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Supply chain sustainability program

GHG emissions reduction target setting

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Commitment from our CEO



Revathi Advaiti, CEO, Flex

Sustainability, including environmental, social and corporate governance (ESG), has long been the bedrock of Flex operations. Now more than ever, it's important for us to do our part and contribute to a sustainable future.

As we aim to become the most trusted partner in manufacturing, we have a responsibility to not only deliver on our stakeholders' expectations but to do so in a sustainable manner. We are well-positioned to deepen our sustainability commitment by building on our investments and experiences of years past. To this end, we are working toward:

- [our most ambitious goals yet with a timeline to meet them by 2030](#)
- commitment to net-zero by 2040
- continue working towards [Science Based Targets initiative](#)
- commit that 50% of our 'Preferred Suppliers' will set their own GHG emissions reduction targets by 2025 and 100% by 2030

Supplier Greenhouse Gas Emission Program

Flex has adopted greenhouse gas emissions reduction targets necessary to meet the Paris agreement goals, limiting global warming to 1.5°C above preindustrial levels.

Flex approach



In order to support [Flex's 2030 goals](#), the supplier sustainability team launched a GHG emission reduction program with our preferred suppliers and in partnership with CDP (formerly known as the Carbon Disclosure Project) to help us achieve our GHG emission reduction goals.

Since January 2023, to remain in the PSP, suppliers will be required to commit to have an emissions reduction target within 3 years from the approval date in the PSP



Emissions reduction targets

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What is an emissions reduction target?

It's the reduction percentage that a company has defined for their Green House Gas emissions.

These targets help the organization to reach sustainability goals, these targets can impact areas such as financing, business and new opportunities such as clients.



Why do we need targets?

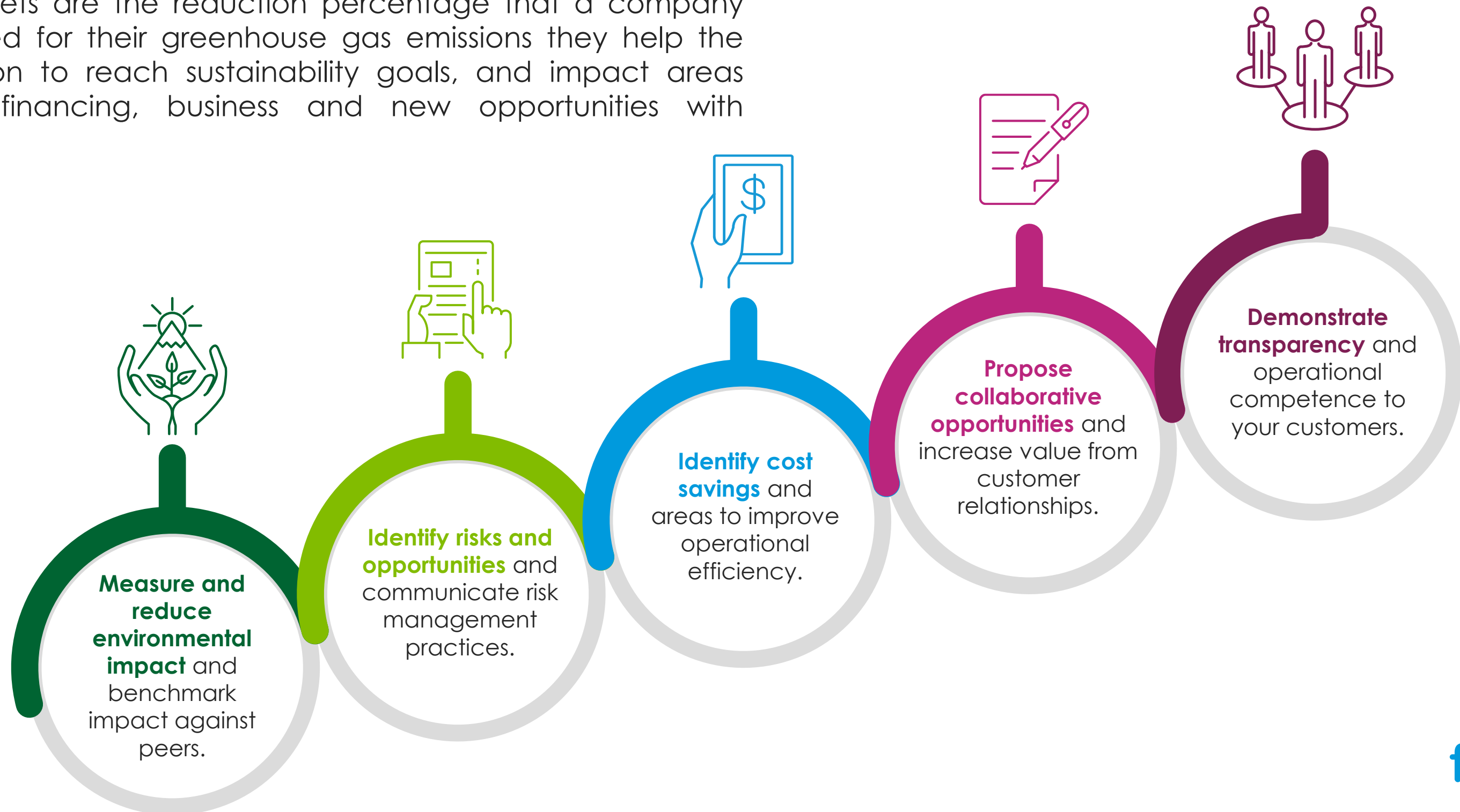
“Business leaders have a crucial role to play, by putting nature at the core of their processes and decision-making and systematically identifying, assessing, mitigating and disclosing nature-related risks to avoid severe consequences”

