

SMITH & NEPHEW PLC
TERMS OF REFERENCE OF THE FINANCE & BANKING COMMITTEE

PURPOSE

1. The purpose of the Finance & Banking Committee ("**F&BC**") shall be to approve all treasury and banking related arrangements pertaining to Smith & Nephew plc ("**Company**") and its subsidiaries ("**Group**"), subject in each case to the Schedule of Matters Reserved to the Board from time to time ("**Board Reserved Matters**").

MEMBERSHIP

2. The F&BC shall comprise up to five members: the Chief Financial Officer, the SVP Group Controller, the Group Treasurer, the Head of Tax and the Group General Counsel and Company Secretary.
3. The Chief Financial Officer, the Group Treasurer or the SVP Group Controller shall be the Chair of the F&BC. In the absence of the designated Chair, those members of the F&BC present shall appoint anyone of them to chair a particular meeting.
4. From time to time, other executives may be invited to attend, advise and report to the F&BC, but shall not be members of the F&BC.
5. A member of the company secretariat function shall be the Secretary of the F&BC.

MEETINGS AND THE TRANSACTION OF BUSINESS

6. A minimum of 4 meetings will be held annually and may be held physically or electronically. Additional meetings may be convened as the Chair or any other member of the F&BC shall determine.
7. The quorum for the transaction of business shall be two, provided this is constituted to include at least one of the Chief Financial Officer or the Group General Counsel and Company Secretary. Any member of the F&BC may appoint a deputy/alternate from their respective function(s) to attend and represent them in a meeting in the event that they are unable to attend, however appointment of a deputy/alternative should not be made by both the Chief Financial Officer or the Group General Counsel and Company Secretary in the same meeting.
8. Meetings of the F&BC shall be summoned by the Secretary at the request of the Chair or any of its Members.
9. Unless otherwise agreed, 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 F&BC no later than one working day before the date of the meeting together with supporting papers.
10. The Secretary shall minute the proceedings and resolutions of all F&BC meetings and circulate them to the members of the F&BC.
11. In the absence of a meeting, decisions may be made by unanimous approval of

committee members confirmed by email.

12. **GENERAL DUTIES**

The general duties of the F&BC, subject to Board Reserved Matters, shall be to:

12.1 approve all treasury and banking arrangements which are submitted to it by Group Treasury for approval including:

- 12.1.1 review of the Group Treasury policy manual at least annually and approval of any changes required from time to time;
- 12.1.2 the establishment and utilisation of banking counterparty limits up to and including \$150m;
- 12.1.3 the addition of Panel A signatories to Plc and holding companies bank mandates;
- 12.1.4 the approval of operating credit limits for debtors over \$10m up to \$50m;
- 12.1.5 the approval of changes to the capital/ debt/ equity structure of the Company or the Group within limits previously approved by the Board of the Company;
- 12.1.6 the approval of equity injections into subsidiary companies;
- 12.1.7 the approval of subsidiary dividends or other distributions which are outside of the F&BC approved intra-group policy;
- 12.1.8 the approval of letters of support, which are outside the F&BC approved intra-group policy (acknowledging that letters of support requested by the Group's auditors addressed to directors of wholly owned subsidiaries within the Group do not require approval by the F&BC);
- 12.1.9 the approval of issuance of letters of comfort provided to banks and other financial counterparties;
- 12.1.10 the approval of non-listed debt facilities (noting that publicly listed debt facilities require the approval of the Board);
- 12.1.11 the approval of new borrowings or renewal of existing borrowings up to \$500m;
- 12.1.12 the provision of guarantees and indemnities from members of the Group in respect of third party liabilities up to \$50m;
- 12.1.13 the provision of guarantees or indemnities in favour of third parties from members of the Group of other Group members' liabilities up to an unlimited amount;
- 12.1.14 the procurement of bank or other third party guarantees or

indemnities, where the beneficiary is a third party, in respect of Group liabilities in excess of \$2m up to \$50m;

- 12.1.15 the approval of floating interest rates up to 2 years forward and fixed interest rates and interest rate swaps up to 2 years or up to \$250m in notional principal in excess of 2 years;
 - 12.1.16 the approval of balance sheet hedging contracts including borrowings, cross currency swaps, foreign exchange contracts (noting that Board approval is required for foreign exchange hedging contracts more than 18 months forward in respect of actual and forecasted transactions), spot & forward and short foreign exchange swaps up to forecast foreign currency net assets;
 - 12.1.17 approval of the block listing of any shares of the Company; and
 - 12.1.18 approval of any periodic buy back of shares relating to maintaining the Company's issued share capital at a relatively constant level in consequence of the operation of the Company's employee share schemes.
- 12.2 Approve changes to the Group structure including:
- 12.2.1 the incorporation of any new legal entity as a direct or indirect subsidiary of the Company for acquisition or other purposes;
 - 12.2.2 the sale, liquidation or disposal or merger of any subsidiary entity of the Company;
 - 12.2.3 the intra-Group transfer of any legal entity;
 - 12.2.4 the increase or decrease of the share capital of any subsidiary of the Company; and
 - 12.2.5 material changes to the Group's internal operations insofar as they impact contractual or intercompany relationships relevant to the financial, treasury, tax or legal position either (i) of companies within the Group or (ii) businesses operated by the Group.
- 12.3 Following recommendation from the Mergers & Acquisitions Investment Committee, and approval from the Board of the Company where relevant, approve the detailed arrangements in relation to corporate mergers, acquisitions and disposals, including:
- 12.3.1 the detailed legal and funding structure of any proposed external transaction, including without limitation the disposal or exclusive license of a product or product line by any subsidiary entity of the Company to an external third party;
 - 12.3.2 the issue of equity on an intra-group basis;
 - 12.3.3 general matters relating to deal structuring;

- 12.3.4 the provision of guarantees and indemnities up to \$50m;
 - 12.3.5 escrow arrangements;
 - 12.3.6 payment flows;
 - 12.3.7 hedging arrangements;
 - 12.3.8 accounting and technical disclosures relating to any deal; and
 - 12.3.9 the approval of steps required to implement any transaction which has been approved by the Board of the Company or the Chief Executive Officer.
- 12.4 Delegate any of the F&BCs general duties, as it sees fit.

REPORTING

- 13. Group Treasury will report on a monthly basis compliance with counterparty limits and on a quarterly basis compliance with FX transactional hedging policy and a review of Treasury systems access. These items will be included in the Treasury MI report and will be distributed to all F&BC members each month.
- 14. Group Treasury will provide a quarterly update to the F&BC on intercompany funding positions, including any changes to limits which have been approved by the Group Treasurer and the Head of Tax during the quarter.
- 15. The Chief Financial Officer shall report to the Chief Executive Officer on the activities of the F&BC as they see fit.
- 16. The minutes of the F&BC shall be made available to the Board and the Company's external auditors.

ADMINISTRATION

- 17. The F&BC shall review annually its own performance, constitution and terms of reference and recommend any changes it considers necessary to the Board for approval.

Updated: 24 September 2024