Non-financial and Sustainability Information Statement

Introduction

As a manufacturer with a global operation, supply chain and customer presence, Volex recognises the importance of understanding the current and future potential impacts of climate change on our business. We also take the responsibility that the Company holds in reducing its direct impact on the planet seriously. This year, we have again undertaken a comprehensive analysis of our climate-related risks and opportunities on our strategy, taking into consideration their financial impact and considering them under different timeframes and scenarios.

The following report covers the Board's oversight of climate-related issues; the Group's integration of climate change within our overall risk management processes; our strategies for managing climate-related risks; and relevant metrics used to measure progress towards our climate targets.

The Board notes the requirement for mandatory climate-related disclosures within the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, which this report addresses.

In setting out this report, we have referenced the full TCFD recommended disclosures as detailed in 'Recommendations of the Task Force on Climaterelated Financial Disclosures' 2017, with use of additional guidance from 'Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures', 2021. Additionally, following the amendment of sections 414C, 414CA and 414CB of the Companies Act 2006, the Group has indicated, in the below table, which of the climaterelated disclosures, outlined in Section 414CB, are addressed by the TCFD recommended disclosures, alongside the pages of the 2024 Annual Report and Accounts where these are located.

In 2024, the acquisition of Murat Ticaret was the primary focus and we have reported on the combined scope 1 and scope 2 emissions for the expanded Group. We decided to pause work on our Group-wide scope 3 emissions until the new business was integrated. Having successfully integrated the business, we are committed to improving the data collection required for us to report on our upstream and downstream emissions in the coming years.

Recommendation	Recommended disclosures		CA 414CB
Governance Disclose the organisation's governance around climate- related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	Page 64	(a)
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Page 65	(a)
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material.	 a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term. 	Pages 66-68	(d)
	 b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. 	Pages 66-70	(e)
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 66	(f)
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks.	 a) Describe the organisation's processes for identifying and assessing climate-related risks. 	Page 65	(b)
	 b) Describe the organisation's processes for managing climate-related risks. 	Page 66	(b)
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Pages 65-69	(c)
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 70	(h)
	b) Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	Pages 71-72	(h)
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 70-72	(g)

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Governance

Board level

The Board of Directors has oversight and ultimate responsibility for Volex's sustainability strategy, targets, disclosures and reporting. The Board's responsibility includes (but is not limited to) climate-related risks and opportunities and the monitoring of Group performance towards achieving climate-related targets in line with TCFD recommendations. The Board regularly considers climate-related issues when reviewing and guiding strategy, such as inclusion of ESG factors within the due diligence processes that take place prior to acquisitions and overseeing the sign-off of major capital expenditures. Environmental due diligence was undertaken prior to the acquisition of Murat Ticaret.

The Board receives at least two updates each year at Board meetings on key sustainability and climate-related matters that impact the sectors in which the Group's businesses operate and on the specific measures that need to be implemented to drive improved climate-related performance of the businesses.

The risk management process gives the Board assurance that risk management and related control systems in place are effective. During the year this comprised two key elements, which are supported by other activities within our risk management framework: an ongoing process of assessment and review of individual Volex sites and/or entities undertaken by a combination of our Internal Audit function, the Group Finance team and the operations teams; and the annual risk survey conducted centrally across the entire senior management team and Group-wide functions. The Board delegates responsibility for driving ESG strategy, including responsibility for identifying, considering and managing climaterelated risks and opportunities, to the Safety, Environment and Sustainability ('SES') Committee, whose members include the Executive Chairman, an independent Non-Executive Director and the Group's HR Director. The Committee's terms of reference are available on our website. The SES Committee reports to the Board following its biannual meetings.

The Board oversees and monitors progress against our key sustainability goals including our net zero by 2035 scope 1 and 2 emissions target.

The Board is yet to deploy a firm link between Executive remuneration and ESG indicators. However, the Board has resolved that its Remuneration Committee will review this on an annual basis.

Management level

At a management level, an executive Group Sustainability Steering Committee (consisting of Lord Rothschild, Executive Chairman; John Molloy, Group Chief Operating Officer; Jon Boaden, Group Chief Financial Officer; and Alan Taylor, Group HR Director) is responsible for developing the climate agenda and driving its implementation at an operational level. The Group Sustainability Steering Committee discusses and reviews all sustainability data, performance and targets as they develop at quarterly meetings. The Committee reports to the Board-level SES Committee.

