



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

November 26, 2025

Ronald O. Mueller
Gibson, Dunn & Crutcher LLP

Re: Apple Inc. (the "Company")
Incoming letter dated November 4, 2025

Dear Ronald O. Mueller:

This letter is in regard to your correspondence concerning the shareholder proposal submitted to the Company by the American Family Association for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the Company withdraws its October 20, 2025 request for a no-action letter from the Division. Accordingly, we will not provide any response.

Copies of all of the correspondence related to this matter will be made available on our website.

Sincerely,

Division of Corporation Finance
Office of Chief Counsel

cc: Jerry Bowyer
Bowyer Research

October 20, 2025

VIA ONLINE PORTAL SUBMISSION

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: *Apple Inc.*
Shareholder Proposal of American Family Association
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, Apple Inc. (the “Company” or “Apple”), intends to omit from its proxy statement and form of proxy for its 2026 Annual Meeting of Shareholders (collectively, the “2026 Proxy Materials”) a shareholder proposal (the “Proposal”) and statement in support thereof (the “Supporting Statement”) received from American Family Association (the “Proponent”).

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2026 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”) provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the “Staff”). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

THE PROPOSAL

The Proposal states:

Resolved: Shareholders request that Apple Inc. prepare a transparency report on the costs and benefits of the company’s decisions regarding its use of child sex abuse material (CSAM) identifying software. This report shall be made publicly available to the company’s shareholders on the company’s website, be prepared at a reasonable cost, and omit proprietary information, litigation strategy and legal compliance information.

The Supporting Statement elaborates on the subject of the Proposal by asserting that “[t]his is more than a moral point – it’s a significant liability for Apple. . . . Lawsuits surrounding online proliferation of CSAM threaten billion-dollar damages at Apple. Further scandals and litigation around CSAM pose a significant threat to [C]ompany brand value.”

A copy of the Proposal and the Supporting Statement is attached to this letter as Exhibit A.

BACKGROUND

The Company is focused on creating technology that empowers people and enriches their lives, while helping them stay safe. Combatting child sexual abuse material (“CSAM”) and breaking the chain of coercion and influence that makes children susceptible to it is a priority for the Company. To this end, the Company continues to innovate new tools and safety features designed to combat CSAM and keep children safe.

For many years, Apple has provided tools that have evolved to address new and emerging threats. One powerful tool the Company introduced in 2021 is Communication Safety, which is designed to address online exploitation and the unwanted sharing of images. Apple has continued to expand this powerful tool ever since, including most recently with the release of iOS 26, iPadOS 26 and macOS Tahoe. Communication Safety warns children when they receive or attempt to send images or videos containing nudity in Messages, AirDrop, Contact Posters in the Phone app, FaceTime video messages, and the system Photos picker, and in the Company’s most recent release, the feature is expanded to intervene when nudity is detected in FaceTime video calls and Shared Albums in Photos.

With the Company’s latest release,¹ Communication Safety is on by default for new accounts of children under 18. Parents who have enabled a Screen Time passcode can prevent their children under 13 from being able to view or send an image or video that the system has detected as containing nudity, unless the Screen Time passcode is entered on the child’s device, and parents now receive a notification when a Screen Time passcode is entered on their child’s device. The Company has also announced an enhancement to Communication Safety

¹ Available at <https://www.apple.com/newsroom/2025/06/apple-expands-tools-to-help-parents-protect-kids-and-teens-online/>.

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that will allow children to report nude photos and video being sent to them in iMessage directly to Apple. The report will be reviewed by Apple, which can then take action on the offending account — such as disabling that user’s ability to send messages over iMessage — and also report the issue to law enforcement. Reporting to Apple is currently available in Australia and the UK, and because the Company believes this is an important feature for all users, the Company will be rolling it out globally in the future.

The Company has made Communication Safety available to third parties with the Sensitive Content Analysis Framework, and developers of communication apps are actively incorporating this advanced technology into their products.

In addition, the Company deploys other technologies to help protect children online. The Company’s continuously expanding tools now include a mechanism for parents to share their child’s age range with the apps they use in a way that does not reveal the child’s birth date and keeps them in control of their data. With the Ask to Buy feature, parents can approve or decline their child’s downloads or in-app purchases from the App Store. And labeling makes it easier for parents to make choices about apps to approve or decline; App Store product pages will reflect when developers indicate their apps contain user-generated content, messaging, or advertising capabilities, and if they include any in-app content controls like parental controls or age assurance. Many of the Company’s settings have long been on by default for accounts of children under 13, including app restrictions, and apps with age ratings that exceed the restrictions will not appear on the App Store in places like the Today, Games, and App tabs, or in editorial stories.

The Company has also deployed features that allow parents to understand the time their children spend using their devices, set limits on specific apps and features, define specific contacts with whom their children may communicate, and restrict their children’s ability to listen to or watch certain content. In the latest release, for children under 18, protections are automatically enabled when a Child Account is created, including web content filters, which includes the Limit Adult Websites setting. For accounts that have Screen Time passcode enabled, this means that the Limit Adult Websites setting will not allow children under 18 to access the restricted content unless the Screen Time passcode is entered. Communication Limits helps parents manage who their children can communicate with across Phone, FaceTime, Messages, and iCloud contacts, and with the Company’s new update, children must send requests to their parents when they want to communicate with new phone numbers, which parents can easily approve with a single tap in Messages. In addition, once adopted by developers, a new framework called PermissionKit will allow children to send requests to their parents to chat, follow, or friend users in third-party apps.

The features and services available on Company products, as described above, demonstrate that a number of the Proponent’s assertions are inaccurate. For example, contrary to assertions in the Supporting Statement, Communication Safety and web content filters are on by default for new accounts under the age of 18 with the latest software version announced in June 2025. Similarly, the statement that “[t]he App Store also recommends content rated above an account user’s entered age” is inaccurate.

BASES FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2026 Proxy Materials pursuant to Rule 14a-8(i)(7) because (1) the Proposal deals with a matter relating to the Company's ordinary business operations (including by implicating the Company's litigation strategy), and (2) the Proposal seeks to micromanage the Company. The Proposal focuses on the Company's choice of technologies and decisions regarding particular service offerings deployed by the Company in its efforts to combat CSAM, which are the same subject matters and legal issues being litigated by the Company in a pending putative class action lawsuit and which decisions are explicitly referred to in the Supporting Statement. In addition, the Proposal does not focus on a significant policy issue that transcends the Company's ordinary business operations and seeks to micromanage the Company. Accordingly, the Proposal can properly be omitted pursuant to Rule 14a-8(i)(7).

