

smiths

Engineering a better future

Sustainability at Smiths report
FY2024



Welcome

Welcome to our Sustainability at Smiths FY2024 report.

Our purpose

We are focused on solving the toughest problems for our customers, helping address critical global needs such as safety and security, decarbonisation and the ever-increasing demand for data connectivity. At the same time, we are building the long-term resilience of Smiths Group and our global operations.

We are pioneers of progress – engineering a better future.

How to navigate this report

Throughout this report you will find extra information, performance data and links to additional data in the right-hand column.

Supporting data, statistics or insights

→ Links to additional content within the report

Pointers to additional external content

Quotes from our team and highlights

Use the links to navigate around the report and access external content.

Read more about us in our Annual Report Read more about the Group on our website www.smiths.com

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About this report

This is the FY2024 Sustainability at Smiths report of Smiths Group plc.

Data presented in this report is for the 12 months to 31 July 2024 unless otherwise stated.

A message from our CEO



Our ESG framework

See how we organise our ESG commitments and objectives.

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Sustainable Development Goals

Read how we are contributing to the UN SDGs.

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The Smiths Group Foundation

We were excited to launch our new Foundation during the year.

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ESG data disclosures

See our expanded ESG data disclosures.

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Material ESG topic



As an engineering company with a 170-year history, our foundations rest on innovation, pragmatism and continuous improvement, and we are hard wired to create value.

We take the same approach to sustainability matters, with an objective to minimise our net impact and create positive impacts where we can. Ultimately this is what our customers are asking for, as well as being an important goal in its own right, and inspiring for our people.

This report describes the great progress we have made during the year on all aspects of ESG. Smiths technology is supporting customers in their sustainability goals across the world – to lower emissions, to electrify, to transition to new fuels like hydrogen, and to use and waste less. Our technology is also keeping people and property safe and secure in a time of growing instability and threat.

Our own safety performance is above industry average, but we know we can always do better to keep our people safe from harm. We have hit all of our environmental targets and have set new ones for the coming three years on emissions, energy efficiency, renewable electricity, water and waste. We have also increased interrogation of our supply chain to better align supplier commitments with our own and support us to create value at every stage of the product cycle.

We have great people, and our culture is strong. Our commitment to nurturing and developing Smiths talent is unwavering, as is our focus on diversity and inclusion. Bringing diverse views into the company and giving people the confidence to speak out drives the innovation and new ideas that benefit us all.

My thanks to Smiths colleagues for everything they have done during the year.

#ProudtoBeSmiths

Roland Carter
Chief Executive Officer



Our top five material ESG topics

Improving safety, health and well-being

Caring for our people is an essential pillar and our number one focus.

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Commercialising high-value green technologies

Applying our capabilities to innovate practical, commercial solutions that solve customers' environmental needs is a key vector for growth.

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Delivering Net Zero GHG

We have committed to ambitious Net Zero emission targets validated by the SBTi.

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Supply chain

Confidence, transparency and the ability to effect change in our supply chains is critical to manage risk and make progress on ESG.

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Behaving ethically and legally

Behaving ethically and with integrity is a fundamental part of our culture and vital in our markets.

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Our ESG framework

We organise our ESG commitments, objectives and reporting in our ESG framework. In FY2023 we undertook a double materiality assessment (DMA) to identify our most material ESG issues and test the framework. Read more about the outcome of the DMA on www.smiths.com

Material ESG topic



Commercialising high-value green technologies

- Strong and growing portfolio of green technologies
- John Crane now present in approximately 70 energy transition-related hydrogen and carbon capture, utilisation and storage (CCUS) projects

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Delivering Net Zero GHG

- Climate/Net Zero transition plan validated by Science-Based Targets initiative (SBTi)
- Scope 1 & 2 emissions down 10.7% during the year
- 73% renewable electricity

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Developing and attracting talent

- 75% of open senior roles filled by internal candidates
- 555 participants in Accelerate leadership programme
- Grew Veterans network and signed UK Armed Forces Covenant

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Contributing to our communities

- First grants by Smiths Group Foundation – c.£1m distributed to 11 organisations

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Behaving ethically and legally

- No human rights issues identified
- Ethics and compliance workshops held in India and Latin America

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Managing risk and maintaining strong and effective controls

- Refreshed Group Policies on facilitation payments and anti-corruption

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Respecting natural resources

- 68 sites with ISO 14001 certification
- 30 water saving projects since FY2021
- New Water and Waste Policies

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Supply chain

- Moving to standardised and disciplined approach to supplier management across Smiths
- Invested in EcoVadis supplier management platform

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Improving safety, health and well-being

- Most material topic to Smiths
- 15% reduction in total number of incidents
- 71 sites with ISO 45001 certification
- Launched new Health, Safety and Well-being Policy

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Promoting diversity, equity and inclusion

- 27% of senior leadership roles held by women
- 372 participants in #EmpowerYou workshops
- Equal pay auditing now business as usual

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Effective long-term decision making and transparency

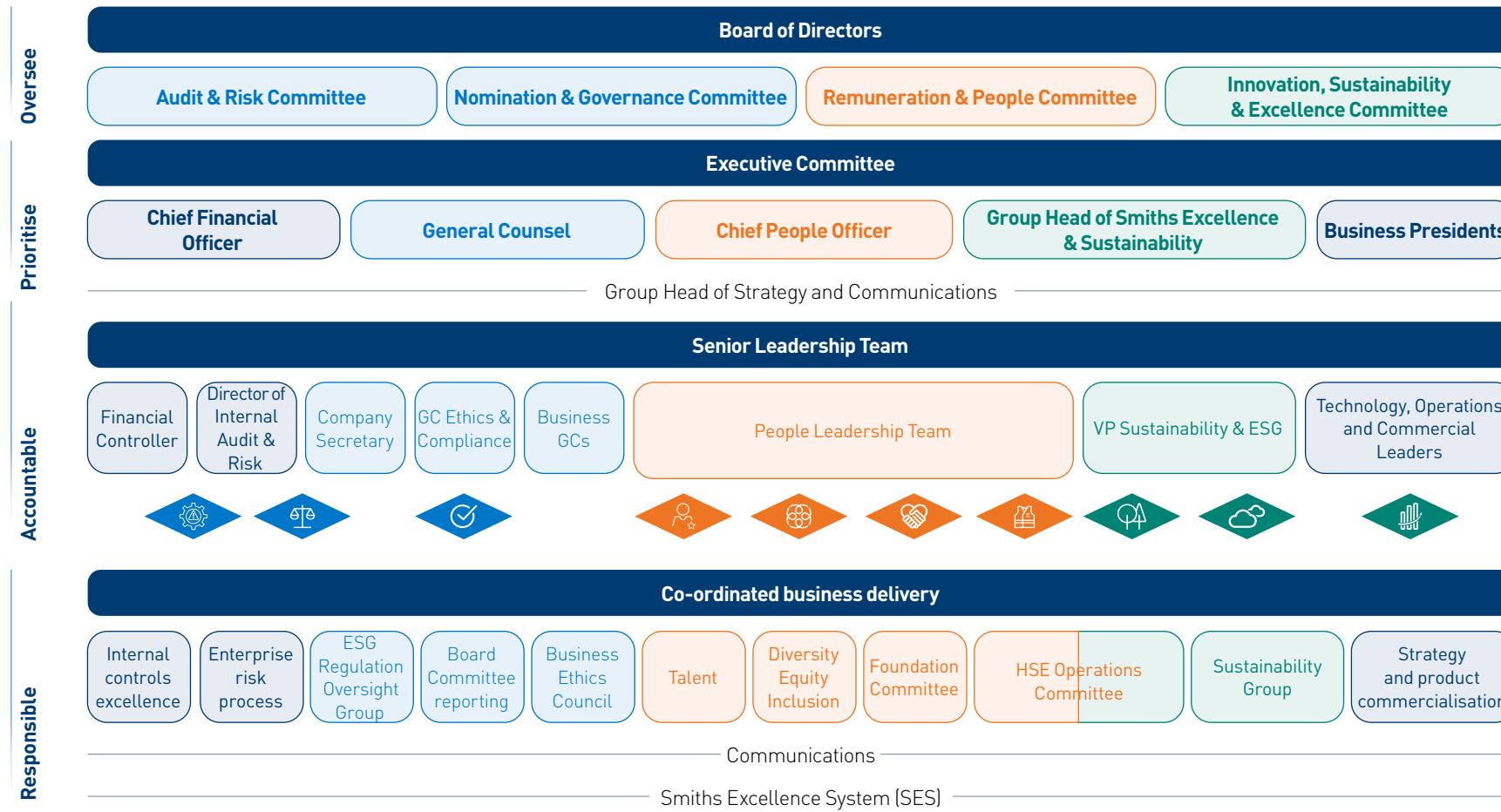
- Board discussions on Net Zero plan, environmental performance and targets, people strategy, safety performance and Speak Out reports

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Governance and delivery

The Smiths Board of Directors and Executive Committee have ultimate responsibility for Smiths Group's ESG performance and associated governance and oversight. Our collaborative model enables us to bring together the skills and knowledge of our Board, our Executive team and our business leaders to harness the knowledge and skills of the whole Group to drive and deliver innovation, effective execution and best practice. See page 35 for a description of our Board Committees and their responsibilities.

Our governance and delivery organisation





Smiths uses its strength in engineering and technology to contribute to the energy transition in ways that are sustainable, resilient and pragmatic.

The Innovation, Sustainability & Excellence Committee (formerly known as the Science, Sustainability & Excellence Committee) changed its name during the year to better reflect its remit and the matters we oversee at Smiths. While based on science, it is through innovation that we have impact.

Reward incentives

Since FY2022 we have had reward incentives aligned with our GHG emissions targets and SBTi trajectory. This will continue in FY2025 for both our Annual Incentive Plan (AIP) and Long-Term Incentive Plan (LTIP), with both calculations based on rewarding quality of delivery.

The Committee receives regular updates from our businesses on innovation and the commercialisation of new products. From the sustainability point of view, it is an exciting time – Smiths technology and engineering capabilities mean we are working at multiple points in the emerging Net Zero ecosystem including hydrogen, CCUS, industrial and domestic electrical heating, and electrical infrastructure. It's an engineering challenge that suits us. John Crane continues to win new business in hydrogen and carbon capture projects, and we note the development of new technology at Interconnect that reduces power loss in industrial batteries and the expansion of Smiths Detection's refurbishment and recycling programme.

In terms of the sustainability of our own operations, we have seen the milestone validation of our Net Zero plans by the SBTi and have agreed new environmental targets for the next three years focusing on emissions, water, waste, circularity and biodiversity projects. The Committee was very pleased that we either met or exceeded all targets set for the three-year period to FY2024 and have, again, recommended alignment of reward incentives with our Net Zero trajectory.

Our SES tools and infrastructure will support this continuous improvement as it embeds fully into day-to-day work.

The Committee notes upcoming changes to ESG reporting regulations including the Corporate Sustainability Reporting Directive (CSRD) with which Smiths will be required to comply.

We thank Smiths colleagues for their continuing efforts. As you will read later in this report we have an exceptionally talented team. As an academic engineering researcher and teacher, working with the Smiths team is uplifting, and it is the same for my fellow Board members. Between us we have years of expertise that we can bring into the company. I am continually impressed by the ingenuity the team demonstrates as an innovative idea is developed into a successful product or process. It is inspiring to hear of the achievements of our engineers as they progress in what are enormously rewarding and impactful careers.

Dame Ann Dowling

Chair, Innovation, Sustainability & Excellence Committee



Read more

Read more about our environmental targets and calculations on

[→ Pages 17 and 20](#)



Footnotes

1 5.5% including Heating and Cooling Products (HCP) acquisition.

Annual Incentive Plan (AIP)

Performance over one-year period (approximately 6,500 colleagues in AIP).

Measure	FY2024		FY2025		
	Target	Weighting	Achieved (Group)	Target	Weighting
Energy efficiency/reduction Incentivises energy reduction as foundation of Net Zero plan and promotes culture change	4.5% improvement in efficiency	10%	5.9%¹	2% year-on-year reduction in absolute MWh consumed	10%

Long-term Incentive Plan (LTIP)

Performance over three-year period.

Measure	Target	Weighting	Achieved (Group)	Target	Weighting
Absolute Scope 1 & 2 GHG emissions reduction Incentivises resource investment in support of Net Zero	15–20% reduction by FY2026	15%	–	15–20% reduction by FY2027 within a framework to cap the use of renewable energy certificates (RECs)	15%

Monitoring, measuring and reporting performance

Metrics and disclosures

Our ESG metrics and targets are incorporated into Smiths overall business performance dashboard. They are reviewed annually to ensure that they remain aligned with business priorities and are cascaded down through our business and functional operating units.

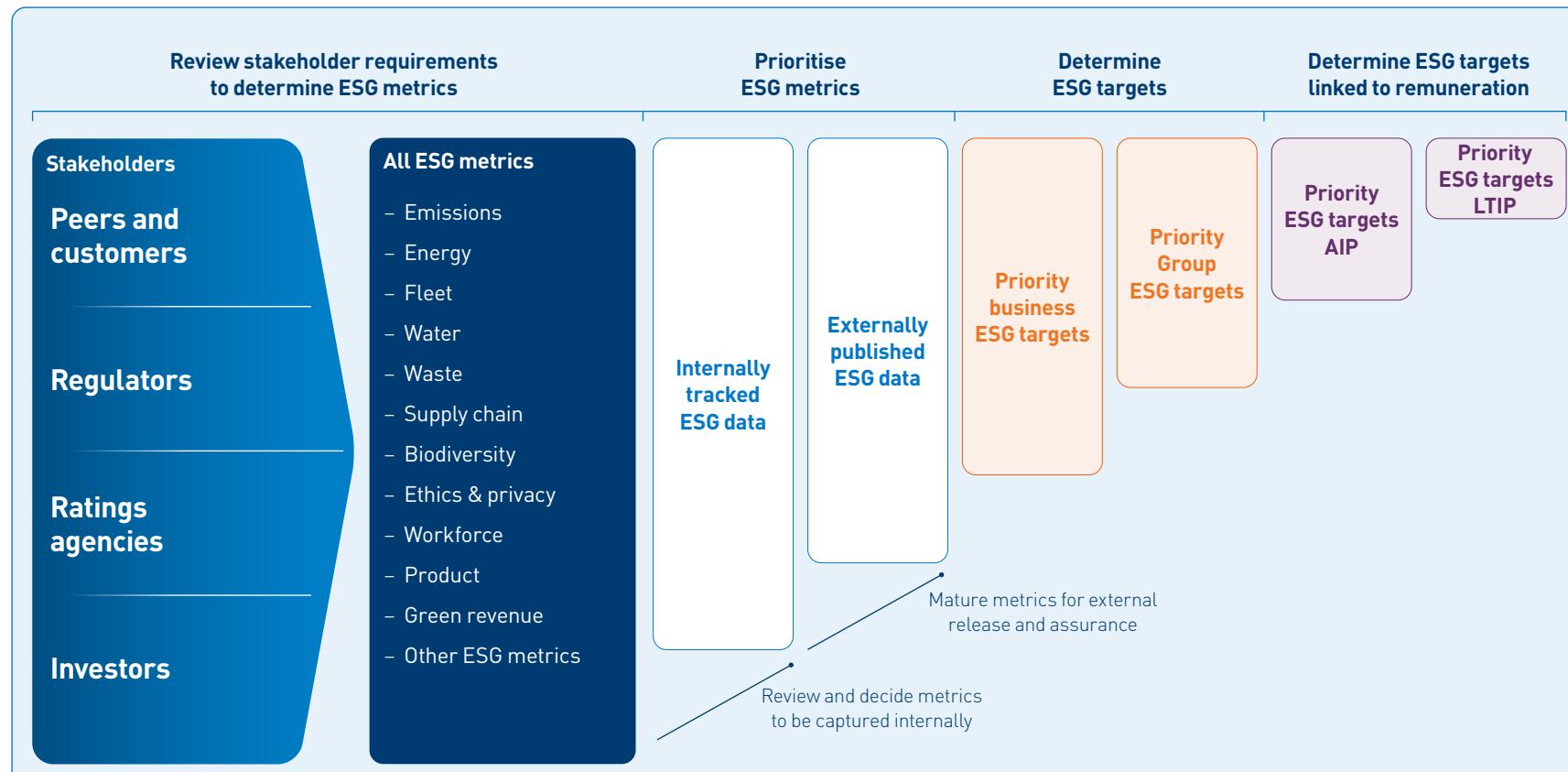
They are reported to, and discussed by, the Executive Committee as well as the Board and its Committees.

