VICTORIA PLC

Environmental, Social and Governance Report 2024

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Environmental, Social and Governance Report

OVERVIEW INCLUDING OUR APPROACH TO ESG

Victoria champions sustainable practices, prioritising waste reduction, operational efficiency, and the well-being of our workforce as fundamental pillars of our success as a Group.

Our commitment to sustainable operational improvements has been instrumental in driving the growth and advancement of our business.

During FY2024, we have continued to refine our approach to Environmental, Social, and Governance (ESG) matters, and this period marks the first of our Task Force on Climate-Related Financial Disclosures. Our key ESG topics remain consistent with those of the previous period and within this report we detail our ongoing efforts and progress in these areas.

We are continuously developing our ESG strategy to ensure sustainability issues are effectively managed, data collection is streamlined, and progress reporting is cohesive throughout the entire Group.

Victoria remains focused on effectively mitigating the ESG risks we face while remaining aligned with the Group's broader business strategy. This alignment is crucial for achieving the success necessary for our continued prosperity.

LEADING THE WAY WITH ELECTRIC TRUCKS

A significant step for our Alliance subsidiary saw us take delivery of our first fully electric trucks in January 2024. With these vehicles in the fleet, we are now collecting over 1200 rolls of carpet per week produced at our manufacturing facility in Wales and delivering them to our Distribution Centre in Worcester carbon free.

The potential to introduce electric trucks into our fleet is something we have been monitoring for several years and we settled on a model we considered the right fit for us, a highly flexible truck for local and regional transportation, with a low level of noise and one that can be used in zero emission zones and areas where diesel trucks are not permitted.

This development enables us to study the suitability of electric trucks for deployment across the rest of our network. Additional fully electric trucks have already been ordered and we will continue to review the opportunity for wider deployment as cell technology and the national charging infrastructure develops further.

OUR SIGNIFICANT ESG TOPICS

Below is a table that outlines what we consider to be the key ESG topics relevant to each aspect of our operations, along with their respective priorities.

These topics were first disclosed in 2022 and are the result of collaborative efforts with a leading ESG consultancy to identify our ESG risks, mitigation activities, and opportunities. This comprehensive review involved extensive stakeholder interviews and thorough research into our sector and the regions in which we operate. The findings, which highlight factors impacting Victoria specifically and the flooring industry more broadly, were integral to a management assessment that determined these topics and their associated priorities.

These ESG topics and their priorities are re-evaluated periodically, with no change noted in the current period.

The prioritisation of specific topics across the Group depends on the nature of their operations (for example, the priorities related to soft flooring manufacturing may differ significantly from those related to ceramic tile manufacturing). Therefore, certain topics may hold a higher or lower priority for different parts of the Group.

	Operational Area		
ESG Topic	Soft Flooring Manufacturing	Ceramic Tile Manufacturing	Distribution / Logistics
Environmental			
Energy management	○	●	○
Carbon Emissions	○	●	○
Waste and Water management	●	○	–
Product lifecycle	●	○	–
Chemicals Management	◍	○	–
Social			
Attracting, Developing and Retaining Talent	◍	◍	◍
Diversity & Inclusion	◍	◍	◍
Health Safety and Wellbeing	◍	●	◍
Responsible Sourcing	◍	◍	○
Human Rights and Modern Slavery	◍	◍	◍
Governance			
Reporting, Disclosure and Transparency	◍	◍	◍

Victoria ESG Topic Priority

○ Low Priority ◍ Medium Priority ● High Priority

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ENVIRONMENT

Managing our energy usage & our carbon emissions

We review our Greenhouse Gas (GHG) footprint through the Streamlined Energy and Carbon Reporting (SECR) process. This data enables us to identify the areas of our business which produce the most emissions and to take significant, direct action to reduce our energy usage and carbon emissions.

Streamlined Energy and Carbon Reporting

The section below presents the energy usage and associated carbon dioxide emissions for Victoria's global operations. This section has been prepared in compliance to the SECR Framework as implemented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

GHG Emission (1st April 2023 to 31st March 2024)	Units	UK & Europe soft flooring	UK & Europe Ceramics Tiles	Australia	North America	Total
Emissions from combustion of gas (Scope 1)	tCO_2e	19,473	170,885	2,627	185	193,171
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO_2e	11,745	2,695	356	3,027	17,823
Emissions from purchased electricity (Scope 2)	tCO_2e	32,563	30,941	5,101	189	68,794
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO_2e	36	11	–	181	228
Total Gross emissions	tCO_2e	63,817	204,532	8,084	3,583	280,016
Energy consumption used to calculate above emissions	kWh	273,436,694	1,033,559,721	22,645,836	15,643,133	1,345,285,384
Total Gas Usage	kWh	106,453,065	934,160,536	14,265,909	866,122	1,055,745,633
Total Electricity Usage	kWh	117,256,016	88,516,751	6,821,424	596,207	213,190,399
Total Transport Usage	kWh	49,727,613	10,882,433	1,558,503	14,180,804	76,349,353

Within the UK, the total Gross emissions for the year were 23,411 tCO2e (previous year 24,292 tCO2e) and total associated energy consumption was 111,717,254 kWh (previous year 116,649,642 kWh).

The total Global Gross emissions for the year were 280,016 tCO2e (previous year 314,521 tCO2e) and total associated energy consumption was 1,345,285,384 kWh (previous year 1,557,324,718 kWh), representing a decrease in the current period.

The intensity ratios have been calculated for the four reporting divisions. These have been calculated from sales volumes for each division and include all energy usage and emissions stated within the above emissions figures and the methodology.

Emissions (1st April 2023 to 31st March 2024)	Units	UK & Europe soft flooring	UK & Europe Ceramics Tiles	Australia	North America	Total
Intensity Ratios	$tCO_2e/\ 1000m^2$	0.461	4.352	0.364	0.505	1.304
Previous year intensity ratio*	$tCO_2e/\ 1000m^2$	0.433	4.472	0.405	0.196	1.367

* Previous year intensity ratio restated to be comparable with current year.

Methodology

Victoria have followed the 2019 HM Government Environmental Reporting Guidelines and report in alignment with relevant aspects of the GHG Protocol. Emissions factors used are tonnes of CO2 equivalent and data has been calculated using the 2023 UK Government's Conversion Factors for Company Reporting, for all UK electricity and global fuels data. The Australian Government National Greenhouse Accounts Factors, International Energy Agency, Association of Issuing Bodies and the Environmental Protection Agency have been used for all remaining geographical electricity conversion factors for location-based reporting.

Scope 1 emissions relate to on-site gas usage and emissions from Company owned and long-term lease vehicles.

Scope 2 emissions relate to on-site imported electricity usage and CO2e emissions calculated are associated to generation only and do not include Scope 3 Transmission and Distribution losses.

The Scope 3 emissions relate to grey fleet. A grey fleet vehicle is one owned and driven by an employee for business purposes. This also includes fuel use for any vehicles which have been rented short term, for an employee to travel for business purposes. We do not currently include other Scope 3 emissions including, but not limited to, those associated with purchased goods and services, the upstream emissions of the fuel and electricity we consume or employee commuting.

