VICTORIA PLC

Environmental, Social and Governance Report 2025

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Environmental, Social and Governance Report

At Victoria, we understand that sustainable practices contribute to the efficiency, resilience, and overall performance of our operations. We are continually looking for ways to reduce waste, use resources more effectively, and maintain high standards across our sites and supply chains.

Our approach is shaped by the practical realities of our industry and the expectations of the markets we serve. Regulatory requirements and customer preferences are evolving, and we aim to respond in ways that are proportionate, commercially sensible, and aligned with our broader business goals.

Across the Group, we are working to embed responsible practices into everyday decision-making—whether through process improvements, material choices, or how we manage energy and logistics. These efforts support not only compliance and customer confidence, but also operational stability and long-term value creation.

Throughout FY2025, we continued to develop our approach to Environmental, Social, and Governance (ESG) matters, building on the foundation established with the introduction of our Climate-Related Financial Disclosures in the previous year. A key area of focus during this period was preparing the Group for future compliance with the Corporate Sustainability Reporting Directive (CSRD).

Although changes to the CSRD timeline deferred our formal reporting obligations, the preparatory work undertaken has contributed to a clearer understanding of the ESG topics most relevant to our business. This has supported a more informed view of our material impacts, risks, and opportunities.

Looking ahead, we expect our efforts in the next period to focus on improving data collection processes and identifying opportunities to integrate ESG progress reporting more effectively across the Group.

OUR SIGNIFICANT ESG TOPICS

Understanding which ESG topics matter most to our business is essential to ensuring our efforts are focused, proportionate, and aligned with both operational priorities and stakeholder expectations. To support this, we undertook a structured materiality assessment to identify the environmental, social, and governance issues most relevant to Victoria and the wider flooring industry.

This assessment was informed by a combination of internal analysis, external research, and stakeholder engagement with colleagues across numerous internal functions. Working with a specialist ESG consultancy, we conducted interviews and reviewed developments across our sector and the regions in which we operate. This process helped us to refine the list of ESG topics first disclosed in 2022, resulting in a revised set of priorities that better reflect our current operating context.

The outcome is a focused view of the ESG factors most likely to influence our business performance, regulatory exposure, and stakeholder relationships. These topics form the basis of our ESG reporting and guide our ongoing efforts across the Group.

We recognise that materiality is not static. As our business evolves and external expectations shift, we will continue to revisit and update our assessment to ensure it remains relevant and useful.

The table below outlines the ESG topics currently considered most material to Victoria. In this reporting period we have clarified the terminology of topics previously identified and these now align more closely with the European Sustainability Reporting Standards (ESRS).

Category	Main Topic	Sub-Topic
Environmental	Climate Change	Climate change mitigation
		Energy
	Pollution	Air
		Water
		Soil
	Resource Use and Circular Economy	Waste
		Resource inflows
		Resource outflows
Social	Own Workforce	Working conditions
		Equal treatment and opportunities for all
		Other work-related rights
	Workers in the Value Chain	Other work-related rights
Governance	Business Conduct	Corporate Culture
		Management of relationships with suppliers, including payment practices

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ENVIRONMENTAL REVIEW

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 with the SECR Framework as implemented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

GHG Emission (1st April 2024 to 31st March 2025)	Units	UK & Europe Soft Flooring	UK & Europe Ceramics Tiles	Australia	North America	Total
Emissions from combustion of gas (Scope 1)	tCO_2e	18,161	137,739	2,532	196	158,628
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO_2e	10,918	1,961	321	1,401	14,601
Emissions from purchased electricity (Scope 2)	tCO_2e	35,001	17,199	4,894	208	57,301
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO_2e	31	1	91	156	279
Total Gross emissions	tCO_2e	64,111	156,900	7,838	1,961	230,809
Energy consumption used to calculate above emissions	kWh	275,430,715	831,725,871	22,569,016	8,109,021	1,137,834,623
Total Gas Usage	kWh	99,296,107	753,079,826	13,764,431	917,585	867,057,950
Total Electricity Usage	kWh	130,746,905	70,780,965	6,997,352	620,163	209,145,385
Total Transport Usage	kWh	45,387,703	7,865,080	1,807,232	6,571,273	61,631,288

Within the UK, the total Gross emissions for the year were 21,428 tCO_2e (previous year 23,411 tCO_2e) and total associated energy consumption was 102,237,951 kWh (previous year 111,717,254 kWh).

The total Global Gross emissions for the year were 230,809 tCO_2e (previous year 280,016 tCO_2e) and total associated energy consumption was 1,137,834,623 kWh (previous year 1,345,285,384 kWh), representing a decrease in the current year. In the current year any emissions associated with discontinued operations have not been included. Excluding operations that were discontinued in the current year from the prior year would have meant total gross emissions for the prior year of 266,311 tCO2e and total associated energy consumption of 1,298,425,763 kWh, meaning like for like total gross emissions and total associated energy consumption have also decreased in the current year.

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 2024 to 31st March 2025)	Units	UK & Europe Soft Flooring	UK & Europe Ceramics Tiles	Australia	North America	Total
Intensity Ratios	$tCO_2e/ 1000m^2$	0.518	4.810	0.345	0.295	1.242
Previous year intensity ratio	$tCO_2e/ 1000m^2$	0.461	4.352	0.364	0.505	1.304

Methodology

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 CO2 equivalent and data has been calculated using the 2024 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_2e 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. 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.

If a Combined Heat and Power (Cogeneration) plant is used on site, the reported emissions are based on the amount of natural gas the plant consumes.

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.

Where energy or transport data was fully unavailable for this financial year, a kWh has been estimated by interpolating/ extrapolating the data associated with FY24. In total, the emissions from estimated data compile to roughly 416 tCO_2e.

The usage and emissions presented align with monthly supplier invoices and are calculated and presented for 31st March 2024 - 29th March 2025. Where data for these specific dates was unavailable, consumption was provided in the period 1st April 2024 - 31st March 2025 and adjusted to match the reporting period.

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.

Climate Change

Climate change presents a range of operational and regulatory considerations for Victoria. Our contribution to climate change primarily stems from the energy consumed across our manufacturing and distribution activities. Managing this impact—while also addressing energy cost volatility—has remained a practical focus for the Group.

