

Modern Slavery Act Statement for the year ended 31 December 2022

Smith & Nephew plc and its subsidiaries (together Smith+Nephew) are committed to preventing slavery and human trafficking in its corporate activities and supply chains. This statement sets out our approach to achieving this in our commercial operations, including our relationships with third party sellers and suppliers. It is published in compliance with the requirements of Section 54 of the UK Modern Slavery Act 2015 and relates to Smith+Nephew actions and activities during the financial year 1 January 2022 to 31 December 2022.

This statement was approved by the Board of Smith & Nephew plc and adopted by each of its relevant subsidiaries, T.J.Smith and Nephew, Limited, and Smith & Nephew UK Limited.

Details of our subsidiaries are set out in Smith+Nephew's 2022 Annual Report, published on 6 March 2023.

Smith+Nephew's Commitment- Our Code of Conduct, Business Principles and Third Party Guide to working with Smith+Nephew

At Smith+Nephew, we conduct our business with integrity, honesty and professionalism. These principles are embodied in our Culture Pillars: Care, Collaboration and Courage. These Culture Pillars guide the behaviour of everyone at Smith+Nephew, no matter where in the world we are located. We must all also follow and understand applicable laws, our Code of Conduct and relevant Company policies and procedures. Our Code of Conduct can be found on our website: <https://www.smith-nephew.com/compliance/code-of-conduct-and-business-principles/>.

We work with third parties who adhere to business principles, and health, safety, social and environmental standards, consistent with our own. Third parties who carry out business on our behalf, directly or indirectly, must also understand and follow applicable laws when carrying out that business, and manage their suppliers in accordance with the same standards.

Smith+Nephew is committed to:

- Taking a robust approach to preventing slavery and human trafficking in its corporate activities and supply chains.
- Supporting the Universal Declaration of Human Rights of the United Nations. This means we respect the human rights, dignity and privacy of the individual and the right of employees to freedom of association, freedom of expression and the right to be heard.
- Not using any form of forced, compulsory or child labour.
- Helping third parties working for and on our behalf through additional guidance to explain how our Code of Conduct specifically relates to those who perform services for and on our behalf. Our Third Party Guide to working

with Smith+Nephew is located on our website at: <https://www.smith-nephew.com/compliance/code-of-conduct-and-business-principles/third-party-guide-to-working-with-smith-nephew/> and sets out our requirements for third parties based on the laws, regulations and industry codes that apply to Smith+Nephew.

"The name "Smith+Nephew" means something to our customers, to patients and to stakeholders. It means that the products, services and business practices associated with our name are provided in compliance with strict standards and strong ethical practices. Without our reputation, we put at risk everything we have worked so hard to achieve. That is why we work with partners who are committed to the law and ethical behaviour."

Deepak Nath

Chief Executive Officer

About Smith+Nephew

Smith+Nephew is a portfolio medical technology business focused on the repair, regeneration and replacement of soft and hard tissue. We exist to restore people's bodies and their self-belief by using technology to take the limits off living. We call this purpose 'Life Unlimited'. Our 18,000 employees deliver this mission every day, making a difference to patients' lives through the excellence of our product portfolio, and the invention and application of new technologies across our three global franchises of **Orthopaedics, Advanced Wound Management and Sports Medicine & ENT**.

- **Orthopaedics** includes an innovative range of Hip and Knee Implants used to replace diseased, damaged or worn joints, robotics-assisted enabling technologies that empower surgeons, and Trauma products used to stabilise severe fractures and correct bone deformities.
- Our extensive **Advanced Wound Management** portfolio provides a comprehensive set of products to meet broad and complex clinical needs, to help healthcare professionals reduce the human and economic consequences of wounds.
- Our **Sports Medicine and Ear, Nose and Throat (ENT)** businesses offer advanced products and instruments used to repair or remove soft tissue. They operate in growing markets where unmet clinical needs provide opportunities for procedural and technological innovation.

Manufacturing and quality

Smith+Nephew takes great pride in its expertise and maintains focus on delivering products that are safe and effective for patients. We operate manufacturing facilities and have central distribution facilities in the US, Europe and Asia.

