

RESPONSE SCHEDULES

Response Schedule E – Tasmanian Industry Participation Plan

Tasmanian Industry Participation Plan (template/guide)

The Tasmanian Government is committed to maximising opportunities for local SME¹ businesses to compete for and win Government procurements. Suppliers/proponents are requested to prepare a Tasmanian Industry Participation Plan:

- For all procurements with a value exceeding \$5 million;
- For nominated procurements (at the discretion of the procuring Government entity) greater than \$2 million and up to \$5 million; and
- For private sector projects valued at over \$5 million that receive support, including in-kind support, valued at or greater than \$500 000 from the Government.

This Plan is your opportunity to demonstrate how your submission will positively impact on the local industry/economy. You do not need to answer all of the questions below and your submission may not necessarily be limited to these issues (which are provided as prompts). You will need to ensure you can verify the information you submit and where possible should provide actual numbers of staff (full-time equivalent)/values of goods and/or services.

For procurements, the Tasmanian Industry Participation Plan is an essential part of your submission and will be used by the procuring entity to evaluate your submission. In these circumstances, the Plan will contribute a minimum of 10% of the procurement evaluation. Suppliers that fail to submit a Plan will receive a zero score in relation to this criterion.

Procurement details

Procurement Reference No.	DHHS-5689S
Procurement title	Supply of Prostheses
Name of Responsible Agency/Entity	Department of Health and Health Services (Tasmania)

¹ Local SME are Australian and New Zealand businesses employing less than 200 people.

Supplier details

Name of supplier	Johnson & Johnson Medical Pty Ltd
Contact details for supplier	1-5 Khartoum Rd North Ryde NSW 2113

Local SME industry impact

What is the direct local impact of your business?

Examples: Are you a local SME (how many people do you employ, where is your business located, what is the ownership)? How many people do you employ in Tasmania? Would any new SME jobs be created by the proposed contract - how many?

Johnson & Johnson Medical (JJM) currently employs more than 790 people across Australia. The JJM Australian Head Office is located in North Ryde, Sydney. Our shared services include Human Resources, Finance, Supply Chain, Customer Service, IT, Quality Assurance, Regulatory Affairs, Medical Affairs & Professional Education. There are 154 people providing these shared service functions nationally across our JJM businesses.

JJM currently have five full time staff based in Tasmania and working with hospital staff across Tasmania, who will directly support this tender. There are two staff in the Ethicon team and three staff in the DePuy Synthes team. The Tasmanian team work collaboratively with product and clinical specialists based in Victoria to further support the needs of the Tasmanian hospitals.

If awarded on this tender, JJM will aim to maintain the current employee levels. If there is an increase in market share, JJM will consider evaluating the size of the shared service team.

JJM is a key supplier at many various Health Services, including Tasmanian Health, and has a strong history of continual improvement aligned with the supply of goods to the market. JJM have partnered with many hospital set-up projects such as the Royal Adelaide Hospital, Royal Children's in Victoria and Macquarie Hospital in New South Wales.

Our capability in the following areas provides us the ability to be able to make this commitment:

- JJM operates a dedicated customer service line in Tasmania to ensure that order processing, emergency deliveries and resolving customer queries can be dealt with promptly and efficiently.
- A robust supply chain infrastructure inclusive of global logistics and warehousing ensure JJM's ability to maintain continuity of supply throughout the term of this agreement.
- A dedicated team of inventory planners who are able to monitor and manage fluctuations in demand such as unforeseen peak demand due to spikes in activity or emergency work.
- Certified Quality Management System and Environmental Management System that can be relied upon.
- A well designed crisis management process and insurance coverage for Public liability and Product liability as well as Workers compensation in accordance with state legislation
- A committed team of sales and marketing professionals across Australia who are able to support the safe and efficacious clinical use of our products.

Goods and services to be utilised in the contract

Identify the goods and/or services you expect to purchase in order to complete the contract and provide the requested information in relation to same, where known.

JJM is committed to creating high-value jobs worth millions of \$ dollars to ensure that we are supporting healthcare in Tasmania and the broader Australian landscape. We invest in our people, ensuring that our front line Clinical Support Specialists and Product Specialists are extensively trained (Basic, Intermediate and Advanced specialist product & technical training) and these roles are integral to the business.