Where there is a Combined Heat and Power (Cogeneration) plant operated on site, the emissions reported have been incorporated and calculated from the natural gas input.

The primary source for energy consumption data is supplier consumption data, metering data with some limited estimated data. Most of the transport usage has been calculated from records of litres used. The remainder of the transport data has been taken from mileage records, some of which have been estimated where records did not exist. Estimated data makes up less than 5% of reported emissions.

The usage and emissions presented align with monthly supplier invoices and are calculated and presented for 1st April 2023 to 31st March 2024.

The emissions reporting includes all of Victoria's sites globally, this reflects the activities and financial information presented within the financial reporting. There has been no de-minimis applied and all Victoria companies with a physical presence have been included.

Energy management and carbon emissions

Continuing volatility in global energy prices has underscored the importance of our ongoing strategy to invest in sustainable, eco-friendly, and reliable energy solutions. The diverse nature of the Group allows us to achieve this in various ways, with the most common being the installation of solar photovoltaic (PV) panels at several locations. Historically, several Group entities have benefited from this technology, and at certain sites, we sell the surplus renewable energy we produce back to the national grid during periods of low energy demand.

We recognise that, while ensuring the energy we consume is renewable wherever possible is important, it is equally vital to reduce our overall consumption. Several of our subsidiaries procure additional energy from renewable providers, and we seek opportunities to reduce energy usage across the Group through various projects, often initiated by closely monitoring our gas and electricity usage via sub-metering.

At our ceramic tile facilities across Europe, we continue to harness the heat generated from our spray dryers, using co-generation plants to convert this heat into electricity. This approach reduces our environmental impact and contributes to a more sustainable energy consumption model.

The ongoing transformation of our Balta acquisition has also reduced our environmental footprint. The closure of the Avelgem facility and the consolidation of our logistical activities for Rugs into a single facility in Sint-Baafs-Vijve have eliminated intercompany transportation between two sites. Further efficiency gains include replacing the turbo compressors in Sint-Baafs-Vijve with variable speed compressors from the closed Avelgem site, significantly reducing energy usage. The turbo compressors removed have been installed in the yarn extrusion plant of our Turkish facility, where their specifications better match the requirements, further reducing the electricity consumption at our Usak site. Additionally, an exercise to determine the optimum pressure in that facility's weaving and finishing departments led to the installation of separate compressors, further reducing emissions. This subsidiary has also continued to reduce emissions through targeted investments, for example an ongoing LED lighting replacement programme.

Our carpet manufacturing operation in Newport, Wales, has benefited for several years from a nearby wind turbine providing up to 40% of our electricity needs. While this continues, we are exploring how we can go further. Feasibility studies into installing

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solar panels on the roof are underway, with early feedback suggesting this could provide an additional 15% of our electricity needs at this site. A new electricity supply agreement also ensures that 100% of the electricity is sourced from renewables.

Our other carpet manufacturing site in Dewsbury, West Yorkshire, has also made several improvements to enhance efficiency and reduce energy consumption and carbon emissions compared to a no-action scenario. These include upgrading the heat effectiveness of the panels used on the backing line, allowing us to lower the temperature. The factory lighting is now motion-sensitive, further reducing energy demands. Finally, a shift change has reduced the number of start/stop occurrences on the backing line, significantly improving efficiency.

In the UK, Interfloor, one of our underlay manufacturing businesses, continues to reap the benefits of its solar panel installation, generating over 400 megawatt-hours (MWh) in this period. We have also achieved efficiencies in our waste gas treatment, resulting in an estimated saving equivalent to over 100MW of gas. These efficiencies have contributed to a reduction in energy inputs both overall and per roll produced.

This year, the Victoria Grass Group has taken steps to reduce the carbon emissions arising from the manufacturing process through the development of an innovative new polyurethane coating for its products. This method not only eliminates water usage but also requires approximately 70% less gas to produce.

In Australia, solar panel installations continue to partially power our subsidiary Dunlop Flooring. This subsidiary also optimises its supply chain by using more efficient sea routes rather than road and rail, where lead times permit. We also continue to use our delivery trucks to pick up recyclable materials from our customers on return journeys to our facilities. This optimisation of our logistics chain reduces the total number of journeys required, thereby further reducing emissions.

Further reductions in carbon emissions are being achieved through the Group's use of electric vehicles. At Balta, we encourage employees to choose either fully electric or hybrid options for new or replacement company cars. This is complemented by the installation of 30 charging stations at this subsidiary's Belgian locations. At the Usak site in Turkey, we have replaced five LPG forklifts with electric models and shifted our logistics model to intermodal transport, i.e. the use of multiple modes of transportation and reduced the reliance on direct road, significantly reducing the number of truck shipments.

A similar strategy at our carpet manufacturing plant in Wales has resulted in over 50% of our forklift truck fleet now being electric. Elsewhere in the UK, Interfloor has also achieved CO2 emission savings with a modernised vehicle fleet.

Logistics

The transportation of our products contributes to our environmental impact. The fuel consumption of our truck fleet, essential for logistics, poses a substantial cost and generates a significant portion of the greenhouse gas emissions produced by our Group. Addressing this aspect is crucial in our efforts to reduce our environmental footprint.

For our UK carpet operations, the distribution vehicles were already compliant with the latest Euro 6 standard, and we previously outlined that we continue to monitor available technology solutions, such as the potential use of electric trucks. Our new distribution centre was built to accommodate this need, featuring 125kW of electric vehicle charging infrastructure and 32 charge points. Additionally, all forklift trucks within the warehouse are already exclusively battery-powered.

We've already detailed that our UK subsidiary responsible for the logistical movements of our carpets, Alliance, has now followed through on this commitment and is an early adopter of fully electric Heavy Goods Vehicles (HGVs) with additional models awaiting delivery. This change means approximately a quarter of the deliveries between our carpet manufacturing plant in Wales and our distribution centre in Worcester are zero emissions at the tailpipe. To achieve further energy savings, both with these vehicles and the rest of the fleet, we are also conducting fuel management and driver style training. We expect this training to contribute to at least a 5% efficiency gain.

In North America, our Cali subsidiary has focused on logistical improvements to enhance efficiency and reduce carbon emissions. By carefully tracking less-than-truckload (LTL) versus full truckload (FTL) freight and increasing the proportion of FTL shipments this subsidiary has seen improvements in the calendar year 2024 compared to 2023.

Waste and Water Management

We have consistently maintained a conscientious approach to utilising raw materials, striving to minimise waste in our manufacturing operations and optimise resource utilisation. All businesses have a responsibility to carefully manage resources to mitigate their impact on the environment. Embracing the principle of "doing more with less" not only enables us to achieve improved financial performance and deliver value to our customers but also generates increasing returns for our shareholders. By aligning our sustainability efforts with sound business practices, we can create a positive impact on both the environment and our stakeholders.

