

September, 2nd 2010

Steve Jobs
Chief Executive Officer
Apple Inc.

Dear Mr. Steve Jobs,

We, the three NGOs from China, would like to inform you of the release of our phase three report, entitled '*Green Choice Consumers Urge the I.T. Brands to Break their Silence*'. This report contains the assessment of the supply chain environmental management of 29 I.T. brands based on their response to the NGOs' inquiry over the pollution control issue within this industry.¹

As Apple Inc. is named within this report; we feel it only appropriate to inform you of the contents regarding Apple Inc. and hope you will engage to actively help us make the I.T. supply chain more sustainable.

We would like to specifically draw your attention to the following four parts of this letter. There you will find diagrams and communication records that are contained in the original (Phase Three) report:

- The '*Reply & Developments Table*'. Please refer to **page 2** of this letter.
- The '*I.T. Brand Reply Fact Sheet*' (Phase Three). Please refer to **page 3** of this letter.
- Record of communications. Please refer to **page 4** of this letter.
- Case Study: 联建（中国）科技有限公司 Lian Jian (China) Technology Co. Ltd. **Page 6**.

The original Phase Three Report in both English and Chinese can be accessed on-line:

http://www.ipe.org.cn/news/news_view.jsp?BH=243

We would like to reach out to Apple Inc. to develop further dialogue. If you should have any further questions, please do not hesitate to contact us at any time. We appreciate your attention and we look forward to your response.

Best Regards,

*Friends of Nature
Institute of Public and Environmental Affairs
Green Beagle*

¹ The first two issues of the report can be accessed at: http://en.ipe.org.cn/news/news_view.jsp?BH=212 & http://en.ipe.org.cn/news/news_view.jsp?BH=214

Reply Status & Development Table

Company Name	2010.4.26	2010.6.5	2010.8.11	
	First Phase Report	Second Phase Report	Third Phase Report	Developments and Improvements
Samsung				Positive
HP				Positive
Panasonic				Neutral
Siemens				Neutral
Toshiba				Positive
Sanyo				Neutral
Haier				Neutral
Lenovo				Neutral
TCL				Neutral
Intel				Neutral
Hitachi				Positive
Sharp				Positive
Canon				Neutral
Sony				Negative
Alcatel				Positive
Cisco				Neutral
Seiko Epson				Neutral
Nokia				Negative
BT				Positive
Sing Tel				Negative
Motorola				Neutral
Foxconn				Neutral
Apple				Negative
Philips				Neutral
Ericsson				Negative
Vodafone				Positive
IBM				Neutral
LG				Negative
BYD				Neutral

Key:

- Green: Solid response
- Blue: Limited response
- Yellow: Initial response
- Red: Insubstantial response
- Black: No response

Positive attitude; have positive expectations to improve their environmental management

Made communications or even commitments, but actions towards practical implementation were limited.

Expressed negativity; Expected to have difficulties in mending the gaps of the environmental management of their supply chain.

I.T. Brand Reply Fact Sheet

Company Name	Replied to NGO Letter	Checked the purpose of the study	Conducted Checks on supplier Violation Cases		Use Public Information to Enhance Supply Chain Management	Decided to establish a search mechanism	Corrective action and explanation	Push for suppliers to make corrective action and disclose information	Further extension of environmental management into the supply chain	
			Initial Checks	In-depth Checks					Suppliers to screen level two suppliers' environmental	Directly extended management to main materials supplier
HP	✓	✓	✓	✓	✓	X	✓	X	X	X
Samsung	✓	✓	✓	✓	✓	X	✓	X	X	X
Alcatel	✓	✓	✓	X	✓	✓	X	X	X	X
BT	✓	✓	✓	✓	✓	X	X	X	X	✓
Sanyo	✓	✓	✓	X	✓	X	✓	X	X	X
Sharp	✓	✓	✓	X	✓	✓	X	X	X	X
Toshiba	✓	✓	✓	✓	✓	X	X	X	X	X
Panasonic	✓	✓	✓	✓	✓	X	X	X	X	X
Siemens	✓	✓	✓	X	✓	X	X	X	X	X
Hitachi	✓	✓	✓	✓	X	X	X	X	X	X
Vodafone	✓	X	✓	✓	X	X	✓	X	X	X
Canon	✓	X	✓	✓	X	X	X	X	X	X
Philips	✓	X	✓	✓	X	X	X	X	X	X
Motorola	✓	✓	✓	X	X	X	X	X	X	X
Haier	✓	✓	✓	X	X	X	X	X	X	X
Lenovo	✓	✓	✓	X	X	X	X	X	X	X
TCL	✓	✓	✓	X	X	X	X	X	X	X
Foxconn	✓	✓	✓	X	X	X	X	X	X	X
Intel	✓	✓	✓	X	X	X	X	X	X	X
BYD	✓	✓	✓	X	✓	X	X	X	X	X
Cisco	✓	X	✓	X	X	X	X	X	X	X
Seiko Epson	✓	X	✓	X	X	X	X	X	X	X
IBM	✓	X	✓	X	X	X	X	X	X	X
Nokia	✓	X	✓	X	X	X	X	X	X	X
Sony	✓	X	✓	X	X	X	X	X	X	X
Apple	✓	X	✓	✓	X	X	X	X	X	X
LG	✓	X	✓	X	X	X	X	X	X	X
Sig Tel	✓	✓	X	X	X	X	X	X	X	X
Ericsson	✓	X	X	X	X	X	X	X	X	X

