

# NOTICE OF ANNUAL GENERAL MEETING



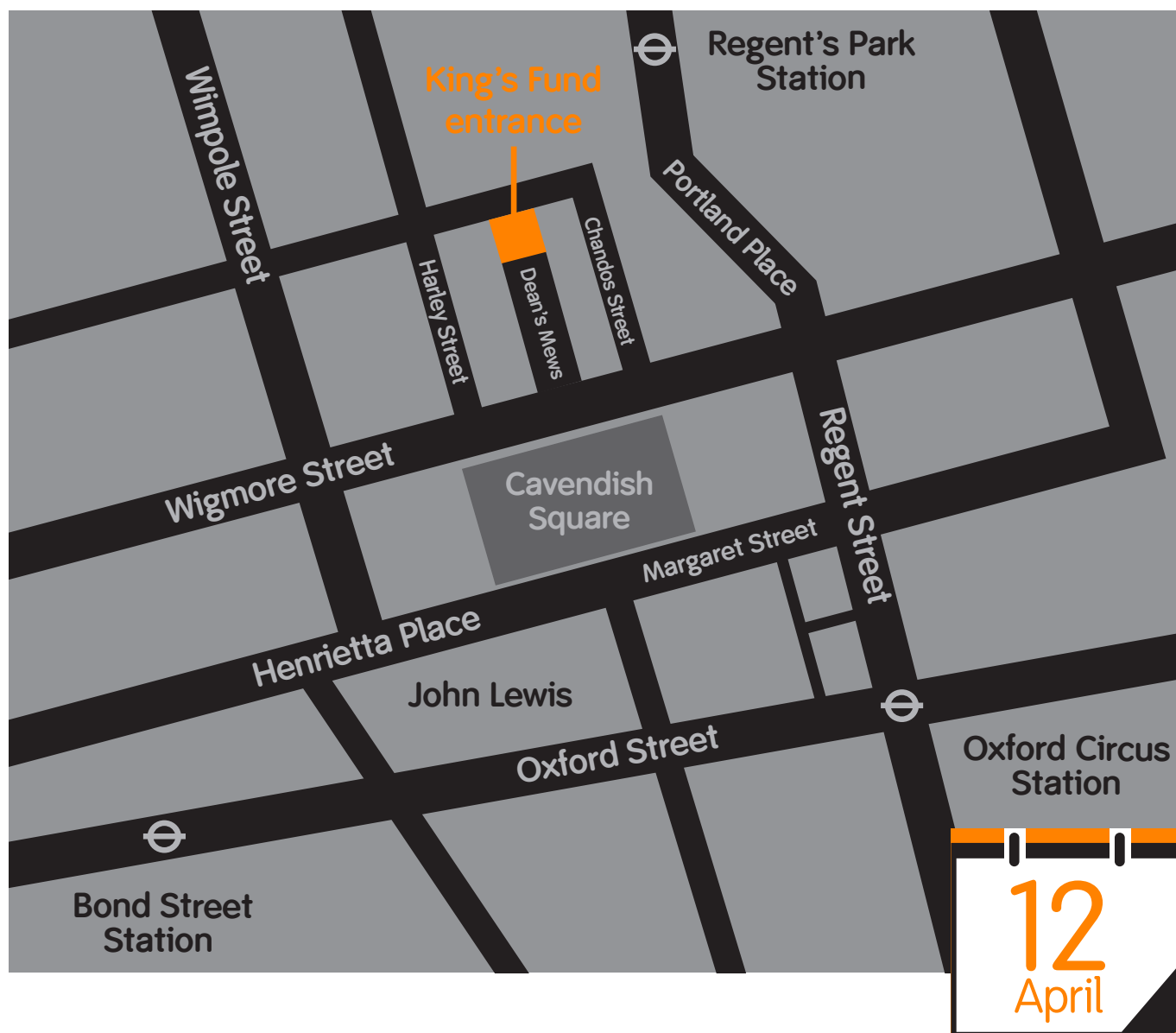
Supporting healthcare  
professionals for over 150 years

12 APRIL 2018



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** It contains the resolutions to be voted on at the Company's Annual General Meeting to be held on Thursday, 12 April 2018 at 2:00 pm. If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (or, if you are resident outside the UK, an appropriately qualified independent financial adviser). If you have sold or transferred all of your shares in Smith & Nephew plc please forward this document, together with the accompanying documents, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was arranged for onward transmission to the purchaser or transferee.

# ANNUAL GENERAL MEETING



## Directions

Nearest underground station Oxford Circus (Bakerloo, Central and Victoria lines) Exit 4 (corner near H&M store).

## Bus Routes

3, 6, 7, 8, 10, 12, 13, 15, 23, 25, 55, 73, 88, 94, 98, 113, 137, 139, 159, 176, 189, 390, 453, C2.

## Parking

Cavendish Square Car Park, Harley Street Car Park (enter from Chandos Street).

Please use The King's Fund entrance  
in Dean's Mews, off Cavendish Square.

## Contact for queries

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E: [natasha.jamal@smith-nephew.com](mailto:natasha.jamal@smith-nephew.com)

# CHAIRMAN'S LETTER



22 February 2018

## DEAR SHAREHOLDER

### Annual General Meeting 2018

The Annual General Meeting ('AGM') of Smith & Nephew plc (the 'Company') is to be held on Thursday, 12 April 2018, at No.11 Cavendish Square, London W1G 0AN, see the map opposite for your reference. The meeting will commence at 2:00 pm and refreshments will be available from 1:00 pm. Notice of the Annual General Meeting is contained on pages 2 and 3 of this document. The business of the meeting comprises resolutions that we regularly bring to shareholders at our AGMs. A detailed explanation of the business to be conducted at the meeting can be found on pages 3 to 9.

