Corporate responsibility report
Year ended 31 July 2008
Protecting and enhancing value
Smiths Group plc

Smiths is a global technology company listed on the London Stock Exchange. A world leader in the practical application of advanced technologies, we deliver products and services for the threat and contraband detection, medical devices, energy, communications and components markets worldwide.

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

Chief Executive’s introduction

I am very pleased to note that the financial year that we have just completed has been the safest on record for Smiths – a continuation of the trend of recent years.

This is my first opportunity to introduce Smiths corporate responsibility report since taking over as Chief Executive in December 2007.

We have a responsibility to all of our stakeholders including our employees, the communities within which we operate and the environment with which we interact. One of my first tasks was to review and update our environment, health and safety (EHS) policy and the updated version appears at the back of this report. The policy sets out how the Smiths values create expectations of everyone in the organisation and is the basis from which all EHS strategy and programmes will be developed.

I wholeheartedly support the focus this year on safety improvement and am very pleased to note that the financial year that we have just completed has seen the safest on record for Smiths – a continuation of the trend of recent years. Our three-year goal to achieve certification to the health and safety management system (OHSAS 18001) will provide an excellent platform from which to further improve our safety performance.

Whilst safety has been the priority, we continue to monitor and target our environmental impacts. We are on course to achieve our three-year goals which include an ambitious aim to halve the absolute increase in Smiths greenhouse gas emissions in a time of increasing sales and margin growth.

We took the opportunity this year to benchmark our Code of Corporate Responsibility and Business Ethics, which resulted in the development and issue of a revised Code. This is being rolled out across all Smiths operations via a series of training initiatives, including a new e-learning process.

This report highlights just a few examples of our businesses engaging with their local communities and of the variety of health and education programmes which we encourage and support.

This year Smiths was awarded membership of the FTSE4Good Index, which recognises businesses that meet globally agreed corporate responsibility standards. This membership should reassure all of us at Smiths, and our stakeholders, that we are heading in the right direction.

I hope you enjoy reading this report.

Philip Bowman
Chief Executive
Smiths Group: A global business

Smiths Detection
Manufacturing expansion in Maryland, USA
Smiths Detection has expanded its manufacturing capacity at its Edgewood site by 50% to fully meet increased demand from the US Department of Defense Chemical Biological Protection Shelters (CBPS) programme. CBPS provides contamination free, environmentally controlled working areas for medical and combat services personnel in operational circumstances.

Flex-Tek
Piloting new EHS programme in Tennessee, USA
Flex-Tek business Tutco, based in Oakville, Tennessee, is piloting a new Environment Health and Safety programme in a drive to become OHSA18001 certified. The programme seeks to eliminate injuries and reduce hazards in the workplace. The results are already encouraging as the number of reportable injuries has been reduced to zero and recordable incidents have reduced by 25%, while operating costs at the facility have also been cut.

Smiths Medical
Automation in New Hampshire, USA
Each year around 150 million safety needles are produced at our Smiths Medical manufacturing facility in Keene. This is largely thanks to an investment in advanced high-speed automated robotics which has yielded record production rates, helping to reduce back orders at the facility to zero.

Smiths Interconnect
Opening up in Tunisia
Smiths Interconnect recently opened a new low-cost manufacturing facility in Tunisia to serve its European customers. The facility consolidates and expands manufacturing capacity for connectors which are deployed in military, commercial aerospace, medical, space, and test and measurement applications.

John Crane
Servicing customers in Saudi Arabia
John Crane is expanding its global service and support network. In addition to opening new facilities in Finland, Dubai and Morocco, it has inaugurated a new service centre and training facility in Saudi Arabia for Middle East customers.

Analysis is based on revised operating profit for 2008/09 as reported in its Annual Report 2008. Percentage relates to headline operating profit before corporate costs.
Smiths Group has five divisions: Smiths Detection, John Crane, Smiths Medical, Smiths Interconnect and Flex-Tek. Our businesses are highly competitive, with strong technology positions, and operate in sectors with excellent opportunities for growth.

