



December 2020

ECONOMIC, ENVIRONMENTAL, AND SOCIAL GOVERNANCE REPORT

"We pioneer innovative solutions that treat and keep people out of the hospital, empowering them to live healthier, higher-quality lives. By enabling better care, we improve quality of life, reduce the impact of chronic disease, and lower costs for consumers and healthcare systems in more than 140 countries."

Report scope and reference

This Sustainability Report focuses on Economic, Environmental, and Social Governance (ESG) issues that encompass our global operations, including those of our international subsidiaries. Our approach is to include standards where applicable to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

Any gaps in the data are noted in the relevant section.

The report focuses on the last financial year ended 30 June 2019–2020. This report also provides background to issues relevant to these periods.

This report should be read with documents filed with the US Securities Exchange Commission, in particular our [2020 Form 10-K annual report](#) and our [2020 Form DEF 14A proxy statement](#) for shareholders. These filed documents take precedence over this ESG report in the event of any unintended inconsistency.

All references to dollars are US dollars unless otherwise noted. References [in this font](#) are hyperlinked to their source or page reference.

The preparation of the report has been informed by the reporting guidelines of the GRI Reporting Framework. APPENDIX 1 at the end of the documents matches the information in the report with the relevant GRI indicators.

While this report has been prepared with due care, it has not been externally assured.

Further information can be obtained by contacting Justin Italiano at ResMed Inc., Sydney, at +61 2 8884 1000, or by visiting the company's multilingual website at www.resmed.com.

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Our approach to ESG

A message from our CEO

ResMed has a mission to help people sleep better, breathe better, and live healthier, higher-quality lives outside the hospital. In the past 12 months, we've improved 115 million lives and our ambitious goal is to improve 250 million lives in out-of-hospital healthcare in 2025.

As I write this letter in December 2020, the world remains in the midst of a global respiratory pandemic caused by a novel coronavirus, and the disease it leads to: COVID-19. Amid significant loss of life around the world, and broad economic impacts from lockdowns in many countries, I am proud of the 7,500 ResMedians who have stepped up to provide lifesaving solutions in over 140 countries worldwide. We are grateful that we can be part of the solution as we live our mission.

In just the first half of this year, ResMed provided a record 150,000+ non-invasive and invasive ventilation systems – 3.5 times our normal production of these products – enabling hundreds of thousands of people to breathe while their own immune system fights against this virus.

At the same time, we have remained focused on our core businesses: helping 936 million people worldwide who suffocate every night with sleep apnea, 380 million people worldwide who suffer from chronic obstructive pulmonary disease, and millions more who benefit from a streamlined out-of-hospital healthcare ecosystem that includes home medical equipment, skilled nursing facilities, home health and hospice, and beyond. For over 30 years, our mission has been encompassed in what we call the “triple aim”: to improve quality of life, to prevent the progression of chronic disease, and to reduce unnecessary healthcare costs.

A public health crisis

We believe untreated sleep apnea is a public health crisis! Each year, and with ever-increasing detail, new research reveals the role healthy sleep and breathing play in personal and population health. Untreated sleep apnea is clinically linked to heart failure, hypertension, diabetes, obesity, COPD, peri-operative risks, and beyond. Untreated sleep apnea is also an occupational health and safety hazard, preventing sleep-deprived workers and their companies from meeting their full potential of safety and productivity. The potential economic benefits to national healthcare budgets are, on a different measure, equally significant. For all these reasons, pursuing healthy sleep and breathing is important to us all and demands our collective focus.

What ESG means to us

ResMed's overall strategy is grounded in our business sustainability because innovation, ethical business practices, and operational excellence are precisely what enable us to save and enrich millions of lives. In short, our approach to the environment, our social communities, and best-practice governance is simply part of our DNA.

We believe that the altruistic goal of helping people sleep better, breathe better, and live higher-quality lives away from a hospital in an ethical, compliant, and sustainable manner is quite simply key to our company's growth so that we can serve hundreds of millions of people who need our help.

We're also deeply committed to understanding the needs of our team and engaging deeply with their professional and personal development. We are laser-focused on hiring, developing, and advancing the best talent in the field of healthcare. Our corporate culture demands high levels of innovation and a rigorous code of values and ethics – starting with tone at the top, and all the way through to the customer, including our most important customer, the patient. Meeting these standards of excellence every day requires an engaged and passionate global team dedicated to innovation and excellence.

We invest heavily in research and development, both through our own world-class team efforts, and in partnership with key outside research organizations that help broaden our impact. Our corporate culture demands and values this innovation, not just in medical science, but also in disease awareness, policy development, and in our own team's operating excellence. Strict legal compliance and an emphasis on safety, quality, environmental, privacy, and data security are all integral elements to the global ResMed culture.

We know our performance, products, and solutions are only as good as our people. We seek the best people we can find, and support them to be the best they can be. We understand that people – our ResMedians, our suppliers, our partners in healthcare delivery, our distributors, and our ultimate customer, the patient – all need an environment and culture that encourages and promotes the best outcomes.

We are proud of ResMed's sound environmental and governance record, and that our social contribution is substantial in the communities we serve locally and worldwide.

On behalf of 7,500 ResMedians, thank you for your support to help us in our mission and vocation: to help hundreds of millions of people sleep better, breathe better, and live healthier, higher-quality lives away from the hospital. Thank you also for your diligence in reading this ESG report from our ResMed team of experts in the field.

Yours sincerely,



A handwritten signature in black ink, reading "Michael 'Mick' Farrell". The signature is fluid and cursive, with the first name and last name clearly legible.

Michael "Mick" Farrell
CEO, ResMed

Key ESG indicators

Table 1 captures our significant data. We present more detailed data on the indicated pages, for our primary manufacturing and distribution sites over the three years.

Table 1: Key ESG performance indicators

Economic Performance	June 30 2020	June 30 2019	June 30 2018
Economic value generated and distributed (US\$'000): ¹			
Revenue	2,957,013	2,606,572	2,340,196
Cost of goods sold ²	1,189,624	1,069,987	978,032
Salaries and wages	721,234	644,145	573,561
Interest paid to lenders	40,377	36,156	28,355
Taxes paid to government ³	111,414	114,255	205,724
Donations to research foundation	986	800	750
Donations to other community purposes	912	1,726	1,000
Investment in research and development	201,946	180,651	155,149
Environmental Performance			
Total energy use (GJ)	153,668	128,136	127,676
Energy intensity (GJ/\$m rev.)	52.0	49.2	54.6
Total scope I and II greenhouse gas emissions (tCO ₂ e)	22,171	19,193	19,353
Significant NO, SO, and other air emissions	0	0	0
Total water withdrawal (kL) ⁴	83,924	79,174	80,184
Percentage of waste recycled by weight ⁵	66%	60%	57%
Paper use (sheets per person per year)	851	1,121	1,512
Monetary value of environmental fines and sanctions	\$0	\$0	\$0
Social Performance			
Annual voluntary employee turnover ⁶	7.96%	10.5%	12%
Fatalities	0	0	0
Lost time injury rate (injuries per million employee hours)	2.66	2.84	2.22
Percentage senior (VP or above) executives, female ⁷	30%	32%	27%
Material breaches of marketing and labelling regulations	0	0	0
Monetary value of fines and sanctions for production of market-related non-compliance	\$0	\$0	\$0

¹ Detailed financial accounts are disclosed in our 2020 Annual Report at: [https://s2.q4cdn.com/231003812/files/doc_financials/2020/ar/ResMed-Form-10-K-June-30,-2020-\(as-filed-on-12-August-2020\).pdf](https://s2.q4cdn.com/231003812/files/doc_financials/2020/ar/ResMed-Form-10-K-June-30,-2020-(as-filed-on-12-August-2020).pdf)

² Includes all payments to third parties for materials and services used in production

³ Includes major income tax measures

⁴ Major sites Australia and the US only

⁵ Global ex-Switzerland

⁶ Corrected voluntary turnover rates for 2019 and 2018

⁷ Headcount data includes lately acquired MatrixCare for 2020 only. There is no change on female senior executive percentage in other entities



RESMED IN BRIEF

Founded in 1989, and headquartered in San Diego, California, ResMed pioneers innovative solutions that treat and keep people out of the hospital, empowering them to live healthier, higher-quality lives. Our cloud-connected medical devices transform care for people with sleep apnea, COPD, and other chronic diseases. Our comprehensive out-of-hospital software platforms support the professionals and caregivers who help people stay healthy in the home or care setting of their choice. By enabling better care, we improve quality of life, reduce the impact chronic disease, and lower costs for consumers and healthcare systems in more than 140 countries.

Locations and business

Our principal global operations and functional support team locations are summarized below. Our primary sites in San Diego and Sydney are owned while all other sites are leased.

Table 2: ResMed site locations

Regions	Primary Locations	Regular and Fixed-term employees headcount ⁸	Roles
Americas	California: San Diego, Moreno Valley, Chatsworth Georgia: Atlanta, Peachtree Corners Kansas: Overland Park Minnesota: Minneapolis Pennsylvania: Media Wisconsin: Paddock Lake Nova Scotia: Halifax	2797	Administration, manufacturing, sales and marketing, quality, distribution, customer service, product development, software development
Asia Pacific	Australia, China, India, Japan, Malaysia, New Zealand, Singapore, South Korea	3039	Administration, manufacturing, sales and marketing, quality, distribution, customer service, product development, IT shared services
Europe	Finland, France, Germany, Ireland, Norway, Netherlands, Spain, Sweden, Switzerland, United Kingdom	1372	Administration, distribution, customer service, sales and marketing, quality

⁸ Does not include any seasonal or other contingent workforce



Administration, product development and distribution

ResMed's corporate headquarters is at its 230,000-square-foot facility in San Diego, California, USA. Further corporate hubs are at Bella Vista (Sydney), NSW, Australia; Atlanta, Georgia, USA; and Munich-Martinsried, Germany.

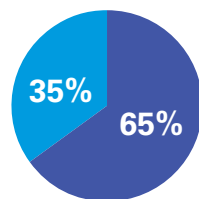
Our principal research and development center is in Sydney, with further research conducted at Chatsworth, California, USA; Dublin, Ireland; Halifax, Nova Scotia, Canada; Munich-Martinsried, Germany; and Singapore.

Distribution centers are located in Atlanta; Moreno Valley, California, USA; Roermond, Netherlands; Abingdon, UK; Basel, Switzerland; Lyon, France; and Bremen, Germany. Our German home healthcare services are managed from Martinsried and Grembsdorf.

Manufacturing operations

Our principal manufacturing operations occupy a 155,000-square-foot facility at our Sydney site and a 95,000-square-foot facility in Singapore. Other manufacturing is currently undertaken at our 174,000-square-foot assembly and distribution facility in Atlanta, Georgia, USA, as well as another manufacturing site in Suzhou, China. Further manufacturing is conducted at Lyon, France; Chatsworth, California, USA; and Johor Bahru, Malaysia.

**RESMED SELLS ITS
PRODUCTS IN MORE
THAN 140 COUNTRIES**



North America and Latin America represent 65% of net revenues

Europe and Asia Pacific represent approximately 35% of net revenues

Sales and marketing

We currently sell our products in more than 140 countries, using a network of distributors and our direct sales force. We attempt to tailor our marketing approach to each national market, based on regional awareness of sleep apnea as a health problem, physician referral patterns, consumer preferences and local reimbursement policies.

- United States, Canada and Latin America represent approximately 65.2% of net revenues. Our products are typically purchased by a home healthcare dealer who then sells our products to the patient. The decision to purchase our products, as opposed to those of our competitors, is made or influenced by one or more of the following individuals or organizations: the prescribing physician and his or her staff; the home healthcare dealer; the insurer; and the patient. In the United States, Canada and Latin America, our sales and marketing activities are conducted through a field sales organization made up of regional territory representatives, program development specialists and regional sales directors. Our field sales organization markets and sells products to home healthcare dealer branch locations throughout the United States, Canada and Latin America.

We also market our products directly to physicians and sleep clinics. Patients who are diagnosed with OSA or another respiratory condition and prescribed our products are typically referred by the diagnosing physician or sleep clinic to a home healthcare dealer to fill the prescription. The home healthcare dealer, in consultation with the referring physician, will assist the patient in selecting the equipment, fit the patient with the appropriate mask and set the device pressure to the prescribed level.

- Combined Europe, Asia and other markets represent approximately 34.8% of net revenues. We market our products in most major countries in combined Europe, Asia and other markets. We have wholly-owned subsidiaries in Austria, Czech Republic, Denmark, Finland, France, Germany, Ireland, Netherlands, Norway, Poland, Sweden, Switzerland, the United Kingdom, Australia, China, India, Japan, Korea, New Zealand, Taiwan, and Thailand. We use a combination of our direct sales force and independent distributors to sell our products in combined Europe, Asia and other markets. We select independent distributors in each country based on their knowledge of respiratory medicine and a commitment to sleep apnea therapy. In countries where we sell our products direct, a local senior manager is responsible for direct national sales. In many countries we sell our products to home healthcare dealers or hospitals who then sell the products to the patients. In Germany, Australia, New Zealand, and South Korea, we also operate a home healthcare company, in which we provide products and services directly to patients.

Our SaaS businesses operate predominantly in North America.

