

## Board Diversity Policy

Smiths supports the principles of the Hampton-Alexander and Parker reports on gender and ethnic diversity and will work to achieve a diverse Board and, just as importantly, diverse management teams. Members of the Board and senior management should collectively possess a diverse range of skills, expertise, national birthplace, domain knowledge and ethnic and societal backgrounds. These are important ingredients for the effective operation of the Board and oversight of the Group. As a multinational Group with operations in more than 50 countries and over 95% of revenues originating outside the UK, diversity of thought and background is essential and will remain one of the key criteria by which candidates are selected for the Board and the pipeline for senior leadership positions.

In recognition of the value of diversity, the Board seeks to ensure that at least 50% of its members have a birthplace or background outside the UK and that no less than 40% of the Board is comprised of female plus historically under-represented ethnic groups by 2020. We are at 60% for birthplace or background and 30% combined gender and ethnic diversity today\*. The Board will always seek to appoint the best qualified candidate, but between two candidates of equal merit the Board will, in recognition of the disproportionate under-representation of gender diversity on the Board, give preference to a female candidate when making its next appointment.

The Nomination Committee is responsible for recommending appointments to the Board following its regular assessment of the Board's and its Committees' composition, whilst also considering the Group's strategic objectives. The Committee has a formal, rigorous and transparent appointment process involving all Board Members and makes recommendations based on the merit of the individual candidates, having due regard for the benefits of diversity and also the need to ensure the effective functioning of the Board at all times, especially as membership of the Board is refreshed. In order to help achieve these aspirations the Nomination Committee endeavours to only use the services of executive search firms who have signed up to the Voluntary Code of Conduct on Gender Diversity. Executive search firms will also be required to ensure non-UK nationals, women and candidates from historically under-represented ethnic groups are represented on the shortlist for all Board positions.

The Board will look to extend its work on diversity to senior leadership positions in the business and across the Group through oversight of the Smiths Diversity and Inclusion Plan, which is available on the Company's website.

This policy was approved by the Board in September 2018.

\*As at 15 November 2018.