Strategic report (continued)

The directors believe that these risks are effectively managed through a strong focus on its cost base and on its key employees.

COVID-19 has had, and continues to have, a significant impact around the world, prompting governments and businesses to take unprecedented measures in response. Such measures have included restrictions on travel and business operations, temporary closures of businesses, and quarantine and shelter-in-place orders. The COVID-19 pandemic has at times significantly curtailed global economic activity and caused significant volatility and disruption in global financial markets.

The COVID-19 pandemic and the measures taken in response have adversely affected and could in the future materially adversely impact the Company's business, results of operations and financial condition. During the course of the pandemic, certain of the group's component suppliers and manufacturing and logistical service providers have experienced disruptions, resulting in supply shortages that affected sales worldwide, and similar disruptions could occur in the future.

The Company continues to monitor the situation and take appropriate actions in accordance with the recommendations and requirements of relevant authorities. The extent to which the COVID-19 pandemic may impact the Company's operational and financial performance remains uncertain and will depend on many factors outside the Company's control, including the timing, extent, trajectory and duration of the pandemic, the emergence of new variants, the development, availability, distribution and effectiveness of vaccines and treatments, the imposition of protective public safety measures, and the impact of the pandemic on the global economy and demand for consumer products. Additional future impacts on the Company may include, but are not limited to, material adverse effects on demand for the group's products and services, the group's supply chain and sales and distribution channels, the Company's ability to execute its strategic plans, and the Company's profitability and cost structure.

Financial risk is managed by Apple Inc.'s, specialist Treasury department under policies approved by its board of directors. Therefore, the financial risk facing the Company is considered low.

Results

The profit for the year after taxation amounted to £57,840,000 (2020: £37,455,000).

Post balance sheet events

There have been no other significant events affecting the Company since 25 September 2021.

Section 172 Statement

The directors of the Company have acted during the financial year in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so they have had regard to the matters set out in section 172(1) of the Companies Act 2006. Highlighted below are certain aspects of the duties under section 172(1) that the directors consider most relevant to the Company, and the key stakeholders of the Company. The directors receive training relevant to their role, including on directors’ duties, to support their consideration of stakeholder impact.

The directors have delegated day-to-day engagement with stakeholders to management with relevant subject matter expertise, but they oversee this engagement and consider stakeholder impacts in relation to key decisions that are escalated to the board.
Culture
The Company is part of the Apple Inc. group of companies. The Company aligns its corporate governance structures, policies and values with Apple Inc., and these structures, policies and values are adopted and applied in the Company by the directors. Apple’s core values, which guide the Company’s directors and management, are accessibility, education, the environment, inclusion & diversity, privacy and supplier responsibility. These values, including how they are applied by the Company, are discussed in more detail in our statement of engagement with employees on pages 7 to 8; statement of engagement with suppliers, customers and others in a business relationship with the Company on pages 8 to 9; and in our streamlined energy and carbon report, on pages 10 to 11.

Considering long-term impact of decisions
We believe business can and should be a force for good. Achieving that takes innovation, hard work, and a focus on serving others. It also means leading with our values in the technology we make, in the way we make it, and in how we treat people and the planet we share. Apple is dedicated to leaving the world better than we found it, and the directors seek to have a long-term mindset when making decisions on behalf of the Company.

Employees
At Apple, we’re not all the same. And that’s our greatest strength. We draw on the differences in who we are, what we’ve experienced, and how we think. Because to create products that serve everyone, we believe in including everyone. We know that the long-term success of the Company is dependent on its people. We describe further how the Company engages with employees in our statement of engagement with employees, on pages 7 to 8.

The community, suppliers, customers and others in a business relationship
Our Human Rights Policy, which has been adopted by the Company following approval by the directors of the Company, governs how we treat everyone, including our customers, employees, business partners, and people at every level of our supply chain. See our statement of engagement with suppliers, customers and others in a business relationship with the Company, on pages 8 to 9 for more detail on how we monitor and nurture our business relationships.

The environment
The Company participates in the global ambitions and targets of the Apple Inc. group. Apple is committed to creating products that enrich the lives of our customers in a way that protects the earth’s resources that we all share.

Apple will become carbon neutral across its entire business, manufacturing supply chain, and product life cycle by 2030. Apple is already carbon neutral today for its global corporate operations, and this new commitment means that by 2030, every Apple device sold will have net zero climate impact.

