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 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.
- Solventum*
- 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.

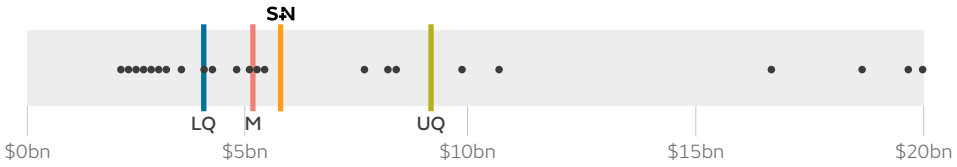
Remuneration in the context of peer relativity and our performance

LQ Lower quartile M Median UQ Upper quartile S+N Smith+Nephew Pay peer group company

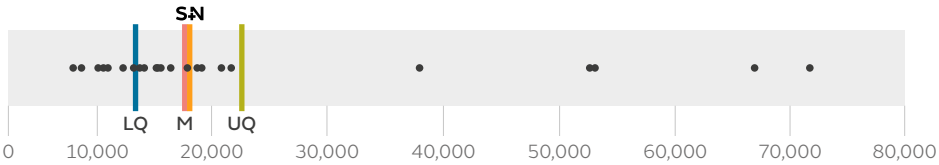
Company size

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

Revenue



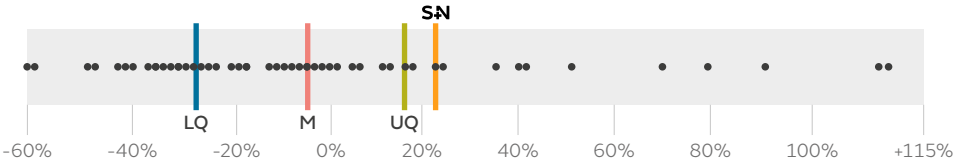
Global employee headcount



Performance

Our relative TSR performance between 1 January 2023 and 31 December 2025 is above the upper quartile[1]

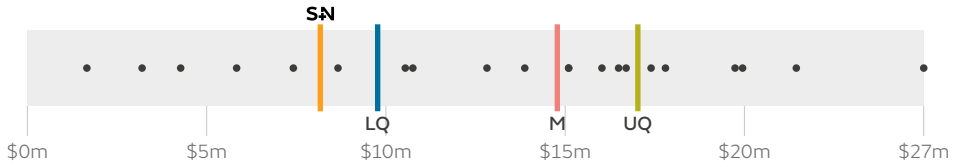
TSR performance



Pay

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

CEO



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.

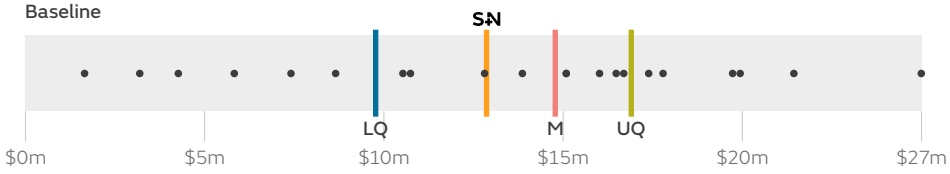
The changes proposed will result in the TTDC for both the CEO and CFO being initially positioned between lower quartile and median (the 'Baseline' level). However, from January 2027 there will be an opportunity for the TTDC of both the CEO and CFO to be enhanced if certain share price performance conditions 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.

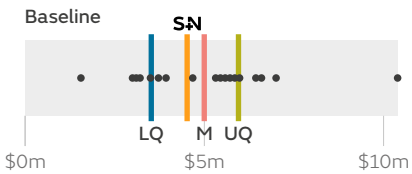
Baseline (no performance multiplier on the PSP)

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.

CEO



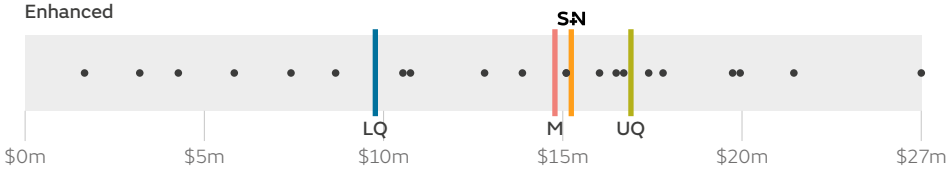
CFO



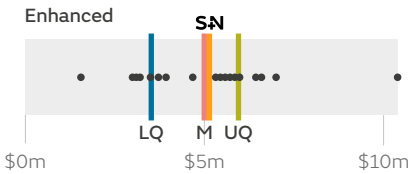
Enhanced (maximum performance multiplier on PSP awards)

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.

CEO



CFO



Remuneration Policy Report continued

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
US-based	300%	215%
Non-US based	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.

Revenue growth (%)	35%
Trading profit ($)	35%
Free cash flow ($)	15%
Strategic objectives	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.

Adjusted Earnings per Share (EPSA)	30%
Relative Total Shareholder Return[1]	30%
Adjusted Return on Invested Capital (ROIC)	30%
Environmental, Social and Governance (ESG) Objectives	10%

1 See Notes to table for TSR peer group

Remuneration Policy Report continued

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
US-based	150%	125%
Non-US based	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
US-based	900%	300%
Non-US based	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
Baseline average share price	£12.32 (Dec-25)	£13.24 (Dec-26)	£13.84 (Dec-27)
Average share price in December prior to PSP award[1]	£13.24 (Dec-26)	£13.84 (Dec-27)	£15.92 (Dec-28)
Share price increase (Dec - Dec)	7.50%	4.50%	15%
PSP award multiplier	1.1	1	1.4
Award level (% of base salary)	715%	650%	910%
Award value (USD)	11,580,111	10,527,374	14,738,324
Performance vesting outcome (for illustrative purposes)	0%	100%	50%
Vesting value[2] (USD)	–	10,527,374	7,369,162
Vesting year	2030	2031	2032
End of post-vesting holding period	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
Lower quartile	(14.5%)	(11.7%)	**(31.7%)**
Median	2.3%	0.8%	**(10.2%)**
Upper quartile	18.0%	16.5%	**5.1%**
Percentile rank of 5% change	57.2%	55.2%	**74.5%**
Percentile rank of 15% change	72.6%	73.8%	**90.2%**

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

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)
2025 Pay Peer Group median	**600%**	**300%**
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
Annual Incentive Plan (at target)		
Lower quartile	96%	75%
Median	100%	90%
Upper quartile	113%	100%
Proposed	130%	107.5%
Long-term incentive plan (at expected value[1])		
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.

Basic fee

Changes: Base fees will be paid fully in cash

Operation
Base fees are reviewed annually. Base fees will be paid fully in cash.

Maximum opportunity
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.

Performance measures
No performance conditions apply.

Additional fee

Changes: No changes proposed

Operation
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.

Maximum opportunity
The total maximum aggregate fee to Non-Executive Directors will not exceed the limit set out in the Company's Articles of Association.

Performance measures
No performance conditions apply.

Intercontinental travel

Changes: No changes proposed

Operation
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.

Maximum opportunity
The total maximum aggregate fee to Non-Executive Directors will not exceed the limit set out in the Company's Articles of Association.

Performance measures
No performance conditions apply.

Shareholding requirement

Changes: No changes proposed

Operation
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.

Maximum opportunity
Not applicable.

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

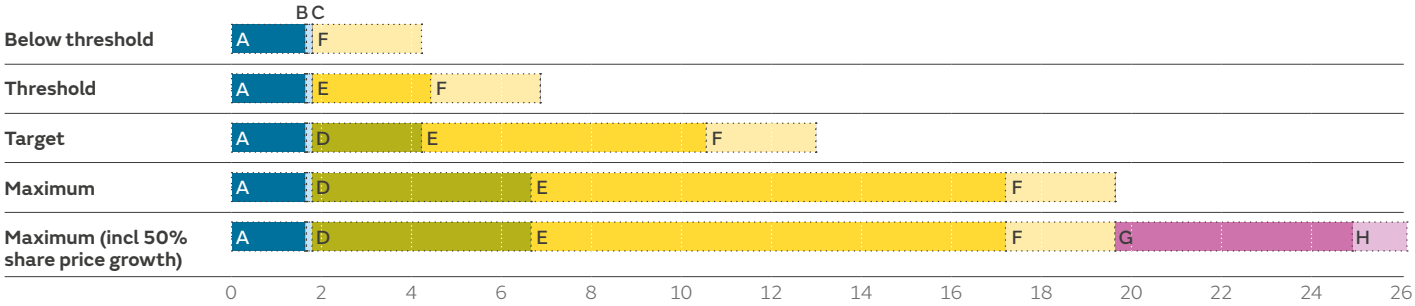
Below threshold	Fixed elements of remuneration (base salary, pension and benefits) plus 100% of RSP award
Threshold	Fixed remuneration plus 25% of PSP maximum opportunity plus 100% of RSP award
Target	Fixed elements of remuneration plus 50% of maximum bonus plus 60% of PSP maximum opportunity plus 100%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

Remuneration Policy Report continued

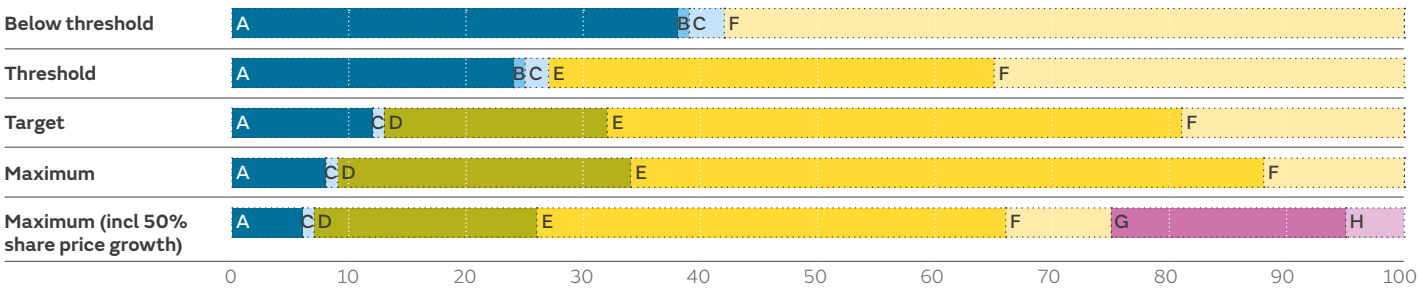
A Base salary B Benefits C Pension D AIP E PSP F RSP G PSP (share price growth) H RSP (share price growth)

Deepak Nath, CEO

Value of package ($m)

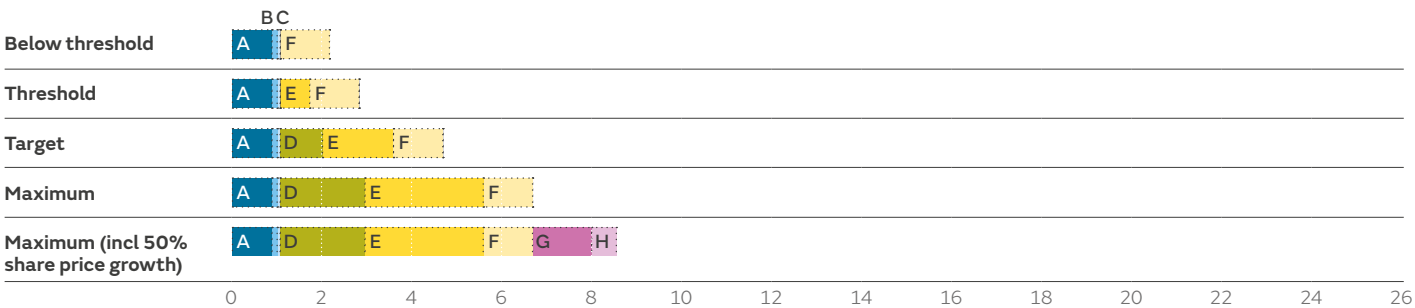


Composition of package (%)