Smith+Nephew's supply chain network includes more than 1,000 direct suppliers of goods and services. Products are shipped to individual country locations that hold small amounts of inventory locally for immediate supply to meet customer requirements.

Governance and Oversight

Our strategy and approach to delivering on our commitments to prevent slavery and human trafficking is driven by our Chief Executive Officer and Executive Committee and implemented by various teams within the organisation. The Board has oversight of environmental, social and governance (ESG) matters and approval of sustainability and ESG strategy is a matter reserved to the Board.

Our Culture & Compliance Committee reviews our policies, procedures and progress in this area and reviews the Modern Slavery Statement prior to approval by the Board. In January 2023, we created a new ESG Operating Committee which will regularly monitor our progress in this area and will continue to develop internal key performance indicators and metrics in order to monitor our progress in this area against our targets, policies and procedures. The ESG Operating Committee will report to our Executive Committee and progress reports will be shared with the Board and its Committees.

Third Parties Code of Conduct and Business Principles

We select third parties based on their qualifications, reliability and adherence to applicable laws and our values. We take all reasonable steps through our due diligence and risk assessment process, to select partners that are committed to following the law and who behave ethically. We work with third parties who adhere to our Code of Conduct, Business Principles and health, safety, social and environmental standards consistent with our own. We are committed to sourcing materials from responsible suppliers.

We conduct due diligence of our suppliers on origin, source and chain of custody of conflict minerals in accordance with our Conflict Minerals Policy to encourage transparency in our supply chain. This process was designed according to the five step Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance.

Our **Third Party Guide to working with Smith+Nephew** states that third parties working with us may not use any form of forced, compulsory or child labour. They must maintain a work environment in which all feel welcome and free of harassment, discrimination or other improper conduct. They must respect the human rights, dignity and privacy of the individual and the right of employees to freedom of association, freedom of expression and the right to be heard. This guidance helps third parties understand, follow and meet our expectations for them to:

- Always respect the human rights, dignity and privacy of the individual.
- Not use forced, bonded, indentured, child or involuntary prison labour.
- Provide a workplace free of harassment and discrimination.
- Build a diverse workforce based on an employee's qualifications and abilities needed for the work to be performed.
- Observe applicable laws and regulations governing wages and work hours.
- Provide regular employment and avoid the use of labour-only schemes where there is no real intent to impart skills.

If a third party violates our guidance, applicable laws, regulations and/or industry codes of conduct, we will review that business relationship and take appropriate action, which may result in termination of the relationship.

Compliance with our Code of Conduct

Third parties working with us must commit to adhere to applicable laws and we seek assurances (through contract, due diligence or otherwise) that each third party who works with us:

- conducts all business on Smith+Nephew's behalf in an ethical manner that is compliant with applicable laws, regulations and industry codes of conduct;
- manages their suppliers in accordance with the same standards;
- notifies Smith+Nephew without delay of any allegation received of a breach of our Code, applicable laws and industry codes that they discover, even if they are not directly involved; and,
- protects whistleblowers' confidentiality and prohibits retaliation against workers who make a report in good faith.

All employees and other persons subject to our Code of Conduct are required to report all suspected breaches of the Code to a compliance officer or through other authorised reporting procedures. Any employee or person subject to our Code who is aware of a violation and fails to report it may face disciplinary action, subject to compliance with applicable laws.

We have a robust whistle-blowing procedure in all jurisdictions in which we operate in accordance with local legal requirements. We are committed to upholding our promise in our Code of Conduct that we will not retaliate against anyone who makes a report in good faith. Our Chief Compliance Officer is responsible for reviewing Smith+Nephew's Code of Conduct and for addressing compliance-related concerns. The Chief Compliance Officer may, depending upon the nature of the violation, report it to the Compliance & Culture Committee of the Board.

Training

All staff receive training on our Code of Conduct and Business Principles.

Relevant employees (including procurement staff, those working in areas relating to ESG matters and health and safety or advisory functions) undertake annual training on modern slavery issues and risks to enable them to identify and take appropriate actions as necessary, including in dealings with our third party suppliers. In 2022 we introduced updated mandatory training on the Modern Slavery Act 2015 for these individuals. The

training includes practical examples and guidance to support risk assessments and the taking of necessary actions.

