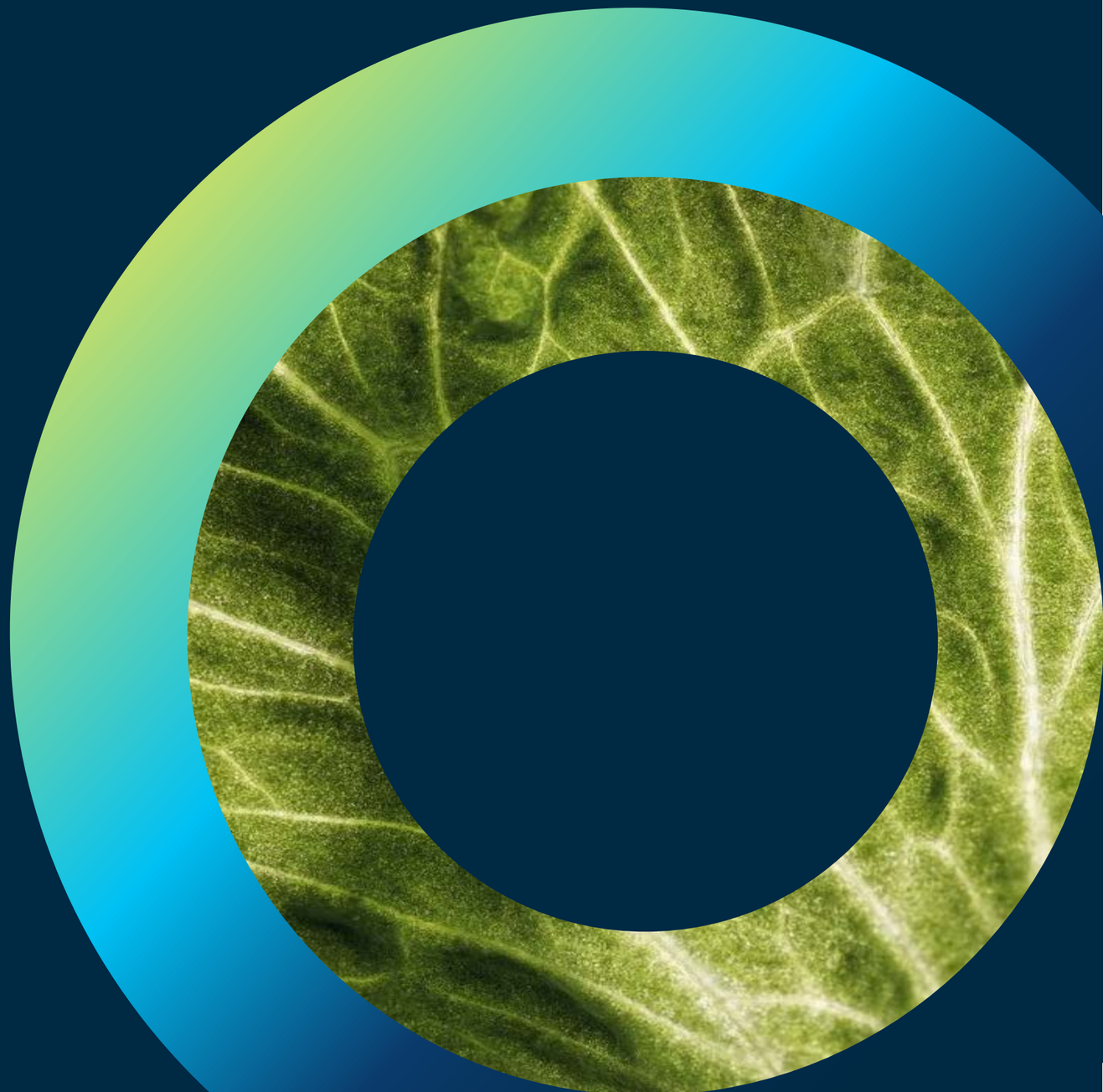
AFL

Climate-related Management Report

FY 2024



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Introduction

AFL connects people and solutions to the communities we serve

AFL's rich history in the telecommunications industry dates back to our founding in 1984. We provide industry-leading end-to-end solutions, products and services to the energy, service provider, enterprise, industrial, and hyperscale markets.