### Directors

In accordance with the UK Corporate Governance Code 2016 (the 'Code') all Directors (except Joseph Papa) will stand for election or re-election at the 2018 AGM. Accordingly, as part of the ordinary business of the meeting, resolutions 4 to 15 inclusive are to elect and re-elect Directors. Biographical details of the Directors are included in the explanatory notes to the Notice of Meeting.

Since the last AGM, the Board has appointed two new Independent Non-Executive Directors: Angie Risley and Marc Owen. Angie was appointed with effect from 18 September 2017 and has experience of a wide range of different sectors, including a regulated environment. Angie is currently Group HR Director of J Sainsbury plc and has previously held similar senior roles at Whitbread plc and Lloyds Banking Group plc. Marc was appointed with effect from 1 October 2017, having retired from Fortune 500 healthcare business McKesson Corp in March 2017 where he had served on the Executive Committee since 2001, holding a number of senior roles, including Chairman of the Management Board of integrated pharmaceuticals services provider Celesio AG and President of the McKesson Speciality Health business.

On 1 March 2018, Roland Diggelmann will be appointed as an Independent Non-Executive Director. Roland has strong medical devices experience having spent his whole career in the industry from his different roles with Sulzer, Zimmer and Roche. Roland will also be standing for election at the AGM.

As previously announced, Joseph Papa is to retire from the Company and will not be standing for re-election. I would like to thank Joseph for his dedicated service to the Board for nearly 10 years. Olivier Bohuon is also to retire by the end of 2018, after seven years as Chief Executive Officer ('CEO'). I want to thank Olivier for his professional and personal commitment and dedication to Smith & Nephew during his tenure as our CEO. Under Olivier's leadership Smith & Nephew has undergone important and necessary change and is now a stronger and more streamlined Company.

### Recommendations

The Board recommends voting in favour of all the resolutions proposed as, in the Board's opinion, all resolutions are in the best interests of the Company and its shareholders as a whole.

We look forward to seeing you at the AGM. If you are not able to come to the meeting in person, your vote is still important to us and I would urge you to register your proxy appointment electronically via our registrar's website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) by 2:00 pm on Tuesday, 10 April 2018 or by returning the enclosed Form of Proxy in accordance with the instructions printed on the enclosed form.

Yours sincerely



**Roberto Quarta**  
Chairman

# NOTICE OF MEETING

Notice is hereby given that the eighty-first Annual General Meeting of the members of Smith & Nephew plc will be held on **Thursday, 12 April 2018** at 2:00 pm at No.11 Cavendish Square, London W1G 0AN, to consider and, if thought fit, to pass the following resolutions. Voting on all resolutions will be by way of a poll.

## Ordinary resolutions

1. To receive the audited accounts for the financial year ended 31 December 2017 together with the reports of the Directors and the Auditor thereon.
2. To approve the Directors' Remuneration Report, other than the part containing the Directors' Remuneration Policy, in the form set out in the Company's Annual Report for the financial year ended 31 December 2017 (pages 79 to 96 of the 2017 Annual Report).
3. To declare a final dividend recommended by the Directors of 22.7 US cents per ordinary share in respect of the year ended 31 December 2017 payable on 9 May 2018 to shareholders on the register of the Company at the close of business on 6 April 2018.
4. To re-elect Graham Baker as a Director of the Company.
5. To re-elect Vinita Bali as a Director of the Company.
6. To re-elect Ian Barlow as a Director of the Company.
7. To re-elect Olivier Bohuon as a Director of the Company.
8. To re-elect The Rt. Hon Baroness Virginia Bottomley of Nettlestone DL as a Director of the Company.
9. To re-elect Erik Engstrom as a Director of the Company.
10. To elect Roland Diggelmann as a Director of the Company.
11. To re-elect Robin Freestone as a Director of the Company.
12. To re-elect Michael Friedman as a Director of the Company.
13. To elect Marc Owen as a Director of the Company.
14. To elect Angie Risley as a Director of the Company.
15. To re-elect Roberto Quarta as a Director of the Company.
16. To re-appoint KPMG LLP as the Auditor of the Company.
17. To authorise the Directors to determine the remuneration of the Auditor of the Company.
18. (a) To renew the authorisation of the Directors generally and unconditionally pursuant to section 551 of the Companies Act 2006 (the 'Act'), and as permitted by the Company's Articles of Association, to exercise all their powers to allot shares in the Company and to grant rights to subscribe for, or to convert any security into shares in the Company up to an aggregate nominal amount of US\$58,313,686 – in accordance with sections 551(3) and (6) of the Act. This amount represents no more than 33.33 percent. (i.e. one-third) of the Company's issued share capital (excluding treasury shares) as at 16 February 2018 (the latest practicable date prior to publication of this Notice); and
  - (b) To revoke all existing authorities given to the Directors pursuant to section 551 of the Act, provided that such revocation shall be without prejudice to the continuing authority of the Directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

The authorisation pursuant to paragraph (a) above shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or at the close of business on 11 July 2019, whichever is earlier (unless the resolution is previously renewed, varied or revoked by the Company in a General Meeting). However, if the Company before such authority expires, makes any offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after this authority expires, the Directors may allot such shares and grant rights to subscribe for or to convert any security into shares in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