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because The Proposal Relates To The Company's Ordinary Business Operations.

A. Background On The Ordinary Business Standard.

Rule 14a-8(i)(7) permits a company to omit a shareholder proposal from its proxy materials "[i]f the proposal deals with a matter relating to the company's ordinary business operations." According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" "refers to matters that are not necessarily 'ordinary' in the common meaning of the word," but instead the term "is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company's business and operations." Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release").

In the 1998 Release, the Commission stated that the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting," and identified two central considerations that underlie this policy. *Id.* The first of these considerations is the subject matter of the proposal, since "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." *Id.* The Commission stated that examples of tasks that implicate the ordinary business standard include "the management of the workforce, such as the hiring, promotion, and termination of employees, decisions on production quality and quantity, and the retention of suppliers." *Id.*

In 1976, the Commission stated that going forward it would interpret Rule 14a-8(i)(7)'s ordinary business standard as not allowing exclusion of proposals that relate to a company's ordinary business operations but "which have significant policy, economic or other implications inherent

in them.”² In SLB 14M, the Staff stated that, in reliance on and consistent with past Commission statements interpreting Rule 14a-8(i)(7), it would return to taking “a company-specific approach in evaluating significance, rather than focusing solely on whether a proposal raises a policy issue with broad societal impact.” SLB 14M further stated that the Staff’s analysis “will focus on whether the proposal deals with a matter relating to an individual company’s ordinary business operations or raises a policy issue that transcends the individual company’s ordinary business operations” and that the Staff will consider whether a proposal “focuses on a significant policy issue that has a sufficient nexus to a particular company.”

The second consideration is related to “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” 1998 Release, citing Exchange Act Release No. 12999 (Nov. 22, 1976). As stated in SLB 14M, “Unlike the first consideration, which looks to a proposal’s subject matter, the second consideration looks only to the degree to which a proposal seeks to micromanage.”

The Commission has stated that a proposal requesting the dissemination of a report is excludable under Rule 14a-8(i)(7) if the subject matter of the report addresses the ordinary business operations of the company. See Exchange Act Release No. 20091 (Aug. 16, 1983) (to avoid interpretations that “raise[] form over substance and render[] the provisions of [Rule 14a-8(i)(7)] largely a nullity . . . [h]enceforth, the staff will consider whether the subject matter of the special report . . . involves a matter of ordinary business; where it does, the proposal will be excludable under Rule 14a-8(c)(7)”). Moreover, in Staff Legal Bulletin No. 14E (Oct. 27, 2009) (“SLB 14E”), the Staff noted that if a proposal relates to management of risks or liabilities that a company faces as a result of its operations, the Staff will focus on the “subject matter to which the risk pertains or that gives rise to the risk” in making a decision regarding whether a proposal can be properly excluded pursuant to Rule 14a-8(i)(7). Pursuant to SLB 14E, the Staff has consistently concurred with exclusion of shareholder proposals under Rule 14a-8(i)(7) requesting written reports, including those requesting that the board of directors or some other party conduct an assessment of risks and issue a report, when the underlying subject matter of the risks and report relates to a company’s ordinary business operations. See, e.g., *McDonald’s Corp. (Accountability Board)* (avail. Mar. 28, 2025) (concurring with the exclusion of a proposal requesting “a food waste transparency report that discloses the types and quantities of food and beverages in its waste streams (including related disposal methods) and includes measurable, timebound food waste reduction targets”); *Bristol-Myers Squibb Co. (McRitchie)* (avail. Mar. 24, 2025) (concurring with exclusion of a proposal requesting that the board of directors issue a tax transparency report); *Exxon Mobil Corp. (Oxfam America)* (avail. Mar. 20, 2024) (concurring with the exclusion of a proposal requesting that the board issue a “transparency report” where the underlying subject matter of the report related to ordinary business matters); *Dollar Tree, Inc.* (avail. May 2, 2022) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal requesting a “report on risks to [the company’s] business strategy in the face of increasing labor market pressure” including how the company’s “forward-looking

² Exchange Act Release No. 12999 (Nov. 22, 1976). In 1997, the Commission referred to this interpretation as addressing “significant social policy” issues, and in the 1998 Release, the Commission reiterated this standard.

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strategy and incentives will enable competitive employment standards, including wages, benefits and employee safety”); *Johnson Controls, Inc.* (avail. Oct. 26, 1999) (“[where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7)”).

B. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Relates To The Company’s Litigation Strategy And The Conduct of Litigation To Which The Company Is A Party.

The Proposal may be excluded from the 2026 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal implicates the Company’s litigation strategy in pending litigation involving Company decisions that are the subject of the report requested in the Proposal and are specifically referenced in the Supporting Statement, and therefore seeks to interfere with the Company’s ordinary business operations. Specifically, the Proposal asks the Company to “prepare a transparency report on the costs and benefits of the [C]ompany’s decisions regarding its use of [CSAM] identifying software,” and the Supporting Statement criticizes certain alleged deficiencies with Communication Safety and the Company’s decisions *not* to pursue development of or implement other service offerings. The Supporting Statement further confirms that one of the costs to be addressed is “litigation around CSAM.” The publication of the requested report would implicate the Company’s legal defense in lawsuits challenging the Company’s past decisions to deploy Communication Safety and not to deploy CSAM-identifying software referenced in the Supporting Statement. Those decisions were challenged in a putative class-action lawsuit against the Company, captioned *Doe v. Apple, Inc.*, 24-cv-05107-EKL (N.D. Cal. Dec. 2, 2024). That lawsuit was dismissed, but additional claims were asserted against the Company in a putative class-action lawsuit captioned *Amy et al. v. Apple, Inc.*, 24-cv-08832-NW (N.D. Cal. May 2, 2025) (the “Pending Litigation”).³ In the Pending Litigation, the plaintiff claims that the Company’s past decisions to deploy Communication Safety and not to deploy CSAM-identifying software referenced in the Supporting Statement constitute defective product design, for which the plaintiffs assert the Company should be strictly liable. Notably, the Proposal does not relate to other technologies that the Company has deployed to help protect children online and to provide parents greater control over their children’s use of their devices (as discussed in the Background section of this letter), but focuses specifically on decisions regarding CSAM-identifying software, and thus addresses the Company’s decisions to deploy Communication Safety and not to use NeuralHash⁴ in iCloud Photos, choices that are the subject of the Pending Litigation.