Record of Communications:

Apple



Negative

- On July 15th, 2010, Apple Inc.'s Supplier Responsibility Manager emailed the environmental protection NGOs, firstly to respond concerning the I.T. industry's supply chain issue². He then denied that the three Kingboard Group subsidiary companies mentioned have any relation to their supply chain.◦
- On July 22, 2010, the NGO Coalition sent a letter to Apple Inc.'s Supply Responsibility Manager thanking him for undertaking the investigation. However they requested that Apple Inc. confirm if they have business relationships with the other three Kingboard Group subsidiaries that have violation records.

² May 25, 2010 – Pacific Environment wrote email to the Supplier Responsibility Manager at Apple. Pacific Environment in their letter pointed out to Apple in their letter to the NGO Coalition had once sent a letter to the President of Apple, Steve Jobs regarding the environmental violations in Apple's supply chain. Meanwhile, Pacific Environment was disappointed at the lack of response from Apple.

May 26, 2010 – Apple's Supplier Responsibility Manager responded, expressing that Apple (USA): 1) did not receive the April letter sent by the NGO Coalition regarding environmental violations. 2) Can not confirm nor deny whether or no the suppliers in question are in Apple's supply chain. 3) The Apple group will carryout an investigation regarding the violating supplier but can not provide details or arrangements.

June 4th, 2010 – As Apple merely answered one of the five questions asked by Pacific Environment; Pacific Environment again sent Apple a letter. They hoped that Apple's would respond to whether or not Apple had any other suppliers have problems with environmental compliance. (Excerpt from letter sent to Apple from the coalition of 34 Chinese NGO on dated April 16, 2010, concerning violation performance of suppliers).

Apple did not respond to this follow up email.

June 29, 2010 – Pacific Environment launched the Consumer Green Choice action to summon US consumers to call for Apple to respond to questions and concerns raised by the 34 NGOs concerning the violating behavior in the supply chain.

By July 6th, 2010, Close to 900 consumers wrote letters to Apple demanding a response to the letter from the 34 NGOs regarding violations in their supply chain management. Apple still did not give any response.

July 6th, 2010 – Pacific Environment contacted Apple's Manager for Supplier Responsibility by phone and again pressed them to respond to 34 NGOs letter. Apple Inc. notified that they will not disclose any supplier-related information including investigations times and/or results.

Meanwhile, the environmental NGOs informed Apple Inc. that based on further research they discovered publicly available information pointing to three other companies including Lian Jian (China) Technology Co., Ltd. in Apple's supply chain who hold environmental violation records. The NGOs hope Apple Inc. can confirm whether or not Lian Jian (China) Technology Co., Ltd., and the three other enterprises are part of their supply chain, and if they are part of Apple's supply chain, whether or not they know about these environmental violations records. If Apple does have knowledge of them, we would like to confirm whether or not they have already taken any corrective measures.

Based on Apple Inc.'s response, the NGO Coalition understands that Apple Inc. cannot confirm or deny if any company is part of Apple's supply chain. In their response the environmental NGOs pointed out Apple Inc.'s secrecy in the operations of its supply chain management means that Apple Inc. must personally take even greater measures to check the environmental performance of their suppliers. In their letter the environmental NGOs introduced the Chinese environmental public information database and told of how major corporations such as GE, Nike, Wal-Mart, Esquel, and Unilever amongst others already use this publicly available Government supervision information to control the environmental management of their supply chain.

