



CORPORATE SOCIAL RESPONSIBILITY REPORT

FISCAL 2015

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Dear Stakeholders,

At ModusLink, we see sustainability as an increasingly important element in the value added services we provide to our customers, who are looking to us to help them find ways to minimize their carbon footprint, and present their products in a socially responsible and conscientious manner.

To do this, we are continuously seeking to nurture a culture of sustainability within our own organization. As a

global company that faces many challenges, both internal and external, we are constantly on the lookout for ways to innovate and address the needs and expectations of our stakeholders. Whether this relates to the fair treatment of our workers in China or to our efforts around recycling and reclamation of electronics, responsible behavior is central to our success as a business. For us, sustainability, which encompasses environmental performance, social awareness, and sound governance, is a unifying principle that our employees, customers and investors can rally around.

Arguably the direct impact of our operations are relatively modest due to our low energy and material use. However, that does not absolve us of any responsibility. Rather, it increases the importance of us being a positive influence on our customers and an example to our competitors.

Ours are often the last hands to touch our customers' brand-named products before they are sold to the consumer. Therefore, we have a unique respon-

sibility to find creative and innovative ways to package and deliver their products in a manner that reduces environmental impact, and represents our customers and their brands in a positive light. In other words, we have a responsibility to find ways to help our customers, the producers of these products, to improve their sustainability performance. Their success is truly our success.

We are excited to confront these challenges head on in the coming years. Doing so will help us achieve our business goals and will inspire us to find innovative solutions to meet our customers' needs.

Sincerely,

James R. Henderson
CEO



About ModusLink

ModusLink Global Solutions, Inc. (“ModusLink”) provides comprehensive global supply chain management and logistics services to our clients to improve their revenue, cost, sustainability and customer experience objectives. We work closely with leading companies in communications, computing & storage, consumer electronics, consumer packaged goods, luxury goods, medical devices, retail and software.

ModusLink is headquartered in Waltham, Massachusetts and is supported by more than 23 sites. The Company has four operating and reportable segments: Americas, Asia, Europe, and E-Business. 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”).

ModusLink acts as a seamless extension of our clients’ global supply chains by delivering real-time visibility into their operations. We provide focused solutions or scalable end-to-end solutions that integrate with existing manufacturing operations, transportation partners, e-business systems and customer service programs.

In doing so, we help our clients achieve operational efficiency, strategize on global market expansion, optimize product planning, and meet their corporate social responsibility objectives.

Our geographic reach extends across 15 countries, with major operations in China, Czech Republic, the Netherlands, Ireland, Singapore, and the United States. During fiscal year 2015, 64% of our net revenue was generated internationally. The Company’s global footprint consists of an integrated network of 23 strategically located facilities, including sites throughout North America, Europe and Asia. The Company’s regionally optimized and highly scalable solution centers are designed to provide the flexibility to manage supply chain requirements, deliver and configure products in-region, close to the point of consumption or close to the point of manufacturing in low-cost regions, such as China, Eastern Europe and Mexico for maximum efficiency and cost-effectiveness.

The topics identified as most material for this report and for which key ModusLink members confirmed relevant are: environmental performance and manage-

ment, products and services, employees and corporate governance. Key stakeholder groups expected to use the report are customers, employees, stockholders and the communities where we do business. These topics are mostly relevant to ModusLink itself, however environmental performance, and sustainability performance in general are of increasing interest to our customers.

Our solutions include:

- Value-Added Warehousing and Distribution
- Repair and Recovery
- Returns Management
- Aftersales
- E-Commerce
- Contact Center
- Financial Management
- Entitlement Management
- EPIC (Enhanced Planning & Integrated Collaboration)
- Material Planning and Factory Supply

ModusLink’s supply chain consists primarily of vendors of basic materials required to perform the services specified by customers. This includes packaging

materials primarily, and limited amounts of peripheral supplies needed to maintain and administer the limited infrastructure we operate. Our opportunity to influence the choice of materials used is somewhat limited, as our customers have clear specifications for these. However, our team regularly consults with our customers to educate them about the options they have regarding more sustainable choices for packaging and materials.

ModusLink is a full member of the Electronics Industry Citizenship Coalition (EICC) which helps guide many of the choices and planning around sustainable business practices for the company. We also regularly report to the Carbon Disclosure Project (CDP) Investor and Supply Chain modules, providing data and policies around carbon and energy management.



64%
of our net revenue
was generated
internationally



Our Global Headquarters in Waltham, MA, USA



Our Business

ModusLink Global Solutions, Inc. provides comprehensive supply chain and logistics services to leading companies in consumer electronics, communications, computing, software, and retail with the goal of improving their revenue, cost, sustainability and customer experience objectives. These services are supported by a global footprint that includes more than 23 sites across North America, Europe, and the Asia Pacific region.

Our integrated supply chain infrastructure extends from front-end order management through distribution and returns management. This end-to-end solution enables clients to link supply and demand

in real time, improve visibility and performance throughout the supply chain, and provide real time access to information for greater collaboration and informed business decision making. Our growth strategy is partially based on the assumption that the trend toward outsourcing of supply chain management and logistics services will continue. Third-party service providers like ourselves are generally able to provide services more efficiently than otherwise could be achieved “in-house”, primarily as a result of the combination of our expertise and our lower and more flexible employee cost structure.

