



Corporate Social Responsibility Report

Fiscal 2013



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Letter from the CEO



John J. Boucher
President and Chief Executive Officer

Dear Stakeholders:

I am pleased to present the fiscal 2013 ModusLink Corporate Social Responsibility Report.

At ModusLink, continuous improvement is a consistent theme and it is applied to all aspects of our business. We are always seeking to enhance our value to clients, shareholders and employees. When it comes to Corporate Social Responsibility, one fact is clear—ethical and environmentally responsible business practices have significant impact on all of our constituencies.

While CSR is not an entirely new discipline among corporations, it has certainly received much more deliberate and measured attention of late. Yet in many ways, you can look at what ModusLink has been doing for our clients for almost 30 years as having had positive contributions on many of these key metrics. Designing and implementing supply chain and logistics processes are at the heart of our offerings and these activities very often lead to benefits for our clients that go beyond bottom-line costs. We are helping global companies reduce the amount of goods transported over long distances, source materials closer to their origin, appropriately manage reclamation and e-recycling and engineer new packaging solutions that drastically cut plastic and paper consumption.

In the course of our own operations spanning more than 25 sites across the world, we actively promote and track initiatives in waste reduction and recycling, efficient and ethical use of natural resources and materials, principled labor practices and more. We

work very closely with our own suppliers and logistics partners to ensure their standards are similarly stringent. And we are invested in global industry standards bodies, such as the Electronic Industry Citizenship Coalition (EICC), that work to promote measurable social, environmental and economic responsibility.

I invite you to further explore the various ways we uphold the social and environmental standards that are imperative for a global company today. You can find additional details on our website at www.moduslink.com/about/corporate-social-responsibility.

At ModusLink, it is directly in line with our key corporate values that we not only maintain, but strive to advance these initiatives, become a leader in our industry and help our clients achieve that leadership as well. That is our commitment and I look forward to the next milestones as our teams continue to develop new innovations in global supply chain management that benefit businesses, people and the planet.

Sincerely, 

ModusLink at a Glance

We provide comprehensive global supply chain management and logistics services to our clients.



ModusLink Global Solutions, Inc. (“ModusLink” or “the Company”) provides comprehensive global supply chain management and logistics services to our clients. As an integrated provider, we work closely with many of the largest brands in the world to identify opportunities that improve their revenue, cost, sustainability and customer experience objectives.

With headquarters in Waltham, Massachusetts, ModusLink is legally incorporated in the state of Delaware and operates through its wholly owned subsidiaries, ModusLink Corporation (“ModusLink Corp.”) and ModusLink PTS, Inc. (“ModusLink PTS”). The Company sold substantially all the assets of its wholly owned subsidiary, Tech For Less, LLC (“TFL”), in January 2013. The Company has five operating segments: Americas, Asia, Europe, E-Business and ModusLink PTS, and has three reportable segments: Americas, Asia Pacific and Europe.

Across the regions where ModusLink operates, approximately 3,200 people, 98% of whom are considered full time, are employed in more than 25 strategically located Solution Centers. Our broad global reach has made outsourcing supply chain management a favorable option for ModusLink clients by improving time-to-market and overall flexibility in product distribution.

WHAT WE DO

Providing cost-effective and sustainable logistics, fulfillment and supply chain management to our clients is at the core of ModusLink’s business. Our integrated network of Solution Centers with standardized advanced technologies and streamlined processes are paired with a deep understanding of our clients’ industries and markets, allowing ModusLink to accommodate their specific needs with highly effective and scalable supply chain solutions. In practice, this means identifying opportunities for our clients to improve their entire supply chain, from upstream processes and sourcing to downstream distribution. Additional solutions, including product return, repair and recovery programs, e-commerce, contact center and financial and entitlement management, are services that ModusLink offers to further simplify the complexities of our clients’ global operations.

ModusLink's Solutions Include:

- Material Planning and Factory Supply
- Value-Added Warehousing and Distribution
- Returns Management
- Repair and Recovery
- E-Commerce
- Contact Center
- Entitlement Management
- Financial Management

Primary Industries Served:

- Communications
- Computing and Storage
- Consumer Electronics
- Luxury Goods
- Medical Devices
- Consumer Packaged Goods
- Retail
- Software and Content

Along with an extensive range of services and the diverse portfolio of industries we serve, our geographic reach is also broad. We conduct business in many countries, and a large portion of our business is conducted in the Netherlands, the Czech Republic, Singapore, Taiwan, China, Malaysia, Japan, Mexico and the United States. During fiscal 2013, approximately 60% of our net revenue was generated internationally.

In light of our international operations, ModusLink strongly adheres to all of the various laws, regulations and labor practices in locations where we conduct business. In particular, a significant portion of our business is conducted in China and special attention is required for the unique challenges presented by Chinese regulations. For example, foreign entities conducting business in China are subjected to a complex set of dynamic licensing and tax requirements and restrictions or limitations on the repatriation of cash. In all circumstances and geographies, we are committed to conducting our business ethically and in compliance with all regulations.

