Corporate Social Environmental Responsibility (CSER) Training for Suppliers

Ana Silva
Corporate Supplier Quality Engineer
Objectives

Upon completion of this training, you should have an understanding of the following topics:

1. Definition of Corporate Social Responsibility and its major drivers
2. Responsible Business Alliance (formerly EICC) Code of Conduct and its requirements
3. Flex’s Global Citizenship Policy
4. Flex’s expectations of suppliers and how to complete the Flex Supplier Assessment Questionnaire
What Is Corporate Social and Environmental Responsibility?

Definition:

“Corporate Social & Environmental Responsibility is the continuous commitment by businesses to behave ethically and contribute to the economic development while improving the quality of life of their workforce and families as well as the local community, environment and society at large."

Businesses must be both

“PROFITABLE & RESPONSIBLE”
Major Industry Drivers

Businesses need to be responsible yet work towards a competitive advantage.

Non-Governmental Organizations (NGOs)

Customers

Media

Governments

Regulators

Community Groups

Socially Responsible Investment Entities

Industry Groups
What is the RBA?
The Responsible Business Alliance (RBA), formerly Electronic Industry Citizenship Coalition (EICC) was created in 2004 to represent electronics industry members as a single electronics industry voice to facilitate the creation of mechanisms to demonstrate that this industry is:

**Promoting**
responsible business practices to improve social and environmental conditions across the global electronic supply chain.

**Paving**
the way for a standards-based approach for monitoring suppliers' performance across several areas of social responsibility, including labor practices, health and safety, ethics, and protection of the environment.

**Reflecting**
on the participating companies' commitment to leadership in the area of corporate social responsibility that will potentially reduce inefficiency and duplication, and make performance easier to audit and verify.
RBA Members

Responsible Business Alliance
Formerly the Electronic Industry Citizenship Coalition

Advancing Sustainability Globally

Members include:
- Apple
- flex
- Celestica
- Dell
- Fujitsu
- Ford
- IBM
- Lenovo
- Microsoft
- Philips
- Seagate
- Sony
- Quanta Computer
- Texas Instruments
- Xerox
- Samsung
- Huawei
- Flextronics
- Sanmina-SCI
RBA Requirements

RBA requirements are made up of 5 sections:

• Section A: Labor
• Section B: Health and Safety
• Section C: Environment
• Section D: Ethics
• Section E: Management System
Implementation Framework

- Labor: Treat employees with dignity & respect
- Environmental: Protect the environment
- Health & Safety: Evaluate and control exposure to hazards
- Ethics: Uphold the highest standards

An industry-wide approach that is simpler and more efficient for suppliers

Management systems approach that drives sustainable solutions
Section A: Labor

Suppliers should be committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community.

Suppliers should:

➢ Provide freely chosen employment and prohibit forced labor
➢ Prohibit child labor
➢ Regulate working hours
➢ Pay and provide appropriate wages and benefits
➢ Prohibit inhumane treatment
➢ Prohibit discrimination
➢ Respect the right to freedom of association
Suppliers must provide their employees with a safe and healthy workplace in compliance with all applicable laws and regulations.

Suppliers should:

- Minimize environmental pollution and promote resource reduction
- Obtain environmental permit & reporting of requirements
- Control and manage hazardous chemicals and substances in products and manufacturing
- Promote waste reduction
- Control and manage air emissions
- Apply safety measures for equipment and instruments
Section B & C: Health and Safety, Environment

Suppliers should:

➢ Promote safe activities in the workplace
➢ Apply appropriate measures for occupational injuries and illnesses
➢ Promote industrial hygiene in the workplace
➢ Identify, evaluate, and control physically demanding work
➢ Properly manage disasters and accidents as well as manage emergency procedures
➢ Provide clean, safe dormitories and canteens with emergency egress as well as personal space
Section D: Ethics

Suppliers are required to uphold the highest standards of ethics.

Suppliers must comply with all laws and regulations on bribery, corruption, and prohibited business practices.

Suppliers should:
- Operate businesses with impeccable business integrity
- Prohibit corruption and bribery
- Prohibit the receiving and offering of improper advantage
- Provide/disclose accurate information on products and services
- Respect intellectual property
- Prohibit impediment to fair, transparent, and free competition
- Protect identity and confidentiality
The Supplier should adopt or establish a management system which is committed to supporting the principles of the RBA Code of Conduct.

