TCFD statement

Our disclosures within this Annual Report and Accounts are consistent with the four Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the 11 recommended disclosures as required by the UK Listing Rules.

In preparing our disclosures, we have considered the TCFD additional guidance for all sectors (2021 TCFD Annex). These climate-related financial disclosures also comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. In addition, the Directors have considered the relevance of the risks of climate change and transition risks associated with achieving the goals of the Paris Agreement when preparing and signing off the Company accounts.

TCFD Recommendation	Recommended Disclosure
Governance → See where we have complied: 80	**a)** Describe the Board's oversight of climate-related risks and opportunities. **b)** Describe management's role in assessing and managing climate-related risks and opportunities.
Risk Management → See where we have complied: 82	**a)** Describe the organisation's processes for identifying and assessing climate-related risks. **b)** Describe the organisation's processes for managing climate-related risks. **c)** Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.
Strategy → See where we have complied: 84	**a)** Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. **b)** Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. **c)** Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower temperature scenario.
Metrics and Targets → See where we have complied: 89	**a)** Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. **b)** Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. **c)** Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Governance

Full details of our Board and management structure, including the connections between the management structure and the Board governance structure, are set out in the following sections:

→ **How we are governed: 100**

→ **Sustainability Governance: 55**

Roles and responsibilities

Climate-related matters are integrated into our overall governance structure, with roles and responsibilities defined as outlined below.

The Board
Sets Group strategy (including climate and sustainability), sets climate-related risk appetite, approves climate-related disclosures and targets.

Audit Committee
Oversees the integrity of the Group's external reporting, including integrity of the framework in place for TCFD reporting.

Remuneration Committee
Responsible for climate-related targets in executive remuneration.

Executive Board and CEO
Responsible for formulating sustainability (including climate) strategy for review and approval by the Board. Responsible for operationalising and delivering that strategy, including decision-making related to the Group's climate-related risks, opportunities and targets.

Chief Sustainability Officer
Primary responsibility for our sustainability activities.

Sustainability function
Responsible for communication and execution of the Group's climate and sustainability strategy.
CSO

Sustainability Risk and Reporting Steering Group[1]
Responsible for influencing and guiding decisions in preparing for and complying with sustainability reporting requirements.
CSO

Sector Boards
Review, monitor and manage sector level climate-related risks and opportunities. Each sector board includes Divisional Chief Executives that provide a pivotal link between the companies, sectors and Executive Board for climate-related matters.

Company Boards
Assess, monitor and manage company level climate-related risks and opportunities, ongoing management of Sustainability Action Plans (SAPs) and actively identify and pursue climate-related opportunities as part of the annual strategic planning cycle.

CSO Chief Sustainability Officer oversees climate and sustainability matters across the indicated governance bodies.

1 Informal governance body.

The Board

The Board has ultimate oversight of and responsibility for climate-related opportunities and risks and is highly engaged on this topic. The Board regularly reviews, at a minimum on an annual basis:

- management's Group-level assessment of climate-related opportunities and risks as part of our principal and emerging risks processes;
- our performance against our sustainability strategy and our climate change related targets;
- any additional information on climate-related opportunities and risks for relevant standalone acquisition opportunities; and
- any new or amended climate-related targets.

Sustainability-related matters were a recurring agenda item for the Board in 2025, being reviewed during at least half of its scheduled meetings. The Board also receives annual progress updates on climate change actions and targets. During 2025, the Board approved the adoption of our 2035 interim Scope 3 reduction target, as set out in Metric and Targets.

→ **Metric and Targets: 89**

Audit and Remuneration Committees

The Audit Committee has responsibility for ensuring the integrity of our TCFD disclosures as part of the Annual Report and Accounts process. During 2025, the Remuneration Committee continued to oversee the inclusion of a climate-related target in executive remuneration and the retirement of this target from next year, as set out in our Remuneration Committee Report.

→ **Remuneration Committee Report: 123**

The Executive Board

The Executive Board reports to the Board and is responsible for identification, assessment and management of climate-related opportunities and risks at the Group level.

The Sector Chief Executives (SCEs), who are part of the Executive Board, are responsible for identification, assessment and management of climate-related opportunities and risks at the sector level. SCEs also assess climate-related risks and opportunities associated with acquisitions.

During 2025, the Executive Board and SCEs reviewed a refreshed list of our key climate-related risks as part of our annual Principal and Emerging Risks processes. These risks were originally identified in 2022 and have been reviewed and updated this year.

