

# Medtronic

## Medtronic Australasia Pty Ltd

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## Medtronic Australasia Pty Ltd FY22 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 1 May 2021 and ending 29 April 2022 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 1 October 2022.

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. In our previous Modern Slavery Statement, we noted that the following entities were under Medtronic Australasia's ownership and control:

- EV3 Australia Pty Ltd (ACN 106 727 066);
- Sherwood Medical Industries Pty Ltd (ACN 001 059 221); and
- Panmedica Pty Ltd (ACN 002 944 425)

We deregistered these entities during Medtronic Australasia's Financial Year 2022 and did not consult with them for this Modern Slavery Statement.

## Our operations

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 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.

Medtronic recognises the labour laws across the Asia Pacific region and has a Global Labour Relations project team which has oversight of emerging employment issues in the region.

#### *(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.

Medtronic PLC procures materials and services from 65,000+ suppliers across 134 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 located in Australia, Switzerland, Germany, France, Ireland, USA, China, Taiwan, Thailand, and Japan.

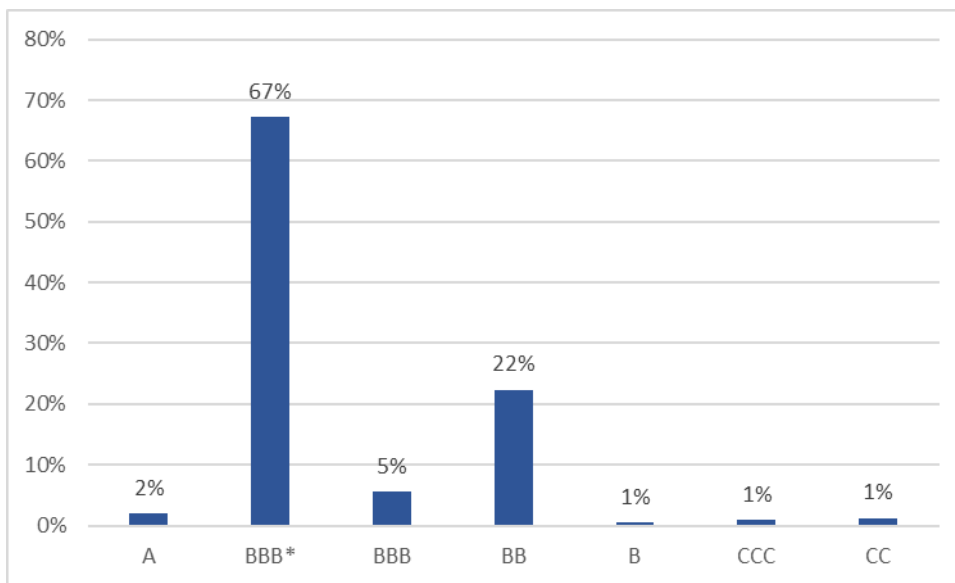
According to the Global Slavery Index data, China, Taiwan, and Japan have inherently higher geographical risks of modern slavery compared to the USA and European Union.<sup>1</sup>

*(b) Risk assessment*

Since the last Modern Slavery Statement, we carried out a 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 306 of the materials we market in Australia were sourced from countries with a CCC and CC rating. Following our review, we reduced this number by 7%, and now have 285 of the almost 13,000 materials sourced from countries with a CCC or CC rating.