Our products are in use in over 130 countries and include fiber optic cable and hardware, transmission and substation accessories, outside plant equipment, connectivity, test and inspection equipment, fusion splicers, and training. AFL also offers a wide variety of services supporting data centers, enterprise, wireless and outside plant applications.

As a subsidiary of Fujikura Ltd. of Japan, AFL employs over 11,000 people worldwide.

Our "Customer Focused" and "Community Centered" core values drive our culture and priorities and guide how decisions are made across the company. Acting as responsible stewards of environmental resources, collaborating with customers to reach shared sustainability goals, and understanding how external climate factors impact our business, are essential to building long-term resilience and fulfilling the expectations of our stakeholders.

Governance

Board Oversight

As a private company, AFL's Board structure differs from that of public corporations. The Board includes members of Fujikura, our parent company, and our Executive Committee, which consists of AFL's President and CEO, EVP and CFO, EVP and General Counsel, and the Vice Chairman. As a subset of the Board, the Executive Committee has direct operational control and oversees our Corporate Responsibility Program, including our response to climate change. Specifically, the program is sponsored by our CEO and owned by our General Counsel, both of whom serve on the Board and Executive Committee.

Management Oversight

Management oversight of climate-related risks and opportunities is distributed across three levels rather than being concentrated into a single function.

At the most broad, operational level, business unit and regional leaders collaborate across functions (Supply Chain, EHSS, Legal, IT, Corporate Responsibility) to integrate climate risk into operational planning where relevant. For example, Facilities and IT teams incorporate climate-related factors into business continuity and resilience planning, while our Supply Chain team manage supplier engagement in support of our climate goals.

The second level of management resides within our Corporate Responsibility Program, owned by the General Counsel and overseen by our ESG Committee. This cross-functional group of representatives from across the company advises AFL's leadership on program strategy and performance.

The Corporate Responsibility Core team manages the program's day-to-day activities across environmental, social, and governance topics, including the identification, management, and reporting of climate-related risks and opportunities.

Finally, the Corporate Responsibility Core team also oversees our Global Environmental Sustainability program, which is led by the Executive Director, Compliance & Governance, who reports directly to the EVP and General Counsel. This role directs program development, planning, and implementation, including the management of climate change initiatives such as emissions reduction targets, energy efficiency projects, and other sustainability efforts.

Committee Structure:

Members from the following teams:

- Legal/Compliance
- Sustainability
- EHS
- Finance/Risk

- Supply Chain
- Human Resources
- Corporate Strategy
- Sales/Marketing

Strategy

Overview

AFL's climate risk screening, further detailed in the Risk Management section, afforded an opportunity to vet preliminarily-identified risks and opportunities with our internal stakeholders. Functional leaders across the business provided insight into the level of severity, likelihood, and the company's preparedness to address the identified risks, and thereby prioritize them for further evaluation. The assessment considered these risks and opportunities out to short, medium, and long-term time horizons ranging from <1-3 years, 3-10 years, and 10-30 years, respectively. These time horizons are aligned with internationally recognized frameworks including NGFS, IEA Net Zero/World Energy Outlook, and IPCC AR6, to support scenario analysis.

Table 1: Key Risks

Risk Type	Description	Time Horizon	Mitigation Actions
Physical: Chronic	Chronic risks such as drought, heat, and precipitation variability may lead to disrupted supply chain and manufacturing operations, causing delayed shipments, raw material shortages, and increased costs.	Short, medium, and long-term	Ensure adequate insurance coverage, elevate key infrastructure, invest in logistics resilience, diversify suppliers
Physical: Acute	Acute risks such as extreme precipitation and flooding may lead to facility damage, employee safety hazards, and supply chain delays that could result in revenue losses and increased costs.	Short-term	Business continuity planning, supply contingency planning, production flexibility, distribution optimization, insurance
Transition: Policy and Legal	Climate-related reporting requirements and other regulatory pressures may lead to increased compliance costs, penalties for non-compliance, and greater scrutiny on practices.	Medium-term	Track and reduce emissions, invest in program development, enhance internal controls
Transition: Reputation	Customer requirements for sustainability progress may lead to the risk of losing preferred supplier status, contract loss, brand damage, and lower margins.	Medium- and long-term	Publish sustainability goals and progress, collaborate with value chain on sustainability, set customer-specific engagement targets
Transition: Market	Volatility in raw materials pricing and availability may lead to increased uncertainty regarding commodity inputs and the ability to meet production demands, resulting in increased costs and reduced revenues.	Medium- and long-term	Diversify sourcing approaches, hedging, inventory management, long-term supplier agreements
Transition: Technology	Increasing demand to upgrade equipment, buildings, and transportation to reduce long-term costs, comply with evolving regulations, and remain competitive may result in the need for significant investment.	Medium-term	Advanced planning for CAPEX investments and transition of equipment, apply for grants and financing, pilot new technologies

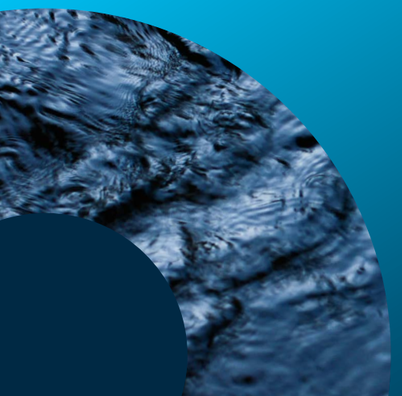
Network for Greening the Financial System (NGFS). Climate Scenarios Technical Documentation, Version 5.0. November 2024.
International Energy Agency (IEA). World Energy Outlook 2025. November 2025.
Intergovernmental Panel on Climate Change (IPCC). Sixth Assessment Report (AR6), Working Group II: Climate Change 2022 - Impacts, Adaptation and Vulnerability. February 2022; and AR6 Synthesis Report: Climate Change 2023. March 2023.

Table 2: Key Opportunities

Opportunity Type	Description	Time Horizon	Management Actions
Operational Efficiency and Cost Savings	Improving resource and energy efficiency can lower operating costs and emissions, while process improvements and onsite renewables protect against price volatility.	Short, medium, and long-term	Switch to efficient technologies, electrify equipment, invest in renewable energy
Access to Incentives and Capital	Grants, green financing, tax credits, and carbon markets provide new sources of capital and potential revenue.	Long-term	Explore incentive programs, leverage green lending, participate in carbon markets
Competitive Differentiation	Meeting evolving buyer and market demands positions companies as preferred suppliers and strengthens brand reputation.	Short- and medium-term	Publish sustainability targets, build stakeholder trust, continue product innovation, set customer-specific targets
Product and Market Innovation	Launching low-carbon products, circular economy initiatives, and new services can drive market expansion and premium pricing.	Medium- and long-term	Assess circularity opportunities, evaluate carbon-neutral technologies, continue product and packaging innovation toward resource efficiency
Resilience and Risk Reduction	Building resilient infrastructure and strengthening supplier relationships lowers risk of disruption and volatility.	Medium- and long-term	Invest in resilient assets, diversify supplier base, improve supply chain stability

Business Strategy and Financial Planning

As shown in Tables 1 and 2 on previous pages, climate-related risks and opportunities influence AFL's business strategy and financial planning related to several key areas, from day-to-day operations to research and development, evolving our product and service offerings, and enhancing our approach to supply chain engagement. To align with the evolving expectations of customers, regulators, and other stakeholders, AFL will continue to invest in strengthening our climate change and environmental sustainability programs.



Overall Strategy

AFL's SAFER solution requires collaboration across the company to successfully implement. SAFER is composed of five key characteristics of our products – Sustainability, Accessibility, Flexibility, Expandability, and Reliability. These aspects complement each other by aiming to increase the lifespan of products by building with growth in mind and minimizing obsolescence, while simultaneously reducing the products' environmental footprint and enabling our participation in the circular

Research and Development; Products and Services

AFL is implementing actions that can reduce our emissions through our products and services and Research and Development processes. We utilize a comprehensive, standardized Life Cycle Assessment (LCA) tool aligned with ISO 14040/14044 for our cable product portfolio to evaluate potential carbon footprint impacts throughout the product lifecycle and continue expanding the tool to be used more broadly across product families. Additionally, we are evaluating the feasibility of using LCA analyses to inform our new product design phase. We also continually identify opportunities to reduce packaging material and improve returnability and recyclability.

