



flex

SUSTAINABLE LIVING

2017 Global Citizenship Executive Report

A new era has arrived, and Flex is leading the way in creating a better world through technology.

ABOUT THIS REPORT

The 2017 Global Citizenship Executive Report summarizes the activities, performance and results from calendar year 2016.

We welcome your feedback on our activities and performance. If you would like to share your thoughts, please contact the Flex Global Citizenship team at sustainability.feedback@flex.com.

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CEO MESSAGE

By designing and building intelligent products for a connected world, Flex helps customers compete and thrive in the **Age of Intelligence™**. But we're also designing and developing products in a way that protects and promotes a healthy world. Our strategy and global efforts are aligned with the United Nations 2030 Sustainable Development Goals (SDGs), primarily focused on decent work, quality education, clean energy and responsible consumption and production.

We are committed to integrating sustainability into every aspect of our business and across the entire supply chain. Several global, regional and local initiatives and programs were created around our global citizenship cornerstones, enabling us to achieve some remarkable results.

Among our key accomplishments in CY16, Flex:

- » Achieved EICC rest day compliance for 99%* of employees
- » Volunteered more than 48,000 hours globally
- » Generated 12 GWh of electricity from solar sources
- » Recycled ~734,000 m³ of water, 13% more than the previous year
- » Recycled, composted or reused 71% of total waste

These accomplishments are just a few examples of our ongoing commitment to sustainability, which is a core part of our strategy at Flex. It's how we deliver **Sketch-to-Scale™** solutions with and for our customers, across every major industry around the world. Because sustainable living is central to who we are and how we operate, Flex is not only creating a smarter, more connected world, but each and everyone of us is helping to create the conditions for a safer and healthier world, now and well into the future.

Thank you for your continued efforts.



Mike McNamara
Chief Executive Officer



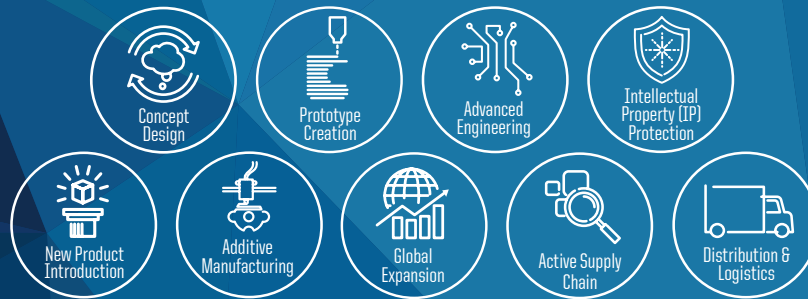
*EICC: Electronic Industry Citizenship Coalition. This considers hourly workers in Brazil, China, Indonesia, Malaysia, Mexico, Singapore and the U.S.

ABOUT FLEX

DREAM BIG. SCALE GLOBALLY.

Flex is the **Sketch-to-Scale™** solutions provider that designs and builds Intelligent Products for a **Connected World™**.

SKETCH-TO-SCALE SOLUTIONS SPAN A BROAD RANGE OF CAPABILITIES:



BREAKDOWN OF EMPLOYEES (BY EMPLOYMENT CONTRACT AND GENDER)

Total	Direct Laborers	Indirect Laborers	Female*	Male*
184,213	142,228	41,985	74,309	105,589

*Gender information not available for all employees

EXPERTISE

Partnering with the most innovative companies building products across nearly every major industry including:

Aerospace and Defense

Automotive

Building and Housing

Cloud

Communications

Consumer

Energy

Health

Industrial

Lighting

Mechanical

Power

Startups

“CULTURE IS A COMPANY’S ONLY SUSTAINABLE COMPETITIVE ADVANTAGE”

Mike McNamara, CEO Flex

FLEX EMPLOYEES ARE BOLD THINKERS THAT ENRICH THE LIVES OF PEOPLE EVERYWHERE

Our employees are risk takers and inventors, determined to create a smarter, more connected world that enriches the lives of people everywhere. We look at what the future could be, and we gauge our successes against our own capabilities and our own potential.

The values that define our culture are:

- » Intense Collaboration
- » Passionate Customer Focus
- » Thoughtful, Fast, Disciplined Execution
- » Tenacious Commitment to Continuous Improvement
- » Relentless Drive to Win

Learn more at flex.com.

WE ACTIVELY PARTICIPATE IN ENVIRONMENTAL AND SOCIAL RESPONSIBILITY ORGANIZATIONS



Founding & Full Member — Working and environmental conditions improvement through leading standards and practices



Corporate Member — Collaboration among companies and their stakeholders for systemic progress toward a just and sustainable world



Member — Responsible Waste Stewardship



Member — Responsible sourcing data on supply chains sharing



Clean Electronics Production Network Member participant — Moving towards zero exposure of workers to toxic chemicals in the electronics manufacturing process



Environmental Leadership Council (ELC) Member — Addressing the most critical energy and environmental issues



GLOBAL BUSINESS INITIATIVE ON HUMAN RIGHTS

Member — Advancing human rights in a business context



Sustainability and Energy Committee Member — Advocating for balanced, efficient, and effective policies and programs



Environment, Health and Safety Committee Member — Advocating for smart, science-based legislation and regulation impacting the electronics industry



Social & Labor Convergence Project Member — Social progress in the apparel and footwear sector



SUSTAINABILITY STRATEGY

Creating a more sustainable future.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Flex supports the United Nations 2030 SDGs and has aligned on the following focus areas:

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.