Our strategy focuses on three interconnected areas: climate change, resources, and smarter chemistry. Our comprehensive carbon footprint informs the work we do to reduce our emissions, including our roadmap to carbon neutrality. Within our resources pillar, we’re working to make our products using only recycled and renewable materials and eliminate plastic from our packaging. And we are committed to using safer materials to create better products for those who design, make, use, and recycle them. All the work we do aims to improve environmental health, not just for our customers, suppliers, and employees, but also for broader global communities.
Principal decisions of the Company
Decisions which are of strategic importance, are commercially material, or have a significant impact on key stakeholders are considered principal decisions of the Company. The board of the Company has taken the following principal decisions during the financial year:

Declaration and payment of dividend to shareholder
A dividend of £120,000,000 (FY20: £67,862,000) was proposed and paid during the year. In proposing and approving the payment of such dividend, the directors carefully considered its financial impact on the Company (taking into account the impact on the Company’s stakeholders), including whether there were any actual or reasonably foreseeable contingent or prospective liabilities the payment or settlement of which would be jeopardised by the payment of the dividend. The directors also considered carefully the effect that the dividend would have on the Company's ability to pay its debts as they fell due, having regard to the entirety of the Company's business and the actual and contingent liabilities (present and future) inherent in that business.

Impact of COVID-19
Since the beginning of the COVID-19 pandemic (the “Pandemic”), Apple’s first priority has been the health and safety of our teams, their families and communities. We supported the COVID-19 public health response, delivered new innovative tools, and adapted our business to empower people with the information and technology they needed most.

COVID-19 – office closures
The Company substantially closed all of its office locations on a temporary basis in March 2020 in response to the Pandemic, with this and related decisions being discussed and approved by the directors of the Company. These office closures continued in some form during the year, with some flexibility to work in offices introduced from time to time based on local conditions, local laws and the evaluation of risk to employees and the public by the Company and the Apple Inc. group. Further details of the Company’s response to the Pandemic, including the way in which our stakeholders’ interests were taken into account in decision-making, can be found in the statement of engagement with employees, on pages 7 to 8.

By order of the board

Director

Peter Denwood

Dated: 24 June 2022

100 New Bridge Street
London, EC4V 6JA
Statement of engagement with employees

Employee engagement
At Apple, we’re not all the same. And that’s our greatest strength. We draw on the differences in who we are, what we’ve experienced, and how we think. Because to create products that serve everyone, we believe in including everyone. We believe that open and honest communication among team members, managers, and leadership fosters an open, collaborative work environment where everyone can participate, develop, and thrive. Team members are encouraged to come to their manager with questions, feedback, or concerns. Our goal is to listen and learn—and to use those lessons to build an even better work environment for all. Our Company directors delegate day-to-day management of employee matters to local managers, trusting their expertise to ensure the best experience and support for their teams.

Consulting with employees and their representatives
Employees receive regular updates on their department, the business, and products. Leaders are using skip-level 1:1s, round-tables and meetings with our Diversity Network Associations to hear directly from team members about their own experiences of working at the Company, to help support an environment of consistent and ongoing feedback among the Company’s teams and leadership. We use the data and comments from these meetings to inform our employee experience, engagement levels, and feedback on any Company initiatives. Feedback is analysed at a team and organisational level with action plans in place where we see areas for improvement.

The Company’s employees are also represented in the European Consultation Forum (ECF), Apple’s European Works Council. The ECF gives Apple employees and central management in the European Economic Area (EEA), Switzerland and the UK (“the Region”) a way to exchange views and establish dialogue on relevant transnational issues. Apple fully supports the ECF as a way to assist communication between the parts of its business in the Region and to provide a venue for feedback from its employees through the ECF’s representatives. The ECF, however, does not replace consultation with employee representatives at the country and site level where applicable.

In addition, employees and managers can report incidents, near-misses, and observations—including newly identified hazards and risks—through an internal iOS app. Incident responses are addressed by Apple’s Environmental, Health and Safety (“EHS”) team through a consistent process that connects employees with care and support while identifying corrective actions where appropriate to prevent future occurrences.

