

# Global Citizenship 2016

flex™  
LIVE SMARTER

# The Age of Intelligence™ is here.

In today’s rapidly evolving marketplace, intelligence is essential to stay ahead of the competition. Flex is working with partners around the globe to build a new class of intelligent products that will help the world live smarter and help people fulfill their ultimate potential. We are 200,000 dedicated innovators working across 30 countries to create a smarter, more connected world.

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We welcome your feedback on our activities and performance. Contact Flex’s Global Citizenship Team at [global.citizenship@flextronics.com](mailto:global.citizenship@flextronics.com)

# CEO Message

Welcome to the Flex Global Citizenship Report, highlighting the activities, performance and results we achieved in the 2015 calendar year.

This past year we expanded our sustainability program to encompass global corporate citizenship in addition to our social and environmental leadership. Our Global Citizenship strategy focuses on five cornerstones: People, Community, Environment, Innovation and Integrity. Innovation is a key differentiator across all global citizenship cornerstones with special emphasis on energy solutions, supply chain and sustainable design and manufacturing.

We have also aligned our strategy and multi-year goals to the United Nations 2030 Sustainable Development Goals, focusing on those where we can have the biggest impact by promoting Decent Work, Quality Education, Clean Energy and Responsible Consumption and Production.

By focusing all of our sites on these core areas which impact global society and the environment, we achieved many remarkable accomplishments this year, as we:

- » Were named one of the World's Most Admired Companies by FORTUNE.
- » Achieved our goal of 15 percent reduction in Injury and Occupational Disease Incidents.
- » Successfully implemented a global system to track working hours and rest period standards in China, Mexico, Malaysia and Indonesia to support our efforts to comply with the Electronic Industry Citizenship Coalition (EICC) standards.
- » Reduced our electrical use by more than 25,700 MWh/year by installing Flex designed and built LED light fixtures in facilities in twelve countries.
- » Reduced CO<sub>2</sub> emissions by 20 percent, exceeding our revenue-based goal, as we generated 10.6 GWh of electricity from solar panels.
- » Recycled 647,000 m<sup>3</sup> of water during 2015, equivalent to the annual water consumption of 1,170 homes.
- » Held Corporate Social and Environmental Responsibility (CSER) training for 377 suppliers and nearly 2,000 supplier

personnel, to ensure they meet Flex CSER and the EICC requirements.

- » Implemented global best in class data privacy standards with the approval of Flex's Binding Corporate Rules (BCRs) by the Data Privacy authorities in Europe.
- » Logged 43,777 employee volunteer hours globally, equivalent to an investment of \$1 million USD.
- » Brought clean, safe drinking water to 800 students in China.
- » Provided grants through the Flex Foundation to train teachers in North Carolina, support developmentally disabled people in Brazil and provide housing for parents of children undergoing cancer treatment in Hungary.

Our people are our most valuable resource. None of these achievements could happen without the intense collaboration, smart execution and tenacious commitment to continuous improvement embodied daily by our employees. As Flex expands our capability as a Sketch-to-Scale™ solutions company, we need innovative talent perfectly positioned to navigate the changes taking place in "The Age of Intelligence"—where by 2020 we estimate there will be 50 billion connected devices around the world. Flex will be there with intelligent people helping the world live smarter. In this world, employing the best talent in a sustainable manner is critical to our success, and a key reason why talent development is our first strategic objective and a primary focus area for our executive team.

Flex is committed to protecting our planet; we not only design and manufacture with sustainability in mind, but also develop energy solutions that help others to protect the environment. We actively contribute to global efforts to minimize environmental impacts and more importantly, generate value for a better planet. We are invested in the enrichment and engagement of our people, our customers and in the communities where we do business every day.

Thank you.

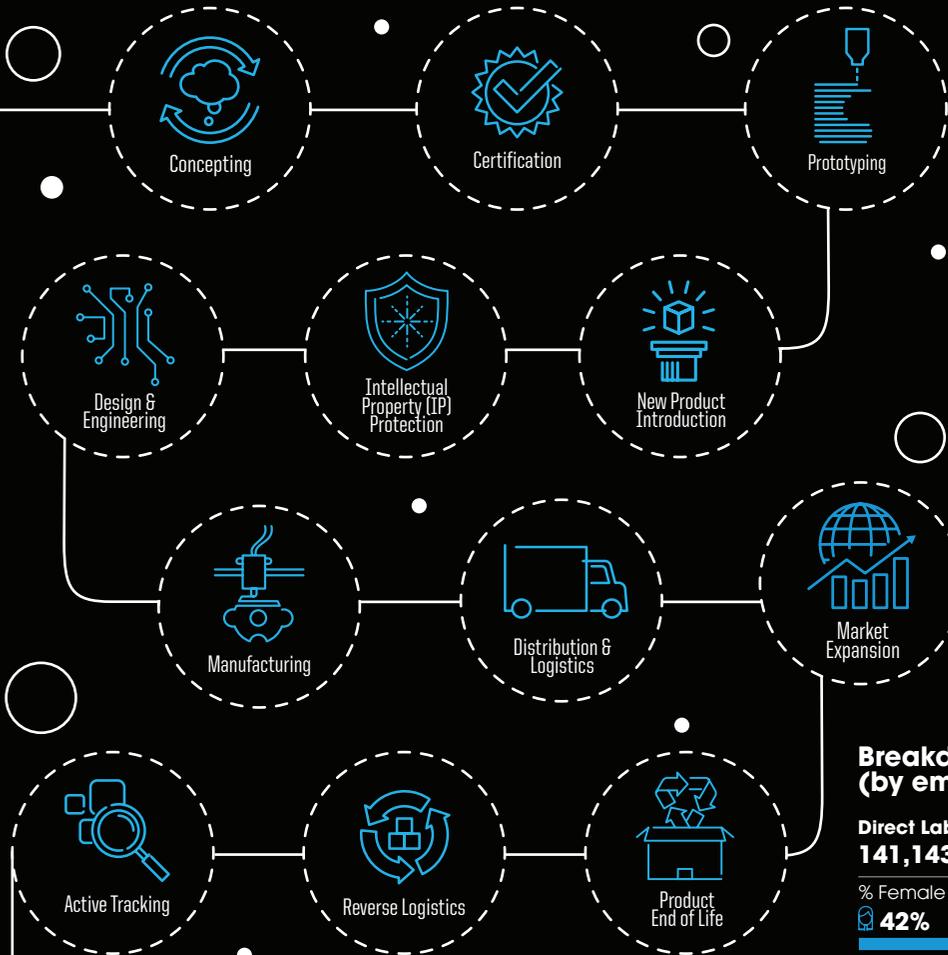
**Mike McNamara,**  
Chief Executive Officer



# Who we are

A Global Partner with Scale and Vision | Innovating Every Day | A Leader in Quality and Reliability

## Services



In the categories of design, manufacturing, distribution and aftermarket services, Flex has established itself as a global leader without equal. With more than 100 sites in 30 countries and 200,000 highly skilled innovators at the ready, we're helping customers big and small solve the challenges of the Age of Intelligence. With extensive experience across virtually all industries, Flex has the unique vision and capabilities to improve speed, efficiency and cost effectiveness throughout the entire life cycle of a product.

