

First No-Action Letter to Use New Staff Legal Bulletin 14I

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Apple has submitted [a letter](#) to the SEC Staff arguing that the company should be able to exclude a shareholder proposal because its board has made a determination that the proposal is part of the company's ordinary business.

The proposal asks the company to establish a Human Rights Committee to enhance its policies and practices on human rights, noting concerns about the company's operations in China and that government's views on censorship. The company spends nearly two pages of its letter explaining the importance of human rights to its business, including the "substantial time and resources" devoted by the company to "safeguarding and upholding" human rights. In the letter, the company discussed its efforts in making education accessible, providing safer working conditions, creating opportunities for workers and increasing transparency around its supply chain. The letter also touches on multiple other rights, with senior management leading initiatives on practices ranging from advocating for government policies that protect individual privacy and civil rights to making high-technology products more accessible to people with disabilities.

In terms of the analysis of the board's process in considering the proposal, the letter states that the board is regularly updated on the company's human rights goals and its progress. The board was presented with information by management about the proposal and its policy implications, including a review of written materials such as the company's report on supplier responsibility. The board recognized that it had already considered the issues raised by the proposal and management's focus on reviewing and implementing policies to promote human rights make these issues an integral part of the company's ordinary business operations and does not transcend them.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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