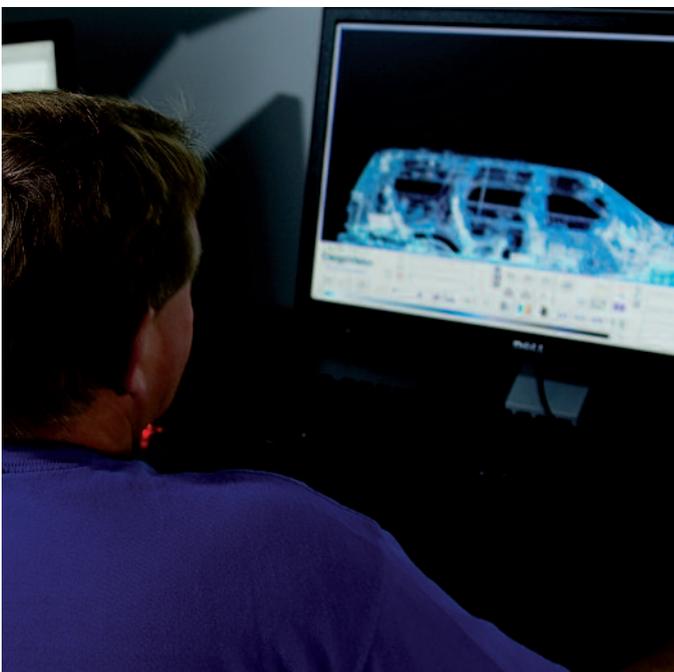
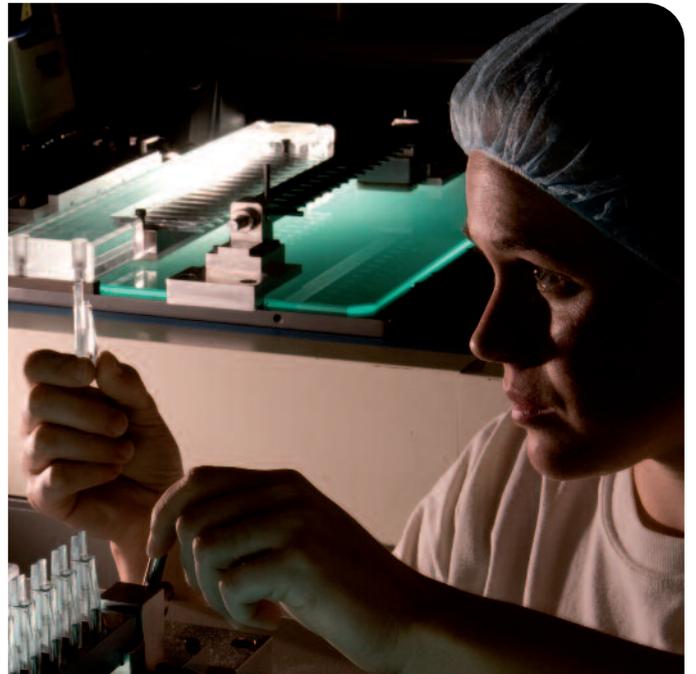


Corporate Responsibility Report 2010

Protecting and enhancing value

smiths
bringing technology to life



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, Smiths 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.

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Chief Executive's statement

Corporate responsibility is vitally important to Smiths Group. We strive to conduct our business ethically, minimise risk to our employees, reduce our impact on the environment, and contribute positively in our communities. I have set high standards for every Smiths employee and we work hard to live up to our responsibilities. Our long-term performance is improving and demonstrates our commitment.

In 2007, we established a set of three-year improvement goals to reduce recordable safety incidents, waste, water use and greenhouse gas emissions and I am proud to say we have exceeded those targets. These accomplishments contribute to cost savings and a reduced impact on the environment. In addition, we completed certification to the health and safety management system OHSAS 18001, and the environmental management system ISO 14001 at over 75 Smiths locations. These management systems will help us to continually improve our environmental and safety performance well into the future.

In support of our continuing efforts to efficiently manage our energy, minimise greenhouse gas emissions and reduce costs, the Smiths Group Executive Committee recently approved a new Smiths Group Energy and Greenhouse Gas Policy, which will be the foundation for future improvements in these areas.

Business ethics continues to be a cornerstone of our culture and I have no tolerance for bribery, any form of corrupt behaviour or conflicts of interest. Smiths Ethics Programme fosters, monitors and audits business conduct and is continually evaluated. In 2010 we updated our business ethics governance procedures and policies, including business controls, to ensure we take into account changes in the law in several countries including the UK and the US.

I continue to be proud of the many products and services offered by Smiths Group businesses which contribute to the safety, health and security of people across the world and have a positive effect on the environment.

In 2010, Smiths was again awarded membership of the FTSE4Good Index, which acknowledges businesses that meet globally recognised corporate responsibility standards, and is independent verification of our corporate responsibility commitment. Whilst this demonstrates that we are making progress, we acknowledge that much still needs to be done and we are focused on continuous improvement and achieving new, stretching targets.

This report summarises our Code of Business Ethics, safety and environmental performance, and highlights samples of our business engagement with local communities. I hope you enjoy reading it.

