessed for human rights risks including child labor, fair treatment, forced labor, freedom of association, health and safety, and remuneration. The program has identified certain groups particularly vulnerable to human rights abuses, including children, foreign and domestic migrant workers, poorly educated, local communities, women, indigenous people, and ethnic minorities, which varies based on location. The assessment process is based on various factors such as the type of work performed at the internal facility, as well as the country specific risk factors related to the location of the facility, including country laws, enforcement of laws, and other factors. Based on the information gathered during the assessment, the facility is given a risk score that provides the basis for monitoring and need for additional operational control to reduce or mitigate potential risk.

Medtronic annually publishes a public report detailing the human rights due diligence work related to internal facilities. As such, more information about the process, can be found in the [Global Human Rights Program Report](#).



At this time of reporting, our due diligence activities conducted at our internal facilities during the reporting period have not uncovered any actual adverse effects on human rights or working conditions.

Moreover, Medtronic has an established approach related to ensuring the health and safety of people, promote diversity and inclusion, and prevent discrimination and harassment. These risks and impacts are routinely managed through our internal processes and procedures. Our disclosure on handling of these risks and other risks relevant to our internal workforce are covered separately and elaborated on in the Medtronic’s Integrated Performance Report.

*(b) Human Rights Due diligence across our supply chain*

Medtronic has adopted a risk-based approach to identify, assess and manage risk of adverse human rights impacts related to its supply chain activities. The due diligence process is integrated in the Responsible Supply Management Program, covering supplier selection and supplier performance management. It includes both a ‘Supplier Sustainability Assessment Program’ and a ‘Conflict Minerals Program’.

*Supplier Sustainability Assessment Program*

The Supplier Sustainability Assessment Program monitors suppliers’ compliance and performance against Medtronic’s standards, prioritizing suppliers where Medtronic has the highest spend and those deemed to be highest risk.

Using self-assessment surveys and on-site audits, we determine supplier risk in four areas: labor and human rights, environment, ethics, and sustainable procurement. Our risk determination dictates the frequency of a supplier’s self-assessment. Low-risk suppliers complete assessments every three years, while medium and high-risk suppliers complete assessments every two years and annually, respectively. We issue corrective action requests to all suppliers identified as medium or high-risk, and we expect them to promptly address high-priority incidents of non-compliance. We also conduct on-site workplace conditions inspections and audit the business practices of high-risk suppliers.



<sup>2</sup> The risk score yielded by the algorithm is used to identify suppliers that require escalation to other sustainability programs.

### *Conflict Minerals Program*

Some of our products contain tin, tungsten, tantalum, or gold. In the Democratic Republic of Congo and neighbouring countries, mining and processing of these metals has been linked to funding armed conflict. To promote the use of responsibly sourced minerals, we continue to:

- Support the U.S. Dodd-Frank Act, which requires companies to disclose the use of any such conflict minerals
- Require suppliers to comply with the law and uphold responsible sourcing practices
- Reference conflict minerals in supplier agreements and purchase orders
- Participate as a member of the Responsible Minerals Initiative (RMI)
- Follow the Organization for Economic Cooperation and Development (OECD) guidance on conflict minerals - including surveying suppliers to collect data on smelters in their supply chains

More information on our approach is available in our Conflict Minerals Policy.

### **Training**

To strengthen employees' risk awareness and ensure adequate competence to carry out due diligence activities, Medtronic provides Responsible Supply Management training for employees in our procurement, sourcing, and supplier quality groups. Employees with direct responsibilities for supplier selection and management are required to complete the Responsible Supply Management awareness training, with training completion metrics formally monitored. The training includes an overview of potential human rights and labor standards issues, the details of the Global Supplier Standards and supplier compliance requirements, and supplier selection and management best practices. Employees working in supply management are trained on awareness on issues that may cause adverse impacts on human rights and labor standards, such as how their decisions can potentially impact factory working conditions.