Operations

A focal point of AFL's actions has been our commitment to reduce our carbon emissions in line with Science-Based Targets Initiative guidance. AFL has also committed to an objective across global operations to pursue renewable and clean energy strategies. For example, in FY2024, we enrolled five facilities in green tariff programs, with six more planned for FY2025. We also completed a solar feasibility study that identified priority sites well suited for potential onsite solar projects. Together, these opportunities strengthen our renewable energy strategy and provide an actionable path toward achieving our operational emissions reduction target.

Supply Chain

Purchased goods and services from suppliers make up the largest contribution to AFL's Scope 3 emissions. Accordingly, and to meet our Scope 3 emissions reduction target, AFL is focused on engaging suppliers across its core business units that have the most significant contributions to their Scope 3 carbon footprint. For example, in FY2023 we deployed a Supplier Sustainability/ Environmental Questionnaire to obtain consistent and objective data from key suppliers. These data points give a more holistic view of our supplier base and where our raw materials come from, helping us to understand both risk and opportunities in our supply chain.

Financial Planning

OPEX and CAPEX: AFL's Energy Efficiency and CO2 Reduction Projects guidance establishes rules of practice and procedures for application and disbursement of funding for Energy Efficiency and CO2 Reduction projects to support AFL's carbon emissions reduction targets. This policy is designed to work in conjunction with existing capital expenditure policies and serve as a method for inclusion into fiscal year business planning. The Executive Committee is responsible for approving major capital expenditures that flow through this guidance.

In FY24, our feasibility assessment of a renewable energy power purchasing agreement (PPA) required analysis of the proposed investment required and return, while our approved membership in green tariff programs – both current and planned – considered the indirect costs of participation. Additionally, our solar feasibility study identified several priority candidates for future solar installation, which may require capital investment.

Scenario Analysis

Physical Risks

AFL undertook a physical climate risk scenario analysis assessment to understand risks across our global manufacturing sites. The assessment methodology leveraged state-of-the-art Coupled Model Intercomparison Projects (CMIP6) climate models, as featured in the IPCC's Sixth Assessment Report (AR6). The analysis applied three "Shared Socioeconomic Pathways" (SSPs) representing varying greenhouse gas emission scenarios – low (SSP1-2.6), medium (SSP2-4.5), and high (SSP5-8.5) – with SSP5-8.5 used to capture a plausible worst-case scenario. There were 13 chronic (e.g., rising temperatures, shifting precipitation, sea level rise) and acute (e.g., floods, heatwaves) physical climate hazards that were modelled across two future time horizons, 2050 and 2100.

Each hazard was scored on a scale from 1 (low) to 10 (high) based on both its likelihood and severity, combining historic data with future projections. The hazard scores provide a standardized way to compare risks across different locations globally and will facilitate tracking changes over time.

The analysis identified several physical climate hazards projected to become increasingly impactful to AFL by 2100. Extreme precipitation events are expected to pose severe risks, with many facilities facing high hazard levels from intense rainfall. Heat-related hazards, including heatwave days and extremely high daily temperatures, also increase for nearly all sites, reflecting a broader vulnerability to rising temperatures seen across all locations. Additionally, drought risk is projected to increase significantly in many areas, while wind hazards vary, being more pronounced in some regions than others. Variability in precipitation and persistent flood risks are critical concerns for specific sites.

More generally, the regions assessed reveal diverse and site-specific vulnerabilities to these climate hazards. Accordingly, the financial exposure in terms of asset value and revenue at risk would be expected to grow substantially under high-emission scenarios. The insights from this assessment highlight the need for proactive climate resilience investments and adaptation strategies. Our next step is to share these results across the company and hold continued awareness-building discussions regarding risks and mitigation measures.

