Guidance on the Smith & Nephew Code of Conduct and Business Principles for Third Parties
MESSAGE FROM CEO

Over more than 150 years, Smith & Nephew has cultivated a proud heritage of helping people regain their lives by repairing and healing the human body. Our dedication to the highest performing products and people, along with a pioneering spirit, have yielded thousands of innovations that have made a measurable difference for our customers and patients around the world. However, none of this would be possible – or sustainable – without the foundation on which we operate; a foundation of trust. Trust is not something we take for granted. We have worked to earn it, and it requires constant attention to maintain. Our Code of Conduct and Business Principles defines the ways of working that allow us to continue to do business. It sets the expectations not only for our employees, but for all who work on our behalf.

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 full compliance with the law and uphold the highest ethical standards. Our Code of Conduct is global, and in some cases it exceeds the expectations of local laws or business standards. It sets forth the principles by which we will operate, everywhere in the world and in every business situation.

You have chosen to represent “Smith & Nephew”, and in doing so you have taken on the responsibility to operate according to our Code of Conduct. I thank you in advance for taking this responsibility seriously and representing our company with pride and integrity.

Sincerely,

Namal Nawana
INTRODUCTION

At Smith & Nephew, we are committed to working to high standards of ethical and compliant behaviour. We are considering doing business with you or have chosen to do business with you because we know that you share our commitment to ethical business conduct.

We have developed this Guidance to explain how our Code of Conduct and Business Principles specifically relate to those who perform services for and on behalf of our Company (“third parties”). Our third parties include any individual, corporation, partnership or organisation that is not part of the Smith & Nephew Group, but that will provide a product or service to us or on our behalf.

This Guidance does not replace our Code. It provides an overview of its requirements for third parties working with us. This Guidance applies to every third party working on our behalf. We consider our Code and this Guidance when we select third parties, and we expect our third parties to adhere to the requirements of our Code. If a third party violates our Code, applicable laws or industry codes of conduct, we will review that business relationship and take appropriate action, such as terminating that relationship within our contract rights and applicable law.

Our expectations of you

We expect you to conduct business done on our behalf in an ethical manner that is compliant with all applicable laws and industry codes of conduct. Our specific expectations for you, listed below, are based on the requirements in our Code of Conduct and Business Principles. 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 our Code, applicable laws or industry codes.

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. You must remain compliant with any applicable local or global anti-bribery or anti-corruption laws, including the People’s Republic of China Criminal Code and Anti-Unfair Competition Law, the United States Foreign Corrupt Practices Fact, the United Kingdom Bribery 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 our Code.

- 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.

- Smith & Nephew employees may accept unsolicited hospitality from third parties when it is occasional, modest and held at an appropriate venue.

- Our employees may accept unsolicited gifts from third parties whey they are occasional, modest and appropriate for a business relationship.

- Our employees may not solicit gifts or hospitality from a third party.

- 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 material information about a company for financial or other personal benefit before it is made public.

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.
- Ensure that promotional materials are accurate and consistent with relevant product labels.
- Regularly review promotional literature to ensure it remains consistent with Smith & Nephew approved product claims.
- 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 customer; and pricing policies.

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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 must operate under specific accounting and reporting standards and must 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 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.
• Do not use forced, bonded, or indentured labor or involuntary prison labor.
• Provide a workplace free of harassment and discrimination.
• Build a diverse workforce based on an employee’s qualifications and abilities needed for the work to be performed.
• Observe applicable laws and regulations governing wages and work hours.

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 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 comply with national and local legal and civic obligations to manage 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 businesses.

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 as well to Smith & Nephew upon request.
• Provide product characteristics to Smith & Nephew upon request to assist Smith & Nephew to achieve its own sustainability objectives.
• 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/.

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: