

# Corporate governance

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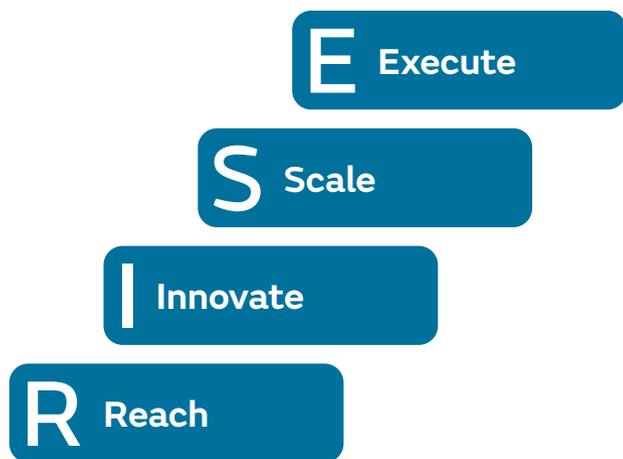


## Governance at a glance

This report sets out the Company’s corporate governance structure, our policies and practices, and explains how the Board and its Committees ensure effective leadership and high standards of corporate governance.

### Our new strategy

Our new RISE strategy will elevate Smith+Nephew’s performance, focused on generating significant value for all of our stakeholders by reaching more patients through leading innovation, scaling through strategic investment and executing efficiently.



### Key stakeholders

The Board seeks to engage with and to build a relationship of trust with our stakeholders.



### Board priorities

Strategy and operational excellence

Purpose and culture

Capital allocation and cost management

Innovation and portfolio

Risk management and oversight

See more on pages 112 and 113

## Board experience\*



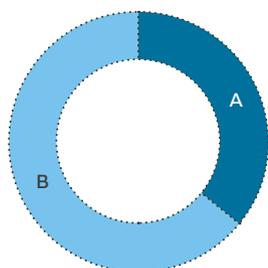
\* As at 31 December 2025.

See more on page 130

## Board diversity and tenure\*

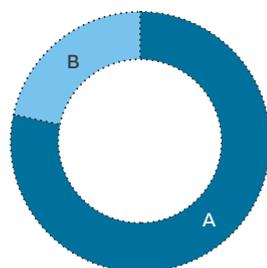
### Board gender diversity %\*\*

<b>A</b> Female	36
<b>B</b> Male	64



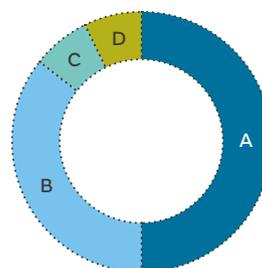
### Board ethnicity\*\*

<b>A</b> White British or White (including minority white groups)	11
<b>B</b> Asian/Asian British	3



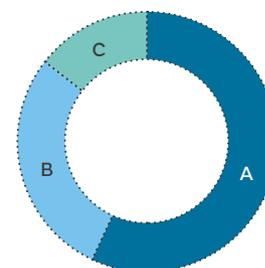
### Board nationality

<b>A</b> British	7
<b>B</b> American	5
<b>C</b> British/American	1
<b>D</b> Polish/German	1



### Board tenure

<b>A</b> 0-3 years	8
<b>B</b> 3-6 years	4
<b>C</b> 6+ years	2



\* As at 31 December 2025.

\*\* Disclosed in accordance with the UK Listing Rules requirements. See page 131 for more details.

## Board meeting attendance

<b>Board</b>	<b>Audit</b>	<b>Nomination &amp; Governance</b>	<b>Compliance &amp; Culture</b>	<b>Remuneration</b>
99%	100%	100%	100%	98%

See more on page 110

# UK Corporate Governance Code

## UK Corporate Governance Code 2024 (the Code):

### 2025 Statement of Compliance

The FRC published the Code on 22 January 2024, which has been applicable to the Company throughout the year ended 31 December 2025, except for provision 29, which is applicable from 1 January 2026. The Company complied with all the provisions of the Code throughout the year ended 31 December 2025 and the Disclosure Guidance and Transparency Rules requirements to provide a Corporate Governance Statement.

## How we have complied with the Code

The table below outlines how the Company has complied with the Code and responded to the key changes made to the Code's principles and provisions.

### Board leadership and Company purpose

Board focus on the long-term sustainable success of the Company. It leads by example, ensuring effective engagement with, and considering the interests of, stakeholders.

#### Key changes to principles and provisions

**Principle C:** Governance reporting to focus on Board decisions and their outcomes in the context of the Company's strategy and objectives.

#### How we comply / Our response to key changes

We provide narrative and examples of key decisions made by the Board during 2025 and how they link to our strategic priorities in Board priorities, stakeholders and outcomes on [pages 112 and 113](#).

**Provision 2:** The board should assess and monitor Company culture and how the desired culture has been embedded.

We provide details of how the Board monitors and embeds our culture in the Compliance & Culture Committee Report on [pages 136 to 139](#) and Our culture on [page 140](#).

### Division of responsibilities

Effective leadership, with the correct balance of Executive and Non-Executive Directors with clear definition of the respective responsibilities of the Board and the executive leadership.

#### Key changes to principles and provisions

No change.

#### How we comply / Our response to key changes

### Composition, success and evaluation

Ensures an appropriate balance of skills, experience and knowledge. An effective evaluation of Board performance and succession planning is crucial to this.

#### Key changes to principles and provisions

**Principle J:** Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan for the Board and senior management should be maintained. Both appointments and succession plans should be based on merit and objective criteria. They should promote diversity, inclusion and equal opportunity.

#### How we comply / Our response to key changes

We provide details in the Nomination & Governance Committee Report on [pages 127 to 135](#) of how the Board considers diversity in its broadest sense as an integral part of the Board composition review and appointments process.

**Provision 23:** To describe the policy and any initiatives in place on diversity and inclusion.

We provide details regarding inclusion and belonging initiatives in Building our Way to Win on [pages 59 to 63](#) and in the Nomination & Governance Committee Report on [pages 129 to 131](#).

## Audit, risk and internal control

With the oversight of the Board, the Audit Committee oversees the independence and effectiveness of internal and external audit functions, satisfies itself on the integrity of financial and narrative statements, and reviews the effectiveness of processes to manage risk and internal control.

### Key changes to principles and provisions

**Principle O:** The Board to be responsible for maintaining the effectiveness of risk management and the internal control framework.

**Provision 29:** To describe how the Board has monitored and reviewed the effectiveness of the framework. A declaration of effectiveness of the material controls as at the balance sheet date. To describe any material controls that have not operated effectively as at the balance sheet date.

### How we comply / Our response to key changes

We provide details in the Risk report on [pages 78 to 96](#) of how the Board maintains the effectiveness of the risk management and internal control framework.

In preparation for the requirements of Provision 29 becoming effective as at 31 December 2026, we provide details of the progress made to identify and define the Group's material controls. See the Audit Committee Report on [pages 141 to 146](#) for more information.

## Remuneration

Aims to ensure that the executive team is appropriately and fairly incentivised, and aligned with long-term, sustainable strategic execution. We also monitor wider colleague remuneration across the business.

### Key changes to principles and provisions

**Provision 37 and 38:** Director remuneration contracts/ agreements should include malus and clawback provisions. Describe the malus and clawback provisions, including the circumstances in which they could be used and whether they have been used in the last reporting period.

### How we comply / Our response to key changes

We provide details of malus and clawback provisions in the Directors' Remuneration Report on [page 165](#).

### US corporate governance rules compliance

The Company's American Depositary Shares and bonds are listed on the New York Stock Exchange (NYSE), and, as a foreign private issuer, we are therefore subject to the rules of the NYSE, as well as to US securities laws and the rules of the Securities and Exchange Commission (SEC) applicable to foreign private issuers. We comply with the requirements of the NYSE and SEC and have no significant differences to report between the US and UK corporate governance standards.

## Board of Directors

### Board and Committee Key

- A Member of the Audit Committee
- R Member of the Remuneration Committee
- N Member of the Nomination & Governance Committee
- C Member of the Compliance & Culture Committee
- Committee Chair

### Rupert Soames OBE Chair

Appointed as an Independent Non-Executive Director in April 2023 and as Chair in September 2023.

**Key skills and competencies:** Rupert has extensive global leadership experience, a proven track record of delivering shareholder value and a deep understanding of UK corporate governance.

**Current external appointments:** Non-Executive Director of the Confederation of British Industry. Trustee of the Ditchley Foundation.

**Previous experience:** Rupert stepped down in December 2022, after nine years as Group Chief Executive, from Serco Group plc, the specialist services business in Health, Defence, Transport and Immigration. Previously, he was Chief Executive Officer of Aggreko plc for 11 years, and prior to that Chief Executive of Misys plc's Banking and Securities Division. Rupert completed his two-year term as Chair of the Confederation of British industry in December 2025. He was also Senior Independent Director and a member of the Audit, Remuneration and Nomination Committees for both DS Smith and Electrocomponents plc (now RS Group) from 2007 to 2016.

**Nationality:** British

N R

### Deepak Nath Chief Executive Officer

Appointed Chief Executive Officer in April 2022.

**Key skills and competencies:** Deepak brings global leadership and risk management expertise, and has a track record of driving growth at major healthcare companies through delivering a significant improvement in execution and building a strong results-focused culture.

**Current external appointments:** Director of AdvaMed and Director of MDIC.

**Previous experience:** Deepak began his career as a scientist in computational physics at Lawrence Livermore National Laboratory and holds a BSc and MSc in Mechanical Engineering and a PhD in Theoretical Mechanics from the University of California, Berkeley.

Prior to joining Siemens Healthineers, he held roles at both Amgen and McKinsey and spent 10 years at Abbott Laboratories, Inc. culminating in his appointment as President of Abbott Vascular.

At Siemens Healthineers (2018–2022), he was President of the Diagnostics business responsible for \$6 billion of revenue and 15,000 employees.

**Nationality:** American



Rupert Soames OBE



Deepak Nath

**John Rogers**  
**Chief Financial Officer**

Appointed Chief Financial Officer in April 2024.

**Key skills and competencies:**

John has extensive financial and commercial leadership experience across a range of sectors and on a global basis, as well as a track record of delivering complex international transformation programmes.

**Current external appointments:**

Non-Executive Director of Grab Holdings Limited.

**Previous experience:**

John has served as the Chief Financial Officer at WPP plc, where he successfully led the implementation of their global transformation programme. Prior to this, he served as Chief Executive Officer of Argos, Habitat and Sainsbury's clothing and general merchandise businesses, and as Chief Financial Officer at J Sainsbury plc. John also acted as Chair of the Audit Committee for Travis Perkins.

**Nationality:**  British



**John Rogers**

**Angie Risley**  
**Senior Independent Director**

Appointed Independent Non-Executive Director in September 2017, and Senior Independent Director in October 2024.

**Key skills and competencies:**

Angie has held both executive and non-executive roles in a wide range of sectors, including a regulated environment, ensuring she is well placed to fulfil her obligations as Senior Independent Director. This diversity of experience is welcomed by the Board and the Remuneration Committee. Angie is also an additional resource and sounding board for Smith+Nephew's own internal Human Resources function.

**Current external appointments:**

Non-Executive Director, Chair of the Remuneration Committee and member of the Responsible Business and Nominations Committees at InterContinental Hotels Group plc.

**Previous experience:**

From 2007 to 2013, Angie was the Group HR Director for Lloyds Banking Group and was Group HR Director of J Sainsbury plc, and a member of their Operating Board from January 2013 to May 2023.

Over the years, Angie has been a member of the Low Pay Commission and has held a number of Non-Executive Directorships with Biffa plc, Arriva and Serco Group plc. At Serco Group plc, she was the Chair of the Remuneration Committee. Previously, she attended the Remuneration Committees of Whitbread plc and Lloyds Bank.

**Nationality:**  British



**Angie Risley**

**Thérèse Esperdy**  
**Independent Non-Executive Director**

Appointed Independent Non-Executive Director and Senior Independent Director designate from December 2025.

**Key skills and competencies:**

Thérèse has significant experience across financial services with deep knowledge of banking and business. She is an experienced board member of international corporates, with valuable experience in highly regulated industries.

**Current external appointments:**

Non-executive Chair of Imperial Brands plc and Non-Executive Director of Moody's Corporation.

**Previous experience:**

Thérèse was previously senior independent director of National Grid plc. In her executive career at JP Morgan, Thérèse was global chair of their Financial Institutions Group, co-head of Asia-Pacific Corporate & Investment Banking and global head of Debt Capital Markets. She began her career at Lehman Brothers and joined Chase Securities in 1997 prior to the firm's merger with JP Morgan in 2000.

**Nationality:**  American



**Thérèse Esperdy**

## Board of Directors continued

### Jo Hallas

#### Independent Non-Executive Director

Appointed Independent Non-Executive Director in February 2022.

#### Key skills and competencies:

Jo has extensive international experience focused on business transformation through both organic and acquisitive growth in global industrial and consumer sectors. She brings valuable expertise, which will help Smith+Nephew build upon and achieve our strategic ambitions.

#### Current external appointments:

None.

#### Previous experience:

Jo commenced her career at Procter & Gamble based in Germany, the US, Thailand and the Netherlands.

She then joined Bosch, where she held a business unit leadership role in their Power Tools division, followed by Invensys in 2009, where she ran their global heating controls business unit, including launching its first smart home offer.

She then moved to Spectris plc, where she had responsibility for a portfolio of global industrial technology businesses, as well as for the Group's digital strategy.

From April 2019 to April 2023, Jo served as Chief Executive Officer for Tyman plc, where she made sustainability a core foundation of the group's strategy.

Jo was also previously Chair of the Remuneration Committee for Norcros plc.

**Nationality:** British

A C



Jo Hallas

### David King

#### Independent Non-Executive Director

Appointed Independent Non-Executive Director in July 2025.

#### Key skills and competencies:

David has extensive experience in the healthcare and life sciences sectors in executive and non-executive roles, helping to transform and grow businesses in the US and globally.

#### Current external appointments:

Executive Chair of Fortis Life Sciences. He also serves as a Chair or Non-Executive Director on the boards of several healthcare companies, including Privia Health, LGC and AmSurg Corporation. David is Non-Executive Chair at PathGroup.

#### Previous experience:

David recently served as a Chair or Non-Executive Director on the boards of ZimVie (2022–2025) and VaxCare (2021–2025).

Prior to that he served as Executive Chair and CEO for Laboratory Corporation of America (LabCorp) from 2007 to 2019, where he helped transform LabCorp from a pure-play US testing laboratory into a leading global life sciences company and tripled its size through a combination of organic growth and strategic acquisitions.

Before joining LabCorp, David was a partner at Hogan & Hartson LLP (now Hogan Lovells) where he was a key leader in the firm's healthcare fraud and abuse practice, representing national healthcare companies in investigations and litigation. David was previously the Chair of Health Channels and CEO of Fortis Life Sciences.

**Nationality:** American

C R



David King

### Garheng Kong

#### Independent Non-Executive Director

Appointed Independent Non-Executive Director in September 2025.

#### Key skills and competencies:

Garheng has significant experience in the healthcare and biopharma sectors and has extensive investment, clinical and technical experience, having served in both executive and non-executive roles helping to create and build high-growth and innovation-based healthcare businesses. Garheng is also a medical doctor with a PhD.

#### Current external appointments:

Managing partner and co-founder of HealthQuest Capital, a healthcare venture growth fund. Lead independent Director of Laboratory Corporation of America (LabCorp) and Non-Executive Director of Xeris Biopharma Holdings Inc, Lunit Inc and IKS Health.

#### Previous experience:

Garheng was previously managing general partner of Sofinnova Investments, Inc and general partner at Intersouth Partners. He served as a Non-Executive Director of Venus Concept, Inc, Alimera Sciences and Avedro, Inc and as chair of Histogenics Corporation. Garheng's early career included positions at GlaxoSmithKline, McKinsey and TherOx before he started his investing career.

**Nationality:** American

A



Garheng Kong

**Simon Lowth**  
**Independent Non-Executive Director**

Appointed as Independent Non-Executive Director in January 2024.

**Key skills and competencies:**

Simon has extensive experience in finance, accounting, risk, corporate strategy, as well as mergers and acquisitions, and brings a wealth of expertise across a wide range of sectors, including within regulated industries. Having served as the CFO in four FTSE 100 companies, he has deep experience of capital markets, implementing strategic change, cost transformation and performance improvement programmes as well as understanding how technology can be used to transform a business.

**Current external appointments:**

Group Chief Financial Officer of BT Group.

**Previous experience:**

Simon was previously Group Chief Financial Officer at BG Group, AstraZeneca and Scottish Power. Before joining Scottish Power, he led the Industrial Practice of McKinsey in the UK. He previously served as a Non-Executive Director on the Board of Standard Chartered.

**Nationality:**  British



**John Ma**  
**Independent Non-Executive Director**

Appointed Independent Non-Executive Director in February 2021.

**Key skills and competencies:**

John has an impressive track record in medical device businesses and his contribution provides value as Smith+Nephew continues to develop innovative ways to grow and serve our markets with a focus towards Asia Pacific regions. He is an established healthcare leader and has strong experience of driving market entry and growth within Emerging Markets.

**Current external appointments:**

Founder, Chair and Chief Executive of Ronovo Surgical.

**Previous experience:**

In 2000, John joined GE Healthcare and became Vice President and General Manager of their Global Product Company in China.

John has also held a number of senior positions as President of Asia Pacific regions at Pentair Inc., Vice President of Express Scripts Inc., and Global Partner of Fosun Group. He initially joined Fosun Pharma to lead their medical device business and in 2014 became President of Fosun Healthcare Holdings. He served as a key member of their healthcare investment committee which went on to establish a global presence across the US, Europe, Israel and China. In 2017, John joined Intuitive Surgical as their Senior Vice President of Strategic Growth Initiatives. He has previously served as a Non-Executive Director for both Haier Electronics Group and Clinical Innovations LLC.

**Nationality:**  American



**Jez Maiden**  
**Independent Non-Executive Director**

Appointed Independent Non-Executive Director and as a member of the Audit and Remuneration Committees in September 2023. Appointed Chair of the Audit Committee in March 2024.

**Key skills and competencies:**

Jez has extensive financial experience across a diverse range of industries and sectors. Jez brings more than 25 years of global experience both as a FTSE Chief Financial Officer and as a Non-Executive Director on boards of companies, addressing strategic and operational challenges across a number of different industries, including life sciences and healthcare. He has had oversight of large operations in the US, Europe and Asia in highly regulated industries.

**Current external appointments:**

Senior Independent Director and Interim Chair of the Remuneration Committee at Travis Perkins plc. Non-Executive Director and member of the Audit Committee at Intertek Group plc.

**Previous experience:**

Jez retired in 2023 as Group Finance Director at Croda International plc, the FTSE 100 global speciality chemicals company, and previously held similar roles at National Express Group plc and Northern Foods plc. He has served as the Senior Independent Director at Synthomer PLC, and at both PZ Cussons plc and Synthomer PLC he chaired the Audit Committee and served on the Remuneration Committee. He is a fellow of the Chartered Institute of Management Accountants.

**Nationality:**  British



**Simon Lowth**



**John Ma**



**Jez Maiden**

## Board of Directors continued

### Katarzyna Mazur-Hofsaess

#### Independent Non-Executive Director

Appointed Independent Non-Executive Director in November 2020.

#### Key skills and competencies:

Katarzyna demonstrates a true passion for customer focus and maintains an impressive track record in senior leadership within the MedTech industry. She is a qualified medical doctor (PhD) and has a wealth of experience in the medical devices and orthopaedic sectors. Her experience as Chief Executive Officer of a global company and valuable industry knowledge will help drive innovation and ensure the continued development of Smith+Nephew.

#### Current external appointments:

Trustee at Global Clubfoot Initiative, a UK- based charity.

#### Previous experience:

Katarzyna commenced her corporate career at Roche in Poland, was later recruited by Abbott Laboratories to manage their diabetes care division in Poland and became Country General Manager.

Her career progressed to General Manager of Molecular Diagnostics Division for EMEA and eventually to Divisional Vice President Abbott Diagnostics for Europe. In 2010, she became President EMEA region at Zimmer, following the Biomet acquisition, and led the integration in the region and served as President EMEA for Zimmer Biomet, leading the orthopaedic company. In 2018, she joined Fresenius Medical Care, the renal company, as CEO EMEA and Member of the Management Board.

Effective January 2022, Katarzyna took over responsibility for the globally operating Care Enablement segment in which Fresenius Medical Care AG has consolidated its €5.5 billion healthcare products business into one MedTech organisation. Her responsibility includes research and development, quality and regulatory, manufacturing, supply chain and commercial operations.

From 31 December 2025, Katarzyna stepped down from her role as Chief Executive Officer, Care Enablement (MedTech segment), at Fresenius Medical Care AG and a member of the Management Board.

**Nationality:** German/Polish



### Marc Owen

#### Independent Non-Executive Director

Appointed Independent Non-Executive Director in October 2017 and held the role of Senior Independent Director from September 2022 to September 2024.

#### Key skills and competencies:

Marc is a proven leader with an astute strategic vision, capable of building significant international healthcare businesses. He has strong commercial healthcare expertise. Marc is responsible for ESG through his role as Chair of the Compliance & Culture Committee (CCC).

#### Current external appointments:

None.

#### Previous experience:

Marc commenced his healthcare and technology career at McKinsey & Company, where he progressed to senior partner and eventually became a founding partner of McKinsey's Business Technology Office.

In 2001, Marc joined McKesson Corporation and served as Executive Vice President and member of their Executive Committee.

He delivered strategic objectives and led over 40 acquisitions and divestments over a 10-year period. In late 2011, he headed McKesson Specialty Health, which operates over 130 cancer centres across the US and provides market intelligence, supply chain services, patient access to therapy, provider and patient engagement and clinical trial support. In 2014, he was appointed Chair of the European Management Board at Celesio AG. He retired in March 2017, once he had improved operations, set the strategy and recruited his successor.

**Nationality:** British/American



Katarzyna Mazur-Hofsaess



Marc Owen

## Sybella Stanley

### Independent Non-Executive Director

Appointed Independent Non-Executive Director in February 2025. Chair of the Remuneration Committee from 30 June 2025.

#### Key skills and competencies:

Sybella brings broad international executive and non-executive experience of culturally diverse multinational organisations and interactions with the London Investment Community.

#### Current external appointments:

Director of Corporate Finance at RELX Group, the global provider of information and analytics, and Co-Chair of the Development Board of Somerville College, Oxford.

#### Previous experience:

Sybella retired in December 2024 from the Board of Tate & Lyle plc, where she served for nine years as an Independent Non-Executive Director and was Chair of the Remuneration Committee. She served for nine years as an Independent Non-Executive Director of Merchants Trust PLC and as Senior Independent Director and Chair of the Remuneration Committee until her retirement in March 2024. She was a member of the Industrial Development Advisory Board of the Department for Business, Energy & Industrial Strategy for eight years. Sybella qualified as a barrister and, before joining RELX Group, she was a member of the M&A advisory teams at Baring Brothers and Citigroup.

**Nationality:**  British



Sybella Stanley

## Helen Barraclough

### Group General Counsel and Company Secretary

Appointed Company Secretary in April 2022.

#### Key skills and competencies:

Helen is a qualified Solicitor admitted in England & Wales and a Chartered Governance Professional. She also serves as the Chief Risk Officer for Smith+Nephew.

#### Previous experience:

Helen started her career with Allen & Overy LLP and, prior to joining Smith+Nephew, held senior legal roles at WPP plc and Nomura International plc.

**Nationality:**  British



Helen Barraclough

### Board members whose tenure ceased during the year

Bob White stepped down from the Board on 30 April 2025 prior to taking an executive role at Olympus Corporation.

## Executive Committee

The CEO, with support from the CFO, leads the Executive Committee of Smith+Nephew, which is responsible for the day-to-day operational management of the Group and executing its strategy.

### **Craig Gaffin** **President Orthopaedics**

Craig has held numerous commercial leadership roles over the past 25 years with leading Medical Device and Biotechnology companies, such as Stryker and Amgen.

Craig has led through progressive complexity, challenge and scale across sales and marketing in both start-up and established organisations. Craig is a graduate of the University of Vermont and the Olin School of Business at Washington University in St. Louis.

**Nationality:** American

**Location:** Memphis, US

### **Rohit Kashyap** **President Advanced Wound Management and Global Commercial Operations**

Rohit brings more than 20 years' experience across wound care, surgical management, business development and global commercial leadership.

Prior to joining Smith+Nephew, Rohit worked at Acelyt, a global advanced wound care company, most recently as President, Global Commercial and at MIMEDX as President of the Wound and Surgical business and as Chief Commercial Officer.

**Nationality:** American

**Location:** Fort Worth, US

### **Vasant Padmanabhan** **President Research & Development, ENT and Emerging Markets**

Vasant has over 25 years of global MedTech leadership experience. Prior to Smith+Nephew, Vasant held senior roles at Thoratec Corporation and Medtronic plc as Vice President of Connected Care R&D and Operations and Vice President of Product Development for the Implantable Defibrillator business.

**Nationality:** American

**Location:** Andover, US

### **Scott Schaffner** **President Sports Medicine**

Scott has more than 30 years' experience across the medical device industry, including cardiac rhythm management, neuromodulation, spine and sports medicine.

Prior to moving into his current role, Scott served as Executive Vice President, Global Marketing and US Commercial, Sports Medicine, Senior Vice President, Global Marketing, Sports Medicine and Vice President, Sports Medicine.

**Nationality:** American

**Location:** Austin, US



**Craig Gaffin**

**Rohit Kashyap**

**Vasant Padmanabhan**

**Scott Schaffner**

**Helen Barraclough**  
**Group General Counsel**  
**and Company Secretary**

Prior to joining Smith+Nephew, Helen started her career at Allen & Overy LLP, and held senior roles at WPP plc and Nomura International plc. She is a qualified solicitor admitted in England & Wales and a Chartered Governance Professional. She also serves as the Chief Risk Officer for Smith+Nephew.

**Nationality:** 🇬🇧 British

**Location:** Watford, UK

**Paul Connolly**  
**President Global Operations**

Paul brings more than 30 years of global manufacturing and supply chain experience at multinational companies, with a strong track record in delivering operational excellence and transformation programmes.

Prior to joining Smith+Nephew, Paul held senior roles at Goodyear, DePuy, Inc., and other Johnson & Johnson family companies.

**Nationality:** 🇺🇸 American/Irish

**Location:** Andover, US

**Ajay Dhanekar**  
**Chief Strategy & Corporate**  
**Development Officer, with additional**  
**responsibility for Corporate Branding**  
**and External Communications**

Ajay has been a highly trusted strategic adviser and investment banker to CEOs and Boards at some of the world's leading healthcare companies over the past ~30 years and has global experience in helping companies deliver industry-leading shareholder value.

Prior to joining Smith+Nephew, Ajay was Senior Partner at McKinsey for 25 years and held various leadership roles, including Global Head of Strategy across all industries. More recently, he served as Managing Director and Global Head of Medical Technology, Diagnostics and Tools at Lazard, where he led multiple high-impact transactions. Ajay was also founder and Managing Director of Bluish Capital, a novel private equity and M&A advisory firm.

Ajay holds both a master's degree and a doctorate in Molecular Biophysics and Biochemistry from Yale University.

**Nationality:** 🇺🇸 American

**Location:** Fort Worth, US

**Mizanu Kebede**  
**Chief Quality & Regulatory**  
**Affairs Officer**

Mizanu brings more than 25 years of leadership experience in Quality and Regulatory Affairs.

Prior to Smith+Nephew, Mizanu held senior roles at Avanos Medical, Life Technologies SETRIS Corporation and Johnson & Johnson family companies.

**Nationality:** 🇺🇸 American

**Location:** Georgia, US

**Elga Lohler**  
**Chief HR Officer**

Prior to joining Smith+Nephew, Elga held Human Resources roles at Transnet SOC Ltd, Sensomatic (now Tyco International plc) and Advanced Tissue Sciences, Inc. (acquired by Smith+Nephew in 2002).

**Nationality:** 🌐 American/South African

**Location:** Fort Worth, US

**Alison Parkes**  
**Chief Compliance Officer**

Prior to moving into her current role, Alison served in multiple roles across the Company, including as the Compliance Officer for the Global Advanced Wound Management business, as the Compliance Leader for APAC and Emerging Markets, and establishing and leading the Global Compliance Programme Effectiveness & Improvement Team.

**Nationality:** 🇬🇧 British

**Location:** Hull, UK

**Members who stepped down from the Executive Committee during the year**

Phil Cowdy retired on 31 May 2025.



**Helen Barraclough**

**Paul Connolly**

**Ajay Dhanekar**

**Mizanu Kebede**

**Elga Lohler**

**Alison Parkes**

## Board and Committee attendance

### Board and Committee attendance

**Committee key**



Member of the Audit Committee



Member of the Remuneration Committee



Member of the Nomination & Governance Committee



Member of the Compliance & Culture Committee



Committee Chair

During 2025 there were seven scheduled Board meetings

Total meetings

			Board	Nomination & Governance	Compliance & Culture	Audit	Remuneration
Attendees	Appointed	Committee membership	7	5	4	7	9
Rupert Soames	April 2023		7/7	5/5	N/A	N/A	9/9
Deepak Nath	April 2022		7/7	N/A	N/A	N/A	N/A
John Rogers	April 2024		7/7	N/A	N/A	N/A	N/A
Angie Risley <sup>1</sup>	September 2017		6/7	5/5	N/A	N/A	9/9
Jo Hallas	February 2022		7/7	N/A	4/4	7/7	N/A
David King <sup>2</sup>	July 2025		4/4	N/A	2/2	N/A	3/3
Garheng Kong <sup>3</sup>	September 2025		3/3	N/A	N/A	3/3	N/A
Simon Lowth	January 2024		7/7	5/5	N/A	7/7	N/A
John Ma	February 2021		7/7	N/A	4/4	N/A	N/A
Jez Maiden	September 2023		7/7	N/A	N/A	7/7	9/9
Katarzyna Mazur-Hofsaess	November 2020		7/7	N/A	4/4	N/A	N/A
Marc Owen	October 2017		7/7	5/5	4/4	7/7	3/3
Sybella Stanley <sup>4</sup>	February 2025		7/7	N/A	N/A	N/A	9/9
Thérèse Esperdy <sup>5</sup>	December 2025		1/1	1/1	N/A	N/A	1/1
Bob White <sup>6</sup>	May 2020		2/2	N/A	2/2	N/A	2/3

1 Angie Risley stepped down as Chair of the Remuneration Committee on 30 June 2025 and did not attend the November Board meeting due to a prior professional commitment. She provided her comments to the Chair prior to the meeting.

2 David King was appointed to the Board and became a member of the Compliance & Culture and the Remuneration Committees on 1 July 2025.

3 Garheng Kong was appointed to the Board and became a member of the Audit Committee on 1 September 2025.

4 Sybella Stanley was appointed to the Board and became a member of the Remuneration Committee on 1 February 2025 and became Chair of the Remuneration Committee on 30 June 2025.

5 Thérèse Esperdy was appointed to the Board and became a member of the Nomination and Governance Committee and Remuneration Committee on 1 December 2025.

6 Bob White stepped down from the Board on 30 April 2025 and did not attend the March Remuneration Committee meeting due to a prior professional commitment. He provided his comments to the Committee Chair in advance of the meeting.



# 99%

Committee attendance

## Board activities

The following pages provide an overview of the key topics reviewed, monitored, considered and debated by the Board in the year to 31 December 2025.

**Board and Committee members also have informal touchpoints, updates and calls throughout the year, as needed.**

Every full Board session includes:

- A report from the CEO
- Group finance report and outlook
- A customised strategic and operational presentation from a business unit and/or function(s) aligned to key topics of interest to the Board eg Global Operations, Tariffs, Cybersecurity, AI etc.
- Updates from Committee Chairs on the most recent Committee meetings and areas of interest
- A report from Legal and Governance
- A report on investor relations
- Feedback from Board members on any site visits they have attended
- A closed session for the full Board followed by a Non-Executive Director closed-session discussion.

Where Board meetings take place at the Croxley offices, a lunch in the office canteen is scheduled for Board members alongside Croxley employees.



January	Board Strategy Sub-Committee meeting, Chair meetings with investors
February	Board Strategy Sub-Committee meeting, Geopolitical Risk and Mapping Update (including Tariffs and horizon scanning), review of MedTech landscape with case studies, approval of Annual Report and Accounts and Sustainability Report; Annual Risk Review including approval of risk appetite, approval of full year results and dividend, Orthopaedics business review, including Ortho360 strategic presentation
March	Board Strategy Sub-Committee meeting, Site visit to India and Singapore by Chair
April	Board discussion on strategy and Business Continuity deep-dives, MedTech landscape case studies, ROIC and market rationalisation discussion, Annual General Meeting and investor touchpoints, funding and liquidity update, Q1 trading statement approval
June	Site visits to Costa Rica and Fort Worth with product demonstrations, Advanced Wound Management strategic overview and business update, review of innovation pipeline and talent, MedTech industry review, customer presentation on Ambulatory Surgical Centers (ASC), discussion on strategic direction of travel prior to September Strategy discussions
July	Sports Medicine and ENT deep-dive, Greater China strategic discussion, M&A review with new Chief Strategy and Corporate Development Officer, Digital Transformation, Cyber and AI updates, review of Global Business Shared Services, H1 trading statement approval, approval of interim dividend and share buy-back programme
September	Senior Independent Director presents internal Board Evaluation (questionnaire and interviews conducted July – September); Strategy and Five-Year Plan review, talent management strategy review, approval of Sustainability strategy
November	Q3 trading statement approval, further discussion on presentation of Strategy and Capital Markets Day
December	Final approval of 2026 budget and final presentation of new RISE Strategy and Capital Markets Day presentations, investor sentiment discussion, closed session for Succession planning and people discussion, Emerging Markets business review, IT transformation and Cybersecurity update

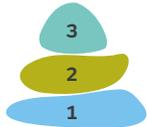


Board leadership and company purpose continued

## Board priorities, stakeholders and outcomes

In 2025, the Board continued to focus on its stated priorities:

### Link to our strategic priorities



1. Strengthen
2. Accelerate
3. Transform

### Link to stakeholder groups

- 1 People
- 2 Investors
- 3 Customers/Suppliers
- 4 Governments/Regulators
- 5 Environment/Communities

 Our investor presentations are available to download on our website [www.smith-nephew.com](http://www.smith-nephew.com)

### Strategy and operational excellence

Closure of 12 Point Plan and approval of RISE Strategy, embedding the ethos of continuous improvement and a high performance culture through flawless execution across all areas of the business



- 1
- 2
- 3
- 4
- 5

#### 2025 activities and outcomes

- Reviewing closure of 12-Point Plan and progress and performance against KPIs, strategy, budgets and business plans
- Monitoring of Orthopaedics execution and metrics aligned to the 12-Point Plan and broader market developments, including portfolio preferences and shifts in site of care
- Approving half-year, full-year and trading updates
- Deep-dive sessions on Orthopaedics, Sports Medicine, Advanced Wound Management and ENT business units and Greater China and Emerging Markets regions, aligned to long-term strategic initiatives
- Review of ROIC, portfolio and market optimisation aligned to strategy and performance objectives
- Monitoring Global Operations updates and response to external and internal shifts in policy, regulation and social purpose in line with key metrics and deliverables.

#### Areas of focus for 2026

- Review of implementation of RISE strategy to ensure alignment with Purpose, Culture and strategic objectives
- Monitoring of implementation of Digital Transformation and AI strategy and roadmap
- Continued monitoring of regulatory shifts within the industry and globally to understand impact on strategic objectives and the global organisation
- Continued monitoring of Cybersecurity and other principal risks to the organisation.

### Purpose and culture

Reviewing decision making in alignment with the purpose of Life Unlimited and culture pillars of Care, Courage and Collaboration



- 1
- 2
- 3
- 4
- 5

#### 2025 activities and outcomes

- Review and approval of RISE five-year strategy to ensure alignment to Life Unlimited and culture pillars
- Approval of the Code of Conduct and Business Principles
- Approval of sustainability strategy and review of climate-related disclosures and key performance metrics
- Board listening sessions with wider workforce
- Review of initiatives to support Culture, Workforce Planning and Performance and Rewards
- Review of Gallup results, employee engagement and initiatives for the wider workforce in terms of Performance Culture, Rewards, Talent, Succession and Development
- Review of initiatives to strengthen and embed a culture of inclusion and belonging throughout the Group, including receiving reports on engagement with employee interest groups at Board listening sessions
- Overseeing succession planning at Board and senior management level and talent management strategy within the organisation.

#### Areas of focus for 2026

- Monitoring implementation of RISE and critical enablers, together with culture of continuous improvement and the Way to Win
- Continued monitoring of implementation of performance-based culture aligned with Life Unlimited, culture pillars and Code of Conduct
- Continued focus on talent management strategy and succession planning.

## Capital allocation and cost management

Ensuring efficient and effective use of Company resources and scrutiny of implementation of capital allocation



1 2 3 4 5

### 2025 activities and outcomes

- Setting priorities for capital investment across the Group
- Continuing to review structure and cost management activities against strategic plans including 12-Point Plan and zero-based budgeting (ZBB) initiatives in support of Group Strategy
- Monitoring ROIC, cash and EPS key metrics to drive shareholder value creation. Approving annual budget, financial plan, three-year strategic plan
- Approving major borrowings and finance and banking arrangements
- Approving the \$1 billion general corporate purposes bond issue which was used to repay private placements and drawn amounts under the RCF
- Determining the dividend policy.

### Areas of focus for 2026

- Implementation of RISE strategy to deliver on capital allocation objectives outlined by management
- Continued scrutiny of inventory levels, revaluation and impact of tariffs and other headwinds on delivery of strategic objectives.

## Innovation and portfolio

Understanding the industry, competitor landscape and innovation pipeline and portfolio to drive value creation



1 2 3 4 5

### 2025 activities and outcomes

- Review of portfolio aligned to strategy and performance of the business units
- Review of innovation pipeline aligned to RISE strategy
- Review of landscape and innovation within MedTech industry to provide insights into strategy
- Receiving reports on progress in pipeline and commercial launches in 2025.

### Areas of focus for 2026

- Continued review of performance and return on investment of acquisitions and integration planning, with attention to opportunities that strengthen our differentiated platforms
- Review of global innovation pipeline and product portfolio, with a focus on differentiation and delivery particularly in MedTech and Biologics, which are essential to advancing the Innovate and Reach pillars of the RISE strategy
- Emphasis on scaling digital surgery, and biologic/regenerative solutions that enhance standard of care, drive customer value, and position the business for above market growth in priority segments.

## Risk management and oversight

Evaluating strategy and decision making within risk appetite and ongoing review of the controls environment



1 2 3 4 5

### 2025 activities and outcomes

- Overseeing the Group's risk management programme and related processes
- Review and approval of principal risks of the Group and adapting Board agenda to reflect these accordingly
- Review of the risk registers, risk mapping exercises and annual review of the Board appetite for risk
- Ongoing consideration of key risks within all Board discussions including AI and IT strategy and investment, cybersecurity and incident response, business continuity and disaster recovery and geopolitical events
- Enhanced focus on geopolitical risk mapping and crisis management through updates on regulatory changes and BRCM planning
- Discussion at Board and Committee meetings on key topics including regulatory and reimbursement changes, the impact of tariffs and supply chain disruption, global talent outlook and, MedTech landscape and trends
- Review of investor perspectives and sentiment throughout the year
- Review of Board and executive succession planning and changes to the composition of the Board and its Committees.

### Areas of focus for 2026

- Continued focus on regulatory, reimbursement and trade and other policy changes which may impact the achievement of strategic objectives
- Continued focus on cyber resilience and risks and opportunities within digital transformation and AI strategy through embedding the culture of continuous improvement
- First year of reporting on new Code reporting requirements and enhanced material controls framework.



## S172 Statement

Board members are required to promote the success of the Company for the benefit of our stakeholders, including customers, investors, employees, suppliers, regulators and our wider communities. Details of our engagement with our main stakeholder groups is set out on [pages 117 to 123](#). This statement summarises how our Directors addressed the matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

### The likely consequence of any decision in the long term

Directors appreciate that assessing the consequences of their long-term decisions, particularly in the current political and geopolitical environment, is complex and often requires careful balancing of competing stakeholder interests.

To support their decision making, Directors are provided with information that describes the long-term proposal under consideration and how it aligns with, or otherwise impacts, the Group's strategy, budget and three-year plan as well as our purpose of Life Unlimited.

Proposals for significant Board decisions include a potential stakeholder impact assessment covering employees, suppliers, customers, government, regulators, local communities, environment and investors.

#### Matters considered by the Board include:

- Achievement of strategic objectives aligned to Strategy and Purpose, which for 2025 aligned to the 12-Point Plan and which will be aligned to our RISE Strategy in 2026
- Global business unit reviews (Advanced Wound Management, Sports Medicine and ENT) aligned to 12-Point Plan in 2025, which will be aligned to our RISE Strategy in 2026
- Innovation pipeline and portfolio review, aligned to RISE in 2026
- Capital allocation priorities and dividend policy, aligned to RISE in 2026
- Sustainability strategy aligned to stakeholder interests and objectives
- Succession planning and talent management to support organisational health
- Consideration of these factors within our ERM framework and principal risks.



For more details see our **Business Model** on pages 14 and 15

### Interests of our people

We are committed to cultivating a high-performing, inclusive workplace where everyone is valued and respected, and feels a true sense of belonging. We prioritise creating a psychologically safe environment that drives innovation, fuels business success, and enhances engagement and personal fulfilment. Our three pillars of Care, Courage and Collaboration are the foundations on which we build a robust, respectful and accountable culture.

Papers relevant to the Directors' assessment of how effectively this is being achieved are normally provided by the Chief HR Officer or Head of Reward to enable the Directors to monitor progress against priorities and provide input and challenge on proposed initiatives and actions being taken to assess the potential impacts on employees.

#### Matters considered by our Board and its Committees include:

- Alignment of Group strategy to our Purpose of Life Unlimited and cultural pillars of Care, Courage and Collaboration
- Efficacy of the Code of Conduct and Business Principles and the impact on organisational culture
- Board listening sessions with the wider workforce to hear the employee voice
- The continued progress made on Gallup results and employee engagement
- Initiatives to support talent attraction, retention and development and succession planning
- Performance against health and safety metrics.



For more information, see our **Building our Way to Win** section on pages 59 to 63

### The impact of the Group's operations on the community and our environment

We recognise the need to reduce our impact on our planet. We implement initiatives to manage energy, waste and water efficiently and reduce our GHG where possible, and are mindful of the impact our decision have on the environment.

Papers relevant to the Directors' assessment of how effectively we are managing our impact on the community and environment are provided for input and challenge and decision or awareness by Directors.

#### Matters considered by our Board and its Committees include:

- Our people and culture strategy
- Sustainability strategy
- Consideration of sustainability within our ERM framework and principal risks
- Evaluation and measurement of ESG performance against goals and metrics
- ESG-related measures for executive remuneration plans
- Emerging legislation which may have impact in these areas.



For more information, see the **ESG Report** on pages 65 to 77

## The importance of developing the Group's business relationships with suppliers, customers and others

A key priority for Directors as custodians of a responsible business is to ensure the Company develops and maintains relationships with customers, suppliers and other stakeholders who support the Group's purpose of Life Unlimited and the successful creation of value through achievement of its strategic objectives.

Our suppliers are expected to adhere to our Third Party Code and do business in accordance with our Code of Conduct and Business Principles, and maintain corporate standards and behaviours consistent with our own.

Papers relevant to the Directors' assessment of how effectively these relationships are being managed are provided for input and challenge and decision or awareness.

### Matters considered by our Board and its Committees include:

- Sustainability strategy
- Quality audits and product governance
- Third party guide to working with Smith+Nephew
- Supply chain and procurement resilience and compliance
- Modern Slavery Statements
- Smith+Nephew Academy and medical education initiatives to support the safe and effective use of our products
- Consideration of these factors within our ERM framework and principal risks.

## Our desire to maintain our reputation for high standards of business conduct

Our strong culture pillars of Care, Courage and Collaboration promote good governance across our business and are crucial to fostering an environment of doing business the right way. Directors have a commitment to doing business ethically, with integrity, honesty and professionalism.

Papers relevant to the Directors' assessment of how effectively we are maintaining our high standards of business conduct are provided for input and challenge, and decision or awareness.

### Matters considered by our Board and its Committees include:

- Code of Conduct and Business Principles
- Ethics and compliance programmes
- Global data privacy compliance
- Corporate governance framework
- ERM framework and risk management, controls and compliance
- Whistleblower policies, investigations and effectiveness review
- Anti-bribery and corruption policy.



**For more information, see 'How we are governed' on pages 125 and 126 our Risk Report on pages 78 to 94 and the Compliance & Culture Committee Report on pages 136 to 139**

## Our aim to act fairly between members of the Group

Directors seek to act fairly in the interests of all shareholders. It is acknowledged that shareholders often have differing views and opinions and Directors seek to weigh up the range of opinions to arrive at decisions that promote the long-term success of the Group.

There is an extensive investor engagement programme throughout the year, including our Capital Markets Day events in London and New York in December 2025. Retail shareholders have access to Directors at the AGMs, as well as through our InvestorRelations.Global@smith-nephew.com email.

Papers relevant to this duty are provided for input and challenge, and decision or awareness.

### Matters considered by our Board and its Committees include:

- Annual General Meeting
- Capital Markets Day and other events
- Group and individual shareholder meetings
- Board discussions on investor sentiment and feedback
- Investor relations reports and planning.



**For more information, see Our shareholders on page 119**



## S172 Statement continued

When making decisions, the Board supports the Company's objective of working to improve the quality of healthcare through investment in new technologies and services, industry-leading medical education and evidence programmes, and efficient and resilient manufacturing and distribution, while balancing the interests of all of our stakeholders. Examples of how stakeholder interests are taken into account in Board decision making include:

Decision	How stakeholder interests were taken into account	Stakeholder groups
<b>Development of our RISE Strategy</b>	A number of discussions on direction of travel in development of the new strategy were discussed in detail at full Board and also with individual Board members in the creation of RISE; the key strategic elements of reaching more patients, innovating to meet unmet needs, scaling investment in high impact areas and continued focus on execution were ones that resonated with key stakeholder groups to form part of the RISE Strategy, which was announced in December 2025.	Investors, patients, customers, employees, communities
<b>Investment in innovation</b>	Directors review the product development pipeline and approve annual investment in R&D through budget allocation review. New product development is driven by observation and engagement with customers to identify unmet clinical needs. Our product development follows a vigorous phase-gate process to ensure that the product meets the needs of customers, will contribute to Smith+Nephew's continued ambition to be a higher-growth business, and integrates sustainability principles into design and packaging.	Patients, customers, investors
<b>Digital Transformation and AI</b>	Our Board and its Committees continue to review and support the enhancement of our digital transformation strategy and implementation in order to ensure that the Company is both creating value through transformation and efficiency and effectively managing risk through monitoring of AI governance. These discussions are critical to strike the right balance to deliver value to customers through connected products and to employees and investors through enhanced efficiencies while ensuring appropriate safeguards are in place for customers, employees, investors and regulators to support data and information security and manage AI risks.	Patients, customers, suppliers, employees, regulators, investors
<b>Cybersecurity</b>	Our Board and its Committees continue to review and support the enhancement of the cybersecurity and information security strategy and implementation/risk reports in order to ensure that the Company is effectively managing risk, both in terms of the opportunities to enhance our governance and deliver value to our patients and customers through connected products and the risk management framework that the Company adopts and implements in order to develop a robust framework to protect the data and interests of our stakeholders.	Patients, customers, suppliers, regulators, investors

## Our purpose and stakeholders

Our purpose is Life Unlimited – we exist to restore people’s bodies and their self-belief.

We live our purpose through our culture pillars of Care, Courage and Collaboration to use technology to take the limits off living, and help other medical professionals do the same. Understanding stakeholder views is critical to our Purpose.

Our ambition is to transform into a structurally higher growth company through our RISE Strategy:

**Reach more patients:** Expand our impact to 20 million patients by 2028.

**Innovate to enhance the standard of care:** Launch new products, address unmet needs, and lead in high-growth areas.

**Scale through strategic investment:** Focus resources on high-return opportunities, invest in market access, and pursue strategic partnerships.

**Execute efficiently:** Drive productivity, invest in technology and AI, and optimise our portfolio for sustainable growth.

The Board recognises that aligning the interests of our stakeholders with our Purpose, Strategy and Culture Pillars is fundamental to sustainable growth.

### Our stakeholders

The Board considers the potential impact on the Company’s key stakeholders and takes their views and interests into account when making decisions, as outlined in our S172 statement.

The Board seeks to engage with and build positive relationships with all stakeholders and understands the importance of ensuring that the views and interests of all stakeholders are considered in the delivery and oversight of the Company’s strategy and culture.

The pages referenced in each of the following sections provide examples of our approach to stakeholder engagement and how the Board considers their views and the impact of decisions on key stakeholder groups.

The Board is committed to taking a long-term view in order to deliver sustainable value creation for shareholders and other stakeholders.

Although members of the Board engage directly with stakeholders as part of site visits, listening sessions and informal employee engagement touchpoints, engagement with stakeholders mostly takes place at an operational level and the Board forms its views through reports and information presented to it by management. Management is asked to outline and present the potential impacts on stakeholders to the Board, where appropriate, during discussions and the decision making process.



**+** See pages 54 to 57 for more on Life Unlimited

**+** See page 140 for more on our culture

**+** Read more in the Chief Executive Officer’s Review pages 6 to 11, and the Governance report on the Board activities on page 111

**+** Read more about the Board’s s172 duties on pages 114 to 116

## Our customers and suppliers

Healthcare professionals and patients are central to all that we do. Effective engagement with our suppliers ensures we have the right resources to support our growth and that those who partner with us are committed to doing business in a way which is consistent with our Code of Conduct and our values.



### Significant areas of interest

- Innovation and improved outcomes
- Ensuring product quality, compliance with regulations and doing business the right way
- Partnering with suppliers to ensure business is done the right way
- ESG



See pages 27 to 32 on innovation highlighting initiatives designed to support unmet customer needs



See pages 65 to 77 of our ESG Report, which highlight our customer and supplier focus



Our Third Party Guide to working with Smith+Nephew is available on our website



The Board approved the Modern Slavery Statement available on our website

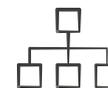
### How we engage

- The Board reviews the portfolio strategy throughout the year, together with acquisition pipeline for key assets to accelerate innovation and respond to customer and patient unmet needs.
- The Board and CCC are provided with updates on product quality, regulatory matters, complaints, legal, compliance and ethical matters.
- Our customers continue to focus on ensuring that ESG and sustainability are taken into account in our decision making aligned with their own policies and procedures.
- We work with third parties, who adhere to our Code of Conduct, Business Principles and health, safety, social and environmental standards consistent with our own. Our Third Party Guide to working with Smith+Nephew sets out our requirements for third parties based on the laws, regulations and industry codes that apply to Smith+Nephew. The Board receives analyst reports, reviews the share register and receives reports on investor meetings at every Board meeting, as well as investor perceptions of the Company from external advisers.

### 2025 outcome/impact

- The Board and CCC received regular reports on quality audits as part of ongoing monitoring.
- The CCC monitors the Company's response to new regulations impacting our products, quality and regulatory matters and FDA and other regulatory engagement and reports to the Board at each Board meeting.
- Monitoring of supply chain and procurement matters is reviewed regularly by the Board, with a focus on outcomes of the 12-Point Plan initiatives and metrics.
- The Board approved the Modern Slavery Statement, available on our website.
- Board review of our Sustainability Strategy ensures a clear link to stakeholders and issues of importance to customers.
- The Board and CCC receive reports at each meeting on sustainability matters which take into account the views and requirements of our customers and in turn impacts how we engage with our suppliers to reflect customer approach.
- See also Sustainability Report for further details on how we plan to continue to consider areas of importance to our customers.





## Our shareholders

Our shareholders are the owners of our business. The Board seeks to engage with them regularly throughout the year to understand their perspectives on performance, value, risk and governance. See [www.smith-nephew.com](http://www.smith-nephew.com) for our Investor presentations.

### Significant areas of interest

- Strategy, business model and performance
- Capital allocation and dividend
- Cost management and restructuring programmes.
- Remuneration
- Leadership and succession planning
- Sustainability
- Inclusion and belonging



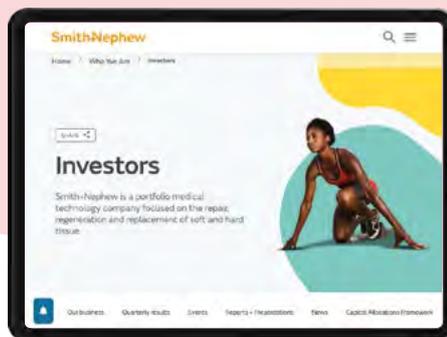
See pages 293 to 298 for Shareholder information

### How we engage

- Face-to-face engagement at our in-person AGM at the Company's Croxley offices enables investors to have the opportunity to engage with Board members and management.
- Our Remuneration Committee Chair together with our Chair engaged and communicated with investors, comprising approximately 70% of our issued share capital as part of the consultation process on our 2026 Remuneration Policy.
- Our Chair, CEO and CFO regularly engage with investors during the year on topics, such as strategy, financial performance, operational excellence, remuneration, talent management and succession planning, sustainability and diversity.
- Our Chair and Senior Independent Director engage with investors and governance teams on topics of investor interest including Board composition, diversity and sustainability.
- Our CEO and our CFO engage regularly with investors as part of an ongoing dialogue throughout the year as well as through the post results roadshows and Q&A sessions.
- The Board receives analyst reports, reviews the share register and receives reports on investor meetings at every Board meeting, as well as investor perceptions of the Company from external advisers.

### 2025 outcome/impact

- The Chair, CEO and CFO engaged in more than 145 investor meetings during the year.
- We hosted a two-day capital markets event across London and New York in December to launch our new RISE strategy and three-year targets. The event was also available as a webcast for those investors unable to attend in person.
- A share buyback programme was implemented on 5 August 2025 and concluded on 7 October 2025 in order to reduce the Company's issued share capital by returning surplus capital to our shareholders.
- Further to the extensive shareholder consultation exercise conducted regarding the 2026 Remuneration Policy, the Board resolved to submit a new Policy to shareholders for approval at the 2026 AGM.
- Recommended a final dividend for the FY2025 of 24.1c per ordinary share (48.2c per ADS) to shareholders for approval at the 2026 AGM; and declared an interim dividend for HY2025 of 15.0c per ordinary share.
- The Board and management regularly discuss investor sentiment, perspectives and expectations on performance improvement, value creation and cost management.



[www.smith-nephew.com/en/who-we-are/investors](http://www.smith-nephew.com/en/who-we-are/investors)

## Our people

**Our employees are crucial to the success of our business. Creating a culture of belonging and an environment that fosters innovation delivers business success and strengthens engagement.**



### Significant areas of interest

- Purpose, strategy and culture
- Leadership and succession planning
- Talent, retention and opportunities for development and progression
- Employee wellbeing and cost of living
- Inclusion and belonging
- A healthy and safe working environment



**See pages 59 to 63 for Building our Way to Win and pages 136 to 139 for the Compliance & Culture Committee report**

### How we engage

- Direct engagement led by a number of Non-Executive Directors through Board/employee listening sessions has been an insightful way to understand more about the Company culture, employee engagement and inclusion and belonging.
- Site visits and Board meetings at our offices enable the Board to meet with our employees for further engagement.
- The ‘Direct to Deepak’ section of our intranet and townhall sessions addresses employee questions, comments and feedback.
- Review of the Gallup employee engagement survey responses and our Culture session at the CCC provide insight into employee views and sentiment.
- Board inductions enable the Board to hear directly from employees on purpose, strategy and culture.
- Engagement with our Employee Inclusion Groups (EIGs) on site visits enables the Board to engage with a wider cross section of the employee community.
- The Remuneration Committee and the CCC receive updates at each meeting on the activities of our EIGs, and enable an ongoing review of programmes to support the wider workforce.
- The Board and its Committees are provided with updates on leadership, talent development and succession planning for senior executives.
- The Chair engaged with employees during site visits in India and Singapore.
- Marc Owen is our Non-Executive Director who has responsibility for ensuring Board engagement with the wider workforce in his role as Chair of the CCC.

### 2025 outcome/impact

- In 2025, the Company received the Gallup Exceptional Workplace Award for a second year in a row. In the seventh year of running the Gallup Engagement Survey, the Board noted a 95% participant survey completion rate and improved scores on most questions, supporting the view that employee engagement continues on a positive trajectory.
- The Board received valuable feedback from the 2025 listening sessions, focusing on several key topics, including Sports Medicine and Orthopaedics Performance and Strategic Direction, AWM Global Vision and Performance, Sustainability and Performance and Recognition.
- The site visits to Singapore, Costa Rica, Fort Worth in the US and China provided an opportunity for informal employee touchpoints, as well as more formal presentations which enable the Board to measure and monitor the culture of the organisation.
- Feedback from new Non-Executive Directors has been positive on the breadth and depth of the induction programme.

### 2026 Focus

- 2026 listening sessions will focus on our new RISE Strategy, Leadership and Advanced Wound Management Performance and Strategic Direction.

## Board listening sessions

“Having recently joined the Board, it was insightful to talk to our Sports Medicine team members during the listening session. Their passion about delivering for and delighting our customers brought to life the organisational culture that I had learned about during my orientation sessions. They also offered positive comments on the change to a global business unit model, particularly its impact on creating an environment which further drives commercial and operational performance and closer collaboration.

These sessions are extremely useful for members of the Board to hear directly from the team how the Company’s strategy is implemented and how the culture pillars of Care, Courage and Collaboration are embedded within the organisation.”

**David King**

Independent Non-Executive Director



“The Board listening session with the Orthopaedics business during the third year of transformation was an excellent opportunity to see the progress made and the positive momentum and dynamism within the team. In particular, how the operations excellence that was implemented by the Global Orthopaedics team has yielded positive improvements, reinforced our strengths and provided more opportunities. It provided valuable insight into how our people are driving operational excellence through active engagement and collaboration.

These sessions enable the Board to receive direct feedback from our employees, which supports effective governance, building trust and alignment to our strategic objectives as we continue to drive performance together.”

**Marc Owen**

Independent Non-Executive Director



## Governments and regulators

We focus on product safety, compliance and doing business the right way in order to achieve the full potential of our portfolio. The Company reports regularly to the Board on its engagement with industry bodies and similar organisations on key issues impacting the organisation and the MedTech industry more broadly.



### Significant areas of interest

- Product safety
- Compliance with applicable legal and regulatory requirements
- Promotion of fair competition
- Social and economic concerns



See page 35 for Quality & Regulatory Affairs

### How we engage

- The CEO and other senior leaders engage through industry bodies such as AdvaMed, MedTech Europe and similar organisations in order to advocate for and provide perspectives on core issues which are of critical importance to the MedTech industry.
- Updates are provided on our Global Compliance programme with applicable metrics and monitoring at each CCC meeting.
- The Board and CCC receive updates on product quality and regulatory matters and compliance with applicable laws and regulations.
- The CEO and senior management meet with governments and regulators, as applicable.

### 2025 outcome/impact

- The CEO, Global Business Unit Presidents, Chief Quality and Regulatory Officer, Group General Counsel, Chief Compliance Officer, and other senior leaders participated in a number of industry meetings and interest groups in order to drive issues of critical importance to both the organisation and the MedTech industry.
- The CCC received reports on product and regulatory audits which provide comfort and confidence that product quality and safety is being managed and maintained effectively.
- The CCC and Board also receive updates from the Group General Counsel, relating to any material legal matters of which the Board should be aware.
- The Board and its Committees are provided with updates on new or amended laws, regulations and reporting requirements, such as the revised UK Corporate Governance Code, European Crime and Corporate Transparency Act and the likely impact of new regulations on the organisation.

## Our environment and communities

People, Planet and Products are at the heart of our ESG strategy aiming to create a positive impact on our communities, reduce the impact on our environment and enable us to innovate sustainably



### Significant areas of interest

- Understanding how the Company's business impacts local communities and the environment
- Company actions to further sustainable healthcare and address climate change via its net zero journey
- Managing compliance with sustainability regulations



See pages 65 to 77 for our ESG report

Number of patients supported through product donations

**106,000+**

Reduction in our Scope 1 and Scope 2 greenhouse gas emissions since 2019

**71%**

Manufacturing waste kept out of landfills

**95%**

In-scope packaging systems incorporating at least one recyclable component

**92%**

### How we engage

- The Board approves the ESG Strategy annually and receives updates on ESG initiatives and stakeholder feedback at each meeting, as appropriate.
- Updates on performance and progress on key environmental and social metrics are provided at each CCC meeting.
- Updates on reporting and disclosures are included at each Audit Committee meeting.
- Remuneration Committee determines ESG metrics for remuneration purposes liaising closely with the CCC to ensure that metrics are quantifiable and measurable.
- The Chair, CEO and Company Secretary, as well as other members of senior management attend industry round tables and panel discussions on ESG matters which impact the Company.
- ESG Steering Committee members monitor and report stakeholder feedback on ESG topics at each ESG Steering Committee quarterly meeting.
- ESG staff hold memberships in healthcare-specific and cross-industry ESG organisations to stay abreast of stakeholder trends and best practices.

### 2025 outcome/impact

- As part of strategic planning and investment choices, the presentations received by the Board for consideration include analysis on the potential impact of key projects on all stakeholder groups, including the environment and communities.
- Remuneration Policy 2025 includes ESG metrics for long-term incentive plans.
- We provide grants and donations in accordance with our policies and procedures to charitable or not-for-profit organisations, medical institutions, accredited educational programme vendors, medical foundations and professional societies.
- We progressed metrics in our ESG Pillars of People, Planet and Products.



Further information about our relationship with other stakeholders, including the local communities in which we operate and the impact of climate change on our business, can be found in the Sustainability Report on pages 14 and 28



# Corporate governance framework

## Our Board

[www.smith-nephew.com](http://www.smith-nephew.com)

The Board is accountable to shareholders for the performance and long-term sustainable success of the Company. It approves the strategy of the Group, evaluates and monitors the management of risk, and oversees the implementation of strategy in order to achieve sustainable growth.

The Board delegates certain matters to the Audit, Remuneration, Nomination & Governance and Compliance & Culture Committees, which support the Board in carrying out its responsibilities. From time to time and where considered appropriate to do so, the Board convenes Board subcommittees that discuss and consider

specific matters. The subcommittees report back to the full Board in order to ensure efficient and effective oversight on these specific matters. Full details of the Matters Reserved to the Board can be found on the Company's website.

### Audit Committee

Ensures the integrity of the Company's financial reporting, systems and controls. Oversight of risk management process. Reviews and monitors climate change disclosures and related ESG financial reporting obligations. Monitors the Group's cyber resilience. Ensures effectiveness of internal and external audit functions.  
**See more on pages 141 to 146**

### Remuneration Committee

Determines Remuneration Policy and packages for Executive Directors and senior management, having regard to pay across our workforce. Ensures that the reward strategy aligns with our purpose, values and long-term strategy.  
**See more on pages 147 to 193**

### Nomination & Governance Committee

Reviews size, skills, experience, knowledge and composition of the Board, succession planning, diversity and governance matters.  
**See more on pages 127 to 135**

### Compliance & Culture Committee

Reviews, monitors and has oversight of ethics and compliance, quality and regulatory, culture, sustainability matters and metrics, stakeholder relationships and related legal matters across the Group.  
**See more on pages 136 to 139**

### Finance & Banking Committee

A Committee comprising senior executives that approves banking and treasury matters, guarantees and Group structure changes relating to mergers, acquisitions and disposals.

### Disclosures Committee

A Committee comprising senior executives that oversees and approves public announcements and communications to investors and Stock Exchanges. Reviews communications and reporting requirements in respect of market sensitive information.

## Executive Committee

[See more on pages 108 to 109](#)

The Board delegates the day-to-day operational management and implementation of Group strategy to the CEO and Executive Committee.

The Executive Committee recommends and, following Board approval, implements the strategy, budget and five-year strategic plan within the Group. It ensures cross-functional alignment in order to deliver on strategy and reviews major investments, divestments and capital expenditure proposals.

The Executive Committee also focuses on people and organisational culture, reviewing recruitment, attrition and development initiatives within the Company and developing talent pipeline below Board level.

The Executive Committee meets at least 10 times per year to review commercial and operating results against budget, key initiatives, KPIs and performance metrics aligned to delivering Group strategy.

**The Executive Committee forms subcommittees, including those listed below:**

- Group Ethics & Compliance Committee
- Business Resilience and Continuity Management Steering Committee
- Global Investment Board
- New Product Development Review Committee
- Security & Privacy Steering Committee
- ESG Steering Committee
- AI Steering Committee

\* The 12 Point Plan Steering Committee was formally retired in 2025 following closure of the majority of workstreams under the 12-Point Plan.  
 \* The Global Investment Board was implemented in 2025 to approve significant investments within the global business including mergers and acquisitions, led by the CEO with CFO, Group General Counsel, President of Global Operations, Chief Strategy Officer and Global President R&D as members.  
 \* The Business Resilience and Continuity Management (BRCM) Steering Committee has oversight of the programmatic implementation and development of BRCM globally and in partnership with IT, Legal and other functions supports Cyber Incident Response, IT Disaster Recovery and Global Crisis Management.

# How we are governed

## Chair

### Rupert Soames

- Responsible for the effective leadership and operation of the Board and for facilitating the review of its composition, effectiveness and development.
- Promotes effective Board relationships, encouraging constructive challenge and facilitating effective communication between Board members and supporting a culture of openness, challenge and debate.
- Ensures effective communication and dialogue with the Company's stakeholders, while maintaining an appropriate balance between stakeholders' interests.
- Leads relations with shareholders in order to understand their views on governance and performance against strategy.
- Responsible for promoting high standards of governance by the Board and its Committees.
- Regularly reviews the Board composition and succession planning.



## Senior Independent Director

### Angie Risley

- Acts as a sounding board for the Chair and as an intermediary for other Directors and stakeholders, as necessary.
- As a member of the Nomination & Governance Committee, leads the Board evaluation process and searches for Chair and Independent

Non-Executive Directors to ensure effective succession.

- Acts as an alternative contact for stakeholders to raise concerns (in addition to the Chair and senior management).



## Independent Non-Executive Directors

### Thérèse Esperdy, Jo Hallas, David King, Garheng Kong, Simon Lowth, John Ma, Jez Maiden, Katarzyna Mazur-Hofsaess, Marc Owen and Sybella Stanley

- Comprise more than half of Board membership in order to meet the independence criteria set out in the Code. Ensure that no individual/small group can dominate the Board's decision making.
- Provide constructive challenge, give strategic guidance, offer specialist advice and hold executive management to account.



## Chief Executive Officer

### Deepak Nath

- Responsible for delivering and implementing Group strategy and management of the organisation as a whole. Provides information and participates in Board discussions regarding Group management and operational matters.
- Leads the Executive Committee and ensures its effectiveness in managing the overall operations and resources of the Group.
- Sets the tone at the top with regard to culture, compliance and sustainability matters.
- Ensures the Chair and Board are updated regularly regarding key matters and maintains relationships with shareholders, advising the Board accordingly.



## Chief Financial Officer

### John Rogers

- Supports the CEO in developing and implementing Group strategy.
- Responsible for ensuring effective financial reporting, investor relations, tax, treasury and financial controls are in place within the Group.
- Provides information and participates in Board discussions regarding financial matters.
- Leads the Global Finance function, developing key finance talent and succession planning.



## Company Secretary

### Helen Barraclough

- Supports the Chair and ensures Board members have access to the information required to perform their duties.
- Advises the Board on legal and corporate governance matters and supports the Board in applying the Code and complying with UK listing obligations, and other statutory and regulatory requirements.
- Provides a channel for Board and Committee communications and a link between the Board and management.





Division of responsibilities continued

## How we are governed continued

At the close of each Board meeting, the full Board meets for a short closed-session discussion; this is followed by a closed session for the Chair and Non-Executive Directors in the absence of the Executive Directors. The Chair also holds one-to-one discussions with each Board member throughout the year.

### Independence of Directors

We require our Non-Executive Directors to remain independent from management, so that they are able to exercise independent oversight and effectively challenge management. The Board has determined that all our Non-Executive Directors are independent in accordance with both UK and US requirements. None of our Non-Executive Directors or their immediate families has ever had a material relationship with the Group. None of them receive additional remuneration from the Group apart from Directors' fees, nor do they participate in the Group's share plans or pension schemes. None of them serve as directors of any companies or affiliates in which any other Director is a director. The Board considers all external directorships prior to and during appointment, reviewing any potential conflict of interests and time commitment for both Executive Directors and Non-Executive Directors.

### Management of conflicts of interest

None of our Directors, or their connected persons, has any family relationship with any other Director or Officer, or has a material interest in any contract to which the Company or any of its subsidiaries are, or were, a party during the year or up to 27 February 2026.

Each Director has a duty under the Companies Act 2006 to avoid a situation in which they have or may have a direct or indirect interest that conflicts or might conflict with the interests of the Company. This duty is in addition to the existing duty owed to the Company to disclose to the Board any interest in a transaction or arrangement under consideration by the Company.

If any Director becomes aware of any situation that might give rise to a conflict of interest, they must, and do, inform the rest of the Board immediately and the Board is then permitted under the Company's Articles of Association to authorise such conflict. This information is then recorded in the Company's Register of Conflicts, together with the date on which authorisation was given. In addition, each Director certifies on an annual basis that the information contained in the Register of Conflicts is correct.

When the Board decides whether to authorise a conflict, only the Directors who have no interest in the matter are permitted to participate in the discussion, and a conflict is only authorised if the Board believes that it would not have an impact on the Board's ability to promote the success of the Company in the long term. Additionally, the Board may determine that certain limits or conditions must be imposed when giving authorisation. No actual conflicts have been identified during the year, which have required approval by the Board. However, the situations that could potentially give rise to a conflict of interest have been identified and duly authorised by the Board and are reviewed at least on an annual basis.

### Outside directorships

We encourage our Executive Directors to serve as Non-Executive Directors of external companies. We believe that the work they do as Non-Executive Directors of other companies has benefits for their executive roles with the Company, giving them a fresh insight into the role of a Non-Executive Director.

Deepak Nath is a Board member of AdvaMed and MDIC, and John Rogers is a Non-Executive Director of Grab Holdings Limited.

### Re-appointment of Directors

In accordance with the Code, all Directors offer themselves to shareholders for re-election annually, except those who are retiring immediately after the AGM. Each Director may be removed at any time by the Board or the shareholders.

### Board support

Together with the Executive Directors and the Company Secretary, the Chair ensures that the Board is kept properly informed. Each Director has access to the Company Secretary, who helps to ensure that Board procedures and good corporate governance practices are followed. Directors are permitted to take independent professional advice at the Company's expense, if required, in order to enable them to fulfil their duties.