World Economic Forum , Nature risk rising why the crisis engulfing nature matters for business and the economy.

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Importance of setting emissions reduction targets

These targets are the reduction percentage that a company has defined for their greenhouse gas emissions they help the organization to reach sustainability goals, and impact areas such as financing, business and new opportunities with customers.



How to start identifying and setting your targets?



Types of emissions targets

Type	Explanation	Example units
ABSOLUTE	Total quantity of greenhouse gas emissions emitted	<i>Tons CO₂e reduced</i>
INTENSITY	Compares the emissions to some <u>unit of economic output</u>	$\frac{\text{Tons CO}_2\text{e}}{\text{Revenue / product}} \text{reduced}$

9 * CO2e is the normalized unit to measure greenhouse gas emissions that encompasses CO2 as well as other GHG gases



In order to have a structured target, the following elements are required in your disclosure:

Absolute target (7.53.1 & 20.16.1):

1. Scope(s)
2. Covered emissions in base year (metric ton CO₂e)
3. Target year
4. Targeted reduction % from base year
5. Target Status

Intensity target (7.53.2 & 20.16.2):

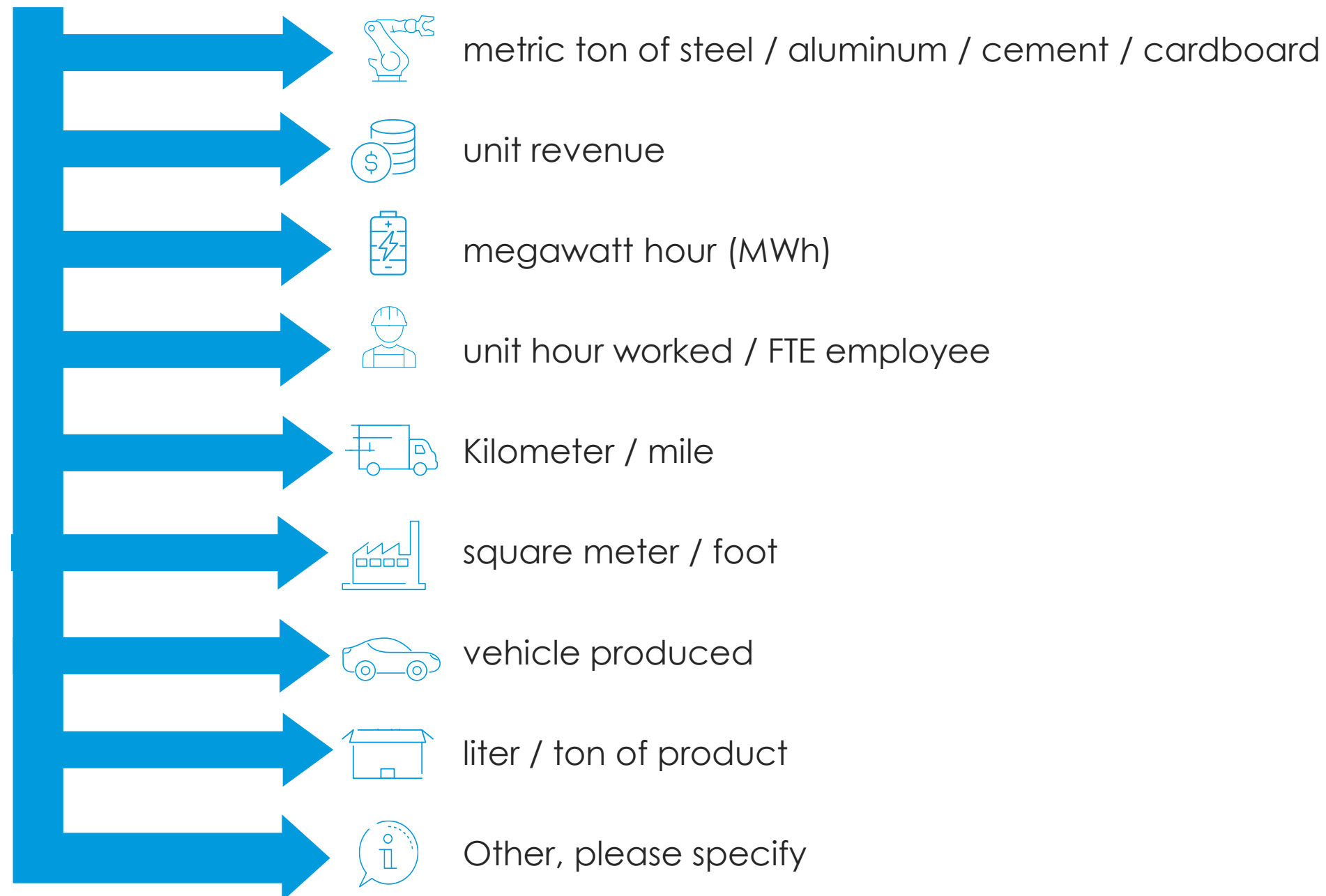
1. Scope(s)
2. Intensity Metric
3. Intensity Figure in base year
4. Target year
5. Target reduction %
6. Target Status

*Flex asks you to at least have one GHG Emissions reduction target, it can be absolute or intensity.

Intensity metric options (units)

Metric tons CO₂e

Business activity metric



Intensity target elements:

1. Scope(s)
2. **Intensity metric**
3. Intensity figure in base year
4. Intensity figure in reporting year
5. Target year
6. Target reduction %
7. Target status

Intensity and absolute target

Example

These are the elements your target must include to comply with Flex requirements.

Valid Absolute Target

- 1 **Scope:** Scope 1 and Scope 2
- 2 **Target year:** 2030
- 3 **Emissions covered:** 851,987 ton CO₂e
- 4 **Targeted reduction %:** 52%
- 5 **Target status:** Underway

Valid Intensity Target

- 1 **Scope:** Scope 2 (market based)
- 2 **Target year:** 2029
- 3 **Intensity metric:** $\frac{\text{Metric tons CO}_2\text{e}}{\text{Metric ton of steel}}$
- 4 **Intensity Figure in base year:** 0.005
- 5 **Target Status :** New
- 6 **Target reduction %:** 32%



