

Sustainability at Smiths

Chief Sustainability Officer

John Ostergren



John Ostergren, Chief Sustainability Officer

Stanford University

- JD (2002), PhD (1999), Environmental Geochemistry

Dorsey & Whitney LLP – Environmental Law & IP litigation (2002-07)

3M Company (2007-19)

- Global EHS Director
- Associate General Counsel, Supply Chain

Zymergen Inc., Senior Legal Director (2020-21)

Joined Smiths in January 2022 as Group's first CSO

- Role reports directly to CEO and sits on the Executive Committee
- Governed by Science, Sustainability and Excellence Board committee



Sustainability is at the heart of our Purpose

OUR PURPOSE



PIONEERS OF PROGRESS

Improving our world through smarter engineering

OUR STRENGTHS



World-Class Engineering



Leading Positions in Critical Markets



Global Capabilities



Robust Financial Framework

OUR PRIORITIES



Growth



Execution

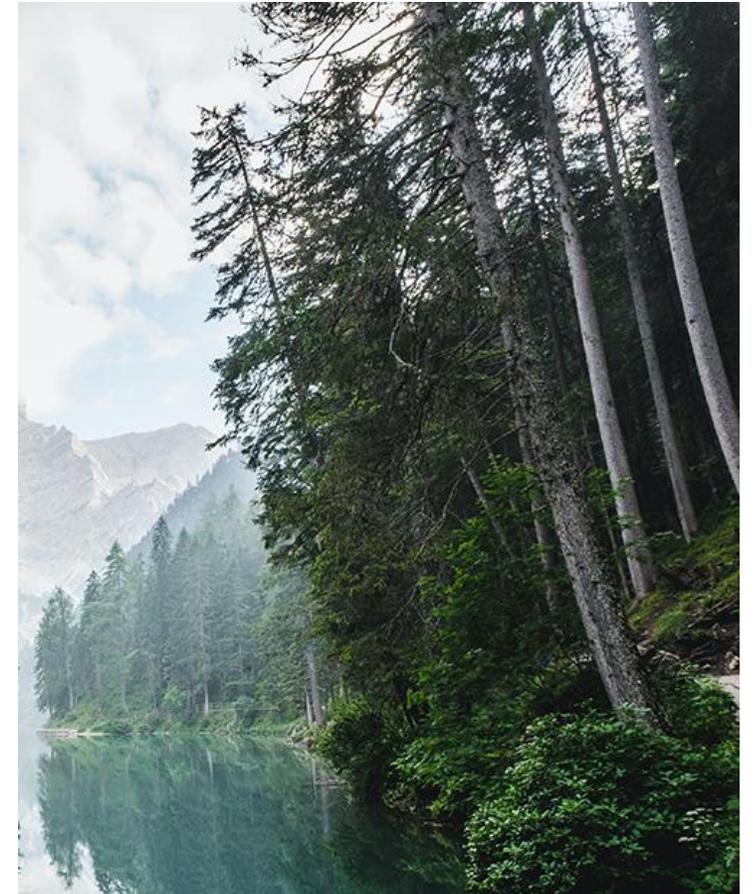
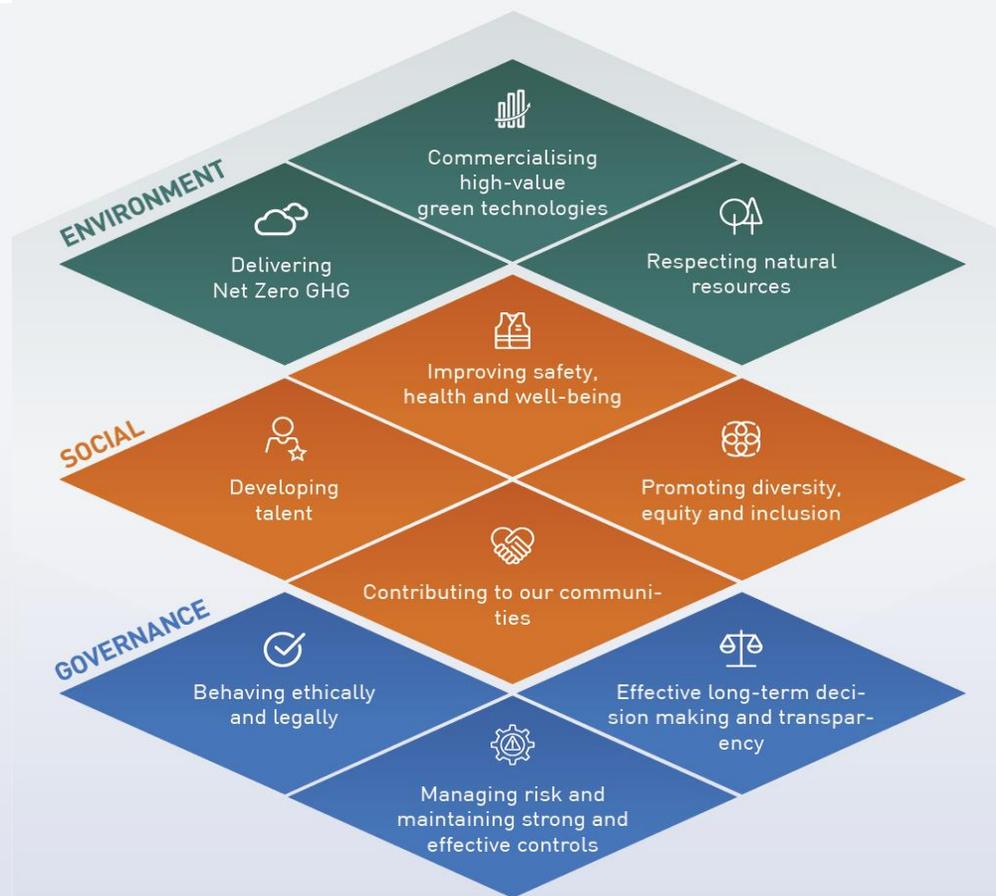