Involvement of employees in the Company’s performance
As outlined further in Note 4 to the financial statements, the Company’s ultimate parent, Apple Inc. operates two employee benefit plans relevant to the Company: the 2014 Employee Stock Plan and the Employee Stock Purchase Plan. This is part of Apple’s global approach to employee benefits. All employees are eligible to receive awards of restricted stock units from Apple Inc. under the 2014 Employee Stock Plan and have the opportunity to invest in Apple Inc. stock through participation in the Employee Stock Purchase Plan, which enables employees to participate in the success of the Company and the Group.

Inclusion and Diversity
Across Apple, we’re strengthening our long-standing commitment to making our company more inclusive and diverse. We’re committed to hiring inclusively, providing training and development opportunities, fostering an inclusive culture, and ensuring equitable pay for all employees. And we’re continuing to focus on increasing diverse representation at every level of the company to help Apple become an even better reflection of the world we live in.

We believe in equal pay for equal work. In every country where we operate, team members of all genders earn the same when engaging in similar work with comparable experience and performance. To maintain pay equity, we engage a third party to independently evaluate compensation across all of Apple using statistical modelling. This rigorous review considers annual total compensation, including base salary, bonuses, and Restricted Stock Units (RSUs), as well as a variety of data related to pay, including job level, location, performance ratings, and tenure. As part of our commitment, we’ve also stopped asking candidates about their salary history. We continue to publish our Gender Pay Gap report on an annual basis. Whilst we currently have a gender pay gap in favour of men, this gender pay gap is driven by the representation of women in our workforce across levels and tenure. We will continue our efforts to improve the representation of women at all levels of the Company, and hold ourselves accountable for driving progress.
Accessibility
The Company encourages applications for employment from people with a disability. Equal opportunities are available to employees with disabilities for training, career development and promotion. The Company is registered as a Disability Confident Employer. Please see our statement of engagement with suppliers, customers and others in a business relationship on pages 8 to 9 for more details on our newest accessibility features, such as SignTime, which bring benefits to our employees as well as customers.

The impact of COVID-19
Since the beginning of the Pandemic, Apple’s first priority has been the health and safety of our teams, their families and communities. We supported the COVID-19 public health response, delivered new innovative tools, and adapted our business to empower people with the information and technology they needed most.

Apple was one of the first major companies to lead the COVID-19 response, temporarily closing our retail stores and moving to flexible work arrangements for our corporate offices globally. We have continued to pay our teams during temporary store and office closures; expanded our paid leave policies; provided team members with personal protective equipment; and established policies and procedures for a safe environment. Together with our suppliers, we also implemented new health and safety procedures for supplier workforces, and worked to support our suppliers’ ability to pay their hourly workers. And we have further supported our business partners by accelerating our payments to suppliers and extending payment and credit terms for our resellers.

We’re dedicated to protecting our team members and our customers everywhere we operate—a responsibility COVID-19 has brought into even greater focus. At every stage of the Pandemic, we make decisions based on the latest local data and public health guidance, and we share lessons across our EHS teams globally so we can continuously improve our safety programs.

The decisions to close, from time to time, substantially all of the Company’s offices and ask employees to work remotely during this time were considered principal decisions of the Company. The key stakeholders impacted by such decisions were the employees and customers of the Company. The interests of the stakeholders were aligned with the Company’s goal of safeguarding the health and well-being of employees and customers. The Company seeks feedback on its response to the Pandemic on a continuous basis and has received positive feedback from impacted stakeholders.

Statement of engagement with suppliers, customers and others in a business relationship with the Company
Our Human Rights Policy, which has been adopted by the Company following approval by the directors of the Company, governs how we treat everyone, including our customers, employees, business partners, and people at every level of our supply chain. We’ve worked hard to embed respect for human rights across Apple—in the technology we make, the way we make it, and how we treat people.

Supplier responsibility and environment
Developed in 2005, the Apple Supplier Code of Conduct (the “Code”) and the Apple Supplier Responsibility Standards (the “Standards”) outline our requirements for suppliers in the areas of labour and human rights, health and safety, environment, management systems and ethics. Both the Code and the Standards have been adopted by the Company following approval by the directors of the Company. Apple continues to evaluate and update the Code and Standards annually, raising the bar that suppliers must meet and then supporting them in reaching it.