Renewable energy targets

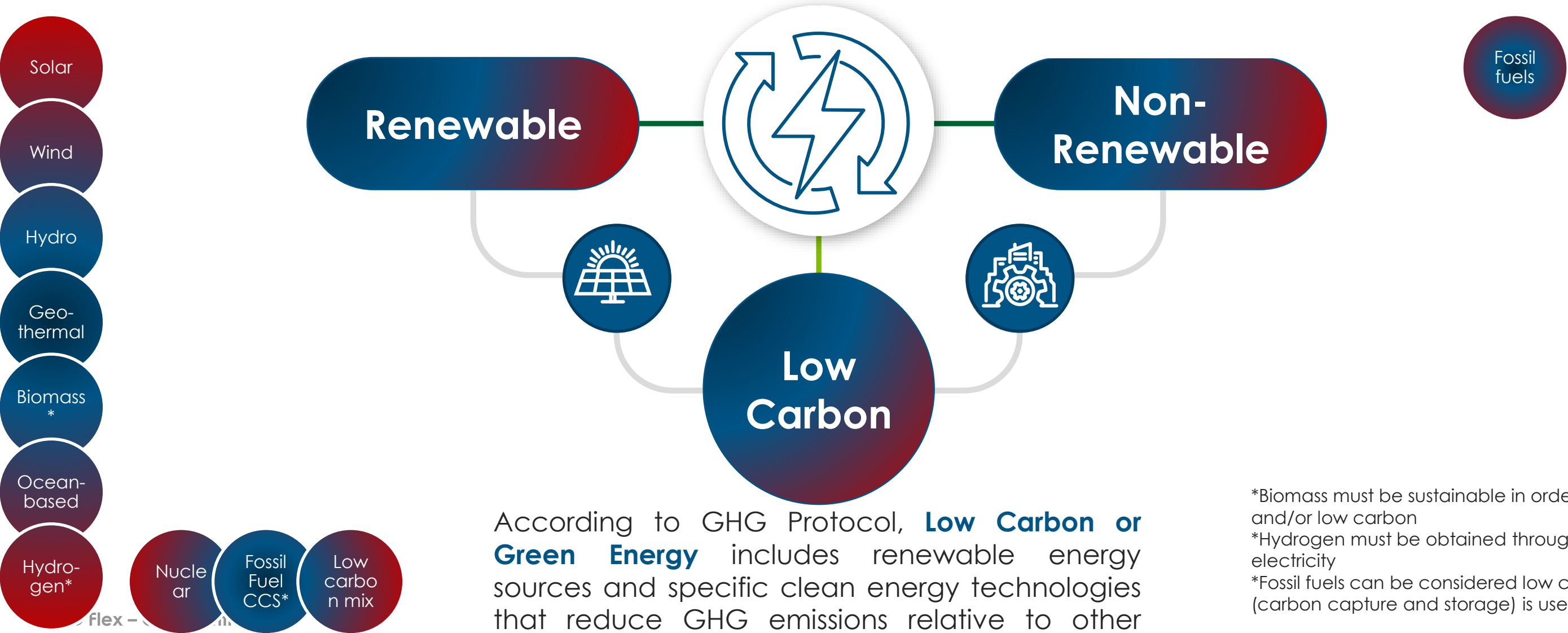
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Energy sources

Renewable, non-renewable and low carbon energy.

According to GHG Protocol, **renewable energy** are fuels and energy obtained from sources that are ultimately replenished from natural solar and gravitational energy flows.

Non-renewable energy are fuels and energy obtained from sources that will not be replenished in our lifetime.



According to GHG Protocol, **Low Carbon or Green Energy** includes renewable energy sources and specific clean energy technologies that reduce GHG emissions relative to other sources of energy.

*Biomass must be sustainable in order to be renewable and/or low carbon
*Hydrogen must be obtained through renewable electricity
*Fossil fuels can be considered low carbon if a CCS (carbon capture and storage) is used

Energy target (7.54.1 & 20.16.3)

In question 7.54.1 CDP will request an **energy target**, regarding low carbon and/or renewable energy.



This target could be aligned to an emission reduction target or initiative, such as RE100 or SBTi.

A single organization can have **more than 1 energy target** due to a change in coverage, energy carrier, target amount and year.