Decent Work and Economic Growth

Promote inclusive and sustainable economic growth, full and productive employment and decent work for all.

Responsible Consumption and Production

Ensure sustainable consumption and production patterns.

GLOBAL CITIZENSHIP CORNERSTONES

People

We provide opportunities for decent work for Flex employees, respecting their dignity and striving to advance human rights throughout the world.

Community

We share our time, talent and resources to make the communities where we live and work more livable and prosperous by providing opportunities for entrepreneurship and upward mobility.

Environment

We are committed to safeguarding the environment across the global supply chain so future generations can prosper.

Innovation

We create intelligent products that are designed and manufactured with sustainability in mind.

Integrity

We operate ethically and lead with integrity in all we do, earning the trust of our employees, customers, suppliers, investors and the communities where we live and work.

VALUE PROPOSITION

Creating a More Sustainable Future

Global citizenship revolves around positively impacting Flex employees and partners, the communities where we operate and the broader world around us.

Employer of Choice

We develop and empower talented people to realize their full potential, providing employees with a healthy, safe and secure workplace.

Partner of Choice

As a **Sketch-to-Scale™** solutions provider, we deliver the innovation, expertise and cross-industry perspective — from ideation to design to development to market — needed to produce products at scale.

Investment of Choice

Flex strives for excellence in corporate sustainability practices. Flex is committed to maximizing value for all our stakeholders by pursuing our vision of being the global leader in creating a simpler, richer life through technology.

Leading the way in the development of **Sketch-to-Scale™** solutions, innovative technologies, state-of-the-art manufacturing and global citizenship sets Flex apart — a leader in a market of one.

CORPORATE SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

The Flex Pledge

The Flex integrated social and environmental management system consolidates several management systems into one, and incorporates current environmental, health and safety requirements, and aligns them to the ISO14001 and OHSAS18001 format.

- » Labor and Human Rights
- » Health and Safety
- » Product Compliance
- » Environment
- » Ethics
- » On-Site Providers

Flex Pledge helps advance our Global Citizenship goals by clearly establishing Flex expectations in a measurable and auditable system.

Competency Building Process

- » Awareness
- » Training
- » Assessment
- » Remediation
- » Audit
- » Certification

FLEX 20 BY 2020

Flex has established 20 goals targeted for 2020 that reflect our commitment to the highest sustainability standards across our operations and supply chain.

People

- » Increase Employee Development
- » Increase Flex Pledge Audits
- » Increase Human Rights Policy Training Completion
- » Increase EICC Compliance for Rest Day Requirements
- » Decrease Incident Rate

Community

- » Increase Volunteer Hours
- » Increase Percentage of Sites with Community Activities
- » Implement Worker Empowerment Training Program
- » Implement Flex Foundation — Community Grants

Environment

- » Decrease CO₂e Emissions
- » Increase Use of Renewable Energy
- » Decrease Water Consumption
- » Increase Water Recycling
- » Increase Waste Diversion Rate
- » Increase the Number of Powered Homes Equivalent
- » Decrease Cost of Electricity to the Grid vs. Fossil Fuels

Integrity

- » Implement In-person Training on Code of Business Conduct and Ethics (CoBCE)
- » Increase CoBCE Training Completion

Supply Chain

- » Increase Social and Environmental Supplier Training
- » Increase Supplier Screening on Social and Environmental Criteria

PEOPLE

Treating all people who work on behalf of Flex with respect and dignity.

Flex provides a safe and secure workplace and we aim to help employees reach their full potential at work and beyond. We believe that managing human resources is one of the most important areas of responsibility. The People and Resources organization at Flex has developed strategies and tools for monitoring our performance in developing employee talent and capabilities.

KEY HIGHLIGHTS 2016

10

The first cohort of ten individuals completed our Flex Leadership Development Program (FLDP) and are now on permanent assignments.

80%

~80% of direct labor employees who participated in our Flex Voice Survey agreed that Flex operates in a socially responsible manner.

60%

Sixty percent of eligible employees in the U.S. enrolled to access telemedicine via Health Tap Compass in the first three months of the program.

99%

Flex achieved EICC rest day compliance for 99% of employees.

7%

Incident rate decreased by 7% in the Americas region.

