VICTORIA PLC

# Environmental, Social and Governance Report 2026

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# Environmental, Social and Governance Report

Environmental, social and governance (ESG) considerations are integrated into how Victoria operates as a global manufacturing and distribution business. Our approach reflects our decentralised model, where operational businesses lead implementation in line with local conditions, supported by appropriate Group-level oversight.

This structure enables a practical and commercially grounded approach to ESG. Rather than applying uniform programmes across diverse markets, we prioritise the actions that are most relevant to each business - whether that is improving energy efficiency, strengthening supply chain oversight or enhancing workplace practices. In this way, ESG is embedded within operational decision-making and aligned with broader business objectives, including efficiency, resilience and long-term value creation.

As our business evolves, so too will our approach to ESG. We remain focused on continuous improvement, ensuring our actions remain relevant, proportionate and supportive of long-term business performance.

## OUR SIGNIFICANT ESG TOPICS

Identifying the ESG topics most relevant to our business is central to ensuring that our efforts remain focused and aligned with both operational priorities and stakeholder expectations.

Following a comprehensive materiality assessment in FY2025, we conducted an internal, high-level review in FY2026 to confirm that our identified topics remain appropriate. This review considered our current business activities, geographic footprint, regulatory environment and broader industry developments, alongside an internal management perspective.

The outcome of this review confirmed that our existing material ESG topics continue to reflect the areas most closely linked to our operational performance, regulatory exposure and stakeholder relationships. As a result, no substantive changes were made to the set of material topics during the year.

These topics provide a consistent framework for how we manage ESG across the Group. They inform internal priorities, guide the allocation of resources and form the basis of our external reporting, ensuring that disclosures remain focused on the issues most relevant to our business.

While the FY2026 review reaffirmed our current position, we recognise that materiality is not static. As our business evolves and external expectations continue to develop, particularly in response to emerging regulatory requirements such as the European Sustainability Reporting Standards (ESRS), we will continue to reassess and refine our approach where necessary.

The table below sets out the ESG topics currently considered most material to Victoria. The structure and terminology remain aligned with ESRS to support consistency with evolving reporting requirements.

| 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 |

# Environmental, Social and Governance Report

### 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 (30 March 2025 to 28 March 2026) | Units | UK & Europe Soft Flooring | UK & Europe Ceramic Tiles | Australia | North America | Total |
|---|---|---|---|---|---|---|
| Emissions from combustion of gas (Scope 1) | $tCO_2e$ | 16,727 | 138,790 | 2,654 | 59 | 158,229 |
| Emissions from combustion of fuel for transport purposes (Scope 1) | $tCO_2e$ | 10,759 | 1,914 | 382 | 108 | 13,163 |
| Emissions from purchased electricity (Scope 2) | $tCO_2e$ | 29,954 | 13,333 | 4,757 | 175 | 48,219 |
| Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) | $tCO_2e$ | 30 | 1 | – | 282 | 312 |
| **Total Gross emissions** | $tCO_2e$ | 57,470 | 154,038 | 7,793 | 623 | 219,924 |
| Energy consumption used to calculate above emissions | kWh | 251,155,594 | 835,536,762 | 22,994,876 | 2,591,118 | 1,112,278,349 |
| Total Gas Usage | kWh | 91,426,351 | 758,578,121 | 14,448,872 | 276,280 | 864,729,624 |
| Total Electricity Usage | kWh | 115,080,534 | 69,372,921 | 6,862,862 | 528,401 | 191,844,718 |
| Total Transport Usage | kWh | 44,648,708 | 7,585,719 | 1,683,142 | 1,786,437 | 55,704,007 |

Within the UK, the total Gross emissions for the year were 20,050 $tCO_2e$ (previous year 21,428 $tCO_2e$) and total associated energy consumption was 97,962,073 kWh (previous year 102,237,951 kWh).

The total Global Gross emissions for the year were 219,924 $tCO_2e$ (previous year 230,809 $tCO_2e$) and total associated energy consumption was 1,112,278,349 kWh (previous year 1,137,834,623 kWh), representing a small decrease 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 (30 March 2025 to 28 March 2026) | Units | UK & Europe Soft Flooring | UK & Europe Ceramic Tiles | Australia | North America | Total |
|---|---|---|---|---|---|---|
| Intensity Ratios | $tCO_2e/\ 1000m^2$ | 0.530 | 5.095 | 0.336 | 0.097 | 1.306 |
| Previous year intensity ratio | $tCO_2e/\ 1000m^2$ | 0.518 | 4.810 | 0.345 | 0.295 | 1.242 |

### 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 $CO_2$ equivalent and data has been calculated using the 2025 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. No emissions have been calculated for on-site renewable generation that is consumed on-site as it is assumed that the attributes have not been sold.

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.

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

Data was collected for 1 April 2025 to 31 March 2026 due to alignment with supplier invoices and other data sources and is representative of the financial year of 30 March 2025 to 28 March 2026.

0.7% of kWh and 0.6% of $tCO_2e$ were from estimated data. This included a small amount of transport data that was not available and has been estimated based on previous year's consumption. Where invoices were unavailable for some months for electricity and gas, the consumption has been estimated using the average consumption in months where data was available.

The primary sources for electricity were invoices, an online utility portal and meter readings. The primary sources for natural gas were invoices and meter readings. The primary source for other gas sources and on-site transport were supplier invoices. Where gas sources are used for on-site transportation and another purpose, and the consumption cannot be split out, the consumption has continued to be reported under gas combustion rather than transport. The primary sources for company vehicles, employee and rental vehicles were fuel cards, invoices, mileage records, fleet portals and expense claims. There was a mix of litres of fuel, kWh of EV charging and mileage data available.

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.

## ENVIRONMENTAL REVIEW

### Climate Change

Climate change presents a combination of operational, regulatory and cost considerations for Victoria, primarily through the energy and fuel used across our manufacturing and distribution activities. Our approach to climate change mitigation is therefore focused on improving energy efficiency, increasing the use of lower-carbon energy sources and reducing emissions associated with transport and logistics.

### Climate change mitigation and Energy

Energy remains one of the most significant operational inputs across our operations. As a result, we continue to review where energy efficiency initiatives can add value across the business. Across the Group, a range of initiatives were implemented, primarily focused on improving the performance of existing equipment, reducing idle consumption and improving process control. In recent years, the UK & Europe Soft Flooring team have implemented many changes that have improved production efficiency and reduced energy inputs. For example, G-Tuft replaced an ageing compressor with a higher-efficiency model to support electrically driven machinery, while also aligning shift patterns across departments to reduce energy demand during non-productive hours. Our Westex subsidiary also consolidated its sampling department into a single area, enabling more efficient use of building space and associated heating and lighting.