Transition Risks

As a "Customer Focused" organization, addressing the expectations of our customers is of utmost priority for AFL. Therefore, we undertook scenario analysis to evaluate the potential impact of not maintaining alignment with our customers' sustainability ambitions and further underscore the importance of our customer-focused approach. Using future scenarios out to 2030 and 2050, we calculated the potential financial impact of three scenarios where AFL either lagged, met expectations, or demonstrated leadership relative to the sustainability ambitions of our customers. The results will facilitate ongoing awareness building around how we communicate our sustainability program successes with customers as well as ongoing investment in our programs, including decarbonization, circular economy, and more.

We are currently undertaking quantitative modeling of our carbon pricing exposure using the Network for Greening the Financial System (NGFS) scenarios with consideration of our own greenhouse gas emissions growth and reduction targets. These robust scenarios integrate socioeconomic assumptions, climate models, and policy trajectories and can help us understand how potential shifts in regulations, technology, and consumer preferences could be impactful. Through a qualitative assessment, we expect that our near-term science-based targets alongside intentional renewable energy procurement would reduce our risk exposure to future carbon policy environments, while also aligning our activities with our customers' expectations.

Risk Management

Identifying and Assessing Climate-related Risks

In FY2024, AFL conducted a corporate-wide integrated risk assessment involving the extended leadership team to ensure representation from all businesses and regions and to prioritize identified risks.

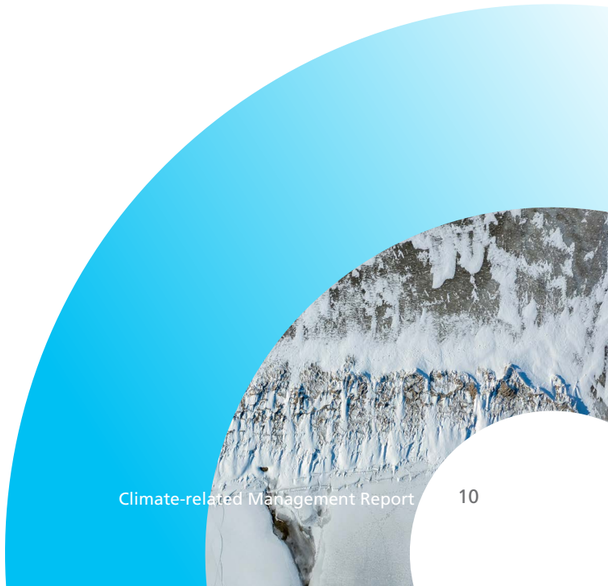
Building on this foundation, in FY2025, we conducted our inaugural climate risk assessment. This climate-focused assessment took a structured, multi-step process to align on business-relevant climate-related risks and opportunities. Several members of the extended leadership team participated again, using the same scoring framework, to maintain consistency with the broader risk assessment. The climate-focused assessment gathered input from key functions across the business, including Operations, Supply Chain, Product, Information Security, Physical Security, Legal, Marketing, EHS, Finance, and Sustainability, representing perspectives across the globe. Over 30 stakeholders were surveyed to validate the preliminary climate-related risks and opportunities identified through desktop research, benchmarking, and an evaluation of current practices. The survey results were used to prioritize the top risks and opportunities and identify management measures currently in place. Following the scoring process, physical scenario analysis was undertaken to ascertain potential impacts, as well as transition risk scenario analysis for the highest priority risk.

Our climate risk assessment builds upon existing practices already in place at AFL. Our 2022 materiality assessment identified the ESG topics that matter the most to our company and stakeholders, including our parent company Fujikura, the communities in which we operate, our customers, and our associates. This process, endorsed by the Executive Committee, highlighted five key environmental topics that could pose risks if unaddressed – both directly and indirectly related to climate change. These topics were identified through benchmarking, disclosures to platforms such as CDP, and input from consulting groups and sustainability networks.

This materiality assessment was managed by our Corporate Responsibility Core team, who play a key role in identifying and assessing climate-related risks. Since 2021, the team has managed annual disclosures to CDP Climate Change Questionnaire and EcoVadis and has conducted corporate-wide greenhouse gas inventories in accordance with the Greenhouse Gas Protocol. Feedback from these disclosures and identification of emissions hot spots help to assess gaps and areas of risk and opportunity to leverage in program planning.