Each Director is covered by appropriate directors' and officers' liability insurance and there are also Deeds of Indemnity in place between the Company and each Director. These Deeds of Indemnity mean that the Company indemnifies Directors in respect of any proceedings brought by third parties against them personally in their capacity as Directors of the Company. The Company would also fund ongoing costs in defending a legal action as they are incurred rather than after judgement has been given. In the event of an unsuccessful defence in an action against them, individual Directors would be liable to repay the Company for any damages and to repay defence costs to the extent funded by the Company.



**“The work of the Committee in driving and facilitating changes to the Board over the past two years reflects our commitment to succession planning and bringing together the right talent, expertise, skills and experience, and ensuring the effective transition of responsibilities.”**

**Rupert Soames**  
 Chair of the Nomination & Governance Committee

The Terms of Reference for the Nomination & Governance Committee describe the role and responsibilities of this Committee more fully and can be found on our website.

 [www.smith-nephew.com/en/who-we-are/corporate-governance#terms-of-reference](https://www.smith-nephew.com/en/who-we-are/corporate-governance#terms-of-reference)

## Committee roles and responsibilities

- Reviewing the structure, size and composition of the Board and recommending candidates to the Board for appointment as Directors or Company Secretary.
- Monitoring the composition and range of skills, knowledge, experience, independence and diversity of the Board.
- Overseeing the annual Board evaluation process, led either externally or internally by the Senior Independent Director.
- Overseeing Board succession plans, including engaging external search consultancies and making recommendations on appointments to the Board.
- Overseeing the induction process for new Directors and the Board development programme to support the ongoing development of all Board members.
- Considering the continued independence of the Non-Executive Directors and any conflict of interest.
- Approving external directorships to be held by the Board and reviewing any conflicts of interest.

## Our focus for 2026

- Embedding feedback received from Board members through the Board Evaluation process and Board meetings into Board agendas, practice and governance in order to support continuous improvement and robust corporate governance.
- Ongoing review of Board size and composition aligned to our new RISE strategy, with a view to continuing to ensure that the Board can demonstrate a strong balance of skills, experience, knowledge and diversity in its broadest sense and to continue to evaluate potential opportunities to increase diversity within the Board and the timeline for doing so.

## Board changes in 2025

Over the past two years, Board changes have included a new Chair, six new Non-Executive Directors, one new Executive Director, a new Senior Independent Director (SID) and new chairs of the Audit and Remuneration Committees.

Sybella Stanley joined as an independent Non-Executive Director on 1 February 2025, and succeeded Angie Risley as Chair of the Remuneration Committee following a successful transition on 30 June 2025. The Board wishes to thank Angie for the huge contribution that she made during her time as Chair of the Remuneration Committee.

Bob White stepped down from the Board at the 2025 AGM due to his appointment as Chief Executive Officer of Olympus Corporation. The Board thanks Bob for his support and valuable contributions during his tenure, especially with regards to his perspectives on the customer and US MedTech environment.

Following Bob’s departure, we welcomed David King on 1 July 2025 as a Non-Executive Director and member of the Compliance & Culture and Remuneration Committees. David brings extensive experience in the healthcare and life sciences sectors, having helped transform and grow MedTech businesses both in the US and globally. His experience of the US reimbursement landscape, market access, quality and regulatory affairs and healthcare compliance add further global expertise and US experience to the Board.

On 1 September 2025, Garheng Kong was appointed as a Non-Executive Director and member of the Audit Committee. Garheng brings investment and advisory experience in the US and global MedTech and biopharma sectors and has significant clinical, technical and investment expertise having served as an executive, non-executive and as an investor, supporting innovation and growth across a number of successful businesses.

In addition, Thérèse Esperdy was appointed as Senior Independent Director designate effective 1 December 2025, and will succeed Angie Risley as SID following our 2026 AGM when Angie completes her nine years with the Board.



## Nomination & Governance Committee Report continued

Sybella, David, Garheng and Thérèse bring capabilities, skills and experience which enhance the effectiveness of the Board as a whole and we have been encouraged by their engagement and intellectual curiosity as they get up to speed rapidly on the business.

With these changes, we continue our commitment to fostering diversity in its broadest sense and to ensuring that our Board membership draws from a wide range of backgrounds and cultures.

The Committee also approved and recommended to the Board certain other measures to support succession planning while newer Non-Executive Directors gain further experience of the organisation.

Marc Owen was appointed a member of the Remuneration Committee on 23 September 2025 in order to support the evaluation of the Remuneration Policy, which we will submit to shareholders for approval at our AGM (for more details, please see pages 152 to 171). At the request of the Board, Marc has also agreed to submit himself for re-election at the AGM in May for an additional 12 months to support the transition to newer Board members. Whilst we appreciate that Marc's ongoing appointment leads to his appointment for longer than the recommended nine-year tenure, we feel it is important to ensure stability and continuity for an additional short period as we move to our RISE strategy in 2026.

### New Director appointments and process

For our new Board appointments in 2025, the Committee followed the process outlined below and considered the shortlist of candidates for each position, taking into account:

- the Company's strategic priorities moving forward and the purpose, values and culture of the business;
- the core skills and experience required on the Board and its Committees in order to effectively provide both support and scrutiny for management, strategy and operational excellence; and

– the importance of diversity in its broadest sense, taking into account the need for specific skillsets to complement Board composition.

In respect of the candidate longlists and shortlists for all of our new appointments, we took diversity in its broadest sense into account. In our appointments, we will always ensure that we select the most qualified candidate for the role in the best interests of the organisation as a whole.

### Board appointment process

- 1 Before any appointment is made, the Committee evaluates the balance of skills, knowledge, experience, independence and diversity on the Board.
- 2 In light of this evaluation, the Committee prepares a description of the role and capabilities required for a particular appointment and works with external advisers, as appropriate, to compile a shortlist of candidates based on the role description.
- 3 The Committee (together with external advisors\*) then compiles a shortlist including a broad slate of candidates from a wide range of backgrounds.
- 4 The Committee evaluates the shortlist of candidates on merit and against objective criteria, taking care to ensure that appointees have sufficient time to devote to the position in light of their other commitments. The Committee also assesses any actual or potential conflicts of interest as part of the process.
- 5 Members of the Committee interview key candidates from the shortlist. Other Board members are also involved in the interview process, as appropriate. For example, where a candidate is required to have a requisite level of financial expertise, the Audit Committee Chair and CFO would be involved in the interview process.
- 6 The Committee reviews and considers the feedback provided based on the interview process, reference checks and due diligence in arriving at a decision on a candidate to recommend to the Board.

\* Russell Reynolds was appointed as the search firm in respect of the appointment of Garheng Kong and David King in the US. Egon Zehnder was engaged for the appointment of Sybella Stanley and Thérèse Esperdy in the UK. These firms have no other connection with the Company or individual Directors.

## Highlights in 2025

- Appointment of Sybella Stanley as a Non-Executive Director effective 1 February 2025 and Chair of the Remuneration Committee with effect from 30 June 2025, transitioning the Chair role from Angie Risley.
- Appointments of David King, effective 1 July 2025 as Independent Non-Executive Director and a member of the Compliance & Culture and Remuneration Committees and Garheng Kong as Independent Non-Executive Director and member of the Audit Committee on 1 September 2025, bringing additional breadth and depth in terms of US healthcare and global MedTech expertise to the Board.
- Reviewing areas of focus for 2025 and areas of strength and for development in 2026 through the Board internal evaluation between July and September 2025 (see [pages 132 and 133](#)).
- In-depth Non-Executive discussions to close out each Board meeting on topics such as strategic opportunities for value creation, portfolio and returns, culture and performance, talent management strategy and succession planning.
- Continued implementation of comprehensive induction plans and ongoing development programmes for Board members (see [page 134](#)).

## Board and Executive succession planning

Succession planning is a key focus for the Board from both a leadership and governance perspective. The Committee regularly discuss and review Board and Committee composition and skillsets, and succession planning in respect of those elements, to ensure alignment with the Company's strategic objectives and culture pillars and to drive value creation for stakeholders.

As will have been noted with recent appointments, the Committee starts Board recruitment ahead of retirements, understanding the competitiveness of the market for high calibre candidates and the reputational risks of overboarding. Priorities for recruitment and succession planning include the ability to respond to the evolving strategic and operational demands of the organisation, adding and enhancing Board skills including in the areas of healthcare and customer perspectives, digital/cyber experience and experience in respect of AI as the organisation moves forward.

The Board discusses succession plans with management for senior executives, with two dedicated closed sessions for the Non-Executive Directors with the Chief Human Resources Officer on the talent management strategy and also on succession planning, the internal talent pipeline and the development programmes which support those initiatives. [Pages 108 and 109](#) give details of the members of the Executive Committee, 25% of whom are female and 42% of whom are ethnically diverse.

## Board Diversity

The Committee believes that a Board and management team which has a range of diverse skills, backgrounds and experience is best equipped to take the decisions that will deliver sustainable value to shareholders and other stakeholders. Our Board and Committee Diversity Policy is designed to support these principles. As part of fulfilling the objective of this policy, the Board seeks membership and candidates from diverse professional backgrounds, outlooks and experiences through structured skills-gap analysis. The Committee has activated a transparent, meritocratic succession framework designed to drive progress over the coming years and ensure we continue to have a Board which embraces diversity in its broadest sense.

The Committee will continue to appoint Board members on merit, valuing the unique contribution that they will bring to the Board, regardless of gender, ethnicity or other specific diversity measure. Our diversity statement is located on our website: [www.smith-nephew.com/en/who-we-are/corporate-governance/diversity-statements](http://www.smith-nephew.com/en/who-we-are/corporate-governance/diversity-statements).

The Committee believes the Board's composition currently gives us the necessary balance of diversity, skills, experience, independence and knowledge to ensure continued effectiveness in running the business and delivery of sustainable growth.

### **Rupert Soames, OBE**

Chair of the Nomination & Governance Committee



## Skills and experience matrix

	Tenure <sup>1</sup>	Employee engagement	CEO	Financial	International	Healthcare/ Medical Devices	Emerging Markets	Cyber/ technology	ESG	UK Governance	Remuneration
<b>Executive Directors</b>											
Deepak Nath	3y 9m	■	■		■	■	■	■	■	■	■
John Rogers	1y 9m	■	■	■	■		■	■	■	■	
<b>Non-Executive Directors</b>											
Rupert Soames	2y 8m	■	■	■	■		■	■	■	■	■
Angie Risley	8y 3m	■			■				■		■
Thérèse Esperdy <sup>2</sup>	0y 1m	■		■	■		■		■	■	■
Jo Hallas	3y 11m	■	■	■	■		■	■	■	■	■
David King	0y 6m	■	■	■	■	■	■	■			■
Garheng Kong	0y 4m	■		■	■	■	■		■		■
Simon Lowth	2y 0m			■	■		■	■	■	■	
John Ma	4y 10m	■	■		■	■	■				
Jez Maiden	2y 3m			■	■		■	■	■	■	■
Katarzyna Mazur-Hofsaess	5y 2m	■	■		■	■	■				
Marc Owen	8y 3m	■	■		■	■		■	■		
Sybella Stanley <sup>3</sup>	0y 11m			■	■			■		■	■
Bob White <sup>4</sup>	5y 0m	■			■	■	■	■			

1 Tenure based on data as at 31 December 2025.

2 Thérèse Esperdy will be appointed as Senior Independent Director at the 2026 Annual General Meeting, subject to shareholder approval of her appointment to the Board.

3 Sybella Stanley became Chair of the Remuneration Committee on 30 June 2025.

4 Bob White stepped down from the Board on 30 April 2025.

### Senior managers and above<sup>1</sup>

1,113

Female

34%

Male

66%

### UK management<sup>2</sup>

261

White 89%

Ethnically diverse 11%

## Diversity reporting

### Gender diversity

In 2025, the female representation in senior management roles held steady at around one-third of the total. We continue to encourage and develop leaders across all levels of management through personalised development, bespoke training and mentoring.

The percentage of female Board members increased year on year and we are approaching the 40% women on Boards ambition following the appointments of Sybella Stanley and Thérèse Esperdy as Non-Executive Directors. Angie Risley will step down from the Board at the Annual General Meeting on 6 May 2026.

### Ethnic diversity

In the UK, the proportion of ethnically diverse managers, at 11%, is in line with the overall employee group.

1 Senior managers and above includes all employees classed as Directors, Senior Directors, Senior Vice Presidents and Executive Officers and includes all statutory directors and Directors of our subsidiary companies at 31 December 2025.

2 As at 31 December 2025.

Our reported ambition of 25% ethnic diversity within global senior management by 2027 and our reported current percentage of 27% are calculated based on the ethnicity definitions applicable to senior management in the markets where they live and work. For senior management based in the UK, we use the Office for National Statistics' definition of ethnicity in order to calculate the proportion of ethnic diversity of senior management in the UK. Based on the composition of our business and the fact that the majority of our senior management, operations and revenue are based outside the UK, we feel it is appropriate to continue to report against a global measure in order to show our global progress.

We currently provide information to the Parker Review annually and meet the recommendation to have at least one director from an ethnic minority background with Garheng Kong, John Ma and Deepak Nath.

Additionally, in accordance with the Parker Review, we track a UK senior leadership ethnic diversity ambition of 10% by 2027. Where there are opportunities to bring senior managers into the UK organisation, we will continue to consider a broad merit slate of candidates in accordance with our hiring policies and procedures. We will continue to review and, where appropriate, revise our UK and global commitments on an annual basis.

We have numerous training courses in Learning Unlimited, our internal learning platform, for all employees on the topics of allyship, inclusion, and belonging.

Employees are encouraged to disclose missing gender, race/ethnicity, veterans and disability data, and we have made progress to ensure we have data sets that are as complete as possible. We respect the privacy rights of individuals and comply with applicable data privacy laws and regulations.

## Board and executive management diversity

Prepared in accordance with UK Listing Rule 6.6.6(10) as at 31 December 2025	Board members		Senior positions on the Board*	Executive management <sup>1</sup>	
	Number	%		Number	%
<b>Gender representation: Board and executive management</b>					
<b>Men</b>	9	64	3	9	75
<b>Women</b>	5	36	1	3	25
<b>Other categories</b>	0	0	0	0	0
<b>Not specified/prefer not to say</b>	0	0	0	0	0
<b>Ethnic background: Board and executive management</b>					
<b>White British or other White (including minority White groups)</b>	11	79	3	7	58
<b>Mixed/multiple ethnic groups</b>	0	0	0	0	0
<b>Asian/Asian British</b>	3	21	1	4	34
<b>Black/African/Caribbean/Black British</b>	0	0	0	1	8
<b>Other ethnic group, including Arab</b>	0	0	0	0	0
<b>Not specified/prefer not to say</b>	0	0	0	0	0

1. Executive management is the Executive Committee (most senior executive body below the Board).

\* Senior positions on the Board (CEO, CFO, SID and Chair).

### Explanation against LR 6.6.6(9)

The table above provides our Board and executive management diversity data as at 31 December 2025, our chosen reference date, which has been prepared in accordance with UK Listing Rule 6.6.6. One of the four senior positions on the Board (Chair, CFO, CEO or SID) was held by a woman, our Board composition included two Directors from ethnic minority backgrounds and we are approaching the 40% women on Board ambition.

The Board is pleased that two of the targets have been met but recognises that it has not yet met the target of 40% women on the Board. The overriding priority across all Board appointments remains identification of the strongest candidate for the role, based on clear search criteria.

Further detail of the focus by the Nomination & Governance Committee on the continued development of a diverse merit based talent pipeline, and the work to oversee external benchmarking to ensure Smith+Nephew has the capabilities needed for future growth, is set out on [page 129](#).

### Source of data

Data concerning gender and ethnicity representation on the Board and Executive Committee is set out above. This data was collected directly from all the individual Board and Executive Committee members.



## Board effectiveness

### Board internal evaluation

The 2025 Board evaluation, which sought to review key aspects of Board effectiveness was conducted internally by Angie Risley, the Senior Independent Director, supported by the Company Secretary. The next external Board evaluation will be in 2027.

Overall, the Smith+Nephew Board believes it is operating effectively as assessed both holistically and against the areas of focus for 2025:

- The Board agenda in 2025 has been shaped around the core areas of innovation and portfolio, strategy and operational excellence, cost management and capital allocation, and oversight of risk management and controls to identify further opportunities to drive longer-term strategic value creation.
- The Board has regularly evaluated risks, opportunities and progress on commercial and operational transformation, including through business unit strategic updates, a deep-dive session on Greater China, the transition from the 12-Point Plan to business-as-usual activities, reorganisation to a global business unit structure and the zero-based budgeting project.
- The Board has had further discussions on the macro challenges, regulations and trends globally within healthcare and MedTech. External experts have provided further insights to enhance understanding of the industry and the frameworks which the Company operates in.
- The Board held additional talent management strategy and succession planning sessions on talent pipeline and gap analysis at Board level, together with a review of long-term people strategy with an emphasis on developing strong pipelines of senior leaders. The Board and its Committees have monitored employee engagement scores, the internal talent pipeline and the development framework, in particular for high-value roles within the Company.

- Closed sessions with the full Board and also NEDs at each Board meeting have facilitated transparent and detailed discussion. Members of the ExCo and their direct reports have spent time over the year with Board members during inductions, site visits and strategic presentations fostering constructive discussion.
- The Board engaged in an AI strategic priorities session and also participated in a Cyber resilience session. The AI session focused on driving adoption of AI solutions to accelerate innovation, increase productivity and create value within an appropriate risk and governance framework. The Cyber session delivered by the CISO provided an opportunity for the Board to address Q&A and evaluate opportunities and areas of continued focus for the Board in 2026.

#### Areas of focus for 2025

#### Outcomes/outputs

##### Industry landscape and portfolio

Ongoing review of strategy and organisation, incorporating insights around market and competitors.

Landscape sessions run by internal teams and external advisers at Board meetings in 2025 to highlight winning MedTech strategies deployed within the industry and areas of focus for S+N.

##### Ongoing focus on embedding and supporting performance culture

Celebration of examples of high performance and flawless execution; ongoing evaluation of learnings to strengthen culture, iteratively incorporating feedback from internal and external sources, acknowledging areas for improvement and making changes in direction if necessary.

Recognition of presenting teams at each Board session with feedback provided to CEO and CHRO on performance. Participation of CHRO in Board sessions in order to support evaluation and coaching/development for presenters and their teams.

Review of lessons learned in key areas of focus by Board and Committees (eg IT/cyber, operations and business resilience and continuity) with support from internal teams and external advisors as appropriate. Board feedback provided at relevant sessions recognising evolution and progress and identifying areas for further improvement.

##### Crisis management, response and recovery

Continued enhancement of the Board programme to include ongoing threat analysis (incorporating market insights from external advisers as appropriate), scenario planning and the role of the Board.

Internal and external review and benchmarking of S+N's cyber posture and response to external threat actors. External presentation incorporating role of the Board and scenario planning.

##### Talent development and tracking success

Ongoing succession planning and talent strategy discussions to further refine key competencies aligned with strategy, leadership and diversity and mitigation on risks.

Two dedicated, closed Board sessions each year with CHRO and CEO on talent management strategy and succession planning.

## Outputs, outcomes and feedback from the internal Board evaluation 2025

**Board effectiveness:** The Board operates effectively, with strong relationships and a constructive environment.

**Leadership:** Recognition provided for the Chair, CEO and CFO, of their openness and ability to foster productive discussions.

**Strategic focus:** Continued in-depth Board review of strategy, market insights and operational excellence.

**Performance culture:** Ongoing focus on high performance and flawless execution was noted, with feedback loops on culture through Board listening sessions and site visits.

**Board composition and succession planning:** Continued emphasis on Industry and People/HR experiences as priorities for future Board appointments.

**Organisational succession planning:** Need for deeper understanding of high-potential talent and organisational capability.

### Areas of focus for 2026

### Outcomes/outputs

#### Continued focus on operational excellence

Continued focus on evaluating and monitoring operational excellence, customer centricity and flawless execution following completion of the 12-Point Plan to demonstrate continued improvement and credibility to stakeholders.

Board agenda to be shaped to continue to focus on evaluating and supporting the transition to the RISE strategy. Board agenda deep dives in key areas of focus; reports to be provided to Committees and reported to full Board (as appropriate) in order to manage Board time in a focused and effective way.

Focus in business reviews aligned to delivery on RISE objectives/KPIs with business unit teams; operational review sessions to be extended to 1.5 hours.

#### Evaluate and support bold ambitions for the business to drive and create shareholder value

Continue to support and challenge pathway to being a MedTech winner aligned to the ambitions outlined in RISE.

Continue to evaluate optionality of bold choices and actions for the business; Board subcommittee structure to be evaluated for use on key topics where priority/urgency is required in order to enable the Board to be positioned to move at pace and respond quickly.

#### Talent development and capabilities required to deliver on strategy

Ongoing discussions on succession planning and talent strategy to understand key competencies required to deliver on RISE.

At least two dedicated sessions with CHRO and CEO on talent management strategy, organisational capability mapping to deliver on RISE and succession planning.

Board touchpoints with Executive Committee members and their teams as part of site visits and business reviews.

#### Cyber/AI

Continued focus on cybersecurity resilience including cyber incident risk mitigation and focus on AI risks and opportunities to support the delivery of RISE.

Seek opportunities to continue to enhance and support Board awareness to take advantage of efficiencies through greater simplification and automation of our systems and processes.



## Board development

### Board induction and development programme

During 2025, structured and customised induction programmes were provided for Sybella Stanley, David King, Garheng Kong and we commenced the induction programme for Thérèse Esperdy who was appointed to the Board on 1 December 2025.

Our Board induction and development programmes are customised to address the specific needs and interests of each of our Directors. We focus the induction and development sessions on facilitating a greater awareness and understanding of our business, our stakeholders and the regulatory frameworks in which we operate.

### Induction programmes

Induction programmes are tailored to each Board member's individual skills and experiences and their roles on the Board and its Committees and include:

- Written materials and in-person presentations from our business teams on the medical devices industry, including high level information on reimbursement, market access, products and regulation.
- One-to-one meetings with senior executives to understand the organisation, the roles and responsibilities of our senior employees and specifically how we do things at Smith+Nephew.
- Meetings with our external advisers including brokers, external counsel, remuneration consultants, auditors and external counsel (as appropriate), to explain the legal and regulatory background to their role on our Board and how these matters are approached at Smith+Nephew.
- Strategic presentations and site visits tailored to Executive and Non-Executive needs respectively in order to provide a strong foundation to learn about the organisation, its history, current and future opportunities, and challenges, and to give Board

members an opportunity to ask questions and interact with our wider workforce.

In 2025, the Non-Executive induction programmes included:

- A strategic overview and introduction to MedTech and medical devices coupled with an immersive introduction to our purpose, culture pillars and people.
- One-to-one sessions with each member of the Executive Committee, Investor Relations and Finance Global Leadership Teams.
- Subject matter expert sessions on medical device regulation, healthcare compliance, ERM and inventory/asset utilisation.
- Site visits to Ft Worth, Costa Rica and Croxley together with any additional site visits as may be requested.
- Informal office touchpoints with employees at the UK Group Head Office (Croxley).
- Introductory sessions with external advisers, auditors, brokers and consultants.
- Additional internal and external sessions upon request based on interest.

### Areas of strength and focus for 2026

On an ongoing basis, we provide our Directors with both virtual and in-person opportunities to understand more about our business and the healthcare industry and support engagement with our teams and internal/external resources as appropriate; for example:

- A number of Board members have enjoyed holding employee listening sessions throughout the year, both physically and virtually, where they have talked with employees and heard their views on what it means to work for Smith+Nephew. These sessions are discussed in more detail on [page 140](#).
- In December 2025, Board members were invited to Capital Markets Day sessions in both London and New York in person and were able to attend sessions virtually, which provided further insight into the global product innovation strategy across each of our

business units and our differentiated product pipeline, together with the opportunity to meet our investors.

- All Board members have access to a library of Board induction and development internal materials within our Board resource portal, as well as recommendations on thought leadership articles, materials, webinars and other resources.
- We have arranged sessions on external perspectives on the healthcare industry and macro trends/insights on topics of interest/relevant to the Board.

The Chair regularly reviews the development needs of individual Directors and the Board as a whole as a part of closed wrap-up sessions for Non-Executive Directors.

## Board site visits

2025 site visits were aligned to key strategic and operational priorities for the Board, with a focus on Smith+Nephew's Advanced Wound Management business in Fort Worth, and continued improvements in Costa Rica, Croxley and our other sites. In addition to the formal site visits, our Non-Executive Directors also visited various sites throughout the year (see map) with customised programmes providing on-the-ground insights into Smith+Nephew's global business unit organisation, strategy, operations, innovation, risk, people and culture, regulators, government, investors, local communities and the environment.

### 2. Croxley (UK)

Board members toured the Academy and surgeon centre and had a hands-on experience and product demonstrations.

Board Directors who visited

**David King, Garheng Kong, Thérèse Esperdy**

Site visits and Board Directors who visited

### 4. Andover (US)

Rupert Soames

### 5. Pune (India)

Rupert Soames

### 6. Singapore

Rupert Soames

### 7. Austin (US)

Rupert Soames

### 8. Costa Rica

Rupert Soames, Jez Maiden, Simon Lowth

### 9. Shanghai and Suzhou (China)

Rupert Soames and Jez Maiden



### 3. Suzhou (China)

The visit included a tour of the manufacturing facilities, offices and laboratories and engagement with AWM employees at a Town Hall meeting.

Board Directors who visited

**Jez Maiden**

### 1. Fort Worth (US)

The Board visited S+N's Clearfork offices in Ft Worth for a full day site visit which included a presentation from the AWM Global Leadership team on the AWM Vision for 2030 and the drive for market leadership through addressable market opportunities. The Board had a detailed presentation on product portfolio, value proposition and US and global acceleration through product differentiation, market access, business development and digital innovation. The Board engaged in a broad discussion on sustainability of market growth given new market entrants, products and go-to-market models, together with the reimbursement environment and pricing pressure on payors and the competitive landscape. The Board enjoyed lunch in a small group setting with a number of our Life Council, EIG leads and employees to hear the voice of the employee and product demonstrations including PICO, RENASYS, ALLEVYN, LEAF, SANTYL and VERSAJET and joined sales representatives to understand more about their role and experiences at Smith+Nephew, industry trends and the view of the organisation from

a rep perspective. The Board also had a tour of the Vickery site and heard about the improvements made by the Wound Operations and Quality teams in accordance with their KPIs and the implementation of the Smith+Nephew Operating System (SNOS), contract manufacturing and operational resilience in accordance with the network strategy and footprint.

Board Directors who visited

**Rupert Soames, Deepak Nath, John Rogers, Simon Lowth, Jez Maiden, Jo Hallas, John Ma, Katarzyna Mazur-Hofsjaess, Marc Owen, Angie Risley, Sybella Stanley**



# Compliance & Culture Committee Report



**“Smith+Nephew continues to strengthen employee engagement, focus on maintaining and improving quality and safety standards and enhancing its compliance programmes in line with its ethos of continuous improvement, its purpose of Life Unlimited and culture pillars of Care, Courage and Collaboration.”**

**Marc Owen**  
Chair of the Compliance & Culture Committee

The Terms of Reference for the Compliance & Culture Committee describe the role and responsibilities of this Committee more fully and can be found on our website.

[www.smith-nephew.com/en/who-we-are/corporate-governance#terms-of-reference](https://www.smith-nephew.com/en/who-we-are/corporate-governance#terms-of-reference)

## Committee roles and responsibilities

### Ethics and compliance

- Overseeing the effectiveness of ethics and compliance programmes, strategies and plans.
- Monitoring ethics and compliance process improvements and enhancements.
- Reviewing whistle-blower policies and overseeing investigation reports.
- Assessing compliance performance based on monitoring, auditing, and internal and external investigations data.
- Discussion of significant potential compliance issues under privilege.
- Receiving reports from the Chief Compliance Officer on ethics and compliance matters.
- Reviewing implementation of the global data privacy compliance framework and other regulatory developments which impact our business.

### Sustainability

- Overseeing our ESG strategy and its alignment to the priorities of our stakeholders and reviewing its performance against targets and metrics through the use of our ESG dashboard.
- Reviewing sustainability initiatives which are designed to support the delivery of our business strategy and purpose and assessing their alignment with stakeholder’s requirements.
- Receiving reports from the ESG Steering Committee and updates on stakeholder engagement to monitor the progress of the ESG strategy.

### Culture

- Assessing organisational effectiveness and reviewing and providing oversight of how the Company’s culture is embedded throughout the business and aligned with our business strategy and purpose.
- Overseeing arrangements for Board listening sessions with employees which aim to proactively support and reinforce our strategy and shared purpose of Life Unlimited, and our culture of Care, Courage and Collaboration. These sessions provide the Board with an opportunity to engage directly with employees to understand employee perspectives on certain topics. The Committee monitors and assesses the outcomes to identify areas for future enhancement and further embedding of the Company’s culture.
- Receiving and assessing performance against purpose and culture and engagement.

### Quality and Regulatory Affairs (QARA)

- Reviewing and providing oversight of the processes through which regulatory and quality risks are managed.
- Monitoring trends and activities relating to regulatory and quality risks and events to ensure they are aligned with our business strategy and purpose.
- Receiving and assessing regular functional reports and presentations from the Chief QARA Officer on QARA strategy and operations.

## Our focus for 2026

- Continued evaluation of the impact of ethics and compliance, regulatory, quality and cultural activities, and trends to support the Group's business strategy and purpose.
- Monitoring the Company's progress against our ESG strategy to ensure it remains aligned with the Group's business strategy and purpose, including measuring the impact of actions taken against the strategy's objectives, such as the Company's commitment to its net zero roadmap by 2045.
- Continued oversight of stakeholder engagement and interests aligned with the Group's ESG strategy.
- Assessing the impact of Committee and Board decision making on our people, communities and the environment.
- Continue Board listening sessions (with a key focus on the business strategy and enhancing leadership skills) to supplement the annual employee engagement survey, which is the primary mechanism by which the Board gains insight and understanding into the health of the organisation and employee perspectives on the Company.
- Monitoring the actions taken by management following the Board employee listening sessions.
- Review and approval of key annual disclosures such as the Sustainability Report and Modern Slavery Statement.
- Monitoring the continued effectiveness of the Ethics & Compliance Program.
- Reviewing the evolution of the Ethics & Compliance framework in line with organisational and external changes.

## Committee meetings

In 2025, the Committee held four meetings. The Chair, CEO, CFO, Group General Counsel and Company Secretary, Chief Compliance Officer, Chief QARA Officer, Chief HR Officer, President of Global Operations and VP ESG also attended all or part of the meetings by invitation.

## Ethics and compliance

As stated in the Code of Conduct, the sustainability of our business depends on doing business the right way and ensuring that we work with third parties who adhere to business principles consistent with our own.

The Chief Compliance Officer provides regular reports to enable the Committee to evaluate the effectiveness of the Global Compliance programme and understand the audit, monitoring and continuous improvement activities undertaken to ensure that our ethics and compliance programme continues to evolve aligned to our business strategy and purpose.

The Committee is provided with updates on potentially significant issues which are raised through the Company's hotline or to our Compliance team and the Company's response to such matters. It also receives an annual whistle-blower effectiveness review as well as details of investigations, actions taken to address substantiated matters and developing trends.

The Committee receives updates on potentially significant findings from compliance audits and oversight actions, including details of the mitigating actions taken. On an annual basis the Committee receives a trend analysis of audit findings and root cause analysis with details of any programme changes required to address evolving trends. The Committee continues to receive a report on the self-assessment of the compliance programme against the US Department of Justice Evaluation of Corporate Compliance Programs guidance.

Reports to the Committee demonstrate that the organisation has established mature processes and controls over compliance and ethics reporting and investigations. The Company enhances its framework and programmes to manage risk within the evolving internal and external environment in which it operates and to take account of insights from across the industry which may impact our ethics and compliance programme.

Throughout the year the Committee receives updates on topical compliance developments affecting the Group. In 2025, the Committee explored focus topics including data privacy, changes in the US landscape and the evolution of the compliance framework governing engagements with healthcare professionals. The Committee also received updates on internal process enhancements, including changes designed to improve accessibility to resources and tools, and the launch of new policies applicable to ethics risk factors.

## Sustainability/ESG

The Committee received updates throughout the year from the President Global Operations and Vice President ESG on our performance against People, Planet and Products initiatives.

Utilising dashboards and strategy reporting developed by the ESG Steering Committee, the Committee monitors management actions taken and tracks progress against the organisation's ESG objectives through KPIs, metrics and leading stakeholder indicators. The Committee reviewed progress against the ESG strategy throughout the year to assess its alignment with the ESG priorities of the Company's stakeholders and its continued focus on driving business value. Based on stakeholder and industry best practice assessments, the Committee confirmed the Company's ESG objectives.



## Compliance & Culture Committee Report continued

At each of its meetings the Committee was provided with updates on Scope 1 and 2 Greenhouse Gas Emissions reductions and renewable energy investments including green certificates (Renewable Energy Credits) to support emissions reductions.

In February 2025, the Committee approved the 2024 Sustainability Report and reviewed the approach for the 2025 Sustainability Plan. The Committee also considered and approved the Modern Slavery Statement which can be found on the Smith & Nephew plc website.

During April 2025, the Committee was updated about activities undertaken to support customers with their own ESG goals, including how customers' feedback regarding product sustainability was incorporated into the sustainability review process for new products. In particular, the Committee noted that the feedback would be used to identify areas of most importance to customers and to track performance against packaging reduction and cost saving KPIs. The Committee also monitored the changes proposed to the timing and implementation and scope of the EU's CSRD sustainability reporting framework.

In July 2025, the Committee received the five-year ESG Strategic Plan which had been developed to support the Company's 2030 vision and focussed on key elements related to customers, employees, community and investors. The Committee noted that the plan included enhanced emphasis on achieving 'net-zero' carbon emissions targets, improving product and packaging sustainability, coordinating ESG regulatory reporting and communicating our ESG credentials to customers.

The Committee also reviewed our external ESG ratings and a roadmap to meet the Company's 2040 and 2045 net zero carbon emissions objectives and the actions being taken to achieve them.

The Committee reviewed the Group's global health, safety and environment (HSE) programme and monitored the practices and processes used to ensure the safety of our employees using industry performance metrics including OSHA Recordables and Lost Time Injuries. The Committee reviewed management reports and was satisfied with actions taken to mitigate risk and the continued development of new initiatives to enhance our HSE programme.

In December 2025, the Committee reviewed progress made against KPIs to achieve reductions in materials used for product packaging, including how packaging was being redesigned to respond to customers' requirements for better storage, to achieve cost savings and improve environmental benefits through reductions in single use plastics. The Committee Chair continues to engage with investors, governance teams and other stakeholders on sustainability and ESG topics.

## QARA

Product safety and effectiveness are fundamental to our business. Regulatory authorities worldwide maintain an increasingly complex and evolving framework of laws and regulations governing the design, development, approval, manufacture, labelling, marketing, and sale of healthcare products.

At each meeting, the Committee receives summary reports and reviews the Company's performance against both internal and external KPIs and metrics to ensure that quality and regulatory activities remain aligned with the Company's strategy and purpose.

The Committee receives regular briefings from the Chief QARA Officer on key quality and regulatory matters. This includes reviews of outcomes from external regulatory inspections and audits conducted by the FDA and other regulatory authorities, as well as updates on continuous improvement programmes and related activities.

