SMITHS IN THE US
WHAT'S INSIDE?

This publication provides an overview of our business. More detailed information is available on our website.

www.smiths.com
INTRODUCTION

We are proud to be Smiths, pushing boundaries to deliver innovative solutions for the world’s challenges. Our ambition is to establish Smiths as one of the world’s leading technology companies.

Across the United States, we have outstanding people who help meet extreme challenges every day. Three of our five divisions are headquartered here, and overall the US accounts for roughly a third of our people, half our capital base and half our revenue.

We are proud of the work we do in the United States, serving our valued customers. We work closely with America’s critical agencies and help our US-based customers solve some of their toughest objectives.

We are a trusted partner of key US agencies, such as the Departments of Defense and Homeland Security, as they work to meet national security objectives. Our medical products are essential to the daily treatment of millions of Americans. In the oil, telecommunications and engineering industries, products that we design and manufacture in the US continue to provide innovative solutions to the toughest challenges and set new standards for quality, reliability and flexibility.

We are rooted in the United States. Our businesses have been an integral part of American life for decades – securing jobs, creating new opportunities, boosting local economies and contributing to community life in many ways.

This booklet sets out why we are proud to be part of the American landscape. Find out more about our achievements and our enduring commitment to the US.
Our strategy
Our ambition is to establish Smiths as one of the world’s leading technology companies. We will achieve this by outperforming our chosen markets and delivering world-class competitiveness and innovation, underpinned by our strong financial framework.

Our solutions
Our products and services are often critical to our customers’ operations, while our proprietary technology and high service levels help create competitive advantage. Our solutions make a real impact on the world – from driving industry, improving healthcare and enhancing security, to advancing connectivity and enabling new homes.

Our end markets and businesses
Today, we serve seven markets through our divisions: John Crane, Smiths Medical, Smiths Detection, Smiths Interconnect and Flex-Tek. We are focusing our portfolio on our most attractive market segments, where we can sustain above-market growth.

2017 GLOBAL REVENUE
$4,158M

2017 HEADLINE OPERATING PROFIT
$747M

EMPLOYEES WORLDWIDE
c. 22,000
Our market split
Smiths Group businesses are rooted in the United States. Roughly a third of our people, half our capital base and half our revenue are located in the US.

US TOTAL EXPORTS
$241M

US TOTAL REVENUE
$1,940M

US EMPLOYEES
7,650

Our people
We employ around 22,000 people globally and are building a learning organization that enables them to be the best that they can be.

Our values
We are united by our shared values, which guide our actions and behavior every day:

INTEGRITY
OWNERSHIP
RESPECT
CUSTOMER FOCUS
PASSION

GLOBAL REVENUE BY DESTINATION
- North America 53%
- Rest of World 47%

LOCATION OF ASSETS
- North America 57%
- Rest of World 43%
OUR DIVISIONS

OUR DIVISIONS ARE EXPERTS IN THEIR MARKETS, WORKING CLOSELY WITH CUSTOMERS TO DELIVER INNOVATIVE SOLUTIONS TO MEET THEIR EVOLVING NEEDS

JOHN CRANE
Mission-critical solutions for global energy and process industries

SMITHS MEDICAL
High-quality, cost effective medical devices and consumables that are vital to patient care

US REVENUE

$368M

US REVENUE

$645M

PERCENTAGE OF GROUP US REVENUE

19%

PERCENTAGE OF GROUP US REVENUE

33%

COMPETITIVE STRENGTHS

• A market leader in mechanical seals
• Strong proprietary technology and expertise in applied engineering
• Strong aftermarket service offering, with around two-thirds of sales in aftermarket
• One of the largest global service networks in the mechanical seal industry, with c. 200 sales and service centers

COMPETITIVE STRENGTHS

• A category leader in our chosen markets
• Highly recognized and respected brands
• Category breadth and depth, including capital, consumable and software products
• Reputation for quality and safety
• Extensive global sales network
SMITHS DETECTION
A leader in the detection and identification of security threats and contraband

US REVENUE
$266M
PERCENTAGE OF GROUP US REVENUE
14%

COMPETITIVE STRENGTHS
• A market leader with a strengthened global position following the Morpho Detection acquisition
• Technologies leveraged across many markets and applications
• Operates in several regulated markets requiring product certification
• Growing aftermarket revenues (39% of total)