At Balta, energy efficiency measures were implemented in line with the closure and relocation of its Belgian operations to Turkey. During the transfer of equipment, outdated heating systems are being replaced with more efficient, lower emission alternatives where suitable replacements are available. This reflects our broader approach to sustainability, where energy-efficient measures are embedded into operational decisions and pursued where they deliver both environmental benefits and long-term value for the business.

Targeted energy efficiency initiatives have also delivered measurable reductions in consumption. At Interfloor, new off-gas treatment filters replaced the existing Regenerative Thermal Oxidizer (RTO) resulting in a greater than 20% reduction in gas consumption and an approximate 10% reduction in electricity usage. Further efficiencies were achieved through the implementation of enhanced compressor control systems, reducing electricity consumption for compressed air by c.30%.

In Italy, energy efficiency actions were implemented across the ceramics businesses. Following its transition to porcelain stoneware, Serra revised its site layout, reducing specific gas consumption by 10%. Similarly, Keradom upgraded lighting at the Baison plant, replacing neon systems with energy-efficient LED technology.

The use of renewable energy has also increased across the Group, reflecting the operational and environmental benefits it delivers. 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. Solar installations continue to support our operations, generating value for the business alongside positive environmental outcomes.

Victoria Grass Group now operates c.6,900 solar panels, supporting electricity demand across its operations. Our underlay manufacturer,

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Interfloor, also generates approximately 360 MWh of electricity annually through on-site installations. In Australia, Dunlop Flooring benefits from an on-site solar panel installation, contributing to its energy needs through self-generation. Our primary distribution centre in Worcester – a key operational hub for our UK Carpets division as well as being the Group's head office – also benefits from a rooftop solar panel installation.

We also utilise renewable energy in other ways, with our carpet manufacturing facility in Newport, Wales benefitting 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 and enhanced thermal panels on the backing line.

Alongside on-site generation, several subsidiaries have secured their energy supplies from renewable providers, further reducing the Group's overall emissions profile. This is particularly evident within our ceramics divisions in Italy, with Ascot Group, Keradom and Serra all sourcing a minimum of 70% of electricity from renewable energy.

As a Group, reducing emissions from transport and logistics is also a key area of focus as we appreciate the impacts our fleet can have on the environment. This year, progress continued through fleet renewal, operational consolidation and selective electrification. Examples from across the Group include:

- **G-Tuft:** Upgraded the HGV fleet from Euro 5 to Euro 6 models, supporting reduced nitrogen oxide (NOx) and particulate matter emissions.
- **Interfloor:** Replaced diesel vehicles with hybrids and eliminated approximately 60,000 HGV miles through site consolidation.
- **Balta:** Reduced internal transport as a result of site consolidation and more integrated operations in Turkey.
- **Ascot Group:** Added EV charging stations across all sites and upgraded the fleet which is now approximately 25% hybrid or electric.
- **Cali:** Increased the proportion of full-truckload (FTL) shipments relative to less-than-truckload (LTL) to improve efficiency and reduce emissions.
- **Victoria Carpets Australia:** Increased the hybrid vehicle fleet from 43% to 57% (up from 24% in 2024)
- **Quest Flooring:** Began transitioning the forklift truck fleet over to electric.
- **Dunlop Flooring:** Maintained a lower carbon footprint through optimised supply chain logistics, favouring efficient sea routes over road and rail where feasible, and using return journeys to collect recyclable materials from customers.

## IMPROVING TRANSPORT EFFICIENCY AND REDUCING EMISSIONS

During the year, our Alliance Flooring Distribution subsidiary continued to strengthen the efficiency of its transport operations through targeted fleet investment. Older vehicles within Alliance's diesel fleet have been replaced with ultra fuel-efficient vehicles equipped with integrated driver-behaviour monitoring systems, designed to reduce harsh braking, aggressive acceleration and support more efficient driving practices.

Alongside this, Alliance has expanded its electric vehicle fleet with two additional fully electric trucks, bringing the total to five. These vehicles continue to handle around 25% of deliveries between our carpet manufacturing facility in Newport, Wales and Alliance's Worcester distribution centre, while generating zero tailpipe emissions. Building on this, they now also support more than 300 deliveries per week into Central London retailers, enabling carbon-free delivery on these routes and ensuring continued access to zero and low-emission zones.

These investments build on Alliance's broader logistics strategy, which combines fleet modernisation with operational improvements at its distribution centres. The introduction of electric vehicles has been supported by route planning and on-site charging infrastructure, allowing the business to integrate zero-emission vehicles into daily operations without disrupting service levels.

Alliance continues to monitor vehicle performance and emerging technology, assessing opportunities to further expand the use of electric and low-emission vehicles across its network as charging infrastructure and vehicle capability continue to develop.

## POLLUTION

While flooring manufacture is not typically associated with high levels of pollution, managing emissions to air, water and land remains an important aspect of operational responsibility across Victoria's manufacturing and distribution footprint.

Our approach is focused on maintaining regulatory compliance and minimising environmental impact through targeted controls, monitoring and process improvements. Measures are implemented at a site level, reflecting local operating conditions and risk profiles, but supported by consistent oversight and periodic review to ensure effectiveness.

### Air

Air emissions from our operations primarily arise from ceramics firing processes, material handling and certain finishing or coating activities. During FY2026, several sites implemented targeted actions to improve emission control and reduce environmental impact.

Within ceramics operations, Victoria Ceramics Spain completed the installation and commissioning of bag filter systems with reagent injection on two kilns at the Keraben V1 plant, reducing acidic emissions from exhaust gases. Additional measures, including enclosure of raw material storage areas and dust extraction systems, helped to limit diffuse particulate emissions associated with material handling.

At Keradom, solvent-based inks used in glazing processes were replaced with water-based alternatives, resulting in an approximate 70% reduction in volatile organic compound (VOC) emissions and associated odours.

Process improvements also delivered measurable results at other sites. At Interfloor, the aforementioned replacement of the existing Regenerative Thermal Oxidizer (RTO) with new off-gas treatment filters reduced emissions to below 10% of licence limits, while also contributing to a reduction of over 2,500 tonnes of $CO_2$ during the year.

### Water

Although our water use remains relatively modest, effective management continues to be an important operational consideration across Victoria's manufacturing and distribution activities. During the year, the Group continued efforts to improve water efficiency through enhanced process control, reuse of water within operations and targeted maintenance activities, reflecting the varied water demands of our different manufacturing processes.