→ **Risk Management: 82**

In addition, the Executive Board reviews and inputs into the continued development and rollout of our sustainability strategy, which encourages our companies to pursue climate and sustainability-related business opportunities. The Executive Board receives an update on our sustainability agenda from the sustainability function at least quarterly, including an update on our progress on our Scope 3 decarbonisation activities. The Executive Board and SCEs are also informed about and monitor climate-related issues through informal updates and discussions, as relevant topics arise, with the Sustainability function and/or external advisers.

Sector and Company Boards

Each sector and company board is responsible for identifying, assessing and managing climate-related opportunities and risks at sector and company level respectively, reflecting our decentralised, agile and autonomous business model.

Sustainability function

Reporting to the CSO, the Sustainability function coordinates and supports sustainability activities for the Group and is responsible for execution of the Group's climate and sustainability strategy.

Sustainability Risk and Reporting Steering Group

This year, we have established a sustainability risk and reporting steering group with the primary purpose to discuss and guide decisions taken in preparing for and complying with sustainability reporting requirements. Part of the steering group's remit is to input into recommendations made to the Board and Executive Board. TCFD and other climate-related disclosures are reviewed by the steering group. The group comprises cross-functional members and meets on an ad-hoc basis.

Risk Management

The Risk management and principal risks section on pages 68 to 78 sets out our overall risk management system, in which climate-related risks are identified and managed. This system includes bottom-up risk assessment and top-down principal and emerging risks frameworks.

Whilst there is a Group-wide framework and approach to risk management, our decentralised business model empowers every employee and every business at Halma to identify, assess and manage risks and take advantage of opportunities.

Climate integration into top-down risk process
The continued assessment and management of the Group-level climate-related risks is integrated into our top-down principal and emerging risk process, which includes an annual review of the climate-related risks included in the emerging risks landscape. The Executive Board reviews whether there have been major changes to either the risk drivers or mitigating factors for each emerging risk, which may increase potential impacts or likelihood.

Climate integration into bottom-up risk process
Companies, sectors and functions identify opportunities and risks on an ongoing basis and, more formally, as part of their annual strategic reviews where risks are reported within company and sector risk registers, including how these are currently mitigated and whether any further actions are required. This bottom-up process enables climate-related opportunities and risks to be captured as part of the broader risk management process and includes an annual requirement for our companies to consider climate-related risks.

Harnessing climate-related opportunities

The identification and pursuit of climate-related opportunities is guided by our purpose-led Sustainable Growth Model (see pages 19 to 26), which recognises the highly granular, diverse, and early-stage characteristics of these opportunities.

Our approach at company level:

- Talented people throughout the organisation seek and pursue most relevant opportunities.
- Autonomous and agile individual companies can rapidly take advantage of opportunities.
- R&D and capital expenditure budgets are set from the bottom up.

Our approach at Sector and Group level:

- Focus on increasing education and awareness around low-carbon transition and adaptation opportunities within sectors.
- Low-carbon transition and adaptation opportunities are considered in the development of M&A strategies and within companies' own Strategic Plans as relevant.
- Level of alignment with the low-carbon transition is explicitly considered for relevant standalone acquisitions.

Materiality

We determine the relative significance of climate-related opportunities and risks at the Group level by assessing qualitative and (where possible) quantitative potential impact and likelihood using the same scales used to assess principal risks.

Likelihood is assessed on a scale ranging from rare to almost certain. Assessment of impact includes consideration of reputational, regulatory and financial factors on a scale that ranges from very low to critical.

Where we are able to quantify financial impact, we use the same threshold as the Group audit of >5% of adjusted PBT (as set out on page 157) – this would be considered a high or critical impact on the Group.

A material risk or opportunity is one which has a possible or greater likelihood of occurring combined with a high or critical impact on the Group before mitigating actions.

Timeline of climate-related risk management

2022

We assessed the significance of potential climate-related opportunities and risks using largely qualitative scenario analysis, at the Group level over the short, medium and long term. Eight potentially relevant risks were identified and assessed. This assessment included analysis of potential impacts across different geographies and markets/sectors.

2023

We reassessed the potential materiality of transition related supply chain risks and product and market risks as we screened and estimated baselines for our Scope 3 emissions.

2024

We confirmed our intention to reach Net Zero for Scope 3 by 2050, reinforcing the importance of this goal internally and acknowledging that we will be highly dependent on wider economy decarbonisation to meet this. Based on the information available to us from Scope 3 decarbonisation planning so far, we carried out a qualitative assessment of risks that could arise from confirming a 2050 date for our Scope 3 Net Zero ambition, including quantitative assessment of potential neutralisation costs. Specific risks related to our Scope 3 target are now incorporated in our climate-related risk process.