To stay current on climate-related risks and opportunities, the Corporate Responsibility Core team both participates in and collaborates with other internal AFL stakeholders to engage with sustainability professional networking organizations including Sustain South Carolina and the Sustainable Supply Chain Alliance, consulting organizations, and monitoring of industry and regulatory trends.

Finally, the team works closely with Sales to respond to and track the increasing number of customer inquiries regarding the Corporate Responsibility program and climate-related expectations, ensuring that market risks are considered in program planning.



Managing Climate-related Risks

AFL's processes for managing climate-related risks and opportunities have evolved organically to be distributed and tailored according to functional roles; currently, no individual function has complete ownership over the company's response to climate change.

Functional Climate Risk Management:

- Operational teams support management of physical risks (such as extreme weather, flooding, droughts) and mitigation strategies at the site or business unit level, often through collaboration on business continuity plans and local risk assessments.
- IT prioritizes continuity, disaster recovery, system redundancy, backup procedures, and crisis management for threats like power outages or service disruptions induced by climate events.
- Corporate Responsibility and Sustainability teams track regulatory requirements, guide compliance, manage climate initiatives, and ensure ongoing engagement with customer requests for sustainability and emissions reductions.
- HR and Legal consider employee safety, regulatory compliance, policy changes, and their impact on operational continuity.
- Supply chain owns overall business continuity planning, and partners with commercial teams to manage supplier and customer-driven risks that frequently involve disruptions in logistics or changes in customer expectations for sustainability.

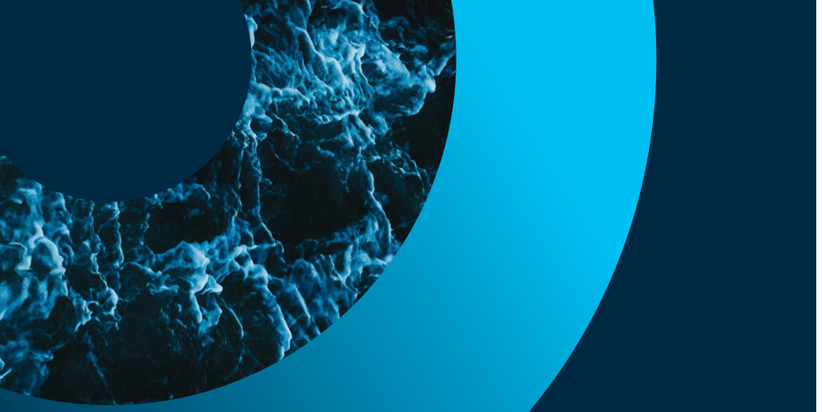
Collaboration Approaches:

- Cross-departmental management of specific risks or strategic initiatives, e.g. business continuity, disaster recovery, or sustainability projects. For example, business continuity planning, while owned by Supply Chain, also involves IT, Facilities, HR, commercial/customer, and EHSS.
- Regular meetings and reporting to align risk and opportunity priorities and learned lessons across departments, such as for customer expectations, recurring hazards, or emerging regulations.
- Ownership of risk management according to which team is best equipped for mitigation, such as Supply Chain for business continuity planning , IT for system risks, or EHSS for health and safety hazards.

Oversight and Accountability Processes:

- Biannual ESG Committee meetings to review strategy, targets, and program progress, with regular updates provided to the Executive Committee and Board.
- Quarterly Business Reviews where management reports on sustainability goals and climate objectives to the Executive Committee.
- Support and training by the Corporate Responsibility Core team to embed sustainability into operations, product development, commercial strategy, finance, and regional activities.
- Regular engagement and coordination with management teams across departments to address sustainability-related risk including climate, share lessons learned, and update on regulatory or market changes.
- Approval of mid-term strategic plans, goals, and climate-related targets by the Executive Committee, following materiality assessments and stakeholder input.

While there are further opportunities to strengthen our management practices – such as formalizing communication steps, refining our prioritization processes, and increasing program investment – we believe that our current foundation leverages strong functional expertise. As we expand our climate risk management efforts, we aim to develop more robust frameworks to systematically integrate climate-related considerations into corporate planning, operational management, and stakeholder reporting. These enhancements will strengthen our progress toward climate resilience and support both regulatory and stakeholder expectations.



