

Apple Inc.

TICKER

NasdaqGS:AAPL

MARKET CAPITALIZATION

US\$852 billion

HEADQUARTERS

United States

COMPLIANCE
UK Modern Slavery Act: [Disclosure available, but not compliant](#)
California Transparency in Supply Chains Act: [Disclosure available, but not compliant](#)
COMMITMENTS
[Yes](#)
COMPANY'S OVERALL RANKING

3 out of 40

(2016: 2 out of 20)

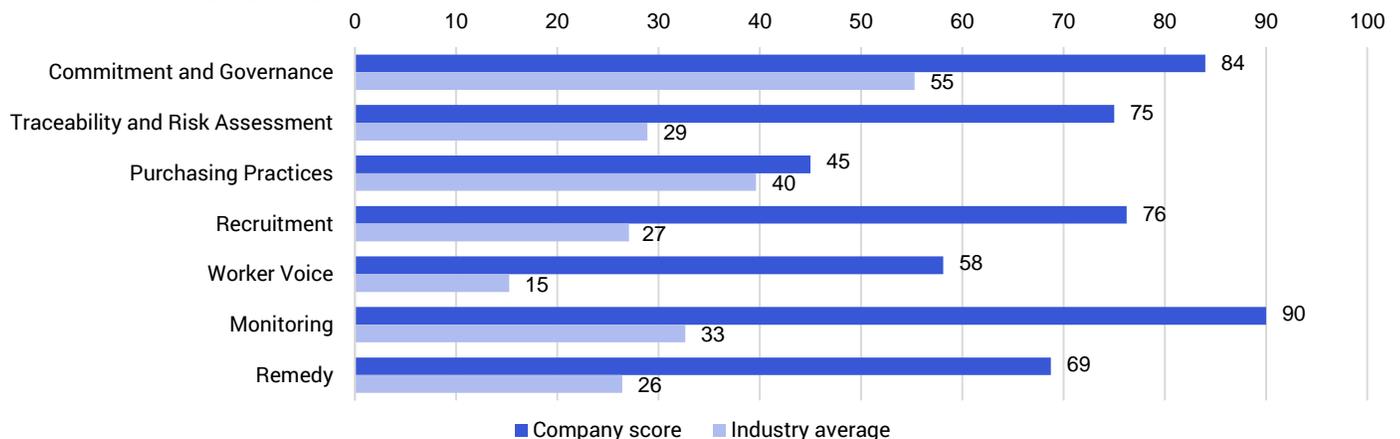
COMPANY'S OVERALL SCORE

71 out of 100

(2016: 62 out of 100)

SUMMARY

Apple Inc. (Apple) ranks third out of the 40 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. It has the highest score in the benchmark on the theme of worker voice and the joint-highest score on the theme of monitoring. Since 2016, its score has improved from 62 to 71. This is because it has stated that it undertook supply chain risk assessments that include forced labor, engaged stakeholders on forced labor, and integrated forced labor standards into its supplier contracts. KnowTheChain identified one allegation of forced labor in Apple's supply chain. A letter to employees from the company regarding the allegation, in which the company explained how it improves working conditions in its supply chain, is publicly available. However, the company did not disclose a detailed response to the allegation, nor outcomes of remedy for workers. Additional steps the company could take to address forced labor risks in its supply chains include strengthening its disclosure and practices on the themes of traceability and risk assessment, purchasing practices, and worker voice.

THEME LEVEL SCORES


LEADING PRACTICES

Purchasing Practices: Apple discloses efforts to address forced labor risks at the raw material level. The company requires smelters and refiners of tin, tantalum, tungsten, gold, and cobalt to participate in independent third-party audit programs, which assess forced labor risks. The company supports the efforts of the China Chamber of Commerce of Metals Minerals and Chemicals Importers and Exporters to address forced labor risks associated with cobalt. Part of this effort included the creation of a standardized audit protocol that can be used by cobalt suppliers. Apple states that its assessment of third-party sustainability standards informed the Mining Association of Canada's decision to add child and forced labor to its sustainability standard.