2025

Risk refresh:
This year, our original climate-related risk assessment was revisited and refreshed as follows:

- All risks review: Each climate-related risk originally identified in 2022 was reviewed in the context of any significant changes in the external environment that could affect our assessment of the likelihood or magnitude of the risk to Halma. They were also reviewed in the context of any internal developments within Halma that could affect our exposure or resilience to the risk. In addition, a review of other external information was performed to check for any further climate-related risks not previously identified.
- Quantitative physical risk review: Our two physical climate-related risks (supply chain and operational interruption) have been subject to a deep dive quantitative scenario risk assessment using Willis Towers Watson's Global Peril Diagnostic and Climate Diagnostic tools which use data from Munich Re natural hazard databases.
- Limited quantitative transition risk review: Transition related supply chain risks have been subject to high-level quantitative scenario analysis based on up-to-date internal and external data – specifically focused on the impact of carbon prices.

Target setting assessment:
As a result of setting our 2035 interim Scope 3 reduction target this year, we have updated our qualitative assessment of risks relating to Scope 3 target setting. This assessment resulted in no change to our overall level of risk.

→ **Metrics and targets: 89**

Opportunities review:
In addition, using outputs from the annual strategic planning process, we assessed, aggregated and reviewed the financial potential of our products and markets climate-related opportunities.

→ **Strategy: 84**

Strategy

Like all businesses, Halma is exposed to potential transition and physical risks associated with climate change as well as potential transition opportunities.

We continue to believe that our climate-related risks (described below) are not individually material to the Group, however most of our climate-related risks are captured within either our Principal Risks or our Emerging Risk landscape. We have assessed our climate-related Products and Markets opportunity to be material in the medium to long term.

Timeframes and scenarios

We consider the following timeframes in assessing climate-related risks and opportunities:

0-3 years
Short term
Annual strategic planning process and viability assessment.

3-10 years
Medium term
Useful life of most premise leases and assets. Timeframe for major product and market shifts.

10-30+ years
Long term
Sustainable Growth Model and M&A assessment timeframes.

In 2025, we updated and developed our original three high-level, qualitative, narrative scenarios to two transition scenarios and three physical risk scenarios – both scenario types are shown in the table below.

The transition scenarios are based on the International Energy Agency's (IEA) scenarios of the same name and have been selected as they provide a suitable framework, with sufficiently different policy outcomes, to assess our transition risks and opportunities. The physical risk scenarios were selected due to their alignment with the relevant Representative Concentration Pathways (RCPs) which feed into the International Panel on Climate Change (IPCC)'s global, economy-wide assessment process.

Scenario	For assessment of	Approx temp increase (2100)	Key narrative points
Net Zero 2050 (NZE)	Transition opportunities/risks	1.5°C	A very narrow pathway for the global energy sector to reach Net Zero CO_2 emissions by 2050 – rapid deployment of clean energy technologies.
Stated Policies (STEPS)	Transition opportunities/risks	2.5°C	Based on policies that have been put in place as well as those under development – not taking for granted all announced goals will be met.
RCP 2.6	Physical risks	1.5°C	Best-case scenario in which physical risks are less severe and somewhat similar to the current climate.
RCP 4.5	Physical risks	2-3°C	Intermediate scenario in which physical risks worsen from those currently experienced.
RCP 8.5	Physical risks	4°C	Worst-case scenario in which physical risks become increasingly frequent and severe in the long term.

In considering our climate-related risks and opportunities under these scenarios, we believe our business model and strategy is sufficiently resilient to climate change. The learnings from our scenario analysis is described under each climate-related risk/opportunity.

Climate-related opportunities

We believe that our climate-related opportunity – Products and Markets – will be material for the Group in the medium to long term (3-30+ years).

Our initial assessment, carried out in 2022, was supported by top-down qualitative scenario analysis, which identified multiple potential organic and inorganic sub-opportunities within our existing Environmental & Analysis and Safety Sector strategies. These included new products and technologies, as well as greater demand for existing product lines.

This assessment has been refreshed in 2025 using the bottom-up strategic planning process. All companies are required to consider potential sustainability related revenue and profit growth opportunities as part of their annual strategic planning cycle. This year, companies were asked to quantify (where possible) the potential financial impact of such opportunities. This quantitative information supports the initial assessment that Products and Markets climate-related opportunities are expected to be material in the medium to long term.[1]

We have not been able to quantitatively model the financial impact of the products and markets climate opportunity under different transition scenarios. However, our qualitative assessment suggests that the magnitude of this opportunity may be increased under a NZE scenario in comparison with a STEPS scenario.

Our approach to climate related opportunity identification and pursuit is described in the risk and opportunity management section above.

At Group level, Halma has other climate-related opportunities, for example, the opportunity to reduce operating costs by improving resource efficiency or moving to onsite renewables. Our view is that, other than the products and markets opportunity described above, these climate-related opportunities are of low significance to the Group and therefore are not described further.

