



# **SUSTAINABILITY REPORT 2019**

WE DO BUSINESS  
SUSTAINABLY

**flex**

# We help companies transform ideas into smart solutions that shape a better world.

The Sustainability report 2019 recaps our most important activities, performance and results from the 2018 calendar year. Our efforts contribute to the Sustainable Development Goals (SDGs) and our reporting aligns to the Global Reporting Initiative (GRI) and United Nations Global Compact (UNGC) frameworks.

Our previous report was published in 2018 (see **archived reports**).

We appreciate your feedback on the information presented here. If you have any comments or questions, please email us at [\*\*sustainability.feedback@flex.com\*\*](mailto:sustainability.feedback@flex.com).

# We do Business Sustainably.

## PEOPLE

We empower our employees to achieve personal excellence, offering knowledge and opportunities in a safe environment that embraces diversity.

- » Employee development
- » Labor and human rights
- » Health and safety
- » Diversity and inclusion
- » Well-being

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## COMMUNITY

Every day, we drive positive change in our communities.

- » Volunteerism
- » Community investment
- » Flex Foundation
- » Disaster relief
- » Resource conservation

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## ENVIRONMENT

We work to raise awareness, drive change and achieve positive environmental impact.

- » Energy
- » Water
- » Waste
- » GHG emissions

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## INNOVATION

We have a passion for intelligent ideas that will make the world more sustainable.

- » Sustainable design and manufacturing
- » Sustainable solutions

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## INTEGRITY

We operate ethically and lead with integrity.

- » Ethics and compliance
- » Anti-corruption
- » Raising concerns

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## SUPPLY CHAIN

We strengthen our supply chain by advancing social and environmental responsibility.

- » Supplier requirements
- » Working hours
- » Labor agents
- » Supplier training
- » Supplier diversity

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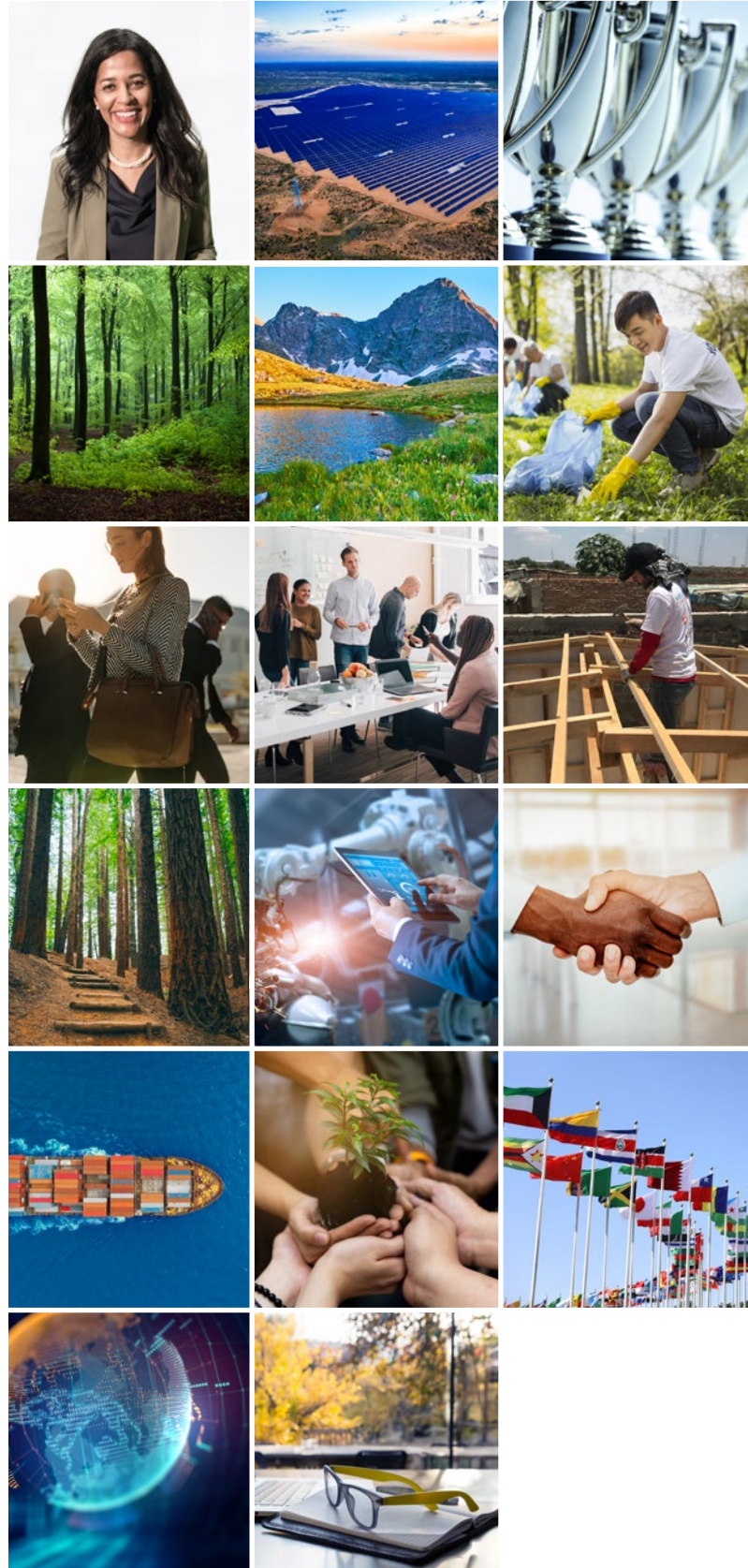
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## A letter from our CEO

We operate at scale across a great number of industries and geographies, delivering value to our customers through comprehensive design, supply chain, manufacturing and logistics capability. The value and capability we bring are enabled by our 200,000 dedicated employees who are committed to making a positive impact on our customers, company and communities. Our effort to maintain a sustainable business is embedded in the value we provide.

To support our commitments, we align our sustainability efforts and reporting to the Responsible Business Alliance (RBA) and the Global Reporting Initiative (GRI). In addition, we have been accepted into the United Nations Global Compact (UNGC) and are committed to the 10 UNGC Principles on human rights, labor, environment and anti-corruption.

We are also ensuring our activities align with the UN's Sustainable Development Goals (SDGs). We are focused on four of the SDG goals: quality education, affordable and clean energy, decent work and economic growth, and responsible consumption and production.

We drive progress on our sustainability agenda by implementing global programs that cover our five cornerstones: people, community, environment, innovation, integrity.

We are pleased with our progress from this past year. Listed below are a few highlights:

- » 14% decrease in our safety incident rate
- » 90% of our sites implemented community activities this year
- » 13% increase in our installed renewable energy capacity (34MW)
- » 17GW of smart solar trackers and ~32,000 EV chargers produced
- » 97% of new suppliers screened using RBA social and environmental criteria

For the past two years in a row these efforts have been recognized by sustainability rankings including the FTSE4GOOD, CDP Climate Change, and the Sustainability Manufacturing Leadership Awards.

We have a unique opportunity to make a significant impact in many areas of sustainability. The diversity of our customers, locations and employees give us a unique vantage point to bring creative solutions to our customers and communities with respect to sustainability efforts. We believe operating as a responsible



**Revathi Advaiti**  
Chief Executive Officer

corporate citizen is the right thing to do. It leads to increased value and trust with our customers and shareholders, improved pride and engagement with our employees, and strengthened partnerships and commitments with our communities. Moving forward, we will continue our sustainability journey with disciplined focus and increased rigor to apply science-based targets and goals that align with our capabilities.

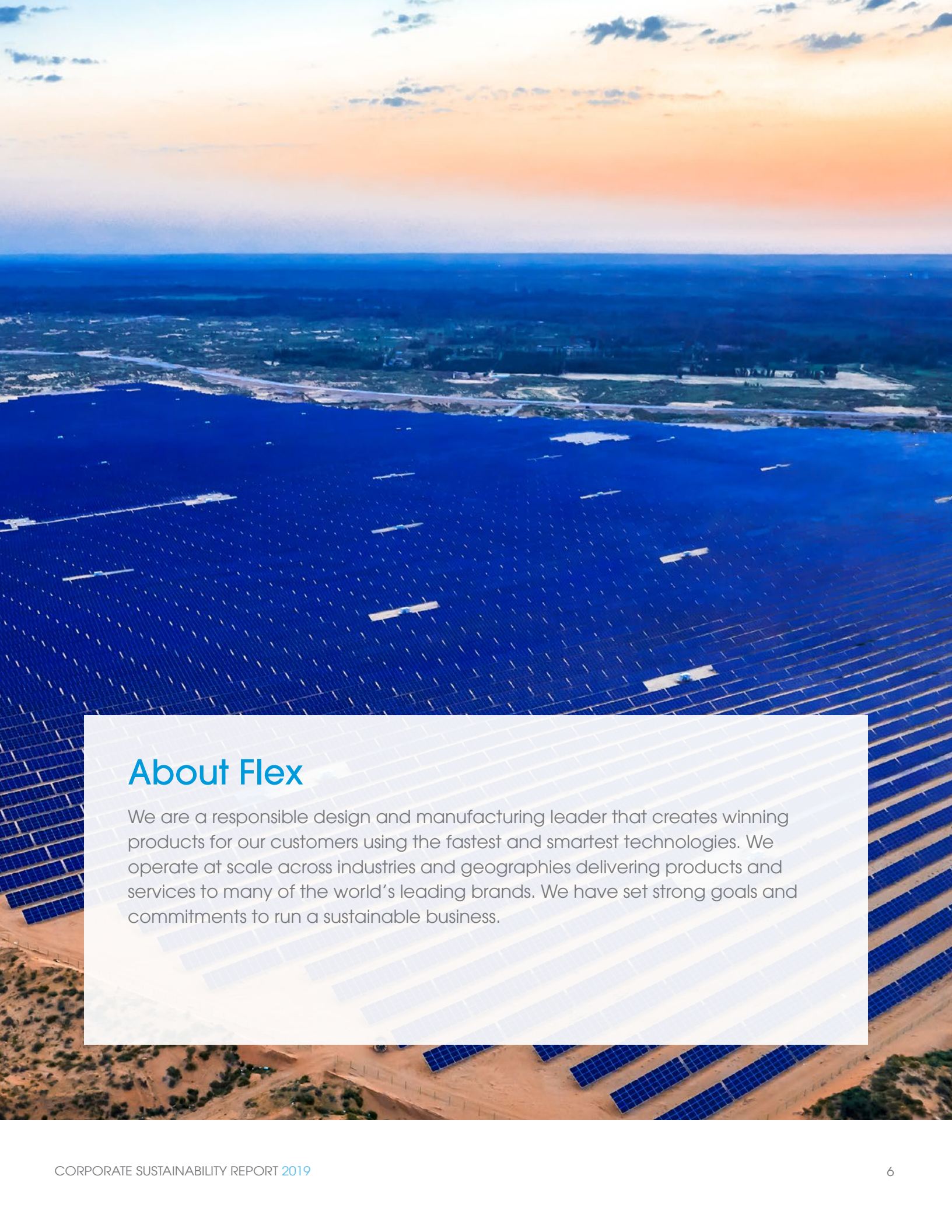
I would like to take this opportunity to thank our employees and suppliers for their contributions to our sustainability results and look forward to another year of progress.

Thank you for your interest in Flex.

Sincerely,

A handwritten signature in black ink, appearing to read 'Revathi Advaiti'.

**Revathi Advaiti**  
Chief Executive Officer



## About Flex

We are a responsible design and manufacturing leader that creates winning products for our customers using the fastest and smartest technologies. We operate at scale across industries and geographies delivering products and services to many of the world's leading brands. We have set strong goals and commitments to run a sustainable business.

# We build intelligent products for a Connected World®.

## OUR CAPABILITIES

### Deep industry and cross-industry expertise

- » Automotive
- » Building and construction
- » Cloud
- » Communications
- » Consumer, home and lifestyle
- » Energy
- » Healthcare
- » Industrial

### TECHNOLOGY INVESTMENT AND INTEGRATION

- » Smart audio
- » Human machine interface
- » IoT platforms
- » Power
- » Connectivity
- » System in package (SIP) / miniaturization
- » Soft system
- » Security
- » Sensors and actuators

## GLOBAL AND REGIONAL SCOPE, SCALE AND SPEED

- » 100 sites in more than 30 countries
- » 21 innovation and design centers
- » 50M sq. ft. of manufacturing and services space

## FINANCIAL STRENGTH AND FOUNDATION

- » \$26B+ revenue
- » 200k+ employees
- » 20,000 designers and engineers
- » 16,000 suppliers
- » 1,000 customers

## SKETCH-TO-SCALE

### OUR DESIGN-LED PRODUCT DEVELOPMENT LIFECYCLE



#### Innovate

We research, source and invest in technologies, to stay at the forefront of innovation.



#### Deliver

We digitize the supply chain to get real-time visibility and speed across all operations.



#### Design

We test from idea to prototype, to produce viable designs.



#### Manage

We work together with our customers to manage adjustments that may be required once a product is on the market.



#### Build

We offer the tools and resources to efficiently and responsibly create and build quality products.

## OUR NETWORKS

### Responsible business

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We are founding and full members of the RBA — whose charter is to improve working and environmental conditions through leading standards and practices. We are also members of their Responsible Labor Initiative which ensures that the rights of workers potentially vulnerable to forced labor in global supply chains are respected and promoted.



**Responsible Business Alliance**

Advancing Sustainability Globally

We are corporate members of the Business for Social Responsibility™ (BSR™) — in collaboration among companies and their stakeholders for systematic progress toward a just and sustainable world.



**BSR**

Boston College Center for Corporate Citizenship member

“Flex, as a member of the Boston College Center for Corporate Citizenship, works to align corporate citizenship objectives and business goals to create a more sustainable and prosperous future for all.” — **Katherine Smith**, Executive Director, Boston College Center for Corporate Citizenship



BOSTON COLLEGE  
**CENTER FOR CORPORATE CITIZENSHIP**  
CARROLL SCHOOL OF MANAGEMENT

### Human Rights

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Global Business Initiative (GBI) human rights member — advancing human rights in a business context.



**GLOBAL BUSINESS INITIATIVE  
ON HUMAN RIGHTS**

### Environment

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Environmental Leadership Council (ELC) member — addressing the most critical energy and environmental issues.



**ITI**

**E**NVIRONMENTAL  
**L**EADERSHIP  
**C**OUNCIL

Clean Electronics Production Network member participant.



GREEN AMERICA  
**CENTER FOR  
SUSTAINABILITY  
SOLUTIONS**

CHWMEG member — responsible waste stewardship.





**OUR NETWORKS (CONTINUED)**

**Responsible sourcing**

Sedex member — responsibly sourcing data on supply chains sharing.



Responsible Minerals Initiative member — responsibly sourced minerals in supply chains.



**Sustainable reporting**

We're corporate members of the GRI Community — to shape the future of sustainability and reporting, and empower decision making towards a more sustainable economy and world.



CDP supporter.

"Flex is a valuable supporter of Climate Disclosure Project's (CDP) mission and through its 2018 disclosure to CDP has shown the company's commitment to transparency by providing important environmental information to shareholders, customers, consumers, employees and the public." — **Lance Pierce**, President, CDP North America



**Ratings and rankings**

[FTSE4GOOD\\*](#)

For the third year in a row, we were listed in FTSE4Good ranking for our Environmental, Social and Governance (ESG) practices.



» [2018 CDP Climate Change Program: Management Level \(B score\)](#)

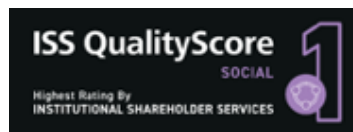
» [2018 CDP Water Security: Management Level \(B- score\)](#)

We achieved management level as a result of our strong governance structures for climate change and water security, our risk management methods and for our portfolio of emissions reduction initiatives.



[ISS Quality Score Social](#)

As of December 2018, we were awarded the highest Institutional Shareholder Services Inc. (ISS) Quality Score for disclosure and transparency across their social categories.



\* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Flex has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



## Awards and recognition

In 2018, we were recognized by our customers, local governments and prestigious publications for our excellence in operations, service and sustainability.

We are recognized for our efforts, sustainable business practices and social commitment.

**CORPORATE**

**FTIL Intelligent Business Award for Supply Chain Management**

**Recipient:** Flex  
**Awarded by:** Financial Times

Our Flex Pulse supply chain visualization software which provides us with the ability to have real-time views of our suppliers won the FTIL Intelligent Business Award for Supply Chain Management.



Intelligent Business Award

**Frost & Sullivan 2018 manufacturing leadership award for sustainability**

**Recipient:** Flex  
**Awarded by:** Frost & Sullivan

The outstanding results of our [Earth Day Challenge](#) won the Manufacturing Leadership Award for Sustainability for engaging employees to reduce their environmental impact in their local communities.



Frost and Sullivan Manufacturing and Leadership Award

**INDUSTRY**

**Nespresso outstanding leadership and 10 million coffee machines awards**

**Recipient:** Flex Mukachevo, Ukraine  
**Awarded by:** Nespresso

Our client Nespresso, presented our Mukachevo site with awards for outstanding leadership and for producing 10 million Nespresso machines.



Nespresso Outstanding Leadership Award

**Excellence & PAR excellence award**

**Recipient:** Flex Global Shared Services, India  
**Awarded by:** Quality Circle Forum of India

For the third year in a row, the Flex Global Shared Services teams of India won the Gold Award for case studies on Productivity and CRM Yield Improvement.



Excellence & PAR excellence Award

**INDUSTRY (CONTINUED)**

**Citrix Top Manufacturing Partner**

**Recipient:** Flex Zalaegerszeg, Hungary  
**Awarded by:** Citrix Systems

Our client Citrix Systems named our Zala site their Top Manufacturing Partner after assessing key performance indicators including quality, time delivery and responsiveness.



Top Manufacturing Partner Award

**COMMUNITY**

**Social Seal**

**Recipient:** Flex Sorocaba, Brazil  
**Awarded by:** Social Seal and Abaçai Institute

Our site in Sorocaba was recognized with the Social Seal, awarded to companies that carry out volunteering and socio-environmental projects based on the 17 UN Sustainable Development Goals.



Social Seal Award

**Charitable corporate award**

**Recipient:** Flex Suzhou, China  
**Awarded by:** Suzhou Industrial Park (SIP) Charity Association

Our Suzhou site won this award as a result of its Corporate Flex 20 by 2020 goals, and for its community activities held pertaining to student assistance, environmental protection and People with Disabilities.



Charitable Corporate Award

**Caring enterprise award**

**Recipient:** Flex Wuzhong, China  
**Awarded by:** Suzhou Children's Hospital

Our Wuzhong site volunteered eight times at the Suzhou Children's Hospital by playing with children, reading them stories and teaching them English. Their efforts were appreciated through this award.



Caring Enterprise Award

**PEOPLE**

CULTURE, DIVERSITY AND INCLUSION

**Great Place to Work®**

**Recipient:** Flex Althofen, Austria  
**Awarded by:** Great Place to Work® Institute

Our Althofen site won two Great Place to Work awards, for the Region of Carinthia and for Austria for having attractive and motivating workplaces.



Great Place to Work® Award ceremony

**Guangdong Enterprise Culture Brand**

**Recipient:** Flex Zhuhai, China  
**Awarded by:** Awarded by: Guangdong Enterprise Culture Research Association, Guangdong Spiritual Civilization Construction Research Center, and the New Economy Magazine.

Our Zhuhai site received the Guangdong Enterprise Culture Brand award at the 2018 Annual Conference on Enterprise Ideology and Culture Construction.



**Inclusive Business award “Gilberto Rincon Gallardo”**

**Recipient:** Flex Guadalajara North, Mexico  
**Awarded by:** Secretariat of Labor and Social Security

Our Guadalajara North site earned the Inclusive Business Award “Gilberto Rincon Gallardo” for remarkable policies and practices.



SDGs Associated with the “Gilberto Rincon Gallardo” business award

**HEALTH AND SAFETY**

**Austrian seal of approval for health promotion**

**Recipient:** Flex Althofen, Austria  
**Awarded by:** Federal Health Ministry of Austria, the Public Health Insurance and the Government of Carinthia

Our Althofen site won the highest distinction for health initiatives within a company in Austria.



Austrian Seal of Approval Award ceremony

**Forum of Safe Work Leaders — members**

**Recipient:** Flex Tczew, Poland  
**Awarded by:** Central Institute of Labor in Poland

Our Tczew site in Poland became a member of the Forum of Safe Work Leaders for its implementation of good EHS practices



SDG associated with Safe Work Leaders-Members

**Top 3 Best Practice for Noise Management**

**Recipient:** Flex PTP, Malaysia  
**Awarded by:** Department of Safety and Health in Malaysia

Our PTP site obtained the highest score on the Systematic Occupation and Health Enhancement Level Program and was named as part of the Top 3 Best Practices for Noise Management.



SDG associated with noise management

**EDUCATION**

**Adults education award**

**Recipient:** Flex Juarez North, Mexico  
**Awarded by:** Chihuahua Institute of Education for Adults

Our Juarez North site was recognized for providing high-school education to 32 employees.



SDG associated with the Adult Education Award

**ENVIRONMENT**

**Zero waste certification**

**Recipient:** Sinctronics, a Flex founded company  
**Awarded by:** UL Environment, Inc.

Sinctronics, a Flex founded company achieved Zero Waste to Landfill Operations, and 100% diversion with 9% Thermal Processing with Energy Recovery.

**Recipient:** Flex Austin, US  
**Awarded by:** UL Environment, Inc.

Our Austin site earned the Zero Waste to Landfill Gold level certification for one of our lines.



SDG associated with the Zero Waste certification

**INNOVATION**

**Array changing technologies 2018 Award**

**Recipient:** NexTracker, a Flex company  
**Awarded by:** PV Magazine

NEXTracker, a Flex company, was recognized for its potential to solve problems for industry players, pushing more wattage out of solar installations and reducing solar deployment costs.



SDG associated with Array Technologies Award

**Excellence in technology award**

**Recipient:** Flex Power Module  
**Awarded by:** Palo Alto Network

Flex Power Module was recognized with a total product award that considers quality (no field failures) and cost.



Excellence in Technology Award

**INTEGRITY**

**Anti-corruption practices**

**Recipient:** Flex Mexico  
**Awarded by:** Mexicanos Contra la Corrupción y la Impunidad and Transparencia Mexicana

Our Mexico site ranked #3, becoming one of the top 500 companies committed to corporate integrity in Mexico, according to a review by Mexicanos Contra la Corrupción y la Impunidad and Transparencia Mexicana.



SDG associated with the Anti-Corruption Practices Award





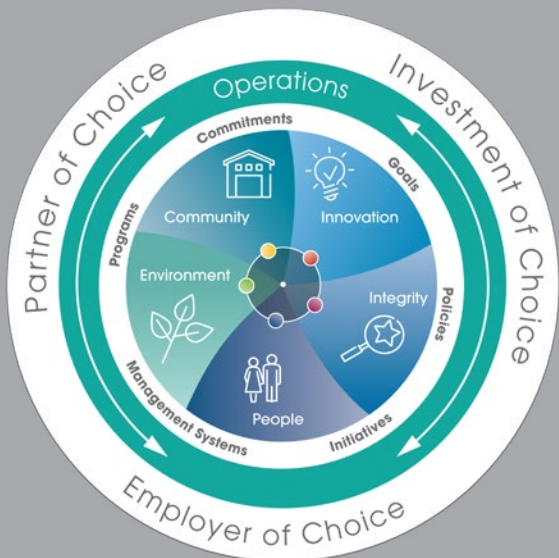
## Sustainable strategy

We work to have a lasting positive impact in the form of value for our employees, customers and investors and aim for the social and environmental change that makes our stakeholders proud to work with or for us. This is only possible by keeping our efforts focused on delivering sustainable operations.

# We generate value and drive change by implementing our sustainability vision.

We address material issues, risks and opportunities through conformance to internal and external standards, thoughtful execution of our social and environmental management system, programs and initiatives. We strive to generate value for all our stakeholders and to be the employer, partner and investment of choice.

## OUR SUSTAINABILITY STRATEGY



We have made public commitments, including our multiyear goals, and have our policies, management system, programs, and initiatives in place. We champion five cornerstones to propel sustainability across our value chain and within our company: people, community, environment, innovation and integrity.