## Special resolutions

19. That, subject to the passing of resolution 18, and in place of all existing powers given to them (but without prejudice to the continuing authority of the Directors pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made), the Directors be and are hereby generally authorised, pursuant to sections 570(1) and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) in the Company for cash, either pursuant to the authority granted by resolution 18 and/or through the sale of treasury shares, as if section 561(1) of that Act did not apply to any such allotment or sale, provided such power:
  - (a) shall be limited to the allotment of equity securities in connection with an offer to:
    - (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

  - (b) shall be limited to the allotment of equity securities or sale of treasury shares for cash otherwise than pursuant to paragraph (a) above up to an aggregate nominal amount of US\$8,747,052, which is no more than 5% of the issued share capital (excluding treasury shares) of the Company at 16 February 2018 (the latest practicable date prior to publication of this Notice); and
  - (c) shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or at the close of business on 11 July 2019, whichever is earlier (unless the resolution is previously renewed, varied or revoked by the Company in a General Meeting). In each case, prior to its expiry the Company may make an offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after this authority expires and the Directors may allot equity securities (and sell treasury shares) in pursuance of any such offer or agreement as if this authority had not expired.

20. That the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of any of its ordinary shares of 20 US cents each in the capital of the Company on such terms and in such manner as the Directors may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes of its employee share plans, provided that:

- (a) the maximum number of ordinary shares which may be purchased is 87,470,529 representing approximately 10% of the issued ordinary share capital (excluding treasury shares) as at 16 February 2018 (the latest practicable date prior to publication of this Notice);
- (b) the minimum price that may be paid for each ordinary share is 20 US cents which amount is exclusive of expenses, if any;
- (c) the maximum price (exclusive of expenses) that may be paid for each ordinary share is an amount equal to the higher of:
  - (i) 105% of the average of the middle market quotations of an ordinary share of the Company as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which such share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;
- (d) unless previously renewed, varied or revoked by the Company at a General Meeting, this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or at the close of business on 11 July 2019, whichever is the earlier; and
- (e) the Company may, before this authority expires, make a contract to purchase ordinary shares that would or might be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares pursuant to it as if this authority had not expired.

21. That a General Meeting of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By order of the Board, 22 February 2018.

*Susan M Swabey*

**Susan Swabey**  
Company Secretary

**Registered office**  
15 Adam Street, London WC2N 6LA  
Registered in England and Wales No. 324357

### Explanatory Notes

The notes on the following pages explain the proposed resolutions. Resolutions 1 to 18 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 19 to 21 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

#### Resolution 1: Report and accounts

This is a standard resolution common to all Annual General Meetings.

#### Resolution 2: Directors' remuneration report

All UK-listed companies are required to put their Directors' Remuneration Report to shareholders. The full Directors' Remuneration Report can be found on pages 79 to 96 of the 2017 Annual Report. It gives details of your Directors' remuneration for the financial year ended 31 December 2017 and sets out the way in which the Company will implement its policy on Directors' remuneration in 2018. The Auditor has audited those parts of the Directors' Remuneration Report capable of being audited and their report may be found on page 108 of the 2017 Annual Report.

The Board considers that appropriate executive remuneration plays a vital part in helping to achieve Company's overall objectives and, accordingly, and in compliance with the legislation, shareholders will be invited to approve the Directors' remuneration report.

The vote on the Directors' remuneration report is advisory in nature in that payments made or promised to Directors will not have to be repaid, reduced or withheld in the event that this resolution is not passed.

The Directors' remuneration policy, which describes the Company's policy relating to the Directors' remuneration was approved at the 2017 Annual General Meeting and remains unchanged. It is therefore not required to be put to shareholders at the 2018 Annual General Meeting. The remuneration policy can be found on pages 97 to 105 of the 2017 Annual Report.

#### Resolution 3: Dividend

The proposed dividend is declared as a final dividend and, as such, is dependent on shareholder approval.

#### Resolutions 4 to 15: Election or re-election of Directors

Under the Company's Articles of Association, Directors appointed by the Board are required to submit themselves for election at the first Annual General Meeting following their appointment and, in accordance with the Code, each Director retires at the Annual General Meeting and seeks re-election. A retiring Director retains office until the meeting appoints someone in his/her place, or, if it doesn't do so, until the conclusion of the meeting.

Since the last Annual General Meeting, the Board has or will have appointed three new independent Non-Executive Directors: Angie Risley, Marc Owen and Roland Digglemann. Resolutions 10, 13 and 14 propose the election of Angie, Marc and Roland as required by the Company's Articles of Association. Angie, Marc and Roland now stand for election by shareholders.

The Board has formally reviewed the performance of each Director and determined that they each continue to perform effectively and make an effective contribution to the work of the Board and to demonstrate commitment to the role, including commitment of time for the Board and the relevant committee meetings and all other applicable duties. The Board has also reviewed the independence of each Non-Executive member of the Board and determined that they are each independent from management and recommends that all Directors standing for election or re-election (as applicable) should be re-appointed for a further year. The Board therefore proposes the election and re-election of all Directors. Biographical details for each of the Directors are given overleaf.

## Explanatory Notes continued

**1. GRAHAM BAKER (49)****Chief Financial Officer**

Graham joined the Board as Chief Financial Officer in March 2017. Graham holds an MA degree in Economics from Cambridge University, and qualified as a Chartered Accountant and Chartered Tax Adviser with Arthur Andersen. In 1995, he joined AstraZeneca plc where he worked for 20 years, holding multiple senior roles, including Vice President, Finance & Chief Financial Officer, North America (2008-2010), Vice President, Global Financial Services (2010-2013) and Vice President, Finance, International (2013-2015) with responsibility for all emerging markets. Most recently, Graham was Chief Financial Officer of generic pharmaceuticals company Alvogen.

