A commitment to people and the planet.

Treating people with dignity and respect, providing advancement opportunities and conserving our planet’s resources are fundamental to how an Apple product is made. That’s why we develop programmes throughout our supply chain that drive progress with suppliers, while benefiting the people in our supply chain — and the planet.

We partner with our suppliers to offer global programmes that provide education and advancement opportunities to their employees. To date, these partnerships have helped millions of people take advantage of opportunities outside of the workplace. At the core of every employee’s livelihood is a safe and healthy workplace where their rights are respected each day. We’re committed to implementing responsible practices in our supply chain to make a positive impact on employee well-being.

An environmentally responsible supply chain is a major part of Apple’s mission to leave the world better than we found it. Along with our suppliers, we continue to fight climate change, reduce water use, implement green chemicals in manufacturing operations and eliminate waste.

Apple’s Supplier Code of Conduct underscores a commitment to human rights, environmental protections and sound business practices. Every year, we conduct assessments to ensure that suppliers are meeting our high standards. The number of assessments we conduct increases each year and the number of high-performing suppliers continues to grow. It’s all possible thanks to strong partnerships between our suppliers and Apple.

A commitment to people, the planet and the progress of our suppliers is at the heart of our work. We will always seek to extend our efforts to make positive impacts and drive lasting change.
We’re always looking for ways to advance the lives of the **People** in our supply chain. With our suppliers in 2017, we:

- Trained more than 3 million supplier employees on their rights, including local labour laws and Apple’s Supplier Code of Conduct.
- Launched health programming that empowers female employees to improve their health awareness with a goal of training 1 million women by 2020.
- Were named the world’s top company for responsible sourcing of conflict minerals by the Enough Project.
- Returned US$1.9 million in excessive recruitment fees to 1,558 people affected by bonded labour, bringing the total to US$30 million repaid to over 35,000 employees since 2008.

We believe the best products are made with respect for the **Planet**. With our suppliers in 2017, we:

- Were awarded the number one spot in the Corporate Information Transparency Index by the Institute of Public and Environmental Affairs.
- Expanded Zero Waste to Landfill efforts to India and attained 100 per cent UL requirements for all iPhone final assembly facilities.
- Replaced all GreenScreen(R) Benchmark 1 and 2 cleaners with green alternatives in all final assembly facilities.
- Achieved a 37 per cent average wastewater reuse rate and freshwater savings of 19.3 billion litres.

We partner with new suppliers to help them meet our strict standards and with existing suppliers to maintain their **Progress** towards providing a safe and healthy workplace. In 2017, we:

- Conducted 756 assessments in 30 countries, covering 95 per cent of our total spend. In addition, 26 per cent were first-time assessments.
- Increased the number of high-performing suppliers by 35 per cent, while low performers decreased by 71 per cent.
2017 Results Highlights

People

3M+
supplier employees trained on their rights worldwide.

US$1.9M
in recruitment fees returned to supplier employees in 2017.

12K+
enrolled in higher education degrees since 2008.

4K+
participants received preventative and women's health training.

Planet

625K
metric tons of waste diverted from landfill since 2015 — that's enough to cover 2,545 football fields about 1 metre deep.

100%
of all iPhone final assembly facilities worldwide diverted 100% of waste from landfills.

320K
annualised metric tons of carbon emissions reduced in 2017, enough to remove every car off the road in Hong Kong for 62 days.

19.3B

Progress

756
supplier facility assessments conducted in 2017.

30
countries in which assessments took place.

35%
increase in high-performing suppliers year on year.
People

Carpenter, Apple Retail fixtures
United States
People are the strongest link in our supply chain.

At the heart of Apple’s supply chain are the people who make our products. Apple is dedicated to empowering those who work in our supply chain with opportunities to receive an education and advance their careers. We also work to ensure that they are provided a safe and healthy workplace, where their rights are respected and they are treated with dignity.
Empowering women through health education.

At Apple, we are committed to helping our supplier employees gain access to knowledge and opportunities that allow them to take charge of their own health and well-being.

In 2017, efforts to empower women through health education began at several of our supplier facilities in China and India. Our goal is to enable women in factories to take charge of their personal health and well-being by becoming well-informed of risks specific to women. The programme also encourages them to take a leadership role by sharing their new health awareness with their colleagues, friends and community.

Our curriculum provides vital information and access to services that women need to maintain their health, including critical topics such as self-examination for early cancer detection, nutrition, personal care and maternal health. Extended collaboration among Apple teams, factory management, major medical institutions, including the Department of Community Health, St John’s National Academy of Health Sciences in Bangalore, welfare officers, trainers and the women themselves is essential to achieve the programme’s goals. All training is conducted in the participants’ local language and tailored to the needs of factory employees.

The programme builds upon itself by leveraging a peer-to-peer model. Each supplier site’s peer educators are trained on a specific health issue each month. Through soft skills and leadership training, the employees develop more self-confidence. As they continue to learn new topics, peer educators host sessions to share their knowledge with programme participants.

For our programmes based in China, we’re working with Peking University (PKU) to develop a rigorous independent evaluation process to measure programme impacts. This will allow us to better understand the resources available to women and their current level of health awareness. With this data, we will be able to continually shape the programming to best suit employee needs into the future.
Feeling good about health.

“I have been sharing what I learn in the class about preventative care and women’s health with my mum. As a result, she visited her physician for an annual check-up, something she had stopped doing prior to my taking the class.

Miao Minghui, Women’s health programme participant
Training people today to be tomorrow’s leaders.

We’re committed to helping advance the skills of our supplier employees. There is a growing need for qualified factory line leaders with the right mix of technical and soft skills. Since they are a part of the production labour force, but also act as a bridge between employees and management, factory line leaders play a special role.

A comprehensive survey of key supplier sites, covering nearly half of our supplier workforce in China, showed that most of our suppliers face challenges recruiting qualified line leaders during peak season. In 2017, we launched Apple’s Factory Line Leader Programme to provide vocational training students with the technical and soft skills necessary to become qualified line leaders.

Factory Line Leader Programme

- Technical and soft skills training
- A guaranteed internship with an Apple supplier
- Opportunity for full-time employment after graduation

In its first phase, the programme brought together four suppliers and eight schools with a curriculum team headed by one of China’s top Vocational Education Training (VET) experts, Dr Zhao Zhiqun of Beijing Normal University. The factory teams include human resources and training professionals, technical teams and high-performing line leaders who serve as advisors.

After completing Factory Line Leader training, students are guaranteed an internship with an Apple supplier and full-time employment opportunities.
Chen Changwei teaches business classes as part of the Apple Factory Line Leader Programme at a school in Kunshan, Jiangsu province. She discusses her experience as a teacher for the programme.

