

# Addressing the Risk of Modern Slavery

## Modern Slavery Statement

Siemens Healthineers Statement is submitted in accordance with requirements of the Modern Slavery Act 2018 (Cth).

[www.siemens-healthineers.com/en-au/](http://www.siemens-healthineers.com/en-au/)



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This Statement is given pursuant to the Modern Slavery Act 2018 (Cth) by Siemens Healthcare Pty Ltd (ACN 604 853 938) ("Siemens Healthineers AU"), with its registered office at 885 Mountain Highway, Bayswater, Victoria 3153.

This statement sets out the actions taken by Siemens Healthineers AU to address modern slavery risks in our business and supply chain during our financial year from 1 October 2019 to 30 September 2020. In this Statement references to our, us or we are used to refer to Siemens Healthineers AU.

## **1. Siemens Healthineers Australia company structure, business operations and supply chains**

Siemens Healthineers AU is an Australian company with no controlled entities. Siemens Healthineers AU trades under the trade name "Siemens Healthineers". Siemens Healthineers AU is 100% owned within the Siemens Healthineers AG group of companies. Siemens Healthineers AU employs 563 people in Australia as of February 2021.

Siemens Healthineers AU's main operations are as a supplier of medical devices, parts, consumables and reagents and a provider of associated services for the following healthcare portfolios:

- Diagnostic Imaging;
- Ultrasound;
- Advanced Therapies;
- Laboratory Diagnostics; and
- Point of Care Diagnostics.

Siemens Healthineers AU also provides value added services such as:

- Customer Services (including product related services; remote services; and education & skills management);
- Enterprise Services (including asset management and managed equipment services; transformation & advisory services; managed departmental services and staffing & capacity solutions); and
- Digital Health Services (including population health management; digital ecosystems; teleradiology Services and imaging IT).

The Siemens Healthineers AG group of companies' supply chains include the manufacture, supply and distribution, installation, service and support of medical devices and related products and services. In this context Siemens Healthineers AU's supply chain includes its overseas related companies where medical products are manufactured or produced, imported into Australia, and subsequently sold and distributed by Siemens Healthineers AU. Siemens Healthineers AU's operations also include services such as delivery, installation & commissioning, design, consultancy, project management, product service and maintenance, and support and training services.

Globally, Siemens Healthineers AG is present in over 70 countries. The Siemens Healthineers AG group operates production facilities and uses manufacturing facilities, R&D facilities, office buildings and warehouses. As at the date of this Statement, Siemens Healthineers AG has manufacturing locations in United States (14), Germany (5), United Kingdom (4), China (3), Canada (2), India (2), South Korea (2), Ireland (1), Brazil (1), Spain (1) and Luxembourg (1).

Siemens Healthineers AG procurement function is managed globally and is responsible for managing the procurement organised by material fields within commodity management. Australian specific aspects and local procurement is handled by Siemens Healthineers AU.

In FY20, the Siemens Healthineers AG group of companies' total procurement volume was EUR6.5bn / AUD 10.15bn, representing spend with 38,000 suppliers globally with the main purchasing countries being US, Germany, China, Great Britain and Japan. The main commodities being sourced are medical devices, real estate, travel, externally manufactured reagents, logistics, Instruments Original Equipment Manufacturing (OEM-I), plastic parts & advisory services.

In Australia, Siemens Healthineers AU's total supplier spend in FY20 was over EUR200M, / AUD 310.4M, with the vast majority of this spend comprising sourcing from Siemens Healthineers AG's global manufacturing locations. The remainder comprises purchases of goods and services from 380 third party suppliers. Of Siemens Healthineers AU's third party suppliers, all but a handful are direct first- tier suppliers, based in Australia.

The main goods and services procured from Siemens Healthineers AG's manufacturing locations were goods and services required to operate as a supplier of medical devices, parts, consumables and reagents and associated services.