Relevant awards

We have received the following recent awards relevant to our ESG performances:

Table 3: ResMed awards 2018-2020

Year	Award	Recipient	Awarded for
2020	2020 Emerging Board Leader	ResMed (Mick Farrell)	San Diego Corporate Director's Forum
2020	SD500 – 500 of San Diego's most influential people	ResMed (Mick Farrell & Rob Douglas)	SDBJ SD500 Special Edition
2020	New Product Award for Best Business Technology – Specialized Solutions	Brightree	2020 HME Business
2020	Canada's Top 100 Employers for 2021	ResMed	
2020	San Diego Large Public Company CEO of the Year	ResMed (Mick Farrell)	San Diego Business Journal
2020	Good Design - Product Design Category	ResMed	Good Design Australia Awards, AirFit N30, F30i CPAP masks
2020	"San Diego 50" Leader of Change and Impact	ResMed (Mick Farrell)	San Diego Business Journal
2019	"JUST 100" Forbes	ResMed	#1 Corporate Citizen in Healthcare & Equipment Services
2019	Canada's Top 100 Employers	ResMed	Atlantic Canada's Top Employers
2019	Grad Australia	ResMed	Australia's Top 100 Graduate Employers
2019	AAGETop 75 Graduate Employers	ResMed	Australian Association of Graduate Employers
2019	CanadaStop100	ResMed	Nova Scotia's Top Employers
2019	"Best in KLAS"	MatrixCare	Long-Term Care Software

Table 3: ResMed awards 2018-2020 (continued)

Year	Award	Recipient	Awarded for
2019	"Best Complete HME Management Solution"	Brightree	HME Business New Product Awards: Brightree Business Management Software
2019	"Best Specialized Solution"	Brightree	HME Business New Product Awards: Brightree Patient Hub app
2019	"Best Overall Health Administration Software"	Brightree	MedTech Breakthrough Award: Home Health and Hospice EMR solution
2019	"Dealmaker of the Year"	ResMed	Medtech Insight
2019	"Top Workplace"	Propeller	Wisconsin State Journal
2019	"Intelligent Health Association Award"	Propeller	Dignity Health: improving patient care and health delivery
2019	"Best Overall Medical Device Product"	ResMed	MedTech Breakthrough Award for AirMini
2019	Good Design - Product Design Category	ResMed	Good Design Australia Awards, AirFitN30i and AirFit P30i
2019	Winner for San Diego Large Company Leadership	ResMed (Mick Farrell)	San Diego Union Tribune
2019	San Diego's Top Workplace	ResMed	San Diego Union Tribune
2018	"JUST 100" Forbes	ResMed	Top Corporate Citizen
2018	"Best in KLAS"	MatrixCare	Long-Term Care Software
2018	Wisconsin Innovation Award	Propeller	

RELEVANT AWARDS

"JUST 100" Forbes –
#1 Corporate Citizen in Healthcare

Canada's Top 100 Employers

Grad Australia –
Australia's Top 100 Graduate Employers

AAGE Top 75 Graduate Employers

CanadaStop 100 –
Nova Scotia's Top Employers





Our corporate governance principles outline how we hold ourselves accountable to shareholders and stakeholders. These principles address the operation of our board and its sub-committees; strategic and succession planning; and director qualifications.

Corporate governance

Our board has adopted corporate governance guidelines to assist in exercising its responsibilities in accordance with our constitution and all applicable laws and regulations. These include the regulations of the US Securities and Exchange Commission (SEC) and the rules of both the New York Stock Exchange (NYSE) and the Australian Securities Exchange (ASX), on which ResMed is listed. The guidelines are posted on our investor website, investor.resmed.com. Our board will continue to evaluate its governance structures as ResMed's business evolves to ensure that we manage the business for the long-term interests of our shareholders and other stakeholders. A more detailed review of our governance is provided in our annual [proxy statement](#) to shareholders, issued under section 14(a) of the Securities Exchange Act.

Governance structure

ResMed is governed by a board of eight directors and through four standing board committees: Audit (3 directors), Compensation (3 directors), Compliance Oversight (3 directors), and Nominating and Governance (3 directors). Each committee is composed of independent directors.

Michael ("Mick") Farrell has served as ResMed's chief executive officer and a member of the board of directors since March 2013. Robert ("Rob") Douglas was simultaneously appointed as ResMed's president, in addition to his continuing role as chief operating officer. Our founder, Dr. Peter Farrell, is our non-executive chairman of the board. Ron Taylor serves as our lead independent director.

Our board members have a variety of backgrounds, which reflects our continuing efforts to achieve a diversity of viewpoints, experience, and knowledge as well as ethnicities and genders. Our board is comprised of three female directors and five male directors.

Board independence

All board members other than Peter Farrell and Mick Farrell are independent under the listing standards of the NYSE, with no material commercial or personal relationship with ResMed that would impair their independence. Currently, our independent directors and their tenures are as follows: Mr. Rich Sulpizio and Mr. Ron Taylor since 2005; Ms. Carol Burt since 2013; Ms. Karen Drexler since November 2017; Ms. Harjit Gill since November 2018; and Jan De Witte since May 2019.

In February 2020, we adopted an annual election process for our board. At our 2020 annual stockholders' meetings, the two directors proposed for election were elected to serve until the next year's annual meeting. At the 2021 annual meeting, all directors proposed for election will serve similar one-year terms, and at our 2022 annual meeting and thereafter, all directors will be elected for terms lasting until the next year's annual meeting.

There is no limit to the number of terms a director may serve, nor a set retirement age. The board has adopted a majority voting policy, under which an incumbent director who does not receive a majority of votes for re-election must tender a resignation to the board. The board will determine whether to accept or reject the tendered resignation, and disclose the results and rationale within 90 days of the election. At our 2018, 2019 and 2020 annual meetings, each director elected received more than 95% of the shares voted.

The chair of the board's Nominating and Governance Committee (currently Ron Taylor) also serves as our lead director. The lead director presides over meetings of our independent directors (generally held each quarter), acts as a liaison between the independent directors and chairman, communicates with stockholders as appropriate, and fulfills other duties that support sound corporate governance.

Under our corporate governance guidelines, directors have direct access to company management to secure the information they need for their duties.

Board performance

Our board's Nominating and Governance Committee has the delegated purposes of:

- Assure that the composition, practices, and operation of our board contribute to lasting value creation and effective representation of our stockholders; and
- Assisting in selecting board and committee members, committee selection and rotation practices, evaluating the board's overall effectiveness, and reviewing and considering developments in corporate governance practices.

The committee oversees an annual formal review of these matters, concentrating on the performance of the board as a whole, as well as that of individual members. The Nominating and Governance Committee follows a process of regularly reviewing board composition and board refreshment, with a long-term perspective, and maintains a database of desired director skills and experience. The performance of directors who are seeking re-election at the end of their three-year term is ultimately reviewed by stockholders through their votes at the annual stockholder meeting. Our independent directors review the performance of the chief executive officer annually.

Board and executive remuneration

Our board's Compensation Committee reviews cash compensation, benefits, perquisites, and equity compensation of directors and executives, including target and actual short-term incentives.

The committee's in-depth review of director and executives' compensation is published in our [proxy statement](#) to stockholders before ResMed's annual general meetings. The principles governing our executive compensation program include:

- **Pay-for-performance.** Pay-for-performance, alignment with stockholder interests, and largely at-risk compensation are the cornerstones of our compensation program. A significant portion of our executives' compensation is at risk and tied to the achievement of pre-established short-term corporate financial objectives through our annual cash incentive programs that our corporate officers earn based on achieving our goals relating to adjusted net sales and adjusted operating profit, weighted equally. These two measures represent fundamental financial metrics: top-line sales and the portion of those top-line sales that fall to the bottom line. Our executives in charge of a principal unit have 60% of their incentive opportunity tied to achieving set goals for the same metrics at the business unit level and the remaining 40% tied to the corporate goals. All payouts are determined in accordance with these objective performance metrics. Executive officer payouts ranged from 96% to 121% of target in Fiscal Year 2020 with no discretion applied to the amount paid, with the payouts reflecting our strong performance and our rigorous goals.
- **Provide market-competitive compensation.** Our objective is to provide a target total compensation program that is competitive with similarly sized US-based public companies in the medical device and medical technology industries with which we compete for executive talent. The committee reviews benchmark data for the individual and for the group as a whole, but does not target a specific benchmark level. For our executives, total target compensation should reflect a relatively lower emphasis on salary and a higher percentage of pay at risk in the form of an annual cash incentive and equity awards. The guideline is broad, to recognize individual situations, and also allows us to reflect the fact that we set challenging targets for our incentive programs.
- **Make informed decisions.** The committee has retained FW Cook, Inc., an independent compensation consultant, to advise the committee with respect to compensation matters for executive officers, and to perform a comprehensive market analysis of our executive compensation program, pay levels, and relative operating performance. FW Cook performs no work for us other than its work providing executive compensation consulting services to the committee.

- **Stockholder approval.** At our annual stockholder meetings in 2018, 2019 and 2020, our stockholders approved, on an advisory basis, our executive compensation with the following shares voted in support:

	2020	2019	2020
Votes “for” say-on-pay, as a percentage of total shares voted	91.33%	88.51%	91.86%

Risk and ESG oversight

While our full board retains general risk oversight, our board committees oversee particular risks, periodically updating the full board. The primary risk responsibilities for the committees are:

Audit Committee	Overseeing financial risk, capital risk, and financial compliance risk, as well as internal controls over financial reporting.
Compensation Committee	Overseeing our compensation philosophy and practices and evaluating the balance between risk-taking and rewards to senior officers.
Compliance Oversight Committee	Overseeing compliance with United States federal health care laws and regulations, and specifically obligations under the corporate integrity agreement we reached in 2020.
Nominating and Governance	Evaluating each director’s independence, evaluating the effectiveness of our corporate governance guidelines, and overseeing management’s succession planning.

Oversight of general business risks, including but not limited to material environmental and social risks, is retained by the full board. A company-wide business risk analysis is undertaken periodically by management.

The following ESG-related risks are among those that face the business:

- Government and private insurance plans may not adequately reimburse our customers for our products;
- Health care reform policies and legislation, including the US Patient Protection, the Affordable Care Act, and changes to the US Food and Drug Administration (FDA) 510(k) process, may have material adverse effects on our industry and our results of operations; and

THE BEST PROTECTION OF INTEGRITY IS TO INSTILL A CULTURE THAT VALUES HONESTY AND ETHICS: DOING WHAT’S RIGHT EVERY DAY; RELYING ON OUR PEOPLE’S GOOD JUDGMENT AND SENSE OF FAIRNESS; REPORTING UNETHICAL BEHAVIOR; AND TAKING APPROPRIATE ACTION.



- Other changes to the FDA's quality and testing standards, and failure to comply promptly with those standards, may have an adverse effect on our business.

These are in addition to standard business risks such as threats from competition, fluctuations in currency exchange rates, the challenge of supporting continued growth and business acquisitions, disruptions to supply, and intellectual property claims (see our [2020 annual report](#)).

Business integrity

The best protection of integrity is to instill a culture that values honesty and ethics: doing what's right every day; relying on our people's good judgment and sense of fairness; reporting unethical behavior; and taking appropriate action. All our directors, officers, and employees are nonetheless guided by our Code of Business Conduct & Ethics, which is published [on our website](#). The code summarizes the compliance and ethical standards we expect of our people, the procedures for any suspected breach, and the consequences of any substantiated breach. The code also constitutes ResMed's code of ethics under US law and the New York Stock Exchange's listing standards. It deals with conflicts of interest; confidential information; fair dealing with customers, suppliers, and competitors; and compliance with financial reporting, insider trading, and other financial market regulations.

The code is not intended to be a comprehensive rulebook and cannot address all situations that may arise. It provides contacts for the company's ethics compliance officer and our global general counsel should any employee require assistance beyond an immediate supervisor. Where permissible, we also have a toll-free hotline to an independent company for employees or others who want to speak up but prefer to remain anonymous. The code prohibits retaliation against any employee who has taken action in good faith to seek help on or report a suspected breach of the code.

Ethics and corruption

We are committed to a strong ethics and compliance culture. We do not tolerate actions or behaviors that are inconsistent with our values or violate the ResMed Code of Conduct or applicable laws and regulations.

The code insists on compliance with laws and regulations covering bribery and gratuities, political contributions, medical sales, and kickbacks. Under the code, client entertainment should not exceed reasonable and customary business practices where allowed, and in any case, employees should not provide entertainment or other benefits that could be viewed as an inducement to or a reward for customer purchase decisions. Facilitating and expediting payments are prohibited unless pre-approved by legal counsel.

ALL EMPLOYEES ARE REQUIRED TO UNDERTAKE BUSINESS ETHICS TRAINING RELEVANT TO THEIR POSITION AND DEVELOPED BY OUR LEGAL ADVISERS, USING OUR ONLINE LEARNING MANAGEMENT SYSTEM FACILITY WHERE AVAILABLE AND AUGMENTED BY FACE-TO-FACE TRAINING WHERE IT IS NOT.



All employees are required to undertake business ethics training relevant to their position and developed by our legal advisers, using our online Learning Management System facility where available and augmented by face-to-face training where it is not. Many positions receive additional guidance materials and competency training – for example, to ensure compliance with the US Foreign Corrupt Practices Act, UK Bribery Act, and the Australian Competition and Consumer Act.

In many jurisdictions, compliance officers have been assigned and trained, and compliance guides published. We have appointed a global corporate compliance officer, who reports directly to our chief executive officer, with an additional direct reporting line to the board's audit committee and corporate compliance committee. In certain jurisdictions, we also have appointed local compliance officers or local compliance committees.

In December 2019, we entered into a voluntary settlement with the US and several US states. The settlement did not include any admission of liability, and we denied any allegation of wrongdoing. At the same time, we entered into a corporate integrity agreement with the U.S. Department of Health and Human Services Office of Inspector General, requiring that we implement various compliance and reporting requirements. We are committed to fulfilling our obligations under the corporate integrity agreement. The matter is more fully documented in our public SEC filings.

We take seriously, investigate, and respond appropriately to any potential breaches of our code or of other obligations. Internal audits of compliance standards, processes, practices, behaviors, and outcomes continue throughout the business as informed by our enterprise-wide risk assessments with oversight from our board's Audit Committee. We revise the subject matter of audit and training as part of the annual planning for internal audit and for our controls and compliance process, and additionally on the advice of our legal counsel and external advisers.

Political transparency

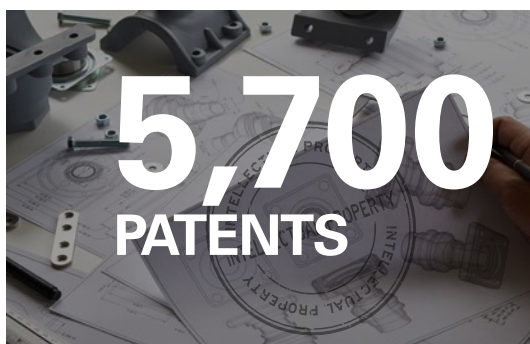
ResMed's Code of Conduct prohibits political contributions by the company or by employees on behalf of the company, except as approved in advance by the chief executive officer, and subject to review by the company's global general counsel. During Fiscal Year 2020, we did not make any political contributions.

Intellectual property

We rely on a combination of patents, designs, trademarks, trade secrets, copyrights, and non-disclosure agreements to protect our proprietary technology and rights. Some of these patents, patent applications, and designs relate to significant aspects and features of our products. We believe the combination of these rights, in aggregate, are of material importance to each of our businesses.

Through our various subsidiaries, as of the date of this report, we own or have licensed rights to over 6,200 pending, allowed or granted patents and designs. Patents and designs have various statutory terms based on the legislation in individual jurisdictions that may be subject to change.