Each regional Chief Operating Officer ('COO') has responsibility for the sustainability strategy and the delivery of the improvement programmes within their locality. Site-level sustainability reviews are conducted to inform the action plans that are managed at a regional level. Every employee is kept informed of role-relevant behaviours that promote Volex's commitment to sustainability and climate resilience. All manufacturing sites submit greenhouse gas emissions data, as well as an extensive range of other sustainability-related data, to the Group on a monthly basis through the Group's Sustainability Reporting System. On a weekly basis, each factory is required to share its kaizen reports with all other locations and many of these kaizen reports include improvement actions that are delivering environmental or other efficiency-related improvements.

Each regional COO coordinates their sustainability improvement activities, and this is reported to the Group Sustainability Steering Committee, through which information is fed up to Board level via the SES Committee to be integrated into the Group's risk assessment and strategy development.

Climate governance structure



Risk Management

Identification of climate-related risks is integrated into Volex's risk management processes and considered as part of the overall Group risk management process. This risk assessment considered existing and emerging risks and all risk categories outlined in the TCFD recommendations in relation to all of Volex's operations, including our newly acquired Murat Ticaret operations, as of 31 March 2024. Climate-related risks and opportunities were also considered in the Group's upstream and downstream supply chains.

"Climate and Environment" has been identified as a Principal Risk (Operational) for Volex.

While the Board has overall responsibility for the management of risks at Volex, businesses invest in and implement appropriate systems and processes to manage their impact on the environment. The Audit Committee is delegated specific responsibility from the Board for the oversight of the risk management process. Our overall approach to Risk Management is described on pages 49 to 55.

The management of Volex's climate-related risks is integrated into the Group's overall risk management framework. All climate-related risks are assessed in the same manner as other Group risks, so that their relative significance is comparable.

Climate-related risk identification is performed both top-down: based on a strategic risk assessment at Executive and Board levels; and bottom-up: risk assessment at operational and functional levels. In practice, this means that Transition risks are identified and managed at Group level, and Physical risks, which are location specific, are identified and reported up from site level. The risk management process is comprised of two key elements, which are supported by other activities within our risk management framework:

- An ongoing process of assessment and review of individual Volex sites and/or entities undertaken by a combination of the Internal Audit function, the Group Finance team and the operations teams; and
- An annual risk survey is conducted centrally across the entire senior management team and managers within the Groupwide functions. This provides a top-down, bottom-up approach, whereby a strategic risk assessment is conducted at Executive and Board level, as well as the assessment of risks at an operational and functional level. Climaterelated risk is considered within this process and included within the Principal Risk Register.

The Group's Risk Register categorises all existing and emerging risks, including climate-related risks, with the register covering the probability of the risk occurring and the degree of the potential impact.

All risks are assessed on a 5x5 matrix incorporating an assessment of the likelihood of occurrence and the potential impact on the business were they to occur, as well as the extent to which they are being addressed and mitigated. The Group defines the likelihood and financial impact as follows:

Likelihood	Impact	
5 Almost certain	5 Catastrophic	Impact or lost opportunity of >\$10m
4 Likely	4 Critical	Impact or lost opportunity of \$5m-\$10m
3 Possible	3 Serious	Impact or lost opportunity of \$3m-\$5m
2 Unlikely	2 Significant	Impact or lost opportunity of \$1m-\$3m
1 Rare	1 Minor	Impact or lost opportunity of <\$1m

The risk matrix is consolidated into four risk levels: Low (a risk score of <5), Medium (a risk score of 6-12), High (a risk score of 13-19), and Very High (a risk score of 20-25).

Risk mitigation factors for all risks, including climate-related, are included in the Risk Register and this combined view determines the approach for managing climate-related risks (e.g. mitigation, accept, or control).

