

Carbon Reduction Plan

Published by T.J.Smith and Nephew, Limited on 26 February 2023.

T.J. Smith and Nephew, Limited (**TJSN**) is a UK subsidiary of Smith & Nephew PLC and part of the Smith+Nephew group of companies (**Smith+Nephew**).

This Carbon Reduction Plan is published by TJSN in connection with the supply of medical technology products and associated services to customers in the UK.

Overview

At Smith+Nephew, we recognise the need to protect our planet and manage the impact of climate change. We manage resources efficiently, reduce our emissions where possible and are mindful of the impact our decisions have on the environment. We are committed to working in a sustainable, ethical, and responsible manner everywhere we do business.

Our sustainability strategy extends upstream to our suppliers and downstream to our customers. This means that we want to work with partners who are making efforts to reduce their own environmental impacts.

We are also working to deliver products and services that have less harm on the environment and are taking steps to better understand the extended footprints of our top-selling products. This helps us focus our resources where they will produce the most positive impact.

We have been measuring, managing, and reporting our global scope 1 and 2 carbon footprint for over 10 years. In 2022 we measured our global scope 3 footprint for the first time and details will be published in our 2023 Annual Report and Sustainability Report available on our website at [Sustainability \(smith-nephew.com\)](https://www.smith-nephew.com/sustainability).

We are proud of our achievements over many years, including our recurring inclusion in leading indices, such as FTSE4Good, ISS and the Dow Jones Sustainability Index. We achieved an 'A' rating in the most recent MSCI ESG Ratings.

Commitment to achieving Net Zero

Our commitment to achieving Net Zero applies to Smith+Nephew's activities globally.

We have committed to reach Net Zero for our scope 1 and 2 emissions by 2040 and scope 3 by 2045 and we are working on a roadmap and transition plan to support with delivery and tracking of our achievement of this commitment.

Our near-term target is to reduce our scope 1 and 2 emissions by 70% by 2025 when compared to our 2019 baseline.

TJSN Baseline Emissions Footprint

The below data shows TJSN's baseline emissions footprint.

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. They are the reference point against which emissions reduction can be measured.

The baseline calculations for TJSN cover the scope of emissions subcategories required of TJSN as a supplier under major UK government contracts in line with Procurement Policy Note 06/21: *Taking account of Carbon Reduction Plans in the procurement of major government contracts. (PPN 06/21)*

TJSN Baseline Year: 2019 Scope 1 and 2, 2022 for Scope 3.	
Additional Details relating to the Baseline Emissions calculations.	
<p>TJSN reported a baseline for UK scope 1 and 2 emissions in 2020 based on 2019 data, under the requirements of the Streamlined Energy and Carbon Reporting (SECR).</p> <p>The TJSN scope 3 UK baseline has been calculated in 2023 using data obtained during 2022. When calculating our baseline, we have obtained data on emissions from waste generated in operations, business travel, employee commuting, and downstream transport and distribution activities. Data for upstream transport and distribution emissions is in the progress of being obtained from our suppliers and will be included in our future calculations and reports once available.</p>	
TJSN Baseline year emissions: 2019 Scope 1 and 2, 2022 for Scope 3	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	4747
Scope 2	5072
Scope 3 (Included Sources)	5676
Total Emissions	15495

