# CONFLICT MINERALS REPORT OF **PLEXUS CORP.**

IN ACCORDANCE WITH RULE 13p-1
UNDER THE SECURITIES EXCHANGE ACT OF 1934
FOR THE REPORTING PERIOD FROM
JANUARY 1 TO DECEMBER 31, 2018

#### Introduction

This Conflict Minerals Report (the "Report") of Plexus Corp. ("Plexus," the "Company," "we," "us," or "our") has been prepared for calendar year 2018 under the Securities Exchange Act of 1934 (the "Act"). The term "conflict mineral" is defined as (A) columbite-tantalite (coltan), cassiterite, gold, wolframite or their derivatives, which are limited to tantalum, tin and tungsten; or (B) any other mineral or its derivatives determined by the Secretary of State to be financing conflict in the Democratic Republic of the Congo (the "DRC") or an adjoining country (collectively, the "Covered Countries"). Numerous terms in this Report are defined in Rule 13p-1 of the Act and Form SD (collectively, the "Conflict Minerals Rule") and the reader is referred to those sources, and also to Securities and Exchange Commission ("SEC") Release No. 34-67716 (August 22, 2012) under the Act for such definitions. For the purpose of this report, tin, tungsten, tantalum, and gold will collectively be referred to as the 3TGs.

In accordance with the Conflict Minerals Rule, we undertook efforts to determine whether the 3TGs necessary to the functionality or production of products that we manufacture, or contract to manufacture, were sourced from the Covered Countries, or are from recycled or scrap sources. The Company designed its due diligence efforts to conform, in all material respects, with the framework presented by the Organisation for Economic Co-operation and Development (the "OECD") in the publication Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and related supplements for each of the conflict minerals (collectively, the "OECD Guidance").

The statements below are based on the due diligence activities performed to date and on the information available at the time of this filing. Factors that could affect the accuracy of these statements include, but are not limited to, incomplete supplier data or a lack of available smelter data, errors or omissions by suppliers or smelters, evolving confirmation of smelters, incomplete information from industry or other third-party sources, and other issues.

#### **About Plexus**

Plexus Corp. and its subsidiaries (together "Plexus," the "Company," or "we") participate in the Electronic Manufacturing Services ("EMS") industry. We partner with our customers to create the products that build a better world. Since 1979, Plexus has been partnering with companies to transform concepts into branded products and deliver them to the market. From idea to aftermarket and everything in between, Plexus is a global leader in providing support for all the facets of the product realization process - Design and Development, Supply Chain Solutions, New Product Introduction, Manufacturing, and Aftermarket Services. Plexus delivers comprehensive end-to-end solutions in the Americas ("AMER"), Europe, Middle East, and Africa ("EMEA") and Asia-Pacific ("APAC") regions for our customers.

We specialize in working in industries with highly complex products and demanding regulatory requirements. Plexus has partnerships with approximately 140 customers in the Healthcare/Life Sciences, Industrial/Commercial, Communications, and Aerospace/Defense market sectors. We leverage our expertise to understand the unique needs of our customers' markets and have aligned our processes to provide flexibility, create efficiency and deliver superior quality. Our customers have stringent quality, reliability and regulatory requirements, requiring exceptional production and supply chain agility. Their products require complex configuration management, direct order fulfillment (to end customers), global logistics management and aftermarket services. To service the complexities that our customers' products demand, we utilize our full suite of solution offerings to support our customers' products from concept to end of life.

#### **Description of Products**

Plexus does not sell "Plexus-branded" products. Plexus provides services for original equipment manufacturers ("OEMs") with a focus on supporting mid-to-low volume, higher complexity customer programs characterized by unique flexibility, technology, quality and regulatory requirements. The products falling within the scope of this Report include the assemblies and

products that we manufactured or contracted to manufacture for customers in the aforementioned market sectors during calendar year 2018. As an EMS company, it's highly likely that most/all products assembled contain tin, tungsten, tantalum and/or gold. Although Plexus did not find any evidence that the 3TGs contained in these assemblies or products directly or indirectly benefited armed groups in the Covered Countries, we were unable to conclude that any of these assemblies and products were definitively "DRC conflict free."