Smiths has evolved substantially since its foundation. Now employing over 22,000 people in more than 50 countries, we serve a diverse range of global customers including governments and their agencies, petrochemical companies, hospitals, telecommunications companies and manufacturers in a variety of sectors around the world. We bring technology to life.

**Smiths Detection**
Smiths Detection is a world-leading designer and manufacturer of sensors that detect and identify explosives, narcotics, weapons, chemical agents, biohazards and contraband.

**John Crane**
John Crane is a world-leading provider of products and services for the major process industries, these include the oil and gas, chemical, pharmaceutical, pulp and paper, and mining sectors.

**Smiths Medical**
Smiths Medical is a leading supplier of specialist medical devices and equipment for global markets. Our products are focused in the medication delivery, vital care and safety devices market segments.

**Smiths Interconnect**
Smiths Interconnect designs and manufactures specialised electronic and radio frequency products that connect, protect and control critical systems for the global wireless telecommunications, aerospace, defence, space and medical markets.

**Flex-Tek**
Flex-Tek provides engineered components that heat and move fluids for the aerospace, medical, industrial, construction and domestic markets.

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**Customers**
Our technology is deployed at nearly 60% of the world’s commercial airports. Some 80% of sales are influenced by more than 120 governments and their agencies globally, including homeland security authorities, customs authorities, emergency responders and the military. This includes the US Department of Defense, US Transportation Security Administration (TSA), UK Ministry of Defence, and airport operators such as BA in the UK.

**Key strengths**
- Global market growth
- Strong technology positions
- Good access to growing markets
- Investment in R&D increasing

**With governments seeking more advanced ways to counter terror threats, our world leading X-ray screening equipment is continuously evolving to help keep passengers safe across the globe.**

**In the petrochemical industry, our advanced mechanical seals are deployed on oil and gas pipelines and refineries, helping to deliver energy efficiency to homes and businesses around the world.**

**In healthcare, our products help prevent needlestick injuries and reduce the risk of cross infections, while our revolutionary medication delivery equipment helps to ease patients’ pain and prevent accidental overdoses.**

**In communications, our sophisticated technology helps to keep people and systems connected and protected.**

**Our engineered components heat and move fluids in a wide range of different industries from aircraft and racing cars to medical devices.**

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**Contribution to 2008 sales**

- **Smiths Detection** 22%
- **John Crane** 32%
- **Smiths Medical** 31%
- **Smiths Interconnect** 11%
- **Flex-Tek** 9%

**Contribution to 2008 headline operating profit**

- **Smiths Detection** 25%
- **John Crane** 34%
- **Smiths Medical** 34%
- **Smiths Interconnect** 13%
- **Flex-Tek** 6%

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*Awareness is based on revised operating structure for 2008/09 as reported in Annual Report 2008/09. Percentage relates to headline operating profit before corporate costs.*
Managing corporate responsibility and business ethics

The 12 principles outlined in the Code:

1. Compliance with all applicable laws and regulations
2. Fair and vigorous competition in the marketplace
3. Integrity and ethical conduct as the standard individual and corporate business behaviour
4. Fair and honest treatment of suppliers, business partners and customers
5. Proper and respectful treatment of employees
6. High standards for health, safety and security in the workplace
7. Respect for the environment
8. Contributing to the communities in which we live and work
9. Engaging appropriately with government departments and agencies
10. Respect for human rights
11. Prudent and transparent public accounting and reporting
12. A culture of compliance throughout the entire Smiths organisation embracing all employees

The Code of Business Ethics

In 2004 we introduced a Code of Corporate Responsibility and Business Ethics (the Code) which sets out 12 broad principles for how Smiths does business, based on common values of integrity, honesty, fairness and transparency. It was acknowledged that the principles cannot address all areas or all circumstances, but they provide a framework for wider policies and programmes.

In early 2008, Smiths retained the consultancy URS to conduct a benchmarking exercise of our Code of Corporate Responsibility and Business Ethics against guidance on content and implementation from the Institute of Business Ethics (IBE). We took the opportunity to benchmark against companies operating in similar segments, from both a product and an investor perspective, using publicly available materials. The purpose was to establish the comparative strengths, weaknesses and opportunities for development of our Code.

