



VICTORIA PLC

Environmental, Social and  
Governance Report 2022

[www.victoriapl.com](http://www.victoriapl.com)  
stock code: VCP



# Environmental, Social and Governance Report

## OVERVIEW

Victoria has long been a supporter of sustainable action: reducing waste and improving efficiency while maintaining high quality. Doing more with less and looking after the health and safety of our people are at the heart of what makes us successful as a Group.

Sustainable operational improvements have been at the core of our track record in growing and enhancing the business. For example, the consolidation of our UK carpet manufacturing and logistics operations, and investment in more efficient machinery, saw our production output increase by 46% while delivering a significant reduction in man hours and waste (see below).

## OUR APPROACH TO ESG

We are now refining and formalising our ESG strategy so that the way we manage sustainability issues, collect data and report our progress is fully embedded and consistent across the Group. This report sets out what we believe are the key ESG issues we face as a business and what we are doing to address them.

We will develop policies and establish targets and KPIs for priority ESG focus areas, setting a level of ambition for each to help us continuously improve our performance. We will also develop tangible action plans to ensure we deliver against those targets.

### **SUCCESSFUL CONSOLIDATION OF OUR UK CARPET MANUFACTURING & DISTRIBUTION**

*Through a number of acquisitions, Victoria used to have a number of sites in the UK for the manufacturing, distribution and operations of our carpet business. Today, we have consolidated what were four manufacturing sites into just two— in Newport, Wales and in Dewsbury, England. Despite this, we're making more carpet, at a higher quality, less waste and lower overheads.*

*In 2013, Victoria acquired Westex for £12.5million, just a year later in 2014, we acquired Abingdon Flooring for £13.4 million, finally, the Group acquired G-Tuft in 2019 for £1.6m. G-Tuft's production capacity was consolidated into the Westex site a year later. In 2017, we commenced a £10.3 million investment plan to improve the throughput, efficiency and quality of Abingdon's production. First, we consolidated our production from the Victoria Carpets Kidderminster site into the Abingdon factory in Wales, which already had newer and more efficient machinery and production lines.*

*During this period, we also offshored our yarn extrusion process to businesses with more modern, energy efficient equipment. We also replaced two old and inefficient finishing lines with one modern line and invested in new, faster tufting machines.*

*Overall, our investments for growth saw production capacity increase by 46% to 24 million square metres per year. We also achieved production cost savings per square metre of carpet produced. This means less waste, less power usage, reduced carbon emissions per square meter of carpet produced and overall improved efficiency.*

*We also opened a new warehouse capable of providing better customer service, including delivery to 94% of the UK within three days from stock rolls. Meanwhile, the logistics fleet was enlarged to 270 vehicles to improve our service offering to customers and investment in software for routing and delivery planning has improved vehicle utilisation and reduced the fuel used per square metre of carpet delivered.*

The table below sets out what we believe to be the key ESG risks for each area of our business along with their priority, it is not intended as an objective measure the Group's risk exposure in each area. The priority of a particular risk to each area of the Group depends on the nature of their operations. For example, soft flooring and ceramic tile manufacturing are very different processes and therefore some risks will naturally be of higher or lower priority to different parts of the Group.

ESG topic area	Business Area		
	Soft Flooring Manufacturing	Ceramic Tile Manufacturing	Logistics
<b>Environmental</b>			
Energy management	○	●	○
Carbon Emissions	○	●	○
Waste and Water management	●	○	–
Product lifecycle	●	○	–
Chemicals Management	●	○	–
<b>Social</b>			
Attracting, Developing and Retaining Talent	●	●	●
Diversity & Inclusion	●	●	●
Health Safety and Wellbeing	●	●	●
Responsible Sourcing	●	●	○
Human Rights and Modern Slavery	●	●	●
<b>Governance</b>			
Reporting, Disclosure and Transparency	●	●	●
<b>ESG Risk Priority</b> ○ Low Priority   ● Medium Priority   ● High Priority			

# Environmental, Social and Governance Report

## ENVIRONMENT

### Managing our energy usage & our Carbon Emissions

We already review our GHG footprint through the Streamlined Energy and Carbon Reporting (SECR) process. This will data has enabled us to identify the areas of our business which produce the most emissions and take significant, direct action to reduce our energy usage and carbon emissions. These activities align the business with the long-term goals of the Paris Agreement to limit global temperature increases in this century to 1.5 degrees Celsius.