**Siemens Healthineers AU's third party sourcing in Australia comprises the following goods and services:**

%	Commodity description
31%	Logistics - Air
14%	Installation Services
12%	Services
8%	Logistics - Ground
7%	Travel
5%	Medical Accessories
3%	Turnkey Construction/Civil Works
3%	Medical Devices
2%	Instruments Original Equipment Manufacturing (OEM-I)
16%	Other commodities representing less than 1% of total spend

## 2. Risk of modern slavery practices in the operations and supply chains of Siemens Healthineers Australia

### Policies and governance

Globally, Siemens Healthineers AG requires that all employees and managers, suppliers and third party intermediaries comply with all applicable laws and regulations based on – amongst others – the Universal Declaration of Human Rights<sup>1</sup>, International Labour Organisation’s International Labour Standards, the United Nations Convention against Corruption<sup>2</sup> and OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions<sup>3</sup>.

Every Siemens Healthineers AG group company employee, including managers and the managing boards are required to comply with Siemens Healthineers AG’s global Business Conduct Guidelines. These Guidelines mandate how we conduct business, act within our company and in relation to external business partners on various topics that include basic working conditions and human rights.

With respect to business partners, Siemens Healthineers AG have globally applicable policies and procedures in place that ensure a uniform risk-assessment of all our business partner relationships focussed on human rights (including conflict minerals), corruption, conflict of interest, antitrust, confidentiality and data privacy, gifts and hospitality.

All of Siemens Healthineers AU’s business partners must adhere to the Siemens Group Code of Conduct for Suppliers and Third Party Intermediaries (“Code of Conduct”) which sets out the standard of ethical, lawful and sustainable conduct expected from our business partners. We have made responsible business practices a core element of our supplier management processes.

The Code of Conduct is based on – among others – the Ten Principles of the United Nations Global Compact 4 but also reflects the Siemens Healthineers AG “Business Conduct Guidelines”. Through the mandatory Code of Conduct, Siemens Healthineers AU’s suppliers commit to minimum standards for the following:

- Legal Compliance;
- Prohibition of corruption and bribery;
- Fair competition, anti-trust laws and intellectual property rights;
- Conflicts of interest;
- Respect for basic human rights of employees;
- Prohibition of child labour;
- Health and Safety of employees;
- Environmental protection;
- Supply Chain (2nd tier suppliers); and
- Conflict Minerals.

### Due Diligence of suppliers in the Siemens Healthineers Australia supply chain

As a manufacturer of medical devices and in vitro diagnostics, Siemens Healthineers AG holds the responsibility for ensuring the finished product’s conformity with applicable quality and regulatory requirements. Siemens Healthineers AU is the Australian importer and sponsor of Siemens Healthineers AG medical devices. Regulatory and quality system requirements such as International Standards Organisation’s ISO 13485 – Medical Devices, to which Siemens Healthineers AG manufacturing sites are certified to. It requires the manufacturer to establish appropriate controls for all products and services obtained from both “external” and “internal” suppliers. A key part of this is ensuring that our suppliers agree contractually to abide by the Code of Conduct.

Siemens Healthineers AU maintains appropriate supplier quality management processes that meet applicable local legal and regulatory requirements as well as the requirements established by Siemens Healthineers AG. We evaluate and review our sustainability principles as part of the overall supplier quality management process at the following levels:



- **Supplier Qualification:** our supplier management processes ensure that all of our third party suppliers are onboarded following the same process
- **Supplier Evaluation:** our third-party supplier monitoring is based on a harmonised risk management framework that depends on the specific scope of delivery and product impact. This process describes how we ensure that feedback is provided to the supplier about any deficiencies with the products or processes.
- **Supplier Development:** activities aimed at sustainable cooperation between Siemens Healthineers and our suppliers as well as the continuous identification and realisation of optimisation opportunities.

### **3. Action taken by Siemens Healthineers Australia to assess and address modern slavery risks, including due diligence and remediation processes**

#### **Assessment and mitigation of modern slavery risk**

To ensure that Siemens Healthineers AU minimises the risk of modern slavery and the potential exposure to geopolitical risks including human rights, we utilise a risk-based methodology, including the Sustain Consulting GmbH Sustainability indicators and global scores based on the most recent Organization for Economic Cooperation and Development (OECD) and Transparency International / Corruption Perception Index (TI/CP).

