

APPLE ADDS ESG BONUS COMPONENT TO EXECUTIVE COMPENSATION PROGRAM

Jan 14, 2021

In its recently filed proxy statement, Apple Inc. announced that beginning in 2021, the Compensation Committee will incorporate an environmental, social and governance modifier into the annual cash incentive program. The Compensation Committee will use the modifier to determine whether to increase or decrease bonus payouts by up to 10% based on the Compensation Committee's evaluation of executives' performance with respect to "Apple Values" and other key community initiatives during 2021.

"This change is intended to further motivate Apple's executive team to meet exceptionally high standards of values-driven leadership in addition to delivering strong financial results," according to the proxy statement disclosure.

The proxy statement did not include specific ESG targets or initiatives for the modifier, although the introduction to the proxy statement listed the Apple Values shown below, noting they "reflect our commitment to leave the world better than we found it and to create powerful tools for others to do the same."

Education

apple.com/education

For more than 40 years, Apple has worked alongside educators to inspire the next generation of learners. From primary through post-secondary school, teachers and students are using Apple products to express their creativity and to teach and learn the skills needed to succeed in a rapidly changing world. Through our Community Education Initiatives, such as ConnectED, our products, services, and support have reached learners of all ages in underserved communities that need them the most.

Environment

apple.com/environment

Apple has dedicated our resources and best thinking to considering the environment in everything we do: the energy that powers our operations, the materials in our devices, the companies we do business with, and the health and safety of those who make and use our products. We've led the industry in reducing our environmental footprint for years and are

committed to one day sourcing 100% recycled and renewable materials across all of our products and packaging.

Inclusion & Diversity

apple.com/diversity

At Apple, we believe diversity drives innovation and is key to our success. We are deeply committed to hiring and promoting inclusively, championing pay equity, increasing diverse representation at all levels, and fostering an inclusive culture that gives every employee the opportunity to do the best work of their lives. We are challenging the systemic barriers to opportunity and dignity that exist for communities of color in the United States and globally.

Privacy & Security

apple.com/privacy

Apple believes privacy is a human right. Great experiences do not have to come at the expense of privacy and security. Every Apple product is designed from the ground up to protect privacy and security. To give users more control over personal information, we provide privacy management tools on each user's Data and Privacy page. Hand in hand with the privacy of our users is our commitment to freedom of information and expression. Our products help our customers communicate, learn, express their creativity, and exercise their ingenuity.

Supplier Responsibility

apple.com/supplier-responsibility

Apple cares deeply about the people who build our products and the planet we all share. Through our Supplier Code of Conduct, we hold ourselves and our suppliers to the highest standards of labor and human rights, environmental protections, and ethics. And we go further to empower the people in our supply chain through initiatives like our supplier employee wellness and education programs.

RELATED PRACTICE AREAS

- Securities & Corporate Governance

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