

Responsible Sourcing

Single View of Risk

The establishment of Jabil’s Risk Governance Office in 2016 kicked off an organizational initiative to further expand the way we assess our supply chain, with the goal of achieving a “single view of risk.” By developing new data request, capture and analytics capabilities, we are continually expanding our scope of coverage in assessing supply chain risks. This will play a key role in increasing our levels of visibility, knowledge and breadth of screening. In the future, this level of detail will encompass our entire supply chain, and Jabil will be positioned even more strongly to identify and manage related risks, and to improve our responsible sourcing decisions.

In Fiscal 2017, Jabil built the first phase of a Vendor Risk Management Index that is providing initial inputs to our broader Enterprise Risk Management framework. This centralized platform (that was initiated with direct material suppliers first) is now providing a single view of risk for first-phase criteria across a much greater portion of our direct supplier total spend. The system incorporates captured and analyzed risk data and assigns each supplier a “risk score” based on the results of this analysis. Examples of the social and environmental risks that we monitor through this system include bribery and anti-corruption systems, social and environmental systems, conflict minerals disclosures, and health and safety systems. Additional steps we took toward creating a single view of risk in Fiscal 2017 include strengthening purchasing controls, streamlining auditing processes, launching a survey recollection process and further automating supplier self-assessments. These have enabled monitoring to begin as well as serve as an input to our procurement processes. We also added new training and development resources to the Jabil Supplier Portal—an online platform that provides suppliers with information regarding our company requirements and expectations.

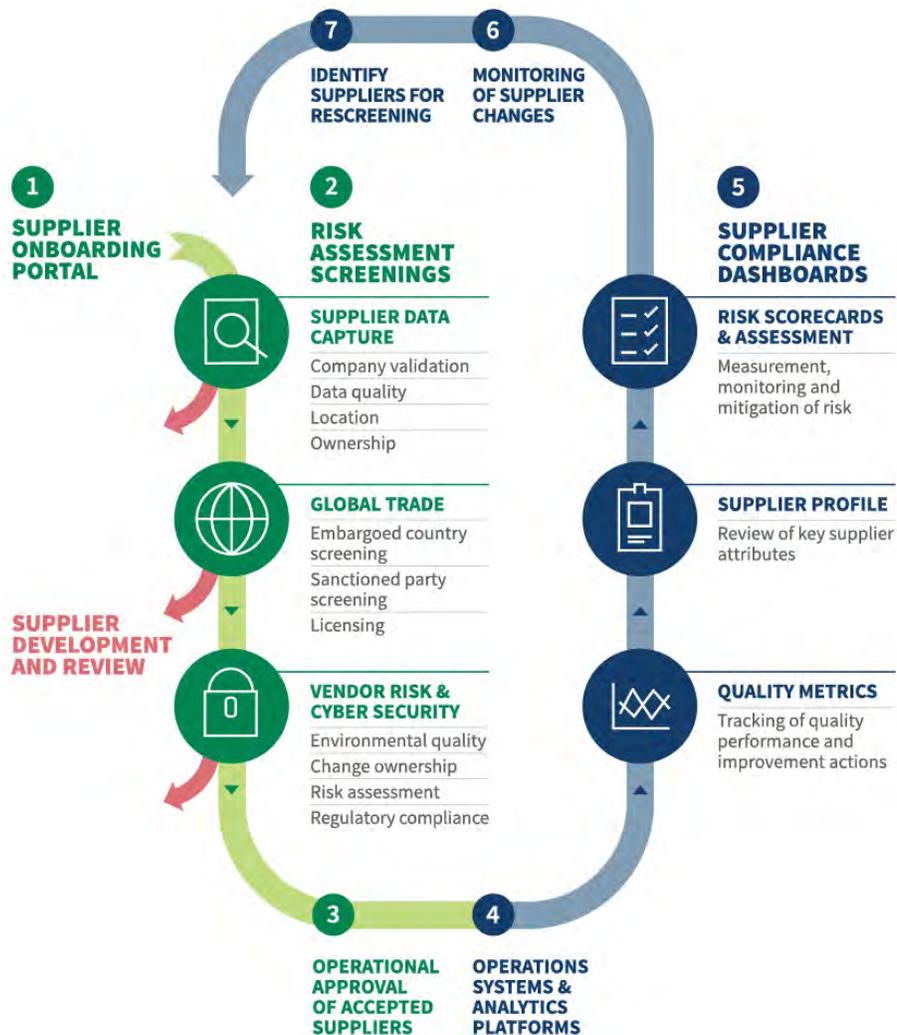
As a result of these risk management steps, we are securing a lower-risk supply chain that better adheres to social, environmental, ethical, regulatory and other requirements of Jabil, our customers and the industries that we serve.

Vendor Risk Management Index

In Fiscal 2017, more than 17,000 Jabil suppliers across 100+ commodity categories were added to our Vendor Risk Management Index. Beginning in Fiscal 2017 and continuing into Fiscal 2018 and beyond, indirect suppliers (suppliers providing services or other materials that do not go into products) are now being brought into our Risk Governance processes to create a “single view of risk” for these supplier types. This group accounts for approximately US\$3 billion of supplier spend, with over 40,000 vendors supporting 165 service categories

Supplier Lifecycle Risk Management

Jabil is continuing to develop a rigorous, multi-tiered process that is designed to ensure that every supplier we work with has been fully screened, vetted and risk-rated. Once we accept a supplier into our system, we will maintain a continual loop of ongoing monitoring for any changes in information, including performance metrics, company profile or operating status.



Conflict Minerals Management

(fiscal years)	2015	2016	2017
Suppliers completing Quality and RBA self-assessments	4,384	9,450*	3,427**
SER risk assessments completed	966	1,234	2,437
SER audits	26	33	105***
Quality audits	207	305	225

* Includes Quality Surveys (8,833), Quality Self-Assessment Questionnaire (SAQ) (408) and EICC SAQ (209). The large increase from Fiscal 2015 to Fiscal 2016 is a result of automating surveys and self-assessments, which increased our supplier reach and made it easier for suppliers to respond.

**Includes Quality SAQ (2,613) and RBA SAQ (814).

*** Increase from the prior year is primarily due to a larger number of qualified auditors performing more labor agency audits in Fiscal 2017.