

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

UPDATED NOVEMBER 2025

Compliance statement

FCA Listing Rules

In this document, we set out climate-related financial disclosures consistent with all of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures pursuant to Listing Rule 6.6.6(R)8(a)(b). This includes all four of the TCFD pillars and the 11 recommended disclosures set out in the report entitled 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures' published in October 2021 by the TCFD. In completing this work, we made use of TCFD guidance material including the TCFD technical supplement on the use of scenario analysis, TCFD Guidance on Metrics, Targets and Transition Plans, and the TCFD Guidance for All Sectors. We are reporting against the TCFD framework in line with the FCA Listing Rules. Additional content can be found in the [Smiths FY2025 Annual Report \(FY2025 AR\)](#).

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GOVERNANCE

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| a) Describe the Board's oversight of climate-related risks and opportunities | 1, AR83, AR100 |
| b) Describe management's role in assessing and managing climate-related risks and opportunities | 1 |

STRATEGY

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| a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term | 4 |
| b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning | 3 |
| c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | 2 |

RISK MANAGEMENT

- | | |
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| a) Describe the organisation's processes for identifying and assessing climate-related risks | 3, AR26 |
| b) Describe the organisation's processes for managing climate-related risks | 3, AR35 |
| c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management | 3, AR26 |

METRICS AND TARGETS

- | | |
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| a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes | 7, AR40, AR56 |
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| c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets | AR40, AR57 |

Governance

Board

The Board has overall responsibility for our approach to sustainability matters, including climate change. Oversight during FY2025 has been delegated to Board sub-Committees. Specifically, the Audit & Risk Committee has overseen climate risk management while the Innovation, Sustainability & Excellence (ISE) Committee has overseen delivery of our commitments in relation to climate change. The ISE Committee will be retired in FY2026 and its climate change responsibilities will be elevated to the Board.

The Board has oversight of our Group-level and business strategies, receiving performance updates from our four businesses twice a year. This includes an annual strategy presentation and operational updates.

Our Board has a collective competency for sustainability matters, including climate change. Individual Directors have sustainability experience gained from current and previous positions held at other companies. When determining Board Committee composition, the relevant skills and experience of the individual Non-executive Directors are considered to ensure each Committee has the required competencies. Further detail can be found in the Board biographies on pages 65 and 66 of the FY2025 AR. Our Board governance framework is described on page 64.

See page 78 of the FY2025 AR for the Audit & Risk Committee report and page 99 for the ISE Committee report.

Executive Committee

Our Business Presidents sit on the Executive Committee and are responsible for our businesses' approach to sustainability, including climate change. The Executive Committee members report to the CEO, who reports directly to the Board six times a year.

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Discussions at the Executive Committee relate to commercial climate activities such as new market opportunities, innovation and product development, and operational climate-related activity, such as energy and GHG reductions and business continuity planning. The Chief People, Sustainability & Excellence Officer oversees the Group's overall direction, targets and reporting on operational sustainability matters.

The Board considers climate-related issues when reviewing strategy and performance objectives. The ISE Committee reviews our net zero operational transition plans and regularly reviews climate metrics and targets such as energy efficiency, GHG, water and waste. These metrics are also discussed in management reviews.

Climate-related risks are managed and reported in line with our wider risk management processes, with the outcomes of business assessments integrated into executive-level strategic planning and priorities.

A number of key climate-related issues were discussed by the Executive Committee and/or Board Committees in FY2025 including:

- Megatrends driven by climate change covering energy use, energy sources and energy delivery and related opportunities for Smiths. See page 12 of the FY2025 AR
- Progress against the Group's SBTs and transition planning for Net Zero Scope 1, 2 and 3 emissions, including investment in solar
- Alignment of remuneration with environmental targets. See page 87 of the Remuneration & People Committee Report in the FY2025 AR

Executive remuneration

We have incorporated climate-related metrics into our incentive plans since FY2022. In FY2023, we introduced climate-related metrics into our Annual Incentive Plan (AIP) and our Long-Term Incentive Plan (LTIP) to more closely align decision-making and ownership of climate goals. These continued through to FY2025. In FY2026 we will retain a climate-related metric (reduction in energy use) in our AIP.

Strategy**Climate-related risks and opportunities**

The time horizons considered for identified climate-related risks and opportunities are found in the table below. Our strategic planning horizon has three distinct time periods: short term (5 years), medium term (5-10 years), and long term (beyond 10 years). The level of uncertainty and number of unknown variables increases as the timeframe extends.