**How is the Apple Factory Line Leader Programme different from other educational programmes you have seen in China?**

I’ve led many enterprise corporation projects and have seen many similar projects at other schools. The biggest differences between this programme and other projects are: 1) The innovation. It’s the first time this kind of programme, which develops technical employees, has been initiated by a Supplier Responsibility department of a big company. 2) The wide scope and multiple partners. 3) Third-party monitoring systems. The programme will be evaluated by a leading university to test its validity. 4) Programme diversity. Students come from different backgrounds and a wide range of public and private schools.

**Why do you feel it’s important to offer vocational education opportunities?**

I think regular college offers high-level academic talent development, while vocational initiatives such as the Factory Line Leader Programme can offer more skills-based talent development that is necessary in China.

“Apple can lead in bridging the gap between schools and companies to drive opportunities that benefit both.”

— Chen Changwei, Factory Line Leader Programme Instructor, China
Enabling learning through smarter educational content offerings.

In 2008, we set up classrooms for employees to access educational content before and after work at our supplier sites across China. The programme was named Supplier Employee Education and Development (SEED). It gives employees the opportunity to study topics such as language learning, software animation and small business start-up training. We also partner with our suppliers to provide scholarships to employees who want to study for an associate’s or bachelor’s degree. To date, more than 2.5 million people have participated in SEED and more than 12,000 have enrolled for a degree.

In 2017, we focused on developing high-demand content to address students’ specific development goals. We also introduced a vocational certification programme for workers who are not interested in studying for a degree, but would like to grow more job-based skills. Manufacturing skills gained through SEED’s vocational certification can increase a supplier employee’s opportunities for job advancement.
Empowering employees through environmental, health and safety education.

In 2013, we identified a gap in skills needed to proactively address and manage workplace health, safety and environmental concerns at supplier sites. In response, we partnered with the EHS Center at Nanjing University to develop the Environmental Health and Safety (EHS) Academy, an intensive curriculum that integrates international best practices with local policies.

To date, EHS Academy participants have launched

~3,400 projects across 274 supplier facilities

While receiving training at the EHS Academy, local managers learn about environmental protection, air pollution, water management, chemical management, emergency preparedness and safety equipment. In addition to their coursework, managers must create and implement projects to improve environment, health and safety conditions at their facilities. EHS Academy provides in-depth expertise that improves the workplace environment and opens up opportunities for supply chain employees to advance in their careers. Armed with more in-depth environment, health and safety skills, the people in our supply chain are also able to find opportunities to advance.
A workplace that empowers and protects people.

We hold ourselves and our suppliers to the highest standard when it comes to human protections. Our dedication to treating the people in Apple’s supply chain with dignity and respect is unwavering. We will continue to go beyond what’s regulated to do what’s right for those who work in Apple’s supply chain.
Training employees, starting on day one.

In 2008, our Supplier Employee Training Programme was developed to ensure that all people in our supply chain receive training on their rights as employees during new hire orientation. In addition to local labour law requirements, the training covers the protections outlined in our Supplier Code of Conduct, such as permissible working hours, proper working and living conditions, and fundamental health and safety information. Suppliers are also required to provide grievance channels that enable their employees to safely report any violation.

Suppliers Employee Training Programme

- Training on local employment laws
- Training on Apple’s Supplier Code of Conduct
- Notification of grievance mechanisms

Providing a voice for employees.

Interviews and grievance channels that encourage employee voice and communication are fundamental to meeting our Supplier Code of Conduct. After interviews, employees are given a phone number so they can confidentially provide additional feedback to Apple, including anything they consider to be unethical behaviour.

Employees are encouraged to report any retaliation to Apple. We investigate every claim to ensure that suppliers appropriately remedy each situation.

3M+ people trained on workplace protections in 2017.
14.7M people trained on workplace protections since 2007.
31K+ supplier employees interviewed in 2017.
A supplier employee takes workers’ voices to new heights.

In 2013, Xu Yuexia joined CSMC, an Apple final assembly facility in Jiangsu, China, as an operator. On her first day of work, Xu was trained on local employment laws, as well as Apple’s Supplier Code of Conduct.

Through the years, Xu rose up the ranks from management trainee to multifunction employee to supervisor. While developing her career, Xu also worked to build up a team of employees dedicated to providing worker rights advocacy to the over 40,000 employees at CSMC. In 2015, Xu became a member of the Moral Support team. The team acts as a support network for employees, providing a place where they can voice their concerns, which are then brought to management. The Moral Support team also arranges community service projects and team-building activities, and promotes company culture.

Xu is very dedicated to the Moral Support team and has helped increase its impact significantly. In 2017, she organised over 50 employee forums. As a result of these forums, more than 100 cases were brought to management and workplace improvements were made. Xu and the team also work directly with Apple to identify employees with grievances during assessment visits and interviews. Xu finds that her role is always evolving, but she enjoys the challenge of learning new things. She’s very proud of the Moral Support team’s results and its ability to improve the lives of her fellow employees.

Workplace training leads to workplace advocacy.

2013: New Hire Training of Local Employment Law and Apple’s Supplier Code of Conduct.

2015: Moral Support team founded.

2017: Support and advocacy provided to over 40,000 employees.
Going further to fight bonded labour.

Bonded labour occurs when a person is forced to work in exchange for the repayment of a debt or other obligation — sometimes levied as a fee for receiving a job in the first place. In 2008, we made this a Core Violation of the Apple Supplier Code of Conduct and limited permissible fees to one month’s wages.

In 2015, Apple went even further — leading the way in mandating that zero fees can be charged to supplier employees for recruitment opportunities, even if those fees fall within the legal limits of the supplier’s operating country. If bonded labour is discovered, the supplier is required to repay the recruitment fees in full to all impacted employees.

We ensure safe channels for employees and suppliers to communicate concerns and continue to be recognised as a leader among all industries in efforts to eliminate this vicious practice.

Since 2008:

\[ \text{US$30M}^+ \]
repaid from suppliers with identified Debt-Bonded Labour Violations.

\[ \text{35K}^+ \]
offending suppliers’ employees received repayment.

In 2017:

\[ \text{US$1.9M} \]
in total payments as a result of bonded labour violations.

\[ 1,558 \]
people received payment.
If debt-bonded labour is uncovered, immediate action is taken.

1. **Probation notice**
   A Notice of Probation is sent to the violating supplier with terms of reimbursement and a non-retaliation clause to protect employees.

2. **Repayment deadline**
   The Notice of Probation tells the supplier they must repay employees within 30 days or face losing Apple’s business.

