

# Modern Slavery Statement

## Introduction

This Modern Slavery Statement is made by Arthrex Australia Pty Ltd (ABN 40 627 466 979) (**'Arthrex Australia', 'we', 'us' and 'our'**). We are committed to addressing and reporting on the risks of modern slavery in our business. This statement is Arthrex Australia's first, and is for the reporting period commencing on 1 July 2022 and ending 30 June 2023 (**'FY2023'**).

The purpose of this statement is to outline the steps we have taken, and continue to take, to identify, manage and mitigate the specific risks of modern slavery in our business operations and supply chain.

## Definitions

**Act** – means the *Modern Slavery Act 2018* (Cth)

**Arthrex** – refers to Arthrex Inc. and all its related bodies corporate

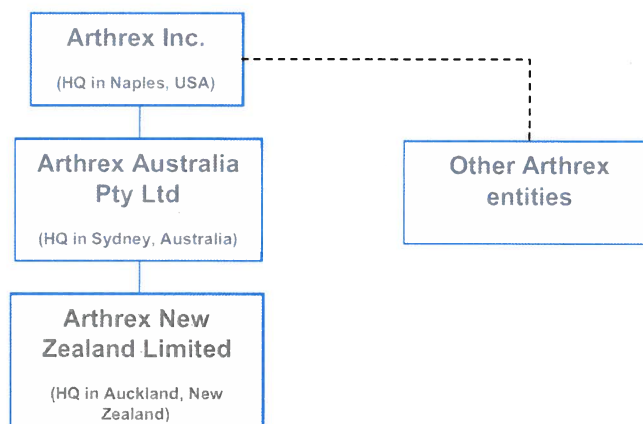
**Arthrex ANZ** – refers to Arthrex Australia and Arthrex New Zealand

**Arthrex Australia** – refers specifically to Arthrex Australia Pty Ltd (ABN 40 627 466 979)

**Arthrex New Zealand** – refers specifically to Arthrex New Zealand Limited (NZBN 9429 048 723 435)

## Structure

Arthrex Inc. is headquartered in Naples, USA and has subsidiaries in 29 countries throughout the Americas, EMEA and APAC regions, including Australia and New Zealand. Arthrex Inc. also distributes its products in an additional 62 distributor locations. Arthrex Australia is a wholly-owned Australian subsidiary of Arthrex Inc. and is also the sole shareholder of a New Zealand subsidiary, Arthrex New Zealand. As at 30 June 2023, Arthrex Australia employed 167 employees and contractors, while Arthrex New Zealand employed 34 employees and contractors.



## Operations

Arthrex is a global leader in new product development and medical education in orthopaedics. We are committed to one mission: Helping Surgeons Treat Their Patients Better™, which is driven by (among other things) extensive clinical research and product development undertaken at its USA headquarters as well as our EMEA office. Our global operations are grouped into the APAC, LATAM, and EMEA geographical regions. Employees working in the ANZ region, or alongside staff in the ANZ region, may be employed by subsidiaries based in any of these regions.

Arthrex ANZ officially commenced direct-sales-to-market operations in Australia and New Zealand on 9 April 2021. As a result, Arthrex ANZ's operations and its associated infrastructure and frameworks are relatively young and are being continuously improved. Our core operations in the ANZ region are the processing, direct sale, loan or consignment of medical device products and the provision of related services (including post-sale services) to our customers, the delivery of medical education and training to healthcare organisations and healthcare professionals, and charitable/educational grant activities. Our products are predominantly sourced from other Arthrex entities around the world (in particular, Arthrex Inc. in the USA and Arthrex GmbH in Europe), but some are also sourced from other non-Arthrex affiliated, third party suppliers. During FY2023, we did not have any local manufacturing operations or use any distributors in the ANZ region. Arthrex Australia operates from offices in Sydney, Melbourne, Brisbane, Adelaide and Perth, while Arthrex New Zealand operates from offices in Auckland and Christchurch.

We make consistent efforts to combat modern slavery practices within our business to ensure that our operations and extended supply chains are free from such practices.

## Our supply chains

In the course of gathering supply chain information about our suppliers, Arthrex Australia consulted the appropriate organisational representatives from the relevant related bodies corporate, including Arthrex New Zealand. Information about our global supply chain and how it is managed can also be found [here](#).

Arthrex ANZ's supply chain is segmented into direct and indirect procurement. As with our operations, Arthrex ANZ's local direct and indirect supply chains are subjected to continuous evaluation and improvement initiatives as Arthrex ANZ continues to develop its direct presence in the Australian and New Zealand medical devices industries.

