



# Supplier Responsibility 2015 Progress Report

To make truly great products, we feel it's crucial to build them in ways that are ethical and environmentally responsible.



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# Supplier Responsibility 2015 Progress Report

All over the world, people are building Apple products. And we want to make sure that each person is treated with dignity and respect. This is why we create programs that educate and empower workers, and help preserve our environment's precious resources for future generations. It's a massive challenge — one where our work is never done. But each year we implement meaningful, lasting changes across our supply chain.

# An update from Jeff Williams



Jeff Williams is Apple's Senior Vice President of Operations reporting to CEO Tim Cook. Jeff leads a team of people around the world who are responsible for end-to-end supply chain management and dedicated to ensuring that Apple products meet the highest standards of quality.

We care deeply about every worker in Apple's global supply chain. To improve their lives, we continue to proactively tackle issues that are part of the broader challenges facing our world today — human rights and equality, environmental protection, and education. We have long championed these causes, and 2014 was a year of tremendous progress.

This is our ninth annual supplier responsibility report. In it, you'll learn about how we work in our suppliers' facilities, day in and day out, to make sure they understand our Code of Conduct, to find and fix issues, and to prevent other issues before they arise. You'll also learn that we go well beyond auditing and corrective actions to tackle systemic problems.

You'll see that we address difficult issues like underage labor in a frank and open way. You'll also see that we consistently report suppliers' violations of our standards. People sometimes point to the discovery of problems as evidence that our process isn't working. Nothing could be further from the truth. Every violation we unearthed in the 633 supplier audits we conducted last year offered an opportunity to make concrete changes for the better. Because of these audits, over US\$3.96 million was repaid to foreign contract workers for excessive recruitment fees charged by labor brokers. And nearly US\$900,000 was paid to workers for unpaid overtime. Underage workers were sent back to school with full tuition and salary. The number of mineral smelters in our supply chain verified as conflict-free doubled. Wastewater systems were upgraded. And much more.

While audits and corrective actions are essential, we believe the greatest opportunity for change comes from worker empowerment and education. In 2014, over 2.3 million workers were trained on our Code and their rights. We invested millions of dollars to expand our Supplier Employee Education and Development (SEED) program since it began. SEED now totals 48 classrooms in 23 facilities — equipped with iMac computers, iPad devices, education software, video conferencing systems, and more. Since 2008, over 861,000 workers took courses, free of charge, for personal development, and some workers have received college degrees through the program. And to address a worldwide shortage of qualified safety and environmental professionals, we enrolled more factory managers, now totaling 632 participants representing nearly 900,000 workers, in our 18-month Apple Supplier Environment, Health and Safety (EHS) Academy. In the Academy, participants are learning best practices they can immediately apply in their facilities.

We are also vigorously enforcing our environmental standards — which often go well beyond what's required by law — across our supply chain. Whether it's saving half a billion gallons of freshwater through our Clean Water Program or educating managers through the EHS Academy, we are working diligently with our suppliers to preserve and protect the planet's precious resources for future generations.

Once again, we are publishing a list of our top 200 suppliers, the smelters that provide suppliers with minerals that go into our products, our Code and detailed Standards, and the aggregate scores of our supplier audits. And we continue to report monthly on working hours for over one million workers. We hope that our openness will inspire other companies. But more important, we believe the feedback that transparency invites makes us even better.

Around the globe, Apple employees are united in bringing equality, respect for human rights, and protection of the environment to the deepest levels of our supply chain. While we have made significant progress, gaps still exist, and there is more work to do. We know that workers are counting on us. We will not stop until every person in our supply chain is treated with the respect and dignity they deserve.

— Jeff Williams, Senior Vice President of Operations

# Accountability

An Apple auditor, supported by local third-party auditors, visits a factory in Suzhou, China.

It's not enough to set high standards.  
We must work every day to make sure they're upheld.

Our Supplier Code of Conduct is among the toughest in the industry. To track working conditions at suppliers' facilities, we conduct regular, in-person audits deep into the supply chain. Audits remain essential to our work, but they're only the beginning.

## Accountability Highlights from our 2015 Report

- ✓ In 2014 we performed 633 audits covering over 1.6 million workers.
- ✓ In 2014 we audited suppliers in 19 countries.
- ✓ In 2014 calls were made to 30,000 workers to make sure their rights were being upheld.



Our Supplier Code of Conduct and Supplier Responsibility Standards help encourage the adoption of practices that are consistent with our core values.

## Setting clear expectations.

To do business with Apple, every supplier must agree to meet the standards we've established in our [Supplier Code of Conduct](#) and our [Supplier Responsibility Standards](#). They contain more than 100 pages of comprehensive requirements in 20 key areas, including labor and human rights, health and safety, environment, management systems, and ethics. Often, these standards exceed what local laws require.

To keep the bar high, we constantly reevaluate these documents to ensure that they represent the strongest values of human rights, safety, and environmental responsibility expected by Apple, our stakeholders, and the industry. Anytime our suppliers fall short of our objectives, we work closely with them so they can get back on track. And stay on track.



In 2014 we screened 459 suppliers before production began.

### Engaging early to catch potential issues.

When awarding new business, we take previous audit scores into consideration, or conduct detailed risk assessments with suppliers who have not been audited in the past. In 2014, we reviewed 459 suppliers, and factored their responsibility performance into our decisions.

This engagement has allowed us to address over 700 findings related to labor standards, worker safety, permits, environmental hazards, and chemical management — all before production began. For suppliers that haven't worked with us before, or those requiring additional help, we go onsite, assess their facilities, and work together to build sound management systems from the ground up.

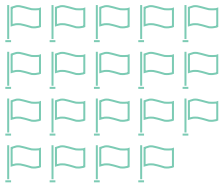
Suppliers hire significantly more workers before new product launches, in some cases nearly doubling their work force. During this critical period of peak production known as ramp, we send a team on site to provide hands-on guidance to work with suppliers needing more help to address potential labor and human rights issues. In 2014, we were on location, working together with suppliers who employed over 300,000 workers.

### Working onsite with suppliers.

To make impactful changes across our supply chain, it's important to understand firsthand what's happening inside our suppliers' facilities. That's why we don't simply employ and review audits from behind our desks in Cupertino. Instead, we directly gauge how our supplier facilities are doing by regularly visiting and partnering with our suppliers around the world. And when we discover a problem, we work together to get it fixed.



An Apple employee discusses posted labor regulations with a team of third-party auditors at a factory in Jundiaí, Brazil.



We conducted audits in 19 countries in 2014.

### How an Apple audit works.

We actively look for issues so that we can fix them. When we find violations — which we do in every single audit we conduct — we view them as opportunities to partner with our suppliers to improve working conditions and to protect the environment. In 2014, we conducted 633 audits in 19 countries — the most since beginning our Supplier Responsibility initiative in 2006.

Every audit is led by an Apple auditor and supported by local third-party auditors. These third parties are experts in their fields. And all have been trained to use our detailed auditing protocols. During each audit, we grade suppliers on more than 100 data points corresponding to each category of our Supplier Code of Conduct. Our auditors are highly skilled at identifying when suppliers are covering up information.

Apple audits are proven to improve supplier compliance. Each year we review and raise our already strict requirements, and suppliers continue to meet our increasingly stringent standards. In 2014, facilities audited two times scored 25 percent higher than those facilities with first time audits. Facilities audited three times or more scored 31 percent higher than facilities audited for the first time.

In addition to these regular, prescheduled audits, we randomly select facilities to audit unannounced. These surprise audits help ensure that our suppliers continue to meet our standards at all times — not just during scheduled visits. Apple conducted 40 surprise audits in 2014, where our team visited suppliers on-the-spot and inspected the facility within hours.