Historically, a significant portion of our revenue from our Supply Chain Business is from clients in the computer and software markets. These markets are mature and, as a result, gross margins in these markets tend to be low. To address this, in addition to the computer and software markets, we have expanded our sales focus to include communications and consumer electronics markets as well. Companies in these markets often have a significant need for a supply chain partner who will be an extension to their business models. We believe the scope of our service offerings, including

e-Business and repair services, will increase the overall value of the supply chain solutions we deliver.

For the fiscal year ended July 31, 2015, the Company reported net revenue of \$561.7 million, an operating loss of \$14.3 million, loss from continuing operations before income taxes of \$16.4 million and net loss of \$18.4 million. Net revenue decreased by approximately \$161.7 million during the year ended July 31, 2015, as compared to the same period in the prior year. This decrease was primarily a result of lower volumes from a major computing market client, as well as lower revenues from an aftermarket services program related to the repair and refurbishment of mobile devices and lower revenue from another computing market client. Revenue from new programs, which the Company defines as client programs that have been executed for fewer than 12 months, was \$65.8 million during the year ended July 31, 2015, as compared to \$43.0 million during the same period in the prior year. The increase in revenue from new programs was primarily due to the addition of client programs associated with consumer electronics markets, offset by the exclusion of smaller client programs that are now classified as base

CONSOLIDATED STATEMENTS OF OPERATIONS	Years ended July 31		
	2015	2014	2013
	(In thousands)		
Net revenue	\$561,673	\$723,400	\$754,504
Operating loss	(14,339)	(5,449)	(28,232)
Loss from continuing operations	(18,429)	(16,362)	(39,330)
Income (loss) from discontinued operations	0	80	(1,025)
Net loss	\$(18,429)	\$(16,282)	\$(40,355)

business. Base business is defined as client programs that have been executed for 12 months or more.

A strong example of our award-winning support is exhibited by the services we provide to a globally recognized electronics manufacturer. This manufacturer provides a sector-leading product in an increasingly competitive space. Because of its collaboration with companies like ours to handle the packaging, logistics, customer service and returns, this company can focus solely on further developing and improving on its product, and thus maintain its market leadership. ModusLink ships 100% of this company's product across the globe. Our employees load the software and assemble the packaging. Even the payment processing system is our financial management system. It is never our intention to overshadow our client. Rather, we want to be a trusted part of the value chain. This kind of partnership is what makes our business model work.

In 2015, the global computer company **EMC** named **ModusLink the winner of the fourth annual Blue Sky Supplier Sustainability Award**. Given to the supplier that demonstrates significant efforts in sustainability reporting and the improvement of social and environmental responsibility, the award recognized ModusLink's ongoing commitment and execution in driving rapid deployment of sustainability efforts. ModusLink was specifically recognized for:

- **Its commitment to setting corporate sustainability targets for energy, waste and water – and executing strategies to hit those targets.**
- **Active contribution to many Electronic Industry Citizenship Coalition (EICC) activities.**

- **Creation of an EICC strategy team to share audit results and best practices across regions, to improve their global Social and Environmental Responsibility performance.**



ModusLink's partnership with our clients now extends deep into the realm of sustainability.

ModusLink's customers trust us as service providers who are the last point of contact between their products and their customers. Therefore, it is our responsibility to develop creative solutions, including packaging and processes, that reflect the ethics and the image that our customers wish to project to their customers. If we fail in this charge, it is bad for the client AND bad for ModusLink. Increasingly, our clients' customers are interested in working with companies

that share their values regarding sustainability. Thus, it is our responsibility to deliver products and services in a manner that is entirely consistent with that wish.

Fiscal 2015 Award Highlights



GoPro Versatile Award



Bronze Stevie® Award



Supply & Demand Chain Executive 100



CNP Awards Best E-Commerce Platform/Gateway and Best International CNP Program



Intel Preferred Quality Supplier Award

For more information, visit the awards page on our website here.



and drive performance every day. As of July 31, 2015, we employed approximately 2,600 full-time employees, including 460 in the Americas, 1,200 in Asia and 840 in Europe. We uphold our employees' rights related to freedom of association and collective bargaining. Currently, 177 (~7%) of our employees participate in collective bargaining agreements.

It has been a strategic priority of the management team to identify and propagate effective processes and initiatives throughout the organization. This "Global Process Excellence" effort includes cross-regional teams and a roadmap to introduce standardized processes by identifying best processes at sites. For example, the ModusLink Netherlands facility developed and utilized best in class Business-to-Consumer (B2C) processes that are now being deployed at different sites. This standardization increases the competitiveness and sustainability of sites by eliminating waste

in the supply chain (i.e. through "lean" programs), and optimizing resource utilization such as labor and materials. In one site, inventory turns – a key metric for logistics providers – increased 250%, from 6 to 15, and the facility is on track to increase this important metric by another 33% this year.

Because many of our customers are influenced by retail sales cycles, we experience strong seasonal shifts in demands for our services. Therefore, our business model also depends on a flexible workforce of temporary and/or seasonal workers who allow us to increase or decrease staffing as needed and on relatively short notice. Accordingly, we partner with local staffing agencies, all of whom abide by all local employment laws and regulations. These laws include regulations on child and forced labor, fair wages, record keeping and discrimination-related issues.

