

## Modern Slavery Statement for the year ended 31 December 2022

16 June 2023

### 1. Reporting Entity

This Modern Slavery Statement (**Statement**) has been developed by, and is published by, Smith+Nephew Pty Limited (ACN 000 087 507) (**Smith+Nephew**) in accordance with the *Modern Slavery Act 2018* (Cth). This Statement relates to the financial year ending 31 December 2022 and sets out the approach taken by us to prevent modern slavery in our commercial operations, including our relationships with third party sellers and vendors in our supply chains.

Smith+Nephew does not own or control any reporting entities.

### 2. Structure, Operations and Supply Chain.

Smith+Nephew is a subsidiary of Smith & Nephew plc. At Smith & Nephew plc and its subsidiaries (including Smith+Nephew) (the **Group**) we conduct our business with integrity, honesty and professionalism. These principles are embodied in our Culture Pillars: Care, Collaboration and Courage. These Culture Pillars guide the behaviour of everyone at Smith+Nephew. We must all also follow and understand applicable laws, our Code of Conduct and relevant Group policies and procedures. Our Code of Conduct can be found on our website: <https://www.smith-nephew.com/compliance/code-of-conduct-and-business-principles/>. Further, Smith & Nephew plc publishes a modern slavery statement pursuant to the UK *Modern Slavery Act 2015* Section 54, which covers all its subsidiaries. A copy of this Statement which is located [here](#).

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

Smith+Nephew is committed to:

- Taking a robust approach to preventing slavery and human trafficking in its corporate activities and supply chains.
- Supporting the Universal Declaration of Human Rights of the United Nations. This means we respect the human rights, dignity and privacy of the individual and the right of employees to freedom of association, freedom of expression and the right to be heard.
- Not using any form of forced, compulsory or child labour.
- Helping third parties working for and on our behalf through additional guidance to explain how our Code of Conduct specifically relates to those who perform services for and on our behalf. Our Third Party Guide to working with Smith+Nephew is located on our website at: <https://www.smith-nephew.com/compliance/code-of-conduct-and-business-principles/third-party-guide-to-working-with-smith-nephew/> and sets out our requirements for third parties based on the laws, regulations and industry codes that apply to Smith+Nephew.

### About Smith+Nephew and the Group

Smith+Nephew is a portfolio medical technology business focused on the repair, regeneration and replacement of soft and hard tissue. We exist to restore people's bodies and their self-belief by using technology to take the limits off living. We call this purpose 'Life Unlimited'. Our 330 employees (who are part of the 18,000 Group employees) deliver this mission every day, making a difference to patients' lives through the excellence of our product portfolio, and the invention and application of new technologies across our three

directly relate to the manufacture of the Smith+Nephew products sold in Australia. These goods and services include telecommunications and IT services, some labour hire, professional services, facilities maintenance and cleaning, property leases and logistics and transportation services. Some of these providers are in higher risk areas such as cleaning, and transportation. However, the modern slavery risk with these third-party providers is assessed as low.

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

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

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

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

#### **Actions taken to assess and address modern slavery risks**

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

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

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

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

Supplier responses to our due diligence questionnaires and any documents provided are reviewed by the Group's Sustainability and global procurement teams and follow up due



## Compliance with our Code of Conduct

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

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

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

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

## Training

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

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

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

## **4. Reviewing our progress**

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

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

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

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

## 6. Future action plans

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

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

We will also continue to review our practices related to modern slavery and human trafficking and comply with the requirements of the *Modern Slavery Act 2018* (Cth).

## 7. Approval

The Board approved this Statement and granted publication approval on 16 June 2023.



**Vassie Ponsamy**  
Director  
16 June 2023