victrex



VICTREX PLC
SUSTAINABILITY REPORT 2023

ENABLING ENVIRONMENTAL & SOCIETAL BENEFITS

BRINGING TRANSFORMATIONAL & SUSTAINABLE SOLUTIONS
THAT ADDRESS WORLD MATERIAL CHALLENGES EVERY DAY

SUSTAINABILITY REPORT

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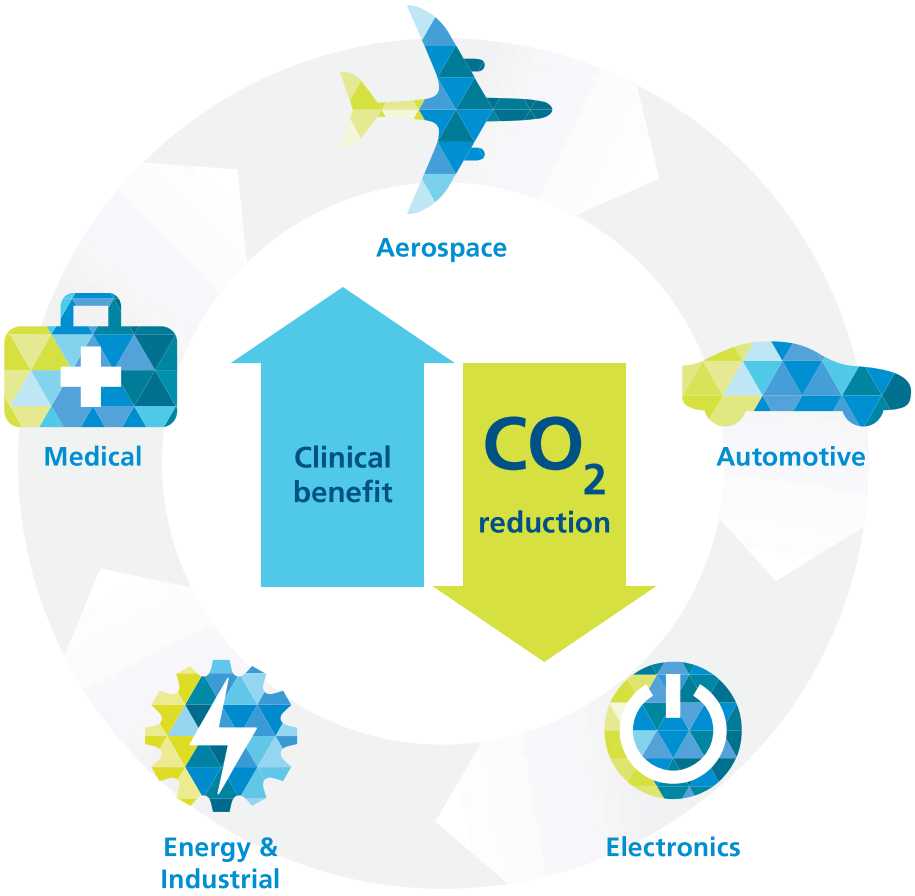
Through our purpose to bring transformational & sustainable solutions which address world material challenges, it is clear that Victrex has a well-established role to enable environmental & societal benefits for our customers and the planet. Our products support the lightweighting trend and consequently CO_2 reduction in Aerospace and Automotive, energy efficiency in Electronics and Energy & Industrial and the delivery of clinical benefits in the Medical industry (see page 43).

Our sustainability & ESG strategy seeks to build on these credentials through our 'People, Planet & Products' goals.

PEOPLE, PLANET & PRODUCTS

This year we further assessed our sustainable product revenues, to ensure that we fully capture our products serving applications in sustainable end markets, or applications which offer a more sustainable outcome compared to incumbent materials.

- → PRODUCT GOALS: Within our own assessment of how our products bring a quantifiable environmental and societal benefit, our target is to exceed 50% of revenues by 2025 and 70% of revenues by 2030
- → SUSTAINABLE PRODUCT REVENUES: In FY 2023, our sustainable products made up 55% of our revenues (FY 2022: 48%)



Aerospace

30–40%

lighter (vs metals)

Applications using Victrex™ PEEK polymer typically offer 30–40% weight reduction compared to metal used in Aerospace*

Our annual PEEK sales to Aerospace alone help support annual CO_2 savings c3x our own annual CO_2 footprint (based on Scope 1 & 2 emissions)**

Automotive

>200g

PEEK in EVs

Victrex™ PEEK has a long-standing history in ABS braking systems, transmission and other applications. Our penetration in electric vehicles ('EVs') is growing, with the opportunity of >200g per car (currently 10g average for existing ICE cars)

Electronics

40%

lighter (vs metals)

Home appliances, smart devices and machines demand greater energy efficiency, supported by lightweight and durable Victrex™ PEEK. A typical 40% weight saving vs metals used in Electronics supports the opportunity of improved energy efficiency*

Energy & Industrial

Less

metal

Metal replacement in energy applications, including growing revenues in renewable energy, with opportunities in hydrogen applications

Medical

Improved

patient outcomes

Higher union rates and improved patient outcomes have been achieved using Victrex™ PEEK composite Trauma plates, compared to metal solutions*.

* Data on file.

** IATA carbon reduction and climate change 2018, based on replacing 10kg of metal with PEEK and associated CO_2 reduction.

Sustainability report continued

Through our clear purpose, everyone at Victrex aspires to enable environmental & societal benefits for our customers and the planet. We continue to make good progress on our People, Planet & Products based sustainability & ESG agenda, with particular emphasis this year on our decarbonisation roadmap.

Jakob Sigurdsson
Chief Executive Officer



With well-established 2030 sustainability & ESG goals across each of our People, Planet & Products based pillars (social responsibility, resource efficiency and sustainable solutions), Victrex's credentials as a sustainable business are strong. During FY 2023, governance and oversight of our short and long-term goals was also enhanced through the first full year for our Corporate Responsibility Committee ('CRC'), with further details on the activities of this Committee on pages 98 and 99.

Our People, Planet & Products pillars are also aligned to the UN Sustainable Development Goals 2030, with a summary of progress shown on pages 46 and 47, including long-term progress since our original Sustainability Vision started in 2013 (superseded by our 2030 Goals):

People (social responsibility): Safety, health and wellbeing goals come at the top of our agenda, as we seek to achieve a culture with zero accidents and zero incidents. Our mid-term progress on recordable injury frequency rates is strong, with an 83% reduction in the last three years. Our recordable injury frequency rate in FY 2023 of 0.2 was 85% below the industry average (OSHA average 1.3).

In our Diversity, Equity & Inclusion ('DE&I') agenda, we have positively enabled good progress, with a number of employee forums such as our Gender Engagement Network ('GEN'). We have a clear target of 40% of females in leadership roles by 2030, with FY 2023 at 19%, and an expectation of a gradual upward increase over the coming years. Outside of Victrex, our social responsibility agenda continues to evolve. Our long-standing focus on supporting the next generation of talent via Science, Technology, Engineering and Mathematics ('STEM') learning in UK schools has seen a greater globalisation of this programme, with our first STEM ambassador in China during the year. Apprenticeships at Victrex are also a key part of our development for the future, with 56 apprentices in our business this year. Our remarkable efforts in community volunteering never cease to amaze me and we committed 3,895 hours to local communities in FY 2023, with our cumulative target of 10,000 hours by 2030 now exceeded. We expect to formulate a new target in FY 2024.

Biodiversity is a new area that we have focused on. Our pilot project in the UK involves our employees driving collaboration between industry and nature where we operate.

Planet (resource efficiency): We made good progress in our decarbonisation roadmap during the year, including submitting short and long-term goals to the Science Based Targets initiative ('SBTi'), aligned to Net Zero by 2050 and an interim target by 2032. Post-review by SBTi, we expect to communicate the detail of these targets – covering Scope 1, 2 & 3 emissions – during FY 2024, with annualised reductions equating to over 4% (subject to SBTi review). A number of decarbonisation programmes are already underway, with capital investment to support alternative fuels or processes already built into our ESG capital plans, which will step up over the coming years. Whilst electrification of our assets is a primary focus, we continue to explore hydrogen or other sources, as well as the potential of sustainable chemistry. Our Continuous Improvement ('CI') programme also aims to 'self-help' through considering options such as air source heat pumps and increased solar. Delivering our SBTi targets will rely on access to sufficient renewable electricity, alternative fuels, a decarbonised grid system, and electrical capacity around our sites.

Several metrics were adverse this year, as we saw the inclusion of our China facilities in GHG and other metrics, as well as the impact from our UK Asset Improvement programme (carbon intensity against PEEK produced was 14% higher, but 4% lower excluding China). Pleasingly, we remain at 100% renewable electricity in the UK and 90% globally. Longer-term, we have seen progress in the areas of carbon intensity and waste intensity, with a 17% and 55% reduction since 2013 respectively. Our credentials are also supported by our recent Lifecycle Analysis (LCA), which showed Victrex™ PEEK is more favourable than the current industry value for PEEK manufacturing's global warming potential, based on Sphera materials data. Further LCAs are planned for 80% of the portfolio.

Products (sustainable solutions): With a favourable sales mix in FY 2023 – reflecting good growth in Aerospace and Medical, and a lower proportion of energy and VAR revenues – our sustainable product revenues grew to 55% (FY 2022: 48%). We are also in the process of considering VAR volumes and whether these can be tracked, and assessed as having a quantifiable environmental or societal benefit for relevant end markets. Sustainable product revenues also include Medical, where over 15 million implanted devices, to date, are using PEEK-OPTIMA™ as a replacement for metal, offering clinical benefit in a broader range of applications. Recycling and the circularity opportunities for our products is also an area we are focusing on. More detail on the environmental and societal benefits our products can bring is shown on page 64.

Delivering our goals

With our People, Planet & Products goals well-established and strong governance through our Corporate Responsibility Committee, together with accreditations from the likes of EcoVadis, an A rating from MSCI and continuation within the FTSE Russell Green Revenues Index, we see the opportunity to make a genuine difference to society in the coming years.

As Chief Executive Officer, it is hugely rewarding to see the motivation from our employees to enable environmental & societal benefit through our products, to play our part in social responsibility, and to commit to an active decarbonisation programme, which we anticipate being able to share more on during FY 2024, once reviewed by SBTi.

We look forward to sharing further progress over the coming years.

Jakob Sigurdsson
Chief Executive Officer
5 December 2023

OUR SUSTAINABILITY PROGRESS

Our People, Planet & Products ESG strategy continues to yield good results, with sustained progress since our original goals were set out in 2013.

PEOPLE

Social responsibility



STEM

58

global STEM ambassadors

Diversity

19%

of females in leadership roles

Community

3,895

employee volunteering hours

PLANET

Resource efficiency



Energy

100%

renewable electricity in the UK (90% globally)

Emissions

17%

reduction in carbon intensity since 2013 (Scope 1 & 2 CO_2 emissions per tonne of PEEK produced)

Waste

55%

reduction in hazardous waste produced since 2013 (tonnes/£m revenue)

PRODUCTS

Sustainable solutions



Sustainable revenues

55%

sustainable product revenues

Innovation

>200

patents filed or pending

>53m tonnes

potential CO_2 saving per year from future aircraft using PEEK composites vs metal (based on 50% of the aircraft)

OUR SUSTAINABILITY VISION AND GOALS

Our Sustainability Vision is aligned to both SBTi and the UN Sustainable Development Goals ('SDGs'), which are shown below. The majority of our goals are focused on a 2030 timeline, with our decarbonisation roadmap aligned to 2050 (Net Zero), as well as an interim target by 2032 (targets to be fully communicated in FY 2024, post-SBTi review):

SDGs	Sustainability pillars



PEOPLE

Social responsibility

Further inspire our employees and communities to positively impact sustainability

→ Read more on page 54





PLANET

Resource efficiency

Decarbonisation and focus on minimising resources (energy, waste, and water)

→ Read more on page 58





PRODUCTS

Sustainable solutions

Our sustainable products support CO_2 reduction and clinical benefit in Medical, as well as offering recyclability potential

→ Read more on page 64



Our key imperatives:

- → Net Zero (Scope 1, 2 & 3) emissions in line with 1.5°C emissions scenarios of SBTi by 2050*
- → Increase revenues from our sustainable products which bring environmental and societal benefits
- → Minimise resources (energy, waste, and water) used in our own operations
- → Enhance our Diversity, Equity & Inclusion ('DE&I') agenda

* Subject to review and validation by SBTi (interim target by 2032).

