

Smith+Nephew

Sustainability Report 2023

Life Unlimited





Welcome to our 23rd annual Sustainability Report. We are pleased to provide an update on the actions taken in 2023 to deliver our Environmental, Social and Governance (ESG) strategy and a detailed update for each of our focus areas: People, Planet and Products.

<b>Introduction</b>	<b>1</b>	<b>Our focus areas</b>	<b>15</b>	<b>Managing sustainability</b>	<b>49</b>
Our purpose	2	<b>People</b>	<b>16</b>	Our ESG governance framework	50
Our ESG strategy in action	3	Our ESG strategy in action	17	Our holistic approach to risk	52
A message from our Chief Executive Officer	4	Being a responsible global citizen	19	Responding to climate change	53
<b>About us</b>	<b>5</b>	Empowering our employees	23	Acting with integrity	54
Who we are	6	Prioritising health, safety and wellbeing	30	Working with responsible third parties	56
Our business model	7	<b>Planet</b>	<b>33</b>	<b>Appendix</b>	<b>57</b>
A look at the world around us	8	Our ESG strategy in action	34	Data on environmental performance	58
Listening to our stakeholders	9	Innovating to reduce our emissions	35	Independent assurance	59
<b>Our ESG approach</b>	<b>10</b>	Minimising the waste we generate	40	Contact us	61
A message from our Chair	11	Improving our water efficiency	42		
Our ESG strategy	12	<b>Products</b>	<b>43</b>		
Our ESG objectives	13	Our ESG strategy in action	44		
		Designing sustainable products and packaging	45		
		Helping others use our products safely	48		

# Welcome

## Our ESG strategy in action

When you see this icon, this highlights examples of our ESG strategy in action in 2023.



## Our performance

When you see this icon, this highlights our progress across our key focus areas in 2023.






## Our purpose

Physical health is never just about our body. It's our mind, feelings and ambitions. When something holds us back, it's our whole life on hold.

We're here to change that, to use technology to take the limits off living, and help medical professionals do the same.

So that patients can stare down fear, see that anything is possible, then go on stronger. Inspired by a simple promise. Two words that bring together all we do...

# Life Unlimited

 To learn more about our purpose click here


**Our ESG strategy in action**

# Our ESG strategy is aligned to our purpose of Life Unlimited and three focus areas of People, Planet and Products.



## People

Creating a lasting positive impact on our communities.

» 16–32



## Planet

Aiming to reduce our impact on the environment.

» 33–42



## Products

Innovating sustainably.

» 43–48

Life Unlimited captures the essence of our purpose, which is to restore people's bodies and their self-belief by using technology to take the limits off living, and by helping healthcare professionals work towards the same goal.

Whether they are patients empowered by our innovative medical devices or healthcare professionals delivering high-quality care using our technologies, people are at the core of our purpose.

To celebrate the positive impact of our work, our report features 'our ESG strategy in action' stories that showcase the ways in which we believe our actions have had a positive impact on people's lives. These range from providing world-class medical education to on-site projects that we believe have had a positive impact on the environment, and our work to make our products more sustainable.

## A message from our Chief Executive Officer

# Shaping a healthy and sustainable future

Smith+Nephew's purpose of Life Unlimited drives all that we do and provides the framework within which we conduct our business. It reflects our commitment not only to restoring patients' bodies and self-belief through innovation that takes the limits off living, but also our commitment to operating in a sustainable and ethical way that enables us to have a positive impact on our global community.

“

We are committed to providing affordable, accessible healthcare sustainably, in a way that enables people to live life to the full.”



Our ESG strategy is aimed at building a strong foundation of sustainability across three focus areas:

**People:** Creating a lasting positive impact on our communities

**Planet:** Aiming to reduce our impact on the environment

**Products:** Innovating sustainably

Our focus on people spans our own employees, our customers and patients and the communities where we operate. In 2023, we expanded our wellness offerings in support of our employees' mental, physical and financial wellbeing. This included moving to a new, global Employee Assistance Programme provider, increasing the number of trained Mental Health First Aiders among our staff, increasing the engagement with our Employee Inclusion Groups, and continuing our offering of paid volunteer time and charitable donation matching of up to \$500 per employee annually.

We also recognise the need to protect our planet and help mitigate against the impacts of climate change. In response, we manage resources efficiently, reduce our greenhouse gas (GHG) emissions, and include environmental impact considerations in our business decisions. For example, in Malaysia, we purchased renewable energy certificates (RECs) for 2023 and installed solar panels at our manufacturing facility, achieving net zero Scope 2 GHG emissions at this location. Additionally, our new UK site at Melton, on the outskirts of Hull, will be designed to high ESG standards with a focus on energy and resource efficiency. The site aims to generate on-site renewable energy.

Applying sustainability attributes to our new products and their packaging supports the delivery of our ESG objectives and those of our customers. We have integrated sustainability as a specific topic in our New Product Development phase review process to include consideration of sustainability and efficiency in our product design, specifically: 1) material and energy usage during production; 2) reduced product footprint for shipping/transportation; and 3) recyclability of waste products (eg packaging). One example of this is the increased energy efficiency and associated carbon savings of the RENASYS<sup>®</sup> EDGE Negative Pressure Wound Therapy System (see page 44).

Our ESG Operating Committee continues to streamline the governance of our ESG strategy and oversees the roadmap to achieving our objectives. The Executive Committee continues to drive our ESG strategy with oversight from our Board and its Committees.

Since 1856, Smith+Nephew has sought to bring affordable, accessible healthcare to patients around the world. We are proud of our history, and know that our future is intrinsically linked to conducting business in a way that ensures the legacy we leave is one of sustainably delivering Life Unlimited.

**Deepak Nath, PhD**  
Chief Executive Officer



## About us

### What's in this section

Who we are	6
Our business model	7
A look at the world around us	8
Listening to our stakeholders	9

Letting brothers  
enjoy their  
vacation together

Life Unlimited



## Who we are

We are a leading portfolio medical technology company. We exist to restore people's bodies and their self-belief.

## Key facts 2023

168

year history

14+ million

patients treated with our products

100+

countries served

\$339 million

R&amp;D investment

18,452

employees

20

new product launches

## Creating value through innovation

## Research &amp; Development

Developing new technology through our Research & Development (R&D) programme, and acquiring exciting technologies where we can add value.

## Medical education

The Smith+Nephew Academy supports the safe and effective use of our products and provides opportunities to learn innovative clinical techniques.

## Manufacturing

Building resilient manufacturing and supply chains to ensure quality and competitiveness and support new product development.

## Building a culture of belonging

We strive to create a culture of belonging where employees can bring their full selves and best ideas, which fosters innovation, delivers business success and strengthens engagement and personal fulfilment. Our culture is based on our values of Care, Courage and Collaboration.

## Shaping a healthy and sustainable future

Our ESG strategy supports our Strategy for Growth and strengthens the foundation to help us serve customers over the long term. Our ESG strategy focuses on three areas: People, Planet and Products.

## Taking our innovation to market

We take our innovation to market through three global business units of Orthopaedics, Sports Medicine & ENT, and Advanced Wound Management. These business units are responsible for strategy and global marketing, and contain specialist sales and support teams dedicated to serving the specific requirements of our healthcare professional customers.

## Orthopaedics

Orthopaedics includes an innovative range of hip and knee implants used to replace diseased, damaged or worn joints, robotics-assisted and digital enabling technologies and services that empower surgeons, and Trauma & Extremities products used to stabilise severe fractures and correct hard tissue deformities, as well as a shoulder replacement system.

40%

of Group revenue



## Sports Medicine &amp; ENT

Our Sports Medicine & 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.

31%

of Group revenue



## Advanced Wound Management

Our Advanced Wound Management portfolio provides a comprehensive set of products and services to meet broad and complex clinical needs across hard to heal wounds, delivering on our mission to shape what is possible in wound care.

29%

of Group revenue



## Serving our customers through our salesforce

We pride ourselves on giving customers a high standard of service through our specialist sales and clinical support teams.

Representatives in our surgical businesses have a detailed knowledge of the products and instruments that they sell and the surgical techniques they may be used for, and provide technical and logistical support to surgeons and hospitals.

In Advanced Wound Management, sales representatives develop their knowledge of how clinicians seek to prevent and treat wounds, as well as support customers through their understanding of the economic benefits of using our products within treatment protocols.



## Our business model

### How we create value

Through our business model we strive to transform outcomes for the patients we serve, for the clinicians and the healthcare systems we support, for the Company and our shareholders. Our Strategy for Growth focuses our efforts, and our purpose of Life Unlimited inspires us every single day.

### What we need to create value



#### People

A purpose-driven culture based on authentic values committed to doing business in the right way.



#### R&D

Innovation is at the heart of our business and we prioritise investment in new products, technologies and services.



#### Financial strength

A robust balance sheet and capital allocation framework balancing investments in the future and returns today.



#### Sustainability

Addressing the long-term needs of our customers, employees, communities and stakeholders, reducing our impact on the environment.



#### Global operations

Resilient manufacturing and supply chains to ensure quality and competitiveness.

### Delivering value for stakeholders

#### Investors

**\$5,549m**  
+6.4% reported  
+7.2% underlying<sup>1</sup>  
Group revenue

**\$425m**  
-5.4%  
Operating profit

**\$970m**  
+7.6%  
Trading profit<sup>1</sup>

**\$327m**  
Dividend distribution unchanged

**7.7%**  
-90bps  
Operating profit margin

**17.5%**  
+20bps  
Trading profit margin<sup>1</sup>

#### Customers

**97,405**  
Training sessions

**20**  
Product launches

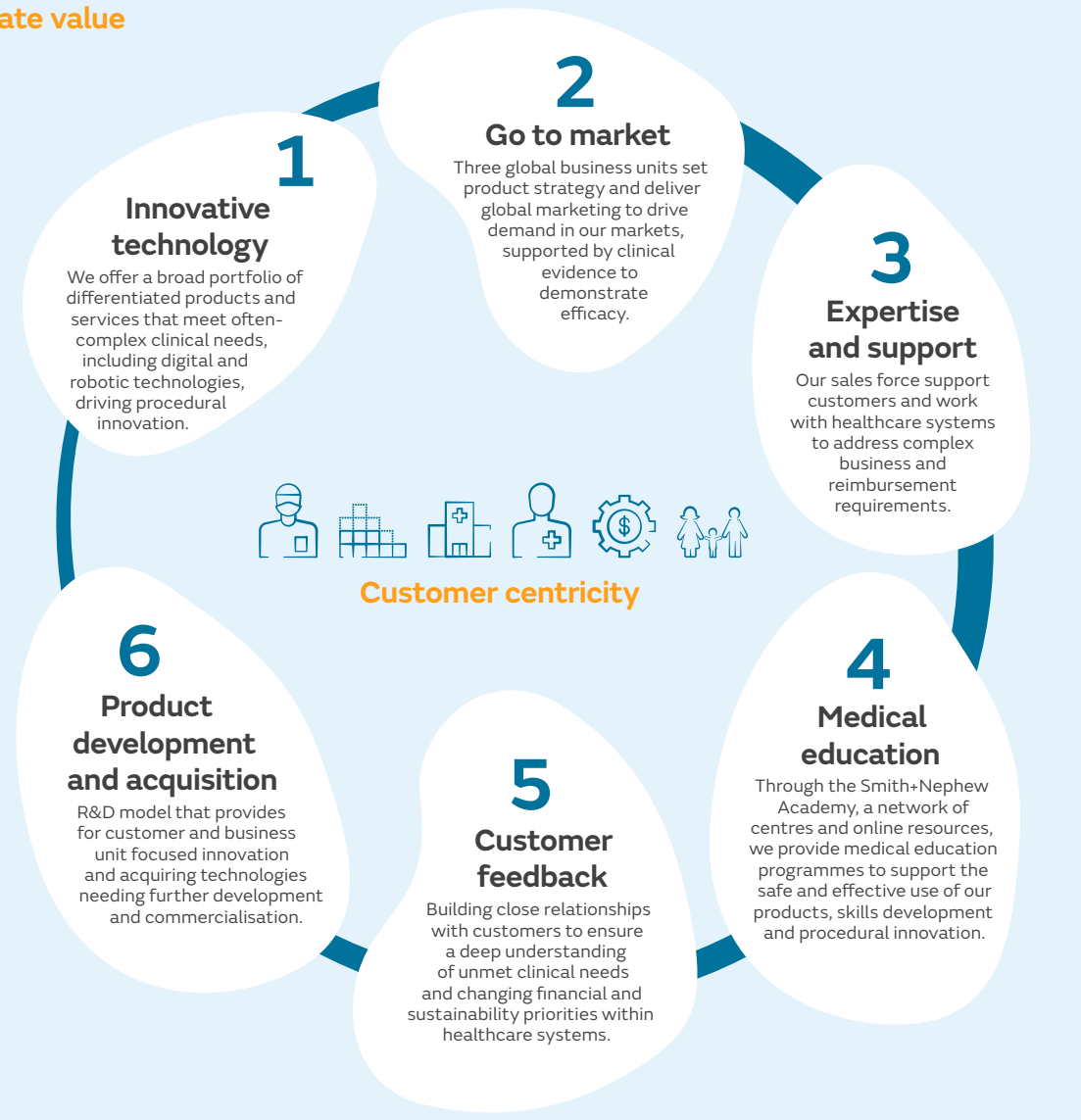
#### Community

**\$5.1m**  
Product donations

#### Employees

**4.20**  
+0.08  
Gallup engagement score

### How we create value



<sup>1</sup> These non-IFRS financial measures are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS on pages 244-248 of the 2023 Annual Report



A look at the world around us

## Providing affordable, accessible healthcare sustainably

Around the world, expanding and ageing populations and an increase in chronic illnesses create an increasing demand for healthcare. Patients expect better treatment and improved outcomes.

For Smith+Nephew, sustainability in healthcare means patients having access to the solutions that will help them achieve Life Unlimited.

### These trends continue to shape how we deliver Life Unlimited:

#### Affordability of healthcare

Affordable healthcare helps ensure people continue to have opportunities in life. But there's a tension between innovation and cost. Although technology is developing rapidly, in some markets resource constraints mean that not everyone can be treated with new solutions. We recognise this need as we innovate and drive towards more cost-effective solutions for patients and healthcare systems.



#### The chemicals and materials used in healthcare solutions

Regulations applicable to the chemicals and materials used in the manufacture of healthcare products are continually evolving. Regulators, customers and other stakeholders require information about the constituents of our products, the product life cycle and our packaging solutions. We address regulatory and customer requirements at an early stage in our new product and manufacturing cycles, including when we are considering the purchase of new products or technologies and as part of procurement processes or acquisitions.



#### Climate change

Climate change is impacting health and causing significant stress to healthcare systems. Climate-related risks, such as rising global temperature and extreme weather events, are not equally distributed and exacerbate inequalities. As a healthcare company, we are partnering with customers and suppliers to decrease our GHG emissions, reduce our impact on the environment and minimise the impacts on healthcare.



#### Growing concerns about healthcare inequality

We're hearing more and more from non-governmental organisations (NGOs) and the media about healthcare solutions that are available in developed markets but not in developing markets. We expect more calls for multinationals to help level the playing field and improve access to healthcare for everyone. At Smith+Nephew, we believe that all patients should have access to healthcare to help them achieve Life Unlimited. To support this objective, we deliver innovative and competitively priced solutions across our Orthopaedics, Sports Medicine & ENT and Advanced Wound Management business units.



### Smith+Nephew's response

We aim to help people take the limits off living. Wherever they live in the world, we want people to be able to benefit from our products and healthcare solutions to meet their needs.

Our challenge is to provide affordable, accessible healthcare sustainably, and to do this in a way that enables people to live life to the full. Smith+Nephew's business unit structure, global footprint and innovative technologies enable us to design new products for both developed and emerging markets.

#### Innovation and leveraging new technologies

Innovation lends itself to different ways of thinking and doing things. Improving patient outcomes opens up more progressive ways of delivering healthcare solutions. We aim to explore and implement new technologies to better serve our customers and deliver value. Robotics-assisted surgery is just one example of a digital technology that can help improve accuracy and deliver improved patient outcomes while maintaining a high quality of care.

#### Building strong partnerships

Healthcare systems around the world continue to face pressure. Collaboration and consultation with our customers and all stakeholders will be an important factor in building for the future. New partnerships can lead to better care, greater efficiency and new revenue streams. These include remote treatment pathways such as telemedicine, remote patient monitoring and medical education. Partnerships around sustainability will also help Smith+Nephew and our customers reach environmental objectives.

## Listening to our stakeholders

## Being a force for positive change

Every year, people expect more from the healthcare sector. In line with our purpose of Life Unlimited, Smith+Nephew is well placed to provide better care for individuals and better health outcomes for populations with new technologies that we have both developed and acquired. One important way to achieve this is by listening and responding to our key stakeholders.

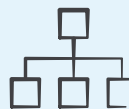
### Our stakeholders' priorities

Through our ESG strategy we are addressing the needs and expectations of our stakeholders



#### Customers and suppliers

Building ESG principles into the delivery of healthcare is of growing importance to our customers. Increasingly, customers require us to provide details of our ESG strategy and objectives. Customers place increasing importance on these responses when making contract decisions. Our Third Party Guide to Working with Smith+Nephew requires our suppliers to conduct business in a way which fits with the values and ethics of Smith+Nephew.



#### Investors

Our investors are the owners of our business. The Board seeks to engage and understand their perspectives on performance, value, risk and governance.



#### Employees

Our employees are crucial to the success of our business. Creating a culture of belonging and an environment that fosters innovation, delivers business success and strengthens engagement and development is core to everything we do.



#### Environment and communities

People, Planet and Products are at the heart of our ESG strategy aiming to create a positive impact on our communities, reducing the impact on our environment and enabling us to innovate sustainably.



#### Governments and regulators

ESG regulation is increasing at pace globally. Our ESG strategy and governance focuses on ensuring compliance with existing and emerging regulation on sustainability matters. Our Compliance & Culture Committee reviews, tracks and monitors our compliance and progress towards our ESG objectives aligned with applicable regulations and our Strategy for Growth. Our senior management engage with industry bodies and interest groups such as AdvaMed, MedTech Europe and similar organisations on ESG matters which have the potential to impact our organisation.

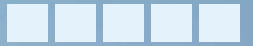
### Engaging with our customers

We listen to the requests of our customers during product tenders and user feedback, conscious that this differs by market and region. To deliver a sustainable product to market, we work in partnership with customers, suppliers and stakeholders to meet challenges that range from packaging needs, logistics, net zero GHG emissions to end-of-life disposal.

As a CDP Supply Chain member, we are engaging with our suppliers, building partnerships and understanding the challenges that we can address together.

Our customers ask us about information regarding our carbon reduction strategy and progress, our manufacturing footprint, supply chain, packaging and waste.

Our Sustainability Report provides information on the progress we are making in these areas.