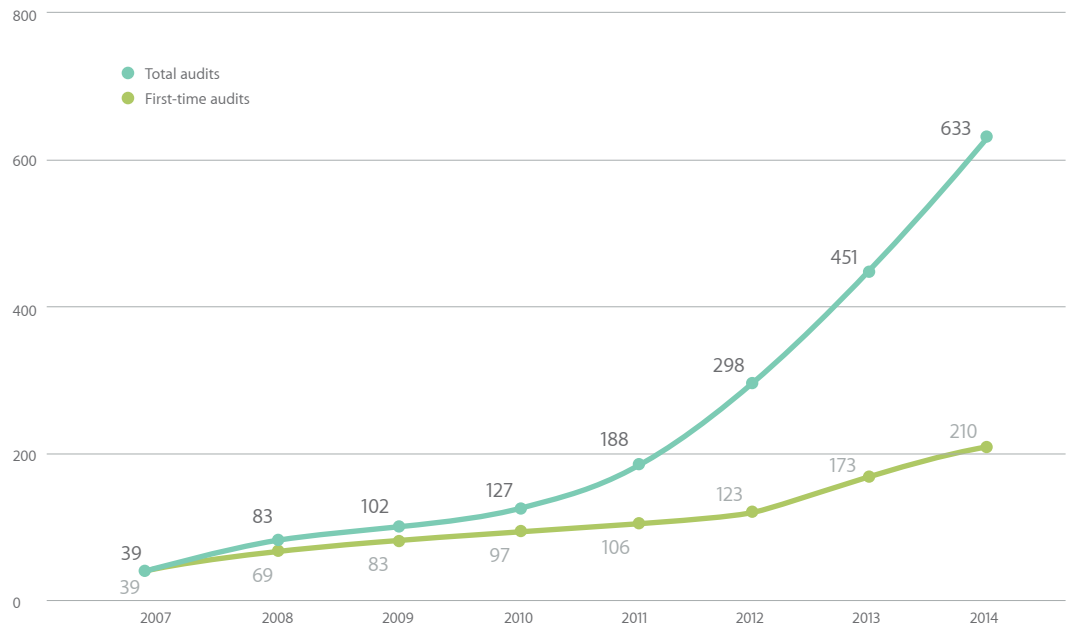
We consider a core violation to be the most serious breach of compliance. These include cases of underage or involuntary labor, document falsification, intimidation of or retaliation against workers participating in audits, and significant environmental impacts such as releasing untreated air emissions. All core violations are escalated directly to senior management at Apple and the supplier, and must be addressed immediately. When appropriate, we also report these violations to local authorities. Any supplier with a core violation is placed on probation until successful completion of their next audit. During probation the issue is monitored closely, and if we believe that the supplier is not truly committed to change, we terminate our relationship. To date, we have terminated relationships with 18 suppliers.



The management team of a factory in Jundiaí, Brazil, listen to the findings of a supplier responsibility audit.



## Apple Audits Since 2007



### Our audits at a glance.

- 1 **Preparation.** First, every new factory must follow our Code and Standards, and agree to be audited. Audits are prioritized based on geographic risk, previous audit performance, commodity risks, and planned spending, as well as concerns brought to us by internal teams, external stakeholders, NGOs, and others.
- 2 **Onsite Audit.** Every onsite audit is led by Apple auditors, and supported by local third-party auditors and experts who have been trained on Apple auditing protocols. Together we review hundreds of payroll documents, interview workers, physically assess the health and safety conditions of the facilities, and inspect the environmental conditions inside and outside the factory walls.
- 3 **Corrective Action.** Suppliers are required to remediate all violations. Every supplier must submit a Corrective Action Plan within two weeks of the audit, outlining a corrective course of action. Severe violations negatively affect the suppliers' business relationship with Apple, including possible termination.
- 4 **Monitor.** A team of verification specialists works with suppliers, checking in at 30-, 60-, and 90-day intervals, to make sure they're on track. Any delayed progress is escalated to senior management.
- 5 **Verify Remediation.** We hire a third-party auditor to visit the facility at the 120-day mark to independently confirm that everything was resolved to our standards. If not, a second verification is scheduled within 30 days.

### **What happens after an audit interview?**

Apple conducts physical inspections, reviews documents, and interviews workers in their native languages, without their managers present. Afterward, workers are given a phone number, so they have the opportunity to securely and confidentially provide additional feedback about a facility to our team, including anything they consider to be unethical behavior. We encourage workers to report any retaliation to us, and we follow up with all suppliers to address each reported issue. So do our third-party partners. They made more than 30,000 phone calls in 2014 to make sure no negative consequences resulted from a worker speaking up.

# Empowering Workers

Factory workers in Shenzhen, China, attend a graphic design class as part of the Supplier Employee Education and Development (SEED) program.

Education is always the first step toward change.

Apple offers educational programs that help workers gain the skills they need to advance within the factory or transition to a completely new field. We also strive to help workers understand their rights as employees, and make sure they have avenues to speak up if they believe these rights are being violated.

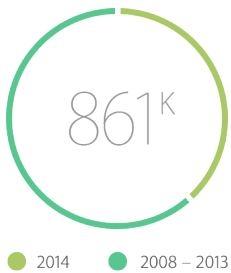
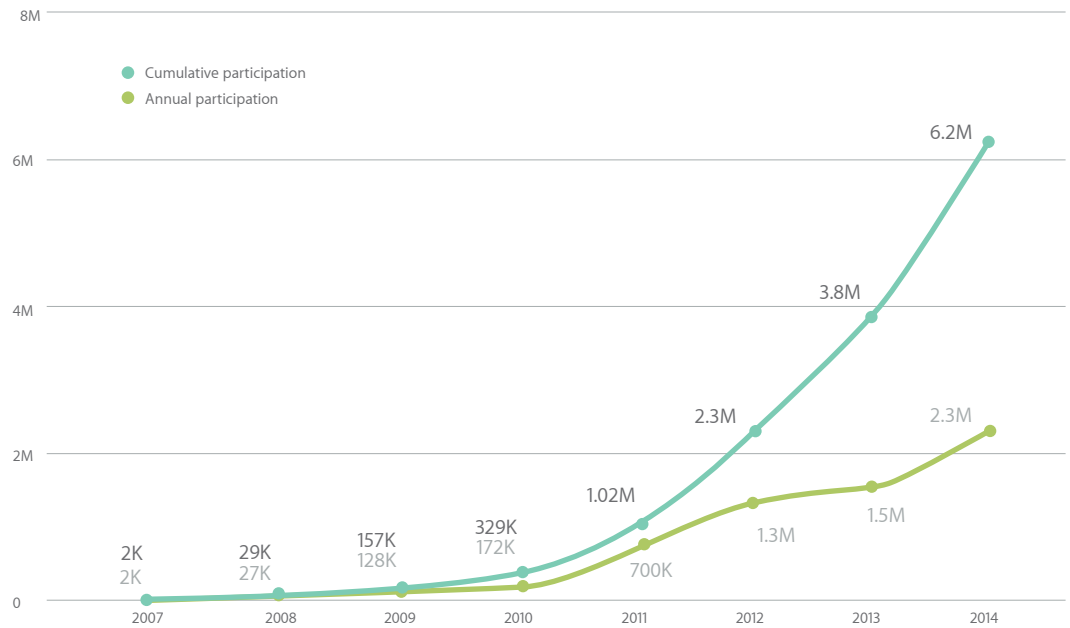
## Empowering Workers Highlights from our 2015 Report

- ✓ Trained 2.3 million workers on their rights in 2014, and over 6.2 million since 2007.
- ✓ Launched a new mobile, app-based iPad education program at 10 sites.
- ✓ Expanded SEED participants by over 379,000 in 2014, totaling over 861,000 since 2008.

## Creating an educated workforce.

All workers deserve to be treated with dignity. And we want every worker in our supply chain to know that it's his or her right to work in a fair and ethical environment. That's why our suppliers trained 2.3 million workers in 2014 — and more than 6.2 million since 2007 — to understand the Apple Code of Conduct, local laws, and health and safety regulations. We also provide educational resources to factory supervisors, training them on how best to communicate with their workers, uphold human resources policies, and maintain a safe workplace.

## Participation in Workers' Rights Training



Of the 861,000 total SEED participants to date, over 379,000 participated in 2014 alone. More than twice the number of students enrolled in the top 10 largest U.S. colleges.

### Expanding opportunities for learning.

As part of our Supplier Employee Education and Development (SEED) program, we've invested millions of dollars to equip factories with computers, educational software, and video conferencing capabilities. This helps workers gain the skills they need to grow within the factory — or to forge entirely new paths. We are committed to offering these courses for as many workers as possible — fully funded by Apple and the supplier. In 2014, the SEED program expanded to five more supplier sites, now totaling 48 classrooms in 23 sites. SEED had over 379,000 participants in 2014 alone, and over 861,000 total since 2008.

Workers who want to gain new skills can take courses like personal finance free of charge. Some have used what they've learned to advance from the assembly line to positions in human resources. Others prefer to take a few courses casually to learn English or computer skills. We've also partnered with local universities to give workers access to high school equivalency programs and associates and bachelors degrees. In 2014, our program grew to offer vocational certifications in subjects such as culinary arts, welding, and cosmetology.



Workers study on iPad devices as a part of the new SEED e-learning program in Shenzhen, China.

#### Offering innovative learning tools.

While SEED began as an iMac-only program, we feel it's important to continually adapt our programs to changing learning styles and technological advancements. So after reviewing worker feedback, we moved beyond the traditional classroom setting and launched an iPad-based learning program at 10 facilities. Each one uses iPad devices preloaded with the latest educational apps. And all are set in cafe-style classrooms that promote a more casual and collaborative learning environment.

In 2014, we also piloted a mobile education program. This new program offers more than 70 courses that workers can access from their personal smartphones, and in iPad classrooms. Topics range from factory production skills to health, and even lifestyle-focused classes such as raising a family and navigating personal relationships. So far we've seen high participation and deep interest in learning topics on the go. And we plan to double the number of participants in our iPad program in 2015.

"The classes have real world content. I can use what I learned in my English courses when I travel abroad. I also completed an internship that can be applied to my daily work routine, which I hope will help me get a promotion."