ModusLink strongly adheres to all of the various laws, regulations and labor practices in locations where we conduct business.

Our Team

Our commitment to our mission and corporate values strengthens the entire organization and helps us better meet the needs of our clients.



STRONG LEADERSHIP

During the reporting period, ModusLink welcomed a new President and Chief Executive Officer, John J. Boucher. With extensive experience in supply chain management and operations, Boucher is committed to building upon ModusLink's strengths, enhancing operations and nurturing the growth of our business.

In support of this mission, ModusLink's Board of Directors oversees the management of the company. During a time of organizational change, ModusLink's Board also underwent change. Once comprised of five committees, the Board no longer oversees the Technology or Business Development Committees and now includes only the Audit, Human Resources and Compensation and Nomination and Corporate Governance Committees. Through each of these committees, the Board strictly adheres to the company's Code of Conduct and the Corporate Governance Guidelines, which are publically available under the Investor Relations section of ModusLink's website. In the Guidelines, it is specified that the

Committees of the Board of Directors

- The Audit Committee assists with the Board's oversight of the Company's accounting and financial reporting processes and the audits of the Company's financial statements.
- The Human Resources and Compensation Committee discharges the responsibilities of the Board of Directors relating to compensation of the Company's executive officers.
- The Nomination and Corporate Governance Committee assists in identifying individuals qualified to become Board members, recommends to the Board the persons to be nominated by the Board for election as directors at any meeting of stockholders, develops and recommends to the Board a set of corporate governance principles applicable to the Company, and oversees enterprise risk management.



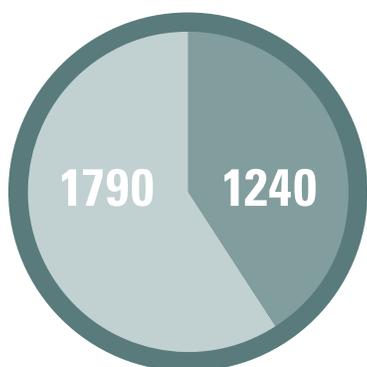
Company’s Board shall have a majority of directors who meet the criteria for independence required by the NASDAQ Stock Market Marketplace Rules. Prior to John Boucher taking the seat as CEO in January of 2013, the former CEO had also served as the Chairman of the Board. However, since Boucher’s appointment, the Board has been comprised exclusively of members who all meet the above mentioned criteria for independence.

HIGHLY SKILLED EMPLOYEES

We believe that hiring highly skilled and dedicated team members who share the Company’s commitment to our Core Values—focusing on clients, excellence, leadership, integrity and teamwork—is crucial to the success of our business. Based on these criteria, we seek the best candidate for any given position, regardless of any other attributes, including their place of origin. We therefore do not have a policy for preferentially hiring line or management employees who are local to a given facility.

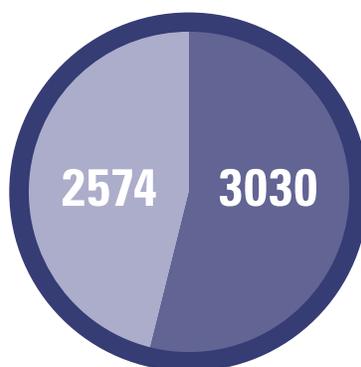
We also uphold employees’ rights to associate with collective bargaining agreements without risk of restrictions. Currently, our sites in France, Mexico and Ireland have collective bargaining agreements, representing 3% of our full time workforce. This proportion of employees participating in collective bargaining agreements may increase to approximately 10% should unionized activities in Asia ensue.

EMPLOYEE TYPES



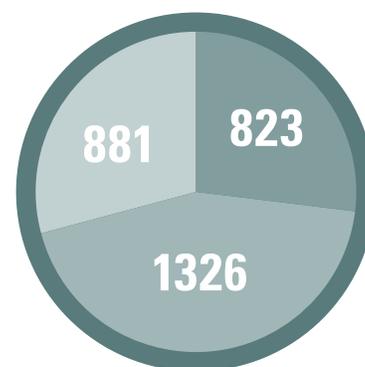
- Line Employees (direct labor)
- Management or Administration Employees (indirect labor)

EMPLOYEES VS. TEMPORARY LABOR



- Permanent Contract/Positions
- Fixed Term/Temporary Employment Contract

TOTAL EMPLOYEES BY REGION



- Americas
- Asia
- Europe

EMPLOYEES BY FUNCTION



Marketing	9
Corporate	10
Sales	15
HR	61
Finance	141
IT	153
Operations	2641

TRAINING FOR CONTINUOUS IMPROVEMENT

To drive continued growth and education, a number of internal training opportunities are available for ModusLink employees. These include courses related to job-specific skills, sexual harassment and discrimination policies, health and safety, security awareness, ISO procedures and work instruction, Lean Sigma Practitioner instruction and IT skills. In addition, external trainings are offered to many employees as well as e-learning through the online learning platform, Skillport.