To support the dynamic and maturing nature of sustainability disclosures and a broad range of stakeholder needs we have initiated a formal path for

continuous improvement of data quality, prioritisation and transparency (see below).

This year we significantly expanded the data that we disclose. See our ESG data disclosures on page 39.

Development and maturity of ESG metrics over time



External frameworks and scores

We benchmark and evaluate progress to ensure that we are learning from our peers, sector leaders and subject matter specialists. The measures used by third-party ratings agencies and framework developers help us to identify opportunities for improvement in our reporting, planning and prioritisation of ESG matters.

We are fully supportive of emerging sustainability reporting obligations, and we are preparing the business and internal workstreams for this enhanced reporting.

Rating agency	
FTSE4GOOD July 2023	Constituent member of the FTSE4Good index
CDP 2023 score for FY2022 data	B
MSCI	AA
Sustainalytics	25
ISS ESG	1 = Governance 2 = Social 2 = Environment

Task Force on Climate-related Financial Disclosures (TCFD)	<ul style="list-style-type: none"> – Disclosure compliant with TCFD requirements – In FY2024 undertook full review of climate scenario analysis work from 2022 and introduced additional climate-related metrics and targets – In FY2025 (the end of our three-year cycle) we plan to undertake a review and new climate scenario work in line with latest best practice – See TCFD disclosure in our FY2024 Annual Report
CDP	<ul style="list-style-type: none"> – Participate annually in CDP climate and water assessments – In FY2025 we will participate in CDP assessments covering climate and water
Global Reporting Initiative (GRI)	<ul style="list-style-type: none"> – Disclosure consistent with GRI Standards
Sustainability Accounting Standards Board (SASB)	<ul style="list-style-type: none"> – In FY2024 we initiated collection of data related to activity and performance metrics included in the SASB Standards for the sub sectors considered most closely aligned to Smiths businesses: Electronic & Electronic Equipment; Aerospace & Defence; Industrial Machinery & Defence; Electronic Manufacturing & Original Design Manufacturing – A report containing this data is available on www.smiths.com
Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy and Task Force on Nature-related Financial Disclosures (TNFD)	<ul style="list-style-type: none"> – Considering response in line with our obligations
Corporate Sustainability Due Diligence Directive (CSDDD)	<ul style="list-style-type: none"> – Considering response in line with our obligations

Monitoring our culture

We recognise that a healthy culture requires continuous care and attention to support our ambitions.

We have been tracking colleague engagement on cultural measures since 2017. Our annual My Say survey is used to surface issues and more precisely understand what we are doing well and where we need to do better, both at a high level and at the grassroots in individual teams. In FY2024 85% of employees completed the survey and our overall engagement score of 75 was up two points on the prior year and above industry benchmark. Key strengths were identified as safety; being treated with respect; commitment to the environment; and empowerment. Key opportunities for improvement were identified as offering equal opportunities to succeed; recognition; and career opportunities.

Results from the survey and recommendations are reported to, and discussed by, the Executive Committee and the Smiths Board before being incorporated into strategic planning to prioritise action in lower scoring categories. Each business and function have also identified improvement opportunities to work on in the coming year.

In addition to the My Say survey, we undertake a regular Ethics pulse survey, which delivers rich data on colleague perceptions of ethics matters. This data is reported to the Audit & Risk Committee.

United Nations Sustainable Development Goals (SDGs)

Business has a vital role to play in delivering the UN SDGs. Our business activities, the way we operate, and our ESG framework and priorities enable us to contribute in a meaningful and practical way to seven of these critical global goals.

SDG	Indicator	Our contribution
 3 – Good health and well-being	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	<ul style="list-style-type: none"> – Our environmental and safety policies and standards ensure that we manage our sites responsibly and mitigate environmental pollution risks arising from our activities – All Smiths operational sites with over 100 colleagues are required to be certified under ISO environmental and safety standards (14001 and 45001) – We had no spills or environmental compliance penalties or fines in FY2024 – Products in our John Crane portfolio stop environmental pollutants leaking into air, water and soil
 5 – Gender equality	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	<ul style="list-style-type: none"> – We are focused on proactively increasing the number of women in all roles at Smiths – We have 4 female members of our Executive Committee (36%) and 4 female Board members (40%) – 27% of senior leadership positions were held by women in FY2024
 7 – Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency 7 a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	<ul style="list-style-type: none"> – 73% of our electricity use was renewable in FY2024 – We improved energy efficiency by 5.5% in FY2024 – Products across our portfolio support energy efficiency, decarbonisation and clean energy in response to climate change

SDG

Indicator

Our contribution



8 – Decent work and economic growth

- 8.4** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead
- 8.7** Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
- 8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

- Products across our portfolio support energy efficiency, decarbonisation and clean energy in response to climate change
- We measure, target and report: energy use; energy efficiency; water use; non-recyclable waste; packaging, water and biodiversity projects
- Our Human Rights Policy is guided by international human rights principles and covers elimination of forced/involuntary labour and child labour; humane treatment in the workplace; and right to a living wage
- We expect those who have a business relationship with us to share our commitment to human rights and the elimination of modern slavery as required by our Supplier Code of Conduct
- Keeping our colleagues safe in the workplace is our number one priority



9 – Industry, innovation and infrastructure

- 9.1** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- 9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
- 9.5** Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending
- 9.c** Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020

- Smiths Detection's threat detection and screening technologies enable safety, security and freedom of movement
- Products across our entire portfolio support energy efficiency, decarbonisation and clean energy in response to climate change
- Our R&D spend was £109m in FY2024, 3.5% of revenue
- 28.5% of our FY2024 revenue came from products launched in the last five years
- Products in our Smiths Interconnect portfolio enable faster data connectivity and satellites

SDG

Indicator

Our contribution



12 – Responsible consumption and production

- 12.2** By 2030, achieve the sustainable management and efficient use of natural resources
- 12.4** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
- 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- 12.6** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

- We measure, target and report: energy use; energy efficiency; water use; non-recyclable waste; packaging, water and biodiversity projects
- Our environmental and safety policies and standards ensure that we manage our sites responsibly and mitigate environmental pollution risks arising from our activities
- All Smiths operational sites with over 100 colleagues are required to be certified under ISO environmental and safety standards (14001 and 45001)
- We had no spills or environmental compliance penalties or fines in FY2024
- In FY2024 we invested in the EcoVadis supplier management platform to help us manage supplier relationships and so explicitly support our ESG commitments
- Smiths Detection is expanding the use of recycled and refurbished parts and units in its ecosystem
- The Smiths Detection and John Crane service networks are keeping customer hardware in service for longer



13 – Climate action

- 13.2** Integrate climate change measures into national policies, strategies and planning

- We have signed up to the 1.5°C Business Ambition under the UN Race to Zero, covering Scope 1, 2 and 3 GHG emissions for our operations and value chain
- Our Net Zero/climate transition plan and trajectory validated by the SBTi in December 2023
- We have undertaken climate scenario analysis work and make climate-related disclosures consistent with all of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in our Annual Report
- Products across our entire portfolio support energy efficiency, decarbonisation and clean energy in response to climate change

Environment



Smiths has had environmental targets since 2007.

Effectively managing and reducing environmental impact is important to our people, increasingly a prerequisite for our customers, and our duty as a responsible global company. This is a natural activity for an organisational culture highly focused on Lean and continuous improvement across all matters and processes through our embedded Smiths Excellence System.

We have made great progress this year across all metrics and have confidently set new targets for the next three years, along with broadening our disclosures.

We have also taken significant steps towards greater transparency and alignment of our supply chain with our broader set of ESG objectives."

Kini Pathmanathan

Group Head of Smiths Excellence & Sustainability



Commercialising high-value green technologies

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Delivering Net Zero GHG

→ Page 14



Respecting natural resources

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Commercialising high-value green technologies



Our unique engineering capabilities and pioneering spirit position us strongly to support customers in multiple industry sectors as they seek to decarbonise and deliver next-generation efficient and sustainable infrastructure and processes. Applying our capabilities to innovate and develop practical, commercial solutions that solve customers' environmental needs is a key vector for growth.

Sustainability solutions

Ambitious global commitments to Net Zero and other environmental matters are driving profound transitions and demand for innovative solutions across the markets we serve.

The need to cut global emissions is driving greater energy efficiency in all sectors as well as accelerating the adoption of electrification and alternative/low-carbon fuels. Eliminating waste, improving sustainability and ensuring natural resources and environments are used and inhabited sensitively is a growing requirement. Circular economy and service solutions are gaining traction to reduce environmental footprint, waste and cost.

Our portfolio of green technologies is strong and growing and is enhanced by existing capability – such as John Crane seals – leveraged in new and adjacent market segments.

Each of our businesses has active development projects that address customer needs for sustainability performance. Top growth programmes are identified as part of our strategic planning processes and are accelerated for investment and launch.

Commercialisation of these programmes is overseen by the Executive Committee and the ISE Committee of the Board, which holds regular innovation deep-dives with our business teams.



Markets and sustainability megatrends

Read more on our markets and sustainability megatrends in our Annual Report

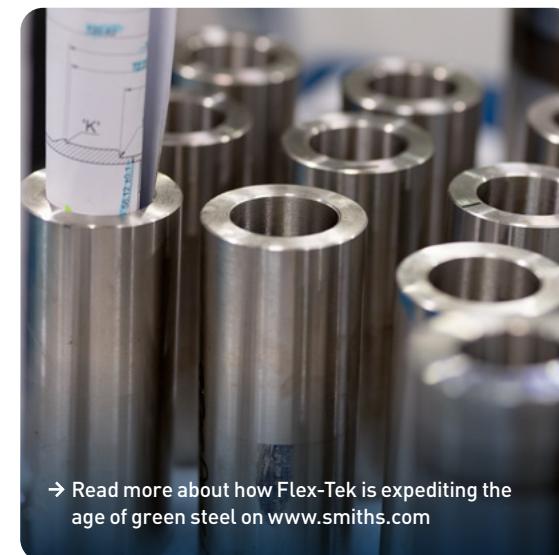
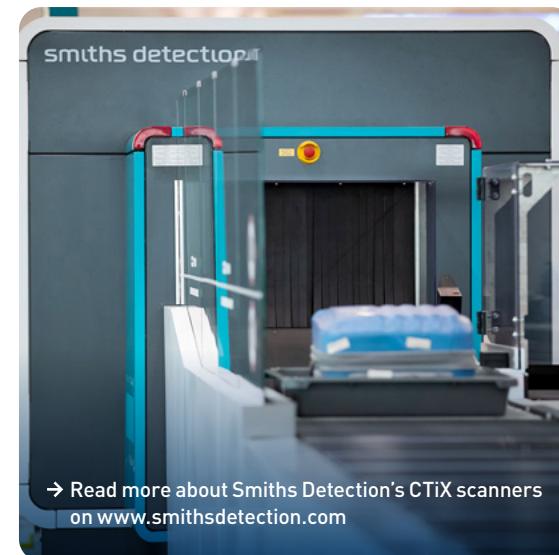


£109m

R&D spend in FY2024



Material ESG topic



Distribution of Smiths green technology

Efficiency and circular economy solutions

Solutions that help our customers to use less, waste less and reduce emissions

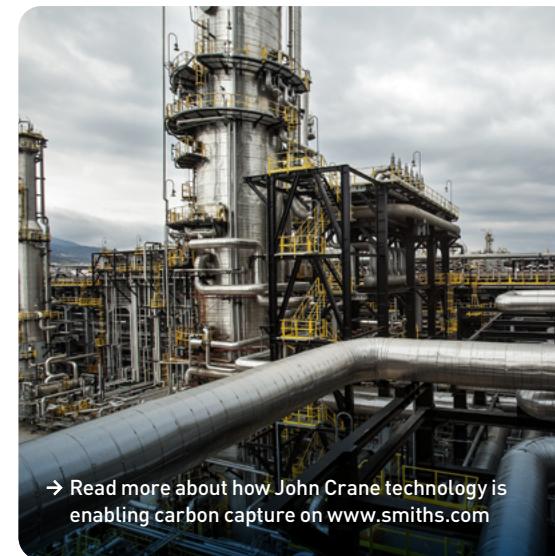
- Lower emission oil & gas value streams
- Resource efficiency in industrial processes
- Water reduction for process industries and energy transition minerals
- Effective and lower energy safety and security infrastructure
- Detection solutions for resource mining and recycling
- More efficient buildings
- Smaller, lighter and more efficient connectivity components

John Crane

Smiths Detection

Flex-Tek

Smiths Interconnect



Green electrification

Solutions that help our customers move away from fossil fuels to green electricity

- Electrical heating for buildings and industrial processes
- High-power connectors for electricity transmission

Flex-Tek

Smiths Interconnect

Low-/no-carbon fuels

Solutions that help our customers to produce, transport, store and use new fuels

- Compression, transportation and storage of hydrogen
- Pumping and filtration of biofuels, synthetic and other low-carbon fuels

John Crane

Flex-Tek

Carbon capture

Solutions that help our customers capture, transport and sequester carbon

- Carbon capture technology
- Carbon transport and storage

John Crane

Key actions/activities in FY2024

- John Crane now present in approximately 70 energy transition-related hydrogen and CCUS projects
- John Crane contract to supply dry gas seals for three supercritical compressors in a large-scale blue hydrogen plant in Texas, USA
- John Crane contract to supply wet seals for almost 100 pumps at an electric battery manufacturing facility in Tennessee, USA
- John Crane partnership to provide dry gas seals and filters for CO₂ compressors on the world's largest offshore CCUS facility, Malaysia
- Expansion of Smiths Detection CTiX scanner fleet which uses up to 20% less electricity than alternative systems
- Continued innovation in Flex-Tek's range of building efficiency products including refrigerant line sets and insulated ducts
- Launch of Smiths Interconnect Hypertac Green Connect™ technology to reduce power loss in industrial batteries

Priorities for FY2025

- **John Crane** – continued focus on improving efficiency and reducing emissions in traditional energy settings as well as expanding our footprint in new energy projects
- **Smiths Detection** – secondary mining/recycling projects as well as steel screening and battery pre-sorting. Continued focus on extending the scope of the refurbishment programme to increase equipment longevity
- **Flex-Tek** – continued focus on improving efficiency in traditional HVAC systems and aerospace ducting as well as expanding our presence in electrical industrial process heating
- **Smiths Interconnect** – continued focus on disruptive manufacturing to improve size/weight/power characteristics of connectors, interposers, etc.

Delivering Net Zero GHG



In FY2022 Smiths committed to ambitious Net Zero targets that align us with the UN's critical global climate objectives and the ambition to limit global warming to 1.5°C. We signed the 1.5°C Business Ambition under the UN Race to Zero, covering Scope 1, 2 and 3 GHG emissions in FY2023 and our Net Zero/climate transition plan was validated by the SBTi in FY2024.

Our transition plan describes how, through consistent focus and targets across all aspects of our business, we will deliver Net Zero emissions from our operations (Scope 1 & 2) by 2040 and our value chain (Scope 3) by 2050.

Metrics

- Energy use
- Energy efficiency
- Scope 1 & 2 emissions
- Scope 3 emissions by category
- % renewable energy
- % fleet electric vehicles
- % of supplier spend with SBTIs

Group policies

- Environmental Sustainability Policy
- ESG Supply chain Due Diligence Policy

Path to Net Zero

For Scope 1 & 2 our critical path is based on energy efficiency, green electricity and alternative fuels. For Scope 3 our critical path is based on supplier engagement and reporting, supplier science-based targets and external transition including grid decarbonisation.