## **Conflict Minerals Policy**

Plexus is committed to ensuring ethical sourcing and has made significant progress in developing supply chain transparency. We have a Conflict Minerals Policy Statement (the "Conflict Minerals Policy"), which is posted on our website at the following link:

https://plexuscdn.s3.amazonaws.com/plexus/media/english-media/social-impact/pdfs/conflict-minerals-policy-statement.pdf?ext=.pdf

## Reasonable Country of Origin Inquiry ("RCOI")

Plexus conducted a good faith RCOI regarding the 3TGs in the materials, components and finished goods supplied to the Company. We utilized a third-party service provider (the "Provider") to assist in supplier outreach and our due diligence procedures.

Plexus reviewed the assemblies and products that it manufactured or contracted to manufacture for customers during calendar year 2018 and identified suppliers that supply components or products, or engage in manufacturing activities, that are likely to contain one or more of the 3TGs. We removed from the list of suppliers all service providers, indirect materials suppliers, and inactive suppliers that did not supply goods to Plexus.

The Provider conducted the supplier survey portion of the RCOI. Suppliers received a communication describing the compliance requirements and requesting information on the 3TGs in their products and the smelters or refiners of those minerals. The Provider, on behalf of the Company, utilized version 5.11 or higher of the Responsible Mineral Initiative's (the "RMI")

Conflict Minerals Reporting Template ("CMRT"). The Provider, on behalf of Plexus, engaged 4,297 suppliers determined to be in scope for purposes of our RCOI efforts to collect information regarding the presence and sourcing of 3TGs in the products supplied to the Company.

The Provider followed up with all unresponsive suppliers through a defined process. The Provider utilized both automated and direct email communications as well as calls to nonresponsive suppliers during the escalation phase. Escalation emails for nonresponsive suppliers were also sent directly by Plexus personnel. The communications offered assistance and further information to suppliers about the requirements of the Conflict Minerals Rule and the Company's compliance program. A minimum of five attempts, an increase from four last year, were made in an effort to contact unresponsive suppliers. Additionally, our program continues to include automated data validation on all submitted CMRTs. Suppliers were contacted to address incomplete data and invalid submissions and they were encouraged to re-submit a valid CMRT. The goal of this process is to increase the accuracy of submissions and identify any contradictory answers in the CMRT. The Provider monitored and tracked all invalid or incomplete supplier submissions.

Although we requested information at a product level, the majority of suppliers provided CMRT responses at a company or division level that included information on all products sold by the supplier to its customers, even though Plexus may have purchased only a limited subset of components or products from the supplier. Therefore, the information provided by these suppliers was not necessarily limited to smelters or refiners that were potentially part of the Plexus supply chain.

Based on the responses gathered during our RCOI, the Company was unable to determine that the 3TGs necessary to the functionality or production of our products did not originate in the Covered Countries. As a result, and in accordance with the Conflict Minerals Rule, Plexus undertook the due diligence measures described below on the source and chain of custody of the conflict minerals in its supply chain.

## **Design of Due Diligence**

As previously disclosed, the Company's due diligence measures were designed to be in conformity, in all material respects, with the internationally recognized due diligence framework as set forth in the OECD Guidance.

The design of the Company's due diligence measures considered the OECD's recommendations for "downstream" actors with no direct relationships with smelters or refiners. "Downstream" refers to the supply chain from smelters or refiners to retailers and manufacturers, whereas "upstream" refers to the supply chain from the mines to the smelters or refiners.

Plexus does not have a direct relationship with any smelters or refiners and therefore, does not perform direct audits of the due diligence practices of these entities. The Company instead relies on internationally-recognized validation schemes that facilitate independent third-party audits of smelters or refiners and validate that smelters or refiners have met the requirements of the OECD Guidance, such as the RMI Responsible Minerals Assurance Process ("RMAP"). Plexus supports this program through membership and participation in the RMI as an active member of the Responsible Business Alliance ("RBA").