Water-related actions during the year were driven by site-specific risks and opportunities. This included reducing discharged volumes, increasing internal water reuse and improving oversight of water-intensive processes, supported by monitoring and operational discipline.

Within ceramics operations, Victoria Ceramics Spain established a dedicated water maintenance workshop during the year to identify and implement steps aimed at preventing over-consumption. This led

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to the implementation of a range of practical measures, including installing closed-loop cooling systems for pumps, substituting clarified process water for fresh water in selected applications, and switching off water flows during stoppages and testing phases. Collectively, these measures strengthened day-to-day control of water use across production lines.

At Ascot Group, improved water management practices at the Ravenna plant resulted in an 18% reduction in discharged water compared with the prior year. Similarly, Serra continued to reuse cooling water from inkjet printers within its main plant. FY2026 represented the first complete 12-month period in which savings were measured, with specific water consumption reduced by approximately 15%.

At Interfloor, 100% of process water continues to be recycled, ensuring no process-related wastewater discharge. In addition, at International Wholesale Tile, all water used in tile-cutting operations was recycled through a two-tank clarification system, incorporating a process that causes fine particles to clump together and settle, before recirculating the water back into production.

Across other sites, rainwater harvesting and diversion initiatives continued to reduce demand on mains water and limit wastewater generation. These actions demonstrate our continued attention to managing water as a finite resource, while ensuring compliance with local discharge standards and supporting stable, efficient operations. One example is our main logistics centre in Worcester (UK & Europe Soft Flooring), where harvested rainwater is used for truck washing, reducing reliance on mains water supply.

### Soil

The risk of soil or groundwater contamination from our operations is considered low but is actively managed. Our approach targets preventative controls, monitoring and effective site management at locations where materials handling and storage present higher potential risk. In addition to these controls, we engage in practices that minimise soil disturbance and promote soil health, including the use of environmentally responsible materials.

At Victoria Ceramics Spain, environmental assessments were carried out at the Keraben site that included monitoring and control of soil and groundwater quality. This work supports a clearer understanding of site-specific environmental conditions. Periodic inspections of hazardous substance storage areas were also maintained to ensure materials remain stored on impermeable surfaces and within appropriate containment.

Soil protection measures are also embedded in day-to-day operations across other businesses. Victoria Grass Group utilises impervious sections in critical coating areas and are subject to regular inspection and certification under ISO 14001-aligned management systems. At G-Tuft and Interfloor, spill-prevention arrangements were reinforced through additional containment equipment and employee training, with hazardous waste handled and monitored in accordance with applicable regulatory requirements.

## RESOURCE USE AND CIRCULAR ECONOMY

Victoria's approach to resource use focuses on improving material efficiency, reducing waste and supporting the transition towards more circular practices, where this is commercially and operationally viable. How we source, use and manage materials has a direct impact on both our environmental footprint and cost base, and remains an area of continued focus across the Group. While implementation remains largely decentralised, a more coordinated approach to procurement has also supported greater consistency and oversight across our supply base.

### Waste

Waste reduction and landfill diversion remain important operational priorities across our businesses. For example, our underlay operation continues to have 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 by additional sustainability-focused offerings. The proportion of recycled foam in our underlay has increased from 55% to 65%, with all the products at this subsidiary covered by Environmental Product Declarations (EPDs). In addition, approximately 95% of Interfloor's waste generated during the year was either recycled or used as Refuse Derived Fuel (RDF), supporting both landfill diversion and energy recovery.

In Australia, Victoria Carpets Australia recovers and separates waste nylon generated during production for return to a partner recycling plant. Quest Carpets has implemented a core recycling programme in the year, with recycled cores accounting for approximately 15% of consumption, with plans to improve this to 40% over the next 12 months. Dunlop Flooring, another Australian subsidiary, recycles approximately 100 tonnes of used underlay annually, leveraging the return delivery trips 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 remained operational, which 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.

Victoria Ceramics Spain continued to operate closed-loop material systems within production. All unfired ceramic scrap generated during the year was recycled back into the manufacturing process. In addition, reuse of fired scrap increased, with around 80% recycled internally as ceramic body support material through clay grinding, significantly reducing waste sent to landfill.

Elsewhere, waste-stream specific actions were implemented. Westex composted all food waste generated on site. International Wholesale Tile reduced paper and ink waste by transitioning administrative record-keeping from printed to electronic formats. Within logistics operations, Alliance Flooring Distribution reported continued compliance with waste regulations and zero waste to landfill during the year.

At Victoria Grass Group, waste management practices were refined through improved registration of waste streams and changes in recycling methods, for example with materials now compacted into bales rather than stored in loose containers in support of more efficient handling and onward recycling.

## Resource inflows

Improving material efficiency and increasing the use of recycled inputs remained an initiative in FY2026 and so 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.

At Victoria Ceramics Spain, a high level of pre-consumer recycled material continued to be used in porcelain bodies, accounting for approximately 30% of inputs and rising to around 35% for certain white porous ceramic products. The business also prioritises sourcing plastic packaging containing a minimum of 30% recycled content, supporting the continued use of recycled materials within its operations and supply chain.

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). Balta Rugs holds 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, for example in the UK, remain limited. Our contribution includes active membership in the UK Sustainable Flooring Alliance, a collaborative initiative aimed at reducing the amount of textile and resilient flooring in the UK going to landfill and to encourage and support more sustainable design and solutions leading to a circular economy. Innovations being explored include recycling carpet into fibre-reinforced concrete and converting latex bonding agents into fertiliser.

At Victoria Carpets Australia, waste nylon generated during production is collected and returned to a recycling facility, which is then turned into new products. The business also launched a limited range of nylon carpets using Econyl yarn, incorporating recycled material derived from waste fishing nets. Balta increased recycled content across new rug collections in the period and continued to expand internal polypropylene recycling following investment in additional drying capacity. This enables production waste from tufted full-polypropylene rugs to be recycled internally. Balta also continued development work under the local government supported Living Labs Carpet project, exploring single-material and patchwork rug designs to improve circularity.

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## CONTINUOUSLY IMPROVING PRODUCTS THROUGH INNOVATION AND CIRCULAR DESIGN

Victoria Grass Group designs and manufactures artificial grass systems for sports, landscaping and leisure applications. Across this product range, the business continually improves performance, durability and functionality, while reducing environmental impact through material choice, process innovation and circular product design.

