



**FURTHER,
TOGETHER**
2015
**INTEGRATED
PERFORMANCE
REPORT**

Medtronic

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COVER PHOTO:

Read Hina's Story on
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CEO LETTER

Since our early days as a company, the Medtronic Mission has remained the same: to alleviate pain, restore health, and extend life for people around the world. We have worked hard to be at the forefront of medical technology innovation, challenging ourselves to develop high-quality products and therapies that positively impact people's lives. We have accomplished a lot – today more than 62 million people benefit from our technologies each year. This equates to improving the lives of two people every second of every day.

We also recognize that we participate in global healthcare systems that face intense clinical and economic challenges. If not properly addressed, these issues can serve to undermine global growth and development and leave millions of people around the world untreated. No single entity in the healthcare system can solve these challenges alone. We're committed to putting the full power of our technologies, resources, and our people to work with new partners, in new ways, to create a new era in healthcare.

That's a key reason we acquired Covidien — to expand our breadth to treat more people for more diseases, no matter where they are located, more efficiently than ever before. Our future promises even greater social impact. Due to the timing of this acquisition late in our fiscal year, however, the data in this report excludes Covidien's operations, except where noted.

We're proud of the value we provided in FY2015 and look forward to contributing even more in the future by partnering with others to take healthcare Further, Together.

FY2015 HIGHLIGHTS

- Our business achieved solid financial results in FY2015, achieving \$20.3 billion in revenue and \$2.7 billion net earnings — allowing us to advance our Mission and invest in transforming the industry.
- Research is at the heart of innovation. We invested \$1.64 billion, or 8.1 percent of total sales, in R&D — including new ways of addressing health problems in emerging markets such as China and India.
- Our people are the key to transforming healthcare. We invested more than \$47.6 million in employee training and development programs.
- To build greater healthcare capacity and access, we invested more than \$108.8 million in training 50,000+ medical professionals around the world.
- We demonstrated our commitment to patient safety by exceeding regulatory requirements in our quality processes. Now we're focused on combining the best practices of Covidien with Medtronic into a single system that delivers even greater quality assurance.
- We invested in our communities, targeting our philanthropic efforts where they can have the most impact. We donated 1.9 percent of our global pretax profits to charitable causes, and matched the generosity of our employees' \$25.2 million donations with nearly \$20 million more to nonprofits of employees' choosing.
- We continued to make good progress toward our ambitious 2020 Environmental Performance Goals, cutting carbon dioxide emissions and water use by 7 percent. Non-regulated waste decreased by 5 percent.
- We are also pleased that with Covidien joining the Medtronic family that now two patients per second benefit from Medtronic therapies. This is and has always been one of our most important metrics — how many lives we impact around the world.

Our financial health is increasingly linked to our social commitments and environmental performance. We have a unique opportunity to extend our Mission as we integrate Covidien and leverage the leading practices from both companies. By continually challenging ourselves — to advance the limits of technology as well as our thinking — we can lead a transition to value-based healthcare and increase access to care around the world.



Omar Ishrak
Chairman and Chief Executive Officer

FY2015 HIGHLIGHTS

Data excludes Covidien except where noted.

WORKING RESPONSIBLY

\$47.6
MILLION INVESTED IN
EMPLOYEE TRAINING
AND **DEVELOPMENT**

NON-REGULATED
WASTE
DOWN 5%
PER UNIT OF REVENUE
FROM 2013

CO₂ EMISSIONS AND
ENERGY USE
DOWN 7%
PER UNIT OF REVENUE
FROM 2013

29,410
EMPLOYEE
HOURS
VOLUNTEERED THROUGH
PROJECT 6

8.1%
OF TOTAL SALES
INVESTED IN RESEARCH
AND DEVELOPMENT

BUSINESS GROWTH

\$2,675*
MILLION NET EARNINGS

\$20.3 B*
IN REVENUE

* FY2015 based on Medtronic fiscal year as reported and reflects the one-quarter contribution of the Covidien transaction, which closed on January 26, 2015.

VALUE TO SOCIETY

50,796
MEDICAL PROFESSIONALS
RECEIVED TRAINING ON THE
NEWEST TECHNOLOGIES
AND TREATMENTS

\$89.7
MILLION
IN PHILANTHROPIC GIVING

COMPANY OVERVIEW

Alleviate Pain. Restore Health. Extend Life. This is our Mission at Medtronic. It's the reason we've developed an unprecedented breadth and depth of innovative therapies for more than 60 years. And it's the reason millions of lives are improved by a Medtronic product or therapy each year.

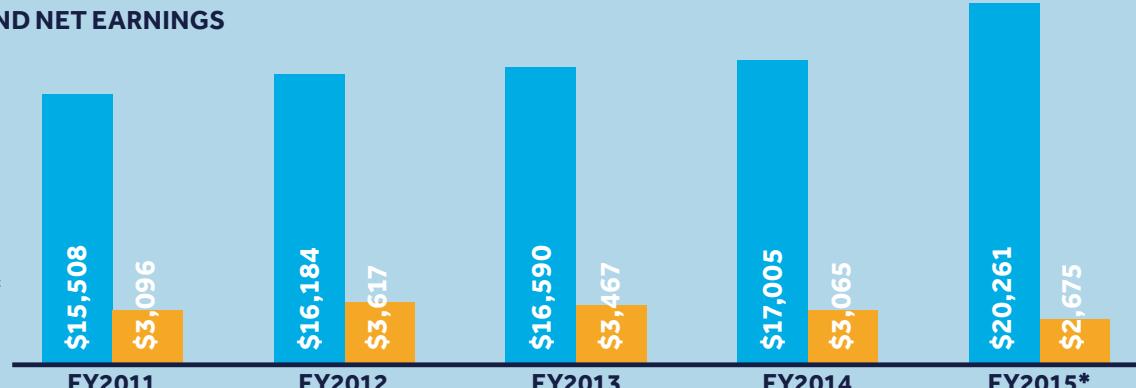
TOTAL SALES AND NET EARNINGS

(\$ millions)*

Total Sales

Net Earnings

*FY2015 based on Medtronic fiscal year as reported and reflects the one-quarter contribution of the Covidien transaction which closed on January 26, 2015.



But we must do more. And we need to do it in partnership with others across the industry to address these three universal needs:

- Improve outcomes for better care
- Increase access to therapies so more people who can benefit from them are treated
- Improve healthcare delivery to increase efficiency and reduce overall costs

Our business strategy consist of three strategic priorities — therapy innovation, economic value creation, and globalization — aimed at

addressing those universal needs (see [Financial Strength](#) for more information).

Our acquisition of Covidien on January 26, 2015 marks a significant milestone, making us uniquely positioned to alleviate pain, restore health, and extend life for more patients around the world. Together as one company, we remain committed to improving the lives of patients through groundbreaking medical technologies and innovative healthcare services and solutions. Solutions that reach more patients in more markets while delivering value for our customers.

ORGANIZATIONAL PROFILE

The combination of Medtronic and Covidien has created a medical technology and services company with a comprehensive product portfolio, a diversified growth profile, and broad geographic reach. Our four groups — Cardiac and Vascular, Minimally Invasive Therapies, Restorative Therapies, and Diabetes — are committed to improving the lives of people through a wide range of medical technologies, services, and solutions.

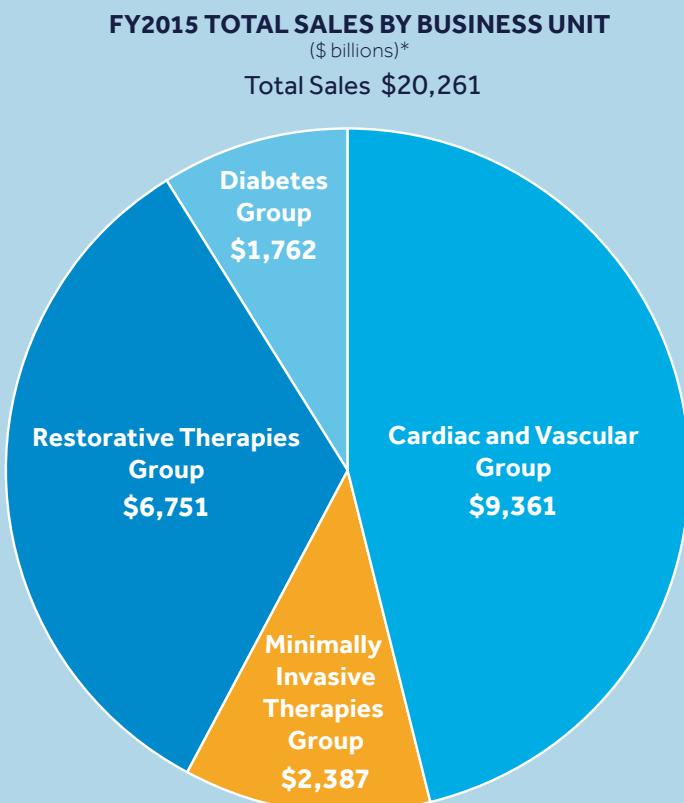
KEY FACTS ABOUT THE NEW MEDTRONIC PLC

Number of employees	85,000+*
Number of countries we operate in	Approximately 160
Research and development spend	\$1,640 m
Number of patents	53,000+

*With the acquisition of Covidien, we had 85,000 full-time equivalent employees at fiscal year-end. Not including Covidien employees, Medtronic employed 46,638 people at the end of FY2015 (excluding temporary or contingent workers).

Cardiac and Vascular Group

Our Cardiac and Vascular Group (CVG) brings all Medtronic cardiac and vascular businesses together into one cross-functional, collaborative operating unit. CVG provides innovative and



comprehensive solutions, including the industry's broadest portfolio of technologies as well as programs and services that drive economic value across the care continuum.

- Cardiac Rhythm and Heart Failure
- Coronary and Structural Heart
- Aortic and Peripheral Vascular

Minimally Invasive Therapies Group

The Minimally Invasive Therapies Group (MITG) aspires to enable earlier diagnoses, better treatments, faster complication-free recoveries, and enhanced patient outcomes using less invasive solutions. MITG's initial focus areas include diseases and conditions of the gastrointestinal tract, lungs,

pelvic region, and kidneys, as well as obesity and preventable complications.

- Surgical Solutions
- Patient Monitoring and Recovery

Restorative Therapies Group

The Restorative Therapies Group (RTG) provides innovative, life-changing restorative therapies and services to meet the needs of millions of people worldwide who suffer from a wide range of chronic medical conditions.

- Spine
- Neuromodulation
- Surgical Technologies
- Neurovascular

Diabetes Group

The Medtronic Diabetes Group is the world leader in advanced diabetes management solutions, including integrated diabetes management systems, insulin pump therapy, continuous glucose monitoring systems, and therapy management software. The group also provides unrivaled, around-the-clock service and support to consumers and healthcare professionals.

- Intensive Insulin Management
- Diabetes Services and Solutions
- Non-Intensive Diabetes Therapies

SCOPE OF THIS REPORT

This report covers Medtronic operations for the fiscal year ended April 24, 2015 (FY2015). On January 26, 2015, we completed the acquisition of Covidien—now operating primarily as the Minimally Invasive Therapies Group, with its Peripheral Vascular business now a part of CVG and Neurovascular business now a part of RTG. Due to the timing of this acquisition late in FY2015, the data in this report excludes Covidien's operations, except where otherwise noted. Our 2016 report will be our first that covers our combined company, Medtronic.

SUSTAINABILITY RISK AND OPPORTUNITY

Sustainability isn't just a nice idea; it's a core value for our business. One that reduces risks, creates opportunities, brings efficiencies, and enhances our reputation. By making sustainability a central value at Medtronic, we add to the already positive societal impact of our products and operations.

UNDERSTANDING OUR RISKS AND OPPORTUNITIES

As a global leader in medical technology, our business generates many significant social, environmental, and ethical benefits, but at the same time this can come with challenges. Information gathering is the first step to understanding how sustainability, in all its facets, relates to our business.

With this in mind, in FY2014 we conducted an extensive review of all sustainability topics relevant to Medtronic. We invited input from internal and external stakeholders, and mapped the external priorities against our business imperatives. Understanding the perspectives of external stakeholders, including healthcare providers, policy makers, and investors, holds us responsible to their needs. It is also a vital component to mitigating risk and running an effective business, as supported by the following conclusions drawn from our sustainability materiality assessment:

- Investors are attracted to a well-managed business that anticipates trends and manages emerging risks.
- Healthcare customers seek a business partner that helps them run their businesses efficiently, aligns with their values, and supports their sustainability goals.
- Government policy makers and regulators give more weight to the views of companies that are recognized as sustainability leaders.

- Potential partners collaborate with corporations they trust to support their social and environmental missions.
- Thought leaders, including nongovernmental organizations (NGOs), academics, and the media, provide new insights that help enhance our reputation.

Materiality Assessment

Based on our formal assessment of stakeholders' sustainability concerns, we identified the following as our most significant sustainability opportunities:

1. **Access to Care:** championing the widest access to healthcare globally across various systems and budgets.
2. **Product Quality:** ensuring that our products and services unfailingly comply with the highest standards of safety and reliability.
3. **Ethics in Sales and Marketing:** leading our industry as trusted partners who always act with integrity.
4. **Responsible Sourcing:** collaborating with our supply chain to develop long-term relationships that enhance product quality, worker rights, and environmental protection.
5. **Product Stewardship:** minimizing the life cycle footprint of our products and packaging through design innovation.

As we develop our sustainability strategy incorporating Covidien, we will reflect these priorities in our focus and resource allocation.

In addition to our five most significant opportunities, we identified eight other material opportunities of importance to Medtronic: trial data, stakeholder engagement, device security, philanthropy, post-market surveillance, corporate governance, talent, and financial strength. All of these important areas are addressed in this report.

REDUCING RISKS

Our management and governance of sustainability issues impacting our business is integral to our risk management strategy. Our Enterprise Risk Management group participates in our materiality assessment. In our day-to-day operations, key sustainability issues are managed within functional groups, rather than by a centralized team. Functional groups work to control business risk by advancing corporate citizenship and sustainability practices. These groups include: Business Development and Strategy; Global Quality; Office of Ethics and Compliance; Sourcing; Human Resources; Environment, Health, and Safety; Medtronic Philanthropy; Scientific, Clinical, and Regulatory.

INTEGRATED REPORTING AT MEDTRONIC

We believe that our integrated report provides a comprehensive overview of Medtronic. It reflects the way that we do business, considering the social and environmental factors and impacts. By working responsibly, we believe that we increase our ability to add positive value to society.

Our Integrated Reporting Index on [page 76](#) highlights some of the most important ways that our business success is tied to our social, environmental, and ethical performance.

The table below outlines our main sustainability risks and how we manage them. These risks are subsets of the risk factors described in our periodic reports filed with the U.S. Securities and Exchange Commission (including Forms 10-K and 10-Q), which readers of this integrated report are encouraged to review for additional information concerning risks that may affect our business operations. We cannot guarantee that even the most exhaustive efforts will fully mitigate or prevent impact on our business success.

SUSTAINABILITY RISK AREA	HOW WE MANAGE RISK
Reputational damage from unethical behavior	We walk the talk against corruption and intentional misconduct. The Medtronic Office of Ethics and Compliance trains every employee to comply with the letter and spirit of The Compass: Our Code of Conduct for Living Out Our Mission. Employees receive other compliance training that is relevant to their jobs.
Failure to meet customer sustainability requirements	Our quality, access, and environmental programs are designed to meet or exceed all customer product and service requirements.
Changing ethical, social, and environmental regulations	Our public government affairs and environmental function groups track relevant regulations in leading markets including the European Union, United States, and China. We engage with industry organizations and regulators to educate them about our industry and to prepare for emerging and pending regulation.
Increased costs from end of product life obligations	We anticipate that Medtronic will increasingly be expected to exercise stewardship over the full life cycle of its products and packaging, including end of product life solutions. Our R&D team is planning for this requirement.

MANAGING BUSINESS CONTINUITY AND RISK

Through our Business Continuity Management Program, we address disruptions that could impact our operations or supply chain. We work proactively, focusing on four key areas:

- **Business Continuity Planning:** strategies to ensure that we can continue to operate and meet demand.
- **IT Response and Recovery:** plans designed to respond to failures in technology and recover the infrastructure that supports business continuity.

■ **Emergency Response:** actions to ensure health and safety, protect physical structures, and limit environmental impact.

■ **Crisis Management and Mobilizations:** coordination of our responses to crises.

Our crisis management teams follow a protocol to effectively manage issues and synchronize responses across the business. The Corporate Crisis Team provides regular updates to the Executive Committee, ensuring that crisis strategies and protocols are executed appropriately. For issues with potentially significant business impacts, the Medtronic Global Command Center responds, and our Corporate Crisis Filter Team determines the appropriate level of response.

CREATING OPPORTUNITIES

Our sustainability programs closely track our business objectives, opening doors to create new opportunities through sustainability leadership and innovation. Sustainability supports our efforts to improve business efficiency, forge new business opportunities, deepen relationships with existing customers, and respond to investor requirements.

Driving Business Efficiency

Our environmental efforts target reductions in our energy and water use as well as the amount of waste we generate. These goals have clear environmental benefits. They also reduce our operating costs for energy, water, and waste disposal.

Our 2020 targets—from a 2013 baseline—are:

- Reduce energy use per unit of revenue by 15 percent.
- Reduce non-regulated waste per unit of revenue by 15 percent.
- Reduce regulated waste per unit of revenue by 10 percent.
- Reduce water use per unit of revenue by 10 percent.

Working toward these targets, Medtronic has achieved over \$5 million in savings to date with expected total savings in excess of \$12 million projected over the seven-year goal period.

Meeting Customer Expectations

Our healthcare customers have their own sustainability and citizenship programs. As such, they seek business partners that align with their values and support their work. We strive to remain their partner of choice so our ethical and sustainability performance is an ever-important factor in customer relations. Business tenders now commonly include scrutiny of our sustainability credentials. We aim to excel on these criteria.

As we lead our industry's transition to value-based healthcare, we increasingly provide services within our customers' hospitals. For example, we already operate 50 catheterization laboratories in European cities. This is a much more complex partnership than our traditional role as supplier of products, demanding an even higher level of responsibility, integrity, and trustworthiness.

Responding to Investor Requirements

Institutional investors recognize the significance of sustainability performance as an indicator of forward-looking management and proactive risk mitigation. Although the level of investor engagement, subjects of interest, and metrics requested vary widely, our goal is to answer all questions from our investors and potential investors. We respond fully to the Dow Jones Sustainability Index (DJSI) investor ranking and satisfy criteria for inclusion in the FTSE4Good Index. Medtronic has been a member of the DJSI North American Index since 2008, a member of the DJSI World Index 2011–2014, and a member of the FTSE4Good Index since 2001.



VALUE TO SOCIETY

ACCESS

For more than 60 years, we've been driven by our passion for healthcare technologies that change lives. Many have benefited — and are alive today — due to our pioneering advances in medical technology. But countless others can't access our products and therapies due to lack of funding or obstacles in their local healthcare systems.

No company or organization can solve the healthcare access problem on its own. However, by combining Medtronic's inherent skills and expertise with the knowledge and capacity of local partners around the world, we can maximize our ability to make healthcare — as well as our groundbreaking technologies and therapies — as accessible as possible.

FURTHER, TOGETHER CAN YOU HEAR ME NOW?

Seventeen-year-old Hina suffered pain from a chronic ear infection ever since perforating her eardrum at age nine. Like many others in her New Delhi, India, community, Hina never saw a doctor for her condition, and so it went undiagnosed, and untreated, for eight years.

Around the world, nearly 360 million people endure chronic ear infections and disabling hearing loss. The impact on sufferers' educational and economic achievement can be devastating. While medical treatment can effectively treat these conditions, nine in 10 people affected live in emerging markets without adequate access to care. In India, the problem is particularly pervasive — 77 percent of the population suffers from some form of hearing impairment due to a lack of health education or limited access to ear, nose, and throat (ENT) specialists.

Our groundbreaking Shruti program (meaning "to hear" in Hindi) bridges this gap by equipping community health workers in poor urban neighborhoods in India and Bangladesh with ear screening kits. Led by Medtronic's Surgical Technologies team and in partnership with 10 local and international organizations, the project also trains community health workers in the basics of ear anatomy and hearing loss conditions.

Combining training with technology, Shruti also employs a mobile diagnostic tool from medical device developer Icarus Nova and a treatment management smartphone app from ClickMedix, a U.S.-based telemedicine company. These tools enable the community workers to quickly screen individuals, submit results to ENT doctors for review, and refer patients for treatment.

In 2014, Hina underwent a successful surgery through Shruti to reconstruct her eardrum, and now sees a specialist for regular checkups. Successfully recovered, Hina is currently pursuing her college degree and loves dancing to Bollywood songs with her friends.

Now in its third year, Shruti operates at five sites in India and Bangladesh, including three that opened in FY2015. Shruti has screened nearly 115,000 patients. Of these, more than 43,000 have been referred to specialist care and 3,800 have undergone treatment with local healthcare providers.

We plan to expand the program through Southeast and South Asia and Sub-Saharan Africa. Our goal is to elicit a positive response from tens of thousands of patients to the life-changing query "can you hear me now?"



Hina

Noncommunicable diseases are among the world's greatest health issues. At present, they account for 68 percent of all deaths worldwide — killing 38 million people a year. Alarmingly, this toll is expected to rise by 36 percent by 2030.¹

Reversing this trend, and improving the lives of those living with chronic health conditions, drives Medtronic every day.

¹World Health Organization, 2014. "Global Status Report on Noncommunicable Diseases, 2014." Available at: <http://www.who.int/nmh/publications/ncd-status-report-2014/en/>.

INNOVATIONS THAT CHANGE LIVES

We constantly look for meaningful innovations that can improve access to healthcare and meet unserved medical needs. Our goal is to invent products and therapies that treat conditions more effectively and at lower costs, expanding the reach of transformative treatments. Beyond products and therapies, we also generate clinical and economic value by improving business models for healthcare delivery.

Developing New Products and Therapies

Since 1949, Medtronic's success has been driven by innovation in healthcare technology. Our people work relentlessly to develop new therapies to address a wide range of chronic diseases — including heart disease, diabetes, neurological diseases, spinal conditions, and vascular diseases.

In FY2015, Medtronic invested \$1.64 billion, or 8.1 percent of total sales, in Research and Development (R&D). Our R&D teams around the world work with healthcare providers, governmental organizations, and other partners to identify needs and solutions. In addition to developing mainstream products and therapies, our local R&D teams in emerging markets like China and India work on transformative solutions to regional health problems.

Medtronic's integration with Covidien brings additional R&D capabilities to our business that will help us continue to increase our ability to meet patient needs across our markets.

Clinical Research Programs

Clinical research is an essential step in proving the effectiveness and safety of the new products, technologies, and therapies we aim to introduce. We conduct clinical trials in accordance with our Clinical Trial Principles and all applicable regulations. See [page 23](#) for more information.

In FY2015 many of our clinical trials advanced breakthrough innovations that demonstrate both clinical and economic value. Some highlights include:

- **Cardiac Resynchronization Therapy:** In August 2014, our Cardiac Rhythm & Heart Failure division launched a post-market clinical trial to compare patient and healthcare system outcomes of heart failure patients with cardiac resynchronization therapy (CRT) devices that have AdaptivCRT® enabled versus those with the standard therapy. The AdaptivCRT system customizes therapy to patients' individual needs and preserves normal heart rhythms. The trial, which is the largest CRT trial to date, includes 3,000 patients in 200 healthcare centers around the world.
- **Predictive Low Glucose Management Technology:** In October 2014 our Diabetes group announced the launch of a clinical study of our Predictive Low Glucose Management (PLGM) technology, which takes a critical step toward development of an artificial pancreas for diabetic patients. The trial evaluates the safety of the integrated insulin pump and glucose monitoring system which automatically monitors and controls insulin delivery. The study covers more than 80 subjects who received the new sensor, which is 80 percent smaller than existing technologies on the market. It will also evaluate the safety of the new PLGM algorithm as well as its ability to prevent hypoglycemia, which is a common occurrence and concern in diabetes management.
- **Deep Brain Stimulation Therapy:** In February 2015, the five-year results from the Stimulation of the Anterior Nucleus of the Thalamus in Epilepsy (SANTE) trial were published online by *Neurology*. The SANTE trial is the largest clinical study of deep brain stimulation (DBS) therapy for epilepsy in adults with treatment-resistant epilepsy. Medtronic is currently pursuing commercial approval for the therapy in the United States from the U.S. Food and Drug Administration.
- **Transcatheter Aortic Valve Replacement:** In March 2015, the results of the two-year High Risk Study of the CoreValve U.S. Pivotal Trial were announced at the 2015 American College of Cardiology conference. The study found significantly lower mortality rates among patients receiving the

KEY PRODUCTS AND THERAPIES RECEIVING REGULATORY APPROVAL IN FY2015

MAY
2014



NC Euphora™

- Conformité Européene (CE) mark for the NC Euphora™ Noncompliant Balloon Dilatation Catheter.

JULY
2014



PRESTIGE® LP

- FDA approval to market the PRESTIGE® LP Cervical Disc System for the treatment of single-level cervical disc disease (radiculopathy and/or myelopathy).

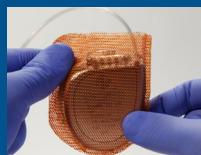
AUGUST
2014



NuVent™ EM

- Launch of the NuVent™ EM Sinus Dilation System for the Fusion®, the first balloon sinus dilation system with built-in electromagnetic surgical navigation technology to help surgeons confirm anatomy and optimize balloon placement during surgery.
- FDA approval for the Attain Performa® Model 4298 quadripolar lead that optimizes cardiac resynchronization therapy delivery through greater options to maintain lead positioning.
- FDA approval of the Viva® Quad XT and Viva® Quad S cardiac resynch.

SEPTEMBER
2014



TYRX™ Absorbable Envelope

- CE Mark for the 23 mm CoreValve® Evolut™ R System for transcatheter aortic valve implantation (TAVI).
- CE Mark for the TYRX™ Absorbable Antibacterial Envelope, an innovative mesh envelope which covers an implantable cardiac device to help stabilize the device after implantation and reduce surgical-site infections.

OCTOBER
2014



CapSureFix Novus™

- FDA approval of CapSureFix Novus™ MRI SureScan® 5076 Lead for use with magnetic resonance imaging (MRI). The lead is approved for MRI scans positioned on any region of the body when paired with a Medtronic dual-chamber MR-conditional pacemaker.

KEY PRODUCTS AND THERAPIES RECEIVING REGULATORY APPROVAL IN FY2015

NOVEMBER
2014



Evera MRI™
SureScan®

- CE Mark for the Resolute Onyx™ Drug-Eluting Stent (DES), which treats coronary artery disease. The stent features CoreWire Technology that enables increased visibility and improved deliverability during procedures.
- Japanese regulatory approval for the Evera MRI™ SureScan® implantable cardioverter-defibrillator system for magnetic resonance imaging scans positioned on any region of the body.

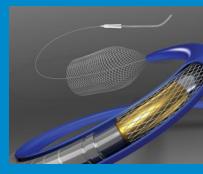
DECEMBER
2014



Attain Performa®
Quadripolar Lead

- FDA approval of the Medtronic IN.PACT Admiral drug-coated balloon, used to reopen blocked or narrow arteries in the upper leg due to peripheral artery disease (PAD).
- FDA approval of two additional Attain Performa® left ventricular quadripolar leads — Attain Performa® Model 4298 quadripolar lead, and the Viva® Quad XT and Viva® Quad S cardiac resynchronization therapy defibrillators (CRT-D). These can be paired with the Medtronic Viva® Quad XT and Viva® Quad S cardiac resynchronization therapy defibrillators (CRT-D) to treat heart failure.

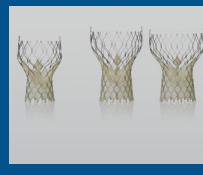
FEBRUARY
2015



Pipeline™ Flex

- FDA approval for the VenaSeal™ closure system. This minimally invasive procedure uses a specially formulated medical adhesive to close lower superficial extremities such as the great saphenous vein in patients with symptomatic venous reflux.
- FDA clearance for Endo GIA™ Reinforced Reload with Tri-Staple™ technology.
- FDA approval of the Pipeline™ Flex Embolization Device, designed to divert blood flow away from aneurysms and provide greater accuracy and control during treatment procedures.

MARCH
2015



CoreValve® System

- FDA approval of the CoreValve® System for valve-in-valve procedures in patients whose surgical aortic heart valves have failed. The CoreValve System is the first transcatheter heart valve approved in the U.S. for such procedures in both high and extreme risk patients who have limited options or may otherwise go untreated.

APRIL
2015



Micra® Transcatheter
Pacing System

- CE Mark for the Micra® Transcatheter Pacing System (TPS), the world's smallest pacemaker.

Transcatheter Aortic Valve Replacements compared with Surgical Aortic Valve Replacement in patients with high risk for surgery.

- **Minimally Invasive Colectomy Procedures:** In March 2015, the journal *JAMA Surgery* published clinical findings suggesting that minimally invasive, laparoscopic colectomy procedures can significantly lower healthcare costs, reduce recovery times, and lower complication risk compared with open surgery procedures. The findings address procedures usually performed to treat digestive health conditions including diverticulitis, Crohn's disease, ulcerative colitis, and cancer of the colon and rectum.