Goals	Milestone targets	2023 progress
→ **Deliver zero accidents and zero incidents culture** → **Grow** global STEM programme → **Increase community activity** across our global locations → **Focus** on supporting gender Diversity, Equity & Inclusion ('DE&I')	→ **Improved safety metrics, based on the OSHA reporting standard** → **STEM ambassadors** in every region by 2030 → **Commit >500 employee hours** to global community activity annually by 2030 → **Embed DE&I** globally; Females in Leadership roles at 40% by 2030	→ **Continued low recordable injury rate (0.2 vs FY 2022: 0.2)** → **First STEM ambassador in China and 58 global ambassadors** → **3,895 employee volunteering hours; first Biodiversity partnership** → **19% of Females in Leadership roles**
→ **Decarbonisation plan (Carbon Net Zero for Scope 1, 2 & 3 emissions)** in line with the SBTi 1.5°C emissions scenarios[1] → **Sustained reduction in resources through improved productivity and asset efficiency:** carbon intensity, waste & water intensity	→ **Victrex using 100% renewable electricity by 2024[2]** → **Commitment to a science-based target**	→ 100% renewable electricity in the UK, 90% globally → SBTi targets and plan submitted across all scopes → Decarbonisation roadmap and options prepared for primary manufacturing facilities (dependent on access & availability of alternative fuels and technologies)
→ **Increase % of revenue** from sustainable products (driving CO_2 reduction & patient outcomes) → **Increase recycling rates** of PEEK/PAEK in the supply chain	→ **Exceed 70% of Group revenue** from sustainable products with environmental and societal benefits by 2030 (and exceed 50% by 2025) → **Establish Victrex's role** in supporting circularity	→ **Increase in revenue** from our sustainable products with positive environmental and societal benefits to 55% (FY 2022: 48%) → **Developed partnerships in the supply chain to facilitate recycling opportunities**

1 Scope 1, 2 & 3 emissions and science-based target. Goal based on 2022 manufacturing footprint and data.

2 For all countries where the market exists.

→ Read more on pages 43 to 66

OUR ACHIEVEMENTS AND ACCREDITATIONS IN FY 2023

FTSE Russell – Part of FTSE Russell Green Revenues Index – over 30% of Victrex revenues defined as coming from sustainable products.

EcoVadis – EcoVadis is one of the leading organisations assessing the sustainability strategies of global companies. In FY 2023, Victrex was again awarded a Gold rating, meaning we are in the top 6% of companies assessed, out of more than 4,000 companies.

MSCI – MSCI is one of the leading organisations ranking listed companies for their sustainability performance. We maintained our A rating in 2023.

Sedex Member – Committed to an ethical and sustainable supply chain.

Apple Clean Energy Supplier programme – We have been accredited by Apple on its Clean Energy Supplier programme, with 100% renewable electricity supply in the UK and a goal to have 100% globally by 2024[1].

1 For all countries where the market exists.



CDP – Victrex has seen consistent improvement from the Carbon Disclosure Project ('CDP'), with a slight decrease in our ranking to C, but evidence of progress since our original D score in 2013.

Financial Times Climate Leaders – Victrex was named by the Financial Times as one of Europe's climate leaders, one of only 400 European companies selected from around 4,000 companies.

Community focus – Victrex has long-standing partnerships with the Science Industry Partnership, supporting the engineers and scientists of tomorrow; STEM learning, as part of our global STEM programme, supporting careers in Science, Technology, Engineering & Maths; and Business in the Community, where we support a range of local activities in the UK, with 3,895 employee hours committed to volunteering in FY 2023 alone.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD')

Overview

The Task Force on Climate-related Financial Disclosures ('TCFD') continues to provide a useful framework for the Company to assess its climate change approach against, and supports a full breadth of consideration which has been supplemented by external support with the appropriate expertise to challenge and provide guidance in evolving the strategy and approach to climate change.

In line with our products credentials to enable positive environmental and societal benefits through our products, Victrex also recognises the impact we have from our use of resources, i.e. energy, waste and water. Sustainability is firmly embedded in Victrex's purpose – bringing transformational & sustainable solutions which address the world's material challenges. Our products seek to bring technical or environmental benefits, for example supporting CO_2 reduction in Aerospace & Automotive, or improving energy efficiency in Electronics and Energy & Industrial end markets. This is underpinned by targeting our innovation investment in Research & Development.

As outlined on page 44 our Net Zero target has progressed during the year to now include all scopes by 2050. Our target, in line with the 1.5°C emissions scenarios of SBTi, also recognises the environmental impact of our manufacturing processes which create CO_2 emissions, utilise water and generate waste. Our near and long-term SBTi targets will be based upon data from the SBTi target setting tool and will form the basis for our Net Zero targets once our plans are approved. Our CO_2 metrics are included on pages 59 to 62 with our path to lower emissions included on page 61. We continue to research new technology aimed at minimising use of resources and significantly reducing our own operational carbon footprint.

We seek to exceed 50% of Group revenue from products with positive environmental and societal benefits by 2025 and exceed 70% by 2030 (FY 2023: 55% which reflects weaker industrial end-markets and is expected to reduce closer to 50% in FY 2024). Our commitment is clear to support a lower carbon economy and provide greater societal benefits to an increasing proportion of the population (through our materials supplied into Medical applications). In delivering our targets we are working closely with customers and collaborating with companies that share our ambitions and goals.

As plans to deliver our Net Zero target continue to evolve, management receives regular input from multiple stakeholders, as we keep our approach under review, supported by the Corporate Responsibility Committee. Engagement in our climate change strategy has been particularly strong amongst our employees, with not only commitment to supporting current workstreams but increasing levels of idea generation coming from all areas of the business, including energy saving, recycling and waste reduction.

Statement on TCFD

We set out below our climate-related financial disclosures. These comply with LR 9.8.6R by incorporating climate-related financial disclosures consistent with the TCFD recommendations, specifically under the four TCFD pillars and eleven recommendations. Whilst consistent with the recommendations, we note that the level of granularity provided will increase during FY 2024 following the SBTi review as the Company further matures and embeds its climate change processes, approach and KPIs, to track progress against targets. This will include an indication of the financial investment required, in support of the decarbonisation roadmap aligned to SBTi.

The table below is presented to demonstrate consistency and signpost where the specific disclosures are included in the Annual Report where they are not within this section. It also sets out the progress made during the year and future actions the Company is taking which will support more detailed disclosure in future years.

In making the above statement of compliance the Board has considered materiality and whether the incorporated disclosures provide sufficient detail to enable stakeholders to assess the Group's exposure to and approach to addressing climate-related issues. This includes an assessment of the level of exposure the Group has to climate-related risks and opportunities considering our products and manufacturing processes. Specifically on the financial disclosures incorporated in the financial statements (see note 1 for details) a materiality level consistent with that used for other financial statement disclosures, and with the level used by the external auditors, has been used, which for the current year is £4.0m.

The Board has considered the TCFD additional guidance (2021 TCFD Annex) in preparing the disclosures, including the sector specific guidance for Materials and Buildings, which is the sector relevant to the Company, as a chemical manufacturer. The Company has included the sector specific disclosures, principally the potential impacts of stricter constraints on emissions and the related impact on costs as well as the opportunities for its products to reduce carbon emissions, with a specific metric (and target) included to measure this. The emphasis of the additional guidance is to provide more granular and explicit disclosures which as stated above is aligned with the Company's objectives for future years. Victrex is a member of the Chemical industry Association which is planning to issue sector guidance on SBTi and climate change targets during 2024. This guidance will be incorporated into the Group's targets aiding consistency and comparability across the sector.

The Board is supported by the Audit Committee in assessing the level of consistency of disclosure with the requirements of TCFD. Further details on the role of the Audit Committee are included on page 90.

Oversight and governance of ESG risks & opportunities (including TCFD & climate change)

Victrex Board

The Board reviews and approves the Group's ESG and SBTi goals and has oversight of how these will be embedded and reported, whilst ensuring sustainability remains at the core of our purpose and strategy

Corporate Responsibility Committee ('CRC')

The CRC oversees the Group's conduct regarding its corporate societal obligations and commitments. This includes overseeing and reviewing the development and execution of the ESG and sustainability strategy and commitments including progress towards targets. Further details on the activities of the CRC are included on pages 98 and 99

Victrex Management Team ('VMT')

The VMT embeds sustainability strategy target reviews into the regular performance reviews they undertake with their respective teams

Sustainability workstreams

Head of Sustainability & ESG

1. People
2. Planet
3. Products
4. ESG Governance

Sustainability report continued

Summary of key focus areas

	Recommendation	Consistency and 2023 actions	Future actions	Further details (where relevant)
Governance				
a.	Describe the Board's oversight of climate-related risks and opportunities	The Victrex Board is responsible for reviewing and guiding strategy, with sustainability embedded into our purpose and our Polymer & Parts strategy. Board oversight is led by the Corporate Responsibility Committee ('CRC'), which was established during FY 2022, meets quarterly, and is chaired by a Non-executive Director. The CRC reviews progress against the ESG and sustainability goals and action plans to deliver these. It also assesses ongoing environmental performance against key performance indicators. The CRC has overseen the process for identifying and assessing risks and opportunities associated with climate change. The Chair of the CRC provides the Board with an update at each Board meeting.	The Board and the Corporate Responsibility Committee will continue to challenge how the proposed ESG and sustainability goals and plans are embedded, whilst ensuring sustainability remains at the core of our purpose, values, and strategy.	The key performance indicators and milestone targets are shown on page 47. Further information on the roles and responsibilities of the Board and CRC is included on page 77 and pages 98 and 99 respectively. The Board members' experience of climate change is included in their biographies on pages 70 and 71.
b.	Describe management's role in assessing and managing climate-related risks and opportunities	The VMT (chaired by the CEO) is responsible for reviewing and guiding major plans of action to achieve the sustainability strategy, including required capital investment and investment in R&D supporting sustainable products. During FY 2023, the VMT has embedded ESG and sustainability strategy target reviews into the regular performance reviews they undertake with their respective teams.	The VMT will review and propose necessary actions in support of our ESG and sustainability goals, for example options towards our SBTi goals, which include alternative low carbon fuels and processes (whilst noting access to and availability of alternative technologies is required).	
Strategy				
a.	Describe the climate related risks and opportunities the organisation has identified over the short, medium, and long term	Climate change related risks and opportunities have been identified and regularly reviewed throughout FY 2023. These risk and opportunities include those involving our products and solutions benefiting society (for example in quantified weight saving and CO_2 reduction in Aerospace & Automotive), the cost of carbon intensity through taxation from our operations and the potential increase in the cost of energy. Victrex has used the TCFD framework of six risks and five opportunities along with the related examples to support the identification process, of which four risks and two opportunities are considered to be most impactful and are disclosed below.	Climate-related risks and opportunities will continue to be reviewed on a regular basis by the CRC. Further locations, those which are smaller and have a much lower impact on current and medium-term revenue growth, will be assessed for physical risks when their revenue becomes material to the strategy period, with updates made to existing assessments and mitigation plans as information and climate change modelling become more sophisticated.	Risks and opportunities, both physical and transitional, are presented on pages 51 to 53.
b.	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	The potential climate-related benefits that our products offer present a strong business opportunity, which is considered to outweigh the climate-related risks from markets which will be adversely impacted by climate change. The benefits that our products bring are detailed in Products (Sustainable solutions) on page 64. Climate-related risks, both physical and transitional, are primarily assessed in the context of our own manufacturing operations. External assurance was gained on Scope 1 & 2 emissions for FY 2022, with limited assurance being given on Scope 3 from FY 2023 onwards.	The impact assessment of the identified risks and opportunities will be refreshed as part of the annual strategy review during each future financial year with the aim of maturing our models continuously. Assurance across all scopes using an external provider (SLR Consulting) to work towards carbon budgeting.	The impact of risks and opportunities is presented on pages 52 and 53. Examples of the benefits our products bring in reducing CO_2 emissions and therefore supporting the mitigation of climate change risk are included on page 64. Emissions reporting is detailed in the Resource efficiency section on pages 58 to 62.
c.	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a well below 2°C or lower scenario	The Group believes that its Polymer & Parts strategy is resilient in a well below 2°C or lower scenario, primarily through: → the Group's existing products, along with its mega-programmes in Transport, support applications aimed at reducing carbon dioxide emissions and therefore assist current and future customers meeting their own requirements to reduce emissions in a well below 2°C or lower scenario; and → the strategy of the Group includes a clear goal to decarbonise the manufacturing process as part of achieving Net Zero (noting access to technology). This will mitigate the impact of the Group's manufacturing processes on climate change and mitigate against the likely tightening of regulatory/government restrictions and taxes to drive down the use of carbon emitting processes.	Challenge the manufacturing process and chemistry to lower the overall energy usage, water usage and waste generation. Complete the assessment of the most climate sensitive and cost effective source of green energy to meet the future manufacturing requirements, replacing gas and non-green electricity currently used.	See pages 5, 58 to 62.

