June 11, 2021

Via E-Mail

The Honorable Gary Gensler
Chair
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Request for Public Input on Climate Change Disclosures

Dear Chair Gensler:

At Apple, we've long believed that every company has a responsibility to limit their emissions and track their environmental impacts. Throughout our environmental journey, we've emphasized the importance of measurement and reporting to help us understand our impact. We're deeply supportive of climate disclosures to improve transparency and drive progress in the fight against climate change, and we're grateful for this opportunity to share some of the lessons we've learned with the U.S. Securities and Exchange Commission.

Developing solutions to global challenges is never an easy journey, and it isn't one that can be undertaken alone. At Apple, we are determined to do our part. Demonstrating that bold action is possible, we committed to becoming 100% carbon neutral by 2030 for our entire product footprint—from our supply chain to the use of the products we make. Today, we are already carbon neutral for our corporate operations, and we've reduced our overall carbon footprint, including from our products, by 40 percent compared to 2015.

Toward a common emissions disclosure framework

While we are of the view that the current, principles-based approach, anchored in materiality, generally strikes the right balance of information for a company's annual reports and other periodic filings, we believe that approach alone does not go far enough in the fight against climate change. To improve on the status quo, we need all companies to measure and disclose carbon emissions using a common framework and standards. Only by measuring carbon emissions are companies able to fully understand their footprint, develop strategies and identify opportunities to reduce emissions and, ultimately, achieve decarbonization. And applying a common framework and standards would serve to create a baseline of comparable, consistent and reliable information, help

companies establish best practices, and promote competition and accountability — all critical steps to combatting climate change.

Apple, therefore, believes that the Commission should issue rules to require that companies disclose third-party-reviewed carbon emissions information to the public, covering all scopes of emissions, direct and indirect, including relevant emissions from a company's entire value chain. We would also welcome efforts from the Commission to work across borders, promoting the standardization of carbon emissions reporting frameworks at an international level. Ultimately, climate change is a global issue, and a harmonized approach is necessary to meet global emissions reduction targets.

Apple's approach to carbon emissions disclosures

For the last decade, Apple has modeled, measured, and voluntarily reported our carbon emissions, working to improve the accuracy of our footprint and raise the ambition of our goals. Our efforts over the years have culminated in a comprehensive [annual environmental report] that outlines our environmental efforts, including our work to reduce our carbon footprint, strategies to address our climate impact, and progress towards reaching our carbon neutrality goal.

We align with reporting frameworks such as the Global Reporting Initiative and the Task Force on Climate-related Financial Disclosures (TCFD) in measuring and reporting our global carbon footprint, including direct emissions (scope 1), indirect emissions (scope 2), and relevant emissions across our corporate value chain (scope 3), including the full life cycle of our products. We account for our emissions in accordance with the Greenhouse Gas Protocol, and have developed [detailed life cycle assessment models] to account for relevant scope 3 emissions for our products in accordance with ISO 14040/14044 and based on a combination of Apple-specific and industry-average datasets for material production, manufacturing processes, electricity generation, and transportation.

The results of our product life cycle assessments, in particular, are critical in guiding our environmental strategy. Rolling up individual product life cycle assessment data to the corporate level provides detailed insights into what drives a company's carbon footprint, and helps identify key cross-product focus areas and initiatives. For example, our product life cycle assessments helped us establish that product manufacturing accounts for approximately 70 percent of our comprehensive carbon footprint, and determine which of our components account for a majority of the impacts.

That information helps us prioritize materials and components that make up a large part of our carbon footprint. One example is aluminum, which in 2015 represented 27 percent of our product manufacturing footprint. We started by prioritizing the use of aluminum that was smelted using hydroelectricity rather than fossil fuels like coal. We also reengineered our manufacturing process to reincorporate aluminum scrap. We then went even further to source 100 percent recycled aluminum, utilizing post-industrial aluminum

waste generated during the manufacturing of Apple products. Several of our products now use 100 percent recycled aluminum in their enclosures—including our latest MacBook Air, Mac mini, and the latest iPad devices. And all enclosures made with virgin aluminum for products released in 2020 were smelted using hydroelectricity rather than fossil fuels. As a result of these changes, our carbon emissions associated with aluminum have decreased by 72 percent since 2015.

Disclosing scope 3 emissions

To ensure accuracy and transparency, we strongly believe that companies' carbon emissions disclosures should include their scope 3 emissions. While these emissions can be challenging to measure, they are essential to understanding the full range of a company's climate impacts.

We acknowledge that there is inherent uncertainty in modeling carbon emissions, primarily due to data limitations. Scope 3 emissions, in particular, involve making educated assumptions and complex modeling. We believe, however, that our reports attest to the feasibility of reasonably modeling, measuring and reporting on all three scopes of emissions, including scope 3 emissions, which represent the overwhelming majority of most companies' carbon footprint and are therefore critical to include.

We view our detailed life cycle assessment models as a reasonable and balanced approach for other businesses to consider and adapt to their needs. Apple's approach addresses the uncertainty of scope 3 emissions modeling by combining detailed, process-based environmental models with Apple-specific parameters for the top component contributors to Apple's carbon emissions, while relying on industry average data and other estimations for the remaining elements of Apple's carbon footprint. We're hopeful that our experience can serve to guide others in their journey to capture all three scopes of relevant emissions.

We've also found that engaging third-party experts can help ensure the desired quality, consistency, comparability and reliability of the information reported. We consider the benefits of having our data reviewed by an external party to far outweigh any associated costs, which in our experience represent a small fraction of our overall reporting efforts. We would support, however, rules that create exceptions for certain smaller reporting companies from the requirement to involve third-party experts—an approach that the Commission has taken in other instances.

We urge the Commission to educate and empower companies to take advantage of new scientific developments and revisit their methodologies and measurements. That iterative, learning process is critical in an area that is new and constantly developing. For scope 3 measurements in particular, we would encourage the Commission to allow companies to focus on the scope 3 activities with the most impact on their carbon footprint, and most relevant to their business goals and reduction targets.

Transparency and evolution

For our business, we continue to challenge ourselves annually, revisiting our reporting framework, standards, processes and measurements so that they reflect the best information available. We believe the best way forward is to continue to learn and improve, transparently sharing new insights about challenges and lessons learned.

We advocate that any emissions reporting should be made available to stakeholders in a simple and accessible way, in order to maximize the impact of the information reported and its usefulness. We would encourage regulations that allow companies to continue communicating this critical information across a variety of reporting mechanisms, including through websites dedicated to environmental efforts, with timelines flexible enough to accommodate the complexity of emissions reporting.

While emissions reporting presents its challenges, at Apple, we've found them well worth navigating. To limit global emissions, companies have to know where they are today — and be able to track their progress year-over-year, long into the future.

We hope to continue engaging with the Commission on its disclosure framework, and we're grateful for your continued work to improve transparency and reporting in the fight against climate change.

Respectfully,

Arvin Ganesan
Global Energy and Environmental Policy
Apple