We have assessed a range of physical and transition risks and opportunities that could impact our business over short-, medium- and long-term time horizons:

Short term: 2025–2030

Medium term: 2030–2035

Long term: 2035 and beyond

This assessment determines that climate-related risks and opportunities are likely to impact the business in the medium and long term only, and that the business and its strategy remain resilient to short-term climate risks with the adaptation and mitigation strategies currently in place. We have also determined that none of the climate risks identified represent a material financial risk to the business in the time periods considered, although they are identified as a Group principal risk in aggregation. See page 4 for details of the recent scenario analysis conducted and page 29 of the FY2025 AR for principal risks to the Group.

Climate scenarios

We use climate scenarios to inform management and relevant stakeholders within our businesses about climate risks and the opportunity environment in order to assess impact.

Physical scenarios

In FY2025, we updated our physical climate scenario analysis using the latest Intergovernmental Panel on Climate Change (IPCC) scenarios to model the impacts of physical risks where our sites and supply chains are located. This TCFD disclosure increases our climate scenarios from two to three and includes a low carbon aligned climate pathway. Climate risk data from the Group's insurers has also been integrated into this year's assessment. This data quantifies financial

exposure to climate risk by risk type, modelled in line with these three scenarios.

For further detail on how our climate-related risks are managed and reported in line with our wider risk management process, refer to page 26 of the FY2025 AR.

Net zero scenario (SSP1 – RCP 2.6)

In this scenario, all current net zero pledges are achieved in full and there are extensive efforts to realise near-term emissions reductions. Advanced economies reach net zero emissions by 2050, China around 2060, and all other countries by 2070 at the latest. This scenario is consistent with limiting the rise in global temperature to below 2°C. With some level of net negative emissions after 2070, global temperature rise could be reduced to 1.5°C by 2100.

Current trajectory scenario (SSP 2 – RCP 4.5)

This scenario sets out to show to what extent announced ambitions and targets are on the path to deliver emissions reductions required to achieve net zero emissions by 2050. The rise in global temperature will exceed 2°C by 2100, with a more noticeable shift to happen in the latter half of the century.

Breach of planetary boundaries scenario (SSP 5 – RCP 8.5)

This scenario is not aligned to any of the pledges laid out in the Paris Agreement and is one where countries are unable to meet the UNSDGs. This scenario will have the most severe physical consequences for the planet. The temperature rise will exceed 4°C by 2100, leading to high loss of biodiversity and species extinction.

Transition scenarios

We also updated our transition scenarios to latest practice, with three scenarios, including a low carbon pathway.

High ambition scenario (IEA WEO Net Zero Energy Scenario/NGFS Net Zero scenario)

This scenario is a pathway where the world achieves Net Zero by 2050, with advanced economies reaching it sooner, but with all economies contributing in an orderly transition with strong and co-ordinated incentives. Global temperature increase is less than 1.5°C by 2100.

TCFD CONTINUED

Medium ambition scenario (IEA WEO Announced Pledges Scenario)

This scenario covers all major national announced pledges as of August 2024 and assumes countries implement these national targets in full and on time. It also assumes achievement of country targets relating to clean cooking and access to electricity. Global temperature increase is less than 2°C by 2100.

Low ambition scenario (IEA WEO Stated Policies Scenario – STEPS)

This scenario is a more conservative benchmark based on the national policy and sector landscape as of August 2024, but with ambitions/full implementation not automatically incorporated into the scenario. Global temperature increase is 3°C by 2100.

Impact on the business, strategy and financial planning

Our Net Zero transition plan and GHG emissions reduction targets for Scopes 1, 2 and 3 were approved by the Science-Based Target initiative (SBTi) in December 2023. These outline our operational Net Zero GHG trajectory to meet a 1.5°C scenario by achieving Net Zero Scope 1 & 2 emissions by 2040 and Net Zero Scope 3 emissions by 2050 and milestones in between. This aligns with the Net Zero by 2050 targets set out by the UK and US governments (which are our largest areas of operation). Business-level initiatives and actions to reduce Scope 1 & 2 emissions are based on energy efficiency, green electricity and fleet electrification. The majority of our Scope 3 emissions will be addressed by in-country grid decarbonisation and via engaging with significant suppliers on their own science-based targets. See page 41 of the FY2025 AR.

As part of our ongoing strategic planning work, we have identified the global decarbonisation agenda and the fundamental revolution in energy use, energy sources and energy delivery as continuing opportunities for our John Crane and Flex-Tek businesses. These businesses already address a range of climate-related matters, including: lower emission oil & gas systems; compression, transportation and storage of hydrogen; carbon capture and storage; electrical heat; and building efficiency. See pages 5 and 7 for specific opportunities identified as arising from our climate scenarios.

Risk management

We have a Group-wide approach to risk management which is discussed in detail on pages 26 to 28 of the FY2025 AR. Details of how we manage our aggregate Climate change risk can be found on page 35 of the FY2025 AR.