Opportunity		**Products and markets** As demand for low-carbon products and solutions continues to grow, and as the physical impacts from climate-change worsen, Halma companies are well placed to leverage opportunities to provide our customers with products and solutions that help to mitigate and adapt.		
Sub-opportunity types		Products that enable the Net Zero transition.	Products that help customers monitor and manage the increased effects of climate change.	Low carbon footprint products – serves customer need to reduce supply chain emissions.
Halma examples **For more examples of our products and markets sub-opportunities, see our Sustainability Review**		Provision of worker and asset safety equipment to renewable energy industries.	Stormwater and wastewater management.	Reduced carbon product and packaging design.
Likelihood		Possible or greater.		
Type of financial impact		Increased or diversified profits from new, growing or higher margin revenue streams.		
Estimated financial impact	**Short term**	Medium: 2.0-5.0% annual Adjusted PBT.		
	Medium term	High: 5.0-10.0% annual Adjusted PBT.		
	Long term	High: 5.0-10.0% annual Adjusted PBT.		

1 The financial potential of each sub-opportunity has been estimated at operating company level and will individually contain specific assumptions and judgements. Additionally judgements have been made in determining which key strategic initiatives are climate-related. In many instances, the opportunity is not exclusively climate-related and many factors contribute to the financial potential of the opportunity – not just climate change. Despite these caveats, we have a good level of confidence that the financial impact of Products and Markets climate-related opportunities will become financially material as a proportion of Halma's profits in the medium to long term.

Climate-related risks

In 2022, we identified and assessed the significance of eight[2] climate-related risks, none of which were deemed material for Halma. As explained in the Risk Management section above, these risks have been reviewed in 2025 for any internal or external developments that could affect our risk assessment as well as consideration about whether or not the risks originally identified are still relevant and capture all of our climate-related exposures.

Qualitative scenario analysis and review of three of our transition risks relating to products & markets, M&A & portfolio strategy and skills, talent & information, has given us comfort that they remain inherently very low risks. Therefore, no further analysis has been performed for these risks.

For the remaining climate-related risks, we have performed additional analysis where possible (see below) and have concluded that they remain not material over all three time horizons considered. We do not currently expect these risks to become material, as our business model and strategy is sufficiently resilient, however certain climate-related risks are included as drivers, modifiers or accelerators to existing principal risks where relevant. Other climate-related risks are captured in our Emerging Risk landscape.

Our resilience to climate-related risks stems from our highly diverse, agile and decentralised business model, as well as our ability to provide products and operate in sectors expected to thrive in a low-carbon economy.

→ **Business model: 24**

Key factors which also reduce the level of inherent climate-related risk include:

- the diversification of the Group's products, markets (including low exposure to highly impacted markets), geographies and first tier supply chains;
- our pricing resilience; and
- our asset-light model.

As none of our climate-related risks are currently expected to have a material impact on financial position or performance, we do not disclose granular descriptions of potential impacts (for example relating to geographies, business units, or sectors in which we operate), nor do we outline additional details on our strategic response to climate-related risks or risk-related metrics and targets.

Despite our assessment that these risks are not likely to be material, at 31 March 2025 we continue to subject balance sheet items to detailed review against our climate-related risks, including goodwill, acquired intangible assets and PP&E. As set out in the Critical accounting judgements and key sources of estimation uncertainty section of the Accounting Policies, there were no indicators of impairment identified or adjustments made as a result of these reviews.

→ **Accounting Policies: 167**

The information below describes each of our climate-related risks alongside our risk assessment, potential financial impacts and key mitigating actions. As explained above, all risks are assessed against both impact and likelihood scales at both inherent and residual risk level. Residual risk is assessed after the effect of mitigating actions.

R1 – Physical risk in the supply chain

TCFD risk type:
Physical

Inherent risk level:

Residual risk level:

Assessment type:
Quantitative and qualitative

Time horizon relevant:
Short | Medium | Long

Description
Increasingly severe extreme weather events could reduce availability of materials and components and/or interrupt transportation and logistics.

Key potential financial/ non-financial impacts

- Reduced availability of suppliers, materials or components
- Increased costs of materials, logistics or other supply chain expenditure
- Restricted availability of key resources for suppliers
- Interruption to transportation/logistics
- Revenue disruption

Assessment and scenario considerations
Using an external risk assessment partner we have performed a limited assessment of our physical risk exposure in the supply chain. The exercise highlighted certain medium to high level exposures to heat stress and flooding. Exposure to physical risks in the Halma supply chain worsens slightly under the RCP 8.5 scenario when compared with the RCP 2.6 scenario by 2050. This assessment showed that although the risk is likely, the overall (including quantitative) impact is medium and not likely to breach our financial materiality threshold of 5% adjusted PBT.