Accessibility
Apple believes accessibility is a human right and technology should be accessible to everyone. Our products are powerful and affordable assistive devices, with built-in accessibility features such as VoiceOver, Voice Control, and support for Made for iPhone hearing aids. New features, such as AssistiveTouch on Apple Watch, Background Sounds, and support for eye-tracking devices continue Apple’s mission to make our technology customisable to the diverse needs of all our users. Apple launched a new service in 2021, called SignTime. This enables customers to communicate with AppleCare and retail customer care by using British Sign Language (BSL) right in their web browsers. Customers
visiting Apple store locations can also use SignTime to remotely access a sign language interpreter without booking ahead of time. You can read more about Apple’s commitment to accessibility at https://www.apple.com/accessibility.

Education
At Apple, we believe that our customers should expect more from their technology in learning. For over 40 years Apple has helped educators spark student engagement with new ways to learn, giving students complete freedom of expression. Apple technology and services support learning that’s connected, collaborative, creative and personal for every individual, no matter how they learn, where they learn or what they love to do. Beyond our hardware and software — our programs and curriculums ensure that education institutions have what they need to effectively employ their use of technology in schools. These include Apple Teacher, a free, self paced online professional learning program to help teachers learn how to get the most from iPad or Mac, and our free suite of creativity apps for teaching and learning. Apple has developed curricula to support creative learning and coding such as Everyone Can Create and Everyone Can Code. To date these curriculum and teaching materials have reached millions of users worldwide. In Apple retail stores, customers can participate in free ‘Today at Apple’ sessions based on Everyone Can Create and Everyone Can Code. Topics include photography, video, music, design, and coding basics as well as Photography on iPhone, Directing the Portrait, Getting Started with Swift Playgrounds, Capturing Cinematic Shots, Sketching Ideas in Notes, Getting Started with Podcasting, and Managing Screen Time.

Privacy
At Apple, we believe privacy is a fundamental human right. And so much of our customers’ personal information — information they have a right to keep private — lives on their Apple devices. Every Apple product is designed from the ground up to protect that information. And to empower our customers to choose what they share and with whom. With every software release we introduce ever greater controls for our users so they can manage these choices including for the apps that they download from the App Store.

Our customers’ personal data should always be protected on devices and never shared without our customers’ permission. Apple supports privacy by building tools into devices, making data requests clear, empowering users with controls, and requiring external groups to follow applicable laws if seeking access to personal data controlled by Apple. Encryption, on-device intelligence, and other tools are built into Apple products to let customers share what they want on their terms. Sometimes user data is used to provide customers with a more personalised experience; however, users are given controls to manage these settings. We also use techniques like Differential Privacy to improve user experiences while protecting the information they share with Apple. Differential Privacy adds random information to user data before it is analysed by Apple, so we can’t link that data to a specific device.

Apple’s detailed privacy policy has been adopted by the Company following approval by the directors of the Company, and can be found at https://www.apple.com/legal/privacy/en-ww.

Bribery and corruption
Apple seeks to conduct business ethically, honestly and in full compliance with applicable laws and regulations. Apple does not tolerate any form of corruption. Apple’s Anti-Corruption Policy details our commitment to complying with anti-corruption laws.

The directors of the Company have delegated authority to Apple's Business Conduct and Global Compliance group, which helps employees and third parties make the right decisions regarding ethical and lawful behaviour. This is done through a variety of resources, including Apple’s policy “Business Conduct: The Way We Do Business Worldwide” and various anti-corruption policies, which have been adopted by the Company following approval by the directors of the Company. The Company’s business conduct policy describes Apple’s principles for employee interactions with customers, other businesses, governments, and communities.

Our compliance policies can be found on Apple’s Ethics and Compliance website at https://www.apple.com/compliance/policies.
Streamlined Energy and Carbon Reporting

Methodology
This assessment has been verified by a third-party (Delta-Simons Environmental Consultants Limited) to be carried out in general accordance to ISO14064-1:2006 Greenhouse Gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

Results
The table below sets out total energy consumption and resulting GHG emissions by Scope arising from business operations of the Company.