Ke Zhang, Henan Province,  
Material Handler





# Labor & Human Rights

A celebration at the opening ceremony for the SEED iPad e-learning program for factory workers in Shenzhen, China.

Every worker deserves to be treated with dignity and respect.

We're striving to eliminate unethical hiring and excessive work hours for the people who build our products. Apple is also dedicated to the ethical sourcing of minerals like tin, tantalum, tungsten, and gold, so we can improve conditions for workers at the deepest levels of our supply chain.

## Labor and Human Rights Highlights from our 2015 Report

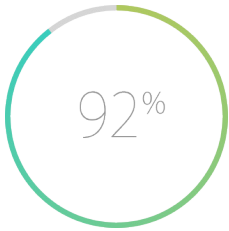
- ✓ Achieved 92 percent compliance with our 60-hour maximum workweek.
- ✓ More than doubled the number of verified smelters in our supply chain to 135.
- ✓ Recouped US\$3.96 million in excessive recruitment fees for foreign contract workers.

## Implementing ethical hiring practices.

Select groups of workers — including students, juveniles, dispatch, and foreign workers — are at greater risk of being targeted by unscrupulous labor brokers and employers. This is fundamentally unacceptable behavior. By engaging early with our business teams and suppliers, we're better able to implement fair hiring practices across the supply chain. And to anticipate and address potential violations before and during employment.



An auditor interviews a worker at a factory in Hsinchu, Taiwan



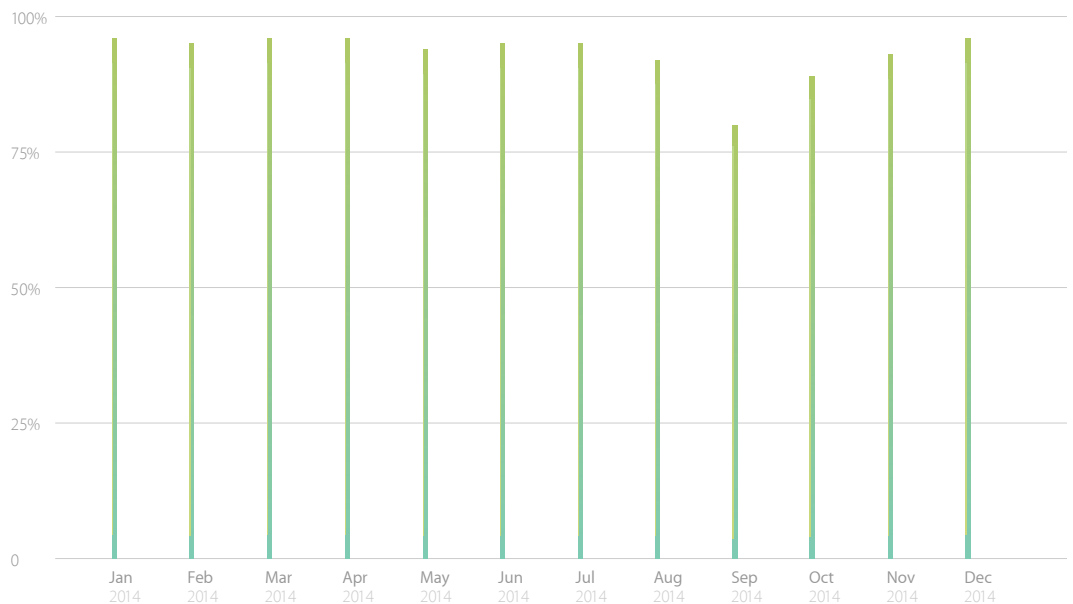
We tracked over 1.1 million workers on average per week in our supply chain and 92 percent of all workweeks were compliant with our 60-hour maximum standard.

### Limiting excessive work hours.

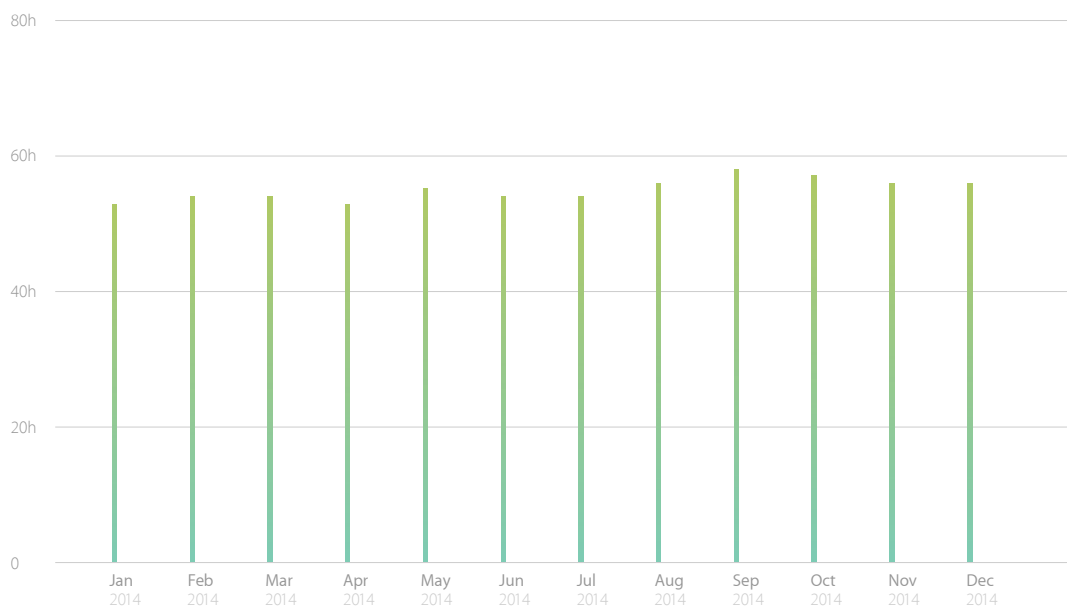
Excessive work hours are a widespread and persistent industry problem. At Apple, finding a solution remains a top priority. We limit workweeks to 60 hours, except in unusual circumstances, with at least one day of mandated rest every seven days. And all overtime must be strictly voluntary.

In 2014, we tracked over 1.1 million workers on average per week — adding 57 new facilities to the tracking program — and 92 percent of all workweeks were compliant with our 60-hour maximum standard. Specifically, the average hours worked per week was under 49. Employees who worked more than 40 hours each week worked an average of 55 hours per week. And 94 percent of all workweeks met our requirement of at least one day of rest every seven days.

### Workweeks compliant with 60-Hour Standard



### Average weekly working hours



### Ending underage labor.

Underage labor is never tolerated in our supply chain. If we find it, we put a stop to it. And suppliers found violating our zero tolerance policy are put on probation. Our Underage Labor Remediation Program requires that any supplier found hiring underage workers fund the worker's safe return home. Suppliers also have to fully finance the worker's education at a school chosen by the worker and his or her family, continue to pay the worker's wages, and offer the worker a job when he or she reaches the legal age. Of more than 1.6 million workers covered in 633 audits in 2014, 16 cases of underage labor were discovered at six facilities — and all were successfully remediated. This means that underage labor now accounts for 0.001 percent of the total work population audited in our supply chain. Although this number is low, even one case of underage labor is unacceptable. So we won't stop until it's eliminated from our supply chain entirely.

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## Case Study

### Impact in Action: Ran's Story

Born and raised in Henan Province, China, 16-year-old Ran has always had a passion for computers. "I like assembling and dismantling hardware," Ran says. "I have a computer at home and have always tried to figure out how it works." But Ran's love of technology had to take a backseat to supporting his family. At just 15 years old, Ran borrowed an ID to bypass a nearby factory's underage labor screening process so he could get a job. In October 2013, one month shy of his 16th birthday, an Apple auditor found him working at the factory. Immediate action was taken, and Ran was enrolled in Apple's Underage Labor Remediation Program.



Ran at his school in Henan province.



“Being able to continue my education is a dream come true. I’d like to find a job in the IT industry after. Maybe I’ll become a network engineer or start my own company.”

**Ran, 16 years old**

The program required the supplier to fully fund Ran’s safe return home, help finance his education, and continue paying the wages Ran had been earning. The program also worked to improve the factory’s hiring system to help prevent underage labor.

Because Ran was using his factory wages to support his family, he had reservations about leaving his job.

“When auditors found me, I was really nervous and worried, because I thought I would be fired and would have to find another job to help support my family,” Ran recalls. “But when I was told that the remediation program would provide financial support and help me go back to school, I was still nervous but also very happy.”

As part of the six-month remediation, Ran was assigned a local case worker who made sure all program requirements were being met. He was enrolled in a three-year computer course — including two years of classroom training and a one-year internship — at a local technical school.

There he learned basic computer skills and software programs like Adobe Photoshop and Ulead VideoStudio. Ran also participated in computer design and sports competitions, and joined the student union.

“When we first met Ran, he was very shy,” says Ran’s caseworker Eileen. “Now he has made many friends, improved his education, and has grown more confident and outgoing.”