At our carpet manufacturing plant in Wales, we estimate that 95% of our site waste (including cardboard, paper, yarn, and other raw materials) is being managed, segregated, and recycled. Our other UK carpet manufacturer, in West Yorkshire has focused on expanding the range of waste products that get recycled and reduced the waste created as a result of providing customers samples of our products by producing these as part of a production run rather than against a specific roll, achieving significant savings.

Processes at our newest UK distribution centre that significantly reduce our use of water, with harvested rainwater used in the toilets and for washing our trucks, continue.

One of our UK underlay manufacturers, Interfloor, recycles 100% of process water, with 90% of waste being either recycled or used as Refuse Derived Fuel (RDF).

The Victoria Grass Group has continued to make progress and has achieved ISCC PLUS certification for our use of recycled content in Schramm yarn and backing powder.

Our ceramics operation prioritises waste and water management. As an example, at our Turkish subsidiary Graniser wastewater is treated through two processes, with the internal treatment feeding the polishing section, i.e. the part of the production process where the surface of the tiles is polished to achieve a desired finish, operating on a zero-discharge principle. Treated water is used throughout the factory, with any excess shared with the local Organised Industrial Zone.

Efforts at Victoria Carpets Australia to improve waste management have continued this year. Waste yarn that might otherwise be lost is being recovered, separated, and prepared for recycling networks. This initiative significantly reduces waste, as does another project using soft wool waste in packaging and acoustic materials. The team also significantly reduced water usage through a new boiler system and process changes in the dyehouse, reducing the amount of water needed for each kilogram of yarn produced and we developed a process with a local company to recycle our waste polypropylene into products for the agricultural and landscaping industries.

Product lifecycle

To address the challenges in this area we are committed to continually evaluating our range to explore opportunities for developing products with greater circularity, i.e.—those that minimise reliance on virgin resources and are designed with end-of-life considerations in mind. This can be achieved by producing items with a diverse material composition that are easier to separate during recycling or by creating products made from a single material.

Our Balta subsidiary benefits from a 'Pureloop' installation for recycling polypropylene waste and intermediate products. All mono polypropylene material (from weaving, tufting, tape extrusion, etc.) is recycled in-house and used in our staple fibre and tape extrusion processes. Additionally, we have started recycling all waste from our Turkish extrusion plant using our Pureloop installation in Belgium and have made investments to enable the extrusion of recycled polyester yarn.

Within the UK carpet industry, there are limited options for consumers to recycle synthetic carpets. While we produce durable, high-quality products intended for long-term use, our synthetic carpets and artificial grass products consist of complex material mixes, posing recycling challenges. Although we also offer carpets made from natural fibres, consumer demand for synthetic carpets remains strong, making them the predominant choice in our production.

To combat the lack of accessibility in carpet recycling in the UK, we are committed to driving progress in this area and continue to maintain our membership of Carpet Recycling UK. This association collaborates with manufacturers, distributors, contractors, retailers, fitters and the waste sector to divert carpet waste from landfills. Through this we are working to recycle carpet into fibre-reinforced concrete and we are also exploring other opportunities to divert waste from landfill, such as converting the latex used in our carpet bonding process into fertiliser.

At the core of our underlay production is a recycling operation. Our manufacturing sites repurpose polyurethane foam waste from various industries, such as vehicle seats, soft furnishings, and mattresses, into long-

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lasting products for our customers. In addition to foam waste, we are exploring opportunities to incorporate other recycled components, such as carpet waste.

In the current year Interfloor has continued to expand their Renu range (98% recycled and 100% recyclable) with two additional products. This range, and all others that Interfloor offers, are covered by Environmental Product Declarations (EPDs).

At Victoria Carpets Australia, we have a range of Solution Dyed Nylon (SDN) products that utilise recycled waste. Our Australian subsidiaries also have initiatives supporting the lifecycle of our products, including a take-back scheme to recover used underlay and recycle it into new products.

Another of our Australian subsidiaries, Dunlop, recycles approximately 100 tonnes of used underlay per year, and 100% of our product can be recycled. Additionally, their underlays are made up of 90% recycled materials, and we continue to offer a sustainable bio-based underlay using renewable source sugar cane, with a commitment to plant one tree for every ten rolls of underlay sold. This range is complemented with biodegradable bags, and the point of sale displays for this product are entirely recyclable and contain no plastic.

Our artificial grass business, the Victoria Grass Group, focuses on developing products with longer lifespans and participates in take-back schemes in Belgium and the Netherlands, aiming to collect all the cutting waste during installation and the end-of-life product. This year through a partnership with another entity focused on recycling end-of-life artificial turf they have developed a yarn and secondary backing containing end-of-life materials, with the end product being made up of more than 40% end-of-life polymer. Further product development is underway to allow the use of these fibres in our sports and landscape products, with the intention to launch more products during 2024.

The ceramic tile business within our company manufactures a product that is easily recyclable and can be repurposed to create new ceramic and aggregate products. Through collaborations with local suppliers and recyclers, our ceramic tile manufacturing businesses harness the potential of recycled bricks, tiles, and glass to create specific ceramic tile products. Moreover, owing to the inherent reusability of our ceramics, once they reach the end of their life cycle, they can be transformed into new tiles through re-grinding. This process eliminates the need to dispose of waste in landfills and supports our sustainability efforts.

Our ceramic tile manufacturing business in Italy continues to use a technique it developed to produce the glaze for certain tile products using the fine glass from waste TV screens. The process cleans the TV screens and recycles the glass, transforming it into a glass powder that can be mixed with other components to make the substratum and glaze for certain tiles.

We continue to push further. Our Turkish ceramics entity, Graniser, aims to adopt the cradle-to-grave method for the raw material extraction process and having established the criteria for the entire process, including up to the packaging of the final product, they will shortly be applying for formal accreditation of this process.

Chemicals management

We recognise the importance of responsible chemical management and strive to protect the natural environment while ensuring the health and safety of our colleagues. We use a range of chemicals tailored to meet the unique needs of our products and businesses and over the years we have made significant efforts to eliminate the use of harmful chemicals from our manufacturing processes.

Our manufacturing businesses prioritise the safe and responsible handling of chemicals through Control of Substances Hazardous to Health (COSHH) Task Risk Assessments conducted for relevant production processes. These assessments provide detailed information on the chemicals used, potential hazards, and the measures implemented to mitigate any associated risks. Each chemical is assigned a risk score ranging from ‘Very Low’ to ‘Extreme’ based on its specific application. Many of our assessments indicate a ‘Low’ or ‘Very Low’ risk level, with only a limited number categorised as ‘Medium’ risk.