3. **Repayment approval**
   The reimbursement for each impacted employee is then reviewed and approved by Apple.

4. **Payment confirmed**
   An independent auditor confirms that the individual received the repayment.

We have made consistent progress to eliminate involuntary labour in our supply chain. Year-on-year annual assessments, combined with capability building for suppliers, helped drive the violation recurrence rate to zero in 2017. In addition, since 2013, the total number of debt-bonded labour cases has steadily decreased.
Underaged labour is unacceptable.

Apple strictly prohibits underaged labour in our Supplier Code of Conduct. In addition to a zero tolerance policy, we partner with suppliers to continuously improve training, communication and detection methods for false identification to eliminate underaged labour throughout the supply chain.

How we identify underaged labour.

1. Factory inspections
   A search for underaged labour cases is conducted during factory inspections.

2. Employee interviews
   Official documentation is compared and employee interviews take place in their own languages without supplier management present.

3. Process review
   The facility’s recruitment and application screening processes are reviewed.

4. Further assessments
   Assessors are trained to look for instances in which a supplier may provide false information or prevent access to documents — both are Core Violations of our Supplier Code of Conduct.

In 2017, we assessed 756 facilities and nearly 1.3 million people, and uncovered two cases of underaged labour. The two underaged employees were 14 and 15 years old. In both cases, the individuals used false identification to gain employment. Once identified, both were immediately transported home and enrolled in their school of choice, while continuing to receive wages from the supplier. Upon reaching legal working age, they will be offered a job at the supplier facility they departed, should they wish to return.

Identifying underaged labour is not enough, the supplier must:

- Finance the employee’s safe return home;
- Fund the employee’s education;
- Continue paying the full wages the employee would have earned at the factory;
- Guarantee an opportunity to return to work upon reaching legal working age.
Standards that encourage a more inclusive workplace.

Apple’s Supplier Code of Conduct requires safe and respectful working conditions. While we work with suppliers to ensure that they are meeting our standards of non-discriminatory practices, we sometimes find a supplier who will go above and beyond to provide an equitable workplace. Compal, a supplier in Nanjing, China, aims to build an inclusive setting for all of its employees.

To give all employees a strong sense of belonging and a more inclusive atmosphere, Compal has taken measures, including giving employees the choice to live in dorms with people who practise the same faith or religion. Compal also provides specially prepared food options that adhere to the religious customs and traditions of their employees.
A respect for human rights, at the deepest levels of our supply chain.

Apple has an enduring commitment to the responsible sourcing of materials for our products. We identify and map both regulated and unregulated materials in our products to the furthest reaches of our supply chain and proudly lead our industry in establishing the strictest standards for smelters and refiners.
Leading the way on materials due diligence.

In 2010, we were the first company to map our supply chain from manufacturing to the smelter level for tin, tantalum, tungsten and gold (3TG). In 2014, we started mapping our supply chain for cobalt and completed that mapping in 2016. This work is done to ensure that the minerals in our products are responsibly sourced, based on our suppliers’ efforts to identify and address risks in their own operations. Our programmes are informed and designed in accordance with the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and other internationally recognised human rights instruments.

In 2017, for the second year in a row, 100 per cent of our identified 3TG and cobalt smelters participated in independent third-party audits. Our efforts go beyond conflict to consider human rights and other risks, and we go above and beyond what’s required by law to help smelters report, assess and mitigate risk in their business practices. In-person spot audits of suppliers are conducted to verify the accuracy of reported data and to ensure that corrective actions are taken where gaps may exist. In addition to offering new and current suppliers online training in English and Mandarin, Apple provides tailored support to suppliers where material gaps in management systems are identified. We are also the first company to publish our smelter list.
Third-Party Assessment Participation
3TG and Cobalt

We’re proudly recognised as a worldwide leader in the responsible sourcing of minerals in our products.

“Apple proved to be the top industry leader in the Enough Project’s 2017 conflict minerals rankings due to the company’s leading work on supply chain risk assessment and mitigation, active participation in multi-stakeholder working groups, and support for programmes in Congolese mining communities.”

John Prendergast
Founding Director, Enough Project
Sharing our work for others to follow.

In 2016, we developed the Risk Readiness Assessment (RRA), an assessment tool for prospective and current suppliers to understand their exposure and track key risks in their operations. 3TG smelters and refiners in our supply chain that completed an RRA were provided a summary, benchmarking their risk readiness compared to their peers. These results allow smelters and refiners to self-correct and collaborate for better overall industry performance.

To encourage collective action across many industries, the RRA was open sourced through the Responsible Business Alliance (RBA), formerly the Electronic Industry Citizenship Coalition (EICC). The RRA online platform provides a centralised database of participating smelter information, supporting global comparability, easy access and scalability that can be used across industries.

In 2017, 151 smelting or refining companies utilised the RRA platform. In addition, 60 companies (members of the RBA and Responsible Minerals Initiative or RMI) utilised the RRA online platform in 2017, representing supply chain professionals from electronics and electrical equipment manufacturers, automotive, aviation, retail and consumer goods industries.
In addition to third-party audits and risk assessments, it’s also important to empower and provide a channel for anyone to identify a challenge that may be occurring in any industry scheme that audits and monitors mine sites for conflict risks. The International Tin Association (ITRI)’s Tin Supply Chain Initiative (iTSCi) assists companies in responsible sourcing of minerals from high-risk areas and monitors the mine sites participating in iTSCi’s traceability programme in the DRC.

In 2017, we helped expand a whistle-blowing programme implemented by iTSCi into five new risk categories, so that supply chain misconduct and incidents are surfaced and addressed. Through this programme, people can place anonymous calls to report allegations such as underaged labour at mine sites, mineral smuggling or illegal mining in protected areas. We remain committed to improving existing systems and driving for greater human rights protections in the upstream portions of our supply chains.

Making an impact on the ground.

We believe driving for compliance is not enough. To make a lasting impact, work must go deeper with on-the-ground organisations. We believe in supporting vulnerable communities and giving a voice to individuals, particularly in those regions where minerals that are in our products may be mined. We also support efforts to help provide vocational education, so people can find livelihoods other than mining and break the cycle of poverty.

While our long-term aim is to end our reliance on mining, we know that today, millions of people around the world depend on mining for their livelihoods. In 2016, we helped fund research by Faber, Krause and Sanchez de la Sierra (2017) at the Center for Effective Global Action (CEGA) at the University of California, Berkeley, which indicated that approximately 90 per cent of cobalt miners in the Democratic Republic of the Congo’s (DRC) former Katanga province work in artisanal mining. In these communities, 60 per cent of the households rely on mining as a source of livelihood or have in the past. Mining communities are especially vulnerable to human rights violations.