Metrics and Targets

AFL tracks several metrics to assess climate-related risks and opportunities and sets targets to drive progress. These are detailed in our Corporate Responsibility Report, available on our Corporate Responsibility web page. As we deepen our evaluations of climate related impacts, we expect to identify additional metrics and measures of success that can provide strategic insight into our climate transition planning efforts.

Metric	Description	Example Targets and Initiatives
GHG Emissions	Scope 1, 2, and 3; both location- and market-based Potential avoided emissions	• Scope 1 and 2 location-based emissions: Limited assurance verification per ISO 14064-1 • Emissions reduction targets under SBTi validation • Logistics
Energy	Corporate-wide consumption, site-specific consumption, efficiency	• Business-unit and plant-level intensity • KPI Dashboards • Auditing • Renewable energy: Green tariff programs, solar feasibility studies
Waste	Waste production and diversion	• Packaging reuse and recycling • Scrap reuse and recycling
Circular Economy and Raw Material Efficiency	Product and packaging material reduction, reusability, recyclability, use of recycled materials	• LCA Tool aligned with ISO 14040/14044 standards • Packaging redesign and optimization
Customer Engagement	Customer sustainability collaboration	• Customer-specific internal targets and commitments • Customer reporting
Supplier Engagement	Supplier sustainability practices; supplier-specific procured material data	• Internal tracking

Conclusion

AFL understands that addressing climate change requires both reducing our own impact and preparing for how a changing climate may affect our business and the communities we serve. As we continue to expand and refine our management approach to climate change, we remain committed to transparent disclosure, informed decision-making, and collaboration with our stakeholders to strengthen our resilience and create lasting value in a low-carbon future.

Appendix: TCFD Recommendation Coverage

TCFD Pillar	Recommended Disclosure	Section
Governance	Board oversight of climate-related risks and opportunities	Governance: Board Oversight
	Management's role in assessing and managing climate-related risks and opportunities	Governance: Management's Role
Strategy	Climate-related risks and opportunities identified over the short, medium, and long term	Strategy: Risks and Opportunities; Tables 1 and 2
	The impact of climate-related risks and opportunities on our businesses, strategy, and financial planning	Strategy: Impact on Strategy and Financial Planning
	The resilience of our strategy, taking into consideration different climate-related scenarios	Strategy: Scenario Analysis
Risk Management	Processes for identifying and assessing climate-related risks	Risk Management: Identifying and Assessing Climate-related Risks
	Processes for managing climate-related risks	Risk Management: Managing Climate-related Risks
	Processes for identifying, assessing, and managing climate-related risks are integrated into our overall risk management	Risk Management
Metrics and Targets	Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process	Metrics and Targets FY2024 Corporate Responsibility Report
	Scope 1, Scope 2, and Scope 3 GHG emissions, and the related risks	Metrics and Targets FY2024 Corporate Responsibility Report
	Targets used to manage climate-related risks and opportunities and performance against targets	Metrics and Targets FY2024 Corporate Responsibility Report

About This Report

AFL's inaugural Climate-related Management Report, covering fiscal year 2024, unless otherwise stated, and has been prepared in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) framework. While AFL does not currently consider climate change a Tier 1 risk, proactive management and reporting of climate-related issues are essential to business stability. Therefore, this report reflects current practices across all recommended disclosures: Governance, Strategy, Risk Management, and Metrics and Targets. It also identifies opportunities to further strengthen our climate-related risk management program and future reporting.

This report is publicly available electronically on AFL's Corporate Responsibility web page. Please direct questions related to this report and its contents to CorporateResponsibility@AFLglobal.com.

Disclaimer:
This climate-related risk disclosure has been prepared to comply with the requirements of California Senate Bill 261 (SB 261). The information presented in this report reflects AFL's current assessment based on available data, methodologies, and industry best practices as of the date of publication. This report may be subject to significant future changes as new information becomes available, as methodologies evolve, and as applicable regulations and guidance are clarified.

While reasonable efforts have been made to ensure the accuracy of the statements, assessments of climate-related risks inherently involve assumptions, uncertainties, and forward-looking statements that may not materialize as described. The information and analysis herein do not constitute financial advice or guarantee future business performance, nor should they be interpreted as commitments regarding future actions.

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