## Our sustainability strategy

### Looking back: our progress

We have made strong progress against our 2020 sustainability targets, which related to the United Nation's Sustainable Development Goals (SDGs) that are most relevant to our business.

We report below our progress against these targets, which were originally scheduled to close at the end of 2020. Our new sustainability strategy reflects our updated business strategy with enhanced targets to further advance our sustainability goals, as described on page 13. We will continue to measure and report on key sustainability metrics.

<table>
<thead>
<tr>
<th>Our material issue</th>
<th>Our 10 long-term aspirational goals</th>
<th>Our 2020 targets</th>
<th>Progress since 2016 baseline</th>
<th>Status</th>
<th>Most relevant SDGs</th>
<th>Specific SDG target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevent illness and injury</td>
<td>Ensure the health, safety and wellbeing of all Smith-Nephew's employees and contractors</td>
<td>Zero work-related injuries and illnesses across the value chain</td>
<td>10% reduction in Total Injury Rate (TIR) from 2016 baseline</td>
<td>AT RISK</td>
<td>8.8</td>
<td></td>
</tr>
<tr>
<td>Operate ethically</td>
<td>Ethical Business Practices: All activities are conducted in compliance with applicable International Labor Organization (ILO) conventions, involve no environmental degradation, and are free from corruption</td>
<td>Labour practices throughout the supply chain associated with products accounting for 75% of revenue compliant with applicable ILO conventions</td>
<td>Products accounting for 75% of revenue identified. Assessment to applicable ILO conventions completed for internal operations. Engagement with upstream suppliers and downstream distributors and agents under way</td>
<td>ON TRACK</td>
<td>8.7</td>
<td>8.8</td>
</tr>
<tr>
<td>Ensure product and service quality</td>
<td>Improve efficiency, enhance trust and reliability</td>
<td>Zero product-related and service-related patient injuries</td>
<td>Robust system in place to detect, record, investigate and eliminate root cause of product-related and service-related patient injuries</td>
<td>ON TRACK</td>
<td>3.8</td>
<td></td>
</tr>
<tr>
<td>Engage communities</td>
<td>Promote trust and extend access to care. Enhance our potential pool of talented employees</td>
<td>Robust social responsibility programmes which contribute to the attraction and retention of top talent</td>
<td>Social responsibility strategy which aligns philanthropy, employee volunteering and wellness to the business strategy in place</td>
<td>ON TRACK</td>
<td>10.2</td>
<td></td>
</tr>
<tr>
<td>Enterprise risk management</td>
<td>Comprehensively assess and mitigate risks across the entirety of Smith-Nephew, to ensure sustained profitability</td>
<td>Strategic risks and opportunities are understood and business activities are aligned to risk appetite</td>
<td>Enterprise risk management arrangements are embedded in the routine business decision-making process</td>
<td>ON TRACK</td>
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<td><strong>Use water responsibly</strong></td>
<td>Enhance availability of water for alternative uses, reduce conflict and reduce environmental impact</td>
<td>Water: Total water impacts of our products and solutions are balanced with local human and ecosystem needs</td>
<td>Water footprint (1) available for products accounting for 75% of revenue and (2) considerations embedded in new product development process</td>
<td>ON TRACK</td>
<td>8.4</td>
<td></td>
</tr>
<tr>
<td><strong>Reduce waste</strong></td>
<td>Improve resource efficiency and reduce environmental impact</td>
<td>Waste: All materials are either shipped as part of product or returned for beneficial use</td>
<td>Total material efficiency estimated for products accounting for 75% of revenue, 80% or more of waste generated reused, recycled or recovered</td>
<td>ON TRACK</td>
<td>12.2, 12.4, 12.5</td>
<td></td>
</tr>
<tr>
<td><strong>Reduce carbon emissions</strong></td>
<td>Improve resource efficiency and reduce conflict, while enhancing biodiversity and mitigating climate change</td>
<td>Carbon: 80% absolute reduction in total life cycle greenhouse gas emissions by 2050</td>
<td>Estimate total life cycle greenhouse gas emissions of products accounting for 75% of revenue, Total Scope 1 &amp; 2 greenhouse gas emissions reduced by 10% from 2016 actual</td>
<td>ON TRACK</td>
<td>3.8, 10.2, 12.2, 12.4, 12.5</td>
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<td><strong>Develop products with sustainability attributes</strong></td>
<td>Increase access to care, improve our environmental impact and reduce costs</td>
<td>Products and services are aligned to market economic, social and environmental expectations and anticipate future market conditions. All products have identified and clearly-described sustainability attributes</td>
<td>Sustainability attributes described for products accounting for 75% of revenue, Robust emphasis on sustainability attributes of new products/services in place</td>
<td>ON TRACK</td>
<td></td>
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<td><strong>Consistent focus</strong></td>
<td>Ensure that all aspects of the business remain aligned to the sustainability imperative and move us steadily towards the achievement of our targets</td>
<td>Environmental, social, and economic impacts of (1) potential acquisitions, (2) technologies to be extended to Emerging Markets, (3) innovative business models, (4) cost-of-quality reduction initiatives, and (5) manufacturing siting, functional optimisation and site utilisation alternatives are fully understood and appropriately balanced</td>
<td>Formal programmes in place to measure/assess the economic, social and environmental impacts of (1) potential acquisitions, (2) technologies to be extended to Emerging Markets, (3) innovative business models, (4) cost-of-quality reduction initiatives, and (5) manufacturing siting, functional optimisation and site utilisation alternatives</td>
<td>AT RISK</td>
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*See page 45 for data references