### Breakdown of Employees (by employment contract and gender)

	Direct Laborers 141,143	Indirect Laborers 39,607	Total* 180,750
% Female	42% 59,146	33% 12,950	Total Population 40% 72,096
% Male	56% 78,917	66% 26,233	Total Population 58% 105,150

\*Gender information not available for all employees

## Industry Expertise

Health

Automotive

Mobile

Industrial Goods

Lighting

Home Appliances

Retail & Fashion

Energy

Communications

Enterprise

Wearables

Connected Living

Capital Equipment

Flex customers have a partner that sees the entire picture, a company with market-leading expertise in not just one but 13 major industries. In an age where smart homes communicate with cars, smart watches work with medical devices and connectivity is the backbone of a smarter infrastructure, cross-industry expertise and innovations are more valuable than ever.

### Market Presence

In order to attract, retain and motivate our workforce, Flex has put in place the Total Rewards philosophy that encompasses both transactional and relational rewards. Employee performance, as well as the performance of Flex, drives an employee's total compensation. Pay ranges take into account an employee's grade, job function and location. Compensation ranges are closely monitored and evaluated on an annual basis to ensure Flex is competitive with similar companies. Entry level wages averaged 16% above local minimum wage at significant operational sites.

### Procurement Practices

Flex has direct and indirect economic impact in the countries where we do business. One measure of our impact is the proportion of spending on local suppliers. Local suppliers support Flex 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 expands the local economy. In 2015, 24% of our total spend on direct materials went to local suppliers at our top 10 locations. The spending percentage on local suppliers varies due to the nature of the projects and related original equipment manufacturer (OEM) customers.

### The Precautionary Principle

Flex maintains its own list of restricted and prohibited substances to ensure best environmental practices on a consistent global basis. In addition, we have a corporate chemical management standard that applies to any new chemicals introduced into our factories to ensure safety. As a service provider to original OEMs, Flex generally does not create the specifications for the products we assemble and those products are distributed and sold under other brands. However, a significant number of our leading customers have issued specifications to Flex, which we have implemented, that include lengthy lists of restricted and prohibited chemical substances, in many cases going well beyond regulatory requirements.

### Our Participation in Industry Organizations



The EICC is a coalition of the world's leading electronics companies working together to improve efficiency and social, ethical and environmental responsibility in the global supply chain. Flex is a founding member of the EICC and has held board positions many times.



The GBI is a unique business-led initiative focused on advancing human rights in a business context around the world.



CHWMEG, Inc. is a non-profit trade association comprised of manufacturing and other "industrial" companies interested in efficiently managing the waste management aspects of their environmental stewardship programs.



Flex is a member of the Environmental Leadership Council (ELC), an issue forum of the Information Technology Industry Council (ITI). ITI leads industry engagement in product materials selection and design; green procurement standards and policies; product stewardship and e-recycling initiatives; and supply chain transparency and sustainability challenges.



IPC is a global trade association dedicated to furthering the competitive excellence and financial success of its members, who are participants in the electronics industry. In pursuit of these objectives, IPC will devote resources to management improvement and technology enhancement programs, the creation of relevant standards, protection of the environment and pertinent government relations. CSER team participates in the IPC EHS committee.

# Global Citizenship Overview

## People

Every day we strive to lift the human spirit.

We value and advance human dignity and human rights around the world. Our focus is on: developing and empowering talented people to deliver on their potential, providing employees with a healthy, safe and secure workplace and valuing and advancing the human rights of all employees.

### Workforce Development

Flex is committed to training and developing employees at all levels by providing an array of programs including instructor-led classes, online learning, on-the-job training and comprehensive leadership development programs.

### Wellness and Safety

We are committed to providing our employees with healthy, safe and secure working and living spaces.

### Labor and Human Rights

We are committed to respecting the Labor and Human Rights of all our employees through the principles which are clearly spelled out in our Code of Business Conduct and Ethics.

## Community

We work with the communities surrounding our sites to advance the human condition.

We work with nonprofits, community leaders and governments to promote inclusive and sustainable economic growth, employment and decent work for all. We also work to ensure inclusive and quality education for all and promote lifelong learning opportunities.

## Environment

We are committed to safeguarding the environment.

Our Environmental Management System scope extends far beyond what is typically found in an ISO 14001:2015 system, including such elements as product environmental compliance and e-waste management.

### Materials Management

Flex adheres to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

### Resource Conservation

The use of resources including water, energy and generation of all waste types, is reduced at the source. Flex reports to the CDP's water program which helps businesses and institutional investors understand the risks and opportunities related to water scarcity. Flex reports to the CDP's climate change program to help us analyze our greenhouse gas emissions and energy consumption in a structured way.

### Responsible Sourcing

We are committed to responsibly sourcing minerals and follow the EICC and Global e-Sustainability Initiative (GeSI) Conflict Minerals data reporting format.

### Flex Foundation

The Flex Foundation is our grant making arm and operates as a private foundation. Flex supports the communities where we live and work through our Community Grants program.

### Community Investment

We engage with our communities by providing the relevant technical and vocational skills, to promote employment, decent jobs and entrepreneurship. In addition, we support quality lifelong education programs for all to help improve regional skills and capabilities.

### Volunteerism

Flex encourages our employees to give back to the communities where they live and work by giving their time, talent and resources to local community organizations.



## Innovation

We design intelligent products with sustainability in mind.

We design and build intelligent products that are engineered and manufactured with sustainability in mind. We're also expanding in markets that have the potential to mitigate climate change, including: renewable energy, connected home, automotive electrification, smart agriculture and supply chain optimization.

## Integrity

We operate ethically and lead with integrity.

Our Code of Business Conduct and Ethics ("Code of Conduct") weaves that commitment into principles, standards and responsibilities that help guide our behavior and decision-making. The Code of Conduct prohibits unethical behavior such as conflicts of interest, kickbacks, bribery, fraud, improper accounting and the inappropriate use of company assets or funds. It mandates compliance with the laws of the countries in which we do business. It also requires the protection of confidential information and intellectual property, the selection of suppliers in accordance with set business criteria and strict adherence to all public reporting requirements.

### Sustainable Design and Manufacturing

Flex reviews and incorporates environmental considerations into a product design prior to reaching the manufacturing stages. Our own designs meet energy conservation, product disassembly, product recyclability, product upgradability, material conservation and hazardous material requirements, among others.