*All energy carriers must be selected

Renewable energy target

Example

CDP analyzes your data in order to consider the maturity and validity of your target, this is an example of a complete input data.

Valid RE Target

- 1 **Year target was set:** 2020
- 2 **Target coverage:** China
- 3 **Energy carrier:** All energy carriers
- 4 **Activity:** Consumption
- 5 **Source:** Renewable energy
- 6 **Base year data:** 2019 (year), 0MWh (RE consumption), 0% (RE Share)
- 7 **Target year data:** 2030 (year), 350,00MWh (RE consumption), 100% (RE Share)



Interactive case study

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Absolute Target

Company's business activity	Emissions			Energy			CY 2024 Revenue
	Scope 1	Scope 2	Scope 3	RE Consumption	Non RE	Energy Tot	
Packaging	1'571,562	477,463	5'173,805	0	29'422,578	29'422,578	250 Millions USD

Set an **GHG Emissions reduction absolute target**

Absolute Target Elements	Scopes(s) -Scope 1 -Scope 2 Location-based -Scope 2 Market-based -Scope 3	Covered Emissions in Base Year (Metric ton CO2e)	Target Year	Targeted reduction % from base year	Target Status -New -Underway -Achieved -Achieved & maintained -Expired -Revised -Replaced
Elements (Your answer)					

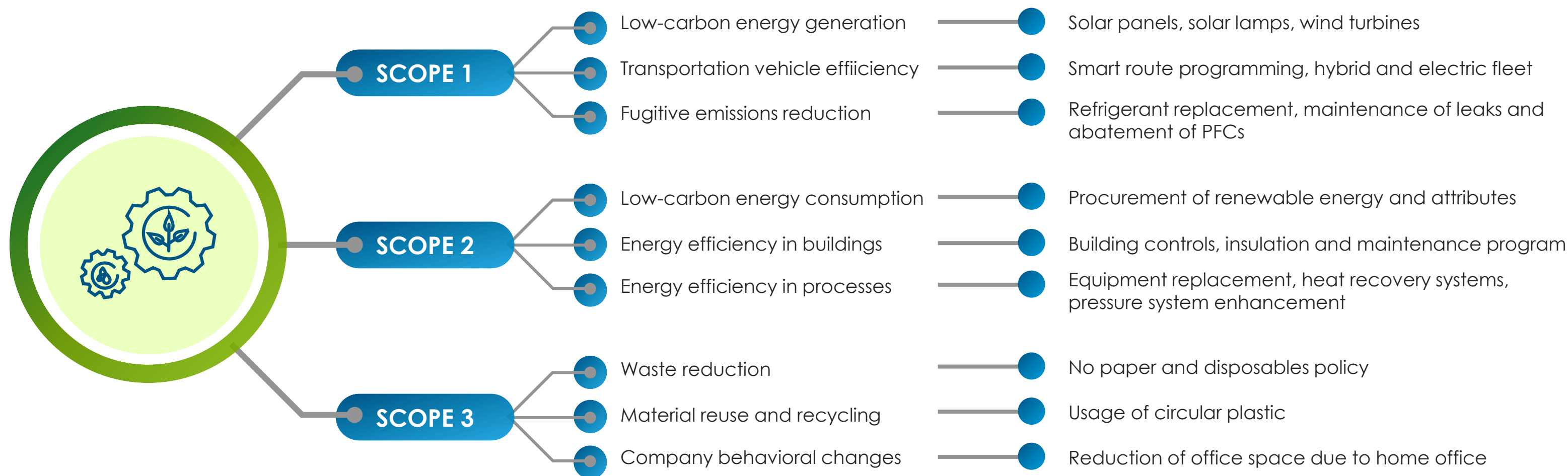
Renewable energy target

Company's business activity	Emissions			Energy			CY 2024 Revenue
	Scope 1	Scope 2	Scope 3	RE Consumption	Non RE	Energy Tot	
Packaging	1'571,562	477,463	5'173,805	0	29'422,578	29'422,578	250 Millions USD