We strive to incorporate stakeholder priorities into our business and corporate sustainability strategies, focusing on environmental performance, working hours, working conditions, social and environmental supply chain management, integrity and ethics, company performance, regulatory compliance and adherence to Responsible Business Alliance (RBA) standards, and others.

## Our commitments

We've made public commitments around our cornerstones and we convey this message to our stakeholders. We outline the work we carry out to ensure sustainability is integrated into our operations, while remaining transparent on our progress throughout the process. In February 2018, we joined the United Nations Global Compact (UNGC), the world's largest sustainability initiative. This commitment builds on our achievements, including our well-established management system, global programs and initiatives and work within our communities. As part of this pledge to the UNGC, we aim to do business responsibly by voluntarily following their Ten Principles around human rights, labor, the environment and anticorruption. We also contribute to the United Nations Sustainable Development Goals (SDGs) and report on our contribution to them. Of the 17 SDGs, we focused on the four that are more closely related to our business: Quality Education (#4), Clean and Affordable Energy (#7), Decent Work (#8) and Responsible Production and Consumption (#12).

## Our goals

With 2020 around the corner, we continue to work on achieving the 20 goals we announced in 2016. Achieving these goals has entailed a company-wide effort and provides a strong foundation for our next set of goals. The effort has dramatically increased the awareness and involvement of our company workforce and partners. We are transparent. Twice yearly, we post a progress report on our website with updates all of the key indicators that have been chosen to measure progress against our goals. Our teams also provide more granular information directly to investors, customers and others who have a special stake in some aspect of our operations.

## Our social and environmental management system and our policies

In addition to laws, internal requirements and ethical standards, our social and environmental management system serves as a guiding principle for our business operations. We consider reducing risks and acting ethically as being essential prerequisites for a corporate strategy that is geared for long-term success. Our sustainability program includes a focus on health and safety, robust environmental management and strict adherence to business ethics. We have controlled business processes in place to ensure our business is conducted in a manner that reaches beyond compliance.

Adhering to the robust [Code of Business Conduct and Ethics \(CoBCE\)](#), we follow international standards and implement supporting programs that focus on driving continuous improvements in social, ethical and environmental compliance throughout the world. Our top-level policies, demonstrating our commitment, represent the core of the management system including our [Environmental Health and Safety Policy](#), our [Human Rights Policy](#), our [Responsible Sourcing Policy](#) and our [Diversity and Inclusion Policy](#). They are available to all persons working for or on behalf of our company, as well as to vendors, customers and the public.

### Our programs and initiatives

As a lean enterprise, it is critical for us to focus our efforts on the sustainability issues that are most important to our business and to our stakeholders. The identification of those issues requires extensive data-gathering and analysis as well as feedback obtained from our stakeholders. We follow our materiality process to prioritize the findings. The activities we engage in are generally the subject of annual and three-year plans and always include the selection

of the key performance indicators (KPIs) so we can measure our efforts. Examples of the many operational initiatives that support our strategy include:

- » Social and environmental management system assessments and auditing, 5S (i.e. inspections and observations at the factory level);
- » Gemba walks (where management is directly involved in observing the operations), and other programs aimed at safety and good housekeeping, including 'tone-at-the-top' meetings (aimed at driving a culture of integrity);
- » Machine safety (e.g. review and assessment of guarding and work instructions);
- » Product environmental compliance.

These operational initiatives are reinforced by employee engagement and development programs, such as [Flex Leadership Development Program \(FLDP\)](#), [Employee Scholarship Program](#), [Service Learning Initiative](#), [Earth Day Challenge](#), and [Worker Empowerment Training Program \(WETP\)](#), and more.





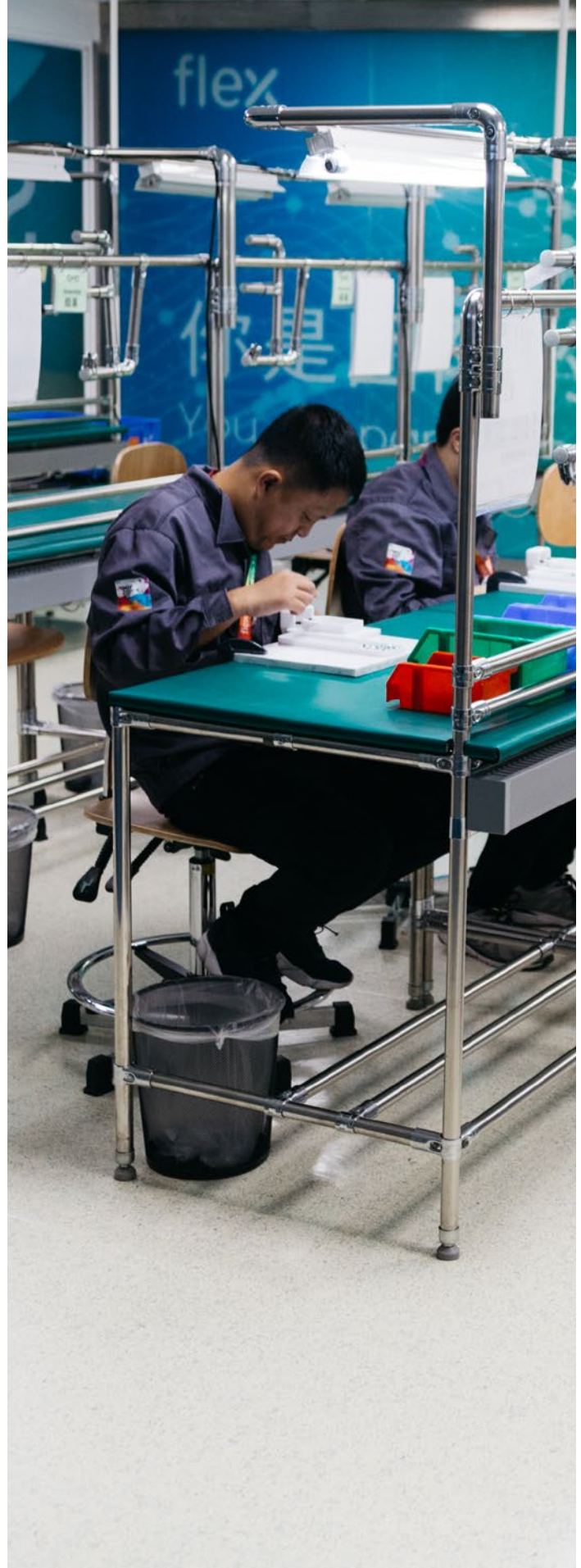
### OUR VALUE CHAIN

A special mention regarding our supply chain is necessary because of its breadth and importance to both ourselves and our customers. We have a presence in 30 countries in over 100 locations, and a supply chain of roughly 16,000 suppliers. As detailed later in this report, we require our suppliers to comply with social and environmental requirements and leverage our participation in sustainability networks to provide leadership within and beyond our industry. This element of our strategy is growing in importance as the expectations embodied in legislation and in customer requirements are rapidly multiplying. The essence of our expectations is that we do our part to establish that materials and finished goods are indeed sourced, assembled and distributed in a responsible manner. For example, the United Kingdom's Modern Slavery Act has spawned analog laws in Australia and elsewhere that require due diligence and disclosure of the nature of the workforce employed to produce goods. It is our belief that this trend towards traceability, due diligence and disclosure will continue and we are adapting our strategy and programs to satisfy requirements.

### GENERATING VALUE

Sustainability generates financial and non-financial value and helps us become the employer, partner and investment of choice. Our products and services (i.e., LED lighting and solar trackers) are generating financial capital. Our environmental management system is contributing to energy and resource efficiency and is generating savings (documented in this report) as well as avoiding negative impacts that have business and societal costs. We develop and empower our employees to achieve their full potential while providing them with a healthy, safe and secure workplace and thereby create and preserve human capital. We create additional value by extending our efforts through volunteering and philanthropy into the communities where we operate.

We deliver sustainable results through innovation, our expertise and our cross-industry perspective, generating intellectual capital. The success of this effort generates additional financial returns and enables us to work with customers on emerging products, such as autonomous vehicles, connected medical devices and the latest generation of communications equipment. As our measurement methods and systems evolve, we aspire to provide more detail on these value creation efforts.





## Sustainability governance

Sustainability is central to who we are and how we operate. Sustainability governance principles are a core part of our business operations. Our Code of Business Conduct and Ethics (CoBCE) applies to all our directors, officers and employees. The CoBCE incorporates the [Responsible Business Alliance Code of Conduct](#) making it part of our governance system.

## Our sustainability governance principles are core to our business.

### Audit committee and board of directors

The code is approved by our compliance directors, chief ethics and compliance officer, legal department and human resources. Our Articles of Association give our board of directors the authority to manage our business. The board oversees the overall interest of the company and the business conduct of senior management, and provides guidance on strategic business planning. The audit committee, chartered by the board, provides oversight on the corporate sustainability program.

### Sustainability council and executive sponsor group

Sustainability updates are delivered regularly to the executive staff. We hold a quarterly executive sponsor meeting where our chief financial officer, chief ethics and compliance officer, general counsel, segment presidents, vice president of marketing, communications and sustainability, vice president of corporate social environmental responsibility, vice president of quality, and vice president of audit and risk management participate.

### Corporate sustainability leadership committee

Our corporate sustainability leadership committee, a multidisciplinary group comprised of global directors and managers (including operations, customer facing, supply chain, regulatory compliance, metrics and communications), meets semi-annually to share information across various organizations directly responsible for implementing our sustainability initiatives.

### Ethics and compliance organization

Our ethics and compliance program activities are driven by the corporate compliance team. Oversight on the program comes from our audit committee and our compliance executive sponsors, and compliance directors from across our company, who are subject matter experts on various compliance areas.





## Our social and environmental management system

Our social and environmental management system is consistent with the requirements of the RBA and our code of conduct. We focus on driving continuous improvements in social, ethical and environmental compliance across every level of our business.

## We are driven to achieve compliance and continually improve.

Our commitment supports health, safety, environmental, and RBA requirements, plus best practices in the electronics industry (aligned to ISO14001:2015 and ISO45001: 2018). Our labor and human rights policy and our environmental, health and safety policy form the core of our management system, guiding conduct, ethics, health, standards and training. We encourage a strong culture of compliance for everyone, including employees, customers, suppliers and our contractors worldwide.

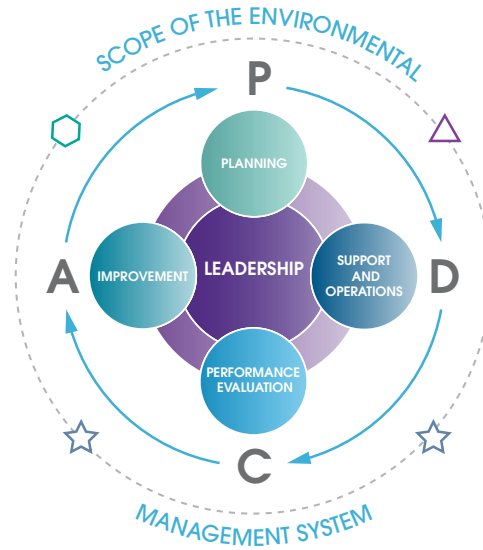
### Key elements of our management system

- » Responsible Business Alliance and Code of Conduct 6.0
- » Flex updated Code of Business Conduct and Ethics
- » Environmental management system with a scope beyond ISO 14001:2015
- » Health and safety management system based on ISO45001: 2018
- » Labor, human rights and ethics management system
- » Responsible materials sourcing program
- » Communications and consultation program
- » Self-assessment questionnaire
- » Environmental health and safety standards
- » Procedures, guidance documents and training




### Benefits of our management system

- » Our management system is designed with clear guidelines for compliance at all our sties.
- » We offer a framework for adherence, plus a mechanism to make improvements to environmental, health, safety and labor performance.
- » By outlining critical priorities and risks, maintaining a legal register and a risk assessment system, we mitigate the potential for non-compliance.
- » We encourage and nurture a strong culture of compliance and leading by example. This includes our employees, customers, suppliers and contractors at our sites around the world.

### Management system requirements



#### Legend

-  Internal and External Issues
-  Needs and expectations of Interested parties
-  Intended outcomes of the environmental management system

- PLAN**
- » Social and environmental risk management
  - » Compliance obligations
  - » Objectives and programs

- DO**
- Support**
- » Resources
  - » Competence
  - » Awareness
  - » Communication, consultation and employee feedback
  - » Documented information
- Operation**
- » Operational planning and control
  - » Emergency preparedness and response

- CHECK**
- » Monitoring, measurement, analysis and evaluation
  - » Evaluation of compliance
  - » Internal audit
  - » Corporate Flex Pledge certification audit
  - » Management review

- ACT**
- » Nonconformity and corrective action
  - » Continual improvement

### Roles and competency

Our corporate social and environmental responsibility team is comprised of operations, customer facing and regional leads who develop corporate standards and tools, monitor performance, capture customer requirements, support the management system implementation and verify the program is in place. At the local level, one functional Corporate Social and Environmental Responsibilities (CSER)/Sustainability team is established per manufacturing or logistic site, led by the GM and staff.

Competency is assured through instructor-led and online training. Corresponding courses are assigned according to the person's position. After the training is completed, we follow up regularly with employees to keep training completion levels at or above 85 percent per site. Competency is also verified through physical audits conducted by our corporate CSER operations team and regional leads.

### Certification process

We plan and execute in accordance with our social and environmental management requirements, which ensure alignment with our sustainability goals. As part of this process, we perform corporate audits to measure sustainability compliance and performance at the global, regional and local levels. Social and environmental corporate audits are performed at each Flex manufacturing and logistic site to verify compliance with social and environmental management system requirements. Effective resolution of all findings results in Flex Pledge site certification.



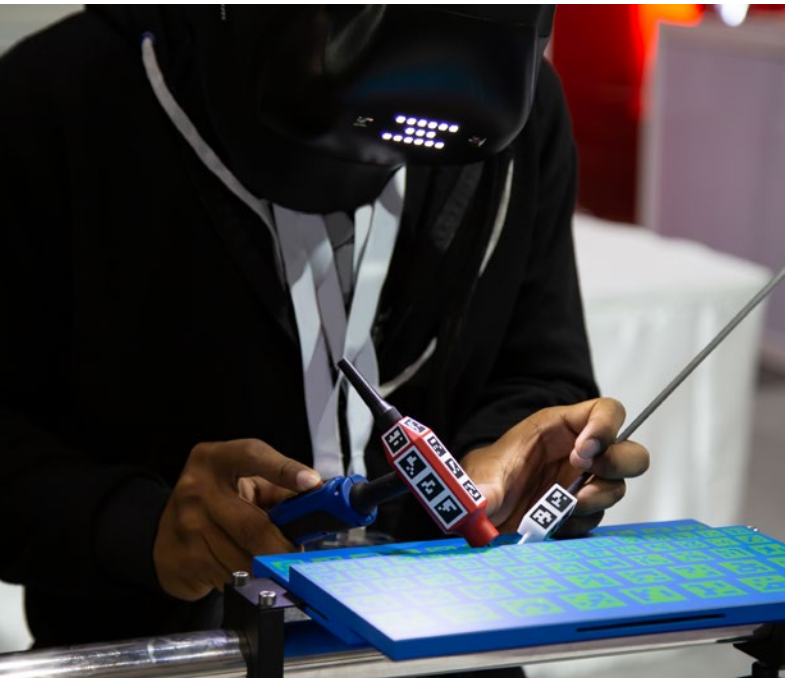
### Management system evaluation

We evaluate our management approach towards relevant sustainability areas through the following:

- » Major areas of improvements are identified through corporate audits and these results are shared to the Board on a regular basis
- » Our sustainability metrics system monitors company compliance and performance at the global, regional and local levels
- » Our participation in industry and sustainability organizations along with our constant communication with our stakeholders
- » Our involvement in third party validation audits such as RBA's audit program called VAP (Validated Audit Program) at specific locations, has an important focus at our large operations.

### Our precautionary principle

We maintain our own list of restricted and prohibited substances to ensure safe operations globally. In addition, we have a corporate chemical management standard that applies to any new chemical introduced into our factories. As a service provider to original OEMs, we typically do not create specifications for products we assemble, since those products are distributed and sold under other brand names. However, some of our leading customers do issue specifications that include restricted and prohibited chemical substances. Many of their requirements go well beyond standard regulations.





## Stakeholder engagement

We recognize our employees, customers, shareholders, potential investors, suppliers, subcontractors, governments/regulatory agencies, unions, Non-Governmental Organizations (NGOs) and industry associations as key stakeholders. Key topics and concerns from our stakeholders include economic, social and environmental related topics and concerns.

We maintain open dialogue with stakeholders throughout the engagement process.

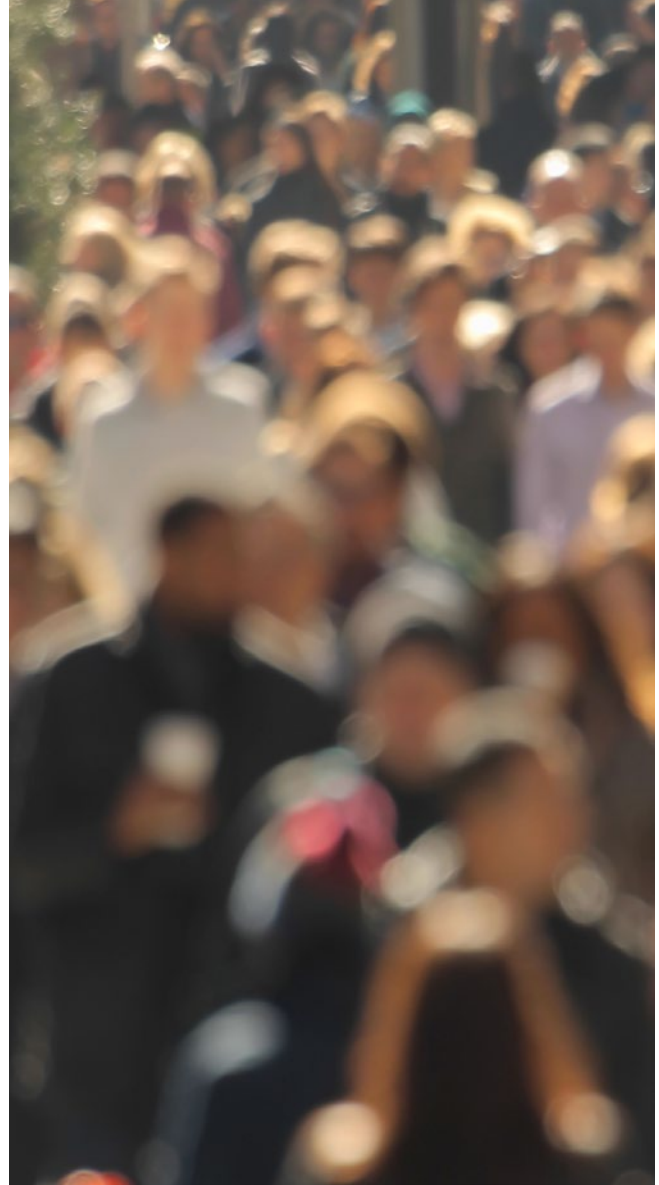
**We are all key stakeholders**

The engagement and interaction between Flex and our stakeholders is defined by the nature of company business, the scale of the organization, and the social, economic and environmental impacts of our operations.

**Responding and taking action on all feedback from stakeholders**

We value feedback and input from both internal and external stakeholders. We respond to all concerns identified during the engagement process. When necessary, the materiality assessment is updated based on the requests for information from stakeholders, including but not limited to customers, external sustainability rankings, industry information and other sources.

We strive to incorporate stakeholder priorities into our business and corporate sustainability strategies, focusing on environmental performance, working hours, working conditions, social and environmental supply chain management, integrity and ethics, company performance, regulatory compliance and adherence to Responsible Business Alliance (RBA) standards, and others.



**SOCIAL TOPICS**

**Occupational Health and Safety**

**Key topics/concerns**

- » Occupational health and safety performance
- » Safe use of hazardous substances

**Flex response**

Our social and environmental management system integrates principles of OHSAS 18000. We request all our sites have a health and safety management system in place, which we verify through our social and environmental physical audits performed by the corporate team. Separate procedures cover machine safety, risk assessment, incident reporting, etc.

Our industrial hygiene procedure is designed to protect employees and visitors from exposure to harmful substances, including without limitation, chemical substances. In addition, our management system requires all sites to convene committees to address safety issues and concerns.

Our health and safety KPIs were recalculated due to divestment of Multek; we restated them in the [KPIs report](#).

We offer applicable employees access to over 140,000 well-qualified physicians via a telemedicine application called HealthTap. Our employees can connect by via video, voice or text from any electronic device or location to receive a consultation at no cost.



**SOCIAL TOPICS (CONTINUED)**

**Training and Education**

Key topics/concerns	Flex response
<ul style="list-style-type: none"> <li>» Recognition for performance</li> <li>» Opportunities to learn and grow</li> </ul>	<p>We have special projects and programs to address employee concerns and improve employee engagement, including site/segment/function coffee talks/town halls, lunch and learn sessions, mutual respect training, management workshops (culture interventions), values workshop, leadership skills training and recognition programs. We conduct an annual survey of all employees to evaluate the performance of our management system.</p>

**Working hours, forced/compulsory labor and other human rights issues**

Key topics/concerns	Flex response
<ul style="list-style-type: none"> <li>» Excessive working hours per week</li> <li>» Weekly day of rest</li> <li>» Freedom of association</li> <li>» Incorporation of UN Guiding Principles and/or International Labor Standards</li> <li>» Non-discrimination</li> <li>» Harassment and abuse</li> <li>» Child labor and young workers</li> </ul>	<p>Our policy prohibits employees from working excessive hours; either 60 hours per week (regular plus overtime) or the local legal limit, whichever is lower. We participate in RBA Task Forces on the UN Guiding Principles, Trafficking and Forced Labor, Transparency and Environmental Compliance. We undertake targeted respect and dignity audits* of high-risk sites, as well as prioritize sites for the broader social and environmental audit protocol based on the risk profile of the site.</p> <p>We've advocated for a solution to issues around the working hours that are generated by interested parties, including the RBA, Original Equipment Manufacturers (OEMs), Electronics Manufacturing Services (EMS) companies, NGOs, academia, and governments. We recognize many factors that contribute to this situation and only through a broad consortium of stakeholders will we find common ground. The RBA regularly hosts NGO participants at its meetings and we've engaged actively in these dialogues. In some parts of the world, we engage directly with individual NGOs. Our aim is to improve the substance of the RBA Code of Conduct and its implementation. We participate in the Global Business Initiative on Human Rights, including regional meetings, and attend the United Nations Annual Forum on Business and Human Rights.</p> <p>In 2016, we made notable changes to our human rights policy. To better align with the UN Guiding Principles on Business and Human Rights, we made the following revisions:</p> <ul style="list-style-type: none"> <li>» The policy now explicitly applies to our value chain.</li> <li>» A reference to "gender identity and expression" was added in the section prohibiting discrimination.</li> <li>» New sections on implementation, reporting and escalation processes were added to clarify the policy's day-to-day execution.</li> </ul>

\* The respect and dignity audits focus on the social aspects of working conditions



**SOCIAL TOPICS (CONTINUED)**

**Local communities**

**Key topics/concerns**

- » Identify suitable community partners

**Flex response**

In 2018, the Flex Foundation continued its longtime partnership with the Silicon Valley Education Foundation (SVEF) by sponsoring its Elevate Teacher Workforce Training Initiative.

The Flex Foundation supported several non-profit organizations with the implementation of projects aligned to our community focus areas: decent work, quality education, affordable clean energy, and responsible production and consumption (SDGs 4, 7, 8 and 12). Examples of the organizations we bestowed grants to include:

- » the Guangdong Education Development Foundation or GETCH (nonprofit) — helps improve employment opportunities for youth with disabilities in China.
- » the Canadian iSisters Technology Mentoring Inc. (nonprofit) — provides digital and media literacy skills and mentoring in new communications technologies, with an emphasis on helping local, disadvantaged women.
- » the Mexican Laboratoria Coding A.C. (nonprofit) — offers a coding boot camp to develop front-end web developers. Supports local, disadvantaged women.
- » TECHO. (nonprofit) — In 2018, 50 of our employees donated 1,813 volunteer hours to build 11 transitional houses that benefited 55 people directly and 110 indirectly in Tlaquepaque, Mexico.
- » SPD, Singapore (nonprofit) — helps people with disabilities become self-reliant and independent through programs and services that encompass therapy, vocational skills training, employment support and Assistive Technology (AT), and more.