Recommendation		Consistency and 2023 actions	Future actions	Further details (where relevant)
Risk management				
a.	Describe the organisation's processes for identifying and assessing climate-related risks	During 2022 we conducted an initial climate-related risk assessment using external specialist support. This included a risk assessment workshop comprising senior management from across the business to review climate-related risk over the short, medium, and long-term horizons. This exercise considered both the climate-related physical and transition risks under three climate scenarios and the actions that could be taken to mitigate them. A summary of the most significant climate-related risks is included on pages 51 to 53. Climate risks have been part of our overall Corporate Risk Management process during 2023 and will continue to be going forward. Each risk is thoroughly evaluated based on the likelihood of occurrence and severity of impact.	Continue to monitor and review climate-related risks through the Corporate Risk Management process. In addition, the CRC will provide oversight to the newly established climate-related risks including action plans and progress made.	The risk management process is described on pages 32 and 33.
b & c.	Describe the organisation's processes for managing climate-related risks, and how these are integrated into the organisation's overall risk management	The CRC oversees sustainability workstreams, which includes climate-related risks. Climate-related risks are integrated into and managed alongside our corporate risk processes and principal risk profile. Each risk has a designated risk owner who is responsible for reviewing and monitoring the risk and providing the necessary oversight for the implementation and maintenance of appropriate mitigations. Our corporate risk framework (page 32) provides details of the processes used to assess and manage all risk types, including climate-related risks. We have a well-established risk impact rating methodology which we have used to complete qualitative assessments of our transitional and physical climate-related risks.	Further develop the response plans for each significant climate-related risk and its interaction with the options to Net Zero and monitor progress through the CRC. Fully establish assurance of key controls and actions related to the newly defined climate-related risks.	The building blocks to Net Zero are included on page 61. See pages 52 and 53 for the strategic response and resilience against the specifically identified risks.
Metrics & 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	The climate-related metrics are proposed by management and agreed by the CRC. This includes the development of milestone targets on the path to Net Zero (Scope 1, 2 & 3 emissions aligned to SBTi).	Further refinement of metrics including setting of interim milestone targets to monitor progress towards reductions to Scopes 1, 2 & 3 in line with SBTi 1.5°C emissions scenarios.	Victrex metrics are set out on page 61. Targets for these metrics are being developed in line with our SBTi submission for publication in FY 2024.
b.	Disclose Scope 1, Scope 2 & Scope 3 greenhouse gas ('GHG') emissions and the related risks	We calculate and track Scope 1, 2 & 3 (Scope 3 categories where relevant – see page 62) GHG emissions, including our absolute carbon emissions, and measures of carbon intensity according to the GHG Protocol Corporate Standard.	We submitted our plan to SBTi for validation in September 2023 with options covering reductions to Scopes 1, 2 & 3 in line with its 1.5°C emissions scenarios.	Emissions disclosed on pages 58 to 62.
c.	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We have established longer-term goals with associated near-term milestone targets related to climate change, which includes our aspiration of Carbon Net Zero aligned to SBTi. Interim goals include our target of increasing our sustainable products to over 70% of revenues by 2030 (from more than 50% in FY 2023). As set out in the Directors remuneration report, a proportion of executive remuneration will be assessed against challenging carbon reduction targets.	We have submitted our plan to SBTi for validation to start the process of science-based targets in line with the global accord to minimise global warming to 1.5°C.	Climate-related metrics and targets are set out on page 60 for emissions. The initial revenue metric is included on page 47. Executive targets detailed are set out on pages 111 to 123.

Climate-related risks and opportunities

As noted above the Group has been through a detailed process to identify climate-related risks and opportunities. As required by TCFD this has included the two major climate-related risk categories and their six subcategories along with the five major categories of opportunity.

Analysis has been undertaken against each of the subcategories to identify the key risk/opportunity relevant to the Group, the financial impact of that and the likelihood of them arising both across a range of timelines and transition climate scenarios. The time horizons and climate scenarios used for the transitional risk assessment are detailed below with those used for physical risks included on page 53. Different climate scenarios and time horizons have been used to best represent the different drivers behind transitional and physical risks and opportunities.

Time horizons:

Short term	Medium term	Longer term
Considered up to 3 years	Between 3 and 10 years	More than 10 years

They have also been assessed through multiple transition climate scenarios:

1 Accelerated Net Zero 2050 scenario (aligned to 1.5°C)	2 Mid case scenario (aligned to 2°C)	3 Current policies scenario (aligned to 3°C)
Global Net Zero target achieved by 2050 in line with the aim of the Paris Agreement. This would require swift and decisive action regarding both governments and businesses.	Achieve global Net Zero by 2080, requiring a progressive ramp in policy interventions compared with today.	Global Net Zero not achieved by 2100, reflecting lack of co-ordinated global commitments with limited policy interventions.

The analysis is split into transitional and physical risks and opportunities and detailed on pages 52 and 53.

Sustainability report continued

Transition-related risks and opportunities

The Group undertook a detailed exercise to identify transition risks and opportunities for consideration. Those considered to have the largest impact are included in the table below. For some risks and opportunities, the time frame of impact spans multiple time horizons; where this is the case two time frames are shown to illustrate this with the impact expected to increase as the time horizon increases.

Climate-related risk/opportunity	Impact	Temperature scenario	Time frame of impact	Strategic response and resilience
Policy				
Risk: The Group's energy usage is disclosed on pages 59 to 61. Increasing the pricing of carbon emissions is a key lever for governments and regulators to reduce the use of hydrocarbon-based energy sources. **Link to principal risks:** Strategy execution	Current sources of energy, gas and electricity could increase in cost significantly as the government drives a move away from hydrocarbons to green energy sources, with alternative sources of green energy more expensive. An illustrative impact for financial modelling purposes has been made as outlined below.	Accelerated/ Mid/Current	Medium Medium–long	Reducing the impact of carbon-based taxes is being mitigated by both the switch to greener energy and the chemistry of the manufacturing process to reduce absolute energy usage. The Group's strategy for reducing carbon emissions is aligned to SBTi and outlined on page 61. The approval of new capital projects includes consideration of the source of energy and an assessment and access to green energy options.
Policy, market, and technology				
Risk: A proportion of the Group's sales go into industries expected to decline due to climate change (driven by both government policy and consumer behaviours), including Oil & Gas and internal combustion engine-based transportation. **Link to principal risks:** Strategy execution/ Geo-political and macro-economic environment	Declining sales and profits as demand falls for the Company's products. Approximately 21% of sales currently go into Oil & Gas and ICE related Automotive applications.	Accelerated/ Mid/Current	Medium–long Long	Whilst Oil & Gas and ICE-based transportation is expected to reduce significantly over time, this is likely to vary by geography and take many decades. PEEK has a continuing role to play in making both industries reduce their carbon footprint in the intervening period.
Opportunity: PEEK's properties play favourably in a low carbon world (see pages 43 and 45 providing opportunities to grow sales significantly as the world decarbonises and governments introduce policies and regulations.	Delivery of the Group's growth programmes, which underpin carbon reduction, including lightweighting of aircraft, electrification of vehicles and increased use of semiconductors, will lead to significant revenue and profit growth and cash generation.	Accelerated/ Mid/Current	Medium Medium–long	The Company continues to invest heavily in its mega-programmes supporting lower carbon transportation, but also has applications in green energy and electronics which support improved energy efficiency. Within Automotive, for example, the decrease in the ICE business is expected to be slower than the increase in the EV business and will therefore provide an increased net benefit over the medium-term horizon. Success in this area is aligned to our target of growing revenue from sustainable products.
Reputation				
Risk: Key stakeholders, including investors and employees, become disenfranchised with the Group's failure to deliver its Net Zero target. **Link to principal risks:** Recruitment and retention of the right people	Reduced interest from investors will adversely impact the Company's share price and make raising capital more difficult. Not being able to retain and attract talent will adversely impact the Group's ability to deliver the strategy.	Accelerated/ Mid/Current	Short–medium	The Company has established an ambition to become Net Zero across Scopes 1, 2 & 3 in line with SBTi 1.5°C emissions scenarios. Demonstrating progress against these milestones will retain the interest of key stakeholders.
Opportunity: Achieving Net Zero presents an attractive proposition for key stakeholders, including customers, investors, and employees, with increasing interest in being associated with ambitious companies delivering their commitments on climate change.	Increasing interest from ESG funds may boost the Company's share price and could provide greater access to capital, with financial institutions also providing more attractive access to capital for companies with green credentials. Attracting and retaining talent will support delivery of the Company's strategic growth ambitions.	Accelerated/ Mid/Current	Short–medium	Victrex has grown its position amongst several dedicated ESG funds (UK & global). It has also broadened its position in several external networks or industry forums as an advocate of decarbonising. The Group has sought external accreditation for its approach to climate change (e.g. MSCI) providing key stakeholders with assurance of its commitments to Net Zero.

The overall financial impact of the risks and opportunities in this section has been assessed. From a revenue perspective it has been concluded that climate change presents a net opportunity for the Company, with PEEK and its current and future applications playing strongly across several end markets where reductions in carbon emissions are a key driver for innovation. For financial planning and scenario modelling a cautious revenue neutral position has been assumed.

The primary adverse financial impact will come from higher carbon pricing, should the Company fail to identify a cost effective green energy solution to replace gas as its primary source. The Board remains confident that this will not be the case but the cost of implementing and running greener energy, based on current usage, can only be an estimate at this stage. The target is to mitigate any increase through improvements in the manufacturing process which facilitate operating at lower temperatures and producing less waste; however, this remains at early stages with cost increases likely to arise before the mitigation benefit. As a result, the Group has assumed a financial downside from carbon pricing (covering both the potentially higher cost of green energy, and the cost of carbon taxes if this fails). An assumed additional cost of £20mp.a. (from 2025), increasing annually with inflation, has been included in sensitised financial forecasts, including the models used for impairment testing and the viability assessment, to address this risk.

Physical risks

The Group has assessed the climate-related physical risks, both acute and chronic. The primary physical risk is that of increased severity and frequency of extreme weather events:

Climate-related risk	Impact	Risk	Potential financial impact
Physical: acute and chronic			
Increased frequency and severity of extreme weather events.	→ Disruption to production processes and/or loss of inventory. → Loss of assets. → Harm to employees. → Loss of reputation for ability to supply on time in full.	→ Employee welfare could be impacted by extreme weather ranging from impact of flooding through to heatwaves and droughts making working conditions harmful. → Increases in the frequency and severity of flooding events could result in damage to production assets or loss of inventory.	→ Loss of production resulting in loss of revenue (short term and/or long term) due to being unable to supply with customers seeking more reliable alternatives. → Cost of repairing/replacing assets not covered by insurance. → Increased cost of unavailability of insurance.