Climate change mitigation and energy

Energy is a significant input cost across our operations, and recent periods have seen continued volatility in energy markets. In response, Victoria has taken several steps to improve energy efficiency, reduce reliance on external sources, and mitigate associated emissions.

Several Group companies have invested over time in on-site renewable energy generation, which continues to deliver operational and environmental benefits. Self-generated electricity not only reduces our dependence on external supplies but also allows us to export surplus renewable energy to the grid during periods of low demand. In parallel, several subsidiaries have secured their energy supplies from renewable providers, further reducing the Group's overall emissions profile.

We continue to identify opportunities to reduce energy consumption through targeted efficiency measures. These include sub-metering to pinpoint high-usage areas, site audits to uncover energy-saving opportunities, and equipment upgrades where these are in line with our strategic objectives.

There are examples of this activity across all our divisions. In recent years, the UK & Europe Soft Flooring team has implemented many changes that have improved production efficiency and reduced energy inputs. The integration of Balta's broadloom carpet business into the Group's UK operation led to the closure of our Avelgem factory in Belgium and the consolidation of production and logistics into a single site in Sint-Baafs-Vijve. This reorganisation enabled more efficient use of existing plant and machinery—for example, replacing turbo compressors with variable speed models and relocating equipment to better-suited sites, such as the yarn extrusion facility in Usak, Turkey. These changes were in addition to ongoing energy-saving initiatives, including targeted metering, pressure-optimised compressors, LED lighting upgrades, and improved insulation to reduce heating and cooling demand.

Our carpet manufacturing facility in Newport, Wales, has benefited for several years from a wind turbine installation that provides up to 40% of the site's electricity needs. The remaining electricity requirement is sourced from a renewable energy provider, ensuring that all the site's electricity consumption is renewable. At our Yorkshire carpet manufacturing plant, energy-saving studies have led to practical improvements such as motion-sensitive lighting, enhanced thermal panels on the backing line, and shift pattern adjustments to optimise energy use. The division's primary distribution centre in Worcester also benefits from a rooftop solar panel installation.

One of our underlay manufacturers, Interfloor, has similarly invested in renewable energy, generating

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approximately 360 megawatt-hours (MWh) of electricity from on-site solar panels during FY2025. Additional initiatives include optimising waste gas treatment - estimated to have reduced gas use by around 100 MWh annually - and relocating rubber crumb underlay production to a more energy-efficient facility in Blackburn. A new Regenerative Thermal Oxidizer (RTO), currently on order, is expected to deliver further emissions reductions in future years.

An example of product-level innovation comes from Victoria Grass Group, which in prior years implemented changes to the polyurethane coating used on its products. This adjustment has led to a 70% reduction in gas usage for this range of products, demonstrating how targeted raw material changes can also contribute meaningfully to emissions reduction.

Beyond Europe, other parts of the Group have also implemented energy and emissions reduction measures tailored to their operational context. In Australia, Dunlop Flooring benefits from an on-site solar panel installation, contributing to its energy needs through self-generation.

In our ceramics operations, the production process lends itself to the use of co-generation (combined heat and power) systems. These systems capture heat produced by spray dryers and convert it into electricity, improving overall energy efficiency and supporting cost management. While natural gas remains the primary energy source, co-generation enables more effective utilisation of that input. Not all energy used in ceramics production can be self-generated, but we continue to pursue renewable sourcing where feasible. For example, since early 2024, 35% of electricity purchased by Victoria Ceramics Italy has been certified as renewable.

Reducing emissions from transport and logistics is another area of focus. Across the Group, we are progressively transitioning vehicle fleets to hybrid and electric alternatives. In the UK & Europe Soft Flooring division, employees are encouraged to select low-emission vehicles, supported by infrastructure investments such as the installation of 30 charging stations across Balta's Belgian sites. This has enabled the transition of approximately 20 additional vehicles to electric models this year. At the Usak site in Turkey and the Sint-Baafs-Vijve facility in Belgium, LPG-powered forklifts have been replaced with electric models. Similarly, at our carpet manufacturing facility in Newport, Wales, over 50% of the forklift fleet is now electric.

Our UK carpets logistics subsidiary, Alliance, plays a key role in distributing carpet products across the UK and is a significant contributor to the division's transport-related emissions. In response, Alliance has adopted a range of measures, including a fully Euro 6-compliant fleet and the early adoption of fully-electric trucks. The fully electric vehicles handle around 25% of deliveries between our carpet manufacturing facility in Newport, Wales and Alliance's Worcester distribution centre with zero tailpipe emissions. This year, we expanded our fully electric delivery fleet with the addition of a fifth vehicle, enabling carbon-free deliveries within central London. The Alliance Worcester site was designed with this transition in mind, featuring 32 charging points and 125kW charging infrastructure. All warehouse forklifts are battery-powered, and fleet drivers receive regular training in fuel-efficient driving techniques. In the current year Alliance were proud to be awarded ISO14001 accreditation.

Interfloor has also modernised its fleet, replacing diesel company cars with hybrids and introducing a new fleet of Euro 6 vehicles. Operational consolidation at its Haslingden site has eliminated an estimated 60,000 miles of HGV travel. Combined with other energy-saving measures, Interfloor estimates these actions have prevented over 600 tonnes of CO_2 emissions.

At Victoria Ceramics Italy, electric vehicle charging infrastructure has been expanded, with fully electric vehicles now comprising 6% of the fleet (up from 2% the previous year) and hybrids making up 30% (up from 20%).

In Australia, Dunlop Flooring has reduced its carbon footprint by optimising supply chain logistics—favouring efficient sea routes over road and rail where feasible, and using return journeys to collect recyclable materials from customers. Victoria Carpets Australia has also made progress, increasing the proportion of hybrid vehicles in its fleet from 24% in 2024 to 43% in March 2025.

In North America, our Cali subsidiary continues to refine its logistics strategy, focusing on increasing the proportion of full truckload (FTL) shipments over less-than-truckload (LTL) to improve efficiency and reduce emissions.

Pollution

Pollution control remains a core compliance and operational consideration across Victoria's manufacturing footprint. While our processes are not typically associated with high levels of hazardous emissions, we recognise the importance of managing localised environmental impacts in line with regulatory expectations and community standards. Our approach focuses on minimising emissions to air, discharges to water, and risks to soil through targeted controls, monitoring, and process improvements.