Our discrete climate risk assessment work considers a wide range of risks relating to climate change identified with the support of external technical specialists and then evaluated through Group and business workshops using the climate scenarios described above. Risks include impacts relating to damage to assets from weather events, cost and availability of resources, safety and comfort of our people, and regulation relating to GHG emissions. The identification process includes assessment of our value chains, for example extreme weather impact on key assets in our supply chains.

Scenario analysis outcomes

A Group summary of our risk and opportunities assessment across each scenario is provided on pages 4 to 7. As described above, risks and opportunities are categorised as arising in the short, medium or long term. They are also categorised by financial impact under the following definitions:

1. Very low

- Marginal impact on the Group
- Financial impact less than £25 million effect on revenue

2. Low

- Relatively marginal impact on the Group
- Financial impact £25–50 million effect on revenue

3. Moderate

- Moderate impact on the Group
- Financial impact £50–100 million effect on revenue

4. High

- Significant impact on the Group
- Financial impact £100–250 million effect on revenue

5. Very high

- Very significant impact on the Group
- Financial impact more than £250 million effect on revenue

TCFD CONTINUED

A summary of our risk and opportunities assessment across each scenario can be found below.

				Potential impact											
				SSP1 – 2.6 Net Zero		SSP2 – 4.5 Current trajectory		SSP5 – 8.5 Breach of planetary boundaries							
				2030 medium term	2050 long term	2030 medium term	2050 long term	2030 medium term	2050 long term						
Risk and risk description				Time horizon and scope		Response/actions we're taking and how they are managed									
Physical risks															
Environment (acute physical) Increased risk of property damage and business interruption, from climate-related natural hazards at our operational sites, e.g. raised severity of storm activity. Here, the financial risk relates to increased costs and resulting revenue losses due to business disruption, repair and increasing insurance costs.				Medium	All businesses	All sites are required by policy to complete annual site-specific risk assessments through the business continuity plans review, which considers risks from a wide range of issues, including from severe weather. In particular, a number of John Crane and Smiths Interconnect sites have been identified as vulnerable, so mitigation measures are being put in place such as relocations; alert systems; guidance from insurance providers when sites come up for insurance policy renewal; and local, specific mitigation measures such as independent generators.				2	3	2	3	4	4
Environment (acute physical) Health and safety risks, due to overheating from heatwaves and water supply issues due to regional water scarcity. This could lead to a loss of revenue due to operations having to be temporarily shut, as well as additional costs from heating and cooling.				Medium or Long	All businesses	A number of our facilities have been identified as vulnerable to the effects of climate change and extreme weather. There are health and safety risks associated with the increased frequency and severity of heatwaves, droughts and higher temperatures.				2	3	2	3	2	3
Environment (acute physical) Weather events directly impacting transportation networks, and the global value chain. This could lead to a loss of revenue due to delays in getting products to market.				Medium	All businesses	We are reviewing and investigating ways to minimise travel distances by ensuring products are produced as close to customers as possible.				2	3	2	3	2	3
						We aim to avoid the use of single-source materials to increase resilience over regional disruption. This includes looking at reducing double handling of products by having suppliers send directly to customers.				2	2	2	2	2	3

Key

Short term	2025–2030
Medium term	2031–2036
Long term	2036 onwards

Risk

Definition

1. Very low	Marginal impact on the Group Financial impact: Less than £25 million effect on revenue
2. Low	Relatively marginal impact on the Group Financial impact: Between £25-50 million effect on revenue
3. Moderate	Moderate impact on the Group Financial impact: Between £50–100 million effect on revenue.
4. High	Significant impact on the Group Financial impact: £100–250 million effect on revenue.
5. Very high	Very significant impact on the Group Financial impact: More than £250 million effect on revenue.



Key

Short term	2025–2030
Medium term	2031–2036
Long term	2036 onwards

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1. Very low	Marginal impact on the Group Financial impact: Less than £25 million effect on revenue
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TCFD CONTINUED

				Potential impact					
				SSP1 – 2.6 Net Zero		SSP2 – 4.5 Current trajectory		SSP5 – 8.5 Breach of planetary boundaries	
				2030 medium term	2050 long term	2030 medium term	2050 long term	2030 medium term	2050 long term
Opportunity and opportunity description	Time horizon and scope	Response/actions we're taking and how they are managed							
Physical opportunities									
Environment (chronic physical) Increased demand for cooling systems. Ongoing extreme variation in global temperatures will increase demand for heating, ventilation and air conditioning (HVAC) systems from Flex-Tek globally.	Medium	Flex-Tek	Increased revenue from increased demand for residential and domestic cooling systems, driven by ongoing variation in global temperatures.	2	3	3	3	3	3
Environment (chronic physical) New clients/market due to increased frequency and severity of dry spells/drought. John Crane also has the opportunity to develop sealing and water filtration technology for transportation and cleaning of water in water-stressed locations.	Medium	John Crane	We are reviewing and investigating ways to minimise travel distances by ensuring products are produced as close to customers as possible.	2	3	2	3	3	3
Environment (chronic physical) Growth in remote sensing market. Increasing demand and requirements for climate change/ weather/environmental tracking and monitoring.	Medium	Smiths Interconnect	Increased revenue from growth in demand for satellite technology for environmental monitoring and tracking.	3	4	3	4	3	5