SMITHS INTERCONNECT
Solutions for high-speed, secure connectivity in demanding applications

US REVENUE
$346M
PERCENTAGE OF GROUP US REVENUE
18%

COMPETITIVE STRENGTHS
• Innovative and technically differentiated offerings
• Ultra-high reliability solutions used in demanding applications
• Customer intimacy, responsiveness and product customization
• Global presence, reach and support

FLEX-TEK
Innovative components to heat and move fluids and gases

US REVENUE
$315M
PERCENTAGE OF GROUP US REVENUE
16%

COMPETITIVE STRENGTHS
• A market-leading performance in residential gas tubing
• High-performance flexible tubing products for aerospace
• Leading capability in the design and manufacture of heating solutions for bespoke applications
• Strong customer relationships
OUR BUSINESS MODEL

OUR AMBITION

OUR AMBITION IS TO ESTABLISH SMITHS AS ONE OF THE WORLD’S LEADING TECHNOLOGY COMPANIES

OUR STRATEGY

We will achieve our ambition by outperforming our chosen markets and delivering world-class competitiveness and innovation, to deliver sustainable growth and attractive returns.

We actively manage our portfolio of businesses to ensure we are competitively positioned in attractive markets globally with strong long-term profitable growth prospects, where we can sustainably achieve a top three leadership position.

We will drive outperformance and competitiveness through innovation, our shared operating model that drives speed and efficiency across our value chain, and by building a learning organization where our people can be the best they can be.

We are experts in our markets, with a strong understanding of customer needs.

OUR DIVISIONS

Our divisions serve specialist technology markets worldwide and are unified by four common characteristics:

- sustainably competitive and asset-light
- technology differentiation
- increasing digitization
- a high proportion of aftermarket services

JOHN CRANE
Mission-critical engineered solutions for global energy and process industries

SMITHS MEDICAL
High-quality, cost-effective medical devices and consumables that are vital to patient care

SMITHS DETECTION
A leader in the detection and identification of security threats and contraband

SMITHS INTERCONNECT
Solutions for high-speed, secure connectivity in demanding applications

FLEX-TEK
Innovative components to heat and move fluids and gases

OUR SHARED VALUES OF INTEGRITY, RESPECT, GUIDE OUR BEHAVIOR, ACTIONS AND
## Our Operating Model

The Smiths Excellence System is our shared operating model. It helps us apply best practice across the Group to drive speed and efficiency on a sustainable basis, as we work to ensure consistent execution and a culture of continuous improvement.

<table>
<thead>
<tr>
<th>CUSTOMER</th>
<th>We partner with our customers to steer our product innovation and technology development</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEOPLE</td>
<td>We work to attract, retain, engage, develop and inspire the best people to help us deliver results</td>
</tr>
<tr>
<td>TECHNOLOGY</td>
<td>We aim to bring innovative, differentiated solutions to market quickly</td>
</tr>
<tr>
<td>PRODUCTION</td>
<td>Our production processes drive efficiency, enhance safety and improve quality</td>
</tr>
<tr>
<td>PROGRAM</td>
<td>We work to drive consistent and flawless execution across programs</td>
</tr>
<tr>
<td>SUPPLY</td>
<td>We are building strong, strategic supplier relationships to ensure quality, efficiency and flexibility</td>
</tr>
</tbody>
</table>

## Financial Framework

Our strong financial framework provides the flexibility to enable us to create superior returns and invest in growth. It helps us manage our business efficiently to optimize cash generation and allocate capital to the best organic and inorganic opportunities to create value.

We have a strong governance framework and robust approach to risk management and financial control.

## The Result

As a globally aligned organization that is committed to doing business responsibly, we generate value for a wide range of stakeholders around the world.

### Financial Value

We generate superior shareholder returns on a sustainable basis, as well as delivering economic value where we operate around the world.

### Social Value

Our solutions meet customers’ evolving needs and have a positive impact on the world, enhancing security, improving healthcare, advancing connectivity, driving efficiency and reliability, and reducing environmental impact.