In 2016, work began with Pact, a non-profit organisation that works to help mining communities in the DRC organise and protect miners, mining communities and their children. In 2017, on Apple’s behalf, Pact launched an extensive awareness campaign that outlines mining risks and brings them to the attention of DRC communities. Neighbourhood committees and local leaders work with children and their families to explain the risks intrinsic to child mining, both physical and psychological, and the benefits of health and education. Pact also launched a vocational education programme where at-risk youth learn skills other than mining. The vocational training opportunity led to some youths withdrawing directly from the mines.
“Private-sector involvement is one of the fastest ways to achieve change at scale and is critical for the systemic change necessary to tackle child labour in mining. Apple’s support of vocational education promotes more career opportunities for future generations.”

– Mark Viso, President and CEO, Pact

In addition to our on-the-ground efforts with Pact, Apple awarded a grant to the Fund for Global Human Rights in 2017. Since 2003, the Fund has worked to advance human rights by providing resources to activists and grassroots organisations that have the potential to generate positive change in over 17 countries. Apple partnered with the Fund to support its work in the DRC. Local organisations in the DRC receive grants from the Fund working on a range of issues, including the rights of women and children; economic and social rights of mining communities; inclusive economic growth; judicial advocacy; and health, safety and fair compensation for mining communities.
A floating solar project installed by a component supplier in Japan.
Progress towards a greener supply chain.

In 2017, we made significant progress with our suppliers in our ongoing effort to protect the environment. We worked to divert waste from landfills, reuse and recycle materials, and conserve our planet’s precious resources; and we continued our efforts on fighting climate change.
Environment first. Transparency first. And Apple first.

In 2017, Apple was awarded the top score in the Corporate Information Transparency Index (CITI) for the fourth straight year. The CITI is run by the Institute of Public and Environmental Affairs (IPE), a Chinese non-governmental organisation with expertise in environmental transparency.

Through an ongoing partnership, Apple and IPE identify opportunities for our suppliers to improve their environmental performance and we partner with IPE personnel to conduct third-party validation on improvements to correct identified gaps.

IPE also directly facilitates and supervises independent third-party validations of enhancements made in our suppliers' environmental management systems. Of our suppliers involved in this process, 100 per cent also share annual environmental monitoring data through IPE’s platform to demonstrate that they are sustaining improvements they have implemented.
When we waste nothing, that will truly be something.

One of the ways we minimise our impact on the planet is to reduce the amount of waste generated while manufacturing Apple products.

In 2015, we launched a Zero Waste Programme that provides onsite support to help suppliers learn how to recycle and reuse materials, and divert waste from landfills. To achieve a Zero Waste to Landfill certification through Underwriters Laboratories (UL), a factory must divert 100 per cent of its waste from landfills, with a maximum of 10 per cent sent to a waste-to-energy facility.

When the programme began, suppliers with the most significant waste impact were selected: final assembly facilities in China. In just two years, 100 per cent of our final assembly locations in China had attained Zero Waste certifications, and our newest final assembly facility, which came online in 2017, will be certified in 2018.

In 2017, we also expanded efforts globally to include operations in India. Worldwide, 100 per cent of iPhone final assembly facilities have achieved their Zero Waste to Landfill certification. In addition, we increased commodity facility participation by 136 per cent year over year from 2016.

To help our suppliers achieve this objective, Apple provides necessary tools and guidance, including the services of experts in sustainable waste management solutions. Suppliers dedicate months identifying ways to reuse or recycle materials. This can result in suppliers not only improving their environmental management systems, but also benefiting from sustained energy savings.
Zero waste from the factory to the community.

In early 2017, we began work with Wistron at a new supplier facility in India. During onboarding, we found ways to not only reach a Zero Waste to Landfill certification in record time, but also benefit the local community.

A key part of the Zero Waste Programme is to provide waste management training to all facility employees. This provides Wistron India employees with more recycling and waste segregation knowledge, inspiring them to implement their learnings at home. The community where Wistron is located is doing its part as well. The local government is also promoting waste segregation in the city to build a “Clean Bengaluru”.

From the beginning of the facility’s development, waste management practices were incorporated into Wistron India’s operating plan to help them avoid sending any waste to landfills. The partnership includes assistance in selecting recyclable protective materials and finding service providers to reclaim materials at the end of life.

Wistron reached a 100 per cent waste diversion rate in its first year of operation and was certified by UL in late 2017, faster than any supplier yet.

“It’s exciting to see how the Zero Waste Programme is increasing recycling and waste segregation awareness. I look forward to seeing how Wistron employees will implement their learnings from their Zero Waste training to positively impact the factory and beyond.”

Shobha Savalgi, Environmental Health and Safety expert, Zero Waste instructor at Wistron
New life for landfill waste.

In the manufacturing of iPhone, Apple uses films to protect both the display and enclosure. These films, their backing liner as well as trays that transport the product down the assembly line, are made of polyethylene terephthalate (PET). Partnering with Foxconn, we developed a new PET recycling process that uses the waste film liner material to make trays. Reusing the liners reduces transportation costs, carbon emissions, and eliminates 200 metric tons or more of solid waste every year.

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**PET Liner Process**

**Before**

1. **Components exit assembly line**
   - Protective film was removed from liner and PET liners were sent to a landfill.

2. **Liners disposed in landfill**
   - Liners were transported and disposed in a landfill, creating roughly 200 metric tons of solid waste per year.
PET Liner Process
After

1. A protective film and liner used to protect iPhone screens during manufacturing are no longer needed.

2. The protective film and liner are separated. One is recycled and the other is used for energy recovery.

3. The recycled piece is turned into trays for use in production.

4. The trays are used to hold iPhone devices in a later phase of their production.

Exploring other waste diversion methods involves working with our operations teams to find ways to optimise material use in manufacturing processes. The work doesn’t stop there. The chemicals used during the manufacturing process are also considered.
Partnering with suppliers to safely manage chemicals.

In 2017, process chemicals at our final assembly facilities were verified at 100 per cent compliant with Apple Regulated Substances Specification (RSS) for the third year in a row. We also sought to expand our RSS compliance to commodity and component manufacturers deeper in our supply chain.

We launched our Chemical Management Programme in 2014 to help suppliers develop a comprehensive approach to managing chemicals safely. The programme provides Apple subject matter experts to help suppliers implement greener, less toxic alternative chemicals in their processes. We also partner with factory leaders to assess critical elements of a comprehensive chemical management programme and develop capabilities to independently manage chemicals safely in factory settings. These elements include chemical inventory, risk assessment, risk control, hazard communication training for employees, management training, medical surveillance, chemical handling and emergency response.