Key

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TCFD CONTINUED

				Potential impact					
				IEA WEO NZE High ambition Net Zero		IEA WEO APS Medium ambition announced pledges		IEA WEO STEPS Low ambition stated policies	
				2030 medium term	2050 long term	2030 medium term	2050 long term	2030 medium term	2050 long term
Risk and risk description									
Time horizon and scope									
Response/actions we're taking and how they are managed									
Transition risks									
Political and legal risk Regulations relating to sustainability and GHG emissions would lead to increased costs for compliance and reporting, as well as costs associated with emissions reductions and monitoring.	Medium	All businesses	We have an established Sustainability Group and other cross-functional working groups to monitor current and emerging regulations.	3	3	2	3	2	3
Market risk Increased transportation costs due to greater fuel costs relating to freight and internal transportation.	Medium	All businesses	Reduction in double handling of products, optimising space in freight through reusable and recyclable packaging solutions and exploring localised business models.	3	3	2	3	2	3
Market risk Increased cost and reduced availability of critical raw materials , leading to price volatility and production constraints.	Medium	All businesses	Actions are taken based on trends such as pre-buys or vendor managed inventory. Businesses also periodically look at alternative materials.	3	3	2	3	2	3
Market risk R&D and capital costs required to adapt existing products and processes to suit evolving needs from customers. There is a risk of unsuccessful investment.	Medium	Smiths Detection and Flex-Tek	Smiths Detection has an investment programme in place to improve product performance in anticipation of client and policy demands. Flex-Tek continually changes and adapts products to meet market demand for sustainable products.	3	3	3	3	2	2
Market risk New and emerging competitors. Reduced accessible market due to increased competition in Net Zero/energy efficiency space such as methane leakage. Increased competition could lead to reduced revenue.	Medium	All businesses	John Crane has implemented procedures to track and respond to changes in demand from traditional oil & gas customers to additionally target its portfolio of products and services to target new customers and markets, e.g., hydrogen and carbon capture.	4	2	4	2	3	2
			Smiths Detection monitors power consumption of its products relative to competitors and product durability and strives to be best in class to lower total cost of ownership.						



Key

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TCFD CONTINUED

				Potential impact					
Opportunity and opportunity description	Time horizon and scope		Response/actions we're taking and how they are managed	IEA WEO NZE High ambition Net Zero		IEA WEO APS Medium ambition announced pledges		IEA WEO STEPS Low ambition stated policies	
				2030 medium term	2050 long term	2030 medium term	2050 long term	2030 medium term	2050 long term
Transition opportunities									
Products and services Aviation/energy efficiency requirements, with demand increasing for efficient detection products. Opportunity for increasing revenue here.	Medium	Smiths Detection	Smiths Detection monitors power consumption of its products relative to competitors and product durability and strives to be best in class to lower total cost of ownership.	3	4	3	4	3	4
Products and services Growth in energy efficiency products market, as there's increased demand for efficiency and emission reduction products, with increased revenue from sealing solutions that reduce hydrocarbon leakage.	Medium	John Crane	Continuing development of next generation solutions for oil & gas and other industrial customers that align with their decarbonisation targets, such as via digitisation.	3	3	4	3	3	2
Products and services Demand for new products and services in the aviation sector, e.g. future development of electric planes. This could generate additional revenue.	Medium	Flex-Tek	Monitoring progress of electric aviation technology and testing. Developing relationships with existing and new market players.	2	3	2	3	1	2

Metrics and targets

We have identified relevant metrics and targets to monitor progress in achieving our sustainability goals, as well as manage and mitigate identified climate-related risks and opportunities. They include: energy use, GHG emissions, % renewable electricity, reductions in water and waste, and water, packaging and biodiversity projects. Our metrics and targets are monitored by the ISE Committee and inform decision-making to execute our strategic priorities.

See pages 40 to 41 and pages 55 to 57 of the FY2025 AR for our metrics and targets and discussion of performance in FY2025.

See page 40 of the FY2025 AR for how these metrics are linked to our incentive arrangements.



Key

Short term	2025–2030
Medium term	2031–2036
Long term	2036 onwards

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