Mitigation
Business interruption insurance alongside experience of managing supply chain disruption and portfolio diversity helps to mitigate this risk and lowers the potential financial impact further. Although not considered material, this risk is incorporated into our broader principal risk – Production Interruption.

Risk level

Very high Very low

2 One of our original climate-related risks identified in 2022 (Regulatory environment) is no longer considered separately as it is sufficiently incorporated into other climate-related risks.

R2 – Transition-induced supply chain impacts

TCFD risk type:
Transition

Inherent risk level:

Residual risk level:

Assessment type:
Quantitative and qualitative

Time horizon relevant:
Medium | Long

Description
Increased costs (including from carbon pricing) and constrained material/component availability resulting from the low-carbon transition.

Key potential financial/ non-financial impacts
- Constrained raw material/ component availability
- Increased shocks to global supply network
- Increased costs of materials, logistics or other supply chain expenditure
- Revenue disruption

Assessment and scenario considerations
Internal and external review of developments affecting this risk including high level quantitative analysis of the impact of carbon taxes to Halma. Exposure to this risk is increased under a NZE scenario due to higher costs of carbon and greater global implementation of carbon tax schemes. Risk level is largely unchanged under STEPS scenario. Although the likelihood of this risk impacting Halma is probable, we believe the potential impact to the Group is low (potential financial impact <2% annual PBT), resulting in an overall low inherent risk.

Mitigation
Mitigation efforts are focused on Scope 3 emission reduction. These mitigation efforts will result in an even lower potential impact on the Group. Although not considered material, this risk is included in our emerging risk landscape.

R3 – Stakeholder sustainability expectations increasing

TCFD risk type:
Transition

Inherent risk level:

Residual risk level:

Assessment type:
Qualitative only

Time horizon relevant:
Medium | Long

Description
Meeting increasing or shifting stakeholder, regulatory and reporting expectations within our decentralised business model. This includes reputational and other risks that may arise from efforts to reach and maintain Scope 3 Net Zero by 2050 and to reach our interim 2035 target.

Key potential financial/ non-financial impacts
- Increased reporting burden
- Decreased valuation/ brand perception
- Increased business model pressures and associated costs
- Increased costs to take action towards Scope 3 targets

Assessment and scenario considerations
Internal and external review of developments affecting this risk including assessment of sustainability-related resource and education available. Stakeholder expectations are likely to be higher and increase more quickly under a NZE scenario but still a relevant risk under STEPS due to somewhat divergent regulatory landscape. Although the likelihood of this risk impacting Halma is almost certain, we believe the potential impact is low at inherent level.

Mitigation
Ongoing commitment to transparent, compliant sustainability reporting as well as continuing to embed sustainability considerations in day to day activities contributes to risk mitigation. Continued increase in resource and growth of expertise in the sustainability function contributes to lowering the potential impact of this risk. Although not considered material, this risk is included in our emerging risk landscape.

R4 – Operational interruption

TCFD risk type:
Physical

Inherent risk level:

Residual risk level:

Assessment type:
Quantitative and qualitative

Time horizon relevant:
Short | Medium | Long

Description
More severe and frequent extreme weather events could interrupt operations (including property loss or damage), restrict availability of key resources or prevent accessibility to sites.

Key potential financial/ non-financial impacts
- Reduced operational availability/efficiency of sites
- Restricted availability of key resources
- Restricted accessibility to sites
- Costs of rising insurance premiums
- Revenue disruption

Assessment and scenario considerations
Using an external risk assessment partner, we have performed a limited assessment of our physical risk exposure in our own operations. The exercise highlighted certain low to medium level exposures to heat stress and flooding. Exposure to physical risks in Halma's operations worsens slightly under the RCP 8.5 scenario when compared with the RCP 2.6 scenario by 2050. This assessment showed that the likelihood of the risk is possible and the overall (including quantitative) potential impact is medium and not likely to breach financial materiality threshold of 5% adjusted PBT.

Mitigation
As well as business interruption insurance, the geographical diversity of Halma's companies reduces the impact of any single event. Although not considered material, this risk is incorporated into our broader principal risk – Production Interruption.

Net Zero transition planning

We operate globally and are committed to achieving Net Zero for our entire value chain by 2050.

Our formal transition plans remain under development as we continue to work with our companies on bottom-up decarbonisation planning. However, this section outlines our current direction of travel and what we have learned from our continued progress this year. These learnings and our approach are expected to continue to change as we execute on our short to medium-term (near-term) activities.