The principles driving our paths are:

- Granular understanding of all contributing sources and focus on data quality and integrity
- Balanced portfolio of actions with energy-saving activities as the foundation
- Bespoke emission reduction plans for each of our businesses working within agreed Group priorities and energy preference hierarchy (see right)
- Action material decarbonisation opportunities to frontload our trajectory
- Supplier engagement and due diligence implementation
- Focus on emissions from Smiths Detection products in use
- Use SES tools to expedite projects
- Embed decarbonisation plans into business planning and budget cycles

- Group action as appropriate, e.g. procurement activity; resource and IT investment
- Understand risks/challenges to maintain flexibility
- Share best practice
- Colleague engagement and culture change



(10.7)%

Absolute Scope 1 & 2 GHG reduction in FY24

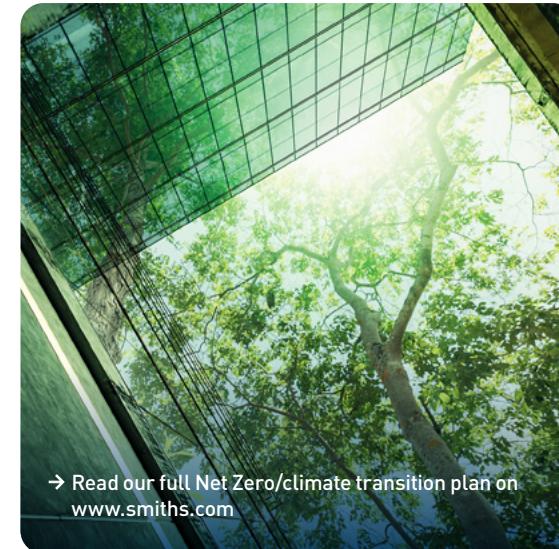
See page 39 for all our environment data

Energy preference hierarchy:

1. Energy efficiency
2. Self-supply
3. Purchase power agreements (PPAs)
4. Green tariffs
5. Bundled renewable energy certificates (RECs)
6. Unbundled RECs
7. Brown energy

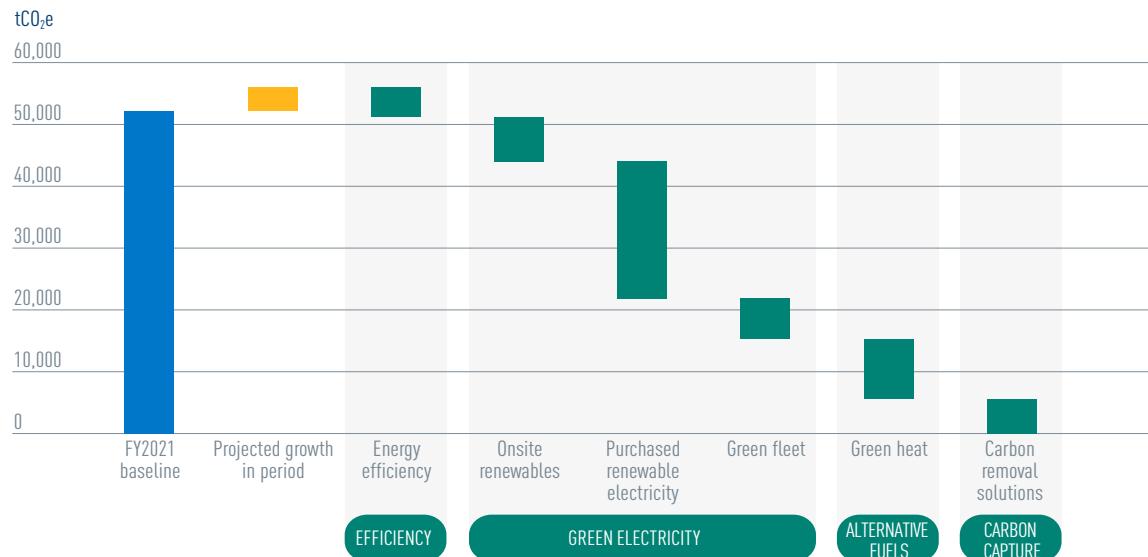


Material ESG topic

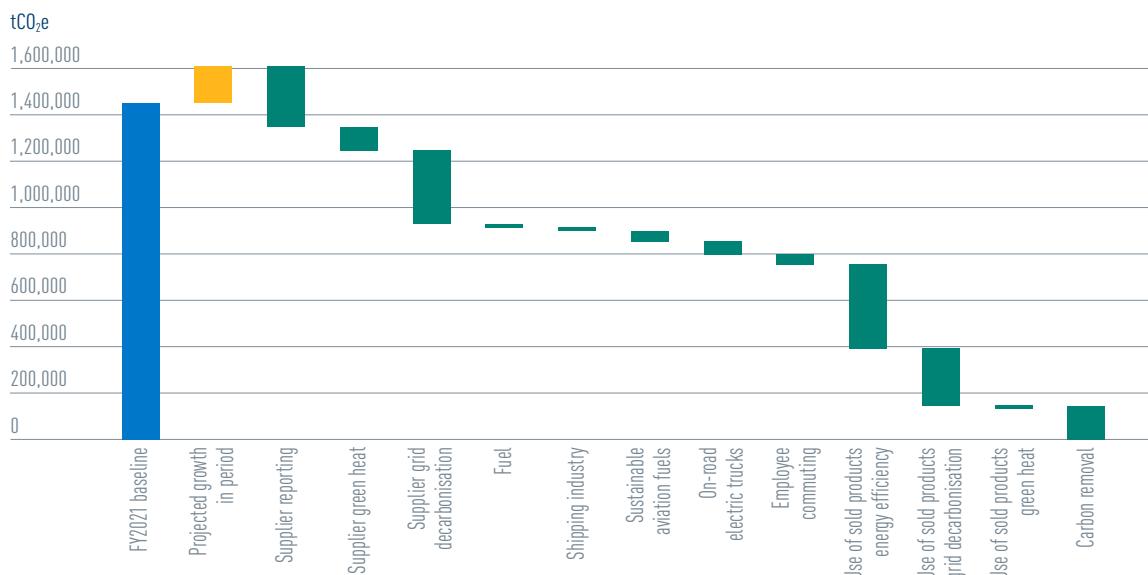


→ Read our full Net Zero/climate transition plan on www.smiths.com

Scope 1 & 2 operational transition to Net Zero by 2040



Scope 3 value chain transition to Net Zero by 2050



Key actions/activities in FY2024

- Met annual energy efficiency and Scope 1 & 2 reduction targets
- Set new three-year Scope 1 & 2 reduction targets FY2025 to FY2027
- Net Zero targets validated by SBTi
- Expanded data disclosures significantly
- Developed site energy inventories to enable targeted action
- Central and in-depth understanding of renewable energy across the estate to enable decision-making
- Introduction of data dashboards
- Implemented EcoVadis supplier assessment and management system
- Accelerated roll out of electric vehicles from 17 to 112 (10% of fleet)
- Transition to global travel booking platform that supports emissions reporting and user ability to choose more environmentally friendly travel options



Read more

Read our full Net Zero/climate transition plan on www.smiths.com



73%

Renewable electricity



77

Favourable score for commitment to environment in My Say survey

Priorities for FY2025

- Develop renewable electricity procurement strategy
- Transition to live data on small sites (50% of sites; c.20% of emissions, including fleet) and fleet
- Grow supplier base on EcoVadis
- Update Scope 3 Category 1 (purchased goods and services) methodology to provide more granular data
- Undertake updated scenario analysis work on climate risk and resilience (TCFD)
- Progress solar installation projects
- Continue expansion of electric vehicles

Key FY2024 projects

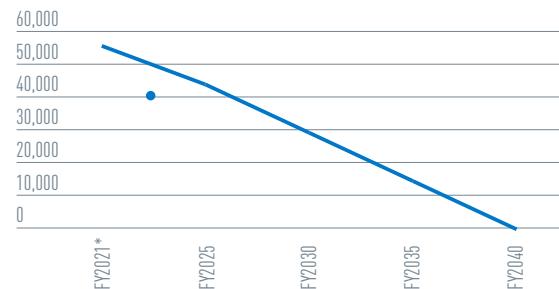
	Estimated annual MWh saved	Top projects
John Crane	575	<ul style="list-style-type: none"> - Hněvotín LED lighting - Rio Claro solar installation
Smiths Detection	625	<ul style="list-style-type: none"> - Vitry and Hemel Hempstead PV panel planning - Vitry boiler room upgrade
Flex-Tek	290	<ul style="list-style-type: none"> - Kreisler Industrial Corp LED lighting - Royal Metals compressor
Smiths Interconnect	185	<ul style="list-style-type: none"> - Costa Rica heat exchanger efficiency - Costa Rica compressed air system optimisation - Tampa LED light retrofit
China	45	<ul style="list-style-type: none"> - John Crane Tianjin replacement absorption dryer - John Crane Tianjin solar streetlights

Our performance and targets

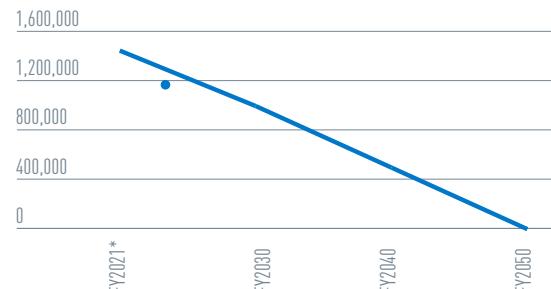
In FY2023 we achieved the renewable electricity and Scope 1 & 2 targets set for the three-year period FY2022 to FY2024. See our FY2023 Sustainability at Smiths report for details.

FY2024 performance vs trajectory required to hit SBTs

Scope 1 & 2



Scope 3



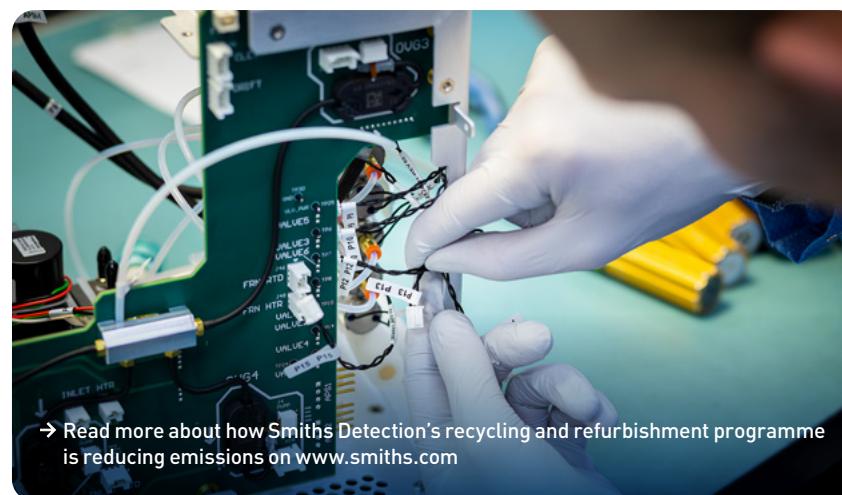
Read more on

→ Page 17



Footnotes

* FY2021 baseline plus expected growth in the period.



FY2024 performance

	FY2024	FY2023	Change	Target	Target achieved	Linked to remuneration Read more on page 5
Energy use MWh	215,027 Δ	218,094	(1)%	-	N/A	
Energy efficiency ¹	5.5%	7.9%	-	4.5% Group improvement vs FY2023 ²	✓	✓ Annual Incentive Plan
Renewable electricity	73%	70%	-	66% by FY2024	✓	
Electric vehicles – % of fleet	10%	-	-	-	N/A	
Scope 1 & 2 emissions tCO ₂ e ³	40,759 Δ	45,649	[10.7]%	SBTi trajectory	✓	✓ Long-Term Incentive Plan
Scope 3 emissions tCO ₂ e ⁵	1,170,000 Δ	1,380,000	(15)%	SBTi trajectory	N/A	

Limited assurance

KPMG has provided limited assurance under ISAE (UK) 3000 and 3410 over selected FY2023 and FY2024 information marked with Δ. For the full assurance opinions for FY2023 and FY2024 please see www.smiths.com

New targets

Smiths has set the following targets from FY2025.

	Target	Commentary	Linked to remuneration Read more on page 5
Energy reduction ¹	2% reduction in MWh FY2025 vs FY2024	Continues to incentivise energy reduction as foundation of Net Zero plan and promotes culture change.	✓ Annual Incentive Plan
Renewable electricity	80% by FY2027	Continues to frontload trajectory and support global grid decarbonisation.	
Scope 1 & 2 emissions tCO ₂ e ²	17.5% reduction by FY2027	Continues to incentivise resource investment in support of trajectory.	✓ Long-Term Incentive Plan
Supplier engagement	40% of supplier spend evaluated on EcoVadis by FY2027	Supports procurement and supplier behaviour towards a sustainable supply chain.	
Supplier engagement Scope 3	25% of supplier spend committed to SBTi targets by FY2027	Supports our 2050 SBTi commitment Currently c.10%	

Disclosures

Our Streamlined Energy and Carbon Reporting (SECR) disclosure is provided in our FY2024 Annual Report. A more detailed breakdown of our energy and GHG data can be found on page 39. Details of our GHG Inventory Management Plan can be found on www.smiths.com



Footnotes

1 The energy efficiency ratio is expressed as the MWh energy consumed (excluding renewable electricity produced and consumed onsite), divided by the local-currency revenue at budget FX rates (excluding price growth within the measurement year). Includes HCP acquisition; 5.9% excluding HCP acquisition.

2 Target excludes acquisitions.

3 Scope 1 & 2 GHG emissions calculated in accordance with the WRI/WBCSD Greenhouse Gas Protocol.

4 (14.3)% excluding HCP acquisition.

5 SBTi target has been verified in FY2024. We anticipate updating our Scope 3 target next year, incorporating advancements in methodology to ensure continued alignment with best practices.



Footnotes

1 Year-on-year reduction in absolute MWh consumed (target depending on revenue).

2 Scope 1 & 2 GHG emissions calculated in accordance with the WRI/WBCSD Greenhouse Gas Protocol.

Respecting natural resources



Natural resources are finite. We believe that all businesses have a responsibility to use them respectfully and safely – this includes responsible sourcing and minimising consumption as well as preventing environmental pollution and biodiversity impact. Our longstanding commitment to non-GHG resource targets, environmental standards and stewardship are both the right thing to do and valued by our customers as they seek to manage their own environmental footprints.

Metrics

- Water use in stressed areas
- Number of water projects
- Waste by type
- Waste recycled
- Number of waste/circularity/packaging projects
- Number of biodiversity projects
- Number of sites with ISO14001 certification

Group policies

- Environmental Sustainability Policy
- Water Policy
- Waste Policy
- ESG Supply chain Due Diligence Policy
- Health, Safety and Environmental Management Systems Policy
- Health, Safety and Environmental Reporting Policy



68

Sites with ISO14001 certification

Environmental management

Our comprehensive portfolio of environmental and safety standards ensures that we manage our sites responsibly and mitigate any environmental pollution and safety risks arising from our activities and use of controlled substances such as lead, beryllium and per- and polyfluoroalkyl substances (PFAS). Performance is overseen by our internal audit process, and we maintain an external environmental compliance audit programme covering approximately 15 sites every year.

All operational sites with over 100 colleagues are required to be certified (or working towards certification) under ISO 14001 standards. We had no spills or environmental compliance penalties or fines in FY2024.

Our businesses participate in a regular forum to share best practice and ensure compliance with global restricted and controlled substance regulations including WEEE, RoHS, Prop65, REACH, TSCA and Responsible Minerals.

Design for sustainability

Sustainability criteria are integrated into our new product development (NPD) processes, NPD projects and Smiths Excellence System projects to improve existing products. Our manufacturing processes incorporate sustainable design principles and metrics to drive improved product stewardship across the lifecycles of our products including energy use, raw material sourcing, waste, manufacturing efficiency, transportation, service and disposal. Our significant aftermarket services revenue at John Crane and Smiths Detection derives from keeping our products operating efficiently in service for longer thus limiting unnecessary waste. Smiths Detection also operates a recycling, refurbishment and reuse programme of both units and their components. These circular economy efforts deliver a triple benefit of natural resource efficiency, supply chain security and often cost savings.

