

The maximum annuity impact of climate change, based on the impact ranges below, was factored into the long-term financial modelling for the Group's cash-generating units ("CGUs"). There is no material impact on the available headroom. Any impact assessed in respect of 2024 is already incorporated in the budget, for example, in relation to additional compliance and consultancy costs. Cross-industry metrics form the basis for estimating the financial impact of climate-related risks and opportunities on our

business. These metrics include but are not limited to GHG emissions, transition, and physical risks, climate-related opportunities and carbon pricing. We have considered all the relevant cross-industry metrics as per TCFD guidance. Details of the metrics are located within the narratives from pages 60 to 61. We will look to continuously develop these metrics as our climate reporting progresses.

While we have identified climate change as a principal risk, this process determined that climate change and its impact is moderate for the Group in the short/medium term, and the risk is therefore categorised as manageable in the short term. There is no material impact in relation to 2023. The results of our climate-related risks and opportunities assessment, and quantification thereof, shows that the Group's long-term prospects are not adversely impacted in a material way by climate change.

**Table 4: Transition Risks identified in 2023**

Target	Timeline	Impact	Magnitude of impact	Risk response
<b>Transition risks</b>				
<p><b>Carbon costs associated with carbon taxes and offsetting to hit our emissions goals in the 2–3°C scenario.</b></p> <p><b>Explanation and mitigation:</b> This risk would be of highest impact in the 2-3°C scenario, where carbon costs are projected to peak as governments bring in carbon taxation abruptly. A maximum additional cost of £0.5 million per annum is derived by reference to available carbon cost benchmarks, applied to Videndum's projections for Scope 1 and 2 emissions over the next 15 years. This includes projections for any offset cost from 2025 onwards.</p> <p>In addition, the EU's new EU Carbon Border Adjustment Mechanism ("CBAM") tax on imports of raw materials, could impact Videndum's imports in the medium term.</p>	Medium (2025–2035)	<p>Our projections have increased due to the EU Carbon Border tax which was recently announced and will apply to certain commodity imports into Italy from 2026 onwards.</p> <p>Based on projections of site-related CO<sub>2</sub> emissions and applying benchmarks, we have estimated the future annual cost of carbon which is estimated to peak at £0.5 million per annum in 2026, but decrease thereafter.</p>	Medium	<p>On our decarbonisation journey, we will be reducing our carbon emissions year-by-year and therefore mitigating the risk of carbon pricing. We aim to monitor the impact of carbon pricing on our business as we develop on this journey and update our pricing model with accurate Scope 1 and 2 carbon emissions. We conducted carbon pricing in 2023, however Videndum is not currently subject to carbon tax.</p> <p>Carbon emissions will likely decrease year-on-year as we work towards understanding and reducing our carbon footprint. By the end of 2025, the Company aims to become carbon neutral, which means reducing emissions as much as possible before resorting to carbon offsets.</p> <p>See targets on page 46.</p>
<p><b>Shifts in customer preferences in the &lt;2°C and 2–3°C scenario.</b></p> <p><b>Explanation:</b> Videndum's business is sensitive to customer spending conditions. A reduction in customer spending could have an adverse effect on Videndum's revenue and profitability. With ESG growing in importance, customers may change their shopping preferences in a way that is detrimental to revenue. Failing to communicate how we will reduce our environmental impact proactively could result in losing customers and impact our position in the market.</p> <p>Customers may reduce their purchasing from retail companies which are seen to be harmful to the environment due to the use of raw materials, and instead opt for second-hand purchases.</p>	Medium term (2025–2035)	Capital and Financing – Decreased access to capital.	Medium	<p>Videndum monitors emerging trends and responds to changing consumer tastes. Competitors' propositions are closely monitored. Videndum has a significant competitive advantage as many of our competitors lack the digital talent, supply chain and global infrastructure, to seize the opportunities for sustainable products.</p> <p>We integrate the recommendations of the TCFD, to ensure our ESG strategy develops with guidance from best practice.</p>