In addition, the Committee reviews the results of internal quality audits and monitors key performance indicators associated with critical quality and regulatory compliance processes. The Committee also receives updates on the Company's preparedness for emerging and evolving regulatory requirements applicable to the business, including changes to the EU Medical Device Regulation, MHRA post-market surveillance requirements, and the EU AI Regulation.

The Committee oversees the Group's post-market surveillance processes and escalation pathways to ensure issues are investigated and resolved promptly through standardised procedures. Trends are identified and assessed for changes in risk profile. At each meeting, the Committee receives detailed reports on complaints data, including analysis of complaint types, volumes, risk levels, and regulatory reporting timeliness.



For more information download our 2025 Sustainability Report

## Culture

The Company's core purpose of Life Unlimited and the supporting culture pillars of Care, Courage and Collaboration continue to drive performance and accountability throughout the organisation globally. Our strategic objectives and culture pillars provide alignment across our business and stronger understanding by employees of their role in supporting our collective success.

At each meeting, the Committee received briefings and updates on culture from the Chief HR Officer demonstrating progress in key areas of focus which centred around initiatives to enhance and further embed our culture including employee experience; enhancing people leader capabilities, organisational effectiveness and embedding change.

As part of the focus on employee experience the Committee reviewed the Group's approach to total reward and employee wellbeing and discussed how it had evolved to achieve its key objectives to attract, motivate and retain employees. The reward programme focused on enhancing employee engagement, encouraging the right behaviours and rewarding high performance.

The Gallup Global Engagement Survey is used to track progress on employee engagement and associated internal and external KPIs and metrics are used to ensure the organisation is achieving its objectives.

The 2025 survey results were shared with the Committee, which allow Smith+Nephew to benchmark against similar companies in our industry. In 2025 the employee participation rate increased to 95% and engagement scores improved across each area of the survey, demonstrating how we are building and embedding a culture where Care, Courage, Collaboration, and continuous improvement drive our success.

The Committee was pleased to celebrate the Company receiving the Gallup Exceptional Workplace Award for the second year in a row in 2025 and noted that the Company had displayed an improvement trajectory above the majority of other Gallup participants.

The Committee was made aware of the positive impact of the 2025 wellbeing events, including mental health awareness/resilience, Pride events, a wide range of events around International Women's Day, in-person volunteering events and cultural networking events.



**Board members met employees at the Fort Worth site visit to help gain a deeper understanding of our culture.**

## Our culture

The Board is committed to the purpose of Life Unlimited and supporting and embedding a strong culture within the organisation. Our strong cultural pillars of Care, Courage and Collaboration promote good governance across our business and are crucial to fostering an environment of ethical performance. A key forum where culture is at the top of the agenda is the Compliance & Culture Committee, which monitors and measures the ways in which culture is embedded in the organisation.



Five Board listening sessions were held during 2025.

### Code of Conduct

The Code of Conduct is reviewed by the Board annually and approves any amendments. Our Code of Conduct sets out the expected behaviours and as such is a clear foundation of our corporate culture.

Each Board member is required to certify compliance with the Code of Conduct annually.



**Our Code of Conduct is available to view at [www.smith-nephew.com/en/compliance](http://www.smith-nephew.com/en/compliance)**

### Board, Committee, Strategy meetings

Routine reporting at Board, Committee and strategy meetings together with senior employees' attendance and presentations provide valuable insight into culture across the Group.

The Board effectively engages with employees at site visits and meetings held at the Company's offices.

### Employee Inclusion Groups

The Board recognises that a culture of inclusivity is key to enable individuals to thrive. Our EIGs are driven by our employees and their passion to foster an ethos of belonging and create a community to discuss relevant topics, knowing that their voice and contributions matter.

### Whistle-blowing

The Board has ensured that there is a clear and accessible platform for employees to confidentially raise any concerns through the whistle-blowing hotline. A report on whistle-blowing matters including trends and monitoring is presented to the Committee. This information is a key alert to any cultural issues and workforce concerns.

### Board listening sessions

In 2025, Board members in addition to Committee members engaged in listening sessions and other touchpoints with employees during their visits to the Company's facilities, enabling them to experience the employee voice in different ways.

Directors engaged with employees across the globe during five Board listening sessions in 2025. A wide variety of matters were discussed, including how to build a high performance culture, align strategic priorities, improve customer experience and enhance future technology, including AI. These sessions are a key opportunity for the Board to monitor the cultural climate of the Group and develop initiatives to further embed and enhance our culture.

### Employee annual engagement survey

A positive and collaborative culture for employees is key to enabling delivery of organisational success. The annual Global Engagement Survey is reviewed by the Board and considered to be a helpful indicator of culture across the Group and provides insights at each level of the business.

**16,000+**

**95% of colleagues' shared their feedback**

### Outcomes of embedding our culture

- Improved employee participation at 95%, overall evidence of higher engagement and winner of the Gallup Exceptional Workplace Award.
- Developing and retaining talent.
- Opportunities for employees to bring their whole selves to work.



**“The Audit Committee has maintained its focus on supporting management to deliver high quality financial reporting, robust controls, effective risk management and a dynamic finance organisation.”**

**Jez Maiden**  
 Chair of the Audit Committee

The Terms of Reference for the Audit Committee describe the role and responsibilities of this Committee more fully and can be found on our website.

 [www.smith-nephew.com/en/who-we-are/corporate-governance#terms-of-reference](https://www.smith-nephew.com/en/who-we-are/corporate-governance#terms-of-reference)

## Committee roles and responsibilities

- Ensuring the integrity of the Company’s financial reporting to shareholders and any announcements relating to the Group’s financial performance.
- Ensuring financial statements comply with UK and US statutory requirements.
- Reviewing the content of the Annual Report and advising the Board on whether, taken as a whole, it is fair, balanced and understandable, and providing the information necessary for shareholders to assess the Company’s performance, business model and strategy.
- On behalf of the Board, reviewing management’s assessment of and reporting on the effectiveness of internal controls, and compliance with the 2024 UK Corporate Governance Code (Code) and the Sarbanes-Oxley Act 2002.
- Ensuring the effectiveness and independence of the Internal Audit function, agreeing audit plans and considering outcomes of internal audits.
- Reviewing the operation and ensuring the effectiveness of the Group’s risk management and internal control framework.
- On behalf of the Board, carrying out a robust assessment of the principal and emerging risks facing the Group.
- Ensuring the effectiveness and independence of the external auditor, agreeing the scope of audits (including materiality thresholds and areas of risk for focus), and the auditor’s fees and terms of engagement.
- Monitoring enhancements to fraud assessment and considering any reported frauds and any concerns raised by the Company’s whistle-blowing process.
- Overseeing other matters, including cybersecurity, IT governance, tax and treasury.

## Our focus for 2026

In delivering its responsibilities in 2026, the Committee will prioritise key areas, including:

### Financial reporting and external audit

- Continued monitoring of a project to report against the EU’s CSRD and the UK’s sustainability reporting standards and the wider impact on the Group’s sustainability reporting.
- Monitoring the Group’s readiness for IFRS 18 *Presentation and Disclosure in Financial Statements* which will be effective from 1 January 2027.

### Internal controls

- Reviewing transformation and automation control initiatives to decrease manual controls reliance.
- Monitoring the design and effectiveness of IT controls to ensure financial reporting systems continue to operate effectively.
- Overseeing the implementation of a material controls assurance programme to meet the new requirements of Provision 29 of the Code from 1 January 2026.

### Risk management

- Assessing the impact of a changing global environment on the Group’s principal risks, together with monitoring of cyber resilience, as part of the Group’s ongoing investment and maturity programme.

### Finance organisation

- Overseeing the implementation of changes to the way the finance function delivers its services to the Group, including the implementation of a new single ERP system and assessing the benefits realised.
- Expanding the Committee’s exposure to finance resource across the Group, supporting talent development.



## Audit Committee Report continued

### Committee meetings

The Committee met seven times during the year, with meetings timed to coincide with the financial and reporting cycles of the Company. In addition, the Committee met with both the Company’s external auditor and Group Head of Internal Audit (GHIA) without management present. The Committee Chair held individual meetings with the external auditor, CFO, GHIA, Group Financial Controller and the Group Head of Financial Controls and Compliance throughout the year.

All members of the Committee are deemed to be Independent Directors and I am the designated financial expert under the SEC Regulations and, along with Simon Lowth, we are the Committee members with recent and relevant financial experience in accordance with the Code.

### 2025 key activities and highlights

As part of its responsibilities, set out above, the Committee’s particular areas of focus in 2025 included:

#### Financial reporting and external audit

- Assessing and challenging the adequacy of the inventory excess and obsolescence provision including the incremental provision in relation to the strategic review of the product portfolio.
- Considering significant and other financial matters which could impact the financial statements, as set out on [pages 143 and 144](#).
- Reviewing the appropriateness of the disclosures made in the half year financial report and the annual financial statements and related announcements.
- Supporting Deloitte during their second audit in 2025 and reviewing actions taken to improve the efficiency of the audit through increased collaboration with management and the enhanced use of technology and data analytics.

- Monitoring changes to the timing of the implementation and scope of the EU’s CSRD sustainability reporting framework and the implications for the Group and its EU subsidiaries and receiving regular updates on management’s development of reporting changes.
- Supporting the Remuneration Committee in its assessment of, selection of and performance against financial metrics in short-term and long-term incentive schemes.

In September 2025, the Financial Reporting Council (FRC) issued a comment letter to the Group in relation to its Annual Report and Accounts for the year ended 31 December 2024. The Committee reviewed the proposed responses and agreed a change to the future accounting treatment of Orthopaedic instruments provided to customers on consignment. The FRC closed its review in January 2026.

#### Internal controls

- Reviewing and challenging management on the effectiveness of the system of internal control, including considering and responding to findings from external audit, internal audit and management’s own testing.
- Reviewing the operation of financial controls across the Group, including delivery of continued improvement in the financial control environment. This includes initiatives to implement continuous monitoring in certain control areas and adapt other areas to evolving risks.
- Continued focus on monitoring improvements in the scope and maturity of IT controls, including faster identification and remediation of deficiencies using improved data analysis, and the addition of four IT systems for review.
- Reflecting the new requirement under Provision 29 of the Code, for the Board to confirm the effectiveness of material controls, the Committee reviewed the Group’s material controls using a risk-based approach reflecting the 11 principal risks. The Committee reviewed testing of controls effectiveness and agreed proposed assurance reviews using existing internal resources.

### Internal audit and risk management

- Confirming the continued operation of a satisfactory control environment across the Group, through monitoring of the planning and delivery of an efficient, high-quality internal audit programme, focused on compliance, process and risk-driven audits as set out under Internal Audit on [pages 145 and 146](#).
- On behalf of the Board, monitoring the Group’s ERM framework, including the control and mitigation of principal risks against agreed risk appetites.
- Regular ‘deep dives’ into the Group’s information and cyber security resilience, including updates on incidents, threat monitoring and controls, education and awareness campaigns and maturity posture.



**The Committee has engaged in work to confirm the effectiveness of all material controls from 2026.**

## Finance organisation

- Received regular updates on plans for the implementation in 2026 of initiatives to transform the delivery of the finance functions services including a new integrated reporting system to enhance the strategic insight that the finance function provides to the business.
- Reviewing treasury and tax operations, including developments in relation to US tax reforms and interaction with the global tax system ('Pillar 2').
- Monitoring and supporting management changes in key finance roles, including a new Group Financial Controller.

## Significant matters related to the financial statements

We considered the following key areas of judgement in relation to the 2025 financial statements and at each half year and quarterly trading report, which we discussed in all cases with management and the external auditor:

## Valuation of inventories

A feature of the Orthopaedics business unit (which accounts for approximately 68% of the Group's total inventory and approximately 79% of the total provision for excess and obsolete inventory) is the high level of product inventory required, some of which is located at customer premises and is available for customers' immediate use. Complete sets of products, including large and small sizes, have to be made available in this way. These sizes are used less frequently than standard sizes and, towards the end of the product life cycle, are inevitably in excess of requirements. Adjustments to carrying value are therefore required to be made to orthopaedic inventory to anticipate this situation. These adjustments are calculated in accordance with a formula based on levels of inventory compared with historical usage. This formula is applied on an individual product line basis and typically is first applied when a product group has been on the market for two years. This method of calculation is considered appropriate based on experience, but it does involve management estimation of customer demand, effectiveness of inventory deployment, length of product lives and phasing out of old products.

As noted above, the Group also undertook a strategic review of its product portfolio in 2025 and identified a number of SKUs to be rationalised. Management estimated the demand and timing of phase-outs for these SKUs and charged an incremental provision for excess and obsolete inventory.

### Our action

At each quarter end, we received reports from, and discussed with, management the level of inventory provisioning and material areas at risk. The provisioning level was 26% at 31 December 2025 (2024: 20%). We challenged the basis of the provisions and concluded that the proposed levels were appropriate and have been consistently estimated.

We further challenged the assumptions used in the incremental provision for products that are being rationalised to ensure the assumptions used were appropriate.

## IT systems

The Group's IT systems form a key component of the Group's financial reporting activities. The Group operates key IT controls to monitor and mitigate privileged access to key systems, and prevent inappropriate changes being made in relation to application integrity and transactional processing. Given the reliance placed on these systems, IT controls testing is fundamental to Deloitte's audit approach.

### Our action

We reviewed management's reports on the testing of IT general controls, including the remediation of deficiencies. The Committee noted significant improvements in the number and speed of resolution of IT control deficiencies.



## Other matters related to the financial statements

As well as the identified significant matters, other matters that the Committee considered during 2025 were:

### Impairment

In carrying out impairment reviews of goodwill and acquisition intangible assets, a number of significant assumptions have to be made when preparing cash flow projections. These include the future rate of market growth, discount rates, the market demand for the products acquired, the future profitability of acquired businesses or products, levels of reimbursement and success in obtaining regulatory approvals. We reviewed and challenged management's key assumptions and their sensitivity analysis and concluded that no material impairments were required. The Committee also reviewed and supported the removal of impairment of Orthopaedic goodwill assets as a significant matter, following good progress in improving the performance of the business.

### Going concern

The impact of a global economic downturn has been considered as part of the adoption of the going concern basis in these financial statements. We reviewed three-year projections as part of the Group's Strategic Plan, and also more detailed cash flow scenarios for a period of at least 12 months from the date of approval of the financial statements, for going concern purposes and concurred with management that the continued adoption of the going concern basis is appropriate, as set out on [page 146](#).

### Taxation

The Group operates in numerous tax jurisdictions around the world and is subject to factors that may affect future tax charges. We annually review policies and approve the principles for management of tax risks. We review regular reports from management evaluating the existing tax profile, tax risks and tax provisions. Based on a thorough report from management of tax liabilities and our challenge of the basis of any tax provisions recorded, we concluded that the levels of provisions and disclosures were appropriate.

### Post-retirement benefits

The Group has post-retirement defined benefit pension schemes, which require estimation in setting the assumptions. We received a report from management setting out their proposed assumptions for schemes in the UK, Switzerland and Germany and concurred with management that these assumptions were appropriate.

### Non-IFRS financial information

The Group reports a number of non-IFRS metrics to assess its performance. The Committee annually reviews the non-trading items policy and approves specific items within the policy.

### Liability provisioning

The Group has provisions for legal disputes which require estimation. We received regular updates from the Group General Counsel & Company Secretary. These updates form the basis for the level of provisioning. We received detailed reports from management, including the actuarial model used to estimate the provision for metal-on-metal hip claims, and challenged the key assumptions. We noted the continued reduction in outstanding claims and concurred with management that the proposed levels of provisioning at year end of \$107 million included within 'provisions' in Note 17.1 in 2025 (2024: \$123 million) were appropriate in the circumstances.

### Climate change

The impact of climate change has been considered as part of our review of the impairment testing of goodwill and acquired intangible assets, and the going concern assessment. We have also considered the disclosures on climate change and considered them appropriate.

### Since the year end

We have reviewed the results for the full year 2025 and the Annual Report 2025, and have concluded that they are fair, balanced and understandable. In coming to this conclusion, we have considered the description of the Group's strategy and key risks, the key elements of the business model, which is set out on [pages 14 and 15](#), and the KPIs and their link to the strategy.

## External auditor

### Independence of external auditor

Deloitte LLP (Deloitte) was appointed auditor of the Company with effect from 1 January 2024, as approved by shareholders at the AGM in May 2024. We are satisfied that Deloitte is fully independent from the Company's management and free from conflicts of interest. Our Auditor Independence Policy, which ensures that this independence is maintained, forms part of the Committee's terms of reference and is available on the Company's website.

We believe that the implementation of this policy helps ensure that auditor objectivity and independence is safeguarded. The policy also governs our approach when we require our external auditor to carry out non-audit services, and all such services are strictly governed by this policy.

The Auditor Independence Policy also governs the policy regarding audit partner rotation, with the expectation that the audit partner will rotate at least every five years. Andrew Bond was appointed as our senior lead audit partner on 1 May 2024.

The Committee confirms it has complied with the provision of the Competition and Markets Authority (CMA) Order 2014 and the FRC's Minimum Standard for Audit Committees.

### Effectiveness of external auditor

We conducted a review into the effectiveness of the external audit in 2025, in line with previous years. We sought the views of the Committee and key members of the finance management team, considered the feedback from this process and shared it with management.

During the year, we also considered the inspection reports from the Audit Oversight Board in the UK and determined that we were satisfied with the audit quality provided by Deloitte.

The Committee receives feedback from Deloitte at each meeting where management present their summary of critical accounting estimates as at each quarter end and during the Committee's private sessions with the auditors which are held throughout the year.

The Committee noted that the greater centralisation of the audit, increased use of analytics to test 100% of transactions and leveraging of existing control frameworks had supported greater audit efficiency.

Overall, we concluded that Deloitte had carried out their audit for 2025 effectively.

### Appointment of external auditor at AGM

Resolutions will be put to the AGM to be held on 6 May 2026 for the re-appointment of Deloitte LLP as the Company's auditor and authorising the Board to determine their remuneration, on the recommendation of the Committee in accordance with the CMA Order 2014.

### Disclosure of information to the auditor

In accordance with section 418 of the Companies Act 2006, the Directors serving at the time of approving the Directors' Report confirm that, to the best of their knowledge and belief, there is no relevant audit information of which the auditor, Deloitte, is unaware, and the Directors also confirm that they have taken reasonable steps to be aware of any relevant audit information and, accordingly, to establish that the auditor is aware of such information.

### Non-audit fees paid to the auditor

Non-audit fees are subject to approval in line with the Auditor Independence Policy, which is reviewed annually and forms part of the terms of reference of the Committee.

The Committee recognises the importance of the independence of the external auditor and ensures that the auditor's independence should not be breached. The Committee ensures 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.

Any pre-approved aggregate or individual amounts up to \$25,000 may be authorised by the SVP Group Finance and amounts up to \$50,000 by the CFO. Any individual amount over \$50,000 must be pre-approved by the Committee Chair and if necessary, and to the extent determined by the Committee Chair, the work will be referred to the Committee. If unforeseen additional permitted services are required, or any which exceed the amounts approved, again pre-approval by the Chair of the Committee is required.

The following reflects the non-audit fees incurred with Deloitte in 2025 and 2024, which were approved in accordance with the Auditor Independence Policy.

	2025 \$ million	2024 \$ million
Audit-related services	0.6	0.4
Assurance-related services	—	—

Audit-related fees in 2025 primarily consisted of routine services and were deemed by the Committee not to infringe upon auditor objectivity or independence.

Following a competitive tender process, the Committee approved the selection of Deloitte as the Company's Corporate Sustainability Reporting Directive (CSRD) assurance provider, should this be required for future reporting periods. Deloitte has confirmed that assurance of CSRD will be standalone from the financial audit and the Committee concluded that the appointment would not infringe upon auditor objectivity or independence.

The ratio of non-audit fees to audit fees for the year ended 31 December 2025 is 0.06. The ratio of non-audit fees to audit fees for the year ended 31 December 2024 was 0.04.

Full details are shown in Note 3.2 to the Notes to the Group accounts.

### Audit fees paid to the auditor

Fees for professional services provided by Deloitte, the Group's independent auditors and other local statutory auditors in each of the last two fiscal years, in each of the following categories were:

	2025 \$ million	2024 \$ million
Audit fees	9.4	9.1
Audit-related fees	0.6	0.4
Total	10.0	9.5

### Internal audit

The Internal Audit team, which reports functionally to the Committee, provides independent and objective assurance and consulting services, designed to add value and to improve the Group's operations. It carries out risk-based reviews across the Group that examine the management of risks and controls over financial, operational, commercial, IT and transformation programme activities.

The Internal Audit team, led by the GHIA, consists of appropriately qualified and experienced employees. Third parties may be engaged to support audit work as appropriate.

The GHIA has direct access to, and has regular meetings with, the Committee Chair and prepares formal reports for Committee meetings on the activities and key findings of the function, together with the status of management's implementation of recommendations. The Committee has unrestricted access to all internal audit reports, should it wish to review them.



## Audit Committee Report continued

During the year, the team completed 33 audits and reviews across the Group. These covered significant aspects of all 11 principal risks and included: financial controls effectiveness and market reviews across the Group; IT and programme assurance reviews, including data security, Artificial Intelligence, and cyber maturity. Group-level reviews included ERM effectiveness, data privacy, supplier master data, sales inventory and operational process effectiveness, travel and expenses and purchase cards controls, and contingent worker management. Reviews of US processes included field inventory controls, rebates processes, sales incentives controls, commercial execution and accounts payable processes. The team also performed reviews of the China channel and distributor management processes, and the integration of CartiHeal. Management has taken swift action to implement Internal Audit's recommendations. The team continues to leverage data analytics combined with on-site and remote audit work as appropriate.

The team carries out its work in accordance with the Institute of Internal Auditors' International Professional Practices Framework. Its performance is annually assessed using a structured questionnaire, allowing non-executive, executive and senior management, plus the external auditor, to comment on key aspects of the function's performance. The Committee, which re-approved the function's charter in December 2025, has satisfied itself that adequate, objective internal audit standards and procedures exist within the Group and that the Internal Audit function is effective.

### Risk management programme

The work the Committee has carried out in respect of risk management and internal controls is explained in the Risk Report on [pages 78 to 94](#).

### Viability Statement

The Committee reviewed management's work in conducting a robust assessment of those risks which would threaten the business model and the future performance or liquidity of the Company, including its resilience to the threats of viability posed by those risks in severe but plausible scenarios.

Based on this analysis, the Committee recommended to the Board that it could approve and make the Viability Statement on [page 95](#).

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Financial Review on [pages 18 to 25](#) and the principal risks on [pages 83 to 94](#).

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on [pages 18 to 25](#). In addition, the Notes to the Group accounts include: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group has considerable financial resources, and its customers and suppliers are diversified across different geographic areas. As a consequence, the Directors believe that the Group is well placed to manage its business risk successfully despite the ongoing uncertain economic outlook.

The Group has considered several scenarios (refer to Viability Statement on [page 95](#)) including the continued uncertainty as to the future impact on the financial performance and cash flows of the Group as a result of a global economic downturn as part of the adoption of the going concern basis in these financial statements. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis for accounting in preparing the annual financial statements. Management also believes that the Group has sufficient working capital for its present requirements.

### Code of Ethics for Senior Financial Officers

We have adopted a Code of Ethics for Senior Financial Officers, which applies to the CEO, the CFO, the Group Financial Controller, and the Group's senior financial officers. There have been no waivers to any of the Code's provisions, nor have there been any substantive amendments to the Code during 2025 or up until 27 February 2026. A copy of the Code of Ethics for Senior Financial Officers can be found on our website.

In addition, every individual in the finance function certifies to the CFO that they have complied with the Finance Code of Conduct.

#### Jez Maiden

Chair of the Audit Committee



**The Committee continues to support John Rogers, the CFO, in his Next Generation Finance initiative, improving the way finance support is delivered to the business.**



**“Our remuneration arrangements are designed to be closely aligned with the delivery of our strategic priorities, which include sustainable value creation and long-term growth.”**

**Sybella Stanley**

Chair of the Remuneration Committee

The Terms of Reference for the Remuneration Committee describe the role and responsibilities of this Committee more fully and can be found on our website.

 [www.smith-nephew.com/en/who-we-are/corporate-governance/terms-of-reference](https://www.smith-nephew.com/en/who-we-are/corporate-governance/terms-of-reference)

### Committee roles and responsibilities

The Committee's role is to ensure that our Remuneration Policy and practices are aligned to the business strategy and promote long-term sustainable success. We confirm the remuneration of Executive Directors and the leadership team is aligned to the Company's purpose and values, is clearly linked to the successful delivery of business performance and drives value creation. We engage with shareholders as appropriate to ensure that the Committee hears and understands their views. The Committee finds this engagement very valuable in shaping its approach to remuneration.

### Activities during 2025

- Developed proposals to amend the Remuneration Policy and conducted extensive shareholder consultation to share insights and obtain feedback from key investors.
- Ensured that remuneration arrangements for Executive Directors and Executive Committee members aligned with, and incentivised, the successful delivery of the business strategy.
- Reviewed competitiveness of reward for Executive Directors, to understand our ability to retain key talent and attract successors when required.
- Considered the remuneration arrangements for the CFO as he relocated from the UK to the US.
- Set performance measures and targets for both short-term and long-term incentive plans.
- Monitored and evaluated performance against incentive plan targets.
- Reviewed and updated incentive plan arrangements for employees below Board level.
- Reviewed employee access to share purchase plans.
- Monitored pay and benefits across the wider workforce.
- Considered regulatory, market, and best practice developments.
- Reviewed and approved the Committee's Terms of Reference.

### Our focus areas for 2026

- Oversee effective implementation of our Remuneration Policy.
- Monitor performance against our short and long-term incentive plan targets.
- Oversee our approach to pay for the wider workforce, including pay gap reporting.
- Set incentive plan performance targets for the year ahead.
- Continue to actively engage key shareholders on remuneration matters, as appropriate.

### Chair's letter

#### Dear fellow shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2025. This is my first report since assuming the role of Chair of the Remuneration Committee in June last year, and I would like to thank my predecessor, Angie Risley, for her leadership of the Committee.

This year, the Company has delivered strong financial results across its key performance measures, reflecting the leadership of our CEO, Deepak Nath, and CFO, John Rogers, and the entire executive team. The results also reflect the collective contribution of Smith+Nephew employees in delivering value for shareholders and improving outcomes for patients who rely on our products.

This year has also been the final year of our 12-Point Plan, which was launched by Deepak following his appointment in 2022, which has transformed Smith+Nephew into a stronger, more agile, profitable, and higher-growth company. We also announced our new RISE strategy at our Capital Markets Day in December. This new strategy builds on the success of the 12-Point Plan and will support stronger returns for shareholders by elevating financial and operational performance and will deliver better outcomes for more patients with our continued focus on innovation.



## Remuneration Committee Report continued

At the heart of the Company's transformation over the past three years has been our executive team, led by Deepak. As we look forward to our ambitious RISE strategy, a key priority for the Committee is to ensure the remuneration arrangements are aligned to our new business strategy and the Company can attract and retain the critical talent it needs to drive the business forward and build on the momentum now established. As a result, during 2025, we assessed the extent to which the current Remuneration Policy ('Policy') supports this objective and concluded that changes are necessary to maintain competitiveness at a key time for the organisation. Accordingly, we decided to consult shareholders one year earlier than the usual cycle with a revised Policy.

### Remuneration Policy review

As part of our last Policy review undertaken in 2023, we began to address the gap between Smith+Nephew's historical executive remuneration approach and US market norms to reflect the fact that the centre of gravity of the global MedTech industry is in the US. Furthermore, ten out of twelve of the Executive Committee, including the CEO and CFO, are based in the US, which is demonstrably the core of our talent market. From a business perspective, over 50% of our revenues arise in the US, and only 4% in the UK. In light of these facts, the principle of closer alignment with US pay practice was widely accepted by shareholders.

The changes made to our Policy two years ago positioned our CEO's pay between lower quartile and median of our benchmark pay peer group. At the time, the Committee felt this pay positioning was appropriate for a CEO who was relatively new in post and new to being a CEO. However, we also signalled to shareholders at the time that these changes represented a first step towards stronger pay positioning and improved US market competitiveness.

For our CFO, John Rogers, who relocated to the US in September 2025 to be closer to executive team colleagues and customers, the gap between his current pay level and an appropriate market level is not large. However, since the last Policy was introduced, the pay levels for MedTech CEOs among our peer benchmark group have increased substantially with the median increasing by 40%, partly as a result of numerous changes in leadership across the sector.

This has resulted in our CEO pay once again being meaningfully below the lower quartile of the peer group, and at around half the median level, which creates a risk around retaining and attracting key talent. In addition, as Deepak is now established as a successful CEO with nearly four years' experience running a global MedTech and FTSE-50 company, such a disparity is not considered appropriate by the Board or the Committee.

The Board recognises that Deepak is one of a limited number of proven CEOs in the MedTech sector and that he has delivered significant operational improvement and increased shareholder value. This performance is evidenced by:

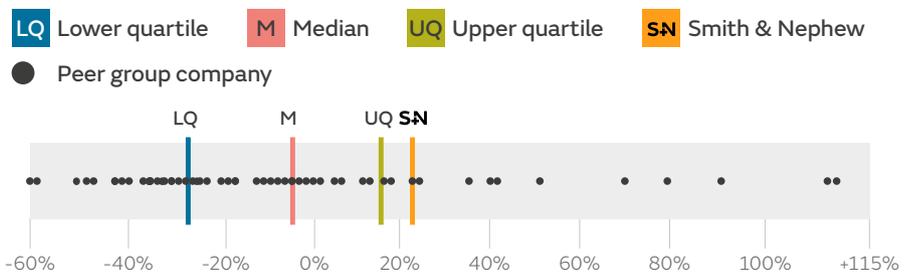
- Upper quartile total shareholder return over the past three years of +22% relative to the peer group median return of -6%;
- Consistent underlying revenue growth<sup>1</sup>: +7.2% in 2023, +5.3% in 2024, +5.3% in 2025;
- Higher operating profit: \$450 million in 2022, increasing to \$794 million in 2025 (an increase of 76%);

- Improved trading profit margin<sup>1</sup> with an increase of over 240 bps since 2022 despite over 1,000bps of headwinds from China and inflation;
- Higher adjusted return on invested capital<sup>1</sup> with an increase of 170bps over the past three years;
- A 15-fold increase in free cash flow<sup>1</sup> from \$56 million in 2022 to \$840 million in 2025;
- Resilient dividends and a share buyback of \$500 million;
- In addition, the Orthopaedics business has returned to growth; there has been improved inventory management; and successful R&D with 60% of growth coming from new products launched in the last five years.

We employ a successful, seasoned and proven CEO, who is a US citizen, resident in the US, and who has delivered a significant turnaround and increased shareholder value. Competition for his services is entirely in the US and the Committee believes it is not in shareholders' interests that we continue to take the risk of paying him 15% below the lower quartile (or 56% of the median) of his peers, particularly when Smith+Nephew's size is at or above median relative to the same pay peer group.

Smith+Nephew has experience of a US CEO departure due to remuneration considerations. Deepak is our fourth CEO since 2018, with prior leadership changes contributing to executive turnover and organisational instability.

### Relative TSR performance over the last three years<sup>2</sup>



2 Performance relative to the 2023-25 PSP peer group. See page 181 for further details.

1 Non-GAAP measure

Since Deepak's appointment in 2022, leadership stability has enabled consistent operational improvement and value creation. Competitive remuneration is, therefore, essential not only for retention, but for safeguarding strategic continuity.

Given all of this context, the Committee decided that a review of Executive Director remuneration was again necessary. The objective of the review was to ensure our arrangements are fully aligned with shareholder interests by appropriately rewarding delivery of sustained performance, while incentivising delivery of our new RISE strategy, and being appropriate to retain and/or attract executive talent essential for long-term value creation.

As part of the review, we consulted extensively with nearly 50 shareholders, representing approximately 70% of Smith+Nephew's voting rights. Initially we consulted with our top 10 shareholders, and following input from these shareholders we made changes to our initial proposals. We then consulted on this revised proposal with a broader group of shareholders, which resulted in further changes to our proposal (see [page 153](#) for further details). We also consulted with proxy advisers, who were most representative of our shareholder base, being IA/IVIS, Glass Lewis, and ISS. I would like to thank everyone with whom we engaged for their valuable input during this process, as the views and comments shared helped us ensure that we were considering all the issues and ultimately enabled us to shape the final proposal. Overall, the majority of shareholders recognised the context that had shaped our decisions, including the transformation and performance of the business, and the need for us to retain talent and compete in a global talent market.

The full detail of our proposal, including additional market context and benchmark peer group data, is set out on [pages 153–165](#), but at a high level the proposed changes to our Policy include:

An increase in the Total Target Direct Compensation (TTDC) of the CEO from \$8.3 million to \$12.8 million. This increase will be delivered solely through an increase in the annual and long-term incentive plan opportunities as the base salary will be frozen for the duration of the Policy. The Annual Incentive Plan (AIP) opportunity will increase from 215% to 300% of base salary, the annual Restricted Share Plan (RSP) awards will increase from 125% to 150% of base salary, and the annual Performance Share Plan (PSP) awards will increase from 300% to 650% of base salary. These changes will re-position the CEO's pay from below lower quartile to between lower quartile and median relative to our pay benchmark peer group (see [page 154](#)).

**Total Target Direct Compensation is defined as Base Salary**

**+50%**

**Annual Incentive Plan vesting**

**+100%**

**Restricted Share Plan Award vesting**

**+60%**

**Performance Share Plan Award vesting**

From January 2027, if certain share price performance conditions are met during the Policy period a multiplier of between 1.0x and 1.4x will apply to the 2027 and 2028 PSP awards at the time of grant. If the maximum multiplier of 1.4x is applied this would have the effect of enhancing the CEO's TTDC opportunity from \$12.8 million to \$15.3 million for that year. This would position the CEO around the middle of our pay peer group, which, given the experience and track record of our CEO as well as the size and scale of the organisation relative to peers, the Committee believe would be appropriate positioning.

It is important to highlight that the earliest year in which the CEO may have realised value from all elements of the new policy arrangements will be 2031 when the 2026-28 PSP is released from its post-vesting holding period. This is of course subject to the award meeting the stretching performance conditions set by the Committee over the three-year performance period. Further, it will not be until 2032 that the CEO may potentially realise any value from the PSP multiplier.

There are no changes to the AIP, PSP and RSP award levels of the CFO. However, the same PSP multiplier as applies to the CEO will apply to the CFO, which has the potential to increase the CFO's TTDC opportunity from \$4.5 million to \$5.1 million in 2027 if certain share price performance conditions are met over 2026. The earliest year in which the CFO may potentially realise any value from the PSP multiplier will be 2032 when the 2027-29 PSP is released from its post-vesting holding period.

The shareholding requirement for the CEO will increase from 500% to 900% of base salary and for the CFO will increase from 200% to 300% of base salary. The CEO shareholding requirement materially exceeds that of our peer group but is aligned to the peer group for the CFO (see [page 163](#)). Once the CEO achieves a shareholding of 600%, or the CFO achieves a shareholding of 300%, which we expect to take around five years, the bonus deferral will reduce from 50% to 20%. The Committee believes that the combination of a high shareholding, unvested RSPs, together with the two-year post-vesting holding period on the PSP, is sufficient to enable malus and clawback if necessary and provides good shareholder alignment making a 50% bonus deferral no longer necessary. In addition, the CEO is expected to continue to build his shareholding towards 900% over the longer term.