While ModusLink does not deploy a global process for tracking training, it does occur at most of our facilities. Of the trainings reported, more than 622 employees in the Americas, 1,660 employees in Asia and 622 employees in Europe participated in training courses during the reporting period.

Hands-on training also plays a major role in our support of professional development throughout the ModusLink team. This proves particularly important for health and safety education by keeping our workplace injury rates low. In 2013, there were 83 cases of work-related injuries and there were no reported instances of occupation-related diseases or fatalities.

ACCOLADES

We are honored by the recognition we have received from our stakeholders during the fiscal year 2013. This demonstrates how the value of conducting our business responsibly extends far beyond ModusLink.

2013 Media/Industry Awards



- SupplyChainBrain – Top 100 Great Supply Chain Partners
- Armstrong & Associates / SupplyChainBrain – North America’s 50 Most Successful 3PLs
- Transport Topics – Top 50 Logistics Companies
- Supply & Demand Chain Executive Green Supply Chain Award

2013 Client Award

- AMD Supplier Excellence Award

Giving Back



In addition to the skill sets and dedication that make ModusLink employees invaluable to our business, our team is also comprised of individuals who give back to each other and their communities. As an example of our volunteer work, a group of employees at our Penang site in Malaysia worked together to refurbish a local orphanage in disrepair. Improvement projects to restore this facility where 15 children reside included painting, fixing light fixtures and replacing a much needed fan. Additionally, ModusLink employees coordinated a collection of groceries and supplies which were donated to the shelter.

Building Strong Relationships

VALUED STAKEHOLDERS

We value the relationships with all of our stakeholders and recognize the importance of maintaining clear and open communication with these groups, which include clients, vendors, employees, stockholders, trade organizations and the communities where we operate. These stakeholder groups are of significant importance to us given their influence on how ModusLink conducts its business, or because the activities of ModusLink have significant impacts on their interests. Topics we consider of particular interest for these stakeholder groups include our solutions and services, financial performance, environmental impacts and employee matters. Engagement with stakeholders takes a number of forms that include providing surveys and conducting performance reviews for employees, initiating regular communication with suppliers and stockholders and frequently interacting with community representatives at major corporate sites. Additionally, stockholders are provided a mechanism for addressing recommendations or concerns directly to the Board of Directors by means of written communication to the Secretary of the Company at ModusLink's headquarters.

ModusLink is continually working to offer our clients optimal solutions that meet their needs and help achieve their business goals. As a result, we are considered a trusted partner to some of the world's leading companies. Our Solution Centers handle approximately 451 million product shipments and more than \$80 billion of our clients' revenue each year. One way to ensure we are maintaining client satisfaction is through yearly surveys. We have learned that this type of regular engagement is well received and provides an excellent forum for communication. The results of the most recent poll indicated a slight downturn in our overall customer loyalty calculations. This is believed to be due to ModusLink's restatement and past financial results. Despite the figures, many of our largest customers offered highly favorable testimonials with an overall sentiment of satisfaction with our services.

To support our international operations, we work with a variety of suppliers and vendors. While some of these providers are local to the area in which we require their services, others are larger providers that operate at a global level. Our process for selecting these partners is based on obtaining the greatest value for our and our clients' business. Therefore, reliability and expertise in their given service area is the main focus and we do not preferentially align ourselves with suppliers or vendors that are based locally to our facilities.

In terms of political involvement, ModusLink has a standing policy to avoid contributing to political campaigns, individuals or groups, or participating in public policy debates. Therefore, no financial contributions to political groups, politicians or parties were made by the Company during the reporting period.

Running a Sustainable Business

All employees are expected to adhere to strict ethical standards.



INTEGRITY AT WORK

We strive to practice business with the greatest integrity possible, which further solidifies the positive relationships we build with clients. We have a comprehensive review process for our product marketing materials. This includes legal and corporate communications review of public-facing documentation. In 2013, there were no reported incidents or fines related to non-compliance with marketing laws. Aside from clear and honest descriptions of our products, we also work diligently to ensure the greatest level of security for our clients' privacy. In 2013, there were no complaints of breaches of privacy.

Once hired, all employees are expected to adhere to strict ethical standards as explained in ModusLink's Code of Conduct and Foreign Corrupt Practices Act Policy. Each employee is required to review this policy on an annual basis. Given our employees' understanding of this policy and the nature of our business, we are confident that there is no risk associated with the use of child or forced labor. We take these matters seriously and adhere to strict internal standards regarding the hiring of minors.