### Supply Chain Innovation

We are transforming our value chain to enable organizations in all industries to move toward responsible sourcing.

### Energy Solutions

Flex is growing an important energy business by helping customers produce many of the technologies and components vital to a clean and green economy.

### Business Practices

Our Corporate Compliance Program helps integrate our commitment to ethics and integrity into our day-to-day business practices.

### Ethics and Compliance

Flex's Corporate Compliance Program links compliance-related activities and teams through a common management system designed to prevent violations of regulatory requirements.

### Protection of Intellectual Property

At Flex, we believe our customer's intellectual property (IP) is as valuable as their physical assets. That's why we employ high levels of security and safeguards to ensure that projects remain confidential and products protected at every stage, all the way from concept through commercialization.



# People

**180**

The Talent & Innovation team developed the Flex Innovation Competition in Suzhou, China which generated more than 180 great ideas from employees over a two-month period.

Flex's Binding Corporate Rules (BCRs) were approved in July 2015 by the Data Privacy Authorities in Europe. This allowed us to achieve best in class data privacy standards globally.

**8**

The Employee Service Delivery Model (ESDM) was successfully implemented in eight countries: China, Hungary, India, Malaysia, Mexico, Romania, Singapore and the USA.

**15%**

We achieved our goal of 15 percent reduction in Injury and Occupational Disease Incidents.

We successfully implemented a global system to track working hours and rest period standards in China, Mexico, Malaysia and Indonesia to support our efforts to comply with the EICC standards.

**19%**

Employee engagement survey results were up from 2% - 19% over 2013 data with improved scores in almost every category measured.

**Every day we strive to lift the human spirit.**

Culture is a company's only sustainable competitive advantage. At Flex, our culture is the bridge between strategy and execution. It is centered around our five key values which each employee is encouraged to understand and follow. Focus on Talent - growth, development and careers - is a strategic company goal. As Flex evolves into a sketch to scale solutions company, we need innovative talent perfectly positioned to manage the changes taking place in the Age of Intelligence—with 50 billion connected devices expected globally by 2020. Employing the best talent in a sustainable manner is critical to our success. As a team, we targeted the following actions: cultivate talent and optimize our efficiency through workforce design, work environment and clear metrics.

## Key Performance Indicators

% of IDL\* Employees Receiving Regular Performance and Career Development Reviews (average)

2013 2014 2015  
96% 97% 96%



Injury and Occupational Diseases Rate

2013 2014 2015  
0.59 0.61 0.57



Lost Time Cases Rate

2013 2014 2015  
0.42 0.41 0.40



Average Hours of Training per Employee

2014 2015  
6.17 6.24



## Goals and Progress

Achieve Injury and Occupational Disease rate reduction equal to 15% (Baseline 2012)

Target Year **2015**  
Target **15%**  
Acomplishment **15%**



Achieve Lost Time Cases rate reduction equal to 15% (Baseline 2012)

Target Year **2015**  
Target **15%**  
Acomplishment **15%**



\* Indirect Labor

## Workforce Development

We foster development that inspires personal and professional growth. This includes life-long learning and dynamic work assignments that accelerate individual advancement. Flex enables careers throughout our global footprint and vast industry coverage that enrich the lives of our people and support our customer success. We invest in the enrichment and engagement of our people as part of our mission to make Flex a workplace of choice. Flex will be there with intelligent people helping the world live smarter.

## Health and Safety

Flex promotes a "zero injuries" culture throughout the company. This helped us to achieve our injury reduction goal in 2015, and included several key achievements. In addition to on the job safety training, we also sponsor education programs for female factory workers in China to teach employees disease prevention, overall body health and financial literacy.



### On-Site University Guadalajara, Mexico

This 24-month program allows employees to earn high school, bachelor and master degrees through on-site classes. This was launched in partnership with the University of Guadalajara. Flex has 1,179 employees already participating in this program.



### Peer Health Educators (PHE) Zhuhai, Wuzhong & Suzhou, China

38 female employees were trained by experienced health experts on education around HIV prevention, disease prevention, overall body health, nutrition and pregnancy. The PHEs cascaded their learning to co-workers through group sessions, one-on-one conversations, posters and brochures. Further, this learning was shared with multiple family members and the broader community.



### Mercy Corps Female Factory Workers Program Suzhou, China

This program's goal is to build direct labor female workers' self-competency and aims to improve their health, financial literacy, community adaptation and quality of life as a whole.

### Flex Leadership Development Program

We continued the growth and success of the Flex Leadership Development Program (FLDP). The FLDP is a powerful career accelerator and growth opportunity for early to mid-career Flex employees around the world. This program gives our highest performing employees the opportunity to gain a holistic understanding of our business through four 6-month cross-functional rotations with mentorship from senior business leaders. FLDP talent have helped manage clients through international site migrations, driven global project execution, converted innovation and start-up leads into scalable business opportunities and developed go-to-market strategies in a variety of segments.

**"Flex provided me growth and opportunity when I joined the FLDP program. As program manager, my position rotates every six months for two years, to learn the business from different areas, segments and people around the world."**

- Heriberto Montoya Quintero, Program Manager



## Labor and Human Rights

Our labor and human rights metrics are focused upon EICC and legal compliance, with a high focus on monitoring working hours and rest periods to meet standards. Our global citizenship metric system, through its labor and human rights module, tracks employee compliance on a weekly basis and provides automatic reports to local management. This tracking system has been implemented in stages. Last year all manufacturing sites from China, Malaysia and Indonesia were successfully integrated into the metrics system. Annual average EICC - rest day compliance was equal to 98%, only covering hourly production workers in USA, Mexico and China.



# Community

43,777

Logged 43,777 volunteer hours globally, equivalent to an investment of \$1 million USD.

87%

Implemented local community engagement activities at 87 percent of our manufacturing and logistics sites in 2015.

80%

Focused around 80 percent of our community involvement activities in 2015 on health and wellbeing, education, poverty and disaster relief.

80

Founded summer camps for 80 families of migrant workers, designed to improve relationships with their children.

**We work with the communities surrounding our sites to advance the human condition.**

We believe that global citizenship begins at the local level. Using our time, technology, expertise and resources, we strive to effect change in the communities in which we operate globally. We focus on helping nonprofits provide underprivileged students with access to education, implement programs that benefit children and improve the lives of people in developing regions of the world.

Provided professional development training for 135 educators, and four full scholarships awarded in North Carolina.

135

Donated printers, a hard-surfaced recreation room and more than 50 educational games for 323 people with intellectual disabilities in Sorocaba, Brazil.

323

520

Developed psychological counseling and cultural programs for 520 children of migrant workers in China's Sichuan Province.

Provided access to safe drinking water for over 800 primary school students in Nanjing, China.

800

Donated disaster relief supplies including food, shelter, blankets, emergency and hygiene kits for people affected by the earthquake in Nepal and flooding in Chennai, India.