## Remuneration Committee Report continued

While we do not currently have any Executive Directors based outside the US, and expect our leadership to continue to be based in the US for the foreseeable future, we have defined as part of our revised Policy the annual and long-term incentive opportunities, as well as shareholding requirements, that would apply if we needed to hire Executive Directors living outside the US in the future. The opportunity levels are set below US levels to reflect market differences and are described further on [page 163](#).

Finally, the Committee recognise that the talent market is increasingly competitive and a recruitment in the future may require compelling packages to attract individuals with the level of skill and experience needed. The Committee believes that the revised Policy will help with this, but also wants to have the flexibility to provide limited sign-on incentives (beyond buy-outs) that are capped at a maximum of 200% of base salary. Any such awards would be structured with robust performance conditions, deferral, and clawback provisions, ensuring the Committee has the flexibility to respond pragmatically to talent market conditions while maintaining strong governance.

We acknowledge that executive pay is a topic that attracts strong and often differing opinions among investors, and the Committee fully understands that financial performance and the creation of long-term shareholder value are a focus for investors. The Committee firmly believes that the provisions of the revised Policy are in the long-term interests of the Company and will support the commitment to deliver on financial performance and value for shareholders.

We also acknowledge that the multiplier on PSP awards from January 2027 is an unusual approach, but the Committee needed to find a way to step-up our Executive Directors' TTDC to a market competitive level that is more representative of our size and performance relative to our peer group within the next three years. The Committee believe that linking the step-up in TTDC opportunity to share price appreciation, from which all shareholders will benefit, is a practical way of doing so. The alternatives would be to either leave compensation unchanged and run the risk that we lose our existing CEO and are unable to offer attractive levels of pay to his replacement, or we immediately go to a higher TTDC of around \$15m which would be more reflective of the CEO pay at peer companies of a similar size. The Committee does not consider either of these options are in shareholders' interests.

The Committee believes that the revised Policy strikes an appropriate balance between market competitiveness, performance linkage, shareholder alignment and governance. Indeed, the revised Policy will strengthen the link between pay, performance, and value creation for shareholders through the increases to long-term performance-based pay, combined with an increase to the shareholding requirements.

## 2025 incentive plan outcomes

The Company delivered strong financial results across its key performance metrics. Revenue<sup>1</sup> grew by 6.1% on a reported basis (5.3% on an underlying<sup>1</sup> basis) and the Company continued to deliver year-on-year expansion in its trading profit margin<sup>1</sup> which increased from 18.1% to 19.7%. Working capital and cash flow generation also significantly improved, with free cash flow<sup>1</sup> increasing from \$551 million to \$840 million, and an improvement in adjusted return on invested capital<sup>1</sup> (from 7.4% to 8.3%) compared to 2024. These results reflect the benefits from the 12-Point Plan being realised.

In addition, the Committee strives to maintain a clear link between pay and performance, focusing on setting stretching performance targets and evaluating both company-wide and individual achievements. In that context, we believe that the payments outlined in this report fairly reflect the performance achieved and that the Remuneration Policy operated as intended during the year.

### Annual incentive

For Executive Directors, 85% of their AIP bonus opportunity is tied to financial performance, with the remaining 15% tied to individual strategic objectives.

Based on our financial performance and the achievement of individual objectives over the year, the total bonus payable to Deepak Nath is 82.2% of maximum (or 176.8% of base salary) and to John Rogers is 81.0% of maximum (or 174.1% of base salary). In line with the current Policy, 50% of this bonus will be deferred in shares for three years if the shareholding requirement has not been met, otherwise 30% of the bonus will be deferred in shares for three years. More detail on the performance against the annual targets is set out on [pages 177 to 178](#).

1 Non-GAAP measure

## Long-term incentive

The Committee reviewed the performance of PSP awards granted in 2023 against the award performance conditions and determined that, based on actual performance over the three-year performance period ended 31 December 2025, these 2023-2025 PSP awards will vest at 36.2% of maximum opportunity (72.5% of target) (see [page 181](#) for further details).

John joined the Company in December 2023, and so was not granted a 2023-2025 PSP award.

In addition, the Committee assessed the reasonable judgement underpin that applies to RSP awards granted in 2024 and 2025 that have a tranche vesting in 2025 and determined that it was appropriate for these tranches to vest in full.

## Discretion in relation to incentive outcomes

The incentive outcomes above are reflective of overall Company financial and strategic performance, and the Committee determined that no discretion should be exercised to adjust the formulaic outcomes.

The Committee also reviewed Smith+Nephew's share price performance in determining the extent to which the 2023-25 PSP award should vest and concluded that no windfall gains had occurred.

## Applying the Remuneration Policy in 2026

### Base salary

The CEO's salary will not increase in 2026. However, if the revised Policy is not approved by shareholders and the current Policy remains in force, the CEO's salary will increase in line with the wider US workforce such that his salary will be increased by 3.2% with effect from 1 April 2026.

The CFO's salary will increase in line with the wider US workforce, and so will increase by 3.2% with effect from 1 April 2026.

### Annual Incentive Plan

The Committee reviewed the choice of performance measures and decided to replace trading profit margin percentage with absolute trading profit in dollars to ensure incentives are aligned with the Company's current strategic phase. Following the restoration of operational discipline and the reversal of historic margin erosion, the business has now moved from a stabilisation phase to a growth phase, and the Committee wants management to be incentivised to deliver absolute value creation. We are not stepping back from margin discipline, nor are we suggesting that margin improvement is completed. Trading profit margin performance remains a core management focus and key performance measure for the Board.

In addition, the Committee decided to remove the 5% allocation to ESG objectives within the AIP. This change removes duplication as previously both the AIP and long-term PSP had ESG objectives, and this change also better reflects the fact that the Committee anticipates ESG outcomes to be delivered over a longer period. It also enabled an increase in the bonus allocation to individual strategic objectives (from 10% to 15%), which will focus on our new RISE strategy, without the need to reduce the allocation to financial performance metrics. We remain fully committed to long-term sustainable business, as well as our ESG goals and plan to continue to have ESG performance measures included within our PSP.

As a result of these changes, the performance measures for 2026 will focus on revenue growth (35% weighting), trading profit (35% weighting), free cash flow (15% weighting) and individual strategic objectives (15% weighting). In 2025, the Committee decided to reduce the payout at Threshold from 15% of maximum to zero and this will remain the case for 2026. Further details are set out on [page 192](#).

The AIP awards for 2026 will be awarded in line with our revised Policy, subject to shareholder approval. Under the Policy, 50% of any 2026 bonus payment to Executive Directors would be paid in March 2027 unless the Executive Director has met the shareholding requirement, in which case, 20% of the bonus would be deferred.

### Long-term incentive plans

Long-term PSP awards will be granted in 2026 in line with our revised Policy and under the Smith+Nephew Performance Share Plan, in each case subject to shareholder approval. Similarly, Restricted Share Plan awards will be granted in 2026 in line with our revised Policy, subject to shareholder approval, and under the existing shareholder approved Smith+Nephew Restricted Share Plan.

The performance measures for the 2026-28 PSP award will include a combination of earnings per share (30% weighting), return on invested capital (30% weighting), relative total shareholder return (30% weighting) and ESG objectives (10% weighting). Further details on the intended awards, including the performance measures and associated targets, are set out on [pages 192 to 193](#).



## Remuneration Committee Report continued

While the performance measures are the same as used in respect of the 2025 grant, following shareholder feedback, the Committee has decided to make a change to the total shareholder return (TSR) measure. Historically the TSR performance measure has been based on the relative performance of two peer groups, a global MedTech peer group and a subset of the FTSE 100. For the 2026-28 PSP award, relative TSR will be measured against the global MedTech peer group only. This change will not only simplify the measure, it will improve the relevance of the relative performance measure as it will now only consider global MedTech companies against which we compete and are assessed.

### Share plan rules and approvals

During the year, the Company undertook a review of the role of share plans within its reward framework and the extent to which employees can participate in, and benefit from, the Company's success as it delivers on its RISE Strategy. As a result of this review, the Company decided to introduce new all-employee share plans designed to broaden access and strengthen employee alignment with the business strategy and shareholders.

We believe that by enabling employees at all levels to share in the outcomes of the Company's success, these plans will support the business strategy of attracting, motivating and retaining talent, fostering engagement, and reinforcing a culture focused on long-term growth and performance.

The plan rules for the all-employee Smith+Nephew Global Employee Share Purchase Plan and Smith+Nephew UK Share Incentive Plan will be submitted for shareholder approval at our forthcoming AGM alongside a new Smith+Nephew Performance Share Plan that will replace the existing Smith+Nephew Global Share Plan as the vehicle for granting PSP awards.

### Chair and Non-Executive Director fees

The fees payable to the Chair of the Board and Non-Executive Directors are reviewed annually. In line with the increase in base salaries for Executive Directors, the Chair fee and Non-Executive Director base fee will be increased by 3.2% for both US-based and UK-based Non-Executive Directors from 1 April 2026. The additional fees for acting as a Chair of a Committee were also reviewed (see [page 164](#) for further details).

### 2026 AGM

I hope that this year's report provides a clear and transparent account of the Committee's considerations and decisions, including an explanation of the 2025 remuneration outcomes and why we feel it is important to now evolve our Policy for the future.

This is a critical time for Smith+Nephew. Through the delivery of the 12-Point Plan, the business has demonstrated the decisive actions taken to position itself for future success. As we transition to the next stage of our journey and the implementation of our RISE Strategy, it is vital that we have stability and strength in leadership. The business is well positioned to deliver sustainable and profitable growth, supported by a very strong innovation pipeline, continued productivity and simplification initiatives, and improving margins.

We are confident that the revised Policy is necessary and appropriately aligns the interests of executives and shareholders. On behalf of the Committee, I would like to extend my thanks to shareholders and proxy advisers, who have given their time and valuable insights over the past year, which have helped shape our approach to executive remuneration. I hope that you will support our proposals at the forthcoming AGM.

**Sybella Stanley**

Chair of the Remuneration Committee

### Compliance statement

We have prepared this Directors' remuneration report (the Report) in accordance with The Enterprise and Regulatory Reform Act 2012–2013 (clauses 81–84), sections 420–422 of the Companies Act 2006 and The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations), The Companies (Directors' Remuneration Policy and Directors' remuneration report) Regulations 2019 and The Companies (Miscellaneous Reporting) Regulations 2018. The Report also meets the relevant requirements of the Financial Conduct Authority (FCA) Listing Rules. [Pages 172 to 193](#) is the Annual report on remuneration (the Implementation Report). The Directors' Remuneration Policy, as set out on [pages 153 to 171](#) will be put to shareholders for approval at the Annual General Meeting on 6 May 2026, while the Implementation Report will be put to shareholders for approval as an advisory vote at the same meeting. The Implementation Report explains how the current Remuneration Policy was implemented during 2025. The following sections have been audited by Deloitte: The Single Figure Tables on Remuneration including related notes ([pages 175 to 182](#)); details of awards made under the Performance Share Plan and Restricted Share Plan ([page 182](#)); Summary of Scheme Interests during the year ([page 183 to 184](#)); Payments to former Directors ([page 184](#)); Directors' interests in ordinary shares ([pages 184 and 186](#)) and Senior Management Remuneration ([page 191](#)). All payments we make in relation to Directors of the Company will be in accordance with the relevant shareholder approved Remuneration Policy. Trading Profit Margin, Trading Cash Flow Conversion, Free Cash Flow and ROIC are non-IFRS financial measures used in the Directors' Remuneration Report from [page 177 to 193](#). They are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS on [pages 285 to 292](#).

# Remuneration Policy Report

## Policy Review

### Context for review

As outlined in the Chair's statement, in 2023, we began to address the gap between Smith+Nephew's historical executive remuneration approach and US market norms with closer alignment in both structure and quantum with a benchmark group of MedTech peers that was heavily US weighted.

The 2024 Policy positioned our CEO at around 14% above the lower quartile and 20% below the median of our pay peer group, which the Committee felt was appropriate for a CEO, who was relatively new in post and new to being a CEO. However, the Committee signalled at the time that these changes were a first step in the journey toward better pay positioning and improved US market competitiveness.

As a matter of practicality and policy, the Company aligns compensation of all employees, including Executive Committee members, to local market practices and employs them on local contracts. We aim to pay at a competitive level somewhere between lower and upper quartile of a suitable benchmark group. We believe that given the experience and track record of both our CEO and CFO as well as the size and scale of the organisation they are leading relative to our peer group (where 60% of peers are smaller as measured by revenue), a pay position toward the middle of the range would be appropriate.

Since the last Policy review, the median CEO pay level within the MedTech pay peer group has increased by 40%, driven by competitive pressures for leadership talent - eight peer group companies have appointed new CEOs in the past two years. This competitive landscape means that our CEO is once again paid below the lower quartile. The situation is different for our CFO, whose pay sits closer to the median level of our peer group.

The need to provide market competitive pay to retain and attract talent means the current CEO pay positioning needs to be addressed. In addition, given Deepak's now proven track record as a CEO, and the fact that he is now established as a successful CEO with nearly four years' experience running a FTSE-50 Company, such a pay disparity relative to peers is not appropriate, and creates a retention risk. If we were to lose him, the current

Policy creates a material risk as we would face significant difficulty in recruiting a successor with the requisite and comparable experience from within the MedTech industry.

As a result, the objective of the current Policy review is to ensure that our Policy is fully aligned with shareholder interests by continuing to reward delivery of sustained performance, while incentivising delivery of our new RISE business strategy, and being appropriate to retain and/or attract executive talent essential for long-term value creation.

### Engagement with shareholders

The Committee recognises the importance of an open dialogue with investors on executive remuneration and consulted on the proposed policy extensively with our top 50 shareholders, representing approximately 70% of Smith+Nephew's voting rights. We also consulted with proxy advisers, who were most representative of our shareholder base, being IA/IVIS, Glass Lewis, and ISS.

Initially we consulted with our top 10 shareholders, and following input from these shareholders we made changes to our initial proposals. These changes included removing the award multiplier from the RSP and retaining it on the PSP only, and increasing the AIP and PSP opportunity levels for the CEO. We then consulted with a broader group of shareholders, which resulted in further changes including reducing the initial proposed RSP award level, increasing the PSP award level, introducing a share price underpin to the PSP multiplier, reinstating a bonus deferral of 20%, and increasing the CEO shareholding requirement.

### Wider workforce remuneration

When considering changes to Executive Director remuneration, the Committee considers a range of factors including those relating to wider workforce remuneration to ensure fairness, alignment, compliance with governance expectations, and sustainable remuneration practices. This includes reviewing overall pay structures, the gap between executive pay and average employee pay, and how rewards across the organisation compare with leadership roles. We also look at pay trends, cost-of-living pressures, and how pay decisions affect morale, retention, and culture.

Over the past year, we have provided pay increases for the wider workforce that are at least in line with the market and made adjustments to keep key roles competitively paid. We have also updated our annual and long-term incentive plans by increasing bonus opportunities for some groups and extending eligibility for PSP and RSP awards. In 2026, we plan to introduce new global all-employee share plans to give more employees the opportunity to participate and to strengthen alignment with our strategy and shareholders.

We also conduct Board listening sessions with employees to understand their perspectives, including on remuneration. Through these sessions, employees have shared that stable leadership matters to them because it builds trust, provides clear direction, and gives confidence in the future. Employees also understand the importance of paying key roles at competitive market levels so the organisation can attract and keep the top talent needed to achieve its strategy and purpose.

### MedTech peer group

When determining the pay peer group for the last and current Policy review, the Committee started with companies in the S&P Healthcare Equipment Select Industry (XHE) Index with revenues over \$2bn and then included a number of non-US companies within our industry to reflect our geographic footprint. A filter was then applied to exclude very large revenue companies, and a further filter was applied following a talent flows analysis. The only difference in the pay peer group between the last and current Policy review is the addition of Solventum and Convatec. Solventum is a wound care company and key competitor that spun off from 3M in 2024, and Convatec is the only other UK-based MedTech company of scale. Adding these companies did not materially change the analysis, but the Committee felt that given they are close peers they should be included. Of the 23 companies in the pay peer group, 15 are listed in the US, six in Europe, one in the UK, and one in Canada.

It is worth noting that the peer group used by the Committee for pay benchmarking is different to that used for TSR performance purposes. The peer groups are similar, but the pay peer group specifically excludes very large MedTech companies within our industry such as Medtronic and Stryker.



## Remuneration Policy Report continued

### 2025 Pay Peer Group

- Alcon Inc.
- Bausch + Lomb Corporation
- Baxter International Inc.
- Becton, Dickinson & Co
- Coloplast A/S
- Convatec Group Plc\*
- Dentsply Sirona Inc.
- Edwards Lifesciences Corporation
- GE Healthcare Technologies Inc.
- Intuitive Surgical, Inc.
- Koninklijke Philips NV
- ResMed Inc.
- Solvotum\*
- Sonova Holding AG
- Steris Plc
- The Cooper Companies, Inc.
- Zimmer Biomet Holdings, Inc.
- Align Technology, Inc.
- bioMérieux S.A.
- Boston Scientific Corporation
- Hologic, Inc.
- IDEXX Laboratories, Inc.
- QuidelOrtho Corporation

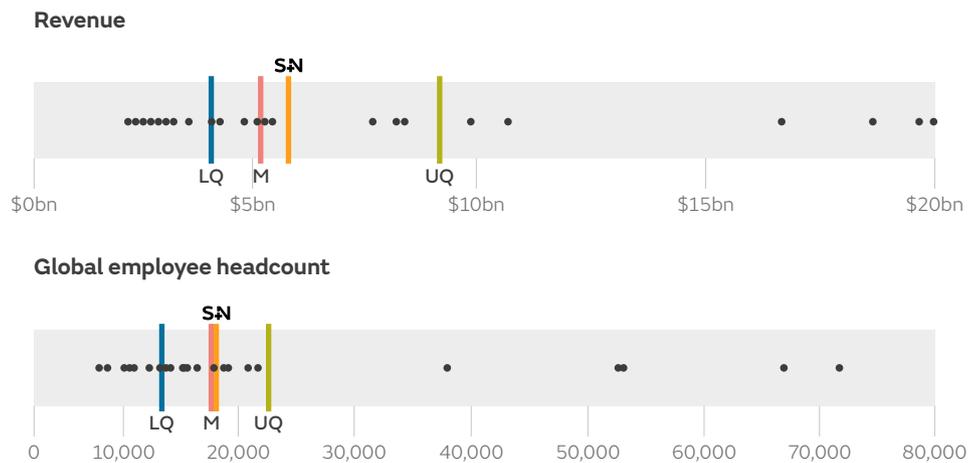
\* Addition relative to pay peer group used for last policy review.

## Remuneration in the context of peer relativity and our performance

LQ Lower quartile   
 M Median   
 UQ Upper quartile   
 SN Smith+Nephew   
 ● Pay peer group company

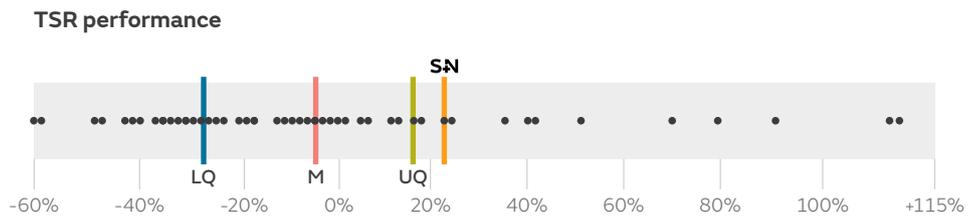
### Company size

Our revenue and global employee headcount place us at or above median in the pay peer group



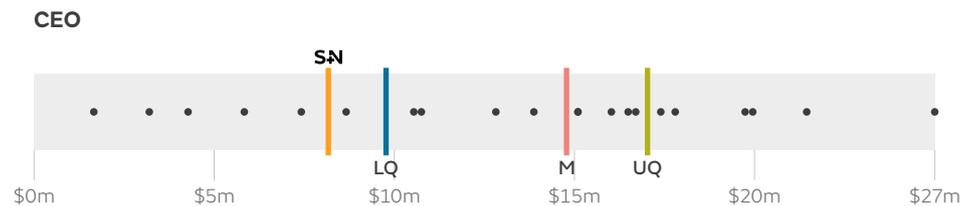
### Performance

Our relative TSR performance between 1 January 2023 and 31 December 2025 is above the upper quartile<sup>1</sup>



### Pay

However, our Executive Director Total Target Direct Compensation<sup>2</sup> is below median and in particular our CEO is below lower quartile, which is not reflective of our relative size or performance



1 2023-25 PSP peer group data used to determine performance.

2 Total Target Direct Compensation (TTDC) is determined as Base Salary plus Target AIP, plus Restricted Share Plan award, plus the expected value of the Performance Share Plan Award.

## Proposal to re-align pay with company size and performance

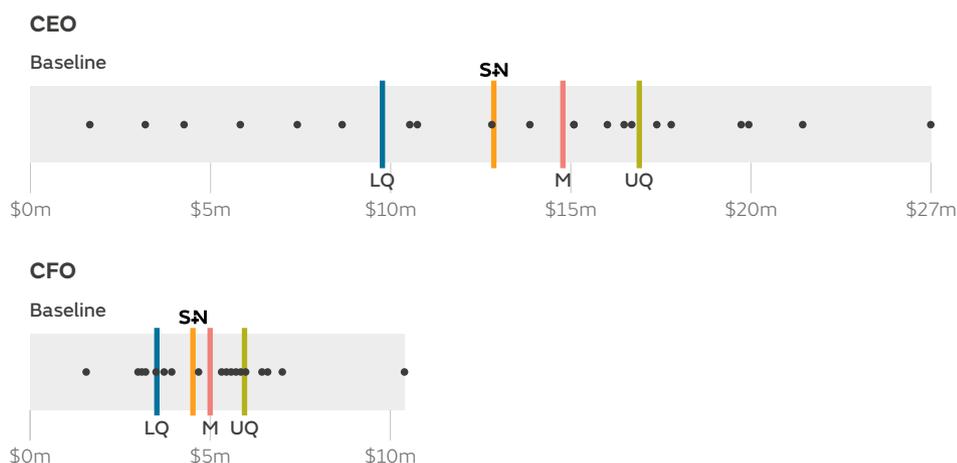
Given the talent market and changes in pay within the MedTech sector, as well as our relative size and performance compared to peers, and the performance and experience of our CEO and CFO, the Committee feel that it is appropriate, and necessary, to adjust the pay level of our Executive Directors, particularly that of the CEO. The changes proposed will be to the opportunity levels of our short and long-term incentive plans, and as such will be highly dependent upon performance delivery. The base salary of the CEO will remain unchanged for the duration of the Policy.

The changes proposed will result in the TTDC for both the CEO and CFO being initially positioned between lower quartile and median (the 'Baseline' level). However, from January 2027 there will be an opportunity for the TTDC of both the CEO and CFO to be enhanced if certain share price performance conditions are met over the financial year prior to each annual PSP award. If certain share price performance conditions are met, the subsequent PSP award granted to the CEO and CFO may be multiplied by a factor of between 1.0x and 1.4x.

Once granted, all PSP awards are subject to stretching performance conditions relating to EPS, ROIC, TSR and ESG performance over a three-year period, and if they vest will be subject to a two-year holding period.

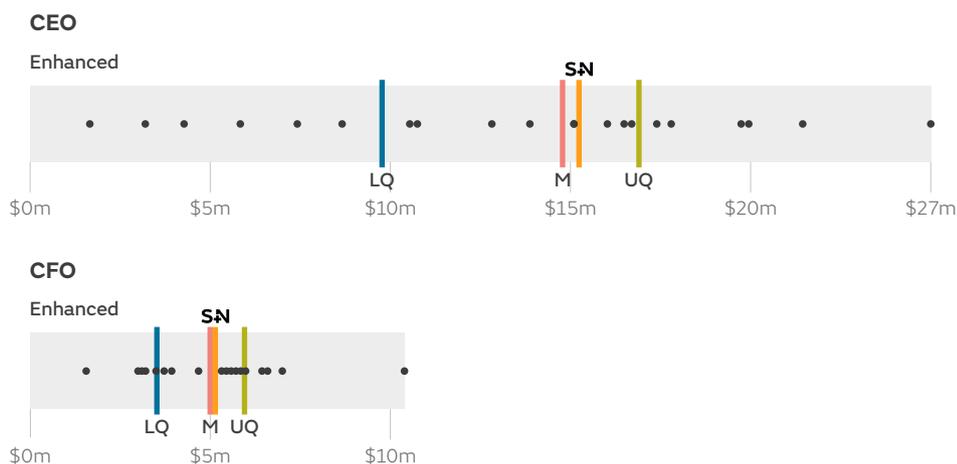
### Baseline (no performance multiplier on the PSP)

Changes to the Policy would see the "Baseline" short and long-term incentives increase for the CEO only, reflecting that the CFO is already paid broadly in line with median compared to the pay peer group. This would increase the CEO TTDC from \$8.3 million to \$12.8 million in 2026, re-positioning the CEO's pay from below lower quartile to between lower quartile and median. The TTDC of the CFO would be unchanged from its current level of \$4.5 million.



### Enhanced (maximum performance multiplier on PSP awards)

From 2027 onward, if certain share price performance conditions are met over the preceding financial year, a multiplier may apply to the baseline PSP award (for US based Executive Directors only) which could increase the CEO's TTDC up to a maximum of \$15.3 million and the CFO's TTDC up to a maximum of \$5.1 million. This positions both the CEO and CFO target pay opportunity around median, but only to the extent superior performance is delivered year on year. Further details on the PSP multiplier can be found in the Policy table and accompanying notes on pages 159 and 162.





## Policy table for Executive Directors

### Base salary

Changes: No changes proposed

#### Purpose

Core element of remuneration, paid for doing the expected day-to-day job. Its purpose is to provide a fair and competitive level of base pay to recruit and retain Executive Directors of the calibre required to deliver the Company's strategy.

#### Operation

Salaries are normally reviewed annually, with any increase usually applying from 1 April. Salary levels and increases take into account:

- scope and responsibility of position;
- skill/experience and performance of the individual Executive Director;
- general economic conditions in the relevant geographical market;
- average increases awarded across the Company, with particular regard to increases in the market in which the Executive Director is based; and
- market movements seen among relevant peer companies.

#### Maximum opportunity

Increases will generally not exceed the average increase for the wider employee population within the Executive Director's home country.

A higher increase may be made if there is an increase in scope or responsibility of the individual's role; or to recognise development of the individual in role.

A full explanation will be provided in the Implementation Report should higher increases be approved in exceptional cases.

In addition, where an Executive Director has been appointed to the Board at a lower than typical salary, larger increases may be awarded to move them closer to market practice as their experience develops.

For the duration of this Policy, it is not expected that Deepak Nath will receive a salary increase.

#### Performance measures

Business and individual performance in the prior year is one of the factors taken into account and poor performance is likely to lead to a zero salary increase.

### Pension

Changes: No changes proposed

#### Purpose

Provide a market competitive package to recruit and retain Executive Directors of the calibre required to deliver the Company's strategy.

#### Operation

All Executive Directors will be eligible to participate in a Company pension plan and/or be paid a cash supplement in lieu of membership in a pension plan.

Base salary is the only component of remuneration that is pensionable.

#### Maximum opportunity

Executive Directors will be eligible to participate in a Company pension to the same extent as the wider workforce in their home country.

If provided, the maximum cash allowance in lieu of participation will be no more than the percentage the Company pays towards pension in respect of the wider workforce in the Executive Director's home country.

The current pension contribution or cash allowance for a US-based Executive Director is 7.5%, which is in line with that of the wider US workforce.

#### Performance measures

No performance conditions apply.

## Benefits

Changes: No changes proposed

### Purpose

Provide a market competitive benefits package to recruit and retain Executive Directors of the calibre required to deliver the Company's strategy.

### Operation

A wide range of benefits may be provided, depending on the benefits provided for comparable roles in the Executive Director's home country.

These benefits will include, as a minimum:

- healthcare cover;
- life assurance;
- long-term disability;
- annual medical examinations;
- all employee share plan; and
- company car or car allowance.

The Committee retains the discretion to provide additional benefits, where necessary or relevant in the context of the Executive Director's location, or, in connection with an Executive Director's recruitment, the country from which the Executive Director is recruited.

Where applicable, relocation costs may be provided in line with the Company's relocation policy for senior executives, which may include, among other items:

- removal costs;
- assistance with accommodation;
- living expenses for self and family; and
- financial, tax and/or legal consultancy advice.

In some cases, such payments may be grossed up.

### Maximum opportunity

While no maximum level of benefits is prescribed, they are set at an appropriate market competitive level, considering a number of factors, which include:

- the level of benefits provided for other employees within the Executive Director's home country; and
- market practice for comparable roles within appropriate pay comparators.

The actual amount payable will depend on the cost of providing such benefits to an employee in the location the Executive Director is based. The Committee regularly reviews the benefit policy and benefit levels.

### Performance measures

No performance conditions apply.



## Remuneration Policy Report continued

### Annual Incentive Plan

Changes: Increase in maximum opportunity for CEO, plus the reduction in the bonus deferral after shareholding requirement met

#### Purpose

Incentivises delivery of the business plan on an annual basis. Rewards performance against key financial and non-financial performance indicators that are critical to the delivery of our business strategy.

#### Operation

The Committee sets the performance measures and targets for each financial year. At the end of the year, the Committee determines the extent to which they have been achieved.

#### Discretion and adjustments

The Committee retains discretion to adjust the performance targets if there is a significant and/or material event that causes the Committee to believe the original targets are no longer appropriate (e.g. to reflect material acquisitions or disposals).

The Committee also retains discretion to amend the level of annual bonuses determined by the performance condition where the amount that an Executive Director would/could receive under an award would result in them receiving an amount which the Committee considers cannot be justified or which the Committee considers to unfairly disadvantage or advantage an Executive Director.

In exercising this discretion, the Committee may consider all circumstances, including (but not limited to):

- the financial performance of the Company;
- any changes in the Company's share price; and
- the performance, conduct and contribution of the Executive Director.

#### Deferral

While an Executive Director is building their shareholding requirement, 50% of any bonus will be paid in cash and the remaining balance will be deferred into shares for a three year period. No further performance conditions apply to awards under the Deferred Bonus Plan. Dividends that accrue on the deferred shares during the vesting period will be paid in either cash and/or shares at the time of vesting.

Once a US-based CEO has achieved a shareholding of 600%, or once other Executive Directors have met their minimum shareholding requirement, 20% of any bonus will be deferred into shares for a period of three years and the remainder paid in cash.

#### Malus and clawback

See details of our Malus and Clawback Policy on [page 165](#).

#### Maximum opportunity

The maximum opportunity for Executive Directors is set out below.

	CEO	CFO
<b>US-based</b>	300%	215%
<b>Non-US based</b>	260%	215%

#### Performance measures

At least 80% of the bonus will be based on financial performance measures. The remainder will be based on business objectives linked to key areas of strategic focus. Bonuses are based on the achievement of demanding financial and non-financial targets.

The Committee may use different performance measures and/or weightings for each performance cycle as appropriate to reflect the strategic needs of the business.

For 2026, the following performance measures and weightings are proposed.

<b>Revenue growth (%)</b>	35%
<b>Trading profit (\$)</b>	35%
<b>Free cash flow (\$)</b>	15%
<b>Strategic objectives</b>	15%

Threshold performance will result in no more than 15% of maximum payout, target performance will result in 50% of maximum payout and maximum performance will result in 100% of maximum payout of the relevant performance measure. Payouts will be on a straight-line basis between threshold and target and between target and maximum.

## Long-term Incentives

Changes: Increase in PSP and RSP opportunity for the CEO, plus the introduction of a PSP multiplier on awards granted after 1 January 2027; and different opportunity levels for non-US Executive Directors

### Performance Share Plan Awards

#### Purpose

Long-term incentives are designed to ensure that executives take decisions in the interest of the longer-term success of the Company and are aligned with shareholder interests. They also ensure the Company can recruit and retain Executive Directors of the calibre required to deliver the Company's strategy and long-term success.

#### Operation

Awards are normally made in the form of conditional share awards, but may be awarded in other forms if appropriate. PSP awards usually vest after three years, subject to the achievement of stretching performance targets linked to the Company's strategy. The performance period for performance conditions linked to PSP awards is three years. Vested shares are subject to a further two-year holding period.

Dividends accrue on PSP awards during the performance period and will be paid in either cash and/or shares at the time of vesting. Dividends also accrue on vested shares in the holding period.

#### Discretion and adjustments

The Committee has the power to adjust the annual award level (subject to the maximum levels set out in the policy), and to adjust the PSP performance multiplier, for example in the event of a material fall in share price, as well as the power to adjust the vesting level of an award based on the underlying performance of the Company.

The committee may adjust the performance measure to reflect material changes (e.g. significant acquisitions or disposals, share consolidation, share buybacks or special dividends). Any such change would be fully explained to shareholders.

Further details are set out in the notes to this table.

#### Malus and Clawback

See details of our malus and clawback policy on [page 165](#).

#### Maximum opportunity

	CEO		CFO	
	Baseline	Enhanced	Baseline	Enhanced
US-based	650%	910%	300%	420%
Non-US based	400%	n/a	200%	n/a

Each year, the Committee will determine whether a performance multiplier applies to the grant of the PSP award, such that the Baseline award could be increased up to the maximum Enhanced award level based on the increase in the Company share price over the preceding financial year.

The maximum enhanced award shown in the table is the Baseline award multiplied by 1.4.

See Notes to the table for details of the conditions for an enhanced award.

#### Performance measures

The Committee determines performance measures and targets each year to ensure that measures reflect business strategy and targets are stretching and support value creation for shareholders, while remaining motivational for management.

Threshold performance will result in 25% vesting and maximum performance will result in 100% vesting of the relevant performance measure. Vesting between threshold and maximum will be on a straight-line basis.

The following performance conditions are proposed for the 2026 PSP award.

<b>Adjusted Earnings per Share (EPSA)</b>	30%
<b>Relative Total Shareholder Return<sup>1</sup></b>	30%
<b>Adjusted Return on Invested Capital (ROIC)</b>	30%
<b>Environmental, Social and Governance (ESG) Objectives</b>	10%

<sup>1</sup> See Notes to table for TSR peer group



Long-Term Incentives

Restricted Share Plan Awards

**Purpose**

Long-term incentives are designed to ensure that executives take decisions in the interest of the longer-term success of the Company and are aligned with shareholder interests. They also ensure the Company can recruit and retain Executive Directors of the calibre required to deliver the Company's strategy and long-term success.

**Operation**

Awards are normally made in the form of conditional share awards, but may be awarded in other forms, if appropriate. In line with US practice, RSP awards usually vest in equal annual tranches over a three year vesting period, subject to a reasonable judgement underpin.

Dividends accrue on RSP awards during the vesting period and will be paid in either cash and/or shares at the time of vesting.

**Discretion and adjustments**

The Committee retains full discretion following the grant of an award to make adjustments to the vesting outcome if full vesting is not considered to be appropriate.

In determining whether the reasonable judgement underpin has been met, the Committee will consider multiple factors relating to the vesting period, including market movements, shareholder experience, the impact of the regulatory environment and reputational factors.

**Malus and clawback**

See details of our Malus and Clawback Policy on [page 165](#).

**Maximum opportunity**

	CEO	CFO
<b>US-based</b>	150%	125%
<b>Non-US based</b>	125%	75%

**Performance measures**

Awards under the RSP are not subject to financial performance conditions and will vest to the extent the Committee determines, in its discretion, that the reasonable judgement underpin has been met.