## Responsible business continued

TCFD continued

Target	Timeline	Impact	Magnitude of impact	Risk response
<b>Transition risks</b> continued				
<p><b>Substitute existing products for lower-emissions alternatives in the &lt;2°C and 2–3°C scenario.</b></p> <p><b>Explanation:</b> More sustainable technology is likely to come onto the market over the coming years. Adopting or deploying new practices or processes will come at a cost to the business. However, we expect such changes to gradually occur over time. As we aim to reduce our carbon emissions, we may need to invest more in lower emissions technology, resulting in increased costs for the Company.</p>	<p>Short/ Medium term (up to 2025–2035)</p>	<p>Reallocation of R&amp;D expenditure effort to more sustainable products. The impact is not quantifiable but likely to be a straight reallocation so no net impact.</p>	<p>Medium</p>	<p>We aim to procure more sustainable/ recycled materials, which are likely to be more expensive, resulting in increased operating costs for the business.</p> <p>The increased capital expenditure associated with this risk will be mitigated by our opportunity to increase revenue from an increased demand for sustainable products.</p>
<p><b>Costs to transition to lower-emissions technology in the &lt;2°C and 2–3°C scenario.</b></p> <p><b>Explanation:</b> To meet our net zero targets, we will have to invest in lower emissions technology across our operations as more innovative technology is developed. During 2023, approximately £1 million worth of capital expenditure was allocated to the implementation of energy efficiency initiatives.</p>	<p>Short/ Medium term (up to 2025–2035)</p>	<p>Capital expenditure expected to increase by £1 million to £2 million over the next couple of years due to further investment in solar panels, in addition to systems to phase out natural gas in heating and paint ovens. Depreciation will be offset by energy savings.</p>	<p>Low to medium</p>	<p>From the results we have seen to date, we believe this is a low risk to the business as the payback associated with the use of lower emissions energy use (energy efficiency technology and renewable power generation) outweighs the upfront cost of investment.</p> <p>We have already invested a significant amount of capex for energy efficiency technology across the Group, including LED lighting and other energy management systems. In 2023, solar panels were installed at our Feltre, Italy site. Significant capital expenditure has been allocated to the implementation of further energy efficiency initiatives. The payback associated with the use of lower emissions energy use (energy efficiency technology and renewable power generation) outweighs the upfront cost of investment.</p> <p>We expect the investment to decrease natural gas consumption will have a less attractive return than projects to reduce energy. Investment will require installation of air source pumps that have a much shorter payback.</p> <p>See pages 46, 54 and 58 of this report for more details.</p>

Table 5: Climate-related physical risks that may impact the business.

Area	Target	Timeline	Impact	Magnitude of impact	Explanation and mitigation
<b>Climate-related physical risks</b>					
<b>Acute</b>	<p><b>Heatwaves 2-3°C and &gt;3°C scenario.</b></p> <p><b>Explanation:</b> All our sites will be impacted by heatwaves. Increased temperatures will lead to a higher demand for cooling.</p> <p>As a result, energy costs will rise as sites require additional cooling to maintain optimum temperatures for staff and operations.</p> <p>However, due to the increased energy demand, power outages may increase due to the increased pressure on the grid, leading to operational disruption.</p>	Short/ Long term (up to 2025–2050)	Cost of property and business interruption insurance may increase. Other risks of supply chain disruption are difficult to quantify at this point. We may need to increase safety stock, which can affect our working capital.	Medium	<p>We have and continue to implement energy efficiency initiatives, such as renewable energy generation (solar panels). This means we will need less power from the grid during periods of sunshine.</p> <p>During heatwaves, employees can take more frequent breaks to avoid health risks associated with higher temperatures.</p>
<b>Acute</b>	<p><b>Flooding &gt;3°C scenario.</b></p> <p><b>Explanation:</b> Videndum sites may be impacted by flooding, such as Tokyo, Japan and Cartago, Costa Rica.</p> <p>The latest IPCC figures show that with 1°C of warming, rainstorms will intensify by 7%, resulting in an increase in flooding. Flooding could have an associated financial loss, for example, through direct damage to property, plant and equipment.</p> <p>Insurance costs could increase. Global property insurance premiums are forecast to rise as weather-related catastrophes become both more intense and frequent.</p> <p>In the case of significant flooding, modelling shows that employee absence rates could increase by c.5%.</p>	Medium/ Long term (2025–2050)	Cost of property and business interruption insurance may increase. Other risks of supply chain disruption are difficult to quantify at this point. We may need to increase safety stock, which can affect our working capital.	Medium	<p>Across the Group, high standard drainage systems are well maintained and serviced to reduce the risk of flooding. Climate scenario analysis is conducted annually to assess the impact of flooding on our sites. We will analyse the feasibility of conducting site specific flood risk assessments in 2024.</p> <p>Our Production Solutions Division has incorporated specific soakaways to reduce the risk of flooding and improve ground stability at our Bury St. Edmunds, UK, site. We can use alternative storage sites in the event of a flood.</p> <p>Our Media Solutions Division relocated our Stroud, UK, site to Ashby-de-la-Zouche, UK to derisk operations and improve efficiencies.</p>

## Responsible business continued

TCFD continued

Area	Target	Timeline	Impact	Magnitude of impact	Explanation and mitigation
<b>Climate-related physical risks</b> continued					
<b>Acute</b>	<p><b>Storms and Typhoons 2-3°C and &gt;3°C scenario.</b></p> <p><b>Explanation:</b> Southeast Asian countries are projected to be heavily impacted by climate change.</p> <p>The number and intensity of extreme weather events in the region have been increasing, often leading to severe economic damage.</p> <p>A typhoon lasts a few days and it can close ports and divert ships, leading to shipping delays of up to ten days.</p> <p>During an El Niño year, stronger and more frequent typhoons are expected across the Eastern Pacific and Asian region.</p>	Short/ Long term (up to 2025–2050)	Cost of property and business interruption insurance may increase. Other risks of supply chain disruption are difficult to quantify at this point. We may need to increase safety stock, which can affect our working capital.	Medium	<p>For critical suppliers located in Asia-Pacific countries, we are requesting information regarding their preparedness for typhoons. For example, a climate change questionnaire with AboCom Taiwan discusses typhoon risk and supplier mitigations.</p> <p>We seek to reduce overall reliance on China and APAC generally, for example, battery production has been partially moved to Costa Rica and in-sourcing to Italy for the JOBY Range.</p> <p>Where possible, we aim to ensure we have multiple supplier sources, for example, FES supplies Videndum from one factory in Thailand and from one in China.</p>
<b>Acute</b>	<p><b>Wildfires &gt;3°C scenario.</b></p> <p><b>Explanation:</b> Wildfires may increase over time due to more frequent heatwaves and extreme weather conditions.</p> <p>Additional financial investment may be required to install appropriate ventilation, due to increased requirements for air filtration systems.</p> <p>We will continue to monitor our insurance coverage, as we are aware that some insurance companies have begun to alter insurance coverage to exclude wildfire damage in California.</p>	Long term (2035–2050)	Cost of property and business interruption insurance may increase. Other risks of supply chain disruption are difficult to quantify at this point. We may need to increase safety stock, which can affect our working capital.	Medium	<p>We will continue to conduct climate scenario analysis annually to identify key risk areas. Using this information we will devise preparation plans, for example, vent covers to prevent smoke damage to products, as well as installing appropriate ventilation.</p> <p>We will ensure our properties are covered by appropriate insurance policies.</p>

Area	Target	Timeline	Impact	Magnitude of impact	Explanation and mitigation
<b>Climate-related physical risks</b> continued					
<b>Chronic</b>	<p><b>Rising Mean Temperatures 2-3°C and &gt;3°C scenario.</b></p> <p><b>Explanation:</b> All our sites will be impacted by rising mean temperatures.</p> <p>Increased mean temperatures may cause a higher demand for cooling to maintain optimum temperatures for our staff and products, resulting in higher energy costs.</p> <p>Increased energy usage in summer months could obstruct our progress in reaching our targets to be net zero for Scope 1 and 2 by 2035.</p> <p>There may be an impact on productivity, for example, having to arrange more frequent break times, or health and safety concerns.</p>	Medium/Long term (2025–2050)	Expenditures – Increased direct and indirect costs. Impact not significant in the short term, and longer-term impact difficult to measure.	Low in the short term but longer-term impact is difficult to measure.	<p>We have and continue to implement energy efficiency initiatives, such as renewable energy generation (solar panels). This means we will need less power from the grid during periods of sunshine.</p> <p>During heatwaves, employees can take more frequent breaks to avoid health risks associated with higher temperatures.</p>
<b>Chronic</b>	<p><b>Sea level rise &gt;3°C scenario.</b></p> <p><b>Explanation:</b> Rising sea levels may result in damage to ports along key supply chain routes, resulting in delays and increased costs for the business. In the longer term, some sites may no longer be viable or so inhospitable that work force cannot be attracted. Sites such as Tokyo, Japan and Shelton, US are at risk.</p> <p>Rising seas increase the risk of erosion, storm surges and saltwater intrusions into aquifers that supply sites with fresh water.</p> <p>Damage to sites could lead to closures and increased insurance premiums.</p> <p>Damage and disruption to major routes such as shipping ports could also impact Videndum’s supply routes. Our scenario analysis conducted in 2023 identified that one of Creative Solutions key suppliers has a shipping site based in Hong Kong, which is predicted to be at risk from sea level rise in the long term.</p>	Long term (2035–2050)	Expenditures – Increased direct and indirect costs. Impact not significant in the short term, and longer-term impact difficult to measure.	Medium	<p>Where needed, we may have to engage with suppliers to see if they conduct site-specific flood risk assessments and monitor flood risk at sites for long-term impacts. We will continue to conduct annual climate scenario analysis to monitor this risk.</p> <p>We work with brokers to maintain alternative shipment methods.</p> <p>Our Media Solutions Division’s building leases are initially for five years, then renewed for a further three years, allowing for sites to be relocated if needed.</p>