

Worker Rights Assessment

Resolved: Shareholders urge the Board of Directors to commission and oversee an independent, third-party assessment of Apple's adherence to its stated commitment to workers' freedom of association and collective bargaining rights as contained in the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights and explicitly referenced in Apple's Human Rights Policy. The assessment should apply to Apple's direct and licensed operations and address management non-interference when employees exercise their right to form or join a trade union as well as steps to remedy any practices inconsistent with Apple's stated commitments. The assessment, prepared at reasonable cost and omitting confidential, proprietary or legally privileged information, should be publicly disclosed on Apple's website by September 5, 2023.

Supporting Statement: Apple made a global commitment to freedom of association, including non-interference, and collective bargaining rights in its Human Rights Policy. According to the ILO, "Freedom of association refers to the right of workers ... to create and join organizations of their choice freely and without fear of reprisal or interference" and collective bargaining "allows workers to negotiate their working conditions freely with their employers."

Since 2021, employees accused Apple of engaging in such interference through intimidation tactics to deter organizing, including one-on-one manager meetings, captive audience meetings, retaliatory firings, and threats of reduction or elimination of benefits. As of August 25, 2022, the National Labor Relations Board was investigating 14 charges of unfair labor practices.

Apple's own non-interference practices should be consistent with those it requires from suppliers, which are explicitly referenced in its Supplier Code of Conduct: "Supplier[s] shall freely allow Workers' lawful rights to associate with others, form and join (or refrain from joining) organizations of their choice, and bargain collectively, without interference, discrimination, retaliation, or harassment."

We believe the apparent misalignment between Apple's public commitments and its reported conduct represents meaningful reputational, legal, and operational risks, and may negatively impact its long-term value. Failing to respect workers' rights could harm Apple's reputation with consumers and hurt its ability to attract and retain a high-performing workforce, a crucial element of its ability to provide quality products and service. Research shows that union membership may have a positive effect on retention, in some cases, reducing quits by as much as 65%.¹ Studies show companies spend approximately 20% of an employee's salary to replace them.²

In contrast, Microsoft recently adopted companywide Principles³ that recognize the importance of employer non-interference, and announced a "labor neutrality agreement" at Activision Blizzard which "reflects a fundamental belief ... that enabling workers to freely and fairly make a choice about union representation will benefit Microsoft and its employees...".⁴

Greater transparency on these issues could help address concerns about Apple's reputation and enable investors to assess its adherence to its human rights commitments and perform human rights due diligence.

¹https://www.researchgate.net/publication/226530917_The_Impact_of_Union_Membership_on_Intent_to_Leave_Additional_Evidence_on_the_Voice_Face_of_Unions

² <https://www.americanprogress.org/article/there-are-significant-business-costs-to-replacing-employees/>

³ <https://blogs.microsoft.com/on-the-issues/2022/06/02/employee-organizing-engagement-labor-economy/#:~:text=We%20believe%20in%20the%20importance,where%20we%20need%20to%20improve>

⁴ <https://news.microsoft.com/2022/06/13/cwa-microsoft-announce-labor-neutrality-agreement/>