³ See Am. Compl., *Amy et al. v. Apple, Inc.*, 24-cv-08832-NW (N.D. Cal. May 2, 2025) (the “Amy Complaint”). A copy of the Amy Complaint is attached to this letter as Exhibit B. On October 15, 2025, the court presiding over this case granted the Company’s motion to dismiss the Amy Complaint and granted the plaintiffs leave to amend as to three of the four claims asserted in the Amy Complaint. The case remains pending as of the date of this no-action request. A copy of the motion to dismiss decision is attached to this letter as Exhibit C.

⁴ “NeuralHash” is a perceptual hashing technology which Apple developed and separately proposed using as part of a hybrid client-server approach to CSAM detection for iCloud Photos, but subsequently determined not to use within iCloud Photos, after extensive consultation with child safety advocates, human rights organizations, privacy and security technologists, and academics.

1. Proposals Affecting Pending Litigation Are Excludable.

Every company's management has a responsibility to protect the company's and its shareholders' interests in responding to legal and investigative proceedings involving the company. A shareholder proposal that interferes with how a company discharges this obligation is inappropriate, particularly when the company is subject to pending litigation on the very issues that form the basis for the proposal. For that reason, the Staff has historically and often concurred with the exclusion under Rule 14a-8(i)(7) of shareholder proposals that implicate and seek to oversee a company's ordinary business operations, including when the subject matter of the proposal is the same as or similar to the subject matter of litigation in which a company is then involved. Most recently, in *Zevra Therapeutics, Inc. (Hohenstein)* (avail. Apr. 11, 2025), the proposal requested that the board initiate an external investigation into the board's conduct under the leadership of a specified chairmen concerning breaches of fiduciary duties. The company argued that the proposal "interfere[d] with management's responsibility to protect the company's interests against litigation," as it would require the company to investigate potential violations of state law, which "could therefore be the subject of litigation." The Staff concurred with exclusion of the proposal under Rule 14a-8(i)(7), noting that "the [p]roposal relates to the [c]ompany's ordinary business operations." See also *Amazon.com, Inc. (New York City Teachers' Retirement System et al.)* (avail. Apr. 7, 2021) (concurring with the exclusion of a proposal requesting a report on the adequacy of the company's efforts to reduce or mitigate health and safety risks from the COVID-19 pandemic while the company was involved in lawsuits alleging inadequate health and safety measures implemented in response to the COVID-19 pandemic); *Chevron Corp. (Sisters of St. Francis of Philadelphia et al.)* (avail. Mar. 30, 2021) (concurring with the exclusion of a proposal requesting a report analyzing how the company's policies and practices perpetuate racial injustice and inflict harm on communities of color while the company was involved in litigation seeking to hold the company liable for its alleged role in climate change and alleged resulting injuries, including the alleged harmful impacts of climate change on communities of color); *Walmart Inc.* (avail. Apr. 13, 2018) ("Walmart 2018") (concurring with the exclusion of a proposal requesting a report on risks associated with emerging public policies on the gender pay gap while the company was involved in numerous pending lawsuits regarding gender-based pay discrimination and related claims before the U.S. Equal Employment Opportunity Commission, as "affect[ing] the conduct of ongoing litigation relating to the subject matter of the [p]roposal to which the [c]ompany is a party"); *General Electric Co.* (avail. Feb. 3, 2016) (concurring with the exclusion of a proposal requesting a report assessing all potential sources of liability related to PCB discharges in the Hudson River while the company was defending multiple pending lawsuits related to its alleged past release of chemicals into the Hudson River); *Chevron Corp.* (avail. Mar. 19, 2013) (concurring with the exclusion of a proposal requesting that the company review its "legal initiatives against investors" because "[p]roposals that would affect the conduct of ongoing litigation to which the company is a party are generally excludable"); *AT&T Inc.* (avail. Feb. 9, 2007) (concurring with the exclusion of a proposal requesting that the company issue a report containing specified information regarding the alleged disclosure of customer records to governmental agencies, while the company was defending multiple pending lawsuits alleging unlawful acts related to such disclosures).

In addition, the Staff consistently has concurred with the exclusion under Rule 14a-8(i)(7) of shareholder proposals when the subject matter of the proposal is the same as or similar to a proceeding in which the company is then involved and when the implementation of the proposal might prejudice the company during an ongoing investigation or proceeding. For example, in *Baxter International Inc.* (avail. Feb. 20, 1992), the proposal requested the company's officers, officials, and employees to cooperate fully with a certain criminal investigation and specifically requested that the attorney-client privilege be waived with respect to any related matter under investigation by the U.S. Attorney's Office involving the company. In concurring with exclusion under Rule 14a-8(i)(7), the Staff particularly noted that "the [c]ompany is presently involved in litigation relating to the subject matter of the proposal and also that implementation of the proposal might prejudice the [c]ompany in an on-going government investigation of the matter." See also *Johnson & Johnson* (avail. Feb. 14, 2012) ("J&J 2012") (concurring with the exclusion of a proposal where implementation would have required the company to report on any new initiatives instituted to address the health and social welfare concerns of people harmed by one of its pharmaceutical products for which the company was litigating cases involving claims that individuals had been injured by such products, thereby taking a position contrary to the company's litigation strategy); *Reynolds American Inc.* (avail. Mar. 7, 2007) (concurring with the exclusion as relating to litigation strategy of a proposal requesting that the company provide information on the health hazards of secondhand smoke, including legal options available to minors to ensure their environments are smoke-free, where the company was currently litigating cases alleging injury as a result of exposure to secondhand smoke); *Exxon Mobil Corp.* (avail. Mar. 21, 2000) (concurring with the exclusion of a proposal requesting immediate payment of settlements associated with the Exxon Valdez oil spill as relating to litigation strategy and related decisions).

Consistent with the aforementioned precedents, the Proposal involves the same Company decisions as the Pending Litigation, and would directly interfere with how Company management discharges its obligations to protect the Company and shareholders' interests in the Pending Litigation.

2. Analysis Of The Pending Litigation.

The Proposal requests that the Company "report on the costs and benefits of the [C]ompany's decisions regarding its use of [CSAM] identifying software." In the Pending Litigation, the allegations (which the Company disputes) are premised on the Company's choices regarding use of CSAM identifying software, which include allegations regarding the Company's analysis of the costs and benefits of such decisions. Specifically, the Amy Complaint alleges that, when deciding which technologies and service offerings to deploy, "Apple could have utilized cost-effective, reasonably feasible alternative designs . . . including technology development and changes to facilitate the detection of known hashed CSAM" and that "[t]he risks inherent in the design of Defendant's products significantly outweigh any benefit of such design." See *id.* ¶¶ 250-251. In asserting those claims, the plaintiffs discuss the Company's choice of technologies and service offerings regarding CSAM-identifying software, including the

NeuralHash technology prominently addressed in the Supporting Statement.
 See *id.* ¶¶ 184-205.