To better align with the U.N. guiding principles, notable changes were made to the Flex Human Rights Policy. Learn more at: flex.com/human-rights-policy

FLEX 20 BY 2020 PROGRESS STATUS



Increase Employee Development



Increase EICC Compliance for Rest Day Requirements



Increase Flex Pledge Audits



Decrease Incident Rate



Increase Human Rights Policy Training Completion

Legend



Under Development



Baseline Set



In Progress



On Track



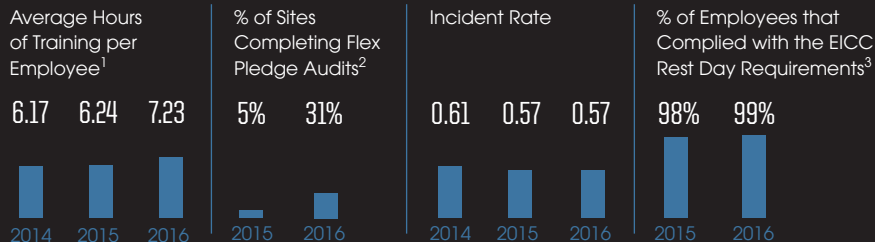
Completed



Exceeded

Cornerstones

KEY PERFORMANCE INDICATORS



ANNUAL EMPLOYEE SURVEY

Flex conducts an annual survey of all employees to evaluate the performance of the organization’s management systems. Among the notable results, participants responded favorably as follows:

Working conditions — the workplace is safe and comfortable and employees have freedom to communicate safety issues.



Engagement — employees would recommend Flex to family and friends as a place to work.



Culture — Flex operates with integrity both internally and externally, and the organization’s values are clear.



Brand — The company operates in a socially responsible manner, and employees take pride in the organization.



HEALTH AND WELLNESS INNOVATION

Flex offers employees access to telemedicine via a new application called Health Tap Compass, which provides access anytime and from anywhere to over 75,000 well-qualified physicians. Employees can connect by video, voice or text on any electronic device and obtain a consultation at no cost. Health Tap can improve employee wellness by dramatically increasing access to high-quality medical advice and may help decrease healthcare costs at the same time.



Flex Life — Wellness Program Jaguariúna, Brazil

In 2013 the Jaguariúna site implemented a Wellness Program called Flex Life. The purpose of the program is to create a supportive environment to improve employees’ health and wellbeing. The program focuses on physical health by providing nutritional assessment, physical training, ergonomics training, breastfeeding education, expectant mother follow-up, and running and walking groups. Nutrition workshops and educational events are held throughout the year. Employee participation increased 248% over last year.

HUMAN RIGHTS

In 2016, we made notable changes to the Flex Human Rights Policy. To better align with the U.N. Guiding Principles on Business and Human Rights, the following revisions were made: 1) the Policy now explicitly applies to the Flex value chain, 2) a reference to “gender identity and expression” was added in the section prohibiting discrimination and 3) new sections on Implementation, Reporting and Escalation Processes were added to clarify the Policy’s day-to-day execution.



Global Working Hours Tracking System

Our labor and human rights metrics are focused on EICC and legal compliance. A global working hours tracking system was created to monitor working hours and rest periods to ensure our sites meet EICC and local legal standards. This system has already been implemented in Brazil, China, Indonesia, Mexico, Malaysia, Singapore and the U.S. In 2016 the average EICC rest day compliance for hourly production workers was equal to 99%.

1. This metric includes global online training and leadership and supply chain and engineering training programs. Prior to 2016, only major sites (based on population) were measured. In 2016, the metric was expanded to cover all Flex entities.
 2. Version: Flex Pledge 3.0.
 3. In 2015, only covering hourly production workers in China, Mexico and the U.S.. In 2016, Brazil, Indonesia, Malaysia and Singapore were added.

COMMUNITY

Working with communities surrounding our sites to advance society.

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. We care about the environment and work to protect it through resource conservation. We accomplish this through grants from the Flex Foundation, corporate and employee donations and volunteerism.

KEY HIGHLIGHTS 2016

81%

Implemented local community engagement activities at 81% of our manufacturing and logistics sites.

11%

Volunteer hours totaled 48,429, representing an 11% increase compared to 2015.

38%

More than 19,000 volunteers invested their time in community activities organized by Flex, representing a 38% increase compared to 2015.

600

Educated 600 Ibaraki, Japan, community members on how to preserve the Satoyama Forest.

363

Provided job readiness training to 363 individuals in the U.S. and China.

1,000

Trained 1,000 people in Shenzhen, China, on how to make environmentally friendly bio enzymes from fermented fruit.

FLEX 20 BY 2020 PROGRESS STATUS



Increase Volunteer Hours



Increase percentage of Sites with Community Activities



Implement Worker Empowerment Training Program



Implement Flex Foundation — Community Grants

Legend



Under Development



Baseline Set



In Progress



On Track



Completed



Exceeded

KEY PERFORMANCE INDICATORS¹

Percentage of Operations that Have Implemented Local Community Engagement Activities

86% 87% 81%



Total Local Community Engagement Activities

528 530 427



Total Volunteers

15,966 13,952 19,254



Total Volunteer Hours

55,871 43,777 48,429



Percentage of Sites with Community Grants²

50%



LIFELONG LEARNING

We work with educators around the world to help enhance their skills and capabilities. These programs improve the learning environment for the local communities where we operate every day.



Professional Development for Educators San Jose, CA.