Here at JJM, we aim to ensure that we are supporting healthcare in Tasmania. We invest in our people, ensuring that our front line Clinical Support Specialists and Product Consultants are extensively trained (Basic, Intermediate and Advanced specialist product & technical training) and these roles are integral to the business. Growth in market share in JJM will support growth in employment opportunities for these positions in Tasmania.

Growth in market share in JJM will in turn support growth in employment opportunities for positions in the Tasmanian branch.

The below is an indication of the JJM services and activities in Australia which may be subject to change. If awarded on this contract and as a result there is a significant increase in market share, JJM would of course consider evaluating our total investment including relevant resources in Tasmania. Please do not hesitate to contact us if you would like to discuss any of the information.

Identified goods or services	Total estimated value	Name of supplier anticipated to be used (if already determined through existing supply chain arrangements)	Location of supplier (where already determined through existing supply chain arrangements)	If supplier not yet determined, is there a local SME market for same? (Yes/No)
Facilities cost - 3 sites	\$550,000 p.a.	100%	St Peters	No
Office supplies including printers, stationery	\$300,000 p.a.	100%	Officeworks	No
Logistics	>\$600,000 p.a.	100%	Toll	No
Office and warehouse rental -3 sites	\$250,000	100%	St Peters	No
Office and stationary supplies	\$45,000	100%	Officeworks	No

Opportunity for local SME involvement

Will you source components of your offer from other local SME companies/sub-contractors or is there new work to be undertaken locally as a result of you fulfilling the contract or workers travelling to the local area to undertake the work? How much?

JJM is proud of the strong, collaborative relationships we have built with our suppliers, many of whom have been working with us for years. We rely on our suppliers to provide the materials, goods and services that the Johnson & Johnson Family of Companies needs to manufacture products, service our customers, and supply our offices and other facilities around Australia and New Zealand.

JJM follows a procurement approach that is based on Our Credo: to obtain the high quality products and services at a cost that represents the best possible value, while maintaining high ethical standards, and taking our social and environmental responsibilities seriously.

Many of our suppliers may not be entirely in Australia and many reside overseas and are U.S.-based.

Ensuring that we provide the best value offering to our customers in terms of the quality of our products, JJM may source some products from within Australia from companies that are either based in Australia and/ or have manufacturing plants in Australia. Our Procurement processes provide a foundation to guide our procurement professionals in their purchasing decisions and give them a framework to provide guidance to influence our suppliers.

Through our framework, we have disseminated guidelines to evaluate our performance factors when contracting with suppliers, seeking to partner with those who are aligned to JJM's commitment to our customers.

JJM suppliers are expected to manage their activities systematically in order to maintain business continuity, meet the standards as set out in our guiding principles to improve their operations continually. We believe when these guiding principles are followed, businesses and communities realise economic, social and environmental benefits. We developed Standards to assist us with selecting suppliers who operate in a manner consistent with these guiding principles and to assist our suppliers with understanding our expectations.

Suppliers are expected to understand expectations of Johnson & Johnson companies and manage to them. In addition to these Standards being part of purchasing contracts, JJM may take steps to assess a supplier's conformance to these Standards.

When appropriate, a Johnson & Johnson company works with its suppliers to identify agreed upon actions and schedules in order to achieve supply improvement and requirements. JJM consider progress in meeting these Standards and ongoing performance in our sourcing decisions.

Detail how you intend to identify and engage with sub-contractors and/or other SMEs in relation to the delivery of the contract including your supply chain ie use of existing supply chains, advertising of sub-contracting or supply opportunities, liaison with industry groups, etc.

Our suppliers are constantly monitored under an evaluation program which for example, amongst other criteria, considers the quality of the product and service, capability of the organisation to respond to market developments, moral obligations and acceptance of the supplier in relation to workplace practices and the environment. This program has resulted in a matrix of qualified suppliers which are rated on different levels to be able to support both the product required and the complexity of the supply chain requirements.

Where possible, product(s) is sourced from within Australia from companies that are either based in Australia and/or have manufacturing plants in Australia. However, we have no control over the import content of goods supplied to us by our suppliers.

JJM will endeavour to use local sub-contractors and couriers for delivery of products to its customers. Toll is JJM preferred courier. Toll operates an extensive fleet of air, sea, rail and road vehicles and vessels ensuring that they provide an exceptional service delivery of our products. The logistics companies used by JJM for this purpose are under contractual obligation to act on behalf of JJM and are fully accountable for on time delivery, courtesy and responsibility in the carrying out of their duties.

