



# California Transparency in Supply Chains Act of 2010 -- Disclosure

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## **CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT OF 2010**

The California Transparency in Supply Chains Act of 2010 requires many manufacturers, including Thoratec Corporation, to disclose their activities in monitoring their supply chains to prevent human trafficking and slavery.

Thoratec takes seriously the issues of human trafficking and slavery and agrees that efforts to eradicate human trafficking and slavery are important. Thoratec has long standing relationships with its suppliers and we are committed to conducting business only with suppliers who adhere to ethical business practices. Based on the nature of our supply base, including that greater than 90 percent of our suppliers are based in and operate from the U.S., and the heavily regulated nature of our industry, Thoratec conducts the actions and activities described below.

## **SUPPLIER ASSESSMENTS AND QUALIFICATIONS AND VERIFICATION**

Prior to engaging a new supplier, Thoratec typically evaluates the supplier through a risk-based assessment process. Our assessment may initially include a supplier questionnaire and an audit of their facilities, quality system and business practices, and subsequently may include follow-up visits and reviews. Additionally, we regularly monitor the business performance of our key suppliers through periodic performance and objectives discussions and reviews. While Thoratec does not currently specifically evaluate our suppliers with respect to human trafficking and slavery, Thoratec does consider these risks as part of its engagement of new suppliers, including through its facility audits of new suppliers.

## **SUPPLIER AUDITS**

Thoratec routinely audits its key suppliers to confirm compliance to performance and quality standards with ISO and FDA requirements. Verifications and factory audits may be performed directly by our company or by third parties. Audits are typically pre-planned events with the supplier. Our audits verify suppliers' compliance with our written agreements and quality systems requirements. Our audits do not specifically address human trafficking and slavery. Audit findings and recommendations are discussed with each supplier's management. The supplier is expected to address all issues arising from the audit and Thoratec validates the supplier's corrective actions during follow-up audits or reviews.



## **SUPPLIER CERTIFICATIONS AND AGREEMENTS**

To ensure that our suppliers respect and enforce our company standards, we include a clause in purchase orders and current form of supply agreement governing our contractual relationship with suppliers which stipulates that our suppliers must abide by our anti-slavery and human trafficking standards. Thus, as a condition of doing business with us, and as a means of self-certification, the commercial agreement clause reads: “Seller certifies that the products being sold pursuant to this Order were not manufactured, and are not being priced, sold or delivered, in violation of any federal, state or local law, including without limitation laws regarding human trafficking and slavery. All products delivered under this Order shall be produced in compliance with the Fair Labor Standards Act.”

## **EMPLOYEE TRAINING AND INTERNAL ACCOUNTABILITY**

All Thoratec employees are required to comply with our company’s global compliance program. Our employees participate in periodic training on the company’s compliance program to enhance understanding and compliance. We expect that each supplier will comply with all applicable laws, rules, and regulations (whether civil, criminal, or administrative) of any country in which supplier manufactures, performs, packages, or supplies parts or services provided by Thoratec. In addition, we investigate potential violations and, when appropriate, take remedial and/or disciplinary action.

Thoratec has educated our key supply chain personnel on the purpose and intent of the Transparency in Supply Chains Act of 2010. We have also regularly educated our key suppliers on the company’s ethics and compliance policies, including the prohibition on the use of forced, bonded, or indentured labor, involuntary prison labor or child labor.