Solving Market Challenges

New products, technologies, and therapies cannot transform lives and bring healthcare to more people without effective and efficient healthcare delivery systems. With the rising costs of healthcare threatening efforts to increase access, Medtronic invests heavily in exploring new business models that help overcome systemic challenges impacting the cost and quality of care.

We bring our expertise to new models for managed services. In FY2014, we launched Medtronic Hospital Solutions, a business unit that partners with hospitals

to operate their facilities, improving efficiency and maintaining high-quality care. The program's initial focus is on cardiac care, and the efficiency and effectiveness of catheterization laboratory facilities. Early results are promising. In our first venture with Imperial College in London, Medtronic Hospital Solutions realized \$1.5 million in cost savings over nine months through improved efficiencies, while increasing the number of procedures conducted by over 30 percent. Hospital Solutions represents a large, long-term growth potential for Medtronic. In FY2015, we signed partnerships with 50 hospitals to manage catheterization labs, which will generate \$1.5 billion in revenue over the next five to seven years.

In Hyderabad, India, a Hospital Solutions partnership with CARE Hospitals will set up heart failure clinics to provide integrated care to diagnose, treat, and manage congestive heart failure. In India, congestive heart failure presents, on average, a decade earlier for patients than in Western countries. The new clinics will focus on enhanced therapy delivery and management of heart failure, and improving outcomes by bringing patients closer to the cardiologists.

In FY2015 we also piloted an expansion of our managed service offerings to operating room (OR) management. Building on experience gained in catheterization lab management and the OR technology expertise of our Minimally Invasive Therapies Group, we are well positioned to provide full-service OR management to hospitals.

In April 2015, we completed our acquisition of Diabeter, a Netherlands-based diabetes clinic and research center. The center provides comprehensive diabetes care for more than 1,500 children and young adults with diabetes, and is Medtronic's first foray into integrated care services for diabetes. Our Diabetes Services & Solutions division intends to expand the Diabeter model across Europe.

Telehealth services can improve healthcare access for patients, especially after they return home from the hospital. Our Cardiocom business offers integrated clinical telehealth services for monitoring patients after medical procedures which helps prevent rehospitalization in heart failure patients. Both patients and hospitals benefit from better long-term health outcomes and reduced readmission rates.

BREAKTHROUGH SOLUTIONS FOR ACCESS TO CARE

Our vision is a world where all people who could benefit from our solutions have access to them. We consider local conditions and develop disruptive solutions — from financing and health worker training to diagnostic testing and product design. In this way we target the systemic problems on the ground that prevent people from getting the care they need.

Our systemwide, value-based approach begins with the question: What are the barriers to care for people suffering from the diseases that we have the expertise and experience to overcome?

"The Global Health Initiative's charge is to develop new business models and end-to-end solutions that are financially sustainable and scalable over time. We are focused on the diseases where we have the most expertise, and are intentionally agnostic about our technologies so that we can leverage our global employee base to think, design, and develop in new ways."

Dr. Daniel Grossman, Senior Director,
Global Health Innovation

Patient Access Acceleration

Our Patient Access Acceleration (PAA) program supports data analysis to bring our products and therapies to more patients who can benefit from them by:

1. Quantifying the business opportunities and potential impacts of a therapy or product.
2. Identifying and understanding barriers to accessing specific therapies or products.
3. Allocating resources to programs and initiatives that can overcome these barriers.

PAA helps us evaluate and manage market opportunities in ways that increase access and deliver better patient outcomes for more people. Our expertise also helps local healthcare providers focus their own developments toward critical market needs. With this in mind, we are developing consulting services — Patient Access Solutions (PAS) — to bring our PAA process to hospitals around the world. In FY2015, we completed 12 PAS consulting engagements. We also filed for two patents related to our PAA and PAS process and methodology.

Improving Health for the Underserved

We encourage our talented and dedicated employees to come up with "out-of-the-box" thinking on healthcare breakthroughs, applying passion, knowledge, and ingenuity to healthcare challenges around the

world. The Medtronic Global Health Initiative supports the development of programs and initiatives that target social impact and unmet healthcare needs. We work closely with employees across business units to bring new ideas for product and service innovations to market and test new ways to treat diseases and their root causes.

Pending pilot business solutions that align our expertise with local needs in emerging markets include:

- **Colombia:** Incontinence affects between 15 and 30 percent of the population and sufferers are often ostracized due to social stigma surrounding the condition. Existing treatment options are expensive and we are exploring physical therapy alternatives better adapted to local needs.
- **Ghana:** Hypertension is a widespread problem, but products and therapies to treat it are underutilized in the country, due to a lack of cardiologists.
- **Mexico:** Type 2 diabetes is very common among Mexican populations. New services and capabilities at local health clinics may be able to treat patients who don't have access to larger hospitals.

Expanding Access through Philanthropy

In addition to our Global Health Initiative work, we directed more than \$10 million in philanthropic dollars toward access initiatives in FY2015. Our two hallmark programs —

Community Health Access and Global Health Access — provide grants to support healthcare for medically underserved communities around the world. We also made product donations worth over \$11.5 million and participate in the Partnership for Quality Medical Donations. This international alliance of private and nonprofit organizations brings quality healthcare to underserved patients by engaging local communities. Members and partners support research and educational forums that contribute to improved guidance on medical donations, and provide product and cash donations as well as volunteer, training, and other services that support disaster relief and improved access to care.

See [Community Investments](#) for more information about our philanthropic efforts in FY2015.

Leveraging Global Partnerships

No single company or organization can solve the global access to care challenge. By leveraging our skills and expertise with the knowledge and capacity of expert local partners, we can scale our impact and connect more patients with the care they need.

FURTHER, TOGETHER

EXPANDING DIABETES CARE FOR YOUTH IN KAZAKHSTAN

The future looks brighter for children with type 1 diabetes across Kazakhstan. Historically, diabetes care has been underfunded in the country, with vast regional differences in access to and quality of care. In FY2015, Medtronic completed an innovative partnership, Project Baiterek, with the Kazakhstan government, local thought leaders, and patient advocacy groups to improve health outcomes for children suffering from the disease. The program focused on access to therapy, local capacity building, and infrastructure development.

In a pilot program that focused on treatment for youth ages 5 to 15, use of insulin pump therapy increased from 2 percent to more than 50 percent. The study demonstrated that the therapy is cost effective, and increases both life expectancy and quality of life, while enabling children to stay in school. The program also provided world-class training to 266 healthcare professionals.

The outcomes were also good for Medtronic, as Project Baiterek has generated significant revenue growth in the region since FY2011. The Project Baiterek team received a Star of Excellence Award, which recognizes Medtronic employees for their unwavering commitment to high quality and excellence in products, processes, services, and business models that bring our innovations to market.

Based on the positive experience of all parties involved, Project Baiterek has expanded from the pilot phase to include all children in Kazakhstan with diabetes.

In FY2015, highlights of our work with partners included:

- **Apollo Hospitals, India:** Since October 2013, we have worked with Apollo Hospitals, the largest healthcare provider in India, to address end-stage renal disease for patients who need renal replacement therapy. The goal is to bring an affordable and portable hemodialysis system to
- market in the region, where about 10 percent of adults are affected by chronic kidney disease. The development of this new therapy is supported by expanded R&D in India and a Medtronic hemodialysis manufacturing plant in Chengdu, China, which opened in FY2015.
- **Innovations in Healthcare:** As a founding member, we continue to work with [Innovations in Healthcare](#) (formerly the International

Partnership for Innovative Healthcare Delivery). We partner with other innovators within this unique network to co-develop programs, find new avenues to scale existing programs, and share lessons learned from best-practice models around the world. One major collaboration to date is our [Shruti](#) initiative in Asia.

- **Healthy Heart for All (HHFA), India:** Working with local hospitals, we created the HHFA program in 2011. This program increases patient access to cardiac therapies by providing financing options, health hotlines, patient counselors, heart screenings, and other outreach activities. In FY2014, the program expanded to the Philippines.



ECONOMIC VALUE CREATION

Now offered through 120 hospitals in 28 cities, HHFA has provided cardiac screenings to more than 46,800 people and treatment to more than 12,000 from 2011 through April 2015.

- **Johns Hopkins Center for Bioengineering Innovation and Design (CBID):** Each year, Medtronic engineers and scientists partner with Biomedical Engineering master's degree students from Johns Hopkins University in Maryland to explore new solutions to increase access to pacemakers in emerging markets. Most recently, the teams have focused on pacemaker adoption and utilization across geographies and healthcare systems in India, and developed programs to improve both diagnostics and access to therapies.

Building Healthcare Capacity

Training healthcare professionals is fundamental to expanding patient access to care, especially in low-income countries. In FY2015, we invested \$18.7 million in patient education initiatives and \$108.8 million in capacity building and training activities for medical professionals. Our

programs reached 50,796 healthcare professionals in FY2015, including surgeons and specialists. Examples include:

- **Bangladesh:** We operate a dedicated health worker training center at our Bangladesh office, working with the National Institute of Cardiovascular Diseases (NICVD) to provide training and infrastructure for catheterization labs that diagnose heart conditions. We held three trainings at our center during FY2015 and conducted two more at NICVD.
- **China:** Our Medtronic Patient Care Center in Beijing and our hospital-based patient care centers in 31 additional hospitals train physicians, patients, and their family members on available treatments and therapies for common chronic diseases. In FY2015, the Beijing center offered six medical training programs attended by 197 physicians. Around the country, 1,138 people participated in 52 events and 5,212 more tapped into our information hotline and website.
- **India:** We provide courses for doctors at specialized Therapy and Procedure Training Centers in Mumbai, Chennai, and Delhi, as well as through hospitals and medical colleges throughout the country. In FY2015, 1,890 healthcare professionals received training in 220 programs.

▪ **United Arab Emirates:** In FY2015, we launched the Medtronic Academy with the University of Sharjah in Dubai. The program provides cardiac care and product training to physicians from around the region, in both laboratory and classroom settings. In the program's first six months, 168 medical professionals received training, and more than 20 courses are planned for FY2016.

BETTER PATIENT OUTCOMES PROVIDE BETTER VALUE

We have an imperative to find solutions that both improve patient outcomes and reduce cost. We work consistently with our stakeholders to champion value-based healthcare models that deliver cost savings for the healthcare systems and patients we serve. We seek to improve the economic value of our products and therapies, reduce product costs, and expand access through reimbursement, risk sharing, and appropriate pricing.

Economic Value Assessments

Since 2013, we have used our five-step economic value assessment process to measure and demonstrate the lifetime value of our products and therapies to the patients who depend on them. By focusing on innovations that deliver real economic value while addressing critical healthcare needs, we can improve market penetration and establish Medtronic as a leader in healthcare innovation.

STRATEGY

Prioritize and develop based on Economic Value

EVIDENCE

Generate clinical and economic proof points

COMMERCIALIZE

Pilot, scale, and deploy broadly

MEASURE

Track ROI to Medtronic

INNOVATE

Iterate products and programs

Product Cost Savings

We have been working toward a five-year goal to achieve \$1.2 billion in product cost savings by FY2018. Our efforts have focused on streamlined manufacturing processes and efficiencies and new developments in product design that reduce costs and improve performance. As we integrate with Covidien, we are reevaluating our goals with regard to cost savings to incorporate the cost savings initiatives of both companies.

Product Pricing and Payment

Medtronic and our stakeholders across the healthcare sector are engaged in an important and ongoing conversation about rising healthcare costs. We understand and support the increasing demands from healthcare providers, payers, and purchasers for transparency and accountability in how companies like ours deliver efficient, high-quality, and cost-effective care. We firmly believe that medical technology can benefit not only outcomes, but also lead to improved efficiency in the

healthcare system. In addition, we believe that outcome-based payment structures make all stakeholders in the healthcare industry, including Medtronic, more accountable. Not only do these payment structures benefit the people receiving our products, but they also better align with the financial incentives of healthcare product manufacturers and providers. In FY2015, the U.S. Medicare system announced that it is moving toward outcome-based payments, and we expect other major healthcare payers to follow suit.

Medtronic's Global Health Economic and Reimbursement Team executes our economic value strategy, in line with the evolving healthcare environment. The team continually analyzes the impact of our product reimbursement policies and pricing on the adoption and use of our medical devices and therapies. In addition, the team supports our business units in developing tools and resources that improve reimbursement and pricing strategies.

In FY2015, we began exploring performance-based risk contracts to improve accountability in our product pricing. This effort linked specific product performance and/or patient

outcome requirements to product pricing and reimbursement schedules. As a result, Medtronic can share long-term accountability for patient outcomes, creating shared interest in health results.

In February 2015, Medtronic announced our first risk-sharing contract in the U.S. for TYRX absorbable antibacterial envelopes. These hold pacemakers and implantable cardioverter defibrillators in place, releasing antimicrobial compounds over a seven-day period to reduce infection risks following surgery. Under the terms of this contract, Medtronic guarantees a certain reduction in infections, which are costly to the hospital, when the TYRX envelopes are used.

We also work to improve the affordability of our therapies. Pricing models include: volume pricing and rebate models for hospitals, adaptive pricing for long-term condition treatments, and financial assistance to new and existing patients through charitable programs, payment plans, and other programs.

PATIENT SAFETY

Our innovations have the power to change lives. But they also must be safe. That's why across our business we apply rigorous controls to ensure the safety and effectiveness of all products.

Our multitalented team of Medtronic scientists, engineers, and clinicians are committed to our culture of accountability and excellence. And that commitment shows up in all facets of product development. From the way we develop new ideas, to how we conduct clinical trials and research, manufacture our products, and monitor them in use, we keep patient safety top of mind.

FURTHER, TOGETHER QUALITY BEGINS WITH ME

Ask anyone from Medtronic, "Who is responsible for product quality?" and you'll hear the same response every time: "Me."

As Medtronic and Covidien integrate, we are building on our combined and proven histories of quality performance and product reliability. Covidien's strengths in product quality highlight just how well aligned our priorities and capabilities are, and how we can leverage the best of both companies.

In 2011, Covidien launched Quality Begins with Me. This program fosters long-term capability building among employees, empowering them to promote excellence and show individual leadership to achieve better product quality and flawless execution. This closely mirrors Medtronic's long-standing commitment to individual responsibility for quality and product safety in every job function.

In FY2015, the Quality Begins with Me team received a Medtronic Star of Excellence Award, recognizing their extraordinary performance, innovation, and measurable results.

Built on the foundation of continual improvement, our integration with Covidien creates new opportunities to enhance systems and further embed quality into our culture. Across Medtronic, we are rolling out new trainings and communications campaigns about our quality commitment, targeted information, and education for different functional areas. The quality culture will be reinforced through recognition for individuals who exemplify a personal responsibility for quality.

"Imagine what we could do for patients if each of us believes that quality begins with me," says Joe Sapiente, Vice President of Global Quality Operations for the Minimally Invasive Therapies Group.

By the end of FY2016, we plan to fully roll out Quality Begins With Me across our combined business. By sharing resources and best practices, we are confident the new Medtronic and our stakeholders will go further, together.



COMMITTED TO PRODUCT RESPONSIBILITY AND QUALITY

We design and manufacture medical devices that patients rely on daily, many of which are implanted inside their bodies. To protect patients' health and ensure their peace of mind, it is imperative that these products, and the materials they are made of, are of the highest quality.

Medtronic insists on quality and safety at every stage of the value chain. We reinforce our product safety culture by requiring online Annual Quality Training Certification for employees worldwide. We exceeded our goal of 98 percent certification in FY2015, with more than 99 percent of employees taking the training.

Our Design Reliability and Manufacturability (DRM) program brings quality into R&D, designing safety and reliability from inception. Testing that simulates real-world product use helps us predict patient outcomes.

The Medtronic Operating System (MOS) embeds quality into production by applying Lean Six Sigma principles, a team-based methodology for reducing waste and inefficiency that encourages constant improvement. We also use International Standards Organization (ISO) 13485, a

leading standard for comprehensive quality management systems that meet international medical device regulations, to guide processes in our manufacturing facilities. In FY2015, 95 percent of our owned manufacturing sites were ISO 13485 certified.

To further standardize and synchronize quality systems across our global sales and distribution centers, we introduced the World Quality program in FY2015, which will fully roll out by early FY2017. World Quality focuses on core requirements in quality systems, post-market surveillance, supplier engagement, and operational quality. It outlines minimum standards within a flexible framework that are adaptable to local regulatory requirements. Local teams are conducting assessments to identify gaps between current practice and new World Quality standards. We will implement detailed plans to align all activities and operations with the new program. Overall, World Quality will help smoothly integrate Medtronic and Covidien's quality management systems, while strengthening risk management as we continue to grow in new and emerging markets.

We also insist on and monitor safety and quality performance in our third-party manufacturers. While we do not require third parties to adopt our system, we provide training and learning opportunities to help them build their own systems and capabilities that align with our expectations. For more information about our responsible sourcing and approach to supply chain management, see [Supply Chain](#).

MAINTAINING HIGH-QUALITY FACILITIES

Each year, our performance is monitored and reviewed by regulatory agencies that inspect our facilities for quality and safety. In FY2015, we hosted 152 regulatory inspections at our manufacturing facilities, of which 93 percent resulted in no adverse findings. Our goal is to maintain an average of 0.5 or fewer findings per inspection, which we exceeded with 0.15 this year.

Regular inspections help us understand each regulatory body's expectations and priorities, allowing us the continued opportunity to improve. We share what we learn through our Inspection Knowledge Management process, and roll out any necessary changes across our global facilities.

We strive for compliance with evolving regulatory expectations wherever we make and sell our products. To this end, our internal audit program, Medtronic Corporate-Wide Assessment for Regulatory Excellence (MCARE), analyzes quality management systems, identifies gaps, and develops corrective action plans. MCARE focuses on changing and emerging regulatory requirements. In FY2015, the team completed 28 investigations and supported improvements at Medtronic facilities at risk for process control noncompliance due to new or emerging regulations. Going forward, we will expand MCARE's reach to manufacturing sites acquired through Covidien.

"Continuing to earn the trust and confidence of our stakeholders through safe, high-quality products and services, as well as ongoing compliance with global regulations will help Medtronic solve healthcare's biggest challenges and take a leadership role in improving patient outcomes across the care continuum."

Luann Pendy, Ph.D., Senior Vice President, Global Quality

Learn about quality performance at the Medtronic Energy and Component Center in Brooklyn Center, Minnesota



Standardization and Integration

Our goal is to simplify quality management across the company. To do so, we must standardize our quality systems, become more scalable to support global growth, and be more flexible to address new business and regulatory needs. As Medtronic and Covidien continue to integrate, we are building upon the best of both companies, engaging employees in a wide range of functions including R&D, manufacturing, supply chain management, quality, and regulatory management.

MONITORING PRODUCT USE AND PERFORMANCE

Our quality commitment does not end with the manufacture, sale, or implantation of our products and services. We continue to monitor performance through post-market surveillance, enabling us to understand product performance in a real-world setting, measure performance against known complications, and identify potential problems early.

A dedicated team at Medtronic conducts post-market surveillance. Through a network of partner hospitals, health systems, physicians, clinics, governments, and third-party

databases, the team captures critical data on key products. In addition to meeting the growing need for product performance data by physicians, clinics, and governments, this effort allows us to conduct measurable, cost-effective analysis of our product performance and informs product development. Our partner network includes sites in North America, Europe, and Latin America, and continues to grow in line with our business.

Medtronic therapies and product lines currently under surveillance include: cardiac rhythm, deep brain stimulation, implantable cardiac monitors, sacral neuromodulation, spinal cord stimulation, surgical heart valves, and targeted drug delivery devices.

For more than 30 years, we have issued Product Performance Reports for our Cardiac Rhythm and Heart Failure products. This valuable information assists physicians in better managing their patients' continuing care — such as device survival estimates, physician advisory summaries, and performance details.

In addition, the Medtronic Implantable Systems Performance Registry and the Product Surveillance Registry have monitored the performance of our Neuromodulation business's targeted drug delivery and neurostimulation products. For over a decade, these systems have guided improvements in quality and reliability for future product development.

Enhancing Post-Market Surveillance

We are confident in our post-market surveillance capabilities, but are always looking for ways that post-market research could be improved — for our own products and across the industry. We leverage our innovative spirit, scientific ingenuity, and clinical expertise as we collaborate with the FDA and stakeholders across the industry to enhance post-market surveillance practices. More than 2,000 clinical researchers and statisticians across Medtronic support our efforts to contribute to the development of new measurement models and standardization that will improve patient safety and clinical outcomes.

We also play a leadership role in the Medical Device Innovation Consortium (MDIC), a public-private partnership that advances regulatory science in the medical device industry. Our Chief Scientific, Clinical, and Regulatory Officer serves on the MDIC board of directors and chairs the Clinical Trial Innovation and Reform Steering Committee. With patient outcomes in mind, the committee's goal is to increase efficiency and effectiveness in research design, data collection, and infrastructure both pre- and post-market.

In addition, our Chief Scientific, Clinical, and Regulatory Officer has served on the Board of Governors of the Patient Centered Outcomes Research Institute since it was established as part of the Affordable Care Act in 2010. He also co-chairs the Clinical Effectiveness

Research Collaborative of the National Academy of Medicine.

Our hope is that enhanced post-market surveillance capabilities will improve our monitoring effectiveness and expand access to lifesaving products and therapies.

Product-Related Regulatory Actions

We are committed to resolving all regulatory action and recall issues swiftly and effectively and using our expertise in quality management to implement the required action.

In FY2015, we had three open FDA warning letters,² two of which were resolved during the year. Our third open warning letter transitioned to an FDA consent decree³, announced on April 27, 2015. The FDA agreement is specific to the SynchroMed® II drug infusion pump and the quality system at our Minneapolis Neuromodulation locations. The decree provides the FDA with in-depth oversight of necessary design changes and enhancements to the Neuromodulation quality system. It also sets forth a clear process that allows Medtronic to continue providing physicians access to

² A notification from the FDA when it believes a manufacturer has violated FDA regulations.

³ A legal agreement between the FDA and a company, which settles an FDA civil enforcement action (usually an injunction). The consent decree defines specific actions that the company is required to take in order for the injunction to be lifted.

the SynchroMed II pump for their patients.

In the event of a field action or recall, we take all necessary actions to correct or remedy the root cause of a problem with our products or packaging, and have systems in place to prevent future field actions. Medtronic also executed two field actions that the FDA classified as Class I recalls⁴ during the year, as shown below:

- Medtronic Duet External Drainage and Monitoring Systems: <http://www.fda.gov/medicaldevices/safety/listofrecalls/ucm403857.htm>
- FlexCath Select Steerable Sheath: <http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfres/res.cfm?id=134194>

In addition to field actions, we list product safety issues in the FDA MedWatch Safety Alerts for Human Medical Products Database. The database provides safety alerts and information to healthcare providers about medical products and devices that may impact patient treatment decisions. In FY2015, Medtronic had no voluntary field safety alerts listed in the database.

⁴ The FDA assigns a numerical designation (I, II, or III) to a recall to indicate the relative degree of health hazard presented by the product being recalled. The Class I designation indicates the most serious type of recall.

TRACKING CUSTOMER FEEDBACK

In addition to monitoring product performance, each business unit tracks customer and patient satisfaction through surveys, customer visits, and net promoter scores. Feedback is systematically integrated into product and service development to keep our business responsive to customer and patient needs.

We also provide customers with all necessary information about proper and safe use of our products and therapies. Information is available online, in device manuals, in published clinical trial results, and in product performance reports. Customers are also offered hands-on and online training and education.

Product Complaint Handling

Our global complaint handling system collects and manages customer feedback about our products. Today, each business has its own complaint handling center, but we are working to standardize the system in the future to ensure effective and efficient compliance. Our aim is to target resources on unexpected product issues that require swift and effective investigation and resolution.

We require all employees and distributors to report complaints within 48 hours of receipt, and we take corrective and preventive actions as needed to resolve them. New employees receive training about reporting product complaints

and all employees receive ongoing education and reminders about their responsibility to report product complaints.

Safeguarding Patient Privacy and Device Security

Safeguarding medical device-related data is another critical element of patient safety. See [Governance](#) for more information.

CONDUCTING RESPONSIBLE RESEARCH AND CLINICAL TRIALS

Across the product life cycle, we conduct clinical trials to measure, and provide evidence for, their safety and effectiveness for patients. To ensure that our trials are conducted responsibly, we follow rigorous guidelines laid out in our [Code of Conduct, Global Business Conduct Standards Policy](#), and [Clinical Trials Principles](#).

We also follow international guidelines for clinical research, including the International Conference on Harmonization/World Health Organization Good Clinical Practice standards, and ISO 14155:2011 (which addresses clinical investigation of medical devices for human subjects), where applicable. We engage with organizations advancing clinical standards development and education, including the Clinical Trials Transformation Initiative, the American Society for Testing and Materials, and the Global Harmonization Task Force.

Our [Clinical Trials Registry](#) details information about the purpose, eligibility requirements, locations, and status of each trial that we sponsor (see www.clinicaltrials.gov). Key highlights of our clinical research in FY2015 are included in [Access](#).

Open Data and Transparency

Transparency in clinical research is critical to maintaining patient safety and scientific integrity. Medtronic publicly discloses all clinical trials. We also seek to publish our findings in peer-reviewed scientific and medical journals, and collaborate with researchers and external institutions.

Our commitment to transparency extends to the data our clinical trials generate. In 2013, we were the first company in the medical industry to make all clinical trial data for a product — the Infuse spinal fusion growth protein — publicly available, through a partnership with the Yale Open Data Access Project (YODA). While this action was taken in response to complications related to that product, we learned from the process and believe that open data can benefit our industry, physicians, and patients in the long term.

FURTHER, TOGETHER

ETHICAL USE OF ANIMAL RESEARCH

For many types of products, regulatory requirements necessitate animal research and testing. We apply high ethical standards to this research, and work with scientists, veterinary surgeons and pathologists, regulatory experts, and technical staff to ensure that our work meets all relevant standards. These include requirements laid out by the FDA, the U.S. Department of Agriculture, the Animal Welfare Act, and the Association for Assessment and Accreditation of Laboratory Animal Care.

The Medtronic Institutional Animal Care and Use Committee, made up of internal and external stakeholders, evaluates all proposals for animal research, reviews our protocols and standards annually, and conducts facility and program inspections twice a year.

We look for ways to replace, refine, and reduce animal testing wherever possible. Potential alternatives include computer modeling and simulation and the use of cadaver and artificial tissue.

Medtronic toxicologist Kelly Coleman, based in Minneapolis, Minnesota, has been on a quest to reduce animal testing for more than two decades. Coleman has won two Medtronic Quest grants to research human cell-based alternatives to animal testing for skin irritation. The current industry standard uses rabbits, which are more sensitive than humans to skin irritation and can lead to overprediction in lab testing. In testing newer epidermal models that use human skin cells, Coleman found that they can improve accuracy. His team's findings were published in the journal *Toxicology in Vitro* and received the Society of Toxicology's Best Medical Device Paper Award in 2014.

In FY2016, an ISO Technical Committee is sponsoring an international validation study to confirm Coleman's findings. The study includes more than a dozen laboratories, and if the findings are validated, it could lead to changes in ISO standards that allow in vitro human skin assays to replace rabbit skin irritation tests in evaluation of medical devices.

"If we could replace animal tests with in vitro methods," Coleman says, "it would save time and money, plus spare the lives of thousands of animals used throughout the medical device industry."

More information about our animal research protocols can be found in our [Policy Regarding Use of Animals](#) and the [Feasibility Assessment of Eliminating the Use of Animals for Training Purposes](#).



FINANCIAL STRENGTH

As committed as we are to patient health, we're equally committed to maintaining our financial health through good stewardship of our financial resources. We fully understand that when we're financially healthy, we're better able to improve clinical outcomes, expand access to healthcare, and optimize healthcare cost and efficiency.

As we pursue our growth strategies of therapy innovation, economic value, and globalization, we also ensure that our actions and decisions around these strategies are financially sound. That way, we can deliver consistent growth and returns while contributing to the local economies where we live and work.

A financially strong Medtronic benefits the public and private sectors in the form of new jobs, supply chain purchases, capital expenditures, acquisitions and investments, taxes, charitable giving, and returns to our shareholders.

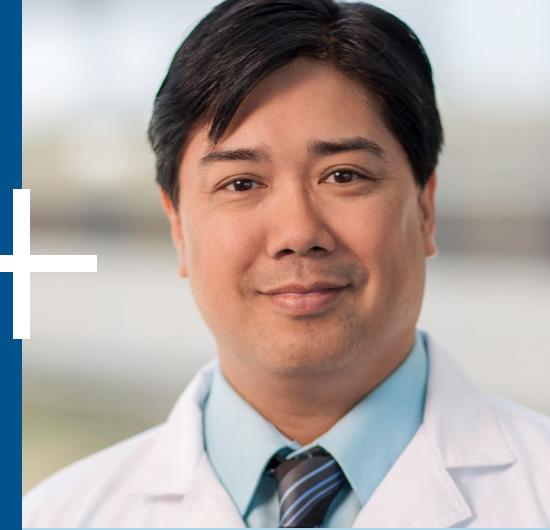
FURTHER, TOGETHER ALIGNING OUR BUSINESS WITH HEALTHCARE NEEDS

Medtronic continues to develop and deliver new therapies and globalize our operations to extend our global reach. In FY2015, we delivered reliable and consistent business and dividend growth (see charts [page 27](#)). We achieved this by closely aligning our business strategy with the long-term macro trends in healthcare. We continue to steadily identify and track these trends in both emerging and developed economies.