Our Team and Leadership

Building a strong and sustainable business requires effective leadership. In 2013, a new management team, globally recognized as leaders in their respective fields, was installed. They brought extensive expertise in the supply chain and logistics industries and came to ModusLink with a clear understanding of the opportunities that sustainable business practices represent for the company. These opportunities include high levels of employee engagement and dedication, regular communication with stakeholders, and responsible, accountable governance.

Our business is built around a core of dedicated, permanent employees who share our core values

EMPLOYEES BY CONTRACT TYPE	MALES	FEMALES	TOTAL
Permanent Employees	1,192	1,397	2,589
Fixed Term/Temporary Employment Contract	In Flux	In Flux	3,249

PERMANENT EMPLOYEES BY CATEGORY	MALES	FEMALES
Line Employees (direct labor)	441	590
Management or Administration Employees (indirect labor)	751	807

PERMANENT EMPLOYEES BY WORK TYPE	MALES	FEMALES
Full Time	1,184	1,355
Part Time	8	42

Demonstrating our Values

A key component of ModusLink's mission is to nurture a corporate culture with high ethical standards. All employees must acknowledge receipt and understanding of the ModusLink Code of Conduct which outlines the behavior we expect from directors, officers and employees. Living by our values every day helps us create a positive work environment that is focused on clients, excellence, leadership, integrity and teamwork.

We are also committed to providing a safe workplace for all employees. Maintaining a culture that values health and safety education is critical to reducing the potential for accidents and keeping incident rates low. Employees are encouraged to report workplace accidents, injuries and unsafe use of equipment. In 2015, there were 94 cases of work-related injuries reported globally, a slight increase from the 83 cases reported in 2013. There were no reported instances of occupation-related diseases or work-related fatalities during the reporting period.

ModusLink also takes compliance with labor laws and fair labor practices seriously. Employees have the opportunity to report any grievances with corporate labor practices through their line managers. In China, ModusLink invested in the reconciliation and tracking of employee overtime hours in order to ensure full compliance and fairness in that rapidly developing labor market. In FY2014 and FY2015 there were no instances of labor practice grievances or violations that required the attention of senior management or the Board of Directors.

PERMANENT EMPLOYEES BY REGION	MALES	FEMALES
Americas	267	214
Asia	496	747
Europe	429	436



PERMANENT EMPLOYEE TURNOVER – AMERICAS	Under 30 years old		30 – 50 years old		Over 50 years old	
	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES
Beginning of year headcount (August 1, 2014)	84	52	207	191	121	107
Employees leaving in FY 2015	74	45	109	92	57	60
Employees joining in FY 2015	22	15	33	17	16	4
End of year headcount (July 31, 2015)	31	22	154	139	82	53

Commitment to Communities

In FY2014 and FY2015, ModusLink employees continued to engage with organizations in their local communities to support underserved populations and people in need. At the ModusLink site in Penang, Malaysia, employees volunteered at a local orphanage, working with the children, and providing much needed food and supplies to the organization.

Continuously Improving

Developing the skills of our employees allows us to continuously improve and discover new ways to achieve excellence. We regularly review employee training and development needs to ensure our workforce is equipped with the know-how they need to reach their full potential. These educational courses cover topics such as health and safety practices, ethical conduct, security awareness and instruction on job-specific skills. Our online learning platform, Skillport, gives employees access to online resources and e-learning courses. Although ModusLink does not currently have a process for tracking employee training globally, training does occur at most of our facilities throughout the world.

At our facility in Miami, Florida, we piloted a comprehensive 20-day training program on the lean sigma approach used to achieve operational excellence and expense reduction. Following the training, Miami reported renewed enthusiasm and energy of its employees. The training has since been introduced at our site in Brno, Czech Republic, with the intention

PERMANENT EMPLOYEE TURNOVER – ASIA	Under 30 years old		30 – 50 years old		Over 50 years old	
	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES
Beginning of year headcount (August 1, 2014)	206	265	298	445	28	41
Employees leaving in FY 2015	120	149	82	101	7	7
Employees joining in FY 2015	102	155	36	50	1	3
End of year headcount (July 31, 2015)	188	270	286	440	22	37

PERMANENT EMPLOYEE TURNOVER – EUROPE	Under 30 years old		30 – 50 years old		Over 50 years old	
	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES
Beginning of year headcount (August 1, 2014)	85	63	245	241	61	72
Employees leaving in FY 2015	36	19	46	50	11	14
Employees joining in FY 2015	69	54	40	56	6	8
End of year headcount (July 31, 2015)	117	96	256	277	56	63

of introducing the program globally. In 2016 we will continue exploring opportunities for employee training and knowledge sharing to drive continuous improvement.



Environmental Responsibility

ModusLink is committed to continuously improving the quality and efficiency of our operations. Monitoring our environmental performance over time allows us to understand our impacts and identify opportunities to improve. Our approach to environmental management is influenced by the ISO 14001 guidelines. As of the end of FY2015, 17 out of 23 of our solution centers are ISO 14001 certified and we plan to certify more in the future.