Our Third Party Seller Global Compliance Programme ensures that due diligence is clear before we engage with a distributor or agent who generates demand for our products. We provide training to distributors and agents to reinforce our expectations for compliant and ethical behaviour and set out clear rules for them to follow. Additional compliance guidance is provided to the Smith+Nephew employees who operate our compliance programme and who manage and work with our distributors and agents.

Risks of Modern Slavery in Smith+Nephew's operations and supply chain

Smith+Nephew assesses the risk of modern slavery within its directly employed workforce to be low. The majority of workforce are our direct employees and are engaged in skilled roles. We have low use of labour agencies and undertake enhanced due diligence when engaging staff through such agencies, for example by requiring that the agency has completed all necessary right to work checks and identification verifications. We undertake regular reviews to ensure that the work conditions and salaries of our workforce are at or above the levels required by applicable laws and regulations.

We have identified an increased risk of modern slavery when we engage third-party suppliers to provide Smith+Nephew with goods and/or services. For many of our suppliers however, the risk of modern slavery within their supply chain, is still considered relatively low due to the highly regulated nature of the medical technology industry and the need for our suppliers to purchase quality materials and components to meet Smith+Nephew specification requirements, often working in accordance with Smith+Nephew's specific direction. Materials and components in final products are additionally subject to quality control verifications undertaken by skilled employees who are required to assure the origin of the relevant products and compliance with Smith+Nephew specifications.

Some suppliers may however be assessed as medium or high risk primarily due to:

- (a) the countries within which some of the products are manufactured and/or because the raw materials sourced for their production originate from high-risk countries for modern slavery practices;
- (b) the raw materials for a number of products are in industries that are considered high risk for modern slavery practices (such as mining); and
- (c) some of their manufacturing processes may utilise elements of low skilled labour.

Further there is an increased risk of modern slavery practices with sub-suppliers with whom Smith+Nephew does not have a direct relationship. This is due to the more limited visibility and control Smith+Nephew has with respect to the use of such sub-suppliers. Accordingly, we are working as part of our risk assessment and due diligence programmes to promote and encourage transparency and best practice and limit risk within sub-tier supply chains.

Supplier Risk Assessment and Due Diligence

We undertake a risk assessment and due diligence for all new suppliers prior to their onboarding and have also completed screening and due diligence of our existing tier 1 suppliers according to our risk-based approach. Our process includes evaluating modern slavery and human trafficking risk for each supplier, to include assessment of the sub-tier supply chain.

As part of our risk assessment, we consider the location of the supplier and the category of supply in order to determine whether the supplier should be designated as potentially high risk for modern slavery/human trafficking compliance. Suppliers identified as potentially high risk during our initial assessment are listed for further monitoring and review as part of our annual follow up programme.

All suppliers are required to provide information and evidence regarding their compliance with labour standards in the following areas:

- Employment being freely chosen
- Freedom of association and the right to collective bargaining
- Working conditions
- No use of child labour
- Minimum wage laws
- Operation of appropriate working hours
- Employment free from discrimination
- Regular employment
- No harsh and/or inhuman treatment

Supplier responses to our due diligence questionnaires and any documents provided are reviewed by our Sustainability and global procurement teams and follow up due diligence with the supplier is conducted, where necessary, to evaluate supplier risk. This involves direct communications with suppliers (e.g. emails and phone/video calls) to clarify our requirements and details of supplier's responses or to obtain any outstanding information as necessary.

If the information obtained through the due diligence process substantiates a modern slavery risk or the supplier does not demonstrate that it is able to comply with all applicable law and regulations and/or Smith+Nephew's policies and procedures (including labour standards, sustainability, health and safety and environmental requirements), the relevant supplier will not be on-boarded or steps taken to off-board them where already on-boarded.

Our dedicated Procurement Manager, Corporate Social Responsibility (CSR) has overall oversight and leads our supplier labour standards and sustainability efforts as a key focus within our due diligence programme.