Siemens Healthineers AG's group of companies globally has robust processes in place to manage workplace relations, across the organisation globally. The potential exposure to modern slavery is heightened when purchasing goods and services from third party suppliers. In the last 18 months Siemens Healthineers AU has, as a part of our supplier quality management process, improved our new supplier onboarding process by integrating additional risk-assessment methodology. This methodology allows us to categorise suppliers from lower / higher risk countries based on OECD and TI/CP Indexes as a determining factor for the supplier categorisation.

In addition to this, we assess all our existing suppliers with spend over EUR50,000 in Australia against Sustain Consulting GmbH sustainability indicators. In FY20, the results of this assessment were as follows:

- 98.70% of suppliers (including associated Siemens entities) were categorised as low risk;
- 0.78% of suppliers were categorised as medium risk; and
- 0.52% of suppliers were categorised as high risk.

Siemens Healthineers AU proactively engaged with a number of suppliers that fell into medium and high-risk categories, requiring these suppliers to complete a corporate responsibility self-assessment.

This assessment focuses on a selection of important minimum requirements relating to governance in the supply chain. Based on the answers given by the supplier, corrective actions are generated in case of insufficient answers. The corrective action plan is then monitored, and in line with our supplier quality management framework, subsequently closed when the implementation is successfully completed.

If implementation of the required corrective actions proves ineffective, Siemens Healthineers AU will endeavour to resolve the issue in cooperation with the supplier. If the resolution is unsuccessful, Siemens Healthineers AU has the right to terminate the business relationship with the supplier.

#### **COVID-19 Impacts**

From the outset of the COVID-19 pandemic, Siemens Healthineers AU have been focused on managing our supply chain and monitoring any possible risks as a result of this rapidly evolving situation. It has been a priority for Siemens Healthineers AU to ensure safe and secure supply throughout the crisis without placing undue pressure on our existing suppliers.

This included:

- introducing redundancy capacity in our supply chain by working to eliminate single source supply in favour of multiple sources of supply wherever possible, allowing us to ensure security of supply without adversely impacting suppliers;
- relying largely on existing suppliers to limit the introduction of additional modern slavery risks through new suppliers.

## 4. How Siemens Healthineers Australia assesses the effectiveness of these actions

Our Compliance System – Management responsibility is the focus

Siemens Healthineers AG continuously develops our compliance system in order to adapt it to changing requirements according to our global business. Detection Modules (as explained below) monitor adherence with the requirements and principles of the Code of Conduct. Siemens Healthineers AU is required to comply with the global Siemens Healthineers AG compliance system through its chain of command.

### Corporate Responsibility Detection Modules

We apply a risk-based approach to the identification of sustainability-related risks in our supply chain. This considers both internal and external information sources that enable us to focus our risk mitigation activities where they are most needed. Possible actions include the initiation of a development plan, a sustainability audit, or the termination of the relationship with the supplier.

**Internal** - The internal approach is based primarily on our supplier qualification process and on regular supplier audits, which include an assessment of any change to modern slavery risk. These processes are designed to systematically identify potential risks in our supply chain that relate to corporate responsibility. Suppliers that perform below a certain threshold are evaluated individually to determine the next steps.

**External** - To identify risk we also make use of external sources. Examples of such sources are Non-Governmental Organisation databases, media reports or whistle-blower information channelled through an independent Ombudswoman or 'Let Us Know' reporting hotline. A report of a suspected case of any breach against the requirements of the Code of Conduct is kept confidential and put through a clearing process to determine the next steps e.g. an Incident Driven Inspection.