We implement various measures to minimise our impact on the air, water, and land in the areas where we operate. These measures are tailored to the specific risks and regulatory requirements of each site and are reviewed periodically to ensure continued effectiveness.

Air

Air emissions from our operations primarily arise from combustion processes, material handling, and the use of certain adhesives and coatings. To reduce these emissions, we have adopted a range of mitigation strategies, including the installation of filtration systems to capture airborne particles and reduce the release of pollutants into the atmosphere.

In addition to on-site controls, and as detailed earlier within this report, we are also addressing emissions from logistics. The transition to hybrid and fully electric vehicles across parts of our transportation fleet has contributed to a reduction in tailpipe emissions, particularly in urban areas. We remain alert to evolving regulatory standards in this area.

Water

Water use in our operations is relatively modest, but we maintain strict controls over wastewater discharge to ensure compliance with local effluent standards. Wastewater treatment plants are in place across various subsidiaries, and we conduct regular monitoring and maintenance to ensure their continued effectiveness. A notable example is the recoating of the buffer tank and removal of legacy sediment at Balta Rugs' Sint-Baafs-Vijve facility.

We also pursue opportunities to reduce water consumption and increase reuse. At Interfloor, 100% of process water is recycled. Rainwater harvesting is another area of focus: at our main logistics centre in Worcester (UK & Europe Soft Flooring), harvested rainwater is used for truck washing. A new rainwater harvesting system is also planned for implementation at a Victoria Ceramics Italy plant in the coming year.

At Victoria Carpets Australia, process changes in the dyehouse and the installation of a new boiler system have reduced the volume of water required (we estimate this as up to 5%) per kilogram of yarn produced.

Soil

The risk of soil or groundwater contamination from our operations is considered low but is actively managed. We take steps to prevent contamination through proper handling and disposal of hazardous materials and the implementation of spill prevention and response plans.

In addition to these controls, we engage in practices that minimise soil disturbance and promote soil health, including the use of environmentally responsible materials.

Resource Use and Circular Economy

Victoria's approach to resource use is grounded in operational efficiency, cost management, and environmental responsibility. We recognise that how we source, use, and manage materials has a direct impact on both our financial performance and our environmental footprint. As such, we are focused on reducing waste, improving input efficiency, and supporting circular economy principles where feasible.

While our structure remains largely decentralised - allowing subsidiaries to tailor their resource strategies to local conditions and product requirements - we have more recently adopted a centralised and globally coordinated approach to procurement that enables greater consistency, improved cost efficiency, and enhanced oversight across our supply base. Across the business, we continue to invest in technologies, partnerships, and process improvements that support more sustainable use of materials throughout the product lifecycle.

The following sections outline our approach to managing waste, optimising resource inflows, and addressing resource outflows through product design and end-of-life considerations.

Waste

Waste reduction is a key operational priority across the Group. Our carpet manufacturing facility in Newport, Wales, estimates that 95% of its waste—including cardboard, paper, yarn, and other raw materials—is recycled. At our Yorkshire carpet manufacturing plant, the range of recyclable waste streams has been expanded, and customer sample production has been integrated into the main production run to reduce offcuts and surplus.

At Interfloor, approximately 90% of waste is either recycled or used as Refuse Derived Fuel (RDF), supporting both landfill diversion and energy recovery. Our underlay operation has recycling at its core, using polyurethane foam waste from other industries—such as car seats, furnishings, and mattresses—in the manufacture of new products. The Renu product, made of 98% recycled material and 100% recyclable, has been joined

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by additional sustainability-focused offerings. The proportion of recycled foam in our underlay has increased from 33% to 55%, with further actions planned to enable it to exceed 60% and all the products at this subsidiary are covered by Environmental Product Declarations (EPDs).

In Australia, Victoria Carpets Australia recovers and separates waste yarn for recycling, repurposes soft wool waste into packaging and acoustic materials, and partners with a local company to recycle polypropylene waste into products for the agricultural and landscaping sectors. Quest Carpets has reduced post-industrial landfill waste by more than 40% year-on-year by diverting production waste to recycling facilities.

Dunlop Flooring, another Australian subsidiary, recycles approximately 100 tonnes of used underlay annually, leveraging the return delivery trips previously noted whereby end-of-life materials are retrieved from customers. Its underlay products are manufactured using up to 90% recycled materials and are 100% recyclable. The company also offers a bio-based underlay made from renewable sugar cane, complemented by biodegradable bags and plastic-free, recyclable point-of-sale displays. For every ten rolls sold, Dunlop Flooring commits to planting one tree.

At Balta, the ‘Pureloop’ installation recycles mono polypropylene waste and intermediate products from processes such as weaving, tufting, and tape extrusion. This recycled material is reused in staple fibre and tape extrusion processes. The system has been expanded to include waste from our Turkish extrusion plant as well as from the Victoria Grass Group, and further investments have enabled the extrusion of recycled polyester in Turkey. Balta has also trialled plastic-free packaging for rugs using a strong paper alternative from renewable sources, and is exploring increasing recycled content in plastic packaging from 30% to various levels up to and including 100%.

Resource inflows

Across our divisions, we continue to invest in process improvements that reduce raw material consumption without compromising product quality. In several product categories, such as underlay and ceramic tiles, recycled materials already form a significant proportion of the input mix.

Our ceramic tile operations contribute to this effort by producing a product that is inherently durable and recyclable. In collaboration with local suppliers and recyclers, our manufacturers incorporate recycled bricks, tiles, and glass into the production of certain product types. At Victoria Ceramics Italy, a long-standing technique is used to produce glaze from fine glass recovered from end-of-life television screens. The glass is cleaned, ground into powder, and blended with other materials to form both the substratum and glaze for selected tile products.

We also support and encourage our suppliers and partners to address their own environmental, social, and governance performance. For example, wherever 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). At Balta Rugs we hold Global Recycled Standard (GRS) certification for the traceability of recycled products.

Resource outflows

We are actively working to design products that support recyclability at end-of-life. This includes the development of single-material products or those with components that can be easily separated during recycling. These design principles are increasingly embedded into our product development processes to ensure alignment with future regulatory requirements and customer expectations.