Of our patents, 570 U.S. patents and 1,452 foreign patents are due to expire in the next five years. We believe that the expiration of these patents will not have a material adverse impact on our competitive position.



**AS OF JUNE 30, 2019, WE OWN OR
HAVE LICENSED RIGHTS TO OVER 5,700
PENDING, ALLOWED OR GRANTED
PATENTS AND DESIGNS.**

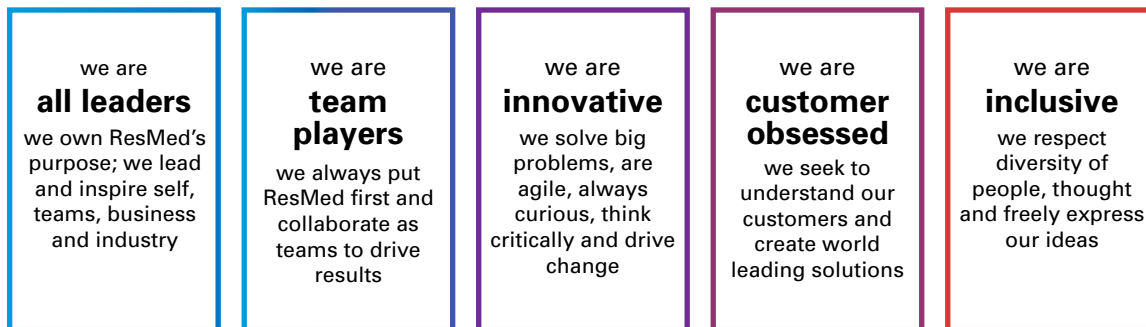




OUR PEOPLE

We are committed to building and fostering an extraordinary culture of belonging, inclusion, and diversity, where every ResMedian does their best work to serve our mission of empowering millions of people to live healthier and higher quality lives, reducing the burden of chronic disease, and improving global healthcare delivery.

Our five core competencies capture the essence of our culture: we are all leaders, team players, innovative, customer-obsessed and inclusive.



We endeavor to embed our core competencies within everything we do, starting from hiring. They reflect our high expectations for the quality of work needed in our business, our regard for all People – including ResMed employees, partners, suppliers, customers, and patients – and a very low tolerance for non-compliance.

Our People are key to our growth strategy: our ability to improve 250 million lives in 2025 is reliant on the strength of our people and the culture we build together. We offer best-practice, market competitive programs and benefits to attract, develop and reward ResMedians around the world. We provide multiple learning programs to not only enhance organizational capability but, also provide our people the opportunity to invest in their own professional and career growth. We actively listen to our people's feedback, expectations and measure their engagement through regular and frequent pulse surveys to ensure we enable and empower all ResMedians to strive towards positive organizational change and outcomes. We continue to drive better and more efficient digitally-enabled processes to create an exceptional experience through our people's employment lifecycle with ResMed.

Our Code of Business Conduct & Ethics and other formal policies on workplace behavior, discrimination and harassment, health and safety, career development, and employee benefit programs help reinforce an environment and culture that supports and encourages our people to be the best they can be. Compliance with environmental, safety and labor standards are integral to our operational ethos and to our business integrity. Comprehensive internal communications and consultation support those standards and their attainment. Our measures of safety, remuneration and employee engagement are strong while our rate of employee turnover is in line with or lower than industry benchmarks.

Our high-performing, diverse team comprises of over 7,500 people (including contingent workers), of which over 80% are full time employees, working across multiple geographies around the world. We generally use contingent staff services only for specialized, non-core activities and, or during peak times only in our manufacturing and production teams; the number of contingent staff varies significantly based on seasonal demands.

Table 4.1: ResMed's people by employment type, as of 30 June 2020

Employment Type	%
Regular (full time and part time) and Fixed-term	92.8%
External temporary (agency temps, consultants and contingent workers)	7.0%
Interns	0.2%

Table 4.2: ResMed's people (regular and fixed term employment only) by gender as of 30 June 2020

	Total	Full time	Male	Male Full time	Female	Female Full time
Total Employees	7,208	95%	3,329	99%	3,856	92%
Americas	2,797	99%	1,292	100%	1,503	98%
Asia-Pacific	3,039	96%	1,405	99%	1,628	94%
EMEA	1,372	83%	632	96%	725	74%

- Headcount information about gender is not available for seasonal or other contingent workforce, therefore table above excludes them.

- Full time %'s varies from prior year reporting due to a methodology and system change in reporting

Diversity and Inclusion

At ResMed, equal opportunity is integral to our People practices for us to develop, attract and recognize our amazing people, who represent our diverse global customer base in 140 nations worldwide. We do not tolerate any discrimination or harassment on the basis of race, color, creed, gender, religion, marital status, age, ancestry, disability or medical condition, sexual orientation, military status, ethnicity, socio-economic background or any other personal characteristic or unlawful consideration.

Being inclusive is a core competency of all ResMedians – our goal is to respect and embrace diversity of thought, and diversity of backgrounds. We are continuously evolving our culture to encourage people to bring their whole selves to work and actively encourage freedom to express views so the best strategies, tactics, and ideas are heard and become part of our mission.

Our board and executive team recognize the importance of an inclusive and diverse workforce, and are fully supportive of our commitment to fair and equitable People practices, including pay equity. We maintain programs to support equity and diversity with an annual review and action plan, through which we aim to achieve desired levels of diversity.

Our policy is to hire, promote, retain, develop and otherwise treat all our people on the basis of performance, capabilities, qualifications, competence, and experience. We apply this policy regardless of an employee's gender, race, color, creed, religion, marital status, age, ancestry, disability or medical condition, sexual orientation, military status, ethnicity, socio-economic background or any other personal characteristics.

We have a dedicated Global Diversity and Inclusion (D&I) Director who is responsible for leading our global D&I initiatives including a Global D&I Council. Over the last couple of years through our D&I journey, we have made progress in a number of areas with the organic formation of Employee Resource Groups (ERGs)- Black Excellence, LEAN, ResPect, HOLA and RISE each with an executive sponsor from our core CEO Operating team and is represented at the Global D&I Council. We encourage all ResMedians to get involved in causes that matter to them and support these ERGs in driving positive change together.



53%
OF OUR PEOPLE ARE
FEMALE EMPLOYEES



Key inclusion and diversity initiatives

Building Diversity and Inclusion Competence. ResMed provides all our people self-directed learning resources to build cultural awareness and competence, and engage more authentically with each other. The resources span from bite-sized, just-in-time, micro-learnings to deep, modularized content with a variety of learning delivery methods, our playlists consist of videos, podcasts, articles and team-plays for people to utilize. We continue to iterate and add to the learning content based on feedback and to keep it 'live' and current.

Diversity Slates and Diverse Interview Panels. To ensure there is a conscious effort to improve diversity our Talent Acquisition teams work with the hiring managers and source candidates to create a shortlist of qualified candidates for roles we hire or promote to represent a minimum of 1:4 ratio for diversity, based on the targeted diversity group. Currently, we are targeting gender diversity globally, and an additional focus on race/ethnicity diversity in the US, limited by legal restrictions of asking about the latter in many countries. The primary goal of this process is to open up the ResMed funnel to broader and more diverse sources and to increase our whole company diversity.

Also for director and above roles, where we typically use hiring panels we ensure diverse interview panels to include underrepresented groups (gender and race/ethnicity diversity currently). We know that having a voice on the interview panel that assesses the prospective ResMedian from a more diverse stand-point increases the probability of getting the best candidate, to help ResMed better understand our customers and achieve our goals.

Enabling voluntary gender pronouns in the system. To build a more inclusive culture, best practice is to not assume gender pronouns and to let a person state how they would like to be addressed by others. Our People system provides an option for each person (if they want to), to select their own gender pronouns in the system and make them available for their team members to see, to encourage greater dialogue and awareness around gender identity. Gender pronouns cannot be used to identify any individual's gender preference and/or sexual orientation and opening these in our systems is to help facilitate conversations and a more inclusive workplace.

Medtech Color Sponsor. ResMed is a sponsor of Medtech Color - a non-profit organization that aims to build a cohesive community of leaders of color in MedTech, and to increase the number of underrepresented executives in the industry.

Martin Luther King Day is a floating holiday for our US teams. The holiday is to celebrate the Rev. Dr. Martin Luther King's life & legacy and help promote awareness and conversations on racial ethnicity within our teams.

Celebrate and encourage active participation in ERG lead inclusion initiatives. Regularly participate and promote participation of our people in various global and local initiatives to actively create an awareness and conversations on different aspects of diversity. There is active communication at a local and global level, as needed, with key executive sponsors of these events with active social media campaigns as applicable to showcase our inclusive culture and create brand awareness; few recent events celebrated:

- Australia Harmony Week in March 2020 to recognize and celebrate cultural diversity
- Wear It Purple Day in August 2020 to celebrate our LGBTIQ+ community globally
- International Women's Day 2020 to celebrate women at work

ResMed contribution to non-profit organizations. ResMedians participate in fundraising activities with company contributions provided to many non-profit organizations that support many underrepresented groups in countries. Some examples for 2020 include Thurgood Marshall College Fund, Black Girls Code, Equal Justice Initiative, Wear It Purple and Twenty10.

Enabling a culture of organic and open D&I related conversations. ResMed helps organize multiple panel discussions with internal panelists as well as external panelists on various topics of diversity to create awareness, progress team conversations and encourage a culture of listening and learning, enabling our people to share ideas and perspectives on how to build on our inclusive culture. We encourage personal stories to be shared, which has led to many organic discussions and greater psychological safety to share experiences. Examples of recent panel discussions:

- Women of ResMed - Australia based
- LGBTQIA+ initiatives with PwC, Statefarm and Woolworths representatives
- Racial and Cultural Diversity
- Engage and Learn session with Twenty10 and Wear It Purple groups on LGBTQIA+
- Engage and Learn session with Kate Richardson-Walsh captain of the GB and England women's hockey teams for insights from her experiences on diversity, inclusion and belonging
- Women in the Workplace- US based on recent McKinsey & LeanIn.org study 2020

Executive Mentoring Program. Each executive in the CEO Operating team including the CEO is responsible for mentoring at least 2 ResMedians who are different to them and are outside their area of responsibility as a part of quarterly Objective and Key Results for the team.

Disability provisions. We make all reasonable accommodations to enable a qualified employee or applicant with a disability to perform their job. Access for People with physical disabilities meets building code requirements for widened walkways, doorways, and car parking. In France, a successful partnership with local community organizations has assisted with placements, job adaptation, and specific equipment.

Gender diversity

Over half (53%) of our people are women female employees and inclusion is foundational to ResMed. We have multiple initiatives and programs to promote and accelerate gender diversity.

We are committed to diversity of our board of directors through strategic board refreshment efforts. Of the last four appointments, three appointments have been female directors. Currently we have three highly qualified women to the eight-member board. With 38% of the ResMed board represented by women, we rank in the top 20% for S&P 500 companies. Table 5 below shows the percentage of our employees who are female at four levels of seniority. These statistics change from year to year as individuals join, are promoted into, and/or leave at various levels.

Table 5: Employee gender profile, by seniority band (global)

	Executives VP and above		Senior		Mid-Junior		Production	
	Male	Female	Male	Female	Male	Female	Male	Female
2020	70%	30%	65%	35%	44%	56%	18%	82%
2019	68%	32%	65%	35%	44%	56%	20%	80%
2018	73%	27%	66%	34%	46%	54%	20%	80%

We offer an engineering careers ladder that provides supportive career development pathways, coaching and mentoring programs that target high-potential female employees and engineering students, sponsorship of the Women in Engineering group and Lucy Mentoring Program in Australia, STEM workshop for high-school girls to encourage girls at an early age to pursue STEM in their careers and paid participation in the Athena group for female professionals in San Diego.

For our senior female leaders, we participate in the G100 Women's Leadership Network to provide accelerated learning, leadership and connection opportunities and help develop their skills to succeed in executive roles, and ensure diverse representation of females each year in selection of participants for our internal leadership programs.

There is no distinction in ResMed employment benefits based on gender. We provide paid and unpaid parental leave to all employees who meet eligibility criteria in accordance with or above relevant state and/or federal laws. Over the last three years we have significantly enhanced our maternity and parental leave policies across our major employment hubs of Australia and the US. We offer reduced working hours for mothers returning to work, where possible, and provide appropriate first-aid and breast-feeding areas for working mothers, if required. In addition, we have also formally introduced flexible working policies including, but not limited to, job shares, alternative rostering, part-time employment options, working from home.

To ensure that we foster a culture of belonging, inclusion and diversity we actively encourage forums which promote open and honest conversation on the topic of gender diversity. These forums include board of director member roundtable discussions, online social networking 'Yammer' discussions, employee resources groups, and large group panel discussions with leaders who wish to inspire and connect with others to support the next generation of ResMed women. These forums are about women and men encouraging and supporting women; listening and understanding what matters most to our people; giving back and helping others; removing barriers if they exist and addressing challenges together, so that we can all bring our best selves to work.

Goals and Development

At the start of each fiscal year senior leaders collaborate across ResMed to set "strategy in action" (SIA) plans. These are important, near-term execution priorities for the coming year to ensure alignment with ResMed's long-term growth strategy. Every ResMedian, is then required to set meaningful goals for themselves in discussion with their people leader and teams.

We believe high performing teams make performance and development discussions a regular habit. These conversations set clear expectations and focus on ways to leverage our peoples' strengths, improve impact, navigate evolving/competing priorities and provide perspectives to help people grow, develop and reach their goals. This includes regular check-ins between team members and their people leaders with a development focus.

Talent Management

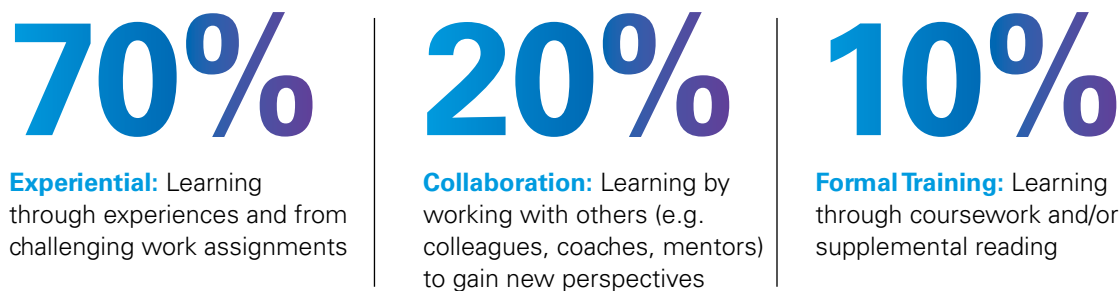
We think about talent as an ecosystem, where all information flows together, providing the foundation to have the right people and capabilities to meet current and future business goals. We have an approach that helps identify changing leadership and capability needs across the business, reduces gaps in talent for critical roles and ensures development is correctly focused. Key steps to this approach include the following on a regular basis:

- Workforce planning that is to identify critical roles and future capabilities
- Understanding abilities and aspirations of our people based on ongoing discussions, regular check-ins and career conversations
- Talent assessments/ calibration based on impact and potential with feedback from others and building development options
- Succession Planning for key roles
- Development discussions led by people leaders

Development discussions

We encourage our People to think about areas for opportunity that will help them succeed in their role and in contributing towards ResMed's strategy, think about "what" needs to be accomplished and use the core competencies to discuss "how" to go about it.

