

# + Third Party Guide to working with Smith+Nephew



# Letter from CEO

At Smith+Nephew, we've been a leader in medical device innovation for over 160 years. The work we do makes a real difference. Not just to an individual's body but to the entire person. Because when each procedure is complete, something special happens... Patients gain a renewed sense of self-belief, along with the freedom to live without the limitations that previously held them back.

It is our privilege and our responsibility to be a part of people's lives in this way. And it's up to everyone who works on our behalf to share that responsibility by upholding our reputation for integrity and ethical conduct, because the sustainability of our business depends on doing things the right way.

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

You have chosen to represent Smith+Nephew, and in doing so you have taken on the responsibility to operate in accordance with the standards that we expect of you. I thank you in advance for taking this responsibility seriously and representing our Company with pride and integrity.

Sincerely,



Roland Diggelmann

## Care + Collaboration + Courage



## Our expectations of you

We expect you to conduct business on our behalf in an ethical manner that is compliant with all applicable laws, regulations and industry codes of conduct. We expect you to manage your suppliers in accordance with the same standards. Our specific expectations for you, listed below, are based on the laws, regulations and industry codes that apply to our Company. These requirements may be stricter than your national law, but you must comply with our expectations in the work you do for us. We expect you to certify your compliance with applicable laws, regulations and industry codes on request. Consider these expectations before you make a decision or take any actions on our behalf—and seek guidance from your Smith+Nephew contact before you take any action you think may violate the requirements detailed in this Guide, applicable laws or industry codes. If a third party violates this guidance, applicable laws, regulations and/or industry codes of conduct, we will review that business relationship and take appropriate action, which may result in termination of the relationship.

### **We expect you to act with integrity**

Third parties working with us may not offer, give, request or receive bribes or facilitating payments. Facilitating payments are payments of a small amount to ensure or speed up the proper performance of a government official's routine duties. When doing business on our behalf you must remain compliant with local or global anti-bribery or anti-corruption laws, which apply to either of us including the People's Republic of China Criminal Code and Anti-Unfair Competition Law, the United States Foreign Corrupt Practices Act, the United Kingdom Bribery Act, the United Kingdom Criminal Finances Act and other laws adopted pursuant to the Organization for Economic Cooperation and Development Convention on Combating Bribery.

#### **How to follow our expectations**

- You must not offer or make any bribe or other improper payment, either directly or indirectly, in cash or in kind. You must hold to this standard even if an improper payment is seen by some as accepted business practice in a particular culture or country. An improper payment is when you give or receive something of value to improperly influence a transaction. An improper payment may include anything of value, including bribes, kickbacks, gifts, donations, grants, hospitality, commissions or any sales arrangement, discount, rebate or equipment loan which is not made in accordance with applicable laws or industry codes.
- You must not offer, make or give any facilitation payments
- You must not encourage or allow others to offer or make improper payments.
- You must not ask for or receive any improper payment or encourage or allow others to do so.

Third parties working with us must be free from conflicts of interest that jeopardise the third party's ability to make decisions/take actions in the best interests of Smith+Nephew. None of your activities should damage Smith+Nephew's reputation.

#### **How to follow our expectations**

- Do not offer business hospitality or gifts under circumstances that would induce improper conduct or that could create the appearance of impropriety. Bona fide hospitality or gifts may be acceptable when they are reasonable, in line with applicable laws and industry codes and for a legitimate business purpose.
- Our employees may not solicit gifts or hospitality from a third party.
- Our employees may only accept unsolicited gifts or hospitality from third parties when they are occasional, modest, appropriate for a business relationship and held at an appropriate venue.
- Be wary of gifts or other benefits from those doing or seeking to do business with you. Do not accept any item or benefit of significant value if the purpose, effect or appearance is to influence your judgment.
- Do not make hiring decisions based on your desire to retain or obtain Smith+Nephew business. In particular, do not hire any immediate family member of a healthcare professional or government official to encourage that individual to use or buy our products or services, to obtain or retain business or to influence an official action in our favour.
- Always consider how your actions may appear. Remember, even when nothing wrong is intended, the appearance of a conflict can have negative effects.

Third parties working with us must protect Smith+Nephew confidential information and the personal information of others.

#### **How to follow our expectations**

- Do not disclose any of Smith+Nephew's confidential or personal information, including intellectual property, except where authorised in connection with the conduct of business done on our behalf.
- Exercise caution in transmitting confidential or personal information due to the open environment of electronic communication.
- Comply with local laws that apply to the collection, use and retention of personal information.
- Do not sell personal information to others unless you have received specific authorisation to do so by individuals whose information is contained in the data.

Third parties working with us must not use non-public information they receive for financial or other personal benefit.

#### **How to follow our expectations**

- Do not buy or sell securities of any company about which you have material non-public information.
- Do not share 'inside information' about a company to anyone who may then trade on the information you have shared.

Third parties working with us must only use promotional or marketing materials that state indications and product claims that are consistent with those registered and/or approved for the product in the local market.

#### **How to follow our expectations**

- Only use promotional materials that have been approved and provided by Smith+Nephew.
- Only use materials that comply with national and any relevant international legal requirements.