### Streamlined Energy and Carbon Reporting (SECR)

The section below presents the energy usage and associated carbon dioxide emissions for Victoria Plc 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 2021 to 31st March 2022)	Units	UK & Europe soft flooring	UK & Europe ceramic tiles	Australia	North America	Total
Emissions from combustion of gas (Scope 1)	tCO <sub>2</sub> e	13,629	232,522	3,084	–	249,234
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO <sub>2</sub> e	10,712	2,889	322	–	13,924
Emissions from purchased electricity (Scope 2)	tCO <sub>2</sub> e	10,760	24,005	5,696	21	40,482
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)		59	18	–	–	77
<b>Total Gross emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>35,160</b>	<b>259,434</b>	<b>9,102</b>	<b>21</b>	<b>303,717</b>
Energy consumption used to calculate above emissions	kWh	159,031,444	1,364,436,619	25,085,776	100,451	1,548,654,291

Within the UK, the total Gross emissions for the year were 26,259 tCO<sub>2</sub>e (previous year 21,842 tCO<sub>2</sub>e) and total associated energy consumption was 126,414,714 kWh (previous year 103,569,298 kWh).

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.

	Units	UK & Europe soft flooring	UK & Europe ceramic tiles	Australia	North America	Total
Intensity Measurement	m <sup>2</sup> of sales volume	105,938,357	49,216,413	23,143,346	4,642,262	182,940,376
Intensity Ratios 2021-22	tCO <sub>2</sub> e/ 1000m <sup>2</sup>	0.332	4.887	0.393	0.004	1.660
Intensity Ratios 2020-21	tCO <sub>2</sub> e/ 1000m <sup>2</sup>	0.299	5.652	0.351	–	1.856

Victoria Plc 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 CO<sub>2</sub> equivalent and data has been calculated using the 2021 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 CO<sub>2</sub>e emissions calculated are associated to the generation only and do not include Scope 3 Transmission and Distribution losses.

Scope 3 emissions relate to grey fleet.

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

The primary source for energy consumption data is supplier invoices and supplier consumption data. The majority of transport usage has been calculated from record 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 2021 to 31st March 2022. Companies acquired during the financial year have been included from the start of the following month, with the exception of Graniser given it was acquired towards the end of the year. The Graniser emissions have been included in the total Gross emissions but excluded from the intensity metric.

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

### Investing in clean energy

With global energy prices continuing to fluctuate, investing in cleaner, greener and more secure energy, sourced more locally to our operations, has been a key focus across the Group.

Many of our sites have installed solar photovoltaic (PV) panels and wind turbines to generate their own green energy to use on site and sell any excess electricity back to the grid. A number have made the switch to procure their energy from renewable sources, including local wind and solar farms, while some have entered into new contracts to increase the mix of clean energy they use.

In our Spanish and Italian manufacturing operations, we are using the heat from our spray driers to produce electricity from co-generation plants, reducing the need to purchase electricity generated from power stations. At our UK carpet

manufacturing site in Newport, a nearby wind turbine is supplying up to 40% of our electricity needs.

### **Using green hydrogen in Italy**

*Our Italian ceramics business aims to use green hydrogen technology to reduce its carbon footprint and use of gas.*

*A new 25,000m<sup>2</sup> plant will generate 16GW of green energy. Together with onsite solar panels and a wind turbine, the business will replace 30% of the site's use of gas with green energy, used to power equipment, including two kilns and two tile dryers. It also means the business will need to purchase fewer GHG emission certificates.*

*We are also working with the supplier of the hydrogen production plant to find ways to use the oxygen molecules produced by the water electrolysis process in as a catalyst to further abate the carbonic anhydride emitted during the ceramics production process.*

*By 2030, we expect that improvements to hydrogen technology will enable up to 75% of the plants' energy needs to be met by clean energy, reducing carbon emissions by 35%.*

### Logistics – Improving our carbon footprint

Moving our products around accounts for a large proportion of our environmental footprint. The fuel we use to run our fleet of trucks represents a significant cost and contributes to the GHG emissions we produce across our Group.

We have made significant investments in recent years to transition our European fleet to be Euro 6 compliant, the latest European standard to reduce pollutants from vehicle exhausts, particularly nitrogen oxide and particulate matter. This has reduced the environmental footprint of our vehicles, particularly in Europe.