Our sites regularly organize donation events, volunteer activities and engage with local organizations to support communities where we operate. In 2018, our percentage of operations that implemented local community engagement activities and total volunteer hours were [verified by Det Norske Veritas \(DNV\)](#).

**ENVIRONMENTAL TOPICS**

**Energy, water, emissions, effluents and waste**

**Key topics/concerns**

- » Energy consumption
- » GHG emissions
- » Waste management
- » Water consumption

**Flex response**

We continue to make our sustainability data collection and reporting process more robust, which allows us to respond to the increasing number of customer requests to better understand the environmental impact and footprint of their own companies. We rely on the broadly accepted CDP (Climate Change and Water Security) and Global Reporting Initiative (GRI) reporting standards.

**Energy and GHG emissions**

In 2018:

- » We installed more than 3,000 LED light fixtures, for a total of over 113,000 since 2013, representing savings of 87GWh/year and a reduction of more than 61,000 tonnes of CO<sub>2</sub>e emissions per year.
- » Our installed renewable energy capacity increased to 34 MW\*\* at our sites across the globe.
- » Scope 1 and 2 CO<sub>2</sub>e emissions, water and waste KPIs were recalculated due to our divestment of Multek and thus restated in the [KPIs report](#).
- » Scope 1, 2 and 3 absolute CO<sub>2</sub>e emissions, scope 1 CO<sub>2</sub>e, scope 2 CO<sub>2</sub>e location-based, scope 2 CO<sub>2</sub>e market-based, scope 3 business travel, scope 3 fuel and energy related activities, scope 3 waste, CO<sub>2</sub>e location-based emissions intensity - scope 1 and 2 were verified by DNV.
- » We abated over 69,800 tonnes of scope 3 emissions, through CO<sub>2</sub>e offsets. An offset refers to Certified Emission Reduction (CER) certificates that are generated from a Clean Development Mechanism (CDM) project. Each CER equals one tonne of CO<sub>2</sub>e. We supported projects in Brazil, China and India, where we have large operations.

**ENVIRONMENTAL TOPICS (CONTINUED)**

**Energy, water, emissions, effluents and waste (continued)**

**Waste Management**

In line with our scrap policy, a new process was developed to systematically control, measure and capture scrap and waste inventory, shipping and financial transactions. In phase one, we expanded this process to six locations in Malaysia, India, Mexico and the US, and plan to continue with the expansion in the next year.

In 2018, our total waste by type, disposal method and waste diversion rate were [verified by DNV](#).

**Water**

We operate wastewater treatment plants at different sites around the globe. In 2018, we upgraded our wastewater treatment plant in Austin, TX (US).

In 2018, total water withdrawn, total water withdrawn by source, recycled water, total water discharged, and total water consumption were [verified by DNV](#).

\*\*Renewable energy used refers to the MWs of solar power installed, and the power procured from third party renewable sources.

**SOCIAL AND ENVIRONMENTAL TOPICS**

**Management systems**

**Key topics/concerns**

- » External certification of management systems achieved by our sites
- » Existent components of the management system and corresponding processes

**Flex response**

Our integrated social and environmental management system consolidates several management processes into one system. It incorporates current environmental, health and safety requirements, including the latest changes from the RBA, and aligns them to the ISO format. Our corporate audits are performed at our sites to verify they are in compliance with our social and environmental management system requirements. Effective closure of all gaps found during the audit results in social and environmental site certification. Our sites have the option to be certified in ISO14001 and ISO45001. While our management system implementation covers all manufacturing and logistics operations, the external certifications are conducted according to the site’s business needs.

**Supplier social and environmental assessment**

**Key topics/concerns**

- » Social and environmental supply chain management
- » Our standard of ethics and compliance throughout the supply chain
- » Applying our social and environmental initiatives

**Flex response**

The supplier quality team incorporates social and environmental criteria into its supplier management processes, including auditing. Social and environmental requirements are included in the supplier qualification process and in the Global Business Agreement (GBA) signed by our suppliers. A dedicated team performs physical audits of risk suppliers and monitors closure of corrective action plans. We have a supplier code of conduct that clearly communicates our collective commitment to act with integrity and our expectation that our suppliers operate accordingly.

As new suppliers are qualified, they are trained on our social and environmental requirements. Similar training is provided to members of the procurement organization.

In 2018, we held three on-site supplier trainings at our Flex Shenzhen, Zhuhai and Suzhou campuses. During the training, we outlined our social and environmental expectations for suppliers, Flex Supply Chain Social and Environmental Management Program, and the updated RBA standards.

To promote ethics and integrity across our supply chain, we assess material suppliers and labor agents. We have audited our major labor agents in China since 2015.

**ECONOMIC TOPICS**

**Economic performance, market presence and procurement practices**

**Key topics/concerns**

- » Company performance
- » Direct labor salary
- » Local suppliers spend

**Flex response**

We regularly meet with major shareholders and analysts.

We held a Q&A session with our CFO about financial results during 2015–2016.

Compensation ranges are closely monitored and evaluated on an annual basis to ensure we are competitive with our peer group companies.

Local suppliers support our businesses by providing low volumes of high inventory rotation, saving freight costs and enabling prompt response for business needs. These companies also create local job opportunities, which impacts the local economy.

**Anti-corruption**

**Key topics/concerns**

- » The importance of our culture, integrity and ethics

**Flex response**

Our ethics hotline provides an avenue for employees and others to raise ethical concerns of any kind, with the option to report anonymously.

Our corporate ethics and compliance program links compliance activities and teams through a common management system designed to identify risks and prevent violations of company policy, regulatory requirements and laws.

We’ve built a culture of ethics and compliance. We continuously monitor controls to detect and mitigate risks. Our CEO and senior management regularly distribute messages to employees about business ethics and compliance. Since 2016, we have provided Tone-at-the-Top Training at our highest risk sites.

**Responsible materials sourcing**

**Key topics/concerns**

- » Country of sourcing
- » Smelters or refiners
- » Due diligence report

**Flex response**

We’re a founding member and active participant in the Responsible Minerals Initiative (RMI) formerly the Conflict Free Sourcing Initiative (CFSI).

We collect Conflict Minerals Reporting Templates from both the customers and suppliers we control. The collection of customer supplier data is used solely for compliance with due diligence and reporting obligations. We also collect and provide aggregated declarations, specific to the customer’s supply base.





## People

Our commitment to our people encompasses providing a safe and secure workplace, a respect for human rights throughout the business, and affording opportunities for personal and professional learning and development. We embrace diversity as a strength in our culture, which is increasingly focused on enhancing the diversity of our workforce and supply chain.

# We empower our employees to achieve personal excellence.

## KEY HIGHLIGHTS 2018

**1.1 million** In the last two years, we provided more than 1.1 million online and in-person training hours.

**69%** 69% of eligible employees in the US had a HealthTap account active, which granted them access to telemedicine.

**Leadership development** 20 future leaders across 3 continents graduated from our [Leadership Development Program](#) with hands-on experience.

**41 sites** 41 sites participated in our [People with Disabilities Awareness Week](#), a 40% increase as compared to the previous year.

**14%** We decreased our incident rate by 14% as compared to the previous year.

**4,000+** Over 4,000 employees are benefiting from our [Employee Scholarship Program](#).

## Flex 20 by 20 progress status

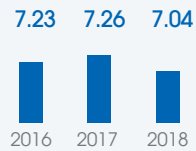
- Increase employee development
- Increase RBA compliance for rest day requirements
- Increase Flex pledge audits
- Decrease incident rate
- Increase human rights policy training completion

### Legend

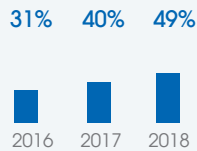


**Key Performance Indicators**

Average hours of training per employee<sup>1</sup>



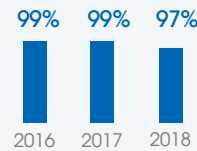
% of sites completing Flex Pledge audits<sup>2</sup>



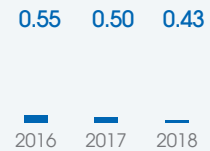
Increase Human Rights Policy training completion<sup>3</sup>



% of employees who complied with the RBA Rest Day requirements<sup>4,5</sup>



Incident rate<sup>5</sup>



**EMPLOYEE DEVELOPMENT**

We foster personal and professional growth for employees through education opportunities and dynamic work assignments. This accelerates employee advancement and supports customer success. We invest in leadership development, individual enrichment and higher education. We provide instructor-led classes, online learning, on-the-job training and leadership development programs. Our employees manage their career through annual goal setting, mid-year checkpoint discussions and performance appraisals.

**Employee Scholarship Program**

Recruiting and retaining talented employees is an important issue for us. During the last 10 years, we have, through our [Employee Scholarship Program](#), worked with local accredited educational institutions to enable our employees to continue with their education.

We provide full or partial funding and have expanded the program beyond our production line workers, making it available to all our employees. Through this program, our employees can obtain education ranging from a technical certification to a graduate degree.

We've implemented this program in 10 countries thus far (Austria, Brazil, China, Hungary, Malaysia, Mexico, Poland, Turkey, Ukraine, and the US), with the participation of more than 30 sites in more than 180 educational programs. As of 2018, this program has benefitted over 4,000 employees and produced more than 2,400 graduates.

**DIVERSITY AND INCLUSION**

We are a company of diverse individuals working together in teams to meet our commitments to customers and shareholders. We recognize that our strength comes from the dedication, talent, experience and perspective of every employee. Spread over 30 countries across the globe, our organization is naturally diverse in many dimensions including age, religion, gender and nationality. As stated in our Diversity and Inclusion [commitment](#), we celebrate this diversity as a major contributor to the strength of our culture of innovation and inclusion.



Employee Scholarship Program, China



2018 PwD awareness week celebration, Shenzhen Gushu, China site



2018 PwD awareness week celebration, Cebu, Philippines site

1. Prior to 2016, only major sites (based on their population) were measured. In 2016, the metric was expanded to cover all our entities. In 2018, our online training system was replaced, and employees didn't have access to new system during the transition period.
2. Version: Flex Pledge 3.0. In 2018, the total number of sites increased, due to new acquisitions.
3. Human Rights Policy training was launched in 2018.
4. In 2015, only hourly production workers in China, Mexico, and the US were covered. In 2016, Brazil, Indonesia, Malaysia, and Singapore were added. In 2017, India was added.
5. In 2018, the KPI and target were re-calculated due to our divestment of Mutek. Change was reflected from 2014 onwards.

### People with disabilities (PwD) awareness week

We employ nearly 1,000 individuals with disabilities in over 17 locations worldwide and are actively working to expand that number. Our inclusion of persons with disabilities at our Zhuhai campus (our largest site globally) and the elimination of physical barriers on that site has earned us recognition from the Chinese government for being a model employer.

In 2018, we held our second [PwD Awareness Week](#) which featured community and on-site activities. Our sites responded enthusiastically. Over 17,000 employees participated simultaneously, in 41 countries, carrying out 150 local initiatives and community activities.



Employees and autistic kids clean up Guadalupe Park, San Jose, US.

### Women in our workforce

In 2018, more than 40% of our global workforce was female and since early 2019 we have a 30% female representation on our Board of Directors.

A key part of our diversity and inclusion strategy is to increase diversity within leadership and management ranks in engineering and other functions. A large body of research suggests that diverse companies perform better and our own experience confirms that.

In 2018 we kicked off SheLeads, our women's executive development program, a leadership accelerator program for women designed and managed by the Diversity and Inclusion team in partnership with Talent Management. Through its focus on leadership development, coaching and empowerment, the program aims to develop and promote women leaders to better represent our employees globally at all levels of the organization.

In March 2018, we also launched Women in Flex (WIF), an employee resource group, dedicated to creating opportunities for women across our company.

Flex Employees | Meet Divya, Smart Audio

WIF aims to enhance gender equality and balance, expose women to the world of technology, encourage a more inclusive work environment and expand learning and career growth opportunities for women.

**In the US** — we held a panel for employees focused on women in tech and the challenges they have overcome.

**In Brazil** — we signed a statement of support for the Women's Empowerment Principles which partners with the UN and empowers women to fully participate in economic life.

**In India** — monthly roundtables are held with key leaders within our company to discuss career paths, work-life balance, conflict management and advancement.

### FAIR WAGES AND BENEFITS

Our total rewards philosophy incorporates both company and employee performance, as well as grade, job function and location. In 2018, entry-level wages averaged 29 percent above local minimum wage at our operational sites with more than 3,000 employees.

### HUMAN RIGHTS

Our human rights management system is aligned to the RBA code of conduct and we actively participate in the RBA and the Global Business Initiative on Human Rights. In 2016, we changed our human rights policy to align with the UN Guiding Principles on Business and Human Rights. We added "gender identity and expression" in the section prohibiting discrimination and new sections on implementation, reporting and escalation processes. We implemented employee relations programs at the sites posing the greatest risk for forced and compulsory labor. We are working towards the elimination of this human rights violation in Singapore, Indonesia, Eastern Europe and Malaysia.



In 2018, we launched a Human Rights Policy micro-learning course. Our objective was to amplify the posters and other communications related to our policy by highlighting it for new employees. The training is presently available in 15 languages. By the end of 2018, 61% of our manufacturing and logistics facilities delivered the training to more than 95% of our employees and integrated it into their orientation materials.

As an active RBA member, we assess our operations against the RBA Code using a self-assessment process followed by audits. As the code has evolved over the years, human rights content has expanded and has been strengthened so that issues such as underage labor, forced labor, discrimination, working hours, freedom of association, harassment and others are all addressed. Each year a number of our facilities host onsite compliance audits conducted by independent third parties, in accordance with the RBA's Validated Assessment Program (VAP). This program is the leading standard for on-site compliance verification. In the past year, two of our major manufacturing sites received perfect VAP scores.

The RBA has also initiated several multi-stakeholder programs with a focus on specific human rights issues. Our participation provides significant leverage that would otherwise lay outside of our reach as an individual company. We are an active participant in the Responsible Minerals Initiative (RMI) focused on the

responsible sourcing of minerals. The RMI has expanded beyond conflict minerals (tin, tungsten, tantalum and gold) to address cobalt and is also examining several other substances for action.

We support the Responsible Labor Initiative (RLI) aimed at eradicating forced labor from supply chains. We have previously reported upon our experience with foreign migrant workers in Malaysia and expect to materially contribute to the RLI's efforts. In terms of building capacity, as a complement to our industry work, we continue as a member of the Global Business Initiative on Human Rights (GBI). We share best practices, pursuing outreach to other businesses (most recently in Singapore) and participate in the UN Forum on Business and Human Rights to educate other stakeholders. As per our Human Rights Policy, we are committed to following the UN Guiding Principles.

### WELLNESS, HEALTH AND SAFETY

We inspire a lifestyle that fosters good health among employees, provides access to exercise, healthy eating and quality medical services. We promote a "zero injuries" culture across the company. We make sure our employees and contractors have safe housing, and that our facilities have a health and safety management system in place. Some of our sites are certified ISO45001:2018. We use a sustainability metrics system to track, monitor and report our health and safety performance on a regular basis.



### A culture of safety

As a reflection of the value we assign to the health and well-being of our employees, we are building on our culture of safety by promoting accountability in all business areas to drive continuous improvement through the following programs:

- » **Safety First Program** — This awareness and training program includes placing “Safety First” posters in every conference room worldwide. These posters emphasize specific actions to minimize injuries and illnesses. The program also includes new hire orientation videos in which our site’s general managers set the tone for safety, and more.
- » **Safety as a core value** — We developed a Culture of Safety Maturity Assessment (CoSMA) based on best practices which one of our customers shared with us. It assesses the maturity of 20 key processes required to have a strong culture of safety. It focuses on people, processes, and leadership activities and provides an opportunity for the site to prioritize the efforts and resources needed to systematically and sustainably develop a culture of safety. We have completed this assessment at more than 60% of our locations and all our manufacturing sites will complete it in 2019. The evaluation will be repeated semi-annually with a requirement that gaps be addressed by a manageable number of improvement actions.
- » **Building the fundamentals** — We started to standardize our incident analysis process throughout Mexico to drive more cross-functional involvement, improve our root-cause analysis, develop more effective corrective actions, increase the sharing of lessons learned and prevent the recurrence of serious injuries. It will be rolled out globally in 2019.
- » **Reducing our risk** — We initiated our Global Machine Safety Program to reduce the risk of operator injuries. Our initial focus is the development of a comprehensive, standardized program for the safe usage of high-risk equipment (e.g. press brakes, where metal is folded to create enclosures, guides and other components for products), including the specification and installation of required controls, work instructions, inspections, labeling, and signage, and training.

### Health and wellness for our employees

In 2018, we carried out [wellbeing programs](#) at 14 of our sites, in six countries, with an enormous response from more than 44,000 of our employees who benefited from and participated in health fairs, numerous dance and yoga lessons, sports tournaments, physical and mental health examinations and nutritional assessments. Some examples of these efforts include:



Employees celebrating National Bike month at our US sites

- » **Wellness program, US** — We developed a wellness program for US-based employees which grants those enrolled in our medical plan access to [HealthTap](#), a hub for virtually managing all healthcare needs. In 2018, 69% of eligible employees had an active account. This hub allows our employees to explore wellness tips and communicate with top physicians through live video consults anytime, anywhere.
- » **Health fair — Althofen, Austria** — Last year, 400 employees benefitted from health tests, insurance information, healthy food, yoga classes and sports programs.
- » **Health lecture — Zhuhai, China** — We provided a series of lectures to help improve our employees’ daily life. Some topics included front-line management and parent-child relations. We also provided fitness equipment to 31,000 employees including treadmills, weights, elliptical machines and more.



## Community

We impact our communities by offering inclusive, high-quality education, life-long learning opportunities, advancing employment opportunities and decent work, aiding locations struck by natural disasters, and spurring environmental protection, action and awareness. We back these efforts through the Flex Foundation, donations and volunteer programs in collaboration with nonprofit organizations, community leaders and governments.

Every day, we drive positive change in our communities.

**KEY HIGHLIGHTS 2018**

**550** We completed 550 community activities.

**90%** 90% of our sites implemented community activities throughout the year<sup>1</sup>.

**Disaster relief** We provided disaster relief for the Sulawesi Earthquake and Tsunami in Indonesia, Mangkhut Typhoon in China, Hurricane Florence in the Carolinas, Wildfires in California and floods in Japan.

**55K+** ~15K of our volunteers gave 55K+ hours<sup>1</sup> back to their communities.

**100%** 100% of our sites with 5,000 or more employees collaborated with nonprofit organizations to obtain a Flex Foundation grant.

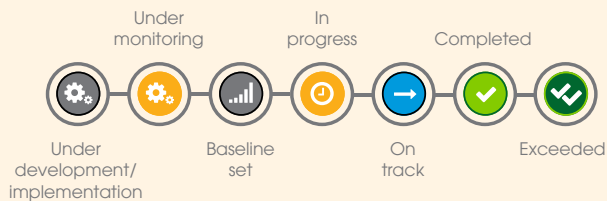
**WETP** We launched the WETP (Worker Empowerment Training Program) with three suppliers in China and Mexico.



**Flex 20 by 20 progress status**

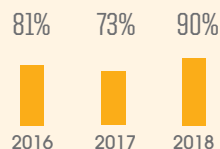
-  Increase volunteer hours
-  Increase percentage of sites with community activities
-  Implement worker empowerment training program
-  Implement Flex Foundation — community grants

**Legend**



### Key Performance Indicators

% of operations that have implemented local community engagement activities<sup>1</sup>



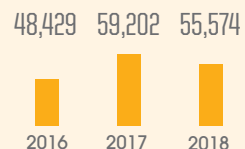
Total local community engagement activities



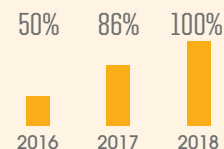
Total volunteers



Total volunteer hours<sup>1</sup>



% sites with community grants<sup>2</sup>



## FLEX FOUNDATION

We have been offering private grants through the Flex Foundation since 2002. As a catalyst for positive change in our communities, the foundation supports natural disaster relief, human rights, educational programs and more.

## COMMUNITY INVESTMENT

We employ talented people passionate about what they do, both at work and in their communities. We bolster our communities by providing the relevant technical and vocational skills needed to obtain decent jobs and/or learn to become successful entrepreneurs.

We provide monetary and/or in-kind donations directly to low-income or disadvantaged communities through local NGOs. We raise funds through our business groups, site sponsorship, corporate sponsorship, employee fundraising and site committees.

## VOLUNTEERING

We encourage employees to give back to their communities by volunteering time, talent and resources to local organizations. Our global sustainability team help coordinate local community activities that comply with our corporate volunteer policy and guidelines. In addition to being the right thing to do, it strengthens our brand and provides growth and teamwork opportunities.

## QUALITY EDUCATION

We invest in quality education because we believe it has a profound positive impact on society and provides people with the opportunity to access decent work.

### Worker Empowerment Training Program China and Mexico

We worked with [BSR™ \(Business for Social Responsibility™\)](#) to develop [a training program](#) for our supplier's employees with the goal to build their personal and professional abilities. The program is provided at our supplier's factories, through a Trainer-of-Trainer (TOT) course. Phase 1 reached two suppliers in Mexico and one in China in 2018, while phase 2, also launched in 2018, will benefit ten manufacturing suppliers and 10 on-site contractors.

Worker Empowerment Training Program  
China and Mexico

### Elevate teacher workforce training initiative Bay Area, California, US

For the third year in a row, the Flex Foundation supported the Silicon Valley Education Foundation (SVEF) and its Elevate Teacher Workforce Training Initiative. These efforts aim to better prepare teachers and improve their effectiveness. Over the past three years, close to 460 teachers and coaches have been trained, with over 9,000 students taught as part of the Elevate (Math) Program.

### Women with technology education program Kanata, Canada & Guadalajara, Mexico

In 2018, with Flex Foundation funding, the Canadian [iSisters Technology Mentoring Inc.](#) and the Mexican [Laboratoria Coding AC.](#) completed the [training](#) of 65 women (42 and 23) with another 17 to finish the Laboratoria training in 2019. The training included digital and media literacy skills and a coding boot camp.

### Opportunities for people with disabilities Kallang, Singapore

Since 2016, the Flex Foundation has supported SPD, a Singaporean non-profit that helps people with disabilities become self-reliant and independent. This donation has contributed to helping approximately 450 people with disabilities to have access to vocational skills training, and employment support and more.

1. In 2018, DNV verified the data.

2. Sites with 5,000 or more employees.

**Key performance indicators (continued)**

Total of suppliers that have implemented our worker empowerment training program (WETP)<sup>3</sup>

3

2018

**ENTREPRENEURSHIP**

We champion the creation of opportunities within our communities, so people can have access to decent work.

**Strengthening local economies by training entrepreneurs Aguascalientes, Mexico**

The Flex Foundation supported the Unreasonable Mexico Institute to provide skills, resources and mentorship to 15 entrepreneurs, accelerating eight companies. The project is expected to benefit thousands of people.

**RESOURCE CONSERVATION**

We raise awareness about, drive action for and support environmental conservation.

**Protecting forests**

In 2018, [we planted a forest worth of trees](#), or 6,800+ trees in 12 countries: Austria, Brazil, China, Hungary, India, Indonesia, Italy, Malaysia, Mexico, Turkey, Ukraine and the US.

- » **Americas** — In the US, we planted 200 trees, and 120 employees volunteered to clean a 95,500m<sup>2</sup> area of public park grounds. In Manaus, Brazil, 230 employees volunteered 1,150 hours towards afforestation efforts and the revitalization of a local school. In Guadalajara, Mexico 1,000 employees volunteered to plant more than 8,000 trees since 2014.
- » **Asia** — In Malaysia, we volunteered 1,488 hours through our PTP site to plant 400 mangrove trees. In Suzhou, China we donated 10,000 seeds to a local non-profit and committed over 3,500 volunteer hours. In Ibaraki, Japan, the Flex Foundation has supported the protection of the Satoyama Forest since 2016, through the Satoyama Wo Mamory Kai (i.e. Association for Protecting Community-based Forest).
- » **EMEA** — We cleaned a forested area in the Obawski Stone Mountains in Ukraine, with 40 volunteers from our Mukachevo site.

