

SMITH & NEPHEW PLC
TERMS OF REFERENCE FOR THE NOMINATION & GOVERNANCE COMMITTEE

MEMBERSHIP

1. Members of the Nomination & Governance Committee shall be appointed by the Board.
2. The Nomination & Governance Committee shall consist of at least three members, the Chair of the Board, the Senior Independent Director, and at least one other independent Non-Executive Director.
3. The Chair of the Board shall be the Chair of the Nomination & Governance Committee except when the Nomination & Governance Committee is considering the appointment of a successor to the Chair of the Board, when the Senior Independent Director shall act as Chair of the Nomination & Governance Committee.
4. Only members of the Nomination & Governance Committee have the right to attend Nomination & Governance Committee meetings. However, other individuals, including the Head of Human Resources and certain external advisors may be invited to attend for all or part of any meeting.
5. The Company Secretary shall be the Secretary of the Nomination & Governance Committee.

MEETINGS AND THE TRANSACTION OF BUSINESS

6. Meetings shall be held as required by the Chair of the Nomination & Governance Committee, usually not less than twice a year. Meetings may be held physically or by telephone.
7. 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.
8. The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
9. Meetings of the Nomination & Governance Committee shall be summoned by the Secretary at the request of any of its Members.
10. Unless otherwise agreed with the Chair of the Nomination & Governance Committee, 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 Nomination & Governance Committee no later than three working days before the date of the meeting together with supporting papers.
11. The Secretary shall minute the proceedings and resolutions of all Nomination & Governance Committee meetings and circulate them to the members of the Nomination & Governance Committee.

12. The Chair of the Nomination & Governance Committee shall report regularly to the full Board on the proceedings of the Nomination & Governance Committee and the minutes of all meetings shall be included in the Board papers for a subsequent Board meeting.
13. The Chair of the Nomination & Governance Committee shall be required to attend the Annual General Meeting of shareholders to respond to any shareholder questions on the activities of the Nomination & Governance Committee.

GENERAL DUTIES

13. The general duties of the Nomination & Governance Committee shall be to:
 - 13.1 Regularly review the Board structure, size and composition, having regard to the balance of skills, experience, independence, knowledge and diversity, making recommendations to the Board with regard to any changes;
 - 13.2 Give full consideration to succession planning for Non-Executive Directors, Executive Directors and Executive Officers taking into account the challenges and opportunities facing the Company, the skills and expertise likely to be required by the Board in the future and the benefits of diversity in its widest sense and make recommendations to the Board accordingly;
 - 13.3 Identify and nominate candidates for the approval of the Board, to fill Board vacancies as and when they arise and make recommendations as to membership of the Remuneration, Audit and Compliance & Culture Committees in consultation with the respective Chairs of those Committees;
 - 13.4 Supervision of the induction process for new directors and the on-going training and development of all Board members;
 - 13.5 Consider the continued independence of the Non-Executive Directors and, where applicable, authorise Directors' other appointments and any conflicts of interest;
 - 13.6 Make recommendations to the Board relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.
 - 13.7 Oversee the effective governance of the Board and its Committees, reviewing and on, an annual basis, approving the terms of reference of the Board Committees and the Matters Reserved to the Board;
 - 13.8 Overseeing the Board Evaluation process led either externally or internally by the Senior Independent Director on an annual basis;

13.9 Reviewing external governance developments likely to impact the operation of the Board and its Committees;

APPOINTMENTS

14. Before any appointment is made, the Nomination & Governance Committee shall evaluate the balance of skills, knowledge, experience, independence and diversity on the Board and in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination & Governance Committee shall:
 - 14.1 Use open advertising or the services of external advisers to facilitate the search;
 - 14.2 Consider candidates from a wide range of backgrounds to ensure diversity;
 - 14.3 Consider candidates on merit and against objective criteria, taking care that appointees have sufficient time to devote to the position;
 - 14.4 Assess any actual or potential conflicts of interest and advise the Board accordingly should any conflicts be identified.
15. The Nomination & Governance Committee shall ensure that on appointment to the Board, Non-Executive Directors receive:
 - 15.1 A formal letter of appointment setting out clearly what is expected of them, in terms of time commitment, committee service and involvement outside board meetings;
 - 15.2 A formal programme of induction to ensure that they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a Director.
16. The Nomination & Governance Committee is responsible for approving any external directorships to be held by any member of the Board. Having regard to potential conflicts of interest and time commitment required and total number of other directorships held.

ADMINISTRATION

17. The Nomination & Governance 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.
18. The Nomination & Governance Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties and to obtain any outside legal or professional advice at the Company's expense.