Identifying greener alternatives.

In 2017, the Chemical Management Programme focused efforts to identify safer green alternatives. To better understand the opportunities for greener alternatives, we mapped which chemicals are used in our final assembly facilities and evaluated all control measures, such as ventilation, personal protective equipment and worker training programmes.

The results of mapping and assessment activities are the basis for an innovative partnership in 2017 to drive the adoption of greener cleaners. Substitutions were identified and replacement feasibility studies were conducted leading to the elimination of all Benchmark 1 and 2 cleaners from our final assembly facilities. This involved the identification and replacement of three Benchmark 1 and 26 Benchmark 2 cleaners and degreasers.
We categorise chemicals according to GreenScreen Chemicals’ Benchmark categories:

- **Benchmark 4** Prefer, safer chemical.
- **Benchmark 3** Use, but still opportunity for improvement.
- **Benchmark 2** Use, but search for safer substitutes.
- **Benchmark 1** Avoid, chemical of high concern.

Both the GreenScreen(R) framework and the Environmental Protection Agency’s Safer Choice Programme were used to evaluate the health and environmental impacts of a chemical and identify better alternatives. In 2017, this process was completed at 18 final assembly facilities worldwide.

A clear plan for using less water.

In 2013, our Clean Water Programme was launched at 13 facilities. We take a risk-based approach by focusing on facilities with water-intensive processes, located in water-scarce or water-stressed regions, and in need of comprehensive water management programmes.

The Clean Water Programme is specifically designed to help suppliers develop long-term water management systems to improve their performance and increase efficiencies over time. This is achieved by assessing the type and amount of water usage, current wastewater treatment and ongoing water management efforts at a supplier site.

Suppliers are trained to reduce their water usage, promote water recycling, ensure high-quality wastewater discharge and prevent water pollution. The process provides suppliers with tools for identifying long-term environmental and financial benefits.

We host technical seminars for facilities to communicate and share best practices. Education is a key component of the programme. Depending on the local environment and stringency of regional requirements, suppliers are taught water permitting for specific processes to help minimise risks in water-scarce areas. This programme is about more than improving assessment performance, it is about capacity building to enable suppliers to maintain long-term high performance and become responsible neighbours in their own communities.

In 2017, our supplier partners achieved freshwater savings of 19.3 billion litres, marking 51.5 billion litres of water saved since the programme was established in 2013.

Participating factories in China have achieved an average reuse rate of 37 per cent, exceeding the industry average of 30 per cent.
Finding water solutions that make community impacts.

In 2017, what began as an investigation into a drinking water supplier turned into an effort to implement a more efficient drinking water dispensing system in our retail locations. A planet-friendly water filtration solution was just the beginning. Recognising a unique opportunity to give back to the communities where we operate, particularly in water-stressed Southern California, we created a net positive impact for water consumption in our Los Angeles area Retail operations.

We teamed up with Bonneville Environmental Foundation (BEF) to buy Water Restoration Certificates (WRCs) to help restore rivers and wetlands that supply water to Southern California. The BEF programme incentivises farmers, ranchers and other heavy water users to develop solutions that restore water to water-scarce ecosystems. Each WRC Apple buys represents 3,785 litres of water restored to the Sacramento River Wetlands conservation area. Our support will restore twice the amount of water consumed by our 26 Southern California retail stores last year.

Beyond driving a net positive water impact, our employees wanted to help their community. We partnered with BEF and Heal the Bay to contribute to the revitalisation of the Los Angeles River through the LA WAYS Water Smart Park. The improvements to this 9-acre stormwater retention and filtration park in South Central Los Angeles began in late 2017 and will be finished later this year. The self-sustaining park will reduce pollution, recharge groundwater and combat local climate change. As a living classroom, it will also provide valuable environmental education opportunities to local residents in a historically underserved community.
The power of energy efficiency.

We work closely with suppliers to reduce their energy use and invest in renewable energy projects. Each programme sets ambitious goals and supports Apple’s mission to leave the world better than we found it.

In 2015, Apple launched the supplier Energy Efficiency Programme. This programme trains suppliers to uncover opportunities that reduce their energy usage and carbon emissions. In the programme’s first year, efforts were focused on manufacturing facilities with the highest energy use and potential for improvement, including aluminium casing, electrical, glass and optics suppliers. In 2018, requirements were added to our Supplier Code of Conduct for suppliers to set annual carbon reduction goals.

Apple conducts in-depth energy assessments to identify areas for improvement at supplier facilities. Suppliers are encouraged to invest in energy-reducing infrastructure, such as lighting upgrades and motion sensors, processed heating and cooling, and compressed air. The assessments provide suppliers with a cost-benefit analysis of the potential return on their investment for implementing energy efficiency improvements.

In 2017, the total number of programme participants increased by 77 per cent and carbon emission reductions increased by 113 per cent. Suppliers participating in the programme have implemented energy efficiency improvements that reduced more than 320,000 annualised metric tons of greenhouse gas emissions in 2017.

Supplier Clean Energy Programme

Driving broader awareness of the need to manage carbon emissions in every supplier facility is critical to our efforts to protect the planet. Through our clean energy programme, Apple and our suppliers will generate and procure more than 4 gigawatts of clean energy worldwide by 2020 to avoid emissions associated with Apple manufacturing.

We work with governments where our operations exist to align the programme with their priorities and encourage renewable energy policy. Suppliers are given access to our SupplierCare platform that offers regional guidance and tools to procure clean energy and is available in their native languages. SupplierCare also provides our suppliers with global insights and updates on global renewable energy markets and policies.

Since implementing the programme, 16 suppliers have made commitments to 100 per cent clean energy for Apple production. Together with Apple investments and other supplier commitments, we now have close to 3 gigawatts of clean energy committed to addressing Apple’s manufacturing emissions.
Ultimately, the combined efforts of Apple and our suppliers’ will result in improved energy efficiency, and new clean energy commitments of more than 4 gigawatts dedicated to Apple production. With every programme, the overarching goal is to empower our suppliers to set goals for their own suppliers, extending each programme’s overall impact.
A supplier goes above and beyond for the environment.

Avary Holding in Shenzhen, China, has been an Apple supplier for over seven years. Avary strongly supports green initiatives and has worked with Apple to develop programmes that go above and beyond what’s required by our Supplier Code of Conduct.

While Avary is working towards attaining a Zero Waste certification, it is also extending its impact beyond eliminating landfill waste. Avary has a number of green initiatives occurring in its factory, including investing in systems to recover copper from process waste streams and establishing industry-leading chemical management practices that protect workers and the environment. As the first graduate of the Clean Water Programme in 2016, Avary has achieved an impressive 58 per cent wastewater reuse rate, by installing a comprehensive water metering system, optimising its water consumption for component manufacturing and finding ways to reuse process water for cooling systems, landscaping and sanitation systems.