Whilst URS highlighted many strengths, they helped us to identify the following changes that in the main describe areas covered by policies but not previously set out explicitly in the Code:

- we have incorporated more references to the shareholders as a key group of stakeholders;
- we have strengthened the non-retaliation language;
- we have made more explicit the principles in relation to confidential information and use of Smiths and third parties’ assets (including IT and communications equipment);
- we have included reference to protection from potential security threats;
- we have included references to payment of taxes and assessment of risk;
- we have expanded references to the availability of resources to support the Code; and
- we have expanded provisions and advice for reporting issues, and have included, at the end of the Code, a section on governance which previously appeared on the website and intranet, but not in printed versions of the Code.

The revised Code, although expanded, retains the 12 core principles structure and has the simplified title: ‘Code of Business Ethics’. It has been produced in all of the main Smiths operating languages, and is available in both hard copy format for each employee and on Smiths intranet.

In order to communicate the revised Code and provide training to individuals across the Group, we are working on an online training module. The online training will be supported by training on CD-Roms, so that those employees without access to individual work email accounts, or whose native language is not available online, can be trained in a classroom-style setting.

The new Code is available on the Smiths website (www.smiths.com).

Managing the Code

The Code is approved by the Board of Directors of Smiths Group plc and is supported by the Chief Executive, the directors and the management of Smiths at all levels.

The Board has ultimate responsibility for the Code and its application across Smiths businesses worldwide.

The Audit Committee of the Board has particular responsibility for monitoring the implementation of the Code, in addition to the programmes and functions that underpin compliance.

The Code of Business Ethics Compliance Council (the Council) is responsible for reviewing issues, determining priorities and making recommendations to the Audit Committee. Members of the Council brief the Audit Committee periodically on ethical issues and suspected or actual breaches of the Code. Responsibility for managing specific issues lies at different levels within Smiths Group, depending on the nature of the issue and how it can most effectively be managed:

- health, safety and environment issues are managed through a Group-wide steering committee, a technical implementation committee and local co-ordinators;
- employee issues are managed through the human resources function and line management;
- supplier and customer programmes are managed by each business; and
- community programmes are principally managed locally, although there is also some Group-level activity.

The Chief Executive and his leadership team actively champion the Code, securing its ongoing relevance and profile via several routes. These include:

- the discussion of ethics issues and Code compliance at management meetings;
- the review of ethics issues in the performance review system for managers; and
- the examination of Code compliance issues in site-level internal audit reviews.

Day-to-day responsibility for compliance with the Code has to rest with each and every Smiths employee.

Managing specific issues

Employees who have concerns or queries in relation to the Code are encouraged to raise these through a number of routes: by raising the issue with line management, or with the human resources or legal support for their business or division, or by using the confidential ethics helplines established across the Group.

Ethics Helplines are accessible by both phone and email to answer queries relating to ethics issues, as well as to act as a confidential reporting line for concerns and allegations. These helplines are available via toll-free numbers in over thirty countries where Smiths has businesses, staffed by individuals who speak the local language. All issues are addressed promptly and referred, as required, to relevant functions to enable proper investigation. If appropriate and possible, a report back is given to the caller.

Information about the Ethics Helplines and other aspects of Code compliance are available to employees on the Smiths intranet. For employees who do not have access to Smiths Group electronic communication tools, posters are on display at Smiths sites, plus all employees are provided with a hard copy of the Code.

In 2008 Smiths was awarded membership of the FTSE4Good Index which recognises companies that meet globally recognised corporate responsibility standards. Whilst 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.
Smiths in the environment

We are committed to ensuring that, as far as is reasonably practicable, any detrimental effects of our activities, products and services upon the environment are minimised.

Organisational arrangements

Smiths environment, health and safety (EHS) programmes start with the EHS policy which was revised and endorsed by Philip Bowman in January 2008 and is reproduced at the back of this report. The policy deployment process is hierarchical within the Group matrix. The Executive Committee develops policy and monitors performance. The EHS Steering Committee, which comprises senior group and divisional representatives, develops strategy and ensures progress. The EHS Technical Committee develops programmes that implement the strategy, share best practices and provide training opportunities. Regional co-ordinators and local EHS staff provide feedback on performance and issues.