The environmental NGOs once more stressed to Apple that the I.T./Electronics industry's production chain, especially in the supply chain, involves the use and discharge of many types of heavy metals. If the discharge exceeds standards, it is likely to pose a threat to the environment and communities. Therefore, it is imperative that the I.T. industry further develops the environmental management of their supply chains. The environmental NGOs hope that Apple Inc. can reply to whether or not they will consider using the government sourced violation records to strengthen supply chain management.

- As of August 10th, 2010, we have again not received any further response from Apple. The NGO Coalition questioned Apple about companies who appear to have rather serious cases of violating discharge standards. With cases like Lian Jian (China) Technology Co., Ltd., (see below for details) , the NGO Coalition called for Apple Inc. to do a thorough investigation and provide clarification, as well as to prevent further damage by improving its supply chain management system, rather than to use commercial secrets as an excuse to avoid their responsibility.

Case Study 1:

联建（中国）科技有限公司

Lian Jian (China) Technology Co. Ltd

联建（中国）科技有限公司 (hereafter referred to as Lian Jian Technology) was set up in October 1999 due to investment of Taiwan Wintek Corporation Co., Ltd.; its factory was established in the Suzhou Industrial Park District³. The “21st Century Business Herald⁵” said this company is an OEM manufacturer of mobile phone touch screens that are used for a wide range of I.T. brands including Apple’s iPhone, Nokia and Motorola. An engineer from this company told this 21st Century Business Herald journalist that Apple Inc. USA was this company’s main client and that the iPhone touch screen was the plants most lucrative business⁴. However, these types of companies are OEM enterprises for the world’s I.T. brands but they have problems with aspects of environmental and occupational health and safety (EHS) management.

³ <http://www.wintek.com.tw/chinese/about-Milestones.htm>

⁴ <http://tech.163.com/10/0116/08/5T4U14PT000915BE.html>

iPhone’s Core Supplier Labor Dispute and Investigation , “21st Century Business Herald” ,January 16, 2010.

- Lian Jian (China) Technology Co. Ltd. Environmental Violation Records:

2009 Suzhou City Environmental Protection Bureau Administrative Punishment Situation

- Punishment Decision Letter Serial Number (Su Huan Xing Fa Zi): (2009) Number 44
- Unit Receiving Punishment: Lian Jian (China) Technology Co. Ltd.
- Offence: Failure to adopt the appropriate measures causing hazardous waste to run off and failure to complete the hazardous waste manifest.
- Punishment Type: Penalty fine
- Penalty Amount (in 10,000 yuan): 8.0

(Table 3 : 2009 Suzhou Municipal Environmental Protection Bureau, Administrative punishment situation ⁵)

- ◆ Lian Jian (China) Technology Co. Ltd OHS violation circumstances

At Lian Jian (China) Technology Co. Ltd. problems with OHS management are more prominent as the use of toxic solvents led to more than 40 workers being poisoned; among them some have been left disabled. The following case was based on accounts of CCTV's "Focus Interview", "Daily Economic News," "The Economic Observer" and other media reports:

In August 2008, Lian Jian Company replaced alcohol with hexane for workers to wipe mobile phone touch screens⁶.

⁵ 2009 Suzhou Municipal Environmental Protection Bureau, Administrative punishment situation 2010-01-25 <http://www.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=44780>

⁶ CCTV's "Focus Interview": The Clean Workshop's Strange Disease, CCTV, February 21, 2010 <http://www.sipcdc.com/sformxx.aspx?newid=>

N-hexane

- According to relevant information, liquid hexane is odorous, has a low toxicity level, but is highly volatility and is a highly lipid soluble that has accumulative functions.
 - Chronic poisoning from hexane has an incubation period of 10 months.
 - It can cause peripheral neuropathy, “numb” limbs, sensory dysfunction and decreased motor skills, difficulty climbing stairs, muscle contractions; patients suffering paralysis find it difficult to hold objects, stand, or even turn over in bed.
 - In the recovery period it also causes spasms and pain in the calf muscles, automatic nervous system dysfunction occurs as well as palmar and plantar hyperhidrosis, and heart palpitations.
- N-Hexane Poisoning Prevention, Suzhou Industrial Park Center for Disease Control, August 10, 2008<http://www.sipcdc.com/sformxx.aspx?newid=437>

(Table 4 N-Hexane related materials⁷)

The Lian Jian Company was found in violation with China’s “Occupational Disease Prevention Law” as it neither reported the use of such toxic solvents such as Hexane, which may cause occupational disease, to the authorities nor notified their employees. Suzhou Industrial Park Safety Protection Authority was quoted by saying that the employee’s poisoning was caused by Lian Jian’s illegal use of toxic chemical solvents and its failure to implement occupational hazard prevention measures and employee protection⁸.