In 2016, the Flex Foundation continued its longtime partnership with the Silicon Valley Education Foundation (SVEF), by sponsoring its Elevate Teacher Workforce Training Initiative.

The goal of the initiative is to help teachers meet new demands of teaching and to create a scalable teacher training model. Funds from the Flex Foundation helped SVEF pilot an updated professional development curriculum.

During the summer, SVEF trained 95 teachers and 11 coaches. The teachers who participated in this program taught 2,300 students during the Elevate (Math) program.

Co-creating the First Post-graduate Course Tczew, Poland

In cooperation with the University of Technology in Gdansk, Flex Poland created the first accredited post-graduate course in Quality Assurance and Production Engineering of Electronic Devices. Over 50 students have graduated so far.

TECHNICAL AND VOCATIONAL TRAINING

Flex works to ensure people have access to quality education necessary to succeed in the workplace.

Opportunities for People with Disabilities Guangzhou, China

The Flex Foundation supported the NGO Guangdong Education Development Foundation (GETCH) to help improve employment opportunities for youth with disabilities in China. A total of 95 participants, ages 17 to 26, learned technical skills in photo editing software, filmmaking, social media, web development, and professional skills in presentation, teambuilding and time management.

Tuition Assistance for Advanced Manufacturing Degrees Columbia, S.C.

In December, 2016, the Flex Foundation awarded a grant to Midlands Technical College in Columbia, S.C. The funds will support tuition assistance for 20 need-based students who wish to enroll in the college's Advanced Manufacturing two-year degree, certificate and diploma programs.

ENTREPRENEURSHIP

We strive to provide opportunities for employment and decent work for all.

Making Soap from Cooking Oil Sorocaba, Brazil

The Flex Foundation provided funding to Centro Orientação Educação Social (COESO) to assist 40 women from vulnerable communities by enabling them to make soap at a low cost by using recycled oil, improving their income and protecting the environment.

RESOURCE CONSERVATION

Flex works to protect the environment by conserving our natural resources and reducing our ecological footprint.

Protecting the Forest Ibaraki, Japan

The Satoyama forest in Ibaraki, Japan, is susceptible to air and soil pollution from nearby factories. The Flex Foundation provided funding to Satoyama Wo Mamoru Kai (i.e., Association for Protecting Community-based Forest) to build awareness and protect forest health.

DISASTER RELIEF

With Flex locations in 30 countries, natural disasters may affect our employees. When this occurs, we quickly mobilize to help our communities recover and rebuild.

Helping Nepal Rebuild China, Malaysia and Singapore

After the April 25, 2015 earthquake in Nepal, Flex partnered with Noble Compassionate Volunteers to provide both financial and volunteer support to the Dhading district. In January 2016, 21 Flex volunteers from nine sites spent 10 days in Nepal helping build a community hall that will house a clinic, lecture hall and emergency shelter.

1. In 2016, a more detailed tracking system was implemented.

2. Sites with 5,000 or more employees.

ENVIRONMENT

Safeguarding the environment.

The scope of our Environmental Management System extends far beyond what is typically found in an ISO 14001:2004 system, including such elements as product environmental compliance and e-waste management. The approach is intended to make all aspects of our business environmentally responsible and to avoid or mitigate negative impacts while helping our many customers do the same.

KEY HIGHLIGHTS 2016

43,000

Replaced and installed more than 43,000 LED light fixtures manufactured by Flex Lighting Solutions in 8 countries. These changes resulted in the reduction of more than 22,600,000 kWh/year and helped reduce CO₂ emissions by 15,900 tonnes.

782,264

Flex Energy Solutions manufactured PV modules and solar trackers that produced power equivalent to the energy needed to run 782,264 homes.

734,000

Recycled ~734,000 m³ of water, 13% more than the previous year.

71%

Seventy-one percent of total waste was recycled, composted or reused, an increase of 10% from 2015.

12 GWh

12 GWh of electricity from solar sources was generated on site in four locations.

AWARD

NEXTracker, a Flex company, is named a 2016 Edison Award Winner.