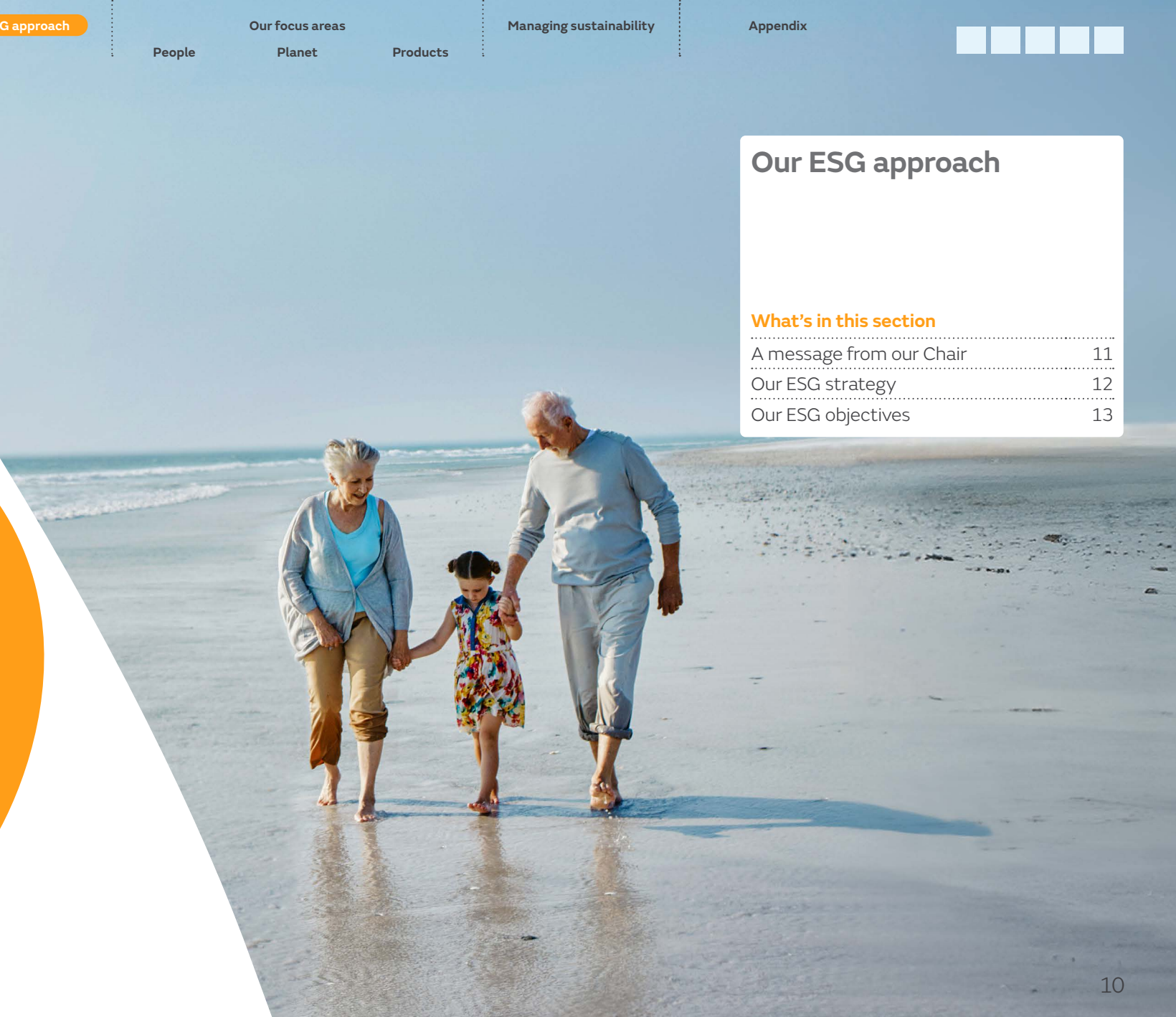
# Getting grandparents back to playing with their grandchildren

Life Unlimited

## Our ESG approach

### What's in this section

A message from our Chair	11
Our ESG strategy	12
Our ESG objectives	13



## A message from our Chair

## A word with our Chair

Rupert Soames was appointed as an Independent Non-Executive Director at the Company's Annual General Meeting on 26 April 2023, and succeeded Roberto Quarta as Chair of the Company on 15 September 2023. Rupert has extensive global leadership experience in both executive and non-executive roles. We sat down with Rupert to discuss his views on sustainability and our ESG strategy.

**Q: Why is sustainability important to you?**

**A:** We are not only focused on the direct environmental impact of our products but also the effects we have on communities. Providing affordable and accessible healthcare is a key part of our sustainable business operations. We strive to minimise our environmental impact and increase our community involvement, and we work with suppliers who share our commitment to Life Unlimited.

**Q: How do you see Smith+Nephew's purpose of Life Unlimited guiding our ESG strategy?**

**A:** Smith+Nephew is committed to creating long-term sustainable value for all our stakeholders. Our ESG strategy is built on our purpose of Life Unlimited, our Strategy for Growth, and our culture of Care, Courage and Collaboration. Our ESG focus areas of People, Planet and Products drive sustainable business practices helping to improve the lives of individuals and communities. We work to ensure the ESG priorities of our stakeholders – including employees, investors, customers and suppliers, environment and community, governments and regulators – are incorporated into our decision-making processes.

**Q: What part of our ESG strategy interests you most?**

**A:** It's difficult to choose just one area. In the People pillar, I'm proud of our expansion of medical education to the Smith+Nephew Academy Munich, where healthcare providers can learn, collaborate and innovate to meet the needs of their patients. In the Planet pillar, the addition of 15,000 square metres of solar panels at our Suzhou, China site helps not only with our commitment to net zero by 2045, but also addresses power rationing in the region. In 2023, these solar panels reduced our GHG emissions by approximately 1,000 tonnes. And in the Products pillar, our RENASYS<sup>®</sup> EDGE Negative Pressure Wound Therapy System has been designed with a smaller environmental footprint when compared with RENASYS<sup>®</sup> TOUCH and RENASYS<sup>®</sup> GO products and is more energy efficient.

**Rupert Soames, OBE**  
Chair

## Our ESG strategy

# Creating a lasting positive impact

Our ESG strategy is built on our purpose – Life Unlimited, our Strategy for Growth and our culture of Care, Courage and Collaboration.

## Inspired by the UN SDGs

Our ESG strategy is inspired by the United Nations' Sustainable Development Goals (SDGs). Taking into account the social, environmental and economic aspects of our business, it reflects the fact that ESG and financial performance are closely linked. As a profit-seeking business, we therefore aim to meet our economic objectives whilst at the same time managing the social and environmental impact of what we do.

## Aligned to the UN SDGs

The United Nations' 2030 Agenda for Sustainable Development sets out 17 goals that address action in areas that are considered of critical importance for our environment and people. This framework of goals, each with subsidiary targets, aims to end poverty, protect the planet and ensure prosperity for all. Its focus is to stimulate action in areas of critical importance for humanity and the planet.

We make a positive impact in several of these areas, although our impact on many SDG targets may be limited. Whilst our objectives are fundamentally derived from our Group business strategy, it is important that these align with and support global sustainable development efforts.

We identified five SDGs to which we believe Smith+Nephew can make the most significant contribution, and then mapped our ESG objectives against them. By focusing on these SDGs over the long term, we will strive for our actions to have the maximum positive impact on sustainable development.

One further SDG (Goal 6 – clean water and sanitation) aligns with our objectives but it is not a strategic priority as we are not a large consumer of water, including in water-stressed areas.

» For more information on our purpose, business strategy and culture, see our 2023 Annual Report

Smith+Nephew has been and remains committed to working in a sustainable, ethical and responsible manner everywhere we do business. 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 improved 'AA' rating in the most recent MSCI ESG Ratings.



## Our ESG strategy

Our strategy focuses on People, Planet and Products. Our objectives and progress against these three focus areas are summarised in this report.

» See pages 13–14

### People

Creating a lasting positive impact on our communities.



### Planet

Aiming to reduce our impact on the environment.



### Products

Innovating sustainably.



## Our ESG objectives

# Delivering on our sustainability ambitions

In 2023, we continued to focus on our three priority areas: People, Planet and Products.

Within these areas we have refined our objectives so that we can measure and report clearly on our progress.

With an emphasis on increasing participation in Employee Inclusion Groups (EIGs) and Life Councils, eight hours of paid volunteer time continues to be available to and promoted for uptake by all employees. In addition, in 2023, we focused on site-wide and community engagement activities, enabling us to combine individual efforts and maximise our impact through organised events.

We reviewed and refined our packaging objective in light of industry and customer engagement, expanding its scope to include broader themes.

In 2024 and beyond, we will continue to review and adapt our strategy and objectives to ensure we are current and that we make meaningful progress.

## People

For more information see pages 16-32

### Our objectives

We are committed to living our culture in our communities by providing 8 hours of paid volunteer time to all employees and enabling **at least 50** community/charity events across our sites each year from 2023 to 2030.

Between 2020 and 2030, donate **\$125 million** in products to underserved communities.

Empower and promote the **inclusion of all**.

### Our progress in 2023

**95**  
Events in first year

**\$5.1m**  
(\$16.2m since 2020)

**4,200+**  
Supporters across our seven Global Employee Inclusion Groups and sub-groups

### Additional actions

- Consolidate and implement our social responsibility strategy globally, including providing guidance to all locations on social contribution and volunteering activities.
- Continue to measure and report on health and safety metrics (eg incident rates) at our operations and commercial (non-manufacturing) sites.
- Implement tailored HSE training for our commercial sites.
- Enhance the HSE audit programme and governance framework to include additional commercial sites.
- Continue to share HSE and sustainability best practices across operations sites.

## Our ESG objectives continued

## Planet

For more information see pages 33-42

## Our objectives

Achieve **net zero** Scope 1 and Scope 2 GHG emissions by 2040 and Scope 3 GHG emissions by 2045, beginning by achieving a 70% reduction in Scope 1 and Scope 2 GHG emissions by 2025.

## Our progress in 2023

A carbon roadmap for Scopes 1 and 2 through 2025 has been developed and a roadmap for Scope 3 is being developed. We have calculated our Scope 3 GHG emissions data for 2022 and 2023.

## Scopes 1 and 2 (total)

**40,266 tonnes**

CO<sub>2</sub>e emitted (market-based).<sup>1</sup>

Our manufacturing sites in Malaysia and Suzhou are generating on-site renewable energy. UK sites began sourcing renewable electricity and RECs were sourced for Penang and Memphis.

## Scope 3

**1.3 million tonnes**

CO<sub>2</sub>e emitted in 2023.

Engaged in CDP supply chain programme with >70% rate response from over 400 selected suppliers.

Achieve zero waste to landfill<sup>2</sup> at our manufacturing facilities in Memphis and Malaysia by 2025 and at all our strategic manufacturing facilities by 2030.

Our Malaysia facility has achieved zero waste to landfill.

**849 tonnes**

Sent to landfill from Memphis manufacturing facilities, representing 38% of total waste from those facilities.

**1,411 tonnes**

Sent to landfill from the Group.<sup>1</sup>

## Additional actions

- Develop and implement a GHG emissions reduction programme.
- Determine local human and ecosystem water needs at each significant location.
- Develop and implement a water reduction programme targeted to water-stressed locations.
- Develop and implement a waste reduction programme.
- Develop a Scope 3 GHG emissions reduction roadmap and set interim objectives.
- All current metrics (eg water usage and recycling percentages) will continue to be measured and reported.

## Progress since 2019 baseline

## Scopes 1 and 2 (total)

**40% reduction**

CO<sub>2</sub>e emitted (market-based).<sup>1</sup>

Emissions have been reduced by undertaking energy efficiency projects, on-site renewables, procurement of renewable energy and purchase of RECs.

## Scope 3

Now reporting 13 categories, up from 8 in 2021.

**32% reduction**

Less waste was sent to landfill from Memphis manufacturing facilities during 2023 compared to 2019.<sup>3</sup>

**30% reduction**

Less waste was sent to landfill from all our strategic manufacturing facilities during 2023 compared to 2019.

<sup>1</sup> Data independently assured by ERM CVS. The full assurance report is included in this report on pages 59-60.

<sup>2</sup> We define zero waste to landfill as a landfill diversion rate of 90% or greater.

<sup>3</sup> We had one exceptional disposal of 200 tonnes of waste to landfill from Memphis during 2023, this was as a result of a build-up of inventory consisting of facemasks and surgical gowns during the Covid pandemic that were ultimately unwanted.

## Products

For more information see pages 43-48

## Our objectives

Include sustainability review in New Product Development (NPD) for all new products and product acquisitions.

We are committed to reducing our packaging and designing with reusable, recyclable and/or renewable resources that are sustainably sourced.

By 2025, complete a focused risk-based due diligence of our Tier 1 suppliers, including risk-based analysis of sub-tier suppliers, to assure compliance with our sustainability requirements.

## Our progress in 2023

Sustainability is now embedded into our NPD phase review process, ensuring that we discuss, consider and implement sustainability measures as part of product development (design and manufacturing).

We have refined and updated our packaging objective. We have continued to improve sustainable sourcing, including our 'regionalisation strategy' to purchase more packaging materials from local suppliers. We continue to use our electronic Instructions For Use platform, minimising paper instructions issued where possible.

We have completed due diligence and assessments of Tier 1 suppliers according to our risk-based procedure. We have continued our supplier on-site audit programme for suppliers identified through risk-based analysis. On-site audits include worker interviews and practical assessment of the implementation of supplier policies and procedures to assure compliance with modern slavery, human trafficking, HSE and sustainability requirements.

## Additional actions

- Identify and catalogue the sustainability attributes in existing products and services.
- Apply identified international labour standards to our third-party sellers as part of our Third Party Seller Compliance Programme.
- Identify sustainability requirements which are significant for customers, investors and regulators and embed them into R&D/NPD objectives and processes.
- Develop and implement a programme to communicate and embed product and service sustainability attributes into medical education, market development, sales training, R&D/NPD and product launch, evidence generation and manufacturing processes through collaborative working across our NPD, manufacturing, commercial and operations teams.



Giving friends back their freedom to enjoy the slopes

Life Unlimited

## Our focus areas

### What's in this section

<b>People</b>	<b>16</b>
Our ESG strategy in action	17
Being a responsible global citizen	19
Empowering our employees	23
Prioritising health, safety and wellbeing	30
<b>Planet</b>	<b>33</b>
Our ESG strategy in action	34
Innovating to reduce our emissions	35
Minimising the waste we generate	40
Improving our water efficiency	42
<b>Products</b>	<b>43</b>
Our ESG strategy in action	44
Designing sustainable products and packaging	45
Helping others use our products safely	48



# + People

Creating a lasting positive impact on our communities



**To help deliver our purpose of Life Unlimited, we must realise every employee's full potential."**

**Elga Lohler**  
Chief Human Resources Officer



## Why is this important?

People are at the heart of our purpose – Life Unlimited. Putting people first will help us to achieve our vision of a world where healthcare professionals are able to help restore health to patients, wherever they are.

We prioritise people in three ways. First, we help improve patients' wellbeing and empower the healthcare professionals who treat them.

Second, we engage with the communities where we operate, encouraging our people to volunteer in local communities, offering paid volunteer time and matching employee charitable donations.

And third, we support our own employees' wellbeing by ensuring their work environment is healthy and safe. We also continue to build employee wellness programmes that enable healthy lifestyle choices.

## How it links to our objectives

### Volunteering

**We are committed to living our culture in our communities by providing 8 hours of paid volunteer time to all employees and enabling at least 50 community/charity events across our sites each year from 2023 to 2030.**

### Giving

**Between 2020 and 2030, donate \$125 million in products to underserved communities.**

### Inclusion

**Empower and promote the inclusion of all.**

## What's in this section

Our ESG strategy in action	17
Being a responsible global citizen	19
Empowering our employees	23
Prioritising health, safety and wellbeing	30

## People – Creating a lasting positive impact on our communities

### Our ESG strategy in action

# Expanding medical education across Smith+Nephew

## 97,000+

healthcare professionals had education and training from our medical education team in 2023.



**Medical education is the foundation of all that we do to drive excellent clinical outcomes for the patient. With Smith+Nephew products, we help patients take the limits off living.”**

**Cynthia Walker**  
Senior Vice President  
Medical Education

In 2023, our medical education team continued to provide education and training to healthcare professionals globally. Providing a comprehensive, accessible learning environment tailored to the needs of healthcare professionals is central to our commitment to improving patient outcomes and being a global leader in medical education. During 2023, the team delivered education and training to over 97,000 healthcare professionals globally.

We are transforming the way we educate our customers around the world with the Smith+Nephew Academy. The Academy surrounds customers with leading-edge technology, clinical content and scientific data. The learning environment blends state-of-the-art digital interaction, symposia and hands-on experience with virtual reality simulations.

+ Restoring bodies and self-belief

Advanced Wound Management

Sports Medicine & ENT

Orthopaedics

## People – Creating a lasting positive impact on our communities

### Our ESG strategy in action continued

#### Smith+Nephew Academy Munich

Following on from the successful opening of the Smith+Nephew Academy Singapore last year, in 2023 we opened the doors to the Smith+Nephew Academy Munich, the latest addition to a global network of nine academies across Europe, Asia and the US. Situated in the heart of Munich, Germany – a city renowned for its contribution to digital innovation in healthcare – the Academy represents a significant stride towards harnessing technology to advance patient care.

Our investment in Smith+Nephew Academy Munich is part of a global commitment to drive engaging innovative learning environments focused on medical technology and the patient's continuum of care. In doing so, we are focused on creating an environment where healthcare providers can learn, collaborate and innovate to meet the needs of their patients.

#### A new hub for surgical excellence and collaboration

The Academy expects to train up to 5,000 global healthcare professionals annually, offering them an opportunity to learn new clinical skills and collaborate with fellow surgeons, clinicians, scientists and engineers. Offering a fully immersive digital experience, the Smith+Nephew Academy Munich will operate as a European hub for surgeons to advance their expertise in using the latest techniques, so they can get patients back to an active lifestyle as soon as possible.

In summary, the Smith+Nephew Academy Munich showcases the progress of medical education and technology.

Supporting our purpose of Life Unlimited, it offers an engaging, immersive and interactive training environment in which healthcare professionals can experience the latest products and technologies, and refine their techniques under the guidance of expert peers. The Smith+Nephew medical education team works together with customers to keep the patient's care pathway at the centre of what we do.

#### Advanced Bio-Skills Lab

The Academy's Advanced Bio-Skills Lab has an array of capabilities, enabling live surgical broadcasts to participant surgical stations and global audiences alike. The facility serves as a hub for surgical training, R&D and innovation, facilitated by a highly skilled team, offering a space for surgeons to take part in pioneering procedures with the goal of enhancing patient outcomes and reducing the need for revisions. The lab is comprised of seven stations for sports medicine and robotic joint reconstruction and is equipped with a faculty station, with ceiling-mounted 4K cameras, audio and microphones. The lab's inaugural training session focused on Smith+Nephew's latest bio-inductive shoulder implant, REGENETEN®. Currently, the Lab has the potential to train up to 35 surgeons simultaneously on-site and countless more virtually around the globe.

#### Virtual Reality (VR) Surgery

The VR and Simulation Room provides interactive and immersive medical education programmes focusing on new and innovative surgical techniques, helping surgeons to learn and practise in a calm and comfortable environment.

With 20 VR headsets and eight computers to support gamified learning, the facility encourages partnerships between trainees and surgeons. It helps them work together to excel and innovate in their practice, and redefine surgical training, planning and procedures.

