

The Smiths Supplier Code of Business Ethics

Introduction from Philip Bowman, Chief Executive

As a global company, Smiths Group interfaces with customers, shareholders and suppliers all over the world. These stakeholders, together with other organisations and individuals with which our businesses interact, take a close interest in what we do. Their opinions about Smiths are influenced by our actions and the actions of those who act with us or on our behalf. A good reputation is not just important to Smiths, it is essential to our ongoing success. A key determinant of this reputation is how we all behave, both as individuals and collectively.

In a complex world, it is impractical to set specific rules and regulations to cover every situation. Instead, we have a Code of Business Ethics that seeks to offer clear standards and guidance for the business dealings of every employee. We have adopted a similar set of minimum standards for the ethical behaviour of our Suppliers.

Our Supplier Code of Business Ethics applies to all Suppliers and their employees, agents, suppliers and others working on their behalf worldwide (collectively referred to here as Suppliers). It sets our minimum standards for their behaviour. Compliance with this Supplier Code helps to sustain and enhance the good reputation of both our Suppliers and Smiths and contributes to long term value creation for our shareholders.

Our objective is not only to protect the reputation of our Company and to safeguard the investment of our shareholders, but also to protect the larger interests of Smiths by ensuring legal and regulatory compliance and responsible behaviour.

The Board and senior executive management of Smiths endorse and support the Smiths Code of Business Ethics and this Supplier Code of Business Ethics. They are both available on the internet at <http://www.smiths.com/responsibility-code-of-business-ethics.aspx> and on Smiths intranet. We expect all Suppliers to adopt this Code or their unique Code if it meets the minimum standards set out below. We also expect them to participate in appropriate training regarding these minimum standards.

In conclusion, it is vitally important that Smiths and its businesses are, and can be seen to be, responsible and ethical participants in the markets in which we operate around the globe.

Comply with the law

1. Compliance with laws

- 1.1. Suppliers are required, as a minimum standard, to comply with all the laws and regulations of the countries in which they operate. This minimum standard includes compliance with laws prohibiting any form of bribery, corruption, sales or shipments to embargoed countries, restricting imports or exports, and other laws regulating business transactions.

Compete fairly

2. Competition

- 2.1. Smiths believes in competing fairly and vigorously in its market sectors. We expect our Suppliers not to engage in, nor be a party to, agreements, business practices or conduct that, as a matter of law, are anti-competitive.

Act with integrity in all business dealings

3. Proper business behaviour

- 3.1. We act with integrity at all times to safeguard the trust in which Smiths is held by its customers, shareholders, individuals, organisations and other suppliers with which our businesses interact. We expect our Suppliers to behave in the same way.
- 3.2. Suppliers will not engage in personal activities or public comments that are intended to damage Smiths business interests or reputation.
- 3.3. They will not offer, promise, give, demand or accept bribes or other unethical advantage, including excessive or frequent gifts and entertainment, in order to obtain, retain or give business or other advantage.

Treat other suppliers, partners and customers properly

4. Dealings with Suppliers, business partners and customers

- 4.1. Suppliers must work in partnership with Smiths and its other suppliers, so as to meet the expectations of our customers, and to ensure quality, value and timeliness throughout the supply chain.
- 4.2. Suppliers must respect and treat in accordance with agreed terms the physical property, IT equipment, communication resources, technology, intellectual property, confidential information, data and any other tangible or intangible assets received from Smiths, our customers, other suppliers and others.
- 4.3. Suppliers must insist and ensure their agents, suppliers and others working on their behalf act lawfully and ethically, and in accordance with the values and standards set out in this Code.

Treat co-workers respectfully

5. Employees

- 5.1. Suppliers must recruit, select, and promote their employees solely on the basis of qualifications, skills, aptitude and attitude.
- 5.2. In employment related decisions, Suppliers are required to comply with anti-discrimination requirements in the relevant jurisdictions concerning matters of race, colour, national origin, gender, marital status, sexual orientation, religious belief, age or physical or mental disability.
- 5.3. Suppliers must treat all employees with respect and dignity; harassment or bullying is unacceptable.
- 5.4. Suppliers are required to respect the rights of each employee to join or not join a trade union or other *bona fide* employee representative organisation.
- 5.5. Suppliers must practice good communications with employees and promote consultation, cooperation and teamwork on matters of mutual concern.