We have not identified our Scope 1, 2 or 3 emissions as a material risk to the Group. Our Scope 1 & 2 emissions are relatively small, we therefore focus on Scope 3 – c.99% of our footprint, where we have the largest challenges to decarbonisation. We have set a target to reach absolute Net Zero for our Scope 3 emissions by 2050 and reduce Scope 3 emissions intensity by 66% by 2035.

→ **See the Metrics and Targets section for more information on our targets: 89**

See our Sustainability Review at www.halma.com for more information

2050

Absolute Net Zero to be reached for our Scope 3 emissions by 2050

66%

Percentage reduction of Scope 3 emissions intensity by 2035

Near- to mid-term objectives

Our ambition is to establish near-term decarbonisation planning at the company level, where most feasible and relevant, to:

Ensure initial real-world emission reduction actions are underway

Understand key decarbonisation levers and challenges and identify the key dependencies and assumptions that will underpin our transition plans

We aim to balance a pragmatic and achievable approach for our largely small- to medium-sized companies with the transition plan and reporting requirements expected by external stakeholders.

Our multiyear approach to bottom-up decarbonisation planning

In 2024, five companies, representing a significant portion of our 2024 estimated emissions, created initial high-level Scope 3 decarbonisation plans to 2030 utilising Group guidance and tools.

In 2025, using the learnings from the first five companies, we engaged with a larger group of companies, covering the majority of estimated 2024 emissions. This engagement included working with companies to understand and improve 2024 & 2025 emissions estimates, identify emissions hotspots, and prioritise initial near-term actions, suppliers and products for further decarbonisation planning.

We currently expect to continue to support the companies above to further develop their near-term decarbonisation plans while expanding engagement to additional companies, on a case-by-case basis, from 2026 onwards.

Key decarbonisation levers, challenges, assumptions and dependencies

Our Scope 3 decarbonisation engagement so far identifies multiple actions the companies can take. These include product design changes to reduce electricity usage and reduce/change materials, as well as engagement with key suppliers and customers.

However, as expected, our companies continue to identify challenges that introduce significant uncertainty and limit visibility on a trajectory to 2050 Net Zero and to our 2035 interim targets. These include relative lack of influence over suppliers and limitations to product design changes due to the high level of regulation and certification of our products.

In addition, achievement of our 2035 and 2050 targets is likely to be highly dependent on many factors outside our control or influence. Some of these dependencies include sector-wide decarbonisation of multiple globally traded components (such as electronics, plastics and metals), grid decarbonisation speeds and supportive product standards and policy environments.

Metrics and Targets

We disclose total GHG emissions in line with the TCFD cross-industry metric guidance, as set out below.

Although we have not identified our Scope 1 & 2 emissions as a material risk, 5% of executive bonuses are currently linked to an energy productivity target that supports achievement of our Scope 1 & 2 targets (outlined below).

From 2026, the Remuneration Committee has decided that a climate change metric will no longer be used in the annual bonus. The reasons for this change are set out fully in the Remuneration Report on page 123, and include our maturing sustainability approach enabling our companies to focus on the sustainability goals and issues most relevant to them, the difficulty of setting one metric that can be used across the senior leadership population of our diverse businesses at different stages, and the estimated nature of Scope 3 data which precludes a Scope 3 target from being used in remuneration.

We consider the other suggested cross-industry metrics are currently not appropriate for our business model and the nature/significance of our opportunities and risks.

Given our assessment that climate-related risks do not pose a material risk to our business model, we do not currently intend to disclose the amount or percentage of assets or activities vulnerable to transition or physical risks. We will continue to consider the use of an internal carbon price, if relevant, as we develop our Scope 3 transition plan.

We do not currently use any centralised or cross-industry metrics to manage climate-related opportunities. Where individual businesses and sectors identify climate-related opportunities, they may use specific metrics to track their progress against these, in line with our decentralised model and the granular, diverse and early-stage nature of the sub-opportunities.

Scope 1 & 2 emissions and targets

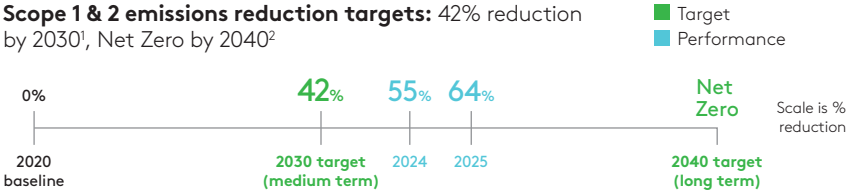
Our Scope 1 & 2 emissions, calculated in accordance with the GHG protocol, are disclosed in the SECR-compliant table at the bottom of this section.