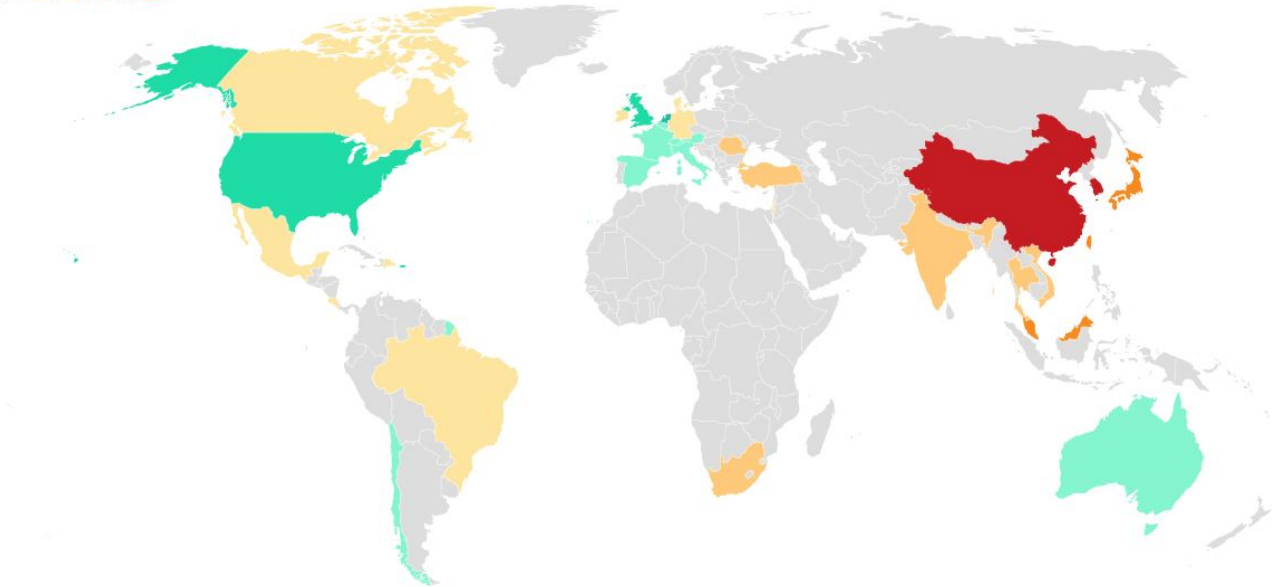
**Figure 1: Percentage of materials in Medtronic Australasia’s product range by Global Slavery Index Government Response Rating**



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

<sup>1</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/>>.

■ A ■ BBB+ ■ BBB ■ BB ■ B ■ CCC ■ CC



## 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>

## **Actions taken to address modern slavery risks**

To address any potential modern slavery risks, including those in countries with known human rights issues, Medtronic globally has a Responsible Supply Management framework in place to ensure that high risk product suppliers are identified by evaluating and addressing risks of human trafficking and slavery, through the following efforts:

### **Verification**

Medtronic verifies certain product suppliers by evaluating and addressing risks of human trafficking and slavery through the following mechanisms:

- Publishing the [Global Supplier Standards](#) that set expectations for Medtronic suppliers' social, environmental and business conduct;
- Adopting the [Global Human Rights and Labour Standards Policy](#) that prohibits the use of slavery and human trafficking in Medtronic and supplier facilities;
- Adopting the [Global Anti-Human Trafficking and Forced Labour Policy](#) that reinforces the company's commitment to prohibit the use of human trafficking, slavery, and forced labour in Medtronic and supplier facilities;
- Establishing Supplier Sustainability Assessment program to monitor and verify certain suppliers' compliance with Medtronic Global Supplier Standards through desk-top and on-site audits;
- Adopting the [Conflict Minerals Policy](#) to support the goals and objectives of Section 1502 of the Dodd-Frank Act (US) that requires public companies to determine the sourcing of tin, tungsten, tantalum, and gold used in their products and to file an annual report disclosing any such use.

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

<sup>3</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/>>.

## **Compliance with laws**

Medtronic expects our suppliers to comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business through, for example:

- Incorporating social responsibility and environmental criteria in its supplier selection and management processes. The Global Supplier Standards, for instance, have been included in purchase order terms and conditions, new supplier selection process as well as certain supplier agreements;
- Requiring certain suppliers to adhere to all applicable laws relating to labour, environmental, health/safety and ethics, and by way of example and without limitation, Medtronic's Code of Conduct, Global Human Rights and Labour Standards Policy.

## **Internal accountability standards and procedures**

Medtronic maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking through, for example:

- Establishing the [Global Human Rights Program](#) that is aligned with Medtronic's Mission and in response to issues that are material to the company and its key stakeholders. The program addresses human rights and labour standards issues, risks, and performance in Medtronic's operations;
- Establishing the cross-functional Human Rights and Labour Standards Council, which serves as a forum for addressing human rights and labour standards issues, risks and performance in company operations and through certain suppliers;
- Requiring all employees to adhere to all applicable laws relating to labour, environmental, health/safety and ethics, and by way of example and without limitation, Medtronic's Code of Conduct, Global Human Rights and Labour Standards Policy.