FLEX 20 BY 2020 PROGRESS STATUS



Decrease CO₂e Emissions



Increase the Number of Powered Homes Equivalent



Increase Use of Renewable Energy



Increase Waste Diversion Rate



Decrease Water Consumption



Decrease Cost of Electricity to the Grid vs. Fossil Fuels



Increase Water Recycling

Legend



Under Development



Baseline Set



In Progress



On Track

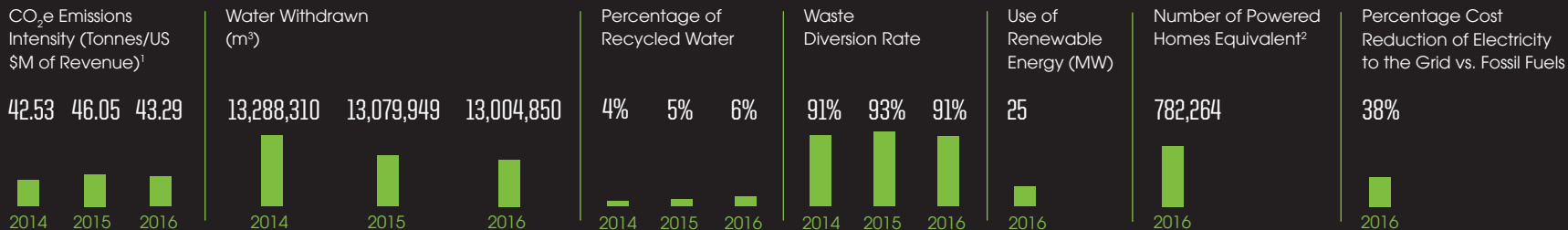


Completed



Exceeded

KEY PERFORMANCE INDICATORS



ENERGY SOLUTIONS

Flex Energy Solutions and NEXTracker, a Flex Company, contribute to solar market growth by offering a wide range of solutions to improve and expand the adoption of clean energy. Renewable energy policies are encouraging solar adoption as many countries around the world set ambitious power targets to achieve a sustainable future.

Solar Panel Production Sorocaba, Brazil

With the advent of solar PV module production in December 2016, the Sorocaba facility is now the largest factory of PV modules in Brazil, with an annual capacity of 390 MWs of made-in-Brazil solar modules for local solar projects.

SCRAP AND WASTE MANAGEMENT

Flex manages and disposes scrap and waste materials in a manner consistent with social, environmental, legal, and ethical considerations. In line with our Flex scrap policy, a new process was developed to systematically control, measure and capture scrap and waste inventory, shipping, and financial transactions. Four locations across Malaysia, Mexico and the U.S. have already deployed this new process.

We plan to implement this program in additional locations across the Americas and Asia in 2017.

This global program contributes to increasing our waste diversion rate, one of the Flex 20 by 2020 environmental goals. Proper waste segregation is the key to success. Recycling, reuse and recovery are the alternate methods utilized to avoid sending waste to landfill.

Global Scrap and Waste Management Playbook



Recycling Up to Nine Tonnes of Solder Paste Annually Guadalajara South, Mexico

A new waste segregation process was implemented in the manufacturing lines to avoid waste contamination and maximize the amount of waste to be recycled. By deploying specific alloy (lead and lead-free) solder paste recycling containers, the material is recaptured more efficiently. Also, operators, supervisors and area cleaners were trained to help reinforce the importance of proper separation of waste. Flex also conducts ongoing audits across the facility to ensure compliance with the new procedure. In one year, the total amount of solder paste properly segregated added up to nine tonnes. Based on the success of this process we are identifying opportunities to expand this into additional locations.

GLOBAL ENERGY SAVING PROGRAM

Over the last four years, Flex replaced and installed more than 85,000 LED light fixtures manufactured by Flex Lighting Solutions in 12 countries (Brazil, China, Hungary, India, Italy, Malaysia, Mexico, Poland, Romania, Switzerland, Ukraine and the U.S.). These changes resulted in the reduction of more than 61,000,000 kWh/year³, which could power more than 5,600 homes for one year. This global project helped Flex reduce CO₂ emissions by around 43,000 tonnes along the life of this program.

WATER RECYCLING

As defined in our Flex 20 by 2020 environmental goals, we are committed to reducing water usage in our operations through water recycling programs. Flex has some wastewater treatment plants operating in different sites around the globe and new water recycling projects are being evaluated in Asia and the Americas.

Wastewater Treatment Plants Upgrades Zhuhai-Multek, China

In order to meet new wastewater standards for PCB companies in China, Multek, a wholly owned subsidiary of Flex, upgraded their wastewater treatment plants and will build a new one. The project will be completed in 2017, when preliminary tangible results will be obtained.

1. In 2016, GHG tracking process was enhanced by adding steam, refrigerants and jet fuel related emissions, as well as updating electricity factors according to the latest Environmental Protection Agency (EPA) and International Energy Agency (IEA) reports.
 2. Equivalency refers to the number of homes that can be powered with the MWs of solar panels and trackers produced by Flex. Calculation is based on the assumption that the energy demands of a home are equal to the energy demands of an average (5kW) California household.
 3. Assuming 50 weeks per year, six days per week and 24 hours per day.

INNOVATION

Designing intelligent products with sustainability in mind.

In today's connected world, innovation is everything. It's what powers the **Intelligence of Things™**, an evolving ecosystem of smart, connected devices, machines and systems that interact to help make our lives more efficient, healthier, safer and more dynamic.

KEY HIGHLIGHTS 2016

1

Established a centralized Test Lab for Design characterization and Product qualification: the new lab in the Timisoara Design Center expanding Flex NPI capabilities, optimizing ROI and reducing time-to-market in the **Sketch-to-Scale™** value proposition.

1

Opened Flex Boston Innovation Center in November: this concepting design and production facility supports startups and large multi-national customers. It is a hub for collective innovation with customers, technology partners and universities along the East Coast.