#### Digital Operating Room (OR)

The advanced Digital OR ecosystem uses the latest technology that complements Smith+Nephew's Orthopaedics range of next-generation navigation, robotics, and arthroscopic visualisation solutions.

Capable of conducting live surgical demonstrations, streaming expertise to audiences in the auditorium or (virtually) to a global viewership, the OR mirrors the archetype of a futuristic hospital. It provides hands-on virtual training for surgeons to operate using the latest technology for orthopaedic and sports medicine, opening the possibility of training wherever, whenever.



The centre's state-of-the-art equipment includes an Advanced Bio-Skills Lab, Digital Operating Room and VR Surgery.



People – Creating a lasting positive impact on our communities

Our focus areas – People

# Being a responsible global citizen

Everyone can play a part in tackling today's challenges. This includes the growing number of people who want to work for companies that act responsibly. We're proud that our people can improve health and quality of life around the world.

## Smith+Nephew's approach

We're committed to conducting business in a socially responsible manner. This means considering all stakeholders in our business decisions, including investors, employees, customers, suppliers and the communities in which we live and work. Our social responsibility programmes are directed at the local level so they have positive impacts in the communities where we operate. They include:

- **Employee volunteering:** We encourage volunteering to build teamwork, support personal development and give back to local communities. Every employee has up to eight hours of paid volunteer time per year. In 2023, our focus was to organise volunteering events to promote and encourage teams to participate in activities together.
- **Product donations and grants:** We provide grants and donations to charitable or not-for-profit organisations, medical institutions, accredited educational programme vendors, medical foundations and professional societies. They support education that aims to improve care standards and provide access to beneficial healthcare procedures. This activity is governed by our Global Policy and Procedure on Grants and Donations.
- **Matching gifts:** We match employees' eligible charitable donations up to \$500 per employee on an annual basis.
- **Wellness:** Our wellness programme empowers employees to actively participate in their overall health and promote healthy behaviours in the communities in which we live and work.

## How we choose charitable organisations and activities

We believe that charitable and not-for-profit organisations and activities are best selected at a local level. Each location's Site Leadership Council and Life Council run a local programme that best engages their employees and meets local needs. Smith+Nephew Life Councils create a friendly, inviting workplace environment while promoting teamwork, employee engagement and supporting local communities.

Our policy sets out criteria to ensure that only charities and other not-for-profit organisations that meet appropriate ethical standards receive support.

We report on our progress on pages 20–22, reinforcing that Smith+Nephew is a great place to work.

More details are available within the Global Policy on Sustainability and Corporate Social Responsibility (CSR) available at:

 [www.smith-nephew.com/sustainability/policies](http://www.smith-nephew.com/sustainability/policies)

## Key areas of focus

Our ESG strategy key focus areas of People, Planet and Products led us to focus our charitable and volunteering activities on the following key areas:

### Health and human services (People + Products)

As a leading medical technology company, we give preference to programmes that relate to health and human services. Our contributions are used to increase access to healthcare and human services in locations where they will benefit those in greatest need.

### Education (People + Products)

Education gives people better access to high-quality healthcare solutions. We fully support educational programmes, particularly those focused on science, technology, engineering and mathematics (STEM). Education for both current and future generations provides broader, more diverse employee potential and contributes to increased employee opportunities.

### Environmental stewardship (People + Planet + Products)

We encourage participation in programmes that protect and provide wider access to local natural resources, and those that promote sustainable initiatives. We strive to reduce our environmental footprint, both in our manufacturing processes and for our customers.

## People – Creating a lasting positive impact on our communities

Being a responsible global citizen continued



### Our performance

#### Employee volunteering in 2023

In 2023, we focused on site-wide and community engagement activities, enabling us to combine individual efforts and maximise our impact through organised events. We are committed to living our culture in our communities by providing eight hours of paid volunteer time to all employees. To align with our culture and improve participation in our Employee Inclusion Groups, we aim to enable at least 50 community/charity events across our sites each year from 2023 to 2030.

In 2023, we exceeded our annual objective, completing 95 volunteer events and with over 13,000 volunteer hours logged. We continue to seek innovative opportunities and to support our employees as they volunteer for causes that are important to them.

The total number of hours volunteered by Smith+Nephew employees since 2020 stands at over 42,500.

#### Product donations to underserved communities in 2023

We set an objective to donate \$125 million in products to underserved communities between 2020 and 2030. In support of this, in 2023 we delivered \$5.1 million in product donations and donated \$88,000 from matching employee gifts to qualified charities. In 2023, our giving activities totalled \$5.2 million.

In 2023, we also provided \$6.4 million in educational grants and sponsorships across the world. This funding is intended to help surgeons learn the safe and effective use of our products and technologies, and ultimately to make world-class healthcare solutions more accessible.

Our social responsibility strategy continues to build employee enthusiasm for charitable giving, further demonstrating how positive initiatives are linked with our success as a company.

**95**  
volunteer  
events in 2023.

**\$5.1m**  
of product  
donations in 2023.

#### Celebrating our partnership with IHP – helping thousands of people in need

For over 20 years, Smith+Nephew has partnered with International Health Partners (IHP) to donate products to help treat people in need in over 30 countries worldwide. Our donations through IHP have helped around 130,000 people.

Most recently, we donated more than 40,000 products from our Advanced Wound Management portfolio to Ukraine, where medical supplies are desperately needed.

To celebrate their impact across the world, in 2023, IHP held an event in London for all their valued partners and supporters, which Smith+Nephew attended.

The infographic shows some of the places that our support has helped through our partnership with IHP.



<p><b>2013</b> Democratic Republic of the Congo, Sierra Leone, Zimbabwe</p>	<p><b>2018</b> El Salvador, Iraq, Sierra Leone</p>
<p><b>2014</b> Gambia, Gaza, Honduras, Philippines, Sri Lanka, Turkey, West Bank</p>	<p><b>2019</b> Benin, Myanmar, Nicaragua</p>
<p><b>2015</b> Haiti, Iraq</p>	<p><b>2020</b> Lebanon</p>
<p><b>2016</b> Afghanistan, Gambia, Haiti, Honduras, Iraq, Jamaica, Nicaragua, Ukraine</p>	<p><b>2021</b> Jamaica</p>
<p><b>2017</b> Iraq, Nicaragua</p>	<p><b>2022</b> Ukraine</p>
	<p><b>2023</b> Ukraine</p>



» To find out more about IHP and how they ship vital health supplies to help equip clinics, hospitals and healthcare workers around the world to change and save lives, follow this link <https://www.ihpuk.org/>.

## People – Creating a lasting positive impact on our communities

### Being a responsible global citizen continued

#### 1 Improving the lives of more than 100 children in South Africa

Many children suffering with painful, recurring tonsillitis and obstructive sleep apnoea need an adenotonsillectomy. Surgeons had a backlog of adenotonsillectomy procedures nationally. To support the reduction of this backlog, they pledged to dedicate a week to adenotonsillectomies and help children in need as part of 'Doing it for Mandela', where organisations take part in civil service programmes every year in celebration of Nelson Mandela's birthday. The theme for this year was 'The Legacy Lives Through You.' Smith+Nephew ENT fully embraced the initiative by supporting procedures in hospitals across South Africa. We donated more than 100 COBLATION<sup>®</sup> wands and surgeons aimed to clear 245 cases.

*"It was extremely emotional, knowing that some of these children have waited for two years to have this procedure, preventing them from having a good night's sleep, giving them breathing difficulties and pain, and ruining the enjoyment of their childhood. This initiative gave us the opportunity to help, and the gratitude from the kids and their parents has been so rewarding; watching them breathe easier, laughing and swallowing without pain as they walked out of the hospital. It's a perfect example of our purpose, Life Unlimited."*

**Ureshnee Moodley**  
Business Unit Director

#### 2 Ten days in Tanzania: a new training and education partnership

Smith+Nephew partnered with a British Orthopaedic Association charity on a visit to Muhimbili Orthopaedic Institute (MOI) in Dar Es Salaam, Tanzania. Together with the local surgical team, we spent 10 days at MOI delivering a programme of education, clinics and surgery.

Smith+Nephew donated consumables and equipment to the facility from across our Advanced Wound Management, Sports Medicine and Orthopaedic Trauma business units. These enabled the local team to offer more services, with the aid of three new arthroscopic towers, and also enabled further education and training on traumatic and post-surgical wound management.

We really hope this is the beginning of a fruitful education and training partnership. We departed Dar Es Salaam with the knowledge that the team had made a key difference to the local surgeons in improving patients' lives.

#### 3 Helping at a residential school in India

Santulan Bhavan is a residential school that provides education and support for children of homeless families affected by famines and earthquake. A total of 29 volunteers from the Smith+Nephew team in Pune, India visited Santulan Bhavan, spending time with the children and donating stationery, groceries, toiletries and first aid kits to the school. The children showed high levels of enthusiasm and interest, and the event underlined the Smith+Nephew culture of 'Care', which was on full display.



Children were helped by the programme 'The Legacy Lives Through You.'



Surgeons and medical staff assisted with the much needed procedures.



## People – Creating a lasting positive impact on our communities

Being a responsible global citizen continued

### 4 Prophet Elijah Foundation – rural home hospice in Poland

Smith+Nephew volunteers helped by participating in clean-up work around the hospice, supporting the Foundation and its employees. This Foundation is focused on taking care of the elderly, terminally and chronically ill inhabitants of villages from five communes in Podlasie, Poland, so they can live the last months of their lives with dignity. It also helps families and other people working with the sick at the end of their lives.



Smith+Nephew employees used their volunteer time to help at the hospice.

### 5 Going the distance: London-to-Brussels charity bike ride

Twenty-four exceptional Smith+Nephew colleagues took on a charity cycle challenge, pedalling from London to Brussels to raise money for the Motor Neurone Disease Association. Our global business was represented throughout the team, which consisted of participants from our UK, European and US locations. Everyone successfully covered the 284 miles across three days. Our riders beat their target of £5,000 for the third time, raising a total of £6,000, with Smith+Nephew committing to match the donations.

*“I thought this would be a great way to support a great fundraiser with S+N team members that otherwise I would not have met. I knew it was a huge commitment coming from the US to participate in this event. Nevertheless, my love for cycling and adventurist mindset took me on the journey. There was nothing easy about any of it, and I don’t believe anyone who participated expected an easy challenge. I look forward to next year’s challenge and reuniting with our Global Team.”*

**Martha Herron**  
Occupational Health and Wellness Manager, North America

### 6 Volunteering with The Texas Ramp Project

The Texas Ramp Project is a non-profit organisation that provides free wheelchair ramps to low-income older adults and people with disabilities. Ramps are built exclusively with volunteer labour, keeping costs to a minimum. For approximately six years, our site in Austin, Texas has been supporting the project with our volunteer hours in helping build wheelchair ramps for people in our community who are homebound by physical/structural barriers.

During 2023, two different groups participated in separate builds on the east side of Austin. In total we had 18 participants who were able to learn new skills and, most importantly, put our values of Care and Collaboration into practice.



People – Creating a lasting positive impact on our communities

Our focus areas – People

# Empowering our employees

We succeed because of our employees. Their hard work and dedication improve patients' lives every day, across the world. To attract and retain talented employees, we work to be an 'employer of choice' – by empowering our managers, building a sustainable, diverse and talented team, investing in development and operating effectively and inclusively.

## Smith+Nephew's approach

### Inclusion, Diversity and Equity (IDE) are at the core of our culture

Diversity is defined as the acceptance and understanding that everyone is unique and respected for their individual differences. These can be along the dimensions of race, ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities, religious beliefs, political beliefs, or other ideologies. It is about understanding each other and moving beyond tolerance to embrace and celebrate the rich dimensions of diversity contained within everyone. Inclusion is about fostering a culture of belonging.

Equity is purposeful. We design our culture so everyone has access and feels they can be themselves in our work environment. As part of our overarching people strategy, we aim to attract, develop, accelerate and retain the growth of diverse talent.

At the same time, we're focused on integrating IDE across our organisation by fostering and nurturing an inclusive and equitable culture – one that has belonging at its core. This is so that our employees can thrive and achieve their fullest potential, while contributing to Smith+Nephew's continuous growth.

By empowering our employees we aim to help attract, engage and retain the best people.

## Key areas of focus

### A culture of Care, Courage and Collaboration

We've been improving health around the world for more than 165 years. Although we have come a long way from our beginnings as a small family pharmacy in Hull (UK), our founding spirit has stayed the same.

Our culture – Care, Courage and Collaboration – defines who we are and creates an environment that sets us up for success. It engages and motivates employees, helps them understand our purpose and makes them feel valued for their contributions to it. It also encourages the behaviours that help us reach our goals.

We want our people to feel included, connected, supported and engaged. We have continued to run several initiatives throughout 2023 focused on mental health and physical wellbeing. For example, we have supported the UK's Mental Health Awareness Week and run global events to support mental health and physical wellbeing.

### Our Employee Value Proposition (EVP)

Our EVP formalises what employees can expect from Smith+Nephew as an employer. It defines the essence of our company, how it is unique and what it stands for. Smith+Nephew's purpose of Life Unlimited is at the heart of our EVP.

It demonstrates that we believe there are no limits. At Smith+Nephew you can go as far, high, fast or deep as your imagination and professional ambition allow. 'You Unlimited' is the spirit in which our employees challenge themselves individually and collaboratively.

## Inclusion at Smith+Nephew is where:

The inherent worth and dignity of all people are recognised. An inclusive culture promotes and sustains a sense of belonging; it values and practices respect for the talents, beliefs, backgrounds, and ways of living of all employees.



Everyone is encouraged to be themselves, appreciated for their unique characteristics and contributions, valued for their strengths, and treated fairly and respectfully.



Everyone is empowered to speak up, has the opportunity to engage, is honest and holds others to account. Our leaders do what's right and are recognised for it.



Everyone is united behind our purpose, respected as an individual and in a team, given appropriate access to opportunities and resources, and able to thrive and contribute to our success.



## People – Creating a lasting positive impact on our communities

### Empowering our employees continued

#### Our Commitments

At Smith+Nephew, we have a compelling purpose, a strong culture and a clear strategy. Our Commitments define the ways in which we expect our employees to demonstrate our culture every day. They were launched through a leader-led cascade so that our leaders owned them and made them relevant for their teams.

As we defined what we need to do to deliver our strategy, crystallised in our 12-Point Plan, we recognised that how we will deliver this is also important. Our leaders and employees have told us they want to know more clearly what is expected of them and how they can better understand how they contribute to our collective success.

Most importantly, our Commitments reflect the feedback from our Global Employee Survey as well as deeper insights gathered through the feedback of people leaders and employees across our Company.

» [Further details of our Strategy for Growth and our 12-Point Plan may be found in our 2023 Annual Report on page 9](#)

**89%**  
participation  
rate in this year's  
Gallup survey.

#### Continuous improvement

Creating a culture of belonging, where our employees are highly engaged, is a continuous journey. We measure our progress using the Gallup Q12 as the tool for our annual employee engagement survey. We measure how well our employees are engaged, and to determine where we need to improve the employee experience.

The Q12 survey tool focuses strongly on the role of the people leader in engaging their team. People leaders are provided with their individual survey scores and conduct team sessions where the results are discussed and actions agreed – both to improve on opportunity areas and to maintain strengths. These action plans continued throughout the year and are assessed at our annual Gallup Accountability Check-in Survey to determine whether employees are seeing improvements.

In our fifth year using the survey, we again saw an improvement in our 'grand mean,' putting Smith+Nephew in the top half of participating companies and well above the Gallup average. Since the first administration of the survey, our grand mean has increased every year and we are trending on the improvement trajectory of Gallup's top quartile clients. Our participation rate in this year's survey was 89%. Our most meaningful improvements were in employees feeling supported in their progress at work and being recognised for their contributions. Once again, our strongest area was connection to our purpose of Life Unlimited.

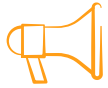
We also use Gallup to measure our progress in fostering Equity and Inclusion. We made solid progress across all eight categories in 2023, and overall. In Equity our greatest improvement came in employee recognition that we encourage their progress and development. In Inclusion we improved most significantly in the category recognising that Smith+Nephew is committed to building the strengths of each employee.

Smith+Nephew supports a culture of wellbeing that provides benefits, resources and programmes for employees across the globe to provide an opportunity to improve their overall wellbeing so that they can bring their best self to work each day.



## People – Creating a lasting positive impact on our communities

### Empowering our employees continued



## Our performance

### People development planning

To help deliver our purpose of Life Unlimited, we must realise every employee's full potential. All employees have '70-20-10' development plans, which take a blended approach to learning and development: 70% through experiential/on-the-job learning; 20% by learning from others, for example through coaching; and 10% from formal learning. We have also created an e-learning module to help employees and managers build meaningful development plans. Our performance management process aligns each individual's objectives with our strategy.

Our continued effort to provide timely and relevant resources in support of leadership, management and professional development of employees at S+N is reflected in a positive three-year trend in our Global Engagement Survey.

### The Smith+Nephew talent community – growing and expanding

Throughout the year, our talent acquisition team has continued to leverage our recruitment marketing platform to grow and expand our talent network. In 2023, we received over 130,000 views to our talent community links, marking a 45% increase over the previous year, demonstrating the growing interest and engagement in our organisation.

In collaboration with our marketing and corporate communications colleagues, our talent acquisition team successfully delivered over one million messages to our talent network, achieving an outstanding 61% engagement rate for our communications. These messages focused on sharing information about new career opportunities, local and global company updates, and more.

Our team managed 36 global career events, both virtually and in person, for over 1,300 attendees. These events varied from campus events and national conferences to online information sessions providing insights into our recruitment process and culture at Smith+Nephew.

These achievements and milestones are just the beginning as we continue to evolve our global recruitment strategy and build a diverse, dynamic and sustainable talent network for our employment and skills needs.

### Leadership development

We provide world-class developmental opportunities to our current and aspiring leaders to help enhance their leadership and managerial effectiveness. In 2023, almost 1,900 Smith+Nephew employees participated in our programmes:

- **Leadership Beginnings:** A 12-week virtual introduction to leadership for first-time and aspiring leaders. This programme introduces newly hired/newly promoted front-line leaders to the fundamentals of leadership, providing an overview of the critical skills and behaviours that are required for them to succeed in their new leadership role at S+N. In 2023, 198 new leaders joined the programme and 98% found it to be relevant to their role.
- **Pioneer:** Building capabilities to create and lead high-performing teams. This programme saw 131 participants in 2023.
- **Leadership Equation:** This new 16-week bespoke programme targets the development of leadership mindsets that enhance the ability of S+N leaders to boost engagement and increase the productivity of their teams. We successfully piloted this programme in 2023 with 23 middle to senior leaders.
- **Executive Development Programme:** 32 senior leaders completed a selection of 3/6-week blended learning programmes from elite business schools, aligned to our strategy and culture.