The report requested in the Proposal, and the statements and assertions in the Supporting Statement, track the allegations and legal claims asserted in the Pending Litigation, as shown in the table below. As a result, the report requested by the Proposal would require the Company to address, outside of the carefully managed litigation process, many of the key assertions and theories that are at the center of pending litigation, thereby interfering with the Company’s legal strategies and decisions about how the Company is to defend itself in this lawsuit.

Proposal	Amy Complaint
<p>“Resolved: Shareholders request that Apple Inc. prepare a transparency report on the costs and benefits of the company’s decisions regarding its use of child sex abuse material (CSAM) identifying software.”</p>	<p>“Apple could have utilized cost-effective, reasonably feasible alternative designs . . . including technology development and changes to facilitate the detection of known hashed CSAM . . .” ¶ 251.</p> <p>“The risks inherent in the design of Defendant’s products significantly outweigh any benefit of such design.” ¶ 250.</p>
Supporting Statement	Amy Complaint
<p>“As the largest and most innovative tech company in the world, Apple is uniquely positioned to both defend user privacy and prevent victimization of at-risk populations.”</p>	<p>“Apple was in a superior position to control the risks of harm, ensure the safety of its products, ensure against defects, and spread the costs of any harm resulting from the defects.” ¶ 200.</p> <p>“Apple could have, but purposefully failed to, design its products to protect and avoid injury to victims of known hashed CSAM, such as Plaintiffs.” ¶ 196.</p>
<p>“And yet, the balance of privacy and safety at Apple has tilted in a concerning direction.”</p>	<p>“Apple consistently designs its products with the false choice of either privacy or known CSAM detection . . .” ¶ 99.</p> <p>“Apple avoided design changes that would have increased safety and reduced the injury to CSAM victims.” ¶ 199.</p>
<p>“Instances include Apple’s decision to reverse the implementation of NeuralHash, a program designed to scan for child sexual abuse material while maintaining user privacy, indicating to some that Apple’s willingness to prevent distribution of illegal, abusive content came second to its desire to protect users’ online privacy.”</p>	<p>“After Apple failed to implement NeuralHash or any other child safety features to detect known CSAM on Apple’s products, the Plaintiffs were injured because CSAM depicting them was received, possessed, and distributed using Apple products.” ¶ 167.</p> <p>“In 2024, Apple’s iOS 18.2 beta introduced new child safety features, Communication Safety, designed to detect and blur nude content using on-device machine learning.” “As currently designed, Communication Safety . . . does not scan or otherwise detect known hashed CSAM and was not designed for that purpose.” ¶¶ 213 & 216.</p>

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"Shareholders who care about both user privacy and child safety deserve further information on how Apple arrived at this decision."	"Plaintiffs and the public did not have, and could not have, as much knowledge as Apple about Apple's products and how they were defectively designed." ¶ 201.
"Apple still reportedly fails to block sexually explicit content from users under the age of twelve and does not default to censoring explicit content for teenage users on its messaging services."	"Apple's failure to implement any known CSAM detection is a design defect. Apple can safely implement readily available features to prevent the spread of Plaintiffs' known hashed CSAM but has continuously failed to do so." ¶ 204. "Apple's lack of any CSAM detection tool means Plaintiffs and members of the Proposed Class continue to be repeatedly re-victimized . . ." ¶ 217.
"Apple can do better . . ."	"Apple could have, but purposefully failed to, design its products to protect and avoid injury to victims of known hashed CSAM, such as Plaintiffs." ¶ 196.

By seeking to have the Company report on the "the costs and benefits of the [C]ompany's decisions regarding its use of [CSAM] identifying software," including hashing technology, the Proposal adopts the same posture, and reflects the same assertions and allegations, as the legal theories asserted in the Pending Litigation, including allegations regarding whether the benefits of the Company's choice of technologies and service offerings designed to help protect against CSAM outweigh the costs of those decisions. As such, the report requested in the Proposal would directly bear on the conduct of ongoing litigation to which the Company is a party, and therefore based on the precedents above is properly excludable.

The Proposal also interferes with the Company's ability to develop and pursue an appropriate litigation strategy, as reflected by the Supporting Statement's indication that the potential "costs and benefits" to be addressed in the requested report include an assessment of potential monetary liability claimed in "[l]awsuits surrounding online proliferation of CSAM [which] threaten billion-dollar damages at Apple." This requested assessment would implicate the Company's estimates of likelihood of success in the litigation, estimates of potential damages, and projections related to potential settlement ranges or budgets for ongoing legal expenses. A report on these matters would impair the Company's ability to manage and respond to the Pending Litigation by improperly disclosing these aspects of litigation strategy to opposing parties in the Pending Litigation.

The Proposal is analogous to the precedents above, including *Amazon.com*, *Walmart 2018*, and *General Electric*, where the Staff concurred that Rule 14a-8 should not be applied to require a company to issue a report when it would harm its legal defenses and impair management's ability to defend the company in pending litigation. Conversely, it is readily distinguishable from *PepsiCo, Inc.* (avail. Mar. 11, 2025), which involved a proposal requesting a report describing various ways the company could address flexible plastic packaging to reduce its contribution to plastic pollution, since here the Proposal addresses past Company decisions on design and choice of technology that the Company has deployed in current product and services offerings

to combat CSAM that are at the center of the Pending Litigation. Thus, similar to *Amazon.com*, *Walmart 2018*, and *General Electric*, the Proposal seeks to substitute the judgement of shareholders for that of Company management by requiring the Company to take action that undermines its litigation strategy and would harm its legal defenses in Pending Litigation.