Set a **renewable energy target**

Energy target Elements	Target year	Target coverage	Energy carrier*	Activity	Source	Base year with energy data	Target year with energy data
Elements (Your answer)							

Greenhouse gas emission reduction activities





FAQs and Resources

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2025 GHG Questionnaires



CDP QUESTIONNAIRE

Start date: May 2025

Deadline: Sep 2025

RBA – EMISSIONS MANAGEMENT TOOL

Start date: TBD

Deadline: TBD



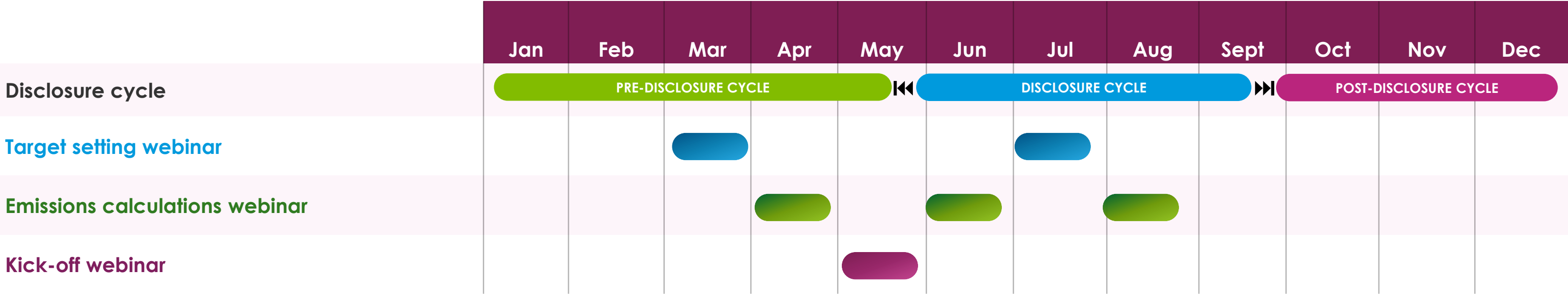
FLEX SUSTAINABILITY SURVEY

Start date: May 2025

Deadline: Sep 2025

Note: You only need to answer 1 questionnaire, that Flex will assign to you.

2025 GHG program timeline



◀◀ Sustainability questionnaire **launch**
▶▶ Sustainability questionnaire **closure**

Webinar dates:

- **Target setting**
AME & EU: **March 11th**
Asia EN: **March 12th**
Asia CH: **March 13th**
- **Kick-off**
AME & EU: **May 13th**
Asia EN: **May 14th**
Asia CH: **May 15th**
- **GHG emissions**
1st AME & EU: **April 8th**
1st Asia EN: **April 9th**
1st Asia CH: **April 10th**
- **Target setting**
1st AME & EU: **July 15th**
1st Asia EN: **July 16th**
1st Asia CH: **July 17th**
- **GHG emissions**
2nd AME & EU: **June 17th**
2nd Asia EN: **June 18th**
2nd Asia CH: **June 19th**
- **GHG emissions**
3rd AME-EU: **August 12th**
3rd Asia EN: **August 13th**
3rd Asia CH: **August 14th**

- **Pre-disclosure**
Flex invitation to suppliers
- **Disclosure**
Supplier fill-in and submit the questionnaire
Webinars from Flex to support suppliers in their disclosure
- **Post-disclosure**
Discuss results with suppliers and send feedback, and hold suppliers accountable for on-going improvement
Work with suppliers to explore collaborative opportunities
Suppliers continue their environmental journey