In the UK, we have made significant progress in using biodiesel to fuel our trucks. The next cycle of delivery vehicles purchased will use HVO (hydrotreated vegetable oil), a bio-based liquid fuel originating from vegetable oils, such as rapeseed, sunflower and soybean that can be combined with conventional diesel. In addition, our current HGV fleet is able to detect and run on an HVO mix. Therefore, as we move over to using more HVO, we will also be able to adapt our current fleet alongside bringing new vehicles in.

# Environmental, Social and Governance Report

We also continue to trial the use of both electric and hydrogen-powered vehicles across global logistics. Right now, electric-powered trucks do not offer the range or capacity we as a business need to move our products, but we will continue to monitor the market and focus on making adjustments to improve our fuel efficiency and reduce the cost transporting our products.

## **Developing one of the UK's first net-zero carbon warehouse**

*Having outgrown our UK flooring distribution site in Kidderminster, we will move to a new site in Worcester within the next year. When complete, the new warehouse's operations will be net-zero carbon, meaning it will not contribute any greenhouse gas emissions to the atmosphere.*

*It will achieve this through the building materials used in its construction and the way it will be operated. The site will feature solar panels to provide all of the site's electricity needs, a rainwater harvesting system to provide recycled water for use in the toilets and to wash our trucks, and lower-energy consuming lighting and heating to ensure the warehouse does not use more energy than it creates. The warehouse will also include 125kW of electric vehicle charging infrastructure with 32 charge points for electric cars and forklifts, which enables us to continue trialling electric trucks as a low-carbon transport solution.*

*We are also working with the Local Education Authority to encourage students to visit the site and we are looking to offer apprenticeships to young people from early 2023.*

*"To futureproof the business, we needed a bigger and better bespoke distribution centre. Worcester will offer a blueprint which we can roll out to other sites across the Group. It really increases our green credentials and gives our employees a workplace to be proud of."*

**Phil Yates**

Managing Director, Alliance Flooring Distribution

## **Waste and Water Management**

Victoria PLC has always used raw materials diligently, reducing waste in our manufacturing processes and being as efficient as possible in how we use all resources. We recognise the responsibility of all businesses to manage resources carefully to minimise their effect on the natural environment. Doing more with less also helps us to deliver better financial performance, value for our customers and increasing returns for shareholders.

### **Soft flooring manufacturing**

In the UK, there is currently no readily available way to recycle the offcuts and any other waste carpet produced as part of our manufacturing process. However we are taking part in trials with a partner company to convert this carpet waste into underlay. By the end of 2023, we expect close to 100% of our UK carpet waste to be converted into underlay, with very little, if any being sent to landfill. We have also replaced many plastic packaging elements with cardboard and closed the loop on our cardboard use by partnering with a supplier to return and reuse the cardboard packaging tubes used to transport carpet rolls. The reduction of packaging waste, including plastic and cardboard has long been a priority, helping us to reduce the level of landfill taxes we pay and enhance our recycling rates. We strive to keep waste, in the form of scrap materials, to a minimum. For example, our IT systems use an

algorithm to cut rolls of carpet in the most efficient way possible.

Controlling the amount of water, we use in our processes is key to reducing our environmental impact as well as reducing costs. The vast majority of our synthetic carpet is solution dyed rather than being piece dyed. The solution dyeing process involves adding the colour directly into the yarn at the point of extrusion. This process produces less wastage of dyeing chemicals and also uses very little water. By contrast, wool yarn must be dyed in dye pans, a process which does use water as the dyeing medium. However, through better process control the Group's UK carpet manufacturing business has reduced their water usage per square metre of carpet produced by 16% since their acquisition. Additional investment in this business is also planned for 2022/23 which will further improve efficiency in this area.

Our underlay production is, at its heart, a recycling operation. Our manufacturing sites take polyurethane foam waste from other industries such as vehicle seat, soft furnishing and mattress manufacturing and turn it into long-life products for our customers. In addition to this foam waste, we continually look at other recycled components, such as the carpet waste noted above. We are now taking this recycling approach one stage further and developing processes to take back existing foam underlay that has reached the end of its useful life



and recycle it into new high quality underlay products. For example, in Australia, our underlay business has diverted more than 1,000 tonnes of waste underlay away from landfill by initiating a recycling programme for all old materials. These materials are collected at end of life, cleaned, sorted and recycled to make more underlay at a factory in New South Wales.

### Ceramic tile manufacturing

Today, we continue to foster our culture of waste reduction while incorporating more recycled materials into our manufacturing processes to deliver both environmental and financial benefits whilst ensuring we maintain the high quality of our products. Our ceramic tile manufacturing businesses partner with local suppliers and recyclers to use recycled bricks, tiles and glass to make certain ceramic tile products. Additionally, by their nature, our ceramics are a circular product; when they reach end of life, our tiles can also be re-ground and used to make new tiles, removing the need to take waste to landfill.