1

Unveiled a new location for Flex Haifa Design Center: the larger facility will house 70+ engineers and program managers and has mechanical, liquid and optical inspection labs, test labs to support the **Sketch-to-Scale™** product development process for both regulated and non-regulated markets. The site also supports rapid prototyping and firmware/embedded software development.

237

Expanded portfolio of intellectual property (IP): 187 applications, 237 issued patents company-wide, 61 percent more than in 2015.

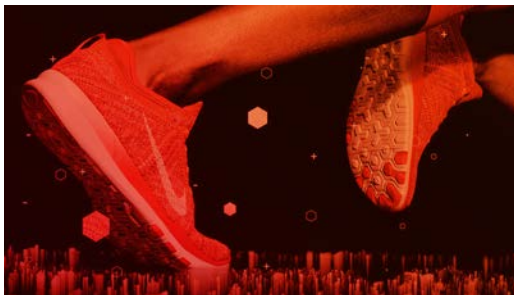
12

Hosted seven teams at Flex Innovation Hackathon, where participants created fully functional wearables in only 12 hours.



SUSTAINABLE DESIGN AND MANUFACTURING

Flex Advanced Engineering is committed to Flex 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 IP patents.



Flex Advanced Engineering is dedicated to being an industry leader in advanced electro-mechanical technology-based, value-added assembly services and process development. Advanced Engineering is focused on creating Industry 4.0 through **Intelligence of Things™** and automation. We're focused on developing **Intelligence of Things** through smart factory development, improving productivity and reducing waste. Engineers maximize efficiency to design, develop and deliver products with sustainability in mind.

Augmented and Virtual Reality (AR/VR)

Augmented and Virtual reality will be the next big platforms like PCs and mobile phones before them. Currently, VR is primarily used in gaming but will quickly evolve into enterprise-wide solutions. Augmented reality, which overlays information onto the real world, is expected to have an even larger impact than VR applications. Flex is actively investigating and creating applications for the use of AR/VR within the company. Here are just two examples we're exploring to improve efficiency and productivity of our employees:

- » Using an AR/VR headset to connect employees who are troubleshooting problems with a subject matter expert on the other side of the world in real time.
- » Deploying AR/VR technology to assist in simple training, thereby reducing the need for a full-blown training session, which is time and resource intensive.

Flex Named One of Top 50 Innovators

Smart Industry has compiled an impressive list of 50 of the top innovators that have demonstrated clear results in the areas of IoT, Industry 4.0, cloud computing and big data analytics. Flex is honored to have been included on this list as one of the "Smart Industry 50" of 2016! Smart Industry is a conference and expo, print publication and online information resource created to accelerate the ongoing digital transformation of manufacturing and related industries, as represented by the convergence of information and operational technologies.

WEARABLE TECHNOLOGY

Flex Advanced Engineering'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: Sensor Development

Wearables have become increasingly more popular as consumers embrace the technology. Many companies are planning to market smart clothes with different types of sensors and modules embedded into them, forming a body area network (BAN), or Body Sensor Network (BSN). Flex is deeply involved in these industries to discover new technologies that can benefit users. A key technology interest is a sweat sensor to monitor the glucose, lactate and electrolyte levels of an athlete during exercise. This enables coaches and athletes to monitor hydration and adjust activity levels accordingly.

ACTIVE COMMUNITY INVOLVEMENT

Flex Advanced Engineering continues to support corporate and social responsibility through technology leadership in the Milpitas and San Jose, California community. Members provide high school students with mentorship and guidance on new wearable technology projects and future engineering careers. This mentoring and technology effort fosters new idea creation, design concepts, materials and manufacturing strategies, career opportunities and insight for our next-generation youth who will change the world.

INTEGRITY

Operating ethically and leading with integrity.

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

KEY HIGHLIGHTS 2016

81%

Provided Tone-at-the-Top Live Training at 38 sites located in 13 countries, representing 81% of total headcount.

800

Addressed approximately 800 reports covering a variety of issues. In some cases, the Ethics and Compliance group provided guidance and took immediate action. In other cases, a review or investigation was required.

1-1

In addition to Code of Business Conduct and Ethics online training, we provided in-person training in a variety of forums, including leadership conferences, regional and corporate staff meetings and site-level trainings.

97%

Ninety-seven percent of our employees completed the CoBCE online training.

FLEX 20 BY 2020 PROGRESS STATUS

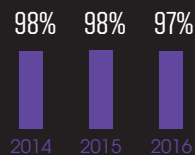
-  Implement In-person Training on CoBCE
-  Increase CoBCE Training Completion

Legend



KEY PERFORMANCE INDICATORS

Percentage of Employees Completing Code of Business Conduct and Ethics Online Training¹



CODE OF BUSINESS CONDUCT AND ETHICS

The Code serves as the foundation of our Ethics and Compliance program and is endorsed by executive management and the Flex Board of Directors. It details the values, standards and responsibilities that help guide our behavior and decision-making processes. It also outlines each employee's obligation to report suspected ethical violations and reinforces our open-door and anti-retaliation policies.

The Code is available in 16 languages and is accessible on our internal and external websites.