We recognize that during the prior administration, the Staff took a different approach to reviewing the ordinary business standard under Rule 14a-8(i)(7) and was unable to concur with a series of proposals that implicated pending litigation in which a company was involved. *See, e.g., Target Corp. (National Center for Public Policy Research)* (avail. Apr. 19, 2024); *Sempra* (avail. Mar. 14, 2024); *Verizon Communications Inc. (Association of BellTel Retirees Inc.)* (avail. Mar. 14, 2024); *Dollar General Corp.* (avail. Mar. 31, 2023); *The Walt Disney Co. (Butterfield)* (avail. Jan. 19, 2022); *Alphabet Inc. (CtW Investment Group)* (avail. Apr. 16, 2021); *Amazon.com, Inc. (CtW Investment Group)* (avail. Apr. 9, 2021). Many of these determinations are difficult to reconcile with the Commission's and Staff's historic approach to applying Rule 14a-8(i)(7) and reflect an interpretive approach embodied in now-rescinded Staff Legal Bulletin 14L (Nov. 3, 2021),⁵ under which company-specific aspects of shareholder proposals were not taken into account, and instead an assessment was made as to whether a proposal raised "issues with a broad societal impact." However, as noted above, in SLB 14M, the Staff announced that going forward, determinations under Rule 14a-8(i)(7) as to whether a proposal implicates tasks that are so "fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight" will be "made on a case-by-case basis, taking into account factors such as the nature of the proposal and the circumstances of the company to which it is directed." Similar to the precedents cited above, in the Company's specific context, the report requested by the Proposal would bear on the Company's ability to defend itself and manage the day-to-day business implications of responding to pending litigation. The Proposal seeks to require that the Company issue a report outside of the context of a pending putative class action litigation that addresses the complex issues that are the subject of that litigation. These are issues that should not and cannot "as a practical matter, be subject to direct shareholder oversight."⁶

Moreover, the Proposal's statement that the requested report should "omit proprietary information, litigation strategy and legal compliance information" directly contradicts the Proposal's request that the report address "the costs and benefits of the [C]ompany's decisions" and thus does not prevent the Proposal from implicating the Company's ordinary business.

⁵ In *Deere & Co.* (avail. Dec. 29, 2023), the Staff concurred with exclusion of a proposal requesting a report "assessing the benefits and drawbacks of opposing Right to Repair regulation, as well as the financial and reputational risks associated with such opposition." The company argued that the proposal's requested report would require the company to "publicly evaluate and critique the reasonableness of the [c]ompany's current business practices that [were] the subject of ongoing litigation involving the [c]ompany" and would therefore interfere with the company's litigation strategy and impact the conduct of ongoing litigation. While the Staff concurred with exclusion of the proposal, it is possible that was not due to the pending litigation, but based on the determination that the subject matter of the requested report, involving "right to repair," did not raise an issue "with a broad societal impact," as the Staff noted its belief that the proposal "relates to, and does not transcend, ordinary business matters."

⁶ SLB 14M, at part C.2.

Similar language appeared in the proposals in both *Walmart 2018* (“The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.”) and *J&J 2012* (requesting that a report be prepared “at reasonable cost and excluding confidential or legally prejudicial information”), and yet the Staff concurred with exclusion of both proposals calling for information that was central to pending litigation. Similarly here, the language does not allow the Proposal to avoid exclusion under Rule 14a-8(i)(7) because the Proposal would nevertheless require the Company to generate a report that involves the very subject matters and legal issues being litigated in the Pending Litigation, and by its nature, would interfere with the Company’s legal strategy and defense. The Company’s management has a responsibility to defend the Company’s interests against unwarranted litigation, which it is committed to doing in this case. A shareholder proposal that interferes with this obligation is inappropriate, and as such, the Proposal is excludable under Rule 14a-8(i)(7) as it relates to the ordinary business of the Company.

C. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Relates To The Company’s Choice of Technology And Development Of Service Offerings.

As discussed above, the Proposal relates to the Company’s choice of technologies and decisions regarding development of particular service offerings deployed by the Company in its efforts to combat CSAM. This focus is demonstrated by both the wording of the Proposal, which addresses the Company’s decisions regarding a specific technology (“use of [CSAM] identifying software”), and the Supporting Statement, which addresses “Apple’s decision to reverse the implementation of NeuralHash.”

Determining which technologies and services to employ in furthering detection and deterrence of CSAM within the Company’s offerings involves management considerations of complex factors, such as the impacts of such technology on users’ data security and privacy, the reliability of various technologies, the potential for misuse or reconfiguration of technologies, legal and compliance considerations, and the potential impacts of such programs on customer relations and brand reputation, among many others. In fact, as set forth in Exhibit D to this letter, the Company has already stated in an open letter that these considerations supported its determination not to pursue development and implementation of the NeuralHash CSAM-identifying software within iCloud Photos. In determining which technologies to deploy, the Company consulted extensively with child safety advocates, human rights organizations, privacy and security technologists, and academics and concluded it was not practically possible to implement the NeuralHash program within iCloud Photos without ultimately imperiling the security and privacy of those using the Company’s products and services. Instead, the Company has developed a number of innovative technologies, such as its Communication Safety feature discussed above, which help protect children online, and do so in a privacy-protecting way.

Decisions regarding which technologies to deploy to address a particular situation are exactly the type of management decisions that are not appropriate for shareholder oversight through the shareholder proposal process. For example, the Staff recently concurred that proposals that concern a company’s choice of technologies for use in its operations are generally excludable

under Rule 14a-8(i)(7) as related to ordinary business matters. In that recent no-action letter, *MSCI Inc.* (avail. Mar. 6, 2025), the proposal requested that the company remove anti-Israel bias from its ESG ratings criteria. The company argued that “[d]etermining which technologies to employ in developing the Ratings Product methodology involve[d] management considerations of complex factors, including balancing efficiency and quality tradeoffs (e.g., speed versus accuracy and automation versus manual processes), cost versus reliability, and decisions relating to data infrastructure (data centers versus cloud computing and internal versus third-party hosting) and software (open source versus proprietary code).” The Staff concurred with the company’s view and permitted exclusion of the proposal under Rule 14a-8(i)(7), stating that “[i]n our view, the [p]roposal relates to the [c]ompany’s ordinary business operations.” Similarly, in *FirstEnergy Corp.* (avail. Mar. 8, 2013), the proposal requested that the company report on actions it was taking or could take to “diversify[] the [c]ompany’s energy resources to include increased energy efficiency and renewable energy sources.” The Staff concurred with exclusion of the proposal under Rule 14a-8(i)(7), stating, “[p]roposals that concern a company’s choice of technologies for use in its operations are generally excludable under rule 14a-8(i)(7).” See also *AT&T Inc.* (avail. Jan. 4, 2017) (concurring with exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the company’s progress toward providing Internet service and products for low-income customers); *PG&E Corp.* (avail. Mar. 10, 2014) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal advocating that the company make analog electrical meters available instead of “smart” meters); *AT&T Inc.* (avail. Feb. 13, 2012) (concurring with exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on financial and reputational risks posed by continuing to use technology that inefficiently consumed electricity); *CSX Corp.* (avail. Jan. 24, 2011) (concurring with the exclusion of a proposal requesting that the company develop a kit to convert its fleet to fuel cell power, noting that “[p]roposals that concern a company’s choice of technologies for use in its operations are generally excludable under rule 14a-8(i)(7)”).