Water, waste and packaging

In FY2024 we achieved the waste, water and packaging targets set for the three-year period FY2022 to FY2024.

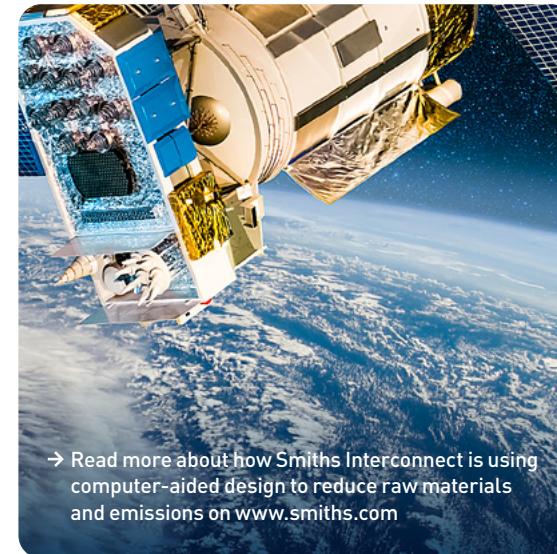
We continue to focus on reducing unrecycled waste, water use and unnecessary packaging from our operations as we consider that these efforts have the most impact on our local environments. Our site teams are responsible for monitoring and facilitating progress and we make use of SES tools as required. We introduced an environmental project reporting dashboard in FY2023 and Group data and progress against targets are reported to the ISE Committee. We continue to see opportunities to reduce and reuse water; this is particularly important in water-stressed locations where climate resilience is a consideration. In FY2024 we undertook a top-down biodiversity risk assessment to inform our future approach to biodiversity and nature matters and we have set a three-year target of 60 water and biodiversity projects, which we feel will be of great interest to, and supported by, Smiths colleagues worldwide.

Key actions/activities in FY2024

- Met all FY2022 to FY2024 environmental targets
- Set new three-year targets FY2025 to FY2027 for water, waste, circularity and biodiversity
- Increased focus on data quality and integrity
- Expanded significantly data disclosures on water and waste
- Implemented EcoVadis supplier assessment and management system
- Conducted internal risk assessment for compliance with EU Deforestation regulations
- Undertook top-down biodiversity risk assessment
- Published Biodiversity statement
- Launched new Environmental Sustainability Policy
- Launched new Water and Waste Policies
- Launched new ESG Supply chain Due Diligence Policy
- Refreshed Health, Safety and Environmental Management Systems Policy
- Refreshed Health, Safety and Environmental Reporting Policy

Priorities for FY2025

- Communicate new three-year targets
- Continue to evaluate ESG-related IT tools to support reporting
- Begin preparation of comprehensive framework and approach to biodiversity matters including exploring biodiversity impacts in our value chain



→ Read more about how Smiths Interconnect is using computer-aided design to reduce raw materials and emissions on www.smiths.com



30

Water saving projects since FY2021



28

Packaging reduction projects since FY2021



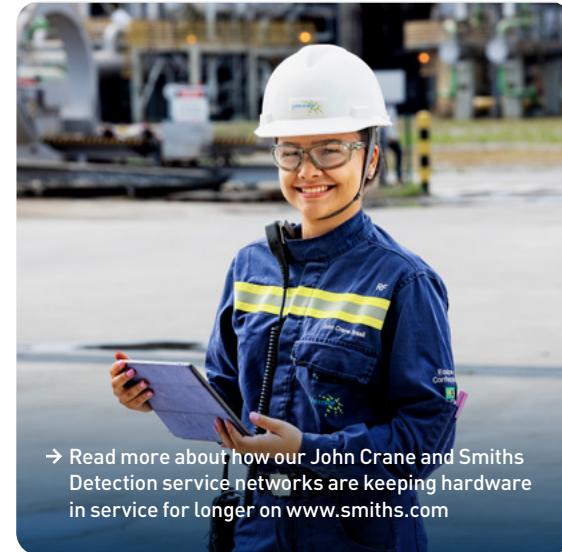
Read more

See Biodiversity statement on www.smiths.com

For all our environment data
→ Page 39

Key water and waste projects FY2022 to FY2024

	Water projects	Packaging projects	Top projects
John Crane	12	8	<ul style="list-style-type: none"> - Shannon reuse of waste cardboard for packing voids - Shannon cooling system upgrade to reduce water use
Flex-Tek	15	11	<ul style="list-style-type: none"> - Titeflex Aerospace recovery room improvements - Titeflex Hose reuse of water from cooling and box lines
Smiths Detection	1	4	<ul style="list-style-type: none"> - Malaysia recycling of accessories pallets and rainwater harvesting - Wiesbaden reuse of packaging instead of disposal - Malaysia inter-company shipment without crates
Smiths Interconnect	3	5	<ul style="list-style-type: none"> - Suzhou separate water from waste coolant and reuse - Montreal reduction in lawn watering - Stuart transition to 100% recycled packaging materials
China	1	0	<ul style="list-style-type: none"> - John Crane Tianjin installation of seal cleaning machine



→ Read more about how our John Crane and Smiths Detection service networks are keeping hardware in service for longer on www.smiths.com

Our performance and targets

FY2024 performance

	Target	Performance	Target achieved
Normalised water use in stressed areas (10 locations)	5% reduction in water use in water-stressed areas normalised to revenue FY2022 to FY2024	(17)%	
Water	30 water saving projects FY2022 to FY2024	30 projects	
Normalised waste disposal	5% reduction FY2022 to FY2024	(19)%	
Packaging	24 packaging reduction projects FY2022 to FY2024	28 projects	

New targets

Smiths has set the following targets from FY2025:

	Target	
Normalised water use in stressed areas (c.15 locations ¹)	5% reduction in water use in water-stressed areas normalised to revenue FY2025 to FY2027	Positive for our local environments and promotes climate resilience of our sites in water-stressed areas.
Normalised waste disposal	5% reduction in waste disposal normalised to revenue FY2025 to FY2027	Encourages reduction in overall waste and cost and continued increase in recycling.
Waste/circularity	30 waste/circularity projects FY2025 to FY2027	Supports continuing reduction in waste, packaging and raw materials.
Biodiversity	30 biodiversity projects FY2025 to FY2027	Positive for our local environments and colleague engagement.
Biodiversity – water	30 water saving projects FY2025 to FY2027	Positive for our local environments.

Disclosures

A more detailed breakdown of our natural resources data can be found on page 41.



Footnotes

- 1 Number of locations updated annually based on the World Resource Institute (WRI) Aqueduct tool.

Supply chain



We purchase materials, components and some finished goods from many suppliers across the world. Our businesses, in turn, form part of the supply chains of our customers. Confidence, transparency and the ability to effect change in these networks is critical to manage risk and make progress on all aspects of ESG. We want and need to work with suppliers and other partners who are aligned with our Values and that share and can support our and our customers' ESG commitments.

Responsible procurement

Our commitment to behaving ethically, legally and positively in society requires a similar commitment from our suppliers. Our Supplier Code of Conduct makes our expectations of suppliers and sub-suppliers clear when it comes to ethical behaviour and compliance with the law, treatment of personnel, and materials from socially and environmentally responsible sources. Suppliers are required to adhere to the Supplier Code and have access to our Speak Out system should it be needed. New suppliers are subject to due diligence checks in the form of an ethics and compliance questionnaire, with responses reviewed by our divisional procurement teams. We have a supplier onboarding process to assess risk and ensure that suppliers can meet our standards and we undertake risk reviews and regular audits of them.

Metrics

- % of supplier spend invited to Ecovadis
- % of supplier spend evaluated on Ecovadis
- Number of suppliers evaluated by Smiths internal risk tool
- Speak Out reports
- My Say employee survey
- Annual internal HR human rights risk assessment
- Annual external human rights audit of suppliers by independent third party
- Agents and distributors due diligence

Group policies

- Smiths Code of Business Ethics
- Supplier Code of Conduct
- Ethical Behaviour of Suppliers Policy
- ESG Supply chain Due Diligence Policy
- Responsible Minerals Sourcing Policy
- Modern Slavery and Human Trafficking Statement
- Human Rights Policy
- Human Rights Supply chain Due Diligence Policy
- Indirect Procurement Policy
- Speak Out Policy



50%

Top 50% of suppliers by spend invited to EcoVadis platform



Read more

about our Scope 3 emissions

→ [Page 14](#)



Material ESG topic



Read more

about our Values and Leadership Behaviours on www.smiths.com

In FY2024 we invested in a new third-party supplier management platform – EcoVadis – and launched an ESG Supply chain Due Diligence Policy which, together, will help us manage supplier relationships to explicitly support our ESG commitments and reporting.

Human rights

We expect all those with whom we have a business relationship – suppliers, contractors, subcontractors, and anyone else in our supply chains, including any recruitment agents or other providers of labour (temporary or otherwise) – to share our commitment to human rights and to be free from practices associated with human rights violations, including forced/involuntary labour or modern slavery. We take very seriously any allegations that human rights are not properly respected.

Tackling modern slavery

We recognise that human rights, including modern slavery and human trafficking risks, are not static and that, with a large and global operations and supplier base, we need to be constantly vigilant.

Our standard supplier contract templates oblige our suppliers to make various commitments on human rights and fair labour standards in relation to their own workforces, and to seek the same commitment from their suppliers. They are also asked to notify us if they become aware of any breach. The supplier onboarding process seeks information about employees' work and (if relevant) housing conditions, employment terms and labour practices. If migrant workers are contracted, we ask about their employment terms and any restrictions placed on their movement and financial arrangements. We use numerous recruitment agents around the world. We conduct due diligence on new agency appointments to ensure that we understand the processes they have in place to manage modern slavery risks, and to ensure that they sign up to our commitments.

Conflict minerals

Our Responsible Minerals Sourcing Policy addresses our commitment to the sourcing of minerals in an ethical and sustainable manner that safeguards human rights and aims to ensure that tin, tungsten, tantalum, gold and cobalt are sourced with due respect for human rights and in a manner that does not finance armed groups. To achieve this objective, we take guidance from the OECD Due Diligence Guidance for Responsible Supply chains of Minerals from Conflict-Affected and High-Risk Areas.

Emissions inventory

Purchased goods and services (Scope 3, category 1) account for more than 50% of our Scope 3 emissions. Our critical path to Net Zero Scope 3 emissions by 2050 requires our suppliers to disclose their emissions and set science-based targets themselves.

73% of the electricity used in our operations comes from renewable sources. Our critical path to Net Zero Scope 1 & 2 emissions by 2040 requires this proportion to increase. In FY2025 we will develop a renewable electricity procurement strategy to accelerate transition.

Future reporting and effecting change

Information requests from our customers relating to our supply chains are increasing and we expect a continuing expansion of supply chain disclosures under new and emerging reporting regulations. Achieving our own ESG objectives also relies on us being able to better interrogate our supply chains to manage risk and effect change.

For all these reasons, we are moving towards a standardised, streamlined and disciplined approach to supplier management across the Group enabled by the implementation of the EcoVadis supplier platform. We will initially use the platform alongside our other diligence/risk management processes for supplier onboarding with the ultimate aim of merging processes into a single ecosystem.

EcoVadis will enable us to:

- Assess suppliers against four standard ESG pillars (environment; labour and human resources; ethics and compliance; sustainable procurement), taking into account industry and country risk
- Further assess suppliers with a predicted risk above a maximum acceptable level
- Create and agree supplier corrective action plans and priority improvements (to be managed by our business procurement teams)
- Undertake an annual maturity review
- Collect, analyse and report supplier data across multiple metrics
- Validate data and monitor compliance actions

We have invited the first wave of suppliers onto the platform, focusing on larger suppliers to maximise the proportion of global spend represented. The second wave will focus on suppliers in regions/industries where we see a higher potential risk of ethics issues. Over time we expect that our focus on explicitly requiring supplier alignment with our ESG goals will lead to a reduction in the overall number of suppliers we work with.

Key actions/activities in FY2024

- Implemented EcoVadis supplier management platform and invited suppliers to participate
- Agreed FY2025 to FY2027 headline supply chain targets (% of suppliers by spend on EcoVadis and % of suppliers by spend committed to SBTi)
- Launched ESG Supply chain Due Diligence Policy
- Updated Supplier Code of Conduct online training module, to include additional highlights for Smiths human rights and anti-modern slavery requirements
- Rolled out new online human rights training
- Engaged independent third-party auditor to conduct human rights assessments of top ten suppliers in India by spend
- Annual internal HR human rights risk assessment targeting our sites in Colombia, Puerto Rico and South Africa
- Conducted internal risk assessment for compliance with EU Deforestation regulations
- Conducted an internal human rights risk assessment of HR practices and supply chains, for select LATAM countries

Priorities for FY2025

- Continue to onboard suppliers to EcoVadis
- Supplier tracking for SBTi adoption
- Continue to roll out training across the Group in relation to human rights and to evolve the way in which we assess our human rights impacts and risks



Read more

about our Net Zero/climate transition plan

[→ Page 14](#)

Social



Our approach to people and communities can be summed up in a single word – care.

The safety and health of our 15,750 colleagues is our absolute priority. We are performing strongly but know that there is always more that we can do to reduce injury risk and support the mental and physical well-being of our team.

Our ‘internal first’ people development strategy is successfully creating new opportunities for colleagues at every level, at the same time making sure that we have the talent we need for our business to thrive. We also understand the importance of caring for our communities. This is clear in our brilliant colleague volunteering efforts and the first grants made by The Smiths Group Foundation.

All of this is supported by the continuing work we are doing to strengthen our culture – giving colleagues the tools they need to lead, care and deliver.”

Vera Parker
Chief People Officer



My Say employee engagement survey

FY2024 score

75

Up from 73 in FY2023 and above industry benchmark



85%
response rate



13,590
comments



19
scores increased



0
scores decreased

Improving safety, health and well-being



Looking after our colleagues in the workplace and keeping them safe and healthy is an essential pillar and our number one focus. It is our most material ESG topic. We target continuous improvement in our performance and a culture of care that emphasises health and well-being alongside physical safety. This means systematic analysis of data, proactively designing and investing for safety and health, and strengthening our global and local safety cultures.

Managing safety

We have a common framework for health, safety and well-being management and evaluation across Smiths which enables us to evaluate objectively performance and management practices in our pursuit of zero-harm environments.

We have health and safety policies and standards that all Smiths operations are required to follow and each business sets annual safety goals and targets. We strive to be a zero harm organisation and set targets that progressively step us down to this, our current Group RIR target being <0.4. All operational sites with over 100 colleagues are required to be certified (or working towards certification) under ISO 45001 safety standards.

Safety starts with leadership. Each Business President has overall responsibility for safety and line leaders are accountable for the health, safety and well-being of the

Metrics

- Recordable incident rate (RIR)
- Lost time incident rate (LTIR)
- Number of recordable incidents
- Number of serious injuries/fatalities
- Number of serious incidents
- Number of lost time incidents
- Number of safety lookout observations and leadership tours
- On time HSE action closures
- Number of sites with ISO45001 certification

Policies

- Health, Safety and Well-being Policy
- Health, Safety and Environmental Management Systems Policy
- Health, Safety and Environmental Reporting Policy
- Security Standards
- Business Travel Safety Standard



Recordable incident rate (RIR)

Per 100 colleagues

FY2024	0.44
FY2023	0.41

Lost time incident rate (LTIR)

Per 100 colleagues

FY2024	0.21
FY2023	0.14



Safety measurement and performance

We had 71 recordable injuries in FY2024 vs 64 in FY2023 and our RIR increased by 7%. This increase was mainly due to the inclusion of Flex-Tek's HCP business [acquired in August 2023] in FY2024 data and an increase in incidents in Smiths Detection's US service operations. Despite this increase, our RIR continues to track below the industry average and in the top quartile of industry performance¹. Our total number of incidents was down 15% and we recorded a 35% reduction in potentially serious near misses, showing the impact of our risk reduction activities. We recorded zero work-related colleague or contractor fatalities in FY2024 and 4 serious injuries. There were zero recordable incidents with our non-supervised contractors². We received three fines of more than \$10k relating to two incidents at John Crane and Flex-Tek US sites. We recognise that all incidents have a personal impact and all sites work hard to continuously improve performance. We expect an improved performance at HCP as Smiths safety culture and practices bed into the business. Smiths Detection has implemented a focused safety strategy with three pillars (accountability, competency and safety assurance) to address the specific challenges seen at customer sites.