Philip Bowman
Chief Executive
September 2010



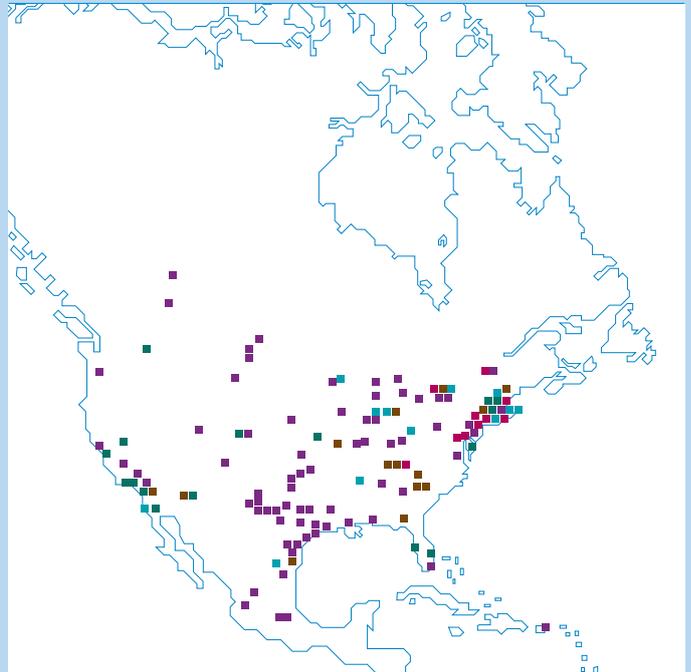
Philip Bowman
Chief Executive

Smiths Group: a global business

Smiths has evolved substantially since its foundation. Now employing over 23,000 people in more than 50 countries, it serves 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.

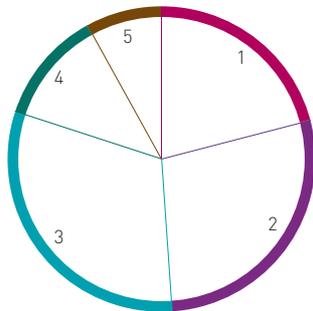
Group manufacturing and service locations by division

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



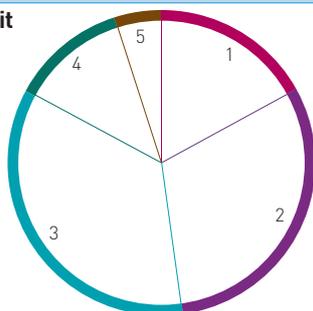
Divisional sales

- 1 Smiths Detection 21%
- 2 John Crane 28%
- 3 Smiths Medical 31%
- 4 Smiths Interconnect 12%
- 5 Flex-Tek 8%



Divisional headline operating profit

- 1 Smiths Detection 17%
- 2 John Crane 31%
- 3 Smiths Medical 35%
- 4 Smiths Interconnect 12%
- 5 Flex-Tek 5%

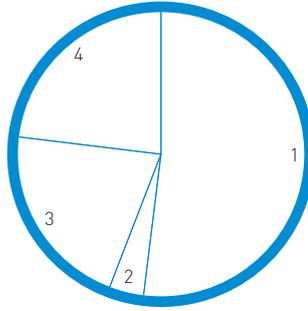


Percentage relates to headline operating profit before corporate costs



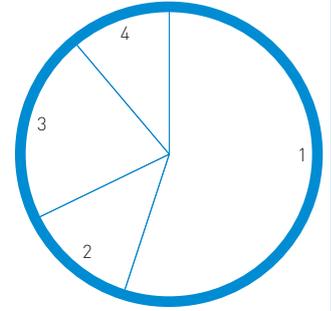
Group sales by destination

- 1 North America 52%
- 2 United Kingdom 4%
- 3 Europe other 21%
- 4 Rest of World 23%