The Group's primary operational manufacturing assets are in the UK, with commissioning concluding in China on additional capacity which will be fully operational in early 2024. The Group has a network of regional warehouses, all of which are leased, which affords the flexibility of being able to readily relocate these within a short time frame where elevated risks exist or emerge over time.

The Company's ability to supply its customers has been and remains a key business priority. A key mitigation of this risk is the level of inventory, with targeted levels of three to four months' cover at each warehouse. This level is kept under review depending on the risks to global supply chains and the phasing of extended plant maintenance shutdowns at any point in time as well as the volatility in demand profiles. The risk to supply from climate change is incorporated into this consideration, but at current target levels of inventory, a temporary loss of production due to extreme weather events could be absorbed without losing the ability to supply customers.

Physical risk climate scenario analysis modelling

Climate scenario analysis ('CSA') was completed within FY 2022 on the Group's primary operational manufacturing sites, defined as those critical to the sustainability of our current revenue streams and those which will deliver most of the growth over our strategic planning horizon, five years. Three sites met the criteria for inclusion in the initial assessment, all based in the United Kingdom. The information assisted our understanding of the potential impact of climate change on the future of our business which in turn will support the evolution of our strategy.

The CSA was carried out using a standard methodology in line with TCFD guidance by third-party advisors to assess the exposure to the physical risk noted above. In total nine hazard types were assessed, including flood, wind, precipitation, and drought, up to 2100 in 10-year increments. The modelling has been based on three IPCC climate change scenarios with a baseline of 2020. The scenarios are detailed in the 2022 Annual Report, based on Shared Socio-environment Pathways ('SSP') ranging from SSP 1-2.6 to SSP 5-8.5.

The conclusion from the analysis of these three sites is that there was no material financial impact from the physical risks arising from climate change through the short-term time horizon, mid-term time horizon (2041–2060) nor well into the long-term time horizon (2081–2100) (under any of the temperature scenarios), neither directly in the working conditions for our employees nor the operational cost of the business nor the cost of insuring the Group's key assets. The analysis highlights several factors for the Company to consider in expanding, replacing and protecting its assets and providing a safe working environment for its employees at these sites. The incorporation of these into the future plans of the business will be monitored by the CRC. The hazard types and levels remain consistent within those disclosed in the FY 2022 Annual Report.

An updated analysis based on the 2023 strategy update, confirmed that the three sites identified in 2022 remain the most impactful over the next five years. Further work is scheduled to widen the scope of this analysis to other manufacturing sites, as they become more significant, and through the supply chain to our strategic suppliers, focusing on suppliers in markets with limited participants.

Financial statement impact

The impact on the financial statements for the year ended 30 September 2023 of the aforementioned risks and opportunities from climate change has been detailed in the notes to the financial statements (see note 1 for further details).

PEOPLE (SOCIAL RESPONSIBILITY)

Our social responsibility pillar focuses on inspiring our employees and communities to positively impact on our three priority areas:

- Safety, Health and Wellbeing;
- Diversity, Equity & Inclusion; and
- Community and employee volunteering.

Safety, Health and Wellbeing

The safety, health and wellbeing of our employees continues to be our highest priority and fundamental to everything we do at Victrex.

This year we changed our annual Global SHE Week, to quarterly Focus on SHE sessions, allowing for more allocated time for our colleagues to spend on SHE related activities including Health & Wellbeing. This year we have run a number of workshops which include Lifestyle Management, Movement Matters, Financial Wellbeing and Managing Menopause. We had 441 colleagues attend workshops. Notably our team in Shanghai was able to hold its first in-person SHE event since the COVID-19 pandemic and this was well received by our colleagues.

We continue to build digital resources and toolkits accessible year-round for all our employees which included articles focused on a variety of topics including grief, mental health, digital wellbeing, surviving long-term illnesses and women's health, some of which shared personal stories from our employees, which led to valued conversations and collaboration across all our sites.

During the year we started our podcast series with a group of colleagues to discuss the topic of bereavement, at the request of one of our colleagues who had recently suffered a loss. We had a great response from colleagues wanting to get involved and support their colleague.

We continued to celebrate international days and events and in November we celebrated our month of supporting men, along with celebrating our month of supporting women in March. In these months we provided a number of activities, articles and learning to support our colleagues. In March 2023 for example, we held a dance-a-thon where colleagues gathered and raised money for Fylde Coast Women's Aid.



Safety, health and wellbeing activities take place globally, keeping SHE as our highest priority



Victrex formed a Biodiversity partnership this year to help industry and nature work in harmony

Employee assistance programme

We continue to provide occupational health, private medical and employee assistance programme ('EAP') services to all our employees. This year, in the UK, we launched an employee assistance app with our EAP provider, to allow our colleagues to have help and advice at their fingertips. We also saw the return of UK on-site health checks from our private medical provider, supporting our employees with tailored health enhancing advice.

We are committed to improving employee wellbeing and engagement with a healthier and more inclusive culture and aim to continue building on the foundations from this year to ensure improvement in the safety, health and wellbeing of all our employees.

Diversity, Equity & Inclusion

We are fully focused on our target of achieving 40% of females in our leadership group by 2030 through promotions and targeted development solutions.

Our second diversity data collection exercise saw an increase in employees responding to the questionnaire giving us further insight into our employee base. This continues to inform our activities throughout the year ensuring the correct alignment.

Ongoing work with our applicant tracking system continues to help us interrogate who is applying for jobs at Victrex and who is being employed. This has enabled a more focused approach to recruitment ensuring a greater diversity of candidates are applying for jobs. A number of initiatives have been introduced to support in this area including using gender decoding software for advertisements, using more diverse job boards and a greater emphasis on facilitating flexible working.

We continue to give full and fair consideration in our recruitment and selection process to any applicant with a disability. For disabled persons employed by Victrex, be that upon commencement or who become disabled during their employment, Victrex is committed to ensuring equality of opportunity for training, career development and promotion opportunities. We are registered with the UK government's 'Disability Confident' scheme and demonstrate this commitment globally.

This year we have established a new employee resourcing group – the 'Enable' network with a focus on supporting employees with disabilities. Activities this year have included carrying out an audit of workplace premises from an inclusion perspective to identify what changes could be made to enhance our inclusiveness and highlighting all the accessibility tools available to all colleagues across Victrex.

Our rebrand last year to Diversity, Equity & Inclusion is embedding well. Focused workshops on understanding equity helped further embed the DE&I messages with good attendance. Our mid-year Employee Experience Pulse Survey further highlighted our progression on our diversity journey with an increase of 4% to show that 81% of employees believe that Victrex appreciates individual differences.

Progress in FY 2023

- Facilitated delivery of workshops on understanding: equity (129 attendees), allyship (62), bias (37) and specifically for managers – creating an inclusive culture (53). Delivered information sessions for manufacturing-based employees in the UK. Over 400 employees engaged and participated in facilitated DE&I sessions.
- In addition, 726 employees have completed our Introduction to Diversity, Equity & Inclusion e-learning.
- Our employee resourcing groups continue to grow with 140 people involved in our gender engagement networks and 30 people involved in the Enable group. Our Race4equality group continues to develop, now encompassing the US and the UK.
- 23 guest speakers on diversity included:
  - Vivienne Cox – a view from the Chair;
  - Sarah Furness – Fly Higher – leadership and resilience;
  - Darren Edwards – Disability and Thriving in the face of adversity; and
  - Rachel Yankey – redefining the game: A lioness' Call to End Racism in Football.
- Creation of DE&I toolkits to support managers having conversations around diversity.
- Successful piloting of a Reverse Mentoring programme.
- Ongoing development of the DE&I library including resources on generational differences, accessibility in the workplace and Pride.
- Promoted several global awareness days including Movember, International Women's Day, 'Pride Month' and the Invictus Games.
- Outreach work at Blackpool Sixth Form with a focus on LGBTQ+.

Employee breakdown

At the end of FY 2023:

- 56% of our Board were male and 44% were female.
- 33% of our senior managers were female**.
- In the grouping of senior managers and their direct reports***, 69% were male and 31% were female.
- Of the rest of our employees 75% were male and 25% were female.

As at 30 September 2023:

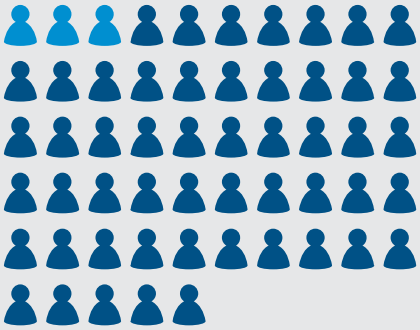
	Male	Female	Grand total
Board of Directors*	5	4	9
Senior managers**	4	2	6
Senior managers and direct reports***	33	15	48
Rest of employees	796	265	1,061
Grand total permanent employees (incl. Executive Directors)	**829**	**280**	**1,109**

* Board of Directors includes Martin Court as at 30 September 2023.

** VMT members excluding the Executive Directors. VMT members are listed on page 81.

*** VMT members including Executive Directors and direct reports.

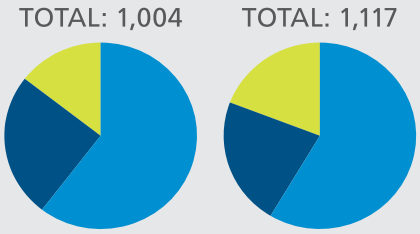
Permanent employees (as at year end)



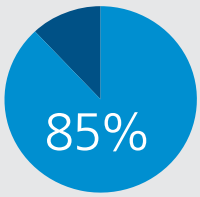
IN 1993 60

IN 2023 1,109

Average number of people employed during the year, by category



Participation in employee share schemes



2023	2022	2021	2020	2019
85%	77%	89%	90%	93%

Note: Based on eligible employee population.

Voluntary employee turnover

9%

2023	2022	2021	2020	2019
9%	8%	7%	4%	5%

PEOPLE (SOCIAL RESPONSIBILITY) continued

Learning & development

Our digitalisation of learning continues, with an increasing number of blended learning solutions being developed.

We continue to focus on the development of our managers and our newly launched 'Management for Success' programme has seen a total manager participation of 565, across the 10 modules.

The focus on safety training continues with a further 65 employees completing their IOSH accredited qualification.

In FY 2023 we had 56 (45 male: 11 female) employees on apprenticeship programmes including 15 employees (12M:3F) completing their qualifications. 19 employees (13M:6F) started professional qualifications in FY 2023 and 9 people completed professional qualifications (5M:4F).

Employees across Victrex completed 23,523 hours of learning in FY 2023.

Recognition

We continue to be proud of our recognition programmes, celebrating the achievements of our employees through 'instant' and 'functional' awards, our Above & Beyond Awards, our annual CEO Awards which recognise the global talent and innovation across Victrex, and our Professional Development Awards celebrating those employees completing further education to gain a qualification.

In FY 2023, there were 493 Above & Beyond Awards, 109 Functional Excellence Awards, 57 CEO Awards and 37 Professional Development Awards.

Involvement

- We continue to offer a range of communication channels, both formal and informal, allowing us to ensure that our employees remain informed of business updates and two-way discussions take place.
- Operating a hybrid approach to our virtual quarterly staff briefings this year, with both face to face and virtual, to support our flexible working ethos. These sessions allow our employees to 'stay in touch' with our leadership team and hear about business updates and also give the opportunity to ask questions.
- Brendan Connolly, our Non-executive Director for Workforce Engagement, has been meeting with our employees globally to listen to employee voice, explore views and drive employee engagement. We have had excellent feedback from our employees on the interactions. His fourth annual report can be found on pages 84 and 85.
- Following our 2023 Employee Experience Pulse Survey we continue to be focused on reviewing the results and creating and delivering action plans to drive improvements. Over 70% of our colleagues have been involved in creating and delivering on improvement action plans for their teams. We saw a 5% increase in overall engagement to 74%.
- Our quarterly regional Employee Forums continue to give our employees an opportunity to feed back on broader employee experience and provide an employee view to planned business initiatives and projects.

