

Promoting responsibility



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Promoting a culture of responsibility throughout the business is one of our fundamental values and an important part of our strategy. We strive to behave ethically, work safely, reduce our environmental impact and contribute to our communities.

Philip Bowman

Chief Executive



Our approach is based on our Code of Business Ethics ('the Code'), which applies to all of our businesses and employees worldwide. Operating within the Code enables us to meet our obligations to all of our stakeholders, while also delivering real business benefits. It protects our reputation and our ability to grow, and enhances our efficiency, for example through lower energy costs. Our people are able to work productively in a safe environment and we reduce the risk of incidents and associated costs.

Sustainability also presents a business opportunity for us. We are proud of the many products and services we offer that contribute to the safety, health and security of people around the world and have a positive effect on the environment.

I have set high standards for every Smiths employee and I am pleased that we again performed well, meeting our safety and environmental targets. We delivered year-on-year improvements in safety and continued to reduce our environmental impact, through our efforts to cut our energy and water use, and our production of waste and greenhouse gases.

Our performance is underpinned by a robust set of systems and policies. Almost 90 of our locations are certified to international standards for health and safety and environmental management systems. Our environment, health and safety policy and our energy and greenhouse gas policy set out our commitments and principles in these areas. These systems and policies will help us to improve our performance well into the future.

Business ethics is a cornerstone of our culture and we have no tolerance for bribery, conflicts of interest or any form of corruption. Smiths ethics programme fosters, monitors and audits our business conduct and is continually evaluated.

This year, we were again awarded membership of the FTSE4Good Index, which acknowledges businesses that meet globally recognised corporate responsibility standards. This is independent verification of our commitment but we know that we can do more. In the coming year, we will focus on further improving our performance and our behaviours through strong governance and building our culture of continuous improvement.

Philip Bowman
Chief Executive
September 2011

About Smiths Group

Bringing technology to life

Smiths Group is a global business, listed on the London Stock Exchange. We develop advanced technology and bring it to life to create products that meet our customers' evolving needs.

We do this through five divisions, which employ around 23,000 people in more than 50 countries.

We recognise our duty to our employees, our local communities and the environment, and we are pleased to report here on another positive year of corporate responsibility achievements.

Smiths Detection

A world-leading designer and manufacturer of sensors that detect and identify explosives, narcotics, weapons, chemical agents, biohazards, nuclear & radioactive material and contraband.



Employees	2,500
2011 Sales	£510m
Locations	24

Strengths

- Market leader with a global presence
- Strong technology positions and excellent product engineering skills
- Access to growth markets
- Investment in R&D increasing to support customer requirements

Go to www.smithsdetection.com

John Crane

A world-leading provider of products and services for the major process industries, including oil and gas, power generation, chemical, pharmaceutical, pulp and paper, and mining sectors.



Employees	6,800
2011 Sales	£894m
Locations	59

Strengths

- Two-thirds of revenue from aftermarket service
- Market leader in its field with a blue chip customer base
- Driven by long-term demand for energy
- Good positions in key markets

Go to www.johncrane.com

Smiths Medical

A leading supplier of specialist medical devices and equipment for global markets. Our products are focused on the medication delivery, vital care and safety devices market segments.



Employees	7,550
2011 Sales	£838m
Locations	35

Strengths

- Established brands with practitioner loyalty
- Global sales & marketing network
- Single-use consumable devices represent c. 80% of sales
- Focusing increased R&D investment on higher growth segments and markets

Go to www.smiths-medical.com

Flex-Tek

A global provider of engineered components that heat and move fluids and gases for the aerospace, medical, industrial, construction and domestic appliance markets.



Employees	2,000
2011 Sales	£221m
Locations	19

Strengths

- Strong positions in niche markets
- Lean manufacturing culture with tight cost control
- Well-positioned for a recovery in US housing and domestic appliances with strong operating leverage

Go to www.flextekgroup.com

Smiths Interconnect

A leader in electronic components and sub-systems that connect, protect and control critical systems for wireless telecommunications, aerospace, defence, space, test, medical, rail and industrial markets.



Employees	4,000
2011 Sales	£379m
Locations	30

Strengths

- Technical differentiation providing solutions to customer needs
- Strong brands recognised by customers
- Excellent programme positions
- Positive long-term dynamics in diverse end markets including wireless infrastructure, semiconductor test and aerospace

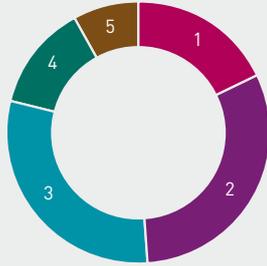
Go to www.smithsinterconnect.com

About Smiths Group

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Divisional sales

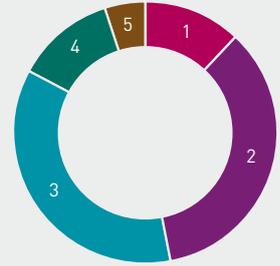
- 1 Smiths Detection 18%
- 2 John Crane 31%
- 3 Smiths Medical 30%
- 4 Smiths Interconnect 13%
- 5 Flex-Tek 8%