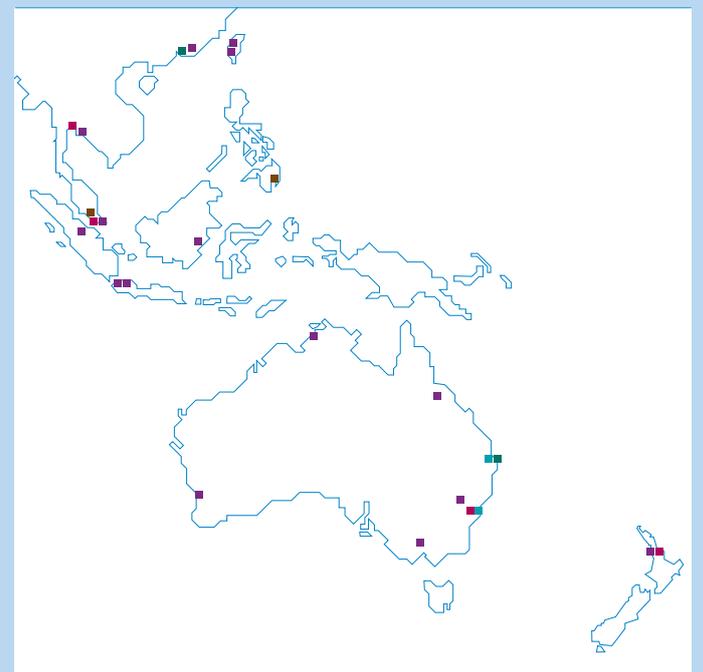
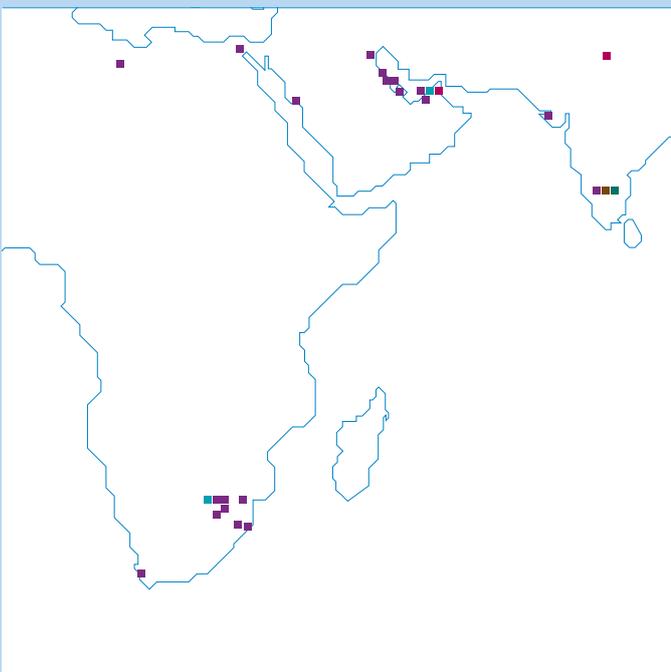
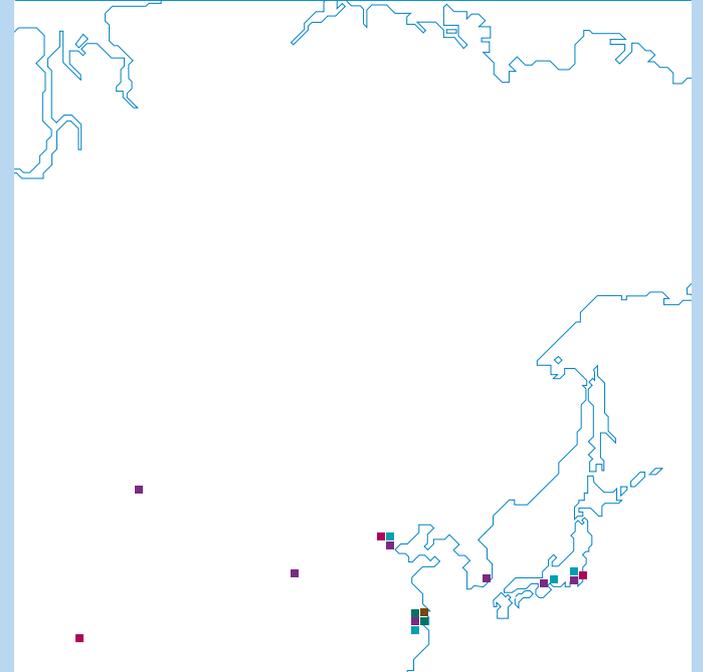
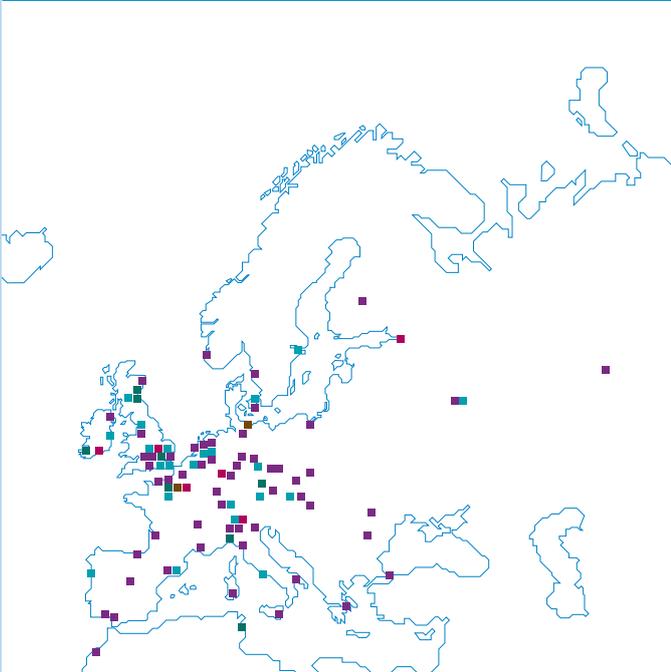


Location of assets

- 1 North America 55%
- 2 United Kingdom 13%
- 3 Europe other 21%
- 4 Rest of World 11%



Analysis excludes cash and cash equivalents



Smiths divisions

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, operating in sectors with excellent opportunities for growth.

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.

Employees 2,400

2010 Sales £574m

Locations 23

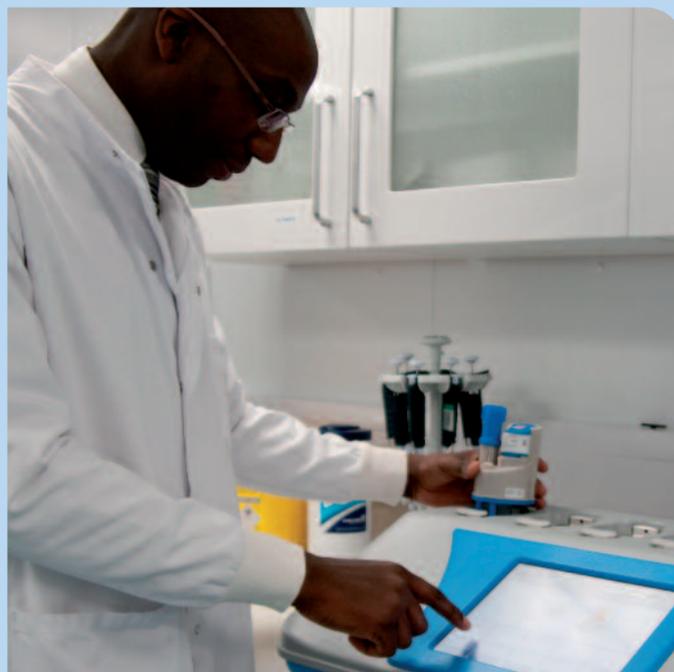
Key strengths

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 innovative product launches



John Crane

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

Employees 6,700

2010 Sales £786m

Locations 58

Key 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



Smiths Medical

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.

