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

1. Purpose and Delegated Authority

1.1 The Board of Directors of the Company ("**Board**") resolved to establish an Audit Committee ("**Committee**"). The purpose of the Committee is to:

1.1.1 ensure the integrity of the financial and narrative statements and other financial information provided to shareholders;

1.1.2 ensure the effectiveness of the Company's risk management and internal control framework;

1.1.3 ensure the effectiveness and independence of the internal and external audit process and auditors; and

1.1.4 review the processes for compliance with applicable laws, regulations, ethical codes of practice and the UK Corporate Governance Code ("**Code**"), insofar as these relate to the financial information, risk management, internal controls, and internal and external audits of the Company, together with compliance with financial regulatory requirements, including the UK FRC's 'Audit Committees and the External Audit: Minimum Standard'.

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 (as defined by the Code, NYSE and the SEC) and at least one of whom shall be competent in auditing or accounting. The Committee as a whole shall have competent knowledge of the healthcare sector.

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

2.4 Only members of the Committee and the external auditor have the right to attend Committee meetings. However, other individuals, including, but not limited to the Chair of the Board, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Group Financial Controller, other members

of the Board and certain advisors may be invited to attend for all or part of any meeting as and when appropriate, at the Committee Chair's consent.

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

2.6 An appropriate induction programme will be provided to all new members of the Committee and training provided to members on an ongoing and timely basis and include an understanding of the principal developments in corporate reporting and regulation.

3. Meetings and the Transaction of Business

3.1 Meetings shall usually be held not less than four times a year at appropriate times in the audit and reporting cycle. 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 no later than three working days before the date of the meeting together with supporting papers.

3.6 At least once a year the Committee shall meet with the external auditor without management present.

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

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

3.9 The Committee Chair shall be required to attend the annual general meeting of shareholders 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 audit question they may have at other times.

4. Finance and Accounting

4.1 The Committee shall monitor the integrity of the financial statements of the Company produced by management, including quarterly trading reports, half-year and full year results announcements, the Annual Report (including Form 20-F) and any other formal announcements relating to the Company's financial performance before submission to the Board, focusing particularly on:

4.1.1 significant judgemental and financial reporting issues and any changes;

4.1.2 compliance with accounting standards;

4.1.3 appropriate accounting policies and practices and any changes therein taking the external auditor's views into consideration;

4.1.4 relevant communications between the external auditor and management including that relating to audit adjustments and items not adjusted;

4.1.5 the going concern assumption and viability statement;

4.1.6 compliance with appropriate regulatory and legal requirements; and

4.1.7 fraud risk assessment programmes and controls.

4.2 The Committee shall discuss problems and reservations arising from the quarterly and interim reviews, final audit and Form 20-F audit and any other matters the external auditor may wish to discuss (in the absence of management where necessary).

4.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company it shall report its views to the Board. Where there is a disagreement between the Committee and the Board adequate time will be given to resolve the matter.

5. External Audit

5.1 The Committee is responsible for overseeing the relationship with the Company's external auditor.

5.2 The Committee shall:

5.2.1 appoint, re-appoint, remove, note the resignation (and investigate any reasons why), compensate and oversee the work of the external auditor, subject to shareholder approval at the annual general meeting and, when appropriate, lead the process to select the external auditor at least every ten years, through a competitive tender process;

5.2.2 establish and monitor an Auditor Independence Policy and set a clear appointment policy for employees and former employees of the external auditor. This policy is provided in Appendix 1;

5.2.3 approve the policy, processes and fees for the appointment of the external auditor to undertake non-prohibited non-audit services taking into account the Ethical Standards for Auditors and any other relevant ethical guidance on the matter (see Appendix 1 which details non-prohibited and prohibited non-audit services);

5.2.4 agree with the external auditor before the audit commences the nature and scope of the audit, and ensure co-ordination if more than one audit firm is involved;

5.2.5 annually assess, review and monitor the external auditor's independence, objectivity and effectiveness (including audit quality); and monitor the external auditor's compliance with relevant ethical and professional guidance;

5.2.6 review any representation letter(s) requested by the external auditor before they are signed by management;

5.2.7 review and agree any engagement letter from the external auditor before the audit commences;

5.2.8 review "control observations" made by the external auditor and management's response; and

5.2.9 ensure that no audit partner of the external auditor retains their position for more than 5 years. Only in special circumstances may that person remain in position for an additional 2 years.

6. Internal Audit

6.1 The Committee shall:

6.1.1 approve the appointment and removal of the Head of Internal Audit, who shall report functionally to the Committee and administratively to the Chief Financial Officer and to meet with the Head of Internal Audit at least once a year without management present;

6.1.2 together with the Head of Internal Audit, review, assess and approve the Internal Audit Charter and the internal audit annual plan ensuring it is aligned with the key risks of the business. As part of its audit plan the function should evaluate the effectiveness of the risk, compliance and finance functions;

6.1.3 review the approach adopted by internal audit on an annual basis including consideration of the tools and the methodology adopted by the function;

6.1.4 monitor and review the effectiveness of the internal audit function's activities. An independent review should be performed at least every 5 years. The Committee should confirm that it is satisfied with the quality, expertise and experience of the function, which should be appropriate for the business;

6.1.5 review with management, the Head of Internal Audit and the Committee Chair whether the remit and resources of the function is appropriate; and

6.1.6 review "control observations" made by the Head of Internal Audit and the adequacy of management's recommendations and the status of any unremediated actions.