## Shareholding requirement

Changes: Increases proposed to shareholding requirement level

### Purpose

To encourage Executive Directors to build a shareholding in the Company and ensure the interests of management are aligned with those of shareholders.

### Operation

A US-based CEO is expected to build up a shareholding of 600% over a reasonable period of time (typically five years), and the remainder (300%) over a longer period as determined by the Chair of the Board (which is currently expected to be ten years from the date of appointment). Once the CEO's shareholding is in excess of 600%, the CEO may with the permission of the Chair of the Board, choose to sell a proportion of vested and otherwise unrestricted shares provided that, in the reasonable opinion of the Chair, the CEO is still likely to be able to achieve the 900% shareholding requirement within the 10-year period. All other Executive Directors are expected to build up their shareholding requirements over a reasonable period (typically five years).

Ordinary shares or ADRs that count towards achieving these requirements include:

- Beneficially owned shares held by an Executive Director, or a person connected to them (as recognised by the Remuneration Committee);
- Unvested Deferred Bonus awards (on a net of tax basis); and
- PSP awards that have vested, and so are no longer subject to performance conditions, but are within a holding period.

Executive Directors are expected to hold 100% of their minimum shareholding requirement for two years post-departure. In cases where the individual has not had sufficient time to build up share ownership to meet the minimum shareholding requirement, the post-employment shareholding requirement will be based on their actual level of shareholding on departure.

### Shareholding requirements

Executive Directors are expected to build up share ownership. The minimum shareholding requirements applicable are below.

% of base salary	CEO	CFO
<b>US-based</b>	900%	300%
<b>Non-US based</b>	450%	225%

## Notes to the policy table for Executive Directors

### Performance measure selection and target setting

#### Annual Incentive Plan

The performance measures used for our annual bonus have been chosen to support the Group's strategy and the Committee continues to believe it is appropriate to use a balance between financial targets and strategic objectives.

Performance targets are set by the Committee to be both stretching and achievable, taking into account the Group's strategic priorities. Financial performance targets under the AIP are set with reference to the prior year and to the budgets and business plans for the coming year, ensuring the levels to achieve threshold, target or maximum payout are appropriately stretching. Commercial sensitivity precludes the advance publication of the actual targets, but these will be retrospectively published in the Annual Report on Remuneration for 2026.

#### Performance Share Plan

The Committee considers that the current measures used for Performance Share Plan awards, namely, CAGR in EPSA, relative TSR, ROIC and ESG objectives, continue to be the most appropriate measures of long-term performance for the Company. The Committee reviews the measures, weightings and targets for long-term incentive awards on an annual basis, to ensure their continued suitability and to ensure they are sufficiently stretching.



## Remuneration Policy Report continued

### PSP performance multiplier

Recognising that an increase of the TTDC to a level toward the middle of the peer group would imply a very significant increase in pay, we propose a mechanism by which the higher levels of opportunity only become available to Executive Directors if shareholders benefit directly as well. To achieve this, we propose that for PSP grants made in 2027 and 2028, the baseline value of the PSP awarded be increased by a factor of between 1.0 and 1.4 (the multiplier) which can increase the value of the PSP opportunity. The multiplier applied will be related to the increase in the share price in the previous year; if the share price increases by 5%, the value of the multiplier will be 1.0 and if the share price increases by 15% it will be 1.4, with the multiplier being determined on a straight-line basis between the two.

The share price increase would be calculated by dividing the average closing share price in December prior to the PSP award date by the average closing share price in the preceding December. For example, for PSP awards granted in 2027, we would compare the average closing share price from December 2026 against the average closing share price in December 2025 to determine whether a multiplier should apply to the 2027-29 PSP award. An underpin will always apply to the denominator such that the preceding December share price can never be less than the average closing share price in December 2025.

This test would be repeated each year, such that year over year share price increases must be delivered to maintain an enhanced PSP award. As all PSP awards are subject to performance conditions, once granted the executive must continue to deliver performance over the three year PSP award performance period to ultimately realise any value from the award, which would then be subject to a two year holding period.

The purpose of this mechanism is two-fold: to enable Executive Directors to achieve pay more aligned with peers, but to align this with the measurable delivery of shareholder value as reflected in share price growth.

Set out below are examples of how this multiplier may work for the CEO.

Award year	2027	2028	2029
<b>Baseline average share price</b>	£12.32 (Dec-25)	£13.24 (Dec-26)	£13.84 (Dec-27)
<b>Average share price in December prior to PSP award<sup>1</sup></b>	£13.24 (Dec-26)	£13.84 (Dec-27)	£15.92 (Dec-28)
<b>Share price increase (Dec - Dec)</b>	7.50%	4.50%	15%
<b>PSP award multiplier</b>	1.1	1	1.4
<b>Award level (% of base salary)</b>	715%	650%	910%
<b>Award value (USD)</b>	11,580,111	10,527,374	14,738,324
<b>Performance vesting outcome (for illustrative purposes)</b>	0%	100%	50%
<b>Vesting value<sup>2</sup> (USD)</b>	–	10,527,374	7,369,162
<b>Vesting year</b>	2030	2031	2032
<b>End of post-vesting holding period</b>	2032	2033	2034

1 An underpin will apply such that the baseline share price in all future years can be no less than £12.32, which is the average share price during the month of December 2025.

2 Assuming constant share price.

As illustrated above, in a year where 5% share price increase is not delivered, the PSP award would return to the baseline level and where an enhanced award has been granted, if the attached performance conditions have not been achieved then no value would be delivered to the executive.

To determine the performance conditions for the multiplier, the Committee considered various factors, including what might be an appropriate level to motivate the executives, and the share price change data across the PSP peer group over the three years to December 2025. As shown below, a 5% change in average December share price has been at least median over the past three years and 15% has been around or above upper quartile.

	2023	2024	2025
<b>Lower quartile</b>	(14.5%)	(11.7%)	<b>(31.7%)</b>
<b>Median</b>	2.3%	0.8%	<b>(10.2%)</b>
<b>Upper quartile</b>	18.0%	16.5%	<b>5.1%</b>
<b>Percentile rank of 5% change</b>	57.2%	55.2%	<b>74.5%</b>
<b>Percentile rank of 15% change</b>	72.6%	73.8%	<b>90.2%</b>

## Relative TSR comparator group

Under the current policy, TSR is measured against two peer groups, one based on the MedTech industry, and one based on a subset of the FTSE100. We are proposing to simplify this in the new Policy and have only a peer group based on the MedTech industry. The companies included in this peer group are:

– Alcon Inc.	– Koninklijke Philips NV	– Enovis Corporation
– Bausch + Lomb Corporation	– ResMed Inc.	– Envista Holdings Corporation
– Baxter International Inc.	– Solventum	– Globus Medical, Inc.
– Becton, Dickinson & Co	– Sonova Holding AG	– Insulet Corporation
– bioMérieux S.A.	– Steris Plc	– Integer Holdings Corporation
– Coloplast A/S	– Teleflex Incorporated	– Integra Lifesciences Holdings Corporation
– Convatec Group Plc	– Zimmer Biomet Holdings, Inc.	– Medtronic Public Limited Company
– Dentsply Sirona Inc.	– Carl Zeiss Meditec Ag	– Straumann Holding Ltd
– Edwards Lifesciences Corporation	– Demant A/S	– Stryker Corporation
– GE Healthcare Technologies Inc.	– DiaSorin SpA	– The Cooper Companies, Inc.
– Intuitive Surgical, Inc.	– Elekta AB	

The Committee may, in its absolute discretion, add or remove a company from the MedTech peer group where it determines that it is appropriate to maintain the relevance of the peer group. Any changes to the peer group would be fully explained to shareholders.

## Shareholding requirements

The new policy increases the standard shareholding requirements for the CEO and CFO to 900% and 300%, respectively. The CEO shareholding requirement exceeds that of our peer group where 14 out of 21 CEOs have a 600% shareholding requirement, but is aligned with our peer group for the CFO where 15 out of 21 CFOs have a 300% shareholding requirement.

Shareholding requirement	US-based CEO (% of base salary)	US-based CFO (% of base salary)
<b>2025 Pay Peer Group median</b>	<b>600%</b>	<b>300%</b>
Current S+N shareholding requirement	500%	200%
Proposed S+N shareholding requirement	900%	300%

## Non-US based executives

The Committee recognises that executive pay tends to be very much lower outside the US, and to ensure that the policy does not imply paying US-style compensation to non-US Board executives, we are proposing different variable pay opportunities outside the US. Although, we do not expect to have Executive Directors outside the US in the immediate future.

The Committee considered a FTSE peer group (20 FTSE 100 companies above and below Smith+Nephew's market capitalisation, excluding financial services), alongside other factors, including the positioning of other MedTech companies within the FTSE and Europe, the complexities of leading a global business, internal equity where the majority of leadership will be based in the US, and the ability to attract and retain high calibre talent that can lead a MedTech company. Given the factors noted above, the Committee believes it is necessary to position the variable pay opportunities in the top quartile to be market competitive.

% of base salary	CEO	CFO
<b>Annual Incentive Plan (at target)</b>		
Lower quartile	96%	75%
Median	100%	90%
Upper quartile	113%	100%
Proposed	130%	107.5%
<b>Long-term incentive plan (at expected value<sup>1</sup>)</b>		
Lower quartile	150%	120%
Median	180%	150%
Upper quartile	240%	180%
Proposed	365%	195%

1 Expected value is calculated as 60% of maximum PSP vesting, plus 100% of RSP award level.



## Remuneration Policy Report continued

### Remuneration Policy for Non-Executive Directors

The policy for Non-Executive Directors remuneration is set out below.

<b>Basic fee</b> Changes: Base fees will be paid fully in cash	
<b>Operation</b> Base fees are reviewed annually. Base fees will be paid fully in cash.	<b>Maximum opportunity</b> Increases will generally not exceed the average increase for the wider employee population within the Non-Executive Director's home country. A higher increase may be made if there is an increase in activity or time commitment. The total maximum aggregate fee to Non-Executive Directors will not exceed the limit set out in the Company's Articles of Association.  <b>Performance measures</b> No performance conditions apply.
<b>Additional fee</b> Changes: No changes proposed	
<b>Operation</b> A fixed fee paid to reflect additional responsibilities, such as a Committee Chair or Senior Independent Director (SID). The fee is reviewed annually and will be paid fully in cash.	<b>Maximum opportunity</b> The total maximum aggregate fee to Non-Executive Directors will not exceed the limit set out in the Company's Articles of Association.  <b>Performance measures</b> No performance conditions apply.
<b>Intercontinental travel</b> Changes: No changes proposed	
<b>Operation</b> A fee to compensate for the time spent travelling to attend meetings in another continent. The fee is reviewed annually and paid fully in cash.	<b>Maximum opportunity</b> The total maximum aggregate fee to Non-Executive Directors will not exceed the limit set out in the Company's Articles of Association.  <b>Performance measures</b> No performance conditions apply.
<b>Shareholding requirement</b> Changes: No changes proposed	
<b>Operation</b> Non-Executive Directors are expected to build up share ownership over a period of two to three years from appointment. The expected shareholding requirement is 25% of the Non-Executive Director's annual fee.	<b>Maximum opportunity</b> Not applicable.  <b>Performance measures</b> No performance conditions apply.

The proposed application of the Remuneration Policy for the Chair of the Board and Non-Executive Directors in 2026 is as follows.

	2025	2026
<b>Chair of the Board</b>	£467,500 (\$606,348)	£482,460 (\$625,751)
<b>Basic fee</b>	UK: £74,779 (\$96,988) US: \$139,050	UK: £77,170 (\$100,089) US: \$143,500
<b>Senior Independent Director fee</b>	UK: £21,500 (\$27,886) US: \$37,500	UK: £25,000 (\$32,425) US: \$43,500
<b>Committee Chair fee</b>	UK: £21,500 (\$27,886) US: \$37,500	UK: £25,000 (\$32,425) US: \$43,500

1 Fees set in GBP have been converted to USD using a 1 GBP:1.297 USD exchange rate.

Note that all payments made to the Chair of the Board are determined by the Committee, while payments made to the Non-Executive Directors are determined by those Directors, who are not themselves Non-Executive Directors, currently the Chair of the Board, Chief Executive Officer, and Chief Financial Officer.

### Discretion and judgement

The Committee retains the flexibility to apply discretion and judgement to ensure fair outcomes, as no remuneration policy or framework, however well-designed, can anticipate every situation.

The Committee can exercise discretion in several areas when administering the Company's incentive plans, in accordance with the relevant plan rules. These include, but are not limited to:

- Selection of participants.
- The size of awards each year (subject to the limits outlined in the Remuneration Policy).
- The performance measures and targets to be applied to each incentive award.
- The level of payments, or vesting, based on achievement of the relevant performance conditions.
- Determining individuals as good or ordinary leavers and the treatment of outstanding awards (in line with plan rules and Remuneration Policy).
- Managing outstanding awards and evaluating performance in the event of a change of control.

Additionally, if circumstances arise that lead the Committee to believe that a performance condition is no longer appropriate, they may substitute, adjust, or waive the condition to ensure a fairer evaluation of performance.

### Malus and clawback

The Board has a clawback policy which provides for the recovery of certain incentive-based remuneration from current and former Executive Directors and Executive Officers of the Company in the event the Company is required to restate its financial statements filed with the SEC in order to correct an error that is material to its financial statements. This policy is in addition to the rights granted to the SEC under applicable legislation and the malus and clawback provisions set forth in the Company's incentive plan rules.

Under the Company's incentive plan rules, malus and clawback may be applied to AIP, deferred bonuses, PSP and RSP awards in certain circumstances including:

- Cases of fraud, negligence or gross misconduct by the Executive Director;
- Material financial misstatement in the audited financial results;
- Error in calculation; or
- Other exceptional circumstances at the Committee's discretion.

Cash bonuses will be subject to clawback, with deferred shares being subject to malus, over the deferral period. PSP and RSP awards will be subject to malus over the vesting period and clawback from the vesting date to the third anniversary of the relevant vesting date. These periods were chosen as it is practicable to enact clawback over these periods.

No malus or clawback was operated in 2025 in relation to Executive Directors.

### Remuneration scenarios for 2026

Below is an illustration of the potential future remuneration that could be received by each Executive Director during 2026, both in absolute terms and as a proportion of the total reward under different performance scenarios.

In developing the scenarios, the following assumptions have been made:

<b>Below threshold</b>	Fixed elements of remuneration (base salary, pension and benefits) plus 100% of RSP award
<b>Threshold</b>	Fixed remuneration plus 25% of PSP maximum opportunity plus 100% of RSP award
<b>Target</b>	Fixed elements of remuneration plus 50% of maximum bonus plus 60% of PSP maximum opportunity plus 100% of RSP award
<b>Maximum</b>	Fixed elements of remuneration plus 100% of maximum bonus plus 100% of PSP maximum opportunity plus 100% of RSP award
<b>Maximum plus 50% share price growth</b>	Maximum plus a 50% share price growth on the PSP award and 100% of RSP award

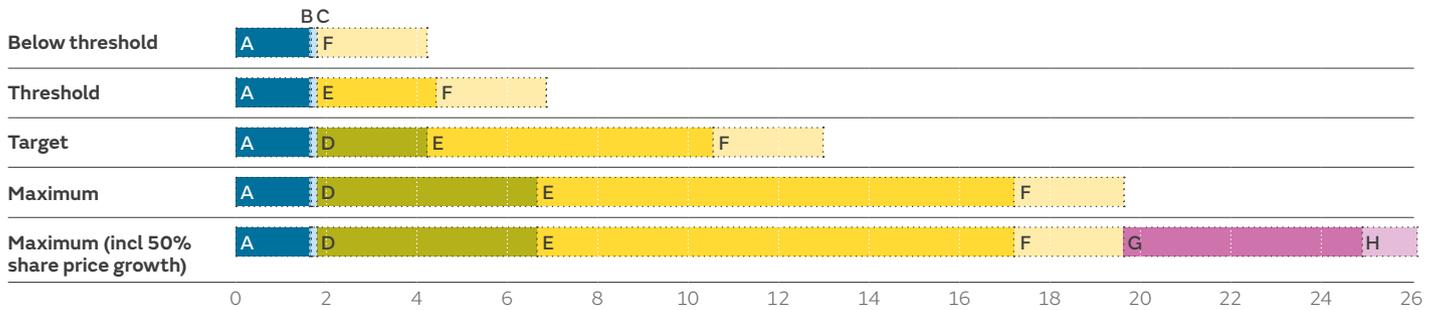


## Remuneration Policy Report continued

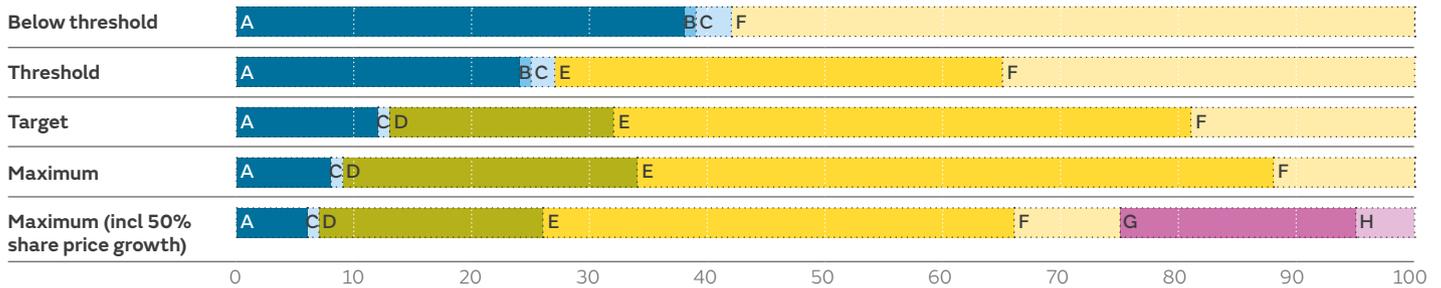
**A** Base salary   **B** Benefits   **C** Pension   **D** AIP   **E** PSP   **F** RSP   **G** PSP (share price growth)   **H** RSP (share price growth)

### Deepak Nath, CEO

#### Value of package (\$m)

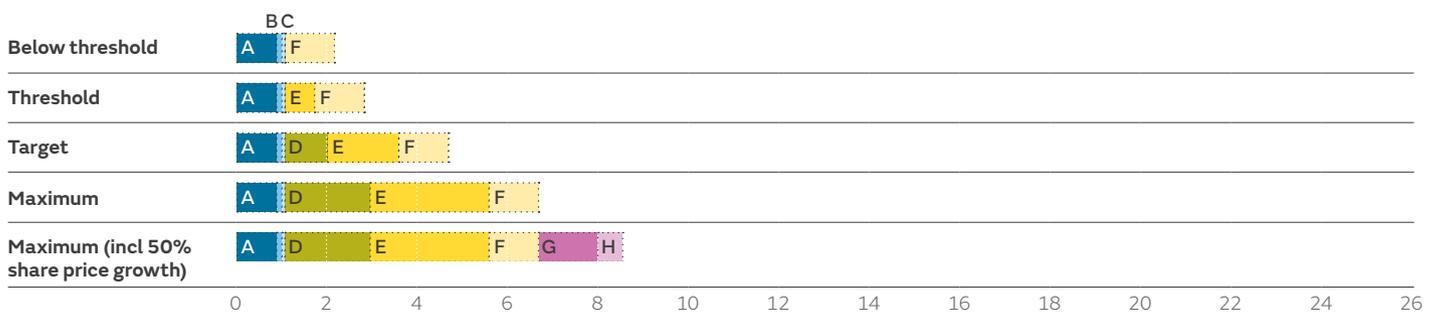


#### Composition of package (%)

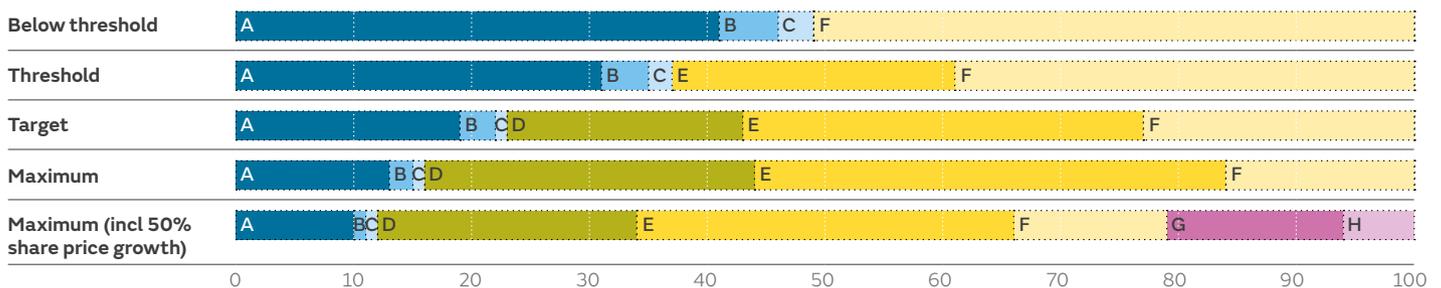


### John Rogers, CFO

#### Value of package (\$m)



#### Composition of package (%)



## Reward strategy and application

Our reward approach is designed to be competitive across the diverse markets in which we operate, allowing us to attract and retain top talent globally. In this context, the Remuneration Committee is responsible for setting the remuneration arrangements for Executive Directors, ensuring alignment with the Company's values and long-term business strategy. In doing so, the Committee also considers the remuneration arrangements of the broader workforce, related policies, and the alignment of incentives and reward with culture.

The table below outlines the strategic rationale for each component of remuneration and how our remuneration structure applies to different employee groups within Smith+Nephew.

Reward element and strategic rationale	Executive Directors	Executive Committee	Senior Executives	Senior Managers	Managers	Wider Workforce
<b>Base salary</b> Fair and competitive pay to attract and retain employees.	Base salary is set with reference to the relevant local market and takes account of the employee's knowledge, experience, and contribution to the role. Base salaries are usually reviewed annually and take into account local salary norms, local wage inflation and business conditions. Increases in base salary for Executive Directors will take into account the level of salary increases granted to all employees within the Group in the Executive Director's home country.					Base salary is either subject to negotiation with local trade unions or follows the market pay approach outlined for managers.
<b>Pensions and benefits</b> Support employees in the performance of their role and to ensure the package is market competitive.	Employment and post-retirement benefits are offered in line with relevant home market.					
<b>Short-term Incentives</b> Nearly all employees are eligible to participate in an annual incentive plan. The bonus opportunity varies by role level. The performance objectives within the plans cascade from the objectives set for Executive Directors at the start of the year to ensure the performance of all employees is linked to the Company's strategy.	Annual incentive based on 85% financial metrics, plus 15% strategic objectives.  Compulsory deferral into shares for three years.	Annual incentive based on 80% financial metrics, plus 20% strategic objectives.	Annual incentive based on 70% financial metrics, plus 30% strategic objectives.  Certain employees within commercial or sales roles participate in a sales incentive plan instead of the annual incentive plan.		Annual incentive is either subject to negotiation with local trade unions; follows the standard annual incentive framework for managers with 60% financial metrics and 40% strategic objectives; is a sales incentive plan; or an operational effectiveness incentive plan.	
<b>Long-term Incentives</b> Longer term reward, predominantly in shares, to recognise and reward performance delivery and create alignment with shareholder interests.	PSP awards are subject to a three-year performance period and a two-year holding period.  RSP awards vest in three equal annual instalments and are subject to continued employment and a reasonable judgement underpin.	PSP awards are subject to a three-year performance period.  RSP awards are awarded and vest in three equal annual instalments subject to continued employment and good standing.  The level of award granted to employees is dependent on the role level, personal performance, and Company performance conditions in the year prior to the award.			RSP awards may be granted as special recognition or to motivate and retain key talent. Awards typically vest in three equal annual instalments subject to continued employment and good standing.	
Eligible employees in the US can participate in a section 423 plan. Employees outside the US will be able to participate in the new Smith+Nephew Global Employee Share Purchase Plan, launching in 2026.						



## Remuneration Policy Report continued

### Link to business strategy

The strategy for growth was executed through a disciplined 12-Point Plan focused on productivity gains, enhanced commercial execution, and organisational transformation. This delivery strengthened operational performance and created a solid platform for the next phase of growth, based on the RISE strategy, which will focus on generating significant value for shareholders, customers and communities by reaching more patients through leading innovation, raising the standard of care and delivering stronger financial performance.

The alignment of each proposed measure to the RISE strategy is set out below.

AIP measures				
	Reach	Innovate	Scale	Execute
Revenue Growth	✓	✓	✓	
Trading Profit	✓	✓	✓	✓
Free Cash Flow			✓	✓
Strategic objectives	✓	✓	✓	✓
PSP measures				
	Reach	Innovate	Scale	Execute
Adjusted Earnings per Share			✓	✓
Return on Invested Capital			✓	✓
Relative TSR (Total Shareholder Return)	✓	✓	✓	✓
ESG objectives				✓

## Approach to recruitment

The Recruitment Policy provides a suitable framework for attracting individuals with the necessary expertise to lead a company of our size, scale, and complexity. The table below outlines the policy, for both internal and external recruitment, and the different elements that may be included within a remuneration package for an Executive Director, along with the approach the Remuneration Committee would take for each element.

Element	Policy and operation
<b>Overall</b>	The policy of the Board is to recruit the best candidate possible for any Board position and to structure pay and benefits in line with the Remuneration Policy. The ongoing structure of a new recruit's package would be the same as for existing Directors, with the possible exception of an identifiable buy-out provision, as set out below.
<b>Base salary</b>	Base salary is positioned at a fair and appropriate level allowing for a range of factors, including the executive's current remuneration and experience, internal relativities, an assessment against relevant comparator groups and cost. If a new Executive Director is initially appointed at a lower rate, the Committee retains the ability to award larger increases in subsequent years to realign the salary over time as the individual develops in the role.
<b>Pensions and benefits</b>	An Executive Director will be eligible for benefits and pension arrangements in line with the arrangements offered to comparable roles in the country in which the Executive Director is based.
<b>Annual incentive</b>	The maximum level of opportunity is as set out in the Remuneration Policy. The Committee retains discretion to set different performance targets for a new externally appointed Executive Director, or to adjust performance targets and/or measures in the case of an internal promotion, to be assessed over the remainder of the financial year. In this case, any bonus payment would be made at the same time as for existing Directors, such award to be prorated for the time served in the performance period.
<b>Long-term incentive</b>	The maximum level of opportunity is as set out in the Remuneration Policy. To achieve rapid alignment with Smith+Nephew and shareholder interests, the Committee retains discretion to grant an award to a new externally appointed Executive Director on, or soon after, appointment if they join outside of the normal grant period.
<b>Replacement or buy-out awards</b>	The Committee retains discretion to grant replacement buy-out awards (in cash or shares) to a new externally-appointed Executive Director to reflect the loss of awards granted by a previous employer. Where this is the case, the Committee will seek to structure the replacement award such that overall it is on an equivalent basis to broadly replicate that foregone, using appropriate performance terms. If the Executive Director's prior employer pays any portion of the remuneration that was anticipated to be forfeited, the replacement awards shall be reduced by an equivalent amount.
<b>Sign-on incentives</b>	The Committee retains discretion to grant a sign-on award (in cash or shares) to a new externally appointed Executive Director to ensure a compelling remuneration package can be offered in a highly competitive recruitment market. These awards would be capped at 200% of base salary and be subject to robust performance conditions, deferral, and clawback. The Committee will explain the circumstances and rationale for such awards to shareholders if they are used.
<b>Other</b>	If the Committee concludes that it is necessary and appropriate to secure an appointment, relocation-related support and international mobility benefits may be provided, depending on the circumstances and in line with the Group's broader approach. In addition, where a new Executive Director requires legal or other professional advice related to the appointment to understand the obligations, duties and legal and regulatory requirements of the new role, the associated fees may be paid (or reimbursed) by the Company.



## Remuneration Policy Report continued

### Service contracts and policy on payment for loss of office

#### Executive Directors

The following table sets out the principal provisions of the service contracts of Executive Directors and the treatment of payments on termination of employment. The Executive Director service contracts (as well as the terms and conditions of appointment of the Non-Executive Directors) are available for inspection at the Company's registered office (Building 5, Croxley Park, Hatters Lane, Watford, WD18 8YE, United Kingdom).

In exceptional circumstances, the Committee may authorise, where it considers it to be in the best interests of the Company and shareholders, entering into contractual arrangements with a departing Executive Director, for example, a settlement, confidentiality, restrictive covenant or other arrangement, pursuant to which sums not set out in the following table may become payable. Full disclosure of the payments will be made in accordance with the remuneration reporting requirements.

	<b>Deepak Nath</b>	<b>John Rogers</b>
<b>Date of service agreement</b>	1 April 2022	22 July 2025 (current US Agreement) 1 December 2023 (prior UK Agreement)
<b>Date of appointment as director</b>	1 April 2022	1 April 2024
<b>Employing company</b>	Smith+Nephew Inc	Smith+Nephew Inc
<b>Contract duration</b>	No fixed term	
<b>Notice period</b>	No more than 12 months' notice	
<b>Post-termination restrictions</b>	The contracts of employment contain the following restrictions on the Director for 12 months from the date of termination of employment: <ul style="list-style-type: none"> <li>– Non-compete clause for employment</li> <li>– Non-dealing and non-solicitation of client/customers</li> <li>– Non-solicitation of suppliers and non-interference with supply chain</li> <li>– Non-solicitation of employees.</li> </ul>	
<b>Summary termination – payment in lieu of notice</b>	The Company may, at its absolute discretion, terminate the employment of the Director with immediate effect by giving written notice together with payment of a sum equivalent to the Director's base salary and the value of his contractual benefits as at the date such notice is given, in respect of the Director's notice period, less any period of notice worked. The Company may elect to make this payment monthly or as a lump sum.	
<b>Termination payment – change of control</b>	The Company shall pay 12 months' base salary, together with a sum equivalent to the value of the Director's contractual benefits, as at the date of termination within one year of change of control. Reasonable outplacement costs will also be covered.	
<b>Termination – treatment of annual incentive awards</b>	Annual bonus awards are subject to performance conditions and made at the discretion of the Remuneration Committee. Executive Directors will receive a bonus, pro rata to service for the current performance year, unless the reason for leaving is resignation or misconduct, in which case the awards will lapse on cessation of employment. Any prorated awards will ordinarily be paid on their normal payment date and following the end of the relevant award performance period, unless the Committee determines that awards should be paid following cessation of employment. Performance will be tested at the end of the performance period unless the Committee determines to test performance otherwise. Deferred bonus awards will vest on their normal vest date in accordance with the plan rules.	
<b>Termination – treatment of long-term incentive awards</b>	PSP and RSP awards are made at the discretion of the Remuneration Committee. Executive Directors will be eligible for PSP awards, pro rata to service for the performance period, unless the reason for leaving is resignation or misconduct, in which case the awards will lapse on cessation of employment. Similarly, Executive Directors eligible for RSP awards will receive outstanding awards pro rata for service over the award vesting period. PSP awards will be tested for performance at the end of the performance period, unless the Committee determines to test performance otherwise. The reasonable judgement underpin on RSP awards will be tested at the end of the vesting period.	
<b>Redundancy arrangements</b>	12 months' base salary and contractual benefits. Reasonable outplacement costs.	
<b>Holiday</b>	Upon termination for any reason entitled to payment in lieu of accrued, but untaken holiday entitlement (subject to overriding local law and regulation).	

## Chair and Non-Executive Directors

The Chair of the Board and each of the Non-Executive Directors have letters of appointment. The letters of appointment do not contain any contractual entitlement to a termination payment and the Non-Executive Directors can be removed in accordance with the Company's Articles of Association. Directors are required to retire at each AGM and seek re-election by shareholders.

The details of the service contracts in relation to the Non-Executive Directors, who served during the year are set out in the table below. Neither the Chair of the Board nor the Non-Executive Directors have provisions in their letter of appointment that relate to a change of control of the Company.

	Committee appointments	Date of appointment	Expiry of current term
<b>Chair</b>			
Rupert Soames	<b>N</b> <b>R</b>	24 April 2023	
<b>Non-Executive Directors</b>			
Angie Risley	<b>N</b> <b>R</b>	18 September 2017	Initial term of appointment is for 36 months subject to election/re-election at each AGM. Thereafter, continuation of the appointment is subject to re-election at each subsequent AGM.
Thérèse Esperdy	<b>N</b> <b>R</b>	1 December 2025	
Jo Hallas	<b>A</b> <b>C</b>	1 February 2022	
David King	<b>C</b> <b>R</b>	1 July 2025	
Garheng Kong	<b>A</b>	1 September 2025	
Simon Lowth	<b>A</b> <b>N</b>	1 January 2024	
John Ma	<b>C</b>	17 February 2021	
Jez Maiden	<b>A</b> <b>R</b>	14 September 2023	
Katarzyna Mazur-Hofsaess	<b>C</b>	1 November 2020	
Marc Owen	<b>A</b> <b>C</b> <b>N</b> <b>R</b>	1 October 2017	
Sybella Stanley	<b>R</b>	1 February 2025	
Bob White <sup>1</sup>	<b>C</b> <b>R</b>	1 May 2020	30 April 2025

### Committee key

<b>A</b>	<b>R</b>	<b>N</b>	<b>C</b>	<b>●</b>
Member of the Audit Committee	Member of the Remuneration Committee	Member of the Nomination & Governance Committee	Member of the Compliance & Culture Committee	Committee Chair

1 Bob White stepped down from the Board on 30 April 2025.

## Remuneration at a glance

Our remuneration arrangements are designed to incentivise and reward the delivery of sustainable value creation and long term-growth that enables us to achieve our purpose of delivering a Life Unlimited for our patients.