Employees 8,400

2010 Sales £858m

Locations 36

Key strengths

Established brands with practitioner loyalty

Global sales & marketing network

Increasing roll-out of new products

Focusing increased R&D investment on higher growth segments and markets



Group overview

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

2010 Sales £340m

Locations 27

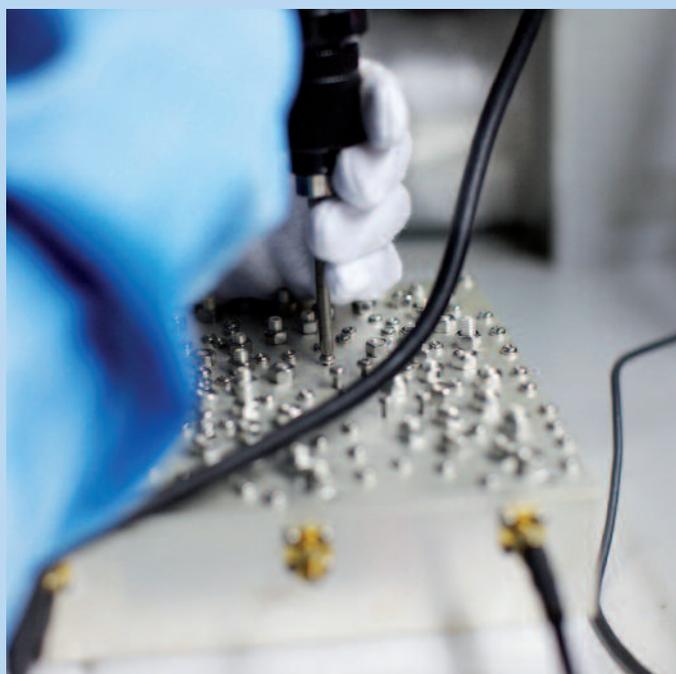
Key strengths

Technical differentiation providing barriers to entry for competition

Strong brands recognised by customers

Excellent military programme positions

Positive market dynamics in wireless infrastructure, semiconductor test and military/aerospace



Our Code of conduct

Flex-Tek

Flex-Tek is 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

2010 Sales £212m

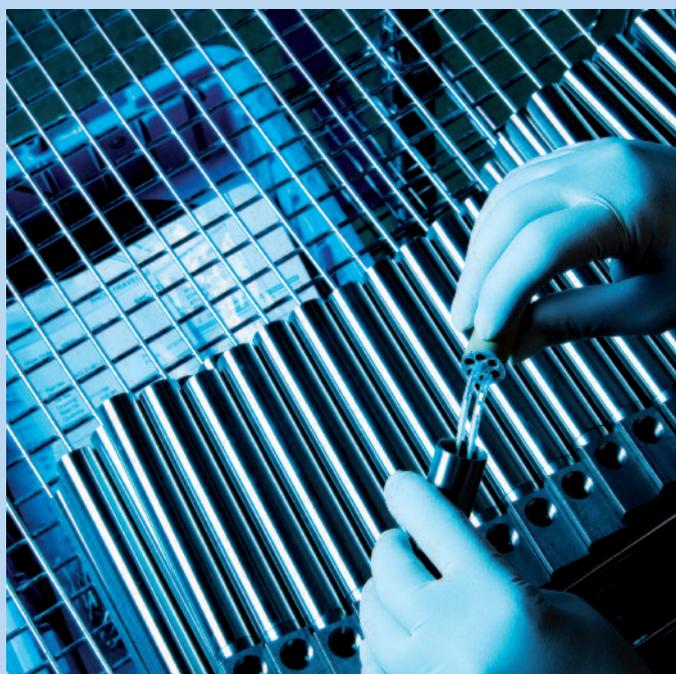
Locations 20

Key strengths

Strong positions in niche markets

Lean manufacturing culture with strong cost control

Well-positioned for a recovery in US housing and domestic appliances with strong operating leverage



Our Code at work

Managing corporate responsibility and business ethics

The Code applies to all Smiths businesses and employees worldwide and provides the framework for policies, programmes and procedures for a range of corporate responsibility issues. It is endorsed and fully supported by the Board.

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

The Code of Business Ethics

Smiths Code of Business Ethics is the foundation on which we conduct our business.

The Code of Business Ethics ('the Code') sets out 12 broad principles for how Smiths does business, based on the common values of integrity, honesty, fairness and transparency. The Code provides a framework for wider Smiths policies and programmes.

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 responsibility for monitoring the implementation of the Code and compliance with its provisions. The Audit Committee reports to the Board of Smiths Group plc on the effectiveness of internal controls and on the ongoing risk management process for identifying, evaluating and managing significant business risk areas, including potential violations of the Code.

The Code Compliance Council for the Code of Business Ethics ('the Council') acts as the steering committee for the Ethics Programme. The Chief Ethics Officer has the responsibility to report to the Audit Committee periodically on ethical issues and suspected or actual breaches of the Code. The Council and its Chair are assisted by a dedicated, full-time Ethics and Compliance Manager for Smiths Group.

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.

Managing specific issues

It is the personal responsibility of each and every Smiths employee to know, understand and comply with the Code. All employees are accountable for day-to-day compliance.

Employees who have concerns or queries in relation to the Code are encouraged to raise these by contacting line management, human resources, legal counsel for their business or division or by using the confidential Ethics Helpline established across the Group.

The Ethics Helpline is 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. The Helpline is available via toll-free numbers in thirty-six 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.

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

In order to communicate the Code, Smiths provides ethics training to individuals across the Group. The Smiths Code of Business Ethics training course is available online in five languages through a custom-built electronic training platform, the Global Learning Resource (GLR), and installed on a Smiths training portal available through the internet. The course is also available on CD-ROM. The GLR and portal are designed to support employee training in the areas of business ethics, compliance, safety and security.