Through our Internal Audit team, ModusLink assesses all business units annually for risks related to corruption. The company also has a whistleblower tool called EthicsPoint, which employees may use to report potential corruption violations. These reports are investigated, addressed and discussed with the Audit Committee.

In fiscal year 2013, there were no legal actions taken for anti-competitive behavior, anti-trust or monopoly practices. There were no fines levied against ModusLink for noncompliance with laws and regulations including those related to anti-competitive behavior, provision and use of products and services and those related to marketing communications, advertising, promotion or sponsorship.

INTERNAL OPERATIONS

For fiscal year 2013, net revenue was \$754.5 million, an increase of 5.7% compared to net revenue of \$713.9 million in the previous year. The improvement was primarily driven by increased revenue from certain client programs in the consumer electronics and consumer products industries.

As a result of an internal investigation commenced by the Audit Committee of the Company's Board of Directors, ModusLink announced on June 11, 2012 that the Company would need to restate its financial statements from fiscal years 2009 through 2011 and the first two quarters of fiscal year 2012, and selected unaudited financial data for fiscal years 2007 and 2008, and that those previously issued financial statements should no longer be relied upon. On January 11, 2013, the Company corrected the underlying errors within its 10-K filing for the fiscal year ended July 31, 2012 and became current in its SEC reporting.

The company consolidated two significant facilities and reduced its workforce by 16%. We believe that this consolidation will allow us to respond to the challenges of a global marketplace more efficiently.

At this transitional period in our company's history, we also look to new leadership to renew our corporate vision of responsible business practices. Focusing on operating sustainably will help us ensure that our business is operating with high efficiency, limiting our risks related to environmental and labor regulations and promoting an internal drive for overall excellence. As a means of tracking our performance related to such practices, we have rolled out a robust data collection process that we use to measure and monitor our outcomes. Equipped with this information, we are able to set performance targets and focus on continuous improvement.

Internal Initiatives

- Consider environmental concerns and impacts in our decision-making processes
- Promote environmental awareness among our employees and encourage them to work in an environmentally responsible manner
- Reduce waste through reuse and recycling, and by purchasing recycled and recyclable products and materials that can be refurbished
- Promote efficient use of materials, resources and energy throughout our Solution Centers
- Work with our suppliers and logistics partners to conduct their operations in an environmentally responsible way
- Avoid unnecessary use of hazardous materials and products and seek substitution when feasible
- Expand our ISO 14001 certification to include all applicable Solution Centers
- Participate in industry groups to set standards on environmental practices

Targets and Goals

The information available as a result of the systematic data collection process rolled out in fiscal year 2011 provided us with a baseline upon which to set targets. Encouraged by some of our clients, ModusLink established aggressive performance goals for environmental metrics. We consider this an important component of our corporate sustainability commitment. Now that we have measured environmental data, we believe it is time to monitor performance and implement policies to help us achieve strong goals.

MODUSLINK WASTE MANAGEMENT POLICY



Waste is an inherent component of operations. However, while producing waste is unavoidable, there are numerous opportunities to reduce the volume of waste that is brought to landfills and to redirect additional waste to recycling facilities. Each ModusLink location around the world will be meeting with local waste haulers and recycling vendors to discuss options for enhanced recycling programs. Additionally, as part of our efforts to assist clients in their own sustainability efforts, we continue to meet with key clients to discuss ways that waste streams attributable to their product lines can be reduced.

Targets: By the end of 2013, All ModusLink facilities will have met with their local waste and recycling vendors to discuss ways to increase recycling programs and decrease waste streams to landfills and each location will have waste reduction/enhanced recycling plans in place.

Goal: 5% reduction globally by end of FY14 on the amount of waste sent to landfills measured per dollar of revenue.

MODUSLINK WATER MANAGEMENT POLICY



Water is a requirement for day-to-day facility and employee use. When a single line of potable water is delivered to a facility, this high quality water could be used at unnecessary quantities when possible alternatives exist. Each ModusLink facility will be meeting with its local water utility to discuss options for water conservation programs.

Targets: In an effort to minimize the overall volume of water consumed, especially in its fresh, potable form, by the end of 2013, all ModusLink facilities will have met with their local water utility to discuss ways to increase water conservation efforts and any available programs to support these efforts and each location will have a water conservation program mapped out, with implementation scheduled for FY2014.

Goal: Potable water usage to decrease by 2% annually compared to FY13 levels when normalized against headcount.

MODUSLINK ENERGY CONSUMPTION POLICY



Reducing energy consumption coincides with improving the overall efficiency of processes and reducing operational costs, as well as advancing sustainability goals. All ModusLink sites have been directed to establish meetings with local energy utilities to discuss options for energy conservation programs and availability of support for audit efforts.

