
Terumo Australia

Modern Slavery Statement

2021



Disclosure Note

The submitting entity is Terumo Australia Pty Ltd which qualifies as a reporting entity under the Modern Slavery Act 2018 (Cth). This statement has been made on behalf of Terumo Australia Pty Ltd. Terumo Australia does not own or control any other entities.

This statement has been approved by the Board of Terumo Australia Pty Ltd in their capacity as principal governing body of Terumo Australia Pty Ltd on 5th September 2022.

ABN 34 158 693 595

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About Terumo Australia

Terumo is a global leader in medical technology and our commitment to “Contributing to Society through Healthcare” has remained unchanged for over 100 years. Based in Tokyo and operating globally, Terumo employs more than 28,000 associates worldwide to provide innovative medical solutions in more than 160 countries.

Terumo Australia is a company limited by shares and incorporated in New South Wales, Australia. Terumo Australia employs approximately 70 people. Terumo Australia does not own or control any other entities.

Terumo Australia is a sales and marketing affiliate for Australia and New Zealand. Terumo Australia’s main operations include distributing medical devices in our territory.

Our Values

Earning trust from society is critical for Terumo to continue to fulfil its group mission “Contributing to Society through Healthcare”. Terumo, together with its all associates, strives to protect its reputation, which is an invaluable asset, and further build trust from society. To achieve this, every Terumo associate must make the right decisions and do the right things. The Terumo Group Code of Conduct is a guide for Terumo associates to make the right decisions in their everyday actions.

Terumo makes every effort to ensure that all associates around the world, not only directors and officers, pursue fair business, abide by laws and regulations, and follow the highest ethical standard for serving patients and healthcare professionals who use Terumo products, and all other stakeholders.

For such purpose, Terumo has established an environment where associates may understand the importance of the Code of Conduct, such as providing training suitable to each workplace. Terumo Group associates are expected to abide by our Core Values:

Respect: Appreciative of others

We show respect and appreciation toward associates, customers, and business partners. We value individuality and diverse cultures, and listen widely and carefully to different opinions and the voice of society

Integrity: Guided by our mission

As associates of Terumo Group, responsible for life and health, we always act with sincerity and a sense of mission. Through our daily efforts, we build trust among all stakeholders.

Care: Empathetic to patients

We are mindful that everything we do ultimately connects us to patients. We strive to understand healthcare providers deeply

Quality: Committed to excellence

and work together with them to give patients a better future.

To ensure safety and reliability in healthcare, we view each issue from a “gemba” perspective in order to find the optimal solution. As well as product quality, we pursue excellence in all we do, from product supply to customer care.

Creativity: Striving for innovation

We promote a mindset that embraces challenge for the future, and work with curiosity and passion. We respond to the needs of “gemba” by delivering products and services that create meaningful value in a timely manner.

Statement from our Board and Managing Director



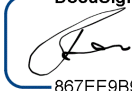
Terumo Australia is pleased to announce our first company statement for the Modern Slavery Act. Terumo Australia is one of the subsidiaries of Terumo Corporation, which was founded in 1921, and we celebrated our 100th anniversary in 2021. With our corporate mission “Contributing to Society through healthcare” in mind, we have contributed to societies all around us through our products and services. Underpinning our mission is our strong commitment to sustainability. In 2022, we continue to build upon on this to ensure we do business responsibly so that we protect the people, communities, and environment in which we operate and in our supply chains.

Our supply chain and operations are diversified and deeply interconnected globally. Terumo Australia has undergone an extensive process to identify modern slavery risks and potential risks in our operations and supply chain. We acknowledge this requires our unwavering commitment in the years ahead. Guided by a 3-year road map we will continue progressing our activities while ensuring the road map itself remains relevant and ensuring any remediation processes are trusted and accessible.

During FY22, our key priorities include ongoing assessment and monitoring of our modern slavery risk and due diligence framework and implementing our modern slavery training program. At Terumo, we hold ourselves to high standards in everything we do and seek to give others the information to evaluate our performance against those standards. Consistent with this, we look forward to continuing to build on our response to modern slavery, communicating our progress, and helping drive meaningful change in the medical device sector to address modern slavery risks.

I am pleased to present this statement, which was approved by the Board of Terumo Australia Pty Ltd on 5th September 2022

Signed by Jeff S00, Managing Director

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Highlights

2021: Modern Slavery Risk Management Initiatives

As this is our first year of reporting under the Commonwealth Modern Slavery Act, we focused our efforts on enhancing our understanding of our modern slavery risks and impacts.

With the support of external consultants, we conducted a review of our systems and processes and undertook a Modern Slavery Gap Analysis to identify risks and opportunities and enhance our risk management systems. We formalised a Modern Slavery Working Group comprised of representatives from key business areas in Australia and Japan.

The Working Group developed a practical and comprehensive Modern Slavery Action Plan which includes a high-level three-year road map that will inform our ongoing risk management approach. We ran a baseline awareness survey for relevant staff based in Australia to determine levels of understanding of modern slavery across our business. A training needs analysis (informed by the baseline awareness survey) informed the roll out of a modern slavery eLearning module for our associates.

We provided specific training on modern slavery legislation, risk management, governance and accountability for our Board of Directors and continue to engage the Board on our modern slavery risk management initiatives.

To integrate modern slavery risk management across our operations, we reviewed our risk assessment matrix and included modern slavery. We also identified (and implemented) a dedicated tool for capturing and reporting modern slavery risk data.

We documented and prioritised our Tier 1 (direct) suppliers and supply categories against internationally recognised modern slavery risk indicators and invited three of our highest risk suppliers (accounting for 50% of our high risk spend) to participate in a self assessment questionnaire. All suppliers completed the questionnaire or provided supporting information and we will continue to work with them to implement corrective actions in 2022.

More details of actions taken are included under Criteria 4.

Our Plans for 2022

In 2022 we will implement priority Year 2 actions documented in our Modern Slavery Action Plan and continue to raise awareness about modern slavery risks among key internal stakeholders including our Leadership Team, employees, suppliers and contractors. Modern slavery awareness training will be incorporated into employees and contractors induction programs.