### Additional learning and professional development resources include:

- **Accelerated Leadership Collection:** Access to 70+ courses created by elite business schools for all Smith+Nephew employees. In 2023, 1,216 employees took nearly 2,200 courses designed to support specific competencies identified in their 70-20-10 development plans. The goal of the programme is to help participating employees develop individual leadership and professional competencies aligned with our culture pillars of Care, Courage and Collaboration.
- The programme combines formal learning with practical application of lessons learned to participants' work. 91% of the programme graduates stated that they were highly likely or likely to apply learnings from the programme to their work.
- **People Leader Hub:** An internal website containing hundreds of resources on the core leadership and management practices and processes as well as just-in-time self-paced development resources in support of skill building in alignment with our Commitments.
- **Elevate:** Interactive webinars and interviews for female employees who want to develop new capabilities, overcome challenges and get ready for their next move.
- **Learnship:** Blended learning for colleagues who want to learn English or improve their current proficiency level.
- **Learning Unlimited:** Online learning library for all Smith+Nephew employees. In 2023, over 280,000 courses were completed by our employees from the list of over 72,000 available resources.

## People – Creating a lasting positive impact on our communities

### Empowering our employees continued

#### Our performance continued

##### Emerging talent

In 2023, we ran a range of activities to develop new and emerging talent. Our experiential programmes (learning ‘on the job’) grew by hosting over 100 internships and apprenticeships around the world.

We introduced the EMEA Learning Series, in which senior leaders from around the world shared their knowledge and expertise with university students.

Under the leadership of one Emerging Talent intern, we hosted the Peer Partner Program, which pairs up interns from around the world and from different functions so they can learn more about each other, their role and their work.

The Smith+Nephew Acceleration Programme continues to be successful in engaging our Leadership Development Participants (LDPs), who are examples of our emerging talent.

In 2023, we introduced International Coffee Breaks, which help LDPs get to know one another in an informal setting.

Our Reverse Mentoring Programme continues to be successful, with 56 mentors and mentees participating from around the world and representing all our functions.

This year we introduced an Alumni Board, which enables former participants in the mentoring programme to continue to influence it.

##### Performance and talent management

We work to ensure employees are assessed consistently and fairly, whether they are co-located with their manager or working remotely some or all of the time.

In 2023, we promoted a culture of strong execution and delivery, centred around our strategy and 12-Point Plan. For our people, the result is clear priorities, strong organisational alignment, relevant and timely performance feedback, and attractive incentive plans that motivate and reward enterprise-wide contributions. The strategy will be underpinned by an overriding culture of accountability set by our senior leadership team.

We have made progress on strengthening our succession pipeline to our Executive Committee, with 90% from our talent pipeline. 30% of our overall successors to the Executive Committee are female. Currently, 50% of our Executive Committee come from internal promotions with three internal promotions in the last 24 months.

We introduced ‘Success Profiles’ in Q1 2023 to capture current and future skills and experience requirements for our Executive Committee and Enterprise High Value Roles based on business strategy. We use these profiles to assess potential successors, identify gaps and inform development. In early 2024, we plan to pilot a ‘Leadership Challenges’ assessment on a selection of approximately 30 potential successors across Finance and R&D. This tool aims help us predict leader success and inform more accurate succession decisions.

As we moved into our new business unit organisational model, setting our transitioning leaders up for success has become even more of a focus area. To address this, in the last quarter of 2023 we launched a Leadership Transitions toolkit to support senior leaders stepping into bigger and broader roles in their first six months.

To accelerate the development of diverse talent, 11 middle-to-senior managers took part in a ‘Sponsor+’ executive sponsorship programme over an 18-month period. 64% (7 out of 11) of the cohort have been promoted or had a lateral move since the programme launched.

64%

of executive sponsorship programme participants have been promoted or had a lateral move since its launch.



“It is an absolute privilege to feel the company is believing in my growth.”

“Meaningful quality learning from my Sponsor has really helped broaden my perspective.”

“My Sponsor has been an invaluable support, very grateful to be part of the programme.”

### People – Creating a lasting positive impact on our communities

#### Empowering our employees continued

#### Our performance continued

#### Inclusion, Diversity and Equity (IDE)

We aim to attract, develop and retain diverse talent. At the same time, we are focused on embedding IDE by fostering and nurturing an inclusive and equitable culture that has belonging at its core.

In 2023, we created an Inclusion Council. Meeting quarterly, the aim of the council is to deliver enterprise-wide strategic initiatives to accelerate the growth of our organisation and be the catalyst to help everyone feel they belong. The goals include improving employee wellbeing, engagement, retention and culture.

Over the last three years we have seen great progress made by our EIGs and Life Councils. EIGs are voluntary, employee-led groups whose purpose is to create an inclusive culture that supports diversity of thought, background and perspective. Life Councils create a friendly, inviting workplace environment while promoting teamwork across functions, and fostering employee engagement and support for our local communities.

“ We have seen great progress over the last three years, thanks to the outstanding work of our Employee Inclusion Groups and Life Councils. We could not make this happen without leadership advocacy, which has frequently involved the sharing of personal experiences that help to raise awareness and educate others.”

Natasha Berry  
Vice President, Global Inclusive Culture, Diversity & Equity

#### Inclusion...

Inclusion is involvement and empowerment, where the inherent worth and dignity of all people are recognised. An inclusive culture promotes and sustains a sense of belonging; it values and practises respect for the talents, beliefs, backgrounds and ways of living of all its employees.



#### Diversity...

Diversity is the range of human differences, including but not limited to race, ethnicity, gender, gender identity, sexual orientation, age, social class, physical ability or attributes, religious or ethical values system, national origin and political beliefs.



#### Equity...

Equity refers to fair and just practices that ensure access, resources and opportunities are provided for all to succeed and grow.

Welcomed



Known



Included



Supported



Connected



#### Our EIG 2023 'Belonging Award' winners

Our EIGs work hard throughout the year to embody our culture pillars, in both the workplace and in local communities. In December, we held our second annual Belonging Awards ceremony to acknowledge members of EIGs from around the globe for the amazing things they accomplished in 2023.

The award categories recognise Smith+Nephew individuals and groups that have made an impact internally and with our wider external communities, highlighting their achievements and changes made by these efforts.



Belonging Award winners were recognised across seven different categories at sites across Smith+Nephew.

7 awards presented.

## People – Creating a lasting positive impact on our communities

### Empowering our employees continued

#### Our performance continued

##### Employee Inclusion Groups (EIGs)

EIGs cover a broad spectrum of diversity and provide a network for employees to engage and collaborate. EIGs and their subgroups cover gender, race and ethnicity, veterans, mental health and physical wellbeing, generations, LGBTQ+, disability, as well as life developments and challenges.

During 2023, our EIGs created subgroups in the **CARE**, **EMPOWER** and **WOMEN'S NETWORK EIGs**, as follows:

**CARE:** Menopause, Working Parent and Imposter Syndrome.

**EMPOWER:** Neurodiversity, Visible and Invisible Disability.

**WOMEN'S NETWORK:** Women in Technology, Women in Commercial, Society of Women Engineers (SWE), and Women in Manufacturing. In 2023, there were over 4,200 supporters across our seven EIGs and subgroups.

For the second year in a row our CARE EIG team won the Global Champion award from training organisation Think Mental Health. Our UNITY EIG UK executive leader Simon Tarry was a nominee for the Investing in Ethnicity award, Champion Ally category. These awards celebrate individuals and organisations that support black, Asian and diverse ethnic communities.

Throughout the year, our EIGs hosted numerous events and we continue to use them to raise awareness and provide education to employees. Guest speakers including authors and educators participated in EIG webinars throughout the year.

##### Examples of progress across key focus areas in 2023

- In January, EMPOWER launched the Neurodiversity Network, bringing together neurodivergent colleagues to create a vibrant community. It has a wealth of resources to support neurodivergent individuals in the workplace to recognise their strengths and celebrate their unique skills and perspectives. The network aims to educate our colleagues on the different types of neurodiversity, promote the value of our neurodiverse colleagues, and raise awareness of their challenges.
- Celebrating Pride Month in June alongside our colleagues in the PRIDE EIG, EMPOWER hosted 'LGBTQ+ Disability: Navigating Two Worlds', a webinar exploring the intersection of these two identities and the unique challenges associated with both. We heard impactful and moving stories from internal and external speakers as we discussed ableism, stigma, attitudinal barriers, physical accessibility, and how to challenge society's beauty standards.
- In September, in recognition of Deaf Awareness Week, we launched the EMPOWER British Sign Language course, aimed at improving visibility, understanding and inclusivity for deaf and hard-of-hearing individuals. Thanks to the excellent response, this will now become an annual event, and we are looking to extend this to the United States for American Sign Language and beyond.
- We joined the Business Disability Forum, whose aim is to help businesses become more disability-smart. Leveraging our membership benefits, we completed our first Disability Smart Assessment in August, the results of which will inform our future strategy and shape our approach to disability inclusion.

EIG	Mission + Goals
<b>+ WOMEN'S NETWORK</b> Amplifying Women's Inclusion	To promote meaningful gender diversity – in Smith+Nephew globally – by advocating, educating and connecting colleagues to dissolve barriers and empower progression for women.
<b>+ UNITY</b> Race + Ethnicity	To increase ethnic diversity at all levels and unlock the potential of all employees.
<b>+ VETERANS+UNLIMITED</b> Veterans of Military Service and Active Reservists	To educate, train to, and inspire a culture of understanding and inclusion for military veterans.
<b>+ CARE</b> Mental Health + Physical Wellbeing	To create an environment to promote a state of health and wellbeing contentment.
<b>+ GLOBAL SNYP</b> Engage, Develop, Grow, Excel	To engage, develop and accelerate the personal and professional development of emerging talent.
<b>+ PRIDE</b> LGBTQ + Community + Allies	Smith+Nephew Pride strives towards a fully inclusive workplace where LGBTQ+ employees are free to be themselves.
<b>+ EMPOWER</b> Support, Advocate, Educate	The voice within Smith+Nephew for all employees affected by, or living with, a visible or invisible disability, chronic health condition, neurodiversity and/or mental health difficulties.

## People – Creating a lasting positive impact on our communities

### Empowering our employees continued

#### 1 Society of Women Engineers National Efforts 2023

We have a long-standing partnership with the Society of Women Engineers (SWE), a non-profit that empowers women to succeed and advance their careers in engineering. As members of SWE's Corporate Partnership Council, we have been provided with many opportunities including writing a blog for an international audience, leading a podcast, winning awards, and attending the SWE National Conference.

**Kalavati Bhashyam**, Senior Director, Hardware Engineering, Robotics and Enabling Technologies recently authored a post for the SWE 'All Together' blog. One of the specific topics covered was Smith+Nephew's launch of 'Orthopedics for All' (OFA). The OFA initiative is designed to address challenges in the field of large-joint arthroplasty where, despite a 20% intake into residency programmes, less than 5% of female arthroplasty surgeons choose to work in large joints. They face many challenges, with physical demands and lack of mentorship being some of the key concerns.

Smith+Nephew women engineers participated in the SWE National Conference, a three-day flagship professional development event. This year, SWE invited attendees to 'Live Without Limits' while engaging in networking, gaining career insights, and connecting with industry leaders on innovation. We have had four attendees from the SWE conference accept offers of employment.

SWE has recognised two S+N employees with the Patent Recognition Award: **Alisha Bergin**, Senior Director, External Product Development and SWE Memphis Champion; and **Ruxi Marinescu**, Early Innovation Lead for Knee Product Development and Global Leader of Smith+Nephew SWE, for their impact on the Society as well as the engineering community. Alisha and Ruxi received the awards at SWE's annual conference, WE23, in Los Angeles. The award also recognised Alisha and Ruxi's continuing dedication to SWE's mission – striving to highlight the impact and importance of women in engineering across the globe, leading by example, and demonstrating that a career in engineering can be a fulfilling, rewarding pursuit for women of any background.

The Patent Recognition Award recognises Alisha and Ruxi for their most recent awarded patents and dedication to innovation at S+N. More specifically, Alisha was recognised for her contributions to Hip Product Development and Materials Engineering. Ruxi was recognised for her innovations in Knee Product Development, implant fit optimisation and patient-specific surgical planning and implant technology.



Attendees at the SWE National Conference.

#### 2 Scientist Mentoring and Diversity Program (SMDP)

The SMDP is a one-year career mentoring program that pairs ethnically diverse post-baccalaureate students, graduate students and post-doctoral researchers with industry mentors at medical technology companies. This year, Jennie McNab, a Product Development Manager, mentored Joelle Odigie, who is currently on track to complete pharmacy school in 2024 at the University of Maryland Eastern Shore in the US. They have worked together for the year on a personalised mentoring plan that helps prepare Joelle for a career in industry.

#### 3 National Society of Black Engineers

The National Society of Black Engineers (NSBE) is one of the largest student-governed organisations based in the United States. Founded in 1975, it supports and promotes the aspirations of collegiate and pre-collegiate students and technical professionals in engineering and technology.

A team of Smith+Nephew employees attended the NSBE Annual Convention, speaking to many of the 10,000 attendees and sharing what it's like to work at Smith+Nephew.

Making connections with the students, hearing about their aspirations and what they're looking for in an employer helps us attract talented individuals for Smith+Nephew and supports our future success. We have already hired two people from the conference to join us and currently have others in the pipeline.

This is the third year that Smith+Nephew has attended. At one point we had over 30 people in line waiting to talk to us!

*"My role at the convention was to greet the students, understand their experiences & career goals, and then direct them to a seasoned team member that could hold a more focused conversation with them. Reflecting on my past experiences as a NSBE member in undergrad, I wanted to make sure that students' experiences at our booth aligned with what someone in their shoes was looking for in a company. The gratitude I felt from assisting and guiding young black engineers through their respective career paths truly made my personal career journey come full circle while being a part of this S+N team."*

**Dan Bully**  
R&D Engineer  
NSBE member since his undergraduate years



Smith+Nephew employees helped inspire the next generation of engineers.

People – Creating a lasting positive impact on our communities

Our focus areas – People

# Prioritising health, safety and wellbeing

Every day we help each other ensure that the safety and wellbeing of our employees and those who work with us is given the highest priority – across all our offices and manufacturing sites, and when we visit or interact with customers.

## Smith+Nephew's approach

We use a combination of actions to improve workplace safety. We continually develop and apply our sustainability management system, run an active health, safety and wellbeing programme, carry out behaviour-based safety campaigns, and use robust incident reporting and investigation systems across the Group.

## Key areas of focus

Our safety efforts remain focused on our manufacturing operations, where we work to reduce risk from the use of machinery. Additionally, we put in place policies and run education programmes to protect employees who are working in offices and warehouses, driving on company business, and those who need to work in operating theatres during live surgery. We have continued our focus on the mental health and physical wellbeing of our employees in recognition of its importance in the workplace.



A healthy and safe working environment is our priority both within manufacturing and wherever our employees are working in the world. This supports and enables efficient business operations.”

Mike D Eufemia  
Senior Director Global HSE



## Our performance

Smith+Nephew has a culture of shared responsibility for employee health, safety and wellbeing. Throughout 2023, we continued to build on this with behaviour-based safety programmes and a focus on reporting and investigating incidents and their causes. Our ability to travel and perform more on-site safety audits returned to pre-pandemic levels in 2023. The personal interactions and face-to-face sharing of best practices have been welcomed by all employees.

Our headline safety rates improved in 2023, however we recognise there is no room for complacency. There were no fatalities in 2023 among our employees and contractors.

In line with pandemic recovery, we reinstated HSE audits across both manufacturing and the commercial areas of the business. These audits aim to improve safety awareness and instil a strong safety culture at each location.

In 2023, we maintained a strong focus on mental health and wellbeing for our employees and their families. This has involved working closely with our EIGs to foster care throughout the business and ensure that everyone has opportunities for positive interactions and development opportunities so that they feel truly included. See pages 27–29 for more details on our initiatives.

## Safety and occupational health

Our headline safety performance includes all employees and supervised contractors, and excludes unsupervised contractors. We have adopted the industry-standard US Occupational Safety and Health Administration (OSHA) system to record incidents of occupational injury and ill health.

Lost-time incidents are defined as those that result in a person not being able to report for work on the day or shift following the incident. Performance is expressed as the number of incidents per 200,000 hours worked.

### Total recordable incident rate, TIR

2023	0.15
2022	0.22
2021	0.23
2020	0.30
2019	0.49

### Lost time incident frequency rate, LTIFR

2023	0.04
2022	0.12
2021	0.08
2020	0.20
2019	0.28

**0.15**  
2023 Total recordable incident rate, TIR.

**0.04**  
2023 Lost time incident frequency rate, LTIFR.

## People – Creating a lasting positive impact on our communities

### Prioritising health, safety and wellbeing continued

#### Our performance continued

##### Mental health and physical wellbeing

We have reviewed the global governance of wellbeing and put in place a steering group to better guide and implement our global wellbeing strategy. This has allowed for increased collaboration between EIGs and global campaigns to be driven centrally. We also established a global champion network to improve our understanding of what employees want, and to help disseminate wellness offerings.

During 2023, we continued to focus and drive our mental and physical wellbeing agenda through our CARE EIG. CARE has continued to grow; with training for further mental health first aiders (MHFAs) globally. We retain CARE groups spanning 11 countries: UK, Australia, Canada, China, Costa Rica, India, Ireland, Japan, Malaysia, Poland and US.

We are dedicated to raising awareness and support around mental health and wellbeing, so all colleagues in need of help and support can seek it with confidence. We accomplish this through:

- Providing a robust and secure network of support.
- Breaking down the stigma around mental health and raising awareness in the workplace.
- Educating and giving our employees more opportunities to exercise and eat healthily.
- Engaging leadership and promoting collaboration on issues that impact the health and wellbeing of our teams.

- Requiring all employees to understand our new enhanced Employee Assistance Programme's (EAP) offer. This includes 10 counselling sessions instead of six in 2022, with access within two business days or immediate support for someone in crisis; 10 coaching sessions to help employees meet their overall wellness goals; and a library of tools, videos and exercises to support employees and their household members.
- Supporting financial wellness. In May, we published an article on healthy money matters, and offered a webinar in multiple languages with links to financial resources and our EAP for free financial counselling if needed.

A dedicated team of volunteers, with a global EIG lead, country leads and local site teams of MHFAs or champions lead our mental wellbeing efforts. We now have 150 MHFAs trained across 11 countries.

These colleagues are trained to help identify when help is needed, identify the level of support required and signpost people towards doctors, helplines or organisations that may offer counselling, professional support and treatments. Privacy is always respected, and conversations are never shared with direct managers. Our mental health champions are often just 'someone to talk to'.

**150**  
mental health first  
aiders trained across  
the business.

In the US, we ran a 'New Year New You' campaign, built around making healthy behaviour changes in the new year. Employees were asked: do you want to eat healthier, exercise more, sleep better, be more mindful, quit smoking, drink less alcohol or stop gambling? We provided useful links to information on these items and mental health counselling to support the changes.

We have extended WELLFEST wellbeing events from the UK and Ireland to attendees globally and continued with the popular 'What's on your mind' podcast. In 2023, we also partnered with a mental health benefit provider, giving all employees and their households access to counselling, coaching, an information library and a global website featuring toolkits and articles on wellness.

In October, we provided mental health awareness webinars in six languages across all time zones, with over 1,000 employees participating. The topic was 'burnout' and the sessions aimed to equip employees with strategies to prevent it.

Employees in our Dubai office wore pink for a day in October and we published intranet knowledge articles on breast cancer awareness.

In 2024, we will continue to emphasise safety awareness, behaviours and training, both for employees working at our sites and for those who are field-based, travelling on company business or working remotely.

We will continue our work promoting the importance of good mental health and physical wellbeing, and provide support and awareness to all employees.