Learn more at:

<https://flex.com/about/global-citizenship/integrity>

ETHICS AND COMPLIANCE ORGANIZATION

Corporate Ethics and Compliance at Flex links compliance activities and teams through a common management system designed to identify risks and prevent violations of company policy, regulatory requirements and laws.

The Ethics and Compliance program activities are driven by the Corporate Compliance Team, headed by the Chief Ethics and Compliance Officer, with oversight from our Audit Committee and our Compliance Executive Sponsors and partnering with our Compliance Directors from across our company, who are subject matter experts in our various compliance areas.

Every Compliance Director is accountable for managing, maintaining, monitoring, and continuously improving his/her own program and internal controls system, including policies, procedures, training and communication, risk assessment, root cause analysis and remediation.

CULTURE OF COMPLIANCE

We've built a culture of ethics and compliance at Flex. We continuously monitor controls to detect and mitigate risks. Our CEO and senior management regularly distribute messages on business ethics and compliance to employees. In 2016 we provided Tone-at-the-Top Training at our highest risk sites. This live training was conducted by our Chief Compliance Officer and VP, Audit and Risk Management, to site leaders and management in order to reinforce our culture of compliance and to provide each site with background and information on the compliance process, investigations and remediation. We conduct regular internal audits, and we maintain metrics around compliance to continuously benchmark and improve. Flex has an internal Ethics and Compliance program website and a quarterly newsletter, where we promote awareness of the program and policies. We periodically send out surveys to employees throughout the world to gauge the state of the company's ethical culture and help us focus on areas of improvement. All employees complete training annually on key compliance issues. Officers and senior managers also certify that they have processes in place to support the company's Ethics and Compliance program. In addition to online training, we provide in-person training in a variety of forums, including leadership conferences, regional and corporate staff meetings and site-level trainings.

RAISING CONCERNS

Flex provides a variety of channels for employees and third parties to report concerns or suspected ethical violations, including by phone, email, web and direct communication to management, Human Resources or Flex Legal. Reports can be made anonymously. Our confidential hotline reporting system is available seven

days a week, 24 hours a day, in multiple languages via toll-free numbers or the web.

In 2016, we received approximately 800 reports covering a variety of issues. In some cases, the Ethics and Compliance group provided guidance and took immediate action. In other cases, a review or investigation was required. We have a cross-functional team from Brand Protection, Human Resources, Internal Audit and Legal who investigate allegations. We follow a formal, consistent method for addressing alleged violations and complaints and direct them to the appropriate functional area for investigation, resolution and closure. Allegations that are substantiated result in some form of disciplinary action, including counseling, training or warning letters, or in some cases dismissal from the company. Resolution may also involve changes to internal processes or policies to prevent further occurrence.

All cases are tracked from reporting to closure, and Executive Management and the Audit Committee of the Board of Directors are provided a quarterly report of activity. The report includes information about the number of matters reported, the primary issues, closure metrics and disciplinary actions.

ETHICAL BUSINESS PRACTICES

At Flex, we have a strong commitment to observing anti-corruption and other compliance laws in the countries where we operate. We prohibit bribes or kickbacks of any kind, whether in the public or private sector. We vet third-party representatives, potential merger and acquisition targets, suppliers and other key associates and supply chain partners to help ensure that we only engage with legitimate parties that have a reputation for integrity.

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

SUPPLY CHAIN

Optimizing the global supply chain to positively impact industries and communities.

Flex is committed to continuously monitor and drive compliance to Flex social and environmental requirements throughout its entire supply chain. These requirements are included in Flex supplier training, which aligns with EICC requirements. We require our suppliers to have a management system in place to ensure continuity and effectiveness of social and environmental 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.

KEY HIGHLIGHTS 2016

3.17%

We established a social and environmental risk indicator for preferred suppliers and a risk assessment has been performed for each supplier assessed in 2016. The percent of suppliers identified as high risk has dropped to 3.17% or less.

46

Forty-six suppliers have submitted a monthly report of working hours for a full one-year cycle.

34

Over the last two years, 34 supplier auditors from manufacturing sites have been trained and certified, resulting in a 13% increase in qualified supplier auditors.

440

In 2016, we completed assessments for 440 suppliers, an 11.7% increase over 2015.

2111

Two thousand, one hundred and eleven supplier personnel have been trained on EICC awareness and requirements, since 2010.

FLEX 20 BY 2020 PROGRESS STATUS



Increase Social and Environmental Supplier Training



Increase Supplier Screening on Social and Environmental Criteria

Legend



Under Development



Baseline Set



In Progress



On Track



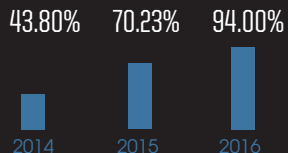
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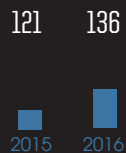
Exceeded

KEY PERFORMANCE INDICATORS

Percentage of New Suppliers Screened Using Social and Environmental Criteria¹



Number of Suppliers Trained on Social and Environmental / EICC Requirements



WORKING HOURS IMPROVEMENT PROGRAM

- » Since 2013, Flex has requested our suppliers' collaboration on reporting their employees' monthly working hours for us to monitor the status and drive improvement in working conditions.
- » To date, we have 78 Chinese suppliers reporting their data on working hours each month and 46 of these suppliers have submitted the monthly report for a full one-year cycle. Over 41,253 individual working hour records were continually tracked in the past year.
- » Records indicating excessive working hour data 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 hour data, verification audits are arranged to verify that suppliers limited their employees' working hours 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 and take appropriate action, which may include submitting the monthly report for another full one-year cycle or termination of the business relationship.