Our product range includes carpets made from natural fibres. However, most of the demand remains for synthetic products, which are designed to be durable and long-lasting but often consist of multiple materials, making recycling more complex. Progress continues in this area, though opportunities for consumers to recycle synthetic carpets in the UK remain limited. Our contribution includes active membership in Carpet Recycling UK (soon to rebrand as the UK Sustainable Flooring Alliance), a collaborative initiative aimed at diverting carpet waste from landfill. Innovations being explored include recycling carpet into fibre-reinforced concrete and converting latex bonding agents into fertiliser.

Victoria Carpets Australia offers a range of solution dyed nylon products that incorporate recycled waste and participate in take-back schemes to recover used underlay, which is then recycled into new products.

The scale of the Group enables collaboration between subsidiaries to pursue circular economy opportunities that might otherwise be out of reach. One example is the closed-loop system between Balta and the Victoria Grass Group. At Balta Industries’ Sint-Baafs-Vijve facility, a colouring and additive mix (known as ‘masterbatch’) - used to colour and modify the properties of polymer fibres in our carpets - is also supplied for use in the extrusion of artificial grass by the Victoria Grass Group. In addition, surplus tufting material from the Grass Group is returned to Balta, where it is recycled into polypropylene (PP) and polyethylene (PE) granulates and reused in the production of new artificial grass.

The Victoria Grass Group continues to invest in R&D to reduce reliance on virgin raw materials. This includes increasing the use of post-industrial and post-consumer recycled inputs in yarns and backing powders. The Athmos product range, for example, is made with 50% recycled raw materials and has achieved ISCC+ certification for its recycled content. Continuous improvement in secondary backing materials has led to the development of the new Xero backing, with the first five pilot fields (i.e. complete turf systems designed specifically for athletic performance, durability, and safety and which include a synthetic grass surface, infill materials, and backing layers) - installed in FY25. These innovations have contributed to a Life Cycle Assessment (a standardised method for evaluating the environmental impacts of a product across its entire life cycle—from raw material extraction to end-of-life disposal) impact reduction of over 40%.

The division also participates in take-back schemes in Belgium and the Netherlands, collecting end-of-life products and cutting waste. A recent collaboration led to the development of a yarn and secondary backing containing recycled materials, resulting in a final product composed of more than 40% end-of-life polymer. Further product development is underway to expand these innovations across both sports and landscape applications.

Looking ahead, regulatory changes in Europe will prohibit the use of intentionally added microplastics within the next decade. In anticipation, the Victoria Grass Group has begun exploring alternative production methods. In the current year its first mineral field system - an artificial turf solution that unlike traditional infills minimises the use of synthetic materials - was approved by the governing body of football in the Netherlands following a one-year monitoring period. This approach eliminates the need for microplastic infill while maintaining the performance and safety standards required for professional sports use.

Innovation has also extended to meet the sustainable ambitions of elite-level hockey. The Victoria Grass Group has developed its first “Aero” field, a product that due to its smart innovation needs no sand fill and doesn’t need a water sprinkler system, which meets the International Hockey Federation’s requirements for dry turf. This supports the Federation’s commitment to the United Nations Sustainable Development Goal on water conservation by removing the need for water.

SOCIAL REVIEW

Own Workforce

Victoria understands that fostering a positive workplace benefits both the company and the local communities where we operate. Across the Group, we prioritise the fair and respectful treatment of our employees and are committed to providing equitable compensation and ensuring suitable working conditions. Discrimination, bullying, harassment, and victimisation are strictly prohibited, and we actively promote open communication, supported where appropriate by whistleblowing tools, encouraging employees to voice any concerns directly to senior management. While Victoria primarily operates in territories with robust regulations, we go beyond these where appropriate, offering, where possible, family-friendly working practices that accommodate the needs of our employees.

Working conditions

The well-being and safety of our workforce are of critical importance. 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, aiming to improve our performance in Lost Time Incidents (LTI) and Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR), actively encouraging colleagues to report any incidents or near misses, as this enables us to drive further enhancements in workplace safety.

Major manufacturing sites across the Group adhere to ISO accreditation and uphold high standards of health and safety supported by a dedicated Safety Manager who oversees the implementation of safety protocols. Employees are actively involved in developing risk assessments, and through process improvements, training initiatives, and strong management focus, we continue to advance workplace safety.

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Examples of this commitment include:

- Balta Rugs: Ongoing safety campaigns, including virtual reality training for shift leaders, alongside practical and externally delivered training.
- Carpet manufacturing facility in Newport, Wales: Implementation of Standard Operating Procedures (SOPs) across all areas, supported by occupational health surveillance and employee healthcare plans.
- Yorkshire carpet manufacturing plant: Monthly Health & Safety meetings, “theme of the month” campaigns, mental health first aid training, and drop-in sessions.
- Interfloor: Toolbox talks, manual handling and chemical safety training, and change management training for supervisors. Interfloor also supports young people with learning difficulties through a partnership with a local specialist school.
- Alliance: 24/7 access to qualified mental health professionals and a partnership with the occupational health services entity Recovery For Life.
- Victoria Grass Group: Regular safety inspections and training in first aid and forklift operation. An external confidential advisor supports the whistleblowing policy.
- Dunlop Flooring: Employees volunteer with The Sacred Heart Mission to support disadvantaged communities.
- Victoria Carpets Australia: Ongoing partnership with the Black Dog Institute to support mental health awareness and fundraising. The Employee Assistance Programme continues to provide confidential support to employees and their families.

Equal treatment and opportunities for all

Ensuring that our people enjoy equal opportunity is important for our growth. We are committed to equal treatment and non-discrimination in all aspects of employment. Recruitment, promotion, and remuneration decisions are based on merit, qualifications, and business needs.

Examples during 2024 include development of robust succession plans for our carpet manufacturing facility in Newport, Wales. At our Yorkshire carpet manufacturing plant, specific training courses have been delivered to supervisors and managers, with additional training available to the wider workforce based on interest and development goals. Our UK carpet logistics subsidiary, Alliance, continues to operate apprenticeship programmes and supports school students seeking work experience.

Other work-related rights

We respect the rights of employees to freedom of association and collective bargaining, in line with local laws and international standards. In jurisdictions where trade unions are active, we engage constructively with employee representatives and maintain open channels of communication.

