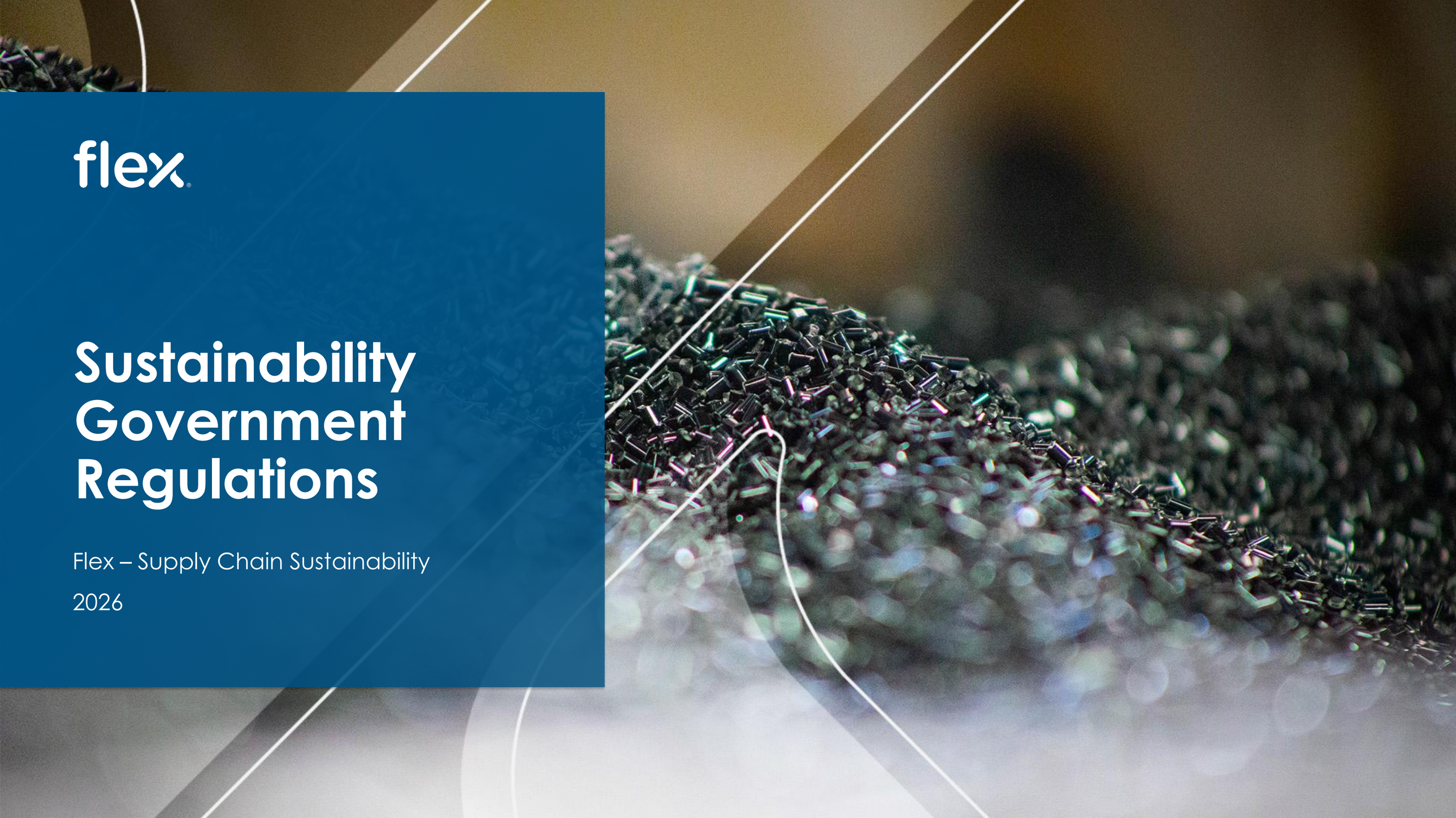


Sustainability Government Regulations

Flex – Supply Chain Sustainability

2026

Sustainability regulations



Sustainability regulations and customer requirements are rapidly increasing across areas such as emissions reporting, responsible sourcing, material disclosures, due diligence, and supply chain sustainability performance.

To support compliance with these evolving requirements, Flex asks suppliers to acknowledge and meet applicable sustainability expectations.

Transparency and timely sustainability data are critical to achieving regulatory compliance, meeting customer requirements, strengthening supply chain resilience, and enabling future business opportunities.