Ran is proving to be an excellent student as well. In fact, he is earning solid grades and is being considered to represent his school at a competition in China this year.

For his part, Ran’s father couldn’t be more proud of his son’s achievements. “My son has done so well in his studies,” says Ran’s father Ran. “I am extremely proud of him and the hardships he’s overcome. And I’m so grateful he’s able to go to school and pursue his dreams.”

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### **Protecting student workers from exploitation.**

After their primary education, many students in China attend vocational schools. These institutions often require students to participate in fieldwork or internships as part of the program. But a lack of oversight has created an opportunity for some factory managers to skirt local laws. To better protect these young people, we require that suppliers who hire student interns help them meet their educational goals, align their internships to future job goals, and ensure that work doesn’t interfere with their schooling.

To further this effort, Apple continued its partnership with Stanford University's Rural Education Action Program (REAP) and Dell Inc. Together we evaluated the education and internship performance of over 12,000 students at more than 130 schools. We also developed an educational tool for managers to evaluate schools on their own. And through our multistakeholder engagement with Stanford's REAP, the Electronic Industry Citizenship Coalition (EICC), and the Henan Department of Education, we are creating the first vocational school credentialing system in China, so schools can better meet our high bar for student interns.

In 2014, our ramp monitoring program helped make sure that the percentage of students entering the workplace didn't exceed our limit of 20 percent per facility. In fact, the percentage of students in our supply chain is the lowest it's ever been, between 1 to 2 percent. We also monitored student working hours, reviewed job types, and made sure internships were strictly voluntary.

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\$3.9<sup>M</sup>

In 2014, our suppliers reimbursed nearly US \$3.96 million to over 4500 factory workers for excessive recruitment fees and US \$20.96 million total to over 30,000 workers since 2008.

### **Eliminating recruitment fees and bonded labor.**

When the labor supply is limited, some suppliers turn to third-party recruiters to secure contract workers. These third parties may charge excessive recruitment fees to foreign contract workers in exchange for jobs. Doing so creates an unjust system that places contract workers in debt before they even begin their jobs.

To protect foreign contract workers, Apple required our suppliers to reimburse US\$3.96 million in excess fees to over 4500 foreign contractors in 2014, bringing the total reimbursements to US\$20.96 million to over 30,000 foreign contract workers since our program began in 2008. To drive change, we also audited 100 percent of our top 200 facilities that were most at risk of hiring foreign workers, conducting nearly 70 bonded labor assessments.

We are committed to working even harder to end this form of bonded labor. In October 2014, Apple informed our suppliers that, starting in 2015, no worker employed on an Apple line could be charged any recruitment fees. This reduces the allowable fees from one month's net wages to zero. And, as always, any supplier who uses bonded labor will have to repay all foreign contract workers in full for any fees paid.

## Preventing human rights abuses by sourcing responsibly.

It's not enough to provide workers with job opportunities. Or to make sure that conditions are safe only at our suppliers' facilities. Our commitment to human rights extends to the deepest levels of the supply chain. That's why in 2009 we began investigating the potential associated human rights and environmental impacts of using certain minerals like tantalum, tin, tungsten, and gold, and in 2010 became one of the first companies to map our supply chain for the use of these minerals down to the level of the associated smelters and refiners. It is an enormous undertaking, because our supply chain works with smelters across the globe. To date, we've worked on site, engaging directly with smelters all over the world to support programs that protect the rights of miners.



A worker at a smelter in Belitung, Indonesia, sifts through tin.



Our [Conflict Minerals Standard](#) provides detailed information about our responsible sourcing efforts.

### Eliminating conflict minerals from the supply chain.

Tantalum, tin, tungsten, and gold are called conflict minerals because, in the Democratic Republic of the Congo (DRC) and adjoining regions, their extraction may finance or benefit armed groups associated with human rights violations. Apple is dedicated to using only conflict-free minerals in our products.

The simplest path to calling Apple products conflict-free would be to redirect our demand through a small subset of smelters that are either conflict-free verified, or aren't sourcing from Central Africa. But this approach would do little to influence the situation on the ground, something we care deeply about. That's why we have been working to expand the number of verified sources in this region, so that more people can earn a good living, in better conditions.

**Improvement through accountability.**

In 2011, we began pushing smelters to comply with the Conflict-Free Smelter Program (CFSP) or equivalent independent third-party audit programs. To drive accountability and help stakeholders track our progress, we continue to publish a quarterly list of the names, countries, and CFSP participation status of the smelter and refiners in our supply chain.

[Download the PDF >](#)

Preparing to be audited can take time, and we have been working with smelters extensively for the past three years to get them to take the necessary steps to become compliant with our conflict mineral standard. In early 2014, we imposed a deadline to existing smelters that they needed to be verified or in the process by the end of 2014. Otherwise, we would remove them from our supply chain.

**Making meaningful progress.**

Our approach is working. We more than doubled the number of verified conflict-free smelters to 135 in 2014, and another 64 are in the process of verification by the CFSP or an equivalent independent third-party audit program. Unfortunately, even after extensive encouragement, there were four smelters that were unwilling to commit to be audited by a third party, so Apple put these smelters on notice that they will be removed from our supply chain. All tantalum smelters known to be in our supply chain remained verified as conflict-free throughout 2014. And our list of approved tantalum smelters has also expanded.

Beyond verification, Apple provided funding to six programs working to drive further change and spur economic development in the DRC and neighboring countries. The results include successfully increasing the number of registered miners operating in, and selling their materials through, conflict-free channels, providing educational and health care support to mining communities, and improving methods for tracking materials from the mine to the smelter.

**Our efforts in Indonesia.**

While Indonesia does not share the same conflict challenges as the DRC, Indonesia does have large populations of small-scale miners. Many of whom operate on contested lands — and work under conditions that are environmentally unsound, and pose health and safety risks to workers. So in Indonesia we are taking a similar long-term approach to tackling systemic, widespread problems that require a collective effort to solve.

Apple was the first electronics company to directly engage with Indonesian smelters to try to find ways to work toward improving conditions there. We've been actively working on the ground since 2013 to understand and address issues related to tin mining. To further push for solutions, we spearheaded the creation of the Tin Working Group in early 2013, partnering with the Sustainable Trade Initiative IDH, and bringing to the table other technology companies, the industry group ITRI, and the non-governmental organization Friends of the Earth.

Throughout 2013 and 2014, Apple held in-person meetings with government officials and more than 30 Indonesian tin smelters and traders. These meetings are helping to establish the foundation and relationships needed to implement possible solutions, which could include better systems for tracing tin back to legal mines and testing out new land management practices, all while maintaining the livelihood of a small-scale mining population. We're now focused on working directly with the Indonesian government and the Tin Working Group to put these ideas into practice.

Though it would be a simpler solution to stop our suppliers from sourcing from Indonesian smelters — and to distance ourselves from Indonesia entirely — doing so goes against our core value of leaving the world better than we found it. So we're choosing to stay, working on the ground to bring about sustained change by holding Indonesian smelters accountable for how they operate. Just as we continue to do in the DRC.

“Even as recently as five years ago, few consumer goods companies understood the complex issues related to the extraction of raw materials. It's remarkable, and necessary, that Apple is taking a systematic approach to understand the problems at the root of its global supply chain. We hope this will set a precedent for real action within and around mining areas.”

**Andreas Manhart, Senior Researcher, Oeko Institute**

#### Our Key Partners and Stakeholders

- Conflict-Free Sourcing Initiative (CFSI)
- Conflict-Free Tin Initiative (CFTI)
- Diamond Development Initiative
- Electronics Industry Citizenship Coalition (EICC)
- Enough Project
- IDH Sustainable Trade Initiative's Indonesian Tin Working Group
- ITRI Tin Supply Chain Initiative
- KEMET's Partnership for Social and Economic Sustainability
- London Bullion Market Association (LBMA)
- Pact
- Partnership Africa Canada (PAC)
- Public-Private Alliance (PPA)
- Responsible Jewellery Council (RJC)
- Solutions for Hope
- Tungsten Industry—Conflict Minerals Council (TI—CMC)



# Health & Safety

A worker at the Mac Pro factory in Austin, Texas.

A safe and healthy workplace is a requirement, not an option.

Safety should never be subject to compromise. So we're engaging with suppliers early and working onsite to make sure facilities and production processes are up to code. And to help build a more skilled, proactive management team, we're enrolling more midlevel managers into our EHS Academy.

### Health & Safety Highlights from our 2015 report

- ✓ Enrolled 156 more suppliers, and 392 more participants, in the EHS Academy.
- ✓ Launched more than 870 EHS Academy projects in 2014.
- ✓ Graduated the first class of EHS Academy participants.



### 2014 EHS Academy by the numbers

- 216 supplier sites covered
- 73 newly educated graduates now working in supply chain
- 900,000 workers covered
- 870 projects launched
- 392 more participants enrolled
- 156 more suppliers added

### Educating managers to maintain better working environments.

Many midlevel managers and other factory staff lack some of the key skills necessary to address and proactively solve workplace issues involving health, safety, and environmental protection. It's a worldwide problem, but one we're dedicated to helping fix by training EHS managers to better identify and effectively remediate these issues on their own.