We uphold the right to fair remuneration and ensure that all employees receive at least the applicable minimum wage. In many cases, as well as our compensation structures exceeding statutory requirements we include performance-based incentives, pension contributions, and other benefits.

Grievance mechanisms are in place across the Group to allow employees to raise concerns confidentially and without fear of retaliation. These mechanisms are reviewed periodically to ensure accessibility and effectiveness.

Workers in the Value Chain

Victoria’s responsibility to uphold ethical and fair labour practices extends beyond our direct employees to include the broader network of individuals working within our value chain. As a Group with global operations and diverse sourcing relationships, we recognise the importance of ensuring that the rights and welfare of workers employed by our suppliers, contractors, and other partners are respected and protected.

We take a risk-based approach to managing labour standards in our supply chain, focusing on transparency, accountability, and continuous improvement. While many of our supplier relationships are longstanding and trusted, we remain vigilant in identifying and addressing potential risks, particularly in areas where regulatory oversight may be limited or inconsistent.

Other work-related rights

To support responsible practices across our supply chain, we maintain a Group-wide Modern Slavery Statement, supplemented where appropriate by local statements, which outlines how we address the risk of modern slavery and human trafficking. These statements describe the measures we take to protect against exploitative practices, including factory visits by our employees and, in some cases, collaboration with third-party organisations.

We regularly screen and visit key commercial partners, and several subsidiaries have established supplier codes of conduct that define the standards and practices we expect. These codes typically address fair wages, working hours, health and safety, non-discrimination, and the prohibition of forced or child labour. Compliance is monitored through a combination of self-assessments, contractual obligations, and, where appropriate, audits or site inspections.

Examples from across the Group include:

- Balta: Participates in Sedex Members Ethical Trade Audits (SMETA) across all sites, reinforcing its commitment to ethical trade and transparency.
- Cali: Works closely with suppliers to ensure the legal and sustainable sourcing of plant-based flooring products, supported by supplier education and third-party certifications.
- Interfloor: Revised its supplier charter in the prior year, requiring suppliers to adhere to updated standards aligned with responsible sourcing and manufacturing practices.
- Victoria Carpets Australia: Conducts regular supplier factory visits, providing feedback on quality and performance. A rigorous assessment process is applied to key suppliers, covering criteria such as energy efficiency and human rights.
- Dunlop Flooring: Ensures that technical department audits of suppliers confirm compliance with good manufacturing practices.

Where temporary or agency labour is used, we expect our partners to ensure that all workers receive fair treatment, appropriate training, and access to grievance mechanisms. As part of our broader ESG strategy, we will continue to strengthen our approach to supply chain due diligence and, where necessary, update contractual terms to reflect evolving expectations and support corrective actions where required.

GOVERNANCE REVIEW

Business Conduct

Strong governance is essential to the long-term success and resilience of Victoria. Our governance framework supports effective decision-making, risk management, and accountability across a decentralised operating model. While our subsidiaries operate with a high degree of autonomy, they are expected to uphold the Group's standards on ethical conduct, regulatory compliance, and responsible business practices. As part of our efforts to strengthen governance and improve supply chain transparency, we have more recently adopted a centralised and globally coordinated approach to procurement. This transition not only supports more consistent ESG standards and enhanced oversight of supplier practices, but also delivers commercial benefits through improved cost control, greater leverage, and operational efficiency.

The following sections outline how we manage key aspects of business governance, including corporate culture and supplier relationships.

Corporate culture

We expect all employees, from factory floor to the plc Board of Directors, to act with integrity, comply with applicable laws and regulations, and uphold the standards set out in our internal policies and codes of conduct. The Group's leadership sets the tone from the top, promoting transparency, responsibility, and continuous improvement through regular engagement with operating companies and risk-based oversight.

While each subsidiary retains operational autonomy, they are expected to maintain governance practices that reflect the Group's values and meet local regulatory requirements. There is at least one member of the executive management team on each of the local statutory boards, providing a direct link between Group oversight and local decision-making. We ensure that appropriate controls are in place across our businesses to consistently uphold strong business ethics and support anyone who, in good faith, discloses a failure to meet our high standards. In recent years, we have integrated several whistleblowing procedures to provide a more consistent and robust framework across the Group. These measures promote a culture where employees feel able to raise concerns, knowing they will be taken seriously and handled in confidence.

The Group also maintains a framework of internal policies and procedures that includes anti-corruption, bribery, whistleblowing, gifts and hospitality, tax evasion, and share dealing. We continue to monitor the regulatory environment and respond as necessary to developments such as the Corporate Sustainability Reporting Directive, the EU Taxonomy, and the Corporate Sustainability Due Diligence Directive (CSDDD).

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Sustainability-related governance is an area of increasing focus. At Group level, we collate and report carbon impact data in accordance with the Streamlined Energy and Carbon Reporting (SECR) regulations. In line with our reporting obligations, we have again aligned our climate-related disclosures with the Task Force on Climate-related Financial Disclosures (TCFD), detailing our governance, strategy, risk management, and metrics and targets related to climate risks and opportunities.

Management of relationships with suppliers, including payment practices

Victoria's supplier relationships are built on principles of fairness, transparency, and long-term value creation. We recognise that responsible procurement practices contribute not only to supply chain resilience but also to broader environmental and social outcomes.

We maintain open and constructive relationships with our suppliers, many of whom have worked with the Group over extended periods. We take steps to ensure that our payment practices are fair and timely. While payment terms vary by region and supplier type, we aim to meet agreed terms consistently and maintain open communication in the event of any delays or disputes. We recognise that late payments can place significant financial strain on suppliers, particularly smaller businesses, and we are committed to avoiding practices that could jeopardise their stability. In addition, we comply with relevant regulatory requirements regarding the reporting of our payment practices, policies, and performance.

Outlook

As Victoria continues to grow and evolve, we remain focused on strengthening the operational foundations that support long-term value creation. Our approach to sustainability is grounded in practical action, regulatory alignment, and a clear understanding of the risks and opportunities facing our industry.

Victoria is committed to ESG matters and continues to implement its strategy. There is constant progress being made, with many subsidiary-level actions being taken across the Group in addition to the actions undertaken under our Board-reviewed framework. We look forward to providing further updates as the Group's ESG strategy continues to develop.