<table>
<thead>
<tr>
<th>Scope</th>
<th>FY20 kWh</th>
<th>tCO₂e</th>
<th>FY21 kWh</th>
<th>tCO₂e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 – Heating Fuels</td>
<td>853,878</td>
<td>157.00</td>
<td>853,878</td>
<td>156.40</td>
</tr>
<tr>
<td>Scope 1 – Company Vehicles</td>
<td>90,554</td>
<td>20.73</td>
<td>221,364</td>
<td>50.93</td>
</tr>
<tr>
<td>Scope 2 – Purchased Electricity (Location-Based)¹</td>
<td>1,737,649</td>
<td>405.12</td>
<td>1,575,050</td>
<td>334.43</td>
</tr>
<tr>
<td>Scope 2 – Purchased Electricity (Market-Based)¹</td>
<td>1,737,649</td>
<td>0</td>
<td>1,575,050</td>
<td>0</td>
</tr>
<tr>
<td>Scope 3 – Rental Vehicles</td>
<td>58,751²</td>
<td>13.93</td>
<td>58,751</td>
<td>13.72</td>
</tr>
<tr>
<td>Scope 3 – Employee Mileage</td>
<td>14,580</td>
<td>3.61</td>
<td>12,310</td>
<td>3.02</td>
</tr>
<tr>
<td><strong>Total Gross Footprint</strong></td>
<td>2,755,412³</td>
<td>195.27</td>
<td>2,721,353</td>
<td>224.07</td>
</tr>
<tr>
<td>Carbon Offset (April 2020 onwards)</td>
<td>-</td>
<td>-57.95</td>
<td>-</td>
<td>-224.07</td>
</tr>
<tr>
<td><strong>Total Net Footprint</strong></td>
<td>-</td>
<td>137.32</td>
<td>-</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Intensity Ratios

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>kWh/sq.ft/year</td>
<td>39.18</td>
<td>36.73</td>
</tr>
<tr>
<td>tCO₂e/employee/year</td>
<td>0.52</td>
<td>0.40</td>
</tr>
<tr>
<td>(Location-Based Electricity)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>tCO₂e/£m/year</td>
<td>1.61</td>
<td>1.31</td>
</tr>
<tr>
<td>(Location-Based Electricity)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Energy Consumption from purchased electricity is reported as both (1) Location-Based emissions, using UK Government emissions factors for grid electricity; and (2) Market-Based emissions, which take into account procurement of renewable electricity (backed by Renewable Energy Guarantees of Origin (REGO)) resulting in a net nil tCO₂e count.

² Previously stated as 59,238 kWh. On review of data for the current reporting period, this error was identified within the calculations for the previous financial year, as previously reported by the Company. This has been amended at the earliest available opportunity in accordance with relevant guidance.

³ Previously stated as 2,755,899 kWh, due to different underlying figures, as described in footnote 2.
Apple (UK) Limited
Registered number 1591116

Directors’ report (continued)

Streamlined Energy and Carbon Reporting (continued)

Climate Action Statement

Building on our achievement of carbon neutrality for Apple’s corporate emissions, Apple is committed to total carbon neutrality across its entire supply chain by 2030, including material sourcing, manufacturing, shipping and in-use power of customer devices.

We have reduced our comprehensive carbon footprint by 40% since it peaked in 2015, with the aim of becoming carbon neutral by 2030, including a 75% reduction in emissions compared to 2015.

To reduce emissions from Apple facilities, we conduct regular energy audits of our corporate offices, retail stores and data centres to identify system improvements that could reduce energy use. We have improved energy tracking and benchmarking processes. This helps us to identify low-performing buildings early and ensure issues are rectified quickly. We have integrated energy efficiency early in the design process for our new stores and refurbishments to ensure that savings are maximised.

For our electricity, we source 100% renewable energy primarily through Apple-created projects, including direct ownership, equity investments (such as solar, wind and low-impact hydro), or long-term renewable energy contracts (primarily sourced from solar and wind). In the few remaining cases where we need more renewable energy than what’s generated by our Apple-created projects, we directly purchase renewable energy through available utility green energy programs.

Apple has partnered with Conservation International to invest in high-quality forest, wetland and grassland protection or restoration projects to offset residual carbon and cover our remaining corporate scope 1 & 3 emissions.

Apple is committed to leading by example when tackling global climate change; and we will continue to lend our voice to climate advocacy, joining with others to drive for collective action and strong climate positive policies.

For more details on Apple’s environmental performance, please go to apple.com/environment.

By order of the board

Director

Dated 24 June 2022

100 New Bridge Street
London, EC4V 6JA

Peter Denwood

1 References to Apple in this paragraph apply to the Group. The Company, as part of the Group, shares this commitment and participates in the Group’s global actions to reduce the carbon and emissions.