People

Delivering for all our stakeholders

Our ESG Framework: from purpose to action

Sustainability at Smiths



Improving our world through smarter engineering

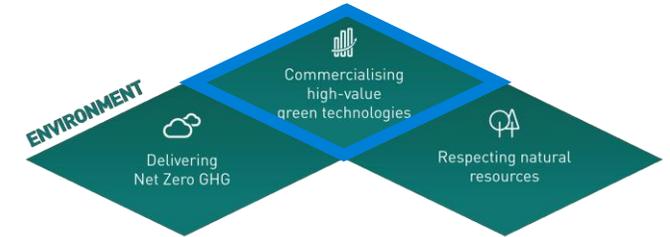
Our Priorities – delivering for all our stakeholders



Growth

Deliver for our customers

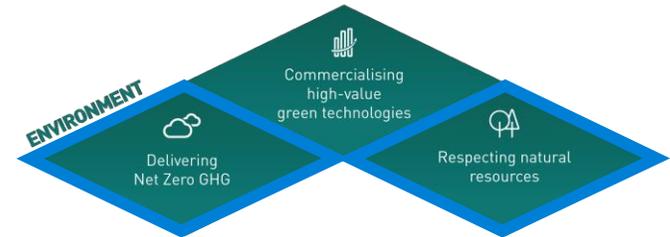
- Commercialise high-value green technologies
- Prioritise new product development that delivers sustainability performance benefits that our customers need and want



Execution

Deliver for our communities

- Net Zero GHG emissions (Scopes 1-3) and Science Based Targets
- Respect natural resources – reduce waste, water, and packaging



People

Deliver for our colleagues

- Reduce risk while supporting and growing strong safety culture
- Develop and empower Smiths talent for the future
- Embed an inclusive and diverse culture