Development is all about learning and we know there are different ways to learn and obtain new skills. The 70:20:10 model helps our People think about ways of effective learning and using a variety of options to create an holistic development plan. We encourage all ResMedians to own their own development, actively seek our opportunities or stretch assignments, and to not just think about development as manager led. At ResMed, we are all leaders.



We have career and development pathways designed for specific roles in consultation with their operational management, and learning and development specialists. We encourage our people to take advantage of online, on-campus, and tertiary learning avenues. We also provide financial support for education or training across many of our markets, when appropriate.

We provide online courses that are role-specific, with formal tracking of employee completion and performance. Online and face-to-face courses on operational compliance issues are developed and delivered in-house. Online compliance courses on ResMed's Code of Business Conduct and Ethics, diversity, US Foreign Corrupt Practices Act, and health and safety are developed by our Learning and Development team with external subject-matter advisers. We also have upgraded our online Learning Management System MyLearning, and reinvented the way we learn.

MyLearning was launched to provide a simplified online system, with access to on-demand knowledge databases and training material, anytime anywhere.

In summary, our People development approach enables:

- A deeper understanding of our talent
- A focus on how we can grow, retain or move talent
- Discussion and commitment to 70/20/10 development options
- Visibility of how we can share talent to fill gaps
- Better conversations on the "what and the "how with team members
- A stronger understanding of our people's ability and aspiration
- A fair and consistent assessment of impact and potential
- Succession plans for our most critical roles
- Commitment to talent action plans

Hiring policies and practices

We believe hiring is a team sport, or rather finding and engaging best talent is everyone's responsibility. Our hiring philosophy focuses on finding, assessing and hiring great talent to achieve our business strategy with a focus on recruitment excellence and ensuring D&I practices are embedded in our practices. We start with recognizing the value of our internal talent and then use strategic sourcing and our understanding of talent scarcity to analyze and fill the gaps. Our approach is to provide a personalized experience to engage top talent, work to strengthen our employment brand and promote our extraordinary culture.

As our commitment to Diversity and Inclusion, we do make a conscious effort to reach out to underrepresented candidates based on the current team composition to ensure more balanced representation on shortlists that increases the probability of hiring more diverse talent. And we hire great talent on the basis of performance, capabilities, qualifications, competence, and experience regardless of a candidate's gender, race, color, creed, religion, marital status, age, ancestry, disability or medical condition, sexual orientation, military status, ethnicity, socio-economic background or any other personal characteristics.

Graduate and Internship Programs

A significant part of our talent strategy across a few of our key sites (Sydney, Singapore and San Diego) is delivered through our Graduate and Internship programs. The aim of these programs is to build multi-generational diversity and create talent pipelines for future leaders across our organization, whilst giving back to the student community through providing real life work opportunities in various parts of our business. The success of these programs has been exceptional with a number of key leaders across the globe having joined ResMed via this pathway.

We offer multi discipline opportunities in Engineering and key Corporate business areas including Marketing, Finance, IT, Medical Affairs and Quality. The duration and offering of each program varies, with a common aim to cultivate strong relationships with diverse early career talent and help facilitate seamless entry into the work environment for undergraduate and graduate talent. Our Australia program has been recognized in the Top 100 Graduate Employers for the last 4 years. We have great partnerships with world class universities that participate in our Graduate and Internship programs, some of which are:

- MIT (Massachusetts Institute of Technology) LGO (Leaders for Global Operations) program for students is their MBA dual degree program.
- NTU (Nanyang Technological University) REP (Renaissance Engineering Program) is to develop future engineering leaders who finish with a Bachelor Degree in Engineering Science and Masters in Technological Management.
- UNSW (University of New South Wales, Sydney): We have strong relationships with multiple universities in Sydney partly due to our organizations origin. Partnerships include the Peter Farrell Cup (PFC, now in its 20th year). This is UNSW's most prestigious competitive ideas program that is designed to fast – track the next generation of entrepreneurs and start- ups.

Employee engagement and listening

We actively listen to our people's feedback, expectations and measure their engagement through regular and frequent surveys throughout the employee lifecycle to ensure we motivate our people to invest their energies towards positive organizational change and outcomes.

We enable our People to comment anonymously and freely on matters related to their We enable our people to comment freely and anonymously on matters related to their employment experience, including pay equity. There is an active program following these engagement surveys to share findings openly throughout the company, and to put in place action plans at global and local levels to address priority issues.

In addition, we actively engage in social listening with our people through a variety of internal avenues such as Yammer, an internal digital social networking platform, and our global all-hands discussions with our Office of the CEO and other executives on a regular basis.

We also perform regular, specific and localized surveys, and facilitate focus groups to ensure we monitor and capture our employee engagement and attitudes during periods where a global survey is not conducted. This dual approach allows us to identify and address specific local issues under a global framework in the most efficient manner. The surveys cover attitudes to our leadership and strategy, our communication and involvement, and our individual, team, and company performance. Where comparable benchmarks are available, our results are evaluated against international peer groups.

In May 2020, we conducted a global COVID-19 Pulse to listen and seek to understand how our people were doing given the unprecedented and uncertain times with the global pandemic. We had a high response rate of 76% with 4,426 comments which gave us a deeper understanding of what is most important to our people, where we should focus moving forward and help guide team conversations. The overall results reinforced the huge sentiment of pride our people felt about how our company responded to the pandemic and we had highly favorable scores and comments on our efforts to keep our people safe. The pulse also gave us insight into our people's experiences with working remotely and how we can shape future work arrangements. We will continue to take these preferences of our global team forward into where, how and the way we work post COVID. The scores also highlighted a need for focusing further on the wellbeing of our teams and provide additional measures to support them through the pandemic. The insights helped us enhance our global Employee Assistance Program and introduce financial support for setting up home-office equipment for our people globally.



Work-life balance and flexible working

We support our people and their families with flexible working arrangements, paid time-off and consideration in rostering. Paid time off varies with local conditions, but is generally available for sick leave, parental-community-carer leave, bereavement leave, volunteer emergency services, military service where required by local laws. Our parental leave policies are well above minimum legal requirements and very market-competitive in Australia and US, which are two key locations and have a large number of people.

Additional unpaid leave is available for a range of other personal reasons such as elderly care. We maintain a significant community volunteering program that allows our people to integrate volunteering into their lives with the support of the company and in some countries provide volunteer-work related paid time-off.

In April 2020 we also introduced a temporary COVID-19 related benefit providing a continuation of income of up to 10 normal working days. This support was available to our people who may be confirmed or suspected with COVID-19, may have a family member who lives with them confirmed or suspected with COVID-19 or they were required to provide care for someone infected who lives with them. This benefit was also available for people who were not able to work from home or where temporary site reductions were in place. This was to provide our people globally some support, certainty and continuity of income during a difficult period of time, without dipping into accrued leave balances. Additionally, this also actively supported the health and wellbeing of our people who were in critical line roles building or delivering ventilators during the pandemic that could not be done from home.

We enable flexible rostering in many countries that has enabled a high proportion of our employees to remain full time. Part-time transitions have been made available for parents returning from parental leave and in cases for our People to pursue higher education. We are encouraging more flexible work arrangements such as job-share arrangements and condensed week options, where roles allow.

We have learning modules available on how to have better conversations about flexible working and leading flexible teams to foster our culture of trust, flexibility and agility.

Impact of COVID-19 Pandemic

The wellbeing and safety of our people is always a key priority for us. With the Coronavirus COVID-19 pandemic affecting all of us globally, we have very quickly adapted to new and awesome digital and innovative ways of working to ensure we continue to minimize risks to our people. We introduced a variety of work arrangements which vary by country considering (i) government responses and the risk to our people & community (ii) viability of remote working and (iii) business continuity.

In most countries, we strongly encouraged and required all people (>90% of our workforce) in roles that can be done effectively remotely to work from the safety of their homes. Our IT teams provided all necessary equipment as well as enhanced our remote VPN connectivity to ensure we could implement this shift very efficiently and effectively with minimal business impact.

With some of our roles, such as manufacturing, warehousing, distribution and technical services, where remote work isn't viable we implemented additional adaptive measures

With second and third waves of COVID-19, we expect to be in this virtual world for some time to come, with different countries moving through shifts in social norms at varied paces. We have built very comprehensive guidance including risk assessments to be completed prior to reopening any of our sites and expect to be done gradually through four phases.

The pandemic has been an unprecedented catalyst for us to work more flexibly across our company- it has significantly increased digital adoption, possibly shattered many previous misconceptions about effectiveness of remote work, provided us opportunity to think about what flexibility means for us personally and pressure tested our IT infrastructure in ways we would never have imagined.

As our offices gradually open and/ or post pandemic, we will continue to build and foster our culture of trust, flexibility and agility with People leaders expected to have conversations with their teams and People to understand what flexibility means for their People and accordingly shape the future of work arrangements with them.

Whilst we expect remote working to stay (67% of our people told us that they would like this with their ideal future work arrangement), the current lack of choice with working from home has for some people now started to become tiresome as they are missing meeting people in person, the casual coffee/ corridor chats, experiencing zoom-fatigue and lines between work and home are truly blurring as some struggle to disconnect. For many working parents, especially with schools still online in multiples countries, this period has added significant stress and guilt trying to juggle round the clock; for many people, it has also taken a massive toll with loneliness.

Accordingly, we are mindful to communicate and connect with our people on a regular basis, whilst providing ideas on how to set boundaries for themselves, having flexibility-related conversations, encouraging time-off and considering temporary alternate work arrangements such as condensed week schedule, part-time hours etc.

To encourage our focus on wellbeing we have also recently provided a global ResMed wellbeing holiday this year to enable a long weekend for all our people to unwind and focus on themselves and their loved ones.

Compensation and Benefits

Our compensation philosophy is to reinforce and align with our mission, business strategy, and financial needs as we grow. In alignment with our culture, we strive to communicate openly about our strategic priorities, company goals, and our approach to compensation. Our compensation processes are intended to be fair and simple, so that all our people understand the goals and outcomes of the processes.

Equal opportunity and pay equity is integral to our pay philosophy. We provide market-competitive compensation and benefits, based on benchmarking surveys we conduct on a regular basis for all position levels against relevant peer companies to attract, retain and motivate great talent. Our annual and long-term incentive packages are linked directly to business and individual performance, with a balance of short- and long-term financial and strategic objectives. We have an employee stock purchase plan in addition to formal service awards. Eligibility for non-salary benefits (examples: salary continuance, life insurance, health insurance, and similar benefits) follows local regulations and practices.

We take a thorough approach to ensuring pay equity within our compensation programs and, to this end, have monitoring and other internal processes in place to assist the company in identifying and addressing any potential pay equity issues, making adjustments where appropriate. Our board and executive team recognize the importance of an inclusive and diverse workforce and are fully supportive of our commitment to fair and equitable people practices, including pay equity. Outlined below are key practices included in our approach to ensure pay equity. We are confident that our approach help prevents statistically significant pay gap issues, including with respect to gender:

- Global grading framework
- Global review process
- Reviews for all eligible employees
- Multiple channels to report pay equity issues

Table 6 below shows the percentage of our female employees at four levels of seniority and their average salaries compared to male salaries at these levels. These statistics change from year to year as individuals join, are promoted into, and/or leave at various levels. As individuals enter more senior levels, they are likely to be at or below the mid-point of the applicable compensation range for the position compared with those who have held a similar position at the same level for a longer period time.

Table 6: Employee gender profile globally, by seniority band

	Executives VP and above		Senior		Mid-Junior		Production	
	Female	Salary	Female	Salary	Female	Salary	Female	Salary
2020	30%	94%	35%	98%	56%	94%	82%	96%
2019	32%	95%	35%	99%	56%	90%	80%	97%
2018	27%	86%	34%	90%	54%	89%	80%	97%

- Headcount Data as of 30 June in the respective years. Contingent workforce is excluded
- MatrixCare employees are included in the above table. Excluding Matrixcare employees, senior executives' female there is no change year over year.
- Production classified as any EE under the manufacturing bonus plan
- Mid-Junior (Level 1-4), Senior (Level 5-7), VP-Exec (Level 8-9)

Employee consultation

Our management and labor workforce communicates effectively, including informal committees and regular campus and team briefings and meetings. We track concerns, including through global, local country, and department surveys of employee issues. Consistent with the law, our people are free to join any organized labor union or association. We do not keep a record of such members.

In some European countries, specifically France and our Germany based Homecare business, our employees are represented by work councils, who are independent of trade unions and with whom we must consult on any plan regarding the organization, health and safety and working conditions.

Germany. We have over 450 employees in our German ResMed Homecare business and currently 8 of whom serve on the work council. One of these 8 employees spends 100% of their time on council matters. The number of work council members is legally based by the number of employees who are employed in the relevant legal entity. The work council is elected every four years by the employees as the work council represents the employees. Work councils can ensure a relationship of trust between our people and management. In this way, personnel policy can better respond to the expectations of employees. Where there is a need for flexibility or restructuring, the work council acts as a buffer between our people and management. As soon as co-determination rights are affected, an agreement in the form of a Company agreement has to be reached with the work council. These negotiations can be complex and time-consuming, depending on the subject but, once a common path is agreed to, it is binding for all the people employed in this entity. Another fundamental task of the work council is to monitor compliance with regulations at the workplace. The work council shall ensure that the rules, laws, regulations, collective agreements and Company agreements are respected. When it comes to making - and enforcing - difficult decisions, the work council can help the management to find a practicable solution.

Management has regular monthly meetings with the work council plus we have recently started a quick check-in/catch up to improve collaboration on a weekly base (1 hour) with one of the Working committee (Betriebsausschuss).