Health, mental health and well-being

Supporting colleague well-being and mental and physical health also helps to keep us performing at our best. All Smiths colleagues and members of their immediate families have access to an Employee Assistance Programme (EAP) which offers practical support on health, well-being and financial matters. Our THRIVE resources and sessions aim to create an environment where people feel confident talking about matters such as mental health and wellness, recognising it in others, and reaching out for support if needed. We have mental health first aiders at some of our sites and include mental health and well-being courses in our training suite. We are developing a mental health and well-being strategy which will be deployed in FY2025.

Travel safety

With locations all over the world, and colleagues regularly travelling and/or working remotely, the on-the-road safety of our teams is as important as site safety. Our global travel booking portal ensures that we know where our colleagues are and we closely monitor trips to high and extreme risk locations, with all such travel needing to be pre-approved at a senior level. We also work with external partners to provide comprehensive advisory and emergency (including medical and physical) support to Smiths colleagues at home and in the field, and to our site teams if required. Travel to high-risk locations increased during the year in response to customer demand. There were no serious incidents during business travel in the year.

Site security

The nature and location of our sites requires us to have robust security procedures in place to protect both the physical safety of our teams and assets as well as our data and intellectual property. We have physical security plans in place at all locations and risk assessments are undertaken regularly, as are reviews of our business continuity and crisis management plans. Designated site security officers ensure that security measures are implemented and are trained to lead in an emergency. We also have Security Leading Indicators that formalise good practice and are recorded. No serious security incidents were recorded in FY2024.



Key actions/activities in FY2024

- Launched new Health, Safety and Well-being Policy and refreshed Health, Safety and Environmental Management Systems Policy and Health, Safety and Environmental Reporting Policy
- Continued focus on hand safety (cause of around one third of injuries) through promotion campaign, machine guarding and lockout, tagout (LOTO) programme resulting in a 32% reduction in hand and finger-related incidents vs FY2023
- Grew site leader participation in safety look out observations and tours
- HSE Conferences (global, business and China)
- Development of mental health and well-being strategy focusing on process improvements and a culture of care, to be completed in FY2025
- Integrated mental health and well-being resources into #WeAreSmiths development week content (see page 27)

Priorities for FY2025

- Integrate and leverage SES Lean resources to support safety performance
- Focus business safety improvement plans on serious injury and fatality risk and mitigation
- Improve safety training programmes
- Improve learning from HSE events across the businesses, including upskilling colleagues conducting HSE learning reviews
- Refresh and deploy supervisor safety leadership training
- Integrate safety leadership into our people leader development programme
- Group-wide implementation of co-ordinated mental health and well-being programme
- Build on hand safety activities to continue momentum



Personal impacts

4 Serious injuries
71 Recordable injuries



84

Highest favourable score for Smiths is committed to safety in My Say survey



68

Score for Smiths cares about mental well-being in My Say survey a focus for improvement



71

Sites with ISO 45001 certification



17,000+

Safety look out observations and leadership tours



Material ESG topic

Developing and attracting talent



The passion and expertise of Smiths colleagues have driven our business forward for more than 170 years. Their talent and leadership are critical for our future. We have a broad and diverse pool of talent to choose from and our successful internal first approach means giving all colleagues opportunities to develop their knowledge and skills, reach their full potential, and build a career at Smiths. Creating an environment and infrastructure that achieves this is also the key to attracting the right people to Smiths, whether young people at the beginning of their working lives, or experienced specialists should there be a gap to fill.

Metrics

- Internal talent progression rates
- Colleague attrition rate
- % on early careers programmes
- Number of Black and Green belts

Building knowledge and skills

We have a specific Smiths Leadership Behaviour dedicated to developing self and others and it is a principle applied at the organisational and individual level.

All Smiths colleagues have access to training and resources that enable them to undertake their roles safely, effectively, and in line with our policies. Colleagues can also connect with a range of personal and skills growth resources as they progress in their careers, including specialist technical, functional and externally accredited courses. Over and above, we focus on identifying the core skills required to achieve our growth and other objectives, creating training programmes around them, for example our Accelerate and Leading successful change training programmes.

Our SES programme and SES Academy develop transferable Lean and Six Sigma skills through the execution of practical Black and Green Belt projects that benefit the organisation. 4% of current colleagues are trained Black or Green Belts.

Group policies

- Recruitment Policy
- Fair Employment Policy
- Part-Time Working Policy



75%

of open senior individual contributor roles filled by internal candidates



323

Colleagues participating in an early years career programme



69

Score for 'Good Opportunities to Learn and Grow' in My Say survey a focus for improvement



Read more

Read more about our Values and Leadership Behaviours on www.smiths.com

Talent attraction and early careers

We continue to build out global infrastructure for talent attraction that will integrate recruitment with our other people planning activities and goals and reduce time to hire. We also focus on attracting people at the beginning of their careers through graduate, internship and apprentice programmes in both our businesses and our functions. We currently have 323 individuals enrolled on such programmes, and our aim is to increase this in FY2025. Of 232 joining in the category in FY2024, 38% were female.

Developing excellent leaders – Accelerate

We recognise how much depends on having great leaders. Accelerate (Fundamentals and Advanced) is our bespoke training programme for frontline and more senior leaders. Courses are cross-business and enable our leaders to network with other leaders in their country/region as well as being immersed in the knowledge and skills that will equip them to effectively support and build high-performing and impactful teams. 555 colleagues participated in Accelerate during FY2024 and 50% of our leaders are now trained under Accelerate.



Key actions/activities in FY2024

- Launched bespoke 'Leading Successful Change' on-demand programme with more than 400 participants in the year
- Introduced Part-Time Working Policy across Group in January 2024, also enabling job shares at all levels including professional and leadership roles
- #WeAreSmiths learning and development weeks focused on culture and behaviours were held in 8 locations
- Joint John Crane and Smiths Detection learning and development week with over 40 hours of learning opportunities and 2,200 unique participants
- Grew Veterans network and signed UK Armed Forces Covenant
- Trained 25 Accelerate Fundamentals and 13 Accelerate Advanced cohorts – taking total number of frontline and senior leaders trained to 850 in the last three years
- Introduced leader-led learning workshops to share knowledge and build relationships within our extended leadership team
- Completed 12 cross-divisional Lean Management System workshops to embed Lean and build localised SES best practice communities
- Initiated 'mentoring circles' for talent pipeline
- Smiths Leadership Behaviours roll out awarded Gold in Brandon Hall Group human capital excellence awards

Priorities for FY2025

- Complete set up of upgraded talent attraction organisation, systems and processes
- Launch colleague recognition app
- Update content and continue Accelerate training for people leaders
- Introduce development programme focused on site/plant leaders
- Conduct hiring leaders training sessions for all people leaders
- Expand mentoring circles
- Launch apprentice and graduate assessment days
- Launch STEM careers fair
- Continue focus on attracting veterans and launch veterans careers fair
- Build out Smiths Training Academy resources with additional subject matter experts and SES training content, incorporating content accessibility and engagement communications for offline colleagues



"The structure of the Accelerate course is excellent – starting with managing self and then building onto managing teams and then managing the business. This gives a great perspective and a holistic view."

Accelerate participant



Our #WeAreSmiths week initiative was delivered at eight target sites during the year. The week is tailor made for each location with a combination of engagement, learning, development and colleague support activities to celebrate and empower our colleagues. The initiative will continue in FY2025.

Reward and recognition

Recognising and rewarding colleagues in a fair, open and meaningful way is an important foundation for developing and attracting talent. We are committed to fair pay practices, ensuring colleagues are rewarded fairly and equally for the work they do and their performance, and that they have opportunities to participate in our success. Colleague benefits, which include access to an Employee Assistance Programme for colleagues and their families, rights to parental leave,

the opportunity to request part-time or job share working and a paid volunteering day, are aligned across all our geographies, businesses and Group. Approximately 6,500 colleagues participate in our Group Annual Incentive Plan (AIP) and we are working towards alignment of local bonus plans in our businesses.

We have been an accredited Living Wage employer in the UK since 2018. In the UK, we operate an all-colleague Sharesave Scheme, which enables colleagues to buy Smiths shares at a discounted rate.

Promoting diversity, equity and inclusion



Smiths colleagues represent dozens of nations, speak a multiplicity of languages, and have many different perspectives. We embrace these differences and advocate actions and behaviours that promote inclusive and supportive work environments where all colleagues can be the best version of themselves. We value all aspects of diversity, and we know that when colleagues feel included and appreciated, Smiths will thrive, benefiting both our people and the company.

Metrics

- Leadership diversity (% women)
- Diverse pipeline of senior professionals (% women)
- Talent progression rates (men/women)
- External hires (% women)
- Senior Leadership Ethnic Diversity (% ethnically diverse backgrounds)

Equal opportunities

We provide equal employment opportunities. We recruit, support and promote our people based on their qualifications, skills, aptitude and attitude. In employment-related decisions, we comply with all applicable anti-discrimination requirements in the relevant jurisdictions. We have zero tolerance for discrimination, harassment or retaliation. Our procedures and training activities advocate and enforce fair treatment for all.

To support our diversity goals, we recruit using balanced slates and interview panels where possible and have gender-neutral job descriptions.

People with disabilities are given full consideration for employment and subsequent training (including retraining, if needed, for people who have become disabled), career development and promotion based on their aptitude and ability. We endeavour to find roles for those who are unable to continue in their existing job because of disability.

Inclusion

Inclusion at Smiths is about creating an overall culture and site cultures that welcome all people. This is critical for colleague engagement, belonging and retention. Inclusion is built on our Values and Leadership Behaviours, which enshrine how we expect colleagues to behave and lead others with respect, transparency and understanding.

Group policies

- Diversity and Inclusion Policy
- Recruitment Policy
- Fair Employment Policy
- Human Rights Policy
- Part-Time Working Policy



27%

of senior leadership roles held by women



80

High favourable score for I am treated with respect in My Say survey



Our bespoke **#EmpowerYou workshops** support colleagues to find their uniqueness, strength and confidence. In FY2024 they have been targeted to female colleagues in engineering and early career roles virtually, or as part of **#WeAreSmiths** week activities. 372 colleagues participated in FY2024. **#EmpowerYou** will be rolled out to all colleagues in FY2025.



See page 43

for our detailed diversity disclosures

Gender diversity

29% of Smiths colleagues are women. We are focused on proactively increasing the number of women in all roles at Smiths and fixing the factors that may be impeding the progression of women in the organisation. This requires fundamentally understanding all the reasons why women might not join Smiths or pursue careers in engineering more generally; the challenges and barriers that may be impeding them from fulfilling their potential and progressing at Smiths; and the reasons that cause them to leave Smiths. Building this knowledge is enabling us to create a long-term and sustainable plan and pipeline of female talent.

We are making good progress towards our short-term target of 30% of senior leadership roles held by women. We closed FY2024 at 27% and have seen both internal progression and attrition rates for our senior women improve. As required by the UK Government, we report every year on our UK gender pay gap. Our most recent report is on the Smiths website.

The Smiths Board meets all the targets described in our Board Diversity Policy. We are committed to maintaining a diverse Board, with a variety of skills, experience and expertise – diversity is key to our effectiveness, and the long-term success of Smiths.

Ethnic diversity

We do not currently track nationality and ethnicity data for all colleagues. In line with the recommendations of the UK Parker Review we have completed work to report data on the ethnicity of our senior leadership team (under the Parker Review definition Executive Committee and their direct reports) and set a target for FY2027. This was a voluntary request in countries where it is legally permissible to seek this information with 82% of the relevant population responding. 32% of respondents identified as ethnically diverse including Asian, Black and mixed multiple ethnic backgrounds. We have set a target to reach 35% by FY2027.

Key actions/activities in FY2024

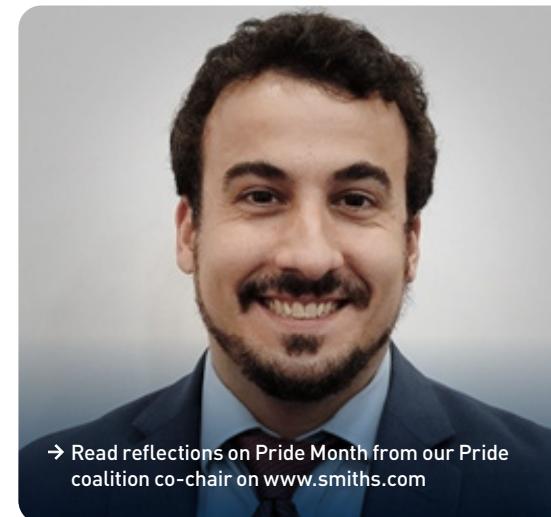
- Equity pay audit activity transitioned to business as usual
- Reviewed all job descriptions and job advertisements for inclusive language
- Held global, regional and university events to promote Smiths to diverse talent
- Conducted listening roundtables with senior women leaders and women engineers (75% of targeted cohort participated) to shape diversity initiatives
- Implemented #EmpowerYou workshops for senior engineering and early career female colleagues (372 participants in 19 countries)
- Restarted 'Restart@Smiths' programme for career returners in key countries
- Introduced Part-Time Working Policy

Priorities for FY2025

- Increase collaboration between grassroots employee resource group chapters and introduce Executive sponsors to grow impact
- Roll out #EmpowerYou workshops for all colleagues
- Roll out Respect workshops as part of our learning and development activities
- Broaden Restart@Smiths campaign
- Continue to celebrate key diversity events



→ Creating pathways for women – Read our #SmithsLeaders blog on the need to create pathways for women to advance to senior leadership/CEO roles



→ Read reflections on Pride Month from our Pride coalition co-chair on www.smiths.com

Contributing to our communities



We aim to contribute positively to our communities and society in general. Smiths products and services support critical global industries where we are creating social and environmental value by making the world safer and improving sustainability performance. Our operations around the world play a beneficial role in local economies through job creation and skills development; procurement and generating tax revenues; and operating safely, environmentally responsibly and ethically. We also engage directly through fundraising, charitable giving and education initiatives. Healthy and prosperous communities and supportive relationships with them inspire and promote a sense of pride and ownership in our people.

Metrics

- Smiths Group Foundation grants

Our day-to-day community engagement activities are managed locally, with each site focusing on communities and work that are important to them. Activities encompass promoting science, technology, engineering and maths (STEM) education and careers, and volunteering and fundraising for local causes. Every Smiths colleague is entitled to take one day of paid volunteering leave each year, enabling them to give time to an organisation they care about, either through a personal or site link.

We celebrate the best of our community work through the Smiths Excellence Awards, communicate inspiring stories in our Smiths Signal newsletter, and encourage colleagues to share their activities on our intranet.

Smiths Day

Our annual Smiths Day global celebration of Smiths culture took place in June 2024. Smiths Day is an important date in our annual calendar when we step away from our daily routines to celebrate our purpose, our Values and the relationships we have as colleagues. This year's theme celebrated our culture and our communities.

Policies

- Charitable Donations Policy
- Political Activities Policy
- Global Tax Strategy
- Anti-Facilitation of Tax Evasion Policy



We pay and collect significant amounts of tax arising from our business activities. Our Global Tax Strategy describes our approach to the responsible management of our tax affairs to enhance long-term shareholder value while contributing to public expenditure and the overall welfare of our communities. It can be found on www.smiths.com

The Smiths Group Foundation

We launched the Smiths Group Foundation in FY2024 to increase the impact of our giving and further engage and inspire our colleagues.

The Foundation has a committed initial fund from Smiths of £10m. It is managed by a committee of Smiths colleagues in partnership with the Charities Aid Foundation (CAF), a renowned and highly respected organisation working with donors and charities across the world to accelerate progress in society towards a fair and sustainable future for all. The fund is made available as periodic grants to charitable organisations nominated by Smiths colleagues that align with our purpose.