The Staff’s recent decision in *MSCI* demonstrates that when the subject matter of a report requested by a proposal implicates a company’s choice of technology, the proposal relates to the company’s ordinary business operations. *MSCI* is consistent with similar well-established precedents establishing that shareholder proposals relating to the development of product or service offerings, including the choices implicated therein, are also excludable as relating to a company’s ordinary business operations. For instance, in *Tesla, Inc. (Stephen)* (avail. May 6, 2025), the Staff concurred with the exclusion under Rule 14a-8(i)(7) of a proposal when the subject matter of the proposal related to “implementing a sustainable tire solution.” Similarly, in *The Coca-Cola Co.* (avail. Mar. 6, 2024), the Staff concurred with the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company “move toward more healthy products.” There, the company argued that the proposal “[sought] to steer the direction of the Company’s product portfolio,” implicating the company’s routine business decisions in its approach to its product lines. See also *Ball Corp.* (avail. Feb. 4, 2016) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company issue a report on the company’s policies, actions and plans to reduce BPA use in its products, noting that “[i]n this regard . . . the proposal relates to Ball’s product development”); *Mondelēz International, Inc.* (avail. Feb. 23, 2016) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company report on its use of nanomaterials in its products or packaging,

noting that “the proposal relates to Mondelēz’s product development”); *DENTSPLY International Inc.* (avail. Mar. 21, 2013) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the company’s policies and plans for phasing out mercury from its products, stating that “we note that the proposal relates to DENTSPLY’s product development. Proposals concerning product development are generally excludable under rule 14a-8(i)(7)”).

The Supporting Statement indicates that the goal of the Proposal is to have the Company explain, in terms of costs and benefits, the Company’s business decision on whether to use a particular approach to try to combat CSAM, asserting that “scandals and litigation around CSAM pose a significant threat to [C]ompany brand value.” However, like in *MSCI*, weighing these and other risks and considerations, including impacts on users’ data security and privacy, reliability, and the potential for misuse, to determine how to address an issue is inherently the type of routine business determination that Rule 14a-8(i)(7) was intended to address. Choices on the use of technology that a company deploys in its business cannot, in the words of the 1998 Release, “as a practical matter, be subject to direct shareholder oversight.” Just as in *MSCI*, where the proposal implicated “management considerations of complex factors, including . . . tradeoffs . . . [and] costs,” here it is not appropriate for a proposal to seek to second-guess decisions regarding technologies and service offerings the Company has determined to deploy to help combat CSAM. Because the subject matter of the requested report addresses the Company’s choice of technologies and product development decisions, the Proposal is excludable under Rule 14a-8(i)(7).

D. The Proposal Does Not Focus On A Significant Policy Issue That Transcends The Company’s Ordinary Business Operations.

The Proposal focuses on the Company’s choice of technologies and decisions regarding the development of particular service offerings deployed by the Company in its efforts to combat CSAM, which are the same subject matters and legal issues being litigated by the Company in the pending putative class action lawsuit. SLB 14M, citing Commission statements in the 1998 Release, states that “proposals relating to [ordinary business] matters but focusing on a significant policy issue generally are not excludable under the first consideration ‘because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.’” SLB 14M also reaffirms the Commission’s past statement that the determination as to whether a proposal deals with a matter relating to a company’s ordinary business operations is “made on a case-by-case basis, taking into account factors such as the nature of the proposal and the circumstances of the company to which it is directed.” *Id.* In this regard, when assessing proposals under Rule 14a-8(i)(7), the Staff considers “both the proposal and the supporting statement as a whole.” See Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005).

Moreover, as Staff precedents have established, the fact that a proposal may touch upon topics that implicate significant policy issues, or takes such issues as its starting point, does not transform an otherwise ordinary business proposal into one that transcends ordinary business when the proposal does not otherwise focus on those topics. For example, in *Walmart Inc.*

(avail. Mar. 6, 2020), the Staff concurred with the exclusion under Rule 14a-8(i)(7) of a proposal requesting a report “on the use of contractual provisions requiring employees of Walmart to arbitrate employment-related claims” where the proposal’s supporting statement raised issues including discrimination, sexual harassment, and wage theft. Although the proposal arose from concerns relating to those significant policy issues, the proposal’s invocation of such issues was insufficient to preclude exclusion given the proposal’s focus on the company’s management of its workforce. Similarly, in *Walmart Inc.* (avail. Apr. 8, 2019), the Staff concurred with the exclusion of a proposal requesting a report evaluating the risk of discrimination that may result from the company’s policies and practices for hourly workers taking absences from work for personal or family illness because it related “generally to the [c]ompany’s management of its workforce, and [did] not focus on an issue that transcends ordinary business matters.” See *PetSmart, Inc.* (avail. Mar. 24, 2011) (concurring with exclusion under Rule 14a-8(i)(7), with the Staff stating, “[a]lthough the humane treatment of animals is a significant policy issue, we note your view that the scope of the laws covered by the proposal is ‘fairly broad in nature from serious violations such as animal abuse to violations of administrative matters such as record keeping”).

Here as well, the Proposal does not transcend the Company’s day-to-day business matters. Instead, both the Proposal and Supporting Statement are focused on management’s decisions regarding its choice of technology, which has been recognized by the Staff as “fundamental to management’s ability to run a company on a day-to-day basis.” See *MSCI*. As such, the Proponent’s references to broader privacy, dignity, or respect issues are insufficient to make the Proposal “transcend the day-to-day business matters.”