Looking ahead, we will continue to invest in improving the efficiency and resilience of our operations, deepening engagement with our workforce and supply chain partners, and enhancing the quality and transparency of our disclosures. We recognise that expectations - both regulatory and societal - are increasing, and we are committed to responding in a way that is proportionate, credible, and aligned with the structure and needs of our business.

We do not view sustainability as a standalone initiative, but as an integral part of how we operate. Across the Group, our businesses are taking meaningful steps to reduce environmental impact, support their people, and uphold high standards of governance. These efforts are not uniform, nor are they complete - but they reflect a shared direction of travel and a commitment to continuous improvement. We look forward to building on the progress made in the year ahead.

Environmental, Social and Governance Report

Task Force on Climate-Related Financial Disclosures ('TCFD')

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

In response, we are pleased to present our second report in accordance with the Department for Business, Energy & Industrial Strategy (BEIS) Climate-related Financial Disclosures (CFD) requirements. We understand that effective management and adaptation to climate-related issues will be an ongoing process requiring continuous improvement. We are committed to enhancing our current understanding, management, and resilience to climate risk and will strive to advance our strategic and financial planning to ensure effective climate change adaptation. We will maintain transparency and communicate our progress in this area through annual CFD-aligned reporting.

The disclosures presented in this section reflect our current approach to identifying and managing climate-related risks and opportunities across four key areas: governance, strategy, risk management, and targets.

Section	Requirement	Disclosure
Governance	(a) Describe the board's oversight of climate-related risks and opportunities	Responsibility for overseeing climate-related risks and opportunities ultimately rests with the Board, in line with its broader oversight of business risks and opportunities. These matters are addressed as part of the Group's wider Environment, Social, and Governance (ESG) agenda. To support the Board in this role, an ESG Committee was established in the prior year. The Committee is chaired by the Chief Executive Officer and includes the Chief Financial Officer, Group Finance Director, and the Head of Risk and Compliance. Its remit includes the ongoing development and implementation of the Group's ESG strategy, including climate-related matters. The Committee Chair provides updates to the Board as required, summarising the Committee's activities and raising any matters requiring Board attention or decision. Where relevant these updates include recommendations on ESG and climate-related strategy, priorities, and performance. The Group maintains regular engagement with capital providers to communicate its ESG strategy and progress, and to understand evolving expectations, including those related to climate risk and disclosure. This dialogue informs the Board's understanding of external stakeholder priorities. Climate-related risks and opportunities, including regulatory compliance and operational impacts, are monitored by the Risk and Compliance function. This function contributes to Board discussions and ensures that relevant actions are cascaded through the organisation as appropriate. Major initiatives, including any responding to climate-related risks, are reviewed as part of the annual budget-setting process. ESG is considered in the evaluation of significant capital expenditure and acquisition proposals, which are subject to Board approval. The ESG Committee monitors performance against ESG objectives, including climate-related risks and opportunities. Victoria is in the process of evaluating climate-related targets across our business, which we expect to disclose progress on in future. The Board is involved in the target-setting process and will review and sign off on any climate targets the Group adopts. Furthermore, we will establish a formal process to ensure regular Board oversight of progress against any targets, providing regular updates to the Board on our performance against targets as part of the ESG Committee updates, along with specific roles and responsibilities to maintain strong governance over these.

Environmental, Social and Governance Report

TCFD Continued

Section	Requirement	Disclosure
Governance	(b) Describe the management's role in assessing and managing climate-related risks and opportunities	The Group's Risk and Compliance function is responsible for the identification, assessment, and management of risks and opportunities across the business, including those related to climate. Oversight of climate-related risk management is provided by the ESG Committee, which reports to the Board as required. Climate-related risks are integrated into the Group's overall risk management framework. These risks are documented in the Group Risk Register and are reviewed regularly in collaboration with subsidiary and divisional leadership. In addition, divisional Climate Risk Registers are maintained to capture more granular risks, which are subsequently consolidated into the Group-level register. Where appropriate, significant climate-related risks are escalated to the ESG Committee and, if necessary, to the Board. The prioritisation of ESG topics, including climate-related issues, is reviewed annually. This process informs the Group's risk management activities and ensures that emerging risks are appropriately considered and addressed. The preparation of the Group's annual ESG Report and TCFD-aligned disclosures provides a structured opportunity to assess and communicate climate-related risks and opportunities. This process supports internal alignment and enables the Group to provide stakeholders with clear and consistent information on climate-related developments.

Section	Requirement	Disclosure
Strategy	(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Victoria evaluates climate-related risks and opportunities across three defined time horizons: short, medium, and long term. These timeframes are aligned with the Group's financial and strategic planning cycles, as well as the expected useful life of key assets and operations. This approach enables the business to assess near-term transitional risks alongside longer-term physical risks that may emerge over extended periods. By structuring our analysis in this way, we are better positioned to identify and respond to evolving regulatory, market, and environmental developments. This includes assessing the potential impact of climate-related legislation, shifts in customer preferences, supply chain disruptions, and the physical effects of climate change on our operations and infrastructure. The identification of risks and opportunities is an ongoing process, informed by internal assessments, stakeholder engagement, and external developments. These insights are integrated into our broader risk management and strategic planning activities to support operational resilience and long-term value preservation.

Table 1. Victoria's climate time horizons

Time Horizon	Description	Potential climate risks relevant to time horizon
Short-term	0-3 years (FY26-FY29)	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 FY29 in line with Victoria's shorter-term term business and financial planning.
Medium-term	3-5 years (FY29 – FY32)	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 FY32 as an increasing number of governments and companies are looking to meet interim targets set for the end of the decade.
Long-term	5+ years (FY32-FY40)	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 FY40 to appropriately assess the resilience of Victoria to potentially increased frequency and severity of longer-term physical impacts of climate change.

