SMITH & NEPHEW PLC ("COMPANY")
TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. Purpose and Delegated Authority

1.1 The Board of Directors of the Company ("**Board**") resolved to establish a Remuneration Committee ("**Committee**"). The purpose of the Committee is to ensure that:

1.1.1 the Company's remuneration policy and practices are aligned to the business strategy and promote long-term sustainable success;

1.1.2 the remuneration of Executive Directors and Executive Committee members is aligned to the Company's purpose and values and is clearly linked to the successful delivery of business performance and drives value creation; and

1.1.3 it has an appropriate understanding and awareness of the wider workforce remuneration policy and practices; in particular that of senior executives below the Executive Committee.

1.2 The Board has delegated the authority set out in these terms of reference to the Committee. The Committee may sub-delegate any of its powers and authority as it thinks fit, including instructing employees or creating sub-committees to review and report to it on specific issues.

2. Membership

2.1 Members of the Committee shall be appointed by the Board on the recommendation of the Nomination & Governance Committee and, if appropriate, in consultation with the Chair of the Committee ("**Committee Chair**").

2.2 The Committee shall consist of at least three members, all of whom shall be independent Non-Executive Directors.

2.3 The Chair of the Board ("**Board Chair**") may also serve on the Committee as an additional member if they were considered independent on appointment as Chair.

2.4 The Board shall appoint the Committee Chair who shall be an independent Non-Executive Director and shall not be the Chair of the Board.

2.5 The Committee Chair shall ordinarily be required to have served as a member of a remuneration committee of a UK listed company for a period of at least 12 months prior to their appointment as Chair.

2.6 Only members of the Committee have the right to attend Committee meetings. However, other individuals, including, but not limited to, the Chief Executive Officer, the Chief People & Culture Officer, SVP Reward & Performance, other members of the Board and certain external advisors may

be invited to attend for all or part of any meeting as and when appropriate and necessary, at the Committee Chair's consent. These individuals will not attend the part of any meeting where there are any discussions concerning their own remuneration.

2.7 The Company Secretary or their designate shall be the Secretary of the Committee.

3. Meetings and the Transaction of Business

3.1 Meetings shall usually be held not less than four times a year. Meetings may be held physically or by electronic means and additional meetings may be convened as the Committee Chair shall determine.

3.2 The quorum for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3.3 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

3.4 Meetings of the Committee shall be summoned by the Secretary at the request of the Committee Chair or any of its members.

3.5 Unless otherwise agreed with the Committee Chair, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee ordinarily no later than three working days before the date of the meeting together with supporting papers.

3.6 The Secretary shall minute the proceedings and resolutions of all Committee meetings and circulate them to the members of the Committee.

3.7 The Committee Chair shall report regularly to the Board on the proceedings of the Committee and the minutes of the meetings shall be included in the Board papers for subsequent Board meetings.

3.8 The Committee Chair shall be required to attend the annual general meeting to respond to any shareholder questions on the activities of the Committee. The Committee Chair shall also be required, if requested, to meet institutional shareholders to discuss any remuneration questions they may have at other times.

4. General Duties

The general duties of the Committee shall be to:

4.1 determine on behalf of the Board the Directors' Remuneration Policy for the remuneration of the Board Chair, Executive Directors, Executive Committee

members and the Company Secretary, and the Company's broad remuneration policy for other employees as it is designated to consider. This remuneration policy shall be reviewed from time to time to ensure its on-going appropriateness and relevance;

4.2 review at least annually the total individual remuneration packages for each Executive Director, Executive Committee member and the Company Secretary ("**Executives**"), including bonuses, incentive payments, share awards and options, pensions and other benefits;

4.3 approve appropriate remuneration packages for any new Executive appointment and any termination packages for Executives including contractual terms and pension benefit entitlements, ensuring where relevant that any packages and components thereof are permitted under the latest shareholder approved Directors' Remuneration Policy and if not that, in the case of an Executive Director package, either a revised Directors' Remuneration Policy or the proposed payment are submitted for shareholder approval;

4.4 determine how the Company's long term incentive plans, including all plans involving the award of shares or the grant of options, should be operated and the executives and other employees to be included;

4.5 ensure that any payment approved to be made to the Board Chair, Executive Directors or any other position covered by the Policy, is in line with the latest Directors' Remuneration Policy and if not, that the payment or revised Directors' Remuneration Policy is put to shareholders for approval;

4.6 ensure that all provisions regarding the public disclosure of remuneration are fulfilled through the annual publication of the Directors' Remuneration Report and continual engagement with institutional shareholders, ahead of the annual vote by the Company's shareholders at the annual general meeting;

4.7 submit for approval by the Board and shareholders a Directors' Remuneration Policy (to be included in the Directors' Remuneration Report as appropriate):

4.7.1 every three years, or

4.7.2 in any year in which there is a change relative to the prior year, or

4.7.3 if shareholder approval was not achieved when last submitted; or

4.7.4 if majority shareholder approval was not achieved on the last submitted Directors' Remuneration Report.