Smiths continues to be awarded membership of the FTSE4Good Index which acknowledges 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 ongoing business ethics programme

In 2009 Code of Business Ethics training for all employees was completed. All Smiths employees have been trained on the Code of Business Ethics through the internet, portal or classroom-style training. All new employees receive a copy of the Code and participate in Ethics training.

In 2010 Smiths Group reviewed and updated all Smiths policies including business controls in order to mitigate changing areas of risk. The Code principles and policies provide the foundation for Smiths commitment against bribery and any form of corrupt behaviour.

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.

Smiths Ethics programme, its systems and procedures for fostering, monitoring and auditing ethical business conduct are continually reviewed, evaluated and updated.

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 is reproduced at the back of this report (page 20). The policy deployment process within the Group is as follows:

- The Executive Committee develops policy and monitors performance.
- The Group EHS Steering Committee, which comprises senior group and divisional representatives, develops strategy and ensures progress.
- The Group EHS Technical Committee develops programmes that implement the strategy. It also facilitates the sharing of best practices and provides training opportunities.
- Regional co-ordinators and local EHS staff provide feedback on performance and issues.

Managing environmental impacts

Smiths Group is committed to ensuring that, as far as is reasonably practicable, any detrimental effects of its activities, products and services upon the environment are minimised. In practice, this means using performance-based environmental management systems to drive improvement throughout the business.

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

Currently, we have 76 manufacturing sites certified, providing an externally verified framework for continual improvement, compliance assurance, emergency preparedness and management review.

Smiths Medical, Dublin, Ohio, USA: plastic waste reduction

Smiths Medical in Dublin, Ohio has been working for several years on reducing its waste going to landfills. Continued focus on process improvements and performing Kaizen events, has led to scrap reductions. Recently, parts diverters were installed on injection moulding machines. These diverters automatically measure and separate parts and keep the processes operating. Previously, the machines would shut down for out-of-specification alarms and generate additional scrap due to the interruption in the cycle.



Flex-Tek TUTCO, Cookeville, Tennessee, USA: pallets support fish habitat

TUTCO in Cookeville has been assisting the US Army Corps of Engineers at Center Hill Lake to enhance fisheries habitat with pallets. As a reservoir ages, the quantity and quality of woody structure in it decreases, leaving fewer habitats for many of the fish species that live there. TUTCO donates pallets to the Army Corps to use as fish attractors and habitat. Many invertebrates also colonise on the pallets, and they in turn provide a vital food source to the larger fish. "We're thankful to TUTCO for the donation of these pallets and their interest in Center Hill Lake. This is a wonderful example of partnering efforts to improve fisheries habitat on public waters. We look forward to continuing this partnership with TUTCO in the future and encourage others to follow their example in enhancing the environment," stated Tim Dunn, Resource Manager, Center Hill Lake.



Group overview

John Crane, India: water harvesting

John Crane in Bangalore, India created a Rainwater Harvesting System. Rainwater is collected from the roof, passed through a four-stage filtration process and stored in a 50,000 litre storage sump. The water is then pumped to an overhead storage tank and, after chlorination, used in washrooms. Excess water from the sump is used to recharge the groundwater near the bore well. At the present average annual rainfall of 970mm, it is estimated that rainwater harvestable from the roof of the buildings will be approximately 1200 kilolitres/year, reducing the demand on groundwater.



Our Code of conduct

Smiths Medical, Latina, Italy: energy saving roofing

Smiths Medical in Latina has implemented several projects to reduce energy including installation of new chillers, air treatment units, lighting and a next generation roof covering. The new roof covering has a better reflecting factor, which results in a temperature reduction of 3 to 4 degrees Celsius and less electricity consumption for the cooling system.



Our Code at work

Smiths in the environment continued

Performance against targets

In 2007, Smiths set three-year targets to reduce water consumption by 9%, waste generation by 9% (both normalised against sales) and to cap greenhouse gas emissions at FY2007 levels (absolute). Our focus on environmental performance improvement resulted in beating our goals as shown below. However, during FY2010, we experienced an increase in energy consumption, CO₂ emissions and water use. When these environmental metrics are normalised to turnover, they have lower increases than the absolute values, indicating that parts of the increases are associated with increased output. Increases were also associated with the addition of new businesses that began reporting in FY2010, and the acts of relocating and consolidating operations. Though we work to minimise environmental impacts caused during our operational changes, opportunities to reduce still exist on which we will continue to focus. In addition, our newly acquired businesses will implement actions to reduce their environmental footprint.

We recently set new five-year improvement targets for our environmental metrics and added energy, all of which supports our efforts to reduce costs and our impact on the environment. Our new targets include 10% reductions in energy usage and greenhouse gas emissions and 5% reduction in water usage by FY2015, all normalised to turnover.

John Crane, Lutin, Czech Republic: lighting refurbishment

John Crane in Lutin recognised that its lighting system was old, inefficient and produced an unwanted heat load to the facility. The replacement of lighting fixtures not only would provide a direct energy efficiency gain, but the reduction of heat load would allow for additional efficiencies. To remove the heat, the facility was consuming additional energy for fans and air conditioning systems. The site installed new energy-efficient lighting that generates less heat. The better lighting further allowed an overall reduction in the number of fixtures in the same space, resulting in a 27% energy efficiency improvement. In areas with natural light available, the lighting units were equipped with self-regulating light sensors to further improve efficiency during daylight hours.

Our global online data management system gives us quality and timely data with monthly reporting and real-time checking for errors. Larger Smiths businesses report environmental metrics.