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Strategy

Our approach to climate scenario analysis

Climate scenario analysis, assessing the physical and transition risks and opportunities that may impact the Group, was completed for the second time during FY2024, incorporating the additional sites gained through the Murat Ticaret acquisition. Potential risks were assessed within the Group's own operations and upstream/downstream in the Group's supply chain. Assessments were completed, with support from external consultants, CEN-ESG, through climate-related workshops and interviews across the business. Quantification of risks and opportunities has been completed where sufficient data is available. It has not been possible to fully quantify all risks and opportunities due to the high levels of uncertainty around climate change and availability of data. Risks and opportunities have been prioritised to determine which have a material financial impact on the organisation using both likelihood and financial impact, resulting in a combined risk register. The threshold for financial materiality is outlined on page 130 within the Independent Auditors' Report.

Our risk assessment and climate scenario analysis has shown that, in aggregate across all scenarios assessed, the overall climate risk exposure for Volex is Low, and the group is financially resilient and strategically robust to climate change. Our current understanding of climate-related risks is that any impacts on assets is limited, and risks can be accommodated within business-as-usual activity considering existing and planned mitigation strategies.

Risks are subject to ongoing refinement and quantification over time, which enables us to build a complete picture and assists with incorporating the management of any climate-related risks into the ongoing strategy. There are no effects of climate-related matters reflected in judgements and estimates applied in the financial statements as a result. Our analysis will continue to evolve as new data becomes available, both internally and externally, and we will continue to monitor our climate exposures and action plans through the Group's risk management framework. The limitations and assumptions of scenario analysis are:

- Scenarios may only provide high-level global and regional forecasts;
- 2. Not all risks are easily subject to scenario analysis;
- Scenario analysis requires analysis of specific factors and modelling them with fixed assumptions;
- Impacts are to be considered in the context of the current financial performance and prices;
- Gross impacts are assumed to occur without the company responding with any mitigating actions, which may reduce the impact of risks;
- Impacts are modelled to occur in a linear fashion when, in practice, dramatic climaterelated impacts may occur suddenly after tipping points are breached; and
- 7. The analysis considers each risk and scenario in isolation, when in practice climate-related risks may occur in parallel as part of a wider set of potential global impacts.

Physical Risks

Volex is a global manufacturing business with an operation spanning multiple continents. As global temperatures rise, the frequency and severity of extreme weather events are likely to increase, resulting in a higher chance of disruptions to global operations and supply chain. The Munich Re Location Risk Intelligence Tool has been used to assess current and potential future chronic and acute physical climate-related risks facing our facilities. We have assessed the potential climaterelated physical risks (includes the risks of floods, storms, sea level rises, drought, wildfires and precipitation stress) at all 28 of our operational locations.

Three climate scenarios were selected to provide a range of situations which may impact the Group. The scenarios are based on the IPCC's Representative Concentration Pathways ('RCP') mapped to the latest IPCC AR6 report's Shared Social Economic Pathways ('SSPs).

- Net Zero 2050 Scenario RCP 2.6/IPCC SSPI: which is associated with cl.5°C temperature rise from pre-industrial times by the end of the century;
- 'Middle of the Road' RCP 4.5/IPCC SSP2: which is associated with 2-3°C temperature rise from pre-industrial times by the end of the century; and
- 'Hothouse world' RCP 8.5/IPCC SSP5: which is associated with >4°C temperature rise from pre-industrial times by the end of the century.

Based on a combination of the likelihood of an event, the materiality of the location and the potential financial impact, we have identified two potentially significant climate-related physical risks.

Key physical risks

Risk	Damage or disruption to own operations due to flooding events	Disruption to supply chain due to flooding events
Area	Own operations (China, Vietnam, Türkiye)	Upstream and Downstream (Global)
Risk description	Flood risk is the dominant risk within seven sites identified as having extreme exposure. Projected forward, the risks intensify with increased precipitation stress.	Sea freight is a key distribution channel and climate-related events, such as disruption to ports through storm surge and sea level rise, could impact the ability to operate.
Potential financial impact	 Asset damage costs Loss of revenue due to operational disruption Increased insurance costs Productivity loss 	 Disruption to the supply chain impacting distribution Productivity loss Loss of revenue due to operational disruption
Mitigation/actions to manage risk	 Diversified production strategy - production can be switched from any disrupted sites, although noting operational and commercial constraints Flood damage insurance cover at all manufacturing sites with limits that reflect the magnitude of risk Materiality of financial impact of a negative event at each site decreases with Group growth Experience also shows that in the event of a super-typhoon, impact is limited to just a few weeks to return power supplies and fix infrastructure 	 Maintaining redundancy in global manufacturing capabilities allows for production to continue for all products should a single facility be materially disrupted by supply chain/distribution issues Volex operates a very expansive supply chain, mitigating against any single supplier being impacted by physical climate-related events Major climate-related events would likely equally affect competitors, meaning no loss of competitive advantage
Metrics used to track risk	 Number of days lost due to disruption Revenue lost due to disruption Cost of asset damage/replacement 	 Number of days lost due to disruption Revenue lost due to disruption
Time horizon	All time horizons	Longer term
Likelihood	3	3
Impact		1