The Work Council has set up separate committees for IT (IT-Ausschuss), Education and Training (Fort-und Weiterbildungsausschuss), Economics (Wirtschaftsausschuss) and a Working Committee (Betriebsausschuss). Company representatives meet on a regular basis with the different committees to ensure regular updates and collaboration. There are two major rights a works council has by law in Germany: information rights and co-determination rights. We have put a number of works council agreements in place to frame aspects of co-determination rights (example: COVID Hygiene and safety measures, COVID Home Office and Remote Work, Employee Surveys, Use of Systems where sensitive data is being processed) and continue to work with the council to agree to more, where needed.

France. The Work Council is the official representative of our people in France; these members are elected through a strict and official electoral protocol controlled by the French state and the unions. Elections take place every 4 years. The last elections were held in April 2019 by electronic voting. The current Work Council is composed of 21 non-unionized staff representatives + 1 union delegate. They benefit individually from 22 hours per month of delegation outside of meetings.

The Work Council is competent and must be obligatorily consulted in all negotiations relating to working conditions, company organization, health and safety, health collective insurance and systems of compensation, training and evaluation of employees. It also has access to the company's social and economic data and can call on external neutral experts. It is also involved in negotiations related to diversity, gender equity and ethics, it is considered as it has a "civil legal personality" and has an annual budget allocated by the company to carry out social actions. All the elected representatives are legally protected against dismissal.

Management is required to have minimum 6 meetings per year with the Work Council. The local labor law representative and the occupational physician are invited to these meetings. They are chaired by the HR Director and the French Executive. The French management are working particularly closely with the work council and we have already held 13 meetings since January 2020 (accelerated by the COVID crisis and related consultations).

The minutes of the meetings are transmitted by the secretary of the work council to all people employed by the French entity. They have a dedicated website with all the minutes and actions taken and each employee has personal access to this site.

Elected members and unions have a dedicated communication and propaganda display area in each company building. Also all our French people have access to free and anonymous telephone advice on their rights at work and in civil life.

Subject to consultation where applicable with the European work councils, workplace relations issues are negotiated directly with our employees, updating unions as required or requested.

A photograph of three people (two men and one woman) practicing yoga outdoors. They are in a side-on pose with their arms extended forward, palms facing down. The background is a blurred green landscape. The text 'HEALTH AND WELLBEING' is overlaid in large, bold, blue capital letters.

HEALTH AND WELLBEING

Employee wellbeing

We recognize the benefits of a healthy workforce and adopt a holistic approach to the health and safety of our people. We can provide onsite support for employee fitness when possible, for example at our major campuses in Sydney and San Diego. We offer employee health and wellbeing programs that may variously include on-site blood pressure, cholesterol, and heart testing. Programs may include seasonal flu vaccinations, subsidized quit-smoking programs, screening for sleep apnea, confidential third-party counseling and referrals on stress and mental health issues, support for a gym membership, and in some jurisdictions, company-sponsored private health insurance.

Working environment

In most locations, we are relatively small teams working from well-appointed commercial premises. At our major campuses in San Diego, Singapore, and Sydney, we have been able to design and build a collaborative and interactive environment that underpins our culture of quality, performance, and innovation. Field-based teams are supported through communication, monitoring, and other resources.

The buildings at the Sydney campus are designed to efficiently facilitate corporate and manufacturing teams' collaboration, thereby accelerating and improving product design, development, and manufacturing. The iconic Innovation Centre, with its narrow floor plate oriented towards the north, takes advantage of Environmentally Sustainable Design (ESD) principles.

We conduct periodic building environment assessments to measure and inspect the quality of lighting, air, water, and noise for the workplace. The overall results were compared and concluded to be well within the relevant standards.



San Diego



Singapore



Sydney

Health and safety

We believe maintaining a physically safe and mentally healthy working environment is essential in supporting our people deliver their best work. Our aspirational goal goes beyond the avoidance of harm and strives for our people to be healthier having worked with ResMed. Our approach is to place health & safety as a positive contributor to innovation, continuous improvement and business sustainability through focusing on making work easier which in turn makes work safer and more efficient. Our aspirational health and safety goal is for physically and mentally healthier people by creating a safe environment that reinforces and recognizes safe behavior.

At a global level four health and safety standards comprising of the health and safety policy; roles and responsibility; risk management; performance and reporting, provide the framework upon which locally compliant and effective health and safety management systems are built. We resource our commitment using a business partner support model where accountability for health and safety lies with the local leaders. Our business partners create processes that are decentralized and have a focus on building the capability, autonomy & accountability of the local leaders to manage health and safety through day to day functions.

We stay informed of our health and safety risk profile through the annually reviewed Operations Health & Safety Risk Register, our global performance scorecard and our online incident reporting and risk management system. An incident escalation process provides visibility of all incidents involving medical treatment or impacting one of the four key operational risks. The findings of these escalated incidents are reviewed by the President of Operations for shared learnings and resetting of best practice risk control measures.

Our online reporting system promotes preventative reporting with 73% of all incidents captured in 2020 being without injury. The number of incidents involving lost time has remained comparatively low relative to longer-term trends against a backdrop of expanding global operations indicating an effective risk management system. No fatalities have been recorded and our Operations Health & Safety Risk Register continually challenges the control measures implemented for all hazards with a catastrophic or major consequence, setting a target residual risk level of moderate or below: see Table 7.

Table 7: Injury rates

	2020	2019	2018
Fatalities	0	0	0
Lost time injuries	28	28	24
Lost time injury rate (Injuries per million employee hours)	2.66	2.84	2.22
Total recordable injury rate (per million employee hours)	5.88	6.39	4.44

Strategy for continuous improvement

There is still, and always will be, progress to be made. Our operations health and safety strategic plan sets out the major initiatives we will develop and implement over the next five years to drive the continuous improvement of our safety culture and workplace. We have identified four areas of strategic focus underpinned by a framework of goals, initiatives, indicators for success and guiding principles.

People

Every person in our global Operations team can help shape our safety culture. We aspire to build a culture where our people are encouraged to share their ideas and concerns about safety and challenge the way we work. We want to create a workplace where everyone feels free to stop what they are doing, or what others are doing, if they think that something is unsafe. We want more conversations about wellbeing and keeping each other safe.

Continuous Improvement

We see safety as not merely the absence of negatives, it is one of systematically understanding, enabling and being focused on the positives that contribute to success. Our governance activities center on monitoring, verifying and holding ourselves accountable to these positives. Analyzing this collective data informs our decision making, measures our performance and generates insights that fuel innovation, business excellence and continuous improvement. We want to continuously ask: how can we do it better?

Prevention

Our 'Safety in Design' mentality places health and safety as a positive contributor to innovation, continuous improvement and business sustainability. We use the safety hierarchy of control - where the categories of elimination, substitution, isolation and engineering are favored over administrative and personal protective equipment - as a means to challenge the status quo, transform the way we work to not only treat the risk, but challenge the underlying vulnerability.

Systems

Safety is our responsibility, however that doesn't mean it needs to be a bureaucratic one. Our simple digital health and safety tools provide user centric process flows and visibility for day-to-day safety management. Through concentrating on impactful activities, we eliminate redundant processes and standardize our best practice.

Managing health and safety

Our local health and safety management systems are integrated with our certified quality and environmental management systems leveraging commonalities such as the learning management system, training, induction, document management, and integrating risk management activities for example emergency response, incident reporting, chemical, contractor and change management processes.

In 2020, our US based manufacturing and logistics locations were externally verified as compliant to the requirements set out by the Occupational Safety and Health Administration. The audit of our Chatsworth manufacturing facility received a pleasing result of 88% and our east & west coast distribution centers improved significantly by 35% over 3 years to 92%.

In our Sydney, Singapore & Malaysian manufacturing locations external verification of effectively managing health and safety was sort against the new international ISO45001 Health and Safety Management Systems standard. Singapore and Malaysia are satellites to the Sydney management system (with local customization as required) the results therefore can be viewed and addressed concurrently. In summary, the gap analysis of Sydney found a system operating very effectively with the level of safety risk controls found to be a very high standard. The identified gaps are primarily structural and the result of a system not yet having migrated to the new 2018 standard.

Wellbeing

For over 30 years, ResMed has been committed to improving the quality of life and this naturally translates beyond our customers to include our people and their families. We recognize the benefits of a healthy workforce and adopt a holistic approach to the wellness of our people. We start with helping our people get a quality night's sleep to awaken and be their best through facilitating access to the very same products, services and technology that benefit our customers. The programs vary around the world to suit the diagnostic and treatment pathways, but in essence aim to provide free equipment to our people and varying degrees of financial relief to immediate family members, close relatives and friends.

Our internal Living Life Well wellness brand in the US includes all stages of health and wellbeing as equally important parts of a whole that we want to support and promote. The brand is designed using pictures of our people spending time with family and friends, engaging in sporting events, playing instruments, exploring the world, eating healthy and enjoying nature to highlight what Living Life Well means to them. To that end, we aim to be inclusive of not only different stages of wellbeing but also different approaches focused on the physical, emotional, financial and social aspects of wellbeing. We complement our offerings with a comprehensive communication approach (utilizing townhalls, lunch and learns, webinars, videos, emails, Yammer, websites, apps, AI, LCD screens, newsletters, posters and mail campaigns) to reach our diverse workforce. We also partner with a medical insurer to offer customized and targeted programs designed to promote awareness, health and remove barriers. With a concierge level support team, our people have access to:

- Enhanced coverage of sleep diagnostics and treatment
- Healthy Pregnancy, Health Baby incentive program
- Free preventive prescriptions for asthma, diabetes, high blood pressure, heart disease and osteoporosis

- Omada, a digital health program, that provides personal support for those at risk for type- 2 diabetes
- Chronic Condition coaching to help those with serious health conditions
- Lifestyle Management coaching programs focused on stress and nutrition

Earlier this year, ResMed partnered with Lifeworks by Morneau Shepell to launch a comprehensive, company-funded global Employee Assistance Program (EAP) offering free local, expert mental health support for our people and their immediate families through one-on-one support, seminars, online courses, crisis intervention services and workplace emergency response. The program is to emphasize our focus on the importance of mental health and help remove the stigma too often associated with acknowledging and asking for the help we need; the need for the program is particularly heightened currently with the COVID-19 pandemic impact.

Additionally, in our Asia Pacific region, we have a coaching program: Uprise to help monitor, build and practice the skills in maintaining good mental health for voluntary participants. In Australia and New Zealand, we also have access to Best Doctors for specialist medical advice and their dedicated Mental Health Navigator is available to guide those through the diagnostic and treatment pathways where a mental illness is indicated.

In our largest employee campuses, i.e., Sydney and San Diego, we provide corporate fitness centers with instructor-led classes and cafeterias that offer fresh and healthy meal options. The San Diego site was recently remodeled to create open collaboration areas that include state of the art technology and more relaxed areas for coffee, ping pong, gaming spaces as well as an outdoor amphitheater, walking trails and meeting areas wired to support virtual meetings. The remodel also included additional mothers' rooms to create secure and comfortable spaces.

We have a variety of tailored programs to address the wellbeing needs of our diverse workforce in many locations, such as:

- Free Flu vaccinations
- Health expo events that raise awareness and help people 'know my numbers' such as blood pressure, cholesterol, glucose and heart health
- Subsidized or free quit-smoking programs and smoke-free campuses
- Lunch and learns with doctors and health experts
- Meditation classes
- Gym discounts or reimbursement
- Executive health assessments
- Financial wellness tools and education and retirement essentials
- On-site physiotherapy
- Tuition reimbursement
- Corporate entry to sporting, theater and community events
- Support for health awareness raising initiatives such as RUOK? Daffodil Day, Wear Red for Heart Health, Movember and many more

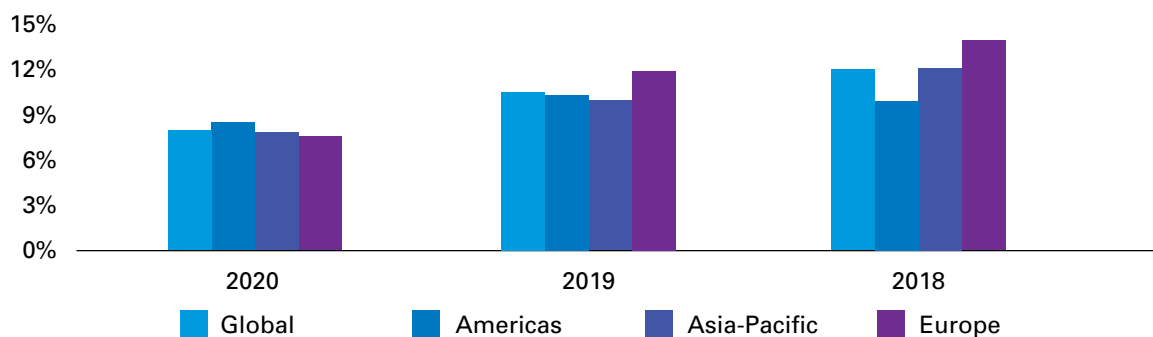
With the COVID-19 pandemic, we have pivoted many offerings to virtual formats, expanding our reach across time zones and countries allowing us to offer live and recorded sessions, ranging from instructor-led cardio classes, to sound therapy and ergonomics to reinforce the importance of making time for wellness and increasing collaboration as people make different connections through wellness.

We also recognize the importance connecting to the community plays in fostering well-being. We have many passionate team members who support a variety of organizations and causes such as American Heart Association, Breast Cancer awareness, ALS, Pedal the Cause, Salvation Army Giving Tree, food banks and many local efforts to support first responders, healthcare workers and those impacted by disasters.

Employee turnover

We experience a relatively low turnover of production and warehousing employees, with turnover of professional employees closer to comparison indices. Our overall voluntary turnover has been falling consistently from 2012 to 2020. Periodic organizational change in the form of acquisitions and business structural change may affect turnover rates.

Table 8: Staff voluntary turnover, % of total



From time to time we need to reorganize our business to ensure we remain competitive, and this may involve moving activities and roles from one place to another, or closing facilities. We always take a strategic workforce planning approach with any such reorganization or restructuring. We consider all possible alternate redeployment options prior to progressing any resizing or redundancies in our teams. We follow all regulatory requirements and manage the process with as much as sensitivity as we can for those impacted. We know how we treat our people through the process has a lasting impact on our people and culture: respect, integrity, fairness in process and implementation is absolutely pivotal for us. We do all we can to support and what is right by our people, both those leaving and remaining, whilst maintaining confidentiality. In many countries, we do offer outplacement services as part of the restructure process.

