

2026 SUSTAINABILITY REPORT

TO FIND A BETTER WAY: WATER TECHNOLOGY FOR A RESILIENT FUTURE

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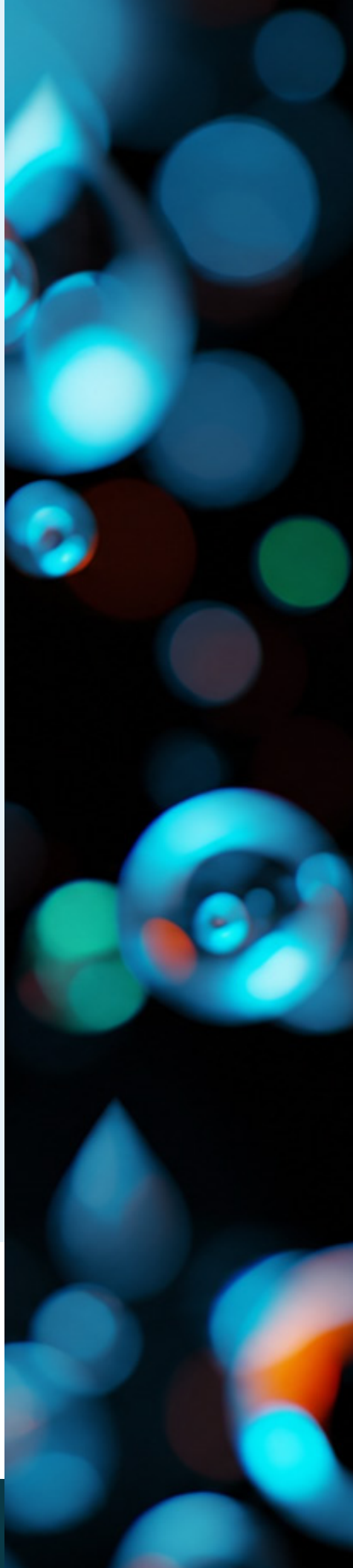
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SELECTED BRANDS + BUSINESSES

HEAT-TIMER® CORPORATION · A.O. Smith · aquasana

LEONARD® WATER TEMPERATURE CONTROLS · Lochinvar · state WATER HEATERS



To Find a Better Way: Building What Comes Next

For more than 150 years, A. O. Smith has succeeded by finding better ways to serve customers, support employees, and deliver long-term value. Our company values, including profitable growth, innovation, preserving our good name, being a good place to work, and being a good citizen, continue to guide how we build on our legacy and prepare for the future.

As our business evolves, our purpose remains to find better ways to meet the changing expectations of our customers and markets. Across water heating, water treatment, and water management, we are working to strengthen the value we create for customers, shareholders, employees, and communities.

The acquisition of Leonard Valve, including its Heat-Timer brand, expands our presence in water management, strengthens our digital capabilities, and broadens the integrated solutions we provide to commercial and institutional customers.

In the most recent reporting cycle, we exceeded our five-year greenhouse gas (GHG) intensity reduction target, achieving a 32% reduction[1] in GHG emissions intensity, against our 2025 goal of 10%. This progress reflects our disciplined approach to sustainability: identifying opportunities, taking action, measuring performance, and continually improving.

Sustainability is embedded in our strategy and integrated throughout our operations, shaping how we innovate, invest in our people, serve our customers, and conduct business. Together, we believe these efforts strengthen our company and reflect our commitment to finding better ways to create value today while helping build a more resilient future.

Stephen M. Shafer
Chairman and CEO



At A. O. Smith, we are committed to find a better way for our customers, our business, and our world through our water technologies.

[1] Intensity reduction is measured against A. O. Smith's 2019 GHG emissions-intensity baseline. See page 25 for the metric definition and reporting boundary.

OUR BUSINESS AND SUSTAINABILITY APPROACH

A. O. Smith at a Glance

A. O. Smith builds water technology around customer needs, delivering water heating, treatment, and management solutions worldwide that improve efficiency, enhance water quality, and help manage operating costs.

Water Heating

Efficient hot-water and hydronic solutions for homes, businesses, and institutions.

Water Treatment

Point-of-use and whole-home solutions designed for cleaner water and specific water-quality needs.

Water Management

Digital mixing, temperature, and building controls that help customers manage system performance.

What Sets A. O. Smith Apart

- Water-technology expertise
- Engineering + certified performance
- Practical innovation + customer outcomes
- Technical leadership + trusted brands

Select Recognitions and Partnerships[1]

ETHISPHERE
Named one of the **World's Most Ethical Companies®** for the third consecutive year

GOOD DESIGN®
Received **three 2025 GOOD DESIGN® Awards** for product innovation

2026 SUSTAINABILITY PARTNER OF THE YEAR
for leadership in energy, water, and emissions.

Company Scale 2025

$3.8B	~11,500	28	~60
global revenue	global employees	manufacturing facilities	countries served

Founded in 1874

BUILDING ON A LEGACY OF INNOVATION

A. O. Smith continues to build on more than 150 years of innovation while expanding into new technologies and solutions that create long-term value for customers, shareholders, employees, and communities.

[1] Third-party recognitions reflect the criteria and evaluation processes of the respective awarding organizations. See page 25.

OUR BUSINESS AND SUSTAINABILITY APPROACH

Connecting Business and Sustainability

Our five focus areas reflect where we see the greatest opportunities to make an impact: helping customers use energy and water more efficiently, strengthening our operations and supporting our people. Together, they help advance our business and sustainability efforts.

FOCUS AREAS	SUSTAINABILITY OUTCOMES
Employee Development	• Safe workplaces and opportunities to build skills and careers • Stronger employee engagement and recognition pg. 21
Customer Experience	• Broader access to efficient water heating and cleaner water • Expanded solutions designed to reduce customer energy and water use pg. 8-13
Breakthrough Innovation	• Solutions designed to reduce customer energy use, associated emissions and water waste • Improved water quality and contaminant reduction pg. 14-15
Market Leadership	• Solutions matched with local water needs • Easier adoption of efficient products through practical design, education and support pg. 8-13
Operational Excellence	• Reduced waste, more efficient material use and supplier practices aligned with our standards • Lower facility energy use and emissions; greater water reuse pg. 16-18

BUSINESS IMPACT

Customer energy and water savings

More efficient operations

Safe, capable + engaged people

Trust, accountability + consistent growth

Materiality and our Sustainability Topics

Our double materiality assessment[1] identifies sustainability-related impacts, risks, and opportunities across our business and value chain. Our values guide how we respond to these priorities through our products, operations, and relationships.