For 2024, we engaged an independent third-party EcoAct to perform a limited verification aligned with the ISO 14064-3:2019 standard, of the majority of our Scope 1 & 2 emissions. This verification was carried out after the publication of our Annual Report and published on our website. This third-party verification exercise will be expanded in respect of 2025 and published on our website when available.

Our medium and long term targets to reduce Scope 1 & 2 emissions are aligned with guidance from the Science-based Target initiative (SBTi) and our target is an absolute measure aligned with the non-sector specific 1.5-degree emissions pathway.

More detail is set out in our Sustainability Review at www.halma.com

Scope 1 & 2 emissions reduction targets: 42% reduction by 2030[1], Net Zero by 2040[2]



Our medium-term target has already been exceeded. The continued reduction from our 2020 baseline is largely due to increasing renewable electricity purchases, alongside energy efficiency measures and changes to our companies' operations.

Renewable electricity target: 80% renewable electricity by 2025[3]

The improvement is driven by bottom-up company-led purchase and generation of renewables. Approximately 95% (2024: 94%) is local renewable tariffs, largely backed by Energy Attribute Certificates (EACs), or unbundled EACs. Onsite electricity generated increased by 26% year-on-year, comprising the remaining 5% (2024: 6%).

Energy productivity target: At least 4% annual energy productivity improvements on a cumulative basis from 2022[4]

Since 2022, we have seen a c.30% increase in revenue[4] while energy consumption has increased by c.4%. Changes in energy consumption reflect various operational changes and investments, including premise moves and expansions, energy efficiency measures at a number of our companies, and a number of elements outside our control (ie weather fluctuations in some geographies).

Footnotes are on the next page.

Scope 3 emissions and targets

During 2023, we worked with an external consultant to estimate our Scope 3 emissions for 2020. Figures were estimated for all relevant categories in accordance with the GHG protocol and using acceptable Scope 3 methodologies.

We faced significant difficulties and data limitations, due to our decentralised business model, when estimating our 2020 Scope 3 emissions from the bottom up. Therefore, we believe that to re-model Scope 3 emissions on the same bottom-up basis annually would require undue cost and effort for limited useful additional information provided for our stakeholders. As a result, during 2025 we continued to use a methodology developed in 2024, to enable a high-level annual estimate of Scope 3 emissions.

Using this methodology, total Scope 3 emissions were largely flat year-on-year, at a 2% overall increase. Our two largest categories (Categories 1 & 4 and 11) are responsible for more than 95% of total Scope 3 emissions.

This small increase reflects our methodology which largely relies on scaling our prior year emissions in line with growth in inflation adjusted revenues and operating costs, with more granular data based on current emissions factors only supplied by a small number of companies. However, we were pleased to see a small reduction in Category 11 this year, driven by the company contributing most to this category which saw a continued increase in the proportion of sales from more energy efficient products. This was offset by revenue and volume growth in other companies.

During 2026, we plan to undertake a revised bottom-up exercise to re-estimate our 2025 Scope 3 emissions. The results of this exercise will provide a baseline for our Scope 3 interim target described below.

Scope 3 category		Data source[5]	2025 (tCO_2e)	2024[6] (tCO_2e)
1 & 4	Purchased goods and services (incorporating upstream transportation and distribution)	Hybrid estimation	431,518	415,989
2	Capital goods	Scaled from FY24	4,806	3,660
3	Fuel and energy related activities	Calculated annually	1,073	1,583
5	Waste generated in operations	Calculated annually	1,906	1,872
6	Business travel	Calculated annually	20,390	16,240
7	Employee commuting	Scaled from FY24	12,407	11,881
8	Upstream leased assets	Not applicable	–	–
9	Downstream transportation and distribution	Not applicable	–	–
10	Processing of sold products	Not applicable	–	–
11	Use of sold products	Hybrid estimation	509,324	513,831
12	End-of-life treatment of sold products	Scaled from FY24	427	398
13	Downstream leased assets	Not applicable	–	–
14	Franchises	Not applicable	–	–
15	Investments	Not applicable	–	–
Total Scope 3 emissions			**981,851**	**965,454**