The Modern Slavery Working Group will work with key stakeholders to continuously improve and update policies, procedures and contract clauses as our understanding of risks matures. We will work with our Human Resources team to incorporate modern slavery risk management responsibilities and KPIs into position descriptions. We will also incorporate measures to manage modern slavery risk in outsourcing and labour hire contracts.

We will work with our project team in Japan to better understand potential risk with Terumo Group manufacturing entities as our suppliers and review the steps being taken to manage risk. We will establish a comprehensive supplier monitoring program and, based upon our

engagement of major non-Terumo Group suppliers, will work towards gaining a better understanding of Tier 2 suppliers and take steps to manage risk across our extended supply chain.

Our Plans Beyond 2022

Beyond 2022 we will review, extend, evaluate and improve our modern slavery risk management program and extend this program to managing broader human rights risks. Our priority will be to establish performance standards and evaluation criteria for our suppliers and develop and review corrective action plans with identified high risk suppliers.

We will review opportunities to engage civil society organisations to support identified at-risk workers in our supply chain and document a remedy pathway aligned to our crisis management framework.

Reporting Criteria 1 & 2:

Our Organisational Structure

Terumo Corporation (Tokyo Stock Exchange: 4543) (“Terumo Group”) is a global leader in medical technology and has been committed to “Contributing to Society through Healthcare” for 100 years. Based in Tokyo and operating globally, Terumo group employs more than 28,000 associates worldwide to provide innovative medical solutions in more than 160 countries and regions, providing patients, a variety of medical settings, and the pharmaceutical industry with over 50,000 products and services.

The company started as a Japanese thermometer manufacturer and has supported healthcare ever since. Now, our extensive business portfolio ranges from vascular intervention and cardio-surgical solutions, blood transfusion and cell therapy technology to medical products essential for daily clinical practice, such as transfusion systems, diabetes care, and peritoneal dialysis treatments. Terumo will further strive to be of value to patients, medical professionals, and society. Terumo Corporation is the ultimate parent company of each of the entities comprising Terumo Australia Pty Ltd (ABN: 34 158 693 595)

Terumo Group consists of three internal ‘companies’ with separate divisions within each company.

Cardiac and Vascular Company	TIS Division Terumo Interventional Systems	Expanding the potential of vascular treatment to raise patient comfort
	Neurovascular Division MicroVenton	Revolutionizing neurovascular intervention with unique technologies
	Cardiovascular Division / Heartsheet Divisions	Providing lifesaving technologies to cardiac surgery teams around the world

	Vascular Graft Division (Terumo Aortic)	Excellent technological synergy to bring patients optimal aortic treatment
Medical Care Solutions Company	Hospital Care Solutions Division / Life Care Solutions Division	Contributing to better quality of care toward realizing sustainable healthcare systems
	Pharmaceutical Solutions Division	Utilizing unique technologies to add value to pharmaceuticals and contribute to better drug delivery
Blood and Cell Technologies Company	Blood and Cell Technologies Division	Unlocking the potential of blood and cells for patients and their quality of life

Our Governance Framework

Terumo Group adopted the organisational design of a Company with Audit and Supervisory Committee, as described in the Companies Act of Japan, to achieve the following goals, further strengthen its corporate governance framework, and to enhance its medium- to long-term corporate value.

Strengthen audit and supervisory functions: The members of the Audit and Supervisory Committee shall have voting rights in meetings of the Board of Directors.

Enhance transparency and objectivity in management: By increasing the proportion of independent directors on the Board, transparency and objectivity in decision making will be enhanced at the Board level by reflecting opinions of the independent directors, which represent the perspective of shareholders and other stakeholders.

Expedite decision-making process: By promoting the appropriate delegation of the Board's authority to directors, group executive officers and/or executive officers, Terumo will further expedite its decision-making process and business development through a shift toward a monitoring-based approach for the Board.

In addition to the Terumo group high-level governance framework stated above, Terumo Australia is governed by following governance framework:

1. Board of Directors

The Board of Directors is defined in the Articles of Association of Terumo Australia. The Board is the ultimate decision-making body and has all powers, except for those reserved to the general shareholders' meeting by law or the Articles of Association and internal procedures of the Terumo group. The role of the Board is to pursue the long-term success of Terumo Australia by providing entrepreneurial leadership and enabling risks to be assessed and managed. The Board decides on Terumo Australia's values and strategy, its risk appetite and key policies.

2. Serious Issues

- a. Serious Issues, as defined in an internal policy, are reported to the Managing Director of Terumo Australia. Managing Director of Terumo Australia reports Serious Issues to the Chairperson of Internal Control Committee ("ICC") of Terumo

Corporation, with copy to Audit/Supervisory Committee member nominated by the Audit/Supervisory Committee, the heads of the Terumo's Internal Control Departments.

3. Supplemental provisions of Compliance Violations Reporting and Anti-Retaliation Policy for Terumo Australia

- a. From 1 July 2019, the whistleblower protections in the Corporations Act have been expanded to provide greater protections for whistleblowers. Directors and other senior managers have obligations under the Corporations Act if they receive a report from a whistleblower. For complying with this legislation, a supplemental provision has been established. The supplemental provision has been made for supplementing the Terumo Global Compliance Violations Reporting and Anti-Retaliation Policy.

4. Quality management system (ISO 9001)

- a. This quality system is designed and maintained to assure that all healthcare products and services Terumo Australia have provided comply with relevant standards, regulations, and customer requirements. This quality system aligns with the strategic direction of Terumo Australia. External and internal issues relevant to the quality system are recognised and understood, with appropriate documentation maintained. All processes needed for the quality management system are listed under an internal quality manual, and the effectiveness of the processes are monitored through internal audits, management review, incident reporting systems, performance evaluations, external assessments, and risk management. All regulators shall be appropriately notified of plans for substantial changes to the Quality System or product range as applicable.

5. Compliance Officer

- a. The Compliance Officer shall monitor the laws, regulations, best practices and peer practices of the industry, and report on a regularly basis to the Board such changes as will be required to update the compliance program, the systems and procedures, and in general of TAUS's business practices.

Our policies – Terumo Group

We have several Group policies and guidelines which require our associates (employees and contractors), suppliers and other stakeholders to protect and respect human rights as part of our day-to-day businesses. Policies apply to all Terumo Group entities including Australia, contribute to our Group Mission and are available on the Terumo Group website (see www.terumo.com).