3. In 2016, the WETP program was under development. In 2017, we began the phase one implementation, which included three pilot sites in China and Mexico. Phase one was completed in 2018. The same year, we commenced the phase two, scheduled to be completed in 2019.



Employees climbing up the Carpathian mountains, Mukachevo, Ukraine

**Nature and wildlife conservation**  
**Zala, Hungary**

The Flex Foundation funded a wildlife and nature conservation program in Hungary through the Hungarian Ornithological and Nature Conservation Association (MME/BirdLife Hungary). Eighty youngsters learned to care for local species, identify local plants, nature conservation techniques and environmental awareness.

**Terengganu, Malaysia**

With Flex Foundation funds, the World Wide Fund for Nature Malaysia (WWF-Malaysia) carried out conservation activities for the painted terrapin, *Batagur borneoensis*, a critically endangered species, in the Setiu Wetlands. These efforts are expected to help 5,000 painted terrapins.



Earth Day Challenge reforestation efforts



Earth Day Challenge, China



Earth Day Challenge, China



Earth Day Challenge, Mexico

**Service learning**

In 2018, we collaborated with the nonprofit TECHO. Fifty of our employees in Mexico donated 1,813 volunteer hours to build 11 transitional houses in Tlaquepaque, Mexico that benefited 55 people directly and 110 indirectly. As part of the work, volunteers emphasized the importance of education and work within the community, sharing personal experiences as part of their effort. This built on the previous [service learning programs](#) in Laos and Nepal.

**Disaster relief**

As a company with operations in Americas, Asia and EMEA, we put forth our energy and efforts to provide relief to the communities impacted by natural disasters.

We responded through the Flex Foundation, our corporate teams and our employees who mobilized to help.

**SEPTEMBER 2018**

- » **Hurricane Florence, Carolinas, US and Sulawesi Earthquake and Tsunami, Indonesia**
  - The Flex Foundation donated funds to Save the Children® with an employee matching scheme.
- » **Floods, Japan**
  - The Flex Foundation backed the Japanese Red Cross for efforts in the evacuation center.

**OCTOBER 2018**

- » **Hurricane Michael, Florida, US**
  - Employees donated funds to Save the Children®.

**NOVEMBER 2018**

- » **Mangkhut Typhoon, China**
  - The Flex Foundation financed Habitat for Humanity Hong Kong to help in the rebuilding efforts in rural Guangdong.
- » **Wildfire, California, US**
  - The Flex Foundation supported the American Red Cross.



Hurricane damage, Carolinas, USA



Flood damage, Japan



American Red Cross relief effort, USA





## Environment

We build on our best practices, programs and our environmental management system to operate beyond compliance. Our daily practices aim to make us an environmentally responsible company. We raise environmental awareness, drive action in our communities and inspire others to do the same within our value chain.

## We work to raise awareness, drive change and achieve positive environmental impact.

We protect the environment, conserve energy and natural resources and prevent pollution by applying appropriate management practices and technologies. We go beyond ISO14001:2015 by including product environmental compliance and e-waste management. We work to be environmentally responsible and mitigate impact in all aspects of our business, and we help our customers do the same. We track energy consumption, CO<sub>2</sub>e emissions, water usage, total waste generation and disposal.

Environmental management remains a heavily regulated area, particularly for a company with a global footprint, and our challenge is to adapt our systems to the standards expressed in those regulations. Some key aspects of our operations, for example greenhouse gas emissions, remain unregulated, but our intention is to reduce our footprint in this area too. Many of our key customers have reinforced that intention with their own sets of goals for suppliers. In many parts of the world, the availability of affordable green energy remains limited and we are studying ways to overcome that limitation. Working towards our 2020 goals has been instructive in many respects. It has not only highlighted practical issues such as the one discussed above, but also provided a basis for enlarging our level of ambition moving forward, prompting further discussion about how we can transparently report on our progress.

### FULL MATERIAL COMPLIANCE

To ensure safety, we follow legal material requirements and our own specifications in all our manufacturing, labeling, recycling and disposal. We have developed a full material compliance process that focuses on customer, regulatory and Flex requirements. We have our own specifications for hazardous substances to ensure we control the chemicals used in our manufacturing processes.



Volunteer planting



Volunteer cleanup



Volunteer group activities

### KEY HIGHLIGHTS 2018

**+3.2 million homes**

Through our Flex Energy Solutions, we manufactured enough PV modules and solar trackers to power the equivalent of the energy required to run more than 3.2 million<sup>1</sup> homes.

**+87 million kWh/year**

Between 2013 and 2018, we replaced and installed +113,000 LED light fixtures manufactured by Flex Lighting Solutions. This decreased energy consumption by +87 million kWh/year<sup>3</sup> and reduced CO<sub>2</sub>e emission generation by +61,000 tonnes/year<sup>3</sup>.

**+60%**

More than 60% of our manufacturing and logistics sites were certified in ISO14001.

**+34 MW**

Our renewable energy installed capacity increased to 34 MW on our sites across the globe<sup>2,6</sup>. This is an increase of 13% from last year.

**69,800 tonnes**

We offset +69,800 tonnes of Scope 3 CO<sub>2</sub>e emissions through Certified Emission Reductions (CERs) Certificates from the Clean Development Mechanism from projects in Brazil, China and India.

**53,000 employees**

In 2018, we held our second [Earth Day Challenge](#). More than 53,000 employees participated from 71 sites in 20 countries, implementing around 320 activities.

**41,000**

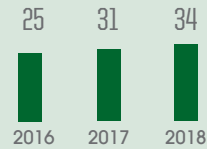
We avoided more than 41,000 Scope 1 and Scope 2 CO<sub>2</sub>e emissions through our Energy Management Program.

**Key performance indicators (continued p. 44)**

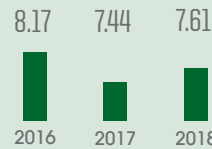
CO<sub>2</sub>e emissions intensity (tonnes/US \$M of revenue)<sup>5</sup>



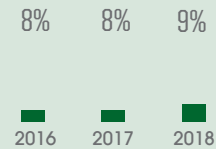
Use of renewable energy (MW)<sup>2,6</sup>



Water withdrawn (million m<sup>3</sup>)<sup>5</sup>



Percentage of recycled water<sup>5</sup>



**WASTE MANAGEMENT**

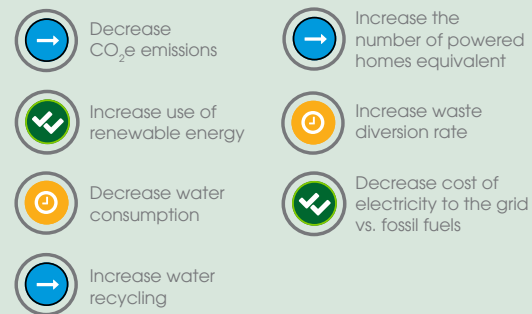
We reduce waste by modifying production, optimizing maintenance and facility processes, improving materials substitution, and by conservation recycling and re-use of materials. We manage and dispose of scrap and waste in accordance with our scrap policy and in compliance with legal, social, environmental and ethical requirements. As our performance metric indicates, we diverted more than 91% of our campus generated solid waste generated from landfills. While we aim to maintain or increase that diversion rate, we will also focus efforts on minimizing waste production in the first place. One such effort involves creating a packaging standard for suppliers who furnish us with components. From there, we will proceed to study our largest waste streams to determine if work practices, materials or other aspects might enable a reduction in waste generation.

**Scrap and waste management system**

On the back end of our operations (i.e. after products are assembled and shipped) our focus has been on responsible management and recapturing value from the waste we dispose of. Our internal program standard requires that any partner we work with be certified in either the R2 or E-Stewards programs (setting our social and environmental criteria for their operations). Where hazardous material or other waste require landfilling, we conduct due diligence through a third party service provider or on our own before engaging with those sites. Our team within procurement that focuses on recapturing the value of discarded materials is currently working on developing an automated system that will record, measure and standardize waste and waste material disposition. This development process will continue into next year.

» **R2 and Zero waste certifications, Brazil and Mexico** — Our unique operations in Brazil (Sintronics, a Flex founded company) and Aguascalientes, Mexico, have R2 certified facilities with recycling capability. In 2018, Sintronics and the neighboring manufacturing site in Sorocaba were certified as zero waste facilities by Underwriters Laboratories (UL); both operations diverted 100% of their waste, with 9% being used for energy recovery. This means that our ecosystem in Brazil (R&D Center, manufacturing, distribution, and recycling, with around 4,500 employees) generated virtually no landfill waste.

**Flex 20 by 20 progress status**



**Legend**



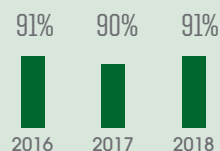
**Composting waste**

At most of our campuses, we operate and/or host cafeterias to service our workforce. We carried out composting at 13 sites across nine countries. This was a 74% increase from the previous year in the tonnes of waste that underwent this process.

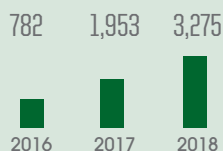
- » **Guadalajara, Mexico** — We donated around 2 tonnes of compost to a local community garden where crops generate produce for the neighboring community.
- » **DSN Cebu, Philippines** — We used waste from our design center for vermicomposting. This process uses worms to create a mixture of decomposing vegetable or food waste, bedding materials and vermicast. Environmentally, this closes a gap in the waste recycling process. This practice was reported not only as an initiative but also as a Kaizen, so other sites can replicate it.

**Key performance indicators (continued from p.43)**

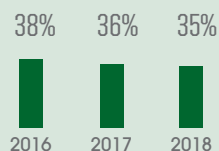
Waste diversion rate<sup>5,6</sup>



Number of powered homes equivalent (in thousands)<sup>1</sup>



% cost reduction of electricity to the grid vs. fossil fuels



» **Cork, Ireland** — On September 2018, our site in Cork introduced compostable cups and lids in accordance with the applicable European Standard. They take 90 days to decompose, are supplied by a local company and are printed using vegetable-based inks without solvents. This will replace 170,000 non-recyclable cups per year.

**Cardboard use reduction**

- » **Juarez, Mexico** — Our Juarez site exemplifies the potential of our waste minimization’s system: it avoided cardboard waste generation by allocating a specific area for different materials within the production process and marking each box for increased material flow efficiency. As a result, instead of using +31,000 cardboard pieces/month, they now use only +3,700.
- » **Sárvár Ikervári, Hungary** — Our Sárvár site was the winner of the [2018 Best Initiatives Recognition Program](#) for recycling over 200 tonnes of operational scrap on-site to create a collapsible reusable plastic box. This initiative was used in the shipping system route between our Sárvár Ikervári and Mukachevo sites, reducing the volume of return trips by 75%, and replacing more than 600,000 one-time use cardboard cartons.

**WATER MANAGEMENT**

We recognize the scarcity of water in many parts of the world and we utilize water management practices that help reduce our consumption. While our business is not a water “intensive” one in relative terms, some operations are in water-stressed areas and particular attention is provided to those operations. Further detail is available in our response to the [CDP Water Questionnaire](#). Our three prongs water strategy is as follows:



**Water consumption reduction DSN Cebu, Philippines**

At our Cebu Design Center, we reduced our monthly water consumption costs by over 40% by replacing broken fixtures, installing self-shutting faucets, and through a water use awareness campaign. It included personnel training and signage meant to reinforce water awareness.

**Wastewater treatment plant upgrades Austin, Texas, US**

In 2018, we carried out upgrades to our waste water treatment plant. This included improving the pre-filter system which now includes nanofiltration, with the addition of filtration cleaning cycles to enhance the the system’s cleaning life and reduce the impact to our current reverse osmosis and deionization systems. The goal of this system is to recycle over 75 million cubic meters of water. This enhancement put us on track for the 2019 Pretreatment Excellence Award by Austin Waters for going beyond water quality requirements, driving self-monitoring and reporting, designing a pollution prevention strategy and training and encouraging staff to actively participate.

**Rainwater reuse**

Last year, we installed a rainwater collection system for irrigation purposes at one of our buildings in Tzcew, Poland. With this addition, we now have three sites in EMEA, including Corlu in Turkey and Mukachevo in Ukraine, that collect and use rainwater either as part of our irrigation or cooling systems.

**ENERGY MANAGEMENT AND EMISSION REDUCTION**

We have energy reduction programs in place to minimize greenhouse gas emissions. We reduce our energy consumption with solar panels, buying renewable energy, and by installing LED light fixtures, among others. In 2018, we implemented more than [220 energy-saving projects](#) improving our energy efficiency and optimizing our processes to reduce energy consumption and emissions. We expanded our on-site solar power generation, installed energy-efficient HVAC systems, replaced lighting installations with LEDs, improved maintenance programs, and enhanced our building control systems. Most notably, we installed

an innovative low voltage power distribution system at a number of sites. These systems tune and balance the flow of current, reducing heat on the lines and improving electric motor efficiency. In some locations, we also worked directly with key customers requiring product “burn-in” (typically requiring extensive test periods and occasional thermal analysis) to install IoT-enabled power meters to isolate the testing energy load and to devise more efficient protocols. Our Energy Management Program has avoided our annual CO<sub>2</sub>e emissions by more than 41,000 tonnes. Further detail is available in our response to the [CDP Climate Change Questionnaire](#).

### Our growing renewable installations around the world

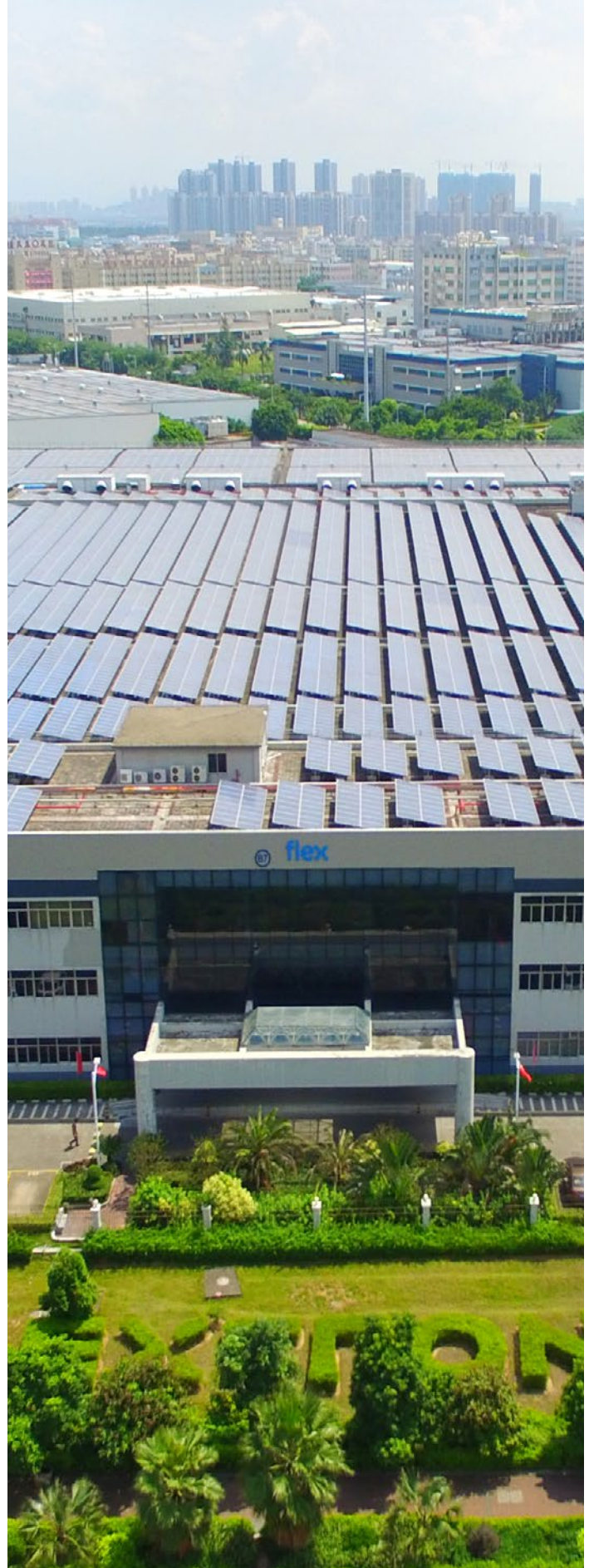
In 2018, we expanded our solar capacity by ~4MW<sub>6</sub>, with new solar panel installations in Mexico and India. Our behind-the-meter solar power plant at our facility in Chennai, India enables us to generate clean energy to fuel our manufacturing activity on-site through smart solar trackers designed and manufactured by NEXTracker™, a Flex company. Approximately 35% of our building is fueled by the solar energy produced by this co-located solar park.

In line with our goal of increasing renewable energy use by 2MW annually, we now have solar installations in three regions, in more than five sites in four countries (Austria, China, Mexico and India). They produce a total global capacity of +19MW<sub>6</sub>; last year they generated 13.7GWh. The average life expectancy of these installations is 20 years. We have begun actively investing in green power purchases in other regions, sometimes aided by our customers, and we plan to factor procurement into our next set of company-wide goals.

### LED Light fixtures replacement

Between 2013 and 2018, we installed over 113,000 LED light fixtures, manufactured by Flex Lighting Solutions, in 15 countries (Austria, Brazil, Canada, China, Hungary, India, Ireland, Italy, Malaysia, Mexico, Poland, Romania, Switzerland, Ukraine and the U.S.). Through this program we have saved over 87 GWh/year<sup>3</sup>, which could power the equivalent of over 8,300 homes for one year<sup>4</sup>. This avoids the generation of 61,000 tonnes of CO<sub>2</sub>e emissions per year<sup>3</sup>.

1. Equivalency refers to the number of homes that can be powered with the MWs of solar panels and trackers we produce. The calculation assumes that a home’s energy demands are equivalent to the energy demands of an average (5kW) household in California. The number of powered homes equivalent provided is the accumulated value till 2018.
2. Renewable energy used refers to the MWs of solar power installed, and the power procured from third-party renewable sources.
3. Assumes 50 weeks per year, six days per week, and 24 hours per day.
4. Assumes an average annual electricity consumption for a US residential utility customer of 10,399kWh.
5. The metric, KPI or target were re-baselined in 2018 due to our divestment from Multek and the change was reflected in the annual status from 2014 onwards. In 2017, DNV verified CO<sub>2</sub> emissions and water data.
6. In 2018, this verification extended to include waste and renewable energy use.



90,000 Solar panels on the roof of our Zhuhai, China site.



## Innovation

We help transform ideas into reality. Innovation is the constant through which we operate. We view challenges as opportunities to drive change for a healthier, cleaner, more resource-efficient world. We display leadership using advanced technology and best-in-class engineering solutions. As we evolve our sites' manufacturing processes, we provide sustainable, ergonomically safe environments for employees.

We have a passion for intelligent ideas that make the world more sustainable.

## KEY HIGHLIGHTS 2018

**120+**

We have worked with leading healthcare companies to fully develop, design and manufacture (Sketch-to-Scale process) over 120 regulated hardware and software medical products worldwide.

**~ 65,000  
EV chargers**

We've produced almost 65,000 electric vehicle chargers since 2013. 50% of which were delivered in 2018.

**30 sites**

We have Global Services and Solutions (GSS) available at 30 sites. These services include warehousing, service parts logistics, and returns, repairs and recovery services.

**17 GW**

Through NEXTracker, a Flex company, we installed or shipped a cumulative of [17 GW](#) smart solar trackers globally.

**211**

We obtained 211 patents, 71 of which were granted in the US and 140 abroad.



BrightInsight™ is a trademark of Flex Ltd. and its affiliates

1. Source: <https://brightinsight.com/standards-regulations-certifications>.

## SUSTAINABLE DESIGN AND MANUFACTURING

We create innovative processes and advanced engineering solutions while reducing waste. We are an industry leader in advanced electro-mechanical technology-based, value-added assembly services and process development. We deliver Industry 4.0 automation and smart factory development with maximum efficiency while putting sustainability top of mind. We automate processes to reduce repetitive physical activities performed by our employees. This helps prevent injuries, reduces waste and minimizes errors during the assembly process.

## CONNECTED LIVING SOLUTIONS

Our solutions are revolutionizing how people live.

### Connected devices

In 2018, [we worked](#) with our clients on the design, development and manufacturing of several connected devices, including thermostats and electric bikes, among others.

We've embedded sensors, artificial intelligence and machine learning into the ecosystem of our solutions to not only retrieve, but also manage data of any kind, from any source, at massive scale.

## HEALTH SOLUTIONS

Our innovation ecosystem and human factors expertise helps customers define and develop cutting-edge products for safe and effective use by patients and healthcare providers. Our integrated technology platforms help medtech and pharmaceutical companies bring products to market faster and with the most advanced technologies available.

### Digital health

[BrightInsight™](#), a Flex company, achieved<sup>1</sup> both the ISO 13485:2016 certification for medical device quality management systems and HITRUST CSF®, an industry agnostic certification framework for regulatory compliance and risk management. Our core product offering is a medical-grade, regulatory-compliant, intelligent platform. It optimizes connected drug, device and combination products through real-time, integrated data and actionable insights so that our customers can increase patient adherence and engagement.

Deployed as a managed service, the platform is designed to support CE-marked and FDA-regulated Class I, II and III medical device combination product and Software as a Medical Device requirements.

ISO certification and HTRUST CSF® are another milestone for us following the acceptance of our master file by the FDA for the BrightInsight™ platform in March of 2018.

## ENERGY SOLUTIONS

According to the Bloomberg New Energy Finance (NEF), there has been 350 billion USD per year invested in clean energy over the past five years. This includes renewables, power storage and energy smart technologies related to improving efficiency. We have developed energy solutions to take advantage of this trend.

### Energy storage

We produce some of the best-in-class energy storage systems for any application, including our Lithium-ion NX Drive™, and our Vanadium Flow energy storage system NX Flow™, a fully integrated modular solution designed for solar-plus-storage applications.

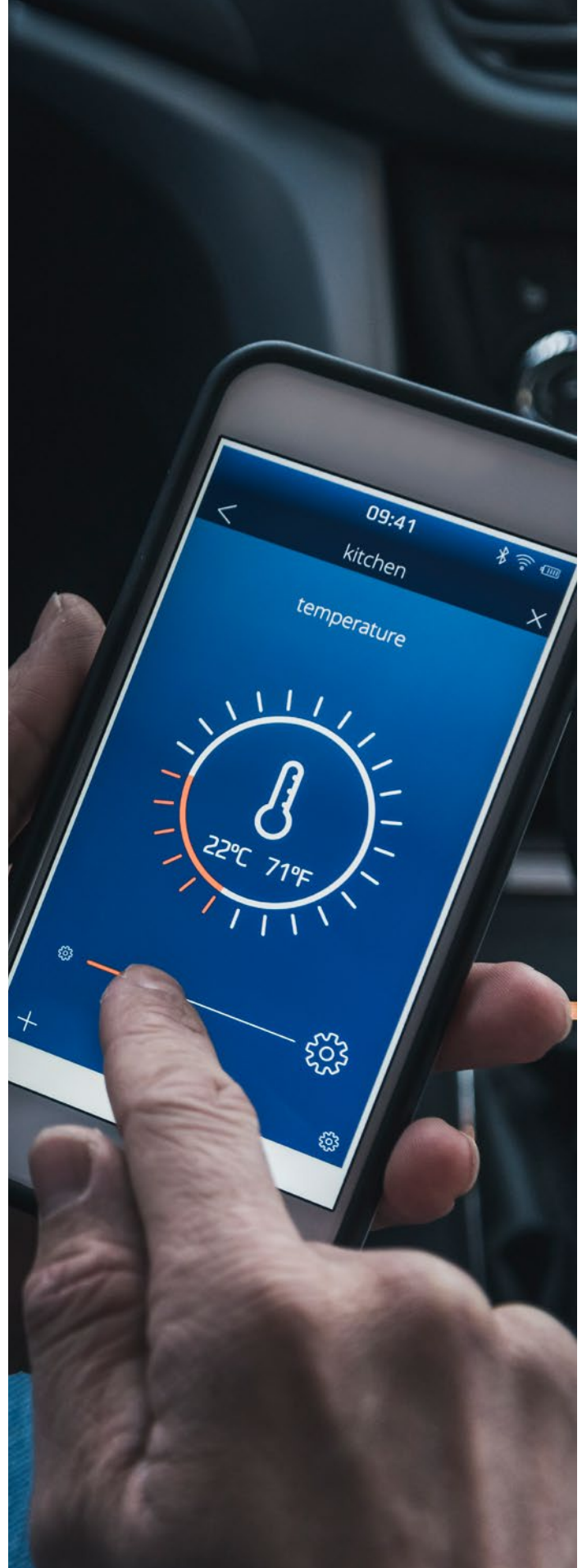
### Solar

More than 10 million modules have been shipped on behalf of our customers. We have 4GW worth of panels in the field and around the world. At [NEXTracker](#), a Flex company, we fuel renewable energy transformation by designing and building some of the most advanced solar trackers and energy storage systems in the industry. Smart, connected tracking solutions enable power plants of all sizes to maximize energy output. Delivering 250MW of solar trackers each week, by the end of 2018, we had delivered 17GW of smart solar trackers to the global solar market.