Human rights

In managing our supply chain, we issue to our suppliers ResMed's Supplier Manual that, among other issues, sets out the requirements and expectations we have for our suppliers (and in turn their suppliers). We evaluate the risk of human trafficking and slavery in our own supply chain, rather than using a third party to do so, and include policies in our Supplier Manual to address those risks. Our anti-slavery and anti-trafficking policies include specific requirements and warranties for:

- Prohibition of child labor based on the 1973 International Labor Organization's Minimum Age Convention;
- Compliance with applicable local occupational health and safety and labor laws (including slave, prisoner, or any other form of forced or involuntary labor); and
- A right for ResMed to request a higher standard of compliance where we believe that the local laws are not in line with our corporate values. The ResMed Supplier Manual includes an acknowledgment that the supplier must sign to indicate their responsibility for knowing and adhering to the standards of ResMed's Supplier Manual and ResMed's overall Supplier Management Process. Through this acknowledgment, our suppliers certify that the materials incorporated into ResMed's products comply with local laws regarding slavery and human trafficking. Failure to comply with any part of the manual or the process can result in the removal of the supplier from ResMed's Approved Supplier List and termination of our relationship with them.



OUR PRODUCTS

Our core mission is to improve people's health and wellbeing by providing innovative and high-quality products and services for sleep apnea, COPD, asthma, and other chronic conditions, as well as to help streamline the process of aiding and managing consumers of out-of-hospital care services such as skilled nursing, life plan care, or home health and hospice services. This focus on product quality and innovation is reflected not only in the high regard our customers have for our products and services but in our vigilance in meeting our safety and marketing obligations.



Quality, innovation, and continuous improvement

Our people work to high operational standards. Our commitment to quality, innovation, regulatory compliance, and continuous improvement is stressed in our [Global Quality Policy](#). Our key operational sites work to a comprehensive quality management system to meet this policy. Our product quality is best reflected in the awards we have received for product design. Please see Table 3 for these awards and highlights.



AirMini



AirSense 10 and AirFit F30i



AirMini and AirFit P10

Research and development

We have a strong track record of innovation in the sleep and respiratory care markets. Since introducing our first CPAP device in 1989, we have conducted an ongoing program of product advancement and development. Currently, our product development and clinical trial efforts are focused on not only improving our current product offerings and usability, but also expanding into new product applications.

We continually seek to identify new applications of our technology for significant unmet medical needs. Sleep apnea is associated with a number of symptoms beyond excessive daytime sleepiness and irritability. Studies have established a clinical association between untreated sleep apnea and systemic hypertension, diabetes, coronary artery disease, stroke, atrial fibrillation, congestive heart failure, and mortality.

**FIRST
CPAP
DEVICE
IN 1989**



**\$201.95 MILLION
INVESTED IN INNOVATION
IN 2020**

Colin Sullivan,
M.B.B.S., Ph.D, FRACP

Across the sleep and respiratory care platforms, we support clinical trials in many countries including the United States, Germany, Netherlands, France, Japan, the United Kingdom, Switzerland, China, Spain, Canada, Singapore and Australia to develop new clinical applications for our technology. We have also begun presenting and publishing research findings based on the industry-leading connectivity platform and data assets that are unique to us. We continue to support some of the largest sleep apnea studies in history by performing advanced statistical analyses on millions of clinical data points using real-world data.

We consult with physicians at major medical centers throughout the world to identify clinical and technological trends in the treatment of sleep apnea, COPD and the other conditions associated with these diseases. New product ideas are also identified by our marketing staff, direct sales force and network of distributors, customers, clinicians and patients.

For our products to remain leaders in very competitive markets, we invest appropriately in innovation, with approximately 17% of our employees devoted to research and development activities. In Fiscal Year 2020, we invested

\$201.95 million, or approximately 7% of our net revenues, in research and development.

Table 9: Expenditure on R&D, 2018–2020

	2020	2019	2018
R&D/revenues	7%	7%	7%
Revenues (\$m)	2,957	2,607	2,340
R&D investment (\$m)	202	181	155
Research and development staff	1,280	1,198	928

Product quality

The quality management system engages our employees and suppliers to ensure our expected product quality. ResMed has comprehensive systems and processes to ensure our products are designed to meet patient needs and performance requirements. We use engineering and other scientific principles to design and manufacture our products. We design manufacturing processes to consistently meet product quality attributes. We apply these principles from product conception through commercialization, and for the product's life.

We have established data sources and metrics in several quality sub-systems including product development, supplier performance, manufacturing process controls, equipment controls, field performance, complaint management, audits (internal, external, and supplier), and product risk assessment. We also monitor data trends and take appropriate action based on those trends.

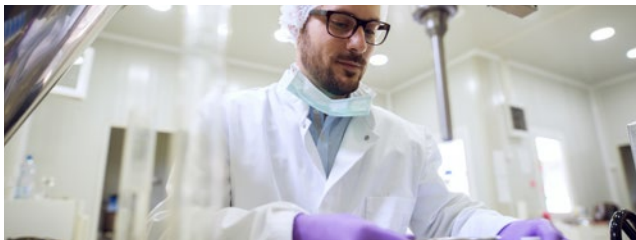
Quality at ResMed

Patient and employee safety are ResMed's top priorities. As such, we work to ensure every product works safely, effectively, and efficiently. Our product quality is underpinned by our quality management system, which takes into account the requirements of the International Organization for Standardization (ISO) 13485 standards for medical devices, the European medical legislative requirements (Directive 93/42/EEC and Regulation 2017/745), the US FDA Quality System Regulations for medical devices (21 CFR part 820), the Japan MHLW Ministerial Ordinance No.169, and other regulations in our target markets. ResMed's quality management system provides an integrated quality plan covering quality practices, resources, and activities. The main systems include organization management; environment management; change control and document management; and improvement management, including CAPA, risk management, and post-market surveillance. The quality management system is certified by an independent notified body.

All of our employees complete training in relevant quality management system areas. We also train employees in good manufacturing practice, which guides everyday behaviors in a medical device manufacturing operation, such as personal hygiene, protective clothing, and documentation standards. We implement a comprehensive internal audit program across the entire business – with over 50 internal audits a year – to ensure compliance with the quality management system and to help identify improvement opportunities.

Quality with suppliers

ResMed draws over 2,000 individual components or materials from over 200 approved suppliers in our current product range. We have a comprehensive supplier approval process, with assessment tools that include on-site audits according to the assessed risk of the component or service. We establish standards for supplier communication, responsibilities, quality systems, traceability, and environmental aspects. We require suppliers to have ISO 9001 or an equivalent quality management system, to be certified by an acceptable third party, and to adhere to the applicable Jedec, IPC, ANSI, J-STD, and SAE standards for electronic components. In some cases, we may approve a supplier that is not ISO 9001 certified, based on our audit of their quality system, with agreed and documented controls.



WE REQUIRE SUPPLIERS TO HAVE ISO 9001 OR AN EQUIVALENT QUALITY MANAGEMENT SYSTEM.

We conduct ongoing supplier audits based on our initial assessment of a supplier, their subsequent performance, and the nature of the supplied goods. Audit frequency can range from 6 to 48 months. On average, our supplier audit team audits 60–70 suppliers a year. Most supplied components are also inspected before use for compliance against detailed specifications. Corrective actions are specified for any quality defects, escalating through to termination of contract for failure to address defects.

Supplier networks

We draw from an international supply chain that provides the best quality components and supplies available for an appropriate price. All else being equal, our manufacturing operations seek suppliers from their local economies, however, the suitability and quality of our supplies is paramount. To achieve that quality, we seek and value long-term stable relationships with our suppliers. We inform suppliers of our relevant business plans so that they can align their plans. In particular, we encourage suppliers to develop partnerships, networks, and relationships that can support ResMed's global manufacturing network.

Warranties

We generally offer either one-year or two-year limited warranties on our devices. In some regions and for certain customers, we also offer extended warranties on our devices for one to three years in addition to our limited warranty. Warranties on mask systems are for 90 days. Our distributors either repair our products with parts supplied by us or arrange shipment of products to our facilities for repair or replacement.

We receive returns of our products from the field for various reasons. We believe the level of returns experienced to date is consistent with levels typically experienced by manufacturers of similar devices. We provide for warranties and returns based on historical data.

Customer satisfaction

ResMed keeps comprehensive confidential data on customer attitudes to our product quality and customer service.

ResMed generally sells products through medical and health product resellers in most markets, rather than direct to users. But in some markets (most notably Germany and Australia) we sell directly to end users. In wholesale markets, health, marketing, and privacy regulations limit the extent to which we can engage directly with users. Accordingly, much of our data on product quality and customer service is derived from wholesale customer surveys, rather than surveys of those using our products. We believe the views of our customers, who also deal with comparable healthcare products including those of our competitors, are reliable, and in some aspects a more accurate and less anecdotal reflection of overall performance than those of individual users.

Product safety

We take our product safety obligations seriously and rely on our quality management system to meet or exceed regulatory standards in all our markets. We apply risk management principles from product design through commercialization. We continually monitor the field performance and safety of released devices, and work with regulators to ensure safety and effectiveness for the product's life.

Market and labeling

Product marketing and labeling requirements are set by medical device regulators in all countries in which our products are sold (for example, by the Therapeutic Goods Administration in Australia, and the Food and Drug Administration in the US). Products cannot be marketed until an assessment verifies that these requirements are met. All marketing material must correspond with approved labeling. Our quality management system incorporates elements to ensure compliance with labeling requirements, including translations. Our internal quality audit processes are designed to capture any flaws in product marketing, user guides, and clinical guides, including translations.

We have not received any material non-compliance notices since 2017. Our internal audit has identified and corrected several minor issues, and we have also received some notices of minor non-conformance from regulatory authorities.

Biocompatibility testing

ResMed as a medical device company, distributing products into global markets, is required to comply with regulatory requirements intended to ensure materials in our products are biologically safe or biocompatible.

Biological evaluation is commissioned to be performed to confirm the biocompatibility of materials that go into our products as per the international standard, ISO 10993-1:2018, "Biological evaluation of medical devices."

The FDA and other regulatory agencies still require safety data based on animal studies. If an animal study is not avoidable, ResMed employs the 3Rs approach (Replacement, Reduction, and Refinement) to animal study whenever possible, and takes all practicable steps to ensure that we meet the required standard of animal care and welfare specified by ISO 10993-2:2006, "Animal welfare requirements." These considerations are also reflected in our internal work instructions during biocompatibility evaluation.

Military products and uses

Other than where our products are used by military personnel, neither ResMed nor its subsidiaries produce or contribute to any products or services designed or used for military purposes. We have no intention or aspiration to produce or sell arms or any equipment designed solely for military use.



COMMUNITY

Our community contributions reflect our mission to improve millions of lives worldwide through the treatment of chronic diseases like sleep apnea, COPD, and asthma, plus improved management of consumers benefiting from out-of-hospital care. We target research in those areas and also help our employees support their communities in the form of volunteer hours and matching charity donations where appropriate. We further respect our communities by being vigilant in meeting our product quality, safety, and marketing obligations, as well as with customer data privacy.

Contributions to health

Our core business is improving people's health and wellbeing by treating their sleep apnea, COPD, asthma, or other chronic conditions. Accordingly, most of our community engagement is on health-related matters, and we continue to raise awareness through market and clinical initiatives of the increasing link between the potential effects sleep apnea, COPD, asthma, and other respiratory conditions can have on one another as well as on other chronic conditions such as cardiovascular diseases, stroke, high blood pressure, obesity, and diabetes:

CARDIOVASCULAR DISEASE
TYPE 2 DIABETES
COPD
TRANSPORT SAFETY
PERI-OPERATIVE RISK



- Cardiovascular disease.** Clinical research has demonstrated a high prevalence of sleep apnea in cardiology patients and has suggested that it may increase the risk of developing cardiovascular disease and heart failure. The European Society of Cardiology, the American College of Cardiology, and American Heart Association acknowledge the high prevalence of sleep apnea in heart failure cases and have recommended treatment with various modes of positive airway pressure or PAP therapy to treat patients' sleep apnea. Further studies have highlighted this importance, showing the worsening of long-term outcomes in patients with heart failure and sleep apnea, and that treating sleep apnea may improve these outcomes.¹
- Type 2 diabetes.** The International Diabetes Federation strongly recommends health professionals treating a patient for either type 2 diabetes or sleep apnea should also consider the presence of the other condition.² The American Association of Clinical Endocrinologists' guidelines for a comprehensive diabetes care plan recommend sleep apnea screening for adults.³ Other research reported treating patients with both type 2 diabetes and obstructive sleep apnea with CPAP leads to significantly lower blood pressure and better-controlled diabetes while affording a cost-effective use of healthcare resources.⁴
- Chronic obstructive pulmonary disease (COPD).** Published research has shown the use of non-invasive positive pressure ventilation can significantly improve the survival of stable hypercapnic COPD patients while also improving health-related quality of life.⁵ There is also a hospital readmission burden following an acute exacerbation of COPD and the use of non-invasive positive pressure ventilation has been shown to significantly reduce this as well.⁶
- Transport safety.** One of the largest measurable emerging contributions to community health that we are making is in the link between sleep apnea and occupational safety, in particular transport safety. In a ResMed-sponsored study of 22,000 members of the Union Pacific Railroad health plan published in Population Health Management, findings suggest that a low-cost, patient-focused sleep apnea education campaign can improve healthcare outcomes and reduce medical expenses. After the campaign was initiated, the healthcare plan realized cost savings of US\$4.9 million over two years.⁷

- **Peri-operative risk.** Over 80% of those with sleep apnea remain undiagnosed.⁸ The incidence of postoperative complications of surgery in undiagnosed obstructive sleep apnea patients is significant, making screening before surgery for high-risk patients necessary.⁹ Meta-analysis of the association between obstructive sleep apnea and postoperative outcomes showed the incidence of respiratory failure, cardiac events, and intensive care unit transfers was higher in patients with obstructive sleep apnea.¹⁰

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- 1 Damy T et al. Prognostic impact of sleep-disordered breathing and its treatment with nocturnal ventilation for chronic heart failure. *Eur J Heart Fail.* 2012 Sep; 14(9):1009-19.
 - 2 Shaw JE et al. Sleep-disordered breathing and type 2 diabetes: a report from the International Diabetes Federation Taskforce on Epidemiology and Prevention. *Diabetes Res Clin Pract.* 2008 Jul;81(1):2-12.
 - 3 Handelsman Y et al. American Association of Clinical Endocrinologists Medical Guidelines for clinical practice for developing a diabetes mellitus comprehensive care plan: executive summary. *Endocr Pract.* 2011 Mar-Apr;17(2):287-302.
 - 4 Guest JF et al. Clinical Outcomes and Cost-Effectiveness of Continuous Positive Airway Pressure to Manage Obstructive Sleep Apnea in Patients With Type 2 Diabetes in the U.K. *Diabetes Care.* 2014 Apr;37(5):1263-71.
 - 5 Köhnlein T et al. Non-invasive positive pressure ventilation for the treatment of severe stable chronic obstructive pulmonary disease: a prospective, multicentre, randomized, controlled clinical trial. *Lancet Respir Med.* 2014 Sep;2(9):698-705.
 - 6 Galli J et al. Home non-invasive ventilation use following acute hypercapnic respiratory failure in COPD. *Respir Med.* 2014 May;108(5):722-8.
 - 7 Potts KJ et al. Cost savings associated with an education campaign on the diagnosis and management of sleep-disordered breathing: a retrospective, claims-based US study. *Popul Health Manag.* 2013 Feb;16(1):7-13.
 - 8 Young T et al. Estimation of the Clinically Diagnosed Proportion of Sleep Apnea Syndrome in Middle-Aged Men and Women. *Sleep* 1997 Sep;20(9):705-6.
 - 9 Kaw R et al. Meta-analysis of the association between obstructive sleep apnoea and postoperative outcome. *Br J Anaesth.* 2012 Dec;109(6):897-906.
 - 10 Iftikhar IH et al. Meta-analysis: continuous positive airway pressure improves insulin resistance in patients with sleep apnea without diabetes. *Ann Am Thorac Soc.* 2013 Apr;10(2):115-20.