Managing environmental impacts

All Smiths manufacturing facilities with more than 50 employees are required to achieve certification to the international management system standard ISO 14001 and new acquisitions and sites that grow above this threshold have two years to comply.

Currently we have five sites that fall into the latter category and are working on their programmes. We have seventy-seven sites already certified, providing an externally verified framework for continual improvement, compliance assurance, emergency preparedness and management review.

Performance against targets

Having achieved the three-year goals to the end of July 2007, new goals were established to further challenge our environmental performance. Smiths has set itself the target of reducing water consumption by 9%, waste generation by 9% (both normalised against sales) and to cap its greenhouse gas emissions at FY 2006 – 2007 levels (absolute). These goals are to be achieved by 31 July 2010.

Each of our key indicators shows improvement during the year and we will report on further progress and initiatives towards our three-year goals.

Our new data management system has been live for over a year now and has given us the ability to improve the quality and timeliness of the data with monthly reporting and real-time checking for errors. A greater number of Smiths businesses than ever before now report and it is much easier to include or exclude acquired or divested businesses. The 2007 data here has been adjusted to remove business disposals during the year and the 2008 data does not include recent acquisitions.

There were very few environmental fines received this financial year and the largest related to a waste water discharge breach at the John Crane facility in Mexico. The breach occurred in October 2004 and the fine had a total value of 10,114 Mexican pesos (£545). The non-compliance was corrected.

One of Smiths goals is to reduce the total non-recycled waste and where possible, packaging waste is minimised by the use of reusable and returnable packaging as introduced here in Keene.

<table>
<thead>
<tr>
<th>Water use (1000m³)</th>
<th>Water consumption (m³/£m turnover)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>587</td>
<td>480</td>
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<table>
<thead>
<tr>
<th>Total non-recycled waste (1000 Tonnes)</th>
<th>Total non-recycled waste (Tonnes/£m turnover)</th>
<th>Total energy (1000 MWh)</th>
<th>Total energy (MWh/£m turnover)</th>
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<tbody>
<tr>
<td>6.99</td>
<td>8.85</td>
<td>3.91</td>
<td>2.95</td>
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</tbody>
</table>

Smiths Medical, Keene, USA

One of Smiths goals is to reduce the total non-recycled waste and where possible, packaging waste is minimised by the use of reusable and returnable packaging as introduced here in Keene.
Smiths in the workplace

We believe in providing our employees with the means to add value to themselves and the business they work in. We support our employees by investing in improved safety in the workplace, ensuring their statutory rights are upheld, treating our work colleagues fairly and with respect, and developing our talent.

Employees
Smiths continues to be a diverse group of businesses and our people reflect that diversity.

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 roles to help our people progress their career within Smiths in line with their capabilities and performance. We identify potential future leaders and provide them with development tools and opportunities to support their career ambitions and the needs of the business. We also recognise the need to balance internal development and promotion with external recruitment where this is necessary to fulfil our individual and team commitment to add value.

Diversity
We welcome diversity in our workforce, not only as a duty 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 the achievement of business performance objectives.

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

Developing talent
Smiths has a number of development programmes designed to evaluate and enhance core leadership competencies. These development programmes are designed and 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 priorities. We provide not only the training and development opportunities that represent an investment in both their future and that of the business but also 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 have a variety of channels including 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. This year’s meeting was held in the UK and included a presentation from Smiths Chief Executive, Philip Bowman, on the performance of Smiths and his expectations for enhancing the value of the Group’s businesses.

Communication
Communication

Horizons

John Crane, UK

For over 16 months, John Crane Engineering has been promoting self-study through e-learning, resulting in the creation of a CD-based Mechanical Seal foundations course, plus various intranet-based study modules and other tools.

A central implementation team has been developing a powerful e-learning software platform called ‘Know-How’. This has been rolled out to a limited audience in India, enabling access to an induction curriculum containing basic courses on topics such as health & safety, IT policies, environmental policies and lean manufacturing, as well as introductions to mechanical seals and couplings.