All of our business activity, including internal R&D, business development, acquisitions, business model innovation, and financing, is focused on achieving our three strategic growth priorities, each aligned with macro trends in global healthcare. We leverage our portfolio of market-leading products, expertise, global footprint, and financial strength to pursue opportunities in attractive markets. These are areas where we can position ourselves as a leader and add real clinical and economic value.

LONG-TERM HEALTHCARE MACRO TRENDS

MACRO TRENDS	MEDTRONIC GROWTH STRATEGIES
OPERATING COSTS Desire for better clinical outcomes through the use of medical technology	 THERAPY INNOVATION Build the business around core customer groups
OPTIMIZE COST & EFFICIENCY Move to value-based healthcare systems	 ECONOMIC VALUE Deliver integrated health solutions across the care continuum
EXPAND ACCESS Growing demands in healthcare in developing countries	 GLOBALIZATION Expand into global value segments, optimize sales and distribution channels, and innovate new business models



ECONOMIC CONTRIBUTION TO SOCIETY

OPERATING COSTS

SUPPLY CHAIN
RESEARCH AND DEVELOPMENT
INFRASTRUCTURE

SHAREHOLDER RETURNS

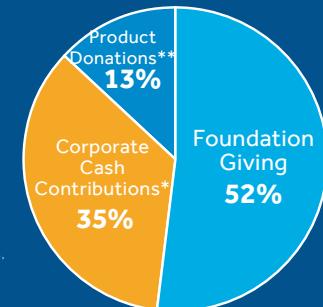
TAXES PAID

COMPENSATION AND WAGES

INFRASTRUCTURE INVESTMENTS

COMMUNITY INVESTMENTS

*Includes support of medical conferences, charitable grants, and research and public education programs.
**Estimated fair market value.



DELIVERING STRONG FINANCIAL PERFORMANCE

Our financial planning and decision making is based on the following three baseline financial goals:

1. Deliver consistent mid-single digit constant currency revenue growth.
2. Grow earnings per share (EPS) 200 to 400 basis points faster than revenue on a constant currency basis.
3. Return 50 percent of free cash flow to shareholders.

On January 26, 2015, we completed the acquisition of Covidien. Our FY2015 financial statements reported in our 2015

Form 10-K and throughout this section of the report include one-quarter contributions of Covidien operations from Q4 FY2015, except where noted otherwise.

Revenue Growth

In FY2015, our annual revenue (net sales) increased 19 percent as reported, or 6 percent⁵ on a comparable, constant currency basis. All four of our groups launched meaningful innovations in FY2015, including those that make advances into new disease areas, build on our existing market-leading technologies, or enhance our diagnostic, therapy, and monitoring products with key wraparound programs. Revenue in emerging markets grew 23 percent as reported, or 12 percent⁵ on a comparable,

constant currency basis during the year — just short of our mid-teens constant currency growth goal. We are committed to improving our growth in emerging markets by focusing on public partnerships, private partnerships, and optimization of our distribution channels. We believe emerging markets represent a long-term source of revenue growth for the company.

Earnings Growth

Our FY2015 as reported net earnings were nearly \$2.7 billion, or \$4.7 billion⁵ on a non-GAAP basis. Our as reported diluted earnings per share (EPS) were \$2.41, or \$4.28⁵ on a non-GAAP basis. The acquisition of Covidien is only included in our fourth quarter performance.

Free Cash Flow Growth

Our strong cash position enables us to make investments in capabilities and capital improvements. These investments enable us to meet our strategic vision through investments, while at the same time continuing to return value to shareholders via dividends and stock repurchases. Changes in foreign currency rates affected the reported value of our foreign currency revenues and cash flows in FY2015. See [Return to Shareholders](#) for our performance and evolving approach following the acquisition of Covidien.

⁵ Represents a non-GAAP financial measure. For reconciliation to the most comparable U.S. GAAP measure see Non-GAAP Financial Measures starting on page 31.

SUPPORTING LOCAL ECONOMIES THROUGH OPERATING COSTS

We spend billions in our communities each year investing in the operations that keep our business running. Funds are allocated toward expenditures such as: research and development outlays; selling, general, and administrative expenses; and income taxes. In FY2015, our cost of products sold represented 31.1 percent of net sales. Our research and development expense was 8.1 percent of net sales, our selling, general, and administrative expenses totaled 34.1 percent of net sales, and our non-GAAP nominal tax rate was 18.2 percent⁶ of pretax income.

Compensation and Wages

We contribute to local communities through wages and benefits paid to employees around the world. In both developed and emerging markets, we are growing our manufacturing, commercial, and R&D operations. We are also investing in hiring and developing local talent, and creating jobs that benefit local economies.

We spent \$5.6 billion on total compensation last year, including \$3.2 billion in direct salary and wages, and an additional \$433 million in retirement benefits.

6 Represents a non-GAAP financial measure. For reconciliation to the most comparable U.S. GAAP measure see Non-GAAP Financial Measures starting on page 31.

NET SALES BY OPERATING SEGMENT AND BUSINESS

(in millions)*



*Some data has been restated from FY2014 report and reflects data reported in our FY2015 Form 10-K

**FY2015 based on Medtronic fiscal year as reported and reflects the one-quarter contribution of the Covidien transaction which closed on January 26, 2015

FINANCIAL PERFORMANCE SUMMARY

(\$ MILLIONS EXCEPT PERCENT AND PER SHARE DATA)

	FY2011	FY2012	FY2013	FY2014	FY2015*
Net Sales (Total)	\$15,508	\$16,184	\$16,590	\$17,005	\$20,261
Net Sales (U.S.)	\$8,872	\$8,828	\$9,095**	\$9,247**	\$11,305
Net Sales (Non-U.S. Developed)	\$5,259	\$5,690	\$5,634	\$5,652	\$6,372
Net Sales (Emerging Markets)	\$1,377	\$1,666	\$1,861	\$2,106	\$2,584
Net Earnings as Reported (GAAP)	\$3,096	\$3,617	\$3,467	\$3,065	\$2,675
Net Sales (Total) Growth (As Reported)	0.8%	4.4%	2.5%	2.5%	19.2%
Additions to Property, Plant, and Equipment	\$501	\$484	\$457	\$396	\$571
Free Cash Flow***	\$3,240	\$3,986	\$4,485	\$4,563	\$4,331
Net Repurchase of Common Stock (net of issuances)	\$1,055	\$1,126****	\$980	\$1,246	\$1,271
Dividends to Shareholders	\$969	\$1,021	\$1,055	\$1,116	\$1,337
Dividend per Share	\$0.90	\$0.97	\$1.04	\$1.12	\$1.22
R&D Expense	\$1,472	\$1,490	\$1,557	\$1,477	\$1,640

*FY2015 based on Medtronic fiscal year as reported and reflects the one-quarter contribution of the Covidien transaction which closed on January 26, 2015.

**Restated from 2014 Integrated Performance Report.

*** Represents a non-GAAP financial measure. For reconciliation to the most comparable U.S. GAAP measure see Non-GAAP Financial Measures starting on page 31.

**** Excluding \$218M of proceeds from Physio-Control used for repurchases.

EMPLOYEE COMPENSATION

(\$ MILLIONS)

	FY2011	FY2012	FY2013	FY2014	FY2015*
Total Compensation**	\$4,737	\$5,045	\$5,322	\$5,376	\$5,614
Salary and Wages	\$2,744	\$2,864	\$2,948	\$3,051	\$3,169
Retirement Benefit Plan	\$368	\$319	\$419	\$419	\$433

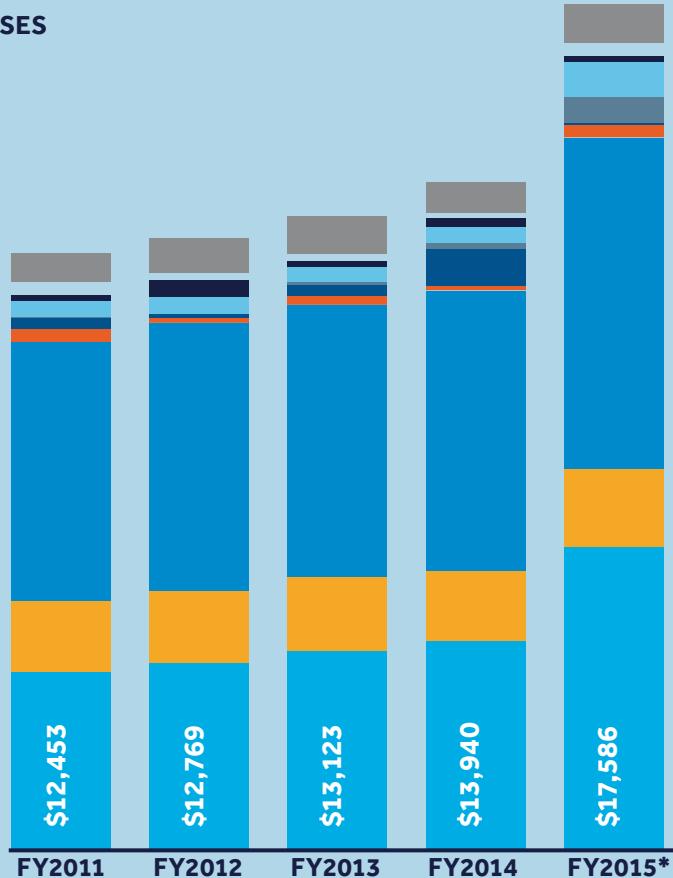
*The compensation data contained in this table represents Medtronic operations for FY2015, excluding Covidien

**Total Compensation includes salary and wages, incentives, overtime, severance pay, payroll taxes, retirement benefits, auto allowance, and other benefits.

MEDTRONIC EXPENSES

(\$ millions)

- Cost of Products Sold
- R&D Expense
- Selling, General, and Administrative Expense
- Special Charges (gains)
- Restructuring Charges, Net
- Certain Litigation Charges, Net
- Acquisition-related Items
- Amortization of Intangible Assets
- Other Expense, Net
- Interest Expense, Net
- Provision for Income Taxes



*FY2015 based on Medtronic fiscal year as reported and reflects the partial year contribution of the Covidien transaction which closed on January 26, 2015.

SCALING OUR IMPACT THROUGH ACQUISITIONS AND INVESTMENTS

Beyond investing in market and product development, we seek opportunities to cultivate our role as a healthcare leader. We grow our business through acquisitions that bring new technology, strategic skills, capabilities, and expertise to Medtronic.

Acquisitions

We target acquisitions that strengthen our core growth strategies — therapy innovation, economic value, and globalization.

- **Therapy Innovation:** we look to fill gaps in our product and solution portfolios for our core customer groups.
- **Globalization:** we focus on expanding in value segment

products, opportunities to optimize our distribution channel, and acquiring companies that have developed interesting and creative business models.

- **Economic Value:** we look to build out our integrated health solutions beyond medical devices, with a focus on the entire care continuum for the range of diseases we serve.

We invest in opportunities that can produce strong financial returns. Specifically, we look for acquisitions that will deliver mid-teens risk-adjusted returns, result in minimal to no "net" EPS dilution for shareholders, and demonstrate clear economic value to our business. FY2015 was a very active and exciting year for acquisitions, as detailed below.

Covidien

On January 26, 2015, we completed the acquisition of Covidien, a global medical device and supply manufacturer, in a \$50 billion cash-and-stock transaction. This was Medtronic's largest medical technology acquisition to date.

We believe the new Medtronic is uniquely positioned to be a catalyst in transforming healthcare.

Covidien's product portfolio, now a principal part of our Minimally Invasive Therapies Group, and global reach will help us achieve our vision of better health outcomes all over the world. The acquisition will also make our business more competitive in the face of emerging healthcare trends and is aligned with our three growth strategies. Covidien brings new breadth

to our portfolio of medical products and services that will improve outcomes and efficiency for customers and patients around the world, while increasing our global footprint. Moreover, Covidien provides greater access to cash, enabling us to invest for growth and meet our capital allocation commitments more effectively (see [Return to Shareholders](#)).

Corventis

In June 2014, we acquired Corventis, based in St. Paul, Minnesota. Corventis developed the SEEQ™ Mobile Cardiac Telemetry System, an external, wire-free, adhesive heart monitor that can be worn for up to 30 days to help detect and diagnose the cause of irregular heartbeats. The SEEQ MCT System remotely monitors every heartbeat and automatically transmits the data via Bluetooth and cellular connections to a monitoring center.

Visualase

In July 2014, we bought Visualase, Inc., a Houston, Texas, developer of MRI-guided laser and image guided systems for minimally invasive neurosurgery. The innovative company expanded our Surgical Technologies business portfolio. The deal closed for approximately \$97 million in cash, including the assumption of milestone-linked

"Medtronic and Covidien have joined forces to pursue our shared commitment to addressing universal healthcare needs and accelerating Medtronic's three fundamental strategies of therapy innovation, globalization, and economic value. We know that our combined business can have a real and meaningful impact on people's lives — helping to treat more people, in more ways, and in more places around the world."

Omar Ishrak, Medtronic Chairman and Chief Executive Officer

payments. The acquisition of Visualase is another example of Medtronic's ongoing investment in technology. It also reinforces our commitment to finding breakthrough solutions across the entire surgical care continuum as we strive to become the partner of choice for neurosurgeons and neuroscience centers around the world.

NGC Medical

In August 2014, Medtronic purchased NGC Medical, a private Italian company in which we owned a 30 percent stake. A provider of managed care services for cardiovascular suites, operating rooms, and intensive care units, NGC Medical accelerated Medtronic's Cath Lab Managed Services business. This transaction represented another example of Medtronic's continuing effort to lead the transformation to value-based healthcare by offering integrated care solutions to hospitals.

Sapiens Steering Brain Stimulation

In August 2014, we purchased Sapiens Steering Brain Simulation in a \$203 million cash transaction to expand our brain modulation portfolio. The Netherlands-based company develops deep brain stimulation technologies to treat neurodegenerative diseases like Parkinson's disease and essential tremor.

Advanced Uro-Solutions

In February 2015, Medtronic acquired Tennessee-based Advanced Uro-Solutions, a manufacturer of

neurostimulation products that treat overactive bladder conditions. The acquisition added an FDA-approved nerve stimulator to Medtronic's portfolio.

Sophono

In March 2015, Medtronic bought hearing aid maker Sophono as part of an expanding ear, nose, and throat (ENT) business in our Restorative Therapies Group. The Boulder, Colorado-based company sells magnetic hearing implants suitable for patients five years and older. This acquisition enabled ENT to continue its focus on offering novel therapies and technology solutions and supports Medtronic's therapy innovation strategy.

Diabeter

In March 2015, we completed the acquisition of Diabeter, a Netherlands-based provider of comprehensive and individualized care for children and young adults with diabetes. It marked Medtronic's first entry into an integrated diabetes care model. Our goal is to transform our Diabetes Group from a market-leading pump and sensor company into a holistic diabetes management company that delivers tangible differences in outcomes and cost.

Investments

We invest in capabilities and initiatives that accelerate our pace and breadth of innovation, creating competitive advantage and greater benefit for patients. One example of this was

the opening of a new facility in Chengdu, China, in FY2015, which expanded our production capabilities. The site will produce Medtronic's groundbreaking hemodialysis solution, which increases access to lifesaving kidney treatment by reducing water consumption, increasing portability, and enabling remote care. It also features a user-friendly interface localized for the Chinese market. We are confident it will help more patients in many different settings receive lifesaving dialysis, including those in small hospitals with limited budgets, those in community health centers, and even those seeking at-home treatment.

We also invest in early-stage start-ups whose innovative solutions have groundbreaking potential to improve lives. In FY2015, examples included:

- Investing in Glooko in a \$16.5 million Series B funding round. Glooko is developing diabetes management software that will link existing blood glucose testing systems with smartphones.
- Investing \$2 million in DreaMed Diabetes, an Israeli technology company whose product connects continuous insulin sensors with insulin pumps, a step toward the creation of an artificial pancreas. The DreaMed program will be integrated into our diabetes portfolio.

Community Investments

We also make contributions to the communities where we live and work, as well as those communities that have the most urgent needs for access to healthcare. Medtronic made philanthropic contributions worth more than \$89 million during FY2015. See [Community Investments](#) for more information about our charitable giving.

REFOCUSING THROUGH DIVESTURES

When needed, divestitures provide the opportunity to refocus our business activities and product and therapy portfolio on our strategic priorities. In FY2015, we sold our MicroFrance and Xomed manual ENT and laparoscopy medical equipment lines to Integra LifeSciences Holdings. Medtronic management and the company's board of directors meet regularly to assess all Medtronic businesses to ensure strategic fit.

ADDING VALUE THROUGH TAXES

In part, we generate value for the communities and countries where we operate through the taxes we pay, including income, real estate

sales and use, payroll, excise, and value-added taxes. In FY2015, we had \$811 million in income tax provisions resulting in an 18.2 percent⁷ non-GAAP nominal tax rate, including a global effective rate of 23.3 percent.

The acquisition of Covidien and establishment of our principal executive offices in Dublin provides Medtronic with access to cash from Covidien's overseas operations without incurring significant repatriation taxes. As part of this transaction, we are able to access some of this overseas cash to reward shareholders, grow our business, and invest in innovation. We have committed to investing \$10 billion in future growth in the United States. Medtronic pays all applicable taxes on foreign earnings in the countries in which we do business.

FINANCIAL ASSISTANCE

Various stakeholder groups will occasionally provide Medtronic with financial incentives in order to attract and support long-term investments in their geographies or disease areas that are aligned with our business strategies. In FY2015, we received approximately \$520 million in government financial incentives globally. These incentives can take various forms, including tax relief and tax credits, investment grants, research development grants, and other direct incentives including subsidies, benefits, and awards.

RETURN TO SHAREHOLDERS

Our disciplined approach to allocating capital supports our commitment to return 50 percent of our free cash flow to shareholders through dividends and share buybacks. We focus on delivering dependable dividend growth for our shareholders, which is driven by our strong free cash flow generation and increased access to our cash. In FY2015, we had \$4.3 billion in free cash flow, and returned \$2.6 billion to shareholders, net of share issuance, through a mix of 51 percent dividends and 49 percent share buybacks. We paid a total of \$1.3 billion in cash dividends at a rate of \$1.22 per share.

Following a 9 percent increase in our cash dividend, FY2015 marked our 37th consecutive year of dividend increases. We continued to be included in the S&P 500 Dividend Aristocrats Index and our dividend per share has grown at an 18 percent compounded annual growth rate over the past 37 years. In addition, Medtronic recently declared a 25 percent increase in its cash dividend for FY2016, raising the quarterly amount to \$0.38 per ordinary share for an annual amount of \$1.52 per ordinary share.

Our acquisition of Covidien helps us maintain our current commitment to shareholder returns. Historically, given U.S. tax policy, only about 35 percent of our free cash flow was accessible to return to shareholders and make

investments in the United States. This meant we had to borrow cash in the U.S. to fund our shareholder commitment and invest in the United States, while our cash accumulated overseas. The Covidien transaction increases our accessible cash flow mix to approximately 60 percent of our free cash flow. With this increased flexibility, we can meet our commitments to maintain an A credit profile, to return 50 percent of our free cash flow to shareholders, to pursue financially disciplined mergers and acquisitions, and to increase our investment in the United States.

⁷ Represents a non-GAAP financial measure. For reconciliation to the most comparable U.S. GAAP measure see Non-GAAP Financial Measures starting on page 31.

NON-GAAP FINANCIAL MEASURES

Non-GAAP financial measures should be considered supplemental to, and not a substitute for, reported financial results prepared in accordance with U.S. GAAP. Medtronic uses non-GAAP financial measures to facilitate management's review of the operational performance of the company and as a basis for strategic planning. Medtronic believes that the resulting non-GAAP financial measures provide useful information to investors regarding the underlying business trends and performance of the company's ongoing operations and are useful for period over period comparisons of such operations. The non-GAAP financial measures reflect an additional way of viewing aspects of the Company's operations. Reconciliations between non-GAAP financial measures and the most comparable U.S. GAAP measures follow.

FISCAL YEAR RECONCILIATION OF REPORTED GROWTH TO COMPARABLE CONSTANT CURRENCY GROWTH¹ (UNAUDITED) (\$ IN MILLIONS)

		FISCAL YEAR ENDED APRIL 24, 2015
A	Medtronic As Reported Twelve Months Ended April 24, 2015	\$20,261
B	Covidien As Reported Nine Months Ended December 26, 2014	8,108
C=A-B	FY15 Pro Forma Historical Revenue	28,369
D	Non-GAAP Adjustment ²	(127)
E=C-D	FY15 Comparable Historical Revenue	28,242
F	Medtronic As Reported Twelve Months Ended April 25, 2014	17,005
G	Covidien As Reported Twelve Months Ended March 28, 2014	10,375
H=F-G	FY14 Pro Forma Historical Revenue	27,380
I	Non-GAAP Adjustment ³	32
J=H-I	FY14 Comparable Historical Revenue	27,412
K=(A-F)/F	FY15 Reported Growth	19%
L	Currency Impact on Growth	(794)
M=(E-J-L)/J	Comparable Constant Currency Growth ¹	6%

¹ Constant currency growth, a non-GAAP financial measure, measures the change in revenue between current and prior year periods using average exchange rates in effect during the applicable prior year period.

² Represents the decrease in Covidien revenue for the nine months ended January 23, 2015 as compared to Covidien revenue for the nine months ended December 26, 2014.

³ Represents the increase (decrease) in Covidien revenue for the twelve months ended April 25, 2014, as compared to Covidien revenue for the twelve months ended March 28, 2014.

MEDTRONIC PLC RECONCILIATION OF OPERATING CASH FLOW TO FREE CASH FLOW (UNAUDITED) (\$ IN MILLIONS)

	FY2011	FY2012	FY2013	FY2014	FY2015
Net cash provided by operating activities	\$3,741	\$4,470	\$4,942	\$4,959	\$4,902
Additions to property, plant, and equipment	(501)	(484)	(457)	(396)	(571)
Free cash flow	\$3,240	\$3,986	\$4,485	\$4,563	\$4,331
Free cash flow, a non-GAAP financial measure, is calculated by subtracting property, plant, and equipment additions from operating cash flows. Investors should consider these non-GAAP measures in addition to, and not as a substitute for, financial performance measures prepared in accordance with U.S. GAAP.					

RECONCILIATION OF CONSOLIDATED GAAP NET EARNINGS AND DILUTED EPS TO CONSOLIDATED NON-GAAP NET EARNINGS AND DILUTED EPS

	FISCAL YEAR ENDED APRIL 24, 2015	
	NET EARNINGS (\$ MILLIONS)	DILUTED EPS
GAAP	\$2,675	\$2.41
Impact of inventory step-up ^a	\$455	0.41
Impact of product technology upgrade commitment ^b	\$61	0.06
Special gains, net ^c	(\$23)	(0.02)
Restructuring charges, net ^d	\$180	0.16
Certain litigation charges, net ^e	\$27	0.02
Acquisition-related items ^f	\$433	0.39
Amortization of intangible assets ^g	\$538	0.49
Impact of acquisition on interest expense ^h	\$49	0.04
Certain tax adjustments ⁱ	\$349	0.31
As adjusted	\$4,744	4.28

The data in this schedule has been intentionally rounded to the nearest \$0.01 and, therefore, may not sum.

^a Represents amortization of step-up in preliminary fair value of inventory acquired in connection with the Covidien acquisition.

^b Represents the probable and reasonably estimable commitment related to a CRHF global comprehensive program for home based monitors due to industry conversion from analog to digital technology.

^c Includes \$64 million after-tax (\$100 million pretax) charitable contribution made to the Medtronic Foundation, \$25 million after-tax (\$41 million pretax) gain on divestiture recognized in connection with the sale of a product line in the Surgical Technologies division and \$62 million after-tax (\$97 million pretax) net gain recognized in connection with the sale of a certain equity method investment.

^d Includes a \$176 million after-tax (\$248 million pretax) charge related to the fiscal year 2015 restructuring initiative and a \$28 million after-tax (\$38 million pretax) charge related to a continuation of our fourth quarter fiscal year 2014 restructuring initiative, partially offset by a \$25 million after-tax (\$34 million pretax) reversal of excess restructuring reserves related to certain legacy Medtronic and certain legacy Covidien restructuring initiatives. The restructuring charge for the fiscal year 2015 initiative consisted of employee termination costs (including accelerated stock compensation due to terminations resulting from the Covidien acquisition), asset write-downs, contract termination fees, and other related costs. This restructuring charge includes expense within cost of products sold related to inventory write-offs of discontinued product lines. The fiscal year 2015 initiative primarily relates to the Covidien acquisition, strategic alignment of certain manufacturing processes, certain inventory rationalizations, and certain program cancellations. The reversal was primarily a result of revisions to particular strategies and employees identified for elimination finding other positions within the Company.

^e Relates to accounting charges for probable and reasonably estimable INFUSE product liability litigation of \$24 million after-tax (\$37 million pretax) and other matters litigation.

^f Primarily includes transaction and integration-related costs incurred in connection with the Covidien acquisition (bridge financing fees, legal fees, and other transaction-related costs), of which \$127 million after-tax (\$189 million pretax) primarily relates to accelerated or incremental stock compensation expense incurred in the acquisition.

^g To exclude amortization of intangible assets.

^h Represents the incremental interest expense incurred to hold \$17 billion of debt from December 10, 2014 through the end of the third quarter of fiscal year 2015. On December 10, 2014, Medtronic issued \$17 billion of debt to finance, in part, the cash component of the Covidien acquisition consideration including the payment of certain transaction and financing expenses and for working capital and general corporate purposes, which may include repayment of indebtedness. The Covidien acquisition closed on January 26, 2015.

ⁱ Primarily relates to a \$329 million tax expense for anticipated resolution of the Kyphon acquisition-related issues with the IRS.

**MEDTRONIC PLC FISCAL YEAR RECONCILIATION OF WORLDWIDE GEOGRAPHIC REPORTED GROWTH TO
WORLDWIDE GEOGRAPHIC COMPARABLE CONSTANT CURRENCY GROWTH¹**
(UNAUDITED) (IN MILLIONS)

	EMERGING MARKETS
A	Medtronic As Reported Twelve Months Ended April 24, 2015
B	Covidien As Reported Nine Months Ended December 26, 2014
C=A+B	FY15 Pro Forma Historical Revenue
D	Non-GAAP Adjustment ²
E=C+D	FY15 Comparable Historical Revenue
F	Medtronic As Reported Twelve Months Ended April 25, 2014
G	Covidien As Reported Twelve Months Ended March 28, 2014
H=F+G	FY14 Pro Forma Historical Revenue
I	Non-GAAP Adjustment ³
J=H+I	FY14 Comparable Historical Revenue
K=(A-F)/F	FY15 Reported Growth
L	Currency Impact on Growth
M=(E-J-L)/J	Comparable Constant Currency Growth ¹

¹ Management believes that referring to comparable currency growth rates is a useful way to evaluate the underlying performance of Medtronic's sales. Constant currency growth, a non-GAAP financial measure, measures the change in revenue between current and prior year periods using average exchange rates in effect during the applicable prior year period.

² Represents the decrease in Covidien revenue for the nine months ended January 23, 2015 as compared to Covidien revenue for the nine months ended December 26, 2014.

³ Represents the increase (decrease) in Covidien revenue for the twelve months ended April 25, 2014, as compared to Covidien revenue for the twelve months ended March 28, 2014.

MEDTRONIC PLC RECONCILIATION OF EFFECTIVE TAX RATE TO NON-GAAP NOMINAL TAX RATE
(UNAUDITED) (\$ IN MILLIONS)

	FY15
Provision for income taxes	\$811
Effective tax rate	23.3%
Non-GAAP adjustments	-5.1%
Non-GAAP nominal tax rate ¹	18.2%

¹ Non-GAAP nominal tax rate is defined as the income tax provision as a percentage of income before income taxes, excluding Non-GAAP Adjustments. We believe that the resulting non-GAAP financial measure provides useful information to investors because it excludes the effect of these discrete items so that investors can compare our recurring results over multiple periods. Investors should consider this non-GAAP measure in addition to, and not as a substitute for, financial performance measures prepared in accordance with U.S. GAAP. In addition, this non-GAAP financial measure may not be the same or similar to measures presented by other companies.

COMMUNITY INVESTMENTS

Noncommunicable diseases account for 63 percent of deaths globally each year. Conditions such as cardiovascular disease, cancer, chronic respiratory diseases, and diabetes affect many people between the ages of 30 and 70—those in the prime of life. But there are solutions.

We support the World Health Organization's (WHO) goal to reduce premature death from noncommunicable diseases by 25 percent by 2025. That's why we devote a large portion of our community investments to this critical area and focus our efforts where need and lack of access to care are greatest. We also encourage our employees to donate their time and resources to these causes. Additionally, every year we support communities afflicted by natural disasters, by funding major relief organizations and donating health equipment and supplies.

FURTHER, TOGETHER PROMOTING HEALTHCARE EQUALITY WITH UNITED WAY

Minnesota boasts one of the healthiest populations in the United States. However, it also has one of the largest gaps in health outcomes between affluent and low-income residents. For example, people born in high-income suburbs of Minneapolis or St. Paul can expect to live an average of 83 years or longer. Those born in poor neighborhoods of either city have a life expectancy of 70-75 years.