In addition to this, our TrueCapture™ control system, a performance uplift service, increases solar power yield by 2%–6% using our advanced machine learning technology. We provide advanced data and software-driven digital services for both our tracker and our storage systems to improve asset management efficiencies and performance.

### Lighting solutions

Our Lighting Solutions help businesses and property owners provide superior quality and highly energy-efficient LED lighting solutions for smarter, more efficient commercial and industrial facilities.





### Electric vehicle chargers

Based on Bloomberg's 2019 outlook on the electric vehicle market, it is expected that by 2040, 57% of all passenger vehicle sales will be electric. We've produced almost 65,000 electric vehicle chargers since 2013. 50% of these were delivered in 2018, which speaks to the fast pace of growth in this area.

### Advanced metering infrastructure

We make 1 in 4 meters installed in the United States. We manufacture more than 6.5 million meters per year (gas, water and electric).

## CIRCULAR SERVICES AND MANUFACTURING

We are increasingly focused upon leveraging the Flex ecosystem, meaning our core manufacturing expertise and scale, our Sketch-to-Scale design capabilities and our sourcing and reverse logistics know-how, to enable customers to devise and implement circularity within their business models. We are continuously investing in the circular economy, working with our largest customers. We provide repair and refurbishment services worldwide. We are able to offer customers end-to-end visibility of their products throughout the lifecycle and can help maximize the reuse of materials and components, including materials with high value such as printed circuit boards.

We are presently working with several customers in both the industrial and consumer product spaces to engineer or reengineer products and processes to dramatically increase circularity. Our efforts are focused on providing measurable solutions to reduce product-based environmental impact and working towards a more circular economy. The SDG #12, responsible consumption and production, is one of the four UN SDG goals we are working on. Our potential to enlarge our contribution to this goal, alongside our customers, is significant.

» **Refurbishment** — Over the past year, we have developed refurbishment models for kitchen appliances that ensure the products are no longer scrapped and their useful life is extended by harvesting parts, testing and refurbishing products.

» **Zero-landfill product recycling take-back** — We have worked with a major customer to provide a global zero-landfill product recycling take-back program. Within the program, we provided full end-to-end traceability and legal compliance. We achieved the highest level of material recovery by segregating components to make sure they could be sent to the most environmentally friendly recycling stream, based on commodity type. The program covers multiple countries and is managed by our regional circular centers of excellence in Hungary, Japan and Mexico.



### Pioneer in circular manufacturing solutions

[Sinctronics](#), a Flex-founded Brazilian company, is pioneering circular manufacturing processes that are making the information technology industry greener and more sustainable. To achieve success in circular manufacturing, we needed to build out four separate functions: reverse logistics, recycling facilities, R&D (through our Green IT Innovation Center), and reverse supply chains. On average, Sinctronics' customers have replaced up to 35% of the virgin plastic they use with recycled materials.

Over the past five years, Sinctronics was able to develop its own software for reverse logistics, design a whole reverse operation and become profitable enough to expand work to three shifts.

Over the next year, we are planning to create a Center of Excellence for Circular Design inside the Flex Institute of Technology (FIT), our R&D Center in Brazil. We have about 270 employees working on product, process and software development.

We are creating a team focused on design using leading edge technologies including digital twins, additive manufacturing, IoT, and other state-of-art sustainable concepts (cradle to cradle and design for a circular economy).





## Integrity

Integrity is a key part of how we do business. We expect our employees and business partners to follow the highest ethical standards. Our ongoing commitment to ethics and compliance has helped us earn and maintain the confidence of our customers, investors, vendors and the communities where we live and work.

# We operate ethically and lead with integrity.

## KEY HIGHLIGHTS 2018

**97%** 97% of our employees completed the Code of Business Conduct and Ethics (CoBCE) online training.


**1,200 reports** We addressed approximately 1,200 hotline reports covering a variety of issues. In some cases, our ethics and compliance group provided guidance and took immediate action. In other cases, a review or investigation was required.


**New training** We developed and rolled out new company-wide training for all managers addressing appropriate engagement with reporters, reporting resources and the investigative process.



Our strict anti-retaliation policy is designed to make employees feel safe and comfortable raising issues and questions

### Flex 20 by 20 progress status

 Implement in-person training on CoBCE

 Increase CoBCE training completion

#### Legend

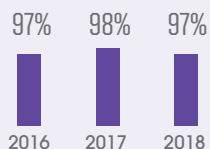


## CODE OF BUSINESS CONDUCT AND ETHICS

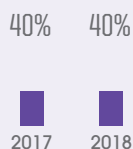
The code of business conduct and ethics is the foundation of our Ethics and Compliance Program. It is endorsed by our board of directors and by our executive management. It details the values, standards and responsibilities that help guide our behavior and decision-making processes. Employees, customers, partners, and shareholders have a responsibility to promptly speak up about any issues or concerns they believe, in good faith, may constitute a violation of the Code of Business Conduct or any other of our policies. Our code provides resources for reporting suspected ethical violations and reinforces our open-door and anti-retaliation policies. The code is available in 20 languages and is accessible through our internal and external websites.

### Key performance indicators

% of employees completing Code of Business Conduct and ethics online training<sup>1</sup>



% of In-person training on Code of Conduct training completion



## ETHICS AND COMPLIANCE ORGANIZATION

Corporate ethics and compliance at our company links compliance activities and teams through a common management system designed to embed compliance throughout our company. We work together to identify risks and prevent violations of company policy, regulatory requirements and laws while promoting a positive culture where employees feel empowered to report issues and have confidence in the process. The corporate compliance team drives the ethics and compliance program activities, headed by the chief ethics and compliance officer, with oversight from our audit committee, our compliance executive sponsors and our compliance directors from across our company, who are subject matter experts in our various compliance areas. Every compliance director is responsible for managing, maintaining, monitoring and continuously improving his/her own program and internal controls system, including policies, procedures, training and communication, risk assessment, root cause analysis and remediation. We have

moved beyond regulatory alignment and achieve ethics and compliance objectives through multiple channels with a broad, holistic approach. Our program is more than the sum of our parts; it fosters our culture of compliance.

## CULTURE OF COMPLIANCE

We have built a culture of ethics and compliance. Our robust Ethics and Compliance Program and strict anti-retaliation policy are designed to make employees feel safe and comfortable raising issues and questions with confidence in the investigations and remediation process. Our CEO and senior management regularly distribute messages on business ethics and compliance to employees. We conduct regular internal audits, and we maintain metrics around compliance to continuously benchmark and improve our results.

1. Does not include individuals who have recently joined us through acquisitions, employees on leave of absence and direct labor.



We maintain an internal ethics and compliance program website and circulate a quarterly newsletter promoting awareness of top issues, programs and policies. We periodically send out surveys to employees throughout the world to assess our culture and provide information about our training plan and key topics. All employees complete annual training on key compliance issues. Officers and senior managers also certify that they have processes in place to support the company's Ethics and Compliance Program. In addition to online training, we provide in-person training through a variety of forums, including leadership conferences, regional and corporate staff meetings and site-level trainings. Our program develops, nurtures, and maintains our positive organizational culture.

### RAISING CONCERNS

We provide a variety of channels for employees and third parties to report concerns or suspected ethical violations, including by phone, email, web and direct communication to management, human resources or our legal team. Our confidential hotline reporting system is available seven days a week, 24 hours a day, in multiple languages via toll-free numbers or the web at [www.flexethicshotline.com](http://www.flexethicshotline.com). Reports can be made anonymously, and our hotline system allows for anonymous reporters to engage with investigators without revealing their identity. We recognize the courage it takes to come forward and raise an issue and endeavor to keep an open line of communication with the reporter to ensure they are comfortable with the process and have confidence their report is being investigated and remediated as necessary.

In 2018, we received approximately 1,200 reports covering a variety of issues. In some cases, the ethics and compliance group provided guidance and took immediate action. In other cases, a review or investigation was required. We have a cross-functional team from our brand protection and security, human resources, internal audit and legal departments who investigate allegations. We follow a formal, consistent method for addressing alleged violations and complaints and direct them to the appropriate functional area for investigation and remediation. Substantiated allegations may result in some form of disciplinary action which may include counseling, training or warning letters, or in some cases dismissal from the company. Resolution may also involve changes to internal processes or policies to prevent further occurrence.

We track all cases from reporting to closure and provide a quarterly report of activity to the executive management and the audit committee of our board of directors. The report includes details from our most significant matters, information about the number of matters reported, the primary issues, closure metrics and disciplinary actions.



### ETHICAL BUSINESS PRACTICES

We are committed to operating with integrity. We have a strong commitment to observing anti-corruption and other compliance laws in the countries where we operate. We prohibit bribes or kickbacks of any kind, whether in the public or private sector. We have a robust diligence process to vet third-party representatives, potential merger and acquisition targets, suppliers and other key associates and supply chain partners to help ensure that we only engage with legitimate parties that have a reputation for integrity. Our commitment to operate with integrity not only complies with applicable laws and regulations, but also ensures our business enhances the lives of our employees and the communities where we operate.



## Supply chain

We are committed to continuously monitoring and driving compliance with our social and environmental standards throughout our supply chain. These standards, are included in our supplier training which aligns with Responsible Business Alliance standards. We require that our suppliers have a management system in place ensuring continuity and effectiveness of social and environmental activities along with potential risks mitigation.

## We strengthen our supply chain by advancing social and environmental responsibility.

### KEY HIGHLIGHTS 2018

**+20%** Our supplier due diligence assessment increased by 20% compared to the previous year, totaling 1,378 completed social and environmental assessments.

**63,000** We collected and monitored ~63,000 workers' working-hour records in the past year.

**+2,400 suppliers** Since 2017, we have screened 2,400+ suppliers, using a new tool provided by the RBA that integrates global risk analytics.

**45 auditors** We have trained and certified 45 social and environmental supplier auditors internally, a 10% increase from the previous year.

**20 labor agents** We assessed 20 of our labor agents.

**97%** We screened 97% of our new suppliers using social and environmental criteria.

### SUSTAINABILITY SUPPLY CHAIN PROGRAM

Our social and environmental training aligns with both the RBA requirements and our [supplier requirements](#), which address many labor practice issues including freely chosen employment, humane treatment, working hours, forced labor, wages and benefits, human rights issues, such as child labor, conflict minerals, ethical conduct, freedom of association, health and safety, environmental and more.

#### Social and environmental assessment

Our social and environmental assessment consists of six sections, including labor, ethics, labor and ethics management system, health and safety, environmental and EHS management system. We also monitor our labor agents. Our social and environmental physical audits have extended beyond China to other regions in Southeast Asia, Europe and South America. Suppliers complete a self-assessment questionnaire with the opportunity to implement necessary corrective actions before the audit team visits their locations. We screen new suppliers by auditing data, performing a risk assessment (based on collected data) and a physical audit.

### Flex 20 by 20 progress status



Increase social and environmental supplier training



Increase supplier screening on social and environmental criteria

#### Legend



### On-site audits

During 2018, we conducted 101 initial on-site audits and 47 follow-up audits focused on suppliers located in high-risk regions. We conducted the audits using our Supplier Assessment Questionnaire (SAQ), which includes a social and environmental assessment based on the RBA Code of Conduct. The assessment includes five sections: labor, ethics, health and safety, environment, and management systems. The most common social responsibility issue we identified was excessive working hours, followed by workers not getting one day off per week.

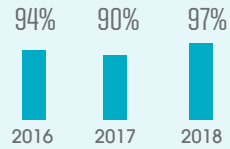
### Responsible materials sourcing

We are a founding member of and an active participant in the [Responsible Minerals Initiative \(RMI\)](#). The RMI promotes the understanding and mitigation of the social and environmental impacts of raw materials extraction and processing in supply chains. We leverage direct and indirect partnerships and use international standards, (e.g. the Guidelines for Multinational Enterprises issued by the Organization for Economic Co-operation and Development (OECD), and the United Nations (UN) guiding principles on Business and Human Rights) as guides to actively participate. Our [Responsible Sourcing Policy](#) outlines the details of our activities.

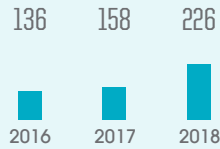


### Key Performance Indicators

% of new suppliers screened using social and environmental criteria<sup>1</sup>



Number of suppliers trained on social and environmental /RBA requirements



### NEW SUPPLIER CODE OF CONDUCT

In 2018, we released a new [Supplier Code of Conduct](#) outlining our expectations that all our suppliers implement appropriate and effective policies to ensure compliance with this code and all applicable laws and regulations. Our aim is to leverage the magnitude of our supply chain to make a positive impact in our industry.

### SOCIAL AND ENVIRONMENTAL RESPONSIBILITY TRAINING FOR SUPPLIERS PROGRAM

One way we communicate our requirements to suppliers is through on-site social and environmental training. This gives us an opportunity to meet our suppliers face-to-face, share information and discuss important topics.

In 2018, we held on-site supplier training sessions at our Shenzhen, Zhuhai and Suzhou campuses. We also held online training sessions. During the training, we presented our social and environmental expectations for suppliers, our supply chain social and environmental management programs, and the updated RBA standards. We also shared our best practices on social and environmental management with the group. 758 suppliers, including more than 2,900 supplier personnel, have been trained on the Flex and RBA social and environmental standards.

### SUPPLY CHAIN PROGRAMS IN ASIA

We deploy Asia-specific supply chain programs, such as our labor agent assessment and working hours improvement programs.

1. The screening applied to suppliers over a certain spend threshold.



**Labor agent assessment project**

To ensure that we operate an ethical supply chain, we assess both our material suppliers and labor agents. We have performed social and environmental on-site audits on our major labor agents in China since 2015. Twenty of our labor agents were assessed in 2018. The most common issues we identified were that no social insurance was provided to the dispatched contracted workers, workers didn't receive their payroll on time, had incorrect salary deductions and failed to receive wage statements. Agents are approved or rejected based on audit results. We do business with approved labor agents only.

**Working hours improvement program**

Since 2013, we have requested our suppliers' collaboration on reporting their employees' monthly working hours to help us monitor and improve working conditions. As of 2018, 111 of our suppliers in China report their working hour data on a monthly basis; 75 of these suppliers have submitted their monthly report for a full one-year cycle. We collected and monitored almost 63,000 workers' hour records. Records showing excessive working hours are highlighted and suppliers are required to take corrective action to ensure improvement in subsequent months.

Using this approach, we have successfully reduced the level of excessive working hours for all participating suppliers. 65% of suppliers that were audited on-site for verification of improvement of excessive working hours corrected the issue to meet the RBA standard.

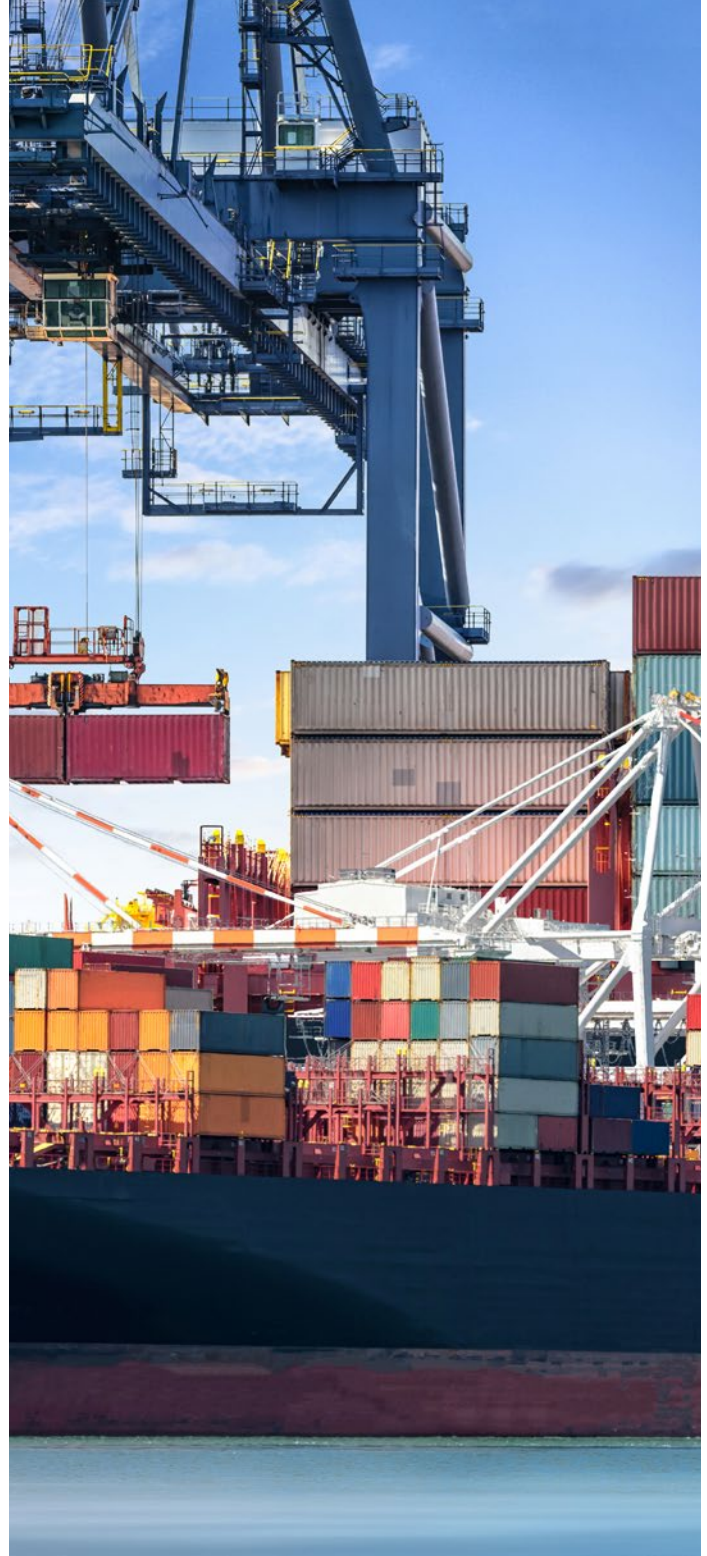
We monitor suppliers' progress, collect and review 12 months of working-hours data, and carry out verification audits to determine whether the suppliers have limited working hours to meet the RBA standards. The suppliers that fail to meet monthly reporting standards or who are not achieving the committed improvement plan are identified as a high-risk supplier. We review the supplier risk and take appropriate action, which may include terminating the business relationship.

**LOCAL PROCUREMENT PRACTICES**

As with our social impact, we look at our local economic impact in the countries where we do business. One measure of our impact is the proportion of our spending on local suppliers, which varies due to the nature of the projects and related OEM customers. In 2018, 21% of our total spend on direct materials went to local suppliers at our top ten locations.

**SUPPLIER DIVERSITY PROGRAM**

We identify and enable diversity and minority-owned suppliers to qualify and successfully compete for our business based on merit. These relationships result in suppliers participating further in the



economic mainstream, which ensures a stronger United States supplier base for the future. Operating in thriving communities allows us to compete on a global scale. By helping local minority suppliers enter the economic mainstream, we contribute to the economic stability and vitality of their communities.

We launched our [Automotive Diversity Supplier program](#), and through it, strive to increase the use of minority suppliers in a manner consistent with our customer satisfaction policy and in accordance with the highest moral, ethical and legal standards.



## SDGs alignment



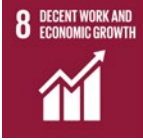

While our global sustainability efforts contribute to most of the SDGs, we drive progress by prioritizing on four UN SDGs: quality education, affordable and clean energy, decent work and economic growth and responsible consumption and production. In this section, we share some of our key programs, initiatives, metrics and how they contribute to specific targets for the four SDGs we focus on.

# We contribute to global sustainable development goals.

The UN SDG alignment was carried out based on the GRI, WBCSD and UN Global Compact: [SDG Compass- Linking the SDGs and GRI](#).

## SDG ALIGNMENT

### Strategic area of focus

	» <a href="#">Key performance indicators: people</a>
	» <a href="#">FY19 annual report</a> » <a href="#">Flex investor website and 10K report</a> » <a href="#">Flex CDP climate change response</a> » <a href="#">Key performance indicators: environment</a> » <a href="#">Environment</a>
	» <a href="#">Key performance indicators: people, environment and supply chain</a> » <a href="#">FY19 annual report</a> » <a href="#">Flex investor website and 10K report</a> » <a href="#">People: talent development</a> » <a href="#">Flex CDP climate change response</a> » <a href="#">Environment</a> » <a href="#">People: labor and human rights</a>
	» <a href="#">Procurement practices</a> » <a href="#">Key performance indicators: supply chain and environment</a> » <a href="#">Flex CDP climate change response</a> » <a href="#">Environment</a>

### OUR INTERRELATION TO OTHER SDGS

	» <a href="#">People: talent development</a>
	» <a href="#">FY19 annual report</a> » <a href="#">Flex investor website and 10K report</a>

### OUR INTERRELATION TO OTHER SDGS (CONTINUED)

	» <a href="#">Key performance indicators: people and environment</a> » <a href="#">Environment</a>
	» <a href="#">FY19 annual report</a> » <a href="#">Flex investor website and 10K report</a> » <a href="#">People: talent development</a> » <a href="#">Key performance indicators: people and supply chain</a>
	» <a href="#">Key performance indicators: environment</a> » <a href="#">Environment</a>
	» <a href="#">FY19 annual report</a> » <a href="#">Flex investor website and 10K report</a>
	» <a href="#">Flex CDP climate change response</a> » <a href="#">Key performance indicators: environment</a> » <a href="#">Environment</a>
	» <a href="#">Key performance indicators: environment</a> » <a href="#">Environment</a>
	» <a href="#">Key performance indicators: environment</a> » <a href="#">Environment</a>
	» <a href="#">Values at Flex</a> » <a href="#">Integrity</a> » <a href="#">Key performance indicators: integrity and supply chain</a>

## PRINCIPLED PRIORITIZATION OF SDGS

Our [materiality assessment](#) brings together the information requested by our stakeholders, including our customers, rankings and the industry. We obtain feedback from stakeholders on a regular basis. Based on our materiality assessment, we identified where our biggest risks to people and the environment were located (entry point A – SDG 8 and 12) and where our biggest contribution through our products, services or investments (entry point B – SDGs 4 and 7), could be achieved in relation to the SDGs. Based on this analysis, we report on the 4 SDGs identified based on the GRI and UNGC’s “[An Analysis of the Goals and Targets](#)”, and “[A Practical Guide to Prioritizing, Measuring Progress and Taking Action](#)”.