That's why we created the Apple Supplier Environment, Health, and Safety (EHS) Academy in 2013 in partnership with Nanjing University, Sun Yat-sen University, and the Institute for Sustainable Communities. The 18-month, 19-course educational program covers subjects such as fire safety, chemical management, and ergonomics. A hallmark of this rigorous program is that all participants must enhance their classroom learning by completing real-time projects in their facilities. So far, our participants have launched over 870 environment, health, and safety projects to improve working conditions in their facilities.

Suppliers have reacted so positively to our program that many send far more than the required number of managers to attend the Academy. One supplier, with three facilities supporting Apple, signed up 15 employees to attend the training program, exceeding our requirement of three people per facility. After completing the program in December 2014, the supplier's leadership team recognized the impact this program was having, and decided to enroll more of their staff into the EHS Academy and bring the program onsite to their facilities.



A member of the Apple Supplier Responsibility Team discusses the importance of the EHS Academy with supplier senior leadership in Suzhou, China.

In 2014, we enrolled 392 more participants into the program, which now totals over 632 enrolled managers and covers more than 216 supplier sites. The first group of participants successfully graduated from the Academy in 2014. As a result, 73 newly educated EHS managers are now working in our supply chain. Some graduates will stay in our supply chain. Others will leave. We know that wherever they go, their EHS skills will greatly benefit our industry and beyond.

## Case Study

### Improving chemical safety procedures.

- ?
**The Problem.** At one facility enrolled in the Apple EHS Academy, new chemical purchase requests must first be submitted to various departments for approval. While requests were required to be approved by its finance and purchasing departments, no environment, health, or safety approval was required when purchasing new chemicals, making verification of proper handling, storage, and separation of these chemicals more difficult.
- ↗
**Potential Risks.** Without mandatory EHS checks in place, there was a risk of environmental pollution and worker health and safety issues.
- ✓
**The Solution.** The Apple EHS Academy participant created a digital platform for purchasing and logging chemical procurement and made EHS approvals a mandatory part of the process. The participant also created an online chemical database system for easier referencing.
- !
**The Outcome.** The digital database created by the EHS Academy participant has significantly increased the efficiency of the chemical purchasing process and led to stricter reviews of new chemicals entering the facility.

### Monitoring environment, health, and safety issues.

Apple employees from departments like operations and engineering work onsite daily to support factory operations at most of our major supplier sites. They are encouraged to report any EHS issues they encounter between our audit periods. Regionally based Apple EHS professionals are able to respond quickly and get onsite when an issue is identified.

In 2014, we received over 150 investigation requests from Apple employees regarding environment, health, and safety issues at our supplier facilities. These requests were either raised by employees working onsite, or by employees who needed us to conduct assessments concerning new processes. The majority of the environmental issues centered around air and water quality concerns, along with questions about how to obtain proper permits. Restricted chemical use, dust, machine guarding, and emergency preparedness were the key health and safety issues raised. The Apple EHS team assists suppliers by helping them to identify an issue's root cause, and implements corrective action as needed. All requests are logged and tracked until closure. This data is then used to improve our supplier auditing, training, and awareness programs.

“Apple’s commitment to worker safety, expertise, and guidance allowed our teams to think innovatively about risk mitigation. We now have regular evaluation milestones and continuous monitoring in place.”

Sam Ting, Site DGM, Manufacturing Owner, Wistron, Kunshan



Workers participate in a chemical spill readiness drill near Shanghai, China.

### Strengthening emergency preparedness.

Our standards are strict. And we work to fully enforce them at every possible level. But accidents and natural disasters do happen. That's why it's critical that suppliers know how to respond to an emergency. So we work closely with them to develop emergency management systems and develop corrective actions for suppliers' safety protocols. In 2014 we worked with 30 supplier sites, representing more than 800,000 workers, and we plan to extend our program to even more facilities next year. We've also provided suppliers with detailed checklists to assess their fire equipment, permits, emergency lighting, and first aid kits.



**Uncovering hazards. Eliminating risks.**

Apple strives to identify potential issues in suppliers’ factories before they become problems. Even as assembly lines are being built, we work with engineering and operations teams to anticipate any concerns that may affect workers and the environment during production. And we help these teams — both at Apple and our suppliers’ factories — to develop better management systems and solutions so they can proactively address these concerns.

We trained nearly 1000 supplier personnel in 2014 on topics such as ergonomics and chemical management, in addition to our EHS Academy training. And over 1900 Apple employees were trained on identifying common hazards associated with traveling to and visiting supplier sites. In addition to our regular audits, we completed more than 30 detailed safety assessments to gauge hazards, including combustible aluminum dust, flammables, toxins, and reactive materials. And we’re going to use these assessments to help implement safer factory designs and to continue addressing and eliminating risks early on.



An auditor inspects a flammable storage closet in Jundiaí, Brazil.

**Managing chemical safety.**

In our ongoing effort to be more transparent, we publicly released our Regulated Substances Specification (RSS) list for the first time in 2014. This list highlights chemicals our suppliers are prohibited from or limited in using during the manufacturing process. In response to stakeholder questions about benzene and n-hexane, we conducted a four-month investigation at 22 facilities and found no evidence that the roughly 500,000 people who work there were being endangered by exposure to these chemicals. In 18 of the 22 facilities, we found zero evidence of benzene or n-hexane. And the amounts found at the other four factories fell well within acceptable safety levels. Despite meeting or exceeding international standards, we updated our already tight restrictions to explicitly prohibit the use of these two chemicals in final assembly processes.

To drive our chemical management efforts even further, we’ve also initiated an extensive mapping effort of chemicals used at our suppliers’ final assembly facilities. This detailed program will assess each chemical type, specify its usage, and find more environmentally friendly substitutions wherever possible. As part of the mapping, we will evaluate important controls like proper ventilation, personal protective equipment, and hazard communication. Once complete, we will help facilities begin managing and mapping their own chemical usage.



We publicly released our [Regulated Substances Specification \(RSS\) list](#) for the first time in 2014, listing the chemicals our suppliers are prohibited and limited from using in the manufacturing process.

## EHS Academy Courses

Category	Course Name	Required	Elective
Foundational	Environmental Aspects Identification and Evaluation	✓	
Foundational	Job Hazard Analysis	✓	
Foundational	Environmental regulatory compliance	✓	
Foundational	Occupational Health and Safety Regulatory Compliance	✓	
EHS Skill Build	Hazardous Chemical Management	✓	
EHS Skill Build	Fire Safety	✓	
EHS Skill Build	Occupational Health Management	✓	
EHS Skill Build	Personal Protection Equipment	✓	
EHS Skill Build	Emergency Preparedness and Response	✓	
EHS Skill Build	Incident Investigation and Root Cause Analysis	✓	
EHS Skill Build	EHS Inspection and Audit	✓	
Environmental Skill Build	Solid Waste Management		✓
Environmental Skill Build	Water Management		✓
Environmental Skill Build	Air Pollution Control		✓
Environmental Skill Build	Cleaner Production		✓
Health and Safety Skill Build	Hot Work and Confined Space Entry		✓
Health and Safety Skill Build	Lockout Tagout		✓
Health and Safety Skill Build	Electric Safety		✓
Health and Safety Skill Build	Machine Safety		✓
Health and Safety Skill Build	Industrial Hygiene		✓
Health and Safety Skill Build	Ergonomics		✓
Capstone	Management of Change	✓	
Capstone	EHS Leadership	✓	
Capstone	Process Safety Management	✓	
Capstone	Reflection and Presentation	✓	

Note: participants must take 19 out of 25 courses to graduate

# Environment

Auditors conduct wastewater testing at a PC board factory in Kunshan, China.

Our planet's natural resources must be protected for future generations.

Apple wants to make sure that suppliers — at home and around the globe — use environmentally responsible manufacturing processes. So we help them make their facilities more energy and water efficient, and implement targeted programs that conserve the planet's precious resources.

## Environment Highlights from our 2015 Report

- ✓ Expanded the Clean Water Program to cover 50 percent of total water withdrawal for our top 200 suppliers.
- ✓ Helped 13 suppliers save half a billion gallons of freshwater.
- ✓ Enrolled more than 392 participants in the EHS Academy, now covering nearly 900,000 workers.

# #1

Apple ranked number one on the top 10 Electronic brands in the report by IPE.



Apple and the Environment.

[Learn more about Apple and our ongoing commitment to the environment >](#)

## Implementing environmentally sound practices.

Suppliers who do business with Apple know they must uphold our strict environmental standards — often above what local law requires — when it comes to managing hazardous waste, wastewater, stormwater, boundary noise, and air emissions.