The management system should ensure the following:

- Compliance with applicable laws, regulations, and customer requirements related to the supplier’s operation and product;
- Conformance with the RBA Code of Conduct;
- Identification and mitigation of related operational risks;
- Facilitation of continuous improvement.
Section E: Management System

Elements of Management System

➢ Company Commitment
➢ Management Accountability & Responsibility
➢ Legal & Customer Requirements
➢ Risk Assessment & Risk Management
➢ Improvement Objectives
➢ Training
➢ Communication
➢ Worker Feedback, Participation & Grievance
➢ Audits & Assessments
➢ Corrective Action Process
➢ Documentation & Records
➢ Supplier Responsibility

More information on the RBA is available at the following link:
http://www.responsiblebusiness.org/
Flex Supplier CSER Program
Flex’s Supply Chain CSER program is designed to fulfill its ethical, social, economic, and environmental responsibilities while simultaneously raising the value both to its corporation and to its stakeholders.

The RBA Code of Conduct outlines standards to ensure that working conditions are safe, that workers are treated with respect and dignity, and that design and manufacturing processes are environmentally responsible.

As an active member of the RBA, Flex endorses the RBA Code of Conduct and expects all its suppliers to support and conform to it.
Flex’s Expectations for Suppliers

Flex expects suppliers to:

➢ Promote Positive CSER Activities
  Suppliers are requested to understand their social responsibility and to promote CSER activities.

➢ Conform to RBA Requirements
  Supplier must read and understand RBA requirements and conform to those requirements.

➢ Contribute to Society and the Community
  Suppliers should proactively participate in activities that contribute to the development of their local community and the global society.
Flex CSER Supplier Audit Flow

**Letter to Supplier**
- Inform supplier of Flex CSER initiative, expectations, and upcoming activities

**Self-Assessment Questionnaire**
- Send questionnaire to supplier for self-assessment

**Supplier Risk Assessment**
- Review supplier’s completed self-assessment
- Risk assessment based on the received SAQ

**CSER onsite Audit**
- Pre-audit preparations
- Conduct suppliers on-site audit

**Supplier CSER Assessment Report**
- Complete & upload on-site audit report to audit database
- Kick off corrective action

**Supplier Corrective Action**
- Monitor and track
- Supplier corrective action
- Closure of corrective action
Supplier Assessment Questionnaire (SAQ) & How to Use it
Introduction to the Supplier Assessment Questionnaire (SAQ)

The primary objective of the SAQ is to allow Flex to perform a risk assessment of a supplier’s CSER performance.

- SAQ covers policies and standards conformance established by the RBA Code of Conduct.
- SAQ is used as a self-assessment tool for suppliers and, if needed, as an on-site auditing tool for Flex.

Flex’s SAQ is not required if a Supplier has provided a self-assessment to the RBA and has granted access to Flex to view the audit.
SAQ: Introduction Tab

Flex Supplier Assessment Questionnaire Introduction & Instructions

Introduction
The attached assessment will be used by Flex personnel to evaluate your Management System capabilities. Submission of this assessment, by itself, does not constitute an approval of your company as an approved vendor. If needed, Flex may, after receipt of the completed assessment, conduct an on-site audit of your facility. Since supplier assessment and approvals necessary before a procurement award can be made, it is to your benefit to return this form as soon as possible.

Instructions

Company Information Page

1. All information should be provided on the Company Information Page

2. Attach any certificate that you wish to submit to Flex

Audit Question Tab

3. All questions must be answered. Select your answer using the pulldown in the Score box. Select a value between 1 and 5 based on the criteria provided here.

4. If questions are not applicable, select "N/A" and provide your justification in the comments column.

5. Use the "Comments" column to provide supporting information such as documentation numbers, process descriptions, implementation timelines, and any other relevant supporting information.

6. In addition to any information recorded in the questionnaire, if the supplier has any further objective evidence, such as metrics, documentation, certificates in support of a question, please link and provide a copy to your Flex contact.

7. *Expected Evidence* column provides a guideline on the evidence/evidence that we are looking for on a given question. Not all questions will have evidence guidelines. Please complete all sections in the tab.

Note: Select language.

Please read the introduction tab before completing the Supplier Assessment Questionnaire.

All sections in the tab MUST be completed. Assessments will be incomplete if a question is unanswered.
The Company Information tab allows the Supplier to answer questions regarding the company’s location, name, address and so on.

**SAQ: Company Information Tab**

Select language.

Record your response to each item in the “Company Information” tab in English.

Fields marked with (*) must be answered, otherwise, the risk assessment cannot be conducted.