Avary’s commitment to the environment has not gone unnoticed. As a result of its efforts, the national government, as part of an initiative to promote green manufacturing in China, named Avary as a Green Manufacturing pilot site. In addition, for its water conservation progress, in 2016 Avary was named the first Clean Water Programme graduated site in China.
2017 Code of Conduct Assessment Results

Progress

iPhone Production Line Managers
China
Leading in raising the bar.

We currently work with suppliers in 30 countries, whose operations range in size from a dozen employees to hundreds of thousands. It’s a continuous effort to drive our industry’s most stringent set of protections for people and the planet. Through these supplier partnerships, we’re creating a more responsible and greener supply chain.
Strong partnerships. Strong results.

Our supplier partnerships begin with a shared commitment to Apple’s Supplier Code of Conduct. Our Code and associated Standards set Apple’s expectations for how our suppliers should conduct business responsibly in labour and human rights, workplace health and safety, environmental protections and management systems. We add new requirements to our Code every year and are proud that it’s one of the industry’s most stringent.

Our suppliers’ level of adherence to the Code is evaluated during annual assessments. A standardised scoring methodology with more than 500 data points is used to evaluate suppliers and categorise them as high, medium or low performers. Every year, we expand our efforts to reach more suppliers through first-time assessments. Whether we are working with suppliers for the first time or on repeat engagements, the goal is the same: to develop their capabilities so that one day they can independently uphold our Supplier Code of Conduct’s high standards in their own business operations.
Data.

In 2017, we conducted 756 assessments in 30 countries, covering suppliers who represent 95 per cent of our total annual spend. Of these 756 assessments, 197 were initial checks where we visited facilities for the first time. While we remain focused on a risk-based approach, it is vital that our capability-building efforts continue to reach a broader set of suppliers year-on-year.

Our 2017 supplier progress results cover assessments at manufacturing facilities, logistics and repair centres, and contact centre facilities. Each assessed facility is ranked on a 100-point scale based on its performance relative to our Code of Conduct. A score of 90 to 100 is representative of a high performer. A score less than or equal to 59 is representative of a low performer. A score of 60 to 89 is representative of a medium performer.

In 2017, low-performing sites in our supply chain decreased by 71 per cent, while the number of high-performing supplier sites increased by 35 per cent. Last year, 26 per cent of our total number of assessments were initial assessments.

In 2017, there was a:

- **35%** increase in the number of high performers in our supply chain.
- **71%** decrease in the number of low performers in our supply chain.

Our goal is to help suppliers run more ethical, responsible and greener businesses. We spend weeks, and sometimes months, with low- and medium-performing suppliers to create facility-specific, capability-building programmes. Apple subject matter experts work with suppliers to complete comprehensive root cause analyses and build customised development plans. Through regular site visits, we continually drive supplier development and conduct trainings to elevate capabilities. Over 150 Apple-developed technical tools are drawn on to advise suppliers on capability building and process improvement, enabling them to independently maintain and improve performance over time.
“Apple’s consultation broadened our mindset and helped us develop a more complete management plan. Through multiple onsite visits, problem identification and collaboration for a solution, we felt a true partnership with Apple.”

Lin Shih-Ming, Administration Division General Manager, Mektec Taiwan
Average Year-On-Year Percentage Improvement in Participating Suppliers’ Scores

<table>
<thead>
<tr>
<th>Year</th>
<th>LHR (Labour and Human Rights)</th>
<th>H&amp;S (Health and Safety)</th>
<th>ENV (Environment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>16%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td>33%</td>
<td></td>
</tr>
</tbody>
</table>

Percentage of High-Performing Suppliers

- 36% in 2015
- 47% in 2016
- 59% in 2017
2017 Assessment Scores

We categorise our Supplier assessment findings in three degrees of severity:

- **Administrative Non-Compliance**
  Denotes policy, procedure, training, or communication-related findings.

  Examples include:
  - Inadequate record keeping
  - Inadequate documentation of policy or procedures
  - Insufficient training on policy

- **Violations**
  Denote implementation-related findings.

  Examples include:
  - Insufficient provision of benefits
  - No or inadequate pre-placement/on-job/post-employment occupational health check
  - No or inadequate environmental permits

- **Core Violations**
  Include what Apple considers the most serious breaches of compliance. These are issues for which we have zero tolerance.

  Examples include:
  - Underaged workers or involuntary labour
  - Document falsification
  - Intimidation of or retaliation against workers
  - Environmental and safety threats
2017 Assessment Results:

Labour and Human Rights

The average Labour and Human Rights score across our 756 supply chain assessments in 2017 was 86 out of 100.

In 2017, the bar for Labour and Human Rights performance was raised for wages and benefits, involuntary labour prevention and student intern management.

For wages and benefits, Apple suppliers are now required to pay a minimum of 125 per cent base wages for overtime worked in countries where there are no legally established overtime rates. In addition, to prevent excessive deductions of wages due to tardiness, a new requirement was added to limit deductions for tardiness based on the exact hours and minutes a supplier employee is tardy.

To emphasise our requirements to prevent involuntary labour, standards were added for suppliers to establish due diligence processes to ensure that employees hired through private employment agencies are provided legally required benefits and pay on an accurate and timely basis. Suppliers who work with private employment agencies are also required to have all fees and expenses related to a foreign contract employee’s recruitment clearly stated in the contracts between the employment agency and the facility to ensure compliance with Apple’s zero-fee policy.

Requirements were also raised in 2017 to limit the number of student interns at a supplier facility to no more than 10 per cent of its total workforce.

Raising the Bar in Labour and Human Rights Compliance

Universal overtime wage requirements
Limited deductions for tardiness
Safeguards for foreign contract workers hired through private employment agencies
Limit of no more than 10% student workforce at a supplier facility

In 2017, the majority of violations found were related to improper provision of wages and benefits, and working hours violations. An example of an Improper Provision of Wages Violation is the failure to pay for mandatory pre-shift meetings, including one case where we required the supplier to pay employees for a pre-shift meeting that lasted five minutes.
Examples of Benefits Violations include suppliers not providing legally mandated benefits or overtime not paid at premium rates as stipulated by law and Apple’s requirement. In all cases, we work with suppliers to ensure that their employees are fully paid back.

Examples of Working Hours Violations include exceeding the 60-hour workweek limit and providing no day of rest after six consecutive days of work.

A lower percentage of assessment violations were found relating to Anti-Discrimination and Anti-Harassment, Grievance Mechanisms and processes related to the protection of special classes, such as juvenile and student employees.