Material Topics Across the Report

Informed by:
Internal expertise • Stakeholder perspectives • External research • Value-chain considerations

Products & Customers

How products create customer value

- Product efficiency & innovation
- Product accessibility & safety
- Water quality

(Pages 9-13)

Operations & Supply Chain

How the company manages impacts and executes responsibly

- Climate and energy
- Water management
- Waste
- Supply chain

(Pages 16-18)

People, Governance & Trust

How culture, oversight, and accountability support the business

- Employee development
- Safety
- Privacy & cybersecurity
- Governance & ethics
- Public policy

(Pages 19-25)

Values in Action

Our values guide how we respond across all three topic groups.

ACHIEVE PROFITABLE GROWTH
Grow with purpose, discipline, and a long-term view.

EMPHASIZE INNOVATION
Turn new ideas and technologies into practical customer value.

BE A GOOD CITIZEN
Serve the public and the communities in which we do business.

BE A GOOD PLACE TO WORK
Develop people in a safe, respectful, and inclusive workplace.

PRESERVE OUR GOOD NAME
Act with integrity, honesty, transparency, and ethical behavior.

[1] Double materiality considers both the company's impacts on people and the environment and how sustainability-related matters may affect the business. See page 25.

Goals and Progress Snapshot

We have made measurable progress against our goals through a combination of facility investment, operational discipline, and continuous improvement. This snapshot highlights the latest reported results and several projects helping move us forward. Detailed performance data and methodologies appear later in the report.

Greenhouse Gas

GOAL EXCEEDED

32%

reduction in GHG emissions intensity

We reduced Scope 1 and 2 GHG emissions intensity by 32% in Scope 1 and Scope 2 in 2025, exceeding our 10% goal through facility energy and efficiency projects.

GOAL:
10% Intensity Reduction by 2025
Baseline: 2019



Water Stewardship

GOAL EXCEEDED

99M

gallons of annual water savings

We achieved 99 million gallons in annual water savings, exceeding our 40-million-gallon 2030 goal through water reduction and recycling.

GOAL:
Save 40M Gallons Annually by 2030
Baseline: 2023



Landfill Waste Reduction

GOAL EXCEEDED

809,000 lbs

landfill waste reduced

We reduced 809,000 pounds of waste to landfills, exceeding our 525,000-pound 2027 goal through material recovery, reuse, and recycling.

GOAL:
525,000 lbs Reduced by 2027
Baseline: 2024



Improving Energy Efficiency

Ashland City's new compressor delivers energy efficiency while supporting long-term operational excellence.

Putting Rainwater to Work

Bengaluru collected approximately 1 million gallons to support manufacturing from September to December 2025.

Expanding Recycling

Juárez expanded its recycling program to recover paper, cardboard, plastic and wooden pallets, further reducing waste sent to landfills.

For metrics, refer to the Sustainability Scorecard and Methodology and Assurance on page 25 for additional information.

Solving Customer Challenges Through Water Technology

A. O. Smith designs water heating, treatment and management solutions to meet everyday needs in homes, businesses and institutions.



CLOSER TO CUSTOMERS

Ongoing engagement with customers, contractors, installers, and channel partners helps A. O. Smith understand changing needs and standards.



SUPPORTING SUCCESSFUL ADOPTION

Education and technical support help contractors and customers apply efficient and advanced technologies successfully in real-world settings.

Six Dimensions of Customer Value

SAFETY
Protect people and property

WATER QUALITY
Build confidence in everyday water

RELIABILITY
Perform when it matters

SAVINGS
Product design helps reduce utility spend (Page 9)

SERVICEABILITY
Make ownership easier

REGULATORY READINESS
Prepare for changing standards

Customer Value Across the Ownership Experience

We use these six dimensions to guide our decisions through changing needs over time.

Helping Customers Save with Efficient Water Heating

A. O. Smith helps customers reduce energy use and costs with reliable hot water solutions designed for lifecycle value and flexible installation.



RESIDENTIAL HEAT PUMP

Voltex® X

An outdoor heat pump and separate indoor tank bring efficient water heating to homes with limited space or ventilation.

- **ENERGY STAR® certified;** up to 3.80 Uniform Energy Factor (UEF)[2]
- Operates from **–25°F to 109°F**; flexible outdoor placement and no indoor ventilation required
- Up to $600 in estimated annual **energy savings**[3]



RESIDENTIAL GAS TANKLESS

Adapt® Gas Tankless[1]

Continuous hot water, flexible installation, and scale protection help customers manage ownership costs.

- Condensing and non-condensing options; **ENERGY STAR®** certified SC models achieve 0.95 UEF
- Indoor/outdoor installation options, with appropriate accessories
- X3® Scale Prevention on select models **eliminates annual descaling**



COMMERCIAL GAS TANKLESS

Regent™ by Lochinvar

Efficient, consistent hot water across changing commercial demand, with controls that adjust output as needs change.

- **96% thermal efficiency**; up to 25:1 turndown adjusts heat output to demand
- **SMART TOUCH™** controls and real-time combustion feedback support precise performance
- Stainless steel heat exchanger; direct vent runs up to 200 feet

Supporting Heat-Pump Adoption

Helping Families Save on Hot Water

A. O. Smith partnered with the **Tennessee Valley Authority** to make heat pump water heaters more affordable through customer education, retailer and installer support, and instant rebates.

- Supported adoption of high-efficiency water heating in the Tennessee Valley through TVA EnergyRight's $1,300 rebate for qualifying A. O. Smith ENERGY STAR®-certified heat pump water heaters.
- Helped advance household energy efficiency with heat pump water heaters that can use approximately **75% less energy** for water heating than standard electric models.