Recipient organisations must be registered charities, reputationally clean and not engaged in political activities. Grant outcomes will focus on:

- Improving access to quality science, technology, engineering and maths (STEM) education and skills for under-represented groups
- Improving safety and connectedness within communities
- Improving the environmental sustainability of communities

Each recipient of Foundation grants will be supported by CAF to report on the outcomes and impacts achieved with its grant.

Smiths Group Foundation grant recipients in FY2024

The GEANCO Foundation, Nigeria	Takes an innovative approach to serving the poor and vulnerable in Nigeria including scholarship and enrichment programmes providing access to STEM education.
Just a Drop, Kenya	Supports communities around the world with access to sustainable and safe water and sanitation.
Fundación Mozcalti, Mexico	Promotes education, productivity, health and well-being for vulnerable groups in Mexico.
Flint Global Partners, Tanzania	Works with groups in Africa, India and South America on programmes to support small businesses that break the cycle of poverty.
Inspire, UK	Provides outreach and academic enrichment in partnership with industry for disadvantaged communities in London.
Palace for Life Foundation, UK	Provides education and career pathway programmes for young adults in London.
Makkala Jagriti, India	Improves access and quality of public education for underserved groups in Karnataka region.
Asociación Ideas en Acción, Costa Rica	Promotes STEM interest and opportunities for females in rural communities.
Pontchartrain Conservancy, USA	Provides access to high-quality environmental education for underserved communities.
StemazingKids, UK	Works with women in STEM to provide visible STEM role models for underprivileged children in the UK.
Portland West PTO, USA	Brings robotics, engineering and coding to schools to encourage children to develop practical and useful future skills.

Key actions/activities in FY2024

- Formally launched the Smiths Group Foundation and made first round of grants to more than ten organisations
- Introduced global colleague volunteering principles
- Smiths Day focused on celebrating our culture and communities
- Introduced formal budgeting opportunities for charitable giving in our divisions, China and Group to enable continued support for local organisations that fall outside of the scope of the Smiths Group Foundation

Priorities for FY2025

- Make second round of Foundation grants
- Further develop our community engagement portal to connect colleagues and collect data on volunteering activities/hours
- Expand use of formal charitable giving register for diligence and enhanced reporting



Smiths Group Foundation

94

nominations from Smiths colleagues



11

grants recipients



c.£1m

in grants



c.5,000

direct beneficiaries

Governance



Strong governance is at the heart of our successful, resilient business.

This requires a thorough understanding of our business risks, well designed controls, and accurate reporting and oversight. We also recognise the importance of transparency to ensure that our stakeholders have the information they need to assess our business, its risks and our approach to managing those risks.

Because we operate in a dynamic environment where risks are not static, our mature approach to corporate governance enables us to adapt in an ever-changing world."

James Down
General Counsel

Sustainability at Smiths framework

Governance

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graph TD; A[GOVERNANCE] --> B[Managing risk and maintaining strong and effective controls]; A --> C[Effective long-term decision making and transparency]; A --> D[Behaving ethically and legally]
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→ See page 3 for our ESG framework



Behaving ethically and legally

→ Page 33



Effective long-term decision making and transparency

→ Page 35



Managing risk and maintaining strong and effective controls

→ Page 36

Behaving ethically and legally


Behaving ethically and with integrity is a fundamental part of our culture. We also operate in some highly regulated markets and sectors, which require strict adherence to local and international industry regulations. We have expert teams in place to manage these matters and we use data and other intelligence objectively to identify relative performance gaps and emerging risk, and continually target improvements in our procedures.

Metrics

- Speak Out reports
- My Say employee survey
- Ethics pulse surveys
- Code of Business Ethics/Policy breaches

Policies

- Code of Business Ethics
- Supplier Code of Conduct
- ESG Supply chain Due Diligence Policy
- Human Rights Policy
- Modern Slavery and Human Trafficking Statement
- Anti-corruption Policy
- Responsible Minerals Sourcing Policy
- Agents and Distributors Policy
- Agreements with Customs Brokers and Freight Forwarders Policy
- Human Rights Supply chain Due Diligence Policy
- Speak Out Policy

Governance and implementation

The Smiths Code of Business Ethics (the Code) is the foundational document that outlines the standards of behaviour to which we all commit at Smiths. It is a practical guide to what 'doing the right thing' looks like when conducting business and relationships legally, ethically and with integrity. The Code is supplemented by a suite of policies, procedures and training relating to specific ethics, compliance and people matters.

Our central Ethics and Compliance function oversees our ethics and compliance programmes and ensures that efforts are focused on higher risk and critical areas. Day-to-day responsibility for ethics and compliance is held by our divisional teams, and the Smiths Audit & Risk Committee and Executive Committee are engaged through regular reporting and our risk management process. We use an ethics dashboard to view key information and track progress and we analyse our data by business, country, nature of report and risk profile so we can take more proactive action on potential issues.

Our Business Ethics Council (BEC), comprised of senior, cross-functional leaders from across Smiths, acts as an advisory panel for new policies and implementation. We operate regional ethics councils in China and India that focus on regional matters and provide intelligence to the centre.

Speaking out

Engaging and communicating on ethical matters is vitally important, as is colleague trust in our procedures. Colleagues and business partners are expected to be vigilant and report any activity or behaviour – whether in our business or those of our partners – that they consider may be in breach of our Code and Policies or inconsistent with our Values. This can be done through their line manager, HR representative or the Legal team, or by using our confidential Speak Out reporting hotline, which is accessible 24 hours a day, seven days a week to colleagues and third parties. Reports to the hotline can be made anonymously.

When and how to speak out is communicated regularly to ensure that awareness remains high and that colleagues understand that it is safe to do so.



 Read our Code of Business Ethics



72

Favourable score for ethics 'Lives the company Values' in My Say survey



Material ESG topic

Human rights

We consider violations of human rights to be appalling crimes. Conduct that exploits workers or denies them the rights and benefits to which they are legally entitled is wholly inconsistent with our Values and policies and is not tolerated. We recognise the important responsibility we have, and we support the vision of a world where everyone can access decent work and enjoy their universal human rights. We have not identified any serious human rights issues in our operations or in those of our suppliers in FY2024.

Our Human Rights Policy is guided by the international human rights principles encompassed in the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights. We adhere to national laws and regulations in our markets and, should we encounter conflict between internationally recognised human rights and national laws, we will seek ways to honour the principles of international human rights. All persons working for, or on behalf of, Smiths are required to adhere to our Policy and approach.

Our Human Rights Policy covers the following areas:

- Elimination of forced/involuntary labour
- Elimination of child labour
- Humane treatment in the workplace
- Workplace equality/elimination of bias
- Right to a living wage
- Right to reasonable working hours and vacation
- Freedom of association
- Safe and healthy workplace
- Safe and healthy accommodation if accommodation is provided for employees

We have a supply chain human rights and modern slavery working group, comprising procurement leaders, to continue to enhance awareness and drive positive, preventative actions in our supply chain. All staff across Smiths are trained on modern slavery risks.

Anti-bribery and anti-corruption

Bribery and corruption matters are covered by the Code of Business Ethics. We also have specific policies and procedures relating to activities that create bribery and corruption risks, and an umbrella Anti-corruption Policy that provides a single view of our approach. These policies cover a broad range of matters including the giving and receiving of gifts, meals and hospitality; invitations to government officials; our approach to facilitation payments; and controls around the appointment of distributors and agents, customs brokers and freight forwarders. Our ethics dashboard enables us to interrogate our register of gifts, meals and entertainment in an effective and useful way.

Training

Our ethics training operates in two tiers – online modules delivered in all our core languages, and group training activities covering specific subjects. Additionally, we run regional ethics workshops for middle and senior leaders from across Smiths to embed a deeper understanding of our ethics and compliance critical drivers and to discuss challenges specific to their markets and geographies and how to navigate them. Intelligence is also gathered from these workshops to inform future activities. All staff across Smiths are trained on modern slavery risks and we require all colleagues on the Smiths IT network to take a modern slavery awareness training module every two years. It describes what modern slavery is, how and where it arises (hot spot regions and industries), what to watch out for, and what to do if red flags are spotted.

Speak Out FY2024

FY2024 Speak Out data shows a higher rate of anonymous reporting and a lower rate of substantiated allegations, meaning fewer reports from which we were able to corroborate a policy violation. This trend is not surprising – as people become more comfortable raising issues through the system, we are more likely to receive reports that may be impactful, such as manager or colleague grievances, but that do not amount to policy violations. These concerns are still important for us to capture as they give the business a continuing opportunity to identify and address areas for improvement.



283

Number of Speak Out reports



38%

of ethics and compliance reports substantiated (excludes HR matters)

Key actions/activities in FY2024

- Updated internal training modules for dawn raids, anti-bribery and anti-corruption, Code of Business Ethics, modern slavery, data protection and trade diversion risks within international trade compliance
- Held ethics and compliance workshops with colleagues in India and Latin America (nine countries)

Priorities for FY2025

- Anti-bribery and anti-corruption risk assessment with focus on China
- Focused Latin America workshops on anti-bribery and anti-corruption risks
- Launch three-year international trade compliance audit plan, targeting highest risk sites in Latin America
- Enhance training modules on “respect”, one of our five core values, and anti-trust matters

Effective long-term decision making and transparency



Good quality, ethical and effective decision-making builds sustainable businesses and enables them to create long-term value for all stakeholders. Our overall governance framework provides the structures and systems through which our strategies and objectives are set and achieved, how risk is monitored and managed via controls, and how our performance is managed and optimised with appropriate oversight from the Board. The framework ensures that we make effective long-term decisions where the interests of all stakeholders are appropriately balanced.

Board Committees

Nomination & Governance Committee

Reviews and makes recommendations to the Board on the structure, size and composition of the Board and its Committees. It also leads the process for Director appointments and Director and senior management succession planning. Oversees the ongoing suitability of Smiths governance framework.

Metrics

- All Group KPIs

[Read more about our KPIs in our FY2024 Annual Report](#)

Audit & Risk Committee

Ensures the integrity of financial reporting and audit processes, and the maintenance of sound internal control and risk management systems, including oversight of the Internal Audit function and ethics and compliance activities. Manages the relationship with the external auditor, including making recommendations to the Board and shareholders in relation to the appointment and reappointment of the external auditor.

Remuneration & People Committee

Responsible for the Directors' Remuneration Policy and reviews and oversees implementation of remuneration strategy for the Executive Directors and senior management. Oversees, on behalf of the Board, implementation of Smiths people strategy, including our approach to diversity, equity and inclusion and talent development.

Innovation, Sustainability & Excellence Committee

Previously the Science, Sustainability & Excellence (SSE) Committee. Oversees Smiths culture and approach to innovation, sustainability and excellence (ISE). This includes overseeing: strategy (as it relates to innovation and technology); sustainability strategy; SES; and reviewing and determining ISE targets, metrics and key performance indicators relating to remuneration.



[Read more in the Governance section of our FY2024 Annual Report](#)

Executive Management Committees

Executive Committee

Assists the Chief Executive Officer in discharging his responsibilities and is collectively responsible for implementing strategy, ensuring consistent execution and embedding Smiths culture.

Investment Committee

Assesses high-value and high-risk proposals, capital expenditure, asset disposal and special revenue expenditure projects which require Chief Executive Officer or Board approval.

Disclosure Committee

Advises the Chief Executive Officer and Board on the identification of inside information, and the timing and method of its disclosure.

Board ESG discussions and decisions in FY2024

During the year the Board or Board Committees covered the following ESG-related topics:

- Strategic opportunities arising from the energy transition/decarbonisation
- New product development (NPD) including green products
- Net Zero/climate transition plan and Science-Based Targets
- Environmental performance and targets
- Upcoming regulatory frameworks including CSRD, EU Taxonomy and TNFD
- People strategy
- Health and safety performance
- Talent processes
- Alignment of remuneration with environment targets
- Speak Out reports

Managing risk and maintaining strong and effective controls



Continual assessment and management of risks, and assurance through internal controls, is an integral part of day-to-day operations at Smiths.

Metrics

- Code of Business Ethics/Policy breaches reported to Speak Out
- Substantiated Speak Out reports
- Site compliance assessments and certifications
- Cost of poor quality
- Environmental compliance audit programme

Enterprise risk management (ERM)

Our ERM process supports open communication on risk between the Board and Audit & Risk Committee, the Executive Committee, our divisions, functions and sites. It enables us to manage and monitor the risks which could threaten successful execution of our strategy and ensures our strategic, financial, compliance and operational risks are appropriately considered.

Our divisional and functional teams are responsible for the day-to-day management and reporting of risks. They identify new and emerging risks, escalate where appropriate, and take action to ensure risks are managed as required. Our businesses also conduct annual assessments of the risks they face.

ESG matters are fully integrated into the ERM process and are identified and managed in the same way as other Group risks.

We have identified the following principal risks in ESG areas:

- Climate change
- People
- Product quality
- Legal and compliance

These are being addressed and mitigated through the activities in our foundational ESG areas described in this report.

Product safety, quality and compliance

Product quality and safety are vital requirements for our customers and underpin our reputation. In the markets we serve, the potential consequences of an unsafe or defective product could be extremely serious and we must have the appropriate controls in place.

We have a cross-divisional working group, and all Smiths businesses are required to have a Quality Management System (QMS) that is appropriate for their business and complies with ISO 9001. It must also meet or exceed all relevant legal, regulatory, customer and other quality requirements. This includes having:

- Clearly defined KPIs, objectives and targets for quality performance
- Regular measurement and assessment of performance
- Zero tolerance of defective products
- Effective continuous improvement and corrective action programmes to seize opportunities to improve products and services, business processes, and supply chains

All Smiths sites with 20 or more colleagues and/or that undertake R&D, new product design, development and testing, product engineering, manufacturing, and procurement are required to obtain third-party certification of their QMS.

Many of our products require certification and/or approval prior to launch and ongoing monitoring to ensure continued compliance with regulations.

Certifications are handled by our divisional teams who have direct relationships with the relevant regulatory bodies and, together with our legal teams, track new legislation and standards to ensure that we continue to comply.



Read more in the Risk management section of our FY2024 Annual Report

Trade compliance

We operate a global Trade Compliance Policy that covers export controls, import law, financial and trade sanctions, and anti-boycott law compliance, which is overseen by a central International Trade Compliance (ITC) team. The Policy sets out a specific prior-review process for authorised transactions that involve certain sanctioned countries, which provides corporate oversight of such transactions.

The central ITC team supports a network of trade compliance officers (TCOs) across Smiths. Together they oversee and ensure the compliance of Smiths activities with applicable trade regulations, laws and Smiths policy. The central ITC team and the TCOs also monitor upcoming changes in regulation. Regular training is provided on trade compliance matters, and the leader of the central ITC team chairs a TCO working group to discuss emerging issues and best practice. We also regularly assess trade activities at site level to identify risks and review controls.

Data protection and privacy

Smiths does not collect consumer information or market to consumers, which reduces these risks; however, we do process data relating to our 15,750 colleagues and we collect information on business contacts for B2B marketing and customer employees in relation to product training records.

We have established a common set of clear principles, policies and processes to ensure that our teams are aware of their responsibilities relating to personal data, with data privacy matters overseen by the Ethics and Compliance team.

We have a network of Privacy Champions across the corporate centre and our businesses who meet regularly to discuss emerging issues, approaches and evolving privacy and data protection regulation.

Along with the Ethics and Compliance team, the Privacy Champions are responsible for ensuring compliance with regulations in the jurisdictions in which we operate and raising awareness of the processes that need to be followed. Internal Audit also conducts assessments of our data privacy controls.

We are conscious that the growth of AI raises some data privacy concerns. To that end, in FY2025 we will establish an AI data protection framework that meets EU and US requirements.

ESG-related Policies and internal controls

Our internal controls environment is designed to ensure that we have the appropriate procedures and protections in place and that they are followed. The Board has ultimate responsibility for internal controls, and they are managed day-to-day by our businesses and Group functions.

