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Apple Investors Raise Governance Concerns; Call for Greater Board Accountability

March 6, 2023 Investors are signaling concerns over Apple's corporate governance practices and Board responsiveness (NYSE:AAPL). By placing a shareholder resolution on the company's [proxy ballot](#), they have requested that Apple commit to modify its practices to become more responsive to its investors.

The resolution, brought forward by Oakland, CA, based [Nia Impact Capital](#) asks that a Board member be made available for a conversation with an investor about a topic area of concern, when that investor's concern is shared by a majority of Apple's other investors, as tallied via the proxy voting process.

This shareholder resolution was filed in September, 2022, after Nia Impact Capital's request to speak with an Apple Board member about the company's use of concealment clauses was again declined by Apple's management. Concealment clauses, such as arbitration and non-disclosure agreements, can mask the actions of managers and may create significant risk for investors, who without needed transparency, are unable to determine if a toxic workplace culture exists. Given this conflict in interests, Nia Impact Capital had been seeking to speak with a Board member, rather than continue conversations with management. Nia had filed a shareholder resolution requesting the Board review the company's use of concealment clauses in July and a majority of Apple's shareholders supported this request on March 3, 2022.

In December, 2022, Apple [announced](#) it would no longer hold employees to non-disclosure agreements when harassment and discrimination claims exist. A Board member spoke with Nia for the first time, sharing this decision, that same week in December.

Nia CEO Dr. Kristin Hull said, "What's disconcerting is that we don't know if the company would have published their ground-breaking decision to release their employees from NDAs if we hadn't filed this governance-focused resolution, pushing the Board on accountability and management oversight. Engaging the Board was an arduous process and one that we don't believe other investors should need to go through in the future. If a majority of investors express concerns about an issue, the Board should be responsive to that topic area."

Meredith Benton, founder of Whistle Stop Capital, a consultancy that supported Nia in filing, stated, "Last year, we uncovered something very troubling about Apple's Board oversight procedures; An Apple investor raised a concern with management's practices. However, even with the support from a majority of Apple's other investors, Nia Impact Capital was still unable to talk to a Board member without these same members of management acting as a gatekeeper to their conversations."

Apple's stated [policy](#) for Board engagement with shareholders is that the "Board believes that management speaks for the Corporation. Individual directors occasionally may meet or otherwise communicate with various constituencies that are involved with the Corporation, but it is expected that directors would do this with the knowledge of management and, in most

instances, absent unusual circumstances or as contemplated by the committee charters, at the request of management."

Dr. Hull continued, "The adoption of this governance-related resolution will re-establish confidence in Apple's Board and assure investors that a member of the Board will respond directly to issues of significant concern."

This investor request does not require the board member to take any action or commit to anything other than learning directly from the resolution's proponent about the topic of concern. The resolution is set as a matter to be voted on at Apple's upcoming 2023 annual meeting on March 10, 2023.

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Dr. Kristin Hull is the Founder and CEO of Nia Impact Capital. Nia is a women-led firm investing at the intersection of environmental sustainability and social justice. Nia applies both a gender-lens and a commitment to racial equity across the investment decision-making process. The Nia Global Solutions Equity Portfolio invests in publicly traded companies providing market solutions for a more inclusive and sustainable world.

Meredith Benton, benton@whistlestop.capital, [Whistle Stop Capital](#) - Meredith Benton is principal and founder of Whistle Stop Capital, a consultancy that works with asset owners and advisors to assess and address material social and environmental exposures within their investment portfolios.