Bringing Heat Pump Water Heating to More Homes

A. O. Smith participates in the **California Heat Pump Partnership** to help make heat pumps more affordable and accessible through customer education and collaboration with manufacturers, utilities, and state agencies.

- The partnership supports California's goal of installing six million heat pumps by 2030, including space and water heating
- The partnership featured **our Voltex X® as a solution** for homes with tight spaces, limited ventilation, or cold temperatures

[1] Product performance applies to Standard and Premium Condensing models. [2] Uniform Energy Factor (UEF) is a standardized measure of a water heater's energy efficiency, with higher UEF ratings indicating greater energy efficiency. [3] Comparing an 80-gallon heat pump against an existing pre-2015 similarly sized standard electric using DOE EF to UEF conversion rates. Savings may vary.

Commercial Systems that Perform When it Matters

Commercial customers depend on hot water in settings where performance is essential. In schools, hotels, restaurants, multifamily buildings, and other high-demand facilities, customers need systems that operate efficiently, perform reliably, and can be serviced with minimal disruption.

A. O. Smith's commercial portfolio is built for those environments. Solutions such as Cyclone®, Cyclone Flex™, Centrus®, Regent™, boilers, and other commercial systems are designed to support uptime, diagnostics, installation flexibility, lifecycle value, and dependable performance. These benefits matter because hot water affects daily operations, customer experience, safety, energy use, and long-term operating costs.

As Cyclone marks its 30th anniversary, it also demonstrates how A. O. Smith continues to improve proven platforms over time. Cyclone Flex builds on that legacy with added flexibility and practical features that help commercial customers meet demanding performance needs while adapting to changing installation and operating requirements.

THEN **NOW**

Early Cyclone product

Built for demanding commercial use

Cyclone was developed to deliver dependable hot water performance in commercial settings where reliability, uptime, and serviceability matter every day.

30 years of development

Continuously improved over time

As customer needs evolved, A. O. Smith continued improving the Cyclone platform through design upgrades, performance enhancements, and features that support easier installation and operation.

Cyclone Flex today

Designed for today's commercial needs

Cyclone Flex reflects the next stage of that evolution, combining proven performance with greater flexibility, modern diagnostics, and practical customer value.







Cleaner Water, Backed by Certified Performance

Customers want to know what is in their water and which solutions they can trust. Certified performance helps them choose products that address their needs.

Certified Performance in Practice

Aquasana HealthShield™

Customer Need
Reduce PFAS and other contaminants in drinking water

Solution
HealthShield filtration

Certified Proof
WQA certified to NSF/ANSI 53 for PFAS and volatile organic compounds, and NSF/ANSI 401 for BPA and ibuprofen

Product Features

- Reduces 99.9% of PFAS[1]
- Removes up to 99.8% of VOCs including industrial chemicals, solvents, and fuel additives like benzene, chloroform
- Reduces herbicides, pesticides, pharmaceuticals, and BPA



InterFlo® QuadPro SST

Customer Need
Improve drinking water quality with less wastewater and limited space

Solution
Compact, tankless three-stage reverse osmosis

Certified Proof
WQA certified to NSF/ANSI 58 and CSA B483.1[2]

Product Features

- Uses water more efficiently[3]
- Fewer filter changes[4]
- Tankless design fits smaller spaces



[1] When tested to NSF / ANSI 53, for PFAS reduction (PFOA, PFOS, PFHxS, PFHpA) below 20 parts per trillion (ppt) and PFOA, PFOS below 4 ppt. PFOA and PFOS are regulated by the United States Environmental Protection Agency, Safe Water Drinking Act at 4 ppt.
[2] Tested and certified for the reduction claims specified in the InterFlo® QuadPro SST Performance Sheet: www.WQA.org. [3] Produces up to 3 glasses of treated water for every 1 glass of reject water, compared to a typical point-of-use reverse osmosis system generates 5 gallons or more of reject water for every gallon of treated water produced (EPA WaterSense program). [4] 12-month filter and RO membrane designed for extended life of up to four years, based on system use.

Water Solutions for Evolving Customer Needs

Our water-treatment solutions help households improve water quality throughout the home while using less water and salt in treatment.

5.6 billion plastic bottles avoided[1]

in 2025 through our water-treatment solutions.

Emerging Contaminants

HOMESHIELD™ WHOLE HOUSE WATER FILTER

Helps families address specific contaminants at every tap.



- No drain line or wastewater during operation
- Certified to reduce five specified PFAS to below 4 parts per trillion

Whole-Home Protection

CLEARHOME™ CARTRIDGE FILTER HOUSING

Matches filtration to a household's water-quality needs.



- Cartridge options address sediment, chlorine, lead, and other concerns
- Easy cartridge changes and an optional bypass simplify service

Resource Efficiency

InterFlo® QuadPro SST

Compact, tankless reverse osmosis for drinking water, designed for greater water efficiency, with Superior SmartFlow® Technology that reduces reject water during treatment.[2]



WaterMax® Water Softener

WaterMax® softeners use up to 50% less salt and 80% less water during regeneration.[3]



[1] Estimated plastic bottles avoided; see page 25 for calculation scope and methodology [2] 74.5% membrane-level recovery verified by Section 6.8 of NSF/ANSI 58.
[3] Manufacturer-reported performance: WaterMax® Signature Series systems use up to 50% less salt and 80% less water during regeneration, supported by fine-mesh resin technology.

Customer Value in Practice



Green Bay, Wisconsin

COMMERCIAL RELIABILITY AND PERFORMANCE

Valley View Elementary School Cyclone® Flex™

CHALLENGE

Replace a 15-year-old, 80%-efficient water heater while maintaining dependable hot water for school kitchen and handwashing needs.

SOLUTION

A Cyclone Flex high-efficiency commercial water heater with flexible venting, adaptive controls, monitoring, and integrated leak detection.

OUTCOME

A more efficient, reliable, and serviceable platform designed to support daily school operations with less installation complexity.

up to 98%Thermal Efficiency
Replacing an 80% efficient system

EFFICIENT RESIDENTIAL WATER HEATING



Voltex® MAX 80-Gallon Smart Hybrid Electric Heat Pump Water Heater with Premium Smart Valve Technology

CHALLENGE

Lower household energy use and operating costs without sacrificing hot-water performance.