#### Menopause awareness

We launched a menopause awareness programme across the UK and Ireland. Sponsored by our Chief Human Resources Officer, Elga Lohler, this aimed to better inform managers and individuals of menopause, the challenges it presents and the ways individuals can be supported. The programme was delivered in three parts: manager awareness sessions, employee general awareness and training for menopause 'champions'. Champions are in place to support and signpost individuals to obtain the best support or enable managers to support their teams.

“

Menopause awareness has also been used to support a broader culture change across the UK. While a positive, open culture exists, there is still more that can be done to break down stigmas associated with certain health topics and to develop a culture of openness where natural life events are not seen as taboo.”

Chris Defraime  
HSE Regional Director UKI & Nordics



## People – Creating a lasting positive impact on our communities

### Prioritising health, safety and wellbeing *continued*

#### 1 Think Mental Health Global Champions

For the second consecutive year, our CARE EIG has won the Global Champion award for our positive impact on our employees and their community's mental health at the UK 'Think Mental Health' awards held in Hull.

*"I received lots of positive feedback from other guests and key speakers about Smith+Nephew and what we have achieved. It is quite humbling that the work we are doing to raise awareness and support our employees is recognised in the business community."*

**Jon Allanson**

Portfolio Compliance Director and Mental Health First Aid Champion



Chris Defraine and Jon Allanson, with the 'Think Mental Health' award.

#### 2 Business Group on Health Best Employer award

In the US, for the first time, Smith+Nephew was one of only 50 employers recognised with a Best Employer Award from the Business Group on Health for creating a healthy work culture through a well-established, progressive and measurable employee wellbeing and engagement programme.

In 2023, the US team once again also won the Cigna Healthy Workforce Designation™ Gold Level award for our focus on the vitality and wellbeing of our workforce and for helping our employees to be healthier, more productive and engaged.



Best Employer and Healthy Workforce Designation awards won in the US.



#### 3 Safety Day in Columbia, Maryland, US

At our Columbia site's annual Safety Day, the theme this year was 'What If?', with findings from their corporate audit used as themes. With displays such as Good Saves/Near Misses and Emergency Preparedness, the Columbia site was able to make the importance of safety feel fun and light-hearted but also informative. We plan to roll out Safety Days across North America in 2024.



Annual Safety Day celebrated in Columbia, Maryland.

#### 4 Fire training, first aid AED and CPR training

Our teams in Colombia carried out fire extinguisher training with their local fire service. Teams in Memphis and Oklahoma City in the US both also followed fire training, first aid, automated external defibrillator and cardiopulmonary resuscitation training. All activities are seen as key to providing a safe workplace.



Important fire safety training rolled out across the Americas.

#### 5 S+N 'Happy Farm' created in China

Employees at our Suzhou site established a small fruit and vegetables plot in April. Building on our culture, it made the link between recruiting and nurturing talent and caring for the produce being planted. Our Chief Executive Officer and Chief Human Resources Officer both visited the site, offering their support for this initiative to promote our culture and team wellbeing.



5

Cindy Duan, site leader in Suzhou and Elga Lohler, Chief Human Resources Officer.

# + Planet

Aiming to reduce our impact on the environment

“

Along with our customers, suppliers and other stakeholders, we work to manage the environmental footprint of our products and processes.”

**Paul Connolly**

President Global Operations



## Why is this important?

We recognise the need to protect our planet and help mitigate against the impacts of climate change. In response, we manage resources efficiently, reduce our GHG emissions where possible and are mindful of the impact our decisions have on the environment.

In 2023, as the impacts of the global pandemic started to recede, many colleagues chose to adopt remote or hybrid working. Accordingly, some offices continued to see lower occupancy levels and we are adapting to those situations. Combined home and office working can have a higher environmental impact as the conditioning of our buildings is often independent of occupancy levels. We are progressing with a review of accommodation and right sizing of our physical footprint.

Internally, we have made progress over several years, improving our performance in waste recycling, avoiding sending waste to landfill, minimising our water use and reducing our GHG emissions.

Our ESG 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 impact 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. To help achieve improvements in this area, we are collaborating with our key suppliers where there are more opportunities for change.

We are mindful of the importance of biodiversity, particularly in some of the countries in which we operate, including Costa Rica and Malaysia.

The impact on local biodiversity is one of our considerations when we approve capital expenditure within our Global Operations business. Biodiversity is also a key consideration in the design, planning and implementation of our new Advanced Wound Management facility in Melton (UK) including impacts on the local landscape, ecosystems, climate stability and flood resilience.

## How it links to our objectives

### Net zero

**Achieve net zero Scope 1 and Scope 2 GHG emissions by 2040 and Scope 3 GHG emissions by 2045, beginning by achieving a 70% reduction in Scope 1 and Scope 2 GHG emissions by 2025.**

### Waste

**Achieve zero waste to landfill at our manufacturing facilities in Memphis and Malaysia by 2025 and at all our strategic manufacturing facilities by 2030.**

## What's in this section

Our ESG strategy in action	34
Innovating to reduce our emissions	35
Minimising the waste we generate	40
Improving our water efficiency	42

Planet – Aiming to reduce our impact on the environment



Our ESG  
strategy in action

# Suzhou goes solar: powering up our ESG objectives



**I'm incredibly proud of the team and what we were able to achieve. This project is a testament to our company culture pillars of Care and Collaboration. It was a true team effort, and everyone's hard work and dedication made it possible. I'm confident that this project will make a meaningful impact, not just for the company but for the environment as well."**

**Cindy Duan**  
Site Leader, Suzhou

In 2023, our site in Suzhou, China went 'live' with a solar project that supports our ESG strategy.

Historically, power rationing in Suzhou has had an impact on Smith+Nephew's site manufacturing operations. The Suzhou team understood the priority of securing alternative renewable energy and explored the feasibility of installing solar panels on the site's roof. At the end of 2022, solar panels were installed across 15,000 square metres of the site's roof. This would not only help with long-term electricity costs but also help to support the achievement of our ESG objectives.

The Suzhou team adopted an Energy Management Contract (EMC) model, in which the vendor would invest, install, operate and maintain the solar panels for a period of 25 years.

## 3.5 GWh

of renewable energy generated from the solar photovoltaic panels installed at these two strategic manufacturing facilities.

In 2023, the solar panels in China reduced our GHG emissions by approximately 1,000 tonnes – a significant benefit to our carbon reduction roadmap.

On-site generation of renewable energy started in 2023 in both China and Malaysia. Over the year, we generated over 3,500,000 kWh of renewable energy from the solar photovoltaic panels installed at these two strategic manufacturing facilities. The two projects combined avoided over 2,000 tonnes of GHG emissions.

Both installations have been put in place using long-term power purchase agreements (PPAs) with local developers.



Planet – Aiming to reduce our impact on the environment

Our focus areas – Planet

# Innovating to reduce our emissions

The impacts of climate change are increasingly evident around the world, including rising global temperatures and more severe extreme weather events. Every country is affected.

Widespread adoption of renewable energy technologies will help the global community curb climate change acceleration.

## Smith+Nephew's approach

Our approach to cutting emissions is three-fold: tackling energy efficiency, generating our own renewable energy on-site and sourcing lower-carbon energy through green tariffs and procuring RECs. To achieve this, we are evaluating new ideas and investing in technological solutions at many of our sites. Our aim is to achieve net zero status in line with our objectives.

We encourage all our employees and supply chain partners to take responsibility for minimising their energy use. We make efforts to motivate staff to actively care about the environment, providing them with guidance and access to information to enable them to make a real difference.

To identify and reduce our Scope 3 GHG emissions, we are working with our suppliers to identify opportunities and then build our roadmap for emissions reduction.

## Key areas of focus

We recognise that our Scope 3 GHG emissions represent the largest sources of carbon emissions associated with our business. Therefore, in 2023, we have focused on measuring and reporting more of our Scope 3 GHG emissions categories. Refer to page 38 for further details.

To manage and reduce our overall GHG emissions footprint across all scopes, we intend to produce a Scope 3 GHG emissions reduction roadmap in order to best apply our resources towards achieving net zero.

In working to reduce our Scope 1 and Scope 2 GHG emissions, we are focusing on the main areas of our business within our control, including emissions produced by our manufacturing, warehouse, R&D and office locations.

During 2023, we have implemented energy efficiency and low-carbon initiatives, including going live with new solar photovoltaic panels at two of our manufacturing sites in Asia (see page 34).

We have participated in the CDP supply chain programme with a greater than 70% response from over 400 selected suppliers. Additionally, we have collaborated with key suppliers to build relationships to support our Scope 3 GHG emissions measurement and reduction.

## Examples of our ongoing actions to reduce emissions and energy usage include:

### Monitoring and analysis

- Monitoring and reacting to on-site energy usage in real time.
- Conducting thermal camera surveys to identify heat losses and compressed air leak assessments to address leaks.
- Detailed analysis of the energy usage data across our global operations to identify anomalies and savings opportunities.

### Efficient technology

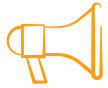
- LED lighting installations in many offices and manufacturing areas.
- Using Building Energy Management Systems for controlling equipment to maximise its efficiency and automating climate control or occupancy-related heating and lighting.
- Using variable frequency drives for motors on fans and pumps.
- Replacing inefficient compressors, chillers, pumps, fans and motors with highly efficient equipment.
- Continuing to migrate the leased company car fleet to electric vehicles.
- Assessing new opportunities for generating renewable energy at our sites around the world.

### Strategy and procurement

- Changing service and maintenance strategies to ensure machinery operates more efficiently.
- Procuring renewable energy and RECs.
- Reducing the number of lights in certain areas but maintaining the necessary lux levels for safe working.

## Planet – Aiming to reduce our impact on the environment

### Innovating to reduce our emissions continued



#### Our performance

In line with our net zero ambition, we have been working with our global energy partner, assessed our Scope 1 and Scope 2 GHG emissions and formulated a carbon reduction roadmap for key locations aimed at reducing emissions by 70% by 2025 compared to a 2019 baseline.

Investors and customers ask us about our Scope 3 GHG emissions. This year we have published data for both 2022 and 2023 Scope 3 GHG emissions, see pages 38 and 58 for more details. We will now focus on preparing a similar roadmap for their reduction.

In 2023, we continued to source renewable wind energy for all our locations in Memphis, US. This is significant as the Memphis sites consume nearly 40% of the Group's total electricity. We also sourced hydroelectric energy for our manufacturing location in Malaysia. These were both achieved through the purchase of RECs. Sourcing renewable energy reduces our market-based GHG emissions (the emissions from the electricity and steam that we purchase). We started to source renewable energy to supply electricity to all our UK locations from the fourth quarter of 2023.

#### Our carbon reduction roadmap steps

We have a Scope 1 and Scope 2 carbon reduction roadmap to deliver our ESG objectives in the short, medium and long term. These are defined as within one year, within three years and after more than three years respectively.

Within our Scope 1 and Scope 2 carbon reduction roadmap we identified four key initiatives as shown in the diagram below. The key drivers are energy efficiency, self-generation and procuring green energy via PPAs, green tariffs or RECs.

We will continue to work with the roadmap to put actions in place using the most appropriate solution to deliver net zero.

From October 2023, all our UK sites began sourcing renewable power. Our sites in Memphis also sourced RECs through Green Flex, a voluntary renewable energy programme from the Tennessee Valley Authority (TVA). Certified by Green-e

Energy, North America's leading certification programme for renewable energy, Green Flex RECs are based on wind power generated in the Midwest of the US. Purchasing RECs gives buyers the right to renewable energy and makes it possible to track ownership. Residual purchased RECs were applied to other North American locations at the end of 2023.

Each REC represents one megawatt-hour of renewable energy generated and delivered to the power grid. An equivalent REC is produced for every unit generated, and by purchasing RECs and pairing them with our electricity service, we get the benefits of a renewable energy supply. Buying RECs helps to build the market for renewable electricity, which in turn can reduce electricity generation from non-renewable sources. Environmental benefits include reduced GHG emissions.

In 2023, we also purchased RECs in Malaysia. Combined with newly installed solar panels, this sets a new standard as the manufacturing site is achieving net zero Scope 2 GHG emissions.

Our participation in these schemes underscores our commitment to supporting renewable energy and helps to reduce our carbon footprint. In 2024 and beyond, we will continue to consider options such as more self-generation and PPAs, to complement or replace the purchase of RECs in the future.

#### In order of priority

### Our Scope 1 and Scope 2 carbon reduction roadmap steps

#### 1 Energy efficiency



Conduct energy efficiency studies at major sites.

**We carried out energy efficiency audits at sites in the UK and Tuttingen, Germany during 2023.**

#### 2 On-site renewables



Implement on-site solar energy generation.

**Solar energy generation projects in Malaysia and China are operational. Additional sites are being considered.**

#### 3 Power purchase agreements



Long-term agreement (10+ years) to buy power from new renewable resources.

**We are considering global opportunities for PPAs.**

#### 4 Renewable energy certificates



Procure renewable energy certificates (RECs) for remaining consumption.

**RECs purchased in Malaysia and North America. Renewable energy purchased in the UK from October 2023.**

## Planet – Aiming to reduce our impact on the environment

Innovating to reduce our emissions continued

### Our performance continued

#### What is net zero?

Organisations around the world are making pledges to reduce GHG emissions. These pledges can play a key role in achieving the Paris Agreement, which aims to hold the increase in the global average temperature to well below 2°C above pre-industrial levels, and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. ‘Net zero’ means that the activities within a company’s value chain result in no net impact on the climate from GHG emissions.

#### What are Scope 1, 2 and 3 emissions?

**Scope 1** – Direct sources of emissions, which mainly comprise the fuels we use on-site, such as gas and heating oil, owned/leased vehicles and fugitive emissions arising mainly from the losses of refrigerant gases.

**Scope 2** – Indirect sources of emissions such as purchased electricity and steam we use at our sites.

**Scope 3** – All other emissions in the value chain, including both upstream (for example, emissions relating to raw materials) and downstream (for example, transport and distribution of products).

**40%**  
reduction in market-based  
Scope 1 and Scope 2 GHG  
emissions since 2019.

**2,000**  
tonnes GHG  
emissions avoided  
through self-  
generation from  
solar projects.

#### Location-based carbon emissions

In 2023, the total location-based carbon footprint of business operations was 74,913 tonnes of CO<sub>2</sub>e, representing a 3% decrease when compared to 2019 (our baseline year). Some savings were achieved as a result of our energy-saving initiatives and also from lower grid factors (the amount of CO<sub>2</sub>e emitted per MWh generated) being published for some locations.

Our total energy use in 2023 increased over the previous years to 243 GWh, this was largely as a result of reporting more leased vehicles (now including data from 14 European countries). The reporting of additional vehicle data, from outside the UK, was responsible for approximately 17 GWh of additional energy reported and over 3,900 tonnes of Scope 1 GHG emissions in 2023, arising from the use of petrol/diesel fuelled cars.

#### Market-based carbon emissions

In line with dual reporting, we report emissions using both location-based and market-based methodologies. We apply the relevant market-based emission factors, where available, to provide a more accurate report of the emissions for which we are responsible. Market-based emissions are based on contractual or supplier-specific emission factors that can be applied when procuring low-carbon energy or siting facilities in areas with lower emissions, but also recognising that this might be higher than the grid average in some cases. These reports are in accordance with the ‘GHG Protocol Scope 2 Guidance, an amendment to the Corporate Standard’.

Where market-based factors were not available, we have used ‘Residual Mix’ data for the EU locations from RE-DISS Phase 2 (Reliable Disclosures System for Europe) and IEA data for all other countries, except for the remaining US locations where the eGRID factors (including subregional) were applied. In 2023, the total market-based Scope 1 and Scope 2 GHG emissions footprint was 40,266 tonnes of CO<sub>2</sub>e, a 40% reduction since our baseline year of 2019. This reduction was primarily due to self-generation of renewable energy from solar and RECs purchased in both Malaysia and Memphis (US). In the final three months of 2023, we started procuring green energy at all our UK sites. This is set to continue through 2024.

In 2023, we improved the scope of our leased vehicle data reporting. This was increased to cover 14 European countries and therefore added to our Scope 1 GHG emissions. However, we expect that the continued move to electrification will reduce these emissions over time.

This represents good progress towards our interim objective to achieve a 70% reduction in market-based Scope 1 and Scope 2 GHG emissions by the end of 2025.

#### Energy usage (GWh)

2023	243
2022	237
2021	232
2020	212
2019	213

#### Scope 1 and Scope 2 GHG emissions (location-based), (tonnes CO<sub>2</sub>e)

2023	74,913
2022	73,985
2021	76,222
2020	72,945
2019	77,212

#### Scope 1 and Scope 2 GHG emissions (market-based), (tonnes CO<sub>2</sub>e)

2023	40,266
2022	48,847
2021	46,797
2020	40,132
2019	67,040

## Planet – Aiming to reduce our impact on the environment

Innovating to reduce our emissions continued

### Our performance continued

#### CO<sub>2</sub>e reporting methodology, materiality and scope

We report the carbon footprint of our Scope 1 and Scope 2 GHG emissions in tonnes of CO<sub>2</sub> equivalent from our business operations under our control for the calendar year ended 31 December 2023. More details are given in the appendix on page 58. Our focus is on the areas of largest environmental impact, including manufacturing sites, warehouses, R&D sites and offices. Smaller locations, representing less than 2% of our overall emissions, are not included. Acquisitions completed before 2023 are included in the data, with more recent ones excluded. This is in line with our established policy for the integration of acquired assets. Our GHG emissions reporting represents our core business operations and facilities that fall within the scope of our consolidated financial statements. Primary data from energy suppliers has been used wherever possible.



**In our Scope 3 GHG emissions reporting journey, we have extended the scope of our data reporting to include 13 categories, putting us in a good position to work on our Scope 3 reduction roadmap to net zero. Our ESG Operating Committee will continue to execute our ESG strategy.”**

**Katya Hantel**

Vice President ESG and Chair of the ESG Operating Committee

#### Reporting our Scope 3 emissions

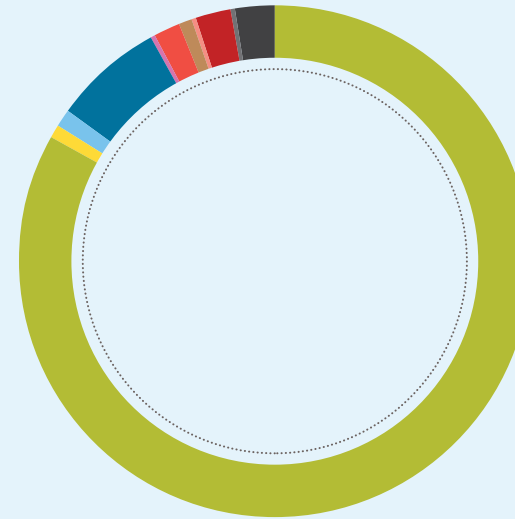
During 2023, we continued to work with our global energy partner to measure and report both our 2022 and 2023 Scope 3 GHG emissions using a recognised protocol, CEDA (Comprehensive Environmental Data Archive). We also expanded our number of Scope 3 categories that were reported from eight (in 2021) to 13. See pie chart and data for more details of our 2023 data.

Our data quality has improved, through improved analysis and reporting within each emissions category for Scope 3 and by extending the number of categories that we have reported. We also conducted our first global commuting survey.