Target (August 2007 – July 2010)	Results
Greenhouse gas emissions No absolute increase over the 2007 baseline	8% reduction
Total non-recycled waste 9% reduction over three years normalised against turnover	38% reduction
Water consumption 9% reduction over three years normalised against turnover	21% reduction

Smiths Group is committed to the efficient use of energy and natural resources and the reduction of greenhouse gases, thereby minimising our environmental impact worldwide, adding value to our business and enabling us to fulfil our corporate responsibilities. In support of this commitment, in 2010 we established a new policy – to specifically address our energy and greenhouse gas impacts – which is at the end of this report (page 21).

Compliance

Smiths is committed to meeting or exceeding all relevant legal and other environment, health and safety requirements to which we are subject and monitoring compliance through periodic assessment. Smiths maintains an audit process involving external auditors retained to conduct legal EHS compliance audits of our operations. Facilities to be audited are chosen from across the Group based on size, complexity and compliance risks. Audited locations prepare corrective action plans, which are monitored closely to ensure proper and timely closure of issues. Common compliance issues may result in Group-wide initiatives to ensure compliance is maintained across the Group.

Results of our focus on compliance are also demonstrated through the fact that we experienced no compliance issues that resulted in fines during FY2009 and one minor fine in FY2010.

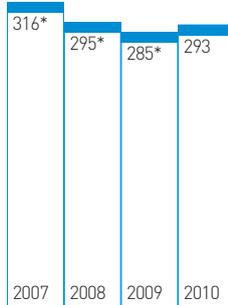


Smiths Medical, Luton, UK: new product development

Smiths Medical in Luton designed the new paraPAC ventilator to minimise environmental impact during manufacturing, use and disposal. Where possible, thermoplastics have been used to replace aluminium, which reduces the use of scarce resources and energy required to produce the raw materials. No toxic materials are used in the device or during manufacture. The number of parts has been minimised to reduce waste and energy required during manufacturing. Packaging is made from recycled materials and can be recycled. The weight of the device has been minimised, which reduces the amount of energy required for transportation. The device runs on pressurised oxygen with a minimum of gas loss, reducing the gas supplies needed and ownership cost. The device is fully serviceable and can be dismantled, serviced and reassembled without destroying the enclosure. At the end of its product life, it can be dismantled and recycled.

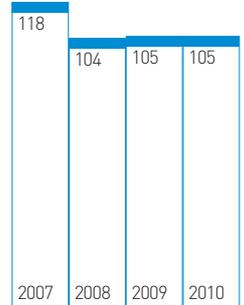


**Total energy
'000 MWh**



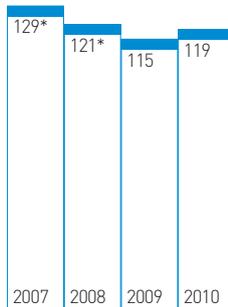
*Total has been adjusted from the 2009 Corporate responsibility report to reflect data audits

**Total energy efficiency
MWh/£m turnover**



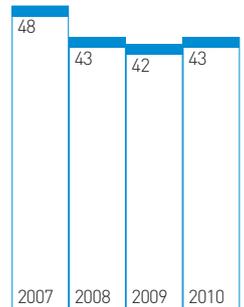
All years normalised using FY 2010 turnover

**CO₂ emissions
'000 Tonnes**



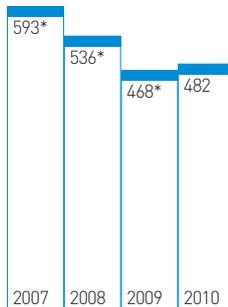
*Total has been adjusted from the 2009 Corporate responsibility report to reflect data audits

**CO₂ emissions
Tonnes/£m turnover**



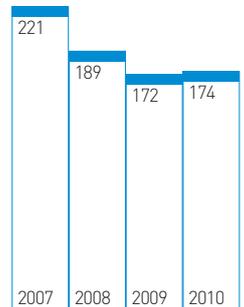
All years normalised using FY 2010 turnover

**Water use
'000m³**



*Total has been adjusted from the 2009 Corporate responsibility report to reflect data audits

**Water consumption
m³/£m turnover**



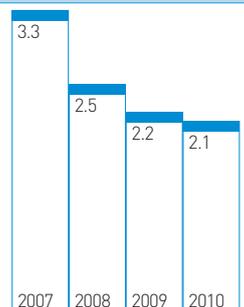
All years normalised using FY 2010 turnover

**Total non-recycled waste
'000 Tonnes**



*Total has been adjusted from the 2009 Corporate responsibility report to reflect data audits

**Total non-recycled waste
Tonnes/£m turnover**



All years normalised using FY 2010 turnover

Smiths in the workplace

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

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 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 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 a set of key competencies, 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 Rouen, France and included a presentation from Smiths Chief Executive, Philip Bowman, on the performance of Smiths and on the challenges facing the Group's businesses in the light of recent economic conditions.

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, safety and environmental policies and programs are well established.

John Crane, Brazil: Accident Prevention Week

John Crane, Brazil annually conducts an Accident Prevention Week where employees are trained on life and environmental quality, health and safety, and incident prevention. Last year, the programme included driving safety. A driving simulator was provided and employees were challenged to drive in various situations, including rain and motorway and city traffic. At the end, they were each given a driving evaluation.



Group overview

John Crane, Lutin, Czech Republic: Lead Safe/Act Safe programme

John Crane, Lutin set out to reduce its recordable incident rate by a factor of 10 in three years while growing the facility by more than 100 employees. To achieve this goal, they knew that safe behaviours needed to improve and all employees should be involved in safety. Through the launch of a programme called Lead Safe/Act Safe, the entire workforce was provided with education in the recognition and evaluation of unsafe behaviours. Employees now routinely observe and coach each other on the safest ways to perform their jobs, while identifying and correcting unsafe conditions in the facility. As part of a larger employee training effort, the Lead Safe/Act Safe programme garnered the attention of the Czech Ministry of Labour, which sponsors projects of this type under the European Union Structural Funds. The Lutin facility was awarded a grant from the Ministry, which was used for further education and talent development of all employees. At the close of fiscal year 2010, the Lutin facility had an incident rate of 0.38.