Policy	Purpose
Code of Conduct	Provides guidance to our associates on ethical standards and Core Values expected to fulfill our Mission of 'Contributing to Society Through Healthcare' and their use as a guide for making decisions in day-to-day activities.
Group Sustainability Policy	Outlines how we will take leadership toward solving a variety of critical and dynamic social issues based around seven sustainability priorities and meet the expectations of its broad range of stakeholders.
Group Human Rights Policy	Outlines the concept and principles of respecting human rights within Terumo Group, requirements of all Associates to respect the human rights of all stakeholders and key actions that will be undertaken to protect human rights involved in business activities.
Group Procurement Policy	Describes expected conduct when undertaking procurement activity in accordance with Terumo Group's 'Code of Conduct', considering human rights, safety and health and environmental protection and contributing to our Mission.
Supplier Guidelines	Provides information to suppliers on Terumo Group's expectations of business conduct and dealings with respect to seven key area including Fair Dealings and Consideration for Human Rights for Labor.

Our Operations – Terumo Australia

Terumo Australia is a sales and marketing affiliate for Australia and New Zealand. Terumo Australia's main operations include distributing medical devices in our territory.







The products for which Terumo Australia has distributed are manufactured in and imported from countries outside Australia, such as Japan, the Philippines, Vietnam, China, and the United States. Terumo Australia's supply chain also comprises suppliers of indirect goods and services (information technology, professional services, sales and marketing agencies and facilities). Examples of the goods and services procured are described in the next section.

Number of staff	Facilities	Annual turnover	Number of suppliers
70 associates in Australia and New Zealand	Offices in Sydney, Brisbane and Melbourne and four warehouses in Sydney, Perth and Auckland	≈AU\$ 100M	259

Our Supply Chain – Terumo Australia

To ensure safety and reliability in healthcare, we view each issue to find the optimal solution. As well as product quality, we pursue excellence in all we do, from product supply to customer care. Our approach to supply chain management supports our mission “Contributing Society through Healthcare” by providing valued products and services in the healthcare market and by responding to the needs of patients and healthcare professionals.

Data at a glance:

 Total spend: \$83.0M	 Total suppliers: 259	 Total categories: 21
 % spend on stock items: 75%	 No. of supplier countries: 16	 % suppliers in Australia: 83%

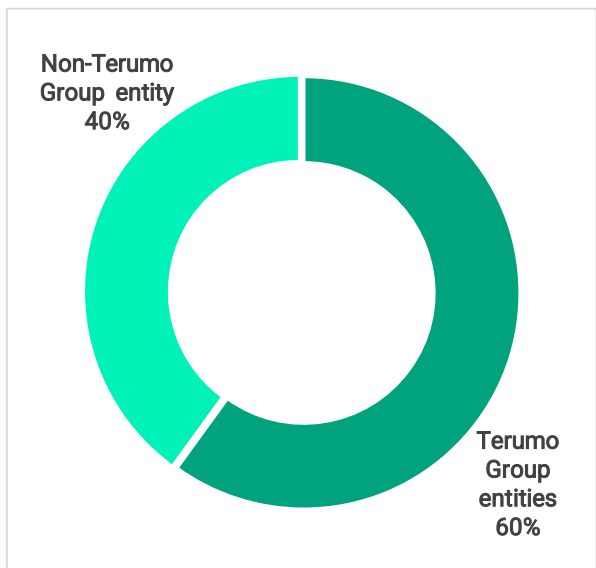
Our suppliers – Terumo Australia

Terumo Australia’s annual procurement spend is \$83 million with 259 direct (Tier 1) suppliers across 21 goods and services categories. Terumo Australia has agreements with other Terumo Group global entities for the supply of inventory stock items and goods for sale to our valued customers in Australia and New Zealand. Approximately 60% of our annual procurement spend is with eleven Terumo Group entities located across nine countries.

The other 40% of our spend is with non-Terumo Group suppliers which include:

- Original Equipment Manufacturers (OEMs)
- Other specialty manufacturers
- Equipment, consumable and material suppliers
- Service providers such as logistics, facilities management and professional services.

Further work will be undertaken in the 2022 and 2023 reporting periods to better understand our extended supply chain and inherent modern slavery risks in our indirect (Tier 2) suppliers.



What we buy

Three quarters of our spend (75%) is on inventory stock items and goods for sale. The main categories of goods and services we procure from our direct suppliers and percent of our spend with each supplier is included in Table 1. Non-stock items include a wide range of goods and services, for example ICT hardware and facilities management services that support our operations across Australia and New Zealand.

Table 1: Key goods and services procured

Procurement category	Percent spend
Inventory stock items and goods for sale	75%
Corporate finance, fees, services and expenses	10%
Warehouse, materials handling and logistics services	9%
ICT Software, networking and support services	1%
Other Goods and Services *	2%
Real estate / property management services	1%
Professional services and consulting	1%
Recruitment fees and services	1%

*Other goods and services include:

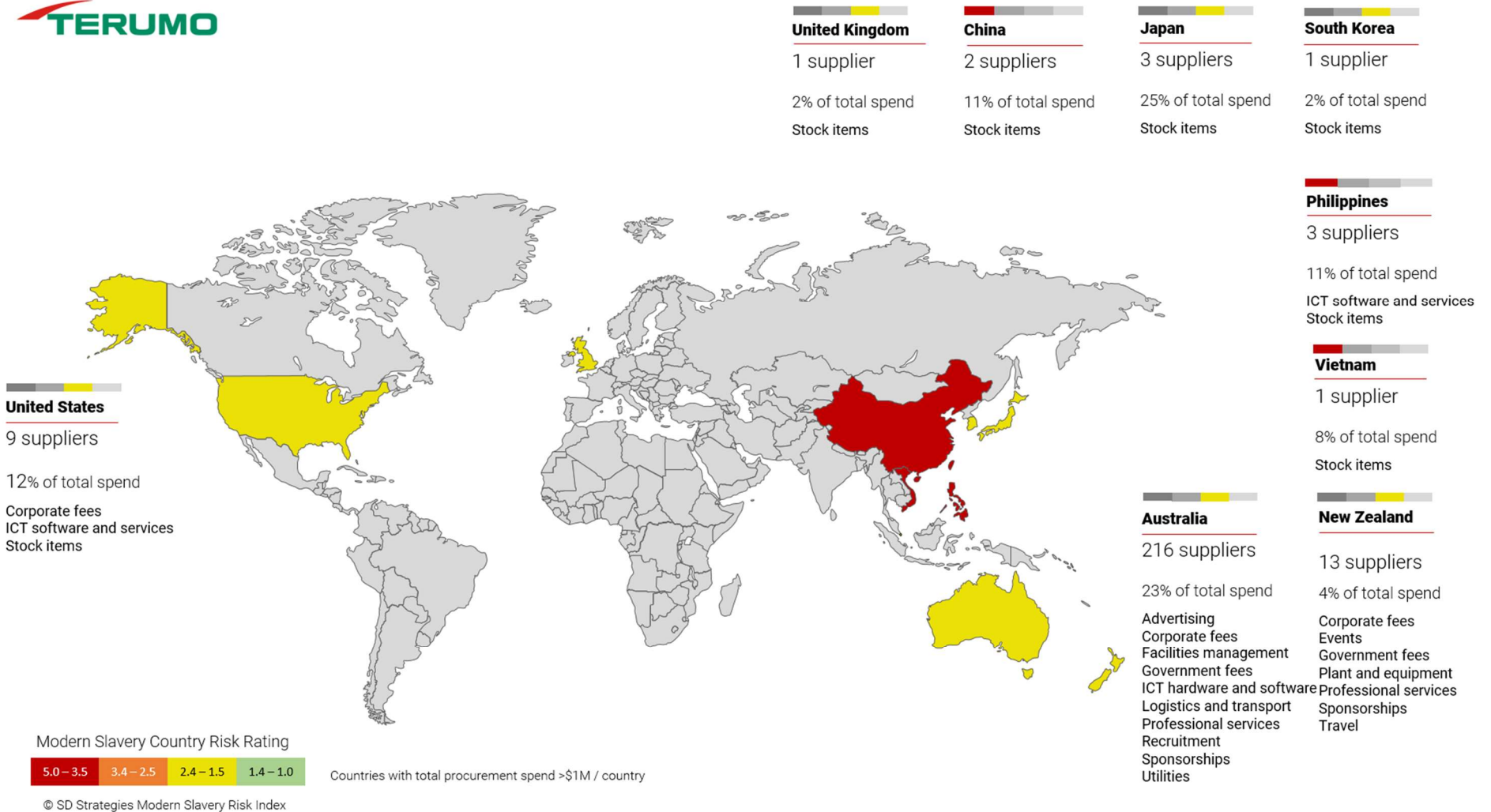
Advertising, media, marketing and promotions	Office supplies and services
Civic organizations, sponsorships and partnerships	Building / facility systems maintenance services
Events, venues, excursions and entertainment	Utilities
Travel expenses, parking and accommodation	P&E and machinery leasing and hire
Print / mail provider and document management	

Supplier countries

Approximately one quarter (23%) of our annual procurement spend and over three-quarters (83%) of our suppliers either have a presence in or are based in Australia. Most of our international suppliers are in Japan, New Zealand, Singapore and the United States. We also procure goods and services from a small number of suppliers in China, India, Ireland, the European Union, the Netherlands, Philippines, Poland, South Korea, Vietnam and the United Kingdom.

Map 1 provides an overview of the geographic location of our suppliers (both Terumo Group and non-Terumo) where spend in each country is greater than \$1 million per annum. Information on each country includes the number of suppliers, percent of total spend in each

country and the main categories of goods and services procured. The map provides an indication of modern slavery risk in each country based on the SD Strategies country risk rating tool.



Reporting Criteria 3: Modern slavery risks in operations and supply chain

Our focus in 2021 was to enhance our understanding of modern slavery risks in our operations and supply chain and focus our due diligence efforts on our highest risk Tier 1 (direct) suppliers.

Operational risks

With the support of external expertise, we participated in a modern slavery operational gap analysis workshop that involved members of our Modern Slavery Working Group representing procurement and supply, finance, information and technology, human resources and sales from across our ANZ and Japan operations.

The purpose of this initial workshop was to:

- identify gaps in our systems and processes that may increase our exposure to modern slavery risks in our operations and supply chains;
- identify opportunities to improve and enhance our systems and processes; and
- inform the development of our modern slavery risk management program.

Supply chain risks

In 2021 we focused our efforts on obtaining a deeper understanding of our Tier 1 risks and the operational processes in place to manage those risks. We engaged external expertise to help us document, assess and prioritise our direct (Tier 1) non-Terumo Group suppliers against modern slavery risk indicators.

We acknowledge that there is potential modern slavery risk associated with Terumo Group suppliers particularly in the lower tiers, and suppliers located in countries known to have higher risk for modern slavery such as China, Thailand and Vietnam. Terumo Group (Japan) will conduct a survey of human rights focussing on Terumo Group suppliers in 2022.

We engaged our priority non-Terumo Group suppliers and undertook a supplier review process with an initial three suppliers which cumulatively make up 20% of our annual procurement spend and half of our spend with non-Terumo suppliers. This is an ongoing process, and we will undertake further due diligence of priority suppliers in 2022.

