

# Engineering Impact: Inclusion, Diversity & Equity

Excerpts from the 2021 Medtronic Integrated Performance Report

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ID&E accelerates our competitiveness, financial strength, talent acquisition, innovation, and social impact. Through steadfast commitment, ownership, and accountability, we gain a strategic advantage to compete and win in the marketplace through smarter teams, higher engagement, and elevated performance. Our unwavering commitment to inclusion, diversity, and equity (ID&E) means we strive toward zero barriers to opportunity within Medtronic. We seek to create a culture where all employees belong, are respected, and feel valued for who they are and the life experiences they contribute. ID&E is not a “program” at Medtronic or the sole responsibility of our human resources team. These values are central to our identity and our business strategy for sustainable growth in a global landscape. Our Mission includes a commitment “to recognize the personal worth of all employees” – in ways that support and motivate people to realize their full potential. We foster an inclusive workplace culture that attracts exceptional talent. We amplify employees’ diverse perspectives to fuel our healthcare innovation and business growth. And we embrace our responsibility as a global company to help drive solutions to systemic inequities.

## **ID&E strategy**

In FY21, our ID&E strategy focused on three areas:

- What we do as individuals – being accountable role models of inclusion and diversity in our daily work
- What we do as an organization – embedding inclusion and equity into our DNA through our training, policies, and practices
- What we do in our communities – amplifying our impact beyond our walls

Recognizing that this journey is never finished, we continually seek opportunities to drive ID&E inside our company and in society. We also hold ourselves accountable for achieving results and transparently sharing our progress.

## **Inclusive workplace culture**

Cultivating a strong sense of belonging improves the wellbeing of our employees, helping them to unleash their collective creative power. An inclusive work environment is instrumental to our ability to create innovative solutions to the world's most pressing healthcare needs.

In early FY22, we introduced a leader-driven approach to ID&E. We support leaders with access to data, best practices, and an enterprise strategy to ensure meaningful change is embedded at a local level. Leaders are provided additional guidance through our employees' active engagement in Diversity Networks and Employee Resource Groups (ERGs). Beginning in FY22, ID&E performance is now incorporated directly in the annual incentive plan for our executive leadership team. This will be measured using comprehensive metrics, including representation, employee survey metrics, and detailed leadership action plans specific to ID&E.

### **Diversity Networks**

Medtronic Diversity Networks bring greater attention and amplify the voice of employees from underserved populations. We currently have five Diversity Networks: African Descent Network, Asian Impact @ Medtronic Network, Hispanic Latino Network, Medtronic Women's Network, and PRIDE Network. We invite all employees to participate in Diversity Networks, with the goal of building allyship and a greater appreciation for diverse perspectives.

Each Network has chairs selected by our CEO and our chief human resources officer, plus a sponsor from our executive committee. The CEO, together with other members of the executive team, attends a Quarterly Diversity Review to assess the progress being made and review strategies that are underway across the business and the Networks. These full-day reviews have the same rigor and time commitment as quarterly business reviews.

### **Employee Resource Groups**

In addition to our five Diversity Networks, we have 12 employee resource groups (ERGs) with more than 240 chapters. Many ERGs serve as local affiliates of a Network, while other groups offer opportunities for members to focus on community building. Open to all employees, our ERGs also provide mentorship and advocacy. In FY21, we had 26,000+ participants across more than 70 countries. Groups for young professionals, veterans, religious faiths, employees with disabilities, and American Indian employees help strengthen connections that span cultures, backgrounds, and affinities.

### **Employees' sense of belonging**

We assess the impact of our ID&E efforts through our Organizational Health Survey (OHS). While we were unable to administer our annual all-employee OHS in FY21 due to the pandemic, we did distribute a pulse OHS. This survey reached more than 51,000 employees. The results include:

- Employee inclusion, broken down by total workforce (81%), females globally (81%), and U.S. ethnically diverse talent (79%)
- Employee engagement, broken down by total workforce (82%), females globally (82%), and U.S. ethnically diverse talent (80%)

The survey also showed promising results for belonging, with 86% of females globally and 83% of U.S. ethnically diverse employees responding they feel they belong at Medtronic.

The OHS findings help us adjust our employee-focused programs, communications, and overall approach to fostering a healthier workplace culture.

### **Building workforce diversity**

In FY21, we continued to increase female representation globally and ethnically diverse employee representation at our U.S. locations. This progress came amid changes to our operational model and despite the impact of the COVID-19 pandemic, which has driven a disproportionate number of women and minorities from the global workforce.

In 2015, we set 2020 organizational representation goals: To increase women in management-and-above positions globally to at least 40% and to increase ethnically diverse talent in management-and-above roles in the United States to at least 20%. At the end of calendar year 2020, we met both targets, achieving 40% women in manager and-above roles globally and 24% ethnically diverse talent in manager-and-above roles in the United States.