**Reasons for re-election**

Graham has deep sector knowledge and has had extensive exposure to established and emerging markets which is extremely relevant to his role at Smith & Nephew. He has a strong track record of delivering operational excellence and has relevant experience across major finance roles and geographic markets, leading large teams responsible for significant budgets.

**Nationality**

 British

**2. VINITA BALI (62)****Independent Non-Executive Director**

Independent Non-Executive Director and Member of the Remuneration and Ethics & Compliance Committees. Vinita was appointed a Director in December 2014. Vinita holds an MBA from the Jamnalal Bajaj Institute of Management Studies, University of Bombay and a BA in Economics from the University of Delhi. She commenced her career in India with a Tata Group Company, and then joined Cadbury India, subsequently working with Cadbury Schweppes plc in the UK, Nigeria and South Africa. She has held a number of senior global positions in marketing and general management at The Coca-Cola Company based in the US and South America, becoming President of the Andean Division in 1999 and VP, Corporate Strategy in 2001. In 2003, she joined Zyman Group, LLC, a US based consultancy, as Managing Principal. Vinita was MD and CEO of Britannia Industries Limited, a leading Indian publicly listed food company from 2005 to 2014. Currently, Vinita is NED of Syngene International Limited, Titan Company Ltd, Bunge Limited and CRISIL, India (a Standard & Poor Company). She is also Chair of the board of Global Alliance for Improved Nutrition and a member of the Advisory Board of PwC India.

**Reasons for re-election**

Vinita has an impressive track record of achievement with blue-chip global corporations in multiple geographies including India, Africa, South America, US and UK; all key markets for Smith & Nephew. Additionally, her strong appreciation of customer service and marketing brings deep insight as we continue to develop innovative ways to serve our markets and grow our business.

**Nationality**

 Indian

**3. IAN BARLOW (66)****Independent Non-Executive Director**

Independent Non-Executive Director, Chairman (now Member) of the Audit Committee and Member of the Ethics & Compliance and Nomination & Governance Committees. He was appointed Senior Independent Director on 6 April 2017. Ian was appointed a Director in March 2010 and is the designated finance expert. Ian is a Chartered Accountant with considerable financial experience both internationally and in the UK. He was a Partner at KPMG, latterly Senior Partner, London, until 2008. At KPMG, he was Head of UK tax and legal operations. Previously he was Chairman of WSP Group plc, and is currently NED and Chairman of the Audit Committees of The Brunner Investment Trust PLC, Foxtons Group plc and Urban&Civic plc.

**Reasons for re-election**

Ian's long-standing financial and auditing career and extensive board experience add value to his role as a member of the Audit Committee. As a member of the Ethics & Compliance Committee, he has managed to co-ordinate an oversight role of both Committees. This has been invaluable when commencing his role as Senior Independent Director.

**Nationality**

 British

**4. OLIVIER BOHUON (59)****Chief Executive Officer**

Olivier joined the Board in April 2011 as Chief Executive Officer and has announced his intention to retire by the end of 2018. Olivier has had a highly successful career in the pharmaceutical industry. He holds a doctorate from the University of Paris and an MBA from HEC, Paris. He started his career in Morocco with Roussel Uclaf S.A. and then, with the same company, held a number of positions in the Middle East with increasing levels of responsibility. He joined Abbott in Chicago as head of their anti-infective franchise with Abbott International, before becoming Pharmaceutical General Manager in Spain. He subsequently joined GlaxoSmithKline plc, rising to Senior Vice President & Director for European Commercial Operations. He then re-joined Abbott as President for Europe, became President of Abbott International (all countries outside of the US), and then President of their Pharmaceutical Division. He joined Smith & Nephew from Pierre Fabre, where he was Chief Executive.

**Reasons for re-election**

Olivier has extensive international healthcare leadership experience within a number of significant pharmaceutical and healthcare companies. His global experience provides the skillset required to innovate a FTSE 100 company with a deep heritage and provide inspiring leadership. He is a NED of Virbac Group and Shire plc, where he is also a member of the Remuneration Committee and the Nomination & Governance Committee and will be appointed Senior Independent Director on 25 April 2018.

**Nationality**

 French



### 5. THE RT. HON BARONESS VIRGINIA BOTTOMLEY OF NETTLESTONE DL (69)

Independent Non-Executive Director

Independent Non-Executive Director and Member of the Remuneration and Nomination & Governance Committees. Virginia was appointed a Director in April 2012. Virginia gained her MSc in Social Administration from the London School of Economics following her first degree. She was appointed a Life Peer in 2005 following her career as a Member of Parliament between 1984 and 2005. She served successively as Secretary of State for Health and then Culture, Media and Sport. Virginia was formerly a Director of Bupa and AkzoNobel N.V. She is currently a Director of International Resources Group Limited, member of the International Advisory Council of Chugai Pharmaceutical Co., Chancellor of University of Hull and Sheriff of Hull and Trustee of The Economist Newspaper. She is the Chair of Board & CEO Practice at Odgers Berndtson.

#### Reasons for re-election

Virginia's extensive experience within Government, particularly as Secretary of State for Health, brings a unique insight into the healthcare system both in the UK and globally, whilst her experience on the board of Bupa brings an understanding of the private healthcare sector and an insight into the needs of our customers. Her experience running the board practice at a search firm gives her a valuable skillset as a member of the Nomination & Governance Committee and Remuneration Committee. Her long association with Hull, the home of many of our UK employees, also brings an added perspective.