OPERATIONAL RISKS

Modern Slavery Gap Analysis

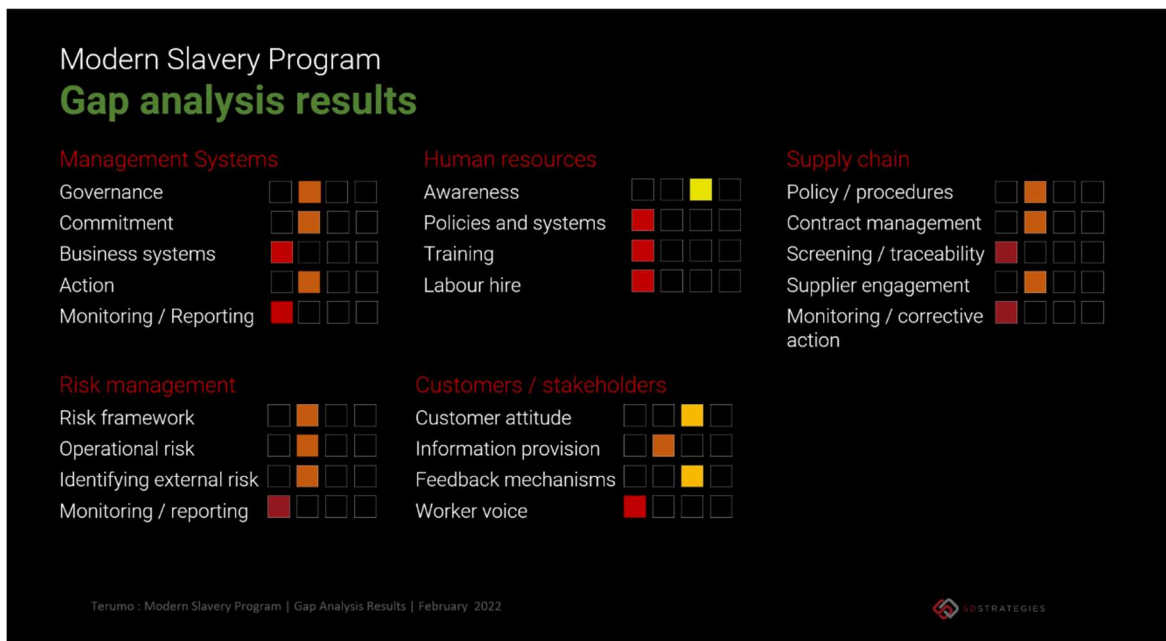
The Modern Slavery Working Group undertook a gap analysis to identify areas of improvement across five key categories:

- management systems
- human resources and recruitment
- procurement and supply chain
- risk management
- customers and stakeholders

Figure 1 provides the results of our modern slavery gap analysis. The analysis identified gaps and opportunities for better managing our response to modern slavery risks and human rights due diligence more broadly. We acknowledge that we are at the starting point of an ongoing process to strive for excellence with respect to managing modern slavery risk and delivering against our Global Mission of ‘Contributing to Society through Healthcare.’

Whilst we recognise that there is much work to do, progress made during our first year has enabled us to better understand the core elements of an effective modern slavery risk management program and action plan. Key elements of our enhanced program are to expand our knowledge of risks, update our existing risk and governance framework and adapt our supply chain management processes to respond to these challenges.

Figure 1 Gap Analysis results



The results of the Gap Analysis informed the development of our Modern Slavery Action Plan and Roadmap, developed collaboratively with key representatives from across our organisation. The three-year road map has established a clear pathway for us to follow to enable our associates to deliver tangible benefits to society and our organisation. Elements

of the action plan and roadmap are included in Criteria 4 '*Actions Taken to Assess and Address Risk*' below.

Terumo Group is a global medical technology company committed to pursuing fair business, abiding by laws and regulations and complying with all national workplace standards and conditions.

We (Terumo Australia) have a compact, professional level and largely office-based workforce and consider the risk of modern slavery to be relatively low within our direct business operations and associates. However, we recognise that risks of modern slavery increase through our supply chain, business partnerships including those with other Terumo entities and other third-party relationships.

Importantly, our Board and leadership teams in Australia and Japan are committed to identifying and addressing modern slavery risks in our operations and extended supply chain and have committed resources to this process.

SUPPLY CHAIN RISKS

High level findings at a glance

- Approximately three quarters (77%) of our total procurement spend of \$83.0 million is potentially high-risk for modern slavery.
- Just under one quarter (21%) of our 259 suppliers are potentially high risk for modern slavery.
- Our potentially highest risk spend category is stock items and goods for sale, making up 99% of potentially high risk spend.
- Stock items supplied by Terumo Group entities and non-Terumo suppliers located in countries ranked as high risk for modern slavery is a key risk factor.

Supply Chain Overview

Our procurement team, supported by external experts, analysed \$83.0 million of procurement data for potential modern slavery risk against four key risk indices:

- **Industry sector** – Specific industry sectors (deemed as high risk in international and national guidance documentation. This includes sectors with high risk business models such as use of labour hire workers and outsourcing, seasonality, franchising and aggressive pricing.
- **Commodity/product** – Specific products and commodities deemed as high risk by the US Department of Labor's 2018 List of Goods Produced by Child and Forced Labor, the Global Slavery Index (GSI) and other international guidance materials.
- **Geographic location** – Based on estimated prevalence of modern slavery and the government responses as outlined in the 2018 GSI and using the SD Strategies country risk matrix which assesses risks against 13 global indices. High risk geographies include those with a weak rule of law, corruption, displacement, conflict, and the State's failure to protect human rights. While we predominantly use Australian suppliers, we recognise that our goods and services may come from countries other than those of suppliers' headquarters.

- **Workforce profile** – In undertaking our supplier analysis we considered the type of labour involved in the production of our goods and services, particularly where base skill, vulnerable, or temporary migrant labour is used.

Spend data at a glance

Total Spend	\$83.0 million
Total Suppliers	259
Supplier Spend range analysed (smallest to largest)	\$100 - \$19,000,000
Number of spend categories	21

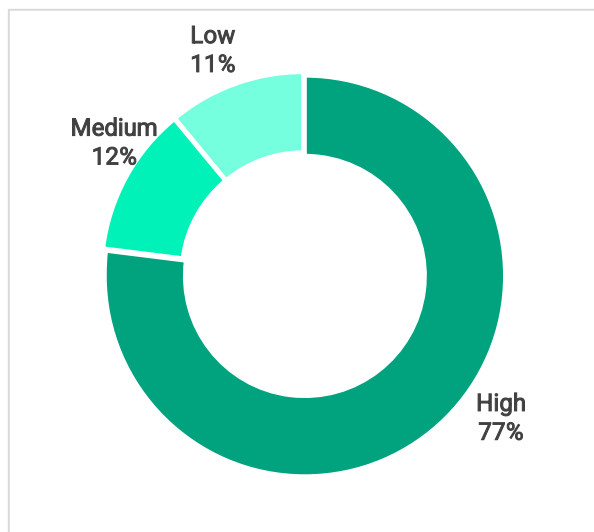
Important note: Our focus in 2021 has been on understanding risks across our supply chain and those posed by higher spend Tier 1 suppliers. We recognise that there may be high risk amongst our lower spend suppliers and our extended supply chain and will incorporate these into future risk assessments.