Answers to some questions can be selected from a drop down list / arrow at the right corner of the answer cell.
Once all questions are completed and you are satisfied with your answers, return to the “Company Information” tab, print the page and complete the Certificate of Compliance (CoC) section at the bottom, which includes a handwritten signature and company stamp.

**PART IV CERTIFICATE OF COMPLIANCE**

Certificate of Compliance:

I certify that I am authorized to declare this Assessment Form on behalf of [Supplier Company Name].

I certify that all responses are truthful and accurate and that all efforts have been made to ensure that false statements are not included in this audit.

Company Name: ________________________________  Company Stamp: ________________________________

Certified By: ________________________________  Title: ________________________________

Signature: ________________________________

Certifier Email Address: ________________________________

Date: ________________________________ (DD/MM/YYYY)
### SAQ: CSER Assessment Tab - Complete and Incomplete

The average section score for self-assessment and onsite audit will be shown in the bottom of the questionnaire, which will be automatically populated.

If the “Average Section Score” displays “Audit section Incomplete” in red, not all questions have been scored. Review the “Self Score” column again and make sure you have responded to ALL questions.

If the “Average Section Score” at the bottom of the self-assessment displays “Audit section complete” in black, this indicates you have answered all questions.

<table>
<thead>
<tr>
<th>Item #</th>
<th>RSA</th>
<th>Questions</th>
<th>Expected Evidence</th>
<th>Self-Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR04</td>
<td>E11</td>
<td>Are documents and records created and maintained to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality and privacy protection?</td>
<td>1. Documents and records are not maintained. 2. Documents and records are inconsistently maintained. 3. Documents and records are maintained and confidentiality protected.</td>
<td>2</td>
</tr>
<tr>
<td>CR05</td>
<td>E12</td>
<td>Is there a process to communicate FBA Code of Conduct requirements to suppliers and to monitor supplier compliance with the Code?</td>
<td>1. No process. 2. FBA Code of Conduct is a supplier requirement. 3. FBA Code of Conduct is a supplier requirement and compliance is monitored.</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rating: Corporate Social &amp; Environmental Responsibilities</th>
<th>Average Section Score</th>
<th>Audit Section Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.00</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item #</th>
<th>RSA</th>
<th>Questions</th>
<th>Expected Evidence</th>
<th>Self-Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR04</td>
<td>E11</td>
<td>Are documents and records created and maintained to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality and privacy protection?</td>
<td>1. Documents and records are not maintained. 2. Documents and records are inconsistently maintained. 3. Documents and records are maintained and confidentiality protected.</td>
<td>2</td>
</tr>
<tr>
<td>CR05</td>
<td>E12</td>
<td>Is there a process to communicate FBA Code of Conduct requirements to suppliers and to monitor supplier compliance with the Code?</td>
<td>1. No process. 2. FBA Code of Conduct is a supplier requirement. 3. FBA Code of Conduct is a supplier requirement and compliance is monitored.</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rating: Corporate Social &amp; Environmental Responsibilities</th>
<th>Average Section Score</th>
<th>Audit Section Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.00</td>
<td>Audit Section Complete</td>
</tr>
</tbody>
</table>

**SAQ: CSER Assessment Tab**

- **Title:** CSER Training for Suppliers
- **Document Owner:** Ana Silva
- **Document Number:** FMS-QMS-4-030-00
- **Revision No.:** D
**SAQ: CSER Assessment Tab**

**Complete the self-assessment columns, including self-score and comment.**

*(The on-site audit columns will be completed by the Flex team, if needed.)*

---

**Note:** Please refer to the below scoring criteria for each question. Use the "Expected Evidence" column to provide the required documentation. Final scores and comments will be added at the end of the assessment.

**Choose a score by clicking on the arrow in the right corner of each answer cell and making a selection from the drop down list.**

**Enter scores ONLY AFTER reading the expected evidence of each question. For each question, values are specific to that question.**

All questions must be scored in the self-score column.

---

**Corporate Social & Environmental Responsibilities**

<table>
<thead>
<tr>
<th>Item #</th>
<th>RBA</th>
<th>Questions</th>
<th>Expected Evidence</th>
<th>Self Score</th>
<th>Comment</th>
<th>On-Site Score</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Labour - Fair Choice Employment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CR 1</td>
<td>A.1</td>
<td>Do the workers have rights to unionise?</td>
<td>Describe evidence, i.e. evidence of unionising or absence thereof.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CR 2</td>
<td>A.1</td>
<td>Does the company ensure that materials used in the product comply with the laws regarding the health and safety of the country or country in which they are being produced?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CR 3</td>
<td>A.1</td>
<td>Are workers free to move in the facility or not?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Scope – Corporate Social & Environmental Responsibility

Flex's SAQ integrates the RBA (formerly EICC) Code of Conduct and various associated laws and regulations.