We source components and materials from approximately 12,000 suppliers globally and expect our partners to meet our own high ethical standards.

We also support the communities in which we operate around the world.

### Value to Employees

We employ around 22,000 people in more than 50 countries, and give them the opportunity to be the best that they can be.
Our largest single end market is medical technology. The majority of revenue comes from Smiths Medical, while both Smiths Interconnect and Flex-Tek supply components to medical device manufacturers. The medical technology market is driven over the long term by aging populations, the increasing incidence of chronic diseases and increasing healthcare spending in developing countries. Some 82% of Smiths Medical’s revenue is from single-use devices used in everyday hospital procedures. The remaining 18% of revenue is from capital equipment, such as infusion pumps.

Smiths Detection provides threat detection equipment that enhances safety and security for airports, ports and borders, urban security, military and emergency responder markets. Demand is driven in the medium term by growth in air travel, ongoing geopolitical unrest and associated terrorist and criminal threats, although there is considerable variation by geography and end market. The growing installed base creates opportunities for aftermarket and software upgrade revenues. The defense segment is served by both Smiths Detection and Smiths Interconnect, who provide a range of trace detection and mission-critical secure connectivity solutions respectively, and is primarily driven by spending on specific programs in developed markets like the US.

This market is primarily served by John Crane, with oil and gas representing around 55% of its revenues. Long-term drivers include increasing global demand for energy and increasing environmental and safety requirements. John Crane’s mechanical seals and seal support systems are primarily used in the process equipment found in downstream (eg refineries) and midstream (eg pipelines, gas storage, liquefied natural gas (LNG) transportation) applications. Demand for original equipment (36% of revenue) is affected by customer capital expenditure cycles, while aftermarket service (64% of revenue) depends on utilization rates and equipment age. The drop in oil prices since late 2014 has reduced customer capital expenditure, but we have seen investment in growing areas such as LNG and pipelines and increased aftermarket demand due to pent-up maintenance and upgrade requirements.
Flex-Tek provides hydraulic hoses and fuel lines for airframes and aeroengines and Smiths Interconnect supplies connectors, microwave components and antenna systems for aircraft and satellite communications. Aerospace demand is driven by investment in new fuel-efficient aircraft and increasing passenger and freight traffic.

Flex-Tek manufactures a range of products such as flexible gas piping and ducting for Heating Ventilation and Air Conditioning (HVAC) applications that are used in the construction of homes and commercial buildings, primarily in the US. Demand for homes for families is driven by population growth.

In the rail segment, Smiths Interconnect supplies cable solutions, ferrite components and connectors for communications, control command and signalling systems in autonomous trains. Growth is driven by increasingly sophisticated digital train systems, high data-rate connectivity for passengers and the distribution of high levels of electricity to support the power demand of these systems. In the automotive segment, Flex-Tek supplies hoses for fuel and brake fluid delivery.

We serve a range of general industrial sectors including petrochemical, mining, pulp and paper, water treatment, semiconductor test, heating elements and automotive, through John Crane, Smiths Interconnect and Flex-Tek. There are different drivers for each of these markets but overall they tend to track GDP.
With one of the largest global service footprints in the mechanical seal industry, John Crane’s expert engineers and technicians work closely with customers to provide rapid onsite support – analyzing root-cause failures, identifying areas for improvement and applying performance-based solutions to reduce equipment outages.
Our technologies and services help to increase reliability, improving equipment performance and maximizing up-time for mission-critical components across process industries, including chemical, power generation, water and wastewater, and pulp and paper.
MISSION-CRITICAL ENGINEERED SOLUTIONS FOR GLOBAL ENERGY AND PROCESS INDUSTRIES

2017 GLOBAL REVENUE: $1,122M
2017 US REVENUE: $368M
US EMPLOYEES: 1,500
Markets and trends
Our technology leadership and field expertise help optimize customers’ manufacturing operations. Products include mechanical seals, seal support systems, power transmission couplings and specialized filtration systems. These are supported by an extensive global sales and service network – one of the largest in the mechanical seal industry – with a reputation for improving equipment performance and reducing downtime.