Sustainability Regulations Landscape

Uyghur Forced Labor Prevention Act - UFLPA

The Act prohibits import of goods produced* in the XUAR* region or by certain identified companies by the U.S. government, unless the importer can demonstrate with clear and convincing evidence that the goods were not produced using forced labor.

PFAs disclosure

Reporting rule requiring manufacturers and importers of PFAs or PFAs-containing articles to report them through EPA's Central Data Exchange, and maintain data records for 5 years.

Securities and Exchange Commission GHG Legislation - SEC

TProposal to disclose GHG emissions, climate-related risks, and financial impacts. The SEC has proposed rescinfing the disclosure rules – applicability to be confirm by authorities.

Climate Corporate Accountability Act*

Climate disclosure framework requiring certain companies to disclose GHG emissions, climate-related risks and mandates to disclose carbon credits transactions.



EU Corporate Sustainability Reporting Directive - CSRD

Requires EU businesses, including qualifying EU subsidiaries of non-EU companies, to disclose environmental and social impacts, and how ESG actions affect their business

EU Corporate Sustainability Due Diligence Directive - CSDDD

Requires companies to identify, prevent, mitigate and address human rights and environmental impacts throughout the entire supply chain of businesses.

Carbon Border Adjustment Mechanism - CBAM

Carbon tariff mechanism for carbon-intensive imported products, including steel, cement and some electricity.

EU Restriction on Russian Steel

Regulation prohibiting the import of Russian-origin steel and iron goods into the European Union.

European Deforestation Regulation - EUDR

Requires companies to ensure products are deforestation-free and supported by due diligence, traceability and documentation.

EU Packaging and Packaging Waste Regulation - PPWR

EU regulation governing packaging and packaged goods placed on the EU market. It introduces requirements on packaging design, recyclability, recycled content, labelling, documentation, and responsibility across the packaging value chain

* (1) whole or part of the good produced.
* (2) View Acronyms slide
* (3) Only applicable in California

Where are regulations coming from?

Countries are driving sustainability requirements through regulations



European Union

Their regulations include:

- **CSRD: EU Corporate Sustainability Reporting Directive**
- **CSDDD: EU Corporate Sustainability Due Diligence Directive**
- **CBAM: Carbon Border Adjustment Mechanism**
- **EUDR: European Deforestation Regulation**
- **PPWR: Packaging and Packaging Waste Regulation**
- **EU Restriction on Russian Steel**

European countries have launched other regulations such as *German Supply Chain Act, Child Labour Due Diligence Act, Vigilance Law* and others.



USA

Their regulations include:

- **UFLPA: Uyghur Forced Labor Prevention Act**
- **SEC: Securities and Exchange Commission GHG Legislation**
- **Climate Corporate Accountability Act***
- **PFAs: Per- and Poly-Fluoroalkyl Substances disclosure**

*Only applicable in California

What is expected from suppliers?



Stay connected

Data requested by sustainability regulations is enforcing an open and continuous communication with our supply chain to improve transparency and clarity



Comply with sustainability data

Support Flex with the information requested*, such as emissions, energy, climate-related risks, material proof of origin, certificates among others to comply with sustainability regulations



Enhance sustainability maturity

The continuous improvement in your sustainability journey will allow you to have more transparency towards Flex, customers and the industry

*Requests and expectations vary in each regulation

Carbon Border Adjustment Mechanism CBAM

European regulation applicable for Flex's supply base

CBAM

The Carbon Border Adjustment Mechanism (CBAM) entered into force in **May 2023.**

The regulation entered its definitive phase **in January 2026**

It introduces ongoing obligations related to emissions reporting, compliance verification, and carbon cost management for covered imports into the EU

The European Union Carbon Border Adjustment Mechanism (CBAM) aims to prevent carbon leakage by applying a carbon cost to certain carbon-intensive goods imported into the European Union. CBAM currently covers sectors such as iron and steel, aluminum, cement, fertilizers, electricity, and hydrogen.

As of January 2026, the mechanism has entered its definitive phase. Importers are no longer focused solely on emissions reporting and must now support broader compliance activities, including carbon cost management and compliance verification requirements.

As an importer into the EU, **Flex is responsible for ensuring compliance** with applicable CBAM requirements for products imported into the EU.

To meet these obligations, **Flex requires the cooperation and support of its suppliers** and their upstream supply chain partners.