Our businesses adhere to robust Health, Safety, and Environmental protection policies and guidelines that cover the handling of chemicals on our sites. These outline packaging, labelling, storage, and disposal requirements for the chemicals we use, as well as the necessary Personal Protective Equipment (PPE) for our colleagues. Regular training on chemical handling and usage is provided to all relevant employees as a mandatory requirement for their roles and procedures are in place to promptly address any spills or contact incidents involving chemicals. Our sites are equipped with hand and eye wash stations, as well as specialised clean-up equipment to effectively contain and manage any spills. Additionally, designated emergency response officers are present at our sites to handle any incidents that may occur. Furthermore, our manufacturing businesses engage third-party specialists to conduct annual discharge surveys, ensuring that there are no unintentional discharges into local watercourses.

COLLABORATING CROSS GROUP TO ACHIEVE PRODUCT CIRCULARITY

In a great example of group synergies, two of our subsidiaries, Balta and the Victoria Grass Group, have collaborated to enhance the circularity of our products.

Our Balta subsidiary is now producing masterbatch, the mixture used to colour and modify the properties of the polymer fibres used in our carpets, at our Sint-Baafs-Vijve facility for the Victoria Grass Group, who are in turn using it in the extrusion process of our artificial grass.

Surplus from the Grass Group's tufting production is then returned to Balta, who are then recycling it in their Pureloop system, creating PP and PE granulates. These granulates are then returned and used in the production of new artificial grass by the Victoria Grass Group.

Embracing product circularity in this way reduces waste and lowers the demand for virgin materials helping to minimise the carbon footprint associated with our manufacturing. This sustainable approach helps to create a closed-loop system where products and materials are repurposed and helps us to mitigate our environmental impact.

Where applicable, our subsidiaries also check the EU's REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) statements of our supplier base to ensure product compliance.

Examples of how we appropriately manage chemicals are found throughout the group. At Victoria Carpets Australia we had already ceased the application of chemical-based topical treatments on our Solution Dyed Nylon (SDN) carpets. We are now going further and are working with the relevant industry body to achieve a higher rating within the Environmental Classification Scheme (ECS).

SOCIAL

Victoria aims to create an excellent workplace environment that positively impacts local communities.

Attracting, Developing, and Retaining Talent

Our continued success hinges on our capacity to attract, retain, and nurture top talent throughout our organisation, providing them with the necessary resources to advance their careers within Victoria. We prioritise fostering a diverse and inclusive workforce, ensuring a multitude of career pathways are available. Our commitment to employee development can be seen across the group and is illustrated through structured training programmes offered internally, complemented by the recruitment of exceptional individuals from outside our organisation.

To cultivate fresh perspectives and drive innovative product development, it is imperative that we invest in emerging talent and explore novel approaches to work.

Throughout the year, we have made several improvements to enhance employee well-being. At Balta, the modernisation programme detailed in the last report has continued with the renovation of our Sint-Baafs-Vijve head offices.

Our ongoing commitment to developing talent at our manufacturing plant in Wales will see the development of robust succession plans during 2024 and at our plant in West Yorkshire we have been running specific training courses for our supervisors and managers, with further training available to the wider workforce where there is a desire from the employee.

Our Australian subsidiary Dunlop is proud to partner with a non-profit organisation, The Sacred Heart Mission, providing opportunities for staff to volunteer in support of their mission to feed the homeless and disadvantaged.

Our UK carpet logistics subsidiary, Alliance, has run a pilot programme for apprenticeships and has supported school students looking to gain work experience.

Employee diversity and inclusion

Victoria is dedicated to upholding the principles of equality and fairness in employment opportunities. We strive to cultivate a diverse workforce and foster an inclusive environment across our entire organisation. Our goal is to create an atmosphere where every individual can thrive, realise their potential, and actively contribute to our business objectives, irrespective of their age, gender, ethnicity, or background.

To support our commitment to diversity and inclusion, we have established policies that outline our approach and provide guidelines for promoting equality. Additionally, wherever

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possible, we offer family-friendly working practices that accommodate the needs of our employees and periodically review gender pay gaps within our various businesses before developing strategies and initiatives to address those gaps.

Ultimately, our aim is to foster a culture where our employees feel empowered to bring their unique perspectives, experiences, and backgrounds to their workplace. By embracing diversity, we can collectively achieve exceptional performance and drive our growth as an organisation.

Health, safety, and well-being

The well-being and safety of our workforce lies at the core of our Group's culture. We are committed not only to preventing injuries and accidents among our employees but also to providing them with the necessary support to maintain their physical and mental well-being, while promoting a healthy work-life balance.

We operate with a "Safety First" mindset, which aims to significantly improve our performance in Lost Time Incidents (LTI) and Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR). We actively encourage all colleagues to report any incidents or near misses, as this enables us to drive further enhancements in workplace safety.

Across our Group, major manufacturing sites adhere to ISO accreditation and uphold the highest standards of health and safety. Each major site is supported by a dedicated Safety Manager who oversees the implementation of safety protocols. We actively involve our employees in the development of risk assessments for our operations, and through process improvements, increased training and development initiatives, and strong management focus, we seek to consistently achieve advancements in colleague safety within the workplace.

While a limited number of hazardous substances are utilised in our manufacturing processes, we have stringent procedures in place to govern their transportation, storage, and careful usage. The Group continues to work on reducing the consumption of these substances and exploring safer alternatives, as mentioned in the Chemicals Management section of this report.

Our employees are the invaluable foundation of our organisation, and we continuously seek ways to support them in their work at Victoria. We recognise and appreciate their contributions not only through fair compensation but also by prioritising their health and well-being. Examples of this commitment can be found throughout the business, such as walk-around audits and planned task observations, as well as regular local briefings to ensure our commitment to health and safety is paramount.

Specific examples include the continued safety campaign at Balta where we have again seen a reduction in the accident frequency. Safety training is delivered through a variety of methods, including practical training, external service providers, and innovative safety awareness training for shift leaders using virtual reality technology. Initiatives such as these contributed to 335 days without an accident at our Usak facility, setting a new record for the team there.

At our carpet manufacturing plant in Wales, the Health & Safety team have reviewed and ensured that Standard Operating Procedures (SOPs) are implemented in all areas. This subsidiary has complemented this with an external occupational health company carrying out health surveillance throughout the business to assess employee needs and requirements and made healthcare plans available for the employees.

At our manufacturing facility in West Yorkshire, monthly Health & Safety meetings take place with a committee of representatives. Additionally, 'themes of the month' are used to focus employee attention on different safety aspects throughout the year. This location also partnered with another of our subsidiaries, Westex, to put on a free pantomime for the local community, open to all employees and their families. Like other sites, it has refurbished and upgraded some of the common areas used by employees, such as the canteen.

At Interfloor, toolbox talks have been rolled out covering 28 topics, manual handling training has been conducted with over 200 employees, and specialist chemical safety training has been provided to over 130 employees.

Our Australian entities employ similar practices, such as safety committees and 'toolbox talks'. Victoria Carpets Australia continues to partner with the Black Dog Institute, a foundation dedicated to developing strategies and programmes for people and their families dealing with mental health issues, raising funds with the help of our employees. Additionally, the Employee Assistance Programme, which provides confidential assistance to employees and their families across a range of personal and domestic situations, continues to operate.