Additionally, ModusLink is a full member of the Electronics Industry Citizenship Coalition (EICC), an international organization dedicated to sustainability performance in the electronics industry. As a

member of the EICC, we are required to adhere to stringent requirements for conduct and reporting around social, environmental and ethical issues. The EICC standards, which are complementary and reinforce ISO 14001 environmental guidelines, the UN Global Compact and other international sustainability-related performance standards, represent our commitment to act responsibly in our day-to-day operations.

As an EICC member, we regularly communicate our environmental performance to our stakeholders. Additionally, we annually report information about energy usage and greenhouse gas emissions to the Carbon Disclosure Project (CDP), the world's leading platform for disclosures of corporate greenhouse gas emission and management approaches. In FY2014, we received a score of 60 points from the Carbon Disclosure Project. In FY2015, this score increased to 91 points, reflecting our commitment to overall improvement in transparency and disclosure regarding energy and greenhouse gas reporting and management.

Working with Stakeholders

As a logistics provider, ModusLink has the opportunity to collaborate closely with customers to help reduce the environmental impacts of the products that it handles on their behalf. With a team of skilled packaging engineers, opportunities to reduce packaging or incorporate renewable or recyclable materials can be identified and implemented where feasible. For one major electronics firm, ModusLink recently was challenged to identify ways to reduce greenhouse gas (GHG) emissions and redesign product packaging using

sustainable materials. At the same time, the customer sought to increase the efficiency of loading pallets of its products and reduce shipping, freight and logistics costs. ModusLink's team of engineers conducted an in-depth supply chain analysis to determine the most effective sustainable approach. By analyzing the amount of GHG emissions resulting from various packaging types, then redesigning the product packaging used for hard drives, circuit boards, keyboards and other components, the customer was able to realize savings of more than \$350,000 saved in packaging materials, 74,000 cubic feet removed from packaging and 88,000 pounds of packaging.

We reduced one customer's use of paper, fiber and plastic by
50%

In another case, a global consumer electronics firm was facing intensely increased price pressures for their flash memory devices and increasing logistics costs due to its expansion plans. In order to address the rising costs, the company worked with ModusLink

Since 2013, our overall GHG emissions have fallen by

30%

to reduce the packaging material costs and increase the logistics efficiency of the packaging. Ultimately, ModusLink was able to help them cut paper, fiber and plastic use by 50 percent, reduce shipping costs by 45 percent and increase pallet density by 157 percent, on average.

ModusLink is also an active member of, and one of three consumer electronics firms participating in the Sustainable Packaging Coalition, and has adopted the Coalition's formal definition of sustainable packaging design. The company is also currently working with paperboard and fine paper mills, the International Molded Fiber Association, the Southeast Recycling Development Council and various paperboard and fine paper conversion associations to develop a technical brief on paper recycling, life cycle analysis and designing for recovery, which will become the industry standard document used by packaging designers.

Energy and Greenhouse Gas Emissions

Across our global facilities, we regularly collect data on our electricity usage, fuel consumption, water usage and waste generation. To assess our greatest impacts, we calculate our direct (Scope 1) and indirect (Scope 2) greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas Protocol. The tables on the following pages provide an overview of our environmental performance from fiscal 2013 to 2015.

As we continue to improve the overall efficiency of our processes and our facilities, we have been able to reduce our total energy consumption. Our electricity use represents 84% of our total direct and indirect energy usage and is also the largest contributor to our greenhouse gas footprint, accounting for 93% of our total greenhouse gas emissions. Since 2013, our overall greenhouse gas emissions have fallen by 30%.

ENERGY AND CO₂

			Fiscal 2013 ¹	Fiscal 2014	Fiscal 2015
Stationary Combustion	Diesel	Gigajoules (GJ)	93	17	65
	LPG	GJ	20	0	185
	Light Heating Oil	GJ	2	0	0
	Natural Gas	GJ	29,808	15,331	11,424
	Other petroleum products	GJ	592	2	0
Vehicle Fuels	Diesel	GJ	3,780	1,429	1,591
	Gasoline	GJ	1,103	740	2,052
	LPG	GJ	0	0	0
Electricity	Consumption	GJ	109,353	90,271	82,545
District Heating/Cooling	Total Heating Energy	GJ	926	497	390
	Total energy consumption	GJ	145,677	108,287	98,253
CO₂e Emissions²	Direct Emissions (Scope 1) ³	Metric Tons (mt)	2,259	1,280	919
	Indirect Emissions (Scope 2) ⁴	mt	16,790	14,709	12,249
	Total emissions – CO₂e	mt	19,050	15,989	13,168

¹ Improved data quality led to a restatement of the fiscal 2013 figures as reported in the 2013 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 Consumption

In fiscal 2015 our facilities consumed approximately 154,000 cubic meters of water, which came from municipal sources, surface water and groundwater. Our total water consumption is mainly attributable to human consumption and sanitation. The next most common consumption of water is for irrigation, heating and cooling our facilities. Between 2013 and 2015, we have seen a 26% reduction of water usage.

Waste Management

Although waste is an inherent component of our operations, we recognize there are opportunities to reduce what is sent to landfill. We are committed to eliminating waste in the supply chain and optimizing resources wherever possible. To achieve this, we apply lean methodology to our processes, promote efficient use of materials, and reduce waste through reuse and recycling.

By the end of 2013, ModusLink facility managers met with their local waste and recycling vendors to discuss opportunities to increase recycling rates. In fiscal 2015, we disposed of 5,000 metric tons (MT) of materials, a significant reduction of 23% compared to total waste volumes in 2013. In 2015, we increased the overall rate of recycling from 75% in 2013 to 82%.

WATER

			Fiscal 2013 ¹	Fiscal 2014	Fiscal 2015
Source					
Drinking/Municipal	m ³	67,378	41,210	96,474	
Groundwater	m ³	1,081	1,203	44,843	
Surface Water ²	m ³	36,888	32,400	0	
Unknown source	m ³	103,647	64,212	12,329	
Total			208,994	139,026	153,646

¹ Improved data quality led to a restatement of the fiscal 2013 figures as reported in the 2013 sustainability report

² Surface water was labeled as "rainwater" in the 2013 sustainability report, and what was labeled "surface water" was actually groundwater

WASTE

			Fiscal 2013 ³	Fiscal 2014	Fiscal 2015
General Waste Disposal Method		Metric Tons (mt)			
Incineration	mt	57	49	87	
Landfill	mt	599	438	356	
Unknown method	mt	926	643	447	
Hazardous Waste	mt	16	17	10	
Recycling	Batteries	mt	5	5	1
	Cardboard	mt	3,741	2,271	2,422
	Construction waste	mt	16	29	4
	Electrical devices	mt	74	64	6
	Metal	mt	186	92	271
	Paper	mt	233	736	646
	Plastics	mt	364	276	237
	Unknown	mt	203	242	447
Total			6,421	4,862	4,933
Total waste not recycled			1,582	1,130	890
Recycling rate			75%	76%	82%

³ Improved data quality led to a restatement of the fiscal 2013 figures as reported in the 2013 sustainability report



Sustainability Management at ModusLink

ModusLink's Board of Directors is the highest governing body that oversees the corporate strategy and performance of the company. It is comprised of three committees:

- **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.**

ModusLink approaches the topic of sustainability management pragmatically. In general, those topics that are best handled locally are delegated to the facility managers. Topics that apply across the corporation as a whole are generally handled from the corporate headquarters.

Economic performance

Strategic oversight of ModusLink's financial performance is provided by the Board of Directors and operational responsibilities are delegated to the Executive Leadership Team. The Audit Committee assists with the Board of Director's oversight of ModusLink's accounting and financial reporting, and the audit of financial statements.

The Chief Financial Officer is responsible for the financial leadership of ModusLink's global supply chain business, driving best-in-class processes, and ensuring that cost productivity is balanced with growth objectives. He also oversees all financial business process, outsourcing activities and partnerships, including accounting, treasury and internal audit services, accounts receivable and accounts payable.

Environmental

Responsibility for environmental issues, including energy, greenhouse gases, water and waste management related issues, rests with the local managers of ModusLink's facilities with support from the sustainability team. Energy usage and the corresponding Scope 1, Scope 2 and Scope 3 emissions are monitored on a regular basis. We annually report this information to the Carbon Disclosure Project (CDP), the world's leading platform for disclosures of corporate greenhouse gas emissions and management approaches.

Our approach to environmental management is documented in accordance with ISO 14001-certified environmental management systems. As of the end of fiscal year 2015, 17 of our solutions centers are ISO 14001 certified and we plan to certify more in the future.

Labor and decent work

Fostering a highly skilled and ethical workforce is critical to our business success. We believe that strong labor and management relations are key to retaining a dedicated team which demonstrates our values each day. The Chief Human Resources Officer oversees HR functions including payroll, recruiting and hiring, compensation and benefits. These activities are managed at a regional level by the local Head of Human Resources, along with the local Head of Compensation and Benefits.

Refining our employees' skills through training programs is central to our business growth. Training

opportunities are overseen by the corporate Human Resources group, and managed by local supervisors on a site-by-site basis. Examples include training of ethical conduct, Lean Six Sigma methodology, and health and safety practices.

Health and safety education plays a major role in meeting our commitment to maintain a safe work environment for all employees. Occupational health and safety is overseen by local site managers, and each employee is accountable for following safety practices. Employees are responsible for reporting workplace accidents, injuries, and unsafe use of equipment. Monitoring our health and safety performance allows us to proactively reduce the potential for incidents.

ModusLink employees are provided with several methods to bring awareness to human resources-related violations, including a whistleblower hotline to anonymously report issues. These issues are reviewed by internal audit staff, and escalated to the Executive Leadership Team when appropriate.

Human rights

A key component of ModusLink's mission is to foster a corporate culture with high ethical standards. All ModusLink employees receive the Code of Conduct which outlines the expectations held for all directors, officers and employees. It is the responsibility of all employees to act in the best interests of the company by leading with integrity and professionalism. As approximately 7% of our workforce is covered by collective bargaining agreements, we uphold these rights without risk of restrictions. All of our suppliers

are committed to the EICC Code of Conduct which requires them to respect the right of workers to bargain collectively. Our sampling process did not identify any supplier that violated these Code requirements. The Code is audited for every new supplier and for existing suppliers based on the sampling plan.