Risk by Spend

Analysis of just over \$83 million of spend across our operations identified 77% of spend as potentially high risk for modern slavery. This is largely due to our spend on stock items and goods for sale

A further 12% of spend was categorised as medium risk for modern slavery and 11% as lower risk.

This percentage of potential high risk spend is typical for companies that sell goods that are manufactured overseas with supply chains that extend into countries and use commodities that are known to be high risk for modern slavery. Assessment and engagement of potentially high risk suppliers will provide a more detailed understanding of actual risk.

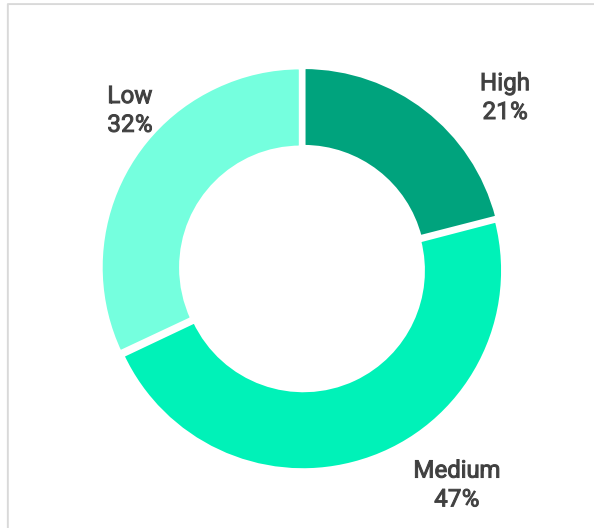


Risk by Suppliers

Analysis of suppliers (see 'Notes' above) indicates that just under a quarter (21%) of the suppliers assessed are potentially high risk for modern slavery.

Whilst some of our direct suppliers based in Australia may represent a lower risk, Terumo Group suppliers and OEM suppliers are located in countries with a higher risk for modern slavery.

We will continue to gather data on the provenance of raw materials used in the products we sell. This will enable us to gain a better understanding of potential risk in our extended supply chain both in Australia and internationally, prioritise the engagement of high-risk suppliers and take appropriate action to manage it.

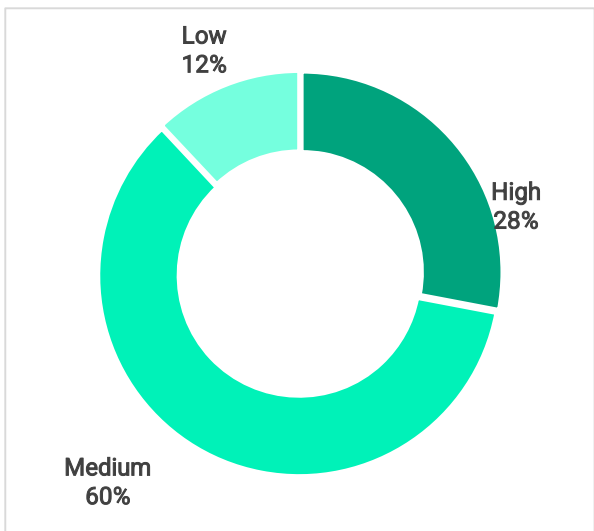


Risk by Category

Based on the four risk factors outlined above (geography, industry sector, commodity and workforce profile), seven of the twenty-one categories of goods and services we procure are potentially high risk for modern slavery.

Our highest risk spend category is stock items and goods for sale which makes up 98% of our total high risk spend.

Higher levels of modern slavery risk associated with these spend categories is due to country of manufacture (primarily China and other parts of Asia), the industry sectors involved (manufacturing and transport / logistics) and commodities (plastic, packaging, equipment and chemicals).



Risk by Country

We purchase goods and services from 16 countries with almost all spend within these countries on stock items and goods for sale. According to the [Global Slavery Index 2018](#) and SD Strategies Country Risk Index 2020, four supplier countries are higher risk for modern slavery: Philippines, China, Vietnam and India. Suppliers in these countries are comprised of Terumo Group entities and OEM suppliers.

Risk by Country

Country	Percent of total spend	Number of suppliers
Philippines	11%	3
China	11%	3
Vietnam	8%	1
India	<1%	1

Tier 2 suppliers and those in our extended supply chain are potentially high risk for modern slavery practices and other human rights impacts.

Reporting Criteria 4: Actions taken to assess and address risk

Our Modern Slavery Gap Analysis informed the development of our modern slavery action plan and three-year road map.

Modern Slavery Action Plan and Road Map

A cross-disciplinary team, which included members of our leadership teams from Australia, worked collaboratively to develop a focused modern slavery action plan and a three-year road map. The plan includes actions for enhancing our approach to modern slavery governance, due diligence, risk and compliance; procurement and supply chain systems and processes; supplier engagement; HR and recruitment; and modern slavery awareness, training and communications (both internally and externally).

The following actions were completed in this reporting period.

Modern Slavery Working Group

We formalised our Modern Slavery Working Group. The Working Group includes associates representing key business activities from across our operations and guided by our Risk and Compliance Officer. The Working Group is responsible for leading our modern slavery risk management program and implementing our action plan and road map for our Australian operations. The Working Group collaborates with teams in Japan and other Group entities as required.

Internal Awareness Survey

At the commencement of our modern slavery risk management initiatives, we implemented a baseline awareness survey for relevant associates (16 staff participated across our operations in Australia and Japan) to determine levels of understanding of modern slavery among Terumo Australia staff. The results indicated that while 90% of participants rated the relevance of modern slavery to our operations as either 'High' or 'Very High', close to two-thirds of participants could only give a broad definition to of the term 'modern slavery' and half said they have 'some' understanding of risks in our supply chain.

The results of this baseline survey will continue to inform our modern slavery awareness and training programs and enable us to measure the effectiveness of these programs.

