



smiths

# Smiths Group Tax Strategy

## SMITHS GROUP TAX STRATEGY

This tax strategy document applies to Smiths Group plc (“Smiths”) and its UK and non-UK subsidiaries (together, the “Smiths Group”) and is published in accordance with Paragraph 16(2) of Schedule 19 of the Finance Act 2016. It sets out Smiths Group’s strategy, policy, and approach to conducting its global tax affairs and dealing with global tax risks. This tax strategy applies for the financial year ended 31 July 2025 and is reviewed by the Board of Directors of Smiths on an annual basis. This document was approved by the Board of Smiths Group plc on 16th July 2025.

### OVERVIEW OF OUR BUSINESS

For over 170 years, Smiths Group has been living our purpose of engineering a better future. We serve millions of people every year to help create a safer, more efficient and productive, better-connected world across four major global markets: energy, safety & security, aerospace and defence and general industrial.

Smiths is listed on the London Stock Exchange (SMIN), and during the financial year ending 31 July 2024, Smiths Group reported sales of £3.1 billion and headline operating profit of £526m. Of total sales, the Americas accounted for 54%, Europe 20%, Asia Pacific 15%, and the rest of the world 11%. Our four businesses operate in more than 50 countries and the number of employees for the Group was reported as c15,750.

### OUR TAX STRATEGY

Smiths Group is a world-class engineering company with leading positions in critical markets, global capabilities and a robust financial framework. Our tax strategy supports our overall strategy, enabling us to leverage our strengths, deliver our potential and create value for all stakeholders, while managing the cost of taxation in a responsible manner. We aim to enhance long-term shareholder value while contributing to public expenditure and the overall welfare of the communities in which we operate.

In addition, our tax strategy is fully aligned with the Smiths Code of Business Ethics. We manage our tax affairs so that we are legally compliant, and we engage with tax authorities around the world transparently and cooperatively. We have a zero-tolerance approach to tax evasion and the facilitation of tax evasion.

### OUR TAX POLICY

Smiths Group’s tax strategy is underpinned by our tax policy. Our tax policy applies to all corporate taxes, including corporate income tax, VAT, sales tax, and property tax. It also applies to all Smiths Group companies and requires that the relevant Business Segment Finance Directors have appropriate internal controls and procedures to ensure compliance with our tax strategy.

Our Global Tax Organisation (the “GTO”) oversees overall compliance with our tax policy. Business Segment Finance Directors and the Group Financial Controller are responsible for compliance at the business segments and the corporate centre respectively.

## GOVERNANCE

Our Chief Financial Officer (“CFO”) is responsible for the execution of our tax strategy, and our CFO delegates authority to Business Segment Finance Directors, the Group Financial Controller, and the Head of the GTO. Accountability for tax affairs is clearly defined, and we take decisions at an appropriate level, determined by formal corporate approvals or by documented delegation of authority to appropriate individuals. The Audit & Risk Committee of Smiths monitors and reviews compliance with the tax strategy.

## RISK MANAGEMENT

Smiths operates a centrally managed enterprise risk management process to identify and effectively manage risks across Smiths Group. A mixture of qualitative and quantitative guidance is used to determine acceptable levels of risk, including tax risks.

Our GTO is responsible for ensuring that Smiths Group’s corporate income tax compliance and risk management are conducted efficiently, accurately and in compliance with applicable laws. The GTO ensures that tax policies and procedures are adopted and followed consistently across Smiths Group.

Responsibility for managing other taxes, including value added tax (“VAT”), sales, and employment taxes rests with the Group Financial Controller and the Business Segment Finance Directors.

The Group operates in a complex global environment, with numerous specific and frequently changing tax obligations across a range of tax jurisdictions. The requirement to interpret complex and evolving tax legislation presents risks which require diligent professional care and judgement to determine how the risks should be assessed, recorded and appropriately managed.

It is our policy that the tax implications of all material business transactions are investigated so that appropriate judgements on acceptable levels of tax risk are made. Such transactions include but are not limited to: Acquisitions, disposals, joint ventures, business reorganisations, and changes in the Smiths Group’s corporate structure. We ensure that all Smiths Group companies have access to appropriately qualified internal staff or external professional advisers to inform their judgements.

Smiths Group has a zero-tolerance approach to tax evasion and the facilitation of tax evasion. In addition, we provide annual training to all employees in relation to the Corporate Criminal Offences Act.

Where there is reasonable uncertainty as to the application or interpretation of tax law, we may obtain third party written advice evidencing the facts, risks, and conclusions to support our decision-making process.

The Group does not mandate rigid levels of acceptable tax risk, as the level of risk is determined by a number of factors, including uncertainty of tax law interpretation and the relevant jurisdiction in which the risk arises. We do not engage in transactions that we would assess as high-risk.

We have clear policies setting out requirements for approval of business transactions, and the associated tax implications. Tax approval to proceed may be considered by Business Segment Finance Directors and Group Tax. Depending on the size and nature of the transaction, approval by the Group CFO and the Board of Smiths Group plc may also be required.

## ATTITUDE TO TAX PLANNING

Smiths Group is committed to acting with integrity in respect of tax laws and regulations. As a result, we do not undertake aggressive or artificial tax planning. As part of protecting our competitive position, we engage in responsible tax planning, aligned with our business activities.

The fundamental principle of our approach to managing our tax affairs is to engage with tax authorities around the world transparently, cooperatively and on the basis of legal compliance. In doing so, we may make use of legitimate tax rulings, incentives, exemptions and statutory alternatives offered by governments.

As a world-class engineering company with a track record of innovation and R&D investment, we claim relevant tax incentives including R&D credits introduced by UK and other governments. If appropriate, we discuss tax planning with external advisors to support commercial decisions in a way that supports our overall strategy of managing the cost of taxation in a responsible manner. In this regard, advice may be sought where the tax position is uncertain, or we require specialist knowledge to fully assess the tax consequences or make the appropriate claims.

## WORKING WITH TAX AUTHORITIES

We aim to maintain a professional and open working relationship with all relevant tax authorities, including HM Revenue & Customs, by operating in a compliant, cooperative, and transparent manner. We may seek certainty from tax authorities on material business transactions in advance.

Where differences of legal interpretation arise between Smiths Group and a tax authority, we are committed to working collaboratively with the relevant tax authority to agree the facts and the technical position and resolve any differences. If we are unable to reach agreement with a tax authority, we may commence formal legal proceedings where we believe it makes commercial sense and when we have professional advice supporting our position.

## OUR APPROACH IS TO DO THE RIGHT THING

Smiths Group's Code of Business Ethics and Smiths Leadership Behaviours guide and inspire our employees to embrace Smiths Values in every decision and action. Our core Smiths Values include:

- Integrity
- Respect
- Ownership
- Customer Focus
- Passion

Applying these values to tax means that we comply with the spirit as well as the letter of the tax rules and regulations in the jurisdictions where we have a tax presence.