Each employee is also required to review the Foreign Corrupt Practices Act 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 adhere to strict internal standards regarding the hiring of minors.

ModusLink suppliers are also expected to support our mission. As a member of the Electronic Industry Citizenship Coalition (EICC), ModusLink applies the EICC code of conduct to tier-one suppliers. These standards ensure safe working conditions in the electronics supply chain by upholding commitments to the human rights of workers.



Society

ModusLink operates in compliance with all applicable laws and regulations. Regulatory compliance issues are overseen by the Senior Vice President and General Counsel. All business units are assessed annually by the Internal Audit team for risks related to corruption. A whistleblower hotline is available for employees to report potential corruption violations. All reports are reviewed and addressed by the Audit Committee.

In fiscal year 2015, there were no legal actions taken against ModusLink for anti-competitive behavior, anti-trust or monopoly practices. Further, in the 2015 fiscal year, there were no significant fines or non-monetary sanctions for ModusLink non-compliance with laws and regulations.

Product responsibility

ModusLink takes pride in providing our clients with seamless supply chain solutions and we are committed to maintaining their loyalty. Customers are given the opportunity to provide feedback regarding their satisfaction with ModusLink's services through annual surveys. This feedback is reviewed by key account managers.

Protecting our customer's assets and information is of utmost importance to ModusLink. In fiscal year 2015, there were no substantiated complaints regarding breaches of customer privacy and losses of customer data.

GRI G4 Content Index to the ModusLink 2015 Corporate Sustainability Report

General Standard Disclosures	Location in Report	Comments and additional information
G4-1 Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Page 3	Letter from James R. Henderson, CEO.
G4-3 Name of the organization.	Page 4	ModusLink Global Solutions, Inc.
G4-4 Primary brands, products, and/or services.	Page 4	Supply Chain & Logistics Solutions.
G4-5 Location of organization's headquarters.	Page 4	ModusLink Global Solutions, Inc. 1601 Trapelo Road, Suite 170 Waltham, MA 02451 +1.781.663.5000
G4-6 Number of countries where the organization operates.	Page 4	15
G4-7 Nature of ownership and legal form.	Page 4	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").
G4-8 Markets served.	Page 4	The geographic breakout of where ModusLink operates is in three main regions: the Americas, Europe, and Asia Pacific. Primary industries served are: <ul style="list-style-type: none"> • Communications • Computing & Storage • Consumer & Electronics • Consumer Packaged Goods • Luxury Goods • Medical Devices • Retail • Software & Content
G4-9 Scale of the reporting organization, including number of employees, net sales, total capitalization, and quantity of products or services provided.	Page 16	<ul style="list-style-type: none"> • Approximately 2,600 permanent employees • Approximately 23 sites • 15 countries • \$561.7 million USD revenue

G4-10 Total workforce by gender, employment type, employment contract, supervised workers, and region in addition to description of workforce not considered employees or supervised workers, and significant variations in employment numbers.	Page 8, 9	<ul style="list-style-type: none"> • Approximately 2,600 permanent employees • ~46% male, 54% female
G4-11 Percentage of employees covered by collective bargaining agreements.	Page 8	~7% of employees are covered by collective bargaining agreements.
G4-12 Description of supply chain.	Page 16	ModusLink's supply chain consists primarily of vendors of basic materials required to perform the services specified by customers. This includes packaging materials primarily, and limited amounts of peripheral supplies needed to maintain and administer the limited infrastructure we operate.
G4-13 Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Page 16	No significant changes.
G4-14 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Page 16	The precautionary principle does not explicitly guide decisions made by ModusLink.
G4-15 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Page 16	ModusLink supports the principles outlined in the Electronics Industry Citizenship Coalition (EICC) code of conduct around social, environmental and ethical issues.
G4-16 Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Page 16	Electronics Industry Citizenship Coalition (EICC), Sustainable Packaging Coalition.
G4-17 Entities included in the organization's consolidated financial statements or equivalent documents and whether entities listed in such documents are not covered by the report.	Page 20	All data presented in the report represents all wholly owned ModusLink Global Solutions operations, including subsidiaries unless explicitly noted otherwise.
G4-18 Process for defining the report content and the Aspect Boundaries and how the organization has applied the 'Guidance on Defining Report Content' and the associated Principles.	Page 20	A comprehensive materiality process was led by an external expert to identify the relative relevancy and boundary of G4 Aspects. The coverage of Indicators categorized under those Aspects deemed relevant were reported to the fullest extent possible as data availability allowed.

General Standard Disclosures	Location in Report	Comments and additional information
G4-19 Material Aspects identified in the process for defining report content.	Page 20	<p>The GRI Aspects deemed material for this report are:</p> <ul style="list-style-type: none"> • Economic performance • Energy • Water • Emissions • Effluents and Waste • Employment • Occupational Health and Safety • Training and Education • Supplier Assessment for Labor Practices • Labor Practices Grievance Mechanisms • Freedom of Association and Collective Bargaining • Child Labor • Forced or Compulsory Labor • Anti-Corruption • Anti-Competitive Behavior • Compliance • Product and Service Labeling • Customer Privacy
G4-20 Report Boundary for each material Aspect including limitations and list of entities for which the Aspects are/are not material.	Page 17	All aspects listed in G4-19 are material for all operational units of ModusLink.
G4-21 Materiality of Aspects outside the organization, entities for which Aspects are material outside the organization and limitations.	Page 17	<ul style="list-style-type: none"> • Economic performance – <i>Material to business partners, customers and suppliers outside of ModusLink</i> • Energy – <i>Material to some key customers who are interested in ModusLink's sustainability metrics</i> • Water – <i>Material to some key customers who are interested in ModusLink's sustainability metrics</i> • Emissions – <i>Material to some key customers who are interested in ModusLink's sustainability metrics</i> • Effluents and Waste – <i>Material to some key customers who are interested in ModusLink's sustainability metrics</i> • Employment – <i>Material to employment agencies who provide temporary workers</i>

G4-21 Continued.	Page 17	<ul style="list-style-type: none"> • Occupational Health and Safety – <i>Material to employment agencies, regulators and groups such as the EICC</i> • Training and Education • Supplier Assessment for Labor Practices – <i>Material to employment agencies who provide temporary workers</i> • Labor Practices Grievance Mechanisms – <i>Material to employment agencies who provide temporary workers</i> • Freedom of Association and Collective Bargaining – <i>Material to employment agencies who provide temporary workers</i> • Child Labor – <i>Material to employment agencies who provide temporary workers</i> • Forced or Compulsory Labor – <i>Material to employment agencies who provide temporary workers</i> • Anti-Corruption – <i>Material to business partners, customers and suppliers outside of ModusLink</i> • Anti-Competitive Behavior – <i>Material to business partners, customers and suppliers outside of ModusLink</i> • Compliance – <i>Material to business partners, customers and suppliers outside of ModusLink</i> • Product and Service Labeling – <i>Material to customers</i> • Customer Privacy – <i>Material to customers</i>
G4-22 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Page 20	Improved data quality led to a restatement of the fiscal 2013 figures for environmental data as reported in the 2013 sustainability report. This did not result in any substantial changes to the conclusions made in that report.
G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Page 20	The boundaries for the report have not changed from previous years.
G4-24 Stakeholder groups engaged by the organization.	Page 17	Main stakeholders are clients, vendors, employees, stockholders, trade organizations and the communities where we operate

General Standard Disclosures	Location in Report	Comments and additional information
G4-25 Basis for identification and selection of stakeholders with whom to engage.	Page 18	Key stakeholders are selected based upon: <ul style="list-style-type: none"> • The stakeholders ability to significantly impact ModusLink's economic, ecological and social performance • And where ModusLink's economic, ecological and social performance significantly impacts stakeholders
G4-26 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Page 18	Employees were engaged as part of the report preparation process, particularly during the materiality assessment and validation process. On a more regular basis, ModusLink engages with stakeholders through the following mechanisms and frequencies: <ul style="list-style-type: none"> • Shareholders through annual meetings and selected interactions with interested parties • Customers: regular customer satisfaction and feedback surveys, quarterly business reviews • Employees: employee engagement surveys conducted every two years • Business partners – Cooperative partnerships with suppliers include regular audits to ensure compliance with ModusLink's policies and applicable laws. • Trade organizations through ModusLink's membership and engagement on specific issues. • Neighbors of all company sites as issues arise
G4-27 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Page 18	In FY2014 and 2015, ModusLink was engaged by several customers regarding the environmental impacts of the services that ModusLink provided on their behalf. This report, as well as ModusLink's direct responses to these customers addressed these issues.
G4-28 Reporting period.	Page 20	FY2015 (August 1, 2014–July 31, 2015)
G4-29 Date of most recent previous report.	Page 20	2013 Corporate Social Responsibility Report
G4-30 Reporting cycle	Page 20	Biannual Reporting

G4-31 Contact point for questions regarding the report or its contents.	Page 18	Merlyn Caswell-Mackey ModusLink Corporation merlyn_caswell-mackey@moduslink.com
G4-32 GRI Content Index, identify the "in Accordance" option chosen, and external assurance of report	Page 20	This detailed GRI content index in accordance with the Core option of the Global Reporting Initiative G4 Guidelines.
G4-33 Policy and current practice with regard to seeking external assurance for the report, scope of assurance, relationship between organization and assurance providers, and highest governance body/senior executive involved with seeking assurance.	Page 20	At this time, ModusLink has decided to not seek external assurance for the report.
G4-34 Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Page 18	Also see Disclosures of Management Approaches, included in this report.
G4-56 Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Page 18	A key component of ModusLink's mission is to foster a corporate culture with high ethical standards. All ModusLink employees receive the Code of Conduct which outlines the expectations held for all directors, officers and employees. It is the responsibility of all employees to act in the best interests of the company by leading with integrity and professionalism.