During their factory inspections, our auditors review permits and equipment, and take samples to make sure suppliers are protecting the environment. When auditors find untreated waste air or wastewater leaving a facility, they shut down the offending processes or even whole production lines until the problem is fixed. Apple also assesses a supplier's environmental risks through surveys and by partnering with NGOs and groups like the Institute of Public and Environmental Affairs (IPE). IPE maintains an air and water pollution database to hold corporations in China accountable for environmental violations. Apple has partnered with IPE to systematically review and assess all supplier violations appearing in its database.

In 2014, we searched the database for environmental findings related to our top 200 suppliers, covering more than 400 locations in China. And we identified 30 sites with 49 violations. We had already been addressing some of these violations, but others were new to us. By working closely with our suppliers and IPE, we moved quickly to resolve these violations and develop action plans to address the issues. In 2014, 35 sites worked with IPE to remediate 59 violations and had their records closed through the IPE process. We'll continue to search the database to identify and fix violations.

To further drive compliance, we also survey our top 200 suppliers annually on topics such as water usage, air emissions, and waste management. We use the data to determine risks and build targeted training, tools, and programs to further minimize our suppliers' environmental impact.

### Educating managers to resolve workplace issues.





In 2013 Apple partnered with Nanjing University, Sun Yat-sen University, and the Institute for Sustainable Communities to launch our Environment, Health, and Safety (EHS) Academy to address the global issue of underqualified EHS professionals. Our Academy is one of the most comprehensive EHS training and education programs in the industry, helping midlevel managers in our global supply chains improve their skills so they can address and proactively solve issues in their workplace. The 18-month, 19-course program requires participants to complete real-time projects in their facilities. So far, participants have launched over 870 environment, health, and safety projects.

In 2014, 392 more workers enrolled in the EHS Academy (now totaling over 632 enrolled), covering more than 216 supplier sites. The first group of participants graduated in 2014. These newly trained EHS managers are now equipped with the skills to proactively identify and remediate EHS risks in their facilities.

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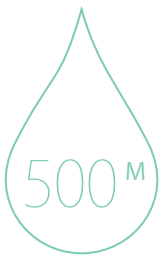
## Case Study

### Protecting waterways.

- 
**The Problem.** This facility, located in Suzhou, is near a protected lake that neighboring Shanghai residents use for drinking water. The facility, an EHS Academy participant, has a high volume of chemical storage but no effective stormwater management system in place. Although local regulations don't require any mechanisms for stormwater management, the Apple Supplier Code of Conduct mandates stormwater controls, including reducing water usage, recycling water, and preventing stormwater pollution.
  - 
**Potential Risks.** High risk of runoff contamination into the lake, which could result in damage to the surrounding ecosystem, potentially impacting the health of local residents.
  - 
**The Solution.** Through the Apple EHS Academy, the participant identified and prioritized contamination risks of the facility's stormwater pipelines. Screens and barriers were installed to prevent potential contaminants from chemical storage. And emergency valves were placed at stormwater outlets to protect the local water supply from outgoing contaminants and other pollutants.
  - 
**The Outcome.** As a result of participating in the Apple EHS Academy project, the facility now routinely tests stormwater runoff and independently resolves issues they find.
-



Third-party auditors conduct wastewater testing at a PC board factory in Kunshan, China.



In 2014, thirteen suppliers from the 2013 pilot program saved half a billion gallons of freshwater.

### Keeping water clean.

Water is one of the world’s most precious and finite resources. And everyone needs to do their part to preserve it. Through our Clean Water Program, Apple works with our suppliers who have water intensive processes to identify and implement measures to reduce their freshwater usage. And to prevent environmental pollution from untreated wastewater discharge, we also work with suppliers to improve and build their capacity for wastewater management. Piloted in 2013, our program has grown from 13 supplier facilities to 49. Currently the Clean Water Program covers 59 billion gallons of freshwater usage per year — the equivalent of around 89,000 Olympic-size swimming pools. This amounts to approximately 50 percent of the total freshwater usage of our top 200 supplier facilities.

In 2014, the 13 suppliers from the 2013 pilot program were able to save approximately half a billion gallons of freshwater over the last 12 months through various reuse and recycle measures initiated and developed through our Clean Water Program.

Each of our Clean Water Program sites are evaluated — and their performance score measured on such factors as water usage, wastewater management, wastewater treatment facility (WWTF) performance and monitoring, WWTF operations and maintenance, stormwater management, and hazardous waste management. After the facilities are evaluated, Apple works with each supplier facility to develop an individualized improvement plan. Pilot facilities from 2013 improved their performance 15 percent on average — and more than half of these facilities have already met their target performance score.

“Through a series of regular assessments, Apple helped us to develop strategies for installation of water meters, a water savings awareness campaign, waste water reclaiming system, and proper stormwater channels. As a result, we’ve saved 10 percent of our freshwater.”

**Colin Li**, EHS & Sustainability Director, BU Mobile Devices & Substrates, AT&S

# Audit Results

Apple suppliers are required to uphold our Supplier Code of Conduct (Code) in order to do business with us. We continually raise the bar on accountability and strengthen the Supplier Responsibility Standards (Standards) within our Code, which remains one of the strictest in the industry and often goes above local law. We actively look for issues so that we can fix them. And when we find violations, which we do in every single audit we conduct, we view them as opportunities to partner with our suppliers to improve working conditions and to protect the environment.

Our audits and remediation efforts are working. Facilities audited for the second time in 2014 scored 25 percent higher than facilities that underwent first time audits. And facilities audited for the third time or more scored 31 percent higher than facilities audited for the first time.

In 2014, we conducted compliance audits at 633 facilities — a 40 percent increase over 2013. One-third of the audits in 2014 were first time audits. All facilities were evaluated against a more detailed set of performance indicators than in previous years. We prioritize audits based on geographic and commodity risks, concerns raised by internal teams or external stakeholders, prior audit scores, and remediation performance.

Apple audits are conducted on site at supplier facilities with Apple auditors and third party experts. Apple works hand-in-hand with each facility's senior management to review findings and devise corrective action plans (CAP) to fix the violations. Apple auditors and business teams actively monitor the remediation progress with milestones every 30, 60, and 90 days — or until the finding is closed.

The most serious breach of compliance is a core violation. These include, for example, cases of underage or involuntary labor, document falsifications, intimidation of or retaliation against workers participating in an audit, and significant environmental impacts. All core violations are escalated directly to senior management at both Apple and the supplier, and must be addressed immediately. We also report core violations to the proper local authorities when necessary. Any supplier with a core violation is placed on probation until successful completion of their next audit. During probation, issues are monitored closely, and if we believe that the supplier is not truly committed to change, we terminate our relationship. To date, we have terminated relationships with 18 suppliers.

If suppliers need extra assistance in addressing a finding or core violation beyond the CAP, or if facilities have high numbers of workers or wide spread issues, Apple offers a variety of programs and training courses designed to further improve their responsibility efforts and build long-term solutions.

Apple audits its suppliers for compliance in the following areas: labor and human rights, health and safety, environment, ethics, and management systems. We score each sub-category on overall practices in compliance and on the supplier's management systems which govern those practices; for example, whether or not discriminatory hiring practices were employed, and the effectiveness of the supplier's management systems in preventing such practices, respectfully. And we report on the following pages the most material or pervasive issues we

find, as well as how we help suppliers remediate them so they don't reoccur. We have updated the categories below based on our enhanced Standards which became effective in 2014. Year-over-year comparisons are difficult for many reasons. We continually strengthen our Standards, audit deep into the supply chain, and always bring new suppliers into our auditing process. The majority of the findings are from suppliers that were audited by Apple for the first time. We're proud of the progress we're making with our suppliers, and we know our work is never done.

## Labor and Human Rights

Category	Practices in Compliance	Management Systems Compliance
Anti-Discrimination	88%	82%
Anti-Harassment and Abuse	85%	82%
Prevention of Involuntary Labor	85%	84%
Prevention of Underage Labor	95%	92%
Juvenile Worker Protections	79%	73%
Working Hours*	92%	*
Wages, Benefits, and Contracts	72%	70%
Freedom of Association and Collective Bargaining	96%	94%
Grievance Mechanisms	88%	87%
Student Worker Protections	67%	64%
<b>Overall Compliance</b>	<b>81%</b>	<b>78%</b>

\* We gauge our process by tracking real time working hours weekly for over 1.1 million workers in our supply chain, publishing the data every month. As a result of this effort, in 2014 our suppliers achieved an average of 92 percent compliance across all work weeks, and the average hours worked per week was under 49 for all workers, and 55 hours on average for those who worked at least 40 hours per week. Read more about our working hours program here.

