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# **Foxconn Verification Status Report**

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**August 2012**

In February 2012, the Fair Labor Association (FLA) assessed working conditions and the treatment of workers at three Chinese factories manufacturing Apple products, which are owned and operated by Hon Hai Precision Industry Co., Ltd. (Foxconn) in Shenzhen and Chengdu. Apple requested this independent investigation ahead of the regular schedule of assessments usually conducted for FLA-affiliated Participating Companies.

The assessments were conducted by Openview and SCSA – two local, independent labor monitoring organizations accredited by FLA – and overseen by FLA staff.<sup>1</sup>

On March 28, 2012, FLA published detailed reports on each of the three factories along with recommendations for improving conditions for workers, and a complete remediation plan prepared by Apple and Foxconn to address each issue identified during the FLA assessment. Each remedial action item included a description of the steps to be taken, the name of the unit within Foxconn responsible for implementation, and a timeline for completion. The action plan stretches over a period of 15 months, from April 1, 2012, through July 1, 2013, with deadlines for many of the action items set in the first three months. FLA scheduled follow-up verification visits to track remediation and verify progress reported by Foxconn and Apple.

## FLA VERIFICATION OF REMEDIATION PLAN IMPLEMENTATION

From June 25 to July 6 2012, Openview and SCSA returned to each of the three Foxconn facilities to verify the implementation status of remedial action items through June 30. FLA's independent external verification process evaluates progress by affiliated companies and/or factories to remediate issues identified during an FLA assessment or investigation. FLA's verification process includes a review of documentation such as policies and procedures, time and payroll records, etc.; visual inspection of applicable facilities; and interviews with workers and management. Foxconn management provided full cooperation and unrestricted access to the facilities throughout the verification process.

As shown in Table 1, the remediation plans developed by Apple and Foxconn consisted of 360 individual action items, of which 119 (33 percent of the total) pertained to the Guanlan factory, 113 (31 percent) to Longhua, and 128 (36 percent) to Chengdu.

**TABLE 1: STATUS OF REMEDIATION AT THREE FOXCONN FACTORIES SUPPLYING APPLE, AS OF JUNE 30, 2012**

|  | GUANLAN | LONGHUA | CHENGDU    | TOTAL      |
|--|---------|---------|------------|------------|
| Total number of remedial actions   | 119     | 113     | 128        | <b>360</b> |
| <i>Percent</i>   | 33      | 31      | 36         | <b>100</b> |
| Number of remedial actions due to be completed by May 31, 2012   | 69      | 56      | 70         | <b>195</b> |
| <i>Percent of remedial actions due by May 31 that were completed and verified by FLA</i>   |         |         | <b>100</b> |            |
| Number of remedial actions to be completed and verified between June 1, 2012 and July 1, 2013  | 50      | 57      | 58         | <b>165</b> |
| Number of remedial actions to be completed and verified between June 1, 2012 and July 1, 2013, which were completed and verified ahead of schedule | 31      | 29      | 29         | <b>89</b>  |

1. Details of FLA's investigation, along with the complete report and the original remediation plan, can be found at [www.fairlabor.org/report/foxconn-investigation-report](http://www.fairlabor.org/report/foxconn-investigation-report).

During FLA's verification visits, assessors confirmed that:

- Foxconn has completed 100% of the 195 remedial tasks that were due to be completed by May 31.
- Foxconn is ahead of schedule in a number of areas, having completed an additional 89 action items that were due between June 1, 2012 and July 1, 2013.
- Implementation continues on the 76 remaining action items due between June 1, 2012 and July 1, 2013, which will be subsequently verified by FLA.
- The remediation plan developed following FLA's original investigation outlined a total of 360 remedial action items, of which 284 have been completed and verified, for an overall completion rate of nearly 79 percent.

Individual detailed tracking charts for each of the three factories are posted at <http://www.fairlabor.org/report/foxconn-remediation-verification>. The tracking charts contain the following information:

- Columns A – H describe the original findings, recommendations and remediation plan details published on March 28 following FLA's investigation.
- Column I indicates the deadline for completion of the remediation items.
- Column J shows the progress update provided by Apple and Foxconn.
- Column K provides FLA's verification notes and the steps taken by Foxconn to implement the remedial measure.
- Column L indicates FLA's method of verification.
  - Not due for verification indicates that the remediation item's due date has not yet occurred.

- Column M shows the status of the remediation item as assigned by the verification team.
  - Completed indicates that FLA has verified completion of a remedial action item.
  - Pending indicates that the remedial action item is due at a future date.

## REMEDIATION HIGHLIGHTS

Many physical changes to improve worker health and safety have been made since the investigation, including the enforcement of ergonomic breaks, changing the design of workers' equipment to guard against repetitive stress injuries, updating of maintenance policies to ensure equipment is working properly, and testing of emergency protective equipment like eyewashes and sprinklers. Foxconn has also engaged consultants to provide health and safety training for all employees.

The most significant commitments made by Foxconn following FLA's original investigation were related to union elections and worker representation, and compliance with Chinese labor law regarding hours of work. Deadlines for remediation of these items continue through July 2013; however, Foxconn has taken initial steps toward fulfilling these commitments. The company has reduced hours to 60 per week (including overtime) with the goal of reaching full compliance with the Chinese legal limit of 40 hours per week plus an average of 9 hours of overtime per week while protecting worker pay.

Foxconn also helped to extend unemployment insurance coverage for migrant workers working in Shenzhen by advocating for legislation that will allow them to access the unemployment insurance scheme, effective January 1, 2013. This change has implications not only for those employed at Foxconn, but for all other migrant workers in Shenzhen.

Significant improvements were found regarding Foxconn's internship program, which affects all Foxconn facilities. The company now ensures that student interns do not work overtime; that their work has a more direct connection to their field of study; and they understand that they are free to terminate the internship if and when they wish. At the time of verification there were no interns at the Guanlan and Chengdu facilities; there were, however, 46 interns at Longhua and implementation could be verified at this facility through worker interviews. See Appendix 1 for a detailed description of remediation activities regarding the internship program.

## **CONCLUSION AND NEXT STEPS**

Foxconn and Apple are carrying out the robust remediation plan developed following FLA's investigation, published on March 28, 2012. Over the past three months, steady progress has been made at the three facilities employing an estimated 178,000 workers, and all remediation items due within the timeframe have been completed, with others ahead of schedule. Some of the most challenging action items – such as compliance with Chinese labor law regarding hours of work – are yet to come, and FLA will continue to engage with Apple and Foxconn to monitor and verify progress.