Although low and volatile commodity prices have limited capital expenditure in our primary vertical – oil and gas – customers are starting to invest in growth areas such as liquefied natural gas and pipelines, plus aftermarket services. Meanwhile, we have a significant and growing presence in other process industries (around 45% of revenue) including chemical, power generation, water and wastewater, and pulp and paper.

Responding to demand and strong aftermarket sales (64%), we are opening new service centers in selected higher-growth markets. We believe megatrends such as the global demand for energy, and more stringent environmental and safety requirements in oil and gas, plus drives for plant productivity, safety and equipment reliability in other verticals represent significant future opportunities for us.

PRINCIPAL OPERATING REGIONS
We have operations in more than 50 countries, including around 200 sales and service centers, and manufacturing in 14 countries.

CUSTOMERS
We serve process industries including oil and gas, chemical, power generation, and pulp and paper, as well as pump and compressor OEMs. Our customers include Chevron, International Paper, ExxonMobil, Shell, BASF, Sulzer, GE, and Siemens.

COMPETITORS
Our main competitors are Flowserve and Eagle Burgmann (seals), Kingsbury and Waukesha (engineered bearings), Danaher and Hydac (filtration), and Rexnord (couplings).

GROWTH DRIVERS
- Need for operational improvements in non-oil and gas process industries
- Pent-up demand for maintenance and upgrades in oil and gas and petrochemical
- Expansion in high growth markets
- Disruptive innovations including materials science advancements and digital transformation of industry

COMPETITIVE STRENGTHS
- A market leader in mechanical seals
- Strong proprietary technology and expertise in applied engineering
- Market-leading aftermarket service offering, with around two-thirds of sales in aftermarket
- One of the largest global service networks in the mechanical seal industry, with c. 200 sales and service centers

GLOBAL REVENUE BY SECTOR
- Oil and gas c. 55%
- Non-oil and gas c. 45%
Our ViaValve Safety IV Catheters are easy to use one-handed and incorporate an innovative valve in the catheter hub that prevents backflow of blood from a patient’s vein on insertion – this blood-flow control protects clinicians and patients from the risk of infection and cross-contamination caused by blood exposure during IV starts.
Our catheters are raising the standard for safety in a device used in around 90% of hospital in-patient treatments. They are supported by our dedicated team of nurses who train customers to use and maintain the devices safely and effectively.
SMITHS MEDICAL

HIGH-QUALITY, COST-EFFECTIVE MEDICAL DEVICES AND CONSUMABLES THAT ARE VITAL TO PATIENT CARE GLOBALLY

2017 GLOBAL REVENUE 2017 US REVENUE US EMPLOYEES

$1,205M $645M 2,500
Markets and trends
Through a combination of innovative medical devices, consumables, software and services, we enable customers to cost-effectively provide quality care, in hospitals, clinics and homes.

Our Infusion Systems products deliver medication for treating chronic conditions such as cancer and Parkinson’s, and include strongly performing sub-sector brands such as CADD, Medfusion and Graseby. Our Vascular Access products protect healthcare workers and patients from both needlestick injury and hospital-acquired infection. This positions us well to meet new legislation-driven safety demands.

The market for our Vital Care products, which help manage patient airways before, during and after surgery, is being driven by the expansion of enhanced post-surgery recovery and the prevalence of chronic obstructive pulmonary disease (COPD).

The £6bn global medical device market remains very attractive, with c. 3% annual growth. Our long-term growth drivers, along with a portfolio mix that provides continuous access to customers, and meets growing need for interoperable and connected systems, position us well for continuing growth.

PRINCIPAL OPERATING REGIONS
We sell our products in over 120 countries with operations in over 30, with manufacturing in North America, Europe and Asia.

CUSTOMERS
Three-quarters of our revenue is derived from hospitals, while the remainder comes from surgery centers, clinics, home care providers and products sold to other OEMs.

COMPETITORS
Our competitors range from large multi-national medical device manufacturers such as Medtronic, Becton Dickinson, Baxter and B. Braun, through to small, single-product companies.