### We aim to:

<b>Be competitive</b>	Attract, retain and motivate top talent by offering a competitive remuneration structure for the MedTech industry
<b>Pay for performance</b>	Create a direct link between pay and performance, recognising both Company and individual performance
<b>Align interests</b>	Align executive interests with the long-term interests of our shareholders
<b>Be agile</b>	Remain flexible enough to adapt to changing business needs
<b>Be reasonable</b>	Ensure remuneration is reasonable, affordable and appropriate in the context of the MedTech industry

### Delivery of our purpose and strategy drives our 2025 incentive outcomes



## Executive Director 2025 Remuneration Outcomes

### Single figure

Deepak Nath  
 Chief Executive  
 Officer (CEO) **\$7,219m**  
 (2024: \$5,962m)

### Remuneration summary

Target	A	1,771	B	1,728	C	2,442	D	836
Actual	A	1,771	B	2,842	C	1,770	D	836

John Rogers  
 Chief Finance  
 Officer (CFO) **\$2,815m**  
 (2024: \$2,000m)

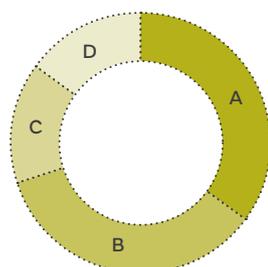
Target	A	1,179	B	1,011
Actual	A	1,179	B	1,636

**A** Base salary and benefits    **B** Annual Incentive Plan    **C** Performance Share Plan    **D** Restricted Share Plan (incl. buy-out)

## How we performed in 2025

### Annual Incentive Plan

	Weighting
<b>A</b> Revenue	35.0%
<b>B</b> Trading profit margin	35.0%
<b>C</b> Free cash flow	15.0%
<b>D</b> Strategic objectives (including ESG)	15.0%



### Revenue

Actual: \$6,117m	Threshold: \$6,019m	Target: \$6,080m	Maximum: \$6,140m
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### Trading profit margin

Actual: 19.7%	Threshold: 18.9%	Target: 19.4%	Maximum: 19.9%
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### Free cash flow

Actual: \$836m	Threshold: \$531m	Target: \$625m	Maximum: \$719m
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### Strategic objectives (Including ESG) – Deepak Nath

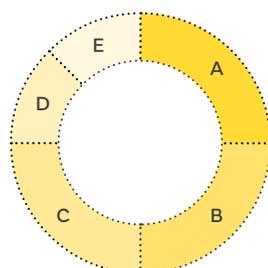
Actual: 135%	Threshold: 0%	Target: 100%	Maximum: 200%
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### Strategic objectives (Including ESG) – John Rogers

Actual: 118%	Threshold: 0%	Target: 100%	Maximum: 200%
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### Performance Share Plan 2023-2025

	Weighting
<b>A</b> Cumulative group revenue	25.0%
<b>B</b> Cumulative free cash flow	25.0%
<b>C</b> Return on invested capital	25.0%
<b>D</b> Relative Total Shareholder Return (FTSE100)	12.5%
<b>E</b> Relative Total Shareholder Return (S&P 1200 Global Healthcare Medical Devices subset)	12.5%



### Cumulative group revenue

Actual: \$17,625m	Threshold: \$16,354m	Target: \$17,776m	Maximum: \$19,198m
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### Cumulative free cash flow

Actual: \$1,511m	Threshold: \$1,233m	Target: \$1,541m	Maximum: \$1,695m
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### Return on invested capital

Actual: 7.2%	Threshold: 8.5%	Target: 9.5%	Maximum: 10.5%
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### Relative Total Shareholder Return (FTSE100)

Actual: 21.9%	Threshold: Index return (28.1%)	Maximum: Index return +8% (61.4%)
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### Relative Total Shareholder Return (S&P 1200 Global Healthcare Medical Devices subset)

Actual: 21.9%	Threshold: Index return (-5.8%)	Maximum: Index return +8% (18.7%)
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## Annual report on remuneration

This section provides details on how the Directors' Remuneration Policy was implemented during 2025 (the **Implementation Report**) and how we intend to apply it in 2026.

### About the Remuneration Committee

The members of the Remuneration Committee include Sybella Stanley (Chair), Angie Risley, Rupert Soames, Jez Maiden, David King, Marc Owen and Thérèse Esperdy. Details of attendance at Committee meetings during the year are shown on [page 110](#).

The Committee's role is to ensure that our Remuneration Policy and practices are aligned with the business strategy and promote long-term sustainable success. The Committee's Terms of Reference can be found on our website. These terms include the determination of fair remuneration for Director and the Chair of the Board (no individual participates in discussions about their own remuneration). In addition, the Committee receives recommendations from the Chief Executive Officer on the remuneration of those reporting to him, as well as advice from the Head of Reward and Chief HR Officer.

### Advisers to the Committee

During the year under review, the Committee received material assistance and advice on remuneration policy from the Head of Reward and Chief HR Officer. The Chief Executive Officer also provided advice that was of material assistance to the Committee.

The Committee appoints independent remuneration consultants who attend Committee meetings and provide independent advice and information on corporate governance developments and market trends on pay and incentive arrangements.

The Committee appointed Willis Towers Watson as adviser to the Committee in 2023 following a competitive tender process. The total fees paid to Willis Towers Watson in respect of its services to the Committee during the year were £109,980. The fees paid are based on the standard market rates for remuneration committee advisory services. Willis Towers Watson is a signatory to the Remuneration Consultants Group Code of Conduct.

Willis Towers Watson also provides consultancy services to the Company in relation to certain employee and benefit matters applying to those below the Board. The Committee is satisfied that the advice provided by Willis Tower Watson was independent and objective and that the provision of additional services did not compromise that independence. The Committee is also satisfied that the team who provided advice do not have any connection to Smith+Nephew that may impair their independence and objectivity.

The work carried out by the Committee during the year is set out on [page 147](#).

### Statement of shareholder voting

We carefully monitor shareholder voting on our Remuneration Policy and its implementation. We recognise the importance of our shareholders' continued support for our remuneration arrangements.

The table below shows the results of the polls taken on the resolution to approve the Remuneration Policy at our AGM in 2024 and the Directors' Remuneration Implementation Report, at our AGM in May 2025.

Resolution	Number of votes cast	For	Against	Votes withheld
<b>Remuneration Policy</b>	677,164,841	384,484,538 (56.78%)	292,680,303 (43.22%)	1,744,476
<b>Directors' Remuneration Report (excluding Policy)</b>	715,001,994	662,105,430 (92.6%)	52,896,564 (7.4%)	9,339,790

## Remuneration for the year ended 31 December 2025

Our Remuneration Policy operated as intended over the year, and the table below sets out the single total figure of remuneration for each Executive Director received in respect of qualifying service over 2025 together with comparatives for 2024. An explanation of how the figures are calculated follows the table.

### Executive Directors' remuneration – Single figure of remuneration (audited)

000s USD	Executive Directors			
	2025 <sup>1</sup>	Deepak Nath (appointed 1 April 2022) 2024 <sup>2</sup>	2025 <sup>1</sup>	John Rogers (from 1 April 2024) 2024 <sup>2</sup>
<b>Fixed pay</b>				
<b>Base salary</b>	<b>1,607</b>	1,560	<b>927<sup>3</sup></b>	695
<b>Pension</b>	<b>121</b>	117	<b>99</b>	83
<b>Benefits</b>	<b>43</b>	42	<b>153</b>	12
<b>Total fixed pay</b>	<b>1,771</b>	1,719	<b>1,179</b>	790
<b>Annual variable pay</b>				
<b>Annual Incentive Plan (AIP)</b>				
Cash	<b>1,421</b>	1,017	<b>818</b>	605
Deferred shares	<b>1,421</b>	1,017	<b>818</b>	605
<b>Total AIP</b>	<b>2,842</b>	2,034	<b>1,636</b>	1,210
<b>Long Term Incentive Plans (LTIPs)</b>				
<b>Performance Share Plan</b>	<b>1,770<sup>4</sup></b>	1,167 <sup>5</sup>	–	–
<b>Restricted Share Plan</b>	<b>787<sup>6</sup></b>	– <sup>7</sup>	–	–
<b>Forfeited incentives</b>	<b>49<sup>8</sup></b>	1,042	–	–
<b>Total LTIPs</b>	<b>2,606</b>	2,209	–	n/a
<b>Total variable pay</b>	<b>5,448</b>	4,243	<b>1,636</b>	1,210
<b>Total single figure</b>	<b>7,219</b>	5,962	<b>2,815</b>	2,000

1 All 2025 British Pounds amounts have been converted to US Dollars (our reporting currency) using a 12-month average exchange rate (£1 to \$1.297).

2 All 2024 British Pounds amounts have been converted to US Dollars (our reporting currency) using a 12-month average exchange rate (£1 to \$1.278).

3 Includes £2,165 (\$2,808) for the payout of accrued and unused annual leave on relocation to the US and transition from a UK employment contract to a US employment contract.

4 A total of 110,163 shares (102,830 performance shares plus an estimated 7,333 dividend shares) due to vest in March 2026 under the 2023-25 PSP award. Dividend equivalent shares have been estimated based on an estimated total dividend per share over the vesting period of £0.8833 and a share price of £12.385. The value is calculated using an estimated vest price of £12.385 (\$16.06). Actual dividend shares will be calculated at vesting and the actual vesting value will be reported in next year's annual report.

5 A total of 83,938 shares (76,983 performance shares plus 6,955 dividend shares) vested on 20 May 2025. The value is calculated using the vest price of £10.88 (\$13.90).

6 A total of 44,921 shares (43,839 RSP shares plus 1,082 dividend shares) vested in August 2025 under the first tranche of the 2024 RSP award. The value is calculated using the vest price of £13.51 (\$17.52).

7 The full value at grant was reported in 2024. However, as these awards are subject to forfeiture on leaving and a reasonable judgement underpin they should be reported at vest so this has been restated from \$1,966,000 to \$0.

8 A total of 3,016 shares vested in November 2025 under the final tranche of the buy-out awards granted to Deepak Nath in respect of outstanding incentives he forfeited on leaving his former company, Siemens Healthineers. Full details of the buy-out awards can be found in our 2021 Annual Report. The value is calculated using the vest price of £12.57 (\$16.31).



## Directors' Remuneration Report continued

### Annual report on remuneration continued

#### Base salary

Base salaries of Executive Directors are reviewed annually and allow for scope of role and the individual's experience and time in role, as well as their performance. The increases awarded were in line with the wider workforce within the country in which the Executive Director is based.

000s	Annual base salary 1 April 2025	Annual base salary 1 April 2024	% change
<b>Executive Directors</b>			
Deepak Nath	\$1,620	\$1,572	3.0%
John Rogers <sup>1,2</sup>	\$973 (£750)	\$940 (£725)	3.5%

- 1 John Rogers was based in the UK and paid in British Pounds until 29 September 2025, when he permanently relocated to the US. The figure in parenthesis represents the value in local currency. On permanently relocating to the US, his salary was set at \$875,000 (an 10% reduction from his UK salary).
- 2 All 2025 British Pounds amounts have been converted to US Dollars (our reporting currency) using a 12-month average exchange rate (£1 to \$1.297).

#### Pensions

Executive Directors either participate in a defined contribution pension plan at a rate equivalent to that of the wider workforce in the country in which they are based, or receive a cash allowance in lieu of membership of a pension plan.

	Amount '000s	Benefit (% of base salary)
<b>Executive Directors</b>		
Deepak Nath <sup>1</sup>	\$121	7.5%
John Rogers		
UK <sup>2,3</sup>	\$87 (£67)	12%
US <sup>4</sup>	\$12	7.5%
John Rogers total	\$99	

- 1 The contribution paid is in line with the contribution paid to the wider workforce in the Executive Director's home country.
- 2 Paid for his period of UK employment (1 January 2025 – 28 September 2025).
- 3 The figure in parenthesis represents the value in local currency. All British Pounds amounts have been converted to US Dollars (our reporting currency) using a 12-month average exchange rate (£1 to \$1.297).
- 4 Paid for his period of US employment (29 September – 31 December 2025).

#### Benefits

Executive Directors are provided with benefits that are competitive in their home country. This includes medical, life insurance, transportation benefits, plus tax advice services.

000s	2025	Medical 2024	Transportation (car and fuel allowance)		Tax support services		Relocation services	
			2025	2024	2025	2024	2025	2024
<b>Executive Directors</b>								
Deepak Nath	\$13	\$13	\$13	\$13	\$17	\$16	–	–
John Rogers								
UK <sup>1</sup>	\$22 (£17)	\$1 (£1)	\$11 (£9)	\$11 (£9)	–	–	–	–
US	\$1	–	\$3	–	–	–	\$116	–
John Rogers total	\$23	\$1	\$14	\$11	–	–	\$116	–

- 1 John Rogers was based in the UK and paid in British Pounds until 29 September 2025, when he permanently relocated to the US. The figure in parenthesis represents the value in local currency. All British Pounds amounts have been converted to US Dollars (our reporting currency) using a 12-month average exchange rate (£1 to \$1.297).

## Annual Incentive Plan (AIP)

The 2025 AIP is based on performance for the year ended 31 December 2025. The maximum bonus opportunity for Executive Directors is 215% of Base Salary with 85% of the bonus opportunity tied to financial performance and the remaining 15% tied to strategic objectives (including ESG objectives).

To the extent a bonus is payable, one-half is deferred into shares for three years without any matching. If the Executive Director has met the minimum shareholding requirement at the award date, 30% rather than 50% of the bonus is deferred. The figures in the table below represent the total annual bonus amount to be paid, including the amount deferred in shares.

The performance measures and weightings that applied to the 2025 Annual Incentive Plan were as follows:

Performance measure	2025 performance range and outcome <sup>1</sup>				Weighted vested outcome (%)					
	Threshold (0%)	Target (100%)	Maximum (200%)	% of target	Weighting		Deepak Nath	John Rogers		
<b>Financial</b>										
Revenue	\$6,019m	\$6,080m	\$6,140m							
	Actual		\$6,117m	161.2%	x	35%	=	56.4%	56.4%	
Trading profit margin	18.9%	19.4%	19.9%							
	Actual		19.7%	165.0%	x	35%	=	57.8%	57.8%	
Free cash flow	\$531m	\$625m	\$719m							
	Actual		\$836m	200.0%	x	15%	=	30.0%	30.0%	
<b>Strategic objectives (see page 178)</b>										
Deepak Nath				135.0%	x	15%	=	20.3%	–	
John Rogers				118.3%	x	15%	=	–	17.7%	
<b>Total (% of target)</b>						<b>100%</b>		<b>164.4%</b>	<b>161.9%</b>	
Target bonus opportunity (% of base salary)								x	x	
								107.5%	107.5%	
2025 base salary <sup>2</sup>								x	x	
								\$1,607,836	\$940,010 <sup>3</sup>	
								=	=	
<b>2025 annual bonus</b>								<b>\$2,842,171</b>	<b>\$1,636,370</b>	
(of which 50% is deferred in shares for three years)										
								% of maximum bonus opportunity	<b>82.2%</b>	<b>81.0%</b>
								% of base salary	<b>176.8%</b>	<b>174.1%</b>

1 For the purpose of incentive calculations, we are using constant currency rates.

2 Base salary for bonus purposes is determined based on the average base salary over the 12-month period ended 31 December 2025.

3 Base salary related to John Rogers UK employment has been converted from British Pounds to US Dollars using a 12-month average exchange rate (£1 to \$1.297).



## Annual report on remuneration continued

### Annual Incentive Plan (AIP) continued

#### Strategic Objectives

Key strategic objectives represent 15% of the annual bonus opportunity. For 2025, these objectives focused on the delivery of the Group's strategy, our people and processes, customers and advancing our sustainability agenda.

	Objective	Assessment	Weighting	Outcome (% of target)
<b>Deepak Nath</b>	– Create and embed a focused and high performing culture	Continued to drive high levels of performance across the Executive Committee and broader organisation with over achievement of all financial targets for 2025.	5%	135.0%
	– Continue to build a robust talent pipeline for the Executive Committee and High Value roles	Good progress has been made against our integrated talent strategy, talent risks, and succession strength for our Executive Committee and High Value roles.		
	– Define S+N operating system scope and develop plan for implementation	The S+N operating system, designed to support continuous improvement, was completed with implementation across the organisation on track.		
	– Set out enterprise vision and strategy for 2026 to 2030	New three-year RISE strategy developed and presented at Capital Markets Day. This strategy sets out a clear, ambitious and achievable strategy for organic and inorganic growth.	5%	
<b>Deepak Nath</b>	– Continue to build and strengthen innovation pipelines in line with strategic plans	Thirteen new products developed ready for launch on time and within budget, with good progress made on our new product development and early innovation projects.		
	– Reduction in Scope 1 & Scope 2 greenhouse gas emissions (relative to 2019 baseline)	A reduction of 71.1% in our Scope 1 and Scope 2 GHG emissions (relative to our 2019 baseline) was achieved which was slightly above our 2025 target (71%).	5%	
<b>John Rogers</b>	– Employee engagement score	Our employee engagement (as measured by Gallup) increased from 4.24 to 4.33 which puts us in the 68th percentile (increased from 61st percentile in 2024).		
	– Build a high-performing team	Implemented new operating models for IT and GBS and strengthened team capabilities to enable functional transformation and operational improvements.	10%	118.3%
	– Drive continued operational efficiency	Good progress also made on the talent strategy, talent risks, and succession strength within finance, IT and GBS.		
	– Improve capital performance, and internal financial systems and processes	Delivered cumulative zero-based budget savings of c. \$280 million by the end of 2025; \$50 million of procurement savings in 2025.		
	Working capital levels improved and inventory levels reduced. Free cash flow significantly ahead of 2025 targets, and improved return on invested capital. Improved forecast accuracy and financial headwind management.			
<b>John Rogers</b>	– Reduction in Scope 1 & Scope 2 greenhouse gas emissions (relative to 2019 baseline)	A reduction of 71.1% in our Scope 1 and Scope 2 GHG emissions (relative to our 2019 baseline) was achieved which was slightly above our 2025 target (71%).	5%	
	– Employee engagement score	Our employee engagement (as measured by Gallup) increased from 4.24 to 4.33 which puts us in the 68th percentile (increased from 61st percentile in 2024).		

## Decision on 2025 AIP outcomes

The Committee strives to maintain a clear link between pay and performance, focusing on setting challenging performance targets and evaluating both company-wide and individual achievements.

The performance has been assessed according to the extent to which the Executive Directors have met the expectations of the Board, and how they have performed in respect of our culture pillars of Care, Collaboration and Courage. The Committee believes that the payments outlined in this report fairly reflect the performance achieved, and leadership behaviours exhibited, and as such there was no need to apply discretion. The Committee believes that the Remuneration Policy operated as intended during the year.

### Performance Share Plan (PSP)

US Executive Directors are awarded annual PSP awards equal to 300% of base salary. PSP awards are subject to a three-year performance condition, and vest on a straight-line basis between threshold and maximum. To the extent the performance conditions are met, once sufficient shares have been sold to cover the tax liability, the remaining shares are subject to a two-year holding period.

For existing awards granted up to and including 31 December 2025, the following performance measures and weightings apply.

	2023-25 PSP award	2024-26 PSP award	2025-27 PSP award	
<b>Performance measures</b>	<b>Performance period</b>	<b>1 Jan 2023 to 31 Dec 2025</b>	<b>1 Jan 2024 to 31 Dec 2026</b>	<b>1 Jan 2025 to 31 Dec 2027</b>
<b>Revenue</b>	25%	30%		
<b>Free cash flow</b>	25%			
<b>Return on invested capital</b>	25%	30%		30%
<b>Total Shareholder Return</b>	25%	30%		30%
<b>CAGR earnings per share</b>				30%
<b>ESG objectives</b>		10%		10%

The description of the performance conditions and targets for the 2023-2025 PSP (that vests in March 2026) and each outstanding PSP award is shown below.

Metric	Description	Performance conditions			
		2023-25 PSP award	2024-26 PSP award	2025-27 PSP award	
<b>Revenue</b>	The cumulative global revenue over the three-year performance period on constant foreign exchange rates and adjusted for any Board-approved M&A.	Threshold	\$16,354m	-	n/a
		Target	\$17,776m	Commercially Sensitive	n/a
		Maximum	\$19,198m	-	n/a
<b>Free cash flow</b>	The cumulative free cash flow over the three-year performance period on constant foreign exchange rates and adjusted for any Board-approved M&A.	Threshold	\$1,233m	n/a	n/a
		Target	\$1,541m	n/a	n/a
		Maximum	\$1,695m	n/a	n/a
<b>Return on invested capital</b>	The return earned on the total capital invested defined as:  $\frac{\text{Operating profit}^1 \text{ less adjusted taxes}^2}{(\text{Opening net operating assets} + \text{closing net operating assets})^3 \div \text{closing net operating assets}^3 \div 2}$	Threshold	8.5%	8.5%	9.0%
		Target	9.5%	9.5%	10.0%
		Maximum	10.5%	10.5%	11.0%

- 1 Operating Profit is as disclosed in the Group income statement in the Annual Report less amortisation of acquired intangible assets.
- 2 Adjusted taxes represents our taxation charge per the Group income statement adjusted for the impact of tax on items not included in Adjusted Operating Profit, notably amortisation of acquired intangible assets, interest income and expense, other finance costs and share of results of associates.
- 3 Net Operating Assets comprises net assets from the Group balance sheet (total assets less total liabilities) excluding the following items: accumulated amortisation of acquired intangible assets, investments, investments in associates, retirement benefit assets and liabilities, long-term borrowings, bank overdrafts, borrowings and loans, IFRS 16 lease liabilities and right-of-use assets, cash and cash equivalents.



Annual report on remuneration continued

Metric	Description		Performance conditions			
			2023-25 PSP award	2024-26 PSP award	2025-27 PSP award	
<b>Total Shareholder Return</b>	Total Shareholder Return relative to two equally weighted comparator groups.	Threshold	<b>Index return</b>	Index return	Index return	
	1 FTSE 100 companies, excluding financial services, commodities (basic materials and oil and gas). From the 2024-26 PSP, food retail and utility companies were also excluded.					
	2 A sector peer group based on the S&P Global 1200 Healthcare subset, comprising medical devices, equipment and supplies companies <sup>1</sup> . From the 2024-26 PSP, the S&P 1200 comparator group was replaced with a specific MedTech industry peer group consisting of the following companies:					
	Alcon Inc.	GE HealthCare Tech Inc.	Maximum	<b>Index return +8%</b>	Index return +8%	Index return +8%
	Bausch + Lomb Corp.	Globus Medical Inc.				
	Baxter International Inc.	Hologic Inc.				
	Becton Dickinson & Co	Insulet Corp.				
	bioMerieux SA	Integer Holdings Corp.				
	Carl Zeiss Meditec AG Corp.	Integra Lifesciences Hold.				
	Coloplast A/S	Intuitive Surgical Inc.				
	ConvaTec Group Plc	Koninklijke Philips NV				
	Demand A/S	Resmed Inc.				
	Dentsply Sirona Inc	Sonova Holding AG				
	DiaSorin SpA	Steris Plc				
	Edwards Lifesciences Corp	Straumann Holding AG				
	Elekta AB	Stryker Corp.				
	Enovis Corp.	The Cooper Companies Inc.				
Envista Holdings Corp.	Zimmer Biomet Holdings Inc.					
<b>CAGR earnings per share</b>	The compound annual growth rate in adjusted earnings per share over the three-year performance period on constant foreign exchange rates and adjusted for any Board-approved M&A.	Threshold	<b>n/a</b>	n/a	8.0%	
		Target	<b>n/a</b>	n/a	10.5%	
		Maximum	<b>n/a</b>	n/a	13.0%	
<b>ESG objectives</b>	Consists of two equally weighted measures linked to our sustainability agenda in relation to our transition to net zero, and an increase in female people leader representation for the 2024-26 award and a single measure in relation to our transition to net zero for the 2025-27 award.					
		Reduction in Scope 1 and Scope 2 GHG emissions (relative to a 2019 baseline)	Threshold	<b>n/a</b>	70%	72%
			Target	<b>n/a</b>	72%	74%
			Maximum	<b>n/a</b>	75%	76%
		Female people leader representation	Threshold	<b>n/a</b>	35%	n/a
			Target	<b>n/a</b>	35.5%	n/a
			Maximum	<b>n/a</b>	36%	n/a

1 Official industry classification of 'Health Care Equipment and Supplies, Life Sciences Tools & Services and Health Care Technology'.

## 2023-25 PSP Award

The three year performance period of the 2023-2025 PSP award ended on 31 December 2025. The performance measures, targets, weightings and achievement against the performance conditions are shown below.

Performance measure	Performance range against targets <sup>1</sup>				% of target vesting	Weighting	Weighted vested outcome (%)
	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)				
Cumulative revenue	Target	\$16,354m	\$17,776m	\$19,198m			
	Actual		\$17,625m		94.7%	x	25% = 23.7%
Cumulative free cash flow	Target	\$1,233m	\$1,541m	\$1,695m			
	Actual		\$1,511m		95.1%	x	25% = 23.8%
Return on invested capital	Target	8.5%	9.5%	10.5%			
	Actual	7.2%			0%	x	25% = 0.0%
Total Shareholder Return	Index Return			Index Return +8%			
FTSE 100 comparator group <sup>2</sup>	Target	28.1%		61.4%			
	Actual	21.9%			0%	x	12.5% = 0.0%
S&P 1200 comparator group <sup>3</sup>	Target	-5.8%		18.7%			
	Actual			21.9%	200%	x	12.5% = 25.0%
<b>Total (% of target vesting)</b>							<b>72.5%</b>
<b>Total (% of maximum vesting)</b>							<b>36.2%</b>

1 All numbers have been rounded to the nearest decimal. For the purpose of incentive calculations, we are using constant currency rates.

2 FTSE 100 companies, excluding financial services, commodities (basic materials and oil and gas).

3 S&P Global 1200 Healthcare subset, comprising medical devices, equipment and supplies companies (official industry classifications of 'Health Care Equipment and Supplies, Life Sciences Tools & Services and Health Care Technology').

### Decision on 2023-2025 PSP award outcome

Smith & Nephew delivered strong financial results in terms of revenue and free cash flow over the three-year period ended 31 December 2025. The 2025 growth in revenue of 6.1% on a reported basis (5.3% on an underlying basis) contributed towards delivering strong cumulative revenue growth over the three-year performance period of the 2023-2025 PSP award. In addition, over the three-year period, the adjusted return on invested capital increased by 170 basis point and free cash flow increased from \$56 million to \$840 million, both reflecting the progress made under the 12-Point Plan.

As well as considering the monetary outcome of the formulaic calculation of these awards, the Committee considered whether discretion should be applied to override these formulaic outcomes and concluded that the monetary outcomes were aligned with the financial performance of the Company during the performance period and the intention of the Remuneration Policy. As a result, the Committee believes that the level of vesting for the 2023-2025 PSP award at 36.2% of maximum (72.5% of target) is appropriate.

	2023-25 PSP awards							
	Shares awarded	Shares vesting	Shares forfeit	Dividend shares <sup>1</sup>	Total shares vesting	Value of vesting shares at award price <sup>2</sup> (\$'000s)	Share price appreciation <sup>3</sup> (\$'000s)	Total value vesting (\$'000s)
	(1)	(2)=(1)x72.48%	(3)=(1)-(2)	(4)	(5)=(2)+(4)	(6)	(7)	(8)=(6)+(7)
<b>Executive Directors</b>								
Deepak Nath	141,874	102,830	39,044	7,333	110,163	1,728	42	1,770
John Rogers <sup>4</sup>	-	-	-	-	-	-	-	-
<b>Former Executive Directors</b>								
Anne-Françoise Nesmes	70,053	50,774	19,279	3,621	54,395	853	21	874

1 As the 2023-25 PSP award vests in March 2026, we have estimated the final dividend equivalent shares based on an estimated total dividend per share over the vesting period of £0.8833 and a share price of £12.385.

2 The 2023-25 PSP award share price was £12.09 (\$15.68, using an exchange rate of £1 to \$1.297).

3 This represents the estimated impact of the share price change between the award date and the vesting date. The vest price for the 2023-25 PSP award has been estimated using the closing share price on 31 December 2025 of £12.39 (\$16.06). No discretion has been applied to the award outcome as a result of the share price movement since award.

4 John Rogers joined in December 2023 and was appointed as CFO and an Executive Director on 1 April 2024 so does not have a 2023-25 PSP award.



## Annual report on remuneration continued

### Restricted Share Plan (RSP)

The first tranche of the 2024 RSP award made to Deepak Nath vested on 16 August 2025. This award was subject to a reasonable judgement underpin. In assessing this underpin, the Committee considered Smith+Nephew's overall financial performance, any material ESG, safety or compliance issues and whether there has been any material damage to Smith+Nephew's reputation. The Committee determined that the underpin had been met and the award vested without alteration. Details of the vest are below.

	Shares awarded	Dividend shares	Total shares vesting	Value of vesting shares at award price (\$'000's)	Share price appreciation (\$'000's)	Total value vesting (\$'000's)
<b>Executive Directors</b>						
Deepak Nath	43,839	1,082 <sup>1</sup>	44,921	645	142	787
John Rogers	–	–	–	–	–	–

<sup>1</sup> Due to an administrative error, dividend equivalent shares were not added to the vested award. We have reported them as they should have been received in 2025. The dividend shares will be released to Deepak Nath with the second tranche vesting of the 2024 award in August 2026.

### Details of share awards granted to Executive Directors during 2025

	Performance Share Plan <sup>1</sup>		Restricted Share Plan		Deferred Bonus Plan	
	Shares awarded	Value at award price '000s	Shares awarded	Value at award price '000s	Shares awarded	Value at award price '000s
<b>Executive Directors</b>						
Deepak Nath	318,730	\$4,785 <sup>2</sup>	264,321	\$3,968 <sup>2</sup>	68,730	\$1,032 <sup>2</sup>
John Rogers <sup>3</sup>	172,246	\$2,586 <sup>2</sup>	41,360	\$723 <sup>3</sup>	40,900	\$614 <sup>2</sup>

- Awards are granted at maximum. Threshold performance will result in 25% of the award vesting, target performance will result in 50% of the award vesting and maximum performance will result in 100% of the award vesting.
- The 2025-27 PSP award, the 2025 RSP award for Deepak Nath and the 2025 DBP award share price was £11.575 (\$15.013) and was based on the average share price over the 10 working days following the 2024 results announcement.
- The 2025 RSP award for John Rogers award share price was £13.48 (\$17.48) and was based on the average share price over the 10 working days following the half-year results announcement. This RSP was granted upon relocation and employment in the US and explained further in the RNS published on 30 September 2025.

## Details of outstanding share awards granted to Executive Directors

The conditional share awards granted to Executive Directors that continue to be subject to performance or vesting conditions are shown below.

	Award type	Date of award	Number of shares	Date of vesting
<b>Executive Directors</b>				
Deepak Nath	PSP	26 March 2025	318,730 <sup>3</sup>	26 March 2028
		16 August 2024	27,520 <sup>3</sup>	8 March 2027
		8 March 2024	151,365 <sup>4</sup>	8 March 2027
		9 March 2023	141,874 <sup>4</sup>	9 March 2026
		<b>Total</b>	<b>639,489</b>	
	RSP <sup>1</sup>	26 March 2025	44,268	26 March 2026
		26 March 2025	44,268	26 March 2027
		26 March 2025	44,268	26 March 2028
		16 August 2024	43,839	16 August 2026
		16 August 2024	43,839	16 August 2027
	<b>Total</b>	<b>220,482</b>		
DBP	26 March 2025	68,730	26 March 2028	
	8 March 2024	72,005	8 March 2027	
	9 March 2023	26,014	9 March 2026	
	<b>Total</b>	<b>166,749</b>		
John Rogers	PSP	26 March 2025	172,246 <sup>3</sup>	26 March 2028
		8 March 2024	91,666 <sup>4</sup>	8 March 2027
		<b>Total</b>	<b>263,912</b>	
	RSP	29 September 2025	13,786	26 March 2026
		29 September 2025	13,786	26 March 2027
		29 September 2025	13,788	26 March 2028
		<b>Total</b>	<b>41,360</b>	
	DBP	26 March 2025	40,900	26 March 2028
<b>Former Executive Directors</b>				
Anne-Françoise Nesmes <sup>2</sup>	PSP	9 March 2023	70,053 <sup>4</sup>	9 March 2026
	DBP	8 March 2024	37,368	8 March 2027
		9 March 2023	16,877	9 March 2026
	<b>Total</b>	<b>54,245</b>		

1 Following a majority shareholder vote in favour of changes to our Remuneration Policy at our AGM in May 2024, US Executive Directors are eligible to receive an annual RSP award equal to 125% of base salary that will vest, subject to a reasonable judgement underpin, on the first, second and third anniversaries of the award. This rateable vesting schedule is in line with US market practice for RSP awards.

2 Anne-Françoise Nesmes was CFO and an Executive Director up until 31 March 2024, when she stepped down from the Board and left the Company on 1 May 2024. Upon leaving, her outstanding PSP awards were prorated to reflect her service over the performance period. As a result, the number of outstanding shares shown takes this prorating into account.

3 Granted at maximum.

4 Granted at target. Restated from 2024, where it was disclosed at maximum.



## Directors' Remuneration Report continued

### Annual report on remuneration continued

#### Executive Directors' interests in ordinary shares

The table below shows the Executive Directors' interests in the shares of the Company, together with unvested scheme interests, effective 31 December 2025.

	Ordinary shares <sup>1</sup>	Share awards with performance conditions	Share awards without performance conditions	
		Performance Share Plan awards <sup>2</sup>	Deferred Bonus Plan awards	Restricted Share Plan awards <sup>3</sup>
<b>Executive Directors</b>				
Deepak Nath	300,818	639,489	166,749	220,482
John Rogers	71,920	263,912	40,900	41,360
<b>Former Executive Directors</b>				
Anne-Françoise Nesmes	43,978	70,053	54,245	-

1 Ordinary shares for Deepak Nath include 2,923 American Depository Shares (equivalent to 5,846 ordinary shares).

2 The PSP awards are subject to further performance conditions before they vest.

3 The RSP awards are subject to a reasonable judgement underpin before they vest.

The interests of each Executive Director shown in the table include any shares held by any connected person. The beneficial interest of each Executive Director is less than 1% of the ordinary share capital of the Company.

Directors' interests as at 27 February 2026 were unchanged from those listed above other than another 410 American Depository Shares (equivalent to 820 ordinary shares) were purchased for Deepak Nath under the US section 423 plan.

#### Shareholding requirement

Executive Directors are required to establish and maintain a minimum shareholding over a reasonable period of time (expected to be around five years) recognising that incentive plan vesting and differing international tax regimes may affect the pace at which the shareholding may be met.

The adoption of the changes to our Remuneration Policy at our AGM in May 2024 resulted in the minimum shareholding requirement for a US-based CEO increasing from 300% to 500% of base salary. The minimum shareholding requirement for the CFO is equal to at least 200% of base salary.

Where an Executive Director leaves employment for any reason, a post-cessation shareholding requirement will apply. The post-cessation minimum shareholding requirement is equal to the requirement during employment and will apply for a period of two years after cessation of employment.

	Minimum Shareholding requirement (% of base salary)	Actual shareholding (% of base salary)
<b>Executive Directors</b>		
Deepak Nath <sup>1</sup>	500%	392%
John Rogers <sup>2</sup>	200%	176%
<b>Former Executive Directors</b>		
Anne-Françoise Nesmes <sup>3</sup>	200%	138%

1 Deepak Nath joined on 1 April 2022 and is gradually building his shareholding.

2 John Rogers joined on 1 December 2023 and is gradually building his shareholding. He purchased 71,920 shares on 19 December 2024.

3 Anne-Françoise Nesmes left the Company on 1 May 2024 and had not achieved her minimum shareholding requirement of 200% of base salary at that time. The minimum shareholding requirement above represents Anne-Françoise's actual holding upon leaving and so reflects her post-cessation shareholding requirement.

#### Fees retained for external Non-Executive Directorships

Executive Directors may hold an external Non-Executive Director appointment and retain the fees paid for such a role. Deepak Nath served as a Director of MDIC and AdvaMed. John Rogers served as a Non-Executive Director of Grab Holdings Ltd (Singapore).

#### Payments to former Directors (audited)

There were no payments made to, or in respect of, any former Director that have not previously been disclosed in an annual report.

#### Payments for loss of office (audited)

There were no payments made to, or in respect of, any former Director for loss of office in 2025.