The following risk-based Detection Modules have been implemented within Siemens Healthineers AG:

1. **Corporate Responsibility Self-Assessment (CRSA):** a company-wide standardized online questionnaire to evaluate suppliers' compliance with the Code of Conduct. The CRSA is repeated at defined intervals.
2. **Supplier Quality Audits:** used to verify and continuously improve the quality and capabilities of suppliers. They may be conducted on a scheduled or 'as needed' basis.
3. **External Sustainability Audits:** Siemens Healthineers AG has appointed internationally recognised auditing companies which conduct these on-site audits based on the principles outlined in the Code of Conduct.
4. **Incident Driven Inspections:** carried out in cases where a suspected violation of the requirements of the Code of Conduct has occurred.

The ideal outcome of the above Detection Modules is an ongoing development of the supplier that, after the agreed implementation time, corrects all deviations from the requirements of the Code of Conduct. Should the Detection Modules demonstrate irreparable conditions, or should the proposed actions not be implemented by the supplier, Siemens Healthineers AU has the right to terminate the purchasing contract.

### Grievances and Remediation Processes

All allegations of possible compliance violations are responded to in accordance with formal company-wide processes.

### Siemens Healthineers AU:

- will examine all reports, investigate the relevant facts and take appropriate measures,
- does not tolerate any retaliation against complainants or whistle-blowers.
- maintains confidentiality and provide whistle-blower protection in accordance with applicable legislation
- will take appropriate action in the event of demonstrable violations, including disciplinary consequences.



- will apply the same principles to allegations of wrongdoings brought by suppliers and other third parties, to the extent legally permissible.

Globally, Siemens Healthineers AG has appointed an independent Ombudsperson to receive, monitor and assess possible violations in a confidential manner. Employees and third parties can confidentially and anonymously confide in this impartial professional should they become aware of improper business practices.

In addition, Siemens Healthineers AG whistle-blower hotline “[Let Us Know](#)” provides a secure and confidential channel for employees or third parties to report suspected non-compliant or otherwise problematic actions 24 hours a day: online, anonymously if desired, and in several languages.

## 5. Continuous improvement.

### Training

During the reporting period, Siemens Healthineers AU released its Whistleblower Policy under which employees and other persons are able to report on any improper practices including in relation to modern slavery. All employees have been made aware of the policy and specific training provided to management.

Modern slavery risk has also become more familiar to sales based employees who have been involved in responding to requests for statements from customers.

### Modern Slavery Working Group

During the reporting period, Siemens Healthineers AU established a cross functional Modern Slavery Working Group and defined its responsibilities to be informed of any risks concerning modern slavery in the supply chain, oversee the implementation of policies and procedures to address modern slavery risks and to prepare the annual modern slavery statement. The working group includes representatives from sales, procurement, quality, legal, compliance and human resources departments.

### Review of existing relevant supply chain policies

Siemens Healthineers AU has completed a review of our existing policies, including supplier quality management framework, with plans to update to detail our approach to modern slavery risk identification, assessment and remediation. We will use our existing internal controls to ensure we are able to assess effectiveness of the risk assessment processes.

### Updating supplier audit requirements

We plan to update our supplier audit requirements to request our suppliers to provide us with information that will allow us to assess actions taken by our suppliers on an ongoing basis to address modern slavery risks.

### Broaden risk framework

We are continuously looking into broadening our modern slavery risks management practices e.g. expanding our risk management framework to target specific higher risk industries and plan to apply best practice to protect people in our operations and supply chain.

This Statement was approved by the Board of Siemens Healthcare Pty Ltd on 16 March 2021.

Signed:



Michael Shaw, Managing Director  
Siemens Healthcare Pty Ltd

Date:

16-3-2021



<sup>1</sup> United Nations General Assembly, Paris, adopted 10 December 1948, The Universal Declaration of Human Rights

<sup>2</sup> United Nations General Assembly, 31 October 2003 adopted by resolution 58/4, United Nations Convention 1 against Corruption.

<sup>3</sup> Adopted by negotiating OECD Conference on 21 November 1997

<sup>4</sup> <https://www.unglobalcompact.org/what-is-gc/mission/principles>