#### Nationality

British



### 6. ROLAND DIGGELMANN (51)

Independent Non-Executive Director

Independent Non-Executive Director and Member of the Audit Committee to be appointed on 1 March 2018. Roland studied Business Administration at the University of Berne. In 1995, he joined Sulzer AG as Manager Strategic Planning and progressed into further senior roles over the years until his appointment as Executive Vice President, Sales Europe and Asia Pacific from 2002 to 2004 for Sulzer Medica (later known as Centerpulse). Roland joined Zimmer Group in 2004, in the role of Managing Director of Zimmer Japan and then later in 2006 as Senior Vice President, EMEA until 2008. Roland joined Roche Diagnostics in 2008 as president of Asia Pacific before his current appointment as the Chief Executive Officer of the Diagnostics Division of F. Hoffmann-La Roche Ltd.

#### Reasons for election

Having spent his whole career in medical devices, with 12 years at Sulzer and Zimmer, Roland brings an in-depth knowledge of the medical device industry and healthcare environment which will be of great value to Smith & Nephew, in particular following the retirement of Joseph Papa from the Board at the Annual General Meeting on 12 April 2018.

#### Nationality

Swiss



### 7. ERIK ENGSTROM (54)

Independent Non-Executive Director

Independent Non-Executive Director and Member of the Audit Committee. Erik was appointed a Director in January 2015. Erik is a graduate of the Stockholm School of Economics (BSc) and of the Royal Institute of Technology in Stockholm (MSc). In 1988, he graduated with an MBA from Harvard Business School as a Fulbright Scholar. Erik commenced his career at McKinsey & Company and then worked in publishing, latterly as President and COO of Random House Inc. and as President and CEO of Bantam Doubleday Dell, North America. In 2001, he moved on to be a partner at General Atlantic Partners, a private equity investment firm. Between 2004 and 2009, he was CEO of Elsevier, the division specialising in scientific and medical information and then from 2009 CEO of RELX Group.

#### Reasons for re-election

Erik has successfully reshaped RELX Group's business in terms of portfolio and geographies. He brings a deep understanding of how technology can be used to transform a business and insight into the development of new commercial models that deliver attractive economics. His experience as a CEO of a global company gives him valuable insights as a member of our Audit Committee.

#### Nationality

Swedish



### 8. ROBIN FREESTONE (59)

Independent Non-Executive Director

Independent Non-Executive Director and Member of the Remuneration Committee. Chairman of the Audit Committee since 6 April 2017. Robin was appointed a Director in September 2015. Robin graduated with a BA in Economics from The University of Manchester and later qualified and commenced his career as a Chartered Accountant at Deloitte. He has held a number of senior financial positions throughout his career, including at ICI plc, Henkel Ltd and at Amersham plc. Robin was the Deputy CFO and then later the CFO of Pearson plc between 2006 and August 2015, where he was heavily involved with the transformation and diversification of Pearson. He was previously NED at eChem Ltd, Chairman of the 100 Group and Senior Independent Director and Chairman of the Audit Committee of Cable & Wireless Communications plc. Robin is a NED and Chairman of the Audit Committee at Moneysupermarket.com Group plc and a NED at Michael Kors Holdings Ltd. Robin became Chair of the ICAEW Corporate Governance Advisory Group in 2017.

#### Reasons for re-election

Robin has been a well-regarded FTSE 100 CFO who has not only been heavily involved with transformation and diversification, but also the healthcare industry at Amersham, where his acquisition experience will be of value to Smith & Nephew as it continues to grow globally and in different markets. He brings financial expertise and insight as Chairman of the Audit Committee and an understanding of how to attract and retain talent in a global business as a member of the Remuneration Committee.

#### Nationality

British

## Explanatory Notes continued

**9. MICHAEL FRIEDMAN (74)****Independent Non-Executive Director**

Independent Non-Executive Director and Chairman of the Ethics & Compliance Committee. Michael was appointed a Director in April 2013. Michael graduated with a Bachelor of Arts degree, magna cum laude from Tulane University and a Doctorate in Medicine from the University of Texas Southwestern Medical Center. He completed postdoctoral training at Stanford University and the National Cancer Institute, and is board certified in Internal Medicine and Medical Oncology. In 1983, he joined the Division of Cancer Treatment at the National Cancer Institute and went on to become the Associate Director of the Cancer Therapy Evaluation Program. Michael was most recently CEO of City of Hope in California, and also served as Director of the institution's cancer centre and held the Irell & Manella Cancer Center Director's Distinguished Chair. He was formerly Senior VP of research, medical and public policy for Pharmacia Corporation and also Deputy Commissioner and Acting Commissioner at the US Food and Drug Administration (FDA). He has served on a number of boards in a non-executive capacity, including Rite Aid Corporation. Currently, Michael is a NED of Celgene Corporation, MannKind Corporation and Intuitive Surgical, Inc.

**Reasons for re-election**

Michael understands the fundamental importance of research, which is part of Smith & Nephew's value creation process. His varied experience in both the public and private healthcare sectors have given him a deep insight and a highly respected career. In particular, his work with the FDA and knowledge relating to US compliance provides the skillset required to Chair the Ethics & Compliance Committee.