## Labor and Human Rights Significant Findings

### Anti-Discrimination

#### Code of Conduct Requirement

*Suppliers shall not discriminate against any worker based on age, disability, ethnicity, gender, marital status, national origin, political affiliation, race, religion, sexual orientation, gender identity, union membership, or any other status protected by country law, in hiring and other employment practices. Suppliers shall not require pregnancy or medical tests, except where required by applicable laws or regulations or prudent for workplace safety, and shall not improperly discriminate based on test results.*

#### Findings

Facilities found with discrimination based on pregnancy status: 24

Facilities found conducting medical tests required as a pre-condition to employment when not mandated by law: 20

**Remediation Details**

We classify these practices as discrimination — even if permissible under local laws. All violators were mandated to immediately cease discriminatory practices and implement anti-discrimination management procedures. Suppliers were required to conduct additional training for appropriate employees.

**Juvenile Worker Protection****Code of Conduct Requirement**

*Suppliers may employ juveniles who are older than the applicable legal minimum age but are younger than 18 years of age, provided they do not perform work that might jeopardize their health, safety, or morals, consistent with ILO Minimum Age Convention No. 138. Suppliers shall not require juvenile workers to work overtime or perform night work.*

**Finding**

Facilities found with juvenile workers working overtime or nightshift in violation: 73

**Remediation Details**

Our code requires our suppliers to provide special treatment to juvenile workers. Facilities with this violation were required to establish management procedures to stop arranging overtime work or night shift work for juvenile workers, or transfer juvenile workers to positions with only normal working schedules. In addition, facilities were required to conduct training for line supervisors and production planning staff on the juvenile working hour requirement.

**Wages and Benefits****Code of Conduct Requirement**

*Supplier shall compensate workers for overtime hours at the legal premium rate. Supplier shall communicate pay structure and pay periods to all workers. Supplier shall pay accurate wages in a timely manner, and wage deductions shall not be used as a disciplinary measure.*

**Finding**

Facilities where workers were not paid sufficient overtime premium as stipulated by law: 105

**Remediation Details**

Findings were often related to insufficient systems to track complex pay periods, such as holidays, or misinterpretation of the law by facilities. All facilities in violation of this finding are repaying overtime wages to workers, amounting to nearly US\$853,000. One-third of the findings were due to incorrect holiday pay. For example, if Wednesday is a national holiday, a night-shift on Tuesday that starts at 6 p.m. and ends at 2 a.m. might be required by local law to pay the final 2 hours at holiday rates rather than normal night-shift overtime rates. Other findings were related to issues such as incorrect formulas used by the facility to calculate overtime, facilities allowing workers to trade overtime for personal leave, or recently increased minimum wage being factored incorrectly when calculating overtime, for example.



## Wages and Benefits

### Code of Conduct Requirement

*Suppliers shall ensure that all workers receive at least the legally mandated minimum wages and benefits.*

### Finding

Facilities where workers were not paid minimum wage as stipulated by law: 18

### Remediation Details

While violations of minimum-wage laws are not found very often, we require suppliers to reimburse workers for underpaid wages. Findings were generally due to payment during probationary periods failing to meet minimum wage and incorrect payments during a month when minimum wage was increased by the government. Repayment of lost base wages amounted to US\$24,000.

## Wages and Benefits

### Code of Conduct Requirement

*Suppliers shall not deduct earnings from workers' paychecks except where required by applicable law and regulations, for example, taxes and social insurance.*

### Finding

Facilities not providing sufficient social insurance to workers: 94

### Remediation Details

We required these facilities to provide all social insurance to workers and periodically inspect the workers' social insurance statuses.

## Labor and Human Rights Core Violations

### Prevention of Underage Labor

### Code of Conduct Requirement

*Suppliers shall employ only workers who are at least 15 years of age or the applicable minimum legal age, whichever is higher. Suppliers may provide legitimate workplace apprenticeship programs for educational benefit that are consistent with Article 6 of ILO Minimum Age Convention No. 138 or light work consistent with Article 7 of ILO Minimum Age Convention No. 138.*

### Finding

Facilities found with underage labor: 6

**Remediation Details**

Underage labor accounted for 0.001 percent of the total worker population covered by our audits in 2014 — but even one case is one too many. There were 12 active cases of underage labor and 4 historical cases (where the worker was hired underage but at the time of the audit was of legal working age). Apple-mandated remediation included the suppliers returning the young worker to school, financing their education, and providing income to the workers matching what they received while employed. We follow up regularly to ensure the young workers remains in school and suppliers continue to uphold their financial commitments.

[Read more about our Prevention of Underage Labor program here >](#)

**Prevention of Involuntary Labor and Human Trafficking**

**Code of Conduct Requirement**

*Suppliers recruiting foreign contract workers either directly or through third party agencies shall be responsible for payment of all recruitment-related fees and expenses.*

**Finding**

Facilities found with overcharges on workers’ recruiting fees and expenses: 15

**Remediation Details**

Facilities found charging excessive recruitment fees to foreign contract workers, whether through their own recruiters or third party labor brokers, are given a core violation. Apple required violating suppliers to reimburse foreign contract workers in full, totaling US\$3.96 million in 2014 and US\$20.96 million since 2008. Hiring protocols were also implemented to prevent reoccurrence. We conducted 70 bonded labor focused investigations in 2014 and audited 100 percent of our top 200 facilities that had foreign contract workers.

**Health and Safety**

Category	Practices in Compliance	Management Systems Compliance
Occupational Health Safety and Hazard Prevention	70%	61%
Emergency Prevention, Preparedness and Response	61%	52%
Ergonomics	69%	66%
Working and Living Conditions	83%	79%
Health and Safety Communication	55%	42%
Health and Safety Permits	52%	44%
Incident Management	77%	73%
<b>Overall Compliance</b>	<b>70%</b>	<b>63%</b>

## Health and Safety Significant Findings

### Occupational Injury Prevention

#### Code of Conduct Requirement

*Suppliers shall identify, evaluate, and manage occupational health and safety hazards through a prioritized process of hazard elimination, engineering controls, and/or administrative controls. Suppliers shall provide workers with job-related, appropriately maintained personal protective equipment and instruction on its proper use.*

#### Finding

Facilities with inadequate machine guarding (such as machines with inadequate covers on stamping or cutting machines, or inadequate protections on conveyer belts): 129

#### Remediation Details

Even one machine found with inadequate machine guarding in a facility counts as one finding. The remediation processes for facilities found with inadequate machine guarding included installation of required guarding, regular inspections, and revision of safety requirements and management procedures. We required the facilities to train operators and engineering staff on machine safety and safety operation processes. We provided additional training for this issue through courses in Apple's Environment, Health, and Safety Academy.

[Read more about the EHS Academy here >](#)

### Occupational Injury Prevention

#### Code of Conduct Requirement

*Suppliers shall identify, evaluate, and manage occupational health and safety hazards through a prioritized process of hazard elimination, engineering controls, and/or administrative controls. Suppliers shall provide workers with job-related, appropriately maintained personal protective equipment and instruction on its proper use.*

#### Finding

Facilities with no or inadequate Lockout/Tagout (LOTO) system: 118

#### Remediation Details

While LOTO systems are not a legal requirement for running a factory, Apple mandates that suppliers implement this best practice. LOTO is a lock and tag control system that should be applied, for example, while a machine is under maintenance to prevent a person from accidentally starting the machine. All facilities found in violation of our LOTO policy were required to develop and implement LOTO management and inspection procedures, as well as conduct training for appropriate employees.

### Occupational Injury Prevention

#### Code of Conduct Requirement

*Suppliers shall identify, evaluate, and manage occupational health and safety hazards through a prioritized process of hazard elimination, engineering controls, and/or administrative controls. Suppliers shall provide workers with job-related, appropriately maintained personal protective equipment and instruction on its proper use.*

**Finding**

Facilities with no or incorrect use of personal protective equipment (PPE), such as masks or respirators, for chemical hazards: 102

**Remediation Details**

Apple required facilities to conduct workstation risk analysis, assess what type of PPE is needed, and provide appropriate PPE to workers immediately. Facilities were also required to provide sufficient training to both supervisors and workers on how to properly wear the provided PPE, and to hold supervisors accountable for ensuring that workers properly used PPE. We also provide additional training for this finding beyond the remediation process in courses in Apple's Environment, Health, and Safety Academy.

[Read more about the EHS Academy here >](#)

**Occupational Injury Prevention****Code of Conduct Requirement**

*Suppliers shall identify, evaluate, and manage occupational health and safety hazards through a prioritized process of hazard elimination, engineering controls, and/or administrative controls. Suppliers shall provide workers with job-related, appropriately maintained personal protective equipment and instruction on its proper use.*

**Finding**

Facilities with no approval, inspection report, or certificate for structural safety of buildings or facilities: 158

**Remediation Details**

Our audits found that many of these offenses were due to delays in local regulatory processes. In these cases, as part of the audit remediation, we require supporting documentation outlining that the supplier is in process of obtaining the approval or certification. A lack of proper regulatory approval does not necessarily mean there was a hazard or that workers were in imminent danger, but rather that the basic level of governmental oversight and documentation was not successfully completed.