Our ceramic tile manufacturing business in Italy has patented a new way of producing the glaze for certain tile products using the fine glass from waste TV screens. We have developed a process to clean the TV screens and recycle the glass, transforming it into a glass powder. The powder is mixed with other components to make the substratum and glaze for certain tiles.

### PRODUCT LIFECYCLE

As noted above, our ceramic tile business produces a product which can be readily recycled and used to make other ceramic and aggregate products. However, consumers do not currently have a readily available way of recycling synthetic carpets. We produce high quality products that are designed to last. But we know that all

products have a lifespan and will at some point become waste.

Our synthetic carpet and artificial grass products have a diverse material make up which can be challenging to recycle, and while we do also produce a range of carpets which are made from natural fibres, there is a strong consumer preference for synthetic carpet which is why it makes up the majority of the carpet that we produce.

We are committed to carrying out a comprehensive review of our products to assess our options in developing more circular products – those that have a reduced need for virgin resources and are designed with their end of their life in mind. This can be achieved either by producing products which retain a diverse material make up, but with materials that are easier to separate at end of life, or by producing products which are made of a single material.

These new single polymer products are a key area of development for our business. These products are much easier to recycle while also delivering value by simplifying our supply chain. The recycling process is simplified as there is no need to separate the different materials which make up the carpet there is also minimal downgrade to the materials once recycled.

We are also working with partners in the Netherlands to install the world's first biodegradable artificial turf football field. The 1,000m<sup>2</sup> games field can be fully recycled or converted to compost at the end of its life.

In the UK, our underlay business has also launched a 100% recyclable underlay product. This means that as well as taking in waste foam from other industries and recycling it into new products, the business is helping to ensure that those products can also be recycled without any downgrade of the material.

### **Ethically produced underlay on show at COP26**

*Our leading European underlay business Interfloor supplied 286 rolls of renu, its first sustainable underlay, to the UN Climate Change summit COP26 which took place in Glasgow in late 2021.*

*We committed to not only supply the underlay but also to recycle it when the world leaders had left the venue. renu was chosen based on its green credentials. All of the underlay was returned to Interfloor's site in Lancashire where it was then re-granulated and made into new rolls of renu.*

*Launched in 2021, the product is made from 98% recycled materials. The main body of the underlay is made of foam entirely reclaimed from recycled soft furnishings. This foam is then mixed with a binding agent and subject to high temperature steam under high pressure. The backing is made from 100% recycled and unbleached paper, and water-based inks are used for printing. The film used on renu is made from a bio-based film that comes from sugar cane which actively captures CO<sub>2</sub> from the atmosphere while at the same time releasing oxygen.*

*“renu is the first circular product in this category. It's 100% recyclable and if you want to give it back at end of life, Interfloor will take it and will recycle it.”*

**Gary McEwan**

HR and Business Improvement  
Director, Interfloor

# Environmental, Social and Governance Report

## EFFECTIVE, EFFICIENT AND RESPONSIBLE CHEMICALS MANAGEMENT

We use a range of chemicals in our manufacturing processes, each offering a specific solution to our products and businesses. As a Group, we are committed to using chemicals responsibly and take concrete action to protect the natural environment at all stages of their use, storage, transportation and disposal as well as ensuring the Health and Safety of the colleagues who handle them.

We have worked hard in recent years to remove the use of the most harmful chemicals in our products. For example, our Italian ceramic tile manufacturing business moved from using chemical-based coloured dyes and glazing to water-based alternatives. Our Australian carpets business stopped using topical treatments for soil and stain protection on nylon carpets several years ago.

Our manufacturing businesses perform COSHH Task Risk Assessments over any of their production processes that use chemicals. These detail the chemicals used, the potential harm they can cause and the processes put in place to negate the risk of that harm occurring. These assessments also provide a risk score for the chemical as it is used in that process. These are rated from Very Low to Extreme. The majority of our assessments show a Low or Very low scoring, with only a limited number of Medium risk.

All of our businesses have Health, Safety and Environmental protection policies and guidance in place covering all the chemicals used on our sites. This documentation clearly sets out the packaging, labelling, storage and disposal requirements for the chemicals we use as well as the Personal Protective Equipment (PPE) colleagues must wear when handling them. All colleagues receive periodic

training on chemicals handling and usage, completion of this training is a requirement of their roles.