## Key Performance Indicators

Percentage of operations that have implemented local community engagement activities

2013	2014	2015
70%	86%	87%



Total local community engagement activities

2013	2014	2015
475	528	530



Total volunteers

2014	2015
15,966	13,952



Total volunteer hours

2014	2015
55,871	43,777



Comparable monetary investment related to volunteer hours (Million USD)

2014	2015
1.2	1.0



## Education

We work with educators around the world to help provide physical improvements and enhance teacher's skills and capabilities. These programs help enhance the learning environment for the local communities where we operate every day.



### Providing Professional Development for Educators

In 2013, the Flex Foundation awarded a grant to Discovery Place, Inc. in Charlotte, North Carolina, to help fund the creation of Discovery Place Education Studio. The multi-year grant assisted in providing four scholarships per year for K-12 educators to participate in a variety of professional development programs and workshops, which enhance science education skills for teachers. Additionally, the grant contributed to the renovation of the facility, creating state-of-the-art labs, design spaces, workshops, a resource center and the installation of cutting-edge technology. Eleven classes, trainings and field tests were offered in 2015. Of the 135 educators that attended, the grant from the Flex Foundation enabled three educators to attend a five-day workshop and one to attend a two-day and five-day workshop. Discovery Place Inc. is a nonprofit education organization dedicated to inspiring exploration of the natural and social world through exhibits and educational programs for audiences of all ages.

## Human Rights

Flex works to improve basic services and help people live longer and more fulfilling lives, which can start with something as simple as a safe glass of water at school or a place for parents to stay while their children undergo treatment.



### Temporary Housing for Families of Children Receiving Cancer Treatment

Semmelweis University's 2nd Department of Pediatrics (also known as Tűzoltó Street Children's Clinic), in Budapest, Hungary, is the largest children's oncology hospital in Hungary. The hospital treats half of the country's children diagnosed with cancer and/or leukemia. The hospital's Órzkó Közhazsnú Alapítvány (Guardians Foundation) provides temporary housing for patients' families that are non-residents of Budapest. In 2014, the Flex Foundation provided funding for the refurbishment of three apartments that had not received updates in 15 years. The remodeling, took place in 2015 at the Parents' Dormitory on Tűzoltó Street opposite the Children's Clinic. Refurbishment included repainting the walls, changing out the windows and doors and updating the furniture and utilities. For nearly 25 years the Guardians Foundation has worked to improve the conditions of children getting treated for cancer and leukemia, and to help with their rehabilitation. In 2015, 120 families have occupied the apartments.



### Safe School Drinking Water Project (CDRF) in Chengdu

In Nanjiang County, Bazhong City, China, students at a school in Hei'tan didn't have access to purified water. Instead, they had to drink water gathered from unsanitary sources. As a result, some of the children chose not to drink water throughout the day. In November 2014, the Flex Foundation awarded the Chinese Development and Relief Foundation (CDRF) with a grant to provide funds to install a purified water system. On May 29, 2015, the local Flex Chengdu teams attended the installation ceremony at the school. With the new water system, 800 students have 24-hour access to both warm and hot clean drinking water. As a result, the students now drink water much more frequently than before, which has contributed to their physical health and development while reducing illness. Estimated usage of the new purified water system, based on the number of students and breaks, is 1,460 times per day. Additionally, the grant from the Flex Foundation provided training to stakeholders on how to maintain the equipment and training for students on the topics of hygiene, sanitation and environmental protection. CDRF is a nonprofit that is dedicated to empowering workers and helping rural and urban areas to develop together.



### Bringing Hope and Healing to Survivors of Disasters

Flex supports Save the Children to provide disaster relief to areas where our employees live and work. Save the Children is the world's largest independent global movement for children, with nearly a century of experience in child-focused relief. In April and May of 2015, two major earthquakes with magnitude 7.3 rocked Nepal, with an estimated 4.2 million people affected, including Flex employees. In response to this disaster, Flex launched a global employee donation drive to benefit Save the Children. Additionally, this donation was matched by the Flex Foundation. Save the Children pooled this support with other funding to help earthquake survivors in many damaged communities by providing shelter materials, emergency medical care and making clean water available. In December 2015, heavy rains caused severe flooding in the Tamil Nadu and Andhra Pradesh areas of southern India, affecting more than 3 million people, including Flex employees in Chennai. In response, Flex supported Save the Children's relief for those affected. By pooling Flex's funding with that of other donors, the agency distributed food to 500 children and their families, provided relief such as food to community kitchens and made sure families also had tarps, blankets and mats to sleep on. Flex is proud to partner with Save the Children to bring hope and healing to those affected by disasters.



# Environment



**We are committed to safeguarding the environment.**

Flex's environmental management approach is intended to make all aspects of our business environmentally responsible and to avoid or mitigate negative impacts while helping our customers do the same. Flex has a global citizenship metrics system that enables tracking, monitoring and reporting of environmental performance on a consistent basis. We use that internal measurement system to improve the effectiveness of our Environmental Management approach.

## Key Performance Indicators

CO <sub>2</sub> Emissions Intensity (Tonnes/US \$M of revenue)			Water Withdrawn Intensity (m <sup>3</sup> /US \$M of revenue)			Waste Intensity (Tonnes/US \$M of revenue)			% of Recycled Water			Diversion Rate		
2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
50.1	42.5	46.1	535.2	493.6	531.8	5.49	5.17	5.82	3%	4%	5%	91%	91%	93%

## Goals and Progress

Target Year	Target	Target Year	Target
2015	15%	2015	5%
Acomplishment	20%	Acomplishment	8%
Progress	100%	Progress	100%



## Flex Energy Solutions

Flex Energy Solutions addresses an important market for Flex, highlighting our commitment to helping the world live smarter with a cleaner environment. Flex has a wide portfolio of production capabilities related to renewable energy, including solar, wind, energy storage, transmission & distribution, and smart metering. Proliferation of distributed generation and storage technologies is disrupting the power utility business model while at the same time creating more options for electricity consumers. The recent COP21 meeting in France, gathered 195 nations to discuss a new global agreement on climate change, with a goal of keeping global temperature rise well under 2 degrees Celsius. Renewable energy can deliver half of all emission reductions needed to meet this goal and stave off major climate impacts.

In September 2015, Flex finalized the acquisition of NEXTracker. NEXTracker designs and manufactures one of the world's most advanced single axis photovoltaic (PV) trackers, which orient PV panels to maximize energy output. NEXTracker has achieved significant industry breakthroughs in smart and connected tracking solutions that deliver high performance and flexibility for solar power plants of all sizes.

- » Flex Energy Solutions has shipped more than eight million panels on behalf of our customers worldwide.
- » 25% of smart metering systems in the US are produced by Flex Energy Solutions.
- » As of December 2015, Flex Energy Solutions has shipped more than 10 million micro-inverters worldwide.
- » NX Horizon from NEXTracker is being deployed in PV installations around the world at a rate of over 100 MW a week.

## Resource Conservation local programs

Flex is committed to operating efficiently for our customers, and our environment. We work to reduce CO<sub>2</sub> emissions in a range of areas, from modernizing lighting using Flex products to planting new trees. Furthermore, we're committed to work with each site to find waste reduction opportunities wherever possible.



### Committed to the Environment: Reforestation 2015 Aguascalientes, Mexico

Flex Aguascalientes held an event to help reforest the area on April 18, 2015. 100 pine trees were planted, which were obtained from a nursery garden created for these kinds of projects. The nursery garden was started in October 2011 with 1,450 pine seeds. 1,234 pines germinated, from which 337 saplings have been donated to educational, environmental and social entities as well as state municipalities. 148 trees were planted in our gardens. Flex employees and their families attended this event at the company location. Each family chose a pine tree and a place to plant it. The soil was enriched with a mixture of top soil generated from our composting process, and uses treated water captured onsite for irrigation.

The purpose of the nursery garden is to grow more trees and have a positive impact in the community by donating to educational institutions and those who are committed to protect the environment.



### LED light fixtures installation avoided around 18,000 tonnes of CO<sub>2</sub> emissions

During 2015 we replaced and installed 30,459 LED light fixtures manufactured by Flex Lightning Solutions in 12 countries (Brazil, Budapest, China, Hungary, India, Italy, Malaysia, Mexico, Poland, Romania, Switzerland and the USA). These changes resulted in the reduction of more than 25,700,000 kWh/year\*. This amount of savings could power more than 2,300 homes for one year. With the implementation of this global project we reduced CO<sub>2</sub> emissions by 18,000 tonnes, equivalent to the greenhouse emissions of 3,800 passenger vehicles driven for one year.

For support on implementing similar solutions go to: <http://www.lusiolighting.com/contactus/default.asp>

\* assuming 50 weeks per year, 6 days per week and 24 hours per day.





# Innovation

+536

Advanced Engineering Group (AEG) had over 536 students visit from multiple middle schools, high schools, universities and other countries. This is a great opportunity for students to understand how classroom knowledge can translate into real world applications and promote science, technology, engineering and math (STEM) education.

Several projects were implemented to create a more ergonomic environment for workers and to reduce waste generation.

Technology Innovation projects developed by Flex resulted in reduced carbon footprint, reduced waste and lowered energy consumption while still producing high quality products for our customers.

## We design intelligent products with sustainability in mind.

We provide technology-focused innovative solutions that improve the manufacturing process and product quality while providing a sustainable, ergonomically safe environment for our associates. Our goal is to be the industry leader in manufacturing/process technology while providing support and services through best-in-class innovative engineering solutions.

### Sustainable Design and Manufacturing

Our charter achieves results through a structured approach to enabling customers to meet their technological needs and deliverables. The outcome is sustained through use of world class best practices supporting all business segments and operations while leveraging the whole. Advanced Engineering Group (AEG) persists in its commitment to Flex's corporate, social and environmental responsibilities by creating innovative processes and solutions and by designing and developing ergonomically friendly equipment while improving work areas to reduce waste. Our engineering disciplines span Automation, Material Analysis, Reliability, Health and Safety, Best Practice, Process Technology Development and Intellectual Property (IP) Patents.

AEG continues its dedication to being an industry leader in advanced electro-mechanical technology-based, value-added assembly services and process development. Our work is continuously published in papers which we present to the industry through technical conferences. AEG is focused on creating Industry 4.0 through Intelligence of Things (IoT) and automation.

AEG is focused on developing IoT through smart factory development. These processes gather information throughout the manufacturing process to help improve productivity

and reduce waste. Through gathering this data, our engineers are able to maximize efficiency in processes to build products using optimal processes and environment.

Flex's second primary focus is automation. AEG is developing modular cells to perform process that are strenuous on associates. The modularity of these cells reduces waste and the same cell can be used to assist construction of multiple products. Our automation team is also installing 3D vision systems for safety in automated lines. This safety system reduces the amount of material needed to develop an automated cell by removing the need for an enclosure around the robotic arm. Personnel can easily navigate in an ergonomically safe environment around a robotic line. These combined improvements for Flex result in reduced carbon footprint, reduced waste and lowered energy consumption while still producing high quality products for our customers.



## Technology Innovation Projects

### Project Robotic Auto-Soldering

Automated soldering process solution in order to reduce fumes and material waste.

#### Objective

To improve soldering workmanship, reduce scrap and fumes when soldering components.

This automated soldering method implements an auto wire feeder, soldering head and fume extractor. This method can be used instead of wave soldering thus improving soldering precision, throughput and environmental safety.

#### Achievements

- » Robotic auto-soldering reduced amount of solder needed to perform the same task
- » Fumes extractor and filtration system created a healthier work environment
- » Increased operator safety
- » Improved the working lifespan of the process
- » 23 of these systems have been deployed at Flex.

### Project Semi-Auto Lifting System

Automated process solution for repetitive lifting to improve operator health.

#### Objective

Create a more ergonomic environment for workers.

This system is able to pick up a weight of 50 kilograms to a height of one meter. The lifting system is also able to rotate up to 180 degrees to make it easier for the operator to pick up the material in a safe manner.

#### Achievements

- » Ergonomic method introduced for moving materials
- » Improved operator health
- » Increased productivity
- » Reduced mishandling of products
- » Reduced scrap due to less drop damage.

AEG's ongoing research and development in wearable technology has resulted in antibacterial clothing improvements. This technology can be integrated into fabrics in hospitals, restaurants and homes. These improvements lead to healthier living environments by reducing the spread of diseases.

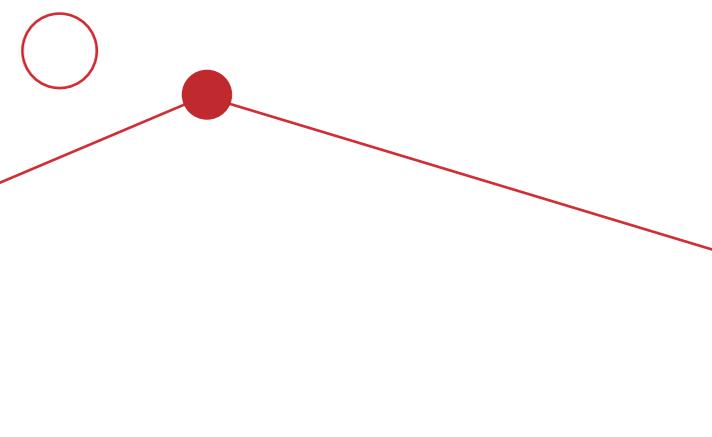


### Wearable Technology Smart Clothing

Wearable technology is fast growing industry across the world. Flex is deeply involved in these industries in order to discover new technologies that can benefit society. This has taken the form of many sensors and applications that provide useful information to the wearer. For a proof of concept, Flex created smart apparel. Our smart jacket incorporates multiple sensors, flexible circuits and different types of technology have been integrated into the fabric. One example is a wearable GPS sensor for locating and guiding someone to their destination. Another sensor is a breathalyzer for health and safety monitoring. A camera and LEDs have also been added to give signs and record events.