During the year, this approach translated into several product-led developments. This year, Schramm and Edel designed a new yarn called the Apex, which benefits from texturisation without using texturisation machines. This costs less energy to manufacture and is implemented in dry-hockey fields and non-fill pitches, continuing to demonstrate how targeted raw material changes can also contribute meaningfully to emissions reduction. Schramm also increased the reuse of post-industrial waste in yarn production to up to 30% and introduced post-consumer recycled granulate in place of virgin polymer in selected products.

In other parts of the Grass Group, the Athmos yarn was produced using post-consumer recycled polymer and now contains up to 50% recycled raw materials, achieving ISCC+ certification. This supports lower demand for virgin inputs while maintaining product quality. In parallel, Edel continued to develop mineral and non-fill turf systems, removing the need for intentionally added microplastics and improving long-term recyclability. End-of-life materials are also being incorporated back into production, including as powder in polypropylene dispersions, further reducing reliance on new raw materials while maintaining stable performance.

Product improvement is supported by circular initiatives that extend beyond first use. Trial take-back programmes led by Royal Grass have successfully recovered end-of-life landscape products for reuse in yarn production. This recycling infrastructure also enables the internal recovery and reuse of yarn waste. In parallel, newer landscaping products are being designed within a single polyolefin material family, supporting simpler processing and improved recyclability at end of life.

Together, these initiatives reflect Victoria Grass Group's long-term approach to product development, embedding continuous improvement, material efficiency and circularity into design and manufacturing. This approach is supported by ongoing investment in R&D and underpinned by ISO 14001-certified environmental management systems.

## SOCIAL REVIEW

### Own Workforce

Victoria recognises that effective management of its workforce supports both operational performance and long-term value creation. Across a diverse and decentralised Group, the focus remains on maintaining safe working environments, treating employees fairly and providing appropriate support for wellbeing.

Responsibility for implementation largely sits with subsidiary management, reflecting local regulatory requirements and workforce needs. This is supported by Group-level expectations around ethical conduct, respect in the workplace and access to mechanisms that allow employees to raise concerns where necessary.

During FY2026, activity across the Group continued to focus on reinforcing safe working practices, supporting employee wellbeing and maintaining fair and consistent employment standards.

### Working conditions

The health, safety and well-being of our employees will always be a priority. Our approach continues to centre on preventing workplace injuries and accidents, while also supporting employees' physical and mental well-being and promoting healthy and sustainable working practices.

We operate with a "Safety First" mindset, and encourage employees to report incidents, near misses and concerns, recognising that open reporting is essential to improving workplace safety and identifying opportunities for ongoing improvement. We continuously aim to improve our performance in Lost Time Incidents (LTI) and Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR).

Major manufacturing sites continue to operate within recognised health and safety frameworks, including ISO-aligned management systems where applicable. Through structured risk assessments, employee involvement, and targeted training programmes, subsidiaries work to maintain safe working environments and reinforce consistent safety standards.

Examples of our actions to support working conditions and employee wellbeing include:

- **Balta Rugs:** Ongoing safety campaigns, including virtual reality training for shift leaders, alongside practical and externally delivered training.
- **Interfloor:** Toolbox talks, manual handling and chemical safety training, as well as change management training for supervisors. Interfloor also supports young people with learning difficulties through a partnership with a local specialist school.
- **G-Tuft:** Help@Hand Employee Assistance Programme made available for all employees, supported by workplace air-monitoring surveys and regular wellbeing communications.
- **Westex:** Introduced ergonomic improvements such as sit-stand desks. Also delivered fire-safety and first-aid training.
- **Alliance:** Delivered first-aid and fire-marshal training, supported by regular health and safety and management meetings. 24/7 access to qualified mental health professionals and a partnership with the occupational health services entity Recovery For Life.
- **Victoria Grass Group:** Delivered extensive safety-related training including first aid, forklift use, electrical safety (NEN 3140) and emergency exercises.
- **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.
- **Keradom:** Organised team-building activities to support employee engagement and wellbeing.
- **Victoria Ceramics Spain:** Maintains a comprehensive prevention and support programme underpinned by renewed ISO 45001 certification, including occupational health surveillance, ergonomic and psychosocial assessments, safety inspections, emergency drills, maintenance of fire-protection systems and access to on-site medical services.

### Equal treatment and opportunities for all

Providing equal opportunity in employment remains an important part of maintaining a fair and effective workforce. The Group is committed to non-discrimination in recruitment, development and progression, with decisions based on merit, qualifications and business requirements.

During FY2026, subsidiaries continued to reinforce these principles through a combination of training, internal policies and management oversight. This includes dignity and respect training, management development programmes and, in certain businesses, formal training on discrimination and harassment.

These activities are supported by internal communication and monitoring processes, helping to ensure that equal treatment principles are embedded into day-to-day workplace practices.

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### Other work-related rights

Victoria respects the rights of employees to fair treatment and open communication, in line with local laws and applicable international standards.

Employees are supported in raising concerns through established reporting mechanisms, including whistleblowing channels where appropriate. These are intended to provide a confidential means of reporting issues, with protections in place to minimise the risk of retaliation.

In jurisdictions where trade unions or employee representative bodies are present, the Group engages constructively with employee representatives.

We also maintain a commitment to fair remuneration and many subsidiaries offer additional benefits such as performance-based incentives, pension contributions and other forms of support.

## WORKERS IN THE VALUE CHAIN

Victoria recognises that its responsibility to uphold fair and ethical labour practices extends beyond its direct workforce to include workers within its supply chain. Given the Group's global operations and diverse supplier base, this remains an important area of focus.

Our approach is based on a proportionate, risk-based model. Oversight is focused on areas where there is a higher risk of adverse labour practices, taking into account factors such as geography, sector and the nature of the supplier relationship. While many supplier relationships are longstanding, we continue to monitor and assess potential risks on an ongoing basis.

### Other work-related rights

To support responsible labour practices within the value chain, the Group maintains a Modern Slavery Statement, supplemented where appropriate by local disclosures. This outlines the steps taken to identify and mitigate risks relating to modern slavery and human trafficking.

Supplier expectations are defined through a combination of contractual requirements, supplier codes of conduct and ongoing engagement. These typically cover areas such as fair wages, working conditions, health and safety, non-discrimination and the prohibition of forced or child labour.

Oversight is maintained through a mix of supplier screening, site visits and, where appropriate, third-party assessments or audits. These mechanisms are applied on a basis proportionate to risk and the nature of the supplier relationship.