We also have procedures in place should spillages or contact with chemicals occur. Our sites are also equipped with hand and eye wash and specialist clean-up equipment to contain any spillages. Finally, our sites have designated emergency response officers who will handle any incidents which occur. Finally, our manufacturing businesses also engage third party specialists to perform annual discharge surveys to ensure that there are no unintentional discharges into local water courses.

## SOCIAL

### Attracting, developing and retaining talent

Our long-term success depends on our ability to attract, retain and develop the best people across the Group and give them the support they need as they progress their careers with Victoria.

We are committed to maintaining a diverse and inclusive workforce, while offering a wide range of career opportunities. We develop our people internally through structured training programmes, and supplement this by also bringing in great talent from outside the organisation.

To find new ways of working and develop innovative products it is crucial that we invest in future talent. In the UK, our underlay manufacturing business is focused on encouraging young people, especially girls, into STEM subjects to address the skills shortage in manufacturing and engineering. By building closer working relationships with local education providers and offering apprenticeships, we are creating excitement about entering our industry and planning for the future by attracting the best available talent.

In our UK logistics business, we have managed to avoid the challenge of driver shortages, which has caused problems for many other companies, by looking after our people. We offer drivers a retention bonus and all of our trucks have fridges for drivers to keep refreshments. We also pay for all staff uniforms. During the year, we had no missed routes due to driver shortages.



### **Employees encouraged to 'Talk With Me' in Spain**

Victoria Ceramics Spain initiated the 'Talk With Me' project at the height of the Covid-19 lockdown restrictions when many employees were forced to work remotely. To find out what our people were thinking and experiencing about their work, the HR team carried out a number of interviews with employees. We asked what they valued most about working for Victoria, the areas that needed improvement and whether we were doing enough to provide a good work-life balance.

So far, more than 200 interviews have been conducted, mainly with office staff and technical staff in production and logistics. Future plans include rolling out the 'Talk With Me' programme to include all staff.

Based on what staff told the business, we will offer greater flexibility to work schedules in 2022, and the project has allowed us to identify training needs that had not previously been covered. We have also developed a new Teleworking Policy to formalise and offer more guidance to employees that want to work remotely and more flexibly.

*"Participation in the project is voluntary, but everybody we proposed an interview to has accepted it, and the majority of them have valued the project positively. Listening to people and asking them questions is very important to us."*

**Luis Guaita**

Victoria Ceramics Spain

### **Employee diversity and inclusion**

Victoria is committed to being an equal opportunities employer. Across the Group we aim to enhance diversity and foster an inclusive environment in which each individual can fulfil their potential and contribute to our business goals, regardless of their age, gender, ethnicity or background. The Group has clear policies around diversity and inclusion and provides family-friendly working practices for its employees. We are also committed to reporting on gender pay gaps across our businesses and will develop plans to close any gaps that do exist.

We will continue to review our performance in these areas, meeting current regulations and building upon them. Overall, we are dedicated to creating a culture where our employees feel comfortable to bring their unique experiences and diverse backgrounds to work so they can help us grow together to deliver exceptional performance.

### **Health, safety, and wellbeing**

Keeping our people healthy, happy and safe is at the heart of our culture as a Group. We are focused not only on

making sure people working within our facilities do not get injured or hurt, but also on giving people the support they need to maintain good physical and mental health, while promoting a better work-life balance.

We foster a 'Safety First' culture which has helped us to achieve improvements in our Lost Time Incidents (LTI) and Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) performance. We have also focussed on encouraging all colleagues to report any incidents or near misses as a way to drive further improvements in workplace safety.

Across the Group, all major manufacturing sites are ISO accredited and committed to the highest standards of health and safety, each with a dedicated Safety Manager in place. We involve our employees in developing risk assessments of all operations, and we report on near-miss incidents to continuously improve our safety performance. The chart below shows the incident rate for our UK manufacturing sites. Through process improvements, increased training and development and a strong

management focus, we have been able to deliver consistent improvements in our colleague safety in the workplace.

A limited number of hazardous substances are used in our manufacturing processes with strict procedures in place to govern their transport, storage and careful use. The Group is continually working on reducing the consumption of these substances and replacing them with safer alternatives.

Our people are our most valuable asset, and we continue to find ways to support them in their work with Victoria. We recognise the performance of our employees not only through their pay, but in helping them to look after their health and wellbeing.