SOLUTION

An integrated heat pump uses warmth from surrounding air to heat water, with electric elements for added demand.

OUTCOME

Efficient hot water with lower energy use and operating costs than conventional electric water heating.

4X energy savings[1]
Saving $607 per year on energy bills

WATER TREATMENT AND CONTAMINANT REDUCTION



HomeShield™ Whole House Water Filter with PFAS Reduction

CHALLENGE

Greater confidence in the water available throughout the home.

SOLUTION

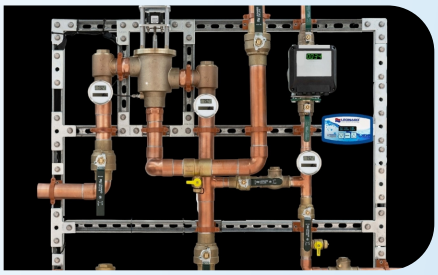
Whole-home filtration with high-capacity media and no drain line.

OUTCOME

Whole-home filtration for specified contaminants,, installation flexibility, and no wastewater during operation.

Reduced to <4 ng/L
specified PFAS per 500,000 gallons

WATER MANAGEMENT CONTROLS



Leonard Megatron® Proton Digital Water Temperature Control Station

CHALLENGE

Stable tempered-water delivery as demand changes, including low flow.

SOLUTION

Factory-assembled digital mixing with sensing, set points, and recirculation control.

OUTCOME

More precise temperature control, simpler commissioning and proactive management.

±2°F outlet control
flow control as low as 0.25 GPM

[1] Comparing 80-gallon Voltex® MAX heat pump against an existing pre-2015 similarly-sized standard electric using DOE EF to UEF conversion rates and $0.14 per kWh electricity cost. Savings may vary.

Innovation with Purpose

We focus innovation on practical customer needs: lower energy use, better water quality, and more efficient water management.

Heat Pumps
Expand access to efficient water heating with practical installation and reliable performance.

Connected Water Management
Improve visibility, controls, and diagnostics to help customers manage water and energy use.

Advanced Treatment
Address changing water-quality needs while improving treatment and resource efficiency.

THE INNOVATION CYCLE IN ACTION

Expanding Practical Heat-Pump Adoption

Voltex® X Outdoor Split Heat Pump Water Heater



1 NEED
cold climate + limited space

2 DESIGN
split system + low-GWP CO_2

3 VALIDATE
ENERGY STAR + -25 °F operations

4 LAUNCH
flexible install + smart features

5 LEARN
adoption + field feedback

EVIDENCE OF INNOVATION

New Product Vitality Index

Measures the percentage of total company revenue generated by new products. **A. O. Smith aims to reach 12%** by 2028, compared with a 2025 baseline.

Patents

Three A. O. Smith employees were recognized for securing four U.S. patents at the company's 30th annual Values Recognition and Patent Awards event. These included a method for anticipating hot water demand and adjusting heating cycles, and intelligent gas controls.

Selected Product Awards[1]

GOOD DESIGN® Awards (2025)
Voltex® MAX, offering around 40% higher first-hour ratings; Emerge® X, featuring a variable-speed pump for precise, efficient and quieter operation; and Lochinvar's Lectrus® electric boiler, which can link up to eight units for flexible system design.

Good Housekeeping's Home Reno Award
Sustainability Innovators Category (2026)
Signature® 900 Smart Hybrid Heat Pump Water Heater with Hot Water Plus, featuring smart controls, leak detection and operating modes that provide up to 40% more hot water on demand.

FacilitiesNet Vision Award - HVAC (2026)
Cyclone® Flex High-Efficiency Commercial Gas Water Heater earned top honors for innovations including AiQ™ Adaptive Gas Technology and up to 98% thermal efficiency.

Green Builder Media Sustainable Product of the Year Award
Voltex® MAX recognized for ENERGY STAR® certified efficiency, leak protection and potential annual savings of up to $600 versus comparable standard electric models.

[1]Third-party recognitions reflect the criteria and evaluation processes of the respective awarding organizations. See page 25.

Better Products Start with Better Processes

Voltex® X shows how A. O. Smith turns customer and installer needs into a practical, high-efficiency solution for a wider range of homes and climates.

VOLTEX® X

Outdoor Split Heat Pump Water Heater

The split system places the heat pump outdoors and the storage tank indoors, helping address space and ventilation constraints without giving up high-efficiency performance.



Up to 3.80 UEF
High-efficiency performance

-25°F to 109°F
Operating temperature range

FROM CUSTOMER NEED TO MARKET

1 Identify the Need
Space, airflow, and colder climates can limit where conventional heat pump water heaters work.

2 Combine Expertise
A. O. Smith paired its water-heating and tank expertise with Panasonic's split heat-pump technology.

3 Design for Adoption
Use water lines rather than field-installed refrigerant lines to simplify installation.

4 Launch and Connect
The ENERGY STAR® certified system launched nationwide in April 2026 with iCOMM™ monitoring, alerts, and control.

What the Process Delivered

FLEXIBLE FIT
Outdoor heat pump and indoor tank help address space and ventilation constraints.

LOWER GWP* REFRIGERANT
Carbon dioxide (R-744) has a GWP of 1 and provides a lower-GWP alternative to commonly used HFC* refrigerants.

INSTALLER-FRIENDLY
Water lines connect the indoor and outdoor units, reducing specialized refrigerant work.

CONNECTED CONTROL
iCOMM enables remote monitoring, alerts, and control through a mobile app.

*Abbrevieations: GWP = Global Warming Potential, HFC = hydrofluorocarbon

Energy Efficiency and Greenhouse Gas Progress

32%
reduction in GHG emissions intensity in 2025

2025 goal exceeded

Goal: 10% reduction in greenhouse gas (GHG) emissions intensity by 2025, from a 2019 baseline.

On-site Energy

On-site solar supplies a share of facility energy needs, reducing emissions from purchased electricity.



Bengaluru, India
30% of site electricity from solar



Lishui, China
27% of site electricity from solar



Veldhoven, Netherlands
18% of site electricity from solar

Plant Efficiency Improvements

WHAT WAS DONE

Through collaboration across manufacturing facilities, A. O. Smith's Energy and Water Council advanced a portfolio of energy conservation projects including LED lighting upgrades, motion sensors, compressed air system improvements, HVAC optimization, and manufacturing equipment optimization.