Examples from across the Group include:

- **Balta:** Established supplier code of conduct which all suppliers and contractors must comply with. Participates in Sedex Members Ethical Trade Audits (SMETA) across all sites, reinforcing its commitment to ethical trade and transparency.
- **Westex:** Vetting process in place prior to new suppliers being added to the approved supplier list.
- **Victoria Grass Group:** Maintains a supplier code of conduct and safety requirements for contractors working on site, supported by regular inspections and Workplace Conditions Assessments (WCA) conducted by a multinational testing laboratory.
- **Cali:** Works closely with suppliers to ensure the legal and sustainable sourcing of plant-based flooring products, supported by supplier education and annual third-party inspections conducted of labour and working conditions at key suppliers.
- **Interfloor:** Operates a supplier charter requiring suppliers to adhere to 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:** Technical department audits of suppliers confirm ongoing compliance with good manufacturing practices.
- **Victoria Ceramics Spain:** Strengthened its supplier vetting and approval process to include enhanced social, occupational health and safety and other ESG-related criteria, supported by internal training and ongoing monitoring by quality and purchasing teams.

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 underpins the long-term performance and resilience of Victoria. The Group operates through a decentralised structure, with subsidiaries responsible for day-to-day operations, supported by Group-level expectations around ethical conduct, regulatory compliance and risk management. This approach enables operating businesses to respond to local market and regulatory conditions, while Group-level processes provide oversight where appropriate, including monitoring of key risks, regulatory developments and reporting requirements. This includes sustainability-related governance, where the Group continues to develop its approach to climate-related disclosure and ESG reporting in line with applicable regulations.

### Corporate culture

We expect all employees, from site level to senior management and the PLC Board, to act with integrity and comply with applicable laws, regulations, and internal policies. Leadership across the Group set clear expectations for ethical behaviour, transparency, and accountability, supported through regular engagement with operating businesses.

While subsidiaries retain operational autonomy, governance practices are expected to reflect the Group's values and meet local regulatory requirements. Representation of executive management on local statutory boards helps maintain a direct

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link between Group oversight and local decision-making. Internal controls are established to support ethical conduct and regulatory compliance, and to encourage individuals to raise concerns in good faith.

Whistleblowing and speak-up mechanisms form a key part of this framework. These arrangements are designed to provide employees with confidential channels to raise concerns, with the assurance that issues will be taken seriously and handled appropriately, 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 will respond as necessary and where applicable to developments such as the Corporate Sustainability Reporting Directive.

Where appropriate, subsidiaries may also go further by operating more formalised local compliance structures. Ascot Group, for example, operates a Compliance and Control Model pursuant to Italian Legislative Decree 231/2001. This structured framework includes defined risk mapping, internal procedures, a code of ethics, training activities and oversight by an independent supervisory body, providing additional assurance in a regulated operating environment.

Sustainability-related governance is an area we continue to monitor closely. 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 relationships with suppliers are based on principles of fairness, transparency, and long-term value creation. We recognise that responsible procurement practices support not only supply chain resilience but also ethical, social and environmental outcomes.

Across the business, subsidiaries maintain regular communication with suppliers to support transparency and manage commercial, technical and operational matters. While payment terms vary by location and supplier type, there is an expectation that agreed terms are respected and that any issues are addressed through open dialogue. In addition, we comply with relevant regulatory requirements regarding the reporting of our payment practices, policies, and performance.

Supplier oversight is applied in a manner proportionate to risk and operating context. Several businesses maintain supplier approval processes, compliance questionnaires or codes of conduct that set out expectations around ethical behaviour, legal compliance, health and safety and labour standards. In some cases, these expectations are supported by independent audits or reviews conducted as part of established assurance programmes.

### Outlook

As Victoria continues to develop as a global manufacturing and distribution business, our approach to sustainability remains focused on practical actions that support operational performance, regulatory compliance and long-term value creation.

Looking ahead, our focus is on strengthening the consistency, quality and integration of ESG across three key areas:

- Enhancing data and reporting: continuing to improve the accuracy, coverage and consistency of ESG data, supporting more robust internal monitoring and external disclosure in line with evolving regulatory requirements.
- Embedding ESG in operational decision-making: further integrating environmental, social and governance considerations into existing management processes, with particular focus on energy use, resource efficiency and supply chain oversight.
- Strengthening governance and oversight: maintaining clear accountability for ESG-related matters, while continuing to develop governance frameworks, controls and reporting processes as expectations evolve.

Alongside these priorities, subsidiaries will continue to implement targeted initiatives relevant to their operations, including improvements in energy efficiency, resource use, workforce engagement and supplier management. Sustainability at Victoria remains embedded within how the business operates, rather than treated as a standalone function.

We recognise that regulatory requirements and stakeholder expectations are continuing to develop, particularly in relation to ESG reporting and supply chain transparency. The Group will continue to respond in a measured and commercially disciplined manner, ensuring that its approach remains proportionate to the scale and complexity of its operations.

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

Victoria plc recognises that climate change presents a source of financial risk and opportunity to the broader economy and our business, with potential impacts arising through regulatory changes, market dynamics and operational disruption. We recognise the importance of providing accurate and timely disclosures to support informed and efficient capital-allocation decisions across financial markets.

This report represents our third year of disclosures in accordance with the Department for Business, Energy & Industrial Strategy (BEIS) Climate-related Financial Disclosures (CFD) requirements. We appreciate that responding effectively to climate-related issues is an evolving process and our approach will continue to develop as our understanding and data improves. We are committed to strengthening the integration of climate considerations into our governance, risk management, and strategic and financial planning processes. Alongside this, we aim to continuously report progress in a transparent and consistent manner through annual CFD-aligned reporting.