Recruitment: Apple states that it requires suppliers to determine the extent to which fees are paid by foreign contract workers before starting employment and to end business relationships with any labor agencies that are not committed to changing their practices of charging fees. Apple disclosed that in 2017, fees of more than \$1.9 million were reimbursed to more than 1,500 foreign contract workers in its supply chains. The company reports that in the case of debt bondage, the reimbursement for each person is reviewed and approved by Apple, and that an independent auditor subsequently confirms that the repayment was received.

Apple collaborated with the International Organization of Migration to develop a program for migrant workers to receive training on their rights before leaving their country of origin. The program trains suppliers' workers on their rights, contract terms, the culture of their country of employment, and how to report illegal practices. This training has been delivered to more than 300 migrant workers from Indonesia, Nepal, and Vietnam.

Worker Voice: Apple discloses that 14.7 million supplier employees have been trained on their rights and on Apple's Supplier Code since 2007, with more than three million people being trained in 2017 alone.

Apple states that it has in place a "Moral Support team". In 2017, this team provided support and advocacy to more than 40,000 supply chain workers, including through peer-to-peer education. As a result, more than 100 grievances were brought to suppliers' management teams and workplace improvements were made.

Apple is one of only three companies in the benchmark to publish data on how its supply chain grievance mechanism is used. Apple requires suppliers to maintain records of information such as types and number of grievances, channels used by workers, and workers' satisfaction with resolutions.

NOTABLE FINDINGS

Traceability and Risk Assessment: The company is one of only three companies assessed that discloses both the names and addresses of its suppliers. It states it has engaged with suppliers at every level of its supply chains, not only to educate them on its responsible sourcing standards but also to advocate that they investigate risks, such as those related to human trafficking and slavery. In 2017, Apple reviewed allegations related to mines and minerals processors in its supply chains. Apple disclosed that it created a "Risk Readiness Assessment" tool that allows smelters and refiners to understand their risk exposure and track risks.

Monitoring: Apple audits all final assembly manufacturers annually. It also audits suppliers further down its supply chains based on geographic risk, previous audit performance, manufacturing process risks, and planned spending. Apple takes into account concerns brought by internal teams, external stakeholders, NGOs, and others. Together with local third-party auditors, Apple interviews suppliers' workers in their native languages without their managers present. Following interviews, workers are given a phone number to report concerns. Apple discloses the percentage of suppliers audited, the number of workers audited, and a summary of outcomes, including detailed information regarding violations identified.

Remedy: Apple states that when a core violation is identified, it issues a Notice of Probation directly to the president or CEO of the supplier and works to reduce production volumes at the offending supplier. Where a supplier is not committed to improvement, Apple may terminate the relationship; it reports doing so for 20 suppliers. Apple provided an example of its corrective action plan process in which a subcontractor used by a main supplier had to remedy a case of bonded labor. In this instance an audit revealed the

withholding of workers' passports, unacceptable dormitory rules, and lower than standard meal allowances. Apple states that although it attempted to work with the subcontractor to improve its practices, the subcontractor was unwilling to change. As a result, Apple's supplier stopped sourcing from the subcontractor, and took over some of its workforce. The supplier also created a supply chains responsibility department and became a member of the Responsible Business Alliance.

OPPORTUNITIES FOR IMPROVEMENT

Traceability and Risk Assessment: The company is encouraged to disclose information on its suppliers' workforce, such as the number of workers in its supply chains. Further, the company is encouraged to disclose forced labor risks identified in different tiers of its supply chains.

Purchasing Practices: The company is encouraged to assess risks of forced labor at potential suppliers before entering into contracts with them. The company is further encouraged to adopt responsible purchasing practices (such as improving forecasting alignment or sharing purchasing plans with suppliers) and provide procurement incentives (such as increased orders or longer-term contracts) to first-tier suppliers to encourage or reward good labor practices.

Worker Voice: To support collective worker empowerment, the company is encouraged to work with suppliers to improve their practices in relation to freedom of association and collective bargaining, and to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

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