Targets: By the end of 2013, all ModusLink facilities will have met with their local energy utility to discuss ways to increase energy conservation efforts and will have energy conservation program options mapped out, with implementation scheduled by the end of FY14.

Goal: Energy usage normalized against revenue to decrease 5%.

MODUSLINK HUMAN RESOURCES POLICY



Leadership, integrity and teamwork are key elements of ModusLink's mission and values. This commitment strengthens our organization and enables client focus and overall excellence. We focus on respect for the individual, high ethical standards and accountability. The Company strives to build and maintain a corporate culture with high standards for labor and human rights, both internal and external to the organization, and has measurable goals in place for our global workforce.

Targets: By the end of 2013 and annually thereafter, all ModusLink employees will receive the Company's Labor and Ethics Statement, its Code of Conduct and details on the Foreign Corrupt Procedures Act (FCPA). Employees will be provided details on the various official methods for reporting human resources-related issues.

Goal: No overdue investigations as a result of any reported labor or employment complaints and no lost workdays as a result of on-the-job injury or illness.

MODUSLINK CONFLICT MINERALS POLICY



ModusLink is committed to the ethical sourcing of minerals used in its materials. In July 2010, the United States passed HR4173, the Dodd-Frank Financial Reform Bill section 1502(b) requiring all US stock listed companies and their suppliers to disclose the chain of custody usage of conflict minerals (Tin, Tantalum, Tungsten, and Gold: 3TG). ModusLink as a full member of the EICC adopted the EICC-GeSI Due Diligence reporting process and obtains required chain of custody declarations ensuring transparency in its supply chain. ModusLink expects all its suppliers to comply with the Dodd-Frank regulation and provide all necessary declarations. Suppliers must pass this requirement through the supply chain and determine the source of specified minerals. ModusLink is working diligently with its suppliers and other stakeholders to improve and systematically address the process for sourcing minerals that are "conflict-free."

SUSTAINABLE OFFERINGS TO CLIENTS

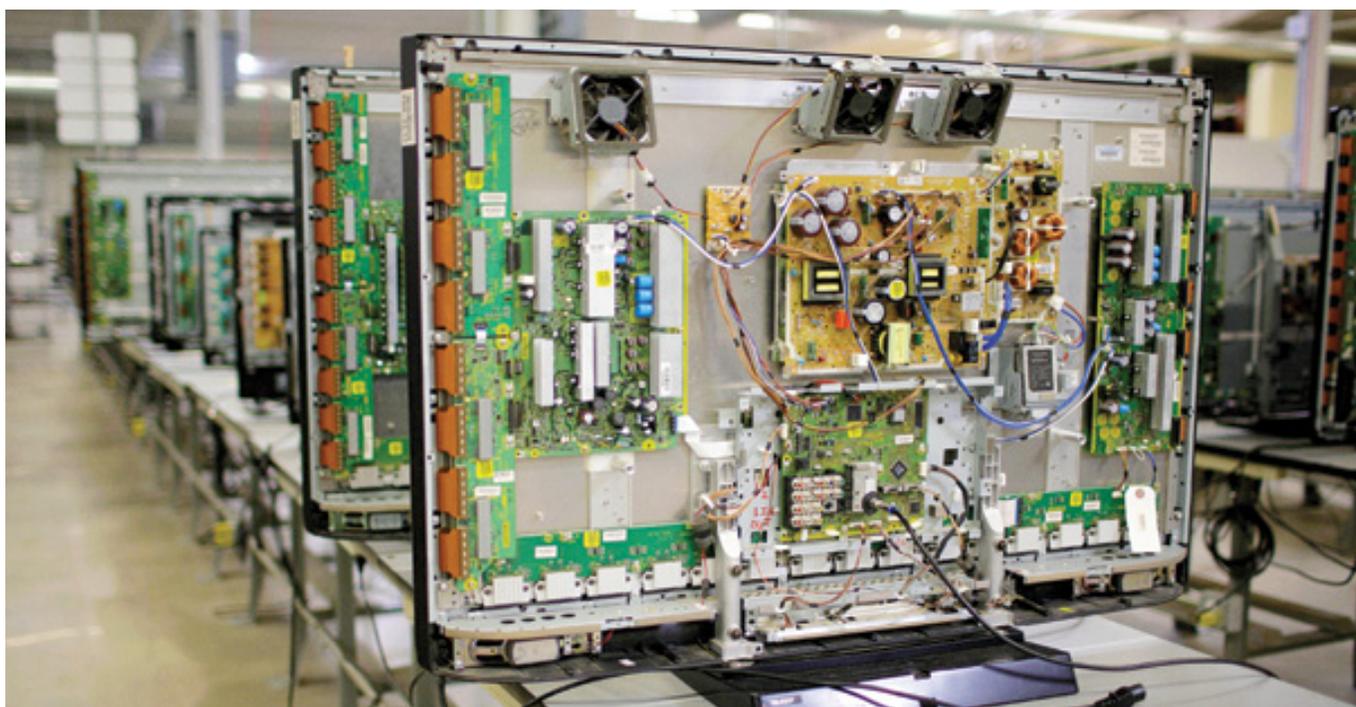
In addition to our own operations, we can also remain competitive in our market by offering clients additional value and more sustainable solutions for their supply chain and logistics needs. Our level of support with clients' sustainability measures varies depending on the client, however a typical application involves determining the greenhouse gas footprint of a particular process by conducting a thorough supply chain analysis. This approach allows us to identify critical stages in logistics, warehouse management, packaging and assembly where improvements may be realized. The solutions we identify are then seamlessly integrated with other service providers such as contract manufacturing companies and third-party logistics providers to optimize the overall network. These services help our clients improve their efficiency through more cost-effective and environmentally responsible means.

Sustainable Solutions

- **Packaging Redesign:**
 - Rethink packaging priorities and identify opportunities for compact designs with eco-friendly materials
- **Optimized Configuration:**
 - Identify the most efficient process for final configuration by looking at geographic locations and packaging and distribution needs
- **GHG Optimization:**
 - Measure and analyze trade-offs in the supply chain including carbon emissions from logistics and all GHG emissions from operational activities
- **Value Recovery:**
 - Maximize the value of returned and excess inventory by harvesting working parts and recycling non-value parts to avoid landfill disposal
 - Repair and e-recycling
 - Collect and reuse working components and dispose of hazardous waste through an EPA-certified vendor

Client Initiatives

- Design processes aimed at minimizing the environmental impact of their supply chains
- Evaluate the carbon footprint of clients' supply chains and product packaging
- Provide sustainable packaging redesign services
- Reduce greenhouse gas emissions from clients' supply chain processes when possible
- Eliminate the use of hazardous substances in their products and product accessories
- Assist clients in achieving applicable standards of product certification
- Appropriately meet product content requirements and label product content
- Offer responsible reuse, recycling and end-of-life management for clients' products



TV repair and e-recycling at our facility in Bloomington, Indiana.

Reducing Environmental Impacts

We take the issue of environmental management seriously and apply all laws and regulations relating to environmental protection, health and safety in the workplace.

At ModusLink, we are committed to developing sustainable supply chain solutions for our clients, while also minimizing our own environmental impact by carefully managing our energy consumption, water usage and waste production. These efforts help us reduce our carbon footprint, control costs, maximize the efficiency of our operations and improve the services we provide to our clients.

With this report and as part of our commitment to the codes and standards of the Electronic Industry Citizenship Coalition (EICC), we regularly communicate relevant data regarding our environmental performance to our stakeholders. In addition, we also annually report to the Carbon Disclosure Project (CDP), further demonstrating our commitment to conducting business responsibly.

We take the issue of environmental management seriously and apply all laws and regulations relating to environmental protection, health and safety in the workplace. Where required, we obtain necessary environmental permits, comply with all applicable laws regarding hazardous substances (e.g., Registration, Evaluation, Authorization and Restriction of Chemical Substances and Restrictions on Hazardous Substances regulations) and proactively work to reduce our material usage, limit waste production and increase recycling. As of 2013, 19 of our solution centers are ISO 14001 certified and there are plans for most of the remaining facilities to become certified in the near future. In fiscal 2013, there were no significant fines or non-monetary sanctions levied against ModusLink for non-compliance with environmental laws or regulations.

DATA COLLECTION

As part of our systematic data collection process, we compile data regarding direct and indirect energy consumption (including electricity usage), fuels consumed in our buildings and vehicles and information about water usage and waste production. The following tables provide an overview of the environmental performance from fiscal 2011 to 2013.

As important indicators of the efficiency of our operations, we believe greenhouse gas (GHG) emissions are vital to measure and monitor. We therefore calculate our direct (Scope 1) and indirect (Scope 2) GHG

footprint using the methodology of the Greenhouse Gas Protocol. This enables us to assess where our impacts are greatest, how our performance is changing over time and where there are opportunities for improvement.

ENERGY AND GREENHOUSE GAS (GHG) EMISSIONS

The results for fiscal 2013 show that the major contributor to our overall GHG footprint, at over 84%, is the indirect emissions attributable to electricity usage. The second largest source of GHG emissions is the burning of fuels for heating, which contributes 9% to the total GHG footprint.

The trend from 2011 to 2013 shows a reduction in absolute terms of 10% for GHG emissions and 12% for energy consumption, respectively. Part of this change can be attributed to a reduction in business volume. In addition, energy consumption per employee hour was reduced slightly indicating improved energy efficiency in operations.

