

Stakeholder Engagement

Volex is a responsible organisation that recognises the importance of fostering positive relationships with all our stakeholder groups. Our stakeholders, including customers, employees, shareholders, suppliers and the wider community, are crucial to our success. We believe that proactive and constructive engagement is essential for building long-lasting, trusting relationships with them.



Our remarkable talent

Why we engage

At Volex, our employees are a critical asset to the business and are integral to meeting our customers' expectations. Listening to their views, observations and improvement ideas is essential for ensuring our success.

How we engage

Our engagement models vary across the business, depending on the size and scale of each manufacturing facility, as well as the systems, policies and culture that is present in each location. Some of our sites are unionised and have collective bargaining processes that enhance communication and collaboration between management and workers. Other sites use employee committees or organise employee engagement surveys or suggestion schemes to encourage feedback. Our senior leadership are constantly out and about visiting sites and always engage with our employees during their visits, listening to their improvement suggestions and requests.

Outcomes of our engagement

We measure employee engagement in various ways, including the number of kaizen ideas generated by each site. We review a wide range of metrics such as absence rates, employee turnover and safety statistics to assess engagement levels.



Our customers

Why we engage

Understanding our customers' needs is a top priority. Using a continuous process of engagement with our customers ensures that we meet and exceed their expectations.

How we engage

Every site has processes in place to track and review performance against a variety of customer key performance indicators. We adapt our customer engagement according to the scale and nature of our relationship. Our largest customers have dedicated directors or key account managers supporting them and our smaller customers will have direct access to customer service, sales or programme management professionals. As a global manufacturer, we expect all business general managers to have regular engagements with their customers.

Outcomes of our engagement

Our central goal is to achieve sustainable revenue growth and to deepen our customer relationships. We thrive through our collaborative approach where we work together with our customers to meet their expectations and help them achieve their strategic goals. We are honoured to receive their visits, comments and improvement observations and we are thrilled to receive their formal commendations and awards.



Our suppliers

Why we engage

As a global manufacturer of components and assemblies that are crucial for safety or mission-critical applications, we work with many suppliers worldwide, all of whom are valued partners. We operate in a complex ecosystem of supply and demand, working together with our suppliers to deliver outstanding products and solutions to our end-use customers.

How we engage

Our global team of supply chain, procurement and logistics professionals are dedicated to building effective and sustainable supply chain capabilities. Through regular engagement, audits and close communication, we collaborate with our suppliers to ensure our supply needs are fulfilled. We remain vigilant to the wide range of potential risks that exist within our global supply chain.

Outcomes of our engagement

We measure successful supplier engagement in various ways, but our ultimate goal is to achieve stable and predictable supply that meets our customers' needs. Through revenue growth and customer commendations we demonstrate the contribution of our supply chain partners.

To achieve this, we have implemented various measures to ensure meaningful engagement with our stakeholders. Regular communication is essential and we utilise a variety of channels, including social media, surveys, meetings and events. By employing multiple communication channels, we can reach a broader audience, address issues promptly, respond to feedback and build stronger relationships.



Communities and environment

Why we engage

Each community in which we operate is important to us. We rely on their people, their resources and their support. Each community is unique, reflecting the diversity of our locations, which range from rural areas to inner-city locations and industrial parks.

How we engage

Community engagement is driven by our local teams as it must be aligned with the size, scale and location of each factory. We engage in many ways, including partnering with local schools and colleges and engaging proactively with local government or town administrations. Some of our sites organise family days that enable our employees' families to gain an insight into our business. Some sites support charitable programmes such as blood drives or donating food and supplies to community organisations. We encourage our employees to act as ambassadors for our business within the local community.

Outcomes of our engagement

The benefits of being a good corporate citizen and a valued member of our communities can be measured in many ways including in the stability and engagement of our workforce.



Our shareholders

Why we engage

Volex shares are publicly traded on AIM, with each share carrying equal value and an equal vote on any members' resolutions. The Board does not differentiate between the Company's shareholders, ensuring that all shareholders are treated equitably and their voices heard.

How we engage

The Executive Chairman, being a major shareholder, aligns his interests with those of other shareholders, promoting a unified vision for the Company's success. Our Board is accessible to shareholders, particularly during the Company's Annual General Meeting, where they are available to answer questions and address concerns. This openness fosters transparency and trust between the Board and our shareholders.

Outcomes of our engagement

Carefully listening to our shareholders helps us to prioritise the long-term, sustainable development of the business. We align remuneration policies for our key executives with the interests of our shareholders. We ensure goals are consistent with their longer-term interests. We know that engaging with shareholders helps us to identify improvement areas, enabling us to develop our business in ways that benefit all stakeholders.

Section 172(1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to include a statement in the Strategic Report describing how they have had regard to the matters set out in sections 172(1)(a) to (f) of the Companies Act 2006. This section 172 statement explains how the Company's Directors have, as well as the interests of shareholders, also taken into account the following issues.

The likely consequences of any decision in the long term

As a global business working in high-technology sectors, the Board is always conscious of the longer-term impact of decisions and the changing context in which the Company operates. The Board met on multiple occasions across the year to ensure a close alignment around our strategy. Further details of the Company's strategy and longer-term objectives can be found in the Executive Chairman's Statement on pages 18 and 19, in the Strategy section on pages 28 to 31 and in the Chief Operating Officer's Q&A on pages 34 to 36.