**Emergency Prevention, Preparedness, and Response****Code of Conduct Requirement**

*Suppliers shall identify and assess potential emergency situations. For each situation, Suppliers shall develop and implement emergency plans and response procedures that minimize harm to life, environment, and property.*

**Findings**

Facilities with at least one obstructed emergency exit, stairwell, evacuation passage, or aisle: 143  
Facilities with locked emergency exits: 76

**Remediation Details**

Even one blocked door in a facility counts as one finding, which leads to a high number of facilities found with this violation. All facilities were required to unblock exits or install exit signs, emergency lights, and evacuations routes where they were missing; make any physical changes to ensure egress clearance; and establish systems that manage these risks.

## Emergency Prevention, Preparedness, and Response

### Code of Conduct Requirement

*Suppliers shall identify and assess potential emergency situations. For each situation, Suppliers shall develop and implement emergency plans and response procedures that minimize harm to life, environment, and property.*

### Finding

Facilities with inadequate emergency response drills (such as standard fire drills and specialized emergency responses such as chemical spill drills): 275

### Remediation Details

Although this is often above the local law, Apple required facilities to conduct fire evacuation drills for workers in all shifts on a semi-annual basis in production and common areas. Facilities were required to make annual plans of comprehensive evacuation drills with sufficient frequency to meet the requirement, for example, to ensure that all workers, including nightshift workers, participate in the drills. Emergency preparedness remains a top priority, so we have an on-going program to help suppliers better prepare for emergencies.

## Dormitories and Dining

### Code of Conduct Requirement

*Suppliers shall provide workers with clean toilet facilities, access to potable water, and sanitary food preparation and storage facilities. Worker dormitories provided by the Supplier or a third-party agency shall be clean and safe and provide adequate emergency egress, adequate heat and ventilation, reasonable personal space, and reasonable entry and exit privileges.*

### Finding

Facilities with lack of proper or functioning smoke detectors in dormitories: 123

### Remediation Details

Although local law may not require smoke detectors in dormitories, Apple's Standards do. This finding can often be attributed to new dormitories where smoke detectors were not provided due to a lack of legal requirement. All facilities found with this violation were mandated to install smoke detectors in all dormitories.

## Environment

Category	Practices in Compliance	Management Systems Compliance
Hazardous Substance Management and Restrictions	72%	65%
Wastewater Management	73%	67%
Stormwater Management	67%	57%
Air Emissions Management	71%	65%
Solid Waste Management	85%	77%
Environmental Permits	65%	60%
Pollution Prevention and Resource Reduction	94%	92%
Boundary Noise Management	88%	83%
<b>Overall Compliance</b>	<b>76%</b>	<b>69%</b>

## Environment Significant Findings

### Hazardous Substance Management and Restrictions

#### Code of Conduct Requirement

*Suppliers shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle hazardous substances. Suppliers shall comply with Apple's Regulated Substances Specification for all goods it manufactures for and provides to Apple. Suppliers shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle non-hazardous waste.*

#### Finding

Facilities found with restricted substance found in use: 11

#### Remediation Details

Facilities found in violation of the restricted substance policy were required to eliminate the restricted substance from their process and find acceptable alternatives. None of the sites were final assembly facilities. We began extensive chemical mapping at our final assembly facilities in 2014 and will continue to expand our chemical management program to other facilities in the supply chain.

### Hazardous Substance Management and Restrictions

#### Code of Conduct Requirement

*Suppliers shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle hazardous substances. Suppliers shall comply with Apple's Regulated Substances Specification for all goods it manufactures for and provides to Apple. Suppliers shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle non-hazardous waste.*

**Findings**

Facilities with no secondary containment for hazardous substances: 83

Facilities with insufficient secondary containment for hazardous substances, or inadequate floors in hazardous chemical storage areas: 71

**Remediation Details**

Audit remediation requirements of this finding included implementing containment procedures in alignment with our Standards. Facilities were required to evaluate the environmental risk in the areas of hazardous substance handling, storing, and transporting. We required facilities to properly equip existing containers or add more secondary containers to prevent leakage or spills, adapt regular maintenance of the secondary containers, and conduct on site inspections to ensure the equipment is functioning properly.

**Air Emissions Management****Code of Conduct Requirement**

*Suppliers shall identify, manage, reduce, and responsibly control air emissions emanating from its operations that pose a hazard to the environment. Suppliers shall conduct routine monitoring of the performance of its air emission control systems.*

**Finding**

Facilities with no or inadequate monitoring of process air emissions: 134

**Remediation Details**

Facilities were required to employ qualified vendors to monitor air emissions and take corrective action if any substandard discharge is identified. Additional remediation actions for facilities found with this violation included upgrading air emissions treatment facilities or adjusting the operation process where needed.

**Environmental Permits and Reporting****Code of Conduct Requirement**

*Suppliers shall obtain, keep current, and comply with all required environmental permits. Suppliers shall comply with the reporting requirements of applicable permits and regulations.*

**Findings**

Facilities with no Environmental Impact Assessment (EIA) report: 34

Facilities with no Environmental Impact Assessment (EIA) report approval: 48

**Remediation Details**

Facilities were required to obtain environmental permits for all new construction, expansions, and modification projects. For the current operations without permits, facilities were required to obtain the full set of environment permits by engaging licensed vendors to prepare the EIA report, and then apply to their local environmental protection agency for approval of construction and/or operation. As it takes time to obtain permits, the facility is mandated to develop comprehensive timelines and regularly report progress or delays to Apple.

## Environment Core Violations

### Environmental Permits and Reporting

#### Code of Conduct Requirement

*Suppliers shall obtain, keep current, and comply with all required environmental permits. Suppliers shall comply with the reporting requirements of applicable permits and regulations.*

#### Finding

Facilities that were found repeating a violation of no or inadequate Environmental Impact Assessment approval (EIA approval): 3

#### Remediation Details

The facilities were required to hire a certified third party to compose the EIA report according to new production areas. This included analyzing the environmental impact and proposing the waste treatment approaches in order to meet with legal environmental requirement. After the EIA report was complete, facilities were required to resubmit the updated EIA to their local environmental protection agency for review and approval. The facilities were prohibited from running production in these new areas before obtaining the EIA approval, and we required production to be moved to an approved site during the EIA reviewing period.

### Air Emissions Management

#### Code of Conduct Requirement

*Suppliers shall identify, manage, reduce, and responsibly control air emissions emanating from its operations that pose a hazard to the environment. Suppliers shall conduct routine monitoring of the performance of its air emission control systems.*

#### Finding

Facilities releasing waste air without treatment: 5

#### Remediation Details

The violating sites were mandated to suspend production lines that generated waste air. Treatment equipment was installed to filter discharged air, and air monitoring protocols were put in place to ensure emissions were in compliance with legal requirements.

### Wastewater and Stormwater Management

#### Code of Conduct Requirement

*Suppliers shall monitor, control, and treat wastewater generated from operations as required by applicable laws and regulations before discharge.*

#### Finding

Facilities directly discharging waste water into storm pipe or domestic municipal sewage without treatment: 7



**Remediation Details**

All polluting processes were suspended at the facilities found with this violation. Wastewater collection and treatment measures were implemented by these facilities, including installation of wastewater pipeline systems.

Ethics

Category	Practices in Compliance	Management Systems Compliance
Business Integrity	93%	90%
Disclosure of Information	97%	96%
Whistleblower Protection and Anonymous Complaints	89%	87%
Protection of Intellectual Property	95%	92%
<b>Overall Compliance</b>	<b>93%</b>	<b>91%</b>

Ethics Core Violations

Disclosure of Information

**Code of Conduct Requirement**

*Suppliers shall accurately record and disclose information regarding their business activities, structure, financial situation, and performance in accordance with applicable laws and regulations and prevailing industry practices.*

**Finding**

Facilities providing falsified attendance, payroll, or working hours records: 15

**Remediation Details**

Apple immediately placed the violating facilities on probation. We required that authentic records be provided in order to successfully complete the audit. Management systems were reviewed to assess ethics policies and communication strategies.

Agreement to Audit and Assessment

**Code of Conduct Requirement**

*Suppliers must permit Apple and/or a third party designated by Apple to periodically evaluate Supplier's facilities and operations, and those of its subcontractors and next-tier suppliers, to the extent they are providing goods or services to Apple, for Apple's benefit, or for the use in Apple products.*

**Finding**

Facilities with management refusing to disclose the necessary documents and records to audit team and locking away historical records during the audit: 1

### Remediation Details

The facility was required to conduct an independent audit by a third party expert with an Apple auditor on site. After escalation to and discussions with senior management, the supplier provided all required, necessary information in order to successfully complete the audit. And the supplier was placed on probation.

## Management Systems

Category	Management Systems Compliance
Commitment	79%
Management Accountability and Responsibility	60%
Management Systems	100%
Documentation and Records	85%
Training and Communication	79%
Worker Feedback and Participation	92%
Corrective Action Process	79%
<b>Overall Compliance</b>	<b>75%</b>

### For More Information

For more information about Apple's Supplier Responsibility Program, visit [www.apple.com/supplier-responsibility](http://www.apple.com/supplier-responsibility).

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