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**Labour and Human Rights Non-Compliance Breakdown**
Based on 756 assessments, on a 100-point scoring system.
In 2017, 44 Core Violations were uncovered in Labour and Human Rights; these included three Bonded-Labour Violations, 38 Working Hours Falsification Violations, one Access Restriction Violation and two Underaged Labour Violations.

**Debt-Bonded Labour**

Since 2015, Apple has mandated that zero fees can be charged to foreign contract workers for recruitment opportunities. In 2017, three suppliers were identified with foreign contract workers who were charged recruitment fees. In each case, the supplier was required to repay the recruitment fees in full to all impacted workers. In one case, over 700 foreign contract workers were recruited from the Philippines to work for a supplier through a private employment agency. This resulted in excessive placement fees of more than US$1 million. We review the reimbursement amount for each impacted employee and confirm its repayment by onsite validation. We also require our suppliers to terminate business relationships with private employment agencies that charge employees up-front recruitment fees, unless the agencies demonstrate a commitment to improve their practices and avoid such violations in future business. Since 2008, more than US$30 million has been repaid to more than 35,000 foreign contract workers.

**Debt-Bonded Labour Remediation Process**

1. **Violation identification**
   Apple assessors and third-party auditors identify debt-bonded labour violation.

2. **Violation communication**
   Apple communicates violation to supplier senior management.

3. **Signs terms**
   Supplier signs terms for probation and repayment.

4. **Repayment plan**
   Supplier submits repayment plan for Apple’s approval.

5. **Worker payment**
   Supplier repays worker.

6. **Payment verification**
   Third-party auditor verifies repayment at supplier site.
Working Hours Falsification

Our Working Hours policy is based on International Labour Organization and Responsible Business Alliance (RBA) standards that limit working hours to no more than 60 hours a week. Also, suppliers can offer overtime only on a voluntary basis and factories must give employees one full day of rest for every six days worked.

We launched a Working Hours Programme in 2011 to better manage working hours across our vast supply base. In 2012, the weekly working hours of more than 1 million supplier employees were monitored. Since then, coverage of employees monitored in the programme has expanded year-on-year and, in 2017, the working hours of 1.3 million people were tracked on a weekly basis.

If falsification of employee working hours is discovered, the violation is escalated to the supplier CEO and the supplier is placed on immediate probation. The supplier’s ethics policy and management systems are then thoroughly reviewed to identify the root causes and systemically correct them. The supplier is required to undergo regular audits to ensure that the reviewed policy is implemented to prevent future violations. In addition, the supplier must revise all records to reflect an accurate accounting of hours worked by their employees. In 2017, we uncovered 38 cases of falsification of working hours data. In all cases, suppliers were placed on immediate probation. Our suppliers’ compliance for overall working hours for the year was 94 per cent.

Working Hours Falsification Remediation Process

1. Violation identification
   Apple assessor and third-party auditor identify records falsification violation.

2. Violation communication
   Apple communicates violation to supplier CEO and notifies supplier of immediate probation. Supplier signs probation terms.

3. Root cause identification
   Apple and supplier review supplier’s ethics policy and management system to identify root cause.

4. Regular audits
   Supplier is required to undergo regular audits to ensure that the reviewed policy is implemented to prevent future violations.

5. Revise all records
   Supplier must revise all records to reflect accurate accounting of hours worked by their employees.
**Access Restriction**

When access is restricted at a supplier site during an assessment, the supplier is required to provide complete records to Apple’s assessment team or a qualified third-party auditor approved by Apple.

In 2017, one supplier restricted site access and refused to provide production records, a third-party audit or documentation to justify wage calculation, which resulted in the supplier receiving a Core Violation. If the supplier refuses to provide the required documents for review during the assessment, it is cited as a Core Violation. The supplier is then required to hire an independent third party to do a comprehensive review of all relevant records and demonstrate compliance. The supplier is also required to conduct reviews of its ethics policies and management systems to identify the root cause of the access restriction and deliver a corrective action plan to be implemented within 30 days of the discovery of the violation. Lastly, the supplier is required to provide training to its management staff to mitigate future obstruction during assessments.

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**Access Restriction Remediation Process**

1. **Supplier documentation**
   Supplier provides all requested documents to Apple or Apple-approved third-party auditor.

2. **Root cause identification**
   Supplier conducts reviews of its ethics policies and management systems to identify root cause of obstruction.

3. **Corrective action plan**
   Supplier must report back gap analysis and corrective action plan within 30 days of the violation discovery.

4. **New policies**
   Supplier instructs its management staff of new policies to prevent future access restriction.
Underaged labour

During an assessment, a supplier’s management system is thoroughly analysed for the ability to prevent underaged labour. Assessors review what steps the supplier takes to identify the job applicant’s age, if it is proactively vetting for underaged applicants during the interview process and how it continues to verify age during its onboarding process. Auditors also review employee personnel files and have face-to-face interviews with workers who appear underaged.

When underaged labour is identified, specialised third-party assessors are brought in for an in-depth review of the case. The supplier is required to stop the underaged employee from continuing to work and to return him or her safely home. Educational opportunities are presented to the underaged employees and their guardians.

While the underaged employee is attending school, the supplier is required to pay tuition and other associated fees, and continue to pay his or her wages. Third-party assessors visit the underaged employees regularly at school to ensure that they are progressing. Once the student reaches legal working age, the supplier is also required to offer them reemployment.

In 2017, we uncovered two cases of underaged labour. The two underaged employees were 14 and 15 years old. In both cases, the individuals used false identification to gain employment. Once identified, both were immediately transported home and enrolled in their choice of schools while continuing to receive wages from the supplier. Upon reaching legal working age, they will be offered a job at the supplier facility they departed, should they wish to return.

Underaged Labour Process

1. **Violation identification**
   - Apple assessor and third-party auditor identify underaged labour violation.

2. **Return home**
   - Supplier is required to immediately provide underaged worker safe passage home.

3. **Wages paid**
   - Supplier is required to continue to pay wages to worker until he or she reaches legal working age.

4. **Education**
   - Supplier is required to provide educational opportunity for worker.

5. **Employment guarantee**
   - Supplier is required to provide employment opportunity upon worker reaching legal working age.
2017 Assessment Results:

Health and Safety

In 2017, the majority of violations discovered were in the Health and Safety Hazard Prevention, and the Emergency Prevention, Preparedness and Response categories.