Detail the process that you are to undertake to ensure that local SMEs are not to be disadvantaged where competing with other suppliers in the provision of goods or services to be used as part of this contract (ie unpacking of procurements into smaller components so that local SMEs can compete more effectively etc).

The Johnson & Johnson Family of Companies (J&J) holds itself to high standards and these along with our management philosophy are embodied in Our Credo. Furthermore, we find business relationships are more productive and effective when they are built on trust, mutual respect and common values. As such, J&J seeks relationships with suppliers who share a common commitment to:

1. Comply with applicable laws and regulations
2. Behave ethically and with integrity,
3. Integrate quality into business processes,
4. Respect human and employment rights,
5. Promote the safety, health and well-being of employees,
6. Embrace sustainability and operate in an environmentally responsible manner,
7. Implement management systems to maintain business continuity, performance governance, and continuous improvement, and
8. Disclose information associated with the supplier's impact on the environment and social issues.

We believe when these guiding principles are followed, businesses and communities realise economic, social and environmental benefits. We developed these standards to assist us with selecting suppliers who operate in a manner consistent with these guiding principles and to assist our suppliers with understanding our expectations.

Our commitment to human rights extends to our business partners around the world. Our Responsibility Standards for Suppliers outline expectations for human rights, business ethics, labor practices, health and safety, and environmental performance and are applicable to all suppliers. Expectations may also be defined in supplier contracts. Standardized contract terms and conditions guide the foundation of our formal agreements with suppliers. We maintain processes to assist our suppliers in assessing, and, where necessary, improving their performance.

External manufacturers for Johnson & Johnson operating companies enter into an enforceable written agreement to comply with these standards. External manufacturers are also subject to periodic inspections and must maintain records to demonstrate conformance to these standards.

Broader economic opportunities

Are there any other impacts that your business and/or this specific supply will provide to the local/regional economy?

Examples: Your supply may lead to: new skills being developed locally; trainees/apprentices being appointed; cross transfer skills to a local SME partner/sub-contractor; your company (if you are not a local SME) setting up an office/employing local staff; scale for you to take your products/services interstate/overseas; local community sponsorship etc.

In today's highly competitive global marketplace, it is also essential that JJM focuses on the critical drivers of our future growth: to create value through innovation, to extend our global reach, with local focus, to execute with excellence in everything we do and to inspire leadership with purpose among the people who carry on the JJM legacy.

Each year, JJM reinvests >10% of its sales to provide training and other assistance to local healthcare practitioners. JJM also supports clinical research programs in Australasia across all business franchises, from involvement in global programs, first-in-human studies of new innovative technologies, to support of original

research ideas from local clinicians and specialists. JJM is particularly proud to have a long track-record of partnering with Australian surgeons to bring new and innovative devices to the global marketplace.

JJM has evolved in the past few years due to acquisitions and divestitures, resulting in strong leadership positions in Cardiovascular, Orthopaedics & Neurosurgical, Surgery, Diabetes Care and Vision Care. Having introduced more than 50 major new products since 2012, we are driving innovation to advance the standards of care, growing key platforms in emerging markets, and capitalizing on our scale to develop new go-to-market models.

A portfolio strategy likewise directs resources toward the highest patient-value opportunities for R&D. As a percentage of sales, on average the approximate R&D expenses for J&J in Australia are around 11.5% or ~\$9M per year.

JJM employees are active participants in their professional development. Employees are given the opportunity to develop and grow, and have access to the tools and resources needed to do so. More importantly, they are empowered to navigate their own career development and to be accountable for knowing what is expected from them in terms of performance and development.

This talent philosophy ensures a robust and diverse pipeline of global leaders, high performing and highly engaged employees and culture, and continued business continuity and growth.

Since development means different things to different people, the content of each individual development plan will be different. The creation of a development plan starts with the employee, who knows best where they are motivated to grow and learn. Development is approached holistically and consists of identifying and leveraging strengths, as well as areas for improvement. It is a combination of learning from new experiences, learning from others, as well as learning from trainings, courses and materials. Managers help to identify key areas of focus and help to connect the employee with development opportunities (projects, mentors, training, etc.)

Additionally, JJM is committed to a diverse supplier base reflective of our patients and customers that creates jobs in local communities is mutually beneficial and in line with Our Credo. JJM are committed to working with small businesses and diverse suppliers that support our growth objectives by providing innovative solutions to our commercial, supply chain and R&D efforts.