Gender pay in Victrex

For Victrex, Diversity, Equity & Inclusion ('DE&I') are all central to our sustainability & ESG strategy, with targets specifically focused on measuring the effectiveness of interventions to support female progression within our organisation. Our Corporate Responsibility Committee chaired by a Non-executive Director continues to increase the focus and rigour on our efforts to drive change in the DE&I agenda (see page 98 for Corporate Responsibility Committee report).

Gender diversity and pay

We continue to report and publish our statutory gender pay and bonus gap each year, in line with the guidance introduced in the Gender Pay Regulations in 2017. In addition, we look for trends and indicators of our successful implementation of targeted initiatives or identify new opportunities to support bridging the gap over time. Victrex continues to meet the standards of the Minimum Wage and National Living Wage where these apply.

The full Gender Pay Report is available on our Victrex plc website at www.victrexplc.com.

For gender pay gap reporting purposes, we took our 'snapshot' of Victrex Manufacturing Limited at 5 April 2023 and have outlined the headline statistics and analysis in this section. We have then set out a summary of the key improvement actions we have been taking and the positive trends emerging since we started our reporting in 2017.

Snapshot headlines for 2023

- There were 733 relevant people employed on full pay (in Victrex Manufacturing Limited).
- 78% were male and 22% were female.
- The percentage of female employees overall has increased from 17% in 2017 to 22% in 2023.
- The percentage of female employees in the upper middle quartile increased from 6.15% in 2017 to 17.03% in 2023.
- The percentage of female employees in the upper quartile has increased from 17.83% in 2017 to 22.40% in 2023.
- The median gender pay gap has reduced from 13.49% in 2017 to 6.42% in 2023.
- 93.80% of males were paid a bonus, compared with 91.57% of females.
- The proportion of male vs female employees in each of our pay bands was split as follows:
  - Lower quartile – 65.43% male vs 34.57% female.
  - Lower middle quartile – 86.67% male vs 13.33% female.
  - Upper middle quartile – 82.97% male vs 17.03% female.
  - Upper quartile – 77.60% male vs 22.40% female.

Summary

We are committed to taking sustainable, positive, and proactive actions to close the gender pay gap through focused interventions. We are actively reviewing, defining and developing initiatives to accelerate our progress towards our targets to become a more gender balanced organisation by 2030.

We have made steady incremental progress over the past six reporting years, reducing the pay gap and increasing our female leadership and talent pipeline at apprentice level; however, we remain focused to do even better.

Over time, we are confident that the actions and initiatives we put in place, alongside our other inclusive policies, will have an impact on the balance of male vs female employees at all levels in the organisation and support our sustainability goals.

Community & employee volunteering

Victrex seeks to inspire the next generation of talent, with a growing Science, Technology, Engineering & Maths ('STEM') programme, and community partnerships, both in the UK and globally.

Primary education

Inspiring the next generation is our driving force behind our STEM outreach, and it's pivotal that we start inspiring children at a young age. Much of our outreach historically has been aimed at ages 11–18, but this year, we connected with several primary schools in the Blackpool, Fylde, and Wyre area to bring STEM careers into their schools. A key relationship has been built with Larkholme Primary School, through which we have connected with 125 children aged 7–11 across two activities, as well as funding an outdoor learning space that promotes STEM and everyday life skills as part of the curriculum. Without the funding, the children would have had limited outdoor time due to weather for the next two years.

Throughout FY 2023 we have continued to support the communities where we operate, through partnership and consultation in our relationships with SIP, Business in the Community ('BITC'), Blackpool Pride of Place, Career Ready, Royal Society of Chemistry, Careers & Enterprise Company, and Speakers for Schools to offer meaningful impact where it is needed most. Our global network of social responsibility ambassadors is strong.

Lab interns & STEM

In FY 2023, we welcomed our first Victrex STEM ambassador in China who engaged a local university chemistry course and supported three interns in the laboratory at our AITC Shanghai technical centre. The students experienced lab testing and other daily tasks, learning from Victrex employees. This programme was a great success, and we intend to welcome more interns next year.

Biodiversity

Biodiversity is a growing theme for many of our stakeholders, in ensuring that industry and nature can co-operate collaboratively. With clear links to the communities where we operate, we became members of The Wildlife Trust for Lancashire, Manchester, and North Merseyside in the UK, our first Biodiversity partnership. A group of employees took part in a volunteer day at the Lunt Meadows Reserve in the UK, to help conserve the venue for wildlife. As part of our new membership, we plan to support many more events in the coming years and are considering how we could broaden these activities to other sites.

Special educational needs ('SEN') inclusion

Through the development of our new Enable network, supporting people with disabilities, we identified that we needed to connect with young aspiring people at local special educational schools in Blackpool to include them directly in our STEM outreach. We connected with three local SEN schools, running STEM workshops, and we are now in conversations about work experience, and further engagement opportunities.

Gender workshops

As part of the global celebrations for International Women's Day, Victrex was invited to support at the Fylde Coast International Women's Day event at Blackpool Sixth Form College in the UK. Several employees attended on the day to deliver workshops about women in STEM to girls aged 13–15 from around the UK.

Charitable donations

Our global, employee-led charity and community teams have continued to support the local communities where we work throughout FY 2023. Our key focus has been social mobility, global donation drives, and a wide range of other community-led initiatives aimed at giving back.

Victrex has supported a range of charitable donations totalling £82,331 (FY 2022: £81,811).

Responsible taxation policy

The Group is committed to managing its tax affairs in a responsible and transparent manner, as outlined in our Tax Strategy (www.victrexplc.com), with the Group acknowledging its corporate responsibility in this area. The profit-based corporation tax charge for the year was £8.0m (FY 2022: £11.4m), with a total tax charge, incorporating deferred tax, of £11.5m (FY 2022: £12.2m) giving an effective tax rate of 15.9% (FY 2022: 13.9%). Taxation paid during FY 2023 was £2.0m (FY 2022: £10.6m), in relation to profit-based taxes, which was below the corporation tax charge reflecting a repayment of tax from previous years. The Group's mid-term guidance for the effective tax rate is 13%–17% compared to the current (25%) UK corporation tax rate and the global minimum rate of 15% due to take effect for applicable multinational enterprise groups from FY 2025 (albeit the Group currently does not meet the group revenue threshold of €750m). The discount to the standard UK rate, which the government has increased to offset the increase in the UK corporation tax rate, is due to the specific UK government reliefs, including Research & Development expenditure credit, Patent Box and, from time to time, enhanced capital allowances, available to UK companies which invest heavily in Research & Development, create highly skilled innovation jobs and develop unique value-generating intellectual property ('IP'). Victrex's strategy of investing in, and patenting the output of, innovative and sustainable products and processes allows the Group to benefit from these reliefs.

The Group currently manufactures the majority of finished goods in the UK, which are then sold to Group companies in other jurisdictions which serve their respective customers. The prices levied between Group companies, and resulting profits in each jurisdiction, are governed by the Group's global transfer pricing policy, which is based on the arm's length principle and set in compliance with OECD principles with regular benchmarking undertaken using external advisors.

It is noted that the total tax contribution for the Group is significantly higher than the profit-related taxes alone. The total tax contribution for the Group includes employee-based taxes, customs duties and elements of unrecoverable VAT, in addition to taxes collected on behalf of the government, including VAT and taxes borne by the Group's employees.

Group policies

Victrex annually reviews its key employment policies, several of which are shown on www.victrexplc.com. The Group, through its Code of Conduct programme, also targets a 100% completion rate by employee training covering SHE training, the Code of Conduct (Ethics), IT Acceptable Use and other linked topics. A list of the key policies relating to our employees can be found on page 66.

PLANET (RESOURCE EFFICIENCY)

Resource efficiency

Beyond our products playing a role in society, or having recyclability potential in applications, we also have clear goals to improve our resource efficiency, including reductions in energy, waste, and water usage. Several metrics were adverse compared to the prior year (largely down to our new China facilities being commissioned, and the UK Asset Improvement programme, with significant engineering work at UK facilities). Energy and water usage will continue, in the short term, to be driven by production volumes, with lower year on year production in FY 2023 compared to the prior year. Our total carbon intensity (Scope 1 & 2 emissions/ tonnes of PEEK manufactured) has shown a 14% increase this year, although pleasingly, our carbon intensity (excluding China) was down 4% vs FY 2022.

In context, long-term carbon intensity has reduced by 17% (8.52 in FY 2023 vs 10.24 in FY 2013), primarily driven by operating efficiency and an increase in renewable electricity, which benefits our Scope 2 emissions, and Continuous Improvement ('CI') projects. Our priorities remain the efficient use of energy and water and waste minimisation. Hazardous waste per unit of revenue has decreased by 55% since FY 2013.

Principal environmental impacts

The Group's main environmental impacts are set out in the charts on page 59 and are different from the Group's overall greenhouse gas ('GHG') emissions (on pages 60 to 62).

We report data per unit of revenue and per tonne of PEEK produced, to best align our indicators with our Polymer & Parts strategy as we move downstream into more specialised manufacturing with a varied product mix, along with absolute data to demonstrate our total impact. Over recent years, targeted improvement programmes have resulted in lower energy and water efficiencies per unit of plant output. Environmental indicators have benefited from lower sales volumes.

Our GHG report (updated in line with the UK government's new policy on Streamlined Energy and Carbon Reporting ('SECR')) includes our corporate CO_2 emissions by emission type (Scope 1 emissions generated by the direct combustion of gas; Scope 2 emissions from purchased electricity and steam; total energy used; and Scope 3 emissions indirect from other sources). Absolute emissions data is reported along with Scope 1 & 2 emissions per unit revenue.

Assessment & measurement

We have submitted our decarbonisation and emissions reduction plan to SBTi and we have a long-standing participation in the Carbon Disclosure Project ('CDP'), which benchmarks global companies and has recognised our efforts in this area. MSCI, one of the leading ESG rating agencies, FTSE Russell and EcoVadis are other organisations that assess our performance (see page 48).

This year we introduced the Sphera ESG reporting software to ensure all ESG and sustainability-related reporting is contained within a central platform. This has been used for the first time to generate the data for FY 2023.

Sustainability & ESG compliance

Working with global regulatory authorities, we make sure that the best available techniques to protect the environment are adopted. Our UK chemical production plants are regulated under Environmental Permitting Regulations and, as such, are subject to regulatory review by the UK Environment Agency. We carry out extensive routine monitoring in line with our environmental permits, to proactively ensure our plants are well controlled with zero notifiable permit breaches during the year.

During the year we successfully retained our ISO 14001:2015 certification for the environmental management system on all our UK polymer manufacturing plants, melt filtration, compounding, film, tape, pipe, dispersion, and innovation plants, validating our high level of commitment to environmental improvement. Victrex has an effective system for reporting and investigating incidents and near misses with zero reportable environmental incidents within the period.

Through our Head of Sustainability & ESG, Victrex is continuing to monitor future regulatory development requirements, e.g. the Taskforce on Nature-related Financial Disclosures ('TNFD'), and the Carbon Border Adjustment Mechanism ('CBAM') to assess both impact and opportunities.

UK Emissions Trading Scheme ('UK ETS')

The combustion of permitted fuels at our main UK Hillhouse production site is enabled through our Greenhouse Gas Permit under the UK ETS scheme. Verification of emissions was undertaken via a registered third party and a submission made to the Competent Authority (UK Environment Agency) in April 2023. Victrex plans to reduce its costs under UK ETS during 2024 by proving the efficiency of its boiler plant equipment and thereby being granted free allowances under the New Entrants Reserve ('NER') element of the scheme. These allowances will be back-dated to the point at which the Company joined the scheme in August 2021. As part of our decarbonisation roadmap, we have also fully assessed the option to electrify our boilers, supporting our reduction in emissions over the coming years, subject to sufficient electrical grid capacity in the UK.