Go to www.smiths.com

Divisional headline operating profit

- 1 Smiths Detection 12%
- 2 John Crane 35%
- 3 Smiths Medical 36%
- 4 Smiths Interconnect 12%
- 5 Flex-Tek 5%

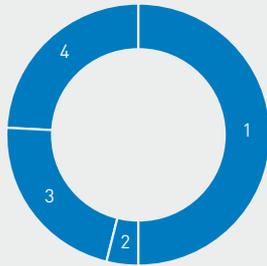


Percentage relates to headline operating profit before corporate costs

Go to www.smiths.com

Group sales by destination

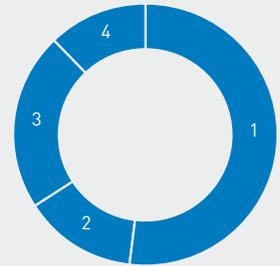
- 1 North America 50%
- 2 United Kingdom 4%
- 3 Europe other 22%
- 4 Rest of World 24%



Go to www.smiths.com

Location of assets

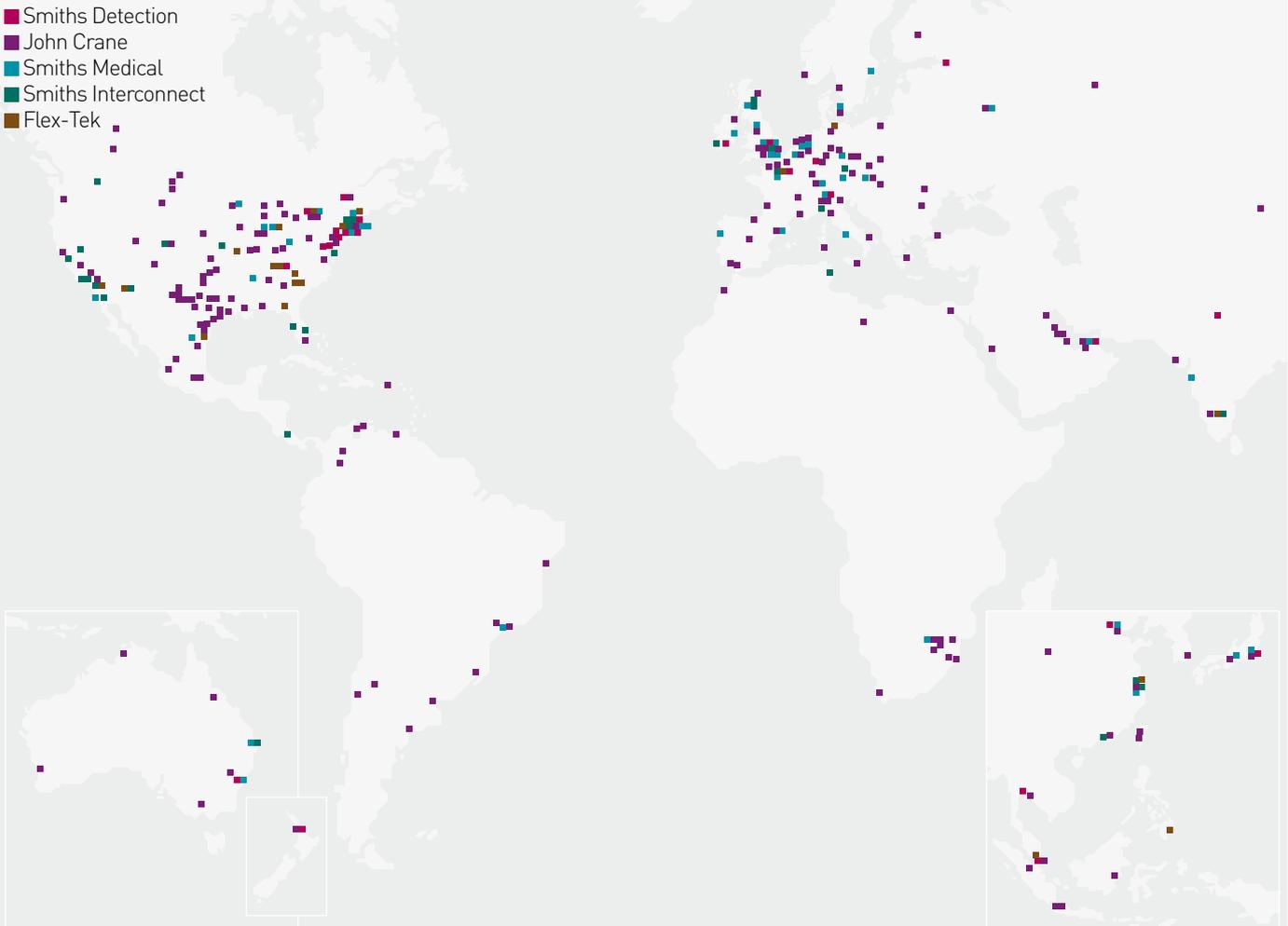
- 1 North America 52%
- 2 United Kingdom 14%
- 3 Europe other 22%
- 4 Rest of World 12%



Analysis excludes cash and cash equivalents

Group manufacturing and service locations by division

- Smiths Detection
- John Crane
- Smiths Medical
- Smiths Interconnect
- Flex-Tek



Our Code of Business Ethics

The Code sets out 12 broad principles for how we do business, based on the common values of integrity, honesty, fairness and transparency. It provides the framework for our policies, programmes and procedures for a range of corporate responsibility issues.