In line with our peer group, the category of purchased goods and services contributes the most significant proportion of our Scope 3 GHG emissions.

In 2024, using the data and information gathered from the Scope 3 measurement activities and from the CDP supply chain programme, we will create a Scope 3 emissions reduction roadmap and strategy for the short to medium term. We continue to evaluate requirements to submit for Science Based Targets initiative (SBTi) validation and our stakeholders' priorities in this regard.

#### 2023 Scope 3 GHG emissions



Purchased goods and services

**1,061,331tCO<sub>2</sub>e**  
**83.2%**

Capital goods

**10,638tCO<sub>2</sub>e**  
**0.8%**

Fuel and energy related activities

**16,256tCO<sub>2</sub>e**  
**1.3%**

Upstream transportation and distribution

**89,690tCO<sub>2</sub>e**  
**7.0%**

Waste generated in company operations

**1,327tCO<sub>2</sub>e**  
**0.1%**

Business travel

**18,938tCO<sub>2</sub>e**  
**1.5%**

Employee commuting

**13,194tCO<sub>2</sub>e**  
**1.0%**

Upstream leased assets

**3,146tCO<sub>2</sub>e**  
**0.2%**

Downstream transportation and distribution

**27,397tCO<sub>2</sub>e**  
**2.2%**

Processing of sold products

**83tCO<sub>2</sub>e**  
**0.0%**

Use of sold products

**Not calculated**

End-of-life treatment of sold products

**Not calculated**

Downstream leased assets

**3,423tCO<sub>2</sub>e**  
**0.3%**

Franchises

**0tCO<sub>2</sub>e**  
**0%**

Investments

**30,656tCO<sub>2</sub>e**  
**2.4%**

## Planet – Aiming to reduce our impact on the environment

### Innovating to reduce our emissions continued

Further co-operation with our supply chain partners will assist with delivering our ESG strategy and achievement of our ESG objectives.

Smith+Nephew employees are increasingly conscious of working to reduce GHG emissions in the course of their day-to-day work.

Energy audits, investment in on-site renewable energy generation and green energy procurement will also help to reduce our GHG emissions.

Our adoption of hybrid and flexible working will impact areas such as employee commuting, business travel and how we interact and utilise our office spaces in the future.

### ISO 14001 Environmental Management Systems audits and recertifications

Our ISO 14001 audits have continued throughout 2023. Many of our largest manufacturing sites including those in Costa Rica, Hull (UK), Suzhou and Beijing (China), Malaysia and Memphis (US), all successfully achieved certification, recertification or passed surveillance audits to the ISO 14001 environmental standard.

Our commercial sites in Barcelona (Spain) and Milan (Italy) also maintain certification to ISO 14001.

**34%**  
of our UK leased car fleet is now fully electric.

**1.2m+**  
business miles covered by fully electric vehicles in the UK since 2021.



### 1 Moving to an electric car fleet in Europe

Following our successful UK electric vehicle (EV) trial in 2021, driver appetite for EVs has continued to grow. In the UK, 34% of our leased car fleet is now fully electric and 38% of new cars on order, awaiting delivery, are electric vehicles. The UK has an improving infrastructure to support EVs and the tax benefits are attractive to employees, helping with the take-up rate. Fully electric business miles driven in the UK since the introduction of electric vehicles in 2021 are now more than 1.2m.

In addition to the UK, our EV policy is now implemented in nine countries in Europe, with 9% of our vehicles on the road in those countries being fully electric.

Our EV scheme is having a positive impact on people as it contributes towards an improvement in air quality in our towns and cities and represents a step towards our net zero commitment. Our drivers have reported increased motivation and satisfaction and the take-up rate for electric vehicles is high.

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. In line with this, an EV salary sacrifice scheme, implemented in the UK on 1 January 2023, has seen steady uptake by employees.

We now have EV chargers located at seven sites globally, with more being added.

The move from internal combustion engines to electric vehicles is underway.

### 2 Malaysia celebrate LEED silver certification

Our team in Penang celebrated their Leadership in Energy and Environmental Design (LEED) silver certification. LEED is a green building rating system that recognises buildings designed, built, and operated in an environmentally responsible manner. The team has implemented energy-efficient lighting and appliances and water-saving fixtures such as rainwater harvesting systems. Sustainable construction materials were also used during the construction phase.

The team achieved zero waste to landfill through recycling and composting and are now using 100% renewable energy aided by the new rooftop solar photovoltaic system.

These initiatives have not only reduced our environmental impact but have also resulted in tangible benefits such as decreased energy and water usage, and its associated costs.

*“I would like to congratulate and thank our dedicated team in Penang for their amazing work and continuous progress towards our ESG objectives. This certification acknowledges the team’s hard work since construction started in 2020. We remain committed to our sustainability efforts and to achieving net zero emissions in the future.”*

**Mark Arthun**  
Managing Director and Site Leader, Malaysia





Planet – Aiming to reduce our impact on the environment

Our focus areas – Planet

# Minimising the waste we generate

Our customers increasingly want medical devices to be produced and to perform in an environmentally friendly way. Minimising waste also improves resource efficiency and reduces costs for both Smith+Nephew and our customers.

## Smith+Nephew's approach

Our goal is to minimise all our waste streams at our sites around the world, especially at our manufacturing locations where most of our waste is generated. We aim for best practice in waste management. In particular, we focus on the waste we generate in-house and downstream, throughout the life cycle of our products. This spans the raw materials we purchase, and the waste generated in our manufacturing facilities and the final destination of our products.

## Key areas of focus

### Avoiding waste to landfill

We recognise that sending waste to landfill is the least preferable disposal option. Our objective therefore is to achieve zero waste to landfill at our manufacturing sites in Memphis and Malaysia by 2025 and at all our strategic manufacturing sites by 2030.

### Packaging

Where possible, we minimise unnecessary packaging for shipping at our warehouses. We regularly discuss with our suppliers and manufacturers ways to reduce waste by redesigning transit packaging, and use the lessons we have learned to help them increase their recycling efforts.

We also engage with our customers on packaging and learn from these interactions.

### Energy from waste

Some of our waste streams that cannot readily be recycled are incinerated at waste facilities that reuse the heat to generate energy in place of burning fossil fuels.

**5,700**  
tonnes of materials  
collected, sorted and  
recycled in 2023.

## Recycling

We promote recycling at all our manufacturing, distribution and office locations. This includes paper, cardboard, plastic, glass bottles, metals and chemicals. In 2023, we collected, sorted and recycled over 5,700 tonnes of materials, across facilities that included manufacturing and commercial locations. We also work with our waste contractors to identify and introduce more recycling opportunities, which helps us recycle where it was previously impractical to do so. This supports our ambition to send zero waste to landfill.

Our new site in Malaysia continued manufacturing with its 'zero waste to landfill' plans in place, having secured recycling opportunities for its waste streams. Working with a local waste contractor, the site avoids sending waste to landfill by ensuring general waste is either recycled, composted or sent for energy recovery. Incineration of waste is minimised where possible for some hazardous waste.

In China, our site in Suzhou implemented a new industrial waste collection process aimed at optimising the collection, segregation and sorting of solid industrial waste from our production processes. The aim is to improve the true recycling rate.

## Planet – Aiming to reduce our impact on the environment

### Minimising the waste we generate continued



#### Our performance

During 2023, we continued to identify and implement opportunities for waste reduction at source, and to reuse, recycle and divert waste from landfill. Total waste generated across the Group was 5% lower than in the previous year.

We are looking for more opportunities to eliminate landfill waste. At our strategic manufacturing locations, we sent 1,060 tonnes of waste to landfill, a reduction of 30% when compared to 2019, our baseline year.

#### Defining our ‘zero waste to landfill’ objective

We define ‘zero waste to landfill’ as a landfill diversion rate of 90% or greater.

#### Moving to zero waste to landfill

Two of our strategic manufacturing facilities in Memphis (US) were responsible for 80% of the waste from our strategic manufacturing locations sent to landfill in 2023. This was mainly as a result of some waste streams being more difficult to recycle. However, as part of our objective to send zero waste to landfill by 2025, we have been able to reduce and divert away from landfill some waste streams produced during the manufacturing processes.

The facilities in Memphis reported a steady annual decrease in waste sent to landfill, however, there was a one-off, exceptional disposal of faceshields and surgical gowns in 2023. The excess PPE, weighing 200 tonnes, was a result of over-production during the Covid pandemic. The most economic method of disposal was to send these to landfill. This had a one-off impact on our waste figures in 2023.

» See page 58 for our Group data on waste

#### Auditing our waste disposal routes

We conduct waste audits on our waste vendors. For example, in Malaysia, supplier waste audits are performed at registration or during the first few months of engagement. The aim is to repeat this every two years or when conditions change. We also require waste vendors to provide us with a waste treatment/disposal certificate summarising the total waste they managed and include the treatment method – incineration, recycling, energy recovery or landfill.

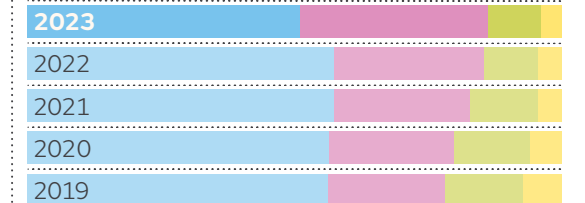
**30%**  
less waste to landfill  
from our strategic  
manufacturing locations  
compared to 2019.

**5%**  
annual reduction  
in total waste.

#### Total waste generated (tonnes)

2023	11,729
2022	12,389
2021	11,034
2020	11,233
2019	11,837

#### Waste from strategic manufacturing locations



0% 25% 50% 75% 100%

■ Recycled ■ Energy recovery  
■ Landfill ■ Hazardous/Incinerated



Planet – Aiming to reduce our impact on the environment

Our focus areas – Planet

# Improving our water efficiency

Water is a precious resource, and its availability varies across our locations. In some, such as Memphis (US), water is abundant, while in other areas, for example in parts of India, there is water scarcity. We challenge ourselves to save water at all our locations.

## Smith+Nephew's approach

We aim to reduce the amount of water used throughout the manufacture, distribution and use of our products. We strive to optimise water use during upstream manufacture and when we distribute raw materials and components. We also aim to ensure that when our customers use our new and modified products, they minimise their water consumption.

### Key areas of focus

We take a four-step approach to water efficiency:

- Quantify water use at each location, prioritising reduction activities depending on the local water risk or water scarcity.
- Question whether the water use is necessary and eliminate unnecessary use.
- Optimise remaining water use.
- Balance waste with incoming clean water (cradle to cradle approach).

People

Planet

Products



## Our performance

Water is necessary to ensure that our products are clean and safe for consumer use, and we continue to see the positive impacts of our water-saving initiatives. We recognise the need to constantly review our use of water and respond to any opportunities to save water or eliminate losses from leaks.

Our water use in 2023 was 672,000m<sup>3</sup>, which represents a 3% decrease when compared to 2022.

Moving forward, we recognise our responsibility to mitigate environmental impacts from water use at all our locations, ensuring we consume natural resources responsibly as part of our manufacturing processes.

Learnings from our successes to date have been compiled and we continue to evaluate and implement opportunities for reducing water use. These include converting chiller units to air-cooled systems and eliminating cooling towers. In addition, we have improved our ability to detect and respond to leaks by monitoring water use more closely and reacting to any unforeseen increases in consumption.

## Our next steps are to:

- Determine local human and ecosystem water needs at each significant location.
- Develop and implement a water reduction programme targeted at locations with water scarcity.

## Water usage (1,000m<sup>3</sup>)

2023	672
2022	694
2021	633
2020	600
2019	650



# + Products

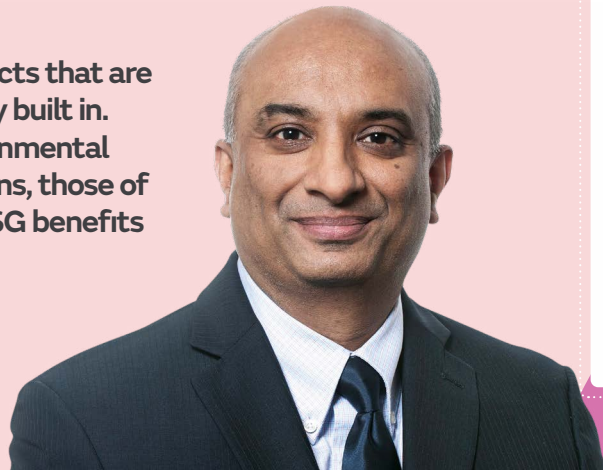
Innovating sustainably

“

Our aim is to develop products that are designed with sustainability built in. This will improve the environmental impact of our own operations, those of our customers, and drive ESG benefits down the value chain.”

**Vasant Padmanabhan**

President Research & Development



## Why is this important?

We aim to develop products with sustainable attributes, increase access to care, improve our environmental impact and reduce costs.

In 2023, Smith+Nephew products were used to treat more than 14 million patients.

Along with our customers and other stakeholders, we are focused on the environmental footprint of our products and services. Manufacturing and supplying safe and effective products is at the heart of our business.

Our people, processes and technology are structured to support progress towards the objective of innovating sustainably.

## Resetting our packaging sustainability objectives

To better align with the needs of our stakeholders, in 2023 we re-evaluated our packaging sustainability objective, benchmarking against other companies across the healthcare sector and beyond. This enables us to continue our efforts to incorporate recycled content and source sustainably, expand our efforts to reduce excess packaging, and design and source packaging with sustainability in mind.

## How it links to our objectives

### New products

Include sustainability review in New Product Development (NPD) for all new products and product acquisitions.

### Packaging

We are committed to reducing our packaging and designing with reusable, recyclable and/or renewable resources which are sustainably sourced.

### Supply chain

By 2025, complete a focused risk-based due diligence of our Tier 1 suppliers, including risk-based analysis of sub-tier suppliers, to assure compliance with our sustainability requirements.

## What's in this section

Our ESG strategy in action	44
Designing sustainable products and packaging	45
Helping others use our products safely	48

## Products – Innovating sustainably



# RENASYS<sup>®</sup> EDGE delivering energy and carbon savings

The RENASYS<sup>®</sup> EDGE Negative Pressure Wound Therapy System has been designed with healthcare professionals and patients in mind.

RENASYS<sup>®</sup> EDGE features years of innovation built into a format that is more easily portable and has a smaller footprint than RENASYS<sup>®</sup> TOUCH and RENASYS<sup>®</sup> GO products.<sup>1</sup> The size and weight of the device is designed to allow patients to continue with their daily lives and supports patient privacy.<sup>2</sup>

RENASYS<sup>®</sup> EDGE incorporates an intuitive, user-friendly interface for easy to learn operation and troubleshooting.<sup>3</sup> Our step-by-step user interface guidance is aimed at supporting clinicians' training and increasing their confidence with therapy application.<sup>3</sup>

RENASYS<sup>®</sup> EDGE offers a short, user-friendly and time-efficient on-board guide for cleaning in between patient use.<sup>3,4</sup> The modularised design enables easy and low-cost repair.<sup>4</sup> RENASYS<sup>®</sup> EDGE is sturdy, reliable and durable, with the aim of minimising the need for device returns.<sup>5</sup>

RENASYS<sup>®</sup> TOUCHRENASYS<sup>®</sup> EDGE

**3x**  
RENASYS<sup>®</sup> EDGE more energy efficient than RENASYS<sup>®</sup> TOUCH.<sup>6</sup>

**34 kWh**  
energy saved compared to RENASYS<sup>®</sup> TOUCH over its lifetime, enough to charge a mobile phone over 2,800 times.<sup>7</sup>

**13 kg**  
CO<sub>2</sub> emissions saved compared to RENASYS<sup>®</sup> TOUCH over its lifetime.<sup>8</sup>

» See page 61 for references

Products – Innovating sustainably

Our focus areas – Products

# Designing sustainable products and packaging

We have integrated sustainability as a specific topic in our product and packaging design.

## Smith+Nephew's approach

Our NPD and packaging teams incorporate sustainability initiatives into our new products and processes.

### Key areas of focus

Our NPD team has incorporated a sustainability review into its new product development process. Packaging teams have continued to work on incorporating post-consumer recycled content into non-sterile packaging materials and on sourcing more sustainable packaging materials, and collaborating cross-functionally to address regulated chemicals of concern to the environment related to packaging.



### Our performance

#### Innovating sustainably in new product development and acquisition

The products that we manufacture are highly regulated; during the design phase we lock in many of the factors that determine the environmental footprint of the product and the services to be supplied associated with it. As such it is important that sustainability is addressed at the outset 'by design'. In light of this, we are applying sustainability attributes to both our new products and their packaging to support delivery of our ESG objectives and those of our customers.

This means we can still deliver Life Unlimited through increased access to care, but with lower environmental impact.

We have integrated sustainability as a specific topic in our NPD phase review process to ensure that we discuss, consider and implement sustainability and efficiency in our product design. This will ensure that our future Smith+Nephew product portfolio considers: 1) material and energy usage during production; 2) reduced product footprint for shipping/transportation; and 3) recyclability of waste products (eg packaging) for the life cycle of the product. Sustainability will be considered from 'cradle to grave' for our product portfolio. We are now looking to track specific deliverables in projects such as product carbon footprinting, energy and material usage.

## The importance of packaging

During 2023, we continued to make progress towards our objective to incorporate post-consumer recycled content into non-sterile packaging. We continue to investigate packaging material options to determine whether higher percentages of recyclable materials can be used in shelf cartons and shipping boxes.

Packaging sustainability continued to be a key area of importance. Over the last year, our Smith+Nephew global packaging community has continued to support these efforts while balancing supply chain disruptions and cost controls. We have continued to improve sustainable sourcing, including our 'regionalisation strategy' to purchase more packaging materials from local suppliers where possible. We continue to use our electronic Instructions For Use (eIFU) platform for our products, minimising paper instructions issued where possible.

### Challenges for our packaging objectives

Throughout 2023, we have seen supply chain challenges and disruptions affecting the packaging production market. These have constrained resources and limited our suppliers' ability to pursue innovative, more sustainable materials as much as we would have liked. We have nonetheless had some success in sourcing packaging materials locally to resolve supply issues and maintain production output levels.

## Products – Innovating sustainably

### Designing sustainable products and packaging continued

#### Our performance continued

##### Localising packaging suppliers

We recognise that sourcing packaging raw materials nearer to our manufacturing locations will reduce the costs and environmental impacts of long-distance shipping, specifically to our locations in Asia. In 2023, we completed a 10-year ageing study for label stock localisation. This will allow us to source locally in Asia for our site in Malaysia to reduce transportation and freight, instead of using materials historically sourced from the US.

##### Less waste, more care

Daily wound care practice involves the routine use of supplies that, in turn, creates substantial amounts of packaging waste. With a focus on reducing carbon emissions and respectful use of global resources, our Advanced Wound Management business has continued to expand the 'Less waste, more care' initiative across further dressing and product ranges; reinforcing our commitment to deliver medical technology in a sustainable manner that helps to protect our environment.

Examples of savings achieved in 2023:

- Removed the paper IFU (instructions for use) from some Japanese products.
- RENASYS<sup>®</sup> Transparent Film Dressing changed from unfolded to folded, resulting in a size reduction.