At Alliance, we ensure our workforce has 24/7 access to qualified professionals and partner with the Occupational Health services entity, Recovery For Life.

At the Victoria Grass Group, we offer a variety of training courses, including first aid and forklift truck operation. To ensure that all employees experience a safe and trusted environment, we have appointed an external confidential advisor in conjunction with our whistleblowing policy to further support transparency and accountability within the organisation. Physical inspections in our production environment regarding safety, health, and environmental aspects are conducted regularly to ensure expected standards are maintained.

Our Ceramics operation in Italy had already restructured its work shift to a 3+2 pattern instead of the previous 4+2. This year, we introduced flexible working hours, and increased flexibility and support for working remotely where appropriate is in the process of being implemented.

Responsible Sourcing

The raw materials we procure from numerous suppliers worldwide significantly impact our products. We therefore support and encourage our suppliers and partners to address their own environmental, social, and governance performance to ensure we procure the best materials at the best prices for the long term. For example, whenever possible, our wood materials are sourced from sustainable origins, including suppliers certified by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC).

Across our Group, we conduct due diligence assessments of many of our suppliers to maintain low exposure to ESG risks. We regularly screen and visit key commercial partners, establishing supplier codes of conduct outlining the standards and practices we expect.

At Balta, we have Global Recycled Standard (GRS) certification for the traceability of our recycled products, and we are currently running trials to explore the potential to increase the percentage of recycled materials in our plastic packaging from 30% to various levels up to 100%.

Various subsidiaries within our organisation are actively engaged in ensuring supplier compliance and sustainability. Examples in the current year include Interfloor revising its supplier charter and requiring that their suppliers adhere to the new standards. Victoria Carpets Australia continues to conducts regular supplier factory visits, providing feedback on quality and performance, and employs a rigorous assessment process for key suppliers based on multiple criteria, including energy efficiency and human rights whilst another of our Australian subsidiaries, Dunlop, ensure technical department audits of suppliers deliver compliance against good manufacturing practices. Our North American subsidiary, Cali, has continued its focus on legal and sustainable sourcing of plant-based flooring products through supplier education, certifications, and internal accountability measures.

Modern Slavery

At Victoria, we prioritise the fair and respectful treatment of our employees throughout the entire Group. We are committed to providing equitable compensation and ensuring suitable working conditions. Discrimination, bullying, harassment, and victimisation are strictly prohibited, and we actively promote an environment of open communication supported where necessary with whistleblowing tools, that encourages employees to voice any concerns directly to senior management.

We have developed a Modern Slavery Statement highlighting how we address the issue of modern slavery and human trafficking. This statement outlines the measures we have implemented to ensure that such exploitative practices do not occur within our organisation or our supply chains. Within our supply chains, we maintain a low risk of human rights violations, largely due to the longstanding and trusted relationships we have established with many of our suppliers. We regularly conduct thorough factory visits with key suppliers, fostering transparency and trust in our partnerships. Furthermore, our supplier base primarily consists of well-established and professionally managed businesses operating in jurisdictions with robust regulatory frameworks concerning modern slavery. We undertake several actions both internally and within our supply chain to protect against these risks.

GOVERNANCE

Reporting and Disclosure

We consider good governance essential to all our work at Victoria. We ensure we have the appropriate controls across our businesses to always support and display strong business ethics. We support anyone who, in good faith, discloses a failure to meet our high standards

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of business ethics. We have several whistleblowing procedures in place across the organisation and have continued to integrate these solutions over the last year to provide an even more robust framework for the Group. We promote a culture enabled through our whistleblowing policies and procedures, where employees should feel able to raise concerns without fear of retaliation and in the knowledge that the matters they report will be taken seriously and in confidence.

The Group also has in place a framework of internal policies and procedures to address anti-corruption, bribery, conflict of interest, whistleblowing, gifts and hospitality, tax evasion, and share dealing issues. One of the areas undergoing the most regulatory change is sustainability. We are committed to improving how we capture data and disclose our performance against action plans that mitigate our ESG risks.

Currently, at a Group level, we collate our carbon impact data and report it in accordance with the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations. This year, in line with our reporting requirements, we have aligned our disclosure of climate-related risks and opportunities with the guidelines provided by the Task Force on Climate-related Financial Disclosures (TCFD), detailing key governance, strategy, risk management, and metrics and targets relating to our climate-related risks and opportunities. We also continue to monitor the regulatory environment in which we operate and will respond as necessary to other developments, such as the UK Sustainability Disclosure Requirements, Climate Change Transition Plan, Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, and the International Sustainability Standards Board (ISSB) disclosure requirements.

Outlook

Victoria is committed to ESG matters and is actively continuing to implement its strategy. This is an evolving initiative with many subsidiary-level actions being taken across the Group under a Board-reviewed framework. Further information will be published as the Group’s ESG strategy continues to develop.

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Task Force on Climate-Related Financial Disclosures (‘TCFD’)

Victoria plc recognises climate change poses a significant financial risk to the broader economy and may in turn result in both direct and indirect financial impacts across our businesses. We understand the importance of providing accurate and timely disclosures to support informed and efficient capital-allocation decisions across financial markets.

In response, we are proud to disclose our first report in line with the Department for Business, Energy & Industrial Strategy (BEIS) Climate-related Financial Disclosures (“CFD”) requirements. We understand effective management and adaptation to climate-related issues will be an iterative process, that will require continuous improvement. We are committed to building on our current understanding, management, and resilience to climate risk and will look to continuously advance our strategic and financial planning to ensure effective climate change adaptation. We will be transparent and communicate our progress in this space via annual CFD-aligned reporting.

Section	Requirement	Disclosure
Governance	(a) Describe the board’s oversight of climate-related risks and opportunities	Consistent with the other risks and opportunities of the business the responsibility for overseeing the Group’s climate-related risks and opportunities ultimately sits with the Board and is part of the wider Environment, Social and Governance (ESG) activity. The Company’s ESG strategy is focused on ensuring the long-term sustainability and success of the Company for the benefit of all our stakeholders. In the current year the company established an ESG Committee consisting of the Chief Executive Officer (Committee Chair), Chief Financial Officer, Group Finance Director, Chief Strategy Officer and the Head of Risk and Compliance to assist the Board in the fulfilment of its oversight responsibilities with respect to the ongoing development and progression of the Company’s ESG strategy. The Committee Chair reports to the Board on the committee’s proceedings, identifying any matters arising in the meeting or within the remit of the Committee which it considers needs noting or a decision by the Board. ESG is formally discussed at Board meetings twice annually. At these meetings the Committee Chair will report on the work of the Committee, including making any relevant recommendations on all matters relating to ESG and climate change, including changes to the strategy, key aims and priorities. The Group maintains a regular dialogue with both existing and potential new capital providers to communicate the Group’s strategy and progress and to understand capital providers needs and expectations, including with regards to ESG and specific climate-related activities and issues. In addition to this climate-related risks and opportunities, e.g. compliance risks, are monitored by the Company’s Risk function who input to Board meetings with any resulting action cascaded as appropriate. Major plans of action and their accompanying expenditures, including those in response to climate-related issues, are considered as part of the annual budget setting process which is reviewed and approved by the Board, with subsequent progress against budgets also subject to regular review at board level. ESG considerations are included for all major capital expenditure projects and acquisitions. The monitoring of the organisation’s performance with regards ESG matters, including those specific to climate-related risks and opportunities, is performed by the ESG Committee. Victoria is in the process of evaluating climate-related targets across our business which we expect to disclose progress on in next year’s TCFD statement. The Board are involved in the target setting process and will review and sign-off on any climate targets the Group adopts. Further, we will establish a formal process to ensure regular Board oversight of progress against any targets (i.e., providing regular updates to the Board on our performance against targets as part of the ESG Committee updates to the Board), along with specific roles and responsibilities to maintain strong governance over these.