An electrocardiogram (ECG) sensor has been integrated into a smart shirt. The development for this sensor involved using oscilloscopes to monitor the frequency of a user's heartbeat. A module was then connected to the sensor that monitored the information and transmitted it to a smart phone through a Bluetooth connection. This sensor allows the user to see the peaks and valleys of their ECG to show how each part of the heart is performing.

All of this technology was developed to improve overall life quality.





# Integrity

## We operate ethically and lead with integrity.

Our commitment to the highest standard of ethics and integrity helps us earn the continued confidence of our employees, customers, investors, vendors and communities. Our Code of Business Conduct & Ethics (CoBCE) weaves that commitment into principles, standards and responsibilities that help guide our behavior and decision making processes. These principles include: Business Integrity, Non-Retaliation, Privacy, Responsible Sourcing of Minerals, Protection of Identity, Fair Business, Advertising and Competition, Intellectual Property, Disclosure of Information and No Improper Advantage.

98%

Overall completion rate of our Code of Business Conduct training was over 98%.

Provided comprehensive skill-based investigation training to our global team of compliance investigators.

Created a CoBCE training deck for use in face-to-face training highlighting key Code provisions and reporting resources.

50%

Decreased by 50% the average time to closure for our most serious investigations.

Continued review, assessment and improvement of our various compliance areas.

We developed new training which highlights key aspects of our Code of Business Conduct & Ethics including: workplace respect, health and safety, ethical dealing, no retaliation and reporting.

### Key Performance Indicators Goals and Progress

Code of Business Conduct and Ethics Training Completion

New Code of Business Conduct training to be completed by all eligible\* employees

2013 2014 2015  
96% 98% 98%



Target Year Target  
2015 — 100%  
Accomplishment — 98%  
Progress — 98%

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



### Driving Flex Code of Conduct Training Completion

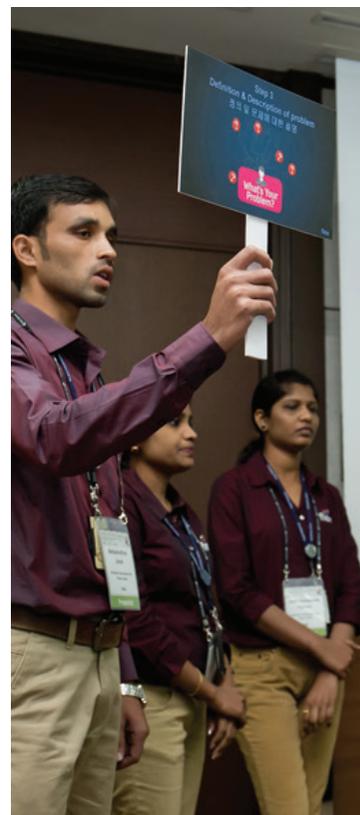
Our Code training is required annually and anticorruption training is assigned every two years. We actively monitor the completion rates for these trainings and engage our Business Leaders to help broadly disseminate the message that these trainings are critical to maintaining our culture of compliance. For 2015, our overall completion rate of our Code of Business Conduct training was over 98%. We rolled out a new on-line Code training course in January 2016.

In addition to on-line training we provide live training globally on key compliance issues to our executives and employees in a variety of forums such as leadership conferences, regional and corporate staff meetings and site level trainings. In 2015, we developed new training which highlights key aspects of our Code of Business Conduct & Ethics including: workplace respect, health and safety, ethical dealing, no retaliation and reporting. This training deck is available in 16 languages and is intended for use with our direct labor employees.

### Raising Concerns

We encourage employees and other stakeholders to report concerns to us about suspected unethical behavior. There are many ways for individuals to report potential Code violations and other ethics concerns, including our ethics hotline, email and direct communications to management, Human Resources or Flex Legal. In 2015 we received approximately 965 reports through our ethics hotline covering a variety of issues, including potential violations of the Flex CoBCE. We do not tolerate retaliation against anyone who in good faith asks a question or speaks up about possible misconduct.

All allegations of potential violations are reviewed by a cross-functional team comprised of representatives from Brand Protection, HR, Internal Audit and Legal. This team oversees the investigations and resulting corrective actions and discipline. We track all cases from initial reporting to closure and report case activity and trends to our Executive Sponsors on a quarterly basis. These reports include information such as the number of matters reported, primary issues, closure metrics and disciplinary actions.