When issues are identified during our supplier relationship life-cycle, our procurement team and as necessary, our Procurement Manager for CSR will work with the supplier to mitigate risks and monitor the supplier/actions taken through our Ariba procurement system, which may include raising a Corrective and Preventative Action (CAPA) on the supplier's registration. We also provide support to suppliers to assist them with

establishing procedures or conducting due diligence, including with the supplier's sub-tier suppliers, until the issue and any CAPA is resolved. A corrective action plan will be implemented with a timescale for CAPA resolution, but if a CAPA cannot be resolved or there are repeat occurrences which cannot be resolved, then a supplier will be off-boarded. Where a CAPA is resolved, the relevant supplier will be placed under a three year period of enhanced follow up due diligence ensuring that they are re-screened for continued compliance with our requirements.

Reviewing our progress

During 2022 we continued to enhance our due diligence and other controls around vendors, suppliers and service providers to increase their robustness and to make it easier for employees to evaluate supplier and third-party related risks.

We commenced a supplier onsite social audit programme which we intend to further expand upon in line with applicable law and guidance in future years and have found this to be a positive change and learning exercise both for our internal teams and our suppliers.

Relevant staff have been trained to conduct on-site social audits and we are preparing a toolkit for teams to use to support consistency of approach to future onsite audits.

Case Study: Onsite Audits

In November we undertook an onsite audit of one of our raw material suppliers in APAC in accordance with our policies and procedures. We selected the supplier following initial desktop audit which identified responses and documents for further assessment. The audit focused on supplier compliance with S+N policies and procedures and applicable law and regulations, including Modern Slavery, and sub-tier supplier management. We conducted interviews with employees in various positions, including shop floor workers, and spent time in the factory to enable verification of the information previously provided. The audit provided the opportunity to openly discuss suggestions for improvement and collaboration. This was followed up with written analysis from S+N identifying recommended improvements and suggestions on how they could be implemented, including requesting the supplier to establish processes to ensure policies are regularly reviewed and updated in alignment with local law, that processes for specific risk assessments and cascading of information were formalised, and the supplier publish their own Third Party Guide to enhance their supply chain management. We will review the supplier's progress as part of our ongoing assessment programme. The supplier welcomed our input to collaboratively enhance their operations. Employees participating in interviews demonstrated transparent two-way dialogue and information exchange.

During 2022, we also continued to integrate controls into our purchasing systems in parallel with our commitment to continuous improvement of our operating systems, controls and procedures across Smith+Nephew.

Having gained experience from the first years of roll out of our due diligence programmes, we have moved away from using excel spreadsheets to obtain supplier responses and have embedded questionnaires and automatic follow ups within our Ariba Procurement system. This has improved response rates and traceability and assisted

with a reduction in CAPAs amongst potentially high-risk suppliers for failure to complete due diligence requirements successfully, taking the total of these CAPAs from 16 in 2020 to zero in 2022.

Having an internally led supplier due diligence program means that we can be agile in our approach, responding to changes in law and regulations and addressing risks through direct communications with our suppliers. At the same time, we understand the importance of obtaining external guidance to ensure that we are continuously improving.

In 2022, we completed an assessment using the EcoVadis tool for the first time and gained insights on areas we can improve. We intend to work to improve our responses and supporting evidence with a view to participating in a re-assessment in due course.

We participated in the NHS Labour Standards Assurance System (LSAS) audit and received confirmation of our continued achievement of Level 3 status.

We also participated in a customer CSR audit in our Nordics region and received positive feedback from the auditor for our transparent and accountable approach. Areas of improvement suggested were shared with our Sustainability Council (which operated prior to the establishment of our ESG Operating Committee in January 2023) and procurement senior leadership team to inform decision making and improvement initiatives in 2023 and beyond.

Continued Commitment

Smith+Nephew continuously works hard to identify areas for enhancement and improvement of our global compliance programme.

We will continue to review our performance against customer and stakeholder requirements and industry performance more broadly and in line with our Culture Pillars.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'De Nath', with a long horizontal flourish extending to the right.

Deepak Nath

Chief Executive Officer

16 February 2023