



# **Final Foxconn Verification Status Report**

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**December 2013**

Prepared by Fair Labor Association

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. The assessments were conducted by Openview Service Ltd. and Social Compliance Services Asia Ltd. (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 action plan prepared by Apple and Foxconn to address each issue identified during the FLA assessment. Each 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 stretched 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.

The FLA indicated that it would schedule follow-up verification visits to track developments and verify progress reported by Foxconn and Apple. FLA's independent external verification process evaluates progress by affiliated companies and/or factories to resolve 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.

From June 25 to July 6, 2012, Openview and SCSA returned to each of the three Foxconn facilities for the first verification assessment to evaluate the implementation status of action items through June 30, 2012. The results of the verification were published by the FLA

in August 2012.<sup>2</sup> These same organizations conducted a second round of verifications at the three Foxconn facilities over the period January 15 to January 25, 2013, focusing on the implementation status of remedial action items through December 31, 2012. The results of the second verification were also published by the FLA in May 2013.<sup>3</sup>

## FINAL VERIFICATION OF ACTION PLAN IMPLEMENTATION

Local independent monitoring organizations Openview and SCSA conducted a final verification at the three Foxconn facilities over the period October 28 to November 8, 2013, focusing on the implementation of remedial actions through July 1, 2013. FLA staff also participated in the assessments. Foxconn management provided full cooperation and unrestricted access to the facilities and workers throughout the verification process.

As shown in Table 1, the action plans developed by Apple and Foxconn consisted of 360 individual action items, of which 119 (33.1 percent of the total) pertained to the Guanlan factory, 113 (31.4 percent) to Longhua, and 128 (35.6 percent) to Chengdu. The table shows the progress of the implementation of the action plan based on the interim verifications conducted in mid-2012 and the end of 2012 together with the final verification conducted in the second half of 2013.

<sup>2</sup> Several reports and tracking charts related to the verification conducted in mid-2012 can be found at [www.fairlabor.org/report/foxconn-remediation-verification](http://www.fairlabor.org/report/foxconn-remediation-verification).

<sup>3</sup> A report and tracking charts related to the verification conducted in early 2013 can be found at [www.fairlabor.org/report/2013-foxconn-remediation-verification](http://www.fairlabor.org/report/2013-foxconn-remediation-verification).

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

**TABLE 1: STATUS OF REMEDIAL ACTION ITEMS AT THREE FOXCONN FACTORIES SUPPLYING APPLE, AS OF JULY 1, 2013**

	GUANLAN	LONGHUA	CHENGDU	TOTAL
Total number of action items due to be completed by July 1, 2013	119	113	128	360
<b>Percent</b>	<b>33.1</b>	<b>31.4</b>	<b>35.6</b>	<b>100.0</b>
Number of action items completed and verified by FLA by June 30, 2012	100	85	99	284
<b>Percent of action items completed and verified by FLA by June 30, 2012</b>	<b>84.0</b>	<b>75.2</b>	<b>77.3</b>	<b>78.9</b>
Number of actions due to be completed between July 1, 2012 and July 1, 2013	19	28	29	76
Number of actions due to be completed between June 1, 2012 and July 1, 2013 completed and verified by the FLA by December 31, 2012	17	26	27	70
<b>Percent of action items completed and verified by FLA by December 31, 2012</b>	<b>98.3</b>	<b>98.2</b>	<b>98.4</b>	<b>98.3</b>
Number of actions due to be completed between December 31, 2012 and July 1, 2013	2	2	2	6
Number of actions due to be completed between December 31, 2012 and July 1, 2013 completed and verified by the FLA by July 1, 2013	1	1	2	4
<b>Percent of action items completed and verified by FLA by July 1, 2013</b>	<b>99.2</b>	<b>99.1</b>	<b>98.4</b>	<b>98.9</b>

To summarize the results:

- At the conclusion of the 15-month action plan implementation period, the independent assessors verified that 356 action items (out of 360) had been implemented, for an overall completion rate of 98.9 percent.
- As of the start of 2013, completion was pending on six action items, all pertaining to hours of work, two for each of the factories, due by July 1, 2013.<sup>4</sup>
- During the final verification, the independent assessors verified completion of 2 of the remaining six action items, for a combined verified completion rate of 98.9 percent. As is discussed below, action was ongoing with respect to the action items not completed.<sup>5</sup>
- Individual detailed tracking charts for each of the three factories are posted at [www.fairlabor.org/report/final-foxconn-verification-status-report](http://www.fairlabor.org/report/final-foxconn-verification-status-report).

The tracking charts contain the following information:

- Columns A – H describe the original findings, recommendations and action plan details published on March 28 following FLA’s investigation.
- Column I indicates the deadline for completion of the action items.
- Column J shows the progress updates provided by Apple and Foxconn.
- Column K provides FLA’s verification notes and the steps taken by Foxconn to implement the action item.
- Column L indicates FLA’s method of verification.
  - Not due for verification indicates that the action item’s due date has not yet occurred.
- Column M shows the status of the action item as assigned by the verification team.
  - Completed indicates that FLA has verified completion of an action item.
  - Pending indicates that the action item is due at a future date.

<sup>4</sup> See verification tracking charts for details at [www.fairlabor.org/report/final-foxconn-verification-status-report](http://www.fairlabor.org/report/final-foxconn-verification-status-report).

<sup>5</sup> The pertinent tracking chart references are: Guanlan (row 10), Longhua (row 13), and Chengdu (rows 9 & 10).

## **ACTION PLAN IMPLEMENTATION HIGHLIGHTS**

FLA assessors verified that Foxconn management had amended factory-level policies and procedures regarding hours of work across all three factories, incorporating the legal limit of 36 hours of overtime per month and the maximum of three hours per day. Management had also posted this information in notice boards at all three factories and in LED displays in Longhua and Guanlan. These limits had been incorporated into workers' orientation training materials at the Guanlan and Longhua facilities and the same was scheduled to occur at the Chengdu facility.

FLA assessors also confirmed that workers at the Longhua and Chengdu facilities worked no more than 60 hours per week during the period March-October 2013; the same was true with respect to the Guanlan facility with the exception of seven weeks during this period when working hours exceeded 60 hours. Workers at Longhua and Chengdu received one day off every seven days, while at Guanlan about one-third of the workers did not receive one day off in every seven during March, April, and September 2013. All three factories exceeded the overtime limit of 36 hours per month during the period March-October 2013. On average, at Longhua, 67 percent of the workers exceeded 36 hours of overtime per month during this period compared to 56 percent at Guanlan. At Chengdu, 5 percent of workers exceeded 36 hours of overtime per month during the period March-June 2013, but during the period July-October 2013, this increased to between 77.6 percent and 84.3 percent.

The May 2013 verification report had noted increases in the participation of workers in union committees and a corresponding decline in management participation in such committees since the previous verification. Assessors confirmed that no union elections have taken place since the second verification visit took place in January 2013.

Foxconn completed the report on the iDPBG internship program that had been contemplated in the March 2012 action plan. FLA assessors found that no student interns have been employed at the three facilities since January 2013.

Finally, FLA assessors reviewed plans and observed the status of construction of additional exits and toilets at the three facilities. FLA assessors verified that construction was underway, with completion slated for November-December 2013.

## **CONCLUSION AND NEXT STEPS**

Foxconn and Apple have continued to carry out the robust action plan developed following FLA's investigation, published on March 28, 2012. Over the last 15 months, steady progress has been made at the three facilities employing an estimated 170,000 workers, and all action items due through July 1, 2013 have been completed except for four. Progress has been made with respect to hours of work, but the three factories are not in compliance with Chinese labor law regarding hours of work. The FLA expects that Participating Company, Apple will continue to monitor compliance at Foxconn with respect to this standard and others and will report on their monitoring efforts to the FLA on an annual basis.