The interests of the Company's employees

The Board has demonstrated its dedication to supporting and managing staff development by consistently focusing on enhancing the business's culture and capabilities. Throughout the year, the Board has remained closely involved with the business, addressing the ongoing impacts of inflation and global supply chain challenges. Discussions with Executive management have centred on growth, talent, succession planning and strategic investment in key skills and capabilities to support delivery of the strategy. Ensuring employee safety continues to be a top priority and is one of the Company's key performance indicators. Additionally, 'Talent' is one of the five main pillars of our strategy. Recent activities aimed at improving employee engagement and welfare are detailed in the Executive Chairman's Statement on pages 18 and 19, and further elaborated in the 'Social Impact' section of the Sustainability Report on pages 73 to 75. The Safety, Environmental, and Sustainability Committee Report is available on pages 102 to 104.

The need to foster the Company's business relationships with suppliers, customers and others

The Company fosters long-term relationships with numerous customers, suppliers and other business partners, including its professional advisers. Due to the nature of its business, which involves many products that require safety and other technical certifications, the Company ensures close collaboration with partners and the development of robust business relationships. More details on the Company's business relationships are available in the Strategy section on pages 28 to 31, the Chief Operating Officer's Q&A on pages 34 to 36, and the Performance and Financial Review on pages 37 to 48.

The impact of the Company's operations on the community and the environment

The Company is continuously exploring methods to manage and mitigate its impact on the community and environment, both locally and globally, as detailed in the Sustainability Report on pages 56 to 62. The Company has regularly monitored and reported its energy usage and carbon emissions, even when it was not a requirement for AIM-listed companies. The Board oversees the Executive team's sustainability initiatives, ensuring the development of science-based targets, a decarbonisation roadmap and an evidence-based action framework that aligns with the principles of our Environmental Policy, which is available on our website at <https://www.vollex.com/wp-content/uploads/2023/07/Vollex-Environmental-Policy-and-Principles-July-2023.pdf>. More information on the Company's commitment to local community engagement is available in the Social Impact section on pages 73 to 75 and Stakeholder Engagement on pages 78 and 79.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Volex Group has a clear Code of Conduct regarding its ethical and business standards, formally approved by the Board, and numerous more specific Company policies, which support and feed into that code, relating to financial matters, health and safety issues, environmental standards, employment practices, modern slavery, conflict minerals and other matters. Company policies are hosted on the Company intranet site and are communicated to new staff on entering employment. Suppliers are required to sign an equivalent document, which confirms their commitment to abide by similar standards. The Company has a compliance hotline and an independent compliance reporting system. Every year, senior management for individual production sites and cross-company areas of responsibility in all the subsidiary companies are required to make a declaration of compliance with the Code of Conduct and with other key policies, confirming their adherence to them. More details on the Company's ethical values and standards can be found in the Sustainability Report on pages 56 to 62 and in the Corporate Governance Report on pages 88 to 95.

The need to act fairly as between members of the Company

All Volex shares are publicly traded on AIM and each carries equal value and an equal vote for any members' resolutions. The Board does not make any distinction between the Company's shareholders and currently does not issue different types of shares. The Executive Chairman is a major shareholder, which helps align his interests with those of other shareholders. The Company's Executive Directors and the Senior Non-Executive Director are available to speak to shareholders and answer questions at the Company's Annual General Meeting ('AGM'). Smaller shareholders are often the most regular attendees and the most active in questioning the Board at the AGM.

Key Strategic Decision

The following is one of the key strategic decisions taken by the Board during the year, including the considerations given to stakeholder interests and impacts:

Decision: Acquisition of Murat Ticaret and Placing

In line with our strategy, during FY2024, we successfully completed the acquisition of Murat Ticaret Kablo Sanayi A.Ş. ('Murat Ticaret'), a leading manufacturer of complex wire harnesses headquartered in Türkiye for a total consideration of up to approximately €181.4 million. In order to facilitate the acquisition, the Board approved a placing and retail offer to raise gross proceeds of approximately £60 million in aggregate.

Process and Outcome: As part of the fundraising, the Board considered the need to raise capital efficiently and quickly with the desire to treat shareholders as fairly as possible. In doing so, members of the Board consulted with the Company's major institutional shareholders ahead of the placing. This consultation confirmed the Board's view that the placing was in the best interests of the shareholders, as well as the Company's wider stakeholders.

The Board supported efforts to ensure that shareholders who did not participate in the placing were given the opportunity to participate via a retail offer via the REX platform. The Board also considered the appropriate structure for the fundraising and concluded that a cashbox structure would minimise cost, time to completion, as well as exposure to market volatility, and would provide greater transaction certainty.

In its decision-making, the Board also considered the needs of its customers and concluded that the acquisition would add non-competing, complementary products to Volex's capabilities across a broad range of geographies and that the broadened service offerings would strengthen the Company's position in the market and promote its long-term sustainable success.

The Board also considered that expanding our presence in Türkiye would present our existing employees within DE-KA, and elsewhere in the Group, with additional career development opportunities.

Key Stakeholders Impacted: Shareholders, customers, employees.

The Strategic Report, as set out on pages 2 to 81, has been approved by the Board.

On behalf of the Board



Rothschild
Executive Chairman



Jon Boaden
Chief Financial Officer

26 June 2024