The Smiths Internal Audit function is independent from the organisation and, as such, has no responsibility for operational business management. An Internal Audit Plan is agreed annually and includes ESG matters as appropriate. Internal Audit then works with relevant teams to verify that procedures and responsibilities are understood and functioning correctly.

Our policies and internal controls are dynamic, evolving continually to respond to and accommodate changes in the external environment, our business priorities and strategy, and the intelligence and data we gather. All our policies are reviewed and updated periodically, and more frequently in the case of areas which we perceive generate greater legal or ethical risk.

Group ESG-related Policies

Smiths Group ESG-related Policies over and above those highlighted elsewhere in this report are listed below:

- Quality Management Systems Policy
- Export and Import Controls Policy
- Data Protection and Privacy Statement
- Data Protection Code of Conduct
- Anti-trust Policy
- Conflicts of Interest Policy
- Agents and Distributors Policy
- Facilitation Payments Policy
- Gifts and Meals and Hospitality Policy
- Invitations to Government Officials Policy
- Dealing with Fraud, Money Laundering and other Financial Irregularities Policy

Key actions/activities in FY2024

- Refreshed Group Policies as appropriate, including anti-trust, facilitation payments, charitable donations, political activities, gifts, meals and hospitality between co-workers, anti-corruption and Speak Out
- Conducted an internal assessment of anti-trade diversion controls within international trade compliance, with a focus on Russia diversion risks

Priorities for FY2025

- Establish AI data protection framework to meet EU and US requirements
- Dealing with Fraud, Money Laundering and other Financial Irregularities Policy
- Review and update policies on agents and distributors, Supplier Code of Conduct, human rights and anti-corruption

ESG data – metrics, targets and disclosures

Our full set of ESG disclosures are provided in the following tables. They are also available in spreadsheet format on www.smiths.com



ESG disclosures

→ Page 39



Basis of preparation and methodologies

→ Page 45

ESG data is for the global operations of Smiths Group. Data is for the 12 months ending 31 July 2024 and the 12 months prior.



Environment

	Data point	Unit	FY2024	FY2023	Target	Assured in 2024	Group KPI	Linked to remuneration
Total energy								
Total	Total energy consumption	MWh	215,027	218,094	2% reduction by FY2025	Δ	–	–
Total	Total non-renewable energy consumption	MWh [%]	27%	30%	–	–	–	–
Total	Total energy consumption used for electricity	MWh	125,535	125,950	–	–	–	–
Total	Total renewable energy consumption used for electricity	MWh [%]	73%	70%	80% by FY2027	–	–	–
Total	Total % of energy derived from renewable sources	%	41%	43%	–	–	–	–
Total	Energy Efficiency	MWh/£m adjusted revenue ¹	71	75	–	Δ ¹	⌚	⌚
Total	Energy Efficiency	MWh/£m revenue	69	72	–	–	–	–
Energy consumption by type	Breakdown by type of fuel consumption for energy purposes – Natural gas	MWh	51,764	58,342	–	–	–	–
Energy consumption by type	Breakdown by type of fuel consumption for energy purposes – LPG or Propane	MWh	2,729	2,686	–	–	–	–
Energy consumption by type	Breakdown by type of fuel consumption for energy purposes – Petrol	MWh	558	538	–	–	–	–
Energy consumption by type	Breakdown by type of fuel consumption for energy purposes – Gasoline	MWh	33,512	30,578	–	–	–	–
Energy consumption by type	Breakdown by type of fuel consumption for energy purposes – Other	MWh	929	0	–	–	–	–
Energy by business								
Total electrical power use by business	John Crane	MWh	44,167	46,778	–	–	–	–
Total electrical power use by business	Smiths Detection	MWh	12,323	11,997	–	–	–	–
Total electrical power use by business	Flex-Tek	MWh	52,993	50,884	–	–	–	–
Total electrical power use by business	Interconnect	MWh	15,673	15,948	–	–	–	–
Total electrical power use by business	Group/Corporate	MWh	289	344	–	–	–	–
Total energy use by region or business (MWh)	John Crane	MWh	85,589	93,425	–	–	–	–
Total energy use by region or business (MWh)	Smiths Detection	MWh	21,385	21,462	–	–	–	–
Total energy use by region or business (MWh)	Flex-Tek	MWh	88,373	83,519	–	–	–	–
Total energy use by region or business (MWh)	Interconnect	MWh	19,289	19,139	–	–	–	–
Total energy use by region or business (MWh)	Group/Corporate	MWh	392	549	–	–	–	–
Total energy use by region or business (MWh)	Total Energy (UK)	MWh	17,906	11,394	–	–	–	–
Renewable energy percentage by business								
Total renewable energy percentage by business	John Crane	%	72%	71%	–	–	–	–
Total renewable energy percentage by business	Smiths Detection	%	99%	98%	–	–	–	–
Total renewable energy percentage by business	Flex-Tek	%	73%	66%	–	–	–	–

Footnotes

Δ The FY2024 figures for total Scope 1,2 and 3 GHG emissions, total MWh, and energy efficiency by adjusted revenue, are assured by KPMG.

¹ Revenue adjusted for pricing impact.

	Data point	Unit	FY2024	FY2023	Target	Assured in 2024	Group KPI	Linked to remuneration
Total renewable energy percentage by business	Interconnect	%	59%	59%	–	–	–	–
Total renewable energy percentage by business	Corporate	%	Not tracked	Not tracked	–	–	–	–
GHG emissions by business								
Total Scope 1 & 2 GHG emissions by business	John Crane	tCO ₂ e	17,295	21,044	–	–	–	–
Total Scope 1 & 2 GHG emissions by business	Smiths Detection	tCO ₂ e	2,526	2,621	–	–	–	–
Total Scope 1 & 2 GHG emissions by business	Flex-Tek	tCO ₂ e	15,625	16,988	–	–	–	–
Total Scope 1 & 2 GHG emissions by business	Interconnect	tCO ₂ e	5,119	4,818	–	–	–	–
Total Scope 1 & 2 GHG emissions by business	Group/Corporate	tCO ₂ e	193	178	–	–	–	–
Non-Greenhouse Gas Emissions								
Volatile Organic Compounds (VOCs)	Emitted Volatile Organic Compounds (VOCs)	kg	44,641	51,146	–	–	–	–
Global road fleet								
Road fleet	Total vehicles ²	Number	1,167	1,025	–	–	–	–
Road fleet	Percentage of hybrid vehicles	%	4%	4%	–	–	–	–
Road fleet	Number of battery electric vehicles (BEVs)	Number	112	17	–	–	–	–
Road fleet	Percentage of vehicles that are BEVs	%	10%	2%	–	–	–	–
Road fleet	Vehicle GHG intensity	tCO ₂ e	5,376	5,390	–	–	–	–
Global greenhouse gas emissions								
Total GHG emissions	Total Scope 1 ³	tCO ₂ e	19,687	19,694	–	Δ	–	–
Total GHG emissions	Total Scope 2 (market-based) ⁴	tCO ₂ e	21,072	25,955	–	Δ	–	–
Total GHG emissions	Total Scope 2 (location-based) ⁴	tCO ₂ e	48,989	47,111	–	–	–	–
Total GHG emissions	Total Scope 3 ⁵	tCO ₂ e	1,170,000	1,380,000	Net-Zero by 2050	Δ	–	–
Total GHG emissions	Total Scope 1 & 2 (market-based)	tCO ₂ e	40,759	45,649	17.5% reduction by FY2027	Δ	🕒	🕒
Total GHG emissions	Total Scope 1 & 2 (location-based)	tCO ₂ e	68,676	66,805	–	–	–	–
Total GHG emissions	Total Scope 1, 2 & 3	tCO ₂ e	1,210,759	1,430,058	–	–	–	–
UK GHG emissions	Total Scope 1 & 2	tCO ₂ e	1,290	1,779	–	–	–	–
GHG emissions intensity	Scope 1 – Intensity	tCO ₂ e/£m revenue	6	6	–	–	–	–
GHG emissions intensity	Scope 2 – Intensity (market-based)	tCO ₂ e/£m revenue	7	9	–	–	–	–
GHG emissions intensity	Scope 1 & 2 – Intensity (market-based)	tCO ₂ e/£m revenue	13	15	–	–	–	–
GHG emissions intensity	Scope 3 – Intensity	tCO ₂ e/£m revenue	374	454	–	–	–	–
Scope 1	Scope 1 – Road fleet ⁶	tCO ₂ e	5,376	5,390	–	–	–	–
Scope 1	Scope 1 – Site energy ⁷	tCO ₂ e	14,311	14,304	–	–	–	–
Scope 1	Scope 1 – Site non-energy ⁸	tCO ₂ e	241	241	–	–	–	–
Scope 2	Scope 2 – Purchased electricity and gas	tCO ₂ e	21,072	25,955	–	–	–	–
Scope 3	Scope 3 Category 1 – Purchased goods and services	tCO ₂ e	728,000	782,000	–	–	–	–
Scope 3	Scope 3 Category 2 – Capital goods	tCO ₂ e	9,410	6,990	–	–	–	–

**Footnotes**

Δ The FY2024 figures for total Scope 1,2 and 3 GHG emissions, total MWh, and energy efficiency by adjusted revenue, are assured by KPMG.

2 Total vehicles leased or owned by Smiths.

3 Emissions arising from stationary and mobile fuel combustion, from sources owned or controlled by Smiths Group. Includes fugitive emissions.

4 Indirect emissions from acquiring electricity or heating consumed by sources owned or controlled by Smiths.

5 Total value chain emissions from upstream and downstream sources.

6 Emissions arising from mobile fuel combustion, e.g. owned or leased vehicles to Smiths Group, such as cars, vans and trucks. There were improvements to data quality and methodology changes between FY2023 and FY2024 which had an immaterial impact.

7 Direct emissions arising from stationary fuel combustion, e.g. sources using combustion units such as bulk power generation.

8 Emissions attributed to fugitive emissions, e.g. sources that use refrigerant gases or fire suppressants.

	Data point	Unit	FY2024	FY2023	Target	Assured in 2024	Group KPI	Linked to remuneration
Scope 3	Scope 3 Category 3 – Fuel and energy-related activities	tCO ₂ e	14,600	20,300	–	–	–	–
Scope 3	Scope 3 Category 4 – Upstream transportation and distribution	tCO ₂ e	75,200	114,000	–	–	–	–
Scope 3	Scope 3 Category 5 – Waste generated in operations	tCO ₂ e	5,066	4,700	–	–	–	–
Scope 3	Scope 3 Category 6 – Business travel	tCO ₂ e	12,200	12,500	–	–	–	–
Scope 3	Scope 3 Category 7 – Employee commuting	tCO ₂ e	23,000	27,500	–	–	–	–
Scope 3	Scope 3 Category 8 – Upstream leased assets. Excluded from inventory due to immateriality.	tCO ₂ e	–	–	–	–	–	–
Scope 3	Scope 3 Category 9 – Downstream transportation and distribution	tCO ₂ e	29,300	50,100	–	–	–	–
Scope 3	Scope 3 Category 10 – Processing of sold products. Excluded from inventory due to immateriality.	tCO ₂ e	–	–	–	–	–	–
Scope 3	Scope 3 Category 11 – Use of sold products ⁹	tCO ₂ e	240,000	326,000	–	–	–	–
Scope 3	Scope 3 Category 12 – End of life treatment of sold products	tCO ₂ e	8,120	8,820	–	–	–	–
Scope 3	Scope 3 Category 13 – Downstream leased assets. Excluded from inventory due to immateriality	tCO ₂ e	–	–	–	–	–	–
Scope 3	Scope 3 Category 14 – Franchises. Excluded from inventory due to immateriality	tCO ₂ e	–	–	–	–	–	–
Scope 3	Scope 3 Category 15 – Investments	tCO ₂ e	23,150	31,500	–	–	–	–
Responsible supply chain								
Percentage of supplier spend with verified SBTs – Category 1 (within top 50% of spend)	Group total	%	10%	–	25% of supplier spend SBTi aligned by FY2027	–	–	–
Percentage of supplier spend assessed by EcoVadis (achieving a score over 45)	Group total	%	12%	–	40% of supplier spend evaluated by FY2027	–	–	–
Water-stressed sites – total water usage								
Water usage by source for water-stressed sites	Ground water used	m ³	7,785	7,225	–	–	–	–
Water usage by source for water-stressed sites	Public system water used	m ³	15,767	16,693	–	–	–	–
Water usage by source for water-stressed sites	Reservoir water used	m ³	0	0	–	–	–	–
Water usage by source for water-stressed sites	Water used – other supply	m ³	14,320	12,664	–	–	–	–
Water usage by source for water-stressed sites	Normalised water in water-stressed areas	m ³ /£m revenue	12	12	5% reduction by FY2027	–	–	–

**Footnotes**

* FY2024 figures for total hazardous, total non-hazardous and total water consumption, were assured by Ramboll.

⁹ Year-on-year decrease due to a methodology update of internal product data between FY2023 and FY2024. This had an immaterial impact.

	Data point	Unit	FY2024	FY2023	Target	Assured in 2024	Group KPI	Linked to remuneration
Global water data – total water usage								
Water usage by source for all monitored sites	Total water consumption	m³	239,603	263,024	-	*	-	-
Water usage by source for all monitored sites	Ground water used	m³	9,889	10,651	-	-	-	-
Water usage by source for all monitored sites	Public system water used	m³	191,530	215,030	-	-	-	-
Water usage by source for all monitored sites	Reservoir water used	m³	146	0	-	-	-	-
Water usage by source for all monitored sites	Water used – other supply	m³	38,038	37,343	-	-	-	-
Water scarcity rating for large sites								
Water consumption	Total water consumption in water-stressed areas	m³	37,872	36,582	-	-	-	-
High water stress	Number of sites with a high water stress rating	No. of sites	10	10	-	-	-	-
Water reduction projects	Number of water reduction projects	No. of projects	30	22	30 water saving projects by FY2027	-	-	-
Waste management								
Waste by type	Total hazardous	Tonnes	1,333	1,165	-	*	-	-
Waste by type	Total non-hazardous	Tonnes	12,459	11,957	-	*	-	-
Waste by type	Total recycled waste	Tonnes	9,606	9,015	-	-	-	-
Waste by type	Total incinerated waste	Tonnes	156	205	-	-	-	-
Waste by type	Total non-recycled waste	Tonnes	4,158	4,029	-	-	-	-
Waste by type	Total waste	Tonnes	13,792	13,121	30 waste/circularity projects by FY2027	-	-	-
Waste by type	Non-hazardous waste recycled	Tonnes	8,577	8,296	-	-	-	-
Waste by type	Non-hazardous waste incinerated	Tonnes	129	129	-	-	-	-
Normalised waste	Normalised waste	Tonnes/£m revenue	1.3	1.3	5% reduction by FY2027	-	-	-
Packaging projects	Number of packaging projects	Number	29	11	-	-	-	-
Sites with ISO 14001 certification								
Total sites certified to ISO 14001	John Crane	Total sites	41	41	-	-	-	-
Total sites certified to ISO 14001	Detection	Total sites	5	5	-	-	-	-
Total sites certified to ISO 14001	Interconnect	Total sites	14	14	-	-	-	-
Total sites certified to ISO 14001	Flex-Tek	Total sites	8	8	-	-	-	-
R&D and vitality								
Gross vitality (revenue contribution of products launched in the last 5 years)	Group total	%	28.5%	31%	-	-		-
R&D spend	Group total	million £	109	113	-	-	-	-
R&D spend as a percentage of sales	Group total	%	3.5%	3.7%	-	-	-	-

**Footnotes**

* FY2024 figures for total hazardous, total non-hazardous and total water consumption, were assured by Ramboll.