The 12 principles of the Code of Business Ethics

- 1 We comply with the law
- 2 We compete fairly
- 3 We act with integrity in all our business dealings
- 4 We treat suppliers, partners and customers properly
- 5 We treat our co-workers respectfully
- 6 We contribute to healthy, safe and secure workplaces
- 7 We respect the environment
- 8 We contribute to our communities
- 9 We participate in relevant public debates
- 10 We respect human rights
- 11 We have high standards of financial record-keeping and reporting
- 12 The Code applies to all of us

Go to www.smiths.com/ethics.aspx

Managing the Code

The Code is approved by our Board of Directors and supported by the Chief Executive, directors and management at all levels. The Board has ultimate responsibility for the Code.

The Audit Committee monitors the Code's implementation and our compliance with it. The Audit Committee reports to the Board on the effectiveness of our internal controls and on the ongoing process for identifying, evaluating and managing significant business risks, including potential violations of the Code.

The Code Compliance Council for the Code of Business Ethics ('the Council') acts as the steering committee for our ethics programme. The Senior Vice President – Ethics & Compliance reports to the Audit Committee periodically on ethical issues and suspected or actual breaches of the Code.

The Chief Executive and his leadership team champion the Code through several routes. These include:

- discussing ethics issues and Code compliance at management meetings
- reviewing ethics issues in the performance review system for managers, and
- examining Code compliance issues during site-level internal audits.

Managing specific issues

Every Smiths employee must know, understand and comply with the Code at all times.

We encourage employees who have concerns or queries about the Code to raise them by contacting line management, human resources, their business or divisional legal counsel or the confidential Smiths Group Ethics Alertline.

The Ethics Alertline answers queries and enables employees to confidentially report any concerns or allegations. It is available via email, the internet and toll-free phone numbers in 53 countries, and is staffed by people who speak the local language. All issues are addressed promptly and referred, as required, to relevant functions so they can be properly investigated. We have a non-retaliation policy, which means that any employee who in good faith reports any act of apparent misconduct or unethical behaviour will not be victimised or treated adversely.

Information about the Ethics Alertline and Code compliance is available to employees on our intranet in 12 languages. Posters are also on display at our sites and we provide all employees with a printed copy of the Code.

To communicate the Code, we provide ethics training to employees across the Group. This training course is available online in English and five other languages, through a custom-built platform, the Global Learning Resource (GLR), and installed on a Smiths training portal accessible through the internet. The course is also available on CD-ROM. The GLR and portal are designed to support future employee training in the areas of business ethics, compliance, safety and security.

Smiths ongoing business ethics programme

In 2011, we reviewed and updated all of our policies, including business controls, in order to mitigate changing areas of risk. This is an ongoing process.

The Code provides the foundation for our commitment against bribery and any form of corruption. We recently completed a general review of our ethics programme to take into account changes in the law and enforcement procedures in several countries, including the UK and the US. This includes the UK Bribery Act, which took effect in July 2011.

We continually review, evaluate and update our ethics programme, systems and procedures for fostering, monitoring and auditing ethical business conduct.

FTSE4Good

The FTSE4Good Index acknowledges companies that meet globally recognised corporate responsibility standards. Smiths continues to be awarded membership of the index, scoring 91 out of 100 on the FTSE4Good Environmental, Social and Governance rating. While we are not complacent about the ongoing work required, we were pleased to receive this external recognition of our corporate responsibility initiatives and business ethics programme.

Managing the environment, health and safety

Organisational arrangements

Our environmental, health and safety (EHS) approach starts with our EHS policy, which is reproduced on page 16 of this report.

The Group EHS Steering Committee, which is made up of senior Group and divisional representatives, develops our policies and strategy and tracks progress. The Executive Committee approves our policies and strategy and, along with the Board of Directors, monitors our performance.

The Group EHS Technical Committee develops programmes through which we implement our EHS strategy. It also evaluates performance issues, helps us to share best practice around the Group and identifies training needs.

The General Manager of each division has overall responsibility for EHS matters within their business.

Our EHS strategy

A key part of our overall business strategy is to promote a culture of responsibility throughout the business. Our EHS strategy supports this business strategy and our Code of Business Ethics.

We update the EHS strategy each year. It sets out a multi-year plan for improving our EHS performance. Our current EHS strategy is based around our safety culture, organisation and resources, managed risks, infrastructure and compliance.

