

## Proposal No. [X] – Shareholder Proposal

Apple has been advised that Mr. Jing Zhao, 1745 Copperleaf Court, Concord, CA 94519, who has indicated he is a beneficial owner of at least \$2,000 in market value of Apple’s common stock, intends to submit the following proposal at the Annual Meeting:

### Shareholder Proposal on Human Rights Committee

Resolved: shareholders recommend that Apple Inc. establish a Human Rights Committee to review, assess, disclose, and make recommendations to enhance Apple’s policy and practice on human rights. The board of directors is recommended, in its discretion and consistent with applicable laws to: (1) adopt Apple Human Rights Principles, (2) designate the members of the committee, including outside independent human rights experts as advisors, (3) provide the committee with sufficient funds for operating expenses, (4) adopt a charter to specify the functions of the committee, (5) empower the committee to solicit public input and to issue periodic reports to shareholders and the public on the committee’s activities, findings and recommendations, and (6) adopt any other measures.

#### Supporting Statement

There have been too many negative reports on Apple’s human rights policy and practice, mostly related to Apple’s operation in China for many years. For example, recently, the New York Times reported “Apple Removes Apps from China Store That Help Internet Users Evade Censorship” on July 29, 2017; the Wall Street Journal reported “Get Used to Apple Bowing Down to Chinese Censors” on August 7, 2017. Furthermore, Apple is building its first China-based data center, and “the new agreement goes one step further with a Chinese partner responsible for running its data center, managing the sales of its services in the country and handling legal requests for data from the government.” (New York Times, July 12, 2017)

On human rights policy and practice, we have the best case (see my proposal to Google 2010 shareholders meeting) and the worst case (see my proposals to Yahoo 2011 and 2013 shareholder meetings, to Verizon 2017 shareholders meeting and to Yahoo/Altaba 2017 shareholders meeting <http://cpri.tripod.com/cpr2017/altaba-statement.pdf> on the abuses of the so-called “Yahoo Human Rights Fund” against human rights) here in Silicon Valley. Apple should not fail as Yahoo.

## Apple’s Statement in Opposition to Proposal No. [X]

The Board recommends a vote AGAINST Proposal No. [X].

We are committed to the highest standards of social responsibility and human rights wherever we do business. These standards apply throughout our company, around the world, with no exceptions.

The Board does not believe that establishing a separate human rights committee is an effective way for Apple to review, assess, and “enhance Apple’s policy and practice on human rights.”

Our Audit and Finance Committee, consisting entirely of independent directors, already assists the Board in monitoring our significant business risks, including operational and reputational exposures. Its charter gives it the power to obtain advice, reports, or opinions from expert advisors to facilitate its work at any time. In addition, our Supplier Responsibility team is already dedicated to partnering with our suppliers to make lasting change to improve lives worldwide.

From an implementation perspective, our existing framework reflects our unwavering commitment to social responsibility and human rights. This is most evident in our practices, policies, and disclosures, which are publicly available at [apple.com/supplier-responsibility](http://apple.com/supplier-responsibility):

- Supplier Code of Conduct
- Supplier Responsibility Standards
- Top 200 Supplier List, representing 97% of procurement expenditures for materials, manufacturing, and assembly of our products worldwide in 2016
- Conflict Minerals Report
- Commitment to Responsible Sourcing
- Smelter and Refiner List
- Statement on Efforts to Combat Human Trafficking and Slavery in Our Business and Supply Chains

As an additional measure of transparency to shareholders, we publish a Supplier Responsibility report annually. As noted in our most recent report, which is available online at [apple.com/supplier-responsibility](http://apple.com/supplier-responsibility), we conducted 705 supplier assessments in 2016, covering areas such as safe working conditions, fair treatment of workers, and environmentally safe manufacturing. Since 2008, we have trained more than 11.7 million workers on their employment rights, including more than 2.4 million workers in 2016. We do this because we believe that it drives accountability and improvement throughout our supply chain. We are committed to the highest standards of social responsibility and human rights wherever we do business.

We also partner with educational institutions to offer free college-level courses to workers who make our products. In 2016, more than 689,000 workers attended these classes, and many have gone on to earn associate’s degrees. We recently expanded this educational program to offer more opportunities for participants to work toward a bachelor’s degree. We believe everyone in Apple’s supply chain should be treated with the dignity and respect they deserve, and we are aware of no other company doing as much to safeguard and empower workers.

The proponent focuses on human rights in China, and in particular, access to the internet in China. We do not have the option to ignore laws, either in China or in any other country where we provide products and services. So when it becomes illegal to provide something, like a VPN app in a particular country such as China, we have to stop providing it there. We would rather not have been required to remove the apps, but we must follow the law wherever we do business. We believe in engaging with governments even when we disagree, and we are hopeful that over time the restrictions we are seeing are lessened, because innovation really requires freedom to collaborate and communicate.

We continue to offer a wide range of Apple products, services, and third-party apps that enhance our customers' lives and help them communicate and express themselves in countries around the world, including China.

Accordingly, the Board does not believe that establishing a separate human rights committee is necessary to properly exercise its oversight of this important area, nor does it add to Apple's existing commitment to social responsibility and human rights.

*For all of the reasons above, the Board recommends a vote AGAINST Proposal No. [X].*

## Vote Required

Approval of Proposal No. [X] requires the affirmative vote of (i) a majority of the shares present or represented by proxy and voting at the Annual Meeting and (ii) a majority of the shares required to constitute a quorum.