Our Code of conduct

Smiths Medical, Latina, Italy: noise reduction programme

Smiths Medical, Latina implemented an aggressive noise reduction programme to reduce the risk of hearing loss. The programme included installation of acoustic coverings over several machines, use of new-generation parts feeders, silencers on air vacuum valves and new ceiling tiles with higher noise absorption factors. These actions, in addition to many others, helped the Latina site earn the 2010 Smiths Medical Presidents Award for Environment, Health and Safety.



Our Code at work

Smiths in the workplace continued

Health and safety

Smiths is committed to conducting all its activities in a manner which achieves the highest practicable standards of health and safety.

In 2007 we made the commitment to achieve certification to the occupational health and safety management system standard OHSAS 18001 by July 2010 at our manufacturing facilities with more than 50 employees. We achieved our goal with certification of 77 facilities, providing an externally verified framework for risk reduction, continual improvement, compliance assurance and management review.

Performance against targets

The success of OHSAS18001, together with other targeted initiatives, is measured against our recordable incident rate (RIR) performance. Smiths tracks safety performance using the US Occupational Safety and Health Administration 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, providing us with an approximate performance benchmark.

In August 2007, we announced the goal for all Smiths businesses to achieve a RIR better than 1.5 (per 100 employees per year) by July 2010. We have outperformed this goal, achieving an RIR of 0.71 in 2010, which is a 63% reduction over our baseline 2007 performance of 1.91. Since 2004, we have achieved a steady reduction in our RIR, with 2010 being our safest on record for Smiths.

In addition to significant recordable incident rate reductions, our US workers' compensation claims costs continue to decline. These visible and tangible benefits exclude the business costs and personal impacts associated with injury and lost time.

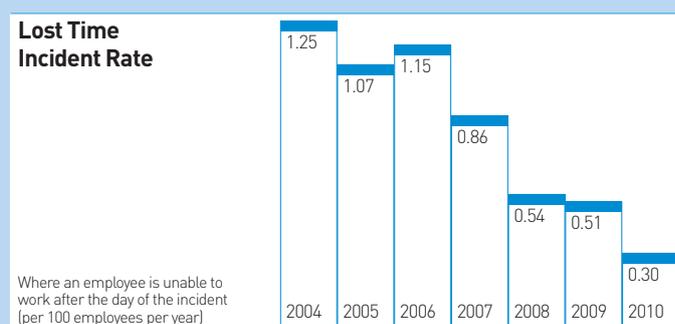
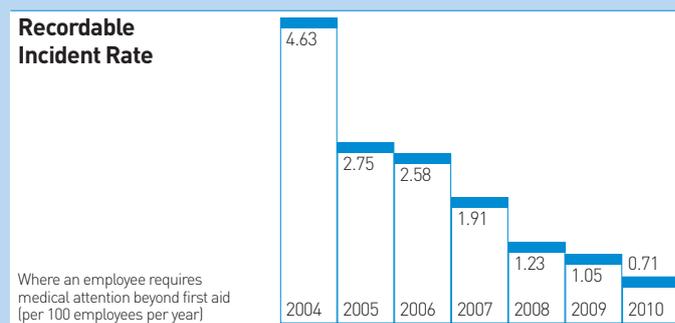
As part of our goal to continuously improve safety in the workplace, we have recently set challenging new three-year RIR targets.

Target (August 2007 – July 2010)	2010 result
OHSAS 18001 certification Certification at all sites with more than 50 employees by July 2010	77 out of 77 certified
Recordable incident rate Better than 1.5 per 100 employees	0.71
Lost time incident rate No target set	0.30

Targeting under-performance

Sites with the weakest performance in the Group are selected for focused attention, involving additional management reviews, assessment, and improvement programmes.

Safety performance



Data collection and analysis

We have invested in a bespoke worldwide data collection and reporting system which was implemented in August 2007. This gives us an enhanced ability to review performance site by site in real time against Group targets. All Smiths businesses report data for recordable incident rate monitoring. To ensure data reliability, Smiths implemented a data validation process which includes an external party reviewing EHS data at a select number of sites annually.

Smiths Medical, Monterrey, Mexico: injury prevention

At Smiths Medical in Monterrey, employees perform warm-up exercises to prevent stress, tiredness and soft tissue injury. The exercises are conducted on all shifts and focus on the neck, shoulders, arms, and legs.



Group overview

John Crane, Brazil: OHSAS 18001 certification

John Crane, Brazil was the first facility in the John Crane Americas organisation to be certified to the occupational health and safety management system OHSAS 18001. The Brazil team dedicated fourteen months of hard work to implement the management system. John Crane, Brazil celebrated its OHSAS 18001 accomplishment by planting a Brazilian tree called 'Yellow Ipê'. The tree is a medicinal tree that is yellow and represents prosperity. Yellow also is one of John Crane's corporate colours.



Our Code of conduct

Smiths Medical, Dublin, Ohio USA: slips trips and falls prevention

Smiths Medical in Dublin has experienced a significant number of incidents due to slips, trips and falls. The risks for these incidents were high in the moulding and grinding areas. Several projects were undertaken to improve housekeeping, which have led to a reduction in slips, trips and falls risk. Through Dublin's Opportunity for Improvement Program, an employee suggested a walkway be added above piping behind material dryers. Employees occasionally have to access the area behind the dryers for servicing, which required stepping over piping. Engineers worked with the employees to fabricate a walkway, resulting in a significantly reduced injury risk.