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

| Section | Requirement | Disclosure |
|---|---|---|
| **Governance** | (a) Describe the board’s oversight of climate-related risks and opportunities | The Board has overall responsibility for the oversight of climate-related risks and opportunities, recognising their potential impact on the Group’s long-term performance, resilience and access to capital. Climate considerations are embedded within the Board’s wider consideration of principal risks, strategic priorities, and investment decisions.<br><br>The Board’s oversight is supported by an ESG Committee, responsible for coordinating the development and delivery of the Group’s ESG strategy, including climate-related matters. During FY26, the committee was chaired by the Chief Executive Officer and included the Chief Financial Officer, Group Finance Director, and Head of Risk and Compliance.<br><br>The Committee Chair provides updates to the Board as required, summarising key 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.<br><br>The Group engages 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.<br><br>Climate-related risks and opportunities, including regulatory compliance and operational impacts, are identified and 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.<br><br>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.<br><br>The ESG Committee monitors performance against the Group’s existing ESG priorities, including climate-related risks and opportunities. The Group does not currently have climate-related targets in place. The appropriateness of introducing such targets is continuously considered as part of our ongoing governance and strategic review processes.<br><br>Any future climate-related targets adopted by the Group would be subject to Board review and approval, with appropriate governance and oversight processes established at that time including the provision of 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. |

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## 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, with relevant matters reported to the Board to support its oversight and decision-making.<br><br>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 periodically in collaboration with subsidiary and divisional leadership. Divisional Risk Registers are maintained to capture more granular risks, which are consolidated into the Group-level register to support consistent prioritisation and escalation. Where appropriate, material climate-related risks are escalated to the ESG Committee and, if necessary, to the Board.<br><br>The prioritisation of ESG topics, including climate-related issues, is reviewed annually. This process helps to inform the Group's assessment of emerging risks and supports the ongoing refinement of its risk management approach.<br><br>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 identifies climate-related risks and opportunities across three defined time horizons: short-, medium-, and long-term. These horizons are aligned with the Group's financial and strategic planning cycles, and reflect the expected useful life of key assets and operations. This approach supports the business to identify near-term transitional risks alongside longer-term physical risks that may emerge over extended periods.<br><br>Structuring the assessment in this way, enables the Group to consider how evolving regulatory, market, technological, and environmental developments may affect the business over time. These considerations include potential changes in 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.<br><br>The identification of risks and opportunities is an ongoing process, informed by internal analysis, stakeholder engagement, and external developments. Insights from this process support a consistent understanding of climate-related exposure across the business and inform wider risk management and strategic planning activities. |

Table 1. Victoria's climate time horizons

| Time Horizon | Description | Potential climate risks relevant to time horizon |
|---|---|---|
| **Short-term** | 0-3 years (FY27 – FY30) | The short-term time horizon reflects climate-related risks that could give rise to near-term financial impacts on the business. This period primarily captures transition risks, including those arising from changing market, technology, policy and reputational demands. This time horizons extends to FY30 and has been defined to align with Victoria's shorter-term business and financial planning. |
| **Medium-term** | 3-5 years (FY30 – FY32) | The medium-term time horizon considers climate related risks that may materialise beyond the Group's near-term planning cycle and includes both transition and physical risks across our global operations and supply chain. During this period, transition risks such as the introduction or tightening of carbon pricing mechanisms and other policy measures, may become more pronounced to support the transition to a low-carbon economy. These developments could result in increased costs or operational pressures across multiple regions in which the Group operates. The medium-term horizon extends to FY32, reflecting the growing number of government and corporate targets over this period. |
| **Long-term** | 5+ years (FY32-FY40) | The long-term time horizon primarily considers physical climate-related risks associated with the increasing frequency and severity of extreme acute and chronic climate change events. Given Victoria's global operations and supply chain, these risks may include exposure to hazards such as storms and flooding, extreme heat, sea level rise and water stress. This timeline extends to FY40 and is intended to support the assessment of the Group's resilience to longer-term physical impacts of climate change and their potential implications for operations and supply-chain continuity. |

# Environmental, Social and Governance Report

## TCFD Continued

| Section | Requirement | Disclosure |
|---|---|---|
| **Strategy**<br>continued | | During FY2024, Victoria undertook a Group-wide qualitative assessment to identify climate-related risks and opportunities relevant to the business 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. The assessment was refreshed in FY2026, with a review of the previously identified risks and opportunities across relevant time horizons, taking into account developments in the political, regulatory, and physical climate environment.<br><br>As a result of this process, a focused set of climate-related risks and opportunities were 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 with a global operational and supply-chain footprint.<br><br>Three transition risks, one physical risk, and one climate-related opportunity were identified. 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. These include potential increases in energy costs (see R.02 on page 20) and the introduction of carbon pricing mechanisms (see R.03 on page 21) and reputational risks arising from evolving stakeholder expectations and climate-related disclosure requirements (see R.04 on page 22).<br><br>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 19). These include the potential for increased frequency and severity of extreme weather events, which could disrupt raw material availability, manufacturing operations, and distribution activities, with implications for both cost and revenue across the business.<br><br>The assessment also identified a climate-related opportunity linked to responding to changing customer preferences and increasing demand for more sustainable and resilient products (see O.01 on page 23). 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.<br><br>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 set out in the Strategy section on pages 16 to 24. |

| Section | Requirement | Disclosure |
|---|---|---|
| **Strategy** continued | (b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | Victoria undertook a qualitative assessment of five potentially material climate-related risks and opportunities during FY2024, supported by a third-party advisor.<br><br>The purpose of this assessment was to evaluate how climate-related factors may affect the Group's operations, strategic priorities, and financial planning across different time horizons. The assessment considered the potential implications of each identified risk and opportunity over the short-, medium-, and long-term under two defined climate scenarios. These impacts were assessed qualitatively, with reference to possible effects on operating costs, supply chain resilience, market demand, capital allocations, and longer-term strategic positioning. Table 2 (below) summarises the potential impacts of each item on the Group's business activities, strategy, and financial considerations.<br><br>This scenario analysis has informed management's understanding of relative exposure to climate-related risks and opportunities and has supported consideration of these factors within ongoing strategic discussions and business planning processes.<br><br>**Climate scenarios considered**<br><br>**'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.<br><br>**'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.<br><br>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).<br><br>This scenario-based approach has enabled the Group to begin evaluating the resilience of its strategy under different climate pathways and to identify areas where further analysis, mitigation or adaptation may be required to support long-term value creation. |

# Environmental, Social and Governance Report

## TCFD Continued

Table 2. Victoria's impact analysis

| | | Relative financial impact | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Net Zero 2050 | | | Current Policies | | | |
| Climate-related risk / opportunity | Risk description and assessment | Potential financial impact | FY30 | FY32 | FY40 | FY30 | FY32 | FY40 | Mitigation measures / Risk treatment plans |
| **R.01:** Acute/Chronic physical risks impacting upstream and downstream supply chain activities, including raw material availability and production inputs.<br>**TCFD Taxonomy:**<br>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.<br>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, with the potential for persistent risks leading to sustained increases in input costs and requiring adaptation of sourcing strategies over time. | • Increased operational costs resulting from supplier delays and/or damages, including costs passed through from suppliers.<br>• Decreased revenue due to delays from upstream and/or downstream supply chain activities.<br>• Working capital impacts arising from increased inventory requirements to manage supply chain volatility.<br>• Potential expenditure associated with reconfiguring supply chains, including supplier diversification initiatives. | ○ | ○ | ◍ | ○ | ◍ | ● | • 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;<br>• Where appropriate, integration of climate risk considerations into supplier selection and procurement processes, including supplier due diligence and risk mapping;<br>• 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);<br>• Short-term impact on supply chain could be mitigated through inventory management;<br>• Ability to pass through costs. |