### **We expect you to act fairly**

Third parties working with us must respect and follow both the letter and the spirit of anti-trust and competition laws. These laws regulate, among other things, relations between competitors, distribution agreements, patent, copyright and trademark licenses, territorial restrictions of resellers and licensees, rebates and discounts to customers, and pricing policies.

#### **How to follow our expectations**

- Conduct your operations in accordance with the principles of fair competition and in conformance with all applicable laws and industry codes.
- Do not use any unfair advantage over a competitor through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing.

## We expect you to be transparent in your dealings with others

Third parties working with us should maintain accurate accounting records, consistent financial reports and effective internal financial controls.

### How to follow our expectations

- Ensure accounting records and supporting documents accurately describe and reflect the true nature of the underlying transactions and conform to applicable accounting standards.
- Subject to applicable laws and industry codes, keep active documents and records in a way that suits your daily business needs.
- Store inactive or historical documents in a reasonable manner intended to protect such documents from damage.
- Do not destroy documents required to be kept for periods specified by law within that period.
- Immediately stop regular document destruction if you become aware of a legal request for such documents or you have been asked to preserve such documents by a competent authority.

Third Parties working with us must not engage in or facilitate tax evasion.

### How to follow our expectations

- Do not request payment to be made to an unrelated third party in an attempt to evade the payment of corporation tax.
- Do not collude with third party customers to help them to reclaim VAT charges to which they were not entitled.

Third parties working with us must follow international trade control laws. The laws are aimed at ensuring that certain countries, entities or person, in particular those associated with terrorist activities, do not receive specific goods, services or any financial contributions.

### How to follow our expectations

- Screen all transactions for compliance with all applicable rules for trade with sanctioned countries and persons and prohibited end-uses.

## We expect you to respect others

Third parties working with us may not use any form of forced, compulsory or child labour. They must maintain a work environment in which all feel welcome and free of harassment, discrimination or other improper conduct. They must respect the human rights, dignity and privacy of the individual and the right of employees to freedom of association, freedom of expression and the right to be heard.

### How to follow our expectations

- Always respect the human rights, dignity and privacy of the individual in accordance with the UN Universal Declaration of Human Rights, the eight fundamental International Labor Organization (ILO) Conventions (nos. 29, 87, 98, 100, 105, 111, 138 and 182), other relevant ILO Conventions, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the Ethical Trade Initiative (ETI) Base Code.
- Employment is freely chosen. Do not use forced, bonded, indentured, child or involuntary prison labor. Do not use harsh or inhumane treatment.
- Provide a workplace free of harassment and discrimination, including violence, bullying, discrimination and harassment based on an individual's race, colour, religion, sex (including sexual harassment), sexual orientation, gender identity, national origin, age (40 and over), physical or mental disability, veteran status, uniformed service member status, and any other legally protected status.
- Build a diverse workforce based on an employee's qualifications and abilities needed for the work to be performed.
- Observe applicable laws and regulations governing wages and work hours, and ensure living wages are paid and working hours are not excessive.
- Provide regular employment and avoid the use of labour-only contracting, sub-contracting, home-working arrangements and apprenticeship schemes where there is no real intent to impart skills.

Third parties working with us must maintain a healthy and safe work environment and develop a proactive, cooperative attitude toward employee health and safety.

### How to follow our expectations

- Provide healthy, hygienic and safe working conditions for all employees.
- Strive to maintain fair and effective enforcement of a safe work environment to prevent illness and injury.
- Ensure your employees report injuries or ill health arising from their work.
- Be generally attentive to safety.



## We expect you to respect the environment and your community

Third parties working with us must have a strong commitment to managing the impact of their businesses on the environment, and should contribute to the vitality of the communities where they have business interests. Third parties working with us must strive to make their businesses sustainable and ensure their activities are conducted in a manner that complies with the law and proactively protects the environment and maximizes efficient use of resources.

### How to follow our expectations

- Develop manufacturing processes and products that minimize adverse effects on the environment (as applicable to the supplier).
- Provide environmental performance data as required by regulatory agencies to Smith+Nephew upon request.
- Provide product characteristics to Smith+Nephew upon request to assist Smith+Nephew to achieve its own sustainability objectives, regulatory requirements and customer requests.
- Be a good corporate citizen by being an active member in local communities.
- Encourage and support employees who volunteer to undertake community work.

## We expect you or your employees to report any concerns.

Third parties working with us must report any breach of our Code, applicable laws and industry codes that they discover, even if they are not directly involved. Third parties should also protect whistleblowers' confidentiality and prohibit retaliation against workers who make a report in good faith.

### How to follow our expectations

- Report any actual or suspected misconduct to your Smith+Nephew contact, one of our Compliance Officers or our Integrity Line: <http://www.smith-nephew.ethicspoint.com/>.
- Our quality commitment means we hold ourselves and our suppliers accountable for the quality of our products. Employees and third parties have a responsibility to raise concerns about products and to report issues about which they become aware. Submitting a complaint is simple, just visit: [complaints@smith-nephew.com](mailto:complaints@smith-nephew.com)

### Learn more

If you have questions about the Smith+Nephew Office of Ethics and Compliance or would like to review our Code of Conduct and Business Principles, please visit our website at

<https://www.smith-nephew.com/compliance/>

