

## **Transparency Act Smith & Nephew AS 2023**

The company is a wholly owned subsidiary of Smith & Nephew USD Limited, which in turn is part of a larger group of which Smith & Nephew plc, is the parent company. The parent company is listed on the London Stock Exchange as well as the New York Stock Exchange. The group's Sustainability Report, which includes activities relevant to the company, is prepared by the parent company and is available at [www.smith-nephew.com/sustainability](http://www.smith-nephew.com/sustainability). Smith+Nephew markets, sells and distributes products in the medical device areas of orthopedics, endoscopy and advanced wound management. The majority of the products that Smith & Nephew AB markets are manufactured by companies within the Smith & Nephew group. Smith & Nephew AS was established in Norway in 1979 with one employee and with NOK 1 million in turnover. Today we are 26 employees with total sales of 191 million from wound management, orthopedics, and endoscopy products. The company's premises are in Asker.

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.

We select third parties based on their qualifications, reliability and adherence to applicable laws and our values. 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.

### **Relevant Risks:**

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.

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.

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 several products are in industries that are considered high risk for modern slavery practices (such as mining); and
- (c) some of their manufacturing processes may utilize 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.

### **Measures implemented:**

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.

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.

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 authorized reporting procedures.

We have a robust whistle-blowing procedure in all jurisdictions in which we operate in accordance with local legal requirements. Our Chief Compliance Officer is responsible for reviewing Smith+Nephew's Code of Conduct and for addressing compliance-related concerns.

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

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.

**Results achieved:**

In 2023, Smith+Nephew (S&N) made significant strides in reinforcing their commitment to preventing modern slavery and human trafficking within their operations and supply chains.

We successfully continued our supplier onsite social audit program, which fostered mutual trust and understanding, and commenced a pilot to combine supplier on-site social audits with quality audits.

This innovative approach maximized local connections and raised awareness of preventing slavery and human trafficking. We also improved our EcoVadis score to 69 out of 100, placing us in the top 8% of companies according to the EcoVadis rating system.

However, S&N identified increased risks of modern slavery with third-party suppliers, particularly those engaging in manufacturing or sourcing from high-risk countries, using high-risk raw materials, or employing low-skilled labour. The complexity of sub-tier supply chains also posed challenges due to limited visibility and control.

To address these issues, S&N is prioritizing the enhancement of their due diligence and risk assessment processes. We are committed to promoting transparency and best practices within sub-tier supply chains and working collaboratively with suppliers to mitigate risks. Through ongoing training, robust whistleblowing procedures, and a dedicated Global Procurement Lead for CSR, Sustainability & Supplier Diversity, S&N is actively working to resolve these negative issues and uphold their strong ethical standards.

Smith+Nephew's commitment to preventing modern slavery and human trafficking is demonstrated through a series of robust programs and actions. These include comprehensive due diligence and risk assessments for new and existing suppliers, a focus on ethical labour standards, and ongoing training for employees and third parties. The company's proactive approach, such as the combined on-site social and quality audits, not only addresses current risks but also ensures continuous improvement and adaptation to changes in global regulations and market conditions. By embedding these practices into our operations and supply chain management, Smith+Nephew aims to sustainably reduce risks and negative consequences related to modern slavery and human trafficking in the future.