

Independent Assurance Statement

Smith & Nephew UK Limited (“Smith & Nephew”) commissioned DNV GL Business Assurance Services UK Limited (“DNV GL”, “we”, or “us”) to undertake independent assurance of the the Smith & Nephew Sustainability Report 2017 (the “Report”) for the year ended 31st December 2017.



Our Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Smith & Nephew’s adherence to the Principles described below.

In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Without affecting our assurance opinion, we also provide the following observations:

Stakeholder inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Smith & Nephew’s stakeholder engagement process focuses on internal stakeholders, customers and investors. We recognise that the sustainability strategy plans to widen stakeholder outreach, however, this is currently a largely informal process.

We continue our recommendation from last year, that Smith & Nephew should consider formalising and implementing a more systematic process to seek external stakeholder views. This could support the progression of the sustainability strategy and identification of emerging issues.

Materiality

The process for determining the issues that are most relevant to an organisation and its stakeholders.

As part of their newly launched sustainability strategy, Smith & Nephew has identified issues that are material to the business, to its customers and investors. Furthermore, they explain which global issues affect the business, which Sustainable Development Goals (SDGs) are linked to these, and how the business tries to address these through their aspirational goals.

To continue to improve in this area, we reiterate our recommendation to implement a formal materiality assessment, informed by stakeholder feedback.

Sustainability Context

The presentation of the organisation’s performance in the wider context of sustainability

Smith & Nephew’s reporting has remained current by aligning its performance to global issues, and how they are linked to the SDGs. It also continues to focus on its customers and employees, two important stakeholders. Also, given its product offering, we consider their disclosures to be suitable for the context of its sustainability. For example, by reporting on improving access to health solutions, and how their product offering can become sustainable without compromising its integrity and safety.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported.

The sustainability strategy has helped shaped Smith & Nephew’s Report, and focuses on areas that are material to the business. Based on our worked performed, we do not believe that Smith & Nephew failed to report on any of its material issues. However, given the lack of a formal and systematic materiality assessment by Smith & Nephew, we cannot fully assess the extent to which the information provided is material to external stakeholders beyond its employees, customers and investors.

Reliability and Quality

The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.

Smith & Nephew’s management team follows an established data management process. This includes defined roles and responsibilities, clear monitoring activities, appropriate storage of evidence and regular checks to ensure the data’s accuracy and completeness.

The business has recently implemented a balanced scorecard for all its sites, providing a frequent overview of performance. This aims to better monitor performance against the sustainability strategy goals and targets.

Scope and approach

We performed our work using DNV GL's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative ("GRI") Sustainability Reporting Guidelines.

We evaluated the Report for adherence to the VeriSustain™ Principles (the "Principles") of stakeholder inclusiveness, materiality, sustainability context, completeness, and reliability. We evaluated the performance data using the reliability principle together with Smith & Nephew's data protocols for how the data are measured, recorded and reported.

We understand that the reported financial data and information are based on data from Smith & Nephew's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'moderate level' of assurance. A 'high level' of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our assurance opinion.

Data in scope

The data in scope included Smith & Nephew's progress against its 2020 targets (against a 2016 baseline), as listed below:

- 10% reduction in total injury rate (TIR) from 2016 actual;
- Total potable water consumption at Smith & Nephew sites no higher than 2016 actual;
- 80% or more of waste generated reused, recycled or recovered; and
- Total Scope 1 & 2 greenhouse gas emissions reduced by 10% from 2016 actual.

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters. We undertook the following activities:

- Review of the current sustainability issues that could affect Smith & Nephew and may be of interest to stakeholders;
- Review of Smith & Nephew's approach to stakeholder engagement and recent outputs;
- Review of information provided to us by Smith & Nephew on its reporting and management processes relating to the Principles;
- Interviews with four selected Directors and Senior Managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and functions covered Social Responsibility, Company Secretary, EHS (environment, health and safety), and Enterprise Risk Management;
- Site visits to Smith & Nephew's London Headquarters and their Coyal (Costa Rica) production facility to review process and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose sites, on the basis of materiality to the business' environmental and health and safety impacts;
- Review of supporting evidence for key claims in the Report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated at headquarters level; and
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.

For and on behalf of DNV GL Business Assurance Services UK Limited
London, UK
9th March 2018



Gareth Manning
Principal Consultant and Lead Assuror
Sustainability, DNV GL



Shaun Walden
Principal Consultant and Reviewer
Sustainability, DNV GL

Responsibilities of the Directors of Smith & Nephew and of the assurance providers

The Directors of the Smith & Nephew have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to Smith & Nephew; however, our statement represents our independent opinion and is intended to inform all stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. We have no other contract with Smith & Nephew.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Independence

DNV GL's established policies and procedures are designed to ensure that DNV GL, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV GL) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals.

DNV GL Business Assurance

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