In August 2014, the Medtronic Foundation announced a five-year, \$2.5 million partnership with Greater Twin Cities United Way to correct this unacceptable disparity. Research shows that frontline health workers are a vital resource to making meaningful impacts on local outcomes. As such, our partnership focuses on increasing the number of healthcare workers and building capacity in low-income communities. The goal is for people to learn to better manage their health and take advantage of available health resources.

In FY2015 the Medtronic Foundation worked with United Way to conduct a needs assessment to identify medically underserved communities. Moving forward, we will engage community leaders and organizations in collaborative efforts to reduce unequal access to healthcare.

"If one lives in a neighborhood with limited resources, healthcare access remains separate and unequal. By partnering with Medtronic Foundation, we're striving to correct the course and aim for healthcare parity and healthy communities."

Sarah Caruso, President and Chief Executive Officer,
Greater Twin Cities United Way



CONTINUUM OF CARE



GENERAL POPULATION
»

**INDIVIDUALS
AT RISK**

**INDIVIDUAL
DECIDES TO
SEEK CARE**

**TREATMENT
OF DISEASE**

**LONG-TERM
MANAGEMENT
OF DISEASE**

**ARRIVAL
AT FIRST POINT
OF CARE**

**DEFINITIVE
DIAGNOSIS
OF DISEASE**

**ARRIVAL AT
HEALTH CENTER**

**PRELIMINARY
DIAGNOSIS**

Expanding Access across the Continuum of Care

For people in underserved communities, life-changing care is often out of reach. The barriers to affordable, quality healthcare are ubiquitous and daunting.

The Medtronic Philanthropy continuum of care framework guides our strategic approach to community investments.

The continuum of care represents the patient's journey from knowledge and awareness, through diagnosis, to long-term management and control of a disease. This approach allows us to systematically assess, identify, and remove barriers to care at each stage of the patient experience.

OUR APPROACH TO GIVING

Medtronic Philanthropy supports organizations and initiatives that expand access to healthcare and build healthy communities through the Medtronic Foundation and corporate giving. We focus on underserved communities around the world that suffer from chronic, acute, and neglected diseases. We strengthen the capabilities of healthcare providers, advocate for policy change, broaden and increase the availability of products and therapies, and support systemic change. Additionally, we focus on improving the communities where our employees work, live, give and volunteer — demonstrating our dedication to making the world a healthier place for everyone.

Yearly, we commit to donating 1.5 percent of our global pretax profits to charitable causes. In FY2015, we provided more than \$89.7 million in community investments. This represented approximately 1.9 percent of Medtronic legacy pretax profits. Our

total giving comprises Medtronic Foundation grant-making and corporate cash and product donations. In FY2015 our business units made product donations worth \$11.5 million globally.

Corporate Giving Guidelines

Our business units make cash contributions to charitable organizations in support of medical conferences, events, research, and education programs aligned with our Mission. Every quarter, we disclose all donations made to U.S. customers, or organizations affiliated with them, on our [Charitable Donations Registry](#).

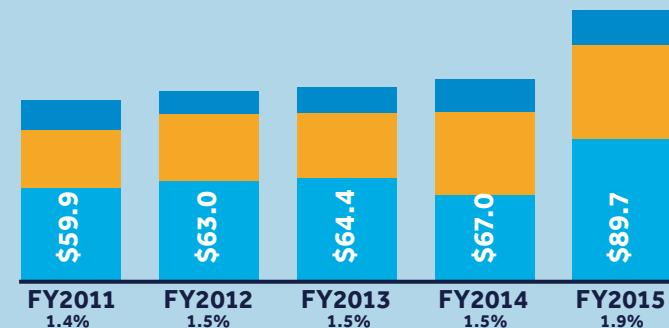
Our corporate guidelines for charitable giving are outlined in our [Charitable Donations Guidelines](#). They adhere both to our [Global Business Conduct Policy](#) and the medical technology industry's AdvaMed Code of Ethics.

MEDTRONIC PHILANTHROPIC CONTRIBUTIONS

(\$ millions)

- Medtronic Foundation Giving
- Corporate Cash Contributions
- Product Donations

% of Global Pretax Profits



BRINGING HEALTHCARE TO MORE PEOPLE

Medtronic Philanthropy amplifies the transformative health impact of our business by supporting programs that expand access to care for people living in the most medically underserved communities worldwide. Our philanthropic efforts target vulnerable communities and markets that require multisector partnerships to design and deliver effective interventions. Our Community Health Access and Global Health Access grant programs deliver on this objective.

Community Health Access Grants

Our Community Health Access grants focus on care for underserved populations in the 36 communities where we have a significant employee presence. We believe strongly in our responsibility to support the health and well-being of our neighbors—in both developed and developing countries. Visit [Medtronic Philanthropy](#) for a map and overview of recent grant recipients.

FY2015 Highlights

- Our Puerto Rican business gave \$300,000 to five local organizations working to treat chronic conditions. The grants went to the Puerto Rico Kidney Foundation, the Ronald McDonald Children's Foundation, the Community Education through Commitment and Service Program, the Ponce YMCA, and Turabo University's Neurocognitive Comprehensive Center for Treatment, Research, and Community Services.
- In San Antonio, Texas, we gave \$250,000 to five community organizations that promote healthy lifestyles and access to care for people with diabetes. Grant recipients included: JDRF (formerly Juvenile Diabetes Research Foundation) of South Texas, the YMCA of Greater San Antonio, the American Diabetes Association of San Antonio, San Antonio Sports, and the San Antonio Social and Health Research Center.
- Our manufacturing facility in Pointe Claire, Montreal, Canada, donated \$50,000 to NOVA West Island. This volunteer-driven health organization provides nursing, transportation, and bereavement services and support for adults and children affected by cancer and ALS.
- Near our North Ryde facility in New South Wales, Australia, our \$80,000 grant to the internationally renowned Baker IDI Heart and Diabetes Institute is establishing

the Diabetes and Chronic Disease Support Project. The Project will address the chronic disease needs of Aboriginal people living in the Alice Springs Town Camps of central Australia.

- In São Paolo, Brazil, a \$100,000 grant was given to the Pan American Development Foundation to support the Health Innovation Initiative in partnership with Via Rio and the Juvenile Diabetes Association. The program will scale up health services for at-risk communities through education, youth diabetes programming, and a women's heart-health initiative.
- Our site in Shanghai, China, made a grant of \$50,000 to the Shanghai Oriental Institute of Brain Science, an academic research institute, to support prevention and rehabilitation of spina bifida and hydrocephalus. Through education and awareness, including exhibitions, articles, and scientific lectures, as well as free medication and pro bono operations and rehabilitation services, our grant is bringing critical care to patients in and around Shanghai.

Global Health Access Grants

The Global Health Access grant program provides funding and resources to address acute, chronic, and neglected diseases around the world. Many of these grants are long-term partnerships addressing systemic obstacles in local healthcare systems. Our partners provide

education, capacity building, and advocacy to support patients from diagnosis through post-treatment monitoring.

The Medtronic Foundation leads the [HeartRescue Project](#). This effort builds on best practices at the bystander, prehospital, and hospital level to improve sudden cardiac arrest (SCA) survival rates, which have not improved much over 30 years. Working with six U.S. states and American Medical Response, HeartRescue works toward integrating community response efforts, coordinating public and professional education about acute cardiac events such as SCA, and introducing and applying best practice treatments. It also helps hospitals implement a method for measuring SCA performance and outcomes. Our partners in this effort include universities, government, and emergency medical service providers. Early results are promising. For example, the City of Chicago has seen an increase in SCA survival rates from 2 percent to 12 percent in just two years. In 2016, HeartRescue Project leadership will transfer to the University of Washington, a founding partner, and expand nationally as the HeartRescue Consortium. Medtronic Philanthropy will continue funding these advances. Based on successful results, the effort is poised to expand in the United States, China, and India.

FURTHER, TOGETHER

EXTRA LIFE – ONE BRUSHSTROKE AT A TIME

Bakken Invitation honoree Clint Doyle was just two years old when he experienced his first episode of sudden cardiac arrest. More episodes followed throughout his childhood, due to a condition known as CPVT (cardio-catecholaminergic polymorphic ventricular tachycardia), and he suffered associated brain damage. At age 19, Clint received an Implantable Cardioverter Defibrillator (ICD), enabling him to live a much fuller life.

Clint's passion for art has inspired him throughout his medical journey. At age 27, he now leads art programs for special-needs children and is an advocate for young people with disabilities. "By passing on the skills I have learned," he says, "I feel I can positively inspire 'heart-brain' connections in these kids, including the development of creativity. Art gives us ... a combination of creative and solution-based thinking that is vital in today's world."

HealthRise is a five-year, \$17 million grant program that aims to address noncommunicable diseases in Brazil, India, South Africa, and the United States. The Medtronic Foundation launched the program in FY2013 in partnership with Abt Associates and the Institute for Health Metrics and Evaluation. The program uses community and health system needs assessments to uncover potential barriers across the continuum of care and awards grants to local organizations that recruit and train health workers, educate patients, and support stakeholder

engagement and policy initiatives. On-the-ground work in India has begun, where community assessments in Shimla and Udaipur revealed significant lack of awareness, under-diagnosis, and poor management of hypertension and diabetes. Additionally, HealthRise has expanded efforts to South Africa, as well as to three counties in Minnesota. In FY2016, HealthRise will begin to transition from needs assessments to program implementation.

In September 2014, the Medtronic Foundation announced a five-year \$6 million global commitment to reduce premature deaths caused by Rheumatic Heart Disease (RHD).

These deaths are preventable, as RHD most commonly results from untreated strep throat infections. Our commitment has led to the birth of RHD Action, a global movement to reduce the burden of RHD in vulnerable populations of all ages throughout the world. The driving force for this effort is the RHD Action Alliance, a coalition of three global organizations — the Medtronic Foundation, the World Heart Federation, and RhEACH — working together toward a shared goal of ending RHD. Critically reinforcing this movement are the RHD Action Countries, a cohort of countries where government and partner institutions are actively engaged in achieving



Clint Doyle

Additional videos and photos available at [Live On, Give On](#).



[View Clint's Story](#)

FURTHER, TOGETHER GOING THE EXTRA 10 MILES

As a child in Sanmenxia City, China, Medtronic Global Hero Fei Jiao never imagined completing a 10-mile race in Minneapolis. While still in elementary school, Jiao was diagnosed with Parkinson's disease. For years he struggled to walk, until receiving deep brain stimulation therapy at age 20, which helped him regain his mobility.

Today, Jiao not only can walk, he also runs 20 miles a week. He's a community hero, too — volunteering his time to counsel patients with Parkinson's disease and their families at the hospital where he was treated.

specific RHD targets, while also strengthening their health systems. The inaugural countries supported by Medtronic Philanthropy include Uganda, Tanzania, and India. RHD action will advocate for people living with RHD and seek to influence policy related to disease management and treatment.

CELEBRATING PATIENTS

Our Mission guides us to develop solutions that don't just alleviate pain and restore health, but also extend life. Many patients who benefit from medical products and therapies go on to live extraordinary lives. We celebrate the ways that they serve, inspire, and impact their own communities with two patient-recognition programs: the Bakken Invitation and Medtronic Global Heroes.

Bakken Invitation

Every year we look to the millions of people who have benefited from medical technology — both our own and other companies'. Then, in the spirit of our co-founder Earl Bakken we ask, "What are you doing with your extra life?" We invite and share patient stories online at www.LiveOnGiveOn.org and honor 10 exceptional individuals annually through the [Bakken Invitation](#).

Honorees are people who exemplify the belief that everyone can make a difference, and seek to dedicate their healthy lives to supporting communities. The Medtronic Foundation awards a \$20,000 grant on behalf of each honoree to the nonprofit organization of his or her choice. FY2015 winners came from seven countries and their inspiring stories are available [online](#).

Global Heroes

The [Medtronic Global Heroes®](#) program highlights how a medical diagnosis "doesn't end the run." The initiative brings together runners from all over the world who have benefited from medical technologies. Global Heroes is a collaborative effort with Twin Cities in Motion, organizers of the Medtronic Twin Cities Marathon. Each year, Twin Cities in Motion selects 25 dedicated runners who have overcome health obstacles to participate in running events in Minneapolis and St. Paul, Minnesota. In October 2014, we hosted our ninth annual team. The team included 12 marathon runners and 13 10-mile race participants, together representing 10 countries. Since 2006, more than 220 people have participated and shared their personal health journeys.



Fei Jiao

[View Medtronic Global Hero Nicola Derryberry Maurer's story, and see how she prepared for the 2015 Twin Cities Marathon.](#)



DISASTER RELIEF

Natural disasters around the world create an immediate need for health equipment and supplies as well as a long-term need to rebuild healthcare infrastructure. We provide product donations and grant funding in the wake of crises each year.

To support emergency preparedness and response, the Medtronic Foundation makes annual gifts to the American Red Cross Annual Disaster Giving Program and the International Federation of Red Cross and Red Crescent Societies. In FY2015, we donated \$600,000 to the Red Cross and Red Crescent societies, including \$100,000 through the American Red Cross to fund Cyclone Pam relief efforts in Vanuatu.

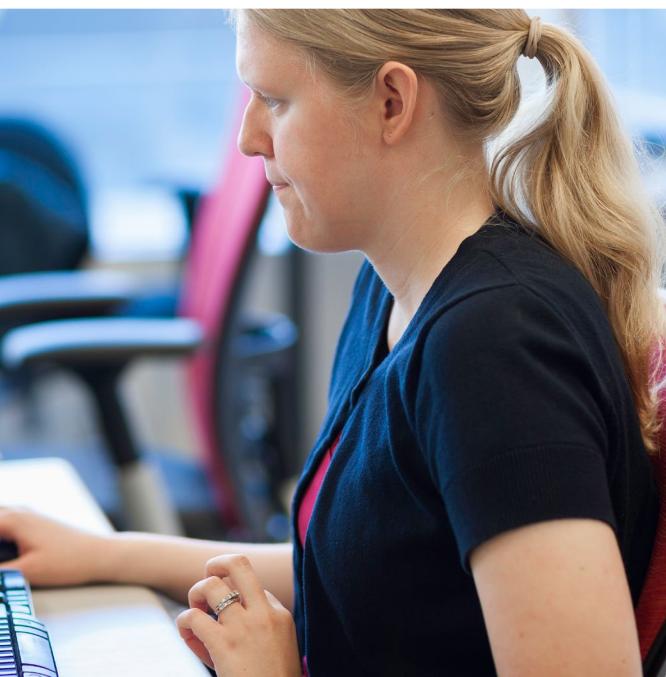
To aid long-term efforts to rebuild healthcare infrastructure, we partner with local organizations and government agencies. For example, in May 2014, we joined members of the European Foundation Committee to support recovery efforts for victims of flooding in the Balkans region with a \$10,000 grant.

We also contributed \$1 million to aid in response to the Ebola crisis in West Africa. We allocated these funds based on a detailed assessment of the short- and long-term response needs, with a focus on neglected aspects of the response. This effort included:

- Grants worth a total of \$725,000 to Last Mile Health, DirectRelief, UNICEF, and Save the Children. These supported critical health services that were impacted during the epidemic, namely emergency obstetric care, maternal and child health services, malnutrition support, access to essential medicines like insulin and antibiotics. The grants also support the establishment of community care centers for children orphaned in the disaster.
- A \$100,000 grant to WiRED International to support preparation and prevention efforts in countries considered at greatest risk for the spread of Ebola.
- Smaller grants to support innovations with global impact. For example, we sponsored a hackathon with the Consortium for Affordable Medical Technologies (CAMTech) and Massachusetts General Hospital to develop innovations to aid the fight against Ebola.

Employees contribute to our disaster relief work through personal financial contributions and our Disaster Relief Paid-Leave Volunteer Program. This program provides employees with up to five paid days off a year to participate in disaster response efforts. In March 2015, a group of six Medtronic employee volunteers affiliated with our Medtronic Women's Network and the Christian Employees Resource Group traveled to Haiti with Reiser Relief, a Minnesota-based nonprofit organization. The group brought clean water and humanitarian aid to one of the poorest communities in the Western Hemisphere.

More information about the Medtronic Foundation and our grants is available at www.medtronic.com/foundation. For information about employee giving and volunteerism, see [Employee Engagement](#).



WORKING RESPONSIBLY

GOVERNANCE AND ENGAGEMENT

We cannot transform healthcare alone. It will take all players in the healthcare industry to find solutions. For us to play a leading role in this transformation, we must continue to build trust among our employees, industry partners, patients, healthcare providers, investors, regulators, and governments.

This means operating openly and transparently. It means acting ethically. It also means being honest in marketing our medical products and ensuring the privacy of patients who use them. And it means making certain every single employee knows about, understands, and complies with our policies at all times.

Our credibility and business success are inseparable from our conduct throughout our value chain, from product design to interactions with doctors and suppliers.

FURTHER, TOGETHER IN CONVERSATION WITH TOM SCHUMACHER, CHIEF ETHICS OFFICER, MEDTRONIC

Q: Why are good governance and ethical behavior so critical to Medtronic's future?

A: Trust is the foundation for business and the company's ambition to lead in transforming healthcare systems and access globally. We have customers who will only come to Medtronic because they trust that we will be honest about product problems and that our employees, including sales reps, will act appropriately.

Q: Corruption and compliance has been a major challenge for the healthcare industry. How do you address this?

A: We provide robust training globally to make sure everyone understands our rules, including comprehensive Code of Conduct and anti-corruption training. We establish solid internal controls and monitor them to help prevent problems. We look to ethical behavior when we recognize and reward employees and offer advancement. We provide many options for employees to raise concerns, including confidentially. We investigate issues. And we walk the talk against corruption and intentional misconduct. In fact, we terminated 97 people across Medtronic during 2014 (calendar year) for ethical and compliance-related lapses.

Q: Who are the key players in ensuring that your goal of having the highest ethical standards is met?

A: Every employee at Medtronic has a role to play. But leadership from the top is critically important. I meet regularly with the board, the CEO one-on-one, and senior management to address these issues. We also ask employees for their perspectives on ethical issues in our annual engagement survey, and embed ethical conduct in our performance reviews. Managers assess the ethical behavior of their team members, and employees conduct self-assessments as well. This is a process we are continually refining as we work to instill an ethical culture in every Medtronic workplace.



Tom Schumacher

COMMITTED TO AN ETHICAL WORKPLACE

Medtronic is committed to fostering an ethical culture in our workplace, tackling ethical challenges head-on. Our board and CEO actively lead our efforts to embed a culture of integrity, working with employees, patients and healthcare providers, investors, regulators, governments, and the public.

We continue to strengthen and improve our culture of ethics and integrity, and our progress is demonstrated through the results we've achieved. We look to industry and other benchmarks to see how our program stacks up, and we consistently score in the top quartile in every measure that we examine. Some of these indicators include employees' willingness to raise issues without fear of retaliation, how quickly and consistently we respond to verified or proven incidents of unethical behavior, and how confident our employees are that they understand our Code of Conduct and its requirements. We invest significant time and resources in our systems, data analytics, and human resources so that we get ethics and compliance right within our organization.

We continue to feel that meeting these challenges is the responsibility of every Medtronic employee. In FY2015,

we continued to strengthen our culture of transparency and integrity in our day-to-day behavior. Steps included advancing our programs on compliance and ethical conduct, assessing employees' ethical behavior during annual performance reviews, and making compliance a focus of employee engagement.

How We Manage Ethics

Ethical leadership goes beyond having good policies in place. It is a state of mind that filters into all actions and requires continued engagement throughout our global company. The Medtronic Office of Ethics and Compliance (OEC), led by our chief ethics and compliance officer, shares this responsibility and takes an active lead on its promotion. The OEC oversees and implements our ethics policies and programs, helping the company ensure that we meet all legal, compliance, and ethical obligations. OEC activities include: facilitating ethics training, maintaining an employee whistleblower hotline, leading investigations against alleged employee misconduct, running analytics and monitoring programs, supporting compliance leaders across our global operations, and developing awareness programs and campaigns that endorse and grow our ethical culture.

Our chief ethics and compliance officer has direct, independent access to the board and CEO, reporting periodically to the Audit Committee and at least annually to the board. In recent years, we have also strengthened our global

ethics risk assessment processes. For more information, see [Sustainability Risk and Opportunity](#).

Our Code of Conduct

Medtronic's global [Code of Conduct](#) — "The Compass: Our Code of Conduct for Living out the Mission" — guides employees in their daily operations and interactions with all stakeholders. It is the foundation of our ethics and compliance program providing comprehensive standards for ethical behavior in our relationships with:

- Fellow employees
- Patients and customers
- The company and shareholders
- Governments, and
- Communities and the public.

All employees and board members read and certify their understanding of the Code. In FY2015, we continued our training and certification on the Code's provisions, including multilingual training courses.

Preventing Corruption

Corruption and conflicts of interest are significant challenges in our sector, especially in product sales-related interactions with health services personnel.

For this reason, we supplement our Code of Conduct with Global Anti-Corruption and Global Conflicts of Interest policies. These policies guide relevant employees on how to act in full compliance with the laws and regulations of every country and

region where Medtronic or our partners operate. We stand behind this with the equivalent of 223 full-time employees who spend time helping to ensure that our practices remain compliant globally. In addition, we require all sales and marketing, and other customer-facing employees — including all those involved in dealings with business partners, international customers, and foreign officials — to complete mandatory biennial anti-corruption training.

We also have high expectations for our global distributors and dealers and perform due diligence before entering into contracts requiring them to meet the following criteria:

- Internal compliance and corruption policy training programs.
- An internal corruption policy equivalent to our own.
- Contractual rights for Medtronic to conduct audits and monitoring of distributors and dealers.
- Annual certification of compliance with third-party anti-corruption policies and compliance terms.

We continue to expand our anti-corruption activities by periodically updating our internal policies and training activities.

In FY2015, Medtronic did not enter into any settlements

ETHICS TRAINING FY2015: BY THE NUMBERS

- **Approximately 99 percent of all new employees in the U.S. completed training on and certification of our Code of Conduct.**
- **100 percent of all U.S. people managers certified having read and understood our Code of Conduct.**

EMPLOYEES MAY VOICE OR RAISE QUESTIONS TO:

- Their manager.
- Their human resources, legal, or compliance representatives.
- The Medtronic Office of Ethics and Compliance.
- The [Voice Your Concern Line](#) — a website and related toll-free hotline operated by a third party provider. Reporting may be anonymous.
- The Director's email inbox.

with or pay any fines to the United States government, or other global governments, relating to non-compliance with anti-corruption laws.

Policy on Raising Questions or Concerns

Medtronic empowers employees to openly discuss questions or concerns about potentially unethical or illegal behavior which violates our Code of Conduct. We offer several channels for employees to report concerns.

The Office of Ethics and Compliance processes, tracks, and oversees all reported concerns it receives, from investigation through resolution. This includes matters that are reported by employees and others through the hotline, the Director's inbox, as well as serious matters that are escalated through other reporting channels. During FY2015, the Office of Ethics and Compliance tracked 525 concerns.

All concern reports are carefully investigated and if an allegation is proven true, we take appropriate disciplinary action.

We measure employee confidence in reporting concerns by including compliance-related questions in our annual employee engagement survey. We also have plans to conduct a global compliance culture survey to assess employee attitude toward, and knowledge of, managing compliance-related issues. The results of this Corporate Executive Board-validated survey will allow us to tailor our compliance training programs moving forward.

Rewarding Excellent Conduct

When our employees act with exceptional integrity they become role models for their colleagues, teams, and partners. Recognizing this, in FY2014 we established the Medtronic Compass Award. The Medtronic Compass Award is one of the highest awards that can be received by a Medtronic Employee. This prestigious award celebrates employees who fully embrace our Code of Conduct and operate ethically even in the most challenging of circumstances. Since 2014, we have had the honor and pleasure of awarding 10 employees around the globe with the Medtronic Compass Award.

OUR APPROACH TO CRITICAL ETHICAL ISSUES

Our [Mission](#) encourages us to "be recognized as a company of dedication, honesty, integrity, and service." Building trust with doctors, patients, and other business partners requires us to be open and honest about our products. Guided by our Code of Conduct, [Global Business Conduct Standards Policy](#), and other related policies, Medtronic is committed to the responsible marketing, communication, and promotion of all our therapies and services.

Working Ethically with Healthcare Professionals

We collaborate with physicians and other healthcare professionals and consultants through product development, training, consultation, and clinical research. These

partnerships drive meaningful innovation that ultimately improves patient outcomes. We are proud of our relationships with physicians and work tirelessly to ensure the integrity of these collaborations, minimizing any potential conflicts of interest. In doing so, we follow internal [guiding principles](#) that emphasize patient benefit.

Medtronic has long supported initiatives that publicize payments made to physicians. In 2010, we became an early adopter of voluntary reporting of certain payments to U.S. physicians. In 2013, transparency reporting became mandatory for all U.S. life science manufacturers. Payments are now disclosed on the CMS Open Payments (Sunshine Act) [website](#), and we have made significant investments to ensure that we have the appropriate systems in place to meet CMS requirements.

We also follow industry codes including the [AdvaMed Code of Ethics on Interactions with Health Care Professionals](#) and the [Eucomed Guidelines on Interactions with Healthcare Professionals](#). For more information on our approach to physician collaboration and transparency, please visit our [website](#).

Marketing Responsibly to our Customers

Our patients' well-being depends on our medical services and therapies. As such, we are diligent in promoting our products and therapies clearly and factually, and in ways that support their approved use. Medtronic is committed to acting in full compliance with all relevant government regulations and industry guidelines. Each of our business units maintains internal review processes to ensure accurate and appropriate promotion. For those products we market directly to patients and individuals in the U.S., we are led by our Code of Conduct and AdvaMed's voluntary direct-to-consumer guidelines.

Medtronic also adheres to internal corporate and business-level policies, which include those that prohibit the unlawful promotion of products for off-label uses. Our policies address several related topics, including appropriate parameters for our Office of Medical Affairs, Medtronic-sponsored education, and business-level training. Other ways to avoid promoting off-label use include: ongoing education of employees who might interact with healthcare professionals, monitoring conformance to our policies, structured risk assessment and management related to off-label use, and corporate-led oversight to supplement oversight at the business level.

FURTHER, TOGETHER THE MEDTRONIC COMPASS AWARD

The Medtronic Compass Award recognizes individual employees who live out our Mission by vigilantly demonstrating behavior that champions our Code of Conduct and reflects unquestioned integrity.

This award recognizes individuals who consistently act ethically during difficult and challenging circumstances; courageously challenge norms or customary practices in order to elevate ethical performance; or take proactive steps to drive ethical behavior among their peers, teams, and/or third parties. Recipients of the Medtronic Compass Award have shown an unwavering commitment to do the right thing.

At a minimum, employees must demonstrate excellence in all of the following:

- Models the highest standards of honesty, ethics, and integrity.
- Consistently promotes and adheres to the letter and spirit of Medtronic Code of Conduct, all applicable laws, and company policies.
- Promotes and ensures an environment where ethical behavior is expected and unethical behavior is not tolerated.
- Promptly takes appropriate action when problems occur.
- Promotes and encourages an environment that inspires others to act ethically in their day-to-day business interactions and activities.
- Consistently acts ethically during difficult and challenging circumstances (e.g. location, language, culture).
- Courageously challenges norms or customary practices in order to promote outstanding ethical performance.
- Takes ownership for difficult ethical dilemmas, and raises them directly and empathically with our stakeholders.



COLLABORATING ON PRODUCT SECURITY

On November 5, 2014, Medtronic's Global Privacy and Security Office (GPSO) convened a Product Security Symposium. The event brought together internationally recognized security experts and researchers with 300 Medtronic scientists, engineers, executives, and IT, quality, legal and communications professionals. We collaborated, participating in panel discussions and breakout sessions, in efforts to improve medical device security. Security threats, such as data leaks and device breaches that can pose harm to patients, were also of top concern.

"If we serve millions of patients each year, that means we need to get security right millions of times."

Mike Hedges, Chief Information Officer

Medtronic is committed to following appropriate marketing communications practices at all times, and has a comprehensive and robust compliance program in place. Globally in FY2015, the company agreed to settle two cases involving or touching upon the sales and marketing of certain products, one involving promotion reimbursement activities and the other relating to country of origin of products sold to the government. Both were U.S. government settlements and included no admission of liability or wrongdoing.

PROTECTING PATIENT PRIVACY AND SECURITY

Cybersecurity is an everyday challenge for companies large and small. Medtronic is no exception. Our patients and customers look to us to be industry leaders in data protection and patient safety. We place a premium on ensuring that our data and products are secure at all times, and are continually strengthening our procedures to meet and exceed global standards. Our strong internal processes and technologies, expert employees, and collaboration with outside experts help us to establish industry-leading security measures and safeguards.

Medtronic's privacy and security policies and practices are overseen by our Global Privacy and Security Office. We have strong controls on who can access sensitive information and closely monitor activities to identify and prevent inappropriate access to proprietary materials and data.

Each and every Medtronic employee is a critical line of defense in protecting the company's sensitive information. We offer training opportunities for all employees, and require global data privacy and security training for employees who handle or have access to sensitive patient or employee data. Medtronic also provides companywide communications on cybersecurity.

Ensuring Product Security

Product security is a priority for Medtronic. We work to make our devices safe and secure, while also ensuring easy use for the patients and physicians who depend on them. In FY2015, we continued to advance product security in the company. Medtronic formally approved a companywide Global Product Security Policy, which provides guidance on integrating security into product development. This policy adds to an already strong product security program reinforced with internal and external security and product experts, rigorous processes, new product security testing, and the most up-to-date technologies.

In addition to our internal progress, Medtronic is active in outside organizations working on product security issues. We work with [NH-ISAC](#), the nation's Healthcare and Public Health Information Sharing and Analysis Center, and the [Medical Device Innovation, Safety and Security Consortium](#) (MDISS), the leading

consortium of medical device manufacturers and healthcare providers driving new industry standards and expectations. We also embraced the Food and Drug Administration's (FDA) cybersecurity guidance which was released in October 2014. Before the guidance was released, Medtronic employees shared security best practices and participated in FDA-led workshops. We are also active members of the [Medical Device Privacy Consortium](#) (MDPC), which engages policymakers to balance the need for privacy and security regulations with our ability to deliver safe and effective medical technologies.

HOW WE GOVERN OUR COMPANY

Operational integrity is the foundation on which we seek to build our business and partnerships. Our board of directors and executive leadership have established rigorous corporate policies and practices that support ethical governance, enhance transparency, and encourage responsible behavior from the top down. These policies and practices are frequently reviewed and updated whenever necessary.

Our Board of Directors

Twelve independent directors and CEO Omar Ishrak, who also serves as chairman of the board, comprise Medtronic's board of directors. In his joint role, our CEO helps align strategic priorities and provides a unified vision across the company. While our CEO serves as chairman, board members appoint an Independent Lead Director who chairs meetings of the independent directors and oversees the annual evaluation of the board's performance. Five standing committees of independent directors oversee all aspects of our business, including risk management. Independent directors of the board can be contacted by email at independentdirectors@medtronic.com.

We believe that a diverse board best represents the needs of our patients, partners, and workforce. Currently, more than 30 percent of our board members are women and more than 30 percent represent minority groups.

For more information on our board of directors, board committees, and global policies and practices, please visit our Corporate Governance [website](#).

Managing Corporate Citizenship and Sustainability

In our day-to-day operations, important sustainability topics including community engagement, economic and environmental performance, human rights and labor practices, product responsibility, and supply chain are managed by individual functional groups, rather than through a centralized citizenship team. These functional groups include: Business Strategy and Development; Environmental, Health, and Safety; Ethics and Compliance; Finance; Global Quality; Human Resources; Legal; Regulatory; Philanthropy; Sourcing; and Supply Chain. A sustainability strategy team works with the above functional groups to advance corporate citizenship and sustainability performance. These groups monitor trends and external expectations in order to identify gaps and potential opportunities, identify appropriate performance metrics, and initiate discussions about goals and targets. Twice a year, performance and related activities are reported to Medtronic's Chief Financial Officer.

How We Compensate Executives

Our ambitions for our business, and for improving healthcare systems and access globally, demand strong leadership. We seek to attract executives of diverse backgrounds and experiences who can collaborate effectively and are not afraid to challenge the status quo. To do so, we offer competitive pay and benefits, as well as cash and equity incentives.

Incentives are heavily tracked to long-term performance, and are aligned with quality compliance performance. Rewarding executives through both annual and long-term compensation structures aligns with our company's short and long-term goals.

The Board Compensation Committee evaluates and approves executive compensation. For more information on our executive compensation philosophy, please view our most recent [Proxy Statement](#).

ADVANCING PUBLIC POLICY

We actively engage governments in support of public policies that advance our Mission and business imperatives. Advocacy activities include those that enable therapy innovations, promote economic value, and support globalization.

U.S. Public Policy

In the United States, we seek to advance outcome and value-based healthcare, and promote international trade and corporate tax reform. We also support legislation that addresses patients' needs by improving access to and continuity of care. Highlights from FY2015 include:

Supporting Value-Based Healthcare

We believe it is critically important, and will benefit patients, to shift the U.S. healthcare payment model from

one that rewards volume-based fee-for-service to one that favors value-based healthcare. Medtronic partners with healthcare providers, payers, and patients to develop outcome-based payment systems. We demonstrate improved clinical outcomes and economic value through optimized care-coordination and long-term management of patients to help avoid readmission and related costs. We engage legislators and elected officials in our efforts to support these healthcare improvements.

In January, the Department of Health and Human Services announced a goal to have a greater percentage of Medicare payments in alternative payment models: 30 percent by the end of 2016, and 50 percent by the end of 2018. In the U.S., just as in healthcare systems around the world, governments and payers are focused on improving outcomes, expanding access, and optimizing costs and efficiencies. By demonstrating how our products and services contribute to the best outcomes, both medically and financially, we not only position Medtronic for growth, but also contribute to the sustainability of healthcare systems around the world.

Opening New Markets

Favorable trade agreements fuel continued economic growth, including new job creation for countries that participate. They also open up significant market opportunities for Medtronic therapies. Our government affairs team is an active participant in legislative efforts to support trade liberalization.

One particular area of interest is the Trade Promotion Authority in the U.S., which through the collective efforts of the broader stakeholder community, was passed and signed into law in June 2015. The legislation allows negotiations on pending trade agreements that we support, including the Trans Pacific Partnership and Trans-Atlantic Trade and Investment Partnership, to move forward. Specifically, we are focused on supporting provisions to provide for pricing rules and transparent government reimbursement procedures for healthcare products that would open up full market access to U.S.-based products.

Improving Therapy Access

Medtronic has long supported providing Medicare patients with access to Continuous Glucose Monitoring (CGM). CGM is a lifesaving technology that

improves glucose control, enhancing care for people with diabetes. Collaborating with stakeholders including JDRF, the Endocrine Society and the American Association of Clinical Endocrinologists, we have led an advocacy strategy that resulted in the introduction of bipartisan U.S. House of Representatives and U.S. Senate legislation in FY2015. This legislation would provide for Medicare coverage of CGM and future artificial pancreas device systems. We continue to work with stakeholders in the diabetes community to push for coverage of this important therapy.

International Public Policy Development

Our international affairs team focuses on advocacy efforts that advance technology innovation, increase access to affordable, lifesaving therapies, and address inefficiencies. Highlights include:

- Working with several national governments to establish a more supportive innovation environment that encourages appropriate medical technology adoption, innovation, and growth.
- Advocating, together with our industry partners, for alternative procurement approaches to ensure "value for money" in the healthcare system. We also stress the importance of using transparent and fair regulatory and reimbursement mechanisms that harness market principles and innovation.

LOBBYING AND POLITICAL CONTRIBUTIONS DISCLOSURE

Medtronic's [Political Contribution Policy](#) ensures that we comply with all relevant state and federal disclosure laws. We publish our annual political contributions, including those made by the Medtronic political action committee (PAC), on our [website](#).

Every quarter, we file public lobbying disclosure reports for the U.S. House of Representatives and the U.S. Senate. Medtronic is a member of several medical device trade associations across the U.S. and Europe, including AdvaMed and Eucomed. These organizations advocate for initiatives that make advancements in global health by providing access to medical technology. Additional information on our dues paid to industry associations can be found on our website.

Medtronic maintains memberships in industry associations worldwide. In the U.S., these include: Asia Society, Alliance for Healthcare Competitiveness, Americas Society/Council of the Americas, Corporate Council on Africa, U.S. ASEAN Business Council, U.S. Brazil Business Council, U.S. China Business Council, U.S. India Business Council, U.S. Japan Business Council, U.S. Korea Business Council, and the U.S. Russia Business Council.

ENGAGING STAKEHOLDERS

To maximize our business and citizenship impact, we engage and collaborate with a broad base of stakeholders throughout the healthcare system. We collaborate with our stakeholders on a day-to-day basis in an effort to advance innovative solutions that improve patient outcomes and make effective treatments and therapies widely available. Stakeholders include: patients, physicians, hospital administrators, advocacy groups, governments, nonprofits and nongovernmental organizations, employees, suppliers, investors, shareholders, regulators, and the communities where we operate. Examples of how we engage stakeholders include:

- In FY2015, we helped launch the Harvard Business Review (HBR) [Insight Center](#), a forum to examine and discuss the shift toward value-based healthcare. The joint collaboration between Medtronic, HBR, and the *New England Journal of Medicine* features cutting-edge articles and studies from policy, medical, clinical, and academic experts. By working with these stakeholder groups we are hoping to find better ways to reduce the cost of healthcare without sacrificing quality.

- Each year we take part in several industry events where we engage key stakeholders on critical issues facing our business and the broader healthcare industry. In October 2014, we participated in AdvaMed's annual three-day conference, which was held in Chicago. We spoke on panels and engaged industry leaders on issues such as supply chain management, value-based care systems, technology innovation, regulatory considerations, and consumer advertising. In FY2015, we also participated in a public workshop organized by the FDA to identify and address cybersecurity challenges and risks, such as device security, to the healthcare and public health sector.
- By engaging our employees we gain valuable feedback and insight into their collective experience, uncovering areas of opportunity and improvement for the company. We continue to make strides by raising awareness and acknowledging and rewarding employees on their performance in ethics; quality; and environmental, health, and safety, among other areas. For more information, please see [Employees](#).
- We engage with suppliers through our supplier development program, product quality manuals, advocacy events, roundtable discussions, and supplier diversity networking. In FY2015, we worked with key suppliers to educate them on trade reform and its potential impact on medical technologies and the broader economy. By fostering wider support, we can increase our chances of moving trade reform legislation forward.
- We engage stakeholders through our memberships in organizations. Last year, we joined [Practice Greenhealth](#), a nonprofit member association committed to advancing sustainability throughout the healthcare ecosystem. We are also members of [Healthcare Plastics Recycling Council](#) (HPRC) where we work with other industry leaders to find sustainable recycling solutions for healthcare products.

EMPLOYEES

Working together is our model for success. And no partner is more important to Medtronic's success than our employees.

Guided by the fifth tenet of our Mission — to recognize the personal worth of our employees — we invest strategically in policies and programs to attract, retain, and develop exceptional, diverse, and collaboratively minded individuals.

We expect a lot from our employees, most significantly that they share our dedication to bring valuable medical innovations to market that improve the lives of patients everywhere. In return, we provide opportunities for learning and advancement, and support them in giving back to their communities. We foster a healthy, safe, and respectful environment by listening to our employees and recognizing their achievements.

FURTHER, TOGETHER

ON MEDTRONIC LEADERSHIP PROGRAMS WITH KIRK MONSON, SENIOR GROUP MARKETING MANAGER, DIABETES

"Medtronic leadership programs, including our Leadership Development Rotation Program and Emerging Leaders Program, had a tremendous influence on my leadership development and career aspirations at Medtronic. The greatest impact for me came on day one, when I instantly joined a network of highly talented, passionate, driven future leaders. I still regularly connect with my cohort to discuss ideas, share successes and failures, and support each other on our career journeys.

I have also grown from the access to senior leadership that these programs provide. Formal and informal discussions have helped shape my thoughts on leadership and have given me unique insights and guidance into my career aspirations. Finally, the workshops, business simulations, and other program exercises gave me valuable opportunities for introspective leadership reflection in a real-world setting — something that isn't possible during a full-time MBA program. I have grown immensely from being able to immediately put into practice what I have learned."



Kirk Monson

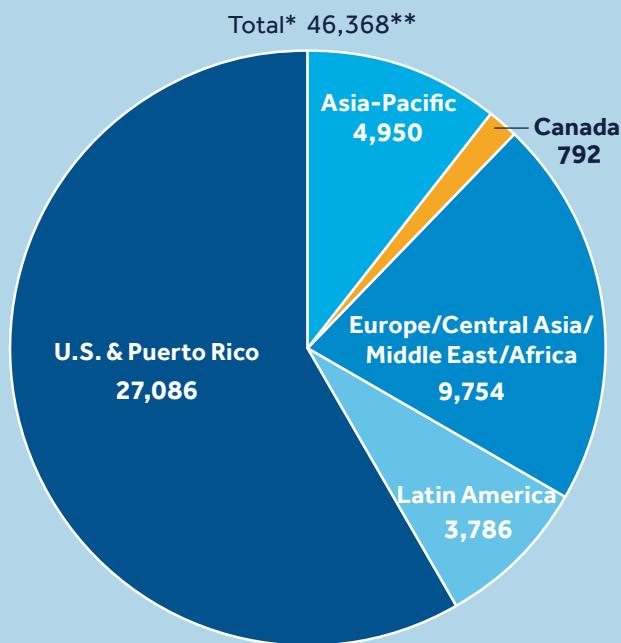
OUR GLOBAL WORKFORCE

To increase global access to our lifesaving therapies and technologies, we support a large, dedicated workforce across several strategic regions. Looking ahead, we will continue to grow our workforce in ways that support our strategic

business areas, including: new therapies, emerging markets, and integrated health solutions. With the recent acquisition of Covidien, we have significantly expanded this global reach.

At the end of FY2015, Medtronic employed 46,368 people across our global locations (not including Covidien employees). For more information on our workplace statistics, please see our [Data Summary](#).

MEDTRONIC GLOBAL FY2015 WORKFORCE



*Does not include temporary or contingent workers.
**Does not include Covidien workforce figures.

Our Approach to Union Representation

Medtronic complies with global laws regarding freedom of association and collective bargaining agreements, including participation in work councils. Approximately 6 percent of our global permanent workforce is represented by work councils and more than 3 percent is covered under collective bargaining agreements with trade unions. Our

U.S. workforce is not currently unionized.

DEVELOPING EMPLOYEE POTENTIAL

With financial strength increasingly tied to a committed, talented, and dedicated workforce, investing in our employees is an investment in our future.

CAREER DEVELOPMENT FOR ALL

8 HRS
OF ORIENTATION
TRAINING



\$2.6 M
IN TUITION
AID



175

LEARNING ASSETS
OFFERED THROUGH
online portal



144
eLEARNING COURSES IN
5
LANGUAGES



5

DIFFERENTIATED
LEADERSHIP
PROGRAMS



Knowing this, we have established comprehensive, cutting-edge programs and incentives geared toward developing and retaining the next generation of Medtronic leaders. We strive to maintain a diverse global workforce that leverages our employees' different backgrounds, experiences, and affinities to generate creativity and innovation. By offering career development for all of our employees, as well as leadership opportunities, we are building a diverse pipeline of leaders for our company.

Training and Developing our Employees

We believe learning through experience is the most effective and rewarding method for career growth. Our philosophy is to emphasize work experiences that develop and stretch the capabilities of our employees to align with our business objectives and individual long-term career

aspirations. Additionally, we provide coaching, mentoring, and training.

All global Medtronic employees have access to skill-based training to advance their capabilities, competencies, and to excel in their positions. In FY2015, we spent more than \$47 million on employee training and development programs. This marks an increase of close to \$2 million from the previous year — a trend we will continue to build on.

Employee development begins on day one with at least eight hours of orientation training. This includes our global requirements along with additional regional, business, and functional programs. New managers and leaders undergo additional online eLearning orientation, and incoming mid-level managers are encouraged to participate in a three-day instructor-led training program.

In FY2015 we continued to expand our career development offerings. With an expansive library of 144 eLearning courses in five languages, Medtronic's

internal online learning portal provided learning experiences to employees worldwide. Project Management, Emotional Intelligence, and Assertive Communication were among the top training courses taken.

In FY2014, we embarked on a substantial redesign of our high-potential online program. With pilots completed in FY2015, we continue to enhance our program offerings. Our focus on targeted, individualized development continues to prepare high-potential employees to be our future business leaders. Preparation includes:

- Emerging Leader Program for high-potential individual contributors.
- Being a Medtronic Manager Program for newly promoted and/or newly hired managers.
- Leading with Impact Program for senior managers and directors.

Medtronic also continues to enroll recent business management graduates in our MBA Leadership Development Rotation Program, providing participants with two 12- to 18-month rotations in marketing functions within different business units or geographies.

Supporting Continuing Education

We also provide resources to support our employees' continuing education. Our internal online learning portal provides over 175 learning assets and courses aimed at developing the core skills relevant to our business. This includes the eLearning and classroom

"I'm amazed at all of the resources available on the learning website! I can't wait to take advantage of the information and tools. I want all of my coworkers to learn about this too."

Medtronic Employee

EMPLOYEE TRAINING AND DEVELOPMENT

	FY2011	FY2012	FY2013	FY2014	FY2015
Total Amount Spent on Employee Training and Development (\$ Millions)	\$63.5	\$56.9	\$53.0	\$45.8	\$47.6
Average Amount Spent per Employee (includes temporary and contingent workers)	\$1,431	\$1,267	\$1,137	\$929	\$985
Number of eLearning Courses Available	133	137	140	64	144

FURTHER, TOGETHER

MEDTRONIC WOMEN'S NETWORK – MINNESOTA

In FY2015, the Medtronic Women's Network (MWN) in Minnesota launched "Lean-In Circles," a professional development program for women at all levels of the organization. The goal of the program is to create opportunities for women to step up and take action with the help of a strong support system. Female directors and VPs lead the circles and are aided by managers and other business leaders.

Highlights from FY2015 included:

- Establishment of 16 circles with more than 150 members total.
- Various circles intend to continue meeting after the conclusion of the program, demonstrating lasting impact for both the circle leaders and members.



course offerings and additional resources and tools, such as the Cultural Navigator and Employee Development Toolkit. In FY2015, more than 30,000 employees worldwide took advantage of these resources.

Medtronic also offers financial aid, enabling employees to enroll in continuing education programs outside the company. In FY2015, more than 900 employees in

the U.S. and Puerto Rico took part, receiving more than \$2.6 million in tuition assistance.

Creating More Opportunities for Women

Gender balance is a priority for Medtronic. Currently, women make up 49 percent of our global workforce, though this balance is not reflected in our senior management.

The Medtronic Women's Network (MWN) supports our office of Global Inclusion, Diversity, and Engagement (GIDE) in efforts to bridge this gap by attracting, developing, and advancing talented women across the company. The MWN leadership team comprises some of our most senior women leaders and connects MWN "hubs" from around the world. This global Network brings together diverse perspectives from our businesses, regions, and geographies for one common goal

— to advance women in global leadership positions of director and above.

Improving Performance Management

Our employees depend on consistent and transparent feedback from managers, starting with setting clear and aligned goals. They receive constructive feedback throughout the year,

LEADERSHIP EXPECTATIONS FRAMEWORK

SHAPE

We are committed to being experts in our field, with a clear vision of where we are going and our plan to get there.

ENGAGE

We partner with and involve others, knowing that diverse talent, skills, and perspectives lead to better outcomes.

INNOVATE

We are bold thinkers, creating new ideas that bring forward our best solutions to benefit our patients, partners, and customers.

ACHIEVE

What we promise, we deliver: results that consistently meet our highest standards.

CAREER DEVELOPMENT FOR ALL INITIATIVE

A key driver in bringing our Mission to life is our commitment to advancing career opportunities for all employees. Career Development for All is an initiative we are launching in FY2016 to increase engagement, retention, and ultimately business results. Helping our employees understand how to navigate their careers at Medtronic is a critical part of our collective success.

The Career Development for All initiative will provide a common framework for all employees, including managers and other leaders, and will be foundational to our talent practices as we go forward. Starting in FY2016, our goal is to train managers and employees to complete mid-year and year-end check-ins and to embed the new career development framework and concepts into performance management processes.

in addition to guidance on business, career, and development goals.

In FY2016, employee performance will be assessed on results, effectiveness at executing plans, and demonstration of our four Leadership Expectations: Shape, Engage, Innovate, and Achieve.

Linking Performance to Ethical Behavior

The way we conduct business sets us apart from our competition. We are a market leader and trusted partner in the industry because of our commitment to ethical business practices. Every employee is expected to adopt Medtronic's culture of ethics and to conduct business with dedication, honesty, integrity, and service.

To embed this mindset companywide, employees conduct self-assessments of their leadership qualities including modeling, demonstrating, and displaying ethical behavior. Managers read these self-assessments and evaluate employees on their achievements in these areas during annual performance reviews.

LISTENING TO OUR EMPLOYEES

Feedback goes both ways. We use our annual Employee Engagement Survey to take the pulse of our workforce and hear their concerns and ideas. Questions cover employee engagement and inclusion, ethical behavior, and leadership and management performance. Executive

and leadership teams review the results and develop action plans to drive improvements in areas where we have the greatest opportunities.

In FY2015, more than 38,000 Medtronic employees completed the survey — a response rate of roughly 83 percent, and a 6 percent improvement from FY2014. Our overall engagement score increased from 77 percent to 80 percent. We found that employees are increasingly confident about the future of Medtronic. Career opportunities and training were the top themes cited by employees for improvement.

Building on this feedback, we established actions for FY2016 and beyond, including our new Career Development for All initiative.

In addition to our annual survey, Medtronic conducts, as necessary, pulse surveys to assess employee satisfaction. Over the course of the Covidien acquisition, we used these surveys to gauge how informed both Medtronic and Covidien employees felt throughout the process.

COMPENSATING EMPLOYEES

All Medtronic employees should share in our collective success, and fair and competitive pay and benefits are crucial in attracting and retaining the most talented individuals.

To ensure that we pay employees fairly we take into account industry and local market standards, our company's overall performance, and individual

accomplishments. Annual incentives and discretionary pay for employees and their managers are also linked to successful completion of quality and ethics training activities.

Our approach to compensation extends to all Medtronic employees. For information on executive compensation, see [Governance and Engagement](#).

Offering Competitive Benefits

Medtronic offers benefits designed to improve quality of life and health to all global full- and part-time employees. Benefits differ by country, comply with all relevant national regulations, and are explained by employee education and information resources. We provide live presentations and benefit specialists who can answer questions and solve problems, on-demand web-based education tools, and our virtual, interactive benefit counselor "Alex," all of which are used to support our global and select country-specific benefit programs. Typical benefits include:

- Health, dental, and vision insurance plans with coverage options for spouses, domestic partners, and children.
- Insurance, including life, accidental death, and short and long-term disability.

AWARDING OUR SUCCESSFUL INTEGRATION

To celebrate the successful acquisition of Covidien, and share in our future collective success, Medtronic was proud to offer a one-time equity award to all global employees. The stock option grant vests in 2018 and aligns with the fifth tenet of our Mission – to provide employees the means to share in the company's success.

FY2015 DIVERSITY HIGHLIGHTS

- Medtronic received a perfect score on the Human Rights Campaign's 2015 Corporate Equality Index, which recognizes achievements in workplace diversity and equality.
- Medtronic Senior Vice President of Global Quality, Luann Pendy, was recognized as one of the 50 most powerful women in technology by the National Diversity Council.

- Flexible spending programs for health and dependent care.
- Paid time off, including sick, maternity, bereavement, and family leave, and unpaid time off for paternity leave.
- Employee stock purchase program offering stock at a 15 percent discount.
- Tuition aid and other scholarship opportunities for employees and their children.
- Employee assistance program, which includes on-site childcare and fitness facilities, financial consultation services, adoption and eldercare assistance, and counseling referrals.

We also offer competitive retirement plans, through our defined benefit and contribution pension plans for global employees, in addition to 401(k) savings plans for U.S.-based staff. Medtronic matches a portion of the 401(k) savings plan based on company performance. We also contribute 5 percent of a U.S. employee's annual earnings in an investment account as part of our U.S.-based defined contribution plans.

FEMALE AND MINORITY REPRESENTATION AT MEDTRONIC

	FY2011	FY2012	FY2013	FY2014	FY2015
Female	21,211	20,824	21,148	21,468	22,657
Percentage of Females in Total Workforce	49%	49%	49%	49%	49%
U.S. Diversity (Race/Ethnicity), Excluding Puerto Rico	28%	28%	28%	29%	30%

Rewarding Outstanding Performance

Recognition is an essential part of aligning the organization around the actions and behaviors we value. The global recognition program Recognize! provides the opportunity for managers and employees to reward fellow employees for demonstrating expectations that are grounded in our Mission. Last year, over 37,000 employees received recognition through this program, including more than 4,600 for achievements in ethical performance.

BUILDING AN INCLUSIVE WORKFORCE

Bringing people with varied backgrounds, experiences, and affinities together in an inclusive and collaborative working environment is critical to our business success. Diverse teams help stimulate new and innovative business ideas, and reflect the views and needs of our global customer base. Aligned with our Equal Employment Opportunity (EEO) Policy,

our office of Global Inclusion, Diversity, and Engagement (GIDE) oversees initiatives that cultivate an inclusive environment.

Medtronic is committed to fostering an inclusive environment where capable, diverse talent develops and grows in pursuit of our Mission. We invest in specific strategies to increase our representation of women and ethnically diverse employees at all levels, with emphasis on increasing representation within our leadership teams (manager and above).

Employee Resource Groups and Networks

We facilitate connections between diverse employees through our Employee Resource Groups (ERG) and Networks, which are voluntary, employee-led communities. These support an inclusive culture, bringing together a broad network of colleagues with common backgrounds, facilitating development opportunities, and encouraging best practice sharing across departments. Medtronic has 14 ERGs and four Networks across our operations. In addition to the Medtronic Women's Network mentioned above, we have active participation in our African Descent, Asian, and Hispanic Networks.

FURTHER, TOGETHER

OVERCOMING BARRIERS TO WORKING WITH DISABILITY

Finding and retaining work is an important element in enabling people with disabilities to lead normal, fulfilling lives. Recognizing this, Val Nauth, a production manager for Medtronic Perfusion Systems, in Brooklyn Park, Minnesota, went out of his way to act on our commitment to workplace inclusion.

When Medtronic partnered with employment specialists Vocational Rehabilitation Services (VRS) and a staffing consultancy, Indrotec, last year, our Human Resources team worked with them to place an individual on Val's team whose disability made it difficult to keep steady work. When an assembly opportunity became available, it appeared to be a perfect fit. Now, after a successful stint as a contract worker, the new recruit is on track to become a full-time employee, receiving wage increases and access to full Medtronic benefits.

"Give us the candidates," says Val, "and there is no limit to what we can do."

Our business-led diversity networks and resource groups help our organization build, develop, and accelerate key talent by:

- Supporting the organization in increasing diverse/female representation in leadership positions.
- Partnering with HR to ensure that our diversity and inclusion efforts are effective and sustainable.
- Aligning our diversity and inclusion efforts with our business priorities.
- Advising on programs and policies to attract, develop, and advance talented women

and ethnically diverse employees across the company.

ENSURING SAFETY AND WELLNESS

Employee safety is a top priority at Medtronic. By investing in a safe working environment and employee health and wellness initiatives, we protect our employees and our company.

Promoting Workplace Safety

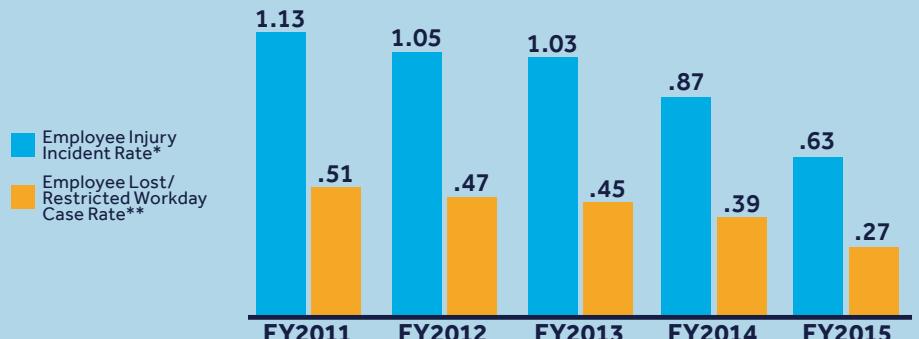
To keep us on track, in 2013 we set 2020 health and safety improvement goals in four areas, including ergonomics and safe driving. Our goals include:

- Identifying injury trends at all sites and setting objectives and specific projects and activities to reduce the risk of injuries.
- Reducing injury rates stemming from ergonomic stress. Activities include integrating ergonomic design, implementing risk mitigation tools, providing training and ergonomic assessments, and developing a web-based ergonomic training program.
- Establishing safe driving programs for our field and sales employees who spend significant time driving for work.

We continue to make strides in workplace safety performance. In FY2015, there was one work-related traffic fatality at Medtronic. Our employee incident rate was 0.63 incidents



OCCUPATIONAL HEALTH AND SAFETY



*The number of work-related injuries or illnesses serious enough to require treatment beyond first-aid, per 100 employees working a full year.

**The number of work-related injuries or illnesses serious enough to cause an employee to miss one or more work days or to have one or more work days of restricted duty, per 100 employees working a full year.

Injury and lost/restricted rates do not include portions of Asia, eastern Europe or Latin America sales teams.

per 100 employees, and our employee lost/restricted workday case rate was 0.27 lost days per 100 employees. Both are down substantially from previous years.

Keeping Our Employees and Business Healthy

We see tremendous value in encouraging healthy lifestyles across our global workforce. Investing in programs that improve employees' physical, emotional, social, and financial

well-being generates concrete returns in healthcare savings and increased workforce productivity. Estimates suggest that for every \$1.00 we devote to these initiatives, we will see a \$2.50 return.

In 2015, we introduced Healthier Together, an enhanced global wellness program. Available to employees and their spouses in all countries, the program focuses on engagement in healthy activities. As a healthcare company we want to be healthy from the inside out, reducing risk factors like

READY, SET, GO!