GROWTH DRIVERS
- Aging populations with increasing life expectancy and quality of life expectations
- Growing incidence of chronic diseases
- Increasing need for interoperable and connected systems
- Growth of alternate site and home-based medical care
- Rising healthcare spend in developing markets, offsetting budget constraints in developed markets

COMPETITIVE STRENGTHS
- Category leadership in our chosen markets
- Highly recognized and respected brands
- Category breadth and depth, including capital, consumable and software products
- Reputation for quality and safety
- Extensive global sales network

GLOBAL REVENUE BY SECTOR
- Infusion Systems 32%
- Vascular Access 33%
- Vital Care and Speciality Products 35%
Our advanced Checkpoint Evo™ security screening and management platform integrates next-generation checkpoint scanners into a single, integrated and intelligent solution.
Our software streamlines security processes to increase passenger throughput, optimize resources, reduce operational costs, and improve security. It enables remote screening and directed search, as well as delivering valuable management data.
SMITHS DETECTION

A LEADER IN THE DETECTION AND IDENTIFICATION OF SECURITY THREATS AND CONTRABAND

2017 GLOBAL REVENUE

$871M

2017 US REVENUE

$266M

US EMPLOYEES

650
Markets and trends
We help customers detect and identify security threats and contraband.

Our largest market is air transportation. Globalization, rising passenger and freight volumes, together with heavy regulation and ever-increasing threats are expected to drive market growth, new airport investment, demand for integrated solutions and a strong replacement cycle. Similar factors, plus rising interest in contraband detection, will drive demand for screening equipment at ports and borders, along with solutions that digitally integrate disparate equipment.

Although fragmented and unregulated, the urban market is large and growing as organizations seek better protection for assets and staff. Steady growth is also forecast in our key NATO-oriented military markets for chemical warfare agent detection equipment and other threat-specific sensors.

Combined, the near-term forecast for these markets is mid-single digit annual growth because, while threats are persistent and evolving, the majority of our customers are constrained by government budgets. However, our growing installed equipment base represents a significant opportunity for aftermarket and software sales.

PRINCIPAL OPERATING REGIONS
We sell our products to around 200 countries and territories, with manufacturing facilities in Germany, France, Malaysia, USA and the UK.

CUSTOMERS
The majority of revenues are influenced by over 100 governments and their agencies. The acquisition of Morpho Detection significantly enhances our market-leading positions and expands the product portfolio.

COMPETITORS
We compete with a wide range of companies in each end-use market. Those with the broadest global reach include Rapiscan, L-3 SDS and Nutech.

GROWTH DRIVERS
• Persistent and evolving terror threats
• Changing security regulations for air cargo and passengers
• Equipment replacement cycle, typically 7–10 years
• Software-driven solutions providing functionality, networking and systems integration
• Growth of security infrastructure in emerging markets

COMPETITIVE STRENGTHS
• A market leader with a strengthened global position following the Morpho acquisition
• Operate in several regulated markets requiring product certification
• Technologies leveraged across many markets and applications
• Growing aftermarket revenues (39% of total)

GLOBAL REVENUE BY SECTOR
- Air transportation 52%
- Ports and borders 15%
- Military 9%
- Urban security 24%
Highly reliable and durable, our Thermopad attenuators help customers reach higher frequencies in the face of congestion in broadcast spectrums for wireless communications and when in orbit for communication satellites.
Our attenuators help ensure the reliability of mission-critical communications systems in telecoms, defense and space applications.
SOLUTIONS FOR HIGH-SPEED, SECURE CONNECTIVITY IN DEMANDING APPLICATIONS

2017 GLOBAL REVENUE: $531M
2017 US REVENUE: $346M
US EMPLOYEES: 1,450
Markets and trends
We provide a range of mission-critical products to the defense market, including microwave technology, and ruggedized and high-speed connector solutions for sensors, communications and next-generation radar for the military. While recent defense spending has been constrained, there is new investment in intelligence, surveillance, reconnaissance, force protection and force multipliers.

In aerospace, we provide connectors, components and satellite antenna solutions for aircraft and space applications. This robust market is driven globally by fleet upgrades, and by rising user volumes in developing regions.

In the rail market, our cable solutions provide communications connectivity, and our ferrite components and connectors facilitate control command and signalling in autonomous systems. Safety, security, passenger data-rates and power distribution demands are driving growth.