UK employees active in the community

Energy use

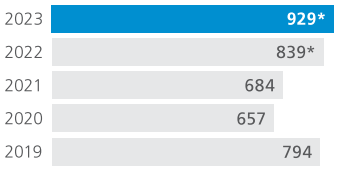
Our primary energy use is reported from all global Victrex locations with usage data based on meter readings and/or invoices.

Although the Group saw lower production volumes vs FY 2022, absolute energy use and primary energy per unit of revenue increased due to improved reporting, and commissioning of our China operations, which will be fully operational within FY 2024.

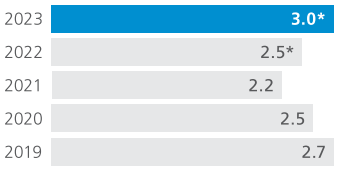
Excluding China, primary energy usage (in GJ) was 4% lower vs FY 2022.

* Includes data from all global locations. FY 2022 energy data restated following improvements in basis of calculations.

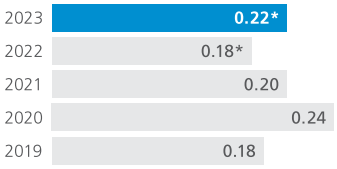
Primary energy
Thousands GJ**



Primary energy per unit revenue
Thousands GJ/£m**



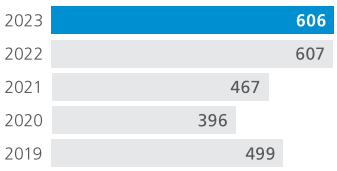
Primary energy per tonne ('PEEK') produced GJ/tonne



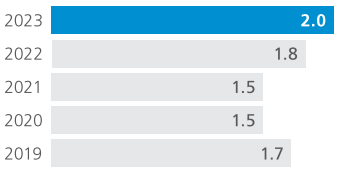
Water

All of our current main manufacturing assets within the UK and US are located within areas of low or very low water stress***. In FY 2023 we completed our first full Carbon Disclosure Project ('CDP') water disclosure submission and note that, despite commissioning our China operations, our water usage is broadly flat compared to FY 2022 principally because of operational improvements to our processes and a focus on water and resource efficiency. During FY 2023, water usage per unit revenue increased 11%, solely due to reduced revenue and new usage within our China operations.

Water usage
Thousands m^3



Water usage per unit revenue
Thousands m^3/£m



Water (UK assets) is taken in primarily from mains sources and returned via utility providers or as effluent, with cooling and process water being the main drivers. We expect to assess the opportunities for increased reuse of water, noting that water intensity has improved over the medium term.

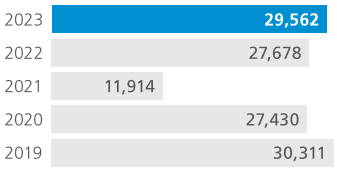
*** UK Environment Agency Flood Risk Assessment; Rhode Island Statewide Planning and Grantsburg Site 2021 Insurance Risk Assessment.

Waste

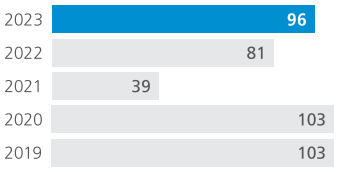
Victrex has made good progress in waste management over recent years. Over a 10-year period starting in FY 2013, Victrex saw a 55% decrease in hazardous waste produced per £m of revenue. We work closely with licensed waste service providers to ensure that waste is recycled, or otherwise reused, or disposed of with minimal environmental impact.

Our manufacturing assets, used to produce PEEK, provide us and our customers with security of supply; however, using our own ingredients and raw materials means that we do produce some hazardous waste due to the nature of our processes. This is primarily in our monomer production assets within the UK (Rotherham and Seal Sands). We are currently assessing options that could reduce this type of waste within our process, including exploring sustainable chemistry, and have committed a proportion of our Research & Development investment towards this, noting the long-term nature of such assessments.

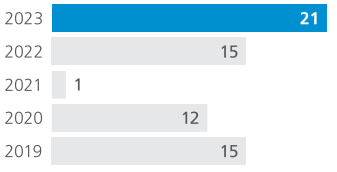
Hazardous waste produced
Tonnes



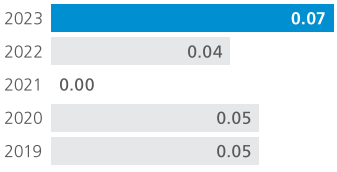
Hazardous waste produced per unit revenue Tonnes/£m



Hazardous waste disposed to landfill (after treatment) Tonnes



Hazardous waste disposed to landfill (after treatment) per unit revenue Tonnes/£m



During FY 2023, waste disposed to landfill increased due to our UK Asset Improvement programme and large-scale maintenance. We have completed a full zero waste to landfill exercise and are working with our waste suppliers to identify areas of improvement.

PLANET (RESOURCE EFFICIENCY) continued

Greenhouse gas ('GHG') emissions

Our GHG report has been completed following guidance within the UK government regulations on Streamlined Energy & Carbon Reporting ('SECR') policy guidance.

Emissions have been calculated based on the GHG Protocol Corporate Standard with all emissions reported being within FY 2023. We include emissions from global assets (owned and leased), which include our manufacturing plants, technical centres, and offices. No material Scope 1 or Scope 2 emissions are omitted, and national and regional emissions conversion factors have been used.

Our operations in China – ready to support sales during FY 2024 – are included within our greenhouse gas ('GHG') emissions reporting data. We are working to assess China's decarbonisation options, as the facilities ramp-up in FY 2024.

In FY 2023 we conducted a thorough analysis of the following indirect value chain emissions (Scope 3) identified as relevant to Victrex globally:

Category 1. Purchased goods and services.

Category 2. Capital goods.

Category 3. Fuel and energy-related activities.

Category 4. Upstream transportation and distribution.

Category 5. Waste generated in operations.

Category 6. Business travel.

Category 7. Employee commuting.

Category 15. Investments.

The remaining seven Scope 3 categories are either not applicable or not material.

Note: Victrex produce and sell an intermediate product with many potential downstream applications, each of which has a different GHG emissions profile, and are hence unable to reasonably estimate the downstream emissions associated with the various end uses of the intermediate products. This is in line with section 6.4 of the Scope 3 GHG Protocol standard.

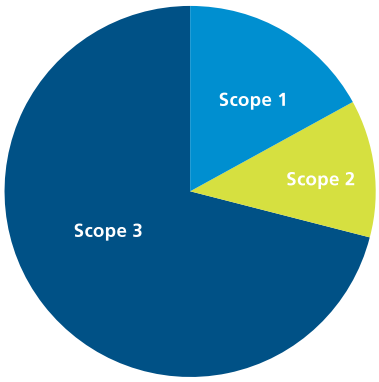
Our GHG emissions are calculated primarily from gas combustion, electricity and steam use across all of our global locations. Emissions from downstream manufacturing facilities in the US and the UK are included but are relatively immaterial, as are the emissions from our overseas technical facilities and offices, versus production activities.

Despite good progress on our long-term carbon intensity measurement (down 17% vs 2013), which is based on Scope 1 & 2 emissions/tonnes of PEEK manufactured, the FY 2023 intensity increased by 14% vs FY 2022, even after lower production volumes. This reflects an increase in energy use in our new China facilities during the commissioning phase. This impacted our Scope 2 emissions as China operates on primarily non-renewable electricity currently. Scope 1 emissions were lower, driven by plant shutdowns as part of the UK Asset Improvement programme.

Excluding China facilities, our carbon intensity was 4% lower than FY 2022.

Victrex's GHG emissions based on FY 2023

Tonnes of CO_2e equivalent 2023 from PEEK manufacture and downstream products.



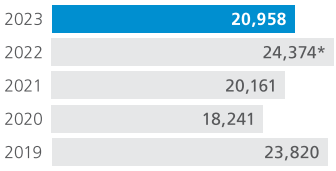
Scope 1: 17%

Scope 2: 12%

Scope 3: 71%

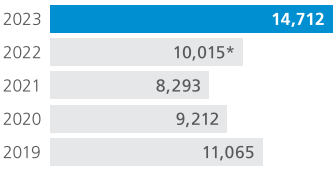
SCOPE 1#

Direct emissions resulting from combustion of fuels Tonnes CO_2e



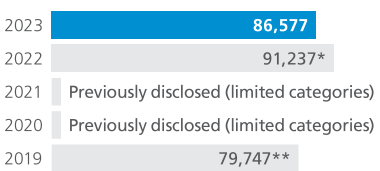
SCOPE 2#

Indirect emissions resulting from electricity and steam purchased (location-based method) Tonnes CO_2e



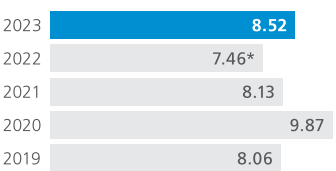
SCOPE 3#

Other indirect emissions across eight categories as listed above Tonnes CO_2e



INTENSITY MEASUREMENT SCOPE 1 & 2

Tonnes CO_2e/tonnes of PEEK manufactured



* Scope 1, 2 & 3 emissions data restated following external assurance review of Scope 1 & 2 by SLR Consulting on a limited assurance basis to ISAE 3000 standard.

** Scope 3 emissions for FY 2019 were the baseline for our full Scope 3 assessment covering the eight relevant categories to Victrex. FY 2023 Scope 3 emissions have been calculated on the same basis. The other years have been reported on as part of prior year disclosures based on a more limited number of Scope 3 categories and are not shown here to minimise an inaccurate comparison. Future Scope 3 disclosures will now cover the full eight categories relevant to Victrex.

Global GHG emissions and energy use data#

	2023	2022
Scope 1/tCO_2e#		
Global	**20,958**	24,374
UK	**20,654**	24,172
Global (excluding UK)	**304**	202
Scope 2 (location based)/tCO_2e#		
Global	**14,712**	10,015
UK	**8,691**	8,492
Global (excluding UK)	**6,021**	1,522
Scope 2 (market based)/tCO_2e#		
Global	**5,772**	2,353
UK	**801**	830
Global (excluding UK)	**4,971**	1,523
Gross Scope 1 & Scope 2 (location based)/tCO_2e#		
Global	**35,670**	34,388
UK	**29,345**	32,664
Global (excluding UK)	**6,325**	1,724
Energy consumption/kWh#*		
Global	**164,717**	170,085
UK	**147,569**	166,182
Global (excluding UK)	**17,148**	3,903
Intensity ratio/tCO_2e Gross Scope 1 & Scope 2/tonnes of PEEK manufactured		
Global – Scope 2 (location based)	**8.52**	7.46
Global – Scope 2 (market based)	**6.39**	5.80
Methodology		
Based on GHG Protocol Corporate Standard		

NOx (oxides of nitrogen reporting)

Our manufacturing operations emit well below our environmental permit's threshold levels of 100 tonnes per annum.

In FY 2023, 9 tonnes of NOx (expressed as NO_2) were generated from our principal manufacturing sites directly in the manufacture of PEEK. This was lower than the prior year (FY 2022: 11 tonnes) and is calculated using monitoring data and assumptions around plant availability and actual operational periods.

SLR Scope 1,2 and 3 GHG assurance statement

SLR Consulting has undertaken limited assurance of Victrex's greenhouse gas (GHG) emissions (Scope 1, 2 & 3), for the 2023 reporting year (1 October 2022 – 30 September 2023), against the WRI / WBCSD 'GHG Protocol Corporate Accounting and Reporting Standard', 2015 revised edition, and the GHG Protocol 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'. (See pages 60 to 62).

This engagement was performed in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the relevant subject-matter specific ISAE for GHG data (ISAE 3410, Assurance Engagements on Greenhouse Gas Statements).

SLR has complied with the requirements for independence, professional ethics and quality control as stipulated by ISAE 3000 (2020) Requirement 3a and 3b.

Based on the scope of the work and assurance procedures performed, nothing has come to our attention that causes us to believe that the Scope 1, 2 & Scope 3 categories 1-7 and 15 GHG emission calculations for financial year 2023 is not prepared, in all material respects, in accordance with WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard 2015 revised edition.