**Direct procurement** is described as anything which directly relates to the manufacture of Arthrex products sold and distributed by Arthrex ANZ, from the raw materials and components to any outside operations used to transform components or finished goods. Approximately 85% of Arthrex's products are manufactured in the USA. The top six countries from which goods, services or materials are sourced outside of the USA are Germany, Switzerland, Israel, Netherlands, Great Britain and Taiwan.

Arthrex Australia's tier one direct suppliers are predominantly other Arthrex entities (predominantly Arthrex Inc. in the USA, supplemented further by Arthrex's operations in the EMEA region). Arthrex Australia's tier two suppliers are the component and raw material suppliers that support the manufacturing for these entities. Arthrex Australia relies on Arthrex Inc. and Arthrex GmbH to perform the direct procurement activities relating to the manufacture of Arthrex products as well as OEM products.

**Indirect procurement** is described as all other goods and services Arthrex ANZ uses in respect of the day-to-day operations of its business. Arthrex ANZ's indirect procurement largely occurs in Australia and New Zealand and includes but is not limited to:

- property leases, which includes fit out of premises and make good obligations;
- facility maintenance, cleaning services and waste management services;
- other general facility goods and services, such as stationery and catering
- telecommunication and IT services and products;
- various professional services, such as accounting, legal and payroll;
- warehousing and transport & freight services;
- travel and accommodation;
- labour hire; and
- insurances.

Arthrex ANZ ensures that it is aware of any subcontractors and second or third tier suppliers that may form part of its indirect procurement supply chain. Despite many of these suppliers being located in Australia and New Zealand, Arthrex Australia is aware that some of them may procure products and services from overseas, and in some cases from high-risk jurisdictions.

## Modern slavery risks

**Direct procurement:** Arthrex ANZ's tier one suppliers are located in countries (predominantly Arthrex entities located in the USA and Germany) that are deemed low risk in accordance with the [Global Slavery Index](#) website and the US Department of Labor's 'List of Goods Produced by Child Labor or Forced Labor'.

In relation to Arthrex ANZ's tier two suppliers, we are aware that certain raw materials and components used in Arthrex's manufacturing (such as plastics, metals, electronics and packaging) involve industries which are typically known to be higher risk in connection with modern slavery. These risks can be exacerbated where these suppliers are located in countries that are deemed moderate to high risk by the Global Slavery Index or utilise/incorporate higher risk materials within their extended supply chains. In Arthrex's case, as a result of the steps taken by Arthrex in relation to risk identification, assessment and mitigation / avoidance (see section below entitled "Actions taken to assess and address risk in our supply chains"), Arthrex believes the modern slavery risks in its extended supply chains to be low.

**Indirect procurement:** In relation to our indirect procurement activities within the ANZ region, Arthrex Australia is aware of publicly available research (such as from the Global Slavery Index and the Australian Human Rights Commission) and recognises that there is a higher risk of modern slavery, including forced labour, within industries such as facility maintenance, cleaning, freight/transport and labour hire services.

We are also cognisant of the modern slavery risks where our second or third tier suppliers operate within developing countries in Asia.

## Actions taken to assess and address risk in our supply chains

As outlined above, Arthrex ANZ procures the vast majority of its products from Arthrex Inc. in the USA and Arthrex GmbH in Europe. This section of this Modern Slavery Statement mainly sets out the actions undertaken by these Arthrex entities (through its Global Supply Chain function, which adopts a global approach to supply chain management) in respect of suppliers of raw materials and components (i.e. Arthrex ANZ's tier two suppliers) throughout the reporting period. As such, references to Arthrex in this section are to these specific Arthrex entities unless otherwise specified. Actions undertaken include ongoing due diligence and audits to identify and address the risks of modern slavery in this part of Arthrex's supply chain. Please also refer to the [Arthrex Global Supply Chain Disclosure](#) for more details on the actions taken at a global level to address these risks.

In relation to Arthrex ANZ's local supply chain, we are in the process of reviewing and consolidating our existing suppliers to improve oversight, as well as implementing processes and procedures to improve supplier due diligence, verification and monitoring.

### ***Policies and procedures***

As part of an ongoing initiative to identify and mitigate risks, Arthrex continuously works to further improve its policies and practices to ensure materials and services provided to Arthrex are procured only from suppliers who share this same level of commitment. In 2019, Arthrex updated its Global Code of Conduct, strengthening its commitment to corporate responsibility and giving clear guidance on key expectations including human rights and modern slavery. The updated [Global Code of Conduct](#) was launched at the end of 2019 and is available in 18 languages. In 2020, Arthrex adopted the [Global Policy on Human Rights](#) that prohibits the use of slavery and human trafficking in all Arthrex global facilities and by suppliers in Arthrex's global supply chain. Arthrex also provides several communication channels for reporting concerns or violations in good faith, including but not limited to the [Arthrex Ethics Helpline](#).