Medtronic also requires additional relevant training including:

- All new employees and most new contractors complete Code of Conduct training within their first 60 days. Annually, all employees and most contractors complete Code of Conduct training and certify their adherence to the principles of the Code of Conduct;
- Anti-corruption Compliance training provided to each new agent or distributor within 6 months of appointment, and at least every two years thereafter.

Medtronic Australasia also extends the Responsible Supply Management training to Medtronic Australasia's local leadership team and additional relevant employees.

## Reporting and grievance procedures

Medtronic has an anonymous, independently operated, hotline (*Voice Your Concern*) to support the Global Human Rights Framework, whereby Medtronic employees and suppliers, including other third parties, can report concerns and violations of Medtronic policies on human rights. In the event that a human rights complaint is received through this reporting line, the claim is investigated and substantiated through an internal analysis of the facility in question, including a re-evaluation of the overall facility risk score and implementation of additional operational controls (as required). The Voice Your Concern reporting line is available to all Medtronic employees, contract staff, suppliers, and the public. Medtronic has a chief counsel for global compliance investigations responsible for supporting internal processes around alleged misconduct.

Medtronic also maintains other global and local reporting and grievance procedures, such as:

- Medtronic Organisational Health Survey - This is a tool which provides all employees the opportunity to take part in an anonymous survey about how they feel about their employment, the work they do and the person they report to;
- Medtronic Whistleblowing Policy (ANZ) - This Policy applies to all Medtronic Australasia employees and provides specific provisions underpinned by current Australian legislation in relation to Qualifying Disclosures and how they are managed.

## Assessing the effectiveness of actions taken to address modern slavery risks

At the time of reporting, 285 Medtronic facilities have been assessed, of which 65 manufacturing facilities and 220 commercial facilities. All assessed facilities, regardless of risk score, receive operational controls. Operational Controls may include new policy development, existing policy updates, training and awareness regarding human rights, and scheduling of an on-site audit. When needed, additional operational controls are put in place based on identified risk from the internal assessments of internal facilities. An Overall Ranking of High will result in escalation to the Emergency Review Board and involves requests to rectify / mitigate the issue(s) within a given timeframe. Whereas an overall ranking of medium will require the development of a remediation plan specifying facility correction actions that is monitored and verified to ensure the issue is resolved on time. The operational controls that are put in place to reduce or mitigate risk are monitored to ensure their implementation and that they are having the desired positive impact.

For further information on the company's handling of potential risks of adverse impacts relating to our own facilities, see our Global [Human Rights Program Report](#).

## Direct procurement

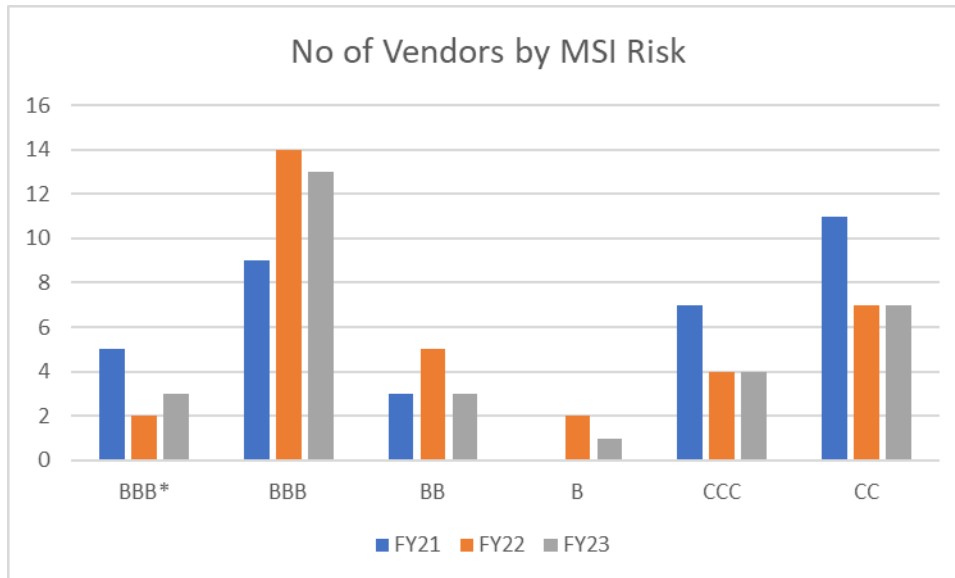
In Financial Year 2023 we continued to review our Australian-controlled manufacturing suppliers with a focus on consolidating this supplier base. This has involved switching the source of our manufacturing from suppliers based in higher risk geographies to suppliers based in lower risk geographies (based on the Global Slavery Index's Government Response Ratings). However, in some cases, we chose to discontinue supplying that product to the market, instead of transferring the manufacturing to another supplier.