We expect studies underway or planned for the future to provide further evidence that treating sleep apnea and other respiratory insufficiencies can improve mortality and morbidity, quality of life, and also healthcare cost utilization in relation to these patients. In some of these studies, we also work directly with payers and clinically integrated delivery networks to understand how their costs and outcomes may be impacted by patients with undiagnosed or untreated sleep apnea within their population.

Other community contributions

Our contributions to our local communities are made in both monetary contributions and the time and effort of our employees. ResMed gives every employee two days of paid time off to volunteer for the personal cause of their choice. While we encourage ResMedians to volunteer, how they choose to donate their time is at their discretion and does not reflect the values of the company.



As a company, we engage with a large number of community organizations, as do our staff as individuals, particularly with local educational and scientific organizations. We committed significant time and donated over US \$1m to over 150 community organizations and academic institutions in recent years: see Table 10.

\$1 MILLION+ DONATED TO OVER 150 COMMUNITY ORGANIZATIONS AND ACADEMIC INSTITUTIONS



Our community focus is on major national-level relief efforts, on organizations near our principal places of business, and on organizations that are involved in the research or treatment of one of the links between sleep apnea and one or more comorbid links such as cardiovascular disease, type 2 diabetes, perioperative risk, or occupational health and safety, as well as ventilator support to COPD and other chronic diseases.

Table 10: Global community contributions, in USD per fiscal year

	2020	2019	2018
Corporate Giving	\$1,011,690	\$1,420,441	\$676,196
Foundation Funding	\$800,000	\$600,000	\$750,000
Total	\$1,811,690	\$2,020,441	\$1,426,196

Industry and advocacy involvement

ResMed has been a consistent supporter of local scientific and industry organizations to help promote the social and economic benefits of sound science and entrepreneurial enterprise. We contributed more than \$100,000 during fiscal years 2018 through 2020 to each of the following organizations:

- AdvaMed (US)
- Council for Quality Respiratory Care (US)
- Syndicat National De L'Industrie des technologies Médicales (National Union of the Medical Technology Industry) (France)
- la Société Française de Recherche sur le Sommeil (French Society for Research and Medicine in Sleep)

Table 11: Industry associations contributions, in USD*

	2020	2019	2018
Contributions	\$2,243,741	\$2,394,503	\$1,791,273

*Previously reported balances have been revised by a change in data methodology. A consistent method has been used for the years reported above.

Government contributions

Our total tax paid is summarized in Table 1. We note the cost of medical care, including the use of our products in many of the countries in which we operate, is funded in substantial part by government and private insurance programs.

Customer data protection

ResMed has implemented a range of technical and organizational measures to provide assurance that customers' data will be protected and processed legally and ethically. ResMed processes sensitive personal health data for residents of over 140 countries. Regulations governing our protection of customer data (including sensitive data) include but are not limited to the US Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH), the European General Data Protection Regulation (GDPR), the Japanese Act on the Protection of Personal Information (APPI), and the Australian Privacy Act. These jurisdictions cover the majority of personal data processed by ResMed, but data protection regulations from other jurisdictions are also monitored and included where appropriate.

ResMed continues to make material investments in the people, processes, and technology controls for its Information Security and Privacy team functions. The design and effectiveness of these controls for systems hosting material amounts of sensitive personal health data include validation via a Service Organization Control (SOC-2) report, a Japanese P-Mark certificate, the French Hébergeurs de Données de Santé (HDS) or Health Data Hosting certificate, and the United Kingdom National Health Service Data Security and Protection Toolkit (DSPT) online self-assessment (with governmental spot audits).

The protection and processing of customers' data is overseen by a chief information security officer reporting to the chief executive officer and a chief privacy officer reporting to the chief administrative officer and global general counsel. Formal obligations are set by our employee and contractor contracts, our Code of Business Conduct and Ethics, our IT Information Security Policy, and other internal policies and training. Employees likely to handle consumer data undergo data protection training. Our Privacy notices are published online. Versions applicable to the United States of America can be viewed [here](#). Versions for other countries can be found [here](#).

Anti-trust behavior

No government enforcement action has been taken against ResMed for any alleged violation of any antitrust or competition regulation in this reporting period.

In the United States, our largest geographic market, the primary competitors for sale of products used to treat sleep apnea are: Philips BV, who acquired previous competitor Respironics Inc., and Fisher & Paykel Healthcare Corporation Limited. These firms are also our principal international competitors for the sale of flow generators and masks for the treatment of sleep apnea. The markets for our products are highly competitive. Our sleep products compete with surgical procedures, dental appliances, and other means to treat sleep apnea and related respiratory conditions.

ResMed also sells ventilators, portable oxygen concentrators, high-flow cannulas and other respiratory accessories, and software-as-a-service solutions – all in smaller quantities than our sales of sleep apnea breathing products. Those products also face competition from other companies.



ENVIRONMENT

There has been a noticeable increase in inquiries from customers on the source, content, and environmental performance of our products. This is in addition to the increasing appearance of sustainability credentials in requests for tenders, particularly from the hospital sector. Each inquiry raises internal consideration of our existing manufacturing and supply chain processes, and the extent to which we weigh environmental factors against operational and financial factors in our decision making.

We insist on and achieve strong compliance with environmental regulations, with no material breaches, and have seen improvements in material efficiency and recycling in both production and administrative areas. We are extending our adoption of ISO 14001 standards, which reflect the need to conserve scarce resources and protect our natural ecologies. We have invested in environmental stewardship at our sites, and are committed to extending that stewardship to our product design and packaging.

At this stage, we are comfortable that our quality management system, with our pursuit of lean manufacturing and continuous improvement, is delivering environmental improvements in a way that is both effective and integrated with our core business.

Policies and systems

Responsibility for environmental management resides at the site level. We have a comprehensive environmental management system with ISO 14001 certification at our primary manufacturing site in Sydney. Other sites rely on our quality management, pollution control, and waste management systems to ensure compliance with relevant environmental regulations.

Sydney manufacturing site

Our environmental management system at our Sydney manufacturing site is closely aligned with our quality assurance and health and safety systems, with the continual expectation of improved performance in all three dimensions. Although we have internal advisory roles on each dimension, line managers are accountable for their areas of operational responsibility. Our environmental and communications teams work together to support the behaviors and culture needed to sustain continuous improvement in environmental performance.



The environmental management system at Sydney was established in accordance with ISO 14001 certification to systematically improve our environmental-related costs, and to ensure compliance with applicable local and international environmental legislation affecting our operations.

The environmental management system at Sydney was established in accordance with ISO 14001 certification to systematically improve our environmental-related costs, and to ensure compliance with applicable local and international environmental legislation affecting our operations. Its scope considers impacts on the environment throughout the lifecycle of our products and services. That environmental policy and ISO 14001 certification are publicly available on request.

Regulatory compliance is set by national, state, and local law, ISO 14001, occupational health and safety, and other regulations that relate to our environmental practice and the conditions of consent to the development of our premises.

Environmental risks are identified by analyzing our products' lifecycles, and by anticipating the views of internal and external parties who may be concerned or impacted by our environmental performance. Significant impacts and risks require environmental management plans and are reviewed annually, with accountabilities and measurable targets. Where there are operational controls for these risks, personnel must have measurable competency and relevant training.

Environmental performance is considered in the selection process for suppliers, with preference shown to suppliers with good environmental performance, such as recognizing compliance with ISO 14001 through the supplier rating program.

Other sites

In our Singapore and Malaysia production facilities, the production processes replicate those developed in our Sydney facility for similar manufactured products. Our distribution, commercial, and other production facilities do not currently work to a comprehensive environmental management system and have not to date pursued ISO 14001 accreditation. Instead, they rely on our quality assurance systems and work with our waste management providers to ensure compliance with relevant environmental and supplier regulations.

Review

Our senior management team reviews our environmental performance annually, including audit and compliance results, non-conformance and corrective actions, communications and complaints, and available metrics on environmental performance. At sites with an environmental management system, our environmental team conducts a rolling internal audit for compliance with ISO 14001 and other controlled impacts on the environment, so that we review all elements of the system at least once every two years.

The environmental performance of our Sydney manufacturing, research, and administration site is externally audited every year by TÜV SÜD to confirm its ISO 14001 certification. The last audit was a remote surveillance audit completed in two phase –Remote EMS documents in May 2020 and Remote site tour in August 2020. Our Sydney site also conducts an internal audit at least once every two years.

We do not use third-party “eco-labeling” certification labels for our products, nor produce, publish or verify lifecycle assessment data.

Compliance and incidents

We have received no regulatory notices on material environmental issues in the three financial years 2018–2020. In addition, we are not aware of regulatory notices or complaints raised about environmental matters against any of our suppliers in respect of any of the products or services provided to us.

Production and efficiencies

Led by our primary manufacturing sites, our operational culture focuses on efficiency and effectiveness, using Six Sigma and other lean manufacturing approaches as part of our quality and continuous improvement management systems. In Sydney, 10 forms of waste are identified – defects, overproduction, waiting, transport, inventory, motion, underutilized talents, materials, energy, and safety risks. Awareness and action on all these dimensions have paid dividends in materials, energy, and water use. We encourage all employees to suggest efficiency ideas, and we systematically pursue them, recognizing staff who generate successfully implemented ideas with awards.

We present trend data on energy, water, materials, and waste data for 2019-2020 only for the locations for which we have it. While our figures represent our best understanding of energy and material flows for the most recent year, these figures may be revised as our data capture systems are improved and standardized internationally.

Sources and use of energy

All sites draw on a mix of natural gas and grid electricity. Our San Diego headquarters and Sydney site have installed solar photovoltaic systems, bringing a total production of 200 MWh each year.



TOTAL ENERGY CONSUMPTION
(ELECTRICITY AND NATURAL GAS)
AND OUR GREENHOUSE GAS (GHG)
EMISSIONS HAVE FALLEN BY 1.4%
AND 13.8%, RESPECTIVELY.

Apart from this new solar system, the uses of the other energy at our Sydney site are representative of uses at our other global sites. Gas is consumed chiefly by our heating, ventilating, and air conditioning systems' boilers for space heating and humidity control in manufacturing areas, as well as for domestic hot water and kitchen use. Its use primarily reflects variable climatic conditions, as well as building design and use. The primary electricity uses in research, professional and administrative services are heating, ventilation, and air conditioning (HVAC) chillers; vertical transport, research, and development lab equipment (e.g. environmental chambers, ovens, lathes, mills); and lighting, catering, and office equipment. These uses respond more to behavioral change.

Group energy use

We consumed 153,668 GJ in 2020 of energy globally, representing an energy intensity of 52.0: see Table 12. These figures represent the gas and electricity consumed at our premises globally and does not include energy used in our supply chain and transportation or their corresponding greenhouse gas emissions.

Table 12: Global trend energy data

	Electricity Consumption (MWh)	Natural Gas Consumption (GJ)	Total Energy Consumption (GJ)	Energy Intensity (GJ/\$M Rev)
2020	37,632	18,193	153,668	52.0
2019	31,005	16,487	128,136	49.2
2018	31,227	15,231	127,676	54.6

After three years of steady decrease since Fiscal Year 2017, our global electricity consumption has increased to 37,632 MWh in 2020 which is an outcome of various factors, primarily by expansion of business activities and facilities. Over the year we have recorded positive progress of our energy conservation measures. At our primary manufacturing site in Sydney, the base-load energy consumption (excluding production) is improving through equipment upgrades and changed controls of the HVAC system. Recent energy-efficient lamp retrofits, lighting control enhancements, and rescheduling at Sydney and other sites also contributed to the improvement. There are driving factors behind this increase: during Fiscal Year 2020, the movement of our warehouse in Moreno Valley, USA, the remodeling of landscape in San Diego site and new production lines in Malaysia site have contributed to an increase of electricity consumption, offsetting the overall energy efficiency improvement and control enhancement implemented during Fiscal Year 2020.

Since 2016, we have made adjustments to the dehumidification control at our primary manufacturing site in Sydney – a process that comprises the majority of natural gas usage, increased the use of economic cycle, and installed Variable Speed Drives (VSD) to enable the use of a more efficient plant control strategy. Since consuming 19,055 GJ of natural gas during Fiscal Year 2016, the company has seen a steady decline in gas consumption through Fiscal Year 2020.

During COVID-19, there has been some increased usage of our air conditioning systems, mainly for production requirements due to additional afternoon and night shifts in some areas and 24/7 requirements for some ventilator product testing. Additional exhaust requirements for new equipment supporting the manufacture of new mask product designs have also placed considerable additional load on the air conditioning in this 24/7 area, which includes dehumidification. These contributing factors as well as natural variations in seasons across the years, have led to modest increases.