## **Due Diligence Measures Performed**

Plexus' overall conflict minerals program is based on the five-step framework of the OECD Guidance. Plexus followed the five-step framework established by the OECD Guidance while performing our due diligence measures for calendar year 2018, which consisted of the following steps:

- Step 1: Maintain strong company management systems
- Step 2: Identify and assess risks in the supply chain
- Step 3: Design and implement a strategy to respond to identified risks
- Step 4: Carry out independent third-party audit of smelters' and refiners' due diligence practices when required.
- Step 5: Report annually on supply chain due diligence

## Step 1: Maintain strong company management systems

## **Internal Team:**

Plexus has established an internal management system reporting through the Corporate Compliance Officer designed to assist in complying with the Conflict Minerals Rule. As previously discussed, we also retained the services of the Provider to assist with our efforts. Through use of the Provider's web-based reporting tool we are able to collect and store supplier data and CMRTs, communicate with suppliers, and monitor risks in our supply chain. The use of this tool and our other management systems has provided an opportunity for the Company to assist our suppliers in understanding our expectations and requirements and to increase the rate of responses received from our suppliers.

# **Control Systems:**

The Company's Conflict Minerals Policy outlines the expectation that all Plexus suppliers abide by the requirements of the Plexus Supplier Code of Conduct, which prohibits human rights abuses and unethical practices. The Conflict Minerals Policy also requires all suppliers to comply with applicable legal standards and requirements and provide us with completed conflict minerals declarations annually.

We periodically review our Conflict Minerals Policy and will make updates as necessary and appropriate. If a supplier fails to comply with our Conflict Minerals Policy, we may reconsider our willingness to continue to partner with that supplier.

## Supplier Engagement:

In an effort to strengthen engagement with suppliers, Plexus utilized version 5.11 or higher of the CMRT and the Provider's web-based reporting tool for collecting CMRTs from our supplier base. The use of these tools and our other engagement efforts, have allowed us to assist our suppliers in understanding our expectations.

We continue to put a strong emphasis on supplier education and training. To accomplish this, we utilized our third-party vendor's learning management system and provided all in-scope suppliers access to their Conflict Minerals training material and courses. All suppliers are encouraged to complete all modules within this course. Supplier education is also done through one on one interaction with our third-party vendor's supplier teams.

For the 2018 reporting period we also put a stronger emphasis on the need for product level responses from suppliers by requesting CMRTs that only include the parts that are sold to Plexus. In particular, this was requested for suppliers who identified risks or gaps in their company level CMRT. The drive to a higher percentage of product-specific responses will continue into the next reporting period.

## Company Level Grievance Mechanism:

As an additional means of communication regarding conflict minerals, Plexus employees and other stakeholders can communicate directly and confidentially with the Company's Corporate Compliance Officer and executive management by use of the Plexus Ethics Hotline, as outlined in the Plexus Code of Conduct and Business Ethics, available at:

https://www.plexus.com/en-us/plexus-code-of-conduct

#### **Document Retention:**

Plexus is retaining documentation regarding its conflict minerals program for calendar year 2018 in accordance with its record retention guidelines.

## Step 2: Identify and assess risks in the supply chain

Plexus performed multiple steps in an effort to ensure that risks were identified and assessed during the execution of its conflict minerals program. This included risks associated with smelters or refiners, supplier responses, and with suppliers' internal policies and programs.

The Provider verified whether the metals processors identified by each supplier on its CMRT are actually smelters, refiners, or recyclers of conflict minerals ("legitimate smelters or refiners") by comparing the facilities reported by suppliers to the RMI's Standard Smelter List, the data gathered

by the U.S. Department of Commerce, and by conducting its own independent research. The Provider also researched and reviewed mine information for all verified smelters or refiners in an effort to determine the country of origin of the minerals processed.

The Provider attempted to match each identified smelter or refiner to available lists of smelters and refiners that have been identified as conformant by internationally-recognized validation schemes, such as the RMAP. If a smelter or refiner was not certified by an internationally-recognized scheme, the Provider attempted to contact the entity to gather more information about its sourcing practices. In addition, the Provider also performed research using publicly available sources of information regarding the smelters or refiners sourcing practices. The conformant status of each legitimate smelter or refiner is continuously monitored to ensure that any changes in status or risk are accounted for.

The Company sought to understand the risk levels associated with conflict minerals in the supply chain. A smelter's or refiner's overall risk is based on various factors, including whether the smelter has been identified as "valid" and has an associated Smelter Identification Number (under the RMI, this is known as a CID), as well as the smelter's geographic location, including its proximity to the Covered Countries and any credible evidence of unethical or conflict sourcing.