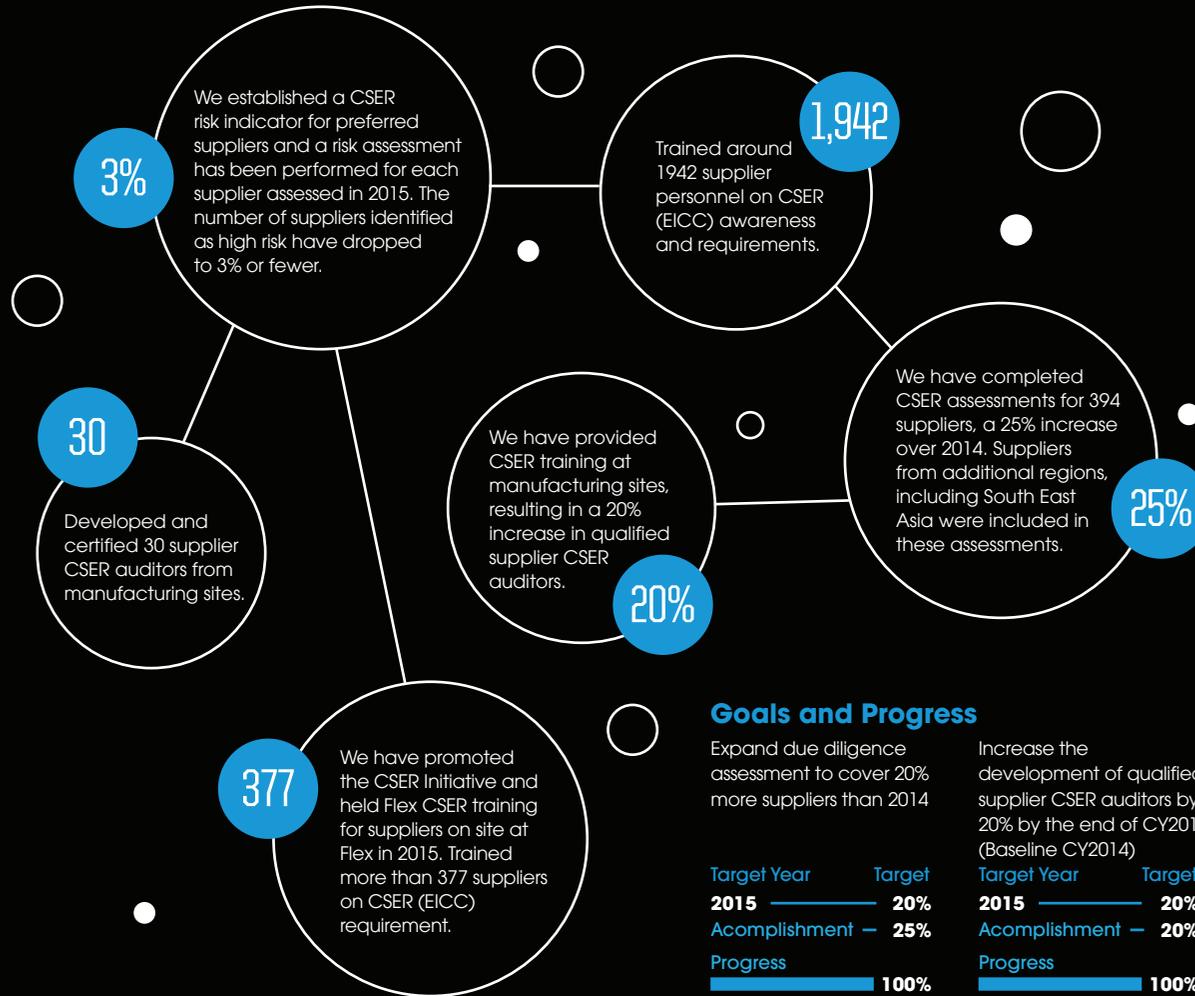


### Looking Forward: Setting Our Sights and Continuing our Mission

Flex seeks to continually improve its Corporate Compliance Program. To that end, we continually assess potential compliance risks and develop remedial efforts to address and mitigate those risks. In support of that mission, we have undertaken the following goals for 2016 and beyond:

- » Ensure 100 percent of eligible employees complete Flex Code training by end of 2016.
- » Provide tone-at-the-top training along with business management representatives at 10 of our highest risk sites by end of 2016.
- » Conduct face-to-face Code training at all Flex sites with a direct labor population by end of 2020.
- » Work with our compliance partners to significantly enhance our due diligence program for suppliers and other third parties with whom we do business by 2020.

# Sustainable Supply Chain



## CSER Supply Chain Performance Assessment

Flex has expanded its CSER supplier performance assessment to include monitoring of utilized labor agents. Seven labor agents were assessed in 2015. Flex has also expanded its physical audits for CSER compliance to more countries, expanding from suppliers located only in China into other regions of the world such as South East Asia, Europe and South America. The Flex CSER assessment consists of six sections, including Labor, Ethics, Labor and Ethics management systems, Health and Safety, Environmental and EHS management systems. In 2015, we initiated our CSER screening process for 213 new suppliers. This screening process includes supplier information collection, risk assessment and CSER assessment for the identified high risk suppliers.

A risk assessment was completed for 70% of these new suppliers, with the remainder still in progress. We are using cross-functional teams within Flex to increase the response rate from these suppliers. Categories included in the screening process: Human Rights (Child Labor, Discrimination, Freedom of Association and Collective Bargaining, Forced or Compulsory Labor), Labor Practices (Employment, Health and Safety, Incidents, Wages and Compensation, Working Hours), Impact on Society and Environmental Protection (non-product).

## Goals and Progress

Expand due diligence assessment to cover 20% more suppliers than 2014



Increase the development of qualified supplier CSER auditors by 20% by the end of CY2015 (Baseline CY2014)



**Flex is committed to continuously monitoring and driving compliance to Flex's CSER requirements throughout its entire supply chain. These CSER requirements are included in Flex CSER training, which aligns with EICC requirements. We require our suppliers to have a management system in place to ensure continuity and effectiveness of CSER activities and to mitigate potential risks. Our aim is to leverage the magnitude of our supply chain to make a positive impact in our industry.**

#### Working Hours Improvement Program

- » Since 2013, Flex has been requesting our suppliers' collaboration on reporting employees' monthly working hours for monitoring the status to ensure the suppliers' improvement.
- » To date, we have 52 suppliers in China reporting their data on working hours each month and 32 of these suppliers have submitted the monthly report for a full one-year cycle. Over 34,460 workers' working hour records were continually tracked in the past year.
- » Records indicating excessive working hours are highlighted and suppliers are required to provide reasoning and corrective action to ensure that they can improve in the subsequent months. Using this approach, we have been successful in reducing the level of excessive working hours for all participating suppliers.
- » After monitoring suppliers' progress by collecting and reviewing 12 months of working hours data, verification audits are arranged to verify that suppliers had limited working hours to meet the EICC requirement.
  - 70% of suppliers that were audited on-site for verification of improvement of excessive working hours corrected the issue to meet the EICC requirement.
- » If a supplier fails to meet monthly reporting requirements or fails to achieve the committed improvement plan, they will be identified as a high risk supplier. Flex will review the supplier risk and take appropriate action, which may include termination of the business relationship.

Flex values each supplier and aims to establish long-term partnership with them, so we put great efforts into ensuring suppliers are collaborative and capable of meeting Flex CSER requirements.

#### On-site CSER Training for Suppliers Project

One way we communicate our requirements to suppliers is through on-site CSER training, which also provides an opportunity for both Flex and our suppliers to meet face-to-face for sharing and discussion. In 2015, we provided on-site CSER supplier training, which was held in our Flex Zhuhai campus. In the training, we explained Flex CSER expectations for suppliers, our requirements, Flex's Supply Chain CSER management program and the updated EICC requirements. Flex shared good practices on CSER management with the suppliers and the suppliers also shared good CSER management practices with the group. At the end of this training, these suppliers commented on the value of this training and their interest in future training sessions from Flex.

#### Labor Agent Assessment Project

To ensure we have an ethical supply chain, we not only assess material suppliers, but also labor agent suppliers. We have performed CSER on-site audits on our major labor agent suppliers since 2015. Based on the audit results, the two most frequently identified issues are the lack of social insurance being provided to contracted workers who were dispatched and the labor agent not providing grievance channels for those dispatched workers.

# Awards & Recognition



## World's Most Admired Companies

**Recipient:** Flex.  
**Awarded by:** FORTUNE.  
The Most Admired list is FORTUNE's definitive report card on corporate reputations. To create industry lists, Korn Ferry Hay Group asked executives, directors, and analysts to rate companies in their own industry on nine criteria, from investment value to social responsibility. Flex was listed as the 8th most admired company in the Semiconductor industry.