**Relative financial impact**

○ Low ◍ Medium ● High

| | | | Relative financial impact | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Net Zero 2050 | | | Current Policies | | | |
| Climate-related risk / opportunity | Risk description and assessment | Potential financial impact | FY30 | FY32 | FY40 | FY30 | FY32 | FY40 | Mitigation measures / Risk treatment plans |
| **R.02:** Energy price volatility.<br>**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.<br>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.<br>• Decreased revenue in response to reduced production to manage the increased operational costs.<br>• Increased capital expenditure requirements to improve energy efficiency and transition to lower-carbon manufacturing technologies. | Low | Medium | High | Low | Low | Low | • Further investments/ R&D into more sustainable methods of manufacturing/ logistics resulting in decreased costs;<br>• Investment/ Power Purchase Agreements (PPAs) with renewable energy sources;<br>• 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

| Climate-related risk / opportunity | Risk description and assessment | Potential financial impact | Relative financial impact: Net Zero 2050 FY30 | Net Zero 2050 FY32 | Net Zero 2050 FY40 | Current Policies FY30 | Current Policies FY32 | Current Policies FY40 | Mitigation measures / Risk treatment plans |
|---|---|---|---|---|---|---|---|---|---|
| **R.03:** Increased direct costs on operations resulting from carbon taxes.<br>**TCFD Taxonomy:** Transition risk – Policy and Legal. | Carbon taxation and broader carbon pricing mechanisms are expected to be a key instrument in driving reductions in global GHG emissions.<br>The Group may be exposed to direct and indirect carbon pricing mechanisms to our business activities, across the jurisdictions in which we operate. This would be particularly impactful for the ceramics business, which currently has emissions-intensive manufacturing processes.<br>This risk is expected to increase in likelihood and impact 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).<br>• Increased input costs as carbon taxes are indirectly passed through from suppliers (i.e., scope 3 emissions).<br>• Margin pressure due to limited ability to pass through carbon-related cost increases in competitive markets.<br>• Potential need for increased capital expenditure to reduce emissions intensity and exposure to carbon pricing over time. | Low | High | High | Low | Low | Low | • Investment/R&D into alternative methods of manufacturing to reduce the carbon intensity – see ESG Report for examples to date;<br>• Ability to pass through costs (assuming it would be a sector wide issue). |

**Relative financial impact**

○ Low ● Medium ● High

| | | Relative financial impact | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Net Zero 2050 | | | Current Policies | | | |
| Climate-related risk / opportunity | Risk description and assessment | Potential financial impact | FY30 | FY32 | FY40 | FY30 | FY32 | FY40 | Mitigation measures / Risk treatment plans |
| **R.04:** Reputational damage that may result from not meeting climate performance and disclosure regulations and requirements.<br><br>**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 UK & Europe, US and Australia.<br><br>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.<br>• 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;<br>• Engagement with appropriately qualified external advisors;<br>• Consideration of non-mandatory reporting, e.g. consideration to be given to voluntarily meeting the requirements of the CSRD. |

**Relative financial impact**

Low Medium High

# Environmental, Social and Governance Report

## TCFD Continued

| | | | Relative financial impact | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Net Zero 2050 | | | Current Policies | | | |
| **Climate-related risk / opportunity** | **Risk description and assessment** | **Potential financial impact** | **FY30** | **FY32** | **FY40** | **FY30** | **FY32** | **FY40** | **Mitigation measures / Risk treatment plans** |
| **O.01:** Capture market share by responding to the shift in consumer preferences for more sustainable / resilient products.<br><br>**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.<br><br>• Increased access to capital and/ or revenue resulting from enhanced brand reputation. | Low | Low | Medium | Low | Low | Low | • 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);<br><br>• Investments/R&D into more sustainable methods of manufacturing and products. |

**Relative financial impact**

○ Low ● Medium ● High

| Section | Requirement | Disclosure |
| --- | --- | --- |
| **Strategy** | (c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | 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 over 2% 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, which are expected to remain relevant over the near to medium-term.<br><br>The climate-related risks and opportunities identified are broadly consistent with those faced by peers across the sector. Victoria's strategic focus on outperforming the wider market enhances its capacity to respond to emerging risks and capture opportunities arising from the transition to a lower-carbon economy.<br><br>Scenario analysis indicates that the Group's exposure to climate-related risks increases over the medium to long term. Under the Net Zero scenario, the principal risks to strategic resilience relate to increased operating costs driven by carbon pricing mechanisms and heightened energy market volatility. Conversely, under a Current Policies scenario, physical climate risks are expected to become more material over time, particularly in relation to supply chain disruption and infrastructure resilience.<br><br>Victoria will continue to evaluate the resilience of its business strategy to climate-related risks and opportunities under a range of plausible future scenarios. This includes identifying and integrating additional mitigation and adaptations measures into financial and strategic planning with the aim of strengthening resilience and supporting long-term value creation.<br><br>The Group's focus remains on the robust qualitative assessment framework. This approach has enabled a comprehensive identification of climate-related risks and opportunities across the Group's diverse operations and geographies. Future reporting cycles will build on this foundation through the progressive incorporation of more detailed quantitative and financial impact analysis.<br><br>Overall, the Group's strategy provides a strong and flexible platform from which to respond to climate-related developments. It is subject to regular review and refinement to ensure continued alignment with evolving climate-related risks and opportunities, supporting Victoria's ambition to remain resilient, competitive, and financially stable throughout the transition to a low-carbon economy. |