<table>
<thead>
<tr>
<th>Labor:</th>
<th>Health &amp; Safety:</th>
<th>Ethics:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freely Chosen Employment</td>
<td>Occupational Safety</td>
<td>Business Integrity</td>
</tr>
<tr>
<td>Young Workers</td>
<td>Emergency Preparedness</td>
<td>No Improper Advantage</td>
</tr>
<tr>
<td>Working Hours</td>
<td>Occupational Injury &amp; Illness</td>
<td>Disclosure of Information</td>
</tr>
<tr>
<td>Wages &amp; Benefits</td>
<td>Industrial Hygiene</td>
<td>Intellectual Property</td>
</tr>
<tr>
<td>Humane Treatment</td>
<td>Physically Demanding Work</td>
<td>Fair Business, Advertising &amp; Competition</td>
</tr>
<tr>
<td>Non-Discrimination</td>
<td>Machine Safeguarding</td>
<td>Protection of Identity &amp; Non-Retaliation</td>
</tr>
<tr>
<td>Freedom of Association</td>
<td>Sanitation, Food &amp; Housing</td>
<td>Responsible Sourcing of Minerals</td>
</tr>
<tr>
<td></td>
<td>Health &amp; Safety Communication</td>
<td>Privacy</td>
</tr>
</tbody>
</table>

| Environmental:                | Management Systems:                                   |
|-------------------------------|------------------------------------------------------|-----------------------------------------------|
| Permits & ‘Reporting’         | Company Commitment                                   |
| Hazardous Substances          | Management Accountability & Responsibility           |
| Solid Waste                   | Legal & Customer Requirements                        |
| Hazardous Substances          | Risk Assessment & Risk Management                     |
| Air Emissions                 | Improvement Objectives                                |
| Materials Restrictions        | Training                                              |
| Water Management              | Communication                                         |
| Energy Consumption & Greenhouse Gas Emissions | Worker Feedback, Participation & Grievance             |
A “Corrective Action Plan” will be provided after the on-site assessment. It highlights necessary corrective actions based on the assessment. The Corrective Action Plan consists of two tabs – Critical Findings and Non-Critical Findings.

Flex will review your corrective actions and communicate with you to close any outstanding corrective actions.

### Supplier Corrective Action Plan (CAP) for Critical CSER Findings

<table>
<thead>
<tr>
<th>Question No.</th>
<th>Question</th>
<th>Score</th>
<th>Issue</th>
<th>Initial Response Date</th>
<th>Containment Actions</th>
<th>Permanent Corrective Action</th>
</tr>
</thead>
</table>

**Critical Findings**

**Non-Critical Findings**
CSER Audit Results

There are three levels of supplier status:

➢ Approved
   CSER score 3.00 – 5.00 with no critical findings after initial audit or follow-up audit

➢ Conditionally Approved
   2.51 – 2.99 with no critical findings after initial audit or follow-up audit

➢ Not Approved
   0.00 – 2.50 after initial audit or follow-up audit
   **CSER score 2.51 – 5.00 but with critical findings after follow-up audit**
Thank you!
## REVISION HISTORY

<table>
<thead>
<tr>
<th>Revision</th>
<th>Description of Change</th>
<th>Writer/Reviser</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Initial Release.</td>
<td>Kevin Shao</td>
<td>8/21/2014</td>
</tr>
<tr>
<td>B</td>
<td>Cleared metadata for transfer to SP-2013 DMS. Corrected layout including headers and footers. No material changes to content.</td>
<td>Susan Hughes</td>
<td>4/24/2015</td>
</tr>
<tr>
<td>C</td>
<td>Updated file format and replace all &quot;Flextronics&quot; with &quot;Flex&quot;. Added rules of CSER audit result.</td>
<td>Susan Hughes</td>
<td>8/28/2017</td>
</tr>
<tr>
<td>D</td>
<td>Updated title, formerly &quot;Supplier CSER Training&quot;. Updating document to comply with RBA requirements and align with updated SAQ Questionnaire.</td>
<td>Rachel Bao</td>
<td>5/1/2018</td>
</tr>
</tbody>
</table>