High-reliability connectors in our medical portfolio enables higher bandwidth and data rates in applications like advanced imaging, augmented reality and surgical robotics. Dual growth in population and chronic diseases are driving demand, especially in China and India.

Our test sockets, probe heads and cable assembly solutions facilitate semiconductor testing. Growth is driven by ever-increasing performance demands on electronic devices.

PRINCIPAL OPERATING REGIONS
We sell products to over 50 countries, manufacture in nine and have offices across North and Central America, Europe and Asia.

CUSTOMERS
Our blue-chip customers are prime contractors, OEMs, system suppliers and sub-system manufacturers. Examples include Raytheon, Lockheed Martin, BAE Systems, Huawei, NVIDIA and Biosense Webster.

COMPETITORS
Our competitors range from large multinationals through to small, more focused companies across our product portfolio. Examples include Amphenol, TE Connectivity, Yokowo and Cobham.

GROWTH DRIVERS
• Growth in high data rate applications
• Continued proliferation of electronics
• Demand for greater connectivity and mobility
• Increasing sophistication of customer needs in high-growth markets
• Increasing geopolitical uncertainty

COMPETITIVE STRENGTHS
• Innovative and technically differentiated offerings
• Ultra-high reliability solutions used in demanding applications
• Customer intimacy, responsiveness and product customization
• Global presence, reach and support

GLOBAL REVENUE BY SECTOR
• Defense 28%
• Semi-conductor 20%
• Medical 8%
• Space 5%
• Commercial aerospace 10%
• Rail, Industrial, Other 29%
Our complex fuel manifolds deliver leading-edge fluid management at extreme pressures and temperatures in aircraft engines.
Used in next-generation aeroplane engines, our fuel manifolds are making airliners more fuel-efficient and environmentally friendly.
FLEX-TEK

INNOVATIVE COMPONENTS TO HEAT AND MOVE FLUIDS AND GASES

2017 GLOBAL REVENUE
$429M

2017 US REVENUE
$315M

US EMPLOYEES
1,350
Markets and trends
Although primarily exposed to the US economy, Flex-Tek operates in diverse markets, reducing our reliance on any specific technology.

In Heat Solutions, we are one of the world’s largest manufacturers of open coil heating elements used in domestic appliances. Steady growth in US housing is driving demand for these and our leading Construction Products like flexible gas piping, heating ventilation and air conditioning. Increasing specialty heating applications in North America and Asia are also contributing growth for Heat Solutions.

Both our Heat Solutions elements and Flexible Solutions are used in the medical device sector, which benefits from increased spending globally. In the automotive market, our hoses help deliver fuel and brake fluid and will play a crucial role in next-generation vehicles.

Increasing air passenger and freight volumes, plus investment in next-generation aircraft, are driving aerospace growth. As a global leader of specialty, high-performance flexible and rigid Fluid Management tubing assemblies, we benefit from a strong OEM market comprising over 13,000 aircraft.

PRINCIPAL OPERATING REGIONS
The majority of our sales and operations are in North America, with some operations and a growing sales mix across Europe and Asia.

CUSTOMERS
We serve the US construction industry, domestic appliance, aerospace engine and airframe manufacturers, and other specialist markets. Large customers include Watsco, Ferguson, Boeing, Airbus, Pratt & Whitney, GE, Samsung, Trane and Carrier.

COMPETITORS
We compete with leading providers in each of our product categories. Examples include Parker-Hannifin and Eaton for aerospace tubing, Omega Flex for flexible natural gas tubing, and Nibe for heating elements.

GROWTH DRIVERS
• Steady growth of the US housing construction market
• Continued increase in large commercial aircraft production
• Growth of medical devices and their increased use of flexible tubing
• Growing presence in Europe and Asia with further expansion potential

COMPETITIVE STRENGTHS
• A strong performance in residential gas tubing
• High-performance flexible tubing products for aerospace
• Leading capability in the design and manufacture of heating solutions for bespoke applications
• Strong customer relationships

GLOBAL REVENUE BY SECTOR
- Construction Products 32%
- Fluid Management 24%
- Heat Solutions 25%
- Flexible Solutions 19%
OUR APPROACH TO RESPONSIBLE BUSINESS

At Smiths, being a responsible business is firmly embedded in the ways we think and operate. Behaving ethically, working safely, providing high-quality innovative solutions, reducing our environmental impact, developing and engaging our people, and contributing to our communities are fundamental to our long-term success.