##### Working with our suppliers

In 2023, we asked 430 of our significant suppliers to respond to the annual CDP climate change questionnaire. A good response rate was achieved, with 307 organisations participating. The data helps us understand and improve our Scope 3 GHG emissions data and learn about our suppliers' maturity in their net zero plans. It also allows us to identify collaboration opportunities to work together with our suppliers to reduce our carbon emissions.

##### Supply chain assessments

We have completed internal due diligence screening of all Tier 1 suppliers and additional desktop assessments that were required in 2023 according to our risk-based procedure.

We have continued and expanded our on-site social audit programme for suppliers identified through risk-based analysis. On-site social audits include worker interviews and practical assessment of the implementation of supplier policies and procedures to assure compliance with modern slavery, labour standards and HSE requirements.

Supplier risk criteria include country, commodity and spend, and we have again updated our global process for managing corporate social responsibility (CSR) supplier risk with the aim of continuous improvement in this area.

For supply chain assessments in 2024, we have removed the previously applied spend threshold, in some cases, for identifying in scope high-risk suppliers and will require all suppliers designated in line with our risk-based procedure to participate in the assessment.

##### Supplier Diversity Programme

Development of a Supplier Diversity Statement to set out our expectations for promoting diversity within our supplier organisations was started in 2023. We also participated in the MMBC (Mid-South Minority Business Continuum) Economic Development Forum, an event we have supported for many years. In addition to having a stand at the event and staff available to speak with potential suppliers, Natasha Berry, Vice President, Global Inclusive, Diversity and Equity, served as a panellist on the seminar 'Dismantling Inequities: A Deep Dive into Corporate DEI'.

100%

completion of internal due diligence screening of Tier 1 suppliers in 2023.

307

of our significant suppliers responded to the annual CDP climate change questionnaire.

## Products – Innovating sustainably

### Designing sustainable products and packaging continued

#### 1 Supplier on-site social audit

In 2023, we piloted combining supplier on-site social audits with supplier quality audits.

In September, we undertook on-site audits with raw material suppliers in the APAC region in accordance with our policies and procedures. We selected appropriate suppliers that were due a supplier quality audit to be part of the pilot. The on-site audits focused on supplier compliance with our policies and procedures and applicable law and regulations, including Modern Slavery, HSE 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 audits provided the opportunity to openly discuss suggestions for improvement and collaboration. This was followed up with written analysis from Smith+Nephew identifying recommended improvements and suggestions on how they could be implemented. Employees participating in interviews demonstrated transparent two-way dialogue and information exchange. The suppliers welcomed our input to collaboratively enhance their operations. We will continue this pilot in 2024 in order to learn from and refine our approach.

#### 2 CORI<sup>®</sup> Surgical System earns first place at Design Value Awards

In September, we were awarded the first place award for our CORI<sup>®</sup> Surgical System design at the Design Value Awards hosted by the Design Management Institute in Cambridge, MA, US. CORI<sup>®</sup> is our scalable platform that is redefining what robotic surgery could be: smarter, more efficient, enabling and portable – providing handheld robotics and digital surgery applications across a range of joint arthroplasty indications.

The awards recognise teams that have delivered significant value through design or design management practices. Winners were chosen based on the products' design around financial gains, social impacts, environmental effects, and positive results on organisational culture. Congratulations to the cross-functional CORI<sup>®</sup> Surgical System team for this impressive win and their role supporting our strategy for growth and our purpose of Life Unlimited.

At the event, Eric del Rio, Senior Human Factors Engineer, John Anastasiadis, Senior Director Human Factors and Design, and Vishal Jayakumar, Senior Vice President Robotics and Enabling Technologies R&D, represented Smith+Nephew as we received the first place award.

» See page 61 for references

- The sustainable benefits of CORI<sup>®</sup> include:
- >50% faster mean time to return to sports.<sup>1</sup>
  - 100% of patients returned to sport and 91% returned to their pre-symptomatic intensity level.<sup>1</sup>
  - Significantly lower revision rate than conventional unicompartmental knee arthroplasty (UKA) (4 vs 11%;  $p=0.014$ ).<sup>2</sup>
  - TKA patients experienced a 23.7% less blood loss than conventional TKA patients (911.0 vs 1193.7ml;  $p<0.01$ ).<sup>3</sup>
  - 15.5% reduction in UKA surgical time (after 12 cases).<sup>4</sup>
  - \$14,737 estimated cost per revision avoided with S+N surgical system UKA for high-volume centres (>100 UKAs per year).<sup>5</sup>





Products – Innovating sustainably

Our focus areas – Products

# Helping others use our products safely

Supplying products which are safe and effective is fundamental to our business. As part of our Strategy for Growth, we work to uphold the highest standards of quality and compliance.

Across Smith+Nephew, our teams have goals that are linked directly to our Strategy for Growth.

## Smith+Nephew's approach

Product safety is at the heart of our business. Regulatory authorities across the world enforce a complex series of laws and regulations that govern the design, development, approval, manufacture, labelling, marketing and sale of healthcare products. Our internal processes and procedures are designed to achieve product safety across the full life cycle of our products and services. We operate a robust quality management and complaints programme. We listen to feedback from customers, patients, sales representatives, employees and regulatory authorities.

## Key areas of focus

Our global Quality and Regulatory Affairs function supports the full product life cycle management of Smith+Nephew's global product portfolio, from design and development through manufacturing and post-market surveillance. It establishes appropriate processes and procedures to facilitate compliance with applicable global laws and regulations, and implements supporting technologies to increase visibility of areas requiring improvement while also driving efficiency across the business.



## Our performance

Throughout 2023, our Quality and Regulatory Affairs function continued to focus on improving overall company compliance while supporting our growth objectives. It achieved this by delivering multiple new product approvals and registering hundreds of existing products in new markets. The function also improved key quality and regulatory metrics by implementing improved processes, technologies and management oversight.

The team is bringing a major Group-wide programme to meet the requirements of the EU Medical Device Regulation (MDR) to a close. We've been proactively addressing the EU MDR requirements over the last six years and are working with Notified Bodies to CE-mark our devices under the new regulation. Thanks to a significant effort across our organisation, we successfully completed all activities required for the date of application (May 2021). This included remodelling our EU supply chain to ensure that Economic Operator requirements were met, updating our Quality Management Systems and CE-marking Smith+Nephew Class I devices.

We are making great progress with Notified Body audits and product reviews, with all submissions being completed and submitted to our Notified Bodies and many CE Certificates now being received. In line with expectations, the European Commission's proposal to amend the EU MDR transitional period, including its proposed extension, was successful. Smith+Nephew now continues to bring all our devices to EU MDR compliance by the new deadline. With this amendment, the need to remove inventory compliant with the former Medical Devices Directive (MDD) from our supply chain was removed. This supports our inventory levels and environmental concerns over scrapping compliant and usable products.

We closely monitor other changes in the regulatory landscape. This includes changes in UK Medical Device Legislation and UKCA marking. These changes allow CE-marked devices to be placed on the market in Great Britain until June 2030. Additionally, we are closely monitoring international regulatory trends that include an increased focus on cybersecurity in medical technology.



Enabling those moments that bring balance together

Life Unlimited



## Managing sustainability

**What's in this section**

Our ESG governance framework	50
Our holistic approach to risk	52
Responding to climate change	53
Acting with integrity	54
Working with responsible third parties	56

## Our ESG governance framework

The way in which we evaluate, manage and embed sustainability within our business and culture is directly linked to our Strategy for Growth through a focus on People, Planet and Products. Oversight of our ESG strategy is one of the Matters Reserved to the Board.

The Board reviews the ESG strategy, key risks and opportunities and progress on a regular basis. The Board ensures the Company reports in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework, reviews the climate-related disclosures in the Annual Report and approves the Sustainability Report annually.

Our Chief Executive Officer Deepak Nath owns our ESG strategy and our President Global Operations together with our Vice President ESG have executive responsibility for its implementation. They regularly report on our progress to the Board, its Committees and our Executive Committee.

In January 2023, we streamlined the governance and operational structure around the delivery of our ESG strategy. We established the ESG Operating Committee to implement and execute our ESG strategy across all business areas, reporting directly into the Executive Committee. The Executive Committee will continue to formulate and drive our ESG strategy with oversight from the Board and its Committees.

Three Board Committees are also closely involved in reviewing the elements of sustainability which impact the key areas of our business. All Committees receive regular updates on ESG strategy, implementation, objectives, and climate-related financial risks and opportunities which are relevant to the matters for which they have responsibility. The Committee Chairs report to the Board at each Board meeting on the ESG matters for which they have responsibility.

### The Compliance & Culture Committee

Chaired by Marc Owen, this committee has oversight of reviewing how we implement our ESG strategy in the core areas of People, Planet and Products. This encompasses the Group's impact on employees, the environment, the local communities in which it operates, customers, suppliers and other key stakeholders. The Compliance & Culture Committee also tracks progress of delivery against ESG objectives and metrics.

### The Audit Committee

Chaired by Rick Medlock, this committee is responsible for ensuring oversight of the process by which risks relating to the Group and its operations are managed and reported. The Audit Committee receives regular updates on sustainability and climate-related financial risks and opportunities, assesses whether climate change has a material impact on our financial statements, and ensures the Company reports in line with the recommendations of the TCFD framework. It also reviews the climate-related disclosures in the Annual Report.

### The Remuneration Committee

Chaired by Angie Risley, this committee is responsible for ensuring that the Remuneration Policy and related incentive schemes incorporate ESG objectives and metrics where appropriate. For 2023, the Committee approved 5% of the Annual Bonus Plan for Executive Directors would be dependent on the achievement of ESG objectives and in 2024, 5% of the Annual Bonus Plan and 10% of the Performance Share Plan for Executive Directors and Executive Officers are dependent on the achievement of ESG objectives.

» Further details of the Company's governance framework may be found in our 2023 Annual Report on page 98.

“

As a company, Smith+Nephew's stakeholders include employees, investors, customers and suppliers, environment and communities, and governments and regulators. We are keenly attuned to their ESG and sustainability priorities, and seek to drive stakeholder value by integrating ESG and sustainability into our business strategy, management incentives and governance processes.”

**Marc Owen**

Senior Independent Director and Chair of the Compliance & Culture Committee

## Our ESG governance framework continued

Board	Audit Committee	Compliance & Culture Committee	Remuneration Committee	Executive Committee	ESG Operating Committee
<ul style="list-style-type: none"> <li>– Oversight of ESG strategy and risk management programme.</li> </ul>	<ul style="list-style-type: none"> <li>– Oversight of the risk management process and reviewing its operating effectiveness.</li> <li>– Receives regular updates on sustainability and climate-related financial risks and opportunities.</li> <li>– Assesses whether climate change has a material impact on our financial statements.</li> <li>– Ensures the Company reports in line with the recommendations of the TCFD framework and other applicable reporting obligations.</li> </ul>	<ul style="list-style-type: none"> <li>– Oversight of implementation of ESG policy and tracking of performance against objectives, KPIs and metrics.</li> <li>– Receives regular updates on sustainability and climate-related risks and opportunities, people and culture objectives including IDE and ethics, compliance, quality and regulatory matters.</li> </ul>	<ul style="list-style-type: none"> <li>– Review and approval of ESG metrics within Remuneration Policy and compensation plans for Executive Directors and Executive Officers.</li> <li>– Approval of ESG percentage and measures within short-term and long-term incentive plans. In 2023, the Committee approved 5% of the Annual Bonus Plan for Executive Directors would be dependent on the achievement of ESG objectives and in 2024, 5% of the Annual Bonus Plan and 10% of the Performance Share Plan for Executive Directors and Executive Officers are dependent on the achievement of ESG objectives.</li> </ul>	<ul style="list-style-type: none"> <li>– Driven by the Chief Executive Officer, determination and management of ESG strategy, with the President Global Operations and Vice President ESG accountable for leading on implementation.</li> <li>– Ensures that ESG risks and opportunities are included in decision making as part of each project, initiative and the 12-Point Plan.</li> </ul>	<ul style="list-style-type: none"> <li>– Develops and implements our ESG strategy.</li> <li>– Responsibility for setting, implementing and achieving operational objectives, KPIs and targets.</li> <li>– Membership includes Global Operations, ESG, Global Manufacturing, Research &amp; Development, Global Procurement, Public Policy &amp; Government Affairs, Finance, and Human Resources.</li> </ul>

“

The ESG Operating Committee has been tasked with operationalising our ESG objectives and I am confident that this will increase ownership, improve governance and, ultimately, delivery in our three focus areas.”

**Deepak Nath, PhD**  
Chief Executive Officer

## Our holistic approach to risk

Like all businesses, we face risks and uncertainties.

Successful management of existing and emerging risks is critical to the achievement of our strategic objectives and to the long-term success of our business. Risk management is therefore an integral component of the Group's Corporate Governance. Our Enterprise Risk Management (ERM) process is based on a holistic approach to risk management that is aligned with the organisation's strategic and operational goals.

The year 2023 has seen a further maturing of risk management. We continued our quarterly Risk Champion workshops focused on specific risks. Topics covered in 2023 include business change, cybersecurity, pricing and external risk trends and developments. These workshops increased awareness of risks and management actions across the Group, and identified opportunities to collaborate cross-functionally. We enhanced our quality checks to ensure that all risks are fully analysed. We also continued to use reporting dashboards to share regular ERM insights with Risk Champions and Executive Management. We have embedded monthly reporting of Principal Risk trends by Executive Committee risk owners.

Our risk governance framework is comprehensive. At the top of our structure, the Board sets our risk appetite and monitors the application of our risk framework, including strategy, execution and outputs of risk reviews by the business and the Group Risk team. The Board cascades our risk appetite throughout our organisation through the Executive Committee, the risk owner community and our management group.

A formal 'bottom up' exercise ensures that risks are escalated back through the process to our Board and form our Principal Risks as appropriate. Our Executive Committee and the Group Risk team provide guidance and rigour across this process. Our Internal Audit Function provides an annual opinion on the effectiveness of our Risk Management process to the Executive Committee, which is chaired by the Chief Executive Officer, and then to the Board and its Committees.

This process has led us to identify the Principal Risks in the table to the right. Principal Risks are linked into our Strategy for Growth and their management is overseen by our Board or one of its Committees. This work includes defining the risk appetite for each risk and reviewing management reports into the risk.

Principal Risk	Oversight
Strategy and commercial execution	Board
Cybersecurity	Audit Committee
Global supply chain	Board
Legal and compliance	Compliance & Culture Committee
Mergers and acquisitions	Board
New product innovation, design & development including intellectual property	Board
Political and economic	Board
Pricing and reimbursement	Board
Quality and regulatory	Compliance & Culture Committee
Talent management	Board
Foreign exchange	Audit Committee

## Responding to climate change

Climate change is now widely recognised as affecting every continent and continued emission of greenhouse gases will cause further warming of the planet. These impacts are giving rise to severe social and economic consequences.

To address climate change, countries adopted the Paris Agreement, which aims to hold the increase in the global average temperature to well below 2°C above pre-industrial levels, and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. One of the United Nations' SDGs specifically calls for urgent action to combat climate change and its impacts.

During 2023, we have continued to consider, and mitigate against, the potential impact of climate change on our business operations.

Our physical assets and supply chains are vulnerable to weather and climate change, for example through sea-level rise and more severe and frequent extreme weather events. Patients are vulnerable to a potential rise in infectious disease propagation. Governments and corporations alike are under increasing pressure to mitigate the expected effects of climate change, potentially resulting in infrastructure projects which would require large capital outlays and further increase pressure on healthcare payments.

Our objective is to achieve net zero Scope 1 and Scope 2 GHG emissions by 2040 and net zero Scope 3 GHG emissions by 2045, beginning by achieving a 70% reduction in Scope 1 and Scope 2 GHG emissions by 2025. We understand how important it is to balance environmental initiatives with business activities, and strive to reduce emissions through new technology development, renewable energy use and other measures. Our aim is to minimise the disruption to our manufacturing and distribution network.

Our Task Force on Climate-related Financial Disclosures (TCFD) reporting and Sustainability Accounting Standards Board (SASB) framework reporting for our sector of Medical Equipment and Supplies are in our 2023 Annual Report on pages 60–64 and 258–259 respectively. The Compliance & Culture Committee and the Audit Committee received updates on TCFD and SASB reporting in 2023.

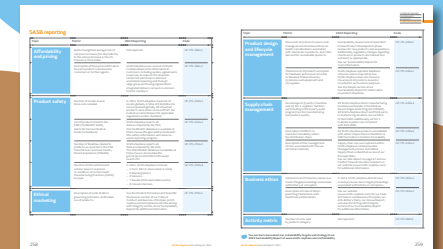
Our enterprise risk management process includes a sustainability risk register and a business resilience process review across our Principal Risks. Climate change is an element of our Global Supply Chain Principal Risk, as increasingly frequent climate events increase the likelihood and impact of disruptions to our supply chain.

## Looking ahead

We will continue to monitor and refine our climate-related risks and use the results of our risk assessment to inform our next steps.



» Read more on TCFD reporting on pages 60–64 of our Annual Report



» Our SASB framework can be found on pages 258–259 of our Annual Report

## Acting with integrity

**At Smith+Nephew we are committed to integrity, honesty and professionalism. These principles are reflected in our culture pillars: Care, Courage and Collaboration. Our Code of Conduct and Business Principles reflects the pillars and defines our values as a company.**

### **We believe that trust is the most important driver for long-term business success**

When healthcare professionals' clinical decision making is improperly influenced, it impacts healthcare budgets and patient access to quality healthcare. Our industry remains an area of focus for investigation and enforcement action. To deliver new products and services to benefit patients and ensure the safe and effective use of our products, we need to interact with government officials and healthcare professionals (HCPs). We must engage with government officials to obtain the necessary licences to manufacture, sell and distribute our products. We work with HCPs to support the design, development and testing of new products, and to provide peer-to-peer training in their appropriate use. All these interactions need to be carefully managed to ensure they are done in the right way, and to avoid even the perception of impropriety in our relationships.

As the employer of over 18,000 individuals and as a provider of products and services to the healthcare sector, our teams may have access to sensitive and personal data. This data needs to be carefully managed in accordance with recognised data privacy principles.

### **Ethics oversight and awareness**

Our compliance programme is led by our Chief Compliance Officer and supported by a global Office of Ethics and Compliance. Our Board maintains oversight of our Compliance programme through our Compliance & Culture Committee and the Executive Committee maintains oversight through our Group Executive Compliance Committee. The latter is made up of our Chief Executive Officer and business and corporate function heads. Accountability is also crucial, and our top leaders certify to our Chief Executive Officer every year that required policies have been implemented in their businesses.

To ensure continued support for the new commercial model and to enable our commercial success, the Compliance Leadership Team has redefined the structure for our Compliance organisation, with leads for International and Emerging Markets, as well as leaders for the US, Latin America/Canada and China. We have also strengthened our data privacy support with a new lead for Global Data Privacy.

All new employees receive training on our Code, anti-bribery and corruption and data privacy, and all employees certify their compliance with the Code and associated global policies on an annual basis. We continue to develop role-based training for key functions and in 2023 we launched new courses for our colleagues in Finance and have further strengthened the Data Privacy content of other modules. Role-based training is designed to help employees navigate 'real life' compliance challenges and scenarios specific to their roles.