Our Code at work

Smiths in the community

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

Smiths Detection, Thailand: BanNa Toh School support

Smith Detection, Thailand provided financial and on-site support to the hill tribe children at BanNa Toh School located in Chiang Rai province. Employees supplied blankets, clothes, meals and other needed items. In addition, they provided instruction to the over 300 hill tribe children on health and caring for others.



Smiths Interconnect, Stuart, Florida, USA: cancer fundraiser

Smiths Interconnect (RF Labs and EMC) in Stuart participated in the Martin County Relay for Life, the American Cancer Society's signature fundraising event. At Relay, teams camp out at a local high school, park, or fairground in remembrance of those who lost their fight to cancer, support those who are battling cancer, and raise funds to find a cure. Each team is asked to have a representative walking or running on the track at all times during the event. Because cancer never sleeps, Relays are overnight events from 18-24 hours in length. RF Labs and EMC fielded a walking team and sponsored an event booth called 'Cast Away Cancer'. In addition to being the top team fundraiser for the local event, they won the prize for best booth.



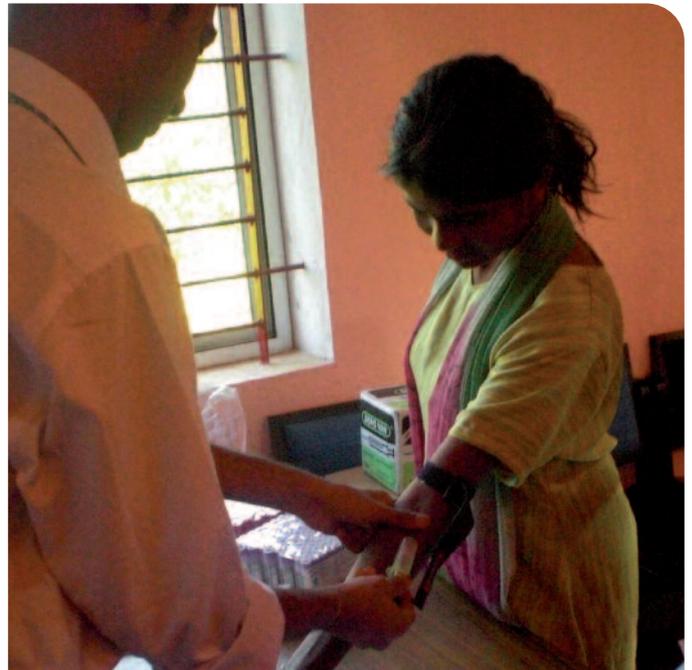
Charitable donations and community initiatives

Smiths contributes positively to the communities in which we operate. In addition to providing employment opportunities and playing a beneficial role in local economies, we support community involvement through charitable giving and education initiatives.

This activity is primarily managed at a divisional level. However, Smiths does offer some support to community and charitable organisations from a central budget. Consideration is given to 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 the industries in which we operate are the primary focus of Smiths support.

John Crane Sealing Systems, India: Baale Mane health check-ups

John Crane India strives to help the underprivileged in their local community, aiding the government, public and other stakeholders. In collaboration with Columbia Asia Hospital, John Crane assists with providing annual health check-ups to over fifty girls between the ages of 6 and 18 at the Baale Mane, or 'girls home'. Baale Mane was founded in 2001 by the Paraspara Trust, which is dedicated to the eradication of the child labour system. The girls are typically either orphans or have a single parent who is unable to care for them.



Smiths Medical, Keene, New Hampshire, USA: employee support

Smiths Medical in Keene supports any employees in need. When a daughter of an employee was diagnosed with lung cancer, many Smiths employees participated in a fundraiser race to support the family. In addition, many other employees spent long hours designing and sewing squares for a beautiful 'Heart and Hand' quilt, filled with supportive and loving messages for the family.



Smiths in the community

continued

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 fourth 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 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.

John Crane, Brazil: project 'Literature and Values Collection'

John Crane, Brazil recently participated in a government programme that allows tax-payers to designate funds to sponsor cultural projects. John Crane contributed to the distribution of 4,500 books to children age 5 to 9 from public schools. The selected book talked about diversity, respect, and transforming our world through community involvement. The children of John Crane employees also received the book and watched a theatre presentation based on the book. Afterwards, John Crane was recognised by the Brazilian Department of Culture Economy as a 'Company Friend of Childhood'.



Smiths Medical, Tijuana, Mexico: recycling programme in schools

Smiths Medical in Tijuana was the first company in Baja California to participate in the State Government Effort in the ECO BC 'Schools Friends of the Environment' programme. The purpose of this programme is to increase the recycling awareness of children at elementary and high school levels. The culture of 3Rs Reduce, Reuse and Recycle as well as recycling in the students' schools are key elements of this programme. A total of seven elementary schools have been visited by the Tijuana employees. More than 2500 children from first to sixth grade participated in different recycling projects that included aluminium, paper, cardboard and plastic. The State of Baja California Office of Environmental Protection recognised Smiths Medical, Tijuana for its enthusiastic participation in this first school campaign. Smiths Medical recently signed an agreement with its State Government and Secretary of Environmental Protection, committing to continue participation in similar projects.



Group overview

John Crane Sealing Systems, India: tree plantings

John Crane, India contributes to its community and the environment by planting trees within the facility and along public roads.



Our Code of conduct

Our Code at work

Environment, health and safety policy

Smiths Group is committed to achieving excellence in environment, health and safety performance.

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
September 2010

Energy and greenhouse gas policy

Smiths Group is committed to the efficient use of energy and natural resources and the reduction of greenhouse gases.

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 fulfill 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
July 2010

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