Environmental, Social and Governance Report

TCFD Continued

Section	Requirement	Disclosure
Strategy continued		During FY2024, Victoria undertook a comprehensive qualitative assessment of climate-related risks and opportunities across the Group to support its first year of reporting under the Climate-related Financial Disclosure (CFD) Regulations 2022. This assessment was informed by desktop research, peer benchmarking, and internal workshops involving stakeholders from across the Group's divisions and regions. Through this process, a shortlist of climate-related risks and opportunities was identified as having the potential to materially impact the business over the short, medium, and long term. These reflect the operational profile of Victoria as a large-scale manufacturer and distributor of flooring products. Three transition risks, one physical risk, and one opportunity were identified as material. Given the energy-intensive nature of our operations—from raw material procurement through to manufacturing and global distribution—the Group is particularly exposed to macroeconomic shifts associated with the transition to a low-carbon economy. Key risks include potential increases in the cost of traditional fuel sources (see R.02 on page 43) and the introduction of carbon pricing mechanisms in jurisdictions where we operate (see R.03 on page 44). Reputational risk has also been identified, particularly in relation to meeting evolving stakeholder expectations and regulatory disclosure requirements across multiple jurisdictions (see R.04 on page 45). In addition to transition risks, the Group is exposed to physical climate risks that may affect the resilience of its global supply chain (see R.01 on page 42). These include the potential for increased frequency and severity of extreme weather events, which could disrupt raw material sourcing, manufacturing operations, and distribution activities, with implications for both cost and revenue. On the opportunity side, a key area of potential value lies in responding to growing consumer demand for sustainable and resilient products (see O.01 on page 46). Victoria has already begun investing in the development of products incorporating sustainable and recycled materials and will continue to build on this work in line with customer expectations. Further detail on the potential impacts of these risks and opportunities, as well as the climate scenarios used to assess the Group's resilience, is provided on pages 47 to 50 of the Strategy section.

Section	Requirement	Disclosure
Strategy continued	(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	As outlined in the preceding section, Victoria conducted a qualitative assessment of five potentially material climate-related risks and opportunities during FY2024, supported by a third-party advisor. This work was undertaken to inform the Group's first-year reporting under the Climate-related Financial Disclosure (CFD) Regulations 2022. The assessment considered the potential financial and strategic implications of each risk and opportunity across short-, medium-, and long-term time horizons, using two defined climate scenarios. Table 2 (below) summarises the potential impacts of each item on the Group's operations, strategy, and financial planning. This analysis has informed our understanding of relative exposure and supports ongoing integration of climate considerations into business planning. The two scenarios used in the assessment are as follows: **'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, allowing for Net Zero targets to be met by 2050. 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. Macroeconomic inputs and assumptions for the scenario analysis were primarily drawn from the Network for Greening the Financial System (NGFS) and the International Energy Agency (IEA). Where appropriate, additional secondary sources were used, including academic literature, institutional research, and government publications. For the assessment of physical risks, Victoria relied on the Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs). This scenario-based approach has enabled the Group to begin evaluating the resilience of its strategy under different climate scenarios and to identify areas where further analysis or adaptation may be required.

Environmental, Social and Governance Report

TCFD Continued

Disclosure

Climate-related risk / opportunity	Risk description and assessment	Potential financial impact	Relative financial impact – Net Zero 2050: 2029	Net Zero 2050: 2032	Net Zero 2050: 2040	Current Policies: 2029	Current Policies: 2032	Current Policies: 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.	○	○	◍	○	◍	●	• Ongoing diversification of the Group's operations across different flooring sectors - such as ceramics, rugs, and carpets - alongside geographic expansion, as demonstrated in recent years; • 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

Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	Risk description and assessment	Potential financial impact	2029	2032	2040	2029	2032	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 the current manufacturing processes required for ceramics production. 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.	Low	Medium	High	Low	Low	Low	• 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).

Relative financial impact

Low Medium High

Environmental, Social and Governance Report

TCFD Continued

Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	Risk description and assessment	Potential financial impact	2029	2032	2040	2029	2032	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 the 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).	○	●	●	○	○	○	• 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).

Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	Risk description and assessment	Potential financial impact	2029	2032	2040	2029	2032	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.	Low	Low	Medium	Low	Low	Low	• Regulatory scanning to ensure we adhere to mandatory reporting; • Engagement with appropriately qualified external advisors; • Consideration of non-mandatory reporting, e.g. consideration to be given to meeting CSRD in advance of the Group reporting deadline.

Relative financial impact

Low Medium High

Environmental, Social and Governance Report

TCFD Continued

Disclosure

		Relative financial impact							
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	**Risk description and assessment**	**Potential financial impact**	**2029**	**2032**	**2040**	**2029**	**2032**	**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, the Athmos range offered by the Victoria Grass Group and Balta Rugs' Re_Lease (our first machine-woven rug quality made entirely of recycled polyester bottles); • Investments/ R&D into more sustainable methods of manufacturing and products.

Section	Requirement	Disclosure
Strategy	(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2oC or lower scenario	Victoria's current business strategy is considered resilient to climate-related risks and opportunities in the near term. The Group's core markets in Europe and the United States have demonstrated consistent volume growth over the past 25 years, averaging approximately 2.6% per annum. This growth has been underpinned by structural drivers such as an ageing housing stock, increased household formation, persistent housing shortages, and evolving consumer preferences. These factors are expected to remain relevant, providing a stable foundation for continued demand across our product portfolio. The climate-related risks and opportunities identified are broadly consistent with those faced by others in the sector. Our focus on outperforming the wider market supports our ability to adapt to emerging risks and capture new opportunities. Scenario analysis indicates that the Group is most exposed to climate-related risks over the medium to long term. Under the Net Zero scenario, the primary risks relate to increased operating costs driven by carbon pricing and energy market volatility. In contrast, under the Current Policies scenario, physical risks become more pronounced over time, particularly in relation to supply chain disruption and infrastructure resilience. Victoria will continue to assess the exposure of its business strategy to climate-related risks and opportunities under a range of plausible future scenarios. This includes identifying additional mitigation measures that can be integrated into financial and strategic planning to enhance resilience and support long-term value creation. As this is only the Group's second year reporting under the Climate-related Financial Disclosure Regulations 2022, the focus remains on the robust qualitative assessment. This has enabled a comprehensive risk identification process across the Group's diverse operations and geographies. In future reporting cycles, Victoria intends to build on this foundation by incorporating more detailed quantitative financial analysis. The Group's strategy provides a strong platform from which to respond to climate-related developments and is reviewed regularly and adjusted as necessary to ensure continued alignment with climate-related risks and opportunities. This approach is intended to ensure that Victoria remains resilient, competitive, and well-positioned to manage the transition to a low-carbon economy while maintaining operational and financial stability.