# 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 | Victoria undertook a structured process to identify and assess climate-related risks and opportunities relevant to the Group, considering its operational activities, geographic footprint, and global supply chain. This process, supported by a third-party advisor alongside extensive desktop research and peer benchmarking, was designed to support the Group's climate-related disclosures and to inform management's understanding of how climate-related factors may affect the business.<br><br>The assessment considered a range of physical and transition climate-related drivers, including regulatory and policy developments, market and technology trends, and potential impacts on operations and supply chain resilience. Identified climate-related risks and opportunities were assessed on a qualitative basis, using consistent criteria to consider their relative likelihood and potential impact across short-, medium-, and long-term time horizons.<br><br>The process was informed by cross-functional input from across the Group, including representatives from Risk, Finance, and divisional leadership, enabling climate-related considerations to be evaluated in the context of Victoria's broader operational and strategic priorities. This supported the identification and prioritisation of those climate-related risks and opportunities considered most relevant to the Group.<br><br>The outputs of this assessment were used to inform scenario analysis and strategic resilience considerations, which are outlined in the Strategy section. Climate-related risks are considered alongside other ESG-related matters within the Group's existing governance and oversight arrangements, and specifically within the enterprise risk management framework.<br><br>Victoria will continue to develop its approach to climate-related risk identification and assessment in support of ongoing evolution of climate-related governance and reporting in line with regulatory expectations and market practice. |
| | (b) Describe the organisation's processes for managing climate-related risks | Victoria manages climate-related risks through established management and governance processes that support the identification of appropriate responses to the most relevant risks and opportunities facing the Group. Climate-related considerations are addressed alongside other ESG-related matters in accordance with their relative impact on operational performance, supply chain resilience, and longer-term strategic outcomes.<br><br>Once climate-related risks have been identified and assessed, management considers the most appropriate response based on the nature and potential significance of the risk. This may include actions to mitigate, adapt to, or accept specific risks, depending on their characteristics and the time horizons over which they may crystallise. Responses are intended to be proportionate and aligned with the Group's operational activities and strategic priorities.<br><br>Where relevant, mitigation measures may include operational initiatives, investment in efficiency or resilience-enhancing technologies, adjustments to sourcing or logistics arrangements, or engagement with suppliers, customers, and other partners across the value chain. Management actions are informed by the evolving regulatory, market, and physical climate environment and are refined as necessary to reflect changing circumstances.<br><br>Climate-related risks and related management actions are kept under review through existing governance and oversight arrangements. Relevant matters are considered by management and, where appropriate, discussed through the ESG Committee and escalated via established governance channels, including to the Board enabling ongoing oversight of material climate-related risks.<br><br>Victoria will continue to evolve its approach to managing climate-related risks, recognising that practices will be further refined over time as methodologies, data availability, and governance arrangements mature in line with regulatory expectations and market practice. |

| Section | Requirement | Disclosure |
|---|---|---|
| **Risk Management** continued | (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 considered within Victoria's established risk governance and oversight framework, with assessment undertaken at both Group level and across the Group's four operating divisions: UK & Europe Soft Flooring, UK & Europe Ceramic Tiles, Australia, and North America. This divisional perspective enables visibility of climate-related considerations across different geographies, operating environments, and market contexts.<br><br>The processes used to identify, assess, and manage climate-related risks are aligned with the Group's broader approach to risk oversight and draw on engagement with representatives from key functions and business units. This facilitates a consistent evaluation of climate-related risks alongside other strategic and operational risks, while recognising differences in exposure across the Group's business activities.<br><br>At this stage, climate-related risks and opportunities are assessed primarily on a qualitative basis, reflecting current data availability and the nature of the Group's operations. The outputs of this assessment, including scenario analysis, inform management's understanding of potential exposures over short-, medium-, and long-term time horizons and support consideration of climate-related factors within broader risk discussions.<br><br>Climate-related risks identified through this process are captured within the Group's ESG and Climate Risk Registers, which are reviewed on a periodic basis to reflect changes in the external environment, regulatory developments, and the Group's operating profile. These registers operate alongside the Group's principal risk framework and provide a mechanism for monitoring climate-related matters within existing governance arrangements.<br><br>As Victoria's approach continues to evolve, the Group will consider strengthening the linkage between climate-related risk assessments and its overall risk management and decision-making processes, including through the progressive incorporation of more quantitative analysis where appropriate. |
| **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 on an annual basis, with a focus on Scope 1 and Scope 2 emissions. 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, and provides transparency over the Group's operational carbon footprint.<br><br>To support internal analysis and comparability across the business, Victoria calculates emissions intensity ratios for each of the Group's four reporting divisions. These ratios draw on a combination of sales volumes, energy consumption data, and GHG emissions. Year-on-year changes in both absolute emissions and emissions intensity are monitored to identify trends over time and to provide insight into reductions or increases in operational emissions. Further detail on these metrics is provided on page 3 of the SECR section of this report.<br><br>These emissions-based metrics, including absolute levels, intensity ratios, and observed trends over time, form the Group's primary quantitative indicators in relation to climate-related transition considerations associated with energy use and emissions.<br><br>As Victoria's climate-related reporting continues to evolve, the Group will consider the potential development of additional metrics over time to support enhanced monitoring of climate-related risks and opportunities identified in the Strategy section, subject to data availability. |

# Environmental, Social and Governance Report

## TCFD Continued

| Section | Requirement | Disclosure |
|---|---|---|
| **Targets** continued | (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.<br><br>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 3. |
| | (c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets | Victoria's current approach to managing climate-related risks and opportunities is focused on building a robust baseline of emissions data and deepening understanding of how climate-related factors may affect the business across different time horizons. This will provide a foundation that enables future target-setting in a manner that is proportionate, data-driven, and aligned with the Group's operational profile.<br><br>At this stage, Victoria measures and discloses greenhouse gas (GHG) emissions in line with the Streamlined Energy and Carbon Reporting (SECR) Regulations 2018. These disclosures enable the Group to track emissions levels and year-on-year trends, providing transparency over performance and supporting the assessment of potential climate-related transition considerations.<br><br>As the Group's climate-related analysis and data capabilities continue to develop, Victoria will consider the establishment of Group-wide GHG emissions reduction targets and, where appropriate, additional targets linked to priority climate-related risks and opportunities identified through scenario analysis. Any targets adopted will be designed to be meaningful, measurable, and aligned with the Group's evolving climate strategy and risk management priorities. |

Victoria's climate-related disclosures reflect a disciplined approach to understanding how climate-related risks and opportunities may affect the Group's business, operations, and long-term performance. The work undertaken has strengthened visibility of climate-related considerations across the Group and supported informed oversight within existing governance, strategy, and risk management arrangements.

As regulatory expectations, market dynamics, and stakeholder requirements continue to evolve, Victoria remains focused on enhancing the quality, consistency, and decision-usefulness of its climate-related disclosures. The Group will continue to refine its approach to climate-related risk management over time, ensuring it remains proportionate to the nature and scale of its activities and aligned with emerging best practice.

**Alec Pratt**
Chief Financial Officer

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