TJSN Current Emissions Reporting

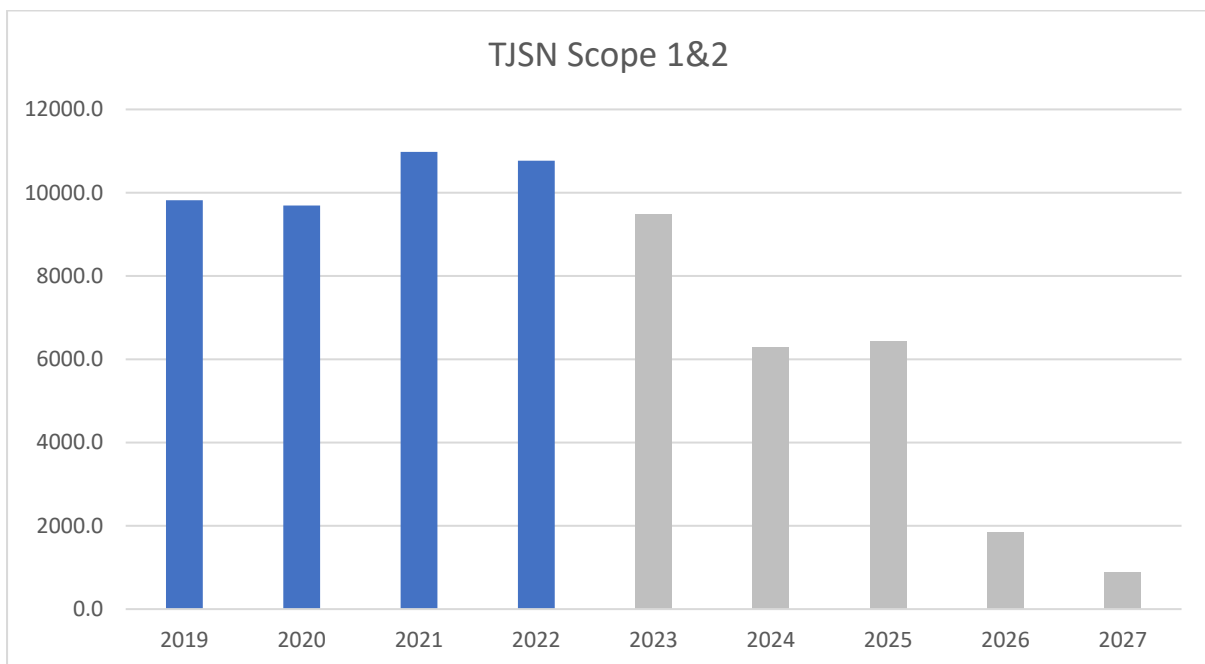
Reporting Year: 2022	
EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	5563
Scope 2	5205
Scope 3 (Included Sources)	5676
Total Emissions	16444

Emissions reduction progress

As stated above, we are committed to achieving a reduction of scope 1 and 2 emissions by 2025 when compared to our reported baseline. We project that our scope 1 and 2 carbon emissions will decrease over the next five years to 880tCO₂e by 2027. This would be a reduction of 91% for TJSN.

TJSN's progress against these targets based on the above emissions data is shown below:

Scope 1 and 2 Carbon Reduction: Projected vs. Actual



Data shown is total (tCO₂e) by year

Carbon Reduction projects

Completed Carbon Reduction initiatives

We have completed a number of environmental management measures and projects that have assisted with realising carbon reduction emissions relating to TJSN's activities.

These include:

- The appointment (in January 2022) of our first UK based Global Energy Director (Paul Andrews), who is responsible for the management of energy and carbon reduction activities within Smith+Nephew globally.
- Pursuing a threefold approach to cutting emissions: tackling energy efficiency, generating our own renewable energy on-site and sourcing lower-carbon energy. We have therefore invested in technological solutions at many of our sites to enable this.
- In 2021, following a successful UK electric vehicle (EV) trial in 2021 and in light of the continued driver appetite for EVs we introduced an EV policy providing access to EVs for Smith+Nephew personnel who frequently travel for business. As a result, over 26% of the leased car fleet in our UK business are now fully electric and over 45% of the new cars on order awaiting delivery are fully electric vehicles. Fully electric business miles driven in the UK since introducing EVs in 2021 are now more than 650,000 miles.
- With EV chargers in place at most of our UK offices and manufacturing facilities, all employees are being encouraged to commute with more consideration for the environment.
- The EV scheme is having a positive impact on people and the locations in which we do business, as it contributes towards an improvement in air quality in our towns and cities and represents a great step towards our commitment to achieve net zero carbon emissions.
- In 2023 we launched a Green Salary Sacrifice employee benefit scheme within the UK region to all eligible employees: providing support and incentives to enable even more of our employees to access EVs.
- Active travel has also been encouraged and throughout FY22, 56 new bicycles were purchased through the Cycle to Work scheme, with TJSN participating since 2007.
- We conducted an ESOS (Energy Savings Opportunity Scheme) audit across our major energy using facilities including in the UK, in order to identify energy and carbon savings. The report has been used to inform our carbon reduction plans.
- Examples of actions to reduce emissions and energy use are:
 - Detailed analysis of the energy usage data across our operations to identify anomalies and savings opportunities.
 - LED lighting installations in many offices and manufacturing areas.
 - Reducing the number of lights in certain areas but maintaining the necessary lux levels for safe working.
 - Using Building Energy Management Systems (BEMS) for controlling equipment to maximise its efficiency and automating climate control or occupancy-related heating and lighting.
 - Monitoring and reacting to on-site energy usage in real time.
 - Conducting compressed air leak assessments and remediating leaks.