Environmental, Social and Governance Report

TCFD Continued

Section	Requirement	Disclosure
Risk Management	(a) Describe the organisation's processes for identifying and assessing climate related risks	As outlined in the Strategy section, Victoria undertook a structured process to identify and assess climate-related risks and opportunities relevant to its operations. This process was supported by a third-party advisor and included extensive desktop research and peer benchmarking to develop an initial longlist of climate-related issues applicable to the Group's industry and geographic footprint. To refine this assessment, workshops were conducted with key stakeholders from across the business, including representatives from Risk, Finance, and divisional leadership. These sessions focused on evaluating the relevance and potential materiality of the identified risks and opportunities. As a result, five climate-related items were prioritised for further analysis—comprising three transition risks, one physical risk, and one opportunity—based on their potential to materially impact the Group's financial performance. A qualitative scenario analysis was then carried out to assess the materiality of these risks and opportunities across short-, medium-, and long-term time horizons, under two distinct climate scenarios. This analysis considered both the likelihood and potential financial impact of each risk, enabling the Group to assign relative significance and inform strategic planning. Further detail on the scenario analysis is provided in the Strategy section. Victoria's broader risk governance framework incorporates ESG considerations, including climate-related risks, into its qualitative risk assessment process. Risks are evaluated based on inherent likelihood and impact and are reviewed regularly to ensure alignment with emerging regulatory requirements and market developments. The Group will continue to reassess climate-related risks and opportunities on an annual basis, ensuring that material exposures are identified and appropriately addressed as part of its ongoing risk management activities.
	(b) Describe the organisation's processes for managing climate related risks	Victoria manages climate-related risks through a process that is integrated with the Group's broader risk management framework. This approach ensures consistency in how risks are identified, assessed, prioritised, and addressed across the organisation. The process begins with the identification of relevant climate-related risks, followed by an assessment of their potential impact and likelihood. Risks are then prioritised based on their significance to the Group's operations, including potential implications for financial performance, supply chain continuity, and regulatory compliance. For each material risk, appropriate mitigation measures are developed and implemented. These may include operational adjustments, investment in more efficient technologies, or engagement with suppliers and partners to improve resilience. Once mitigation plans are in place, risks are monitored on an ongoing basis and reviewed regularly to ensure they remain appropriately managed in light of evolving external conditions. Climate-related risks are subject to the same governance and oversight processes as other principal risks. This includes regular reporting to the ESG Committee and, where appropriate, escalation to the Board. This integrated approach supports a consistent and disciplined response to climate-related challenges across the Group.

Section	Requirement	Disclosure
	(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 are assessed with consideration of their potential impact at both the Group level and across Victoria's four operating divisions: UK & Europe Soft Flooring, UK & Europe Ceramic Tiles, Australia, and North America. As part of our integrated risk management approach, we engage with representatives from key functions and business units to ensure that climate-related risks are evaluated consistently across the organisation. This is Victoria's second year reporting under the Climate-related Financial Disclosure Regulations 2022. At this stage, we have adopted a qualitative approach to identifying and assessing material climate-related risks and opportunities. This has enabled a comprehensive, Group-wide evaluation of potential exposures using structured workshops and scenario analysis. As our capabilities in this area mature, we intend to incorporate more quantitative methodologies, including financial modelling, to assess the potential impact of climate-related risks with greater precision. This will support more detailed integration of climate considerations into financial planning and strategic decision-making. The Group's ESG and Climate Risk Registers are reviewed annually to ensure they reflect the current risk landscape. This process also supports the identification of new or emerging climate-related risks that may have a material financial impact on the business. These reviews are embedded within our broader risk governance framework, ensuring that climate-related risks are managed alongside other principal risks in a consistent and coordinated manner.
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 monitors and reports its greenhouse gas (GHG) emissions annually, focusing on Scope 1 and Scope 2 emissions. This enables the Group to track its operational carbon footprint and evaluate progress in reducing emissions over time. Disclosures are made in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements, as set out in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. To support internal analysis and comparability across the business, emissions intensity ratios are calculated for each of the Group's four reporting divisions. These ratios are based on a combination of sales volumes, energy consumption, and GHG emissions data. Further detail on these metrics is provided on page 28 of the SECR section of this report. Looking ahead, Victoria will explore the development of additional metrics to support the monitoring of priority climate-related risks and opportunities, as identified in the Strategy section. These may include indicators to assess the effectiveness of mitigation actions, support scenario analysis, and inform strategic decision-making.

Environmental, Social and Governance Report

TCFD Continued

Section	Requirement	Disclosure
	(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Victoria discloses its Scope 1 and Scope 2 greenhouse gas (GHG) emissions annually in line with the Streamlined Energy and Carbon Reporting (SECR) framework. These disclosures provide transparency on the Group's direct and indirect emissions and support the monitoring of climate-related risks associated with energy use and carbon intensity across our operations. Further detail on Victoria's GHG emissions, including methodology, emissions data, and intensity metrics, is provided in the SECR section of this report on page 28.
	(c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets	As this is only Victoria's second year reporting in line with the Climate-related Financial Disclosure Regulations 2022, our focus has been on establishing a clear understanding of the Group's climate-related risk profile. This involved identifying and assessing material risks and opportunities across different time horizons and climate scenarios, to inform future planning and prioritisation. To date, our efforts have centred on measuring and reporting greenhouse gas (GHG) emissions in accordance with the SECR Regulations 2018. This provides a foundation for tracking emissions performance and supports the development of a baseline against which future reduction targets can be set. In future periods Victoria will evaluate the feasibility of setting Group-wide GHG emissions reduction targets. In parallel, we will explore the development of additional metrics and associated targets aligned with the priority climate-related risks and opportunities identified through the current scenario analysis. As our understanding evolves, we will review and refine these metrics to ensure they remain relevant and effective in supporting the Group's climate strategy and performance monitoring over time.

This report marks Victoria's second year of disclosure in line with the Climate-related Financial Disclosure Regulations 2022. The work undertaken has provided a foundation for understanding the Group's exposure to climate-related risks and opportunities and integrating these considerations into our governance, strategy, and risk management processes. As regulatory expectations and stakeholder requirements continue to evolve, Victoria remains committed to enhancing its climate-related disclosures and strengthening its approach to climate risk management.

Alec Pratt
Chief Financial Officer

24 July 2025

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