‘Know-How’ will now be introduced to other locations in a phased roll-out programme which will gradually add more users, courses and functionality.

Tetofex, Paris, France

Tetofex has enrolled in an innovative project with a company which arranges cultural activities to broaden the interests of employees by offering events outside of their usual environment.

Quarterly activities include lunches with guest speakers, and trips to castles, museums and other places of interest to highlight that great scientists were also writers and artists, and that discoveries were made by people with broad knowledge in various fields.

Steve Haddow, Kirkcaldy, Scotland

Steve Haddow works at Smiths Medical in Kirkcaldy. He has been working in the company for 26 years and is known as the ‘king of the hoist’. He is responsible for all the equipment that lifts the glass into the machines.

Steve has worked in the glass industry for 30 years and previously worked for 20 years at Rexam. Steve has been with Smiths since 1982. He enjoys his work and is proud of his skills.

Smiths Medical, Fraureuth, Germany

Smiths Medical Fraunhoth encourages health and exercise initiatives and employees have the opportunity to spend one evening every week together for exercise and sport activities such as volleyball. This has become a popular feature which many employees take part.
Health and safety

Organisational arrangements
See the environment section on page 8 for an outline of the organisational arrangements for managing health and safety.

Performance indicators
Smiths tracks safety performance using the US Occupational Safety and Health Administration (OSHA) methods for lost time incident rate and recordable incident rate which express the number of incidents per 100 employees per year. The US Bureau of Labour publishes industry comparisons each year allowing an approximate benchmark.

As announced in August 2007, Smiths now requires all of its businesses to have a recordable incident rate better than 1.5 (per 100 employees per year) by July 2010.

OHSAS18001
ISO14001 has proven successful in driving continual improvement in environmental matters in Smiths and we now require the closest equivalent for health and safety – OHSAS18001 – at all manufacturing businesses with more than 50 employees. OHSAS18001 requires:

- formal risk assessment and hazard identification
- legal compliance and assurance
- formal organisational arrangements
- training and competency
- internal audit
- management review
- external verification.

Some Smiths businesses have already achieved certification and we are therefore able to use this experience to develop a Group-wide programme. Two sites – Trak Microwave, Dundee and Tutco, Cookeville, Tennessee – were selected as pilots for the development of standard materials and understanding of the certification process.

In total we now have 17 facilities, out of a 2010 target of 80, certified to OHSAS18001.

Audit
An audit process has been developed and external auditors retain to conduct legal compliance audits. Facilities to be audited were chosen from across the Group based on size, complexity and past performance and the audits were completed in March, April and May 2008. Each audited site now has a corrective action plan which will be reviewed on site later in 2008. Analysis of the findings from the audits suggests three common areas of weakness: machine guarding, electrical safety and emergency preparedness. These will be the focus of future programmes.

Targeting under-performers
Eight sites with historically weaker performance were selected for additional attention involving:

- monthly senior management reviews
- performance goals
- agreed improvement programmes.

Three of the eight sites have improved their performance sufficiently and alternative sites are currently being considered to replace them.

Safety Technical Workshops

Three safety technical workshops were held in Europe and North America with more than 100 representatives from the major sites in attendance.

The workshops had a shared agenda:
- Hazard identification and risk assessment
- Legal compliance
- Incident investigation
- The OHSAS18001 certification process
- Smiths resources

Trak Microwave, Dundee, Scotland
Dynamic X-ray inspection methods are used routinely to verify the integrity of solder joints and the internal efficacy of components destined for deep space missions and satellite applications. Operation in a controlled access area, machine interlocks and personal dosimeters ensure radiation exposure is both minimised and continuously monitored.

Tutco, Cookeville, USA
Safety Bingo is an innovative way of raising health and safety awareness in the workplace.

Tutco were Smiths first North American facility to achieve certification to OHSAS18001 and their preparation included a comprehensive machine guarding programme.