ON-SITE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY TRAINING FOR SUPPLIERS PROGRAM

One way we communicate our requirements to suppliers is through on-site social and environmental supplier training. In 2016, we provided on-site supplier training at our Flex Suzhou campus. During the training, we explained Flex social and environmental expectations for suppliers and our requirements, as well as the Flex Supply Chain social and environmental management program and the updated EICC requirements. Flex and participating suppliers shared best practices on social and environmental management. At the end of this training, these suppliers commented on its value 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 agents. We have performed social and environmental on-site audits on our major labor agents in China since 2015. 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.

The agents are approved or rejected based on the audit results. Flex does business only with approved labor agents. The plan is to expand this program to Malaysia in the near future.



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

AWARDS & RECOGNITION

Worldwide recognition for social responsibility and sustainable business practices.

Last year Flex received external recognition and several awards from customers, prestigious publications, organizations and local government, which validated our sustainability efforts, excellence in operations and service, supply chain initiatives and innovation.

FORTUNE WORLD'S MOST ADMIRABLE COMPANY — SEMICONDUCTOR CATEGORY

Recipient: Flex
Awarded by: Fortune Magazine

SUPPLY CHAIN INITIATIVE AWARD AND RISK MITIGATION AWARD

Recipient: Flex
Awarded by: Procurement Leaders

SUPPLIER EXCELLENCE AWARD

Recipient: Flex Columbia, U.S.
Awarded by: Teradata

TRIGOS AWARD FOR EXTENSIVE CORPORATE SUSTAINABILITY PROGRAM

Recipient: Flex Althofen, Austria
Awarded by: The Federation of Austrian Industries, the chamber of commerce, the Caritas, the Red Cross, the BKS (Bank of Carinthia and Styria), Global 2000, the environmental umbrella organization and the social welfare work.

2015-2016 EXCELLENT COOPERATION PARTNER GOLD AWARD

Recipient: Flex Guadalajara North, Mexico
Awarded by: Huawei, LA (Mexico, Central America, Caribbean) Core Partner Convention 2016

SERVICE SUPPLIER OF THE YEAR

Recipient: Flex
Awarded by: Cisco

CENTRAL AND EASTERN EUROPE (CEE) EXCELLENCE AWARDS IN THE CATEGORY MANUFACTURER OF THE YEAR

Recipient: Flex Tczew, Poland
Awarded by: EuropaProperty.com and CEO Manufacturing Magazine

Recognizes the best production companies in Central and Eastern Europe. This is the third time that Flex Poland received awards in CEE Manufacturing Excellence. In 2013 the company was awarded in the category "Excellence in Management" and in 2014 in "Excellence in supply chain management and logistics" category.

ENVIRONMENT 2016 EDISON AWARD WINNER

Recipient: NEXTracker, a Flex company.
Awarded by: Edison Universe

Silver Winner for innovation for its NX Horizon solar tracker, in the Energy & Sustainability/Carbon Reduction category.



INNOVATION TOP 50 INNOVATORS

Recipient: Flex
Awarded by: Smart Industry

Smart Industry has compiled an impressive list of 50 of the top innovators that have demonstrated clear results in the areas of IoT, Industry 4.0, cloud computing and big data analytics. Flex is honored to have been included on this esteemed list as one of the "Smart Industry 50" of 2016!

PEOPLE 5A CERTIFICATION IN LABOR & SOCIAL SECURITY

Recipient: Flex Suzhou, China
Awarded by: Suzhou Industrial Park (SIP) government

This is the highest level certificate in labor & social security field, which is called Annual AAAAA Grade company of Labor & Social Security (5A级劳动保障信用等级单位).



HP BEST PARTNER INNOVATION AWARD

Recipient: Multek, a Flex subsidiary
Awarded by: HP Innovation Forum 2016

Multek was honored to receive the HP Best Partner Innovation Award.

PHILIPS INNOVATION AWARD

Recipient: Flex
Awarded by: Philips Supplier Innovation Week Europe 2016

Flex was recognized by Philips as a top three innovator at the Philips Supplier Innovation Week event.

COMMUNITY EXCELLENT VOLUNTEER TEAM

Recipient: Flex Shenzhen GuShu, China
Awarded by: Shenzhen Baoan Xixiang Volunteer Association

Flex Gushu won the Excellent Volunteer Team for the third year in the row. Flex Gushu Volunteer Team was established in May, 2013 and now boasts about 350 volunteers.

flex[®]
LIVE SMARTER