

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.