Recordable Incident Rate

2006 2007 2008 2009 2010

4.5 3.75 3.58 1.36 1.27

Lost Time Incident Rate

2006 2007 2008 2009 2010

1.25 1.07 1.15 0.91 0.57

Data collection and analysis
We invested in a bespoke worldwide data collection and reporting system which was implemented in August 2007 and we now have an enhanced ability to review performance site by site in real time against Group targets.

Performance against targets
Last year we reported on three incidents that resulted in extended hospital stays for the injured parties. We are pleased to report that we have had no incidents of the same severity this year.

Following a concerted effort, driven from the highest levels of the organisation, our safety performance, as measured through recordable incident and lost time incident rates, continues to improve. The improvements are supported by enhanced incident investigation and return to work programmes. The financial year that we have just completed has been the safest on record for Smiths.

We are starting to see other positive indicators. Finer and violations are as low as we can remember. Smiths had no OSHA employer liability claims in the financial year and US workers’ compensation direct costs are $300,000 lower than last year. These visible and tangible benefits exclude the business costs and personal impacts associated with injury and lost time.

The largest fine received this financial year related to two findings from an OSHA inspection of our Tubular Systems facility in Springfield MA, USA. The combined fine was US$1,497.50. The non-compliances have been corrected.
In addition to providing employment opportunities, we focus on community involvement through charitable giving, community activities and health and education initiatives. Our charitable donations and community initiatives facilitate projects around the globe that, like our products, seek to help make the world a safer, healthier and more productive place.

Charitable Donations and Community Initiatives

Here are some examples of charitable and community initiatives from Smiths businesses around the world.

**Smiths Medical, Germany, Austria and Switzerland**

Last year, 16 employees, drawn from Germany, Austria and Switzerland, completed a 60-hour cycle race in Munich. For each of the 1,275 kilometres completed Smiths made a donation of €1 to the German Bone Marrow Donation Association, raising a total of €1,275. The cycle plan to repeat this initiative in 2009.

**John Crane, Czech Republic**

Employees and their partners attended the annual John Crane Company Ball where 20,000 Kč ($1,000) was raised in a charity raffle for a local centre which cares for disabled children. The money was used to improve facilities at the centre where employees give their support by serving them for seasonal events.

**John Crane, Brazil**

For the third year running, the HR department of John Crane Brazil organised and managed a multidisciplinary team for their charitable Christmas appeal. The project involved donations of food from employees and their families to help newly-arrived elderly employees from each region represented by John Crane Brazil selected specific organisations to receive their donations.

**Smiths Detection, Edgewood, MD USA**

Smiths Detection in Edgewood, Maryland (USA) held a day for Stress Concor Awareness in October 2007. Smiths bought pink ribbons/bags and offered them for a $5 donation. Smiths managers matched every $5 donation from employees and provided a raffle ticket for the chance to win a prize.

**Smiths Medical, Dublin, USA**

Smiths Medical’s Services Centre in Dublin, Ohio, has been supporting the Leukemia and Lymphoma Society (LLS) through ‘Light the Night’ since the sister of one of their employees was diagnosed with Non-Hodgkin’s Lymphoma five years ago. A ‘Can candles’ event was organised to collect food for the Plain City Food Pantry. Four teams competed and over 1600 cans, boxes and other items, were collected. Candles were judged on size and creativity. The Customer Service Data Center won with their medieval castle made of over 700 cans, and donated the equivalent cost of food to the ‘Toys for Tots’ charity.

**Smiths Medical, St Paul, USA**

Smiths Medical St Paul sponsored a health and wellness week for employees and organised blood drives throughout the year which provided over 150 units of blood to the local Red Cross. Funds of over $5,800 were also raised in a ‘Jump for Diabetes’ and a supply of clothing and food was collected for a local homeless shelter for Christmas 2007.

**Smiths Detection, USA**

Smiths Detection sites in the USA take part in ‘Take Your Sons & Daughters to Work’, an annual national event which encourages employees to bring their children, aged six and over, to work. The children are given a tour of the facility and spend the day learning about Smiths Detection and how their parents contribute to our organisation. This day of fun education has activities designed to demonstrate that their studies in subjects such as science, maths, English and business will better prepare them for a wide variety of jobs and the skills needed for specific professions.