Specific Standard Disclosures

Material Aspects	Indicators – Page in Report	Omissions/Comments
Economic Performance	EC1 – Page 14	None
Energy	EN3 – Page 12	None
Water	EN8 – Page 13	None
Emissions	EN15 – Page 12, 14 EN16 – Page 12, 14	None
Effluents and Waste	EN23 – Page 13	None
Employment	LA1 – Page 9, 10, 14	None
Occupational Health and Safety	LA6 – Page 9, 15	None
Training and Education	LA9 – Page 10, 15	None

Material Aspects	Indicators – Page in Report	Omissions/Comments
Supplier Assessment for Labor Practices	LA14 – Page 15	<p>ModusLink as a member of EICC requires all AVL (MLNK Selected) suppliers to agree to implement a program to conform to the EICC Code of Conduct.</p> <p>In 2015 18 AVL suppliers (4 x Asia, 7 x EMEA and 7 x Americas) were added. The CoC Labor standards are; Freely Chosen Employment, Child Labor Avoidance, Working Hours, Wages and Benefits, Humane Treatment, Non-Discrimination and Freedom of Association.</p> <p>Procurement completed a Risk Assessment (RA1) on all AVL and Temp Labor suppliers within top 80% of Solution Center spend. 84 suppliers were assessed in 2015.</p> <p>Procurement required and supported 25 “High Risk” suppliers identified in the RA1 to submit the Risk self-assessment (RA2) using the EICC web tool EICC-ON.</p> <p>All 25 suppliers ranked as low or medium risk on the RA2 so no suppliers were selected for an on-site audit.</p> <p>This process is repeated on a yearly basis.</p>
Labor Practices Grievance Mechanisms	LA16 – Page 9, 15	See pages 9 & 15
Freedom of Association and Collective Bargaining	HR4 – Page 15	<p>As approximately 7% our workforce is covered by collective bargaining agreements, we uphold these rights without risk of restrictions. All of our suppliers are committed to the EICC Code of Conduct which requires them to respect the right of workers to bargain collectively. Our sampling process did not identify any supplier that violated these Code requirements. The Code is audited for every new supplier and for existing suppliers based on the sampling plan.</p>

Child Labor	HR5 – Page 15	Suppliers are screened for compliance with all applicable laws related to child labor. There were no allegations or substantiated reports of violations of these laws in FY2014 or FY2015.
Forced or Compulsory Labor	HR6 – Page 15	There were zero suppliers having risk for incidents of forced labor in FY2014 or FY2015.
Anti-Corruption	SO3 – Page 15	All operations are assessed for risk related to corruption quarterly, and there were no significant risks identified in FY2015.
Anti-Competitive Behavior	SO7 – Page 15	In FY2014 and FY2015, there were no legal actions for anticompetitive behavior, antitrust or monopoly-related issues that were brought to the attention of the Board of Directors or the Executive Board
Compliance	SO8 – Page 15	In FY2014 and 2015, there were no fines or non-monetary sanctions for non-compliance with laws and regulations.
Product Service Labeling	PR5 – Page 15	In FY2014 and FY2015, there were no legal actions for issues related to the labeling or delivery of products and/or services that were brought to the attention of the Board of Directors or the Executive Board.
Customer Privacy	PR8 – Page 15	In FY2014 and FY2015, there were no allegations or legal actions for issues related to breaches of customer privacy laws that were brought to the attention of the Board of Directors or the Executive Board.



About This Report

This report is our first CSR report prepared in accordance with the Core option of the Global Reporting Initiative G4 Guidelines. The previous report covered fiscal 2013. In adherence with our bi-annual reporting cycle, this report covers ModusLink's sustainability related information for the 2015 fiscal year (August 1, 2014–July 31, 2015), although some data is provided for both FY2014 and FY2015. 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. Improved data quality led to a restatement of the fiscal 2013 figures for environmental data as

reported in the 2013 sustainability report. The boundaries for the report have not changed from previous years. This report has not been externally verified.

The scope of this report is based on a materiality process led by external experts. 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.

Key stakeholder groups expected to use the report are customers, employees, and stockholders. We identified these on the basis of their clear financial interest

in ModusLink's performance and concerns about reputational and compliance related risks. We engage with these stakeholders regularly through periodic business reviews, employee engagement surveys and roundtables, and investor dialogues. The issues found to be most interesting to them include financial performance, labor practices, particularly relating to the treatment of overtime in our Chinese facilities, and environmental issues. Those issues most important to downstream partners (customers) include energy and greenhouse gases, health and safety, labor practices and legal compliance. Upstream partners (primarily suppliers) are directly interested in fewer legal and regulatory compliance issues.

We identified 18 material aspects which formed the basis for the content of this report:

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| <ul style="list-style-type: none"> • Economic performance • Energy • Water • Emissions • Effluents and Waste • Employment | <ul style="list-style-type: none"> • Occupational Health and Safety • Training and Education • Supplier Assessment for Labor Practices • Labor Practices Grievance Mechanisms • Freedom of Association and Collective Bargaining • Child Labor | <ul style="list-style-type: none"> • Forced or Compulsory Labor • Anti-Corruption • Anti-Competitive Behavior • Compliance • Product and Service Labeling • Customer Privacy |
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1601 Trapelo Road | Suite 170 | Waltham, MA 02451 | United States | Tel: 781.663.5000

website: www.moduslink.com

contact: info@moduslink.com

This Corporate Social Responsibility Report contains forward-looking statements that address a variety of subjects. 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.