## Flex Austria Supports Volunteer Firefighter Employees: Feuerwehrfreundlicher Arbeitgeber 2015

**Recipient:** Althofen, Austria.  
**Awarded by:** Wirtschaftskammer Österreich, Österreichische Bundesfeuerwehrverband.  
The award from the Austrian chamber of commerce and the Austrian Firefighter's association recognized companies that support firefighters in their lifesaving activities. In Austria firefighting is volunteer work. We have around 40 employees who work as firefighter beside their regular jobs. Besides sponsoring a close collaboration with the local fire brigade we individually support our Flex firefighters if they are joining fire brigade's development programs or trainings. In case of emergency they are allowed to leave their work and join the firefighting activities and don't have to take time off.



## Inclusive Company Award: Distintivo Empresa Incluyente, Gilberto Rincón Gallardo

**Recipient:** Guadalajara, Mexico.  
**Awarded by:** Secretaría de Trabajo y Previsión Social del estado (STPS).  
Given by the government to companies that enact policies that encourage a diverse work environment. Co-sponsored by the Servicio Nacional del Empleo Jalisco (SNEJ).



## Supplier of the Year

**Recipient:** Guadalajara, Mexico.  
**Awarded by:** OtterBox.  
This award is based on overall performance, using key metrics to measure responsiveness, consistency, on-time delivery, tactical execution and quality.



**Austrian Seal of Approval for company's health promotion: BGF-Gütesiegel Netzwerk (BGF stands for Betriebliche Gesundheitsförderung)**

Recipient: Althofen, Austria.  
 Awarded by: Bundesministerium für Gesundheit, der Kärntner Gebietskrankenkasse und dem Land Kärnten. This seal from the Federal Ministry of Health, the Carinthian Health Insurance and the Government of Carinthia is Austria's highest distinction for health initiatives within a company.



**Austin Water Utility's Excellence in Pretreatment Award**

Recipient: Austin, USA.  
 Awarded by: City of Austin, Austin Water. Austin Water Utility's Excellence in Pretreatment Award honors distinguished Significant Industrial Users (SIUs) who exhibit environmental stewardship by proactively preventing pollution and managing wastewater discharge. Pretreatment Award winners go beyond meeting effluent quality requirements by devoting significant time and attention to self-monitoring and reporting requirements, carefully designing a pollution prevention strategy, training staff and encouraging active participation throughout the organization.

**Flex Zhuhai Received Two Social and Environment Accountability (SEA) Awards Granted from Microsoft**

Recipient: Zhuhai, China.  
 Awarded by: Microsoft.  
 One of the SEA awards received by Microsoft is in recognition of a safety culture program that was implemented at Flex Zhuhai last year. The program encourages workers' participation, creates awareness to the hazardous risks of the working environment, and how to avoid accidents and injuries on the job. The other award recognizes a program called HERProject, which promotes women's health and awareness at the site.



**Pomeranian Employer of the Year Award: Pomorski Pracodawca Roku 2015**

Recipient: Tczew, Poland.  
 Awarded by: Pracodawcy Pomorza. Awarded to companies supporting economic development, social responsibility and a positive work environment.



# 20 by 2020 Goals

Flex is leading the way in the development of pioneering technologies, Sketch-to-Scale, advanced manufacturing and global citizenship.



### Live Smarter

We want to help the world live smarter - not just with what we design, engineer and build, but also with how we design, engineer and build products. We are technological and social innovators, and focus on creating practices and standards that actively improve the world in all the communities where Flex operates.

### United Nations 2030 Sustainable Development Goals

Flex has aligned its areas of focus to the following United Nations 2030 Sustainable Development Goals:

- » **Decent Work and Economic Growth**  
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- » **Quality Education**  
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- » **Affordable and Clean Energy**  
Ensure access to affordable, reliable, sustainable and modern energy for all.
- » **Responsible Consumption and Production**  
Ensure sustainable consumption and production patterns.



**Goal 1** Increase the average **training** reach of employees by 5 percent year over year (Base year 2016).

**Goal 2** Audit 100 percent of all Flex manufacturing sites to ensure regulatory and **Flex Pledge compliance**.

**Goal 3** Train new employees on **Flex human rights policy**, with a 95 percent or higher completion rate.

**Goal 4** Ensure **full compliance** with **EICC rest day requirements**.

**Goal 5** Promote a **zero injury culture** and achieve a **reduction in the global injury and occupational disease rate** of at least 10 percent (Base year 2015).

Flex has established 20 goals targeted for 2020 that reflect our commitment to the highest standards around People, Community and Environment. Innovation and Integrity are core elements of our leadership as better corporate citizen and ensuring our supply chain does the same.

## COMMUNITY



**Goal 6** Increase **global volunteer hours** by 15 percent (Base year 2015).

**Goal 7** Keep the percentage of sites with implemented **local community engagement** activities at 90 percent or higher.

**Goal 8** **Improve the technical and vocational skills of manufacturing employees** by partnering with an NGO to develop a Live Smarter at Work Program at 20 supplier sites.

**Goal 9** Partner with nonprofit organizations to provide **life-long learning, technical and vocational skills and innovation & entrepreneurship** at 100 percent of our sites that have an employee population of over 5,000.

## ENVIRONMENT



**Goal 10** **Reduce CO<sub>2</sub> emissions** by at least 10 percent normalized to revenue (Base year 2016).

**Goal 11** **Increase the utilization of renewable energy** by deploying a minimum of 2 megawatts of solar annually and/or by procuring the same amount of power from third party renewable sources.

**Goal 12** **Reduce overall water consumption** by at least 10 percent absolute (Base year 2015).

**Goal 13** **Increase recycled water** rate by 10 percent (Base year 2015).

**Goal 14** Achieve and **maintain a diversion rate of waste from manufacturing processes** at or above 95 percent.

**Goal 15** Flex Energy Solutions will have manufactured enough **solar PV modules to power 3.5 million homes**.

**Goal 16** **Flex Energy Solutions' renewable energy systems** will provide electricity to the grid at a cost 5 percent less expensive than the average cost from fossil fuel sources.

## INTEGRITY



**Goal 17** **Conduct in-person Code of Conduct training** at 100 percent of Flex sites with direct labor employees.

**Goal 18** **New Code of Business Conduct training to be completed** by 100 percent of eligible employees.\*

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

## SUPPLY CHAIN

**Goal 19** Increase percentage of suppliers (Flex tier 1 and Flex-controlled) who **completed CSER training** by 10 percent annually (Base year 2015).

**Goal 20** Keep percentage of all new Flex-controlled suppliers screened on social and environmental criteria at 85 percent or higher.