JJM strong commitment to supplier diversity has allowed us to enhance our supplier network, support job creation in our local communities and strengthen ties to the consumers, patients and doctors who benefit from our products and services.

Our Commitment to Reconciliation

In our commitment to recognising Australia's First People, we launched our Reconciliation Action Plan (RAP) in March 2015.

This RAP reflects our commitment to develop deeper engagement with Aboriginal and Torres Strait Islander communities through improved cultural awareness and a proactive approach in our business. The commitment aims to support the needs of Indigenous communities in meaningful, mutually beneficial and sustainable ways.

Through this commitment, JJM have engaged in practical reconciliation through workforce, community and supplier initiatives.

Support for Aboriginal and Torres Strait Islander People

In March 2016, Johnson & Johnson Medical Devices signed an agreement with the Royal Australasian College of Surgeons for a collaboration that will support Indigenous surgeons in developing their careers.

This program provides advocacy, business mentoring and significant support for Australian and New Zealand Indigenous doctors as they undertake their surgical training. In working with our community partner, Red Dust Role Models, to deliver a part of this program we are providing practical support to Indigenous people and building ongoing relationships across the health care community.

Our participation in the Macquarie Indigenous Cadetship Program through Walanga Maru, Office of Indigenous Strategy at Macquarie University is another example of how Johnson & Johnson Medical Devices Companies is exploring our sphere of influence to create sustainable opportunities for Australia's Indigenous people.

These programs aim to develop an Indigenous workforce by supporting training, graduate opportunities, and employment for Indigenous people.

Health RING

Johnson & Johnson Medical Devices is a member of Supply Nation, a non-profit organisation that attempts to grow the Aboriginal and Torres Strait Islander business sector through the promotion of supplier diversity in Australia.

In consultation with Reconciliation Australia, Johnson & Johnson Medical Devices recently collaborated with Fitness Australia, Bupa and Medibank to create a Health Reconciliation Industry Networking Group (Health RING).

The Health RING harnesses the goodwill, knowledge and experience from various organisations within the health industry in a collective approach to explore practical measures aimed at delivering real outcomes in health equality for Aboriginal and Torres Strait Islanders.

Supply Nation

Through our Supplier Diversity Procurement Program, we support female proprietors and proprietors with Aboriginal and Torres Strait Islander backgrounds – in 2015, expenditure for these businesses was in excess of \$500,000 and distributed amongst 12 suppliers.

Since 2013, Johnson & Johnson Procurement have reported a 43% increase in expenditure with Supply Nation suppliers and in 2015, Johnson & Johnson Medical Devices in Australia was awarded the Up and Coming Member of the Year at Supply Nation's Annual Connect Conference. JJM currently employs Pacific Cleaning (Supply Nation Accredited Supplier) with whom we spend approximately \$55,000 in a year to service our facilities and office.

Our Local Community

Johnson & Johnson Medical Devices have founded or led local programs to improve public health and nurture the most vulnerable in our communities.

Corporate Social Responsibility (CSR) Partnership Network

We are a lead sponsor of the Macquarie Graduate School of Management CSR Partnership Network which hosts 30 organisations who are working together to achieve positive social outcomes for society.

Macquarie Business Park Coalition ReadLearnSucceed Program

Together with United Way, Macquarie University, Macquarie University Hospital, Hyundai, Fuji-Xerox, Optus, Orix, and Macquarie Telecom, JJM are leading the way in making a significant sustained and enduring social change by building on childhood literacy and assisting students from areas of socioeconomic disadvantage in transitioning from school to the workforce.

Bridge to Employment (BTE)

BTE is a program exclusive to Johnson & Johnson. Locally, BTE focuses on Year 10 students from Marsden High School who are at risk of not pursuing further education.

Dedicated mentors from JJM support students over three years to build resilience, study skills and to enable students to realise and reach their potential.

Our Community Partners

JJM partners with local businesses and community organisations to offer financial and product donations, sponsorships, employee matching of fundraising efforts, professional skills matching and volunteering programs to the local community.

Note: *Where determined appropriate by the procuring entity, the supplier's obligations under this Plan are to be captured in the contract and monitored as part of the contract performance.*

Completed and endorsed (Supplier)

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(Name and position – print)

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(Signature)

...../...../.....
(Date)