Notes:

- The CBAM Regulation currently covers cement, iron and steel, aluminum, fertilizers, electricity and hydrogen. This list may be expanded by the EU.

CBAM Transitional &Definitive Phases

Regulation requirements changes

	Transitional	Definitive
Commodities	**Steel, aluminum**, cement, fertilizers, hydrogen and electricity	**Steel, aluminum**, cement, fertilizers, hydrogen and electricity. More CN codes were included.
Reporting disclosure	Quarterly basis	Yearly basis
Emission default values	Permitted	Shall be approved by Flex
Emission disclosure	✓	✓
Emissions verification		✓
Certificates purchase		✓
EU penalties for non-compliance		✓



CBAM Supply Chain Expectations

Flex's supply chain is expected to:

1. **Provide accurate and complete data** regarding the direct and indirect greenhouse gas emissions associated with CBAM-covered products supplied to Flex, in accordance with applicable CBAM reporting methodologies and timelines.
2. **Respond promptly to Flex requests** for emissions data, supporting documentation, and product-level information when Flex acts as the Importer of Record.
3. **Comply with all applicable CBAM obligations** when the supplier acts as the Importer of Record, including submission of required reports and maintenance of supporting records.
4. **Communicate CBAM requirements throughout their supply chain** and take appropriate measures to ensure the accuracy, availability, and traceability of emissions data provided by sub-suppliers.
5. **Maintain records and evidence** supporting emissions calculations and CBAM compliance and provide such documentation to Flex within 48 hours upon request, or within any other timeframe required by applicable regulations.
6. **Notify Flex promptly of any changes** that may impact the accuracy of emissions reporting, CBAM compliance status, or the methodology used to calculate emissions.

Failure to provide required emissions data or supporting documentation may affect Flex's ability to comply with its regulatory obligations and may result in additional supplier engagement or corrective action requirements.

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European Union Deforestation Regulation

EUDR

The EU Deforestation Regulation took effect in June 2023.

It has 2 compliance deadlines:

- Large operators by December 2026
- Small operators by June 2027.

The regulation requires companies to demonstrate that covered products are deforestation-free and produced in accordance with applicable laws.

EUDR requires companies to demonstrate that covered products are deforestation-free and comply with origin country laws.

EUDR applies to **rubber*, wood*,** cattle, cocoa, coffee, oil palm and soya as primary covered commodities.

Compliance requires due diligence supported by geolocation information, traceability records, supplier documentation, and risk assessments across the supply chain.

Flex is responsible for ensuring compliance with the EUDR as it emphasizes traceability requiring strong data collection and collaboration with suppliers.

To meet these obligations, **Flex requires the cooperation and support of its suppliers** with traceability details, origin data, and legal compliance evidence for raw materials and products.

Packaging and Packaging Waste Regulation

PPWR

The EU Packaging and Packaging Waste Regulation (PPWR) **entered into force in February 2025.**

It applies from **August 2026** and **introduces phased requirements through 2030** and beyond.

PPWR establishes harmonized EU requirements for all packaging and packaged products placed on the European Union market, **covering the entire packaging lifecycle from design to waste management.**

Flex is responsible for ensuring compliance with PPWR requirements for packaging and packaged goods placed on the EU market through its applicable legal entities. **Compliance requires robust documentation, traceability, and supplier collaboration.**

To meet these obligations, **Flex requires the cooperation and support of its suppliers** by providing packaging composition data, Declaration of Conformity (DoC), recyclability information, recycled content data, labeling information, and other compliance evidence as applicable.

Packaging and Packaging Waste Regulation Timeline

August

2026

PPWR applies. Documentation, DoC, packaging minimization, substance restrictions, and EPR obligations become mandatory.

August

2028

Harmonized EU labeling requirements apply.

Packaging must include standardized labeling and sorting information to support identification, collection, and recycling across the EU.

January

2030

Recycled content targets, recyclability performance requirements, reuse targets, and packaging optimization obligations become applicable.

2035 -2040

Packaging must be recyclable at scale, additional reuse objectives apply, and higher recycled content targets become mandatory for relevant plastic packaging.