1. *Department for Business, Energy & Industrial Strategy, Mandatory climate related financial disclosures by publicly quoted companies, large private companies and LLPs, 2022 < Mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs (publishing.service.gov.uk)*

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TCFD Continued

<table>
<tr><th>Section</th><th colspan="2">Requirement</th><th>Disclosure</th></tr>
<tr><td>Governance</td><td>(b)</td><td>Describe the management's role in assessing and managing climate-related risks and opportunities</td><td>The Risk function is responsible for identifying, assessing and managing risks and opportunities across the Group, of which climate-related risks and opportunities form part. Oversight in this specific domain is provided by the ESG Committee which in turn reports to the Board as required.

Climate-related issues are documented in the Group Risk Register and are reviewed on a regular basis with the subsidiaries and divisional heads as appropriate. Further, climate risks are detailed separately in a Climate Risk Register, at a divisional level, which are latterly transferred into the Group Risk Register. Significant climate risks are escalated to the ESG Committee as necessary and then escalated to the Board as appropriate.

Our ESG topic areas, and their priority, are re-assessed annually. Climate-related risks are considered as part of this and form part of the Group's overall risk management process. The preparation of the Group's annual ESG Report and TCFD disclosure enables the Group an opportunity to provide stakeholders with commentary on climate-related factors.</td></tr>
<tr><td>Strategy</td><td>(a)</td><td>Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term</td><td>Victoria assesses climate-related risks and opportunities against three distinct time-horizons. These time horizons have been developed reflecting our finance and strategic planning cycles, as well as the useful life of our assets and operations, allowing for longer time frames over which material physical climate risks may potentially manifest.

Table 1. Victoria's climate time horizons</td></tr>
</table>

Time Horizon	Description	Potential climate risks relevant to time horizon
Short-term	0-3 years (2024-2027)	Short-term climate-related risks that could have a potential immediate financial impact on the business. This considers predominantly transition risks from changing market, technology, policy and reputational demands. This time horizons extends to 2027 in line with Victoria's shorter-term term business and financial planning.
Medium-term	3-6 years (2027 – 2030)	Medium-term climate related risks consider both transition and physical risks across our global operations and supply chain. During this time horizon, transition risks such as carbon pricing may become increasingly demanding to support the transition to a low-carbon economy, placing increased strain across several or potentially all our regions of operations. This time horizon extends to 2030 as an increasing number of governments and companies are looking to meet interim targets set for the end of the decade.
Long-term	6+ years (2030-2040)	Long-term impacts are predominantly those relating to increased frequency and severity of extreme acute and chronic climate change events. Victoria has a global supply chain that may be susceptible to a range of acute and/or chronic physical hazards such as storms and flooding, extreme heat, sea level rise and drought. This timeline extends to 2040 to appropriately assess the resilience of Victoria to potentially increased frequency and severity of longer-term physical impacts of climate change.

Section	Requirement	Disclosure
Strategy continued		During FY2023/24, Victoria conducted a detailed qualitative assessment of climate-related risks and opportunities across the business, to support our first-year reporting on climate-related matters in line with the (Climate-related Financial Disclosure) Regulations 2022. As part of this process, we identified a short-list of climate-related risks and opportunities that could potentially have a material impact on the business over various time horizons via desktop research, peer analysis and internal workshops with selected stakeholders from across the various divisions and regions of our business. In total, 3 transition risks, 1 physical risk and 1 opportunity were identified to have a potentially material financial impact on our business. The identified climate risks and opportunities reflect the nature of the business as a large-scale manufacturer and distributor of flooring products. Our operations require considerable energy consumption to procure materials, manufacture and distribute products across our global network, and as a result we are mostly exposed to macroeconomic changes as the global economy decarbonises. Key climate-related risks that manifest because of these changes include potential price increases for traditional fuel sources (see R.02 on page 43) and the potential inclusion of carbon taxes within jurisdictions relevant to our business's activities, which could increase our costs and affect our revenues (see R.03 on page 44). Reputational risks associated with failing to meet stakeholder expectations and/or disclosure requirements for climate-related reporting is another transition risk we have identified (see R.04 on page 45), particularly as we operate across a multitude of jurisdictions that may be subject to varying disclosure obligations. We are also exposed to acute and chronic physical risks that may impact our global supply chain (see R.01 on page 42), should increases in the frequency and severity of physical climatic events lead to difficulties in sourcing raw materials, as well as delays to our manufacturing processes and distribution activities, thereby impacting our operational costs and revenues. A key climate-related opportunity for Victoria is to capture market share by responding to the shift in consumer preferences for more sustainable and/or resilient products (see O.01 on page 46). Victoria has already started investing in sustainable materials and/or recycle materials for our products, and we are continuing this development and responding to our customer's demand. Further details on the potential impacts of these issues on the business, as well as the climate scenarios used to assess our resilience against these were detailed on pages 41 to 46 of the Strategy sections.

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TCFD Continued

Section	Requirement	Disclosure
Strategy continued	(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	As detailed in Strategy above, Victoria, with the support of a third-party, undertook a qualitative assessment of the financial impacts of five potentially material risks and opportunities to the business. Table 2, below, summarises how each risk and opportunity may affect our business, strategy and financial planning across two climate scenarios. From the outcomes of this analysis, we have determined the relative financial impact of these risks and opportunities, Victoria has qualitatively assessed potentially material climate risks and opportunities, identified at a group level across our business, against two defined climate scenarios over the short-, medium- and long-term time frames as defined within Strategy (see page 39). **'Net Zero' scenario:** The Net Zero scenario is the most ambitious scenario that assumes global warming can be limited to 1.5°C by 2100, enabled via stringent climate policies that are introduced across the global economy with immediate effect. Key assumptions that underpin this scenario include policy measures that drive technology and market changes to support efforts to decarbonise the power sector. This in turn drives up the cost of traditional fossil-fuel energy sources, as they struggle to compete with renewable, low-carbon alternatives that become increasingly cost-effective. **'Current Policies' scenario:** The Current Policies Scenario projects the future of energy and climate based on the assumption that existing laws and policies remain in effect without any additional changes or new policies being implemented. In such a scenario, it's presumed that there is no further action taken to specifically address climate change, improve energy efficiency, or transition to cleaner energy sources beyond what has already been established. This temperature scenario assumes >4°C of warming by 2100. To form these scenarios, macro-economic inputs and assumptions to assess transition risks and opportunities were drawn primarily from the Network for Greening the Financial System (NGFS) and the International Energy Agency (IEA). Where appropriate, Victoria leveraged additional secondary data sources such as literature reviews, institutional research or Government publications. For the assessment of physical risks, the Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) were the primary sources used by Victoria.

Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	**Risk description and assessment**	**Potential financial impact**	**2027**	**2030**	**2040**	**2027**	**2030**	**2040**	**Mitigation measures / Risk treatment plans**
R.01: Acute/Chronic physical risks impacting upstream and downstream supply chain activities. **TCFD Taxonomy:** Physical risk – Acute/Chronic.	Victoria's extensive global supply chain is exposed to a range of acute and/or chronic physical risks that may negatively impact the Company's business activities via disruptions to the sourcing and transport of raw materials or onwards distribution of products. Analysis of our key materials and regions of procurement identified several physical hazards such as flooding, extreme heat, drought, and sea level rise to be of particular risk across our supply chain. Their impacts are projected to increase in frequency and severity over the long-term, particularly under the Current Polices scenario where warming levels are anticipated to rise considerably.	• Increased operational costs resulting from costs associated with delays and/or damages passed through from suppliers. • Decreased revenue resulting from delays to upstream and/ or downstream supply chain activities.	Low	Low	Medium	Low	Medium	High	• Further diversification of the group geographically and in the product range offered such as that seen in recent periods and detailed within the ESG Report; • Changes to the supply chain, e.g. some raw materials are already sourced locally and this could be extended (for example at our Spanish Ceramics operation); • Short term impact on supply chain could be mitigated through inventory management; • Ability to pass through costs.

Relative financial impact

Low Medium High

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TCFD Continued

Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	Risk description and assessment	Potential financial impact	2027	2030	2040	2027	2030	2040	Mitigation measures / Risk treatment plans
R.02: Energy price volatility. **TCFD Taxonomy:** Transition risk - Market.	Fossil fuel prices may increase over time, particularly under more ambitious climate scenarios where emission-intensive fuel sources are gradually phased out in favour of renewable, lower-carbon alternatives. This risk is likely to have a larger impact on Victoria under the Net Zero 2050 scenario, due to the emissions-intensive nature of our manufacturing processes required for our ceramics division. However, recent instances of energy price volatility have been mainly driven by short-term geopolitical events rather than climate-related factors. As such, substantial changes to energy prices in the short to medium-term is considered highly unlikely. However, as policy and industry drive the energy transition, and net zero by 2050 ambitions materialise, this is likely to have a high impact and likelihood in the long-term under a Net Zero 2050 scenario.	• Increased operational costs resulting from higher cost of energy, required for Victoria's manufacturing processes. • Decreased revenue in response to reduced production to manage the increased operational costs.	○	◐	●	○	○	○	• Similar to the examples detailed in this year's ESG Report we expect further investments/ R&D into more sustainable methods of manufacturing/ logistics resulting in decreased costs; • Investment/ Power Purchase Agreements (PPAs) with renewable energy sources; • Ability to pass through costs (assuming it to be a sector wide issue).

Disclosure

Climate-related risk / opportunity	Risk description and assessment	Potential financial impact	Net Zero 2050: 2027	Net Zero 2050: 2030	Net Zero 2050: 2040	Current Policies: 2027	Current Policies: 2030	Current Policies: 2040	Mitigation measures / Risk treatment plans
R.03: Increased direct costs on operations resulting from carbon taxes. **TCFD Taxonomy:** Transition risk – Policy and Legal.	Carbon taxation is anticipated to be a key instrument in driving reductions in global GHG emissions, and we may be exposed to carbon taxes being applied to our business activities, to varying degrees across the jurisdictions in which we operate. This would be particularly impactful for Victoria's ceramics business, which currently has emissions-intensive manufacturing processes. This risk is expected to be more likely and impactful under the Net Zero 2050 scenario, where carbon prices are anticipated to rise considerably over the medium to long-term to meet global net zero commitments.	• Increased operational costs as carbon taxes are applied to direct activities (i.e., scope 1 and 2 emissions). • Increased operational costs as carbon taxes are indirectly passed through from suppliers (i.e., scope 3 emissions).	Low	High	High	Low	Low	Low	• Investment/R&D into alternative methods of manufacturing to reduce the carbon intensity – see ESG Report for examples to date; • Ability to pass through costs (assuming it would be a sector wide issue).

Relative financial impact

Low Medium High

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Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	**Risk description and assessment**	**Potential financial impact**	**2027**	**2030**	**2040**	**2027**	**2030**	**2040**	**Mitigation measures / Risk treatment plans**
R.04: Reputational damage that may result from not meeting climate performance and disclosure regulations and requirements. **TCFD Taxonomy:** Transition risk – Reputation.	Victoria operates across many regions and jurisdictions and may be captured under a multitude of climate-related disclosure mandates in the coming years. It is likely reporting requirements will become more widespread and onerous under both climate scenarios, given there are numerous existing climate-related frameworks and new ones may be introduced across key regions of our operations including Europe, UK, US and Australia. Stakeholder expectations for adequate communication of climate-related performance and management is possible across all time horizons and scenarios, as indicated by recent trends in the market which demonstrates climate conscious spending increasing over recent years. The overall risk is anticipated to be greater however under the Net Zero 2050 scenario, where greater importance is placed on climate-related mitigation and adaptation. However, we do not consider Victoria to operate in a high-risk sector that may be more susceptible to regulatory liability and public scrutiny, due to our diversified portfolio of products and companies.	• Decreased revenue resulting from damaged brand reputation. • Increased operational costs associated with litigation fees and/or financial penalties.	○	○	●	○	○	○	• Regulatory scanning to ensure we adhere to mandatory reporting; • Engagement with appropriately qualified external advisors; • Consideration of non-mandatory reporting, e.g. meeting CSRD in advance of the Group reporting deadline.

Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	**Risk description and assessment**	**Potential financial impact**	**2027**	**2030**	**2040**	**2027**	**2030**	**2040**	**Mitigation measures / Risk treatment plans**
O.01: Capture market share by responding to the shift in consumer preferences for more sustainable / resilient products. **TCFD Taxonomy:** Opportunity – Reputation.	Victoria has an opportunity to respond to shifting market trends signalling increased consumer demand for more sustainable products. Several of Victoria's businesses are well positioned to respond to this market trend, with already established product offerings and market presence. However, we have a considerable opportunity to further drive innovation and tap into new, emerging markets across the flooring industry. This opportunity is particularly viable over the medium to long-term and under the Net Zero 2050 scenario, as policy and macroeconomic changes shift consumer attention in support of a transition to a net-zero economy by 2050.	• Increased revenue resulting from diversified portfolio and product offerings. • Increased access to capital and/or revenue resulting from enhanced brand reputation.	○	○	●	○	○	○	• Sustainable product offerings from across Victoria's businesses, such as the Renu product currently offered by our UK Underlay operations; • Investments/ R&D into more sustainable methods of manufacturing and products.