## OUR CONTRIBUTIONS TO QUALITY EDUCATION



### Equal Access to Quality Education

**Target 4.3** — By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

CORNERSTONES	ACTIONS	MORE INFORMATION
People	We support vocational education and training programs.	» <a href="#">Flex 20 by 2020: Increase hours of training</a>
People	We provide funding for educational programs to employees.	» <a href="#">Our Employee Scholarship Program Opens Doors to Quality Education</a>
Community & Supply Chain	We encourage suppliers to provide the same resources. (We go beyond this and provide skills training to our suppliers.)	» <a href="#">Worker Empowerment Training Program (WETP)</a> » <a href="#">Flex 20 by 2020: WETP</a>

### Relevant Skills for Employment

**Target 4.4** — By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

CORNERSTONES	ACTIONS	MORE INFORMATION
People	<p>We offer technical and vocational guidance and training programs, and ensure that company-supported education and vocational training programs are equally available and accessible to all groups.</p> <p>We engage with educational institutions to develop or support programs dedicated to vocational training, educational and employment skills development, and improving the teaching of technical skills by providing innovative solutions – complementing rather than substituting government and public sector action.</p>	<p>» <a href="#">Our Employee Scholarship Program Opens Doors to Quality Education</a></p> <p>» <a href="#">A Global Commitment: Recognizing Our Sustainability Initiatives (Mexico)</a></p>
Community and Supply Chain	We encourage suppliers to provide the same resources. (We go beyond this and provide skills training to our suppliers.)	<p>» <a href="#">Worker Empowerment Training Program (WETP)</a></p> <p>» <a href="#">Flex 20 by 2020: WETP</a></p>
Community	We engage with educational institutions to develop or support programs for vocational training, employment skills and educational development, and improve teaching technical skills by providing innovative solutions – complementing rather than substituting government and public sector action.	<p>» <a href="#">Women with Technology Education Program</a></p> <p>» <a href="#">A Global Commitment: Recognizing Our Sustainability Initiatives (Poland)</a></p>

(Continued)

**OUR CONTRIBUTIONS TO QUALITY EDUCATION (CONTINUED)**

**Eliminate Gender Disparities in Education**

**Target 4.5** — By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

CORNERSTONES	ACTIONS	MORE INFORMATION
People	We provide our employees with non-discriminative and open access to training, internship programs and further education.	<ul style="list-style-type: none"> <li>» <a href="#">Expanding on Inclusive Culture, Flex Builds More Job Opportunities for Disabled Workers in China</a></li> <li>» <a href="#">Inclusion of People with Disabilities at the Heart of Flex (Hungary)</a></li> </ul>
Community	We ensure equal access to all company-supported education and training programs, including literacy classes, vocational, and information technology training.	<ul style="list-style-type: none"> <li>» <a href="#">Women with Technology Education Program</a></li> <li>» <a href="#">People: opportunities for people with disabilities</a></li> </ul>
People Supply Chain	We include information on human rights, gender equality and sustainable development in internal policies, such as in our employee and supplier codes of conduct, and increase awareness and practice by ensuring that these policies are thoroughly shared and understood by all employees including those in the supply chain.	<ul style="list-style-type: none"> <li>» <a href="#">Human rights policy</a></li> <li>» <a href="#">Diversity and Inclusion Policy</a></li> <li>» <a href="#">Supplier Code of Conduct</a></li> <li>» <a href="#">Flex 20 by 2020: Increase Human Rights Policy Training and Social and Environmental Supplier Training</a></li> </ul>

**OUR CONTRIBUTIONS TO AFFORDABLE AND CLEAN ENERGY**



**Universal Access to Modern Energy Services**

**Target 7.1** — By 2030, ensure universal access to affordable, reliable and modern energy services.

CORNERSTONES	ACTIONS	MORE INFORMATION
Innovation	We invest in green energy technologies and decentralized renewable energy solutions.	<ul style="list-style-type: none"> <li>» <a href="#">Flex 20 by 2020: Increase PV Modules and Solar Trackers Manufacturing and Decrease cost of renewable energy to the grid vs. fossil fuels</a></li> <li>» <a href="#">NEXTracker, a Flex company</a></li> </ul>
Community	We provide low carbon electrification to remote locations.	<ul style="list-style-type: none"> <li>» <a href="#">GRID Alternatives - Community Investment</a></li> </ul>

(Continued)

**OUR CONTRIBUTIONS TO AFFORDABLE AND CLEAN ENERGY (CONTINUED)**

**Increase Renewable Energy**

**Target 7.2** — By 2030, increase substantially the share of renewable energy in the global energy mix.

CORNERSTONES	ACTIONS	MORE INFORMATION
Environment	We monitor and report the amount of energy produced, purchased and consumed, according to source.	» <a href="#">Flex CDP Climate Change Program</a>
Environment	<ul style="list-style-type: none"> <li>» We invest in and promote initiatives on renewable energy.</li> <li>» We set targets to increase our own share of renewable energy consumption and production.</li> </ul>	<ul style="list-style-type: none"> <li>» <a href="#">Renewable Energy Installations Around the World</a></li> <li>» <a href="#">Flex 20 by 2020: Increase renewable energy consumption by 2MW per year</a></li> </ul>
Environment	We develop energy systems with communities.	» <a href="#">GRID Alternatives – Community Investment</a>

**Double Energy Efficiency**

**Target 7.3** — By 2030, double the global rate of improvement in energy efficiency.

CORNERSTONES	ACTIONS	MORE INFORMATION
Environment	We reduce energy consumption in our own operations.	» <a href="#">Energy Management Program</a>
Environment	We deliver energy efficiency technologies through our products.	<ul style="list-style-type: none"> <li>» <a href="#">Our products solar panels and solar trackers NEXTracker, a Flex company</a></li> <li>» <a href="#">Flex Lighting Solutions (LEDs)</a></li> </ul>
Environment	We track and report energy usage, reduction and intensity over time.	<ul style="list-style-type: none"> <li>» <a href="#">Flex 20 by 2020: Decrease tonnes of CO<sub>2</sub>e emissions intensity/M dollars of revenue</a></li> <li>» <a href="#">Flex CDP Climate Change Program</a></li> </ul>

**OUR CONTRIBUTIONS TO DECENT WORK AND ECONOMIC GROWTH**



**Sustain Per Capita Economic Growth**

**Target 8.1** — Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 percent gross domestic product growth per annum in the least developed countries.

CORNERSTONES	ACTIONS	MORE INFORMATION
Supply Chain	We increase spillover effects by strengthening business-to-business relationships in the value chain and through broader local economic development in the communities where we operate.	<ul style="list-style-type: none"> <li>» <a href="#">Supply chain</a></li> <li>» <a href="#">KPIs: % of spend on local suppliers</a></li> </ul>

(Continued)

**OUR CONTRIBUTIONS TO DECENT WORK AND ECONOMIC GROWTH (CONTINUED)**

**Achieve Higher Levels of Economic Productivity**

**Target 8.2** — Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors.

CORNERSTONES	ACTIONS	MORE INFORMATION
Community	We encourage women and girls' involvement in science, technology, engineering and math by supporting female-centric training programs.	<ul style="list-style-type: none"> <li>» <a href="#">Women with Technology Education Program</a></li> <li>» <a href="#">Flex Foundation Grants: Opportunities for People with Disabilities – SPD</a></li> </ul>
People	We foster full and productive local employment by funding vocational education, job-oriented training programs, and by building alliances with educational institutions to create a pipeline for skilled workers.	<ul style="list-style-type: none"> <li>» <a href="#">Our Employee Scholarship Program Opens Doors to Quality Education</a></li> <li>» <a href="#">A Global Commitment: Recognizing Our Sustainability Initiatives (Mexico)</a></li> </ul>

**Promote Development**

**Target 8.3** — Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small, and medium-sized enterprises, including through access to financial services.

CORNERSTONES	ACTIONS	MORE INFORMATION
Supply Chain	We establish fair policies for the selection of suppliers and improve economic inclusion throughout the supply chain.	<ul style="list-style-type: none"> <li>» <a href="#">Sustainable supply chain</a></li> <li>» <a href="#">Supplier requirements</a></li> <li>» <a href="#">KPIs: % of spend on local suppliers</a></li> </ul>
Community	We spearhead entrepreneurship development initiatives such as training, business skills development and capacity building programs, technical assistance and financial planning.	<ul style="list-style-type: none"> <li>» <a href="#">Flex Foundation Grants: Unreasonable Mexico</a></li> </ul>

**Improve Resource Efficiency**

**Target 8.4** — Progressively improve, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the sustainable consumption and production program's 10-year framework, with developed countries taking the lead.

CORNERSTONES	ACTIONS	MORE INFORMATION
Environment	We improve the efficiency of energy and water usage.	<ul style="list-style-type: none"> <li>» <a href="#">Energy Management Program</a></li> <li>» <a href="#">Flex CDP climate change response</a></li> <li>» <a href="#">Flex CDP water security response</a></li> </ul>

CORNERSTONES	ACTIONS	MORE INFORMATION
Innovation	We strive to responsibly influence consumers and consumption patterns and promote sustainable lifestyles through our product development processes and marketing collateral.	<ul style="list-style-type: none"> <li>» <a href="#">Flex Lighting Solutions (LEDs)</a></li> </ul>

(Continued)



**OUR CONTRIBUTIONS TO DECENT WORK AND ECONOMIC GROWTH (CONTINUED)**

**Achieve Higher Levels of Economic Productivity (continued)**

CORNERSTONES	ACTIONS	MORE INFORMATION
Innovation	We implement circular business models to further reduce the business' own environmental impact, improve resource efficiency as well as increase supply chain and resource security. Extending the business' responsibility for a product to the postconsumer stage, including waste collection, reuse and recycling.	» <a href="#">Sintronics</a>

**Full and Productive Employment for All**

**Target 8.5** — By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, with equal pay for work of equal value.

CORNERSTONES	ACTIONS	MORE INFORMATION
People	At minimum, we pay a living wage. We pay wages adequate to satisfy the basic needs of workers and their families and maintain a regular wage payment schedule.	<ul style="list-style-type: none"> <li>» <a href="#">People: employee development</a></li> <li>» <a href="#">KPIs: Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operations</a></li> </ul>
People	We provide adequate rest periods.	<ul style="list-style-type: none"> <li>» <a href="#">People: labor and human rights</a></li> <li>» <a href="#">Flex 20 by 2020: % of employees that complied with the RBA rest day requirement</a></li> </ul>
People	We ensure a safe and healthy work environment.	<ul style="list-style-type: none"> <li>» <a href="#">People: health and safety management</a></li> <li>» <a href="#">Flex 20 by 2020: incident rate</a></li> </ul>
People	We support employment promotion and employment stability.	<ul style="list-style-type: none"> <li>» <a href="#">People: employee development</a></li> <li>» <a href="#">KPIs: Total employees, breakdown by gender, % of employees that received performance and career development reviews, average hours of training per employee by gender</a></li> <li>» <a href="#">Flex 20 by 2020: increase employee development</a></li> </ul>

(Continued)

**OUR CONTRIBUTIONS TO DECENT WORK AND ECONOMIC GROWTH (CONTINUED)**

**Reduce Youth Unemployment**

**Target 8.6** — By 2020, substantially reduce the proportion of youth not in employment, education or training.

CORNERSTONES	ACTIONS	MORE INFORMATION
People	We identify current and future skills needed for national and global economies. By implementing appropriate workplace training programs or collaborating with educational experts and the public sector, we strive to improve the relevance of education in existing educational systems.	<ul style="list-style-type: none"> <li>» <a href="#">Our Employee Scholarship Program Opens Doors to Quality Education</a></li> <li>» <a href="#">A Global Commitment: Recognizing Our Sustainability Initiatives (Poland)</a></li> </ul>
People	We support youth by ensuring equal opportunities for all employees regardless of age.	<ul style="list-style-type: none"> <li>» <a href="#">Our Employee Scholarship Program Opens Doors to Quality Education</a></li> <li>» <a href="#">A Global Commitment: Recognizing Our Sustainability Initiatives (Mexico)</a></li> </ul>
Community	We support and engage in job-oriented training programs, skills management programs and (lifelong) vocational education and training (VET), entrepreneurship development initiatives provided by governments, and supplement existing programs with additional resources like internship/apprenticeship/work-study/part-time opportunities to facilitate the education-to-work transition.	<ul style="list-style-type: none"> <li>» <a href="#">Women with Technology Education Program</a></li> <li>» <a href="#">Flex Foundation Grants: Opportunities for People with Disabilities</a></li> <li>» <a href="#">Flex Foundation Grants: Unreasonable Mexico</a></li> <li>» <a href="#">Worker Empowerment Training Program (WETIP)</a></li> </ul>

**Protect Labor Rights for all Workers**

**Target 8.8** — Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

CORNERSTONES	ACTIONS	MORE INFORMATION
People	We respect and protect labor rights and provide safe, secure and healthy working environments for all employees.	<ul style="list-style-type: none"> <li>» <a href="#">People: labor and human rights program</a></li> <li>» <a href="#">People: H&amp;S Program</a></li> <li>» <a href="#">Social and environmental management system</a></li> <li>» <a href="#">Flex 20 by 2020: Decrease incident rate</a></li> </ul>
Supply Chain	We build screening mechanisms and ensure consistent practices in our supply chains.	<ul style="list-style-type: none"> <li>» <a href="#">Flex 20 by 2020: Increase supplier screening on social and environmental criteria</a></li> <li>» <a href="#">Sustainable supply chain</a></li> </ul>

(Continued)

**OUR CONTRIBUTIONS TO RESPONSIBLE CONSUMPTION AND PRODUCTION**



**Implement sustainable consumption and production**

**Target 12.1** — Implement the 10-year framework on sustainable consumption and production programs, with all countries taking action, and developed countries taking the lead, with consideration for the development and capabilities of developing countries.

CORNERSTONES	ACTIONS	MORE INFORMATION
Innovation	We develop circular models for products (i.e. closing loops and using renewable energy).	<ul style="list-style-type: none"> <li>» <a href="#">Innovation: circular economy services</a></li> <li>» <a href="#">Sinctronics</a></li> </ul>

**Achieve sustainable management of natural resources**

**Target 12.2** —By 2030, achieve the sustainable management and efficient use of natural resources.

CORNERSTONES	ACTIONS	MORE INFORMATION
Environment	We establish measurable objectives and/or targets for improved environmental performance and resource utilization. Regularly tracking and reporting energy, water and materials consumed and treated in business operations and improving efficiency by reusing/recycling.	<ul style="list-style-type: none"> <li>» <a href="#">Flex CDP climate change response</a></li> <li>» <a href="#">Energy Saving and GHG Management Program</a></li> <li>» <a href="#">KPIs: water withdrawn, % of recycled water, use of renewable energy</a></li> <li>» <a href="#">Flex 20 by 2020: environmental goals</a></li> </ul>

**Achieve environmentally sound management of chemicals and waste**

**Target 12.4** — By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their lifecycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

CORNERSTONES	ACTIONS	MORE INFORMATION
Environment	We track and report waste generated and disposed of, emissions of air pollutants, including short-lived climate pollutants such as black carbon and methane, and GHG, land pollution, water discharged, impacts of transportation and significant spills.	<ul style="list-style-type: none"> <li>» <a href="#">Flex CDP Climate Change Program</a></li> <li>» <a href="#">KPIs: CO<sub>2</sub>e emissions, water discharged, total waste and total waste by disposal method</a></li> </ul>

**Reduce Waste Generation**

**Target 12.5** — By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

CORNERSTONES	ACTIONS	MORE INFORMATION
Environment	We track and report waste generated by type, treatment and disposal destination.	<ul style="list-style-type: none"> <li>» <a href="#">KPIs: Waste intensity, total waste and total waste by disposal methods</a></li> </ul>

(Continued)

**OUR CONTRIBUTIONS TO RESPONSIBLE CONSUMPTION AND PRODUCTION (CONTINUED)**

**Adopt Sustainable Practices and include in Reporting**

**Target 12.6** — Encourage companies, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle.

CORNERSTONES	ACTIONS	MORE INFORMATION
People Community Environment Innovation Integrity Supply chain	We report economic, social and environmental sustainability using a common international reporting standard.	<a href="#">» GRI Standard Index</a>

As our own Flex 20 by 2020 targets come closer to their completion date, we will continue to build on current progress to achieve and, if possible, surpass our goals, which directly align to the 4 SDGs we focus on. We will continue to track progress on our KPIs, analyze trends and build or expand current programs to see that progress is made. This strategy will allow us to make informed decisions and take timely actions to drive the desired outcome.





## UN Global Compact Index

The table in this section presents our alignment to the 10 UNGC principles and demonstrates our support for the UN SDGs. Our global compact principles alignment was carried out based on The Global Compact and Global Reporting Initiatives' Making the Connection: Using the GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles.

# UN Global Compact Index

## UN GLOBAL COMPACT PRINCIPLE ALIGNMENT

PRINCIPLES	ALIGNMENT
<p><b>Human Rights: Principle 1</b> — Businesses should support and respect the protection of internationally proclaimed human rights; and (continued, see Principle 2)</p>	<ul style="list-style-type: none"> <li>» <a href="#">People</a></li> <li>» <a href="#">Stakeholder engagement (Working hours, forced/compulsory labor and other human rights issues)</a></li> <li>» <a href="#">Key performance indicators (Integrity and Community)</a></li> <li>» <a href="#">Flex 20 by 2020</a></li> </ul>
<p><b>Human Rights: Principle 2</b> — make sure that they are not complicit in human rights abuses.</p>	<ul style="list-style-type: none"> <li>» <a href="#">Sustainable supply chain</a></li> <li>» <a href="#">Stakeholder engagement (Working hours, forced/compulsory labor and other human rights issues)</a></li> <li>» <a href="#">Key performance indicators (Supply chain)</a></li> </ul>
<p><b>Human Rights: Principle 3</b> — Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; (continued, see Principles 4-6)</p>	<p>Flex respects the right of our employees to have freedom of association. This includes the right to form or join trade unions or other worker organizations. In all situations, Flex fully complies with all applicable laws and regulations at the sites in which it operates.</p>
<p><b>Human Rights: Principle 4</b> — the elimination of all forms of forced and compulsory labour;</p>	<ul style="list-style-type: none"> <li>» <a href="#">People: Labor and human rights</a></li> <li>» <a href="#">Stakeholder engagement (Working hours, forced/compulsory labor and other human rights issues)</a></li> <li>» <a href="#">Sustainable supply chain</a></li> <li>» <a href="#">Flex 20 by 2020</a></li> </ul>
<p><b>Labor: Principle 5</b> — the effective abolition of child labor, and</p>	<ul style="list-style-type: none"> <li>» <a href="#">Stakeholder engagement (Working hours, forced/compulsory labor and other human rights issues)</a></li> <li>» <a href="#">Key Performance Indicators (Supply chain)</a></li> <li>» <a href="#">Flex 20 by 2020</a></li> </ul>
<p><b>Labor: Principle 6</b> — the elimination of discrimination in respect to employment and occupation.</p>	<ul style="list-style-type: none"> <li>» <a href="#">People</a></li> <li>» <a href="#">Key performance indicators: People</a></li> <li>» <a href="#">Stakeholder engagement: Working hours, forced/compulsory labor and other human rights issues</a></li> <li>» <a href="#">Flex 20 by 2020</a></li> </ul>

(Continued)

**UN GLOBAL COMPACT PRINCIPLE ALIGNMENT (CONTINUED)**

PRINCIPLES	ALIGNMENT
<p><b>Environment: Principle 7</b> — Businesses should support a precautionary approach to environmental challenges; (continued, see Principles 8-9)</p>	<ul style="list-style-type: none"> <li>» <a href="#">Flex CDP climate change response</a></li> <li>» <a href="#">Management System</a></li> <li>» <a href="#">Key performance indicators: Environment</a></li> <li>» <a href="#">Environment</a></li> <li>» <a href="#">Flex 20 by 2020</a></li> </ul>
<p><b>Environment: Principle 8</b> — undertake initiatives to promote greater environmental responsibility; and</p>	<ul style="list-style-type: none"> <li>» <a href="#">Flex CDP climate change response</a></li> <li>» <a href="#">Key performance indicators: Environment and Supply Chain</a></li> <li>» <a href="#">Environment</a></li> <li>» <a href="#">Flex 20 by 2020</a></li> </ul>
<p><b>Environment: Principle 9</b> — encourage the development and diffusion of environmentally friendly technologies.</p>	<ul style="list-style-type: none"> <li>» <a href="#">Key performance indicators: Environment</a></li> <li>» <a href="#">Environment</a></li> <li>» <a href="#">Flex 20 by 2020</a></li> </ul>
<p><b>Anti-corruption: Principle 10</b> — Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<ul style="list-style-type: none"> <li>» <a href="#">Values at Flex</a></li> <li>» <a href="#">Integrity</a></li> <li>» <a href="#">Key performance indicators: Integrity</a></li> <li>» <a href="#">Flex 20 by 2020</a></li> </ul>



## GRI Content Index


We've aligned our sustainability reporting to the Global Reporting Initiative (GRI) framework since 2013, being first adopters of the GRI-G4, and more recently, the GRI-Standards. This report is in accordance with the Global Reporting Initiative Standards (GRI): Core Option and includes significant topics and indicators identified in our materiality assessment process.



## We align our sustainability reporting to GRI Standards



The scope of this report includes all our entities, however, the scope of the significant topics and/or indicators included may be smaller (refer to our materiality assessment).

### GENERAL DISCLOSURES

Disclosures title <sup>1</sup>	Indicator	Section	Global compact principles alignment <sup>2</sup>	UN SDG alignment <sup>3</sup>
Name of the organization	102-1	» <a href="#">Company overview</a>		
Activities, brands, products, and services	102-2	» <a href="#">Industry expertise</a>		
Location of headquarters	102-3	» <a href="#">FY19 annual report</a>		
Location of operations	102-4	» <a href="#">FY19 annual report</a> » <a href="#">Report content, scope and boundaries</a> » <a href="#">Locations</a>		
Ownership and legal form	102-5	» <a href="#">FY19 annual report</a>		
Markets served	102-6	» <a href="#">Industry expertise</a>		
Scale of the organization	102-7	» <a href="#">FY19 annual report</a>		
Information on employees and other workers	102-8	» <a href="#">Key performance indicators: People</a>	<b>Labor: Principle 6</b> — the elimination of discrimination in respect of employment and occupation	
Supply chain	102-9	» <a href="#">About Flex</a> » <a href="#">Supply Chain</a> » <a href="#">FY19 annual report</a>		
Significant changes to the organization and its supply chain	102-10	» <a href="#">FY19 annual report</a> » <a href="#">Report content, scope and boundaries</a>		
Precautionary principle or approach	102-11	» <a href="#">Our social and environmental management system</a>		
External initiatives	102-12	» <a href="#">About Flex</a>		
Membership of associations	102-13	» <a href="#">About Flex</a>		

(Continued)

**GENERAL DISCLOSURES (CONTINUED)**

Disclosures title <sup>1</sup>	Indicator	Section	Global compact principles alignment <sup>2</sup>	UN SDG alignment <sup>3</sup>
Statement from senior decision maker	102-14	» <a href="#">CEO letter</a>		
Key impacts, risks, and opportunities	102-15	» <a href="#">Stakeholder engagement</a> » <a href="#">FY19 annual report</a> » <a href="#">Flex investor website and 10K report</a> » <a href="#">Flex CDP climate change response</a>		
Values, principles, standards, and norms of behavior	102-16	» <a href="#">Values at Flex</a> » <a href="#">Integrity</a>	<b>Anti-corruption: Principle 10</b> — businesses should work against corruption in all its forms, including extortion and bribery	
Governance structure	102-18	» <a href="#">Sustainability governance structure</a> » <a href="#">Corporate governance</a>		
List of stakeholder groups	102-40	» <a href="#">Stakeholder engagement</a>		
Collective bargaining agreements	102-41	Flex respects the right of our employees to have freedom of association. This includes the right to form or join trade unions or other worker organizations. In all situations, Flex fully complies with all applicable laws and regulations at the sites in which we operate.	<b>Labor: Principle 3</b> — businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	
Identifying and selecting stakeholders	102-42	» <a href="#">Stakeholder engagement</a>		
Approach to stakeholder engagement	102-43	» <a href="#">Stakeholder engagement</a>		
Key topics and concerns raised	102-44	» <a href="#">Stakeholder engagement</a>	<b>Labor: Principle 5</b> — the effective abolition of child labor  Refer to <a href="#">working hours, forced/compulsory labor and other human rights issues</a> .	
Entities included in the consolidated financial statements	102-45	» <a href="#">FY19 annual report</a> » <a href="#">Flex investor website and 10K report</a>		
Defining report content and topic boundaries	102-46	» <a href="#">Report content, scope and boundaries</a>		
List of material topics	102-47	» <a href="#">Report content, scope and boundaries</a>		

(Continued)

## GENERAL DISCLOSURES (CONTINUED)

Disclosures title <sup>1</sup>	Indicator	Section	Global compact principles alignment <sup>2</sup>	UN SDG alignment <sup>3</sup>
Restatements of information	102-48	» <a href="#">Report content, scope and boundaries</a>		
Changes in reporting	102-49	» <a href="#">Report content, scope and boundaries</a>		
Reporting period	102-50	» <a href="#">About this report</a>		
Date of most recent report	102-51	» <a href="#">About this report</a>		
Reporting cycle	102-52	» <a href="#">About this report</a> » <a href="#">Flex 20 by 2020 goals progress report</a>		
For questions regarding the report	102-53	» <a href="mailto:sustainability.feedback@flex.com">sustainability.feedback@flex.com</a>		
Claims of reporting in accordance with the GRI Standards	102-54	We prepared this report in accordance with the Global Reporting Initiative Standards (GRI): Core Option		
GRI content index	102-55	» <a href="#">GRI Content Index</a>		
External assurance	102-56	In 2017, our total water withdrawn and our scope 1, 2 and 3 absolute CO <sub>2</sub> e emissions were <a href="#">verified</a> by DNV. In 2018, we expanded the verification to include other KPIs, including water, renewable energy and waste.		