Moreover, SLB 14M confirmed that, in analyzing the significance of a proposal to a company, the Staff applies “a company-specific approach . . . rather than focusing solely on whether a proposal raises a policy issue with broad societal impact or whether particular issues or categories of issues are universally ‘significant.’” As such, the potential significance of a policy issue raised in a proposal can be affected by differences between the proposal’s specific request and the actions a company has already taken, and whether any such differences raise a significant policy issue that transcends the individual company’s ordinary business operations. Here, the differences between the Proposal’s specific request and the actions the Company has already taken do not raise significant policy concerns that transcend the Company’s day-to-day business matters, and neither the Proposal nor the Supporting Statement demonstrates that the Proposal otherwise transcends the Company’s ordinary business operations. As discussed above, the Company has already publicly reported, as set forth in Exhibit D to this letter, that the Company’s determination not to pursue the development and implementation of NeuralHash CSAM-identifying software within iCloud Photos was supported by considerations regarding users’ data security and privacy, the reliability of various technologies, the potential for misuse or reconfiguration of technologies, legal and compliance considerations, and the potential impacts on customer relations and brand reputation. In determining which technologies to deploy, the Company consulted extensively with child safety advocates, human rights organizations, privacy and security technologists, and academics, and concluded it was not practically possible to implement the NeuralHash program within iCloud Photos without ultimately imperiling the security and privacy of those using the Company’s products and

services. Instead, the Company has developed a number of innovative technologies, such as its Communication Safety feature, which help protect children online, and do so in a privacy-protecting way. Accordingly, the Company's existing practices and disclosures have diminished any potential significance of the Proposal. Instead of raising a significant policy issue that transcends the Company's ordinary business, the Proposal is focused on how the Company has chosen to address that issue.

We recognize that the Staff was unable to concur with the exclusion of a similar proposal received by the Company last year. See *Apple Inc. (American Family Association)* (avail. Jan. 2, 2025). In its response, the Staff noted that in its view, the proposal "transcends ordinary business matters." As discussed above, SLB 14L, which was in effect at the time of the Staff's decision in *Apple*, provided guidance that the Staff would "focus on the social policy significance of the issue that [was] the subject of the shareholder proposal" and would "no longer [be] taking a company-specific approach to evaluating the significance of a policy issue under Rule 14a-8(i)(7)." However, SLB 14M rescinded that guidance in SLB 14L and clarified that the Staff would return to the Commission's and Staff's historic practice of taking "a company-specific approach in evaluating significance, rather than focusing solely on whether a proposal raises a policy issue with broad societal impact." As such, even though the Proposal addresses the same subject matter as last year's proposal, it does not raise a transcendent policy issue with respect to the Company itself for the reasons described above. Accordingly, the Proposal's request does not transcend the Company's ordinary business operations to focus on a significant policy issue on which it is appropriate for shareholders to vote. See e.g., *PayPal Holdings, Inc. (American Family Association)* (avail. Apr. 15, 2025) (concurring with the exclusion of a proposal requesting a report on the oversight of risks related to surveilling or monitoring customers based on their political or religious status, views, or activities, and how such viewpoint discrimination impacts individuals' exercise of their constitutionally protected civil rights); *American Express Co. (GuideStone Funds Equity Index Fund)* (avail. Mar. 12, 2025) (concurring with the exclusion of a proposal requesting a report on how the company oversees risks related to discrimination against customers based on their religion, where the company argued that the "overarching concern is with the [c]ompany's ordinary business decisions with respect to customer relationships and the provision of services").

E. The Proposal Is Excludable Because It Seeks To Micromanage The Company.

As explained above, the Commission stated in the 1998 Release that one of the considerations underlying the ordinary business exclusion is "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." The 1998 Release further states that "[t]his consideration may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies." In Part C.2 of Staff Legal Bulletin No. 14J (Oct. 23, 2018), reinstated by SLB 14M, the Staff explained that "[u]nlike the first consideration [of the ordinary business exclusion], which looks to a proposal's subject matter, the second consideration looks only to the degree to which a proposal seeks to micromanage. Thus, a proposal that may not be excludable under the first consideration may be excludable

under the second if it micromanages the company.” The Staff reaffirmed this position in SLB 14M, stating “[the second] prong of the Rule 14a-8(i)(7) analysis [addressing micromanagement] rests on an evaluation of the manner in which a proposal seeks to address the subject matter raised, rather than the subject matter itself” (quoting Staff Legal Bulletin No. 14K, part B.4 (Oct. 16, 2019) (“SLB 14K”). In Part B.4 of SLB 14K, reinstated by SLB 14M, the Staff further clarified that “a proposal, regardless of its precatory nature, that prescribes specific timeframes or methods for implementing complex policies . . . may be viewed as micromanaging the company.” Moreover, “the precatory nature of a proposal does not bear on the degree to which a proposal micromanages.”

As explained in Part B.4 of SLB 14K, under the micromanagement prong of Rule 14a-8(i)(7), the Staff evaluates whether the proposal imposes a specific strategy, method, action, outcome, or timeline for addressing an issue, thereby supplanting the judgment of management and the board. Thus, in assessing whether a proposal seeks to micromanage a company’s ordinary business operations, the Staff considers not just the wording of the proposal but also the action called for by the proposal and the manner in which the action called for under a proposal would affect a company’s activities and management discretion. See *Deere & Co.* (avail. Jan. 3, 2022) (“Deere 2022”) and *The Coca-Cola Co.* (avail. Feb. 16, 2022), each of which involved a broadly phrased request but required detailed and intrusive actions to implement.

As a result, where proposals request a report, but ultimately seek to micromanage the company by directing decisions and actions that limit the judgment and discretion of the board and management, the Staff has repeatedly concurred that the proposals are excludable under Rule 14a-8(i)(7) because they seek to micromanage the companies. For example, in *AT&T Inc.* (avail. Mar. 24, 2025), the Staff concurred that a proposal requesting an independent study and report “to demonstrate that the Company has assessed all potential hazards related to lead-sheathed cables” could be excluded because it sought to micromanage the company. There, the company argued that the proposal “would also significantly micromanage the [c]ompany’s determinations about the nature and extent of its obligations with respect to its lead-clad cables, which involve both the day-to-day operational decisions of management as well as ongoing coordination with the EPA and other legal and regulatory bodies.” Similarly, in *The Home Depot, Inc. (Green Century Capital Management, Inc.)* (avail. Mar. 21, 2024), the company received a proposal requesting the issuance of a report assessing the benefits and drawbacks of permanently committing not to sell paint containing titanium dioxide sourced from the Okefenokee Swamp. The company argued that although phrased as a request for a report, the proposal was seeking a commitment from the company to avoid sourcing titanium dioxide from the Okefenokee Swamp and sought to micromanage the company by seeking to impose specific methods for implementing complex policies, “namely by overriding management’s discretion with regard to the products the [c]ompany offers for sale.” Likewise, the Staff has concurred with exclusion of proposals that seek to micromanage a company’s decisions regarding specific aspects of their ordinary business operations. For example, in *Deere 2022*, the Staff concurred with the exclusion under the micromanagement prong of Rule 14a-8(i)(7) of a proposal requesting that the company’s board publish “the written and oral content of any employee-training materials offered to any subset of the company’s employees” where the supporting statement focused on the company’s diversity, equity, and inclusion efforts. In its

no-action request, the company argued that the proposal “intend[ed] for shareholders to step into the shoes of management and oversee the ‘reputational, legal and financial’ risks to the [c]ompany” and thus did not “afford[] management sufficient flexibility or discretion to address and implement its policy regarding the complex matter of diversity, equality, and inclusion.”