Metrics on pages 60 and 61 covered by limited assurance, provided by SLR Consulting Limited (FY 2022 and FY 2023 only). Scope 1, 2 & 3 emissions FY 2022 data restated following this external assurance review.

* Energy consumption/kWh for 2023 of 164,717 comprises Scope 1 106,340 (UK: 105,006 and Global (excluding UK) 1,334) and Scope 2 58,377 (UK: 42,563 and Global (excluding UK) 15,814). Energy consumption/kWh for 2022 of 170,085 comprises Scope 1 122,155 (UK: 121,697 and Global (excluding UK) 458) and Scope 2 47,930 (UK: 44,485 and Global (excluding UK) 3,445).

SBTi & our decarbonisation roadmap

Aligning with SBTi and Net Zero 2050

As part of our commitment to decarbonisation, and to build on our strong ESG credentials, Victrex submitted our SBTi plan and targets for validation in September 2023 with options covering reductions to Scopes 1, 2 & 3 in line with its 1.5°C emissions reduction scenarios. Victrex™ PEEK already has a favourable global warming potential ('GWP') compared with the available industry data for PEEK manufacture (see page 64), and a decarbonisation roadmap, with options, underpins our commitment.

Our alignment to SBTi follows our original commitment in FY 2021, with a clearer assessment of our Scope 3 impacts.

As a consequence, our original 2030 goal of Net Zero in Scope 1 & 2 emissions will be updated to a target out to 2050 for Net Zero emissions across all scopes, with a new Scope 3 goal also included. This will include an interim target by 2032, with emissions reduction equating to over 4% per year on an annualised basis across the three scopes, whilst noting that full disclosure of targets will be made in FY 2024, post-review by SBTi. These goals underpin our aspiration to have a clear differentiator in our products – as evidenced by our favourable lifecycle analysis data – and in decarbonising our operations over the coming years. We retain options in how we deliver our decarbonisation, whilst also having reliance on governmental directives (e.g. electrical grid capacity) or technology (alternative fuel availability and sustainable chemistry).

There are several options under consideration for us, including:

- → electrification of production equipment;
- → use of alternative fuels to generate steam for process heating;
- → increased use of wind, solar and heat pumps;
- → continuous improvement activities; and
- → carbon capture – we are currently engaged with academia to evaluate.

Capital investment to support decarbonisation

The capital required in our capital expenditure plans to support alternative fuel use or process technology (whilst noting the increased operating expense of alternative fuels) is now built into mid-term capex guidance at 8-10% of revenue per year. We have also assessed the potential carbon tax implications for a non-decarbonised scenario.

Carbon offsetting

Whilst Victrex will consider the opportunities from carbon offsetting, we currently view this as a very small part of achieving our goals.

Continuous Improvement ('CI') programmes & productivity

Continuous Improvement has played a growing part in assessing opportunities across our resource efficiency in areas that haven't already been implemented. These include in recycling, energy usage, waste, and water. Several improvement programmes have already delivered ongoing benefits, helping to save CO_2 during FY 2023 by:

- → increasing polymer powder batch size;
- → improving polymer batch cycle times; and
- → increasing production line speed.

PLANET (RESOURCE EFFICIENCY) continued

Scope 3 emissions and goals

In FY 2023, we completed a Scope 3 assessment across eight categories identified as relevant to Victrex, with a 5% reduction compared to FY 2022.

Our Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly impacts in its value chain. These include all sources not within an organisation's Scope 1 & 2 boundary, with Victrex's Scope 3 emissions representing 71% of our total emissions.

The result of this assessment identified our FY 2023 Scope 3 of 86,577 tCO_2e, giving a total FY 2023 carbon footprint figure, Scopes 1, 2 & 3, of 122,247 tCO_2e (FY 2022: 125,626 tCO_2e).

Total carbon intensity

The Victrex carbon intensity figure accounts for the total carbon produced from making all commercial products, i.e. all manufacturing assets, back-office functional operations, waste produced, procurement of goods and services. To calculate this for Victrex we use the following method:

Victrex total carbon footprint (Scope 1, 2 & 3) ÷ total PEEK production to give an enterprise total. FY 2023 accounts for 29kg** CO_2e per kg of PEEK, a marginal increase vs FY 2022 (27kg*). ***NOTE: 8.5kg CO_2 per kg of PEEK based on Scope 1 & 2 only.***

* Restated due to external assurance of FY 2022 Scope 1 and 2 data.

** Figure not related to our individual product life cycle assessment data.

Scope 3 opportunities

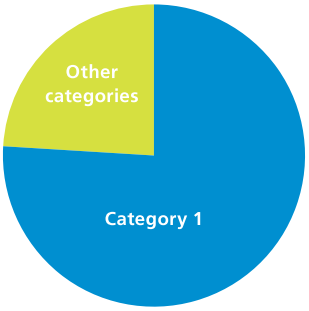
As part of our recent SBTi submission, we submitted a Scope 3 target, which will be fully disclosed post-SBTi review in FY 2024.

Our purchased goods and supplies, and capital projects categories both decreased in FY 2023 due to lower spend as a result of our UK Asset Improvement programme and plant shutdowns. We note business travel and employee commuting have increased, reflecting post-pandemic working.

Our main areas of focus are to reduce our Scope 3 emissions for SBTi targets:

- → prioritisation of key supplier partners – a significant number of key suppliers are already aligned to SBTi or have publicly stated GHG reduction targets;
- → energy reduction in manufacturing;
- → fuel switching – replace natural gas with electricity (renewably sourced/long-term impact of grid emissions reduction);
- → reduce airfreight & switch to lower impact transport; and
- → encourage greener methods of employee commuting.

SCOPE 3 EMISSIONS BASED ON FY 2023:



Category 1: 76% – purchased goods and services.

Other categories: 24% – capital goods, fuel & energy (not in Scope 1 & 2), upstream transportation, waste generation, business travel, employee commuting and investments.

SBTi & our decarbonisation roadmap continued

Continuous Improvement ('CI') programmes & productivity continued

This focus on productivity also helped to increase nameplate capacity in our production assets. Together with our UK Asset Improvement project, we anticipate nameplate capacity will increase to over 8,000 tonnes per year (c.9,500 tonnes including China), supporting core business growth and our mega-programmes.

Our CI team is also assessing opportunities to support our decarbonisation roadmap, particularly in areas like increasing our own solar PV generation, the opportunity in air source heat pumps, and incentivised electric car chargers at a number of our sites.

Renewable electricity

Our goal is to use 100% renewable electricity across all our global sites by the end of 2024 (where the market exists). Currently, 100% of electricity purchased for our UK sites is from renewable sources, with 90% globally, though the cost of sourcing renewable electricity is only set to increase.

REACH

Victrex Manufacturing Ltd remains fully compliant to REACH and is committed to ensuring compliance for all its current and future products. UK REACH (S.I. 2020 No. 1577) is a regulatory requirement for the chemical industry and was refined post-the Brexit agreement. Victrex has registered all required substances manufactured in (or which it imports into) the UK and works closely with suppliers to ensure key materials that support its supply chain are registered. Victrex continues to work with suppliers to ensure all raw materials will be supported and Victrex's manufacturing processes are not affected, which is essential both for Victrex and for our customers who are focusing on long-term demand.

If any chemicals used by Victrex to manufacture its products become 'chemicals of concern', i.e. are officially listed within the UK REACH regulation under 'Substances of Very High Concern' ('SVHC'), or listed in UK REACH Annex XVII 'The Restricted List', or listed in UK REACH Annex XIV 'The Authorisation List', and accompanying conditions are met, Victrex would seek to phase out affected products in line with sunset clauses or reformulate to ensure we maintain our compliance to UK REACH.

Supply chain and energy sourcing

The impact of challenges in the global supply chain became even more paramount in FY 2023, with globalisation and concerns from customers around energy sourcing, and destocking in several industries. Victrex continually seeks to ensure it has robust security of supply for customers and invests accordingly.

The majority of BDF – one of the key monomers used to manufacture PEEK – is manufactured in our own operations within the UK. The remainder is sourced internationally through several contractual sources in Asia. Victrex has strong security of supply for all other raw materials utilised in the production of PEEK. Currently, our raw material sourcing other than BDF is primarily from Europe, with Asia and the US also hosting our strategic suppliers.

For energy supply, most of our production is in the UK, so we procure energy on UK-based contracts (primarily gas and electricity used in our heating processes). Whilst UK energy costs have reduced from their peak, raw material prices remain high. We will also focus on energy and raw material costs for our China manufacturing, once this facility is fully commercially operational.

SAFETY, HEALTH AND ENVIRONMENT

Occupational Safety, Health, and Environment ('SHE')

The occupational safety and health of all our employees, along with contractors and visitors to our sites, remains the highest priority for Victrex and is fundamental to everything we do.

This year we have seen improvements in our overall lagging SHE indicators. Our OSHA injury rate reduced by 83% in the last three years to 0.2 reportable injuries per 200k hours. In our high hazard facilities, our site safety improvements are recognised by favourable comments from the UK HSE regulator with no outstanding actions remaining. In the last two years we have focused on updating our SHE management systems and integrating requirements from external process safety frameworks supported by detailed audit guides and expertise from a leading consultant firm for process safety with an improving maturity score and endorsed action plan. All areas now have a simple SHE KPI dashboard, supported by an online SHE database tool, and have a safety improvement plan for both people and process safety.

FY 2023 saw the continuation of our zero incidents and zero accidents SHE culture improvement programme and we have:

- → introduced a rolling Tier 1 self-assessment tool to identify gaps and drive continuous improvement in SHE;
- → implemented a Tier 2 audit programme for compliance aligned to ISO 45001;
- → implemented our Occupational Health and Hygiene model and completed a baseline assessment; and
- → completed the second process safety external assurance, against our top priority SHEMS at our high hazard sites.

SHE KPIs

The culture and behavioural safety across areas is improving with the increased reporting of safety observations, near misses and the timely reporting of incidents and accidents. Our commitment to SHE continuous improvement through SHE investigations and escalation is increasing, identifying actions to drive down accidents and incidents.

Am I taking care? Is it safe? Am I doing the right thing? Because for every one of us Safety Starts with Me.

Recordable injury frequency rate (Global)	FY 2023	FY 2022	FY 2021
Total number of recordable injuries	**3**	4	6
Total hours (employee and contractor)	**2,996,604**	3,854,016	1,690,374
Frequency rate	**0.2**	0.2	0.7
OSHA benchmark	**1.3**	1.4	1.9

Frequency rate = total number of recordable injuries x 200,000/total number of hours worked (employee and contractor).

Lost time injury frequency rate	FY 2023	FY 2022	FY 2021
Total number of lost time injuries	**2**	2	4
Frequency rate	**0.1**	0.1	0.5
Total hours (employee and contractor)	**2,996,604**	3,854,016	1,690,374
OSHA benchmark	**0.5**	0.8	0.6

Frequency rate = total number of lost time injuries x 200,000/total number of hours worked (employee and contractor).

China

Our new China manufacturing subsidiary in Panjin ('PVYX') has recorded over 2 million hours (employees and contractors) since the project commenced, with no recordable injuries in FY 2023. Data on performance during construction is shown below:

PVYX (employees & contractors)	FY 2023
Hours worked	**247,156**
Recordable injuries	**0**
Total RIFR	**0**
Reportable environmental incidents	**0**
High potential incidents	**1**

PRODUCTS (SUSTAINABLE SOLUTIONS)

Favourable lifecycle analysis

Our own internal assessment, validated by KPMG last year, suggests Victrex™ PEEK, with its own upstream UK integrated monomers and the fact we are using 90% global renewable electricity in our own operations, shows a favourable sustainability profile against the industry average for PEEK production, based on GaBi materials data.

Lifecycle Analysis ('LCA') is the process of measuring the environmental impact of a product or service throughout its lifecycle – from cradle to gate. Following on from the successful completion of our first LCA, which identified that the total global warming potential for Victrex™ PEEK is 13kg CO_2e/kg of PEEK (GaBi industry data PEEK 15.6kg/CO_2e/kg), we have successfully implemented the Sphera GaBi LCA software and lifecycle assessment tool to enable us to develop a standard approach for the collation of LCA data and complete LCAs internally to ISO 14040/44 standards.