Modern Slavery Gap Analysis

With the support of external consultants, we conducted a review of our systems and processes, and undertook an operational gap analysis to identify risks and opportunities and enhance our risk management systems. The Modern Slavery Working Group responded to 22 multi-choice questions assessing five key area of business activity for gaps and opportunities. The outcome of Gap Analysis underpinned the development of our Action Plan and three-year roadmap. *Results of our Gap Analysis are included under reporting Criteria 3.*

Modern Slavery Action Plan

The Working Group developed a practical and comprehensive modern slavery action plan which includes a high-level three-year road map that will inform our risk management approach moving forward. Our action plan includes actions to establish a project management group, address gaps in our governance and due diligence processes, update risk management processes, improve supply chain management, engage our suppliers, focus on HR and recruitment activities and deliver training to key internal and external stakeholders.

Risk Framework

To better integrate modern slavery risk management across our operations, we reviewed our risk assessment matrix and included a specific category for modern slavery in our enterprise risk framework.

Supplier Risk Identification and Prioritisation

We reviewed and prioritised our highest spend suppliers against modern slavery risk indicators and high-risk spend categories (see Criterion 3 '*Modern slavery risks in operations and supply chains*' above). We have committed to work with our Japan team to support efforts to assess potential modern slavery risk associated with Terumo Group entities who supply us stock items and goods for sale.

Supplier Due Diligence

In 2021 we invited three large non-Terumo goods and service suppliers that make up 20% of our annual procurement spend to participate in a self assessment questionnaire. One supplier is based in Australia, one in South Korea and one in the United Kingdom. All three suppliers either completed a Self Assessment Questionnaire (SAQ) or provided information on steps they are taking to manage modern slavery risk in their operations and supply chains.

Information on our supplier self assessment questionnaire is summarised in Case Study 2.

With the help of external consultants, we developed detailed risk-based reports for these suppliers which include improvement recommendations that inform supplier Corrective Action Plans. We will continue to work with these suppliers to ensure corrective actions are effectively implemented.

Modern Slavery Roadmap

Our focus for year 1 (the reporting period for this statement) was on reviewing existing systems and processes for managing operational and supply chain modern slavery risks, determining our highest risk/highest priority suppliers and building a modern slavery risk management framework.

Year 2 will focus on implementing additional risk management actions and enhancing our due diligence processes for our priority national and international suppliers.

Year 3 will focus on monitoring and reviewing progress as part of our commitment to continual improvement. *Our three-year road map is included below.*

<p style="text-align: center;">Year 1 (2021)</p> <p style="text-align: center;">Establish Framework</p>	<p style="text-align: center;">Year 2 (2022)</p> <p style="text-align: center;">Expand due diligence program</p>	<p style="text-align: center;">Year 3 (2023)</p> <p style="text-align: center;">Review, Extend, Evaluate & Improve</p>
<ul style="list-style-type: none"> ▪ Formalised Modern Slavery Working Group ▪ Developed a Modern Slavery Action Plan ▪ Developed and delivered a staff awareness survey ▪ Engaged Board, SLT and Terumo Group (Japan) ▪ Rolled out broad modern slavery staff awareness training ▪ Mapped Tier 1 suppliers and undertook supplier risk prioritisation ▪ Engaged highest risk non-Terumo suppliers and invited suppliers to complete SAQ ▪ Included modern slavery as a category in enterprise risk framework 	<ul style="list-style-type: none"> ▪ Follow-up supplier questionnaires with Corrective Action Plans ▪ Work with Terumo Group to assess potential risk among Terumo Group suppliers ▪ Conduct further supplier due diligence of highest risk, highest priority suppliers ▪ Communicate Terumo Australia’s modern slavery position to prioritised suppliers ▪ Establish ongoing supplier monitoring programs for OEM and SCM partners ▪ Audit supplier contracts and ensure modern slavery risk management requirements are included (OEM) ▪ Incorporate measures to manage modern slavery risk in outsourcing and labour hire contracts 	<ul style="list-style-type: none"> ▪ Develop customer/stakeholder communications strategy ▪ Extend supplier risk assessments to highest risk Tier 2 suppliers ▪ Conduct ongoing assessment of internal and external stakeholder awareness ▪ Review and update action plan and strive for continuous improvement ▪ Develop modern slavery remediation program that is well resourced and supported ▪ Review worker voice data collection opportunities for at-risk workers in the supply chain ▪ Continue to review and report on modern slavery risk management initiatives

Case Study 1: Assessing understanding of modern slavery in our workforce

We developed a survey to assess our associates' current levels of understanding of modern slavery issues facing Terumo Australia. The results of the survey provided a baseline from which to assess the effectiveness of our training and awareness programs. Questions ranged from identifying whether staff could provide a definition of modern slavery to a colleague, which of our goods and services could be high risk for modern slavery, and whether our associates know what to do if an instance of modern slavery is identified. High levels findings of the survey include:

- respondents could give a broad definition of modern slavery;
- almost all respondents understood that our supply chains are exposed to modern slavery risk;
- all agreed that modern slavery is highly relevant to our business operations;
- only few respondents had a clear understanding of actions to take if modern slavery was identified in our operations or supply chain.

Findings of the survey will inform our staff and supplier engagement programs and will be repeated in future to evaluate the impact of awareness activities.

Case Study 2: Engaging our highest priority suppliers

We invited three of our largest suppliers by spend (who collectively account for 20% of our annual procurement spend) to participate in a modern slavery supplier survey. Working closely with external consultants, our Business Unit Manager of Medical Care Solutions engaged and educated each supplier not only on what we wanted them to do, but importantly why we wished to partner with them to assess and address our collective supply chains risks. Suppliers were provided with access to a supplier portal which included an information video, FAQs and a guideline to help them understand the intent of each survey question and the type of supporting information we required.

All the suppliers completed the questionnaire or provided information on how they are managing modern slavery risk in their operations and supply chains. A mix of goods and services are procured from the suppliers including stock items and goods for sale, and logistics services.

Suppliers were assessed across three key areas – operations, workforce & remedy; governance & due diligence; and risk management. They were given an effectiveness score that reflects a standard risk management approach. Based on the effectiveness scores, suppliers were given a risk ranking. Lack of evidence and supporting documentation resulted in lower effectiveness scores and a higher overall risk ranking.