Personalized sessions
During all disclosure cycle

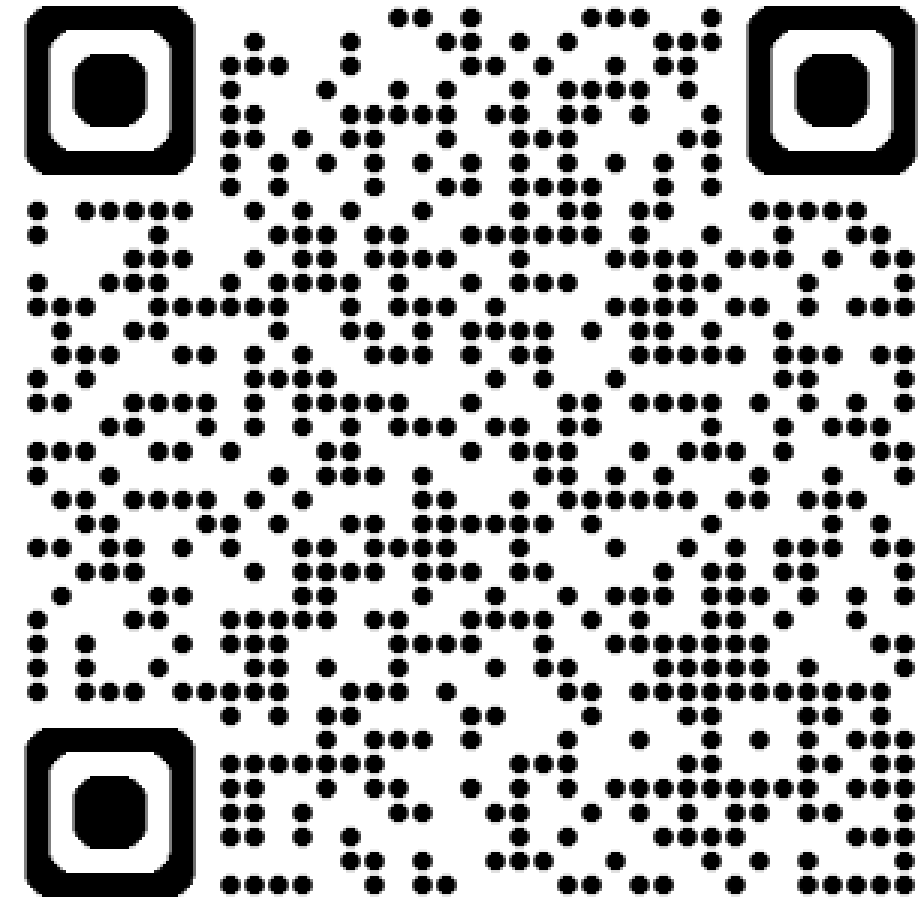
Supply Chain Sustainability Programs Webpage

Flex has created an external webpage for suppliers to revisit emission and energy calculation trainings.



You will be able to find the following materials:

- Webinar recordings
- Emission and energy calculation tools
- Presentations



<https://flex.com/solutions-and-services/supply-chain/sustainability-programs>

Further useful resources

Resources for Disclosure:

- ✓ [CDP Guidance for Companies](#)
- ✓ [CDP FAQs – Find answers to common queries](#)
- ✓ [CDP Supply Chain Report: Changing the Chain](#)
- ✓ [CDP-ACS: Guidance for Company Classification](#)
- ✓ [Working 9-5: A guide for Small Office Based Organizations'](#)
- ✓ [Hot Climate, Cool Commerce: A Service Sector Guide to Greenhouse Gas Management](#)
- ✓ [CDP On-Demand Technical Support:](#)

For all geographic regions, contact
<https://casemgmt-crm.cdp.net/>

GHG Emissions Accounting and Science-Based Targets:

- ✓ [GHG Protocol Corporate Standard](#)
- ✓ [GHG Protocol Calculation Tools](#)
- ✓ [CDP Technical Note on Science-Based Targets](#)
- ✓ [FAQs- The Science Based Targets Initiative](#)

RBA EMT website:

- ✓ [RBA Sharefile → FAQs, Survey Guide and more](#)
- ✓ [RBA's upcoming webinars](#)
- ✓ [RBA information about EMT](#)

If you require support from Flex, please send us an email to:

- ✓ [Flex GPSC Sustainability](mailto:flex.gpsc@flex.com) (flex.gpsc@flex.com)
- ✓ Contact your GCM

Please help us improve by answering a **quick survey** that will launch after the webinar



Thank You

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