WHY IT MATTERS

Lower energy demand can reduce operating costs and associated emissions.

Scope 3: The Opportunity in Customer Use

Scope 3 covers emissions across our value chain. Purchased goods and services and the lifetime use of sold products account for more than 99% of Scope 3 emissions.

99.2%
Use of sold products | Category 11

0.6%
Purchased goods and services | Category 1

<0.2%
Other Scope 3 categories

More efficient products can lower customers' energy use, operating costs, and emissions over time. Heat pumps and condensing technologies are central to this opportunity.

613,000
metric tons of CO_2e avoided

Estimated benefit of higher-efficiency products

Internal analysis compares these products with standard-efficiency alternatives. This is an avoided-emissions estimate, separate from the Scope 3 inventory.

For metrics, refer to the Sustainability Scorecard and Methodology and Assurance on page 25 for additional information.

Water Stewardship Across Our Operations

Reducing freshwater demand through recirculation, rainwater harvesting, and practical facility improvements.

OUR 2030 GOAL
40 Million gallons
in annual water savings | 2023 baseline

2025 SAVINGS
99 Million gallons
in annual water savings

Keeping Water in Use

01

LEBANON, TENNESSEE

Recirculate Test Water

Closed-loop systems reuse product-testing water, reducing freshwater withdrawals and discharge.



02

BENGALURU, INDIA

Capture Rainwater

A pond commissioned in September 2025 holds ~330,000 gallons. Rainwater harvesting collected 1 million gallons for manufacturing in 2025 (Sept - Dec).



03

CHINA

Improve Water Efficiency

Nanjing 1, Nanjing 2, and Lishui plants are improving water efficiency through testing-water recirculation, flow-controlled showers, usage monitoring and water pressure adjustments.



04

MCBEE, SOUTH CAROLINA

Reuse Cooling Water

A recommissioned cooling tower and circulation loop supply recirculated water to reliability-testing stations, reducing municipal water use.



For metrics, refer to the Sustainability Scorecard and Methodology and Assurance on page 25 for additional information.

OPERATIONAL EXCELLENCE

Waste Reduction and Material Recovery in Practice

Across our operations, teams are identifying innovative ways to reuse manufacturing byproducts, keeping materials in circulation and minimizing landfill disposal.

CASE STUDY 01

Glass-enamel recovery at McBee and Ashland City

Glass enamel generated during manufacturing is recovered and redirected for reuse or recycling at the McBee and Ashland City facilities. These efforts help reduce landfill waste, improve material utilization and support more efficient manufacturing operations.





CASE STUDY 02

Juárez wood and foam recovery

The Juárez facility sends scrap wood and polyurethane foam to a local cement plant for co-processing. The materials provide an alternative fuel source that helps replace conventional fuels, while their mineral content is incorporated into the cement manufacturing process.

Across the seven North American manufacturing facilities included in our waste goal, waste sent to landfill decreased by 809,000 pounds in 2025 compared with the 2024 baseline. The projects shown are examples of initiatives contributing to this company wide result.

See page 25 for more information.

Safety Built into How We Work

Safety is central to how A. O. Smith operates. Clear processes, training, audits, and employee engagement help teams identify risks and strengthen everyday safety practices.

The Environmental, Health, Safety and Sustainability (EHSS) Council coordinates the companywide approach, reviews performance, and supports facility teams in developing and carrying out improvement plans.

In 2025, our total recordable incident rate (TRIR) was 1.17, compared with 1.11 in 2024 and 1.38 in 2023. We use these results to assess progress and identify where additional attention is needed.

Safety reflects our care for employees and our shared responsibility to help everyone return home safely each day.



Lessons from facility-level improvements are shared across the company so successful practices can be applied more broadly.

EHSS Council

Coordinates company-wide safety and environmental efforts, reviews performance, and supports continuous improvement.

Business Leaders

Reinforce accountability and provide resources to address safety risks

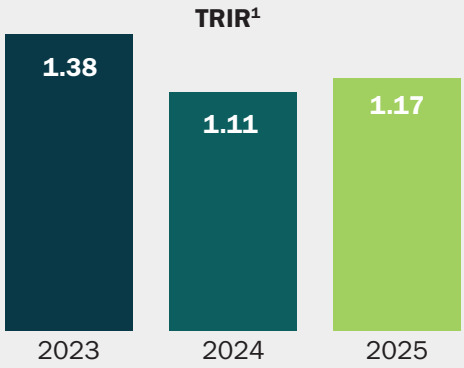
Facility Teams

Identify site-specific risks, implement improvements, and track results

Employees

Follow safe work practices, complete training, report concerns, and contribute improvement ideas

SAFETY PERFORMANCE



Safety Improvement in Practice

- Deployed site-specific EHS improvement plans across manufacturing
- Strengthened safety culture through frontline leader training
- Enhanced safety oversight through software, audits, and contractor programs

[1] TRIR reflects OSHA-recordable cases per 200,000 hours worked. See page 25 for scope and benchmark methodology.

Values in Action

A. O. Smith's values shape how employees make decisions, improve the business, support one another and contribute to communities. Our Guiding Principles—act with integrity, put customers first, improve continuously and support one another—translate those values into everyday actions.



CHEER Employee Recognition Platform

OPPORTUNITY

A. O. Smith saw an opportunity to strengthen its culture by creating more meaningful ways for employees to recognize one another, celebrate achievements and connect everyday actions to the company's values.

TEAM RESPONSE

The Human Resources team created the CHEER (Celebrating Hardworking Employees Elevating Results) employee recognition platform, making it easier for employees to celebrate colleagues and teams whose actions exemplify A. O. Smith's Values and Guiding Principles.

IMPACT

CHEER helps reinforce a culture of appreciation, strengthens employee engagement and brings A. O. Smith's values to life across the organization.