Contribute to healthy, safe and secure workplaces

6. Health, safety and security

- 6.1. Smiths requires Suppliers to remain committed to conducting all activities in a manner that achieves the highest practicable standards of health and safety.
- 6.2. Suppliers must protect their employees, physical assets, information and reputation from potential security threats.

Respect the environment

7. Environment

- 7.1. Suppliers must ensure that, as far as reasonably practicable, any detrimental effects from its activities, products and services upon the environment are minimised.

Contribute to communities

8. Communities

- 8.1. In addition to the provision of employment opportunities and training and development activities, Suppliers must seek, when appropriate, to contribute in some meaningful way to the communities in which they operate by participation in, and support for, community and charitable initiatives.
- 8.2. Suppliers must properly pay the taxes arising on their operations and activities whenever and wherever due.

Respect human rights

9. Human Rights

- 9.1. Smiths requires Suppliers to uphold all internationally recognised human rights wherever their operations are located.
- 9.2. Suppliers must adhere to all relevant government guidelines designed to ensure that products are not incorporated into weapons or other equipment used for the purposes of terrorism or abuse of human rights.
- 9.3. Smiths will not tolerate the use by Suppliers or their supply chains of child or compulsory labour, human trafficking, slavery and any behaviour that does not maintain human dignity and respect.

Maintain high standards of financial recordkeeping and reporting

10. Reporting and internal controls

- 10.1. Suppliers must record all business transactions accurately, prudently and transparently, in compliance with applicable accounting standards and recognised best practice.
- 10.2. Smiths requires Suppliers to practice comprehensive assessment and management of risk, and have strong systems of internal control as essential aspects of their structure and ensure that all risk is managed effectively and reported results are accurate.
- 10.3. Suppliers must maintain an independent internal or external audit function that monitors the effectiveness of internal controls, and an ongoing management process for identifying, evaluating and managing significant business risk and reporting to the Supplier's Board of Directors or other management structure as appropriate.

11. Application and compliance

- 11.1. Smiths Supplier Code of Business Ethics, or the Supplier's own Code of Ethics, should apply throughout any subsidiaries and to all their employees worldwide. It should be translated where appropriate, provided to employees in hard copy and be available on the Supplier's intranet site or other electronic medium. Disregard or breach of Smiths Supplier Code, or the Supplier's Code of Ethics, by an employee should result in appropriate disciplinary action.
- 11.2. Smiths Supplier Code of Business Ethics is not intended to replace Suppliers' existing policies or those of its subsidiary businesses. We expect our Supplier Code, or your own Code of Ethics, to serve as a governing document to which your internal policies must adhere. In addition to the Supplier's policies and those of its subsidiaries, their Code of Ethics should be supported by a question and answer booklet or other guidance and training.

- 11.3. Where a Supplier is a participant in any joint venture or commercial sharing arrangement, it must seek, as far as practicable, to ensure that the combined business venture complies with Smiths Code of Business Ethics or the Supplier's own comparable Code of Business Ethics.
- 11.4. Suppliers must expect and encourage employees to bring promptly to management's attention any suspected or actual breaches of their Code of Business Ethics. Any employee making such information known through the appropriate channels should not face any adverse or unfavourable treatment for such disclosure. Likewise, Smiths expects Suppliers and their employees to bring to our attention any actions by a Smiths employee that the Supplier believes is inconsistent with our Code of Business Ethics.
- 11.5. Smiths reserves the right to end a business relationship with any Supplier if any of its officers, directors or employees is found to have violated our Supplier Code of Business Ethics. We also reserve the right to conduct enquiries and investigations of Suppliers' conduct to satisfy ourselves that these minimum standards are being met.

Obtaining advice and reporting issues

All reports should be treated confidentially and investigated properly and promptly.

Suppliers and their employees may inform the Smiths Ethics Alertline by an e-mail to EthicsAlertline@smiths.com of any action by a Smiths employee that they believe is inconsistent with Smiths Code of Business Ethics.