Our EHS key performance indicators (KPIs) are aligned to the strategy and allow us to assess our progress. Achievement of KPIs also forms part of the performance assessment for our senior management.



Smiths Medical, St Paul, Minnesota, USA

Reducing repetitive traumas

Smiths Medical has made extensive ergonomic improvements at its St Paul site. Moving ergonomic evaluations in-house has enabled faster assessments and reduced cost. Employees can now request an ergonomics assessment through the EHS website and have it done the same day. Other improvements included new six-way adjustable ergonomic chairs for production employees, workflow and automation improvements throughout manufacturing, new keyboard trays throughout the site and ergonomic stools in the R&D lab. The result has been a reduction in repetitive trauma incidents from nine in 2009 to just one in 2010.



Flex-Tek, Tutco, Mexico

Employee health programme

The employee health programme at Tutco aims to protect our people against illness. In FY2011, 200 employees received flu shots and 150 were vaccinated against tetanus. Nearly 90 took part in a weight control programme and nearly 50 went through our timely diabetes detection programme. We also gave employees information on avoiding dengue fever and supplied chemicals to stop the disease-carrying mosquitoes from reproducing.

Our EHS management systems

We strongly believe in the power of continuous improvement and use management systems to realise its benefits. These systems help to improve our management of EHS issues by providing an externally verified framework for risk reduction, continual improvement, compliance assurance and management review.

For several years, we have been implementing EHS management systems at manufacturing sites with 50 or more employees. Since 2010, we have expanded these systems to also include warehousing and service centres and sites with 20 or more employees.

Sites with 50 or more employees are required to have their EHS management systems externally certified to the following standards:

- OHSAS 18001 for occupational health and safety management systems, and
- ISO 14001 for environmental management systems.

Of our more than 160 sites, 100 are required to implement systems and complete external certification. Of these, almost 90 have so far completed certification, with the remainder planned for FY2012.

EHS compliance

Smiths is committed to meeting or exceeding its legal and other EHS requirements. We periodically assess our compliance, including using external auditors to audit our operations' legal EHS compliance. The facilities to be audited are chosen from across the Group based on their size, complexity and compliance risks. After these audits, we prepare corrective action plans, which we closely monitor to ensure we resolve issues properly and in good time.

The EHS Technical Committee reviews the overall results of the audits and the potential Group-wide risks they identify. Common issues may result in Group-wide initiatives to ensure we maintain compliance. We also share best practices identified during the audits across the divisions.

In addition to our external compliance auditing, sites with OHSAS 18001 and ISO 14001 management systems also have procedures for identifying their legal requirements and evaluating compliance.



Smiths Medical, Dublin, Ohio, USA

"I Work Safely Because..." Board

The Smiths Medical site in Dublin encourages safe behaviour by making safety real to employees. One example of this is the "I Work Safely Because..." Board, where employees put pictures of their loved ones to remind them why they need to work safely. By showing these pictures at work, employees see how many people could be affected by unsafe behaviours and understand that the impact of injuries goes beyond them and their co-workers.

Managing the environment, health and safety

continued

Smiths and workplace safety

Smiths is committed to working in a way that protects, as far as reasonably practicable, the health and safety of all its employees.

Our employees recognise our commitment. In our recent Group-wide employee engagement survey, workplace safety was the highest-scoring dimension, exceeding the worldwide benchmark for manufacturing industry.

By focusing on their business risks and needs, our divisions are able to make improvements that reduce the chance of an incident. In addition, the divisions perform site safety performance assessments and create improvement programmes, if needed. These sites may also be selected for additional Group-level management review and assessment.

Our recent Group-wide activities to reduce incidents have focused on leadership and employee safety awareness and involvement. We recently implemented and are monitoring these activities through the Safety Leading Indicator Activities Programme. Starting in FY2012, we will add a safety leading indicator activity score metric as a KPI for safety, complementing the recordable incident rate (RIR) metric. Sites with more than 50 employees will be included in the metric. Each of these sites will be required to complete a minimum number of each of the following activities, which will count towards their leading indicator activity score:

- leadership safety training
- leadership site safety tours
- employee safety accountability training
- employee safety inspection and communication events, and
- near-miss and improvement reporting.

Sites will report their scores quarterly and will be required to achieve annual targets.

Safety performance

Our FY2011 safety performance metrics were our RIR and lost time incident rate (LTIR). These are measured per 100 employees per year. A recordable incident is one where an employee requires medical attention beyond first aid. A lost time incident is one which results in a lost work day beyond the day of the incident. All of our sites are required to report recordable and lost time incidents to the Group each month.

Since 2004, we have achieved a steady reduction in our RIR, with 2011 being our safest on record. In 2007, we established a three-year RIR goal of 1.5. We outperformed this goal, achieving an RIR of 0.71 in FY2010. In keeping with our continuous improvement commitment, we then established a new three-year RIR goal of 0.5 to be achieved by July 2013. We made good progress on our new goal in FY2011, with an RIR of 0.66.