Annex

Sustainability Resources for Flex's Supply Base

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



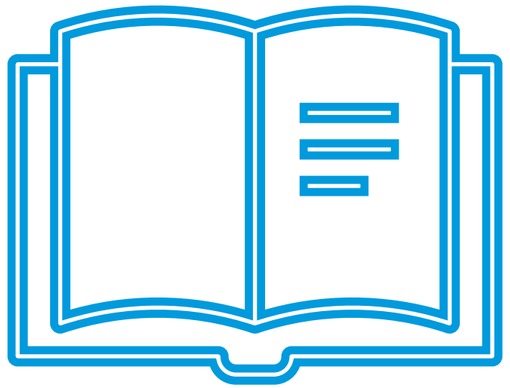
You will be able to find the following materials:

- Webinar recordings
- Emission and energy calculation tools
- Presentations

https://flex.com/solutions-and-services/supply-chain/sustainability-resources-for-flexs-supply-base

Acronyms

1. CSRD: EU Corporate Sustainability Reporting Directive
2. CSDDD: EU Corporate Sustainability Due Diligence Directive
3. CBAM: Carbon Border Adjustment Mechanism
4. EPA: Environmental Protection Agency
5. EUDR: European Deforestation Regulations
6. PFAs: Per- and Poly-Fluoroalkyl Substances
7. SEC: Securities and Exchange Commission GHG Legislation
8. UFLPA: Uyghur Forced Labor Prevention Act
9. USA: United States of America
10. XUAR: Xinjiang Uyghur Autonomous Region of China
11. PPWR: Packaging and Packaging Waste Regulation



Regulations in detail:

Corporate Sustainability Reporting Directive

European Union (EU) legislation, effective from 5 January 2023, that requires EU businesses—including qualifying EU subsidiaries of non-EU companies—to disclose their **environmental and social impacts,** and how their environmental, social and governance (**ESG) actions affect their business.**

Corporate Sustainability Due Dilligence Directive

European Union (EU) introduce requirements to identify, prevent, bring to an end, or mitigate actual and potential impacts of corporate activities on the environment and human rights. Due diligence will be mandatory for companies operations and their value chain.

California Law

Divided into 2 sections:

1. The SB-253 Climate Corporate Data Accountability Act mandates large companies to annually disclose their greenhouse gas emissions.
2. S.B. 261 mandates large companies in California (over $500 million revenue) to disclose climate-related financial risks, covering direct and indirect impacts.

Regulations in detail:

Carbon Border Adjustment Mechanism

Carbon tariff on carbon intensive products, such as **steel, aluminium,** cement and some electricity, imported to the European Union. Takes effect in 2026, with reporting starting in 2023.

EU Deforestation Regulation

Requires due diligence obligations for companies to trace the origin of their products. Covers a wide range of commodities and products, including Soy, Palm oil, Cattle (beef and leather), Wood, Coffee, Cocoa, and Rubber. Applicable to final products entering or leaving the EU.

EU Restriction on Russian Steel

The EU and UK adopted a restriction to no longer allow to import or purchase, directly or indirectly, iron and steel products as listed in Annex XVII of the Regulation (EU) 2023/1214 when processed in a third country incorporating iron and steel products originating in Russia.

EU Packaging and Packaging Waste Regulation

Establishes harmonized EU requirements for packaging and packaged products placed on the European Union market. Covers packaging design, recyclability, recycled content, labeling, and documentation requirements across the packaging lifecycle. Requires traceability and supporting compliance evidence throughout the supply chain.

Regulations in detail:

PFAs Substances

The Environmental Protection Agency requests a yearly report on PFAs usage for electronics manufacturing and 5-year data storage.

The European Chemicals Agency requested a restriction proposal in February 2023.

Securities and Exchange Comission ESG

The SEC's proposal on ESG includes companies to disclose greenhouse gas emissions, climate-related risks, and their financial impacts, alongside how these risks affect their strategy and business model. This disclosure model requires **supply chain transparency on climate risks and mitigation strategies**, enhancing operational resilience and investor confidence.

UFLPA Regulation

Prohibits import into the U.S. of goods produced using forced labor, or by certain companies identified by the U.S. government who uses forced labor, unless the importer can demonstrate with clear and convincing evidence that those goods were not produced using forced labor.

External links/resources

1. CBAM: https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en
2. EUDR: https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en
3. PPWR: https://eur-lex.europa.eu/eli/reg/2025/40/oj/eng
4. UFLPA: https://www.cbp.gov/trade/forced-labor/UFLPA
5. Russian steel: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1214
6. PFAs: https://www.epa.gov/pfas https://echa.europa.eu/hot-topics/perfluoroalkyl-chemicals-pfas
7. SEC ESG: https://www.sec.gov/newsroom/press-releases/2024-31
8. California Law: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB253
9. CSRD: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

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Create the extraordinary.

Thank you!