**Nationality**

American

**10. MARC OWEN (58)****Independent Non-Executive Director**

Independent Non-Executive Director and Member of the Audit Committee. Marc was appointed a Director on 1 October 2017. Marc will also be appointed to the Ethics & Compliance Committee on 1 March 2018. Marc graduated from Oxford University with a BA and BCL in Law. In 1984 he was called to the Bar, following four years at Corpus Christi College Cambridge as a fellow and director of studies in law. He decided upon a corporate career and undertook an MBA at Stanford University. Marc commenced his healthcare and technology career at McKinsey & Company where he progressed to senior partner and eventually a founding partner of McKinsey's Business Technology Office. In September 2001, Marc joined McKesson Corporation and served as executive vice president and member of the executive committee. He delivered strategic objectives and led over 40 acquisitions and divestments over a 10-year period. In late 2011 he headed McKesson Speciality Health, which operates over 130 cancer centres across the US and provides services including market intelligence, supply chain services, patient access to therapy, provider and patient engagement and clinical trial support. His final executive role came in 2014 when he was appointed Chairman 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.

**Reasons for election**

Marc is a proven leader with an astute, strategic vision, capable of building significant international healthcare businesses. He has strong commercial healthcare expertise which the Board values deeply following the pending retirement of Joseph Papa at the 2018 Annual General Meeting.

**Nationality**

British

**11. ANGIE RISLEY (59)****Independent Non-Executive Director**

Independent Non-Executive Director and Chairman Elect of the Remuneration Committee. Angie was appointed a Director on 18 September 2017. After graduating from Exeter University, and completing a 1-year personnel management programme, Angie joined the United Biscuits graduate scheme. After working in various different HR roles she joined Pizza Hut (UK) Ltd as Human Resources Director, a joint venture between PepsiCo and Whitbread plc. After five years she joined Whitbread, becoming Executive Director on the plc board responsible for HR and Corporate Social Responsibility in 2004. Between 2007–2013 she was the Group HR Director for Lloyds Banking Group, joining J Sainsbury plc as Group HR Director in January 2013. 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 plc and Serco Group plc. She was a member of the Remuneration Committees at Arriva plc and Biffa plc and Chairman of the Remuneration Committee at Serco Group plc. She is also a NED on the Sainsbury's Bank Board.

**Reasons for election**

Angie is a well-regarded FTSE 100 Human Resources Director, proven NED and Remuneration Committee Chairman. She has gained experience in a wide range of sectors, including a regulated environment. This diversity of experience is welcomed by the Board and the Remuneration Committee. Angie is also an additional resource and sounding board for our own internal Human Resources function.

**Nationality**

British

**12. ROBERTO QUARTA (68)****Chairman**

Independent Non-Executive Chairman, Chairman of the Nomination & Governance Committee and Member of the Remuneration Committee. Roberto was appointed a Director in December 2013 and Chairman in April 2014. Roberto is a graduate and a former Trustee of the College of the Holy Cross, Worcester (MA), US. He started his career as a manager trainee at David Gessner Ltd, before moving on to Worcester Controls Corporation and then BTR plc, where he was a divisional Chief Executive. Between 1985 and 1989, he was Executive VP of Hitchiner Manufacturing Co., Inc. He returned to BTR plc in 1989 as Divisional Chief Executive, where he was appointed to the main board. From here he moved to BBA Aviation plc, as CEO and then as Chairman, until 2007. He has held several board positions, including NED of PowerGen plc, Equant N.V., BAE Systems plc and Foster Wheeler AG. His previous Chairmanships include Italtel SpA, Rexel S.A., IMI plc and SPIE SA. He is currently Chairman of WPP plc. He is a partner at Clayton Dubilier & Rice and a former member of the Investment Committee of Fondo Strategico Italiano S.p.A.

**Reasons for re-election**

Roberto's career in private equity brings valuable experience to Smith & Nephew, particularly when evaluating acquisitions and new business opportunities. He has an in-depth understanding of differing global governance requirements having served as a director and chairman of a number of UK and international companies.

Since his appointment as Chairman in April 2014, he has conducted a comprehensive review into the composition of the Board and its Committees, and conducted the search for new Non-Executive Directors resulting in the appointment of Vinita Bali in 2014, Erik Engstrom and Robin Freestone in 2015, Angie Risley and Marc Owen during 2017, and Roland Diggelmann so far in 2018.

**Nationality**

American/Italian

### Resolutions 16 and 17: Appointment and remuneration of the Auditor

The Auditor of the Company must be re-appointed at each general meeting at which accounts are laid. Resolution 16 proposes the re-appointment of KPMG LLP as the Company's Auditor to hold office from the conclusion of this meeting until the conclusion of the next General Meeting at which the accounts are laid before the Company.

Resolution 17 proposes that the Auditor's remuneration be determined by the Directors. The Board will delegate this authority to the Audit Committee pursuant to and in accordance with the Competition and Markets Authority ('CMA') Audit Order 2014.

### Resolution 18: General authority to allot shares

Under section 551 of the Act, the Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by shareholders. The section 551 authority conferred on the Directors at last year's Annual General Meeting expires on the date of the Annual General Meeting. Resolution 18 seeks to renew the Directors' general authority to allot shares up to an aggregate nominal amount of US\$58,313,686 as permitted by the Company's Articles of Association and pursuant to the provisions of section 551 of the Act. This amount represents no more than 33.33 percent. (i.e. one-third) of the Company's issued share capital (excluding treasury shares) as at 16 February 2018 (the latest practicable date prior to publication of this Notice).