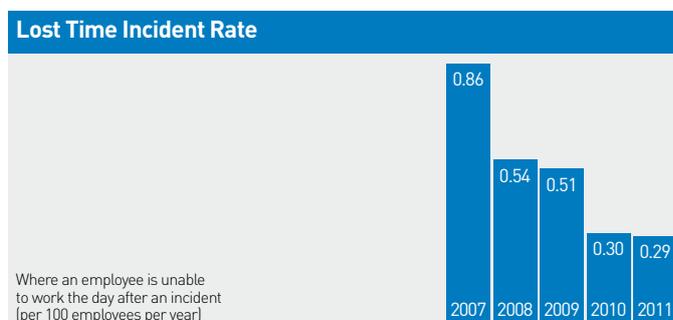
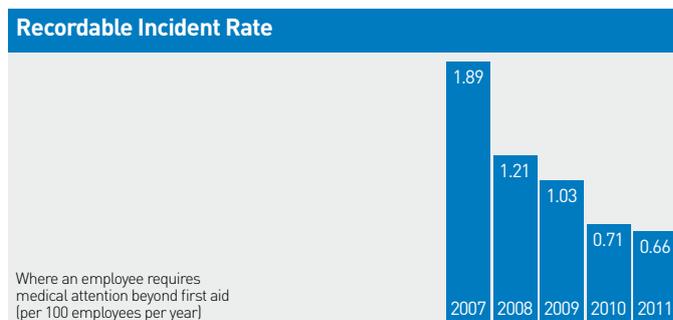
We have also successfully reduced our LTIR in recent years. Our LTIR has dropped from 0.86 in FY2007 to 0.29 in FY2011.

In addition to significant RIR and LTIR reductions, our US workers' compensation claims costs continue to decline. These reduced costs exclude the added benefits of lower business costs and the personal impact of injury and lost time.

Safety Key Performance Indicators

	FY2013 target	2011 result
Recordable incident rate*	Better than 0.5 per 100 employees	0.66
Lost time incident rate*	No target	0.29

*As defined by the United States Title 29 of the Code of Federal Regulations, Part 1904: Occupational Injury and Illness Recording and Reporting Requirements





John Crane, worldwide

Training and investment in safety

John Crane has put in place a global training initiative called Empower, Help, Succeed ('EHS'), which is designed to increase employees' awareness. The bi-weekly webinars focus on those working in operations, quality, EHS and plant management and are an integral part of John Crane's strategy to achieve its EHS goals. Also in support of its safety improvement efforts, John Crane has targeted 15-20% of its FY2012 capital budget to enhancing employee safety, environmental performance and site security.



Flex-Tek Gastite, Portland, TN, USA

Governor's Award of Excellence

Gastite has made significant changes in the past three years to decrease injuries, including implementing and certifying to international safety management system standard OHSAS 18001. Its resulting improvement in safety earned the site the Tennessee Governor's Award of Excellence for Workplace Safety. This award honours employers and their employees, who together have achieved a required number of hours worked without experiencing a lost work day or restricted duty case incident.



Smiths Medical, Tijuana, Mexico

Certifying suppliers for safety

Smiths Medical, Tijuana has introduced a safety certification programme for its contractors, focused on understanding the risks of the services they supply and promoting a culture of safety. The programme analyses the risks that the contractor's employees would be exposed to and provides safety training and documentation. In FY2011, 50 companies were certified, with 300 workers trained. The programme helped these contractors to achieve zero accidents in a year and has been recognised as an example of best practice during external and internal audits.

Managing the environment, health and safety

continued

Smiths and the environment

We are committed to minimising, as far as reasonably practicable, any detrimental effects our activities, products and services have on the environment. This includes using performance-based environmental management systems to drive improvement throughout the business.

Our divisions develop and implement strategies to minimise their operations' environmental effects. Our sites monitor their energy and water usage, waste generation and greenhouse gas emissions, identify opportunities for reduction and implement plans to realise improvements. We share action plans, lessons learned and best practices across the Group.

Energy and greenhouse gas

Smiths is committed to efficient use of energy and natural resources and reducing its greenhouse gas emissions. Our energy and greenhouse gas policy addresses our approach to managing these impacts, and is reproduced on page 16.

Where feasible, we leverage our size to negotiate favourable terms and rates for buying energy. In addition, we contract to use cost-effective and reliable renewable energy sources, where available.

Environmental performance

In 2007, we set three-year targets to reduce water consumption and waste generation by 9% (normalised against sales) and to cap our absolute greenhouse gas emissions at FY2007 levels. Our focus on improving our performance enabled us to beat these goals.

In 2010, we set new five-year targets for our environmental metrics and added an energy reduction target. Our targets are now to achieve 10% reductions in energy usage, greenhouse gas emissions and waste generation, and a 5% reduction in water usage by FY2015, all normalised to turnover. Where necessary, we adjust our baseline metrics to account for acquisitions and disposals.

Also in 2010, we adopted a new reporting policy for our environmental metrics, which expanded the number of sites required to report environmental performance to the Group. Previously, only manufacturing sites with more than 50 employees had to report. We now capture data from warehouses, service centres and offices, and have reduced the size threshold to 20 employees.