Transition risks and opportunities

Volex is exposed to the risks and opportunities that result in a transition to a low-carbon economy. The speed of this transition will determine the severity and impact of climate transition risks and opportunities.

Transitional climate-related risks and opportunities were identified and assessed over three different time horizons. These horizons allowed us to consider the lifespan of our assets and infrastructure as well as any longer-term regulatory changes and to consider our near and long-term targets.

Climate scenario time horizons

Term	Years	Rational
Short	2024-2025	Aligned with short-term business actions and financial planning
Medium	2026-2035	Aligned to the Group's net zero by 2035 target (scope 1 and 2)
Long	2036-2050	Aligned to the Group's net zero by 2050 target (scope 1, 2 and 3)

The following IEA climate-related models, looking forward out to 2050, were applied to assess the behaviour of climate-related transition risks and opportunities. The IEA scenarios are far more descriptive and useful for modelling more positive climate outcomes, so are appropriate for modelling transition risks. **Net Zero 2050 ('NZE'):** an ambitious scenario, which sets out a narrow, but achievable, pathway for the global energy sector to achieve net zero CO₂ emissions by 2050. This meets the TCFD requirement of using a "below 2°C" scenario and is included as it informs the decarbonisation pathways used by the Science Based Targets initiative ('SBTi'), which validates corporate net zero targets and ambition.

Stated Policies Scenario ('STEPS'): a scenario which represents the roll forward of already announced policy measures. This scenario outlines a combination of physical and transition risk impacts as temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability. This scenario is included as it represents a base case pathway with a trajectory implied by today's policy settings.

Based on a combination of the likelihood of an event and the potential financial impact, we have identified three potentially significant climate-related transition risks and three potentially significant climate-related transition opportunities:

Key transition risks

Risk	Carbon price in own operations	Carbon price in value chain	Failure to meet/maintain expected ESG credentials
TCFD category	Policy & Legal	Policy & Legal	Reputation
Risk description	The scope of carbon pricing is expected to expand over the medium-term and the price of carbon is expected to rise in the drive to make companies more responsible for energy use and carbon emissions. The IEA forecasts that carbon prices relevant to Volex under NZE and STEPS scenarios are projected to increase.	Volex is exposed to potential carbon pricing impacts in the value chain. It is uncertain how and when carbon prices will be imposed in the value chain and how much will be passed on to Volex. A full scope 3 carbon footprint is also required to fully understand the risk impact.	Volex has obligations to its stakeholders, such as customers and investors, to maintain and show progress against sustainability ratings and frameworks and to demonstrate progress on decarbonisation. The expected growth of the business over the next four years introduces additional challenges in terms of managing sustainability.
Area	Own operations	Upstream and downstream	Own operations
Potential financial impact	 Price of carbon related to GHC emissions in own operations. Increased operational expenses (greatest impact on the energy intensive cable manufacturing sites). Increasing regulations on existing products (e.g. carbon intensity) increases costs and exposes the business to litigation. Greater costs associated with emissions reduction activities. 	 Higher costs of purchased goods and services as suppliers pass on costs. Higher costs associated with carbon tax on scope 3 emissions. 	 Increased shareholder concern could lead to increased cost of capital and loss of investment. Failure to maintain customer expectations on sustainability performance could lead to loss of trust, competitive advantage and ultimately contracts. Failure to comply with all relevant disclosure regulations could result in fines from regulatory bodies.