## MATERIAL TOPICS

### Management approach

Disclosures title	Indicator	Section	Global compact principles alignment	UN SDG alignment
Explanation of why the topic is material	103-1-a	» <a href="#">Report content, scope and boundaries</a>		
The topic boundary disclosure requests, for each material topic, a description of: 'where the impacts occur', 'the organization's involvement with the impacts'	103-1-b	» <a href="#">Report content, scope and boundaries</a>		

(Continued)

**MATERIAL TOPICS (CONTINUED)**

**Management approach**

Disclosures title <sup>1</sup>	Indicator	Section	Global compact principles alignment <sup>2</sup>	UN SDG alignment <sup>3</sup>
Material topic and its boundary explanation, including limitations.	103-1-c	» <a href="#">Report content, scope and boundaries</a>		
Evaluation of the management approach	103-3	» <a href="#">Our social and environmental management system</a>		

**CATEGORY: ECONOMIC**

**Economic performance**

Disclosures title <sup>1</sup>	Indicator	Section	Global compact principles alignment <sup>2</sup>	UN SDG alignment <sup>3</sup>
The management approach and its components	103-2	» <a href="#">FY19 annual report</a> » <a href="#">Flex investor website and 10K report</a>		
Direct economic value generated and distributed	201-1	» <a href="#">FY19 annual report</a> » <a href="#">Flex investor website and 10K report</a>		
Financial implications and other risks and opportunities due to climate change	201-2	» <a href="#">Our CDP climate change response</a>		

**Market presence**

The management approach and its components	103-2	» <a href="#">People</a>		
Ratios of standard entry level wage by gender compared to local minimum wage	202-1	» <a href="#">People</a> » <a href="#">Key performance indicators (People)</a>	<b>Labor: Principle 6</b> — the elimination of discrimination in respect of employment and occupation	

**Procurement practices**





The management approach and its components	103-2	» <a href="#">Supply Chain</a>		
Proportion of spending on local suppliers	204-1	» <a href="#">Supply Chain</a> » <a href="#">Key performance indicators (Supply Chain)</a>		

**Anti-corruption**

The management approach and its components	103-2	» <a href="#">Integrity</a>		
Communication and training about anti-corruption policies and procedures	205-2	» <a href="#">Key performance indicators (Integrity)</a> » <a href="#">Flex 20 by 2020 goals progress report</a>	<b>Anti-corruption: Principle 10</b> — businesses should work against corruption in all its forms, including extortion and bribery	






(Continued)

**CATEGORY: ENVIRONMENTAL**

<b>Energy</b>				
Disclosures title <sup>1</sup>	Indicator	Section	Global compact principles alignment <sup>2</sup>	UN SDG alignment <sup>3</sup>
The management approach and its components	103-2	<ul style="list-style-type: none"> <li>» <a href="#">Our social and environmental management system</a></li> <li>» <a href="#">Environment</a></li> <li>» <a href="#">Flex CDP climate change response</a></li> </ul>		
Energy consumption within the organization	302-1	<ul style="list-style-type: none"> <li>» <a href="#">Flex CDP climate change response</a></li> <li>» <a href="#">Environment</a></li> </ul>	<p><b>Environment: Principle 7</b> — businesses should support a precautionary approach to environmental challenges</p> <p><b>Environment: Principle 8</b> — undertake initiatives to promote greater environmental responsibility</p>	
Renewable energy		<ul style="list-style-type: none"> <li>» <a href="#">Key performance indicators (Environment)</a></li> <li>» <a href="#">Environment</a></li> <li>» <a href="#">Flex 20 by 2020 goals progress report</a></li> </ul>	<p><b>Environment: Principle 9</b> — encourage the development and diffusion of environmentally friendly technologies</p>	
<b>Water</b>				
The management approach and its components	103-2	<ul style="list-style-type: none"> <li>» <a href="#">Our social and environmental management system</a></li> <li>» <a href="#">Environment</a></li> <li>» <a href="#">Flex CDP water security response</a></li> </ul>		
Water withdrawal by source	303-1	<ul style="list-style-type: none"> <li>» <a href="#">Key performance indicators (Environment)</a></li> <li>» <a href="#">Flex 20 by 2020 goals progress report</a></li> <li>» <a href="#">Flex CDP water security response</a></li> </ul>	<p><b>Environment: Principle 7</b> — businesses should support a precautionary approach to environmental challenges</p> <p><b>Environment: Principle 8</b> — undertake initiatives to promote greater environmental responsibility</p>	
Water recycled and reused	303-3	<ul style="list-style-type: none"> <li>» <a href="#">Key performance indicators (Environment)</a></li> <li>» <a href="#">Environment</a></li> <li>» <a href="#">Flex 20 by 2020 goals progress report</a></li> <li>» <a href="#">Flex CDP water security response</a></li> </ul>	<p><b>Environment: Principle 8</b> — undertake initiatives to promote greater environmental responsibility</p>	
<b>Emissions</b>				
The management approach and its components	103-2	<ul style="list-style-type: none"> <li>» <a href="#">Our social and environmental management system</a></li> <li>» <a href="#">Environment</a></li> </ul>		

(Continued)

**CATEGORY: ENVIRONMENTAL (CONTINUED)**


<b>Emissions</b>				
Disclosures title <sup>1</sup>	Indicator	Section	Global compact principles alignment <sup>2</sup>	UN SDG alignment <sup>3</sup>
Direct (Scope 1) GHG emissions	305-1	<ul style="list-style-type: none"> <li>» <a href="#">Key performance indicators (Environment)</a></li> <li>» <a href="#">Environment</a></li> <li>» <a href="#">Flex 20 by 2020 goals progress report</a></li> <li>» <a href="#">Flex CDP climate change response</a></li> </ul>	<p><b>Environment: Principle 7</b> — businesses should support a precautionary approach to environmental challenges</p> <p><b>Environment: Principle 8</b> — undertake initiatives to promote greater environmental responsibility</p>	
Energy indirect (Scope 2) GHG emissions	305-2	<ul style="list-style-type: none"> <li>» <a href="#">Key performance indicators (Environment)</a></li> <li>» <a href="#">Environment</a></li> <li>» <a href="#">Flex 20 by 2020 goals progress report</a></li> <li>» <a href="#">Flex CDP climate change response</a></li> </ul>	<p><b>Environment: Principle 7</b> — businesses should support a precautionary approach to environmental challenges</p> <p><b>Environment: Principle 8</b> — undertake initiatives to promote greater environmental responsibility</p>	
Other indirect (Scope 3) GHG emissions	305-3	<ul style="list-style-type: none"> <li>» <a href="#">Key performance indicators (Environment)</a></li> <li>» <a href="#">Flex CDP climate change response</a></li> </ul>	<p><b>Environment: Principle 7</b> — businesses should support a precautionary approach to environmental challenges</p> <p><b>Environment: Principle 8</b> — undertake initiatives to promote greater environmental responsibility</p>	
<b>Effluents and Waste</b>				
Explanation of the material topic and its Boundary	103-2	<ul style="list-style-type: none"> <li>» <a href="#">Our social and environmental management system</a></li> <li>» <a href="#">Environment</a></li> </ul>		
Water discharge by quality and destination	306-1	<ul style="list-style-type: none"> <li>» <a href="#">Key performance indicators (Environment)</a></li> <li>» <a href="#">Flex CDP water security response</a></li> </ul>	<p><b>Environment: Principle 8</b> — undertake initiatives to promote greater environmental responsibility</p>	
Waste by type and disposal method	306-2	<ul style="list-style-type: none"> <li>» <a href="#">Key performance indicators (Environment)</a></li> <li>» <a href="#">Flex 20 by 2020 goals progress report</a></li> </ul>	<p><b>Environment: Principle 8</b> — undertake initiatives to promote greater environmental responsibility</p>	
<b>Supplier environmental assessment</b>				
The management approach and its components	103-2	<ul style="list-style-type: none"> <li>» <a href="#">Supply Chain</a></li> </ul>		
New suppliers that were screened using environmental criteria	308-1	<ul style="list-style-type: none"> <li>» <a href="#">Key performance indicators (supply chain)</a></li> </ul>	<p><b>Environment: Principle 8</b> — undertake initiatives to promote greater environmental responsibility</p>	

(Continued)





**CATEGORY: SOCIAL**

**Sub-category: labor practices and decent work**

**Occupational health and safety**


Disclosures title <sup>1</sup>	Indicator	Section	Global compact principles alignment <sup>2</sup>	UN SDG alignment <sup>3</sup>
The management approach and its components	103-2	» <a href="#">People</a>		
Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	403-2	» <a href="#">Key performance indicators (People)</a> » <a href="#">Flex 20 by 2020 goals progress report</a>		

**Training and education**

The management approach and its components	103-2	» <a href="#">People</a>		
Average hours of training per year per employee	404-1	» <a href="#">Key performance indicators (People)</a> » <a href="#">Flex 20 by 2020 goals progress report</a>	<b>Labor: Principle 6</b> — the elimination of discrimination in respect of employment and occupation	 
Percentage of employees receiving regular performance and career development reviews	404-3	» <a href="#">Key performance indicators (People)</a>	<b>Labor: Principle 6</b> — the elimination of discrimination in respect of employment and occupation	 

**Sub-category: Human Rights**

**Forced and compulsory labor**

The management approach and its components	103-2	» <a href="#">Our social and environmental management system</a> » <a href="#">Stakeholder engagement</a> » <a href="#">People</a>		
Operations and suppliers at significant risk for incidents of forced or compulsory labor	409-1	» <a href="#">People</a>	<b>Labor: Principle 4</b> — the elimination of all forms of forced and compulsory labor	

**Sub-category: Society**

**Local Communities**


The management approach and its components	103-2	» <a href="#">Community</a>		
Operations with local community engagement, impact assessments, and development programs	413-1	» <a href="#">Key performance indicators (Community)</a> » <a href="#">Flex 20 by 2020 goals progress report</a>	<b>Human Rights: Principle 1</b> — businesses should support and respect the protection of internationally proclaimed human rights	

(Continued)

**CATEGORY: SOCIAL**

**Sub-category: labor practices and decent work**

**Supplier social assessment**

Disclosures title <sup>1</sup>	Indicator	Section	Global compact principles alignment <sup>2</sup>	UN SDG alignment <sup>3</sup>
The management approach and its components	103-2	» <a href="#">Supply Chain</a>		
New suppliers that were screened using social criteria	414-1	» <a href="#">Key performance indicators (Supply Chain)</a> » <a href="#">Flex 20 by 2020 goals progress report</a>	<p><b>Human Rights: Principle 2</b> — make sure that they are not complicit in human rights abuses</p> <p><b>Labor: Principle 5</b> — the effective abolition of child labor</p>	

1. All disclosures used in the GRI Content Index correspond to the GRI Standards of 2016.
2. The Global Compact Principles Alignment was carried out based on The Global Compact and Global Reporting Initiative’s Making the Connection: Using the [GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles](#), which was released on May 2013. We used the Global Compact Initiative’s Tool [Mapping G4 to the GRI Standards](#) to bridge G4 to GRI Standards.
3. The UN SDG alignment was carried out based on the GRI, WBCSD and UN Global Compact: [SDG Compass- Linking the SDGs and GRI](#), which was released on October 2016.





## Appendices

We strive to continuously improve our performance and transparency by tracking and reporting our progress against key process indicators (KPIs). We regularly review and update our material assessment for any significant changes and have included scope and boundary conditions for each material topic. In addition, third party verification of certain disclosures is included.

Report content,  
scope and boundaries.

As referenced in our latest Annual Report, our facilities include an extensive network of design, engineering, manufacturing, and logistics in 30 countries, across more than 100 locations. In our worldwide facilities, we also provide Global Services and product introduction centers. The scope of this report includes all Flex entities. However, the scope of the significant topics and/or indicators included may be smaller depending on our materiality analysis (see [Significant Topics and Boundaries](#)).

**MATERIALITY ASSESSMENT**

Our initial materiality assessment considered all GRI topics, then we assessed them and determined which topics have the greatest influence for us and our stakeholders. As part of this process, each executive and their teams are informed of the GRI reporting principles, and the data collected was constantly evaluated against GRI standards. At the end of the process we settled on fifteen significant topics covering all of our value chain and sustainability cornerstones: People, Community, Environment, Innovation, and, Integrity.

**Process: Assessing sustainability topics to meet our stakeholders' expectations and requirements**

**FLEX MATERIALITY**

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- 1. Access** GRI topics and disclosed economic, environmental and social impacts

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- 2. Determine** topics with the greatest influence for stakeholders

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- 3. Analyze** feasibility of impact and influence for stakeholders

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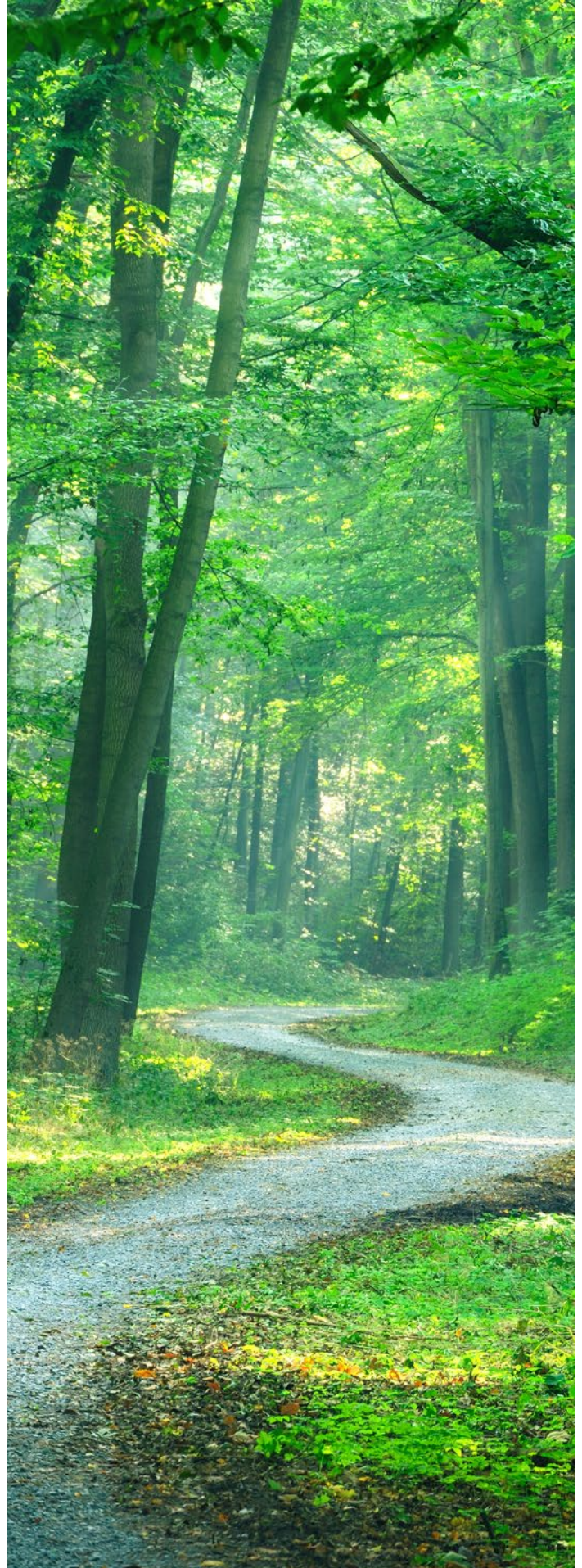
- 4. Narrow** down topics by geographic scope

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- 5. Identify** the key functional areas of the company

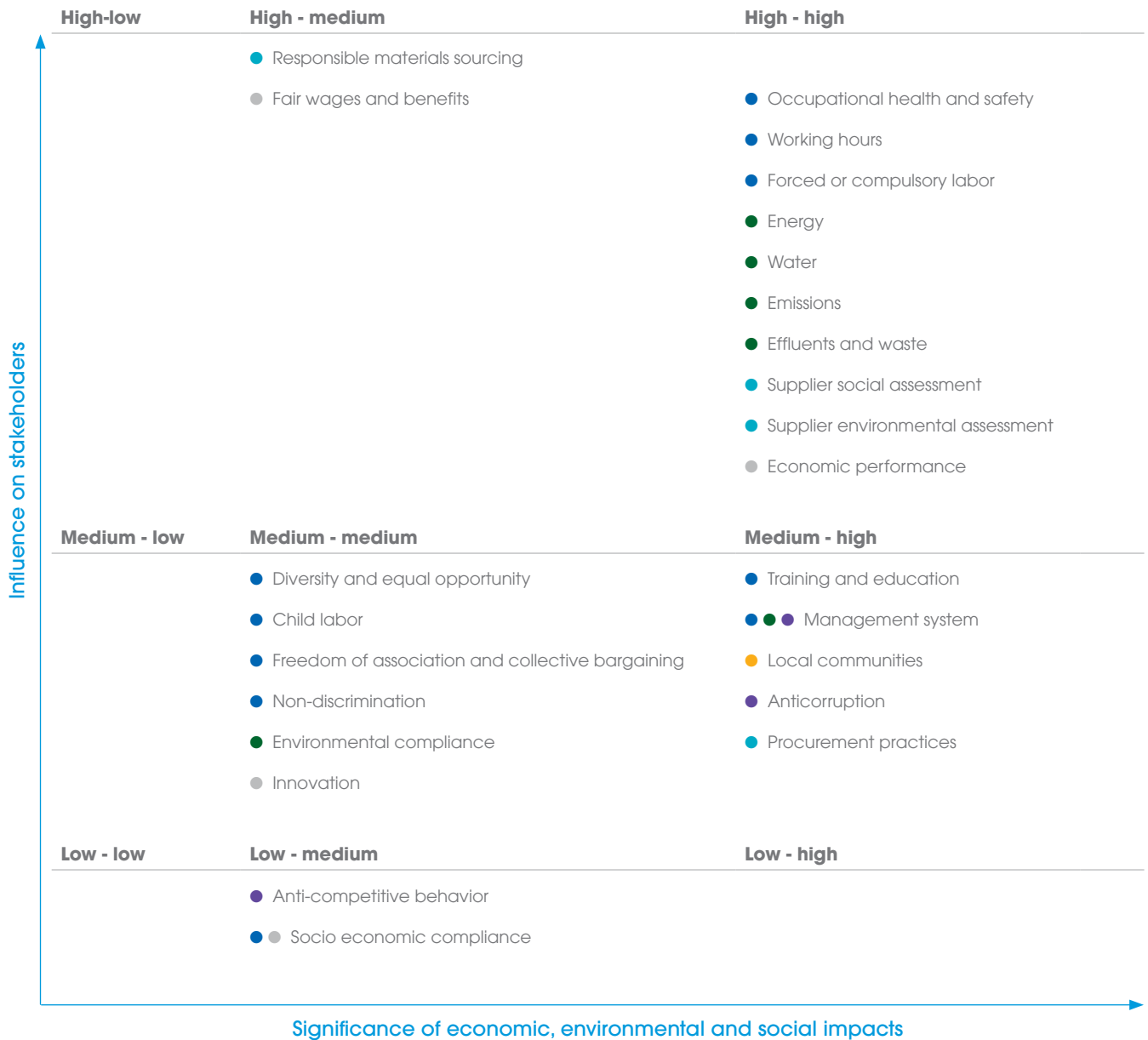
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- 6. Validate** through functional executive approval



### OUR MATERIALITY MATRIX

- People
- Community
- Environment
- Integrity
- Supply Chain
- Economic Performance



Note: Materiality is used herein as defined by the GRI Standards. Chart shows relevance to our stakeholders, does not indicate performance. Last Update: July 2018.

## REPORT CONTENT: SIGNIFICANT TOPICS AND BOUNDARIES<sup>3</sup>

We carried out no significant changes on the materiality topics of the previous reporting period. They are still 15 topics, 13 of which are covered within the organization and two outside of it (see topics in the following table). In 2018, Flex divested from Multek and our health and safety, scope 1 and scope 2 CO<sub>2</sub>e emissions, waste and water KPIs were recalculated and thus restated this report. We've also updated these numbers in the KPIs and Flex 20 by 2020 Reports.

Social topics	<b>PEOPLE</b>		
	Material Topic	GRI indicators	Scope
	Occupational health and safety	403-2	All manufacturing and logistics sites*
	Training and education	404-1, 404-3	All entities
	Management system	Flex metric	All manufacturing and logistics sites*
	Working hours	Flex metric	All manufacturing and logistics sites*
	Forced or compulsory labor	Flex metric	All manufacturing and logistics sites*
	<b>COMMUNITY</b>		
	Material topic	GRI indicators	Scope
	Local communities	413-1	All manufacturing and logistics sites*
Environmental topics	<b>ENVIRONMENT</b>		
	Material topic	GRI indicators	Scope
	Energy	302-1, Flex metric	All manufacturing and logistics sites*
	Water	303-1, 303-3	All manufacturing and logistics sites*
	Emissions	305-1, 305-2, 305-3, 102-47	All manufacturing and logistics sites*
	Effluents and waste	306-1, 306-2	All manufacturing and logistics sites*
	Management system	Flex metric	All manufacturing and logistics sites*
Economics topics	<b>INTEGRITY</b>		
	Material topic	GRI indicators	Scope
	Anti-corruption	205-2	All entities
	Management system	Flex metric	All manufacturing and logistics sites*
	<b>SUPPLY CHAIN</b>		
	Material topic	GRI indicators	Scope
Procurement practices – local suppliers	204-1	Significant operations in the Americas, Europe, and Asia***	
Supplier environmental assessment	308-1	Preferred supplier list (PSL)**	
Supplier social assessment	414-1	Preferred supplier list (PSL)**	
Responsible materials sourcing	Flex metric	****	
<b>ECONOMIC PERFORMANCE</b>			
Material topic	GRI indicators	Scope	
Economic performance	201-1, 201-2	All entities	
Market presence   fair wages and benefits	202-1	All manufacturing and logistics sites*	

\* Operations in the Americas, Europe, the Middle East, Africa (EMEA) and Asia: Austria, Brazil, Canada, China, Czech Republic, Denmark, Germany, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Malaysia, Mexico, Netherlands, Poland, Romania, Singapore, Sweden, Turkey, United Kingdom, Ukraine and the United States.

\*\* Preferred Supplier List (PSL): Geographical location varies, but more attention is on suppliers located in China.

\*\*\* Operations in the Americas, Europe, and Asia: Brazil, China, Malaysia, Mexico, Poland, Romania, and the United States.

\*\*\*\* The Smelter(s) or Refiner(s) (SORs) identified by our suppliers in their declarations, as well as the countries of origin for their Conflict Minerals can be found on the Appendix of our Form SD and Conflict Mineral Report.