We have identified the products that account for 80% of sales and volume and created a plan to complete Lifecycle Analysis on them by the end of FY 2026, ensuring that our wider portfolio products are covered.

The process involves measuring the impacts of each part of the process such as energy used in production or additional processing, and in inbound logistics. This helps us compare between products, materials and methods used, providing useful information by which to make decisions that could help the environment and an understanding of our total carbon footprint for us and the carbon footprint of our products for our customers.

Overall, the LCA enables us to consider future opportunities for further environmental improvement, including:

- → reduce supplier impacts – gather suppliers' LCA data and identify suppliers with lower impacts;
- → recycle raw materials – explore increased recycling options;
- → explore alternative materials – use LCA data to identify high impact materials for replacement; and
- → target CO_2 reductions – reduce natural gas usage and waste streams.



Sustainable solutions: accelerating CO_2 reduction through innovative composite thermoplastic polymers, forms, and parts

Environmental benefits

Victrex's goal to grow application areas that positively support carbon reduction and bring societal benefits to 70% of revenue by 2030.

For decades Aerospace has been a key end-market for Victrex. Today over 20,000 planes rely on Victrex™ PEEK applications, including thermal acoustic blankets, brackets, and pipes. Typically used as an alternative to metal, PEEK delivers against key engineering requirements as well as offering significant weight reduction of 30-40% when compared with typical metal alternatives, critical to supporting aviation carbon emission reduction and improving the aircraft buy to-fly ratio. These savings are significant compared to our own Scope 1 & 2 emissions. The weight reduction by using just 10kg of PEEK in Aerospace replacing 10kg of metal helps save around three times the CO_2 compared to our own Scope 1 & 2 emissions (FY 2023: 34,123 tonnes of CO_2 from Scope 1 & 2 emissions).

Game-changing technology

In 2015 Victrex developed and introduced Victrex AE™ 250 based on its new LMPAEK™ polymer that offers the light weighting and performance attributes, plus enhanced processing, that enables manufacturing flexibility for thermoplastic composites.

Combined with advanced manufacturing processes such as hybrid over-moulding technology and automated fibre placement, the LMPAEK™ technology has been a game-changer in enabling Aerospace manufacturers to successfully produce large scale primary and secondary structural parts such as airplane fuselage, and wings that are fatigue and damage tolerant.

This processing technology supports the industry need for faster processing times, which is achievable with LMPAEK™ composites in minutes when compared with aluminium or thermoset alternatives.

Another benefit of these LMPAEK™ thermoplastics is the lower environmental impact versus similar alternative materials at lifecycle stages beyond use. In production customers produce less waste in processing than with metals and lower disposal rates than thermosets, due to the recyclable properties of LMPAEK™ thermoplastics.

From concept to commercialisation

Victrex AE™ 250 technology is showing indications of successful disruption within the industry. Earlier this year the first approval for uni-directional ('UD') tape was provided by the National Center for Advanced Materials Performance ('NCAMP') for use in Aerospace. NCAMP works with industry partners to qualify and publish material systems so manufacturers can achieve quicker, cost effective qualification.

Victrex continues as an alliance partner in the 'Clean Sky 2' European research programme supporting break-through technologies and the next generation of more environmentally friendly aircraft. Airbus and others recently exhibited sizeable structural composite parts manufactured from our materials, offering the potential of a 10x content increase in future aircraft, driving weight and CO_2 reduction benefits.

With post-pandemic build rates now increasing, Victrex AE™ 250 materials provide a real opportunity to support the Aerospace industry in the reduction of carbon emissions throughout their lifecycle, from process to use and recycle as well as faster processing and ultimately producing more sustainable planes.

OUR CODE OF CONDUCT – DOING THE RIGHT THING

Our values of Passion, Innovation and Performance underpin the way we do business and treat one another. Our Code of Conduct sets the foundations of how we act personally, with others and in our communities. Our continued success as a business rests on maintaining these principles and ensuring we strive to always do the right thing. You can read more about our Code of Conduct on our website at www.victrexplc.com.

All our employees and Board members are responsible for following our Code of Conduct and its supporting policies. All employees are required to complete Code of Conduct e-learning on commencement of employment and annual e-learning thereafter. In September 2023 the completion rate was 96% on a rolling annual basis. Additional training on specific supporting policies is undertaken by relevant employees.

We encourage employees and our stakeholders to speak up if they have concerns that our Code of Conduct or its supporting policies are not being followed and our Global Whistleblowing Policy sets out how to do this.

Sustainability at the heart

Whilst our products enable environmental and societal benefits, we also recognise that some of our operations can impact on the safety and wellbeing of our people and those in the communities around us. This is reflected in a principal risk on page 34. Our Safety, Health and Environment ('SHE') Policy promotes our continuous improvement in this area.

Our employees

Our employees are a valued asset to us, and we continue to seek to retain and develop our teams as well as recruiting talent when opportunities arise, and this too is reflected as a principal risk on page 35. Ensuring we recognise the positive contribution of a diverse workforce and hold ourselves to account for delivering it is paramount. Our policies and procedures are reviewed from time to time to ensure they remain fit for purpose and continue to enhance our employee experience, whilst also serving to support recruitment processes to ensure we attract the highest quality talent possible.

Our employees can easily access employment policies and key work-related information through one click into our HR intranet site, including our Group Diversity, Inclusion & Equal Opportunities Policy and our Global Flexible Working Policy.

Our Gender Pay Gap Report was published this year, details of which can be found on www.victrexplc.com. In cases where the National Minimum Wage or National Living Wage applies within the UK, the Company complies in full with its obligations and meets both conditions.

Respect for human rights

We recognise the importance of treating the people around us, and those we may impact, with respect but also acknowledge there are practices globally that seek to threaten human rights. Victrex does not tolerate these practices.

In relation to our supply chain activities, we have focused policies on Modern Slavery, Conflict Minerals and Anti-bribery & Corruption. Before any vendor can become an approved supplier to Victrex, they must pass through our due diligence process which involves:

- → site-specific audits where appropriate;
- → detailed responses to a robust on-boarding process that examines all relevant areas of the business operation, with special focus on issues pertinent to legislation and CSR factors; and
- → acknowledgement and acceptance of the Victrex Supplier Standards Handbook.

The process is cyclical, to ensure the appropriate focus is maintained on those vendors deemed as strategically important or as high risk to Victrex.

Our Modern slavery statement is available on www.victrexplc.com reaffirming our policy commitment and our ongoing actions in this area.

Compliance including anti-bribery and corruption

Our Code of Conduct includes our commitment to being open and honest and following all relevant laws and regulations. This is supported by underlying policies and processes including with respect to Anti-bribery & Corruption, Financial Crime, Gifts & Hospitality, Share Dealing (Market Abuse), Data Protection, Data Retention & Disposal, Competition Law and Export Controls & Sanction Compliance, and is reflected in our principal risks on page 37. Our policies and procedures are published on the Company's intranet on a dedicated Group Policies page. Our focus on Doing the Right Thing extends beyond the letter of the law to ensure we act ethically and openly, treating others fairly and how we would want to be treated. The desired outcome of our Code of Conduct, including the policies and procedures which underpin it, is to ensure we act responsibly in all our dealings and foster a sustainable business.

Victrex is committed to a zero-tolerance position on bribery, made explicit through our anti-bribery and corruption policy and supporting policies and procedures on gifts and hospitality, sponsorship and donations, and interactions with politically exposed persons and healthcare professionals. We maintain a manual for the management of anti-bribery and corruption risk including a three lines of defence controls assessment and an action plan for implementation of further enhancements to existing measures. The risk of bribery and corruption is considered a key aspect of the ethics and regulatory compliance principal risk on page 37 and several mitigations are in place which are reviewed at least annually. The Company conducts enhanced due diligence on individuals or organisations where there is a perceived or actual increased risk of bribery (for example, where the Company is engaging with a politically exposed person), or where the Company is conducting due diligence for a potential joint venture or acquisition. Our mandatory Code of Conduct training includes a section on anti bribery and corruption matters. We keep our training materials under regular review and specific e-learning modules for anti bribery and corruption, gifts and hospitality and conflict of interest, are supplemented by face-to-face or virtual training from time to time. We continue to ensure appropriate anti-bribery and corruption clauses are included in relevant contracts. The Company maintains a register of employee interests (where there are actual or possible conflicts of interest) and a record of gifts and hospitality given and received above certain thresholds in the form of a Giving & Receiving Register. A review of the Company's anti-bribery and corruption arrangements is featured on the Board's programme of business and the internal audit review programme includes a periodic review of the adequacy of the Company's procedures in relation to anti-bribery controls and procedures.

We operate a Global Data Protection Policy (and a suite of supporting procedures and arrangements) to support compliance with applicable data protection legislation in the regions in which we do business. Employees who handle personal data continue to be required to complete mandatory annual training and as of September 2023 we had a completion rate of 95% on a rolling annual basis.

Sustainability report continued

Non-financial and sustainability information statement

This section of the Strategic report constitutes Victrex plc's non-financial information statement, produced to comply with the Companies Act 2006. The below table, and information it refers to, is intended to help stakeholders understand our position on key non-financial matters, and where the relevant information is located in this report.

Reporting requirement	Material policies and standards that govern our approach	Key risks relating to these matters (pages 34 to 38)	Read more
Sustainability & environmental	→ Safety, Health and Environment ('SHE') Policy → Environmental Policy (ISO system) → Sustainability Policy → Code of Conduct*	→ Safety, Health and Environment → Legal and regulatory compliance, ethics and contracts	→ Task Force on Climate-related Financial Disclosures and Companies Act 2006 s414CB2A(A-H) "climate related disclosures", pages 49 to 53 → Sustainability report – resource efficiency, pages 58 to 62 and safety, health & environment, page 63 → Corporate Responsibility Committee report, page 98 and 99
Employees	→ Group Diversity, Inclusion & Equal Opportunities Policy → Disciplinary Policy & Procedure → Grievance Policy & Procedure → Global Flexible Working Policy → Employee Handbook → Global Whistleblowing Policy → Share Dealing Code → Code of Conduct → Prevention of Bullying & Harassment Policy	→ Recruitment and retention of the right people → Legal and regulatory compliance, ethics and contracts	→ Sustainability report – Our Code of Conduct, page 65 → Sustainability report – People (Social Responsibility), pages 54 to 57 → Gender pay in Victrex, page 56
Respect for human rights	→ Modern Slavery & Human Trafficking Policy → Modern slavery statement* → Conflict minerals statement* → Global Data Protection Policy → Global Document Retention & Disposal Policy → Code of Conduct*	→ Legal and regulatory compliance, ethics and contracts	→ Sustainability report – Our Code of Conduct, page 65 → Modern slavery, human trafficking and conflict minerals statements – see www.victrexplc.com
Social matters	→ Sustainability Policy → Code of Conduct*	→ Recruitment and retention of the right people	→ Our sustainability vision & goals, pages 46 and 47 → Sustainability report – People (Social Responsibility), pages 54 to 57 → Our Stakeholders, pages 20 and 21
Anti-corruption and anti-bribery	→ Anti-bribery & Corruption Policy → Fraud Policy → Conflict of Interests Policy → Gifts & Hospitality Policy → Sponsorship & Donations Policy → Financial Crime Policy → Policy on Interaction with Healthcare Professionals → Procedure on Interaction with Politically Exposed People → Export Controls & Sanctions Policy → Competition & Anti-trust Policy → Code of Conduct*	→ Legal and regulatory compliance, ethics and contracts	→ Sustainability report – Our Code of Conduct, page 65
Description of the business model		→ All principal risks	→ Business model, pages 12 and 13
Non-financial key performance indicators		→ All principal risks	→ Non-financial key performance indicators, pages 18 and 19

* These policies are published on www.victrexplc.com, along with being available to employees via the Group intranet. All other policies listed are available to employees via the Group intranet.



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