During the spring 2015 Global Wellness Challenge, 5,815 employees recorded nearly 1.7 billion steps, or roughly 6 million minutes of exercise, on their way to losing almost 6,000 pounds. This is the equivalent of walking 33 times around the world!

"Eating healthier, drinking more water, exercising more — at least 6 days a week. My blood pressure is now normal. I am so delighted, I can't express myself enough!"

Medtronic Employee

smoking, poor diet, and lack of exercise that can lead to high blood pressure and obesity. Initiatives include:

- Healthy Habits, which supports goal setting, tracking, and improving health
- Global Wellness Challenges
- Health assessments, screenings, and vaccinations
- Weight management and resilience programs
- Smoking cessation resources
- Health improvement programs
- Nutritional education
- Rewards and incentive programs
- Employee assistance programs designed to help employees solve workplace and/or personal challenges

behavior. More than 10,000 employees across 32 countries participated.

SUPPORTING EMPLOYEE ENGAGEMENT IN OUR COMMUNITIES

We are very proud of our employees who give back to the communities where we operate. We support community engagement efforts through three signature programs — Global Innovation Fellows, Project 6 Employee Volunteerism, and Global Matching Grants and Volunteer Grants.

HEALTHIER TOGETHER GLOBAL REACH

	FY2011	FY2012	FY2013	FY2014	FY2015
Countries with Program Access	2	12	19	43	43
Percentage of Employees with Program Access	65%	82%	85%	98%	98%
Employees Completing Health Questionnaires	21,559	25,324	24,792	23,521	24,542
Employees Receiving Personal Health Coaching	4,144	3,736	3,513	4,560	1,535

To encourage maximum employee participation, the program features a comprehensive Activities Hub and a Healthy Incentives reward program. During the year we also launched several Global Wellness Challenges to encourage physical activity and healthy

Global Innovation Fellows

Expanding global access to healthcare is a top priority, both philanthropically and for our business. We work with expert nonprofits in underserved

FURTHER, TOGETHER

GIVING HOPE AND HEALTHCARE ACCESS TO VIETNAM

In October 2014, five Medtronic Global Innovation Fellows teamed up with Project HOPE to improve health access for underserved communities in Quang Tri Province in Vietnam. While 140 Commune Health Stations exist to deliver preventive and primary healthcare, local people were shunning these facilities due to inconsistent patient treatment and poor medical equipment.

Project HOPE and the Medtronic team held more than 20 meetings with 90 local stakeholders to find solutions that better address the area's primary care needs. To improve public perception and use of the health stations, the team recommended improving local health infrastructure and equipment and providing effective staff training. They also called for the introduction of full-service, in-clinic pharmacies to meet patient needs, increase traffic, and generate revenue.

To test out their approach, the team suggested piloting their ideas in two to three health stations.

"Understanding what healthcare challenges remain at this level of the healthcare pyramid is eye-opening. These villagers struggle to vaccinate their children and provide clean water and safe, nutritious food to their families. For the Medtronic Mission to reach these patients, we need to think differently about healthcare innovation."

Medtronic Fellow

regions to address local health challenges in innovative ways that also inform our business development. In FY2015, during its second full year of operation, Medtronic Philanthropy's [Global Innovation Fellows](#) program paired 28 employees from around the world with global nonprofits to work on projects in Bangladesh, Bolivia, Colombia, Rwanda, the United States, and Vietnam.

Project 6 Employee Volunteerism

Each June, Medtronic employees come together for a month-long global volunteer effort in support of the sixth tenet of the [Medtronic Mission](#) — to maintain good citizenship as a company.

In FY2015, more than 8,880 team members across 35 countries participated in Project 6 activities,

dedicating 29,000 volunteer hours throughout the month to helping their local communities.

Medtronic Philanthropy rewards Project 6 teams that attract the most employees while achieving the greatest local impact. This year's winners, showcased below, each received a \$10,000 Impact Grant to donate to a nonprofit of their choice.



- **Dubai, United Arab Emirates:** Employees helped refurbish a local community center for children with special needs.
- **Ontario, Canada:** 22 employee teams each used \$100 to "multiply good" — impacting more than 2,500 people along the way.
- **Tokyo, Japan:** Employees took part in fundraisers for disaster relief and cleanup and repair projects.

FURTHER, TOGETHER

PAYING IT FORWARD IN TORONTO WITH PROJECT 6

When 200 eager Medtronic employees came together on the streets of Toronto to “multiply good,” nobody expected the results we achieved. Twenty-two teams, each armed with \$100 and a map, were turned loose on the city with the challenge to “pay it forward.”

One team simply purchased sandwiches to distribute to local homeless in a nearby park. Another purchased and sold water bottles at a corner to more than triple their funds. In only a couple of hours the teams made significant strides, including raising money for a hospital fund, buying supplies for a homeless shelter, and even helping a local school plant a community garden.

Over the course of an afternoon, our 22 teams managed to impact the lives of more than 2,600 people and raised over \$6,000 for local charities. As one Medtronic participant explained, “It really puts our lives into perspective and inspires us to do more in the community.”



■ Memphis, United States:

Almost 1,500 employees turned out to support nonprofits including Food Bank and Girls Inc.

Global Matching Grants

To promote good citizenship, acknowledge employees' passions, and increase our on-the-ground impact in

communities around the world, we offer a global matching grant program. Medtronic Philanthropy makes dollar-for-dollar contributions, ranging from \$25 to \$100,000, for donations our employees make to approved charities.

In FY2015, we received approximately \$25.2 million in employee charitable contributions (including retirees and Medtronic, Inc. board members) for matching consideration. Employee

donations are matched up to \$100,000. Medtronic added to this generous support, making nearly \$20 million in matching donations to nonprofits chosen by employees that support communities in need around the world.

In addition, we provide volunteer grants to global employees who display outstanding commitments to charitable causes. For every 25 hours of service an employee donates to a qualifying nonprofit, we award that same nonprofit a \$500 grant. In FY2015, through the program, 786 employees raised nearly \$515,000 for nonprofits.

[Learn more about Project 6 volunteer efforts.](#)



PROJECT 6 IMPACT

	FY2011	FY2012	FY2013	FY2014	FY2015
Number of Volunteers	2,000	4,200	5,878	6,365	8,880
Number of Countries	22	36	36	30	35
Number of Employee-led Projects	84	255	483	215	274

ENVIRONMENT

We apply our innovative spirit to reducing our environmental impact by proactively managing environmental, health, and safety issues across our value chain. We make sure these issues are taken into account in all our business decisions, from product design, to manufacturing, to facility operations. As part of our commitment, we've set ambitious goals to further reduce our climate impact, water use, and waste generation.

FURTHER, TOGETHER USING CUTTING-EDGE TECHNOLOGY TO POWER OUR FACILITIES

Fuel cells are innovative low-carbon energy solutions that reduce the climate impact of energy production. In November 2014, we proudly installed our first natural gas fuel cell system at our facility in Santa Rosa, California. Provided by Bloom Energy, the system generates low carbon energy by using fuel cells to convert natural gas into electricity. Each year, the fuel cell system will cut over 500 metric tons of carbon emissions generated by our site — the equivalent of taking 116 cars off the road — and save \$2.3 million. As an added benefit, it will reduce electricity-related water usage by more than 3 million gallons.

"This installation symbolizes Medtronic's long-standing commitment to energy conservation and doing right by the environment," says Erik Kunz, Medtronic's Director of EHS and Facilities in Santa Rosa. "We're pleased to be the first facility in our company to adopt this exciting technology and bring its value to our triple bottom line."



VALUE CHAIN



MANAGING OUR ENVIRONMENTAL, HEALTH, AND SAFETY PERFORMANCE

Environmental, health, and safety (EHS) risks can impact our company's bottom line, making EHS strategy an important factor in our business success. Knowing this, Medtronic implements rigorous EHS management systems across our factories and offices worldwide. Our [EHS Policy](#) outlines that we:

- Comply with all applicable laws and regulations
- Establish objectives and targets for improvement

- Integrate EHS into all business decisions
- Communicate our policy to stakeholders
- Educate our employees
- Maintain an EHS infrastructure to ensure that the proper resources and accountability are established to meet this policy

The Medtronic EHS team and the Business EHS Council oversee our EHS Policy and conduct audits to ensure compliance with EHS regulations. In addition, these groups provide input and approval for EHS strategies, performance metrics, risk identification and management, and sustainability opportunities. A Regional EHS Council manages global EHS risks

in the distribution centers and sales organization. To enhance our EHS management, we participate in the [Carbon Disclosure Project](#), and are members of U.S. EPA's [Energy Star Program](#).

Furthermore, we require our facilities to meet company EHS standards that go beyond many country regulations. Medtronic standards require the implementation of an EHS management system based on international EHS Management System Standards ISO 14001 and OHSAS 18001. The Medtronic standards ensure that our EHS managers follow best practices, which in turn reduce risk, increase operational efficiencies, and save costs. As we manage integration

with Covidien, we continue to evaluate and standardize best practices across our combined organization.

To ensure conformity with internal and external obligations, Medtronic has established the practice of conducting EHS audits at our facilities. For a minority of our facilities with the highest potential risk of EHS challenges, we support the additional cost of formal certification to EHS Management Systems Standards ISO 14001 and OHSAS 18001.

FY2015 Performance

In FY2015, 17 of our facilities worldwide held one or both certifications (see map). Our Santa Rosa, California, facility, became ISO 14001 certified this year. In addition, our Tolochenaz, Switzerland, site completed an ISO 14001 surveillance audit for recertification and found zero nonconformity issues.

MINIMIZING OUR OPERATIONAL FOOTPRINT

Our commitment to reducing the environmental impact of our operations is evident in our ambitious 2020 Environmental Performance Goals. Our continued progress in FY2015 toward these goals — which cover energy use and carbon dioxide emissions, waste, and water use — is shown below.

MEETING BEST PRACTICE STANDARDS: MEDTRONIC ISO 14001 AND/OR OHSAS 18001 CERTIFIED SITES



2020 ENVIRONMENTAL PERFORMANCE GOALS

	FY2013 (BASELINE)	FY2014	FY2015	% CHANGE FY2013 TO FY2015	2020 GOALS*
Non-Regulated Waste (Tonnes/\$Billion Revenue)	772	762 ⁷	735	-5%	-15%
Regulated Waste (Tonnes/\$ Billion Revenue)	99	107 ⁸	107	+8%	-10%
Energy Use (MWh/\$ Million Revenue)	31.9	31.3	29.6	-7%	-15%
CO ₂ Emissions (Tonnes/\$ Billion Revenue)	12	11.8	11.1	-7%	-15%
Water Use (Cubic Meters/\$ Million Revenue)	75	77	70	-6%	-10%

* All percentage reduction goals are based on a FY2013 baseline

⁷ Restated from 2014 Integrated Performance Report due to internal validation processes

⁸ Restated from 2014 Integrated Performance Report due to internal validation processes

17 SITES
ISO 14001 CERTIFIED

Reducing Energy Use and Greenhouse Gas Emissions

Climate change is a major global challenge to society, and its impacts also present a potential threat to the resilience of our future operations and supply chain. In pursuit of our 2020 goals, we are working to conserve energy and reduce our greenhouse gas emissions (GHG) across our operations.

The majority of Medtronic's operational GHG emissions are the result of energy use by our facilities and volatile organic compounds (VOCs) released during production. We use electricity, natural gas, liquefied petroleum gas, and fuel oil in our facilities worldwide. In FY2015, we used 524,000 megawatt-hours (MWh) of energy, creating approximately 197,000 metric tons of carbon dioxide equivalent. Our VOC emissions in FY2015 were 129 tons.

In conjunction with our Corporate EHS team and Corporate Facilities employees, Medtronic sites pursue energy conservation practices that reduce our short and long-term energy use. These include: energy efficient lighting, ventilation systems and equipment, and automated building controls.

We also follow best practices for energy efficient equipment in new building construction and remodeling projects. We have buildings certified to LEED or Green Globes standards in the United States, Canada, and South Africa.

Installing Renewable Energy

As part of our energy conservation strategy, our businesses are tapping into clean, renewable energy solutions – including solar energy – to support our environmental goals. During FY2015, we generated nearly 700 MWh of onsite renewable energy at our locations in Italy, South Africa, Ireland, and California.

FY2015 Performance

Our energy conservation and purchasing projects, primarily in North America, drive significant savings. In FY2015, we saved over 7,000 MWh and saw more than \$2.2 million in savings, rebates, and cost avoidances.

Managing Waste

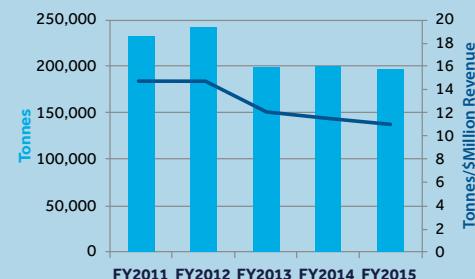
We continually seek ways to reduce our waste generation and divert waste from landfills. Our facilities worldwide have pursued a range of initiatives to meet our 2020 goal of reducing total waste generation by 15 percent from FY2013 levels. These include: reducing production scrap rates, reducing packaging, eliminating paper use, and increasing our overall recycling opportunities.

Our recycling initiatives play a significant role in our efforts to support responsible waste management. In FY2015, Medtronic recycled more than 7,600 metric tons of waste — accounting for 51 percent of our total

ENERGY USE



CO₂ EMISSIONS



VOC EMISSIONS



LEDS LIGHT THE WAY TO ENERGY SAVINGS IN MINNESOTA

Partnering with Xcel Energy, each of Medtronic's Minnesota facilities participated in an energy efficiency program. The program identified parking ramps at Medtronic's Operational Headquarters and Mounds View facility as priority areas to reduce energy use and save costs. In December 2014, these facilities installed 984 LED fixtures in place of metal halide lamps. Taking advantage of the parking ramps' natural daylight, the team also installed photocell sensor around the perimeter of the garage. When sufficient daylight is detected, the lighting turns off. Motion sensors were also installed on the lights in the interior of the garage, which save energy by activating only when movement is detected. The Parking Ramp Light Fixture Replacement Project was a huge success. Combined energy savings in both facilities conserve more than 1,500 MWh per year and result in over \$154,000 total savings each year from energy reduction and preventive maintenance. With these cost savings, the improvements will pay for themselves in less than nine months — a sustainable decision for both the business and the environment.

"We take pride in our proactive approach and incorporate the mantra of reduce, recycle and reuse in our package designs. Our efforts have produced smaller, more efficient, consumer-friendly packages. Medtronic's packaging is the first thing customers see. Our focus on sustainability impresses upon them the importance our company places on not only the health of our customers, but also the well-being of our planet."

David Knutson, CRHF Global Package Engineering and Labeling Team

waste generation. We have adopted a number of innovative recycling programs. We reclaim raw materials — including metals and plastics — used in our products, process chemicals, and compost food waste in our cafeterias.

In addition, we have identified product stewardship as an area of importance to our environmental impact. During FY2015, we completed research on establishing a product stewardship program at the company, which included the development of criteria for determining product sustainability, a potential product scorecard, and the framework for a pilot program that we hope to launch in FY2016 with three products. Through design innovation, we aim to minimize the life cycle footprint of our products and packaging.

FY2015 Performance

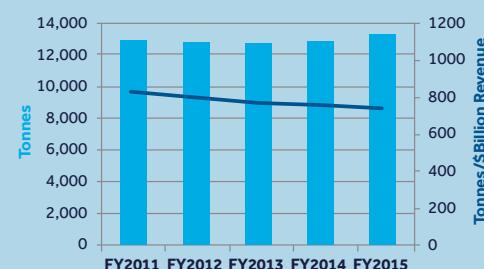
In FY2015 Medtronic generated approximately 14,900 metric tons of waste comprising 13,000 metric tons of non-regulated solid waste and 1,900 metric tons of regulated solid waste. Non-regulated waste consists primarily of general office and cafeteria wastes. Regulated waste includes production materials such as metals and chemical-related wastes. Of the total waste generated, approximately 7,600 metric tons or 51 percent was recycled.

While we have been successful in maintaining our regulated waste at less than 15 percent of our total waste generation, FY2015 saw an increase of 8 percent in our rate of regulated waste generation due to changes in our product and related manufacturing processes. Going forward, Medtronic is working to identify and target specific processes and waste streams to further reduce our regulated waste in line with our stated goals.

Conserving Water

While water use in our operations is relatively low, we still recognize the need to do our part to conserve water for the greater good. Our 2020 goal is to reduce our water use 10 percent from our 2013 baseline. To accomplish this, we are pursuing a range of conservation initiatives. These include: improving efficiencies in our production line processes, installing landscape and irrigation system upgrades, and updating our heating and cooling systems. In FY2015, we used more than 1.2 million cubic meters of water, a decrease of more than 5 percent on the previous year.

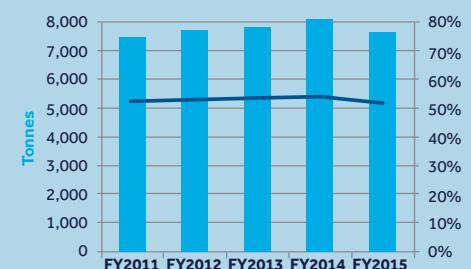
NON-REGULATED WASTE



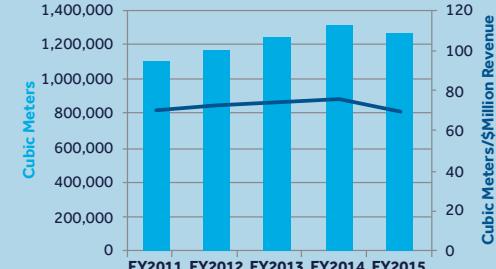
REGULATED WASTE



RECYCLING



WATER USE



EXTENDING PRODUCT LIFE

Our concern with the environmental impact of our products continues beyond their delivery to customers and patients. We consider product stewardship to include extending the life of our products, many of which contain valuable materials.

For example, we have developed reclamation programs for pacemakers, defibrillators, and neurostimulators, which contain sought-after precious metals that can be reused. Through these and other reclamation initiatives, in FY2015 we prevented disposal of more than 720 metric tons of waste and achieved more than \$900,000 in cost savings.

ENGAGING EMPLOYEES

We expect and encourage our employees to support sustainability initiatives to reduce Medtronic's overall environmental impact. To encourage employee participation, we promote Go Green for Life, an environmental awareness program available to all employees. Through Go Green for Life and other projects, our employees

have participated in sustainability initiatives. These include installing desk-side recycling, maximizing power-saving options on personal computers, reducing manufacturing and packaging waste, and reducing carbon emissions through use of alternative transportation. In addition, we recognize teams that contribute to our EHS initiatives through the Medtronic EHS Sustainability Award.

FURTHER, TOGETHER PROBLEM SOLVING FOR THE PLANET

Creative problem solving can shrink our environmental footprint, make working conditions safer, and save on costs. Each year we celebrate individuals and teams who produce such creative solutions.

Winners of FY2015's Sustainability Awards this year are showcased below:

- Our Cardiac Rhythm and Heart Failure team in Mounds View, Minnesota, reduced paper use by promoting electronic patient registration and administration. The initiative eliminated 13.5 million sheets of paper and will save \$750,000 each year.
- The Medtronic Electronic and Component Center in Brooklyn Center, Minnesota, manufactures batteries and related components critical to the function of many of our lifesaving devices. At this site, EHS team members successfully streamlined the production process. These efforts reduced manual labor and cut the site's employee injury rate by 60 percent from FY2012 to FY2014. The process saves more than \$2 million each year.
- Our EHS team in Fort Worth, Texas, which manufactures surgical instruments, staged creative awareness-raising events on employee safety and wellness. This led to a reduction in injury rates by 50 percent in just one year.
- Team Medtronic in Portugal created a fully electronic process for commercial proposals across all business and product lines. Their innovation will save more than 5 million sheets of paper annually.

"In addition to improving EHS performance and culture, EHS sustainability efforts frequently align well with operational goals — improving site profitability by reducing non-value-added movements, activities, and waste. A comprehensive sustainability program improves operational performance and increases shareholder value."

Mark Horton, Senior EHS Manager, Medtronic Electronic and Component Center



SUPPLY CHAIN

We aim to extend the values put forth in our Mission beyond our own operations and into our supply chain. By partnering with suppliers, we champion their high ethical standards, product quality, health and safety, worker rights, and environmental responsibility.

FURTHER, TOGETHER

Medtronic takes particular pride in its partnerships with diverse suppliers.

One such supplier is JIT Energy Services, a full-service energy management company that helps companies target energy saving strategies. JIT's ownership is a certified minority and women-owned business.

In 2007, JIT began working with Medtronic to provide a solution for energy and water tracking. Over the eight-year partnership, JIT has developed into an important partner in Medtronic's energy management — supporting Medtronic's sites across the globe.

This year marked a number of exciting achievements for JIT Energy Services and Medtronic. Among a plethora of energy efficiency projects completed, more than 1,000 light fixtures in parking structures at Medtronic's Operational Headquarters and Mounds View facilities were replaced with LED systems. This project alone decreased Medtronic's energy use by 1,500 MWh annually. Additionally, JIT worked hand in hand with Medtronic on developing innovative renewable energy solutions.

The partnership has been fruitful for both companies. Owner Jamie Aragon notes, "The opportunities for growth and service expansion presented by Medtronic have greatly benefited JIT."



OUR APPROACH

A robust and reliable supply chain is critical to our business. It allows us to produce and deliver the medical devices and therapies on which our customers and millions of patients depend. We build long-term partnerships with established suppliers that share our commitment to high standards.

Across our business, we source from approximately 59,000 suppliers in 107 countries spanning North America, Europe, the Middle East, Asia, and Australia. In FY2015, we spent \$6.7 billion with suppliers globally.

ENSURING PRODUCT QUALITY

Our partnerships with suppliers are essential in delivering the quality products that drive Medtronic's success. We provide direct suppliers with protocols, training, and support to ensure that regulatory and self-imposed quality standards are consistently met. Our top priority is to avoid supplier error that can impact patient health and damage our reputation.

Our product quality program is built on:

- Our Supplier Controls Policy, which addresses risk management, evaluation and selection, performance, monitoring, and certification in our supplier base.
- Our [Supplier Quality and Excellence Manual](#), which all suppliers must follow.
- Training provided to suppliers through our [supplier development program](#).
- Direct Supplier participation in our [Design, Reliability, Manufacturability](#) (DRM) process, which ensures standard product performance.

SOURCING RESPONSIBLY

Responsible supplier management is more than a commitment we make to our customers. It also allows us to deliver benefits to the communities where we source materials, services, and labor.

We expect all vendor companies to operate ethically. This means following all applicable laws related to governance, environmental responsibility, workplace health and safety, and human rights. Key issues for our industry include compliance with local labor laws relating to minimum wage, overtime, and maximum working hours.

As we integrate with Covidien, we are assessing the practices of both companies to develop a consolidated and comprehensive approach to responsible sourcing. Moving forward we expect to leverage leading practices from both companies to maintain and enhance our sustainability standards for suppliers and supplier risk-assessment process.

As a first step, in FY2015, we began tracking which of our top 100 vendors — representing approximately 40 percent of our total spend — produce a sustainability report. We found that nearly 30 percent do.

For more information about responsible sourcing, please see our [website](#).

Materials of Concern

To address the environmental and social impacts of the materials in our products, Medtronic follows all applicable local and country-specific regulations. We also follow two EU directives — Restriction of Hazardous Substances (RoHS) and Registration and Authorization and Evaluation of Chemicals (REACH). As part of our product design process, we attempt to minimize the related materials of concern.

Conflict Minerals

Some of our products contain conflict minerals — tin, tungsten, tantalum, and gold — which are commonly sourced from areas of armed conflict in the Democratic



As of the end of FY2015, 98 percent of sourcing and supply chain management teams completed comprehensive Supplier Diversity eLearning training.

Republic of Congo and neighboring countries. Medtronic supports, and strives to comply with the regulations established by Section 1502 of the U.S. Dodd-Frank Act, which requires companies to disclose conflict minerals. For calendar year 2014, we were unable to obtain the necessary information from all relevant suppliers. Therefore we were unable to determine whether all our products are conflict free.

A cross-functional team—composed of sourcing, supply chain, finance, legal, and others—works closely with executives to implement our [Conflict Mineral Policy](#) and strategy. We expect our suppliers to comply with the Dodd-Frank Act and remove conflict minerals from our supply chain to all extents possible. To track their efforts, we require relevant firms to:

- Complete an annual survey disclosing the origin of any conflict minerals used,

- Respond to requests for additional information, and
- Ensure traceability of conflict mineral supplies.

Further details are available in our [Conflict Minerals Policy](#).

BUILDING STRENGTH THROUGH DIVERSITY

We are committed to collaborating with suppliers from diverse backgrounds, including small businesses and those owned by women, minorities, and veterans. Our diverse suppliers bring innovative ideas and broaden our perspective. In turn, this supports our Mission.

Our Supplier Diversity Team, Supplier Diversity Steering Committee, and executive management lead our [Supplier Diversity Program](#). Our approach includes: identifying suitable new diverse suppliers, leveraging existing diverse supplies, raising internal awareness about supplier

diversity, and joining initiatives that support supplier diversity beyond our business.

We proactively seek to find and engage with diverse suppliers through outreach at tradeshows and networking events. These include but are not limited to: the National Minority Supplier Development Council's (NMSDC) Annual Conference, National Women's Business Enterprise Council (WBENC) Business Fair, National Veteran's Small Business Engagement (NVSBE) conferences, and small business and chamber of commerce events. The [Medtronic Supplier Registration Portal](#) allows us to effectively integrate diverse suppliers into our standard procurement process.

We promote supplier diversity through companywide awareness sessions and internal training for relevant employees. Sourcing and select supply chain employees are required to take a comprehensive training on supplier diversity and participate in a webinar on available tools and resources via

an eLearning platform. These trainings are now being pushed out to legacy Covidien sourcing employees.

We champion supplier diversity across the business community through membership and sponsorship of advocacy groups. We also contribute through board leadership and volunteering for organizations with diversity missions. Examples include: the National Minority Supplier Development Council (including the Healthcare Industry Group, Consumer Products Group, and Supplier Diversity Advocacy Council), the Women's Business Enterprise National Council, the Metropolitan Economic Development Association (MEDA), the North Central Minority Supplier Development Council and Corporate Roundtable, Diversity Information Resources, and Itasca's Executive Council and Business Bridge.

U.S. DIVERSE SUPPLY CHAIN SPEND BY CATEGORY

(\$ IN MILLIONS)

	FY2011 \$ SPEND	FY2011 % U.S. SPEND	FY2012 \$ SPEND	FY2012 % U.S. SPEND	FY2013 \$ SPEND	FY2013 % U.S. SPEND	FY2014 \$ SPEND	FY2014 % U.S. SPEND	FY2015 \$ SPEND	FY2015 % U.S. SPEND
Small Business	\$1,403.0	33%	\$1,191.3	27.9%	\$1,175.0	28.9%	\$1,069.0	30.7%	\$1,102	29.91%
Veteran-Owned Business	\$50	1.2%	\$45.2	1.1%	\$35.4	0.9%	\$42.9	1%	\$49.7	1.35%
Minority-Owned Business Enterprise	\$94.1	2.3%	\$108.3	2.5%	\$106.6	2.6%	\$131.4	3.8%	\$149.0	4.04%
Women-Owned Business Enterprise	\$183.6	4.4%	\$167.1	3.9%	\$166.0	4.1%	\$74.2	2.1%	\$83.1	2.26%

AWARDS AND RECOGNITION

In FY2015, Medtronic was recognized by a variety of stakeholders for our performance, policies, practices, and programs through which we create value for society and operate responsibly. This includes those that honor our business performance, community involvement efforts, employment programs, and environmental initiatives. Listed below are some highlights of the awards, rankings, and recognitions we received.

For a complete list of our awards and recognitions in FY2015, visit our [website](#).