Within the ANZ region, Arthrex ANZ adopts, and ensures that its personnel comply with, the Global Code of Conduct and Global Policy on Human Rights. In addition, during the previous year, Arthrex ANZ implemented its Australian Whistleblower Policy. Training on these policies are conducted via a combination of online learning management systems and face-to-face sessions. Collectively, these policies empower and inform staff and contractors alike to identify, address and report modern slavery concerns. As part of our commitment to continuous improvement, we routinely review and update our local policies and practices to ensure that procedures stemming from those policies prevent modern slavery practices, and also integrate ways to address and mitigate modern slavery risks in the supply chain where they do arise.

### ***Governance***

Good corporate governance is fundamental to Arthrex activities. Arthrex maintains a comprehensive Global Risk Management & Compliance program to prevent and detect violations of the Global Code of Conduct, company policies and applicable laws and regulations, including those which relate to Human Rights violations. Arthrex has a process in place for entering,

managing and investigating reports received through the Arthrex Ethics Helpline. The Global Risk & Compliance Committee oversees any reportable events, potential risk areas and risk management activities and monitors the effectiveness of the Global Risk Management & Compliance program.

### ***Verification / Due Diligence***

Arthrex is committed to fair labour practices within its supply chain and expects its suppliers to meet these expectations. As such, Arthrex conducts supplier assessments to assess risk related to modern slavery, and to identify areas for suppliers to implement effective controls within their own organisations. In addition, suppliers are required to provide a Certificate of Origin positively affirming the country of origin of all products sold to Arthrex. Arthrex Inc. continually seeks to enhance supplier due diligence by integrating controls into the existing global third-party risk management process. Since 2022, Arthrex uses a third party to conduct due diligence on existing suppliers and to investigate the background of potential new suppliers to assess the risk of non-compliance with laws, including those related to slavery, human trafficking and other human rights.

In addition, Arthrex implemented a third-party risk management tool to provide information on current supplier risks, as well as regular newsfeed updates on labour practices and other human rights risks. This has enhanced Arthrex's visibility and oversight of modern slavery risks in its supply chain.

### ***Audits***

Arthrex monitors and evaluates supplier behaviour and compliance through scheduled internal audits to improve visibility, leverage and oversight of its supply chain. As part of these audits, suppliers are reviewed on implementation of policies prohibiting all forms of human trafficking and forced labour. Arthrex currently focuses its efforts on high risk suppliers, determined by various risk factors including but not limited to the supplier location and propensity for utilisation of slavery, human trafficking or forced labour.

### ***Certification***

To ensure Arthrex suppliers respect and enforce company standards, all Arthrex suppliers are bound by contractual terms that mandate compliance with the Arthrex Code of Conduct, and all applicable laws and regulations in their respective countries, including but not limited to, the prohibition against slavery, human trafficking and any other practice that violates human rights as defined within the United Nations Universal Declaration of Human Rights. A supplier's failure to provide certification affirming compliance with the prohibition against slavery, human trafficking, and other human rights violations may result in corrective action up to and including termination of the business relationship. In addition, Arthrex mandates its suppliers warrant that products sold to Arthrex do not contain conflict minerals as such term is defined in the "Dodd-Frank Wall Street Reform and Consumer Protection Act," or any other mineral or its derivatives determined by the U.S. Secretary of State to be financing conflict in the Democratic Republic of the Congo (DRC) or adjoining countries.

## **Accountability**

Arthrex maintains internal accountability standards and procedures applicable to both employees and suppliers who fail to meet Arthrex standards.

Arthrex provides channels for employees and third parties to report potential non-compliance and have procedures in place for investigating, substantiating and remediating reports of potential human rights violations. Reports can be provided confidentially or anonymously so that they can be properly investigated and remedied without fear of retaliation. The Arthrex Ethics Helpline allows reporting in the reporter's local language, and is communicated to all employees through internal training and publicly on Arthrex's website. In 2022, Arthrex implemented a new procedure that sets forth Arthrex's worldwide process for managing human rights reports that may come through these reporting channels, including guidance for the analysis and review of potential non-compliance. This procedure expands on the Global Policy on Human Rights. Where a non-compliance is identified, a corrective action plan, up to and including termination, is put in place.

Within the ANZ region, the Global Policy on Human Rights and the new global procedure is further complemented by Arthrex ANZ's Australian Whistleblower Policy, which was prepared and implemented at the end of 2021 in accordance with the *Corporations Act 2001* (Cth)

## **Training**

Arthrex provides employees with training on its Global Code of Conduct. During this process, employees are required to review and certify their compliance with the Code on an annual basis. In addition, all employees are expected to review and sign the Global Code of Conduct and the Global Human Rights Policy to increase awareness of risks associated with modern slavery. In addition, Arthrex employees with direct involvement or responsibility for supply chain and operations receive specific training focused on identification and risk mitigation of modern slavery, human trafficking, and other human rights. Arthrex routinely reviews policies to ensure content is up-to-date and implement tracking mechanisms to ensure training has been successfully completed.