Sustainability Key Performance Indicators (KPIs) Annual Trend

**PEOPLE**

GRI Standards	KPI	2014	2015	2016	2017	2018
102-8	Total employees <sup>1</sup>	166,764	180,750	184,213	202,161	210,337
102-8	Direct laborers	129,028	141,143	142,228	158,713	167,773
102-8	Indirect laborers	37,736	39,607	41,985	43,448	42,564
102-8	Female <sup>2</sup>	70,809	72,096	74,309	78,848	85,698
102-8	Male <sup>2</sup>	95,955	105,150	105,589	109,585	119,386
102-8	Full-time	169,728	180,774	181,793	201,134	209,055
102-8	Female <sup>2</sup>	70,196	72,007	73,752	78,192	85,041
102-8	Male <sup>2</sup>	94,984	105,256	105,241	109,244	119,055
102-8	Part-time	814	823	930	1,027	1,282
102-8	Female <sup>2</sup>	422	472	558	656	657
102-8	Male <sup>2</sup>	380	320	349	341	331
202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation <sup>3</sup>	1.15	1.16	1.30	1.28	1.29
202-1	Female	1.15	1.16	1.28	1.28	1.29
202-1	Male	1.15	1.16	1.31	1.28	1.29
404-3	% indirect labor employees receiving regular performance and career development reviews (average) <sup>4</sup>	97%	96%	97%	95%	96%
404-3	% performance & career development reviews female	97%	96%	97%	97%	96%
404-3	% performance & career development reviews male	97%	95%	97%	95%	95%
404-1	Average hours of training per employee <sup>4,5, 6</sup>	6.17	6.24	7.23	7.26	7.04
404-1	Average hours of training – female <sup>2</sup>	6.23	6.31	7.05	7.39	7.60
404-1	Average hours of training – male <sup>2</sup>	6.10	6.19	7.50	7.33	6.80
403-2	Incident rate <sup>7, 8,9,10</sup>	0.62	0.58	0.55	0.50	0.43
403-2	Injury rate <sup>7,10</sup>	0.61	0.57	0.54	0.49	0.43
403-2	Americas	1.03	1.01	0.92	0.79	0.62
403-2	Asia <sup>10</sup>	0.34	0.30	0.26	0.21	0.20
403-2	EMEA	0.84	0.82	0.90	0.89	1.02
403-2	Occupational diseases rate <sup>7,9,10</sup>	0.02	0.01	0.02	0.00	0.00
403-2	Americas	0.03	0.02	0.03	0.01	0.01
403-2	Asia <sup>10</sup>	0.01	0.00	0.01	0.00	0.00
403-2	EMEA	0.00	0.00	0.00	0.00	0.00

(Continued)

**PEOPLE (CONTINUED)**

GRI Standards	KPI	2014	2015	2016	2017	2018
403-2	Lost time cases rate <sup>7,10,11</sup>	0.41	0.40	0.40	0.35	0.33
403-2	Americas	0.65	0.69	0.64	0.50	0.44
403-2	Asia <sup>10</sup>	0.23	0.18	0.18	0.17	0.15
403-2	EMEA	0.71	0.76	0.77	0.74	0.85
403-2	Work-related fatalities (employees) <sup>7,12</sup>	0	0	0	0	0
403-2	Minor Injuries <sup>7,10,13</sup>	1119	1071	1028	965	883
403-2	Americas	578	551	518	500	363
403-2	Asia <sup>10</sup>	360	331	279	225	239
403-2	EMEA	181	189	231	240	281
403-2	Serious Injuries <sup>7, 14</sup>	3	6	3	4	10
403-2	Americas	3	6	3	4	5
403-2	Asia	0	0	0	0	4
403-2	EMEA	0	0	0	0	1
403-2	Fatal Injuries <sup>7</sup>	0	0	0	0	0
403-2	Americas	0	0	0	0	0
403-2	Asia	0	0	0	0	0
403-2	EMEA	0	0	0	0	0
<b>Working Hours</b>	% of employees that complied with RBA rest day requirements <sup>15</sup>	No Data	98%	99%	99%	97%
<b>Management System</b>	% of sites completing social and environmental audits <sup>16</sup>	No Data	5%	31%	40%	49%
	Ethics score	No Data	No Data	97%	94%	94%
	Labor score	No Data	No Data	94%	90%	91%
	H&S score	No Data	No Data	88%	86%	92%
	Management systems score	No Data	No Data	86%	81%	90%
	On-site service providers score	No Data	No Data	85%	67%	81%
	Material restriction score	No Data	No Data	84%	76%	89%
Environmental score	No Data	No Data	83%	83%	84%	
<b>412-1</b>	% Sites that completed human rights policy training <sup>17</sup>	No Data	No Data	No Data	No Data	61%

<sup>1</sup>. The information of total number of employees by employment contract by gender and region is not currently available.

<sup>2</sup>. Gender information not available for all employees.

<sup>3</sup>. In 2016 and 2017, this included the wages of the following countries Brazil, China, Hungary, India, Malaysia, Mexico, Poland and Romania.

<sup>4</sup>. The information by employee category is currently unavailable. Future reports may include more information about this, building the capabilities to report more complete information.

<sup>5</sup>. In 2015 and before covered significant locations of operation in Asia, EMEA and Americas, and in 2016 this was expanded to cover all our entities included in our training system.

- <sup>6</sup>. In 2018, our online training system was replaced, and employees didn't have access to new system during the transition period.
- <sup>7</sup>. Information broken down by gender is not available, future reports may include more information about this, building the capabilities to report more complete information. We have internal procedures covered under the Flex Pledge Audit for recording and reporting accident statistics.
- <sup>8</sup>. The absentee rate is currently unavailable.
- <sup>9</sup>. Number of employees per 100 full-time employees that have been involved in a recordable injury or illness. Industry TCIR Benchmarks: PCBA 1.1, Plastics and rubber 3.9, Warehousing 5.1 and Stamping 5.2 (Source: U.S. Occupational Safety & Health Administration 2017).
- <sup>10</sup>. In 2018, the KPI and target were re-calculated due to our divestment of Multek. Historic data for this enterprise was removed from all calculations. Change was reflected for annual status from 2014 onwards.
- <sup>11</sup>. Industry Lost Time Case Rate Benchmarks: Electronics 0.8, PCBA 0.5, Plating 1.0, Stamping 1.4. (Source: U.S. Occupational Safety & Health Administration 2017).
- <sup>12</sup>. In 2016 and 2017, an unauthorized subcontractor was killed in an accident at one of our sites in Asia.
- <sup>13</sup>. Minor injuries defined as work injuries
- <sup>14</sup>. From 2018, serious injuries cover those that required hospitalization for 24+ hours and treatment, amputation or disfigurement cases.
- <sup>15</sup>. In 2015, only covering hourly production workers in USA, Mexico and China. In 2016 Malaysia, Brazil, Indonesia and Singapore were added. Our metrics system consolidates the working hours information from time and attendance tracking systems and then calculates compliance automatically. Our labor and human rights metrics are focused on RBA compliance.
- <sup>16</sup>. Version: Flex Pledge 3.0. In 2018, the total number of sites increased, due to new acquisitions.
- <sup>17</sup>. Human rights policy training was launched in 2018, sites shall deliver this to at least 95% of our employees and integrate this training into orientation materials.

## COMMUNITY

GRI Standards	KPI	2014	2015	2016	2017	2018
413-1	Percentage of operations that have implemented local community engagement activities <sup>1,2</sup>	86%	87%	81%	73%	90%
	Total local community engagement activities <sup>1</sup>	528	530	427	538	550
	Total volunteers	15,966	13,952	19,254	19,819	14,765
	Total volunteer hours <sup>2</sup>	55,871	43,777	48,429	59,202	55,574
	% Sites with community grants <sup>3</sup>	No Data	No Data	50%	86%	100%

- <sup>1</sup>. Local community development programs based on local communities' needs.
- <sup>2</sup>. In 2018, DNV verified the data ([see page 93](#)).
- <sup>3</sup>. Sites with 5000 or more employees as of the end of 2016 (base year).

## ENVIRONMENT

GRI Standards	KPI	2014	2015	2016	2017	2018
305-4	CO <sub>2</sub> e location-based emissions Intensity - scope 1 and 2 (tonnes/US \$M of revenue) <sup>1,2,3,4</sup>	33.77	36.29	39.52	35.20	34.17
	Total scope 1, 2 and 3 CO <sub>2</sub> e gross emissions/ location-based emissions (tonnes) <sup>2,8</sup>	931,367	926,215	977,349	1,175,092	1,189,545
	Total scope 1 and 2 CO <sub>2</sub> e gross emissions/ location-based emissions (tonnes) <sup>1,2,4</sup>	909,060	892,590	939,520	876,163	905,181
305-1	Scope 1 CO <sub>2</sub> e <sup>1,2,4,5</sup>	36,478	29,870	73,527	77,032	82,432
305-2	Scope 2 CO <sub>2</sub> e location-based <sup>1,2,4,6</sup>	872,582	862,720	865,993	799,132	822,750
	Scope 2 CO <sub>2</sub> e market-based <sup>1,2,4,6,7</sup>	No Data	No Data	857,097	819,475	784,009
305-3	Total scope 3 <sup>1,2,8</sup>	22,307	33,625	37,829	298,929	284,364
	Scope 3 – Business Travel <sup>1,9</sup>	22,307	33,625	37,829	38,300	32,119
	Scope 3 – Fuel and Energy-Related Activities <sup>1,2</sup>	No Data	No Data	No Data	227,439	221,825

(Continued)

**ENVIRONMENT (CONTINUED)**

GRI Standards	KPI	2014	2015	2016	2017	2018
	Scope 3 – Waste <sup>1,2</sup>	No Data	No Data	No Data	33,189	30,419
	Offsets CO <sub>2</sub> e <sup>10</sup>	No Data	No Data	No Data	63,299	69,825
	Total CO <sub>2</sub> e net emissions (Total scope 1, 2 and 3 - offsets CO <sub>2</sub> e) <sup>2</sup>	931,367	926,215	977,349	1,111,793	1,119,720
	Water withdrawn intensity (m <sup>3</sup> /US \$M of revenue) <sup>2,3,11</sup>	314.50	325.43	343.57	298.95	287.37
303-1	Water withdrawn (m <sup>3</sup> ) <sup>1,2,11</sup>	8,466,623	8,004,818	8,167,763	7,441,827	7,612,591
303-1	Municipal water supply <sup>1,2</sup>	7,700,022	7,175,954	7,241,381	6,384,433	6,453,210
303-1	Ground water <sup>1</sup>	676,287	773,768	875,065	1,002,828	1,020,859
303-1	Surface water <sup>1</sup>	30,376	0	0	0	0
303-1	Rainwater <sup>1</sup>	2,146	1,334	931	1,833	844
303-1	Waste water from another organization <sup>1</sup>	0	0	2,703	0	2,710
303-1	Private company water supply <sup>1</sup>	57,791	53,729	42,535	44,937	124,372
303-1	Other water utilities: untreated water for industrial use only <sup>1,2</sup>	0	34	5,147	7,796	10,596
303-3	% of recycled water <sup>1,2,12</sup>	5%	7%	8%	8%	9%
303-3	Recycled water (m <sup>3</sup> ) <sup>1,2</sup>	452,730	549,119	635,405	612,253	664,349
306-1	Total Water discharged (m <sup>3</sup> ) <sup>1,2,13,14,15</sup>	6,351,866	6,177,081	6,010,114	5,332,544	5,507,232
306-1	Total water discharges to ground/soil <sup>2,15</sup>	No Data	No Data	No Data	No Data	0
306-1	Total water discharges to rivers and streams <sup>2</sup>	No Data	No Data	No Data	241,887	147,147
306-1	Total water discharges to sea or ocean	No Data	No Data	No Data	0	0
306-1	Total water discharges to lakes	No Data	No Data	No Data	0	0
306-1	Total water discharges to wetlands	No Data	No Data	No Data	0	0
306-1	Total water discharges to municipal/local off-site/common treatment facility <sup>2</sup>	No Data	No Data	No Data	5,090,656	5,303,617
306-1	Total water discharges to other <sup>2</sup>	No Data	No Data	No Data	0	56,468
306-2	Waste Intensity (tonnes/US \$M of revenue) <sup>2,3</sup>	3.98	4.65	5.39	5.70	5.55
306-2	Total Waste (tonnes) <sup>2,16</sup>	107,128	114,324	128,171	141,990	146,940
306-2	Non-hazardous Waste (tonnes) <sup>1,2</sup>	99,132	107,962	121,725	136,051	140,565
306-2	Hazardous Waste (tonnes) <sup>1,2</sup>	7,996	6,362	6,445	5,939	6,375
306-2	Total Waste by Disposal Method (tonnes) <sup>1,2,16</sup>	107,128	114,324	128,171	141,990	146,940
306-2	Composting <sup>1,2</sup>	2,975	5,156	4,321	4,661	8,106
306-2	Reuse <sup>1,2</sup>	1,882	1,829	3,454	4,323	5,900

(Continued)



**ENVIRONMENT (CONTINUED)**

GRI Standards	KPI	2014	2015	2016	2017	2018
306-2	Recycling <sup>1,2</sup>	76,496	86,282	95,807	101,174	103,325
306-2	Recovery <sup>1,2</sup>	4,436	3,870	3,453	4,863	4,905
306-2	Incineration - or use as fuel <sup>1,2</sup>	6,778	5,637	5,798	7,573	7,637
306-2	Landfill <sup>1,2</sup>	12,338	10,047	13,527	16,378	13,524
306-2	Deep well injection <sup>1,2</sup>	4	0	0	14	0
306-2	On-site storage <sup>1,2</sup>	206	159	71	98	136
306-2	Other <sup>1,2</sup>	2,014	1,344	1,740	2,906	3,407
306-2	Waste diversion rate <sup>1,2,17</sup>	88%	91%	89%	88%	91%
	Recycling rate <sup>1,2,18</sup>	76%	82%	81%	78%	80%
<b>Renewable Energy</b>	Renewable energy installed capacity (MW) <sup>1,19</sup>	No Data	No Data	25	31	34
<b>Renewable Energy</b>	Electricity generated on-site from renewable sources (MWh)	10,613	10,659	12,037	10,505	13,719
	# of powered homes (solar modules manufacturing) <sup>20</sup>	No Data	No Data	782,264	1,953,914	3,275,578

<sup>1</sup> In 2017, scope 1, 2 and 3 absolute CO<sub>2</sub>e emissions and total water withdrawn data were verified by DVN (see page 93). In 2018, this verification extended to include water, waste and renewable energy use.

<sup>2</sup> The metric, KPI and target were re-baselined in 2018 due to our divestment from Multek and the change was reflected in the annual status from 2014 onwards.

<sup>3</sup> Revenue period considered: Calendar year (January–December).

<sup>4</sup> Total includes: scope 1 and scope 2 emissions, only. Standards/Methodologies used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Source of emission factors: Environmental Protection Agency (EPA) and International Energy Agency (IEA). Source of Global Warming Potential (GWP): IPCC. Consolidation approach for emissions: Operational control. Since 2016, refrigerants, jet fuel and steam related emissions were added to scope 1 and 2 calculations, as applicable. Since 2016, electricity factors have been updated on an annual basis, according to the latest reports. Base Year: 2016. In 2017, scope 1 and 2 CO<sub>2</sub>e emissions were re-baselined due to an improvement in the emissions quantification and the inclusion of new sites.

<sup>5</sup> Gases included in calculations CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and HFCs.

<sup>6</sup> Gases included in calculations CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.

<sup>7</sup> Since 2016, the market-based CO<sub>2</sub>e emissions were calculated. Information of market-based emissions for previous years is not available.

<sup>8</sup> Since 2017, our total scope 3 emissions include business travel, waste generated in operations and fuel-and-energy-related activities (not included in scope 1 and 2). Previous years only included business travel.

<sup>9</sup> Business Travel emissions were given by travel service providers, the GWP, emission factors and standards are not currently available.

<sup>10</sup> Offsets of CO<sub>2</sub>e, refers to certified emission reduction (CER) certificates that are generated from a clean development mechanism (CDM) project. Each CER equals one tonne of CO<sub>2</sub>e. In 2018, we supported projects in Brazil, China, and India, offsetting scope 3 emissions.

<sup>11</sup> Most of the information has been obtained from invoices. The remaining information was obtained from meter readings and estimations.

<sup>12</sup> Percentage calculated based on water withdrawn.

<sup>13</sup> During 2017, total withdrawals and discharges, decreased in the same proportion, due to the upgrade and installation of water treatment plants in China and the U.S.

<sup>14</sup> Water quality data and treatment are unavailable. Future reports may include more information about this, building the capabilities to report more complete information. All sites meet local, regional, or national standards for water quality, as applicable. Total was obtained using the full number, including decimals.

<sup>15</sup> To ensure consistency in reporting across among different stakeholders (CDP and GRI Standards), from 2018, discharges to soil are now included in the water consumption metric.

<sup>16</sup> Most of the disposal method data was provided by the waste disposal contractors, unless waste was disposed directly by the reporting organization, or confirmed otherwise. Other disposal methods include mulching or a combination of methods where we are unable to separate per treatment method. Breakdown of hazardous and non-hazardous waste by disposal method is currently unavailable. Future reports may include more information about this, building the capabilities to report more complete information. Total was obtained using the full number, including decimals.

<sup>17</sup> Percentage of waste diverted from landfill destinations.

<sup>18</sup> Recycling refers to waste that was composted, reused or recycled.

<sup>19</sup> This amount includes solar installed capacity across the globe and wind energy purchased by our site in Austin, US. During 2018, solar installations were deployed at Guadalajara North, Mexico and Chennai, India sites.

<sup>20</sup> Equivalency refers to the number of homes that can be powered with the MWs of solar panels and trackers produced by Flex. Calculation is based on the assumption that the energy demands of a home are equal to the energy demands of an average (5KW) California household. Reported value is the accumulated total.

## SUPPLY CHAIN

GRI Standards	KPI	2014	2015	2016	2017	2018
308-1, 414-1	Percentage of new suppliers screened using environmental, human rights, labor practices and impact on society criteria	44%	70%	94%	90%	97%
	Number of suppliers trained on corporate social and environmental responsibility/ RBA requirements	No data	121	136	158	226
204-1	% spend on local suppliers <sup>1</sup>	27%	24%	24%	24%	21%
Conflict Minerals	% of global materials spend for the period that corresponds to suppliers that submitted valid complete declarations	57%	67%	72%	68%	69%

<sup>1</sup> Top ten locations.

## INTEGRITY

GRI Standards	KPI	2014	2015	2016	2017	2018
205-2	Code of business conduct and ethics training completion <sup>1,2</sup>	98%	98%	97%	98%	97%
205-2	% in-person training on code of conduct training completion	No data	No data	No data	40%	40%
205-2	Total number of board of directors informed and trained on anticorruption policies	No Data	No Data	8	8	10
205-2	Americas	No Data	No Data	No Data	6	8
205-2	Asia	No Data	No Data	No Data	2	2
205-2	EMEA	No Data	No Data	No Data	0	0
205-2	Percentage of board of directors informed and trained on anticorruption policies	No Data	No Data	100%	100%	100%
205-2	Americas	No Data	No Data	No Data	100%	100%
205-2	Asia	No Data	No Data	No Data	100%	100%
205-2	EMEA	No Data	No Data	No Data	NA	NA

<sup>1</sup> Does not include individuals who have recently joined us through acquisitions, employees on leave of absence and direct labor.

<sup>2</sup> Information on the total number and percentage of business partners to which the anticorruption policies have been communicated is currently unavailable.

3<sup>rd</sup> party  
verification statement



Flex Sustainability Team

Flex Ltd.

07/23/2019

To whom it may concern,

The purpose of this letter is to clarify matters set out in the assurance report. It is not an assurance report and is not a substitute for the assurance report.

This letter and the verifier's assurance report, including the opinion(s), are addressed to you and are solely for your benefit in accordance with the terms of the contract. We consent to the release of this letter by you to any global or regional disclosure system in order to satisfy the terms of energy and greenhouse gas disclosure requirements but without accepting or assuming any responsibility or liability on our part to any global or regional disclosure system or standard or any other party who may have access to this letter or our assurance report.

In accordance with our engagement contract with you dated 02/20/2019 (the "contract") and for the avoidance of doubt, we confirm that our Verification Report – 2018 Environmental and Community Engagement Verification – Flex Ltd. to you dated 07/23/2019 (the "assurance report") incorporated the following matters:

1. Boundaries of the reporting company covered by the assurance report and any known exclusions

Energy and Scope 1, 2, and 3 (business travel, waste, fuel and energy related activities) greenhouse gas (GHG) emissions inventory, renewable energy capacity, water withdrawals, waste generation, waste diversion, recycling and community engagement for its global locations under its operational control for calendar year 2018, excluding design centres and corporate offices for the community engagement scope.

2. Environmental and Community Engagement data verified

<i>Flex Global Operational Control</i>	
○ Energy Consumed	1,945,501 MWh
○ Scope 1 Emissions	82,432 (MtCO <sub>2</sub> e)
○ Scope 2 Emissions (location based)	822,750 (MtCO <sub>2</sub> e)
○ Scope 2 Emissions (market based)	784,009 (MtCO <sub>2</sub> e)
○ Total Scope 1 and 2 CO <sub>2</sub> e Gross Emissions/Location-based Emissions (Tonnes)	905,181 (MtCO <sub>2</sub> e)
○ CO <sub>2</sub> e Location-based Emissions Intensity - Scope 1 and 2 (Tonnes/US\$ of revenue)	34.17
○ Scope 3 Emissions	284,364 (MtCO <sub>2</sub> e)
▪ Fuel- and Energy-Related Activities	221,825 (MtCO <sub>2</sub> e)
▪ Waste generated in operations	30,419 (MtCO <sub>2</sub> e)
▪ Business Travel	32,119 (MtCO <sub>2</sub> e)
○ Year on year change in emissions	
▪ Scope 1 and Scope 2 (Location Based)	3%
▪ Scope 3	-5%
• Fuel- and Energy-Related Activities	-2%
• Waste generated in operations	-8%
• Business Travel	-16%
○ Renewable Energy Capacity	34 MW
○ Water	
▪ Total water withdrawn	7,612,591 m <sup>3</sup>
▪ Total water withdrawn by source:	
• Municipal water supply	6,453,210 m <sup>3</sup>
• Ground water	1,020,859 m <sup>3</sup>
• Surface water	0 m <sup>3</sup>
• Rainwater	844 m <sup>3</sup>
• Waste water from another organization	2,710 m <sup>3</sup>
• Private company water supply	124,372 m <sup>3</sup>
• Other water utilities:	10,596 m <sup>3</sup>
▪ Recycled water (m <sup>3</sup> )	664,349 m <sup>3</sup>
▪ Recycled water%	9%
▪ Total water discharged (m <sup>3</sup> )	5,507,232 m <sup>3</sup>
▪ Total water consumption (m <sup>3</sup> )	2,105,359 m <sup>3</sup>

○ Waste	
▪ Total Waste	146,940 (tonnes)
• Non-Hazardous Waste	140,565 (tonnes)
• Hazardous Waste	6,375 (tonnes)
▪ Total Waste by Disposal Method:	
• Composting	8,106 (tonnes)
• Reuse	5,900 (tonnes)
• Recycling	103,325 (tonnes)
• Recovery	4,905 (tonnes)
• Incineration	7,637 (tonnes)
• Landfill	13,524 (tonnes)
• Deep Well Injection	0 (tonnes)
• On-Site Storage	136 (tonnes)
• Other	3,407 (tonnes)
▪ Waste Diversion rate	91%
▪ Recycling Rate	80%
<b>Community</b>	
○ Percentage of operations that have implemented local community engagement activities	90%
○ Total volunteer hours	55,574 hours

3. Period covered

1 January 2018 to 31 December 2018

4. Verification standard used

(ISAE) 3000 – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised)

ISO 14064-3:2006 – Greenhouse Gases Part 3: Specification with Guidance for the Validation and Verification of Greenhouse Gas assertions.

5. Assurance opinion

Limited Assurance

Based on the verification process conducted by DNV GL, we provide a Limited Assurance of the Environmental and Community data Assertions for Flex Ltd. DNV GL found no evidence that the assertion:

- is not materially correct;
- is not a fair representation of the GHG emissions information; and
- is not prepared in accordance with the World Business Council for Sustainable Development (WBCSD) / World Resources institute (WRI) Greenhouse Gas Protocol (GHG Protocol) and Global Reporting Initiatives and Principles.

6. Verification provider and accreditations

The Verification provider is DNV GL.

DNV GL was not involved in the preparation of any part of Flex's data or report. We adopt a balanced approach towards all stakeholders when performing our evaluation.

7. Lead verifier name and relevant accreditations/professional membership

Shruthi Poonacha Bachamanda, Lead Verifier, Qualified ISO GHG Verifier

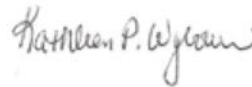
Alexa Kandarais, Verifier, Qualified ISO GHG Verifier



Signature  
Lead Verifier  
**(Shruthi Poonacha Bachamanda)**



Signature  
Technical Reviewer  
**(Shaun Walden)**



Signature  
Approver  
**(Kathleen Wybourn)**

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