> ***Recognition is a powerful driver of engagement and culture. CHEER helps employees connect our values to daily actions while celebrating the teamwork and contributions that support A. O. Smith's success."***
>
> ***- Lauren Staiduhar, Human Resource Director***



WORKFORCE OPPORTUNITY

2025 New Lives Collective IMPACT Award

Goodwill Greater Milwaukee & Chicago recognized the A. O. Smith Foundation for supporting workforce development and opportunity for people facing barriers to employment.

More than 30 years of partnership



AFFORDABLE HOUSING

2025 John Mayfield Hammer of Hope Award

Habitat for Humanity of Greater Nashville recognized A. O. Smith for its long-standing support of affordable housing in Cheatham County.

450+ water heaters donated since 2010

The partnership also includes sponsored home builds and employee build days.

Supporting Growth at Every Step

A. O. Smith supports employees through clear goals, regular feedback, and opportunities to learn, take on greater responsibility, and be recognized. Its refreshed Growth & Performance process connects company areas of focus with individual development and helps employees better visualize their career opportunities.

The Employee Growth Journey

1
GOALS
Connect company areas of focus to team and individual goals.

2
FEEDBACK
Use check-ins and coaching to clarify expectations.

3
LEARNING
Build skills through experience, mentoring and formal learning.

4
GROWTH
Prepare employees for broader responsibility.

5
RECOGNITION
Recognize contributions and support internal mobility.

Progress in Practice

100%
Development Plans
2025
Full-time salaried employees with documented plans

28%
Internal Opportunity
2025
U.S. open salaried roles filled by current employees

96%
Employees Heard
2026
Participation in the Global Employee Engagement Survey



Curt Selby
Senior Vice President, Human Resources and Public Affairs

"Our new Growth & Performance process connects individual growth to our business areas of focus, giving employees clear expectations, meaningful feedback and opportunities to develop and grow their careers while contributing to the company's long-term success."

Clear Oversight and Accountability

Clear responsibilities, ethical conduct, and risk oversight help A. O. Smith protect trust and support long-term performance.

2026 WORLD'S MOST ETHICAL COMPANIES® ETHISPHERE

Third-party recognitions reflect the criteria and evaluation processes of the respective awarding organizations. See page 25.



Responsible Business in Practice

ETHICS

Our Guiding Principles set expectations for integrity, fair dealing and compliance. Recognized by Ethisphere as one of the World's Most Ethical Companies® for the third consecutive year.

ENTERPRISE RISK MANAGEMENT (ERM)

Senior executives prioritize major risks and assign owners and action plans, with Board oversight.

CYBERSECURITY

The Board and Audit Committee oversee cybersecurity risk. Management integrates cybersecurity into ERM, supported by risk assessments, employee training, and incident-response planning.

SUPPLIER REQUIREMENTS

We expect suppliers to meet our standards for ethical conduct and comply with applicable laws. Through our supplier due diligence program, covered suppliers are evaluated against our expectations, with ongoing monitoring to support our supplier's continued compliance with our standards.[1].

INTEGRITY HELPLINE

Employees can raise concerns with managers, human resources, or legal. The Integrity Helpline is available to employees and third parties 24/7, with multilingual support and an anonymous reporting option. Retaliation is prohibited.

[1] Suppliers monitored include 80-90% of total supplier spend.

Board of Directors
The Board oversees the company's sustainability efforts

Executive Leadership
Provides management oversight and resources to support sustainability initiatives and performance.

ESG Council
Guides and implements the company's approach to material sustainability matters across business functions.

ESG Director
Reports directly to the Vice President, Global Government Affairs and Sustainability

Helping Shape Practical Standards

A. O. Smith has contributed technical and operating experience to public and industry forums related to water heating, energy efficiency, and water quality. These engagements have supported discussion of practical approaches that consider product performance, affordability and implementation.

Technical Expertise in Practice



Lochinvar Facility Visit

April 20, 2026 | Lebanon, Tennessee

WHAT A. O. SMITH DID

Hosted U.S. Senator Bill Hagerty and Department of Energy Deputy Secretary James Danly for a facility tour and discussion with company leaders

WHY IT MATTERED

Provided an opportunity to demonstrate A. O. Smith's manufacturing capabilities and share practical perspectives on water-heating technology, energy efficiency, and customer needs



AHRI D.C. Policy Symposium

May 2026 | Washington, D.C.

WHAT A. O. SMITH DID

Participated in industry discussions with policymakers and other water-heating and building-systems leaders

WHY IT MATTERED

Helped bring technical and market perspectives to conversations about efficiency standards, affordability, product performance, and practical adoption



WQA Engagement in Washington

May 2026 | Washington, D.C.

WHAT A. O. SMITH DID

Engaged with policymakers and water-quality stakeholders as part of the Water Quality Association

WHY IT MATTERED

Supported informed discussion of water quality, certified treatment solutions, and access to clean and reliable water



Sustainability Scorecard

Metric	2019	2020	2021	2022	2023	2024	2025	Goal/Status
CLIMATE & ENVIRONMENT								
GHG emissions intensity (MT CO2e / $MM revenue)[1,2]	61.12	61.98	50.59	44.00	42.58	42.54	41.25	**10% reduction by 2025[3] (ACHIEVED)**
Scope 1 GHG emissions (MT CO_2e)[2]	75,383	75,483	78,372	74,760	78,085	75,613	72,661	-
Scope 2 location-based GHG emissions (MT CO_2e)[2]	104,793	99,230	95,124	80,987	76,668	77,998	74,164	-
Water use at goal locations (million gallons)[4]	-	-	-	-	420.7	384.0	321.7	**40M gallons saved by 2030[3] (ACHIEVED)**
Waste to landfill (thousand pounds)[5]	-	-	-	-	-	12,694	11,885	**525K lbs diverted by 2027[3] (ACHIEVED)**
HEALTH & SAFETY								
Total Recordable Incident Rate (TRIR)[6]	0.94	0.94	1.06	1.13	1.38	1.11	1.17	
DEVELOPMENT & STABILITY								
Salaried employees with documented development plans	100%	100%	100%	100%	100%	100%	100%	**100% (ACHIEVED)**
Average tenure of executive leaders (years)	22	19	18	16	16	14	13	-
ETHICS								
Salaried employees certifying adherence to the code of conduct[7]	100%	100%	100%	100%	100%	100%	100%	**100% (ACHIEVED)**
Direct suppliers certifying adherence to the code of conduct[8]	n/a	34%	59%	76%	80%	83%	93%	**90% (ACHIEVED)**
PRODUCT STEWARDSHIP								
Revenue from high-efficiency and water filtration products[9]	30.5%	32.1%	30.0%	31.7%	32.2%	30.9%	32.6%	-
Estimated GHG emissions avoided (thousand MT CO_2e)[10]	487	474	495	585	562	586	613	-
Single-use plastic bottles avoided (billions)[11]	1.2	1.4	1.3	1.8	2.1	3.6	5.6	-
WORKFORCE DIVERSITY								
Women among full-time global employees	42%	41%	39%	32%	30%	31%	29%	-
Racially or ethnically diverse employees in the U.S.	-	-	28%	27%	29%	30%	30%	-
COMMUNITY SUPPORT								
A. O. Smith Foundation grants ($ millions)	$1.6	$1.7	$1.6	$1.8	$1.7	$2.1	$1.9	-