ENERGY AND CO₂

			Fiscal 2011 ¹	Fiscal 2012	Fiscal 2013
Stationary Combustion	Diesel	Gigajoules (GJ)	113	97	93
	Gasoline	GJ	20	0	0
	LPG	GJ	268	160	20
	Light Heating Oil	GJ	1	0	0
	Natural Gas	GJ	33,149	29,244	29,808
	Other petroleum products	GJ	2,669	584	592
Vehicle Fuels	Diesel	GJ	4,068	8,437	3,789
	Gasoline	GJ	1,683	2,599	1,033
	LPG	GJ	12	0.5	0
Electricity	Consumption	GJ	119,591	108,040	104,857
District Heating/Cooling	Total Heating Energy	GJ	3,484	5,629	5,559
CO₂e Emissions²	Direct Emissions (Scope 1) ³	Metric Tons (mt)	2,849	2,825	2,259
	Indirect Emissions (Scope 2) ⁴	mt	18,427	17,232	16,790
	Total emissions – CO ₂ e	mt	21,276	20,057	19,050

Footnotes:

¹ Improved data quality led to a restatement of the fiscal 2011 figures as reported in the 2011 sustainability report

² Greenhouse gas inventory calculated in accordance with the Greenhouse Gas Protocol

³ Direct greenhouse gas emissions in CO₂ equivalents (CO₂e) from sources owned or controlled by the company

⁴ Indirect greenhouse gas emissions from the generation of imported electricity, heat, or steam consumed by the company

WATER AND WASTEWATER

Our facilities use water primarily for human consumption and sanitary facilities and minimally for limited irrigation and heating and cooling in some buildings. In fiscal 2013, we used approximately 216,000 cubic meters (m³) in our facilities, which came from municipal water sources and collected rainwater. At the same time, our facilities produced approximately 193,000 m³ of sewage, which was discharged into the local wastewater and/or sewage infrastructure according to all applicable laws.

We are pleased that we managed to reduce our water consumption by 3% in fiscal 2013 compared to 2011. In addition, the usage of fresh drinking water could be reduced by increased use of rainwater.

WATER

			Fiscal 2011 ¹	Fiscal 2012	Fiscal 2013
Source	Drinking/Municipal ²	m ³	205,800	129,900	177,600
	Rainwater	m ³	14,520	42,160	36,890
	Surface Water	m ³	1,458	1,042	1,081
Total			221,800	173,100	215,600

Footnotes:

¹ Improved data quality led to a minor restatement of the fiscal 2011 figures as reported in the 2011 sustainability report

² Includes water consumption where source was not provided

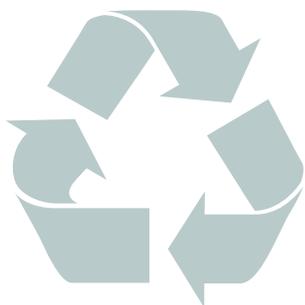


WASTE MANAGEMENT

We carefully manage our waste streams and employ recycling whenever technically possible and economically feasible. As a company that provides packaging and fulfillment services for many of our clients, we use large quantities of packaging materials such as cardboard, paper and plastic.

In fiscal 2013, we disposed of almost 7,100 metric tons (mt) of materials and recycled 73% percent of that amount. This is a significant 12% reduction in total waste volumes compared to fiscal 2011. We also managed to increase the overall rate of recycling from 65% in fiscal 2011 to 73% in 2013. We will continue to optimize our recycling systems in the coming years, in addition to pursuing further reductions in the total amount of packaging needed by our clients' products.

WASTE		Fiscal 2011	Fiscal 2011 Recycling Rate	Fiscal 2012	Fiscal 2012 Recycling Rate	Fiscal 2013	Fiscal 2013 Recycling Rate
Batteries	mt	0.3	5%	15	20%	5	96%
Cardboard	mt	3,657	86%	3,760	89%	4,234	85%
Composting	mt	4	0%	6	0%	1	0%
Construction waste	mt	0.3	80%	11	80%	20	80%
Electrical devices	mt	394	83%	257	97%	80	93%
Glass	mt	0.1	100%	0.1	100%	0.05	100%
Hazardous waste	mt	16	0%	35	0%	17	0%
Incineration	mt	10	0%	57	0%	57	0%
Landfill	mt	1,502	0%	822	0%	599	0%
Metal	mt	99	64%	280	96%	194	90%
Paper	mt	381	79%	219	94%	295	73%
Plastics	mt	470	95%	420	92%	379	84%
Unknown	mt	1,461	60%	1,155	11%	1,172	63%
Total	mt	7,995	65%	7,039	65%	7,052	73%



We increased the overall rate of recycling from **65%** in fiscal 2011 to **73%** in 2013.

About This Report

The information in this report was selected based on a materiality process led by external experts.