7. Internal Control

7.1 The Committee shall:

7.1.1 on behalf of the Board (which retains overall responsibility for internal controls) review, in accordance with the requirements of the US Sarbanes-Oxley Act, management's assessment and reporting of the effectiveness of internal financial controls and systems over financial reporting and to review the external auditor's reports on management's assessment and the effectiveness of internal control over financial reporting;

7.1.2 review, in accordance with UK requirements, the effectiveness of the internal controls and systems (including material controls) and review and approve the Board's statement in the Annual Report of its responsibility for the maintenance of the group's system of internal/material control and for reviewing its effectiveness;

7.1.3 review the Company's internal financial controls systems and framework established to identify, assess, manage and monitor financial risks;

7.1.4 review the Company's internal material controls framework established to identify, assess, manage and monitor material financial and operational risks; and

7.1.5 monitor corrective action taken for any significant improvement identified of internal controls and material controls.

8. Risk Management

8.1 The Committee shall, on behalf of the Board (which retains overall responsibility for risk management):

8.1.1 review and ensure oversight of the processes by which risks relating to the Company and its operations are managed, through regular functional reports and presentations, and report any issues arising out of such reviews to the Board;

8.1.2 review financial risks through regular functional reports and presentations, and report any issues arising out of such reviews to the Board;

8.1.3 review the financial reporting of climate change related risks through the ESG framework and regular functional reports and presentations, and report any issues that arise to the Board;

8.1.4 review cybersecurity posture and significant risks posed to systems and controls through regular functional reports and presentations, and report any issues arising out of such reviews to the Board;

8.1.5 review the processes to identify emerging risks, the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact;

8.1.6 review the narrative risk reporting in the Company's Annual Report for approval by the Board; and

8.1.7 review the operating effectiveness of the Group's risk management process in supporting the Group's strategy and objectives.

8.2 The Chief Risk Officer, who has responsibility for risk will have direct access to the Committee Chair.

9. Whistleblowing

9.1 The Committee shall review the adequacy and security of the Company's arrangements by which staff may raise concerns or complaints in confidence, against the Company regarding financial reporting or other matters.

10. Reporting

10.1 The Committee shall:

10.1.1 review the statements to be made in the Annual Report on compliance with relevant corporate governance requirements including the Code, the Disclosure Guidance and Transparency Rules the NYSE listing rules and the SEC's rules and regulations, along with the verification undertaken, including that of the external auditors, and advise the Board accordingly;

10.1.2 review the statements to be made in the Annual Report relating to the strategic report and corporate governance statements on internal/material control, and risk management, business model reporting and the viability statement including the disclosure of strategic risks and any mitigating actions;

10.1.3 produce a report on the activities of the Committee to be included in the Annual Report, explaining the activities undertaken by the Committee in the year, the significant issues considered and how they were addressed;

10.1.4 advise the Board on whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;

10.1.5 explain any significant issues that the Committee considered in relation to the annual report and accounts and how these were addressed and reported to the Board, including any other issues on which the Board requested the Committee's opinion;

10.1.6 review the viability statement to be made in the Annual Report for approval by the Board, including a thorough review of the risk process undertaken to support the making of the statement; and

10.1.7 disclose in the Annual Report details of any issues that cannot be resolved between the Committee and the Board.

11. ADMINISTRATION

11.1 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.

11.2 The Committee shall have access to sufficient resources to carry out its duties, including:

11.2.1 seeking any information it requires from any employee of the Company and calling any employee to be questioned at a meeting of the Committee as and when required; and

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

Approved on 29 July 2026

Appendix 1

Auditor Independence Policy

Introduction

The Auditor should be considered as equal to all other service providers. The Committee hereby mandates that the Auditor's independence should not be breached.

The Committee will ensure that the Auditor does not receive a fee from the Company or its subsidiaries that would be deemed large enough to impact its independence or be deemed a contingent fee The total fees for permitted non-audit services shall be no more than 70% of the average of the fees paid in the last three consecutive financial years for the statutory audits of the Company and its subsidiaries.

Audit and non-audit fees must be disclosed within the Annual Report.

Process for approval

The approval of the Committee must be obtained before the Auditor is engaged to provide any permitted non-audit services. The Committee however recognises that the Auditor's internal policies prevent them from carrying out non-audit services which they consider may compromise their independence.

The Committee has approved the use of the Auditor for pre-approved non-audit services, which are permitted by both SEC and FRC rules subject to the following limits:

Value of service requested	Approval required prior to engagement of the auditor
Up to $25,000	SVP Group Finance
$25,000 to $50,000	Chief Financial Officer
$50,000 and above	Committee Chair (or delegate)*

*If necessary, and to the extent determined by the Committee Chair, the work will be referred to the Committee before a decision is made.