Based on survey findings, high level recommendations include:

- More work is needed to engage and educate our suppliers on the risks of modern slavery and the potential vulnerabilities in their operations and supply chains.
- Document how compliance with national workplace laws and regulations is ensured, especially in relation to workplace safety and worker welfare.
- Enhance transparency of operational and supply chain modern slavery risk assessments and make findings available to Terumo
- Deliver internal awareness programs on national workplace laws, labour rights requirements, relevant company policies, and grievance processes to all workers and contractors.

Each of the participating suppliers was provided with a comprehensive risk-based report and improvement recommendations. Our procurement team is working with suppliers to develop and implement Corrective Action Plans based on the recommendations made.

Case Study 3: Engaging our Board and key suppliers

We purchased three modern slavery eLearning modules for delivery to our associates, our Board and our priority suppliers. The modules are tailored to meet the specific needs of our business, are highly interactive and link to relevant resources on modern slavery risks.

The general Modern Slavery Awareness module for our associates provides an overview of modern slavery, the forms of modern slavery and key areas of risk and vulnerability.

The Board module provides information on key modern slavery risks and opportunities facing Terumo Australia, actions required to effectively manage risk within our operations and supply chains and the role of the Board (and duties of Board members) to support and guide our risk management program.

The supplier module provides information on our approach to managing modern slavery risk and respecting human rights, our expectations of suppliers to adhere to Terumo's corporate values and actions to manage risk in their operations and supply chains. Delivery of the module through an external Learning Management System enables us to track which suppliers have completed the training and provide Certificates of Completion.

Reporting Criteria 5: Effectiveness Assessment

The measures taken to date establish a continuous improvement process to develop internal capabilities and iteratively improve our systems and processes.

To track our progress to manage modern slavery risk we are implementing a review process to ensure we are making tangible progress towards achieving our goals and actions.

- Our annual Modern Slavery Statement is approved and signed off by the Board as per mandatory reporting requirements.
- Quarterly Business Review – Senior Management Team
- Update Terumo Group (Japan) on progress, issues and achievements of the Terumo Australia Modern Slavery Program.
- Action Plan progress, issues and achievements are quarterly reviewed by the Board
- Monthly Review – Modern Slavery Working Group and report to the Senior Management Team

Effectiveness indicators 2021

For 2021, we developed a set of process indicators to track the implementation of our modern slavery risk management program. These are included below:

Indicator or target	In progress	Completed
Formalise Modern Slavery Working Group and Terms of Reference		✓
Engage Board, ELT and Terumo Corporation on modern slavery broadly and legislative reporting requirements		✓
Complete modern slavery gap analysis		✓
Complete a review and risk prioritisation of all Tier 1 suppliers		✓
Complete Modern Slavery Action Plan and Road Map		✓
Incorporate modern slavery into enterprise risk management framework		✓
Engage highest risk suppliers (comprising 20% of total procurement spend) in modern slavery SAQ		✓
Implement and track implementation of corrective action plans by all high-risk suppliers	✓	
Educate associates and project team members on modern slavery risks and legislative requirements		✓

Continuous improvement

Addressing modern slavery risk is complex and challenging. In 2021 we made significant progress in understanding our operational and supply chain risks, engaging our staff and management team globally and documenting our modern slavery action plan and road map.

Our Modern Slavery Working Group led by our Risk and Compliance Officer and supported by our Board, will strive for continuous improvement as we continue to integrate modern slavery risk management into all aspects of our operations and purchasing decisions.

We expect our approach to evolve over time as we and the business community learn more about the risks and impacts of modern slavery globally.

Reporting Criteria 6: Process of consultation with entities owned or controlled

Terumo Australia does not own or control any other entities.

Terumo Australia is an entity owned and controlled by Terumo Group (Japan). We are working closely with Group procurement and sustainability teams to ensure a harmonised approach to managing modern slavery risk across the organisation and identify opportunities to share learnings from our program.

Our COVID-19 Considerations

For a purpose of making sure workers in our operations and supply chains are not exposed to modern slavery because of COVID-19, we have taken various actions closely collaborating with our supply chain partners. Some examples of the actions taken were as follows;

- Closely communicating with our custom clearance and cartage partner to schedule container priorities, recognising that custom clearance and cartage could be delayed due to reduced staffing,
- Absorbed additional fees for covering additional staffing due to COVID precautions (split shift and work from home when quarantined),
- Eased service levels on inbound and outbound transport services to reflect increased warehouse absenteeism,
- Eased service levels on transport services to reflect increased absenteeism.
- Maintained regular contact to ensure resources we're not stretched, and urgent requirements were prioritised, and reviewed and minimised requests for overtime.

Modern Slavery Statement Annexure (Commonwealth Government Requirement)

MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE**Principal Governing Body Approval**

This modern slavery statement was approved by the *principal governing body* of

the Board of Directors of Terumo Australia Pty Ltd

as defined by the *Modern Slavery Act 2018 (Cth)*¹ ("the Act") on 5th September 2022

Signature of Responsible Member

This modern slavery statement is signed by a *responsible member* of

the Board of Directors

as defined by the Act²:



Jeff Soo, Managing Director

Mandatory criteria

Please indicate the page number/s of your statement that addresses each of the mandatory criteria in section 16 of the Act:

Mandatory criteria	Page number/s
a) Identify the reporting entity.	2
b) Describe the reporting entity's structure, operations and supply chains.	7
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	15
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	21
e) Describe how the reporting entity assesses the effectiveness of these actions.	25
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).*	27
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.**	N/A

* If your entity does not own or control any other entities and you are not submitting a joint statement, please include the statement 'Do not own or control any other entities' instead of a page number.

** You are not required to include information for this criterion if you consider your responses to the other six criteria are sufficient.

- Section 4 of the Act defines a principal governing body as: (a) the body, or group of members of the entity, with primary responsibility for the governance of the entity; or (b) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed body within the entity, or a prescribed member or members of the entity.
- Section 4 of the Act defines a responsible member as: (a) an individual member of the entity's principal governing body who is authorised to sign modern slavery statements for the purposes of this Act; or (b) if the entity is a trust administered by a sole trustee—that trustee; or (c) if the entity is a corporation sole—the individual constituting the corporation; or (d) if the entity is under administration within the meaning of the *Corporations Act 2001*—the administrator; or (e) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed member of the entity.