Our Code of Business Ethics (the ‘code’) sets out the broad principles for how we do business and provides the framework for the management of our five focus areas: Ethics; Health, Safety and Environment; People; Products; and the communities in which we operate.

In 2017 we introduced a new ‘Products’ focus area to reflect the importance of the safety and quality of our products and services – many of which deliver valuable benefits to society and the environment, helping to reduce harm, improve efficiency and minimize adverse environmental impact.

PROMOTING A CULTURE OF RESPONSIBLE BUSINESS IS FUNDAMENTAL TO OUR LONG-TERM SUCCESS AND TO ACHIEVING OUR VISION OF DELIVERING INNOVATIVE SOLUTIONS FOR THE WORLD’S CHALLENGES

TAKING OWNERSHIP OF HEALTH AND SAFETY

With service teams often working in external environments outside our direct control, their ability to recognize unsafe conditions and act accordingly is critical. Smiths Detection has launched a new online training tool and web-based/mobile risk assessment platform that’s giving both leadership and field service engineers a better understanding of how to stay safe when working off-site. We encourage everyone at Smiths to take ownership of both their own health and safety and that of their colleagues, and this tool is helping our service teams do just that.
Ethics
Our values are at the heart of what it means to be Smiths and underpins our commitment to doing business the right way.

We believe that ethical behavior is the responsibility of every Smiths employee, at every level of the organization. Our objective is not only to protect the reputation of our company and to safeguard the investment of our shareholders, but also to protect the interests of every employee by ensuring he or she has the knowledge and tools needed to make the right decision every time and to know when to ask for help.

We embed the Code and ethics- and compliance-related policies through communication, training and awareness programs. We continually review our approach to compliance as risks evolve.

Health, Safety and Environment (HSE)
We are committed to protecting our people, communities, customers and the environment. Wherever we operate, we aim to provide injury-free and environmentally responsible workplaces.

Health and safety is our main focus and our goal is zero harm. We have made good progress in recent years and achieved our lowest recordable incident rate in 2017. We encourage everyone to take personal responsibility for working safely, sharing feedback and suggesting improvements to workplace safety. By building our safety culture around this, we have continually improved our performance and made Smiths a better place to work.

To ensure we are using energy and natural resources efficiently, we implement world-class production processes that decrease water and energy consumption. We also invest in low-carbon technologies and environmental management systems that drive improvement in our performance.

We are working towards our new five-year targets of achieving 15% reductions in energy usage, GHG emissions and waste generation, and a 10% reduction in water use. Compared to our baseline year of FY2013, we have achieved good progress in reducing our environmental metrics, with GHG and non-recycled waste already exceeding our five year goal and water consumption on target. We are working hard across the Group to reduce energy consumption and are cautiously optimistic about making our 15% reduction goal. We have also secured clean renewable energy to reduce the environmental impact of our energy use.

People
People are our one truly sustainable source of competitive advantage and critical to our growth strategy. We are passionate about helping them fulfil their potential so we can reach ours.

Our people strategy is focused on building a learning organization that attracts, retains, develops, engages and inspires the very best people. We do this by focusing on four key areas – culture, leadership and learning, reward and recognition, and infrastructure.

Products
From Smiths Medical’s products which are vital to patient care globally, and Smiths Detection’s security scanners, which play a critical role in enhancing security around the world; to John Crane’s seals, which help its customers reduce their environmental impact – we provide innovative solutions to some of the world’s toughest challenges.

By developing leading-edge, mission-critical solutions, we help to drive safety, security, health, productivity, reliability, connectivity and progress around the world, every day. Our solutions enable customers to operate in safe, efficient and environmentally-friendly ways, and we ensure that our products meet the highest standards of quality and safety.

Communities
Supporting the communities in which we operate helps drive prosperity locally – providing jobs, boosting the economy and supporting local initiatives – as well as enhancing both employee engagement and our reputation as an employer.