This work resulted in a shift or closure of vendors by 3 vendors. The details are set out in the table and graph below.

### No of 3rd Party Vendors by Location

MSI Risk	FY21	FY22	FY23
BBB*	5	2	3
BBB	9	14	13
BB	3	5	3
B	0	2	1
CCC	7	4	4
CC	11	7	7
Total	35	34	31

**Figure 3: Change in mix of vendors base on their Country's MSI Risk.**



Over the course of FY23 Medtronic Australasia completed audits with vendors where the relationship is owned locally. For the six vendors audited, we engaged a third-party consultant to assist us in executing a Workplace Conditions Assessment (WCA) and Business Practice (BP) Assessment. Our third-party consultant has developed a range of supplier assessment standards and support tools to help organisations and vendors better manage

reputational risk, measure performance, communicate results and improve compliance performance against industry benchmarks. The WCA covers management systems, health and safety, labour, wages and hours, and the environment. The BP assessment covers business integrity, protecting personal information, and fair trade and competition.

The assessments are conducted onsite and include a document review, employee interviews, and visual observations made while in the vendor's facility. The third-party consultant's team is expected to have full and unrestricted access to all areas of the vendor's facility and records to complete the assessment.

The outputs of these audits have been reviewed and discussed with each of the vendors, the common finding was that staff are working more overtime than stated in their contracts. The root cause for this was sharp global increases demand during the Covid pandemic, with some vendors having to stand up extra capacity very quickly. We have working through this with the Vendors, and they assured us that, as volumes return to normal, the extra factory capacity is being retired. We will continue to monitor this, and the 3<sup>rd</sup> Party Auditors will visit the sites to check on progress.

It was pleasing to see that the audits gave our Venders a clean bill of health for aspects like

- Workers Involvement and Protection
- The Rights of Freedom of Association and Collective Bargaining
- No Discrimination
- Fair Remuneration
- Occupational Health and Safety
- No Child Labour
- Special Protection for Young Workers
- No Precarious Employment
- No Bonded Labour
- Protection of the Environment

This gives us comfort that our rationalisation work is reducing our potential exposure to the risk of Modern Slavery.

## **Indirect procurement**

As part of our review efforts in this reporting period, we identified opportunities to lower risks in our indirect supply chain by strengthening our modern slavery contractual clauses in certain existing and future agreements. Facilities tenders and certain indirect procurement tenders have started incorporating modern slavery expectations as conditions of awarding future contracts. Real estate leases templates as well as the Master Services Agreement template for Indirect Procurement have been updated to incorporate modern slavery expectations. In addition, we utilise our third-party partner to assess certain suppliers on the global level. The assessments include compliance

with labour and human rights as an essential component. Each year, Medtronic globally will assess a number of suppliers including the ones which provide indirect goods/services to Australia, and Medtronic Responsible Supply Management team will prepare the global supplier sustainability risk scorecard accordingly. We have utilised the risk scorecard and re-assessed Australian suppliers based on the overall risk rating, and we will also identify high risk suppliers, if any, and take actions including but not limited to on-site audits in future reporting periods, if deemed appropriate.

## **Further information**

For any questions or concerns regarding Medtronic Australasia's efforts regarding modern slavery risks, please email [rs.retailprocurementanz@medtronic.com](mailto:rs.retailprocurementanz@medtronic.com).

Signed:

*Liz Carnabuci*

**Liz Carnabuci**

**Vice President, Managing Director ANZ Medtronic Australasia Pty Ltd**