Manufacturing energy

Our significant manufacturing operations are located in Sydney, Singapore, Malaysia, and Chatsworth, California, USA. We use an index of energy intensity that measures the energy used for our production output. The index was set at 100 for Fiscal Year 2010 and fell by 42.3% to 57.7 during Fiscal Year 2020: see Table 13. Our energy efficiency has improved through changes to production equipment, manufacturing process and production lines. This involves adding new lean process equipment such as robot demoulders and conveying systems. Although new process equipment consumes greater energy, it delivers higher productivity and better energy intensity. Improvements to the building plants and upgrades of the lighting system also contribute to enhancing the baseload energy use and intensity of the manufacturing site.

Table 13: Global production energy use and intensity

	2020	2019	2018
Production energy (GJ)	77,259	72,636	71,171
Intensity index	62.5	72.1	73.3

Non-manufacturing electricity

Energy data is separated between office and production uses at our primary manufacturing and research and development (R&D) site in Sydney. Over the three years between Fiscal Year 2018 and 2020, electricity consumed for office and R&D purposes has significantly decreased by 9.3%. Although the number of employees in these areas increased, electricity use per person fell by 13.0%: see Table 14. The efficiency improvement reflects the positive results of lighting upgrades and control enhancement implemented during 2018 and 2019. The Administration building on site (Innovation Centre) has installed an 85.8 kW Solar System that commissioned in Fiscal Year 19 to reduce the impact on the environment while hedging the risks associated with the fluctuating electricity market prices.

Our other sites also have implemented a number of energy efficiency initiatives. Malaysia, Switzerland, and Lyon have upgraded their lighting systems to LED lamps and tubes. In Malaysia site alone, the effort helps to reduce proximately 77 tons of greenhouse gas emission during a single calendar year. The new Atlanta site has installed motion sensors in the warehouse and energy-efficient lamps around the site perimeter. The San Diego site has adjusted lighting and air-conditioning schedules to better match conditions and needs: The interior of the building has been updated with 50% LED lighting; parking structure lighting has been converted to LED since Fiscal Year 2019. They have also leveraged its solar electricity with low-voltage lighting controlled by daylight and motion sensors, which are also being used in Abingdon and Chatsworth.

Table 14: Electricity use for research and administrative purposes, Sydney campus

	Office e-MWh	Δ	People	Office e-MWh/ person	Δ
2020	3,896	-5.7%	831	4.69	-7.5%
2019	4,131	-3.8%	815	5.1	-6.0%
2018	4,296	-8.9%	797	5.4	-12.2%
3 years		-9.3%			-13.0%

Greenhouse gas emission

Our global Scope 1 (gas-fired energy) and Scope 2 emissions have totaled 22,171 tons of CO₂ equivalents (T CO₂-e) in Fiscal Year 2020: see Table 15. After a three-year period of steady decrease since Fiscal Year 2017, the greenhouse gas (GHG) emission has increased by 15.5% for the first time in four fiscal years. The increase in GHG emission is contributed by higher grid-connected electricity usage and natural gas usage, emission can rise due changes in our production and business activities (aforementioned new production lines, movement of warehouse, remodeling of landscape et al.). However, ResMed's GHG emission is now down almost 1300 T CO₂-e from our peak in the Fiscal Year 2012. The overall company basis decline in emissions suggest the energy initiatives implementations on all ResMed sites have proved to have an importance effect on the trends. We strive to continue reducing our GHG emissions through more efficient site operations and use of renewable energy.

The total emissions are well below the thresholds that trigger emissions reporting or liabilities in countries in which we operate, including the US, Australia, and Europe. Accordingly, we do not currently calculate our non-gas Scope 1 or our Scope 3 emissions.

Table 15: Global greenhouse gas emissions, tons CO₂ equivalents, t CO₂-e

	Total Energy Consumption (GJ)	Total GHG Emissions (tCO ₂ -e)
2020	153,668	22,171
2019	128,136	19,193
2018	127,676	19,353

Water

Our office buildings account for most of ResMed total water use, the water used for manufacturing purposes is negligible. We draw water from the local mains supply and measure its use at all sites except Switzerland. In Fiscal Year 2020, global* water consumption is totaled in 83,924 kL with water intensity dropped to 28.4 kL/US\$million in global revenues: see Table 16.



Comparing to 2018, we reduced our global water consumption by
1010 kL in 2019

Despite an increasing number of employees, the water intensity (water consumption per capita) dropped by 0.6kL to reach 10.81 kL/person. ResMed's water intensity is now 49% lower than our peak in the year 2010. Our primary sites Sydney, Singapore and Chatsworth, California, USA spearheaded the decline in water consumption and water intensity. Their water consumption has fallen from the year 2019 by 14.07%, 13.3% and 21.94% respectively.

Our water conservation measures underpinned the decline in overall water intensity in Fiscal Year 2020. Other initiatives to reduce general water consumption are observed at many of our sites: For example, Sydney site has installed water-efficient taps with an aerator to reduce flow intensity, low-flow flush toilets and sensor faucets in restrooms; In Moreno Valley site, we have installed water friendly low flow urinal and water closet flush devices; Our Sydney site captured all rainwater from roofs, hard surfaces, and Bella Vista Farm Park with feeds to onsite ponds. Storm water pollution-control devices and bio-filters maintain the ponds' water quality so it can serve as a habitat for native flora and fauna, as well as an irrigation source for native flora around the campus.

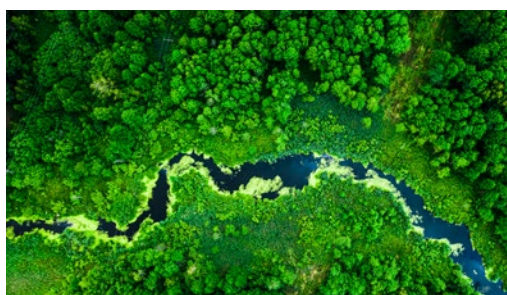
Table 16: Global and major sites' water consumption

		Consumption (kL)	Per Employee	Per \$M Global Rev
2020	Global*	83,924	10.81	28.4
2019		79,174	10.99	30.4
2018		80,184	13.59	34.3

*Excludes Switzerland

Paper

Our global office paper use totaled 6.64 million sheets (33 tons) in 2020. While the global number of employees has increased, the usage intensity per employee has decreased by 43.7% from 2018. There are common paper reduction initiatives at many sites to promote the use of double-sided and centralized printing, and by relying more on electronic means for internal communication. In the past, our Sydney operations had undertaken a campus-wide printer refresh with better energy efficiency printers and swipe-release function to minimize unnecessary printing. The implementation resulted in a noticeable reduction in paper utilization. This system also enables data monitoring, which reveals paper savings from unreleased jobs for 43,801 and 47,976 sheets during Fiscal Year 19 and Fiscal Year 20, respectively. The fiscal year 2020 consumption decline reflects Covid-19 work from home arrangements.



13.62% DECREASE
IN PAPER USAGE SINCE 2017
EVEN THOUGH THE NUMBER
OF GLOBAL EMPLOYEES HAS
CONTINUED TO GROW

Table 17: Paper use, global

		Sheets ('000)	Tons	Sheets per employee	Δ
2020	Global	6,640	33	851	-43.72%
2019		8,118	40	1,121	-13.62%
2018		8,982	44	1,512	-

Waste

Our global approach to waste is integrated with and influenced by our approach to quality, safety, and environmental management: We continually seek to improve efficiency and outcomes. All sites segregate recyclable waste for disposal. For 2020, we have measured the total waste sent to landfills and recycled in all but our UK site. In our measured sites, we have achieved a recycling rate of 66% in 2020: see Table 18. For 2019 and 2020, the landfill waste has decreased by 21.3% and 8.9% from the previous year.

Increasingly, waste manufacturing and office equipment materials are being diverted from landfills as their component elements, including rare earth metals, become more valuable. Packaging and pallets from our supply chain are the main waste contributors. Many sites, including Sydney and Munich, have implemented reusable cartons or pallets for our internal logistics. We also worked with suppliers to reduce or return packaging for reuse, where feasible. At our Chatsworth, California, USA site, we use evaporative heating to dispose of water-based coolant on a small scale. In Atlanta, USA site, we have implemented onsite shredder for recycling of scrapped devices commission since 2019.

In Sydney, more deliberate action on both administrative and production waste has been triggered by the formalization of our environmental program with ISO 14001 accreditation since 2010. Recycling has been improved with suitable bins plus strong signage and other communication to influence behavior. Any existing or new waste material is identified and considered for recycling by the production teams and by our recycling partners who carry appropriate licenses. There is an addition waste stream implemented in 2020 to recover some energy from dry waste rather than send it to landfills and achieved diversion rate of 6.25% of the total waste to landfills. Ongoing efforts to enhance product design can further reduce waste over its lifecycle from production, packaging to its end of life. Our recent achievements include 53% size reduction of our autobag for 15% of spare parts with smaller dimensions, resulting in 66% of less plastic packaging.

There are multiple sustainability projects underway to improve waste-to-landfill rates. For example, the Sydney site is investigating the introduction of an onsite shredder that would enable shredding for destruction but with additional pre-sorting capabilities that would enable some recycling of hard plastics, PCB boards, and other materials to occur post shredding. Finally, there are multiple environmental management system (EMS) and projects aimed at reducing general waste from increasing sustainability in the design and manufacture of our products.

The education on environmental improvements is also embedded within our continuous improvement culture where we enable a quick assessment to capture improvements made by employees and combine efforts for environmental targeted improvements.

Table 18: Waste from global operations, excluding the United Kingdom

		Landfill waste (T)	Δ	Recycling Waste (T)	Recycling Rate (%)
2019	Global ex-UK	1,248	-8.9%	2,460	66%
2019		1,370	-21.29%	2,065	60%
2018		1,741	218.56%	2,283	57%

Environmental stewardship

Land, water and biodiversity impacts

Our operations do not have a large impact on the immediate environment. All but our Sydney premises have been built or are leased in existing commercial locations. The major Sydney and San Diego premises feature drought-tolerant landscaping and plantings.

Sustainable design and packaging

Changing lives with every breath is part of our DNA. After thirty years we are still so consumed about solving for problems not only relevant today, but also tomorrow. Whether it's through our pioneering technology, or innovative product solutions; it's essential that sustainability is at the center of ResMed Design. It is a course we're incredibly passionate about as individuals, and we want to be transparent about our efforts to design for both our users and the environment.

OUR CURRENT FIVE FOCAL AREAS ARE:



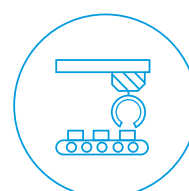
(1) PACKAGING

Consider packaging early in the design phase.



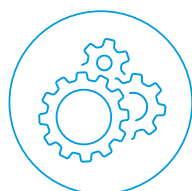
(2) SUBSTANCES

Avoid the use of hazardous substances.



(3) MATERIAL EFFICIENCY

Minimize use of material for part and packaging design.



(4) MANUFACTURING EFFICIENCY

Minimize the amount of waste, energy, and resources used to create parts for production.



(5) CIRCULARITY

Maximize use of and communicating recyclable or reusable materials on part and packaging. Design for end of life considerations.

One of our EMS objectives is to incorporate sustainability into the design of our products and packaging where possible. We acknowledge that designing in sustainability from the start and embedding it into the entire product development process is the most impactful approach, and as such over the past 12 months we have launched a product development strategic initiative to systemize sustainable product development across ResMed. The key deliverables for 2020 were sustainability targets, Design for Sustainability capability growth within the product development, and the development of a Life Cycle Analysis tool for all designers & engineers to use throughout the product development process. The outcomes of the activities are as follows:

• **Targets:** We have set targets across 3 horizons:

Horizon 1	<ul style="list-style-type: none"> • Divert packaging waste from landfill by 2023 • Reduce material mass in packaging and product • Reduce industrial waste, energy and water usage
Horizon 2	<ul style="list-style-type: none"> • Divert product waste from landfill by 2026 • Adopt low impact materials in both packaging & product by 2026
Horizon 3	<ul style="list-style-type: none"> • Products designed for circularity by 2030

- **Capability Growth:** The development of a Design for the Environment knowledge base & training series
- **Life Cycle Assessment:** We conducted a ISO14040:2006 (ISO 2006a) and ISO14044:2006 (ISO 2006b) compliant Life Cycle Assessment a released product with an independent consultant to better understand our current progress and to inform our priority of focus. We also started campaigning for sustainability opportunities across multiple functions, as we believe true sustainability is end-to-end and can only be achieved collectively. The intent is to drive greater consistency across multiple mask platforms to take the entire end-to-end lifecycle of a product into consideration, without compromising the performance and integrity of the product.

As a member of [Australian Packaging Covenant Organization \(APCO\)](#), we are always looking for ways to improve the sustainability of our packaging through better collaboration, improved design and the use of more environmentally friendly materials. Driven by our commitments to APCO, our progress on packaging can be found [here](#).

For thirty years we haven't left a stone unturned in improving the lives of those that use our products and solutions. However never before has the obligation of us all as designers & engineers been greater to not only imagine and deliver what the future holds, but also how we do so sustainably.

Our recent achievements include:

Re-sized to reduce 44% in material of PET autobag used for multiple products – resulting in a material reduction of approximately 14 TONNES EACH YEAR.

Reviewed acceptability criteria of parts to reduce reject rate (and wastage) due to minor cosmetic defects across multiple products. – RESULTING IN REDUCTION OF REJECT RATE BY UP TO 15%.

Hazardous materials

The European Directive on the Restriction of Hazardous Substances (RoHS) in electrical and electronic equipment has applied to medical devices since 2014. The RoHS directive restricts lead, mercury, hexavalent chromium, Polybrominated biphenyls (PBB), and Polybrominated diphenyl ethers (PBDE) to 0.1 % of product weight, and cadmium to 0.01 % of product weight. All ResMed electrical devices placed on the market after this date comply with the RoHS Directive.

Supply chain

We set out our expectations of supplier environmental performance in the ResMed Supplier Manual. We reward suppliers by our rating system if they operate to a certified environmental standard (e.g., ISO 14001). Our regular quality audit of supplier facilities includes observations on environmental performance.

Our expectations of suppliers include:

- Maintaining and disclosing up-to-date, traceable information for every individual (homogeneous) material, as required;
- Compliance with the Restriction of Hazardous Substances directive including 2015 amendment & compliance requirements for medical devices by 22nd July 2021;
- Supply pre-RoHS original or, where directed, alternative RoHS-compliant parts;
- Compliance with Health Canada requirements for disclosure of DEHP (found in flexible PVC) or BPA (found in polycarbonate); and
- Compliance with the European Union's 2006 Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) regulations for substances of very high concern.

Appendix 1 – References to GRI core metrics

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