Our Code of Conduct and Business Principles provides the legal and ethical framework to guide what we do every day and our Global Policies provide the respective principles and rules. Our Code has been updated and the new version came into effect on 1 January 2024. The updates focused on providing additional clarification on our expectations in the areas of cybersecurity (including generative AI), fraud, environment (regarding greenhouse gas emissions, energy consumption, land conservation and encouraging biodiversity) and data privacy. Our Global Policies are currently undergoing a bi-annual review to identify improvements we can make to adequately address risks and to support our employees with understanding their responsibilities.



## Acting with integrity continued

### Monitoring the effectiveness of our programme

We conduct regular reviews to monitor compliance with our Code, policies and procedures, and to identify opportunities for improvement. These reviews include Compliance Validation Assignments (CVAs) of our markets, franchises, functions and higher-risk third parties, centralised and local monitoring, and data analytics. This year we also completed several themed reviews of global processes. We continue to enhance our use of data analytics and business intelligence to provide early warning of potential violations and to improve our ability to identify emerging trends and take appropriate actions. In addition to reviewing and reporting on Compliance-programme implementation across the organisation, our Compliance program is also subject to review. During 2023 we conducted a self-assessment of our Compliance programme against the updated March 2023 U.S. Department of Justice 'Evaluation of Corporate Compliance Programs' guidance.

The ability for people to raise reports of potential non-compliance with confidence that those reports will be effectively investigated is central to any effective Compliance programme. Last year we launched a new hotline system, which has improved the reporter experience and also helps us to ensure we remain in compliance with the requirements of the EU Whistleblower Protection Directive. The new system also enables us to access improved reporting, including behaviour tracking and trends. As appropriate, Corrective and Preventive Actions (CAPAs) are created to address findings arising from any Compliance oversight activities, including investigations and CVAs. CAPAs are tracked to closure and metrics reported to the Board Compliance & Culture Committee. We have introduced additional recording and tracking of root cause analysis for all our investigations and have introduced improved root cause analysis reporting for CVA assignments.

### Data privacy

We continue to develop and enhance our data privacy programme in light of evolving legislation, and track our programme improvements. Where possible, we strive to adopt a harmonised approach, adjusting where necessary to meet local privacy requirements. We have continued to grow the data privacy team with the appointment of a fully dedicated Global Privacy Leader supported by regional leads, all of whom have privacy certifications and sufficient training and expertise to provide subject matter expertise to the business. The team is responsible for developing and maintaining a robust operating and governance model, raising awareness of data privacy across the organisation, providing bespoke training where necessary and advising on the need for controls to protect personal information and assessing their effectiveness, and lastly partnering with legal to assess for new or changing data privacy laws globally and adjusting the privacy plan accordingly. Data privacy is discussed at the Board and Regional Compliance Committees with KPIs included within various reports. The operational aspects of the privacy programme such as policies, procedures, investigations, and the management of CAPAs are integrated within the wider compliance programme.

We raise awareness of data privacy among our employees through mandatory training for all employees. In addition, this year we have begun to deliver bespoke face-to-face training for teams that process large volumes of personal information or sensitive personal information such as employee data or clinical trial data. The purpose of this training is to educate teams on data privacy and drive business owner accountability for managing privacy risk across the organisation. We are in the process of identifying a third-party partner to implement enhanced privacy programme management tools, which will drive efficiency and effectiveness for both the Data Privacy team and the business. We are conscious of the data privacy and ethical risks that the use of artificial intelligence may present. In response, we have created a company-wide AI policy to ensure controls are in place to mitigate instances of bias, discrimination, and other unintended consequences as a result of using AI technology. Lastly, we continue to raise awareness through business-wide communications to educate employees on data privacy and set expectations.



## Working with responsible third parties

As a global company in more than 100 countries, Smith+Nephew relies on a worldwide network of third parties who enable us to manufacture and sell our products.

### Third-party compliance

We work with third-party vendors, distributors and agents to uphold our vision of Life Unlimited. We expect vendors who share our vision to be integral partners in our new products, current requirements and ongoing services. Our 'Third Party Guide to Working with Smith+Nephew' explains what we expect from partners. It is available on our website and translated into multiple languages. We strive to ensure that the supply chain we manage adheres to these standards. We conduct risk-based due diligence and provide support to ensure vendors are aware of and comply with the standards we expect of them. We continue to review our Global Third Party Seller Management processes in order to identify operational efficiencies and to simplify and expedite the third-party onboarding process, whilst maintaining a high level of oversight. Additionally, we have a Supplier Relationship Management team that manages supplier alignment with corporate social responsibility and environmental standards, as well as other key risk areas.

We have continued to undertake our CSR due diligence assessments for relevant suppliers using the SAP Ariba platform to include supplier life cycle and performance functionalities. To date, we have completed the internal CSR risk screening process for all Tier 1 suppliers and the additional due diligence assessments for all potential higher-risk suppliers. In addition, we have progressed on-site social audits for potentially high-risk suppliers.

### Sourcing minerals responsibly

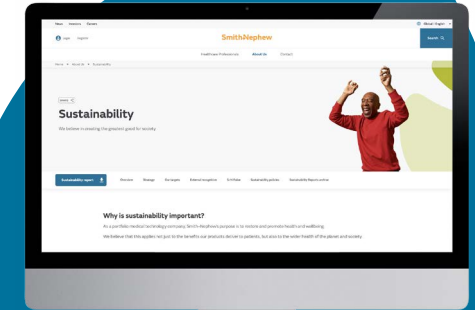
We are committed to sourcing minerals from responsible suppliers and support ending violence and human rights violations in conflict-affected and high-risk areas (CAHRA) including parts of the Democratic Republic of the Congo and surrounding countries. In May 2023, we reported our status on conflict minerals in accordance with the 2010 US Dodd-Frank Act and US Securities and Exchange Commission (SEC) rules.

We performed an annual Reasonable Country of Origin Inquiry (RCOI) on suppliers believed to supply materials or components containing tin, tantalum, tungsten and gold, collectively known as '3TGs', necessary to the functionality or production of our products. We designed our supplier RCOI process to identify, to the best of our efforts, the smelters of 3TG in our supply chain in accordance with the Organisation for Economic Cooperation and Development (OECD) due diligence guidance.

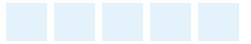
### Working against modern slavery

We will only work with suppliers who share our opposition to modern slavery. We publish statements in compliance with the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018. In 2024, we also plan to publish a statement in accordance with Canada's 2023 Fighting Against Forced Labour and Child Labour in Supply Chains Act.

We have published our UK statement on this issue online. We will continue to monitor developments in other geographies and be prepared to respond accordingly.



» Full details of the Company's sustainability policies may be found on our website.



Helping sisters  
enjoy exercise  
together

Life Unlimited

## Appendix

### What's in this section

Data on environmental performance	58
Independent assurance	59
Contact us	61

## Data on environmental performance

### We report our GHG emissions in three scopes

Scope 1: Direct sources of emissions which mainly comprise the fuels we use on-site, such as gas and heating oil, and fugitive emissions arising mainly from the losses of refrigerant gases. We have included UK vehicle emissions from leased cars since 2020. In 2023, we increased the coverage of our vehicle data to include a total of 14 European countries with fuel data from the lease provider. We estimated that 86% of the fuel consumption reported is for business purposes, with the remainder discounted for private use; this is based on our best understanding of the data and car use.

Scope 2: Indirect sources of emissions such as purchased electricity and steam we use at our sites.

Scope 3: Indirect value chain emissions that arise as a result of activities from assets or processes not owned or controlled by Smith+Nephew, these can be further divided into upstream and downstream emissions and fall into 15 defined

categories. During 2023, we have worked on assessing both our 2022 and 2023 Scope 3 GHG emissions and have data available for 13 categories.

Location-based emissions are calculated in compliance with the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) GHG Protocol Corporate Accounting and Reporting Standard and have been calculated using carbon conversion factors published by the UK Department for Energy Security & Net Zero and the Department for Environment, Food & Rural Affairs (Defra) for 2023.

We have applied the emission factors most relevant to the source data, including Defra 2023 (for UK locations), International Energy Agency (IEA) 2021 (for overseas locations) and for the US we have used the most recent US Environmental Protection Agency (US EPA) 'Emissions and Generation Resource Integrated Database' (eGRID) for the subregions in which we operate. All other emission factors for gas, oil, steam, LPG and fugitive emissions are taken from Defra 2023.

Scope 3 GHG emissions category (tonnes CO <sub>2</sub> e)	2021	2022	2023
Purchased goods and services	1,306,147	1,155,549	1,061,331
Capital goods	23,523	14,088	10,638
Fuel and energy related activities	13,573	13,162	16,256
Upstream transportation and distribution	81,837	103,365	89,690
Waste generated in company operations	1,521	1,447	1,327
Business travel	38,078	15,354	18,938
Employee commuting	23,002	13,578	13,194
Upstream leased assets	Not Calc.	5,014	3,146
Downstream transportation and distribution	Not Calc.	27,424	27,397
Processing of sold products	Not Calc.	84	83
Use of sold products	Not Calc.	Not Calc.	Not Calc.
End-of-life treatment of sold products	Not Calc.	Not Calc.	Not Calc.
Downstream leased assets	Not Calc.	8,121	3,423
Franchises	Not Calc.	0	0
Investments	126,892	28,170	30,656

To calculate our Scope 3 emissions we used the recognised protocol, CEDA (Comprehensive Environmental Data Archive).

### Waste reporting

Waste from our direct operations is reported from all Smith+Nephew locations based on waste collection data. If data are not available, an internal assessment may be used based on the size and frequency of collections. For shared offices, waste generation is sometimes estimated from the percentage of building occupancy by our staff. The waste streams are split by waste category with a focus on the final destination of the waste: landfill, hazardous waste for incineration, waste recycled for energy recovery and recycling.

	2019	2012	2021	2022	2023
<b>Waste</b>					
Waste to landfill (tonnes)	1,996	1,853	1,829	1,473 <sup>2</sup>	1,411 <sup>1</sup>
Hazardous waste for incineration (tonnes)	857	635	487	595 <sup>2</sup>	506 <sup>1</sup>
Waste recycled for energy recovery (tonnes)	2,521	2,626	2,682	3,416 <sup>2</sup>	4,025 <sup>1</sup>
Waste recycled (tonnes)	6,463	6,119	6,036	6,905 <sup>2</sup>	5,787 <sup>1</sup>
<b>Total waste (tonnes)</b>	<b>11,837</b>	<b>11,233</b>	<b>11,034</b>	<b>12,389</b>	<b>11,729</b>

### Energy and GHG emissions

	2019	2012	2021	2022	2023
<b>Total energy (GWh)</b>	<b>213</b>	<b>212</b>	<b>232</b>	<b>237</b>	<b>243</b>
<b>Emissions to air (tonnes CO<sub>2</sub>e)</b>					
Scope 1					
Combustion of fuel and operation of facilities (process and fugitive)	9,888 <sup>2</sup>	9,754	11,335	12,168 <sup>2</sup>	15,901 <sup>1</sup>
Scope 2 (location-based)					
Purchased electricity and steam	67,324 <sup>2</sup>	63,191	64,887	61,817 <sup>2</sup>	59,012 <sup>1</sup>
<b>Total (location-based)</b>	<b>77,212<sup>2</sup></b>	<b>72,945</b>	<b>76,222</b>	<b>73,985<sup>2</sup></b>	<b>74,913<sup>1</sup></b>
Scope 2 (market-based)					
Purchased electricity and steam	57,152 <sup>2</sup>	30,378	35,462	36,679 <sup>2</sup>	24,365 <sup>1</sup>
<b>Total (market-based)</b>	<b>67,040<sup>2</sup></b>	<b>40,132</b>	<b>46,797</b>	<b>48,847<sup>2</sup></b>	<b>40,266<sup>1</sup></b>
Scope 3 (Other indirect emissions)			1,614,573	1,385,356	1,276,079
<b>Water</b>					
<b>Total water usage (1,000m<sup>3</sup>)</b>	<b>650</b>	<b>600</b>	<b>633</b>	<b>694</b>	<b>672</b>

All emissions have been calculated using the most up-to-date emission factors available for each location according to GHG Protocol guidance.

GHG Protocol supplies the world's most widely used greenhouse gas accounting standards. Acquisitions completed prior to 2023 are included.

1 Data independently assured by ERM CVS for 2023, the full assurance report for 2023 is included in this report on pages 59–60.

2 Data independently assured by ERM CVS for 2019 (baseline year) and 2022, for more details see 2022 Sustainability Report pages 60–61.



## Independent assurance

### Independent Limited Assurance Report

ERM Certification and Verification Services Limited (“ERM CVS”) was engaged on behalf of Smith & Nephew plc (“Smith+Nephew”) to provide limited assurance in relation to the selected information set out below and presented in Smith+Nephew’s 2023 Sustainability Report (the “Report”).

## Engagement summary

### Scope of our assurance engagement

Whether the 2023 selected performance data below, as indicated on pages 14 and 58 in Smith+Nephew’s 2023 Sustainability Report are fairly presented, in all material aspects, in accordance with reporting criteria.

- Total Scope 1 GHG emissions (tCO<sub>2</sub>e)
- Total Scope 2 GHG emissions (market-based) (tCO<sub>2</sub>e)
- Total Scope 2 GHG emissions (location-based) (tCO<sub>2</sub>e)
- Total Scope 1 and 2 GHG (location-based) emissions reduction (% against 2019 baseline)
- Total Scope 1 and 2 GHG (market-based) emissions reduction (% against 2019 baseline)
- Total Waste to landfill (tonnes)
- Total Hazardous waste incinerated (tonnes)
- Total Waste recycled for energy recovery (tonnes)
- Total Waste recycled (tonnes)

Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.

### Reporting period

1 January 2023 – 31 December 2023

### Reporting criteria

WBCSD/WRI GHG Protocol Corporate Accounting and Reporting Standard (2004, as updated January 2015) and GHG Protocol Scope 2 Guidance  
Smith+Nephew’s own Basis of Reporting (detailed on page 58 of the Report.)

### Assurance standard and level of assurance

We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Respective responsibilities

Smith+Nephew is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the selected performance data.

ERM CVS’ responsibility is to provide conclusions to Smith+Nephew on the agreed scope based on our engagement terms with Smith+Nephew, the assurance activities performed and exercising our professional judgement.

» See more on page 60

## Independent assurance continued

## Independent Limited Assurance Report continued

**Our conclusion**

Based on our activities, as described below, nothing has come to our attention to indicate that the 2023 selected performance data and information for the disclosures listed under 'Scope' above are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

**Our assurance activities**

Considering the level of assurance and our assessment of the risk of material misstatement of the selected information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the selected performance data;
- Performing an analysis of the external environment, including a media search, to identify sustainability risks and issues in the reporting period that may be relevant to the assurance scope;
- Interviews with management representatives responsible for managing the selected issues;

- Interviews with relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the selected performance data;
- A review at corporate level of a sample of qualitative and quantitative evidence supporting the selected performance data;
- An analytical review of the year-end data submitted by all locations included in the consolidated 2023 group data for the selected performance data which included testing the completeness and mathematical accuracy of calculations, and consolidation in line with the stated reporting boundary;
- In person visits to two facilities: Coyol (Costa Rica) and Aarau (Switzerland), to review local reporting processes and consistency of reported annual data with selected underlying source data for each indicator;
- Evaluating the emission factors and assumptions used; and
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

**The limitations of our engagement**

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

**Our independence, integrity and quality control**

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Smith+Nephew in any respect.



**Gareth Manning**  
Partner, Corporate Assurance  
London, UK

26 February 2024

On behalf of:

ERM Certification and Verification  
Services Limited.



# We welcome your feedback on this Sustainability Report

## Contact us

Vice President ESG

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Email: [sustainability@smith-nephew.com](mailto:sustainability@smith-nephew.com)



You can find out more about our sustainability practices online: [www.smith-nephew.com/sustainability](http://www.smith-nephew.com/sustainability)

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### Page 44

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7. Amount of electricity saved by RENASYS EDGE instead of RENASYS TOUCH being equivalent to charging an iPhone 13 Pro over 2,866 times with a 12Wh battery eg iPhone13 Pro is 11.97Wh ([https://en.wikipedia.org/wiki/IPhone\\_13\\_Pro](https://en.wikipedia.org/wiki/IPhone_13_Pro), accessed Nov 7th 2023) over a 5-year period assuming a RENASYS EDGE utilisation of 30%. 5 years is the device's lifetime as per design input assuming a 30% utilisation rate equivalent to 13,149 run hours.
8. Over a 5-year period of use in the US assuming a RENASYS EDGE utilisation of 30% and US national grid intensity of 0.857 lbCO<sub>2</sub>/kWh. (Source: [https://www.epa.gov/system/files/documents/2023-01/eGRID2021\\_summary\\_tables.pdf](https://www.epa.gov/system/files/documents/2023-01/eGRID2021_summary_tables.pdf), accessed Nov 7th 2023).

### Page 47

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## Product names

The product names referred to in this document are identified by use of capital letters and the ◊ symbol and are trademarks owned by or licensed to members of the Group.

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## Forward-looking statements

This document may contain forward-looking statements that may or may not prove accurate. These statements concern or may affect future matters, including but not limited to the Group's future financial performance; the Group's ESG objectives and/or commitments; statements of plans, objectives or goals of the Group or its management and other statements that are not historical fact; expectations about the impact of ESG measures; and statements of assumptions underlying such statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. There are inherent risks and uncertainties associated with achieving future emissions targets and implementing net zero transition strategies and plans in a complex, interdependent and continually evolving global landscape. Smith+Nephew therefore reserves the right to adjust, amend or adapt its metrics and targets in response to unforeseen circumstances or changes in external factors and dependencies which impact the feasibility of achieving the stated targets.

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U.S. Securities Exchange Act of 1934, as amended, including Smith+Nephew's most recent annual report on Form 20-F, which is available on the SEC's website at [www.sec.gov](http://www.sec.gov), for a discussion of certain of these factors.

Any forward-looking statement is based on information available to Smith+Nephew as of the date of the statement. All written or oral forward-looking statements attributable to Smith+Nephew are qualified by this caution. Smith+Nephew does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Smith+Nephew's expectations. The terms 'Group' and 'Smith+Nephew' are used for convenience to refer to Smith & Nephew plc and its consolidated subsidiaries, unless the context requires otherwise.

## Data disclosure in this report

ERM Certification and Verification Services Limited was engaged to provide limited assurance in relation to selected data included in the Planet section of the report. The full assurance report can be found on pages 59–60 of this report.

We worked with our energy partner, Schneider Electric, to calculate our Scope 3 GHG emissions data for 2022 and 2023, both of which are reported this year.

Other data included in the report have not been audited by a third party; however, the report does include the best information available through our existing data management systems. Although our data has been internally vetted, historical performance data may be revised due to reasons such as new data availability; industry-driven changes to methodologies; improvement in data collection and measuring systems; or activities such as joint ventures, mergers and acquisitions or divestitures.

Statements about future developments and past occurrences are based on information and assumptions available as of the date of publication. While we are committed to providing timely updates, the company holds no obligation to update information or statements. Certain information in this report regarding the company comes from third-party sources and operations outside of our control. We believe such information has been accurately collected and reported and that the underlying methodology is sound.