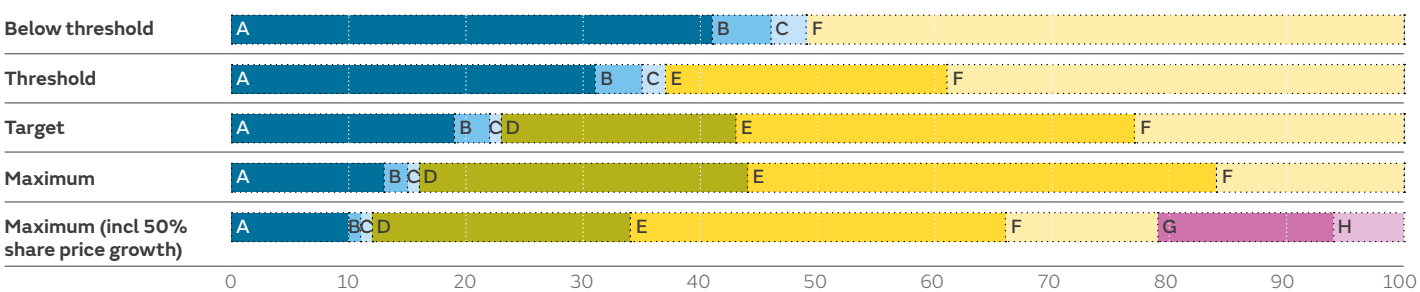


John Rogers, CFO

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.

<table>
<tr><th>Reward element and strategic rationale</th><th>Executive Directors</th><th>Executive Committee</th><th>Senior Executives</th><th>Senior Managers</th><th>Managers</th><th>Wider Workforce</th></tr>
<tr><td>Base salary
Fair and competitive pay to attract and retain employees.</td><td colspan="5">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.</td><td>Base salary is either subject to negotiation with local trade unions or follows the market pay approach outlined for managers.</td></tr>
<tr><td>Pensions and benefits
Support employees in the performance of their role and to ensure the package is market competitive.</td><td colspan="6">Employment and post-retirement benefits are offered in line with relevant home market.</td></tr>
<tr><td rowspan="3">Short-term Incentives
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.</td><td>Annual incentive based on 85% financial metrics, plus 15% strategic objectives.
Compulsory deferral into shares for three years.</td><td>Annual incentive based on 80% financial metrics, plus 20% strategic objectives.</td><td colspan="3">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.</td><td>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.</td></tr>
<tr><td rowspan="3">Long-term Incentives
Longer term reward, predominantly in shares, to recognise and reward performance delivery and create alignment with shareholder interests.</td><td>PSP awards are subject to a three-year performance period and a two-year holding period.</td><td colspan="2">PSP awards are subject to a three-year performance period.</td><td colspan="2"></td></tr>
<tr><td>RSP awards vest in three equal annual instalments and are subject to continued employment and a reasonable judgement underpin.</td><td colspan="2">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.</td><td colspan="2">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.</td></tr>
<tr><td colspan="6">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.</td></tr>
</table>

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
Overall	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.
Base salary	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.
Pensions and benefits	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.
Annual incentive	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.
Long-term incentive	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.
Replacement or buy-out awards	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.
Sign-on incentives	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.
Other	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.

	Deepak Nath	John Rogers
Date of service agreement	1 April 2022	22 July 2025 (current US Agreement) 1 December 2023 (prior UK Agreement)
Date of appointment as director	1 April 2022	1 April 2024
Employing company	Smith+Nephew Inc	Smith+Nephew Inc
Contract duration	No fixed term	
Notice period	No more than 12 months' notice	
Post-termination restrictions	The contracts of employment contain the following restrictions on the Director for 12 months from the date of termination of employment: – Non-compete clause for employment – Non-dealing and non-solicitation of client/customers – Non-solicitation of suppliers and non-interference with supply chain – Non-solicitation of employees.	
Summary termination – payment in lieu of notice	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.	
Termination payment – change of control	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.	
Termination – treatment of annual incentive awards	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.	
Termination – treatment of long-term incentive awards	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.	
Redundancy arrangements	12 months' base salary and contractual benefits. Reasonable outplacement costs.	
Holiday	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
Chair			
Rupert Soames	N R	24 April 2023	
Non-Executive Directors			
Angie Risley	N R	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	N R	1 December 2025	
Jo Hallas	A C	1 February 2022	
David King	C R	1 July 2025	
Garheng Kong	A	1 September 2025	
Simon Lowth	A N	1 January 2024	
John Ma	C	17 February 2021	
Jez Maiden	A R	14 September 2023	
Katarzyna Mazur-Hofsaess	C	1 November 2020	
Marc Owen	A C N R	1 October 2017	
Sybella Stanley	R	1 February 2025	
Bob White[1]	C R	1 May 2020	30 April 2025

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

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