Business overview - Strategic - Governance - Financials -

Risk	Carbon price in own operations	Carbon price in value chain	Failure to meet/maintain expected ESG credentials
Mitigation/actions to manage risks	 Current and planned initiatives to reduce energy consumption and targets for decreased emissions including increased investment in clean electricity through use of RECs and PPAs. Complete LCAs of products. 	 Supplier and customer engagement. Membership of industry stakeholder groups. 	 Continuous improvement in sustainability reporting to align with external frameworks and rating agencies. Net Zero Transition plan to be developed. Clear communication through dedicated sustainability report that meets stakeholder requirements.
Metrics used to track risk	 Emissions (scope 1 and 2) Profit margin 	Emissions (scope 3)Profit margin	 Emissions (scope 1, 2 and 3) ESG rating agency scores Revenue Cost of capital
Time horizon	Short/Medium	Medium	All time horizons
Likelihood	3	3	2
Impact	1	2	2

Key transition opportunities

Opportunity	Aiding the transition to a green economy through electrification	Improvements to resource efficiency	Supporting the energy transition
TCFD category	Products & Services, Markets	Resource efficiency	Energy Source, Resilience, Resource efficiency
Opportunity description	As a manufacturer of power and connectivity-related products and solutions, the business is well placed within a variety of markets to drive electrification and aid in the transition to green energy. As electrification across the economy grows, this allows Volex the opportunity of increasing its market share within this space, winning business and increasing sales. In particular, the Electric Vehicle sector is a significant and growing market that Volex will be able to benefit from.	Improving energy efficiency, reducing materials and improving recyclability of products will help reduce costs as well as mitigate against the future cost of carbon pricing.	Opportunities to reduce operating costs through transitioning to green energy and improving business resilience through generation of own renewable energy through on-site installations.
Area	Own operations	Own operations	Own operations
Potential impact on the business	 Increased revenue from the expanding Electric Vehicle market. Increased market share in both existing and new markets. Overall positive effect on revenue, revenue growth and profit margins. 	 Reduce production costs by improving operational efficiency and recyclability of products. Reduce capital expenditure through material efficiency. 	 Reduce operating costs longer-term through transition to green energy sources. Reduce impact of carbon pricing in own operations and reduced energy bills through generation of own renewable energy on-site.

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Opportunity	Aiding the transition to a green economy through electrification	Improvements to resource efficiency	Supporting the energy transition
Strategy/actions to manage opportunity	 R&D investment strategy adapt to market and industry changes. Strategic partnerships to access new markets and customers. Marketing strategy. M&A to access markets. 	 Operational excellence. Set water, waste and material efficiency targets. Product LCAs. 	 Energy, Renewable installations (e.g. LED lighting, efficient machinery etc.). Site and building improvements (e.g. insulation). Leak detection and repair. Employee awareness and engagement. Technological innovation to enable a net zero economy.
Metrics used to track opportunities	 Revenue Revenue growth Profit margin	Scope 1-3 emissionsEnergy consumption	 Scope 1-3 emissions Energy consumption
Time horizon	Medium	Medium	Medium
Likelihood	5	5	
Impact	5	2	1

Metrics and Targets

Volex discloses a wide range of metrics used for assessment of climate-related risks and opportunities, including GHG emissions (scope 1, 2 and elements of scope 3 such as Employee Commuting and Business Travel), energy consumption data, water use efficiency and waste data. See pages 71 to 72 for full data disclosure.

FY2024 was a transformational year for Volex, following the acquisition of the Murat Ticaret business. This substantial transaction added nine new manufacturing locations to the Volex portfolio and resulted in an 15.6% increase in scope 1 and 2 emissions compared to FY2023. While energy reduction initiatives and efficiency improvements continued in the existing sites throughout FY2024, the key focus for the year was to deploy our data capture processes to the new sites to enable full emissions disclosure. While this work was ongoing, the process to set absolute emissions reduction targets through the SBTi was temporarily put on hold. Now that we have a full picture of our emissions across the expanded group, we will now progress with completing a full carbon footprint assessment with the intention of setting sciencebased targets by the end of FY2025. We will be developing a structured roadmap or transition plan to align to our emissions target of achieving net zero by 2035 (scope 1 and 2) and net zero by 2050 (all scopes). For further information on our targets, see page 60.