Social

Data point	Unit	FY2024	FY2023	Target	Assured	Group KPI	Linked to remuneration
Employee							
Number of employees – John Crane							
Number of employees – John Crane	Number	6,229	6,109	–	–	–	–
Number of employees – Smiths Detection	Number	3,267	3,123	–	–	–	–
Number of employees – Flex-Tek	Number	3,655	3,327	–	–	–	–
Number of employees – Smiths Interconnect	Number	2,016	2,052	–	–	–	–
Number of employees – Group	Number	566	545	–	–	–	–
Women percentage of Smiths employees ¹⁰	%	29%	29%	–	–	–	–
Men percentage of Smiths employees ¹⁰	%	71%	71%	–	–	–	–
Management diversity							
Women percentage of Smiths Executive Committee	%	36%	25%	–	–	–	–
Men percentage of Smiths Executive Committee	%	64%	75%	–	–	–	–
Women percentage of Smiths Senior Leadership Team	%	27%	25%	30% by FY2025	–		–
Men percentage of Smiths Senior Leadership Team	%	73%	75%	–	–	–	–
Women percentage of senior management (Companies Act definition) ¹¹	%	17%	17%	–	–	–	–
Men percentage of senior management (Companies Act definition) ¹¹	%	83%	83%	–	–	–	–
Women percentage of senior management (UK Code definition) ¹²	%	38%	36%	–	–	–	–
Men percentage of senior management (UK Code definition) ¹²	%	62%	64%	–	–	–	–
Women percentage of senior management (FTSE Women Leaders definition) ¹³	%	35%	36%	–	–	–	–
Men percentage of senior management (FTSE Women Leaders definition) ¹³	%	65%	64%	–	–	–	–
Women percentage of Smiths management	%	24%	23%	–	–	–	–
Men percentage of Smiths management	%	76%	77%	–	–	–	–
Ethnic diversity percentage of senior management (Parker Review definition) ¹⁴	%	32%	27%	35% by FY2027	–	–	–
Number in executive management – Men	Number	8	10	–	–	–	–
Number in executive management – Women	Number	4	3	–	–	–	–
Number in executive management – White British or Other White (including minority White groups)	Number	10	12	–	–	–	–
Number in executive management – Asian/Asian British	Number	2	1	–	–	–	–
Board diversity							
Number of Board members – Men	Number	6	6	–	–	–	–
Number of Board members – Women	Number	4	4	–	–	–	–
Number of senior positions on the Board (CEO, CFO, SID and Chair) – Men	Number	3	3	–	–	–	–
Number of senior positions on the Board (CEO, CFO, SID and Chair) – Women	Number	1	1	–	–	–	–
Number of Board members – White British or Other White (including minority White groups)	Number	8	8	–	–	–	–
Number of Board members – Asian/Asian British	Number	2	2	–	–	–	–
Number of senior positions on the Board (CEO, CFO, SID and Chair) – White British or Other White (including minority White groups)	Number	4	4	–	–	–	–
Number of senior positions on the Board (CEO, CFO, SID and Chair) – Asian/Asian British	Number	0	0	–	–	–	–



Footnotes

10 Does not include 15 colleagues whose gender is unknown.

11 Companies Act definition (Executive Committee plus Directors of subsidiary undertakings)

12 UK Code definition (Executive Committee, including the Company Secretary, and their direct reports)

13 FTSE Women Leaders definition (Executive Committee and their direct reports)

14 Parker Review definition (Executive Committee and their direct reports who do not identify as White British or Other White (including minority White groups))

Data point	Unit	FY2024	FY2023	Target	Assured	Group KPI	Linked to remuneration
Employee satisfaction							
Overall employee engagement score ¹⁵	Number	75	73	-	-		-
Survey response rate	%	85%	84%	-	-	-	-
Employee perceptions of the opportunities for personal development and growth ¹⁵	Number	69	68	-	-	-	-
Employee perceptions of respectful treatment ¹⁵	Number	80	-	-	-	-	-
Employee perceptions of commitment to mental well-being ¹⁵	Number	68	-	-	-	-	-
Employee perceptions of commitment to safety ¹⁵	Number	84	82	-	-	-	-
Employee perceptions of commitment to ethical behaviour ¹⁵	Number	72	70	-	-	-	-
Employee perceptions of commitment to environment ¹⁵	Number	77	75	-	-	-	-
Employee recruitment and retention							
Overall rate of roles taken by internal candidates ¹⁶	%	75%	70%	70%	-	-	-
Voluntary employee turnover – recent hires ¹⁷	%	16.9%	24.5%	-	-	-	-
Voluntary employee turnover – total	%	8.9%	12.5%	-	-	-	-
Employee turnover rate	%	13.7%	20.2%	-	-	-	-
Number of early careers participants ¹⁸	Number	323	278	-	-	-	-
Workplace health and safety							
Total recordable incident rate (RIR) ¹⁹	Number	0.44	0.41	<0.4	-		-
Total recordable incidents	Number	71	64	-	-	-	-
Lost time incident rate (per thousand hours worked) (employees) ²⁰	Number	0.21	0.14	-	-	-	-
Fatalities (employees)	Number	0	0	-	-	-	-
Fatalities (contractors)	Number	0	0	-	-	-	-
Number of safety look out observations and leadership tours	Number	17,135	13,000	-	-	-	-
Sites with ISO 45001 certification							
John Crane	Total sites	43	-	-	-	-	-
Smiths Detection	Total sites	5	-	-	-	-	-
Smiths Interconnect	Total sites	14	-	-	-	-	-
Flex-Tek	Total sites	9	-	-	-	-	-
Community/philanthropy							
Total funds granted by Smiths Group Foundation	Million £	c.£1m	-	-	-	-	-
Number of organisations supported through Smiths Group Foundation grants	Number	11	-	-	-	-	-

Governance

Data point	Unit	FY2024	FY2023	Target	Assured	Group KPI	Linked to remuneration
Business ethics							
Concerns reported through the company Speak Out helpline	Number	283	299	-	-	-	-
Percentage substantiated	%	38%	23%	-	-	-	-
Political donations							
Contributions to political parties	£	0	0	-	-	-	-



Footnotes

15 Employee engagement survey score (on a 0-100 scale) reflecting the level of favourability of employee responses.

16 Senior individual contributors and above vacancies filled by internal candidates.

17 Recent hires (0-2 years).

18 Graduates, interns and apprentices.

19 Recordable incidents per 100 employees in 1 year (200,000 work hours).

20 Incidents involving lost days per 100 employees in 1 year (200,000 work hours).

Basis of preparation and methodologies

Environment

Energy, renewable electricity, water and waste

Energy, renewable electricity, water and waste data is reported for sites that record utility data in our global health, safety and environment (HSE) data system as required by our HSE Reporting Policy (sites with 20 or more employees).

Packaging, water and biodiversity projects are tracked using our new environmental project tracking tool which has been developed to give immediate visibility on projects right across Smiths.

GHG inventory

Smiths assesses the GHG emissions associated with all its global operations for all four of its operational businesses and all sites. We have developed a GHG Inventory Management Plan (IMP) that outlines our methodology to provide systematic and appropriate GHG inventory data collection, manipulation and management, to produce a relevant, credible and transparent GHG inventory that will provide visibility into our near- and long-term goals. The IMP includes methods to estimate direct emissions from Smiths operations (Scope 1), indirect emissions from purchased energy (Scope 2), and value chain emissions (Scope 3).

The methods prescribed in the IMP conform with the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) GHG Protocol and the United States Environmental Protection Agency (USEPA) Center for Corporate Climate Leadership Greenhouse Gas Inventory Guidance.

GHG boundaries

Per the GHG Protocol, we have selected the operational control approach to set the organisational boundary for our GHG inventory, meaning 100% of GHG emissions from assets which the Company manages and over which it has authority to implement operational policies will be included. In selecting these organisational boundaries, Smiths evaluated equity share, financial control and operational control approaches and primarily considered the comprehensiveness of assets that would be included in the inventory under each of the three approaches, as well as which boundary would best reflect Smiths level of influence over emissions. This includes 98 locations globally, 32 of which are in the United States.

As for our operational boundary, which determines the direct (Scope 1) and indirect (Scope 2 and 3) emissions associated with operations within Smiths organisational boundary, we defined this as operations where we have the full authority to introduce and implement operating policies. Operations or activities that are outside of Smiths operational control, and therefore excluded from our Scope 1 and Scope 2 inventories, may become relevant when accounting for Scope 3 emissions.

GHG emissions are reported in metric tons of CO₂ equivalents (MT CO₂e). Because individual GHGs have different impacts on climate change, or global warming potentials (GWPs), CO₂e is used to express the impact of emissions from each GHG on a common scale. Smiths uses the IPCC Fifth Assessment Report (AR5) GWPs.

Inventory boundary

Smiths Group will report all GHG emissions within its organisational and inventory boundary. Emissions are considered outside of the inventory boundary when they are quantified as not material. Exclusions are

documented alongside assumptions and reasoning, and a summary of the inventory boundary is detailed below. Unless otherwise stated, all emissions described below are measured in tonnes of CO₂ equivalent (tCO₂e).

Scope 1 & 2 emissions

Smiths uses its HSE data management system to track Scope 1 & 2 emissions. Smiths uses primary data to calculate Scope 1 & 2 emissions where possible and proxy data to estimate the remainder. Primary data (PRISM-based data) accounts for 80% of all emissions and secondary data (estimated small sites/fleet) accounts for 20% of total emissions. A small proportion of PRISM-based data in July is estimated where actual data (invoicing) is not available. Emissions factors are updated in PRISM. A list of Smiths Scope 1 & 2 emissions is provided below. Reported Scope 2 emissions include those that are market-based.

Scope 1 emissions (direct emissions) from Smiths owned and/or controlled sources:

- Stationary combustion – sources using combustion units such as bulk power generation, furnaces or back-up generators producing electricity or heat
- Mobile combustion – on-road vehicles owned or leased to Smiths Group, such as cars, vans and trucks

Scope 2 emissions (indirect emissions) from purchased energy for Smiths owned and/or controlled sites:

- Purchased electricity: any electricity-based energy consumed from a purchased source (not including onsite generation)
- Purchased heating: purchased electricity/heating in spaces where Smiths do not control the combustion equipment

Energy efficiency

Smiths also reports on energy efficiency, which is the total energy used divided by revenue. It is measured as MWh divided by million GBP in revenue (at a budgeted exchange rate normalised to factor out inflation). Energy usage is all energy consumed at reporting sites, less any onsite solar electricity consumed and electricity used on electric vehicle charging stations onsite. Smiths performance on this metric is included in the FY2024 Annual Incentive Plan (compensation system that rewards employees based on achieving certain performance objectives within the FY) for select managers based on role and seniority.

Fugitive emissions

The Kyoto Protocol establishes seven key GHGs: carbon dioxide (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorocarbons (HFCs); sulphur hexafluoride (SF₆); perfluorocarbons (PFCs); and nitrogen trifluoride (NF₃). The GHG Protocol requires that companies include the seven Kyoto gases in their assessment (WRI & WBCSD [a], 2015), however fugitive emissions from HFCs used in heating, ventilation and air-conditioning (HVAC) are immaterial compared to Smiths total Scope 1 & 2 GHG emissions (less than 5%). Smiths is currently estimating these fugitive emissions conservatively by using a square footage model for predictive losses from onsite air conditioning systems. The current methodology sees sampling of the top ten sites by square footage, calculating out at 15% of total square footage across the Smiths portfolio and estimating refrigerant gases by reaching out to these sites. In the coming years, Smiths plans to transition to a different estimating methodology that should provide greater accuracy for these fugitive emissions.

Smiths also does not emit SF₆, PFCs, or NF₃ from its operations, so only three of the seven Kyoto gases are

relevant to our operations and therefore included in our Scope 1 inventory. HFCs emissions will be re-evaluated in future years as Smiths operations change.

Scope 3 emissions

Smiths works closely with all identified data owners to calculate Scope 3 emissions where possible and uses proxy data to estimate the remainder.

For all Scope 3 emission sources, Smiths considers:

- Relevant activity
- GHG Protocol requirements
- Methodology
- Relevant assumptions
- Activity data source

A list of Smiths Scope 3 emissions is provided below.

Scope 3 emissions [value chain emissions] from upstream and downstream sources:

- Category 1: Purchased Goods & Services
- Category 2: Capital Goods
- Category 3: Fuel- and Energy-Related Activities (not included in Scope 1 or 2)
- Category 4: Upstream Transportation & Distribution
- Category 5: Waste Generated in Operations
- Category 6: Business Travel
- Category 7: Employee Commuting
- Category 9: Downstream Transportation & Distribution
- Category 11: Use of Sold Products
- Category 12: End of Life Treatment of Sold Products
- Category 15: Investments

The following Scope 3 categories have not been included in our Scope 3 inventory due to immateriality with respect to Smiths operations:

- Category 8: Upstream Leased Assets – Not relevant; Smiths leased sites are included in the Scope 2 inventory

- Category 10: Processing of Sold Products – Not relevant; assembly is the only downstream processing relevant to Smiths products as some products are integrated into other end use products. The emissions from assembly have been estimated to be less than 1% of Smiths Scope 3 inventory based on a screening-level calculation completed using a lifecycle emission factor for an electronic assembly process available through 'ecoinvent' and are therefore negligible compared to Smiths other Scope 3 emissions
- Category 13: Downstream Leased Assets – Not relevant; Smiths does not act as a lessor
- Category 14: Franchises – Not relevant. Smiths does not have any franchises

GHG inventory updates

The GHG Protocol (WRI & WBCSD [a], 2015) and ISO 14064-1 (ISO, 2018) standards recommend setting a base year to support a meaningful and consistent comparison of emissions over time. Smiths will use FY2021 as the base year against which to compare its emissions changes over time. Smiths will adjust the base year emissions inventory for significant structural changes or methodology changes as defined below.

Structural changes are acquisitions, divestures or mergers of facilities that existed during the base year. Where the addition or removal of such facilities would reflect a change greater than the significance threshold in the base year inventory, Smiths will endeavour to add or delete as appropriate the emissions associated with that facility from the base year. Insourced or outsourced operations will be treated similarly.

Methodology changes may include updated emission factors, improved data access, updated calculation methods or protocols, or error correction. Where such methodology changes would reflect a change greater

than the significance threshold in the base year inventory, Smiths will implement the change at a minimum in the base year inventory and the current year inventory. Smiths may optionally implement the change in all interim year inventories.

The GHG Protocol does not make a recommendation regarding a significance threshold level. Future changes could have a material impact on the base year definition. For Scope 1 & 2 emissions, Smiths will institute a base year change (recalculation) if the change in GHG emissions exceeds a significance threshold of 5% of the base year's combined Scope 1 & 2 emissions. For Scope 3 emissions, Smiths will institute a base year change (recalculation) if the change in GHG emissions exceeds a significance threshold of 5% of the base year's Scope 3 emissions. Smiths will review this significance threshold on an annual basis.

Monitoring and assurance

Smiths is committed to a complete, accurate and transparent inventory process and results. Smiths corrects identified data gaps and errors in a timely manner and makes required procedural changes as necessary to avoid repetition of errors. To this end, Smiths will annually monitor whether updates to the referenced sources of emission factors have been issued and utilise any updated emission factors in all relevant inventory calculations going forward. Updated emission factors may trigger a base year adjustment. The IMP will be reviewed and updated annually during and after completion of the yearly emissions inventory to reflect any structural or methodological changes. In addition, Smiths divisions and Group review monthly reporting from Smiths sites looking for anomalies and errors.

We retain a third party to provide limited assurance on our Scope 1, 2, and 3 GHG emissions inventories. In FY2024, Smiths retained KPMG to complete these services in alignment with International Standard on Assurance Engagements (UK) 3000 and International Standard on Assurance Engagements 3410. For more information, users can refer to KPMG's limited assurance opinion upon release.

Social

Safety

We report all injuries globally in our HSE data system in accordance with US OSHA guidance. Our key safety metrics are recordable incidents, recordable incident rate (RIR) (where incidents require medical attention beyond first aid), and lost-time incident rate (LTIR) (where a colleague is unable to work following an incident), per 100 colleagues, per year across Smiths. These metrics align with those widely used in our global industries.

The Safety Leading Indicators that are common to all our divisions – safety look out observations and safety leadership tours – are also tracked and reported monthly.

People

People data is tracked using our global HR information system and results from our third party-managed My Say survey.

Governance

Our Ethics pulse survey is conducted internally and our Speak Out reporting data is taken from our Speak Out reporting system which is on a platform provided by a third party.



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