## **Effectiveness of measures taken**

Arthrex periodically evaluates the effectiveness of the actions being taken to address slavery, human trafficking and other human rights risks in our supply chain. In addition, Arthrex continually reviews its risk assessment processes to identify new factors and methods that can be applied.

In relation to the ANZ region, Arthrex ANZ actively collaborates with Arthrex and its other related bodies corporate in this global effort. In the subsequent reporting period, Arthrex ANZ will assess the effectiveness of the actions taken at a local level, including assessing the way in which risks are assessed and measured, identifying process gaps, and developing improvements to its risk management framework. Arthrex ANZ will seek to report on the effectiveness of actions being taken to address slavery, human trafficking and other human rights risks, both at the global and local levels, in a measurable, transparent and objective way.

As at the date of this Modern Slavery Statement, all Arthrex ANZ employees who were employed during FY2023 have completed training in Arthrex's Global Code of Conduct, as well as reviewed and signed the Global Human Rights Policy.

## Next steps

We plan to make progress through the following actions over the next reporting period:

- continue consultation with tier one and two suppliers to address modern slavery risks
- undertake additional due diligence on high risk suppliers
- further develop our supplier assessment and segmentation framework
- where reasonably practicable, in respect of procurement, continue to ensure contracts with new suppliers and contract renewals incorporate modern slavery requirements and/or compliance with the supplier codes of conduct
- continue to update training content and roll out amongst the relevant Arthrex teams
- review procurement policies and procedures, including tender processes adequately address modern slavery risks
- build a more detailed understanding of the procurement supply chain as it develops.

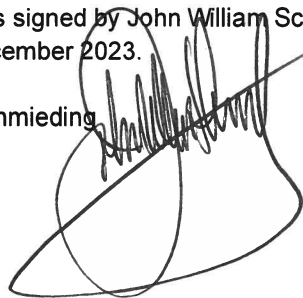
## Approval and Signature

This statement for Arthrex Australia Pty Ltd was approved by John William Schmieding, Brett Stevent Jones and Peter James Davison, being all the directors of Arthrex Australia Pty Ltd, pursuant to the Circulating Board Resolutions dated 1 December 2023.

This statement is signed by John William Schmieding in his role as Director of Arthrex Australia Pty Ltd on 1 December 2023.

John William Schmieding

Director

A handwritten signature in black ink, appearing to be "John William Schmieding", written over a large, loopy scribble.

This disclosure is updated annually and was last posted on 7 December 2023

## Appendix

The table below identifies where each criterion in section 16 of the Act is addressed within the different sections of this statement.

<b>MSA reference</b>	<b>MSA criterion</b>	<b>Modern Slavery Statement reference, period ending 30 June 23</b>
16(1)(a)	Identify the reporting entity	Introduction (p 1)
16(1)(b)	Describe the reporting entity's structure, operations and supply chains	Structure (p 1) Operations (p 2) Our Supply Chains (pp 2-3)
16(1)(c)	Describe the risks of modern slavery practices in the <u>operations</u> and <u>supply chains</u> of the reporting entity, and any entities that the reporting entity owns or controls	Modern Slavery Risks (p 3)
16(1)(d)	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Actions taken to assess and address risk in our supply chains (pp 4-6)
16(1)(e)	Describe how the reporting entity assesses the effectiveness of the actions being taken to assess and address the risks of modern slavery practices in its operations and supply chains	Effectiveness of measures taken (p 6)
16(1)(f)	Describe the process of consultation with: <ul style="list-style-type: none"> <li>i. any entities that the reporting entity owns or controls; and</li> <li>ii. in the case of a reporting entity covered by a statement under section 14--the entity giving the statement.</li> </ul>	Our Supply Chains (pp 2-3)
16(1)(g)	Any other information the reporting entity considers relevant (not covered by the other six criteria)	Next steps (p 7)
16(1)(f)	The statement must be approved by the principal governing body of the reporting entity	Approval and Signature (p 7)
13(2)(d)	This reporting criteria requires the statement to be signed by a 'responsible member' of the reporting entity. The ABF explains that a responsible member as being ' <i>a decision-making member of the entity</i> '. Where an entity has a principal governing body, the responsible member will be an individual member of that body who is authorised to sign the modern slavery statement for the purposes of the MSA.	Approval and Signature (p 7)