Approval by management based on the monetary limits set out above are not a delegation of authority for approval by the Committee of permissible non-audit services, but rather a confirmation of adherence to the policy for permissible non-audit services already approved by the Committee.

Appointment of Ex-employees of the Auditor

The below policy sets out the rules for employing the Auditor's staff who apply for roles at the Company:

- The Company shall not employ any employee of the Auditor at the managerial (VP level), oversight level (SVP level), or above (Executive Director level) who was directly involved with the previous 2 year-end external audits of the Company.

- Any employee of the Auditor who is appointed at the managerial (VP level), oversight level (SVP level) or above (Executive Director level) must receive prior approval from the Committee Chair.
- Any employee at VP/SVP/Executive Director level is required to notify the Compliance Department if any of their connected persons are employed by the Auditor.
- No Non-Executive Director may be appointed to the Board who was employed at any senior level at the Auditor's in the past 2 years. No Non-Executive Director can be appointed if they previously worked on a Smith & Nephew audit within 2 years.
- Any Non-Executive Director whose connected person is currently employed by the Auditor, or has been in the previous 2 years, must disclose this to the Committee and the Nomination & Governance Committee.

This policy must be taken into consideration when completing audit tenders within the scope of the Committee's terms of reference.

Permitted audit and audit related services

- Statutory audit of the Group's consolidated financial statements
- Statutory audits of the financial statements of subsidiary companies
- Review of the Group's half-year report and interim financial statements
- Reports required by law or regulation to be performed by the Auditor
- Reports on government grants

Audit related services (which are the services listed above other than the audit of the financial statements of the Group, parent company and subsidiaries; and services required by legislation to be performed by the Auditor), are still considered non-audit services and are subject to the approval requirements set out in this policy. It is expected that these will be approved as part of the Committee's review of the external audit plan.

In addition, other non-audit services may be purchased where they are closely aligned to the external audit function or where, for reasons of effectiveness or efficiency, it is advantageous to use the Auditors because of their knowledge and expertise.

Permitted other non-audit services (although it is recognised that the Auditor's internal policies may prevent them from carrying out non-audit services)

- Due diligence related to mergers and acquisitions;
- Accounting consultations and audits in connection with acquisitions and disposals of businesses or in relation to proposed transactions;
- Investment circular reporting accountant engagements, including comfort letters and consents in relation to documents issued in connection with securities offerings;
- Employee benefit plan audits;
- Attestation in relation to matters not required by statute or law (e.g. controls reports);
- Consultations concerning financial accounting and reporting standards not relating to the audit of the Group, parent or subsidiary undertakings;
- Other reports required by regulators or assurance services relating to regulatory developments;

- Sustainability audits;
- IT security audits (where this does not extend to designing and implementing internal control or risk management procedures); and
- Other non-audit services not prohibited by the Ethical Standard.

Prohibited non-audit services

The following non-audit services cannot be provided by the Auditor:

a) Tax services relating to:
   i. preparation of tax forms;*
   ii. payroll tax;
   iii. customs duties;
   iv. identification of public subsidies and tax incentives unless support from the audit firm in respect of such services is required by law;*
   v. support regarding tax inspections by tax authorities unless support from the statutory auditor or audit firm in respect of such inspections is required by law;*
   vi. calculation of direct and indirect tax and deferred tax;* and
   vii. provision of tax advice.*

b) Services that involve playing a part in the management or decision-making of the audited entity.

c) Bookkeeping and preparing accounting records and financial statements.

d) Payroll services.

e) Designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems. **

f) Valuation services, including valuations performed in connection with actuarial services or litigation support services.*

g) Legal services, with respect to:
   i. the provision of general counsel;
   ii. negotiating on behalf of the audit entity; and
   iii. acting in an advocacy role in the resolution of litigation.

h) Services related to the audit entity's internal audit function.

i) Services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity.

j) Promoting, dealing in, or underwriting shares in the audited entity.

k) Human resources services with respect to:

i. management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve:
   a. searching for or seeking out candidates for such positions; or
   b. undertaking reference checks of candidates for such positions.
ii. structuring the organisation design.
iii. cost control.

** The services are prohibited in the financial year prior to the year subject to audit (the 'cooling in' period).

* These services are permitted where approved by the Committee and where:

- they have no direct or, in the view of an objective, reasonable and informed third party, would have an inconsequential effect, separately or in aggregate, on the audited financial statements;
- the estimation of the effect on the financial statements is comprehensively documented and explained in a report to the Committee (including consideration of the principles of independence set out in the Ethical Standard); and
- for the purposes of the statutory audit of the financial statements the Auditor would not place significant reliance on the work performed by the audit firm in performing these services.

In considering whether non-audit services have a direct or not inconsequential effect on the financial statements the Committee will have regard to the level of uncorrected misstatement that is not reported to the Committee by the Auditors (currently $1.8m) and whether the potential impact on the financial statements would influence the economic decisions that users make on the basis of the financial statements. The estimation of the effect on the audited financial statements will be assessed on a prudent basis taking account of the relevant circumstances.