This resolution will be proposed as an ordinary resolution. Other than in connection with the Company's various share-based plans for Senior Executives and employees, the Board has no present intention of allotting any of these shares but considers it prudent to maintain the flexibility that this authority provides.

The authority sought under this resolution will expire at the conclusion of the Annual General Meeting in 2019 or at the close of business on 11 July 2019, whichever is the earlier (unless previously renewed, varied or revoked by the Company in a General Meeting). At 16 February 2018 (the latest practicable date prior to publication of this Notice), the Company held 16,174,019 ordinary shares in treasury. This amount represents 1.85% of the Company's issued share capital (excluding treasury shares) as at that date.

### Resolution 19: Disapplication of pre-emption rights

Resolution 19 is a special resolution which seeks to renew the Directors' power to allot shares or grant rights to subscribe for, or convert securities into, shares or sell treasury shares where they propose to do so for cash (other than pursuant to an employee share scheme) and otherwise than to existing shareholders pro rata to their holdings as permitted by the Company's Articles of Association. The power will be limited to: (i) the allotment of shares for cash in connection with a rights issue to allow the Directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which, for example, might arise in relation to overseas shareholders, and (ii) the allotment of shares and treasury shares for cash up to an aggregate nominal value of US\$8,747,052, being approximately 5% of the issued ordinary share capital (excluding treasury shares) at 16 February 2018 (the latest practicable date prior to publication of this Notice). If given, this authority will expire at the conclusion of the Annual General Meeting in 2019 or at the close of business on 11 July 2019, whichever is the earlier (unless previously renewed, varied or revoked by the Company in a General Meeting).

The Directors, in any rolling three-year period, do not intend to allot more than 7.5% of the issued ordinary share capital (excluding treasury shares) pursuant to the waiver in resolution 19 on a non pre-emptive basis for cash in accordance with the Pre-Emption Group's March 2015 Statement of Principles. The Board will continue to seek to renew this authority at each Annual General Meeting in accordance with best practice.

### Resolution 20: Purchase of own shares

Resolution 20 is a special resolution. The Company is seeking approval of the renewal of the general authority from shareholders granted at last year's Annual General Meeting to purchase the Company's own shares. The resolution authorises the Company to make market purchases of its own ordinary shares as permitted by the Act.

In order to avoid shareholder dilution, shares allotted to employees through employee share schemes are bought back on a quarterly basis and subsequently cancelled. From 1 January 2017 to 16 February 2018, 2,907,586 shares were purchased (including a partial Q4 2016 purchase) and subsequently cancelled by the Company. Page 189 of the 2017 Annual Report provides further clarification.

The Directors have no present intention of exercising this authority other than for the reasons stated above, but will keep the matter under review, taking into account market conditions, the cash reserves of the Company, the Company's share price, appropriate gearing levels, other investment opportunities and the overall financial position of the Company. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be likely to promote the success of the Company for the benefit of its shareholders as a whole. Any shares purchased under this authority may either be cancelled or held as treasury shares. Treasury shares may subsequently be cancelled, sold for cash or used to satisfy options issued to employees pursuant to the employees' share schemes.

As at 16 February 2018 (the latest practicable date prior to publication of this Notice), 16,174,019 ordinary shares are held in treasury. The holding of shares as treasury shares provides the Company with additional flexibility in the management of its capital base. The resolution specifies the maximum number of shares which may be purchased (which is 87,470,529 representing approximately 10% of the issued ordinary share capital (excluding treasury shares) as at 16 February 2018 (the latest practicable date prior to publication of this Notice)) and the minimum and maximum prices at which they may be bought. The purchase of shares by the Company under this authority would be effected by purchases on the market.

As at 16 February 2018 (the latest practicable date prior to publication of this Notice), the total number of options over shares and share awards outstanding under all the Company's share plans was 9,284,256, which if exercised or vested would represent 1.06% of the Company's issued share capital (excluding treasury shares) at that date. If the Company were to purchase its own shares to the fullest possible extent of its authority from shareholders (existing and being sought), this number of outstanding options and share awards could potentially represent 1.33% of the issued ordinary share capital (excluding treasury shares) of the Company. There are no warrants outstanding.

The authority will only be valid until the conclusion of the Annual General Meeting of the Company in 2019 or, if earlier, at the close of business on 11 July 2019.

### Resolution 21: Notice period for General Meetings other than the Annual General Meeting

Resolution 21 is a special resolution and is required to reflect the implementation of the Companies (Shareholders' Rights) Regulations 2009 which increased the notice period for General Meetings of the Company to 21 days.

Under the Act, a General Meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice with shareholder approval. In order to preserve this ability, resolution 21 seeks the necessary shareholder approval, which will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The Company undertakes to meet the requirements for electronic voting in the Act before calling a general meeting on 14 clear days' notice.