## Chair and Non-Executive Directors – Single figure of remuneration (audited)

000s	Committee Membership	Non-Executive Director Fees		Intercontinental Travel		Total	
		2025	2024	2025	2024	2025	2024
<b>Chair</b>							
Rupert Soames	<b>N</b> <b>R</b>	\$599 (£462)	\$575 (£450)	\$5 (£4)	\$4 (£3)	\$604 (£466)	\$579 (£453)
<b>Non-Executive Directors</b>							
Angie Risley	<b>N</b> <b>R</b>	\$138 (£107)	\$125 (£98)	\$5 (£4)	\$4 (£3)	\$143 (£111)	\$129 (£101)
Thérèse Esperdy <sup>1</sup>	<b>N</b> <b>R</b>	\$10	–	\$7	–	\$17	–
Jo Hallas	<b>A</b> <b>C</b>	\$97 (£75)	\$92 (£72)	\$5 (£4)	\$4 (£3)	\$102 (£79)	\$96 (£75)
David King <sup>2</sup>	<b>C</b> <b>R</b>	\$77	–	\$21	–	\$98	–
Garheng Kong <sup>3</sup>	<b>A</b>	\$42	–	\$7	–	\$49	–
Simon Lowth	<b>A</b> <b>N</b>	\$97 (£75)	\$92 (£72)	\$5 (£4)	–	\$102 (£79)	\$92 (£72)
John Ma	<b>C</b>	\$139	\$134	\$42	\$42	\$181	\$176
Jez Maiden	<b>A</b> <b>R</b>	\$125 (£96)	\$112 (£88)	\$5 (£4)	\$4 (£3)	\$130 (£100)	\$116 (£91)
Katarzyna Mazer-Hofsaess	<b>C</b>	\$97 (£75)	\$92 (£72)	\$5 (£4)	\$4 (£3)	\$102 (£79)	\$96 (£75)
Marc Owen	<b>A</b> <b>C</b> <b>N</b> <b>R</b>	\$176	\$170	\$35	\$28	\$211	\$198
Sybella Stanley <sup>4</sup>	<b>R</b>	\$104 (£80)	–	\$5 (£4)	–	\$109 (£84)	–
<b>Former Non-Executive Directors</b>							
Bob White <sup>5</sup>	<b>C</b> <b>R</b>	\$42	\$134	\$14	\$35	\$56	\$169

1 Thérèse Esperdy was appointed to the Board on 1 December 2025.

2 David King was appointed to the Board on 1 July 2025.

3 Garheng Kong was appointed to the Board on 1 September 2025.

4 Sybella Stanley was appointed to the Board on 1 February 2025.

5 Bob White stepped down from the Board on 30 April 2025.

### Committee key

<b>A</b>	<b>R</b>	<b>N</b>	<b>C</b>	<b>●</b>
Member of the Audit Committee	Member of the Remuneration Committee	Member of the Nomination & Governance Committee	Member of the Compliance & Culture Committee	Committee Chair

### Chair Fees

During December 2024, the Chair's fee was reviewed by the Committee and the decision taken to apply an increase of 3.5% from 1 April 2025. This increase did not exceed the average increase applied to the broader UK workforce. While the Chair is a member of the Remuneration Committee, he did not attend the meeting while his fee was being reviewed and discussed by the Committee.

The Chair is required each year to purchase shares worth at least 25% of his post-tax annual fee.



## Annual report on remuneration continued

### Non-Executive Director fees

The fee for Non-Executive Directors is periodically reviewed by the Chair of the Board and the Executive Directors. Following a review in December 2024, it was decided to increase the base fee by 3.0% for Non-Executive Directors based in the US and by 3.5% for those based in the UK. These increases did not exceed the average increase applicable to the broader workforce in these countries. A proportion of the fee payable to Non-Executive Directors was paid in shares.

		UK <sup>1</sup>		US	
		2025	2024	2025	2024
<b>Base fee</b>	Cash	<b>\$84,944</b> <b>(£65,493)</b>	\$83,700 (£65,493)	<b>\$124,827</b>	\$124,827
	Shares	<b>\$12,044</b> <b>(£9,285)</b>	\$8,635 (£6,757)	<b>\$14,223</b>	\$10,173
	Total	<b>\$96,988</b> <b>(£74,778)</b>	\$92,336 (£72,250)	<b>\$139,050</b>	\$135,000
<b>Senior Independent Director supplement</b>		<b>\$27,886</b> <b>(£21,500)</b>	\$26,582 (£20,800)	<b>\$37,500</b>	\$36,400
<b>Committee Chair supplement</b>		<b>\$27,886</b> <b>(£21,500)</b>	\$26,582 (£20,800)	<b>\$37,500</b>	\$36,400
<b>Intercontinental travel<sup>2</sup></b>		<b>\$4,540</b> <b>(£3,500)</b>	\$4,473 (£3,500)	<b>\$7,000</b>	\$7,000

1 Non-Executive Directors based in the UK are paid in British Pounds. For the purposes of comparison, the fees have been converted into our reporting currency (US Dollars) at an exchange rate of £1 to \$1.297.

2 A fixed fee is only payable when a Non-Executive Director is required to travel to attend meetings in another continent.

### Non-Executive Director interests in ordinary shares

The interests of the Chair of the Board and Non-Executive Directors, who served during the year, in terms of shares of the Company held as at 31 December 2025 or at date of separation as applicable, are as follows:

	Number of shares
<b>Chair</b>	
Rupert Soames	19,754
<b>Non-Executive Directors</b>	
Angie Risley	6,301
Thérèse Esperdy <sup>1</sup>	210
Jo Hallas	6,579
David King <sup>2</sup>	5,600
Garheng Kong <sup>3</sup>	6,000
Simon Lowth	655
John Ma	2,744
Jez Maiden	3,501
Katarzyna Mazer-Hofsaess	2,371
Marc Owen	17,610
Sybella Stanley <sup>4</sup>	5,330
Bob White <sup>5</sup>	8,376

1 Thérèse Esperdy was appointed to the Board on 1 December 2025.

2 David King was appointed to the Board on 1 July 2025.

3 Garheng Kong was appointed to the Board on 1 September 2025.

4 Sybella Stanley was appointed to the Board on 1 February 2025.

5 Bob White stepped down from the Board on 30 April 2025.

The interests of the Chair of the Board and Non-Executive Directors shown in the table include any shares held by any connected person. The beneficial interest of the Chair of the Board and each Non-Executive Director is less than 1% of the ordinary share capital of the Company.

There have been no other changes in the interests of the Chair or Non-Executive Directors in the shares of the Company between 31 December 2025 and 27 February 2026 (the latest practicable date for inclusion in this report).

## Pay comparisons

### Annual percentage change in Directors' remuneration

The table below shows how the actual remuneration received by Executive Directors, the Chair of the Board and Non-Executives has changed over the year ended 31 December 2025 and prior years compared to the average salary of other employees. The average salary in 2025 of UK employees increased by 3.5%, and that of US employees increased by 3.0%.

	% change 2025-2024			% change 2024-2023			% change 2023-2022			% change 2022-2021			% change 2021-2020		
	Salary /Fees	Benefits	Annual Bonus												
<b>Executive Directors</b>															
Deepak Nath	3	3	39.7	3.1	144	1.9	39.6	55.8	168.5	-	-55.5	44.9	-	-	-
John Rogers <sup>1</sup>	32.9	160.6	35.2	100	100	100	-	-	-	-	-	-	-	-	-
<b>Chair</b>															
Rupert Soames <sup>2</sup>	2.6	-	-	219.7	-	-	100	-	-	-	-	-	-	-	-
<b>Current Non-Executive Directors</b>															
Angie Risley	9.5	-	-	8.5	-	-	-	-	-	3.9	-	-	-	-	-
Thérèse Esperdy <sup>3</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jo Hallas <sup>4</sup>	4.4	-	-	2.9	-	-	7.8	-	-	272.8	-	-	-	-	-
David King <sup>5</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Garheng Kong <sup>6</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Simon Lowth <sup>4,7</sup>	4.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
John Ma <sup>4</sup>	3.9	-	-	2.3	-	-	13.9	-	-	32.9	-	-	-	-	-
Jez Maiden <sup>4,8</sup>	10.5	-	-	339.5	-	-	-	-	-	-	-	-	-	-	-
Katarzyna Mazer-Hofsaess <sup>4</sup>	4.4	-	-	2.9	-	-	-	-	-	5.0	-	-	561.9	-	-
Marc Owen <sup>4</sup>	3.8	-	-	-4.3	-	-	11.3	-	-	8.2	-	-	-	-	-
Sybella Stanley <sup>9</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Former Executive Directors</b>															
Anne-Françoise Nesmes <sup>10</sup>	-	-	-	-74.8	-74.7	-100	4.2	3.6	129.6	4.62	3.97	-29.5	-	-	-
<b>Former Chair</b>															
Roberto Quarta	-	-	-	-	-	-	-22.5	-	-	0.8	-	-	0.4	-	-
<b>Former Non-Executive Directors</b>															
Erik Engstrom <sup>11</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rick Medlock <sup>12</sup>	-	-	-	-72	-	-	-	-	-	3.9	-	-	51.6	-	-
Bob White <sup>13</sup>	-68.7	-	-	2.4	-	-	20.5	-	-	5.4	-	-	44.6	-	-

1 John Rogers was appointed Executive Director on 1 April 2024. The increase reflects the impact of comparing 9 months of salary from 2024 with 12 months in 2025, in addition to the annual salary increase of 3.5%.

2 Rupert Soames joined the Board on 26 April 2023 and was paid part year.

3 Thérèse Esperdy was appointed to the Board on 1 December 2025.

4 The increase shown is greater than the reported fee increase due to the timing of the award of shares related to the fee increase.

5 David King was appointed to the Board on 1 July 2025.

6 Garheng Kong was appointed to the Board on 1 September 2025.

7 Simon Lowth was appointed on 1 January 2024.

8 Jez Maiden was appointed on 14 September 2023.

9 Sybella Stanley was appointed to the Board on 1 February 2025.

10 Anne-Françoise Nesmes stepped down from the Board on 31 March 2024.

11 Erik Engstrom stepped down from the Board on 31 December 2023.

12 Rick Medlock stepped down from the Board on 30 April 2024.

13 Bob White stepped down from the Board on 30 April 2025.



## Annual report on remuneration continued

### Chief Executive Officer pay ratio

The Committee is mindful of the relationship between the remuneration of the Chief Executive Officer and that of other employees more generally. The table below compares the single total figure of remuneration for the Chief Executive Officer to the total pay and benefits of full-time equivalent UK employees, who are ranked at the lower quartile, median and upper quartile across all UK employees.

The reporting regulations permit three different calculation methodologies for determining the pay ratio. The ratios shown in the table below have been calculated using Option A, which calculates pay for employees on the same basis as the single figure for remuneration calculated for Executive Directors. The period for which actual employee pay has been calculated is from 1 January 2025 to 31 December 2025. The single figure for remuneration for each full-time employee as at 31 December 2025 includes earned salary, annual incentive bonus payments, allowances, pension and benefits. Part-time employees have been excluded for the purpose of the calculations.

	2025	2024 <sup>1,2</sup>	2023 <sup>1</sup>	2022	2021	2020	2019
<b>Upper quartile (75th percentile)</b>	<b>58:1</b>	56:1	46:1	70:1	32:1	19:1	51:1
<b>Median (50th percentile)</b>	<b>87:1</b>	84:1	72:1	107:1	49:1	29:1	81:1
<b>Lower quartile (25th percentile)</b>	<b>127:1</b>	119:1	102:1	160:1	71:1	42:1	116:1

1 In 2024 and 2023, the ratio was impacted by the vesting of the performance award under the 2022 buy-out award agreement made to Deepak Nath.

Excluding this one-off arrangement, the median ratio would have been 69:1 for 2024 and 55:1 for 2023.

2 The ratios have been updated to reflect the re-statement of 2024 RSP awards from \$1,966,000 to \$0 in the single figure table.

The total remuneration of our Chief Executive includes a substantial proportion of variable pay, and therefore, the single total figure will vary considerably, depending on the level of performance against the measures driving the Annual Incentive Plan, Performance Share Plan and Restricted Share Plan.

In contrast, employees in the calculation receive a higher proportion of their remuneration in the form of fixed pay. The ratios are consistent with our market-based approach to reward, with the ratio increasing as the Chief Executive's remuneration is compared with that of more junior employees. The overall picture presented by the ratios is also consistent with our policies on pay, reward and career progression.

The table below provides information on the salary and total pay and benefits paid to employees ranked at the lower quartile, median and upper quartile.

	2025		2024	
	Salary	total pay and benefits	Salary	total pay and benefits
<b>Chief Executive Officer</b>	<b>\$1,606,896</b>	<b>\$7,218,445</b>	\$1,560,093	\$5,962,000 <sup>1</sup>
<b>Upper quartile<sup>2</sup> (75th percentile)</b>	<b>\$95,835</b>	<b>\$124,969</b>	\$70,371	\$107,146
	<b>(£73,890)</b>	<b>(£96,352)</b>	(£55,064)	(£83,839)
<b>Median<sup>2</sup> (50th percentile)</b>	<b>\$66,941</b>	<b>\$82,841</b>	\$66,258	\$71,001
	<b>(£51,612)</b>	<b>(£63,872)</b>	(£51,845)	(£55,556)
<b>Lower quartile<sup>2</sup> (25th percentile)</b>	<b>\$48,737</b>	<b>\$56,677</b>	\$50,382	\$50,123
	<b>(£37,577)</b>	<b>(£43,698)</b>	(£39,422)	(£39,220)

1 The 2024 single total figure for Deepak Nath has been updated to reflect the re-statement of 2024 RSP awards from \$1,966,000 to \$0 in the single figure table.

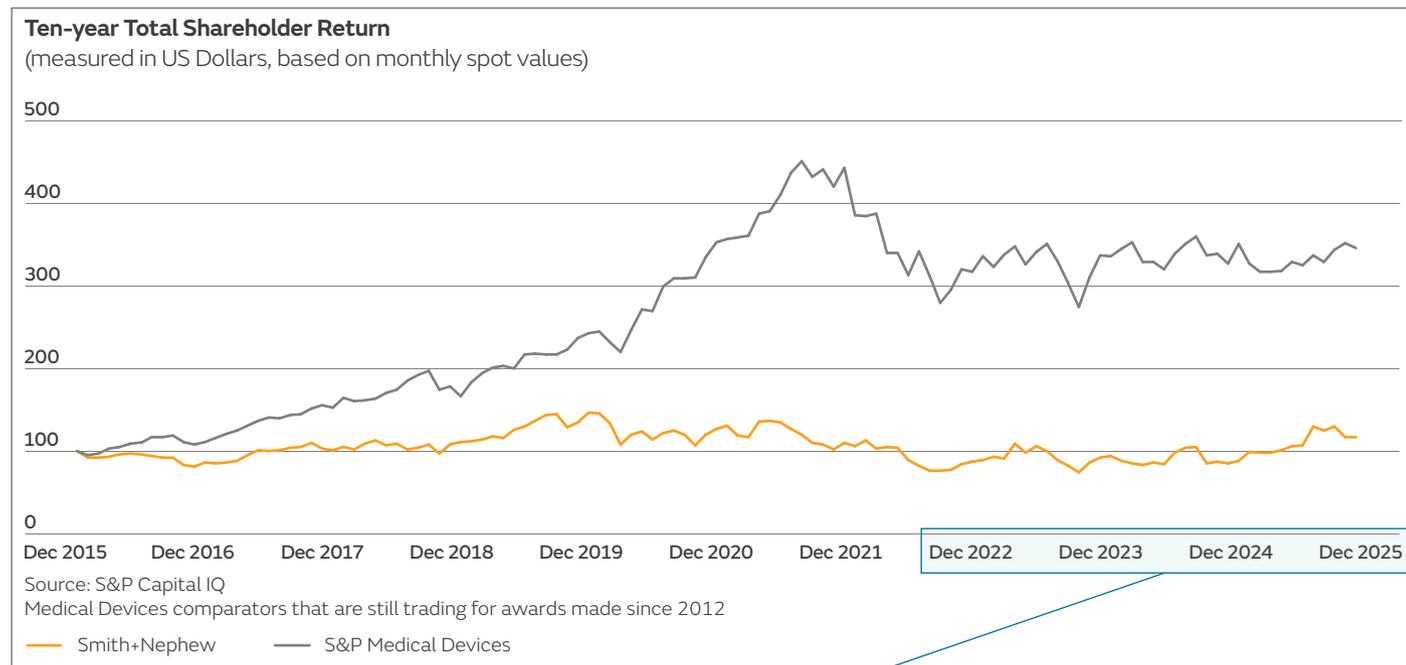
2 For the purposes of comparison the pay and benefits of UK employees have been converted into our reporting currency (US Dollars) at an exchange rate of £1 to \$1.297.

### Gender pay ratio

The 2025 median gender pay gap for our UK organisation is 11.6% and our mean gender pay gap is 14.0%. This places Smith+Nephew slightly below the ONS median gender pay gap of 12.8% for 2025. We continue our efforts to review and close the gaps through consistent and unbiased global pay and incentive plans. Our internal pay practices and incentive plan designs are gender neutral and our performance management reviews are undertaken based on objective criteria.

### Total Shareholder Return (TSR) performance and Chief Executive Pay

The chart below shows the value as at 31 December 2025 of £100 invested in Smith+Nephew shares on 31 December 2015, compared to £100 invested in the S&P 1200 Healthcare Medical Devices subset index on the same date. This index was chosen as it consists of our most relevant performance peers so gives the best insight into our performance. In addition to showing performance over 10 years, we have shown the same information but over the 3-year period ended 31 December 2025.





## Directors' Remuneration Report continued

### Annual report on remuneration continued

The table below details the CEO's single total figure of remuneration and incentive outcomes over the period 1 January 2016 to 31 December 2025.

\$000s	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Chief Executive's single total figure</b>										
Deepak Nath <sup>1</sup>							5,955	4,658	5,962 <sup>7</sup>	<b>7,219</b>
Roland Diggelmann <sup>2</sup>				266	1,698	3,102	603			
Namal Nawana <sup>3</sup>			2,883	4,489						
Olivier Bohuon <sup>4</sup>	3,333	5,117	2,384							
	<b>3,333</b>	<b>5,117</b>	<b>5,267</b>	<b>4,755</b>	<b>1,698</b>	<b>3,102</b>	<b>6,558</b>	<b>4,658</b>	<b>5,962<sup>7</sup></b>	<b>7,219</b>
<b>Annual incentive (% of maximum)</b>										
Deepak Nath <sup>1</sup>							32%	61%	61%	<b>82%</b>
Roland Diggelmann <sup>2</sup>					0% <sup>5</sup>	24%				
Namal Nawana <sup>3</sup>			69%	71% <sup>6</sup>						
Olivier Bohuon <sup>4</sup>	30%	61%	63%							
	<b>30%</b>	<b>61%</b>	<b>-</b>	<b>71%</b>	<b>0%</b>	<b>24%</b>	<b>32%</b>	<b>61%</b>	<b>61%</b>	<b>82%</b>
<b>Long-term incentives (% of maximum)</b>										
Deepak Nath <sup>1</sup>							-	-	29.7%	<b>36%</b>
Roland Diggelmann <sup>2</sup>										
Namal Nawana <sup>3</sup>										
Olivier Bohuon <sup>4</sup>	8%	54%	46.5%							
	<b>8%</b>	<b>54%</b>	<b>46.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29.7%</b>

1 Appointed Chief Executive Officer on 1 April 2022.

2 Appointed Chief Executive Officer on 1 November 2019 and stepped down on 31 March 2022.

3 Appointed Chief Executive Officer on 7 May 2018 and resigned on 31 October 2019.

4 Retired as Chief Executive Officer on 7 May 2018.

5 Due to the impact of Covid upon the Chief Executive Officer's financial targets, a cash award of 0% was achieved.

6 Calculated as 106.7% for Namal Nawana (disclosed on [page 108](#) of the Company's Annual Report for the year ended 31 December 2019), divided by the maximum potential payout of 150%.

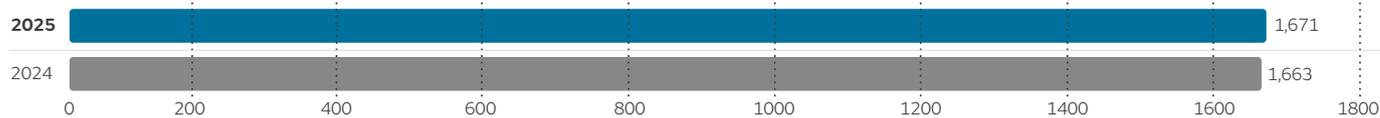
7 The 2024 single total figure for Deepak Nath has been updated to reflect the re-statement of 2024 RSP awards from \$1,966,000 to \$0 in the single figure table.

### Relative importance of spend on pay

When considering remuneration arrangements for our Executive Directors and employees as a whole, the Committee also take into account the overall profitability of the Company and the amounts spent elsewhere, particularly in returning profits to shareholders in the form of dividends and share buybacks.

The chart below shows the relative importance of spend on pay compared to returns to shareholders and trading profit.

#### Total employee costs (\$m)



#### Return to shareholders (\$m)



\* Returns to shareholders comprise of dividends to ordinary shareholders only as there have been no share buybacks over the period

#### Attributable profit (\$m)



### Senior management remuneration

The Group's administrative, supervisory and management body (senior management) comprises, for US reporting purposes, Executive Directors, Non-Executive Directors, and Executive Officers. Details of the current Executive Directors, Non-Executive Directors and Executive Officers are given on pages 102 to 109.

Remuneration paid to senior management in respect of 2022, 2023, 2024 and 2025, was as follows:

	2025	2024	2023	2022
Total remuneration	<b>\$22,631,464</b>	\$20,526,132	\$18,890,117	\$17,211,000
Total remuneration for loss of office	–	\$1,491,790	\$1,659,101	–
Aggregate amounts provided to supplementary pension plans	<b>\$1,752,073</b>	\$1,552,480	\$1,332,506	\$1,626,000

The interests of senior management, who served during the year in terms of shares of the Company held as at 31 December 2025 are shown in the table below. For this purpose, senior management is defined as the Executive Directors, members of the Executive Committee, including the Company Secretary, and their connected persons (or closely associated persons).

	Ordinary shares	American Depository Shares	Share capital of Company
Total for all senior management	1,083,290	31,055	0.1%

Senior management interests as at 27 February 2026 were unchanged from those listed above other than another 410 American Depository Shares were purchased for Deepak Nath and 207 American Depository Shares were purchased for Craig Gaffin under the US section 423 plan.

Details of share awards granted during the year to members of senior management and held as at 31 December 2025 are shown in the table below.

Awards	Share awards granted during 2025	Total share awards held as at 31 December 2025
Deferred Share Plan	<b>241,327</b>	<b>423,593</b>
Restricted Share Plan	<b>494,724</b>	<b>582,402</b>
Performance Share Plan	<b>1,349,672</b>	<b>2,675,989</b>
Conditional awards	–	<b>62,153</b>
Sign-on awards	<b>82,572</b>	<b>82,572</b>

There have been no new awards or changes to awards held by senior management between 31 December 2025 and 27 February 2026 (the latest practicable date for inclusion in this report).



## Implementing the Remuneration Policy for 2026

### Selection of performance targets

Performance targets are set to be relevant, stretching and aligned to our business strategy. We also consider how performance is delivered when determining incentive plan outcomes, with appropriate consideration given to any environmental, social and governance risks to ensure that the performance delivered is sustainable and fully aligned with our Company values and culture. Malus and clawback applies to all forms of variable pay.

#### Annual Incentive Plan (AIP)

Financial performance targets under the AIP are set by the Remuneration Committee with reference to the budgets and business plan for the year ahead, as well as anticipated market conditions, ensuring that the levels to achieve threshold, target or maximum payout are appropriately challenging.

The performance targets for 2026 are predominantly based on financial measures (85% of maximum opportunity). They include revenue (35%), trading profit (35%), free cash flow (15%) and strategic objectives (15%).

Commercial sensitivity precludes the advance publication of the actual targets for our financial measures, but they will be retrospectively published in our annual report on remuneration for 2026. The Committee considers the range of financial targets set for 2026 to be similarly challenging to those set in prior years.

The strategic objectives are based on key deliverables that support our near and long-term strategy. The strategic objectives and their outcome will be disclosed in our 2026 Annual Report.

#### Performance Share Plan (PSP)

The performance targets under the PSP are set to reflect the Company's longer-term growth objectives at a level where the maximum represents genuine outperformance. Market consensus is also considered when setting the performance range. The performance measures for the 2026 award are adjusted earnings per share (EPSA), return on invested capital (ROIC), relative total shareholder return (TSR), and strategic objectives linked to our ESG agenda.

Measure		2026 performance targets		
<b>Earnings per share</b> (30% weighting)	Adjusted EPS (EPSA) is considered a simple and clear measure of absolute growth in line with our business strategy. The EPSA targets that the Committee intends to set for the 2026-28 PSP award are higher than those set in 2025 and are:			
		<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>
	<b>EPSA</b>	9.0%	11.0%	13.0%
	<b>Vesting</b>	25%	50%	100%
	Note: Vesting will be on a straight-line basis between threshold and target and between target and maximum.			
<b>Return on invested capital</b> (30% weighting)	Return on invested capital aligns with our focus to ensure we return value on investments for our shareholders. The targets that the Committee intends to set for the 2026-2028 PSP award are higher than those set in 2025 and are:			
		<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>
	<b>ROIC</b>	9.5%	10.5%	11.5%
	<b>Vesting</b>	25%	50%	100%
	Note: Vesting will be on a straight-line basis between threshold and target and between target and maximum.			

**Performance Share Plan (PSP) continued**

**Measure** **2026 performance targets**

<b>Relative Total Shareholder Return</b> (30% weighting)	Relative TSR is considered a simple and clear performance measure relative to a comparator group. The Committee intends to measure TSR performance for the 2026-2028 PSP award, relative to a MedTech industry peer group consisting of the companies below.		
	– Alcon Inc.	– Edwards Lifesciences Corp.	– Intuitive Surgical Inc.
	– Bausch + Lomb Corporation	– Elekta AB	– Koninklijke Philips NV
	– Baxter International Inc.	– Enovis Corporation	– Resmed Inc.
	– Becton Dickinson and Co	– Envista Holdings Corporation	– Sonova Holding AG
	– bioMérieux S.A.	– GE HealthCare Technologies Inc.	– STERIS plc
	– Carl Zeiss Meditec AG	– Globus Medical, Inc.	– Straumann Holding AG
	– Coloplast A/S	– Insulet Corporation	– Stryker Corp.
	– ConvaTec Group PLC	– Integer Holdings Corporation	– Teleflex Inc.
	– Demant A/S	– Solventum	– The Cooper Companies, Inc.
	– Dentsply Sirona Inc.	– Medtronic	– Zimmer Biomet Holdings Inc.
	– DiaSorin SpA	– Integra LifeSciences Hold. Corp.	

In addition, the Committee have changed the performance condition such that it is now based on quartile positioning relative to the peer group.

	Threshold	Maximum
<b>TSR</b>	Median	Upper quartile
<b>Vesting</b>	25%	100%

Note: Vesting will be on a straight-line basis between threshold and maximum.

**Strategic objectives**

(10% weighting) The strategic objectives consist of metrics related to our ESG and sustainability framework, namely a reduction in our environmental impact (Scope 1 and Scope 2 greenhouse gas emissions relative to a 2019 baseline). The targets that the Committee intends to set for the 2026-2028 PSP award are higher than those set in 2025 and are:

	Threshold	Target	Maximum
<b>Scope 1 and Scope 2 GHG</b>	74%	76%	78%
<b>Vesting</b>	25%	50%	100%

Note: Vesting will be on a straight-line basis between threshold and target and between target and maximum.

**Restricted Share Plan (RSP)**

The conditions attached to RSP awards relate to continued employment and good standing. In addition, for US Executive Directors, the award vesting is subject to a reasonable judgement underpin. If the Remuneration Committee is not satisfied that the underpin has been met, the Committee may scale back the vesting (including to zero). In assessing the underpin, the Committee will consider the following:

- A review of overall financial performance over the vesting period;
- Whether there have been any sanctions or fines issued by a regulatory authority;
- Whether there have been any material environmental, social or governance issues;
- Whether a major safety incident has occurred; and
- Whether there has been material damage to the reputation of the Company

This Remuneration Report was approved by the Board of Directors on 27 February 2026 and signed on its behalf by:

**Sybella Stanley**

Remuneration Committee Chair



## Directors' Report disclosures

### Index to principal Directors' Report disclosures

The Directors present their report alongside the audited accounts for the year ended 31 December 2025. Certain matters as set out in the table below are incorporated into this Directors' Report by reference, including information required in accordance with the Companies Act 2006 and UK Listing Rule 6.6.1:

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The Company's Articles of Association (Articles), adopted at the 2021 AGM and governed by English law, set out the rights of ordinary shareholders. This summary is subject to the Companies Act 2006 (Act) and the Articles.

### Share capital

The Company's share capital consists of ordinary shares and deferred shares. As at 31 December 2025, the Company's issued share capital consisted of 877,724,845 ordinary shares of \$0.2 each of which 849,761,705 carried voting rights and 27,963,140 ordinary shares were held in treasury. Each share carries the right to one vote at general meetings of the Company.

### Rights attaching to ordinary shares

Dividends may only be paid from distributable profits. Final dividends require shareholder approval and cannot exceed the Directors' recommendation; interim dividends may be declared by the Board. Dividends may be paid in cash or assets if authorised by ordinary resolution. Unclaimed dividends after 12 years revert to the Company, and shares may be sold after reasonable tracing efforts. No material changes to shareholder rights occurred in 2025.

### Voting rights

At any General Meeting, on a show of hands, each shareholder who is present in person has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote on a resolution has one vote. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which they are the holder. Polls may be demanded by the Chair, five shareholders, holders of 10% of voting rights, or holders of 10% of paid-up capital. The Company typically votes by poll at its Annual General Meetings.

### Rights in a winding-up

Except as the Company's shareholders have agreed or may otherwise agree, upon the Company's winding-up, the balance of assets available for distribution:

- After the payment of all creditors including certain preferential creditors, whether statutorily preferred creditors or normal creditors;
- Subject to any special rights attaching to any other class of shares; and
- Is to be distributed among the holders of ordinary shares according to the amounts paid up on the shares held by them. This distribution is generally to be made in US Dollars. A liquidator may, however, upon the adoption of any extraordinary resolution of the shareholders and any other sanction required by law, divide among the shareholders the whole or any part of the Company's assets in kind.

### Variation of rights

If, at any time, the Company's share capital is divided into different classes of shares, the rights attached to any class may be varied, subject to the provisions of the Companies Act, with the consent in writing of holders of three-quarters in nominal value of the issued shares of that class or upon the adoption of a special resolution passed at a separate meeting of the holders of the shares of that class. At every such separate meeting, all the provisions of the Articles of Association relating to proceedings at a General Meeting apply, except that the quorum is to be the number of persons (which must be two or more) who hold or represent by proxy not less than one-third in nominal value of the issued shares of the class, and at any such meeting a poll may be demanded in writing by any person or their proxy who hold shares of that class. Where a person is present by proxy or proxies, he or she is treated as holding only the shares in respect of which the proxies are authorised to exercise voting rights.

### Limitations on voting and shareholding

There are no restrictions under English law or the Company's Articles on non-residents or foreign persons holding or voting ordinary shares or ADSs, other than those applying to all shareholders.

### Transfers of shares

The Board may refuse to register transfers of certificated shares that are unpaid, not properly stamped or certified, lodged without required documents, cover more than one class, or name more than four transferees. This discretion cannot be used to prevent proper market dealings.

### Deferred shares

Following the 2006 re-denomination of share capital, a new class of £1 deferred shares was created to comply with the Companies Act. Fifty thousand deferred shares were issued and are now held by the Company Secretary. These shares carry no voting or dividend rights and, on winding-up, only receive nominal value after ordinary shareholders have received their nominal value plus \$1,000 each.

### Rights attaching to shares under employee share schemes

The Company has established an Employee Trust with shares that have no special rights and carry the same rights as any other ordinary share. The trustee has waived its right to vote and its right to all dividends.

### Amendments to the Company's Articles of Association

The Company does not have any special rules about amendments to its Articles of Association beyond those imposed by law.

### General Meetings

Annual General Meetings must be convened upon advance written notice of 21 days. Other General Meetings must be convened upon advance written notice of at least 14 clear days. Meetings are convened by the Board. Members with 5% of the ordinary share capital of the Company may requisition the Board to convene a meeting. Any two members may call a General Meeting in order to appoint one or more additional Directors in the event that there are insufficient Directors to be able to call a General Meeting, or where they are unwilling to do so.



## Directors' Report

### Directors' Report disclosures continued

#### Major shareholders

As at 17 February 2026, the Company is not aware of any person who has a significant direct or indirect holding of securities in the Company, as defined in the Disclosure and Transparency Rules (DTRs) of the Financial Conduct Authority (FCA), other than as shown below, and is not aware of any persons holding securities which may control the Company. There are no securities in issue which have special rights as to the control of the Company.

As at 31 December 2025 and the date of this report, the Company had received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2 of the following interests in the voting rights of the Company.

Shareholder	As at	As at
	31 December 2025	17 February 2026
	% of voting rights over ordinary shares of US20¢ each	% of voting rights over ordinary shares of US20¢ each
BlackRock, Inc.	7.17	7.17
Cevian Capital	5.02	5.02
II GP Limited		

#### Authority to purchase own shares

At the 2025 AGM, the Directors were granted authority under section 701 of the Companies Act 2006 to repurchase shares on the market. This authority will remain in effect until the conclusion of the upcoming AGM, when the Company will be seeking a renewal of its current permission to purchase up to 10% of its own shares.

#### Share Buyback

During the year, 27,411,845 ordinary shares were purchased on the London Stock Exchange in aggregate at a volume weighted average price of \$18.43 per ordinary share for a total consideration of \$499.9 million. This represented approximately 3.2% of the Company's issued share capital (excluding treasury shares) as at 31 December 2025. The Company held all shares purchased in treasury. The buyback concluded on 7 October 2025.

#### Suppliers' payment policy

Terms of payment are agreed with individual suppliers prior to supply. The Group aims to pay its creditors promptly, in accordance with terms agreed for payment. Further information can be obtained from the government payment practice reporting portal.

#### Charitable and political donations

The Group made no political donations during the year (2024: \$nil). Details of charitable donations can be found on [page 123](#).

#### Directors

Details of the Directors' shareholdings are provided on [pages 162 and 186](#).

Under the Company's Articles, Directors are prohibited from voting on any matter in which they or a connected person have a material interest, except in certain cases such as indemnities for obligations incurred on behalf of the Company or for third-party obligations assumed under a guarantee, offers of securities where the Director acts as an underwriter, interests in another company where the Director holds less than 1% of any share class, employee benefits shared equally with other employees, and insurance purchased for Directors in respect of actions undertaken as officers of the Company. Directors who are not entitled to vote cannot be counted in the quorum for that resolution. The Board has authority to borrow funds up to a total of \$8.5 billion after deducting cash and current asset investments.

#### Appointment and retirement of Directors

Any Director appointed since the last Annual General Meeting holds office until the next AGM and may stand for re-election, and all Directors are subject to annual re-election under the UK Corporate Governance Code. A retiring Director remains in office until a replacement is appointed or until the Annual General Meeting concludes.

#### Significant contracts

The only significant contracts to which the Company is a party that take effect, alter or terminate upon a change of control are the \$625m of outstanding private placement notes due between January 2026 and March 2034, the Revolving Credit Facility dated 20 October 2023, the \$1.9bn of outstanding USD bonds due between March 2027 and March 2034 and the €500m of outstanding EUR bond due October 2029, which contain customary prepayment, cancellation and default provisions including repayment of principal and interest on a change of control.

#### Corporate Governance Statement

A statement confirming compliance with the UK Corporate Governance Code is set out on [page 100](#). The 2024 Code can be found at [www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/](http://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/).

#### Cautionary statement

The review of the business and its future development in the Annual Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for these strategies to succeed. It should not be relied on by any other party for any other purpose. The review contains forward-looking statements which are made by the Directors in good faith based on information available to them at the time of the approval of these reports and should be treated with caution due to the inherent uncertainties associated with such statements. The Directors, in preparing the Strategic Report, have complied with s417 of the Companies Act 2006.

**Helen Barraclough**  
Company Secretary