Given the diversity of our business, we manage our community relationships and charitable programs at a local level, so each business can focus on its own markets and communities. We also offer Group-level support to charities and organizations that can show how a donation will increase the wellbeing of people through improvements to their education, health and welfare or environment.

**RECORDABLE INCIDENT RATE**
Where an employee requires medical attention beyond first aid (per 100 employees per year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0.36</td>
</tr>
<tr>
<td>2016</td>
<td>0.47</td>
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<tr>
<td>2015</td>
<td>0.55</td>
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<tr>
<td>2014</td>
<td>0.50</td>
</tr>
<tr>
<td>2013</td>
<td>0.54</td>
</tr>
</tbody>
</table>

**LOST TIME INCIDENT RATE**
Where an employee is unable to work the day after an incident (per 100 employees per year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0.16</td>
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<td>0.22</td>
</tr>
<tr>
<td>2013</td>
<td>0.21</td>
</tr>
</tbody>
</table>

Read more on our website and in our 2017 Responsible Business Report at [www.smiths.com](http://www.smiths.com)
SMITHS DETECTION

Major Federal commercial programs:
- Checkpoint and cabin baggage screening systems in 400 of the country’s airports
- Passenger screening systems for US airlines at international airport gates
- Detection and imaging systems for the US air cargo forwarding and passenger cruise line industries
- Physical security screening and emergency response equipment for use by US Government facilities across the country
- Selected to fulfill Joint Chemical Agent Detector program
- Selected to fulfill Chemical Biological Protective Shelters and Meteorological Measuring Set-Profiler programs
- Sole supplier of handheld radiation detection systems for Domestic Nuclear Detection Office (DNDO)

SMITHS INTERCONNECT

Major US programs:
- Telecommunications: RF and power protection products, backhaul antennas and network optimization solutions for 4G LTE mobile telecommunications networks
- Rail: Transient over voltage and lightning protection solutions for communications and critical signalling markets, particularly the US government mandated Positive Train Control (PTC) system
- Satellite Communications: Next generation antenna systems for the US Navy and airborne antennas providing broadband connectivity for commercial and military aircraft
- Unmanned Aerial Vehicles (UAVs): Mobile directional antenna systems providing ground to air datalinks for multiple US Army and USMC programs
- Medical: Power conditioning systems, cable and connector systems for major cancer treatment equipment and MRI manufacturing
- Space: High performance, harsh environment, specialist connectors and microwave components for space and launch vehicle applications
- Defense: Customized interconnect, microwave and EMP protection solutions for various defense programs including Joint Strike Fighter (JSF), engine controls and ground combat vehicles

JOHN CRANE

Major US programs:
- John Crane is a major supplier of mechanical pump seals to the US Fleet
- John Crane was selected as the sole source mechanical seal supplier for the Navy’s new aircraft carriers USS Gerald Ford, USS John F Kennedy and USS Enterprise
- John Crane is the major supplier of mechanical seals for nuclear submarine Virginia Class and the Navy’s top program new ballistic submarine Ohio Replacement Program

SMITHS MEDICAL

Major Federal programs:
- Providing infusion systems to US Government agencies, including the Department of Defense and Department of Veterans Affairs
- Level 1 Temperature Management chosen for the US Navy’s hospital ships, the USNS Comfort and USNS Mercy
- Contracted by the Departments of Veterans Affairs, Defense and the Indian Health Service to provide safety disposables and implantable vascular ports
- Supplier of IV catheters for the Centers for Disease Control and Prevention’s Strategic National Stockpile
Many of Smiths Group’s key US facilities and employees hold a US Government security clearance. Since 1987, the US Department of Defense has established a number of Special Security Agreements (SSA) with Smiths. An SSA is overseen by a specified Board of Directors and Government Security Committee that set requirements for the operation of the Smiths companies in the US with a security clearance.

For example, all key management personnel are US citizens, with the most senior also having a security clearance. Smiths employees who are not US citizens are subject to a strict system of visit approval and control. Each location maintains technology control plans for non-US employees and long-term visitors with on-site ID badges to highlight non-US visitors and employees. An Export-Import Compliance Program maintains control over technology, and an electronic communications/email oversight program maintains electronic security.