Examples of Health and Safety Hazard Prevention violations include inadequate monitoring of chemical, biological or physical hazards. If inadequacies are found, the supplier is required to employ qualified testing firms to conduct monitoring according to legal standards and Apple requirements. Furthermore, Apple subject matter experts teach suppliers to conduct comprehensive occupational health and safety risk assessments, develop a full inventory of occupational health and safety hazards in the facility, set up a regular monitoring plan and provide coaching to their team members to ensure their understanding of all requirements. A facility that has an appointed health manager who inspects chemical, biological and physical hazards, but lacks a regular monitoring scheme occurring on a weekly basis, would receive a violation.

One example of an Emergency Prevention, Preparedness and Response Violation is inadequate smoke detector installation. In 2017, we found instances of facilities that installed fire equipment, but did not install fire detectors in all rooms and public dormitory areas. Suppliers receive a violation if proper equipment is not installed or if they fail to complete regular fire detector inspections. A lower percentage of assessment violations were related to health and safety permits, incident management, and working and living conditions.

In 2017, no Core Violations were discovered in the Health and Safety category.
## Health and Safety Non-Compliance Breakdown

Based on 756 assessments, on a 100-point scoring system.

### Occupational Health and Safety Hazard Prevention

<table>
<thead>
<tr>
<th>Administrative Non-Compliance</th>
<th>Violations</th>
<th>Core Violations</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0</td>
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### Emergency Prevention, Preparedness, and Response

<table>
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<th>Violations</th>
<th>Core Violations</th>
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</thead>
<tbody>
<tr>
<td>1.1</td>
<td>0.6</td>
<td>0.2</td>
</tr>
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</table>

### Health and Safety Permits

### Working and Living Conditions

### Incident Management
2017 Assessment Results:

Environment

The average Environment Assessment Score across our 756 supply chain assessments in 2017 was 91 out of 100.

The bar for environmental performance standards was elevated in 2017. We enhanced our requirements for wastewater discharge quality standards. In situations where legal limits are not established for a receiving water body, the enhanced standards set clearer guidance on how to monitor stormwater discharge to prevent potential contamination. Managing stormwater is a critical part of a comprehensive strategy to improve receiving water quality. Apple has made stormwater management training a core part of our Clean Water Programme’s training curriculum as well.

The majority of Environmental Violations found in 2017 were related to hazardous substance management and environmental permits.

Hazardous Substance Management Violations include improper waste storage or inadequate segregation of waste types. When Hazardous Substance Management Violations are discovered, an Apple subject matter expert engages onsite with supplier leadership to define clear roles and responsibilities on hazardous waste management and provides practical tools. The supplier is required to renovate or even rebuild its hazardous substance storage area to ensure that storage conditions minimise or prevent safety hazards and environmental impacts. For example, one facility's waste storage area had a standard warning sign indicating the presence of hazardous materials, but no signs indicating the specific types of waste stored. This resulted in the facility receiving a violation.

Improper segregation of waste can pose a potential risk of creating secondary hazards. When this is uncovered, Apple subject matter experts go onsite to work with the supplier’s environmental health and safety staff to review gaps and root causes, and provide tools and guidance to the supplier on how to segregate its waste properly to mitigate risks.

Apple subject matter experts also work with suppliers to set up a complete inventory of hazardous substances, develop a matrix based on substance characteristics and compatibility, and teach them how to conduct regular checks and maintenance to ensure that all risks are mitigated.
Examples of Environmental Permit Violations include expired permits or insufficient operating licences. Environmental permitting is a basic legal requirement for an operation. When expired permits or insufficient licences are uncovered, the supplier is required to follow applicable laws and administrative processes to renew its permit or apply for a new licence. For example, a facility that had a Pollution Discharge Permit, but failed to update it after a construction project, was issued a violation. Support was provided as necessary during this time to assist suppliers by providing consultation in circumstances where improvements of environmental facilities may be necessary to meet requirements.

A lower percentage of assessment violations were identified in air emissions management, non-hazardous waste management, boundary noise management and pollution prevention.

Environment Non-Compliance Breakdown
Based on 756 assessments, on a 100-point scoring system.
In 2017, four environmental-related Core Violations were identified and suppliers were placed on immediate probation. Three Core Violations were related to improper wastewater management, for which we elevated the focus in 2017. One Core Violation was related to air emissions.

**Wastewater and Air Emission**

With every Wastewater and Air Emission Core Violation, the supplier is required to immediately stop the wastewater discharge or air emission, including the suspension of production if necessary. The supplier must then conduct a comprehensive root cause analysis and implement remediation actions to prevent future incidents of wastewater or air emission pollution. An example of a Wastewater Core Violation is a facility that discharged process wastewater into public drainage with pollutant concentrations higher than the legal limit. This facility was required to immediately stop discharging the wastewater, store it in temporary containers and fix its wastewater treatment plant to ensure that it met the legal limits. An example of an Air Emission Core Violation is the waste air generated from manufacturing processes that released volatile organic compounds into the atmosphere directly without any treatment. This facility was required to immediately stop the air emission and install proper air treatment equipment to ensure that the air met legal limits.

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**Wastewater/Air Emission Violation Remediation Process**

1. **Stop discharge**
   Supplier must immediately stop wastewater discharge/air emission.

2. **Root cause analysis**
   Supplier must conduct root cause analysis.

3. **Remediation actions**
   Supplier must implement remediation actions to prevent future incidents.
Driving higher standards with all suppliers, big and small.

The Apple Supplier Code of Conduct drives performance with suppliers both big and small. From large final assembly facilities to small suppliers with a dozen employees, we work every year to expand our partnerships to help suppliers provide responsible and environmentally conscious workplaces.
Apple Services and Logistics Suppliers

In 2012, a partnership began with Apple’s Services and Logistics suppliers to extend our Supplier Code of Conduct further into the service domain. These efforts help our suppliers to avoid Working Hours Violations, provide proper health and safety training, and maintain a fair workplace. In 2017, we visited 30 AppleCare Centres and 10 logistics centres in 16 countries to conduct assessments.

Retail Suppliers

In 2016, our Supplier Code of Conduct engagement was extended to include employees working for retail store suppliers. Assessments were conducted on suppliers supporting 20 of our stores, identifying opportunities to improve and strengthen both their management systems and employee training.

In 2017, we expanded the programme, assessing suppliers conducting services for 100 of our stores. We strengthened suppliers’ management systems, working hours compliance, employment contracts and grievance channels. Employees were provided extensive training on worker protections, health and safety.
Where we’re headed.

Every day, we’re working towards our vision for the future. A future where people feel empowered and respected at work. Where our supply chain is always working to protect our planet. And where our suppliers have the capability to provide an industry-leading workplace.

Our work is never done. By partnering with our suppliers to drive the highest standards in the industry, we remain committed to making a positive impact on the people in our supply chain and the planet.