## **Training**

Medtronic requires comprehensive Responsible Supply Management awareness training for employees with direct responsibilities for supplier selection and management. This training includes, for example:

- An overview of potential human rights and labour standards issues;
- The details of the Global Supplier Standards and supplier compliance requirements;
- Supplier selection and management best practices.

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.

As discussed in our last Modern Slavery Statement, Medtronic Australasia extended the Responsible Supply Management awareness training to Medtronic Australasia's local leadership team and additional relevant employees. We propose to expand our training efforts in financial year 2023.

## **Reporting and grievance procedures**

Medtronic maintains global and local reporting and grievance procedures. This includes, for example:

- Voice Your Concern ([VYC](#)) - Employees and external parties can raise a concern, anonymously if they wish, about any matter they would like Medtronic to look into more closely. Medtronic has a Service Level Agreement of 30 days from lodgement to completion for all VYC matters;
- 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**

During the reporting period we focused on assessing the effectiveness of our actions taken to address modern slavery risks in the direct and indirect procurement supply chains.

### **Direct procurement**

In Financial Year 2022 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.

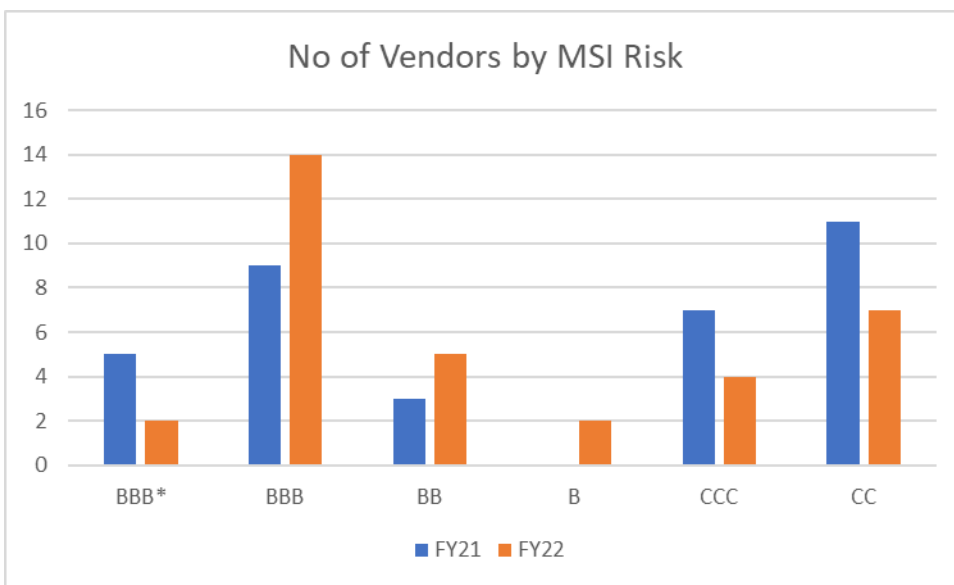


This work resulted in a shift or closure of vendors in higher risk countries by eight vendors. The details are set out in the table and graph below.

**No of 3rd Party Vendors by Location**

MSI Risk	FY21	FY22
BBB*	5	2
BBB	9	14
BB	3	5
B	0	2
CCC	7	4
CC	11	7

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



Of the 11 remaining vendors in CCC & CC countries, Medtronic Australasia owns the relationship with six of them. For those six vendors we have 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 vendor’s management are provided with a verbal review of the findings at the end of the assessment process and will also receive a Continuous Improvement Plan (CIP) from the third-party consultant if any areas of improvement are identified, with the final outcomes shared with Medtronic.

The assessment should be completed midway through Medtronic's Financial Year 2023 and actions plans will be put in place based on the third-party consultant's feedback.

## **Indirect procurement**

Medtronic Australasia had a vacant Indirect Procurement position for most of Financial Year 2022, which made it challenging to make certain progress during this period.

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. In addition, we utilise our third-party partner to assess our suppliers on the global level. The assessments include compliance with labour and human rights as an essential component. Each year, we 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. In future reporting periods, facilities tenders will incorporate modern slavery expectations as conditions of awarding future contracts and real estate leases will incorporate modern slavery expectations.

## **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**

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