Since the second half of 2009, the Lian Jian Company has had increasingly more cases of workers suffering from symptoms such as fatigue affecting the whole body, sudden failure to grasp objects and some employees even fainting in the workshop. According to hospital reports and medical diagnostics,

⁷ N-Hexane Poisoning Prevention, Suzhou Industrial Park Center for Disease Control, August 10, 2008<http://www.sipcdc.com/sformxx.aspx?newid=437>

⁸ CCTV’s “Focus Interview”: The Clean Workshop’s Strange Disease, CCTV, February 21, 2010 <http://www.sipcdc.com/sformxx.aspx?newid=437>

the sick workers' extremity peripheral nerve had been compromised with lesions that lead to slowing the speed of limb peripheral nerve conduction, leaving limbs weak and limp. Doctors confirmed that the extremity peripheral nerve was damaged. From August 2009, the Fifth People's Hospital in Suzhou had 49 workers from this factory staff be admitted for treatment.⁹

Lian Jian Company's workshop is a clean-room; it is well sealed but has poor airflow. The Health Inspection Section chief of the Centre for Disease Control and Prevention of Suzhou Industrial Park said they had done a monitoring of the production site, and the air sample testing showed that highly volatile "hexane" had accumulated in the air, which seriously violated the State safety standards. Thus, over time many of the staff members, did not have proper protective devices in the workshop and had cases of chronic poisoning.¹⁰

According to a report by the "Daily Economic News," which followed the case closely, the first group of 10 workers were discharged by the hospital on May 14, 2010. Except 3 who had not yet recovered and would wait for their disability rating later on, among the rest 7 employees, 2 people were diagnosed by the Suzhou Municipal Work Injury Identification Center as having "moderate-chronic occupational n-hexane poisoning" with a disability rating of 9. The remaining five were identified as having "mild-chronic occupational n-hexane poisoning." 70% had a disability rating of 10.¹¹

⁹CCTV's "Focus Interview": The Clean Workshop's Strange Disease, CCTV, February 21, 2010

<http://www.sipcdc.com/sformxx.aspx?newid=437>

¹⁰CCTV's "Focus Interview": The Clean Workshop's Strange Disease, CCTV, February 21, 2010

<http://www.sipcdc.com/sformxx.aspx?newid=437>

¹¹Lian Jian Technology Workers: 10 Injured and Given only 5 Months of Wage Subsidies "The Daily Economic News" March 27, 2010



Image 2: Left: Lian Jian's technological workroom; Right: Some of the poisoned Lian Jian workers receiving treatment in hospital. Source: CCTV's "Focus Interview": The Clean Workshop's Strange Disease, CCTV, February 21, 2010

So why does Lian Jian Technology Co. Ltd. use the toxic solvent n-hexane to make their products?

Poisoned workers from Lian Jian Technology have told "Daily Economic News" that the mobile phone touch screens are mainly made for Apple Inc.'s iPhone. Though the prices of alcohol and n-hexane are similar, n-hexane's evaporation rate is 4 or 5 times faster than that of alcohol. Thus wiping a touch screen with hexane takes 1 to 2 seconds to evaporate under floodlight while wiping a screen with alcohol takes at least 10 seconds¹². Within Lian Jian's internal staff, it seems that after the "hexane incident," its safety risks have not been resolved. The newspaper quoted the staff as saying that after the incident, Apple submitted a new proposal to replace the chemical with an acetone solvent¹³.

¹² Venom? Amazing Profits: Apple's supplier Lian Jian Technology has made Sharp Monthly Increase in Profits of 10 million Yuan "The Daily Economic News" March 26, 2010.

¹³Behind Apple's Bright Lights: Profiting off of Laborer's Sweat for Money "Economic Observer Report" 2010-04-10

According to Economic Observer Report, an Apple supplier told the newspaper that for the improvement of product quality within a short period of time, Apple suggested suppliers try to use different chemicals already in use in China, such as acetone or other inflammable or combustible products that pose high risks. Though the use of these chemicals is in line with the China's regulations, due to pressures and urgency of orders, the safety assessment and the protective measures of products prior to use are often compromised¹⁴.

END

¹⁴ Behind Apple's Bright Lights: Profiting off of Laborer's Sweat for Money "Economic Observer Report" 2010-04-10