This report is the second CSR report developed under the GRI G3 Guidelines. The previous report covered fiscal 2011. In adherence with our bi-annual reporting cycle, this report covers ModusLink's sustainability-related information for the 2013 fiscal year (August 1, 2012–July 31, 2013). Descriptions of performance information from previous years were used as comparisons to better convey ModusLink's relative progress. All data presented in the report represents all wholly owned ModusLink Global Solutions operations, including subsidiaries unless explicitly noted otherwise.

The information included in this report was selected based on a materiality process led by external experts. This workshop was attended by key ModusLink individuals, including the Executive Leadership Team, representing the heads of the major business units and corporate functions. This approach was considered sufficient for identifying relevant content as there were no significant changes to the business since the previous report that would affect the relevancy of indicators. Similarly, ModusLink's interpretation of stakeholder perspectives (both internal and external) did not differ from the previous reporting period.

The topics identified as most material for the previous report and for which key ModusLink members confirmed relevancy are: environmental performance and management, products and services, employees and corporate governance. Key stakeholder groups expected to use the report are customers, employees, stockholders and communities where we do business.



Our global headquarters in Waltham, MA.



Statement GRI Application Level Check

GRI hereby states that **ModusLink Global Solutions, Inc.** has presented its report "ModusLink Fiscal 2013 Corporate Social Responsibility Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 22 November 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of the GRI globe logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 November 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

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CASE STUDY

As part of ModusLink's commitment to developing socially and environmentally responsible supply chain solutions for our clients, we regularly drive initiatives related to transportation optimization, green packaging and comprehensive global e-recycling programs.

One example of ModusLink partnering with clients to uncover these opportunities was through a project with a national mobile phone provider. We facilitated a sustainable packaging redesign, while simultaneously achieving cost savings and maintaining the quality of the product during transport and delivery.

Challenges:

- Reducing amount of shipping box materials
- Cutting costs

Solution:

- ModusLink sought to drive down the dimensional weight of the product packaging to that of the actual weight of the phone. The design engineers were able to do this by creating a cubical stock box with sides of identical length. By decreasing the overall dimensions of the box, ModusLink was able to increase the ECT measure of the packaging, strengthening it to the point that the use of bubble wrap was almost eliminated. This new, more resilient packaging not only reduced the size of the boxes, but also allowed the phone to rest against the sides of the box in a secure way that decreased the chance of damage during the shipping process.

Result:

The redesigned packaging has created greener supply chain operations for this client from both shipping (i.e. reduced emissions) as well as consumer (i.e. less waste should the consumer fail to recycle) standpoints, while maintaining the best "out of box" experience possible for consumers upon receipt of their order, which was a secondary goal for the redesign.

- Previously, the client required anywhere from one to three sheets of bubble wrap to pad the product in the larger shipping boxes. Currently, the majority of packages require no bubble wrap at all and the client has reduced its use by 83%.
- ModusLink achieved a 100% increase for the client in the number of one and two-phone boxes per pallet and a 67% increase for the less frequently used two and three-phone boxes. This dramatically improved density was accomplished by lowering the dimensional weight of the shipping box so that it was the same as the actual weight of the product.
- The client was also able to drive down their CO₂ emissions – a core sustainability metric – by 17% as a result of reducing both the amount and the types of materials needed to produce and pad the shipping boxes. This equates to a yearly CO₂ reduction of 4.5 metric tons.
- The client was able to achieve its goals through its work with ModusLink. For material costs alone, the company was able to save more than an estimated \$6,000 annually – a reduction of 52%. The company has also saved roughly the same dollar amount through a reduction in labor time required to process the shipments.

This Corporate Social Responsibility Report contains forward-looking statements that address a variety of subjects including, for example, the Company's investment and cost reduction plan and the expected benefits of such a program. All statements other than statements of historical fact, including without limitation, those with respect to the Company's goals, plans, expectations and strategies set forth herein are forward-looking statements. Forward-looking statements represent management's current expectations and are inherently uncertain. For a detailed discussion of cautionary statements that may affect the Company's future results of operations and financial results, please refer to the Company's filings with the Securities and Exchange Commission, including the Company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We do not undertake any obligation to update forward-looking statements made by us.



Taking advantage of our team's ingenuity, ModusLink encourages employees to identify opportunities for greater efficiency. This is in direct alignment with our drive for continuous improvement under a lean sigma approach to operations. As a result, employees regularly lead projects that reduce paper consumption, packaging materials, and fuel consumption, and improve recycling rates and energy efficiency. Over the course of the reporting period, more than 25 projects were implemented that reduced environmental impacts and improved value for clients.





1601 Trapelo Road | Suite 170 | Waltham, MA 02451 | United States | Tel: 781.663.5000
website www.moduslink.com blog www.valueunchained.com contact info@moduslink.com
Contact person: Jeremiah Benge, Senior Director, Marketing and Sales Operations, jeremiah_benge@moduslink.com



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