

Apple Inc.

TICKER:
NASDAQ: AAPL

MARKET CAPITALIZATION:
US\$ 733 billion

HEADQUARTERS:
United States

2 OUT OF 20

Company’s Overall Ranking

62 OUT OF 100

Company’s Overall Score

Apple Inc. (Apple) ranks second in the ICT benchmark report with a higher degree of transparency and disclosure of its risk management of forced labor in its supply chain. The company’s score is driven by its commitment to labor rights that is aligned with international standards and its forced labor standards. Moreover, Apple also ranks first in terms of its approach to workforce recruitment in its supply chain and its remedy programs. Apple may consider improving disclosure of its practices in the area of worker voice, including worker empowerment and grievance mechanisms. As well, Apple is encouraged to disclose more information regarding its purchasing practices.

THEME LEVEL SCORE

Commitment and Governance	80 out of 100
Traceability and Risk Assessment	63 out of 100
Purchasing Practices	25 out of 100
Recruitment	67 out of 100
Worker Voice	21 out of 100
Monitoring	80 out of 100
Remedy	100 out of 100

LEADING PRACTICES

Training: Apple provides online trainings for suppliers "that hire foreign contract workers, who are most susceptible to involuntary labor and human trafficking". The company also states that, during times with increased production (for example, when new product launches occur), the company "sends a team onsite to provide hands-on guidance to suppliers that need help to address potential labor and human rights issues."

Remedy: Apple has implemented an underage labor remediation program. It also discloses the results of this program, stating that it found underage labor in one supplier facility. Once discovered, the company required the supplier to return the underage worker to their home, finance the education of their choosing, and provide income to the worker that matched what they received while employed. Apple states that it follows up regularly to check in on the worker and to ensure the supplier upholds their financial commitments.



NOTABLE FINDINGS

Commitments and Governance: Apple's Supplier Code of Conduct articulates human rights and labor requirements for suppliers in line with International Labour Organization's standards. The company is also a member of the Electronic Industry Citizenship Coalition (EICC) and reports its commitments and relevant initiatives via a Statement on Efforts to Combat Human Trafficking and Slavery in Supply Chains. Notably, Apple's Supplier Code of Conduct requires suppliers to ensure that sub-contractors also comply with Apple's workplace standards.

Traceability and Risk Assessment: Apple supports industry efforts to eliminate the use of conflict minerals from its supply chain. The company states that 100 percent of the smelters and refiners in its supply chain for current products participate in an independent third-party conflict minerals audit program. The company also discloses publicly the names and locations of its top 200 suppliers and a list of the smelters and refiners identified in its supply chain.

Recruitment: In cases where third-party recruiters are used in its supply chain, Apple requires that suppliers conduct due diligence, including onboarding interviews with a sample of the recruited workers, to ensure that workers were provided accurate details of the nature and place of work. Workers with third-party contracts may not exceed 10% of a supplier's workforce. Fees payable by recruited workers are also capped. Apple requires suppliers to conduct regular audits of private employment agencies used in recruitment to ensure compliance with the Apple Supplier Code of Conduct and Supplier Responsibility Standards. The audits aim to ensure workers are provided proper employment contracts, working hours, base wages for regular hours, rates for overtime and holiday wages, deductions, and benefits including social insurance and living conditions where applicable. Apple also discloses the amount of excessive recruitment fees repaid to foreign contract workers by Apple suppliers—more than USD \$25.6 million fees have been repaid.

Monitoring: Apple conducts scheduled audits and randomly selects facilities for surprise audits, during which the company reviews payroll documents and interviews workers.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing practices: Apple is encouraged to disclose a process for assessing risks of forced labor at potential suppliers prior to entering into any contracts with them. The company may consider disclosing a procurement selection process that considers the capacity of suppliers to meet fluctuating demands, adjusting its purchasing practices so as to avoid those practices that increase the risk of forced labor (e.g., short term contracts, excessive downward pressure on pricing, sudden changes in workload), and disclosing evidence that it incorporates its supplier standards into its contracts with suppliers.

Worker Empowerment: Apple's Supplier Code of Conduct requires that suppliers freely allow workers to associate with others, form, and join (or refrain from joining) organizations of their choice. The company may consider disclosing evidence of how it encourages suppliers to ensure that workers are able to pursue alternative forms of organizing, especially in environments when there are regulatory constraints on freedom of association.

Grievance Mechanism: Apple is encouraged to ensure that suppliers' employees have access to Apple's anonymous grievance reporting mechanism by proactively promoting it in local languages and improving its accessibility.



COMPANY PROVIDED ADDITIONAL DISCLOSURE:

Provided [link to relevant disclosure](#).