**Smiths Detection, USA**

Employees from Smiths Detection, Germany annually donate approximately £3,000 to help support a local hospice near its facility in Wiesbaden. The hospice cares for the terminally ill in two units and the donation is divided equally between the children’s unit ‘Bammerli’ and the adult unit ‘Athenia’.

**Smiths Medical, Wiesbaden, Germany**

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**Smiths Medical, Mount Everest Study**

Smiths Medical is currently developing a revolutionary breathing circuit. It was tested on Mount Everest as part of a groundbreaking medical study undertaken in collaboration with Great Ormond Street Hospital and University College London and the system is undergoing clinical trials and regulatory assessments. If approved, it is for the first time ever available to patients with chronic breathing difficulties to stay active while receiving treatment, greatly improving their chance of recovery. It could prove to be a major breakthrough for patients with COPD (Chronic Obstructive Pulmonary Disease).

**Education**

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

**Smiths Technology Education Programme (STEP)**

Smiths is in its second year of collaboration with the UK Royal Academy of Engineering in the STEP programme. STEP is an initiative to assist able students from any background, facing economic or social barriers, to 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 those alumni are then selected to receive a Smiths bursary of £1,000 per year towards the cost of a university course in engineering or technology.

**Finance**

Finance hosted a ‘how to budget for your children’ event, where parents and their children challenged each other.

**HR**

HR co-hosted an event called ‘Safety Jeopardy’, an annual event which challenges each other.

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Smiths in the community continued

John Crane, China

In autumn 2007, John Crane China launched a three-year scholarship project with Tianjin University, which is available to 10 full-time graduate and postgraduate students of the Chemical and Mechanical Engineering Colleges. Practical experience within John Crane is also arranged for students and Tianjin University encourages them to seek internships upon graduation.

The first Scholarship Awarding Ceremony was held in January and was attended by college faculty and visitors from other universities. Representatives from John Crane awarded the scholarships, promoted the programme, and answered questions from students keen to participate.

John Crane, Egypt

John Crane in Egypt is forging an important link with the world of education through a seminar presented to an audience largely composed of students and professors from the Mechanical Engineering Department of the Faculty of Engineering at Alexandria University, considered to be one of the finest engineering colleges in Egypt.

As the most prominent supplier of sealing solutions in Egypt, John Crane was approached by the Department’s professors to introduce students to the subject of sealing solutions. All 130 attendees received a CD which contained the material presented in the seminar, plus extra information on John Crane products. As a result of the seminar the University’s Turbomachinery Division has been working with John Crane to develop a sealing technology training programme.

John Crane, Czech Republic

For the past seven years, John Crane has partnered with a local high school in its ‘Pathway Study Programme’ which is geared towards mechanics and mechanics. Students undergo their annual work experience at the John Crane factory and the best students are honoured each year at graduation. Many of the current John Crane employees graduated from this school.

The partnership went a stage further recently as John Crane committed to assist the high school in a special EU educational project. Employees will be co-operating with, and participating in, the process of textbook modification, applying practical and up-to-date information from the manufacturing environment, so as to embed this knowledge and experience with the students.

Smiths Medical, Germany and Switzerland

Smiths Medical is running an apprenticeship programme offering nine places (five in Kirchseeon, three in Freunauhr and one in Switzerland) which are combined with practical and theoretical study at a business school. This education is completed with an examination and degree from the Chamber of Commerce. Successful graduates are encouraged to apply for available positions within Smiths Medical.

Environment, health and safety policy

Smiths Group (the Company) is committed to achieving excellence in environment, health and safety (EHS) performance.

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 is 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 follow EHS rules and to take due care. They also have a responsibility to warn others if they see potential hazards, either physical or behavioural. Failure to fulfil these responsibilities may lead to disciplinary action.

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 performance through periodic assessment.

• Continual improvement in EHS performance, including prevention of pollution, hazard reduction and the protection of human health.

• Promotion of the efficient use of energy and other resources.

• 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 and to seek to engage them in the commitment to continual improvement.

Philip Bowman
Chief Executive
January 2008