The Provider assessed supplier risk based on its determination of the likelihood that a supplier provided conflict minerals to the Company that may have originated from sources that are not conflict free, considering the smelters or refiners declared by that supplier on its CMRT.

Additionally, we evaluated suppliers based on the strength of their conflict minerals programs. The criteria used to evaluate the strength of a supplier's program consisted of the following questions on the CMRT:

- Have you established a conflict minerals sourcing policy?
- Have you implemented due diligence measures for conflict-free sourcing?
- Do you review due diligence information received from your suppliers against your company's expectations?
- Does your review process include corrective action management?

Tracing materials back to their mine of origin is a complex aspect of responsible sourcing in the supply chain. Plexus has determined that seeking information about conflict minerals smelters and refiners in the supply chain represents the most reasonable effort we can make to determine the mines or locations of origin of the conflict minerals in the supply chain. This was done by adopting the methodology outlined by the OECD Guidance and by requiring suppliers to conform with the same standards to meet the OECD Guidance, and report to Plexus using the CMRT. Through this process, we believe we have made reasonable efforts to determine the mines or locations of origin of the conflict minerals in our supply chain.

## Step 3: Design and implement a strategy to respond to identified risks

Following the assessment of supplier risk discussed above, Plexus followed up with suppliers whom we had reason to believe may be sourcing conflict minerals originating from a smelter or refiner in the Covered Countries. We also followed up with any supplier that did not submit a valid response to the CMRT and encouraged them to provide complete and accurate data via the CMRT.

As stated in our Conflict Minerals Policy, Plexus requires all in-scope suppliers to provide completed conflict minerals declarations using the CMRT. Plexus may reconsider its willingness to partner with suppliers that fail to comply with our Conflict Minerals Policy.

Based on the smelter or refiner risk criteria noted above, the following facilities have been identified with red-flag risks:

- Tony Goetz NV CID002587
- African Gold Refinery Limited (AGR) CID003185
- Kaloti Precious Metals CID002563
- Universal Precious Metals Refining CID002854
- Fidelity Printers and Refiners CID002515
- Sudan Gold Refinery CID002567

As part of our risk management plan under the OECD Guidance, when these facilities were reported on a CMRT by one of the suppliers surveyed, risk mitigation activities are initiated. Through the Provider, submissions that include any of the above facilities immediately produce a

receipt instructing the supplier to take their own risk mitigation actions. The mitigation actions may include the submission of a product specific CMRT to better identify the connection to products that they supply to Plexus, escalating up to removal of these red-flag smelters from their supply chain.

In addition to this, we conducted a campaign to all suppliers who indicated one or more smelters of concern in an effort to educate them on the level of risk and suggested next steps. The Company plans to assess all suppliers who indicated smelters of high concern in multiple reporting years and to escalate these concerns internally.

As per the OECD Due Diligence Guidance, risk mitigation will depend on the supplier's specific context. Suppliers are given clear performance objectives within reasonable timeframes with the ultimate goal of progressive elimination of these risks from the supply chain. Furthermore, suppliers are guided to our third-party vendor's learning management system to engage in educational materials on mitigating the risk of smelters or refiners in the supply chain.

# Step 4: Carry out independent third-party audit of smelter/refiner due diligence practices

Plexus relies on multi-stakeholder initiatives that provide verification processes for smelters or refiners who provide conflict minerals to companies in its supply chain. Plexus, as a purchaser of component parts, is many steps removed from the mining of conflict minerals. We do not purchase raw ore or unrefined conflict minerals and we do not conduct purchasing activities directly in the Covered Countries. In addition, we do not perform or direct audits of the smelters or refiners listed by our suppliers as being potentially a part of our supply chain.

Through our membership with the RMI, we encouraged smelters or refiners to participate in the RMAP.

The Provider also directly contacts smelters and refiners that are not currently enrolled in the RMAP to encourage their participation and gather information regarding each facilities sourcing practices on behalf of its compliance partners. Plexus is a signatory of this communication in accordance with the requirements of downstream companies detailed in the OECD Guidance.