VERIFIED by SCS Global Services GHG INVENTORY

CDP Discloser 2025

[1] Manufacturing operations, excluding three small facilities and acquisitions since 2019; 97% of operational boundary.
[2] Scope 1 and Scope 2 location-based emissions calculations use the latest electric-grid emissions factors available on January 1 of each reporting year.
[3] Baselines: GHG intensity, 2019; water, 2023; waste, 2024
[4] Water-goal locations represent 99% of operational boundary.
[5] Seven largest North American manufacturing plants, representing 90% of total waste to landfill (operational boundary). Restated 2024 due to an additional waste stream identified.
[6] TRIR includes OSHA-recordable work-related injuries and illnesses beyond first aid, per 200,000 hours worked. 2.3 is A. O. Smith's enterprise benchmark based on 2024 BLS NAICS rates.
[7] Code attestations include employees as of March 18, 2025.
[8] North American direct suppliers.
[9] Revenue includes qualifying high-efficiency North American water heaters and boilers defined as performing above DOE minimum efficiency standards, China heat pump water heaters and condensing boilers, and global water-filtration products.
[10] Calculation: Annual greenhouse gas (CO2e) emissions from a standard efficiency equivalent product minus annual greenhouse gas emissions (CO2e) from North America water heater and boiler units sold performing above the Department of Energy minimum efficiency standard, including ENERGY STAR products.
[11] Increase reflects new QuadPro and CustomCare CRO Series Commercial product launches. Calculation based on volume of water filtered for products sold in North America and an average bottled water size (16.9 oz).

Methodology and Assurance

METHODOLOGY AND ASSURANCE

Unless otherwise noted, this report covers calendar-year 2025 and selected 2026 developments through September 30, 2026. Company-scale information on page 4 reflects 2025 and is approximate where indicated.

Reporting boundaries vary by metric and are described in the scorecard footnotes on page 24. Figures are rounded for presentation, while changes and goal progress are calculated using underlying data; totals may therefore differ slightly.

MATERIALITY

A. O. Smith's double materiality assessment considered the company's impacts on people and the environment, as well as how sustainability-related risks and opportunities may affect the business, including qualitative consideration of potential financial impacts. The assessment incorporated internal expertise, stakeholder perspectives, external research and value-chain considerations.

GOALS AND OPERATIONAL EXAMPLES

Goal results follow the baselines and reporting boundaries described on page 24. Water savings include reduced water use and qualifying recycled or recirculated water.

Facility and project examples illustrate how sites contribute to companywide progress. Where applicable, these results are included in the companywide totals and should not be added to them.

THIRD PARTY AWARDS AND RECOGNITIONS

Third-party awards and recognitions referenced in this report reflect the criteria and evaluation processes established by the respective awarding organizations. They are presented to identify recognition received by A. O. Smith or specific products and do not represent A. O. Smith environmental certifications.

PRODUCT PERFORMANCE AND CERTIFICATIONS

Product claims on pages 9–15—including energy savings, UEF, thermal efficiency, hot-water capacity, operating range, salt and water use, treatment efficiency, recovery rates, and contaminant reduction—apply to the identified models.

Results may vary based on product configuration, installation, climate, usage, utility rates, water quality, and operating conditions. Program figures cover the periods stated, and projected customer savings are estimates.

WQA, NSF/ANSI, and CSA certifications apply only to the specified products, contaminants, capacities, standards, and test conditions. Additional information is available in the applicable product specifications and performance data sheets.

The plastic-bottles-avoided metric is an estimate of the impact of A. O. Smith water-treatment products. The 2025 increase reflects the addition of QuadPro and CustomCare CRO Series Commercial products.

SCOPE 3 EMISSIONS

A. O. Smith evaluated all 15 Greenhouse Gas Protocol Scope 3 categories and identified 11 as relevant. Categories 1 (Purchased Goods and Services) and 11 (Use of Sold Products) were identified as the most significant categories.

The approximately 613,000 metric tons of avoided emissions shown on page 16 is an internal estimate calculated separately from—and not deducted from—the Scope 3 inventory.

EXTERNAL VERIFICATION

SCS Global Services independently verified (limited assurance) the following 2025 Climate & Environment metrics:

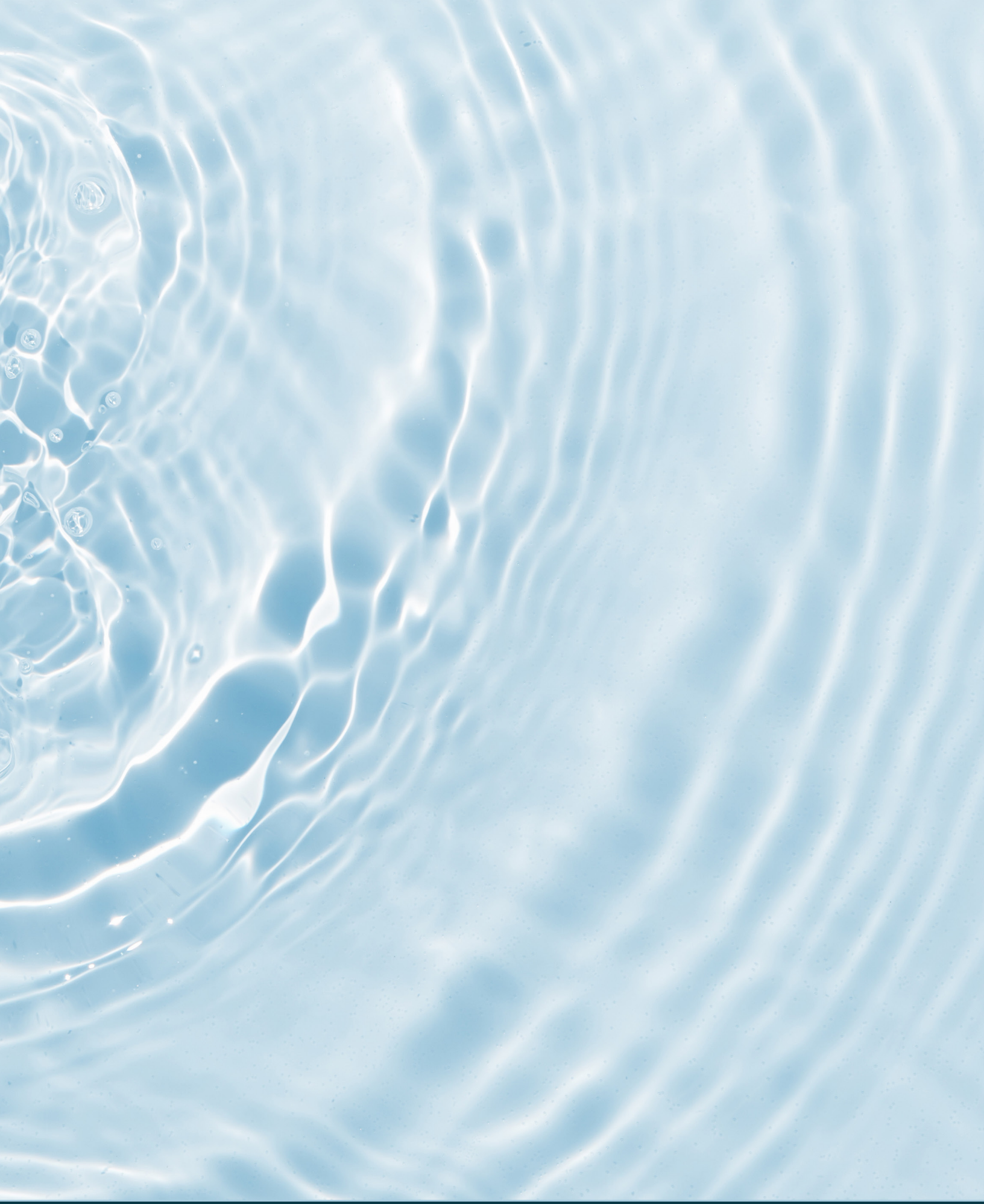
- GHG emissions intensity (2025)
- Scope 1 GHG emissions (2019, 2024, 2025)
- Scope 2 location-based GHG emissions (2019, 2024, 2025)
- Water use at goal locations (2025)
- Waste to landfill (2025)

The SCS verification logo on page 24 applies only to these five metrics. Other performance information, Scope 3 information, and product-impact estimates were prepared by management unless otherwise stated.

Forward Looking Statement

The information in this report is for the period from January 1, 2025, to December 31, 2025 and includes selected 2026 developments through September 30, 2026. This report contains statements that the A. O. Smith Corporation (the "company") believes are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "forecast," "continue," "guidance," "outlook", "confident" or words of similar meaning. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated as of the date of this release. Important factors that could cause actual results to differ materially from these expectations include, among other things, the following: further softening in U.S. residential and commercial water heater demand; further weakening in North American residential or commercial construction or instability in the company's replacement markets; the timing and effects of the China business transaction, including the possibility that the parties will fail to obtain necessary regulatory approvals or to satisfy any of the other conditions to the transaction; potential negative effects relating to the announcement of the China business transaction; failure to realize the expected benefits of the China business transaction; failure to realize the expected benefits of acquisitions or expected synergies; difficulties in predicting results of operations of an acquired business; negative impact to the company's businesses from international tariffs, including any new or increased tariffs that could also trigger retaliatory responses from other countries, as well as trade disputes and geopolitical differences, including the conflicts in Ukraine and the Middle East; negative impacts to the company, particularly the demand for its products, resulting from global inflationary pressures or a potential recession in one or more of the markets in which the company participates; the company's ability to continue to obtain commodities, components, parts and accessories on a timely basis through its supply chain and at expected costs, including the recent volatility in fuel and other material prices; inability of the company to implement or maintain pricing actions; inconsistent recovery of the Chinese economy or a further decline in the growth rate of consumer spending or housing sales in China; the availability, timing or effects of China stimulus programs; the failure to realize the expected benefits of restructuring actions; further weakening in the high-efficiency gas boiler segment in the U.S.; substantial defaults in payment by, material reduction in purchases by or the loss, bankruptcy or insolvency of a major customer; foreign currency fluctuations; failure to realize the expected benefits, timing and extent of regulatory changes; competitive pressures on the company's businesses, including new technologies and new competitors; the impact of potential information technology or data security breaches; negative impact of changes in government regulations or regulatory requirements; the inability to respond to secular trends toward decarbonization and energy efficiency; and adverse developments in general economic, political and business conditions in key regions of the world. Additional factors are discussed in the company's filings with Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 2025, quarterly reports on Form 10-Q and current reports on Form 8-K. Forward-looking statements included in this report are made only as of the date of this report, and the company is under no obligation to update these statements to reflect subsequent events or circumstances. All subsequent written and oral forward-looking statements attributed to the company, or persons acting on its behalf, are qualified entirely by these cautionary statements.





To Find a Better Way.

A. O. Smith's sustainability story is rooted in the work we do every day: developing efficient and reliable products, helping customers solve water technology challenges, improving our operations, supporting our people, strengthening accountability, and preserving the trust built over generations.

As we look ahead, we will continue to find better ways to create long-term value for our customers, employees, communities, and stakeholders.

A.O. Smith®