

The background of the slide is a blurred industrial scene featuring a robotic arm with orange and grey components. A semi-transparent blue overlay covers the left side of the image, containing the text and logo. The overall aesthetic is clean and professional, with a focus on technology and industry.

flex®

Sustainability Government Regulations

Flex – Supply Chain Sustainability
2024

We have seen an increase on government regulations in which sustainability metrics are requested, from emissions data, responsible sourcing, material disclosure, to sustainability evaluations within Flex's supply chain.

To support these government regulations and based on our continuous commitment on sustainability, Flex has requested acknowledgment from suppliers to assure compliance.

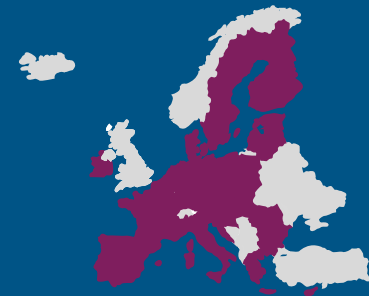
Sustainability transparency is critical factor to align with government and customer requirements which will lead to achieve more businesses.

Sustainability regulations



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**
- 🌳 **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***
- 🌳 **PFA: Per- and Poly-Fluoroalkyl Substances disclosure**

³ *Only applicable in California

Sustainability Regulations

Uyghur Forced Labor Prevention Act - UFLPA

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

PFAs disclosure

Reporting rule to all manufacturers and importers of PFAs through EPA's Central Data Exchange, the obligation is to maintain data records for 5 years.

Securities and Exchange Commission GHG Legislation - SEC

A proposal to enforce companies to disclose greenhouse gas emissions, climate-related risks, and their financial impacts, alongside how these risks affect their strategy and business model.

Climate Corporate Accountability Act*

Is divided into three Acts, which involve companies disclosing emissions, climate-related risks and mandates companies to disclose carbon credits transactions.



EU Corporate Sustainability Reporting Directive - CSRD

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

EU Corporate Sustainability Due Diligence Directive - CSDDD

Regulation that requires to identify, prevent and address human rights and environmental impacts throughout the entire supply chain of businesses.

Carbon Border Adjustment Mechanism - CBAM

Carbon tariff on carbon intensive products, such as steel, cement and some electricity, imported to the European Union.

EU Restriction on Russian Steel

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

European Deforestation Regulation - EUDR

Ensure business' supply chains are deforestation-free. Companies must ensure that key commodities meet strict traceability and sustainability standards.

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

What is expected from suppliers?



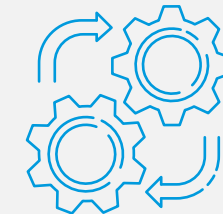
Stay connected

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

Carbon Border Adjustment Mechanism CBAM

European regulation applicable for Flex's
supply base

CBAM background and expectations

The European Union (“EU”) recently introduced the Carbon Border Adjustment Mechanism (“CBAM Regulation”); a directive that requires importers of goods to report greenhouse gas emissions on a quarterly basis.

In accordance with this Regulation, Flex as an importer into the EU, is obligated to begin reporting on certain goods imported into the EU as of October 1, 2023. In order to comply, Flex requires support from its suppliers. Suppliers and their suppliers shall begin to take-the following actions:

- Report the emissions incorporated in the CBAM imported products on a quarterly basis to Flex.
 - Flex will request information from supplier when Flex is the importer of record.
 - Supplier must submit to CBAM when the supplier is the importer of record.
- Inform their supply chain of the Regulation and ensure their compliance.
- Provide evidence of compliance with the CBAM Regulation within 48 hours, if requested by Flex.

Notes:

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

CBAM Deployment Timeline

CBAM has been divided into 2 periods, each has different requirements:

Transitional

Definitive

Commodities

Steel, aluminum, cement, fertilizers, hydrogen and electricity

Not defined, but commodities will increase

Applicable dates

October 2023 to December 2025

January 2026 - indefinite

Reporting periods

Every 3 months (Supplier must provide Data to Flex, no later than 15 days after the end of each quarter)

Yearly

Calculation method

Default data and **supplier data starting October 2024**

Only supplier data

Penalties

Flex and its customers may cancel POs/seek alternative sources if supplier fails to comply

Applicable due to non-compliant Offset certificates to be purchased

CBAM requirements management

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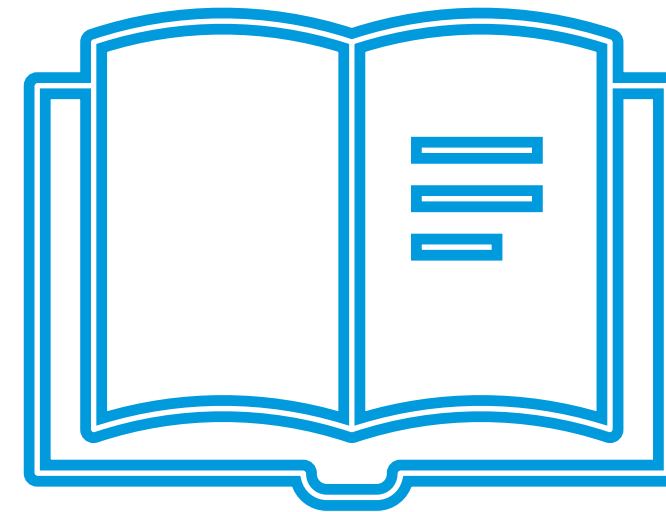
- ① 1. Flex's is conducting monthly webinars to educate suppliers on how to calculate emissions per part number
 - Flex will provide a calculation tool for suppliers, available at [Flex's Suppliers Academy](#)
- ② 2. Which companies shall report emissions data to Flex:
 - Companies outside the European Union
 - Those supplying steel and aluminium commodities, including assemblies and raw materials. *The in-scope commodities are expected to increase.
 - Manufacturers, brokers, distributors, indirect suppliers, etc.
- ③ 3. How will suppliers be contacted:
 - Suppliers will be contacted directly by email
 - Data is also requested through quote win, the quote platform, to assure data compliance within the supply base
- ④ 4. When this information will be required:
 - Every month (initial phase)
 - Every quarter (maturity phase)
- ⑤ 5. What information should my company use:
 - Priority 1: Global / Parent company information
 - Priority 2: Local / Site information

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

Annex

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



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.

Regulations in detail:

PFA 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 Commission 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. UFLPA: <https://www.cbp.gov/trade/forced-labor/UFLPA>
3. Russian steel: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1214>
4. PFAs: <https://www.epa.gov/pfas> <https://echa.europa.eu/hot-topics/perfluoroalkyl-chemicals-pfas>
5. SEC ESG: <https://www.sec.gov/newsroom/press-releases/2024-31>
6. California Law: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB253
7. CSRD: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

A large, stylized white hand graphic is positioned on the right side of the image, reaching towards the center. The hand is composed of several overlapping, rounded shapes that form the fingers and palm, all in a light blue color. The background is a solid dark blue with abstract, flowing white and light blue shapes that create a sense of movement and depth.

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Create the
extraordinary.

Thank you!