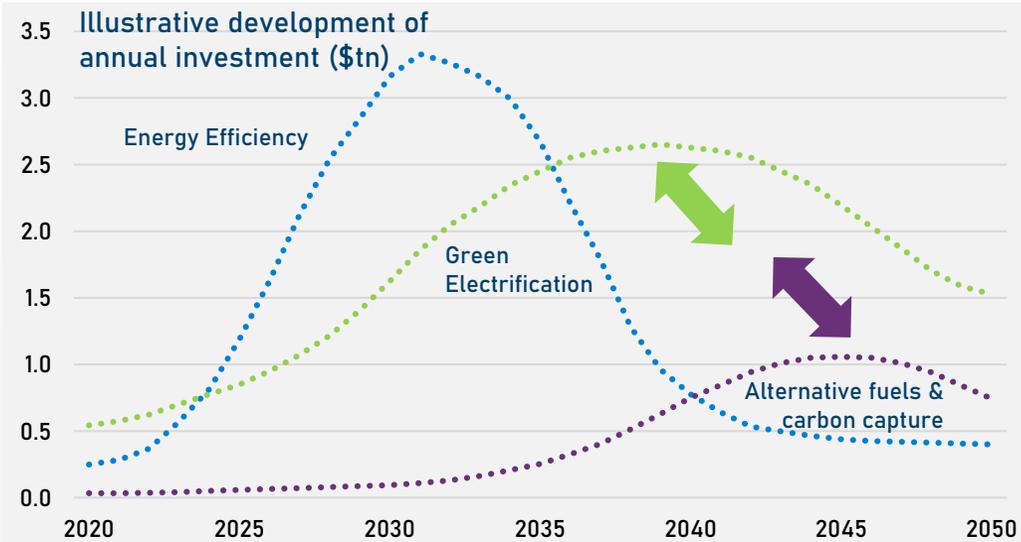


Stakeholder value  Shareholder value

Deliver for our customers

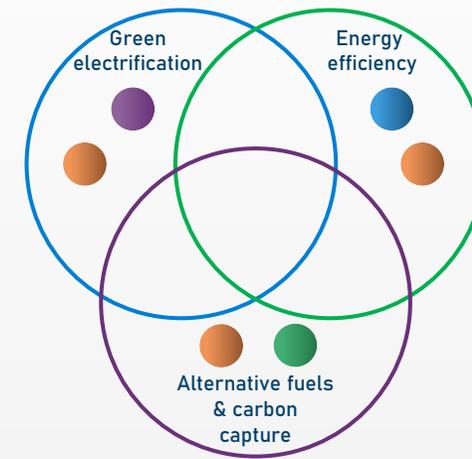


The energy transition agenda will drive investment of over \$100tn in the next 30 years



- Three primary levers
- 3-4 x current annual investment needed
- Delivery path will evolve

This creates significant group-wide opportunities



- Divisions align with customer needs
- Group addresses three dimensions
- Delivery creates value

Enabling energy transition

Deliver for our customers



Smiths Detection



Energy efficiency – addressing Smiths Group's Scope 3 emissions (products-in-use for lifetime)



Energy efficiency – latest generation X-Ray product portfolio reduces TCO, helps meet customer goals while maintaining security



John Crane



Supporting customers today to create and preserve our path to tomorrow - safety, compliance, conservation and efficiency



Enabling energy transition e.g. methane, carbon capture, hydrogen

Global
Methane
Pledge



Smiths Interconnect



Sustainable supply chains



Growth opportunities with energy transition – green electrification (e.g. renewable energy generation, electric vehicle charging)



Flex-Tek



Core markets evolving with energy transition – efficiency, electrification and low-carbon fuels



Significant opportunities emerging – e.g. green steel (electrification)



Sustainability our customers need and want

Deliver for our communities



Priority actions



Net Zero 2040 – Scope 1&2 GHG (operations)

- Setting Science-Based Targets (SBTs) in 2023
- Group-wide energy team managing efficiency and renewables
- Expanding on-site solar generation



Net Zero 2050 – Scope 3 GHG (suppliers & customers)

- Setting SBTs in 2023
- Category 1: purchased goods and services
- Category 11: products-in-use



Respecting natural resources – core operational goals

- Reduce waste
- Reduce water use (stressed areas and projects)

Results

	Target FY2022-2024	FY2022 Progress
Renewable electricity	5% increase to 66%	2% increase to 63% <input checked="" type="checkbox"/>
Scope 1 & 2 GHG emissions	5% reduction normalised to revenue	7.2% reduction <input checked="" type="checkbox"/>
Baseline inventory complete - supply chain & products in use >90%	 Smiths Detection product portfolio 55% energy savings ¹	 EV Leasing Scheme 70% of UK Smiths Detection renewals
Non- recyclable waste Water use in stressed areas Water reduction projects	5% reduction 5% reduction 10 in FY2022	11.5% reduction <input checked="" type="checkbox"/> 4.5% reduction <input checked="" type="checkbox"/> 12 projects <input checked="" type="checkbox"/>

Meeting our commitments

Delivering for our colleagues



Priority Actions

Results



Workplace safety

- Support and continue to grow strong safety culture
- See and act to engage teams and reduce risk
- Engineered solutions that improve the work

- Top-quartile¹ RIR (0.5), 86 colleagues injured in FY2022
- > 15,500 Safety Leading Indicators in FY2022
- > 1,700 guarding improvement projects in FY2022



Development

- Group-wide training and resources
- Leadership development programmes
- Enhance technical careers and manage internal talent mobility

- Leadership Behaviour dedicated to “develops self and others”
- SES programme prioritises transferrable Lean Six Sigma skills
- Common technical career ladder and focus on early career talent



Diversity, Equity & Inclusion

- Board – implementing Diversity policy action plan
- Leadership – increasing diverse talent
- Recruitment and retention

Focused action on Gender Diversity (% female)

- Board Directors : 45%
- Executive Committee : 31%
- Senior leadership : 24%. Target: 27% in FY23, 30% in FY24



Building on strength and committed to improve

Delivering for investors



- Delivering for investors: purpose-driven value creation for all stakeholders
- ESG Framework translates purpose to action
- Prioritising delivery of high-value sustainable returns
 - Delivering for our customers – sustainability performance that our customers need and want
 - Delivering for our communities – Net Zero; meeting our commitments
 - Delivering for our colleagues – safety, development, diversity, equity, and inclusion

Improving our world through smarter engineering