VALUE TO SOCIETY

Business

- Ranked 55th among 150 U.S. companies *Forbes'* America's Most Reputable Companies in 2014
- Included in the S&P500 Dividend Aristocrat's Index

Corporate Sustainability

- Named to the 2015 Dow Jones Sustainability North American Index
- Listed as a member of the FTSE4Good Index Series

WORKING RESPONSIBLY

Environment

- Ranked 50th among the 500 largest publicly traded U.S. companies and 80th among the largest publicly traded companies globally on *Newsweek's* Green Rankings

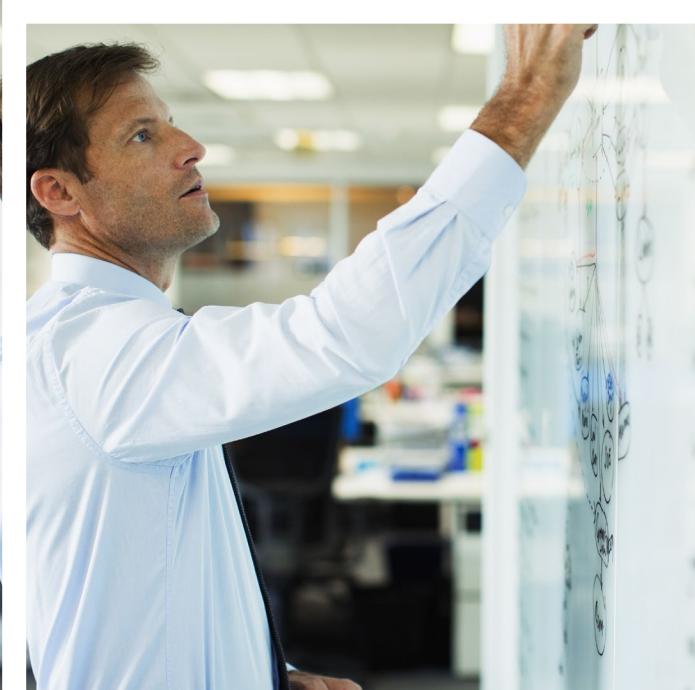
Diversity and Inclusion

- Received 100 percent rating on Corporate Equality Index, which recognizes best practices in recruiting and maintaining a diverse workforce

Workplace

- Ranked 4th on *Business Insider's* Most Meaningful Companies to Work For
- Ranked 14th in *Computerworld Magazine* rankings of Best Places to Work in IT





FY2015 DATA SUMMARY

FY2015 DATA SUMMARY

MEDTRONIC FY2015 DATA SUMMARY

VALUE TO SOCIETY		FY2011	FY2012	FY2013	FY2014	FY2015
ACCESS						
Research and Development Investment	\$ Million	\$1,472	\$1,490	\$1,557	\$1,477	\$1,640
	% of total revenue	9.5%	9.2%	9.4%	8.7%	8.1%
FINANCIAL STRENGTH (\$ Millions)						
Net Sales	Total	\$15,508	\$16,184	\$16,590	\$17,005	\$20,261 ¹
	U.S.	\$8,872	\$8,828	\$9,095 ²	\$9,247 ²	\$11,305
	Non-U.S. Developed	\$5,259	\$5,690	\$5,634	\$5,652	\$6,372
	Emerging Markets	\$1,377	\$1,666	\$1,861	\$2,106	\$2,584
Net Earnings as reported (GAAP)		\$3,096	\$3,617	\$3,467	\$3,065	\$2,675 ¹
Net Repurchase of Common Stock		\$1,055	\$1,126 ³	\$980	\$1,246	\$1,271
Dividends to Shareholders		\$969	\$1,021	\$1,055	\$1,116	\$1,337
Additions to Property, Plant, and Equipment		\$501	\$484	\$457	\$396	\$571
COMMUNITY INVESTMENTS (\$ Millions)						
Medtronic Foundation Giving		\$30.6	\$32.9	\$33.7	\$28.2	\$47.0
Corporate Cash Contributions		\$19.2	\$22.3	\$21.7	\$27.7	\$31.3
Product Donations		\$10.1	\$7.8	\$9.0	\$11.1	\$11.5
Philanthropic Contributions as a % of Global Pretax Profits		1.4%	1.5%	1.5%	1.5%	1.9%
WORKING RESPONSIBLY		FY2011	FY2012	FY2013	FY2014	FY2015
EMPLOYEES (see Global Workforce Data below for additional details)						
Global Workforce		43,234	42,471	43,091	43,707	46,368
Percentage of Females in Total Workforce		49%	49%	49%	49%	49%
U.S. Diversity (Race/Ethnicity), Excluding Puerto Rico		28%	28%	28%	29%	30%
Total Amount Spent on Employee Training and Development (\$ Million)		\$63.5	\$56.9	\$53.0	\$45.8	\$47.6
Employee Injury Incident Rate ⁴		1.13	1.05	1.03	0.87	0.63
Employee Lost/Restricted Workday Case Rate ⁵		0.51	0.47	0.45	0.39	0.27
ENVIRONMENT⁶						
Non-Regulated Waste (Tonnes/\$ Billion Revenue)		814	798	772	762 ⁶	735
Regulated Waste (Tonnes/\$ Billion Revenue)		94	97	99	107 ⁶	107
Energy Use (MWh/\$ Million Revenue)		31.6	31.6	31.9 ⁶	31.3 ⁶	29.6
CO ₂ Emissions (Tonnes/\$ Billion Revenue)		14.9	14.9	12	11.8 ⁶	11.1

MEDTRONIC FY2015 DATA SUMMARY (Continued)

WORKING RESPONSIBLY	FY2011	FY2012	FY2013	FY2014	FY2015
Volatile Organic Compound Emissions (Tonnes/\$ Billion Revenue)	8.3	8.4	7.5	9.3	7.3
Water Use (Cubic Meters/\$ Million Revenue)	72	74	75	77	70

¹ FY2015 based on Medtronic fiscal year as reported and reflects the one-quarter contribution of the Covidien transaction which closed on January 26, 2015.
² Restated from 2014 Integrated Performance Report.
³ Excluding \$218M of proceeds from Physio-Control used for repurchases.
⁴ The number of work-related injuries or illnesses serious enough to require treatment beyond first-aid, per 100 employees working a full year.
⁵ The number of work-related injuries or illnesses serious enough to cause an employee to miss one or more work days or to have one or more work days of restricted duty, per 100 employees working a full year. Injury and lost/restricted rates do not include portions of Asia, eastern Europe or Latin America sales teams.
⁶ Environmental data reflects ongoing updates by our contributing locations, which may cause minor discrepancies in numbers reported in past years.

MEDTRONIC GLOBAL WORKFORCE¹

	FY2011	FY2012	FY2013	FY2014	FY2015
Total	43,234	42,471	43,091	43,707	46,368
Female	21,211	20,824	21,148	21,468	22,657
Asia-Pacific	3,171	3,465	4,053	4,470	4,950
Female	1,380	1,549	1,754	1,959	2,169
Canada	750	734	749	738	792
Female	463	451	474	462	495
Europe/Central Asia/Middle East/Africa	9,007	9,229	9,126	9,270	9,754
Female	4,759	4,798	4,875	4,944	5,069
Latin America	2,713	2,972	3,064	3,302	3,786
Female	2,021	2,172	2,201	2,357	2,628
U.S. & Puerto Rico	27,593	26,071	26,099	25,927	27,086
Female	12,588	11,854	11,844	11,746	12,296

¹Note: Global Workforce does not include temporary or contingent workers.

EMPLOYMENT TYPE

	FY2011	FY2012	FY2013	FY2014	FY2015
Hourly	17,560	19,396	19,184	19,219	20,205
Salaried (nonmanagement) ¹	20,886	18,322	18,969 ⁴	19,358	20,572
Management ²	4,461	4,450	4,654	4,855	5,273
Executive ³	327	303	284	275	318

¹ Salary (nonmanagement) = employees at or above a specific pay band not in a management or executive role
² Management = managers, senior managers, directors, and senior directors
³ Executive = all levels of vice presidents
⁴ Restated from 2014 Integrated Performance Report.

GLOBAL PART-TIME

	FY2011	FY2012	FY2013	FY2014	FY2015
Total	1,209	1,177	1,196	1,210	1,284
30 and under	113	94	73	71	66
31-50	892	897	924	937	985
51 and above	204	186	199	202	233
Female	1,096	1,057	1,082	1,097	1,127
Asia-Pacific	45	57	60	59	56
Canada	8	7	9	6	11
Europe/Central Asia/ Middle East	797	798	821	845	877
Latin America	0	0	0	0	0
U.S. & Puerto Rico	246	195	192	187	183

GLOBAL FULL-TIME

	FY2011	FY2012	FY2013	FY2014	FY2015
Total	42,025	41,293	41,895	42,497	45,084
30 and under	7,633	7,464	6,950	7,065	7,967
31-50	26,909	26,570	27,076	27,299	28,341
51 and above	7,483	7,259	7,869	8,133	8,776
Female	20,115	19,767	20,066	20,371	21,530
Asia-Pacific	1,335	1,492	1,694	1,900	2,113
Canada	455	444	465	456	484
Europe/Central Asia/ Middle East	3,962	4,000	4,054	4,099	4,192
Latin America	2,021	2,172	2,201	2,357	2,628
U.S. & Puerto Rico	12,342	11,659	11,652	11,559	12,113

EMPLOYEE TURNOVER (VOLUNTARY AND INVOLUNTARY)

	FY2011	FY2012	FY2013	FY2014	FY2015
Total	4,100	7,062	4,630	4,502	4,453
30 and under	1,359	1,635	1,188	922	1,174
31-50	2,181	3,893	2,750	2,671	2,492
51 and above	560	1,534	692	909	787
Female	2,370	3,664	2,372¹	2,226	2,236
Asia-Pacific	253	249	307	257	292
Canada	39	52	51	44	18
Europe/Central Asia/ Middle East	332	455	378	410	517
Latin America	743	750	440	266	383
U.S. & Puerto Rico	1,003	2,158	1,196	1,249	1,026

¹ Restated from 2014 Integrated Performance Report.

NEW EMPLOYEE HIRES

	FY2011	FY2012	FY2013	FY2014	FY2015
Total	5,062	4,784	4,581	4,699	5,407
30 and under	2,116	2,001	1,736	1,959	2,384
31-50	2,629	2,501	2,521	2,450	2,702
51 and above	317	282	324	290	321
Female	2,779	2,462	2,255	2,302	2,574
Asia-Pacific	296	413	463	394	431
Canada	85	32	59	24	29
Europe/Central Asia/ Middle East	456	354	336	420	440
Latin America	705	509	295	360	255
U.S. & Puerto Rico	1,237	1,154	1,102	1,104	1,419



ABOUT THIS REPORT

ABOUT THIS REPORT

The Medtronic 2015 Integrated Performance Report includes financial and nonfinancial information and was prepared in accordance with the G4 Core guidelines of the Global Reporting Initiative (GRI), the world's most recognized framework for sustainability reporting. The report also references points of interest as determined by the Sustainability Accounting Board Standards (SASB) for Medical Equipment and Supplies in addition to the Dow Jones Sustainability Index questionnaire, which we have reported to since 2008.

Unless otherwise stated, all performance data in this report covers Medtronic's fiscal year 2015 (FY2015) from April 25, 2014 through April 24, 2015.

This report includes data from Medtronic, Inc. and all of its consolidated subsidiaries. In January 2015, we completed our acquisition of Covidien plc. Our financial reporting in this report and our FY2015 Form 10-K includes Covidien's fourth quarter performance and results. Except where otherwise noted, Covidien's non-financial performance data has not been integrated in this year's report. Other excluded entities, noted below, are not believed to be significant (<10 percent effect on overall data).

- EHS Data: does not include Kanghui
- Global Workforce Data: does not include Cardiolnspight, Kanghui, Libeier, or Sophono

- Injury and Lost/Restricted Rates: do not include portions of Asia, Eastern Europe, or Latin America sales teams
- Supplier Spend, Supplier Diversity, and Wages Paid Data: does not include Advanced Uro-Solutions, Biostar, Cardiocom, Corventis, Diabeter, Kanghui, NGC Medical, Osteotech, PEAK Surgical, Salient Surgical Technologies, Sapiens, Sophono, TYRX, or Visualese

All financial information is reported in U.S. dollars. Environmental, health, and safety data is from our manufacturing and research and development facilities.

Any forward-looking statements are subject to risks and uncertainties such as those described in Medtronic's periodic reports on file with the Securities and Exchange Commission. Actual results may differ materially from anticipated results.

For additional business and sustainability information, please refer to our SEC filings, including [Form 10-K](#), [Proxy](#) filings, [press releases](#), and our [CDP](#) disclosure.

Medtronic has not sought independent verification of this report but has practices in place to internally validate the data.

We want to hear from all our stakeholders. To provide feedback or request additional information, please email integratedreport@medtronic.com.

This is our second annual Integrated Report, which includes both financial and sustainability information. Our last integrated report, which covered FY2014, was published in October 2014.

We believe that our integrated report provides a comprehensive overview of Medtronic. It reflects the way that we do business, considering the social and environmental factors and impacts. By working responsibly, we believe that we increase our ability to add positive value to society.

The integrated reporting index that follows highlights some of the most important ways that our business success is tied to our social, environmental, and ethical performance, and provides page references for more information.

INTEGRATED REPORT INDEX

(\$ MILLIONS EXCEPT PERCENT AND PER SHARE DATA)

SECTION	INTEGRATION FEATURE
Sustainability Risk and Opportunity	Sustainability risk management practices
Sustainability Risk and Opportunity	Management of business continuity and crisis risks
Sustainability Risk and Opportunity	Cost savings from environmental improvement targets
Sustainability Risk and Opportunity	Meeting customer expectations with sustainability performance
Sustainability Risk and Opportunity	Responding to investor requirements
Access	Investing in R&D to spur innovation
Access	Solving market challenges
Access	Aligning value for better patient and cost outcomes
Access	Product pricing and payment
Patient Safety	Post-market surveillance practices that improve new product development
Patient Safety	Product-related regulatory actions
Financial Strength	Aligning our business with healthcare needs
Financial Strength	Revenue growth in emerging markets
Financial Strength	Supporting local economies through operating costs
Community Investments	Philanthropy as a percentage of profit
Governance and Engagement	Ethical conduct as a driver of our credibility and success
Employees	Measurable returns on investments in employee wellness
Employees	Employee compensation and incentives as a reflection of our commitment to quality and ethics
Employees	The importance of an inclusive workforce to business success
Environment	Environmental, Health, and Safety management system impacts business risk, operational efficiencies, and costs
Environment	Climate change as a potential threat to the business resilience of our future operations and supply chain
Supply Chain	Supply chain protocols avoid supplier error that can impact patient health and damage our reputation



GLOBAL REPORTING INITIATIVE INDEX

GRI DISCLOSURE OF MANAGEMENT APPROACH

GRI GENERAL STANDARD DISCLOSURES

GRI SPECIFIC STANDARD DISCLOSURES

SUSTAINABILITY ACCOUNTING STANDARDS
BOARD DISCLOSURES

GRI SUPPLEMENT

The Global Reporting Initiative (GRI) G4 Guidelines are an internationally recognized standard for reporting on corporate social and environmental responsibility performance. Throughout this index, we include information and references to our FY2015 Integrated Performance Report, financial reports, and corporate governance guidelines. We have reported on GRI Aspects related to our 12 material issues, as determined by a materiality assessment conducted in FY2014.

We also include a Sustainability Accounting Standards Board (SASB) index for the Medical Equipment and Supplies Industry.

DISCLOSURE OF MANAGEMENT APPROACH TO MATERIAL ISSUES

ACCESS

Definition	The availability and affordability of our products and therapies once they have reached the market. This includes our efforts to ensure that devices are accessible to patients who can benefit from them, such as capacity building, training and education programs, investments and improvements in local infrastructure, efforts to improve affordability, and initiatives to address legal and regulatory restrictions.
Disclosure on Management Approach	<p>DMA-a</p> <p>The accessibility of our therapies, services and solutions is imperative to achieving our Mission and sustaining long-term business success. In FY2015, our revenue grew faster in emerging markets than in the developed world; making our therapies, services and solutions accessible to more people is inherent in our growth strategy.</p> <p>We also view access to healthcare as a human rights issue, and believe that all people deserve the care they need. Our Mission implores us to contribute to human welfare, and our access strategy is a key element of this.</p> <p>Through business and philanthropic activities, we assess local, unmet healthcare needs, and tailor new or existing products and therapies to overcome barriers to care.</p> <p>DMA-b</p> <p>We are guided by our Mission – To contribute to human welfare by application of biomedical engineering in the research, design, manufacture, and sale of instruments or appliances that alleviate pain, restore health, and extend life.</p> <p>Each business unit develops new products, therapies, and programs to reach more people with life-changing care. We also develop new programs, initiatives, and business activities designed to increase access to healthcare, such as the Global Health Initiative, the Patient Access Acceleration Program and Medtronic Hospital Solutions.</p> <p>Medtronic Philanthropy also contributes to our access strategy. The Global Health Access Grants and Community Health Access Grant Programs support our efforts. Detailed information about management of our grant programs is available at http://philanthropy.medtronic.com/grants-and-funding/health-access-grants/index.htm.</p> <p>DMA-c</p> <p>Efforts to increase access to healthcare are embedded in the day-to-day operations of our entire company. The Board of Directors and Executive Committee have primary responsibility for ensuring that we are maximizing our ability to reach patients who can benefit from our products and therapies. Each business unit and region reports to the board regularly.</p> <p>Medtronic Philanthropy is led by a board of directors that includes Medtronic senior leaders from across the business units and regions, as well as Omar Ishrak, Chairman and CEO, and Gary Ellis, Chief Financial Officer.</p>
Boundaries (G4-20, G4-21)	Access, and our related impacts, are relevant for all our customers and patients, as well as individuals who are not yet customers or patients who could benefit from our products or therapies.

Reference for more information	See Access , pages 11-19 of our Integrated Performance Report, and Financial Strength , pages 25-33, for more information about how we provide access to healthcare to those who need it. Visit philanthropy.medtronic.com for more information on specific philanthropic efforts.
Related GRI Aspects	SO: Local Communities
PRODUCT QUALITY	
Definition	Product Quality reflects our commitment to ensuring quality and safety of our products in relation to all our stakeholders including patients, physicians, hospital administrators, and our employees. It covers design, reliability, manufacturability, supplier quality, global compliance, post-market surveillance, complaint handling, and corrective action planning.
Disclosure on Management Approach	<p>DMA-a</p> <p>Our patient-centric approach requires us to put product quality and safety first. Product quality covers the full lifecycle of a product, from product design through manufacture, use, and disposal. Quality and reliability are important to ensure the safety of all the patients who depend on our products and therapies for their health and wellbeing.</p> <p>DMA-b</p> <p>At Medtronic, product quality is everyone's responsibility and it is embedded into our culture. At the highest level, the Quality and Technology Committee of the Board of Directors is responsible for oversight of product quality. In our business, the Global Quality department leads our product quality efforts. Our Senior Vice President of Global Quality is a member of the Executive Committee.</p> <p>Specific processes and programs ensure quality oversight throughout our process:</p> <ul style="list-style-type: none"> ■ Design, Reliability, and Manufacturability ensures quality in R&D ■ The Medtronic Operating System ensures quality in production ■ The World Quality Program embeds quality in our sales and distribution systems. <p>We also adhere to regulatory requirements, such as those of the U.S Food and Drug Administration, and use the Medtronic Corporate-Wide Assessment for Regulatory Excellence to drive continual improvement in our regulatory compliance systems. Our goals are to maintain an average of 0.5 or fewer regulatory findings per inspection, and to receive no FDA Warning Letters related to our products or therapies.</p> <p>DMA-c</p> <p>The Quality and Technology Committee of the Board of Directors monitors and evaluates our quality systems and processes on an annual basis. Full details of committee responsibilities are available in the committee charters on our Corporate Governance website.</p> <p>We apply Lean Six Sigma principles and use the Medtronic Corporate-Wide Assessment for Regulatory Excellence to foster continual improvement in our quality systems.</p> <p>When we experience a quality problem with one of our products or therapies, we take all necessary actions to remedy the issue and identify opportunities for improvement to prevent future issues.</p>

Boundaries (G4-20, G4-21)	<p>Product quality is relevant across the entire product lifecycle. Within Medtronic, we manage product quality in R&D, manufacturing and production, sales and distribution.</p> <p>Product quality is relevant to external groups including customers – the medical professionals and patients who rely on our products and therapies.</p>
Reference for more information	See Patient Safety , pages 20-24 for more information about how we manage product quality across our business.
Related GRI Aspects	<p>PR: Compliance</p> <p>PR: Customer Health and Safety</p> <p>PR: Product Labeling</p>
ETHICS IN SALES AND MARKETING	
Definition	<p>Ethics in Sales and Marketing is our commitment to ensuring responsible business practices in relation to the marketing, communications, and promotion of all of our therapies and products. This includes the prevention and monitoring of all corruption and anti-competitive related practices, as well as compliance with global regulatory authorities.</p>
Disclosure on Management Approach	<p>DMA-a Forming and maintaining the trust of our patients, industry partners, healthcare providers, investors, regulators, governments, and employees is critical to our business success. Corrupt and anti-competitive practices undermine this trust, our Mission-led commitment to integrity, and subsequently, our business performance. Building trust requires that we are transparent about our products, services, and practices at all times.</p> <p>Our customers depend on our medical services and therapies, and we must ensure that these products are promoted in a way that supports their lawful and approved use. We also disclose certain payments we make to health care professionals and ensure we are in compliance with reporting requirements.</p> <p>DMA-b Medtronic follows several internal and external policies related to ensuring ethics in sales and marketing. These include:</p> <ul style="list-style-type: none"> ▪ Code of Conduct ▪ Global Business Conduct Standards Policy, including our Anti-corruption Policy and Global Conflicts of Interest Policy ▪ Code of Ethics for Senior Financial Officers ▪ Code of Business Conduct and Ethics for Members of the Board of Directors ▪ Medtronic Donations <p>All employees and board members must read and certify their understanding of the Code of Conduct.</p> <p>Medtronic has the equivalent of approximately 223 full-time employees who spend time helping to ensure that our practices remain compliant globally. Relevant employees also complete mandatory biennial anti-corruption training. We also conduct due diligence on global distributors and dealers before entering into contracts with them.</p>

Disclosure on Management Approach (continued)	<p>Each Medtronic business unit maintains internal review processes to ensure appropriate product promotion. Medtronic also follows internal policies that prohibit the unlawful promotion of products for off-label uses.</p> <p>DMA-c</p> <p>The Medtronic Office of Ethics and Compliance (OEC), and chief ethics and compliance officer, oversees and implements all ethics policies and programs. The chief ethics and compliance officer reports results periodically to the CEO, the Audit Committee, and at least annually to the board.</p> <p>Medtronic employees are assessed on their ethical behavior and completion of ethics-related training, which are linked to discretionary pay and incentives. We also ask ethics and compliance-related questions during our annual employee engagement survey.</p> <p>We report the results of our efforts annually in our Integrated Performance Report.</p>
Boundaries (G4-20, G4-21)	<p>Ethics in sales and marketing, and its related impacts, is relevant to all Medtronic employees</p> <p>Ethics in sales and marketing, and related impacts, is relevant to our patients, our industry partners, our distributors, healthcare providers, investors, regulators, and governments.</p>
Reference for more information	See Governance and Engagement , pages 41-48, for more information on our approach to ethical sales and marketing.
Related GRI Aspects	<p>SO: Anti-Competitive Behavior</p> <p>SO: Anti-Corruption</p> <p>PR: Marketing Communications</p>
RESPONSIBLE SOURCING	
Definition	Responsible sourcing is our practice of collaborating with our supply chain to develop long-term relationships that enhance product quality, worker rights, impact on local communities, and environmental protection.
Disclosure on Management Approach	<p>DMA-a</p> <p>A robust and reliable supply chain is critical to our business. It allows us to produce and deliver the medical devices and therapies on which our customers and millions of patients depend. Maintaining a responsible supply chain is essential to delivering the quality products that drive Medtronic's success and supports our social license to operate.</p> <p>DMA-b</p> <p>To drive responsible practices across our global supply chain, we expect all vendor companies to operate ethically. This means following all applicable laws related to governance, environmental responsibility, workplace health and safety, and human rights. More details are outlined in our Responsible Supply Chain policies.</p> <p>Responsible sourcing is managed by our Sourcing Leadership Team on the Operations Council and the Conflict Minerals Management Team.</p> <p>Our supplier quality program is built on:</p> <ul style="list-style-type: none"> ▪ Our Supplier Controls Policy, which addresses risk management, evaluation and selection, performance, monitoring, and certification in our supplier base.

Disclosure on Management Approach (continued)	<ul style="list-style-type: none"> ■ Our Supplier Quality and Excellence Manual, which all suppliers must follow. ■ Training provided to suppliers through our supplier development program. ■ Supplier participation in our Design, Reliability, Manufacturability (DRM) process, which assures standard product performance. Our Supplier Diversity Team, Supplier Diversity Steering Committee, and executive management lead our Supplier Diversity Program. Our approach includes: identifying suitable new diverse suppliers, raising internal awareness about supplier diversity, and joining initiatives that support supplier diversity beyond our business. <p>DMA-c</p> <p>We provide suppliers with protocols, training, and support to ensure that regulatory and self-imposed quality standards are consistently met.</p> <p>As we integrate with Covidien, we are assessing the practices of both companies to develop a consolidated and comprehensive approach to responsible sourcing. Moving forward we expect to leverage leading practices from both companies to maintain and enhance our sustainability standards for suppliers and supplier risk-assessment process.</p>
Boundaries (G4-20, G4-21)	Responsible sourcing is relevant to our suppliers, our patients, our customers, and our local communities.
Reference for more information	See Supply Chain , pages 65-67 for more information about how we ensure responsible sourcing for our products.
Related GRI Aspects	LA: Supplier Assessment for Labor Practices HR: Supplier Human Rights Assessment EN: Supplier Environmental Assessment EC: Procurement Practices EC: Indirect Economic Impacts HR: Human Rights Grievance Mechanisms HR: Non-Discrimination HR: Freedom of Association
PRODUCT STEWARDSHIP	
Definition	Minimizing the lifecycle footprint of our products and packaging through design innovation.
Disclosure on Management Approach	<p>DMA-a</p> <p>Driven by our Mission, we proactively manage environmental, health, and safety issues across our value chain to minimize our environmental impact.</p> <p>DMA-b</p> <p>We have identified product stewardship as an area of importance to our environmental impact. During FY2015, we completed research on establishing a product stewardship program at the company, which included the development of criteria for determining product sustainability, a potential product scorecard, and the framework for a pilot program that we hope to launch in FY2016 with three products.</p>

Disclosure on Management Approach (continued)	DMA-c The Medtronic EHS team and the Business EHS Council oversee our EHS Policy and conduct audits to ensure compliance with EHS regulations. In addition, these groups provide input and approval for EHS strategies, performance metrics, risk identification and management, and sustainability opportunities. A Regional EHS Council manages global EHS risks in the distribution centers and sales organization.
Boundaries (G4-20, G4-21)	Product stewardship is relevant to our operations, our supply chain, and our customers.
Reference for more information	See Environment , pages 59-64 for more information about how we manage our product stewardship.
Related GRI Aspects	EN: Materials EN: Products and Services
TRIAL DATA	
Definition	Ethical and responsible conduct related to clinical trials, including transparency of data, ethics in research and development, and clinical data sharing.
Disclosure on Management Approach	<p>DMA-a The way that we collect and evaluate data is a critical component of our commitment to product quality and safety. Reliable and transparent information ensures that our clinical trials are conducted ethically and in alignment with the highest standards for data integrity and analysis. This, in turn, ensures that our products and therapies are safe and effective for the patients who depend on them.</p> <p>DMA-b We follow rigorous guidelines laid out in our Code of Conduct, Global Business Conduct Standards Policy, and Clinical Trials Principles. Our Clinical Trials Registry details information about the purpose, eligibility requirements, locations, and status of each trial that we sponsor. Oversight for clinical trials also falls to the Chief Scientific, Clinical, and Regulatory Officer who serves on the Executive Committee.</p> <p>In 2013, we were the first company in the medical industry to make all clinical trial data for a product publicly available, through a partnership with the Yale Open Data Project.</p> <p>DMA-c The Quality and Technology Committee of the Board of Directors monitors and evaluates our approach to research and development and human and animal studies on an annual basis. Full details of committee responsibilities are available in the committee charters on our Corporate Governance website.</p> <p>We also work with external organizations and peers to improve and scale the way that we collect data and evaluate products and therapies through clinical trials.</p>

Boundaries (G4-20, G4-21)	Ethics, transparency, and reliability of trial data is relevant in our R&D operations, and the Regulatory and Clinical Affairs department. Ethics, transparency, and reliability of trial data is relevant to external groups including customers, particularly the medical professionals and patients who participate in our clinical trials and that use our products once they reach market.
Reference for more information	See Patient Safety , pages 20-24 for more information about how we manage ethics, transparency, and reliability of trial data.
Related GRI Aspects	PR: Customer Health and Safety
STAKEHOLDER ENGAGEMENT	
Definition	Engaging our stakeholders throughout the healthcare system, including patients, physicians, hospital administrators, advocacy groups, governments, nonprofits and nongovernmental organizations, employees, suppliers, investors, shareholders, regulators, and the communities where we operate.
Disclosure on Management Approach	N/A
Boundaries (G4-20, G4-21)	N/A
Reference for more information	See Governance and Engagement , pages 41-48, and Sustainability Risk and Opportunity , pages 7-9, for more information about how we engage with stakeholders.
Related GRI Aspects	General Standard Disclosures
DEVICE SECURITY	
Definition	Device security is the ability to keep our products and therapies, such as implantable devices, safe from cyber-related threats and vulnerabilities, including hacking, that might compromise the products' intended use or personal data related to the patient.
Disclosure on Management Approach	<p>DMA-a Device security, as well as any potential threat to patient safety, is taken very seriously at Medtronic, and is critical our Mission and essential to our business success.</p> <p>Medtronic works to make all products as safe and secure while still easy to use for the patients and physicians who depend on them. Malicious threats to implantable devices remain low, but device security is an area that is consistently addressed in the design process.</p> <p>DMA-b In FY2015, Medtronic formally approved a company-wide Global Product Security Policy. This policy provides guidance on integrating security into product development. This policy is combined with a strong product security program.</p> <p>Medtronic also engages with external stakeholders, including experts and regulators, to ensure device security and maintain best practice.</p>