## Step 5: Report annually on supply chain due diligence

This Report (and the related Form SD) was filed with the SEC and is available on the Plexus website at:

http://www.plexus.com/sites/default/files/resources/2018 plexus conflict minerals report.pdf

## **Due Diligence Results**

Using the processes outlined above, Plexus surveyed the in-scope suppliers for calendar year 2018 and reviewed the responses received. As previously noted, the Company, along with the Provider, followed up with suppliers who did not respond or who provided incomplete responses, or whose responses contained inconsistencies, in an effort to secure valid and complete responses. We received CMRTs from 75% of our in-scope suppliers for the 2018 Reporting Year accounting for over 90% of our in scope parts.

Based on the due diligence measures discussed in this Report, Plexus does not have sufficient information from our suppliers or otherwise to conclusively determine the country of origin of the 3TGs in the products we manufactured, or were contracted to manufacture, in calendar year 2018 or whether the 3TGs were from recycled or scrap sources. As a result of these due diligence measures, Plexus has identified the 321 smelters and refiners to this Report as potentially processing the 3TGs provided by its suppliers. Of the 321 smelters and refiners, 255 were identified as RMI conformant, with an additional 7 pursuing their RMI certification, leaving a total of 59 smelters that are not currently enrolled in the RMAP. Each of those 59 smelters has received a letter to educate them on the RMI process as well as encouraging them to join the RMAP and become a RMI compliant facility.

As previously disclosed, Plexus does not do business directly with any of the smelters or refiners listed. The list was generated based on information received from the Company's suppliers. Plexus continues to conduct independent research on smelters and refiners and will work with suppliers throughout our supply chain to help improve and refine reported information in future years. Plexus will continue to communicate expectations and information requirements to our direct suppliers. We will continue to make inquiries to direct suppliers and undertake additional risk assessments when potentially relevant changes in facts or circumstances are identified.

Although we requested information at a product level, as previously disclosed, a majority of suppliers returned information at a company or division level, not at a product level. Therefore, the information provided was not necessarily limited to smelters or refiners confirmed to be in the Company's supply chain. From the responses that we received, we identified 6 smelters or refiners that potentially posed a risk. These concerns stem from location of the facilities, RMAP audit status, and credible evidence of unethical or conflict sourcing. We have not been able to determine whether any of these smelters are financing conflict in the Covered Countries. We will continue to work with our suppliers to determine if these smelters or refiners can be directly linked to the actual parts or products sold to Plexus. Due to the submission of company level responses, we cannot make this determination at this time.

In addition, various supplier responses were incomplete, as all supply chain participants continue to map their upstream supply chains. As a result, Plexus is unable to definitively validate whether the facilities listed in Annex A actually processed the minerals contained in our products or whether this is a completely inclusive list.

## **Steps to Continuously Improve Due Diligence**

In addition to the initiatives outlined above, Plexus plans to take the following steps during the next compliance period to improve the due diligence conducted and to further mitigate the risk that these conflict minerals benefit armed groups:

- Actively participate in and support industry trade groups to help improve communication throughout the supply chain. Plexus is an active member of the RBA, and will continue its membership activity through the coming year.
- Continue to partner with certain customers to help educate suppliers on our ongoing expectations supporting responsible sourcing decisions.
- Continue to expand and improve supplier engagement. With the goal of increasing the response rate and quality of survey responses, Plexus will continue to reach out to

- suppliers, support education and training, and seek to integrate expectations into new supplier contracts.
- Evaluate ongoing supplier relationships with those suppliers that do not comply with our Conflict Minerals Policy. We plan to assess year-over-year supplier submissions to identify suppliers who have not made improvements to their CM programs in an attempt to reduce their risk. Comparisons between multiple reporting year submissions are currently underway. An educational outreach program will be offered for those suppliers failing to provide a CMRT for both years through the Provider.
- Evaluate the suppliers that have provided smelters or refiners on the previously mentioned 6 risky smelters and require smelter diligence training for those suppliers.
- Continue to enhance and refine due diligence measures. Based on an evaluation of the 2018 supplier survey process, Plexus will continue to work with third-party service providers to enhance its supplier survey and due diligence processes.