4.8 ensure that the Directors' Remuneration Policy includes the information on directors' remuneration required to be disclosed by the Companies Act (including regulations made thereunder), the UK Corporate Governance Code ("**Code**"), the UK Listing Authority's Listing Rules ("**Listing Rules**") and any other relevant statutory, regulatory or governance codes;

4.9 submit for approval by the Board and shareholders an Annual Report on Remuneration to be included in the Directors' Remuneration Report, which should

include the information on directors' remuneration required to be disclosed by the Companies Act (including regulations made thereunder), the Code, the Listing Rules and any other relevant statutory, regulatory or governance codes;

4.10 ensure that, in the event that the Directors' Remuneration Report or Policy receives less than 80% of shareholders' votes at the annual general meeting, the Committee and the Committee Chair, as appropriate will engage with shareholders following that vote to understand why and provide a statement in the next Annual Report to ensure all issues are addressed; and

4.11 develop a policy on shareholding requirements for Executives and other employees for both during and post-employment.

4.12 For the avoidance of doubt, the Board Chair and the Executive Directors shall determine the policy for and remuneration of the Non-Executive Directors.

5. General Principles

In determining remuneration policy and individual remuneration packages for Executives the Committee shall:

5.1 ensure that there are appropriate incentives to encourage enhanced performance and that Executives are rewarded in a fair and responsible manner for their individual contribution to the success of the Company;

5.2 review wider workforce remuneration and related policies and the alignment of incentives and reward with culture, taking these into account when setting the policy for Executive Director remuneration and note remuneration trends across the Group including: pay principles; base pay; pensions; and incentive arrangements; the ratio of the Chief Executive Officer's pay to the rest of the workforce; and any gender pay difference, and taking into account employee views on remuneration as appropriate and available;

5.3 obtain reliable, up to date information about remuneration in other comparable companies, commissioning specific reports or surveys if necessary;

5.4 ensure that contractual terms on termination, and any payments made, are fair both to the Executive and to the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

5.5 ensure that reputational, behavioural and other risks are identified and mitigated;

5.6 give due regard to any relevant legal requirements and the provisions and recommendations of the Code, the Listing Rules and associated guidelines and other relevant codes and guidelines;

5.7 select, appoint and set the terms of reference for any remuneration consultants to advise the Committee;

5.8 exercise judgment within the parameters permitted in the Directors' Remuneration Policy when:

5.8.1 determining appropriate measures and targets for annual and long-term incentive arrangements;

5.8.2 assessing performance against those measures and targets;

5.8.3 determining appropriate remuneration packages for newly appointed Executive Directors;

5.8.4 determining whether a departing Executive Director be treated as a good leaver or a bad leaver; and

5.8.5 subject to delegation of authority by the Board, deciding when and explaining why it would be inappropriate to make certain public disclosures due to commercial sensitivity.

5.9 exercise discretion within the parameters permitted in the Directors' Remuneration Policy to override formulaic outcomes when:

5.9.1 determining, notwithstanding performance against targets, whether any adjustment upwards or downwards be made to payouts under annual or long-term incentive arrangements taking account of Company or individual performance and wider circumstances; and

5.9.2 determining when and explaining why exceptional circumstances apply which would lead to payments or increases above a normal maximum level, taking account of Company or individual performance and wider circumstances.

6. Incentive Plans

In determining how the Group's incentive plans should be operated, the Committee shall:

6.1 approve the design of and determine the targets for any performance related pay schemes (both annual and long-term) operated by the Company for Executives and approve the total annual payments made under such plans to each of the Executives, ensuring that incentives drive financial performance and behaviours consistent with the Company's purpose, strategy and cultural pillars;

6.2 ensure that incentive plans have appropriate recovery provisions including malus and clawback provisions where appropriate;

6.3 review the design of all share based incentive plans for approval by the Board and shareholders, including both discretionary and all-employee share based plans;

6.4 determine each year whether awards will be made under the share based incentive plans, the overall amount of such awards and the individual awards to be made to Executives and the performance targets to be used; and

6.5 make recommendations to the trustees of the Company's employee's trust regarding any distributions or awards of options or shares to participants by the trustees.

7. Administration

7.1 The Committee shall appoint independent remuneration consultants to advise them on matters of remuneration. When appointing any remuneration consultant, the Committee must understand the nature of other services provided by the prospective advisor, be satisfied that this does not present a conflict of interest and that the advice will be objective and independent. Such advice shall be independent from management and from time to time the Committee may meet with the remuneration consultants without a member of management being present.

7.2 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

7.3 The Committee shall have access to sufficient resources to carry out it duties including:

7.3.1 seeking any information it requires from any employee of the Company; and

7.3.2 obtaining any outside legal or professional advice at the Company's expense.

Approved on 29 July 2026