These reporting changes provide us with a more comprehensive view of our environmental impact. The environmental metrics for FY2010 in this report have been rebased to reflect the new reporting policy and are set out in the table below.

Our environmental performance in FY2011 was very favourable compared to FY2010. We achieved significant reductions in all metrics, placing us on track to meet our FY2015 goals. When analysing our changes in environmental metrics for FY2011, absolute increases are mainly associated with increased production and acquired businesses and some decreases are associated with site closures, consolidations and improved recycling.

Environmental Key Performance Indicators

	Target (FY2010-FY2015)*	FY2011 progress compared to FY2010
Energy	10% reduction	3.3% reduction
Greenhouse gas emissions	10% reduction	4.5% reduction
Total non-recycled waste	10% reduction	5.2% reduction
Water consumption	5% reduction	8.4% reduction

*Reduction targets are compared to FY2010 baseline year and normalised to sales.



Smiths Group

Specialised training

To improve our technical knowledge of energy management and to help us make energy reductions and cost savings, we recently held specialised training sessions for our businesses in North America, Europe and Asia. More than 50 trained employees are now implementing energy monitoring and reduction plans at their sites. They also hold post-training meetings, to review action plans and status and share best practices.



John Crane Technology, Tianjin, China

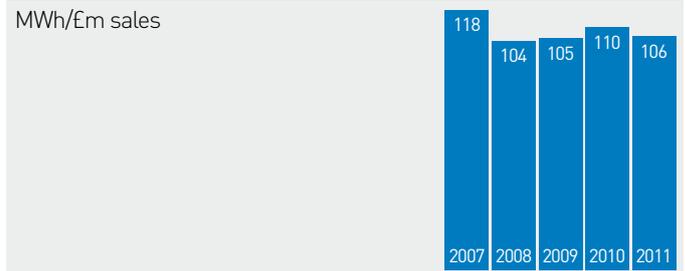
Using geothermal technology to reduce greenhouse gas emissions

John Crane Technology has recently moved two of its businesses into a new facility in the Tianjin High-tech Industrial Park. A key element of the brief for the facility's designer was that it must consider the EHS implications and in particular reduce greenhouse gas emissions. As part of this, John Crane installed geothermal technology to manage and control the heating, ventilation and air conditioning systems. This involves pushing water through hundreds of metres of piping deep underground, exchanging heat in the process. This not only gives lower carbon emissions but also reduces energy consumption.

Total energy



Total energy efficiency



Total CO₂ emissions



Total CO₂ emissions



Water use



Water consumption



Total non-recycled waste



Total non-recycled waste



2010 figures have been rebased to reflect the new reporting policy which now captures all manufacturing sites, warehouses, service centres and offices with more than 20 employees.

Water use and consumption have been revised from last year's report to reflect water monitoring corrections.

Managing the environment, health and safety

continued



Smiths Medical, Tijuana, Mexico

Reducing water use

Our medical business in Tijuana has a number of initiatives to reduce its water use. It has gradually converted part of the site's grounds to a desert landscape, installed sensor valves to rationalise irrigation for the areas that have not yet been converted, and fitted water-free fixtures in men's rest rooms. These units can save 600 cubic metres of water a year. The outcome has been a 2.8% reduction in annual water use at the site, despite an increase in production. The next step will be to focus on higher-impact water recycling opportunities, in areas such as gown laundry and the cafeteria.



Smiths Detection, Watford, UK

Reusing and recycling packaging

Smiths Detection in Watford prides itself on reusing and recycling more than 75% of the cardboard packaging it receives. Cardboard is reused whenever possible. If it is damaged or old, it is shredded on-site and used as stuffing for finished products, meeting the need for product protection almost entirely. Customer units supplied to Watford for service and repair are returned to the customer in the customer's own packaging. Foam packing peanuts and bubble wrap are also collected from the packaging of goods received and reused. The site has not purchased packing peanuts for more than two years. Smiths Detection has also been working with suppliers to remove the need for single-use packaging. Machined items and printed circuit boards are delivered to the site in plastic boxes, which are reused.

Data collection and analysis

Our global online data management system gives us quality and timely data, with monthly reporting and real-time checking for errors. We use this system to monitor and analyse our EHS performance metrics. It allows us to review performance site by site, in real time against Group targets.

To confirm data reliability, we have an annual validation process involving third-party assessments at a sample of sites. In addition, our divisions implement robust processes to minimise and detect data errors. These processes include training, establishing detailed site reporting instructions and conducting frequent data audits.



Flex-Tek Titeflex, Springfield, Illinois, USA

Taking action to save energy

At its Springfield site, Flex-Tek has worked hard to reduce its energy use. A new regenerative thermal oxidiser, for example, has cut natural gas consumption by 40% or 84,000 therms a year. Reducing space and installing new natural gas boilers have reduced the heating load by the equivalent of 80,000 gallons of #2 heating oil. Other changes included a new office design, incorporating highly insulating windows, LED lighting, occupancy sensor lighting, water-conserving restroom fixtures and recycled carpeting.