The Company would generally give 14 business days' notice for General Meetings in accordance with the UK Corporate Governance Code 2016. The shorter notice period of 14 clear days would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

## Notes

1. The right to attend and vote at the meeting is determined by reference to the Company's register of members. Only those shareholders on the register of members of the Company as at the close of business on 10 April 2018 will be entitled to attend and vote at the Annual General Meeting and they may only vote in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6:00 pm on 10 April 2018 will be disregarded in determining the rights of any person to attend or vote at the meeting. A member who is unable to attend the meeting is entitled to appoint one or more proxies (whether members or not) to attend, to speak and to vote instead of him/her. You may register your proxy appointment via our registrar's website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). To be effective, the proxy appointment must reach the Company's registrar no later than 2:00 pm on 10 April 2018.
  2. A member is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, to speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. A proxy need not be a member of the Company. All proxies must be submitted at the office of the registrar not later than 48 hours before the time of the meeting. Completion of a Form of Proxy will not preclude a member attending and voting in person at the meeting. A Form of Proxy for the meeting is enclosed, if you require additional Forms of Proxy, please contact the registrar of the Company on 0370 703 0047 (lines are open 8:30 am to 5:30 pm (UK time), Monday to Friday, excluding public holidays in England and Wales. Telephone +44 (0)117 240 2532 if calling from outside the UK).
  3. Any corporate shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if two or more representatives purport to vote in respect of the same shares: (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and (ii) in other cases, the power is treated as not exercised.
  4. CREST members holding their shares in uncertificated form who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 12 April 2018 and any adjournment(s) thereof by using the procedures described in the CREST Manual, which can be found at [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or relates to an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by Computershare (CREST ID 3RA50) no later than 2:00 pm on 10 April 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- No messages received through the CREST network after this time will be accepted. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. The Company cannot accept responsibility for loss or damage arising from the opening or use of any e-mails or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to opening or use. Any electronic communication received by the Company and/or Computershare, including the lodgement of an electronic Form of Proxy, that is found to contain a computer virus will not be accepted.
  6. Any shareholder attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any questions relating to the business being dealt with at the meeting unless to do so would interfere unduly with the preparation for the meeting, be undesirable in the interests of the Company or the good order of the meeting, involve the disclosure of confidential information or if the answer has already been given on the Company's website in the form of an answer to a question.
  7. Shareholders should note it is possible that, pursuant to requests made by members of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid (in each case), that the members propose to raise at the Annual General Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

8. A person who is not a shareholder of the Company, but has been nominated by a shareholder to enjoy information rights in accordance with section 146 of the Act ("indirect investor") does not have a right to appoint any proxy. Indirect investors may have a right under an agreement with the shareholder to be appointed (or to have someone else appointed) as a proxy for the meeting. Alternatively, if indirect investors do not have such a right, or do not wish to exercise it, they may have a right under an agreement with the relevant shareholder to give instructions as to the exercise of voting rights. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains the registered shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee to deal with matters that are directed to them in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
9. The following documents, which are available for inspection during normal business hours at the registered office of the Company on any weekday (excluding Saturday, Sunday and UK public holidays), will also be available for inspection at the place of the Annual General Meeting from 1:00 pm on the day of the meeting until the conclusion of the meeting:
  - (a) copies of service contracts and/or letters of appointment of the Directors of the Company; and
  - (b) copies of the deeds of indemnity of the Directors.
10. As at 16 February 2018 (the latest practicable date prior to publication of this Notice), the Company's issued share capital (excluding treasury shares) consists of 874,705,290 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 874,705,290.
11. No electronic address (within the meaning of section 333(4) of the Act) provided in this Notice of Meeting (or in any related documents including the Chairman's letter and Form of Proxy) may be used to communicate with the Company for any purposes other than those expressly stated.
12. A copy of the Notice of Meeting and other information required by section 311A of the Act can be found at the Company's website ([www.smith-nephew.com/AGM](http://www.smith-nephew.com/AGM)).
13. As soon as practicable after the Annual General Meeting, the results of the poll (and other information required by section 341 of the Act) will be announced via a regulated information service and made available on the Company's website ([www.smith-nephew.com/AGM](http://www.smith-nephew.com/AGM)).



[www.investorcentre.co.uk](http://www.investorcentre.co.uk)

Investor Centre allows you to manage your shares, proxy voting, address details and dividend payment instructions, online.

### Shareholder communications

The Company makes bi-annual financial announcements and quarterly trading reports which are made available through Stock Exchange announcements and on the Group's website ([www.smith-nephew.com](http://www.smith-nephew.com)). Copies of recent Annual Reports, press releases, institutional presentations and audio webcasts are also available on the website.

The Company sends paper copies of the Notice of Annual General Meeting and Annual Report only to those shareholders and ADS holders who have elected to receive shareholder documentation by post. Electronic copies of the Annual Report and Notice of Annual General Meeting are available on the Group's website at [www.smith-nephew.com](http://www.smith-nephew.com). Both ordinary shareholders and ADS holders can request paper copies of the Annual Report, which the Company provides free of charge. The Company will continue to send to ordinary shareholders by post the Form of Proxy which advises of the availability of the Annual Report and Notice of Annual General Meeting on the Group's website. Shareholders who elect to receive the Annual Report and Notice of Annual General Meeting electronically are informed by e-mail of the documents' availability on the Group's website. ADS holders receive a Voting Instruction Form by post but will not receive a paper copy of the Notice of Annual General Meeting.

### Don't be a target for share fraud

Fraudsters use persuasive, high pressure tactics to scam investors. They may offer to sell you shares that turn out to be fake or worthless, or to buy your shares at a high price if you pay an upfront fee. Either way, the promised profits won't materialise and you'll probably lose your money. Here's how to avoid investment scams.

#### How to avoid share fraud

1. Reject cold calls. If you've been cold called with an offer to buy or sell shares, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.
2. Check the firm on the Financial Services Register at [www.fca.org.uk/register](http://www.fca.org.uk/register). The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the Financial Conduct Authority ('FCA').
3. Get impartial advice. Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

#### Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the share fraud reporting form at [www.fca.org.uk/scams](http://www.fca.org.uk/scams) where you can find out more about the investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at [www.actionfraud.police.uk](http://www.actionfraud.police.uk). Find out more at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

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