Disclosure on Management Approach (continued)	DMA-c Medtronic's Global Privacy and Security Office and Security Steering Committee oversees initiatives, policies, and programs related to device security. The Quality and Technology Committee of the Board of Directors monitors and evaluates our quality systems and processes on an annual basis. Full details of committee responsibilities are available in the committee charters on our Corporate Governance website.
Boundaries (G4-20, G4-21)	Device security is relevant across the entire product lifecycle. Within Medtronic, we manage product quality in R&D, manufacturing and production, sales and distribution. Device security is relevant to external groups including customers - the medical professionals and patients who rely on our products and therapies.
Reference for more information	See Governance and Engagement , pages 41-48, and the Medtronic Statement on Medical Device Security for more information on device security.
Related GRI Aspects	PR: Customer Health and Safety PR: Customer Privacy
PHILANTHROPY	
Definition	Charitable contributions through Medtronic Philanthropy, foundation giving, corporate cash contributions, and product donations.
Disclosure on Management Approach	<p>DMA-a We believe that it is important to give back to the communities where we operate and our people live and work, as well as the communities all over the world where our patients, and potential patients, live.</p> <p>Through philanthropic activities, we contribute to our Mission of alleviating pain, restoring health, and extending lives.</p> <p>DMA-b Our charitable giving activities are managed by our business units and by Medtronic Philanthropy, which oversees the Medtronic Foundation and corporate giving activities. Our efforts support the World Health Organization's goal to reduce death from noncommunicable diseases by 25 percent by 2025.</p> <p>Our yearly goal is to donate 1.5 percent of our global pre-tax profits to charitable causes.</p> <p>Two of our primary Medtronic Foundation programs are the Community Health Access and Global Health Access Grant programs, but we also make contributions related to disaster relief and patient recognition, and support employee giving through matching gifts and paid volunteer hours.</p> <p>We disclose all donations made to U.S. customers, or organizations affiliated with them, on our Charitable Donations Registry.</p> <p>Our corporate guidelines for charitable giving are outlined in our Charitable Donations Guidelines. They adhere both to our Global Business Conduct Policy and the medical technology industry's AdvaMed Code of Ethics.</p>

Disclosure on Management Approach (continued)	<p>DMA-c</p> <p>Medtronic Philanthropy continually evaluates the impact of our philanthropic activities and emerging global healthcare needs across the continuum of care. More information on the continuum of care is available in Community Investments, page 35. We also use periodic grant reports from grant recipients to evaluate the Medtronic Foundation's strategy and impact.</p> <p>Medtronic Philanthropy is led by a board of directors that includes Medtronic senior leaders from across the business units and regions, as well as Omar Ishrak, Chairman and CEO, and Gary Ellis, Chief Financial Officer.</p>
Boundaries (G4-20, G4-21)	<p>Within Medtronic, our philanthropic activities apply primarily to our employees, who are encouraged to give back to their communities through charitable contributions and volunteerism.</p> <p>Philanthropy is relevant outside of Medtronic to all the communities, or potential communities, that receive funds and/or product donations from Medtronic. We focus our Community Health Access programs on the 36 communities where we have the largest employee base, but give broadly all over the world.</p>
Reference for more information	See Community Investments , pages 34-39, for more information about our approach to Philanthropy.
Related GRI Aspects	SO: Local Communities EC: Indirect Economic Impact
POST-MARKET SURVEILLANCE	
Definition	Ethical and responsible conduct related to post-market surveillance, including transparency of data, data collection, and clinical data sharing.
Disclosure on Management Approach	<p>DMA-a</p> <p>The way that we collect and evaluate data once a product or therapy has reached the market is a critical component of our commitment to product quality and safety.</p> <p>Through a network of partner hospitals, health systems, physicians, clinics, governments, and third-party databases, we capture critical data on key products, which allows us to conduct measurable, cost-effective analysis of our product performance and informs product development. Post-market surveillance also helps us understand product performance in a real-world setting, measure performance against known complications, and identify potential problems early. This helps us to ensure that our products and therapies are safe and effective for the patients who depend on them.</p> <p>DMA-b</p> <p>Our post-market surveillance is overseen by our Chief Scientific, Clinical, and Regulatory Officer who serves on the Executive Committee.</p>

Disclosure on Management Approach (continued)	DMA-c The Quality and Technology Committee of the Board of Directors monitors and evaluates our approach to product quality and human and animal studies on an annual basis. Full details of committee responsibilities are available in the committee charters on our Corporate Governance website. We also work with external organizations and peers to improve and scale the way that we collect data and evaluate products and therapies once they reach the market.
Boundaries (G4-20, G4-21)	Ethics, transparency, and reliability of clinical data is relevant in the post-market surveillance of our products and therapies in the Regulatory and Clinical Affairs department and in all our quality, scientific, clinical, and regulatory departments, as well as to the business units that develop our products. Ethics, transparency, and reliability of post-market surveillance activities is relevant to external groups including customers – the medical professionals, patients, health systems, and insurers who participate in our surveillance activities and that use our products.
Reference for more information	See Patient Safety , pages 20-24, for more information about how we manage ethics, transparency, and reliability of clinical data in our post-market surveillance.
Related GRI Aspects	PR: Customer Health and Safety
CORPORATE GOVERNANCE	
Definition	The policies, procedures, and practices that govern our company, including board structure and independence, executive compensation, and accountability.
Disclosure on Management Approach	N/A
Boundaries (G4-20, G4-21)	N/A
Reference for more information	See Governance and Engagement , pages 41-48, for more information about our corporate governance structure.
Related GRI Aspects	General Standard Disclosures
TALENT	
Definition	Talent relates to the recruitment, retention, and development of all employees. This includes employee training, career management and promotion, and leadership development of all employees, in addition to compensation and benefits practices.
Disclosure on Management Approach	DMA-a Our business is knowledge-based, and our collective success is dependent on attracting, developing, and retaining top diverse and collaboratively-minded talent. Driven by our Mission, we bring this commitment to life through global career development and training programs, career management opportunities, and competitive benefits and compensation practices. Diversity, inclusion, and gender balance in the workforce are also considered priority areas for Medtronic.

Disclosure on Management Approach (continued)	<p>DMA-b</p> <p>Our Mission inspires us to recognize the personal worth of our employees by providing an employment framework that allows personal satisfaction in work accomplished, security, advancement opportunity, and means to share in the company's success.</p> <p>Led by our Human Resources department, Medtronic has established programs and policies to attract, develop, and retain a diverse set of talented employees. Internal and external-facing policies and programs include:</p> <ul style="list-style-type: none"> ▪ Code of Conduct ▪ EEO statement ▪ Voice Your Concern Policy ▪ Medtronic Employee Assistance Program ▪ Medtronic Benefits, Policies, and Services <p>DMA-c</p> <p>Medtronic's Chief Human Resource Officer serves on the Executive Committee and has primary responsibility for talent related initiatives.</p> <p>The Medtronic Compensation Committee assists the Board of Directors in overseeing and evaluating employee benefit plans and stock programs.</p> <p>Medtronic's Voice Your Concern Line is a website and toll-free hotline operated by a third party provider providing employees, as well as anyone operating on behalf of Medtronic, a place to report and voice concerns. The Office of Ethics and Compliance evaluates all reported concerns and escalates as necessary.</p> <p>Medtronic monitors the effectiveness of talent programs through internal feedback mechanisms including the Employee Engagement Survey, Pulse Surveys, and Performance Evaluations.</p>
Boundaries (G4-20, G4-21)	<p>Within Medtronic, our approach to talent is relevant to all current employees.</p> <p>Outside Medtronic, our approach to talent is relevant to all prospective employees and former employees.</p>
Reference for more information	<p>See Employees, pages 49-58, Governance and Engagement, pages 41-48, and our Compensation Committee Charter websites for more information about our approach to talent management.</p>
Related GRI Aspects	<p>LA: Employment LA: Training and Education LA: Equal Remuneration for Women and Men LA: Labor Practices Grievance Mechanisms</p>

FINANCIAL STRENGTH	
Definition	Sustainable revenue generation and business growth through disciplined management of financial capital and resources.
Disclosure on Management Approach	<p>DMA-a Sound financial stewardship is at the core of everything we do. If we do not use and generate financial resources responsibly, we cannot exist as a sustainable business. The financial strength of our business enables us to improve clinical outcomes, expand access to healthcare, and optimize healthcare cost and efficiency.</p> <p>DMA-b We apply rigorous financial discipline as we pursue three growth strategies:</p> <ol style="list-style-type: none"> 1. Therapy Innovation 2. Economic Value 3. Globalization <p>These growth strategies are supported by financial goals that reinforce our commitment to shareholders:</p> <ol style="list-style-type: none"> 1. Deliver consistent mid-single digit revenue growth. 2. Grow earnings per share 200 to 400 basis points faster than revenue. 3. Return 50 percent of free cash flow to shareholders. <p>DMA-c Our financial performance is overseen by the Audit and Finance Committees of the Board of Directors.</p> <p>The Audit Committee is responsible for the integrity of our financial reporting, auditing, and compliance. The Finance Committee has oversight of our financial policies, strategies, and capital structure. Full details of committee responsibilities are available in the committee charters on our Corporate Governance website.</p> <p>Our shareholders, as owners of our company, have ultimate say in our financial management. Our Investor Relations team has ongoing contact with our shareholders, and we formally communicate with them and invite feedback through quarterly earnings calls and annual meetings.</p>
Boundaries (G4-20, G4-21)	<p>Financial strength is relevant across all of our operations in the way that we generate and use financial resources.</p> <p>Financial strength is relevant outside our business in the way that we generate revenue from our customers, purchase goods and services from our suppliers, and support local communities through taxes and other local investment.</p>
Reference for more information	See Financial Strength , pages 25-33, our 2015 Form 10-K , and our Corporate Governance and Investor Relations websites for more information about our approach to financial management.
Related GRI Aspects	EC: Economic Performance EC: Indirect Economic Impacts

GRI GENERAL STANDARD DISCLOSURES

INDICATOR	RESPONSE
STRATEGY AND ANALYSIS	
G4-1: Statement from most senior decision maker.	CEO Letter
G4-2: Key impacts, risks and opportunities.	CEO Letter Sustainability Risk and Opportunity 2015 Form 10-K
ORGANIZATIONAL PROFILE	
G4-3: Name of the organization.	Medtronic, Inc.
G4-4: Primary brands, products and services.	Company Overview 2015 Form 10-K
G4-5: Location of the organization's headquarters.	20 Lower Hatch Street, Dublin 2, Ireland
G4-6: Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Company Overview 2015 Form 10-K, pg. 9-10, 113 Supply Chain – Our Approach
G4-7: Nature of ownership and legal form.	Medtronic, plc is a publicly traded company on the New York Stock Exchange, Inc. under the ticker symbol MDT.
G4-8: Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Company Overview Financial Strength 2015 Form 10-K, pg. 6, 8-9
G4-9: Scale of organization.	Company Overview Financial Strength 2015 Form 10-K
G4-10: Total workforce by employment contract and gender.	Company Overview Employees – Data Summary
G4-11: Percentage of total employees covered by collective bargaining agreements.	Employees – Our Global Workforce
G4-12: Describe the organization's supply chain.	Supply Chain
G4-13: Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Company Overview Supply Chain 2015 Form 10-K

INDICATOR	RESPONSE
G4-14: Whether and how the precautionary approach or principle is addressed by the organization.	Patient Safety Environment – Managing our Environmental, Health, and Safety Performance Environment – Minimizing our Operational Footprint
G4-15: Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Sustainability Risk and Opportunity – Creating Opportunities Access – Breakthrough Solutions For Access To Care Access – Aligning Value for Better Patient and Cost Outcomes Patient Safety – Conducting Responsible Research and Clinical Trials Community Investments – Disaster Relief Governance and Engagement – Engaging Stakeholders Environment – Managing Our Environmental, Health, and Safety Performance Supply Chain – Sourcing Responsibly
<p>G4-16: Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> ■ Has positions in governance bodies; ■ Participates in projects or committees; ■ Provides substantive funding beyond routine membership dues; or ■ Views membership as strategic. 	Access – Breakthrough Solutions For Access To Care Patient Safety – Conducting Responsible Research and Clinical Trials Governance and Engagement – Lobbying and Political Contributions Disclosure Governance and Engagement – Engaging Stakeholders Supply Chain – Building Strength Through Diversity
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	
G4-17: All entities included in the organization's consolidated financial statements or equivalent documents and whether any of these entities is not covered by the report.	Company Overview About this Report 2015 Form 10-K
G4-18: Explain the process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content.	Sustainability Risk and Opportunity About this Report
G4-19: All the material Aspects identified in the process for defining report content.	Sustainability Risk and Opportunity
G4-20: The Aspect Boundary within the organization for each material Aspect.	Disclosures on Management Approach

INDICATOR	RESPONSE
G4-21: The Aspect Boundary outside the organization for each material Aspect.	Disclosures on Management Approach
G4-22: The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Any restatements of information and data provided in previous reports are noted throughout this report.
G4-23: Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About this Report
STAKEHOLDER ENGAGEMENT	
G4-24: A list of stakeholder groups engaged by the organization.	Sustainability Risk and Opportunity – Understanding our Risks and Opportunities Governance and Engagement – Engaging Stakeholders
G4-25: The basis for identification and selection of stakeholders with whom to engage.	Sustainability Risk and Opportunity – Understanding our Risks and Opportunities Governance and Engagement – Engaging Stakeholders
G4-26: The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Sustainability Risk and Opportunity – Understanding our Risks and Opportunities Governance and Engagement – Engaging Stakeholders
G4-27: Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. The stakeholder groups that raised each of the key topics and concerns.	Sustainability Risk and Opportunity – Understanding our Risks and Opportunities Governance and Engagement – Engaging Stakeholders Throughout the report
REPORT PROFILE	
G4-28: Reporting period for information provided.	About this Report
G4-29: Date of most recent previous report.	About this Report
G4-30: Reporting cycle.	Annual
G4-31: The contact point for questions regarding the report or its contents.	About this Report
G4-32: Report the 'in accordance' option the organization has chosen; the GRI Content Index for the chosen option and the reference to the External Assurance Report, if the report has been externally assured.	About this Report
G4-33: The organization's policy and current practice with regard to seeking external assurance for the report.	At this time, we do not pursue external assurance for our report our any specific GRI Indicators.

INDICATOR	RESPONSE
GOVERNANCE G4-34: The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Governance and Engagement – How We Govern Our Company Corporate Governance website
ETHICS AND INTEGRITY G4-56: The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Governance and Engagement – Committed To An Ethical Workplace Governance and Engagement – An Ethical Approach To Sales and Marketing Code of Conduct Global Business Conduct Standards Policy Medtronic Mission

GRI SPECIFIC STANDARD DISCLOSURES

INDICATOR	RESPONSE	IDENTIFIED OMISSIONS	EXPLANATION FOR OMISSIONS
CATEGORY: ECONOMIC			
ECONOMIC PERFORMANCE			
Disclosure on Management Approach	DMA: Financial Strength		
G4-EC1: Direct economic value generated and distributed.	Financial Strength Community Investments 2015 Form 10-K		
G4-EC2: Financial implications and other risks and opportunities for the organization's activities due to climate change.	Sustainability Risk and Opportunity		
INDIRECT ECONOMIC IMPACTS			
Disclosure on Management Approach	DMA: Responsible Sourcing, Philanthropy, Financial Strength		

INDICATOR	RESPONSE	IDENTIFIED OMISSIONS	EXPLANATION FOR OMISSIONS
G4-EC7: Development and impact of infrastructure and services supported.	Access - Breakthrough Solutions for Access to Care Financial Strength Community Investments – Bringing Healthcare to More People Community Investments – Disaster Relief	Percentage of recycled input materials used to manufacture the organization's primary products and services.	The information is currently unavailable. We do not collect enterprise-wide data on our recycled materials. We plan to track this through a data collection system in future years.
PROCUREMENT PRACTICES			
Disclosure on Management Approach	DMA: Responsible Sourcing		
G4-EC9: Proportion of spending on local suppliers at significant locations of operation.	Supply Chain	Percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation.	The information is currently unavailable. At this time we do not collect data on the locations of operation spent on suppliers local to that operation. This metric is not relevant to our business.
CATEGORY: ENVIRONMENTAL			
MATERIALS			
Disclosure on Management Approach	DMA: Product Stewardship		
G4-EN2: The percentage of recycled input materials used to manufacture the organization's primary products and services.	Environment	Percentage of recycled input materials used to manufacture the organization's primary products and services.	The information is currently unavailable. We do not collect enterprise-wide data on our recycled materials. We plan to track this through a data collection system in future years.
PRODUCTS AND SERVICES			
Disclosure on Management Approach	DMA: Product Stewardship		
G4-EN27: Extent of impact mitigation of environmental impacts of products and services.	Environment Environment – Minimizing Our Operational Footprint		
SUPPLIER ENVIRONMENTAL ASSESSMENT			
Disclosure on Management Approach	DMA: Responsible Sourcing		

INDICATOR	RESPONSE	IDENTIFIED OMISSIONS	EXPLANATION FOR OMISSIONS
G4-EN32: Percentage of new suppliers that were screened using environmental criteria.	Supply Chain – Sourcing Responsibly	Percentage of new suppliers that were screened using environmental criteria.	The information is currently unavailable. At this time, our supplier risk assessment does not include environmental criteria. As we integrate with Covidien, we are assessing the practices of both companies to develop a consolidated approach to responsible sourcing.
CATEGORY: SOCIAL			
LABOR PRACTICES AND DECENT WORK			
EMPLOYMENT			
Disclosure on Management Approach	DMA: Talent		
G4-LA1: Total number and rates of new employee hires and employee turnover by age group, gender, and region.	Employees Data Summary		
TRAINING AND EDUCATION			
Disclosure on Management Approach	DMA: Talent		
G4-LA9: Average hours of training per year per employee by gender, and by employee category.	Employees – Developing Employee Potential	Training by employee category.	The information is currently unavailable. At this time we do not track the average number of training hours that Medtronic employees have undertaken. All Medtronic employees have access to skills based training. We currently track annual average amount spent on training and development activities per employee.
EQUAL REMUNERATION FOR WOMEN AND MEN			
Disclosure on Management Approach	DMA: Talent		

INDICATOR	RESPONSE	IDENTIFIED OMISSIONS	EXPLANATION FOR OMISSIONS
G4-LA13: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Employees – Developing Employee Potential	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	The information is subject to confidentiality constraints. Although Medtronic tracks the ratio of base salary and total remuneration of women to men by job code for significant locations of operation after normalizing for differences in full-time versus part-time status, job tenure, and job performance, this information is confidential.
SUPPLIER ASSESSMENT FOR LABOR PRACTICES			
Disclosure on Management Approach	DMA: Responsible Sourcing		
G4-LA14: Percentage of new suppliers that were screened using labor practices criteria.	Supply Chain – Sourcing Responsibly	Percentage of new suppliers that were screened using labor practices criteria.	The information is currently unavailable. At this time, our supplier risk assessment does not include labor practices criteria. As we integrate with Covidien, we are assessing the practices of both companies to develop a consolidated approach to responsible sourcing.
LABOR PRACTICES GRIEVANCE MECHANISMS			
Disclosure on Management Approach	DMA: Talent		
G4-LA16: Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	Governance and Engagement – Committed to Ethical Workplace	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	The information is currently unavailable. At this time we do not quantify number of grievances filed specifically about labor practices. Medtronic tracks the total number of concerns we receive, but do not separate by issue (since many are cross-cutting).
HUMAN RIGHTS			
NON-DISCRIMINATION			
Disclosure on Management Approach	DMA: Responsible Sourcing		

INDICATOR	RESPONSE	IDENTIFIED OMISSIONS	EXPLANATION FOR OMISSIONS
G4-HR3: Total number of incidents of discrimination and corrective actions taken.	Supply Chain – Sourcing Responsibly	Total number of incidents of discrimination and corrective actions taken.	The information is currently unavailable. At this time, we do not track discrimination incidents for our suppliers. We do not plan to collect this specific information, but expect our suppliers to follow local laws and regulations as well as guidelines we've articulated in our Responsible Supply Chain policies.
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
Disclosure on Management Approach	DMA: Responsible Sourcing		
G4-HR4: Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken to support these rights.	Supply Chain – Sourcing Responsibly	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	The information is currently unavailable. At this time, we do not track freedom of association and collective bargaining activities for our suppliers. We do not plan to collect this specific information, but expect our suppliers to follow local laws and regulations as well as guidelines we've articulated in our Responsible Supply Chain policies.
SUPPLIER HUMAN RIGHTS ASSESSMENT			
Disclosure on Management Approach	DMA: Responsible Sourcing		
G4-HR10: Percentage of new suppliers that were screened using human rights criteria.	Supply Chain – Sourcing Responsibly	Percentage of new suppliers that were screened using human rights criteria.	The information is currently unavailable. At this time, our supplier risk assessment does not include human rights criteria. As we integrate with Covidien, we are assessing the practices of both companies to develop a consolidated approach to responsible sourcing.

INDICATOR	RESPONSE	IDENTIFIED OMISSIONS	EXPLANATION FOR OMISSIONS
HUMAN RIGHTS GRIEVANCE MECHANISMS			
Disclosure on Management Approach	DMA: Responsible Sourcing		
G4-HR12: Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	Supply Chain – Sourcing Responsibly	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	The information is currently unavailable. At this time, we do not track human rights grievances for our suppliers. We do not plan to collect this specific information, but expect our suppliers to follow local laws and regulations as well as guidelines we've articulated in our Responsible Supply Chain policies.
SOCIETY			
LOCAL COMMUNITIES			
Disclosure on Management Approach	DMA: Access , Philanthropy		
G4-SO1: Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Access – Breakthrough Solutions for Access to Care Community Investments – Bringing Healthcare to More People	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	The information is currently unavailable. At this time, we do not quantify local community engagement activities as a percentage of operations and do not have plans to do so. Our products and therapies are available to patients all over the world. Our efforts to increase access through business and philanthropy are global. In addition, our philanthropic activities focus on the 36 communities where we have the largest employee presence, as well as medically underserved communities where we believe we can reduce barriers to care. We collaborate with local governments, health systems, companies, and nonprofit organizations to assess local needs and develop locally appropriate healthcare solutions.

INDICATOR	RESPONSE	IDENTIFIED OMISSIONS	EXPLANATION FOR OMISSIONS
ANTI-CORRUPTION			
Disclosure on Management Approach	DMA: Ethics in Sales and Marketing		
G4-SO5: Confirmed incidents of corruption and actions taken.	Governance and Engagement – Committed to an Ethical Workplace Governance and Engagement – In Conversation with Tom Schumacher, Chief Ethics Officer, Medtronic	Confirmed incidents of corruption and actions taken.	The information is currently unavailable. Medtronic tracks the total number of employees terminated for ethics and compliance related lapses. This information is not broken out by corruption-related activities.
ANTI-COMPETITIVE BEHAVIOR			
Disclosure on Management Approach	DMA: Ethics in Sales and Marketing		
G4-SO7: Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Legal actions for material issues can be found in our 2015 Form 10-K		
PRODUCT RESPONSIBILITY			
CUSTOMER HEALTH AND SAFETY			
Disclosure on Management Approach	DMA: Product Quality, Trial Data, Device Security, Post-market Surveillance		
G4-PR1: Percentage of significant products and service categories for which health and safety impacts are assessed for improvement.	Patient Safety		
G4-PR2: Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Patient Safety		

INDICATOR	RESPONSE	IDENTIFIED OMISSIONS	EXPLANATION FOR OMISSIONS
PRODUCT AND SERVICE LABELING			
Disclosure on Management Approach	DMA: Product Quality		
G4-PR4: Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	In FY2015, we had five field actions related to product labeling. In the event of a field action or recall, we take all necessary actions to correct or remedy the root cause a problem with our products or packaging, and have systems in place to prevent future field actions.		
MARKETING COMMUNICATIONS			
Disclosure on Management Approach	DMA: Ethics in Sales and Marketing		
G4-PR7: Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	<u>Governance and Engagement: Our Approach to Critical Ethical Issues</u>		
CUSTOMER PRIVACY			
Disclosure on Management Approach	DMA: Device Security		
G4-PR8: Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Medtronic did not receive any substantiated complaints from outside parties or regulatory bodies concerning breaches of customer privacy during FY2015. MDT responds to all data privacy and security incidents according to applicable local laws and MDT policy.		

INDICATOR	RESPONSE	IDENTIFIED OMISSIONS	EXPLANATION FOR OMISSIONS
COMPLIANCE			
Disclosure on Management Approach	DMA: Product Quality		
G4-PR9: Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	2015 Form 10-K		

SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURES

METRIC	RESPONSE
MEDICAL EQUIPMENT AND SUPPLIES INDUSTRY	
PRODUCT SAFETY	
HC0201-01: List of products recalled.	Reported in Patient Safety > Monitoring Product Use and Performance > Product Related Regulatory Actions
HC0201-02: List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products (Medical Devices) database.	None reported in the FDA's MedWatch Safety Alerts for Human Medical Products database
ETHICAL MARKETING	
HC0201-04: Description of legal and regulatory fines and settlements associated with false marketing claims, including Federal Food, Drug, and Cosmetic Act violations for off-label marketing prosecuted under the False Claims Act. Dollar amount of fines and settlements and a description of corrective actions implemented in response to events.	Partially reported in Governance and Engagement > An Ethical Approach to Sales and Marketing
HC0201-05: Description of code of ethics governing promotion of off-label use of products, including mechanisms to ensure compliance.	Reported in Governance and Engagement > Committed to an Ethical Workplace Governance and Engagement > An Ethical Approach to Sales and Marketing > Marketing Responsibly to Patients
AFFORDABILITY AND FAIR PRICING	
HC0201-06: Ratio of weighted average rate of net price increases (for all products) to the annual increase in the U.S. Consumer Price Index.	Not Reported
HC0201-07: Description of how price information (such as average and median) for each product is disclosed to customers or their agents (e.g., group purchasing organizations or consultants).	Partially reported in Access > Aligning Value for Better Patient and Cost Outcomes > Price Information Disclosure

METRIC	RESPONSE
ENERGY, WATER AND WASTE EFFICIENCY	
HC0201-08: Total annual energy consumed (gigajoules) and percentage renewable (e.g., wind, biomass, solar).	Reported in Environment > Minimizing our Operational Footprint > Reducing Energy Use and Greenhouse Gas Emissions
HC0201-09: Total water withdrawals and percentage from water-stressed regions – High or Extremely High Baseline Water Stress as defined by the WRI Water Risk Atlas; percentage of process water recycled.	Partially reported in Environment > Minimizing our Operational Footprint > Conserving Water
HC0201-10: Amount of waste (metric tons); percentage that is recycled, incinerated, and landfilled.	Partially reported in Environment > Minimizing our Operational Footprint > Managing Waste
PRODUCT DESIGN AND LIFECYCLE MANAGEMENT	
HC0201-11: Description of environmental and human health considerations made at product lifecycle stages such as design, procurement, manufacturing, distribution, use, and end-of-life and the type and percentage of products to which efforts apply.	Partially Reported in Environment > [infographic] Mitigating our impact across the Value Chain
HC0201-12: Description of Extended Producer Responsibility (EPR) initiatives to promote manufacturer take-back, reuse, or proper safe disposal at the end of the lifecycle. Amount (by weight) of products accepted for take-back and reused, recycled, or donated, broken down by: (1) devices and equipment and (2) supplies.	Partially reported in Environment > [infographic] Mitigating our impact across the Value Chain
CORRUPTION AND BRIBERY	
HC0201-13: Description of legal and regulatory fines and settlements associated with bribery, corruption, or unethical business practices, including violations of the Foreign Corrupt Practices Act and those associated with providing kickbacks to physicians. Dollar amount of fines and settlements and a description of corrective actions implemented in response to events.	Reported in Governance and Engagement > Committed to an Ethical Workplace > Combating Corruption
HC0201-14: Description of code of ethics governing interactions with health care professionals including mechanisms to ensure employee compliance.	Reported in Governance and Engagement > Committed to an Ethical Workplace Governance and Engagement > An Ethical Approach to Sales and Marketing

METRIC	RESPONSE
MANUFACTURING AND SUPPLY CHAIN QUALITY MANAGEMENT	
HC0201-15: Number and type of FDA enforcement actions taken in response to violations of current good manufacturing practices (cGMP) including: product deemed adulterated, form 483s, suggested recall (Class I, II, III), Warning Letters, Border Alerts, license suspension or revocation, product seizure, Consent Decrees, criminal prosecution.	Patient Safety > Monitoring Product Use and Performance > Product Related Regulatory Actions
HC0201-16: Percentage of facilities and Tier I suppliers participating in third-party audit programs for integrity of supply chain and products (e.g., materials, devices, packaging, etc.).	Partially Reported in Environment > Managing our Environmental, Health, and Safety Performance Supply Chain > Sourcing Responsibly
HC0201-17: Description of efforts to maintain traceability within the distribution chain, particularly with respect to wholesalers, re-packagers, and/or contract distributors.	Partially Reported in Supply Chain > Ensuring Product Quality
HC0201-18: Discussion of any existing or projected risks or constraints with obtaining raw materials (or components) within the supply chain, including those related to restricted/limited availability, political situations, local labor conditions, natural disasters, climate change, or regulations.	Not Reported

Medtronic

710 Medtronic Parkway
Minneapolis, MN 55432-5604
USA
Tel: (763) 514-4000
Fax: (763) 514-4819

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