# Environmental, Social and Governance Report

## Responsible Sourcing

The majority of the environmental footprint of our products is associated with the raw materials we source from hundreds of suppliers around the world, especially when it comes to GHG emissions.

We support and encourage our suppliers and partners to address their own environmental, social and governance performance to ensure we procure the very best materials at the best prices, for the long term.

We understand it is becoming more and more important for our customers and the end users of our products to know where materials come from, and who is involved in the production of our products. We select our suppliers based on their ability to deliver high quality materials at the right price. Our relationships are based on experience, trust and integrity. We seek to ensure that all suppliers respect human rights and minimise their environmental impact as much as possible.

For example, we source all of our wood materials from sustainable sources, either certified under the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) systems or requiring documentation all the way back to the point of forestry and every transaction involved in the chain.

Our LVT business is the part of the Group most reliant on third party sourcing for its products. To ensure that our products comply with all relevant laws and regulations and to maintain the standard of practice customers have come to expect from our business, the product testing is carried out at both point of origin and in the country of sale.

Across the Group, we aim to conduct due diligence of all suppliers to ensure our exposure to ESG risks remain low. We also conduct regular screening and site visits of many of our key commercial partners and have developed supplier codes of conduct which set out the standards and practices we expect our suppliers to adhere to. These are being rolled out across our supplier base, starting with our largest and most critical suppliers.

## ***Underlay business takes responsible sourcing to next level***

*Our UK underlay business, Interfloor, is focused on enhancing its approach to responsible sourcing. All of its buyers are now Chartered Institute of Procurement & Supply (CIPS) qualified or part-qualified and adhere to the CIPS Code of Conduct in their day-to-day work. This means they must buy goods and services that enable the company to operate in a profitable and ethical manner.*

*The business is also developing a Supplier Code of Conduct to ensure its supply chain is as sustainable as possible. It aims to have all of its Tier 1 suppliers signed up to it by 2025.*

*Interfloor is a member of the Ethical Trading Initiative (ETI), an independent body which monitors member companies' supply chains in accordance with an ethical code which looks to improve the working conditions of the people who make products. More than 130 companies, NGOs and trade unions are ETI members, including Marks & Spencer, Transport for London, Oxfam, Tesco and UNICEF.*

*The business will also carry out a Sedex Members Ethical Trade Audit (SMETA) which assesses the standards of labour, health and safety, environment and business ethics of all Tier 1 suppliers.*

## Modern Slavery

Across the Group, we treat our people with dignity and respect. We pay them fairly and ensure they have appropriate working conditions. We do not tolerate discrimination, bullying, harassment or victimisation, and we encourage open communication for employees to easily raise any concerns with senior management.

Victoria produces a Modern Slavery Statement which covers all companies in the Group, setting out the steps we have taken to ensure that slavery or human trafficking is not taking place in our organisation or supply chain.

Across our supply chains, human rights violation risks remain low. That is because we have long-standing and trusted relationships with many of our suppliers and carry out regular factory visits with key suppliers to build and maintain transparent partnerships. Our supplier base is also focussed on large, professionally run businesses based in jurisdictions with a strong regulatory environment in relation to Modern Slavery.

## GOVERNANCE

### Reporting and disclosure

We are committed to improving how we capture data and disclose our performance against action plans to mitigate our ESG risks.

Currently, at a Group level, we collate our carbon impact data and report it against the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations (see page 32). By enhancing our reporting and disclosure, we will build a clearer picture of the emissions intensity of our products which will support our GHG emission reduction efforts.

We are looking at ways to align with more global reporting frameworks to improve how we capture ESG data. We aim to align our disclosure of climate-related risks and opportunities with the guidelines provided by the Task Force on Climate-related Financial Disclosure (TCFD). We will also monitor a range of environmental metrics across the Group in line with the requirements of the EU's incoming Taxonomy regulations.

### Governance policies and procedures

Good governance is essential to all of our work at Victoria. We ensure we have the appropriate controls across our businesses to support and display strong business ethics at all times.

The Group 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. We ensure Board independence and that all pay is aligned to performance across the Group and senior managers are given full training on ethical standards.

Victoria supports anyone who, in good faith, discloses a failure to meet our high standards of business ethics. We promote a culture where employees 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.

## OUTLOOK

Victoria is committed to being an industry leader in ESG matters and is actively continuing to implement its strategy during the course of this year. 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.

On behalf of the Board



**Michael Scott**  
Group Finance Director

19 July 2022