- Using variable frequency drives for motors on fans and pumps.
 - Replacing inefficient compressors, chillers, pumps, fans, and motors with highly efficient equipment.
 - Changing service and maintenance strategies to ensure machinery operates more efficiently.
 - Procurement of renewable energy
 - Encouraging waste minimisation, recycling, and eliminating waste disposal to landfill.
- Our manufacturing and R&D site in Hull is ISO 14001 certified and has regular compliance audits which include scrutiny on the controls to manage energy and Green House Gas (GHG) emissions.
 - S+N have engaged the Climate Disclosure Project (CDP), implementing CDP's Supply Chain Programme as a first step to understand in better detail our Scope 3 emissions from purchased good and services. As part of CDPs engagement collaboration opportunities to reduce GHGS have been identified and commenced with key suppliers as we recognise that collaboration with our supply chain is crucial to enable reductions in our GHG emissions.

Current/Future Carbon Reduction initiatives

Further initiatives in progress or intended include:

- The 2023 appointment of a Senior Vice President of ESG to drive our net zero strategy globally.
- Carrying out environmental foot printing for selected product families within our product supply portfolio to prioritised according to potential reduction in environmental impact, including carbon reductions, with the vision to develop a model to footprint all products enabling informed choices and sustainable decision making to reduce GHG emissions.
- Continuing the electrification of our leased car fleet.
- Continuing to encourage our employees to commute with more consideration for the environment.
- Assessing the potential for us to commit to the Science Based Targets Initiative (SBTi) and preparing an emissions transition plan which will cover all three emission scopes.
- Continuing to participate in CDP's Supply Chain Programme and identifying collaboration opportunities to reduce GHGS with suppliers by developing a supply chain GHG reduction programme.
- Conducting 2023 ESOS energy audits across our major energy using facilities to identify energy and carbon savings.
- Building a new energy efficient Advanced Wound Management R&D and manufacturing facility at the Melton West business park, near to our current site in Hull, UK as a replacement to the Hull site where we have operated for more than 100 years. The new facility will be designed in accordance with sustainability standards with a focus on energy and resource efficiency. It is planned that the site will generate on-site renewable energy and will have an efficient control system aimed to significantly lower GHG emissions.

Declaration and Approvals

TJSN confirms that this Carbon Reduction Plan has been prepared and is published in accordance with PPN 06/21 and associated guidance.

The emission data set out in this Carbon Reduction Plan has been reported and recorded in accordance with the published reporting standards for GHG Protocol Corporate Accounting and Reporting Standard¹ and uses the appropriate Government emission conversion factors for GHG company reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans³ and the Corporate Value Chain (Scope 3) Standard⁴.

This Carbon Reduction Plan was approved by the Board of T.J. Smith and Nephew, Limited on 26 February 2023.



Director.....

H Barraclough

Smith+Nephew

Life Unlimited

¹ <https://ghgprotocol.org/corporate-standard>

² <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

³ <https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts>

⁴ <https://ghgprotocol.org/standards/scope-3-standard>