1 From 2020 market-based baseline of 18,887 tCO_2e. We do not intend to seek SBTi validation of this target.
2 Market-based calculation of Scope 2 emissions. We will reach Net Zero by reducing emissions as much as is feasible before using carbon removal instruments. We do not expect to utilise carbon offsets.
3 Current year renewable % reflects the full year impact of acquisitions and disposals made during the period. Comparative figures are not updated for the impact of acquisitions and disposals made in subsequent periods.
4 Revenue/energy consumed. Annual straight line increase from 2022. Due to the inclusion of this metric in remuneration, it is calculated on a different basis to Scope 1 & 2 emissions and renewable electricity percentage. Revenue is adjusted to a constant currency basis, and both revenue and energy are adjusted to exclude all acquisitions in the current and prior period. The components of "energy consumed" are electricity and gas used (both renewable and non-renewable) and all other fuels used in operations. All data sources and methodologies can be found in our Basis of Preparation document at www.halma.com. This target was set using the EP100 initiative minimum commitment (to double energy productivity over 25 years).
5 All data sources and methodologies can be found in our Basis of Preparation document at www.halma.com.
6 This year, improved data and methodologies, as well as the inclusion of acquisitions and disposals, led to a 16% reduction in estimated 2024 emissions from category 11 and a 3% increase in estimated 2024 emissions from supply chain compared to previously disclosed figures. Given the magnitude of these changes, we have re-presented our 2024 comparative figures.

Our Scope 3 estimate continues to confirm our assessment that Scope 3 emissions are not expected to constitute a material risk for Halma. However, in order to provide a strong direction internally and show commitment externally, we have set our ambition to reach absolute Net Zero for our Scope 3 emissions by 2050.

This long-term ambition encompasses all categories of Scope 3, and we expect that we will aim for the greatest amount of decarbonisation possible before any use of offsets.

In order to support our long-term Net Zero target, we have set an interim target to reduce total Scope 3 emissions by 66% per £m of economic value added (Adjusted Operating Profit[1]) by 2035 from a 2025 baseline[2].

Streamlined Energy and Carbon Reporting (SECR)

We have reported on all the emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We have employed the Operational Control definition to outline our carbon footprint boundary; included within that boundary are Scope 1, 2 & 3 emissions from manufacturing sites and offices which we own and/or operate. Excluded from our footprint boundary are emissions from manufacturing sites and offices which we do not own and/or operate and emissions considered non-material by the business.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and the Environmental Reporting Guidelines (March 2019) including Streamlined Energy and Carbon Reporting (SECR) guidance published by the UK's former Department for Business, Energy & Industrial Strategy (BEIS). Full calculation and reporting methodologies for all emissions and energy data, as well as further information on our Scope 3 estimation methodologies, can be found in our Basis of Preparation on our website at **www.halma.com**.

GHG metric	Unit	2025	2024[3]
Scope 1[4]	tCO_2e	4,128	3,933
Scope 2: Location-based[5]	tCO_2e	11,204	10,721
Scope 2: Market-based[5]	tCO_2e	2,599	4,605
Total Scope 1 & 2: Location-based	tCO_2e	15,332	14,654
Of which UK	tCO_2e	3,111	2,970
Total: Scope 1 & 2: Market-based	tCO_2e	6,727	8,538
Of which UK	tCO_2e	1,362	1,426
Energy consumption in MWh used to calculate above emissions	MWh	58,880	55,126
Of which UK	MWh	18,193	16,914
Intensity ratio (market-based)[6]	tCO_2e/£m	3.0	4.1
Scope 3: Estimated[7]	tCO_2e	981,851	965,454

1 Adjusted to remove the amortisation and impairment of acquired intangible assets, acquisition items, restructuring costs, profit or loss on disposal of operations and impairment of associates. Adjusted operating profit may also be adjusted for constant currency where this is deemed to be material to performance.
2 This target is aligned with the SBTi's non-sector specific emissions reduction trajectory. We do not intend to seek SBTi validation of this target.
3 Our Scope 1 & 2 (market-based) GHG emissions for the year ended 31 March 2020 form the baseline for our science-based target. Given the acquisitive nature of Halma, we have chosen to apply a 5% base year threshold for the structural change trigger of acquisitions and disposals. This year the threshold for recalculation was not exceeded. We do not recalculate Scope 3 annually calculated emissions for acquisitions and disposals. We have re-presented 2024 estimated categories as explained on the previous page.
4 Included in Scope 1 are GHG emissions from direct fuel combustion at our sites, refrigerants and from fuel use in our company-owned or leased vehicle fleet.
5 Electricity purchased for our own use. Market-based is net of market instruments.
6 Total Scope 1 & 2 (market-based) emissions divided by revenue.
7 Estimated as explained further in our Statement above, and in our Sustainability Review and ESG Data Basis of Preparation document at www.halma.com. Our 2025 figures have not been recalculated for acquisitions and disposals in 2025, given data limitations. As explained above, we expect to do a fuller bottom-up estimate on a periodic basis to enable us to include the impact of our multiple small acquisitions.

Examples of energy efficiency measures undertaken during the year by our companies included enhancements to operational efficiencies and removal of inefficient equipment and installation of heat exchangers.