While we are proud to have met these 2020 goals, we want to make more progress. In early FY22, we set new organizational representation goals. By FY26, we aim for women to hold 45% of our manager-and-above positions globally and ethnically diverse talent to hold 30% of manager-and-above positions in the United States.

### **Diversity in recruitment**

Our dedicated Diversity Career Events team creates opportunities to recruit and hire top candidates from traditionally underrepresented populations. The team meets with candidates at diversity-oriented hiring events organized by groups such as the Society of Asian Scientists and Engineers. In FY21, 50% of our global new hires were women and 46% of our U.S. new hires were ethnically diverse.

## Diverse leadership

Our focus on embracing diverse experiences and perspectives extends to every level of our company. To achieve even broader representation, we provide an array of professional development and leadership training initiatives geared toward diverse talent. Select examples include:

- **Leadership Inclusion from Mentorship Toward Sponsorship (LIFT).** During this nine-month experience, employees partner with senior-level sponsors for coaching, take skill-building courses, and collaborate on a project that solves a real business challenge.
- **Efficacy.** Now in its 16th year, Efficacy coaches Medtronic employees and managers to reach their career goals by honing specific skills and strategies for professional growth.
- **Women in Science and Engineering (WISE).** Based out of our Research and Development group, this initiative focuses on increasing gender diversity in technical leadership roles.

In FY21, we recognized that our people managers needed more effective training and tools to support their career conversations with diverse employees. Our key priorities included helping leaders lead inclusively.

We launched an Inclusive Leader training for our U.S. people managers where participants learned the nuances involved in giving effective and inclusive reviews, how to create a safe environment for diverse employees to offer feedback, and how to listen more attentively during these conversations.

Around 70% of our U.S. people managers, totaling nearly 4,900 individuals, completed the training as of FY21. We plan to continue this program throughout FY22 and expand it globally.

## Pay equity

We are committed to ensuring that our compensation policies and practices reflect our ID&E values. We conduct an annual pay equity analysis in the United States and adjust to close gaps not based on job related factors. Since FY19, we have also completed country-level gender pay equality analyses in Mexico, the Dominican Republic, China, Ireland, Germany, Italy, and the Netherlands. Essential elements of our analyses include job responsibilities and competitive labor market benchmarks. We also complete pay gap analyses where required by law, including in the U.K. and France.

In the United States, we achieved 100% pay equity for gender and 100% pay equity for ethnically diverse employees. Globally, we achieved 99% pay equity for gender. Also, we

now share key equal employment (EEO-1) data publicly as further evidence of our commitment to nondiscrimination. We continue to expand our pay equity analyses globally, prioritizing countries where we have the most employees. We provide training and resources for managers to help build awareness around pay equity practices and for use during our annual pay planning cycle.

## **Advancing equity**

We strive to create a level playing field with broad opportunities for employees throughout Medtronic. However, championing ID&E within our own workplace is not enough. We must play a role in addressing systemic inequities in our communities if we hope to make a meaningful difference.

Our actions to advance ID&E around the world include supplier diversity efforts, community partnerships, and industry contributions. In FY21, the Medtronic Foundation committed \$16 million to health and

education partnerships to address racial disparities and advance social justice in Black communities in the United States. These include a national partnership with the Thurgood Marshall College Fund, as well as local partnerships with the Northside Achievement Zone and People's Center Clinics & Services in Minneapolis.

## **Partnerships break down barriers**

We participate in a broad range of organizations dedicated to accelerating progress on ID&E. Much of our collaboration in FY21 centered on creating greater educational and career opportunities for

underrepresented groups through partnerships such as:

- **OneTen.** As a founding member, we joined with more than 30 companies to provide the educational and workforce skill-building resources needed to upskill, hire, and advance one million Black Americans into livable-wage jobs over the next decade. In support of this initiative, we committed \$30 million to OneTen over 10 years.
- **Multiple Pathways.** This multiyear initiative of the Business Roundtable aims to recognize and reward the value of skills — not just educational credentials — when hiring and advancing employees.
- **Thurgood Marshall College Fund Partnership.** We are developing stronger relationships with historically Black Colleges and Universities as a means of bringing more diverse talent into the STEM talent pipeline.
- **Valuable 500.** We joined this global business-to-business movement to catalyze disability inclusion within and outside our company.

## **Preventing discrimination**

We are a global company dedicated to equal employment opportunity. We uphold workforce equality and fair employment in our Code of Conduct, Global Human Rights and Labor Standards Policy, and other companywide policies, and regularly assess these policies and practices to help ensure that neither bias nor discrimination plays a role in employment decisions.

We encourage employees to report any issues of discrimination to their manager; Human Resources, Legal, or Compliance representatives; or the Voice Your Concern Line. We comply with employment laws by having an objective party investigate all claims of discrimination. We have a zero-tolerance policy and respond to all confirmed claims with disciplinary action, up to and including termination.

**Read the full report.**

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