We believe in providing our employees with opportunities to develop their talent and to contribute to the business they work in. We support them by investing in improved safety, upholding their statutory rights and creating an ethical, supportive environment where colleagues are treated fairly and with respect.

Adding value

Throughout Smiths, people are taking action to achieve the best possible long-term performance for our shareholders. We invest in the skills and capabilities of our people and expect them to reflect that investment in their performance in terms of business results.

Career progression

As a global technology group, we offer a variety of ways to help our people progress their career within Smiths, in line with their capabilities and performance. We identify potential leaders and provide them with development tools and opportunities to support their career ambitions and our business needs. We also recognise the need to balance internal development and promotion with external recruitment, where this is necessary to fulfil our commitment to add value.

Diversity

We welcome diversity in our workforce, not only to adhere to our legal obligations but also because we believe that everyone needs to challenge constructively and to contribute ideas from their own perspective, to support our business performance objectives.

Succession management

Smiths operates a systematic succession-management process for leadership roles. Our businesses identify leadership talent and development needs using a set of key competencies, common tools and a consistent language. Development plans are monitored by senior management to optimise effective succession.

Developing talent

We have a number of development programmes to evaluate and enhance core leadership competencies. These programmes are tailored to address a wide range of learning styles, incorporating workshops, experiential learning, mentoring, team working and project experience.

For employees to add value, we have to ensure they are properly engaged with and committed to the business. We provide training and development that represent an investment in both their future and that of the business. We also offer a safe and responsible working environment that encourages mutual respect, provides opportunities for personal growth and rewards individual and team contributions that realise value for the business.

Communication

Communication is crucial to helping employees engage with the business. At business unit level, we communicate through team briefings, presentations, intranets and newsletters. Many businesses have well-established forums for exchanging information and best practice, as well as discussing current business issues including efficiency initiatives, training and development, and environment, health and safety issues.

In European Union (EU) countries we have workplace information and consultation arrangements at our sites. These link to the Smiths European Forum, through which employee representatives from across the EU meet annually to discuss transnational matters with Group executives.

Acquisition integration

Smiths Group periodically acquires new businesses and, when doing so, we implement plans to integrate them into Smiths, ensuring that our business ethics, employee development and EHS policies and programmes are well established.

Employee engagement

In FY2011 Smiths conducted a Global 'MyVoice' Employee Engagement survey for the first time. We partnered with Kenexa, a leading survey provider, to ensure that responses were anonymous and to enable us to conduct the survey in local languages. We achieved a participation rate of more than 85%. Results were measured against the global norms for manufacturing industry and divisional, local and functional results have been communicated. Action plans to address the most significant issues have been drawn up using focus groups and local champions. A further global survey will be conducted in Spring 2012 to measure our progress.

Smiths in the community

Our charitable donations and community initiatives help make the world a safer, healthier and more productive place.

Charitable donations and community initiatives

We contribute to the communities in which we operate. In addition to providing jobs and boosting local economies, we support community involvement through charitable giving and education initiatives.

We primarily manage these activities at a divisional level. However, Smiths does offer some support to community and charitable organisations at Group level. We consider charities and organisations that demonstrate how a donation will enhance the well-being of people through improved education, health and welfare or environment. Projects local to our operational facilities or connected to our industries are the main focus of our support. During the financial year the Company made donations of £482,000 for charitable purposes. This included payments totalling £300,000 to the Institute of Child Health, in sponsorship of the Smiths Medical Professor of Anaesthesia and Critical Care and the Portex Anaesthesia, Intensive Care and Respiratory Unit. The Group supports charities working in the areas of health; education and wellbeing; and the environment.

Education

Education is vital for people to achieve their potential. We support a host of initiatives, both centrally and within individual businesses, that provide educational opportunities.

Smiths Technology Education Programme (STEP)

Smiths continued its collaboration with the UK Royal Academy of Engineering in the STEP programme. STEP assists able students from any background, facing economic or social barriers, into a career in technology.

Each year, 20 students who are studying for advanced level qualifications in mathematics or science have the opportunity to attend a 'Head Start' summer school in engineering and technology, run by the Royal Academy of Engineering. Five of these alumni are then selected to receive a Smiths bursary of £1,000 per year towards the cost of a university course in either subject.



Smiths Detection, Wiesbaden, Germany

Community environmental scheme

For the seventh consecutive year, Smiths Detection's business unit in Germany received the Ecoprofit Award from its home city of Wiesbaden, for its efforts to improve its environmental performance. Ecoprofit is a co-operative project between Wiesbaden and local businesses, which has created a cross-sector network to implement environmental protection measures. By participating in the programme, businesses adopt practices that far exceed their regulatory requirements. Ecoprofit also has a strong social aspect, securing jobs, improving occupational health and safety, and increasing employee motivation.