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Section	Requirement	Disclosure
Strategy	(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our current business strategy is considered resilient to climate-related risks and opportunities in the near-term. Victoria's key markets of Europe and the US have experienced volume growth over the last 25 years of c. 2.6% per annum. There are fundamental drivers that sustain this long-term growth. These long-term fundamental industry drivers include continually aging housing stock with their interiors requiring repair and renovation, higher household formation, broad housing shortages, and increasingly style-conscious consumers. We believe these drivers will remain into the future and that the climate-related risks and opportunities that Victoria is exposed to will be the same for others in the sector. Our continuous efforts to outperform the wider market should therefore mean we remain resilient in the face of these risks. The outcomes of the scenario analysis indicate we are most susceptible to climate-related risks over the medium to long-term, particularly under the Net Zero scenario where we may be exposed to higher operating costs impacted by carbon pricing and energy price volatility. Under the Current Policies scenario, the Group may be more exposed to physical risks over the long-term. We will however continue to reevaluate our business strategies exposure to and resilience against climate-related risks, considering plausible future climate scenarios. We will continuously look to identify additional mitigation measures that can be incorporated into our financial and strategic planning, to improve climate adaptation and resilience. Given this is the first year Victoria is disclosing against the Climate-related Financial Disclosure Regulations 2022, we focussed on conducting a qualitative assessment of climate risks and opportunities to enable more time and resources to support an extensive risk identification process, ensuring risks were considered across our entire Group and its many businesses and regions of operations. We will build on this assessment by performing more detailed quantitative financial analysis in future years. Table 2 details the outcomes of the qualitative scenario analysis performed (see Strategy). Our business strategy provides us a strong platform from which we can in future respond to climate-related risks and opportunities. Our demonstrable track record of integrating acquired businesses, history of focused investment to ensure long-term quality and sustainability and superior customer offering are all compatible with the need to respond to climate-related matters as they arise. This strategy is regularly reviewed and adjusted as necessary to address climate-related risks and opportunities and ensure we remain competitive and responsible in a changing climate landscape. Doing this should position our business to not only manage climate-related risks but also to capitalise on any opportunities that arise from the transition to a low-carbon economy and ensure we remain resilient, competitive, and sustainable in the face of climate change.

Section	Requirement	Disclosure
Risk Management	(a) Describe the organisation's processes for identifying and assessing climate related risks	As detailed in Strategy, we conducted thorough desktop research and peer analysis with third-party support to identify a comprehensive long-list of climate-related risks and opportunities relevant to Victoria's industry and regions of operations. Workshops were held with key stakeholders representing both the corporate level and each of our divisions, including representatives from Risk and Finance to evaluate which risks and opportunities identified from the preliminary assessment should be prioritised. Five climate risks and opportunities were identified as potentially financially material to the Group as an outcome of these workshops, which included 3 transition risks, 1 physical risk and 1 opportunity. With the support of a third-party, we conducted a qualitative climate scenario analysis to assess the materiality of each of the identified climate risks and opportunities over the short-, medium- and long-term time horizons and two temperature scenarios. We will re-assess our climate-related risks and opportunities on an annual basis to ensure that all material climate impacts to the business are considered. Further details of the scenario analysis performed is provided in Strategy. This determination is based on an understanding of the impact (primarily financial) and likelihood of the identified risk and then scoring the risk appropriately. The Group's risk governance and management processes include a qualitative assessment of ESG risks, including climate-related risks, based on the criteria of likelihood and potential impact of inherent risk, see table 2. This process has enabled the Group to identify climate-related risks and opportunities and determine their relative significance to the business. The business considers existing and emerging regulatory requirements related to climate change and other relevant factors when conducting its risk management process.
	(b) Describe the organisation's processes for managing climate related risks.	Our processes for managing climate-related risks are consistent with our process for managing other risks in the business and follow standard risk management processes, i.e. a risk identification exercise is performed. This is then followed by an assessment of the identified risks and a mitigation plan is prepared accordingly. The response is implemented, and the risk is monitored and reported on an ongoing basis. The process for prioritising climate-related risks is similar to other risks, i.e. these are prioritised based on the assessment of their likelihood and potential impact on our operations, e.g. our financial performance.
	(c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management	Climate-related risks and opportunities have been identified taking into consideration the potential impact on the Group as a whole, while also affecting Victoria's four divisions: UK & Europe Soft Flooring, UK & Europe Ceramic Tiles, Australia and North America. As detailed in Risk Management, we engage with representatives from across a range of functions and divisions to ensure the climate-risk management process is integrated across our entire Group. This is the first year of disclosure and we are currently using a qualitative method of identifying material climate risks and opportunities. Going forward, as our work in this area matures, the organisation will look to conduct quantitative methodologies and financial modelling to calculate the impact of any additional material risks identified through our regular reviews. We will also review our ESG/Climate Risk Register/Risk Register on an annual basis to ensure our assessment of climate risk is up to date and reflects the current risk landscape, while also identifying new or emerging climate risks that may have a material financial impact on the business.

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Section	Requirement	Disclosure
Targets	(a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process	Victoria reports Scope 1 and Scope 2 greenhouse gas emissions annually which helps us to monitor our carbon footprint and reduce emissions. We report GHG emissions and energy use under the Streamlined Energy and Carbon Reporting (SECR) under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The intensity ratios were calculated for each of the four reporting divisions and have been calculated using sales volumes, energy usage and greenhouse gas emissions figures. For further information, see page 29 for our SECR reporting. Moving forwards, we will consider developing and implementing further metrics that may be used to effectively monitor identified priority climate-related risks and opportunities (identified in Strategy) and measure performance of mitigation actions.
	(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	For details of Victoria's GHG emissions reporting, please see page 29 for details of our SECR reporting.
	(c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets	As this is the first year of TCFD reporting, we have focused our efforts on the climate risk identification and assessment process to better understand our risk profile across various time horizons and climate scenarios, and where best to prioritise our efforts. We have continued to concentrate on our GHG emissions measurement and reporting process in line with SECR Regulations 2018, and will consider the use of both current year and historic emissions data to identify a baseline to set GHG emission reduction targets. In FY25, we will evaluate the opportunity to establish GHG emissions reduction targets for our Group, the outcome of which we expect to be reported in next year's Annual Report. Going forward, we will also consider developing and implementing metrics and associated targets relating to our priority climate-related risks and opportunities identified from this year's climate risk assessment and scenario analysis work. As our analysis matures, we may revise the appropriateness of any metrics and targets, as well as look to identify new metrics and targets to effectively monitor and measure our climate-related performance over time.

Brian Morgan
Chief Financial Officer

18 June 2024

VICTORIA PLC

Victoria PLC
Worcester Six Business Park
Worcester
WR4 0AE