Smiths Medical, St Paul, Minnesota, USA

Employee fundraising

Employees in St Paul raised nearly \$40,000 from donations and events, an increase of 95% compared with 2009. The special events included mini-golf competitions, bake sales, a cook-off, raffles, coat donation drives, a silent auction, penny wars and a pancake breakfast. The proceeds were donated to United Way and Community Health Charities.



John Crane, Morton Grove, Illinois, USA

Helping adults with disabilities

John Crane has a relationship spanning more than 35 years with Orchard Village, an organisation that improves life for adults with disabilities and helps them learn to live on their own. For the past ten years, John Crane has provided important financial support, with annual donations of \$10,000. Many of the people that Orchard Village helps have found meaningful employment through community-based employment programmes and partnerships with local businesses, including John Crane. In recognition of John Crane's support, Orchard Village presented it with the Advocacy Leadership Award at a recent gala, which is given to an individual or organisation that has demonstrated a long-term commitment to improving the quality of life for people with developmental disabilities.



John Crane, Morton Grove, Illinois, USA

Earth Day activities

John Crane celebrated Earth Day by restoring an employee park on its Morton Grove campus. More than 35 employees participated, along with a local Girl Scout troop working to earn their community service badge. Participants received gifts and a shirt commemorating the event. Equipment, supplies and prizes were donated by area businesses and John Crane suppliers.

Flex-Tek Gastite, Portland, TN, USA

School scoreboard donation

Flex-Tek Gastite donated a game scoreboard to Gateview Elementary School. Gastite ran a safety programme to reduce injuries. The programme awarded points for safety achievements, which were recorded on a scoreboard. The programme was so successful that the employees at Gastite worked for more than two years without a recordable incident. When the site replaced its safety activity scoring system, it surveyed its employees to find a local school in need of a scoreboard. Gateview Elementary did not have a scoreboard in its gym and was happy to receive one from Gastite.

Policy statements

Environment, health and safety policy

Smiths Group ('the Company') is committed to achieving excellence in environment, health and safety (EHS) performance and demonstrating leadership to create an injury-free and environmentally responsible workplace

The Chief Executive has overall responsibility for EHS matters in the Group and the Group Human Resources Director is responsible for its effective administration and implementation. Strategic direction and performance monitoring are undertaken by the EHS Steering Committee and the EHS Technical Committee which have representation from all Smiths divisions.

The most senior manager in each division has overall responsibility for EHS matters within their business and for implementing organisational arrangements to ensure compliance with this policy.

Smiths employees, at all levels, have a personal responsibility to take due care and follow EHS rules. They also have a responsibility to warn others of potential hazards and unsafe behaviours. Fulfilling these responsibilities is an employment obligation.

The Company conducts its business in accordance with the following key EHS principles which are supported by effective management systems:

- Commitment to meeting or exceeding all relevant legal and other requirements to which the Company is subject and monitoring compliance through periodic assessment
- Continual improvement in EHS performance, including prevention of pollution, hazard reduction and the protection of human health
- Robust training systems to ensure that all persons working for or on behalf of the company are competent to fulfil their EHS responsibilities
- Clearly defined objectives and targets which are periodically reviewed
- Regular assessment of the EHS impacts and interactions of all new and existing business activities, products and services
- Promotion of the efficient use of energy and natural resources to minimise environmental impact
- Promotion of the health and wellness of our employees
- Consideration of EHS issues during acquisitions and divestitures
- Selection of competent contractors who commit to comply with Smiths high EHS standards
- Communication with all persons working for or on behalf of the Company and other stakeholders regarding the EHS impacts and objectives of its operations.

Philip Bowman
Chief Executive

Energy and greenhouse gas policy

Smiths Group is committed to the efficient use of energy and natural resources and the reduction of greenhouse gases (GHG), thereby minimising our environmental impact worldwide, adding value to our business and enabling us to fulfil our corporate responsibilities.

The Chief Executive has overall responsibility for energy and GHG matters in the Group. The general managers of each division have responsibility for these matters within their respective businesses and for establishing effective administration, implementation and organisational arrangements to ensure compliance with this policy. The Group Environmental, Health & Safety Steering Committee, which is chaired by the Group Human Resources Director and includes representation from all Smiths divisions, is responsible for strategic direction and performance monitoring. It is the responsibility of every Smiths employee to optimise the use of energy in their job activities.

Smiths Group subscribes to the following energy and GHG principles, supported by effective management systems:

- Continual improvement of the energy efficiency and environmental impacts of our operations
- Consideration of energy and environmental impacts in relevant business decision-making processes
- Meeting all relevant laws and regulations and other requirements to which the company subscribes, related to our energy usage and GHG emissions and monitoring compliance through periodic assessment
- Establishment of improvement objectives and targets which are periodically reviewed
- Ensuring the availability of information and resources necessary to meet our objectives and targets
- Sharing of energy management best practices throughout our businesses
- Promotion of a corporate culture of energy conservation through employee education and involvement
- Securing of adequate, reliable and cost-effective energy supplies
- Use of cost-effective and reliable renewable energy sources, where available.

Philip Bowman
Chief Executive

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