The Proposal is more than a request for a report, as revealed by the Supporting Statement’s references to “the implementation of NeuralHash” and “censoring explicit content for teenage users on its messaging services.” Instead, by requesting that the Company “report on the costs and benefits of the [C]ompany’s decisions regarding its use of [CSAM] identifying software,” the Proposal seeks to interject shareholders into multi-faceted business determinations and evaluations regarding whether to use a particular technology to address a complex and nuanced issue. As discussed above, the Company carefully evaluates which technologies to deploy to help protect children online, taking into account important considerations such as safety and privacy, and it intends to continue working collaboratively with child safety organizations, technologists, and governments on enduring solutions that help protect the most vulnerable members of our society, while avoiding broad-based monitoring and surveillance which could imperil users’ security and privacy. These evaluations, on which the Company consulted a wide range of experts, require judgments and considerations that draw on management’s day-to-day business experience and assessment of numerous possible alternative technologies and numerous possible consequences and impacts. By focusing on only certain decisions and certain technologies, the Proposal unduly seeks to limit how management addresses complex and nuanced issues. The Proposal is therefore similar to the shareholder proposals in *AT&T* and *The Home Depot*, in which each proposal’s requested report would have had the effect of having shareholders step into the shoes of management to address and implement complex decisions. Thus, the Proposal properly may be omitted pursuant to Rule 14a-8(i)(7) because it seeks to micromanage the Company and probes too deeply into matters of a complex nature which shareholders, as a group, would not be in a position to solve at an annual meeting.

CONCLUSION

The Proposal requests a report on the costs and benefits of the Company’s choice of technology in its efforts to combat CSAM, which inappropriately prejudices the conduct of the Pending Litigation and implicates day-to-day business choices regarding the deployment of technology. Moreover, the Proposal may be omitted pursuant to Rule 14a-8(i)(7) because it seeks to micromanage the Company by probing too deeply into complex matters upon which shareholders as a group would not be in an appropriate position to assess. Accordingly, we respectfully request that the Staff concur that the Proposal may be excluded from the Company’s 2026 Proxy Materials pursuant to Rule 14a-8(i)(7).

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent

GIBSON DUNN

Office of Chief Counsel
Division of Corporation Finance
October 20, 2025
Page 19

to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (202) 955-8671.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ronald O. Mueller".

Ronald O. Mueller

Enclosures

cc: Walter Billingsley, American Family Association
Jerry Bowyer, Bowyer Research
Susan Bowyer, Bowyer Research

EXHIBIT A



BOWYER
RESEARCH

September 11, 2025

Corporate Secretary – Apple Inc.
shareholderproposal@apple.com

Re: Report on Costs and Benefits of Child Sex Abuse Material-Identifying Software & User Privacy

Dear Secretary,

I hereby submit the enclosed shareholder proposal (“Proposal”) for inclusion in the Apple, Inc. (the “Company”) 2026 proxy statement to be circulated to Company shareholders in conjunction with the Company’s 2026 annual meeting of shareholders. The Proposal is submitted under Rule 14a-8 (Proposals of Security Holders) of the United States Securities and Exchange Commission’s proxy regulations. The resolution at issue relates to the subject described below.

Proponent: American Family Association (AFA)

Company: Apple, Inc.

Subject: Report on Costs and Benefits of Child Sex Abuse Material-Identifying Software & User Privacy

I submit the Proposal on behalf of, and with the permission of, American Family Association, which has continuously owned more than \$25,000 worth of Apple securities for more than 1 year, and intends to continue holding the requisite amount of Company shares through the date of the Company’s 2026 Annual Meeting of Shareholders. A letter from American Family Association authorizing us to submit this proposal on their behalf is enclosed. Also enclosed find an offer of times to discuss the proposal. We respectfully ask the company to join us in good-faith negotiations towards a withdrawal before expending shareholder resources and valuable SEC staff time in the no-action process.

A Proof of Ownership letter attesting to the Shareholder’s ownership of the shares as of the date of this proposal’s submission is forthcoming. Copies of correspondence or any request for a “no-action” letter may be sent to Jerry Bowyer, Bowyer Research, [REDACTED] or emailed to me at [REDACTED] copying [REDACTED]

Sincerely,

Jerry Bowyer
Bowyer Research

9/10/2025

Corporate Secretary - Apple
One Apple Park Way, MS: 927-4GC
Cupertino, CA 95014
shareholderproposal@apple.com

Re: Report on Costs and Benefits of Child Sex Abuse Material-Identifying Software & User Privacy

Dear Secretary,

In accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934, the undersigned (“Proponent”) authorizes Bowyer Research, Inc. to file a shareholder proposal on the Proponent’s behalf with Apple, Inc (“the Company”) for inclusion in the Company’s 2026 proxy statement. The proposal at issue relates to the subject described below.

Proponent: American Family Association (AFA)
Company: Apple, Inc
Subject: Report on Costs and Benefits of Child Sex Abuse Material-Identifying Software & User Privacy

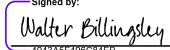
The Proponent gives Bowyer Research, Inc. the authority to address, on AFA’s behalf, any and all aspects of the shareholder proposal, including drafting and editing the proposal, representing the Proponent in engagements with Apple, entering into any agreement with the Company, and designating another entity as lead filer and representative of the Proponent. AFA understands that the Proponent’s name may appear on the company’s proxy statement as the filer of the aforementioned proposal, and that the media may mention the Proponent’s name in relation to the proposal. The Proponent supports this proposal and authorizes Bowyer Research to write a more detailed statement of support of the proposal on AFA’s behalf.

American Family Association (the “Proponent”) has continuously owned more than \$25,000 worth of Apple securities for more than a year and intends to continue holding the requisite amount of Company shares through the date of the Company’s 2026 Annual Meeting of Shareholders. Pursuant to interpretations of Rule 14a-8 by the U.S. Securities and Exchange Commission staff, I initially propose the following times for a telephone conference to discuss this proposal:

September 30, 2025 at 10AM ET OR October 7, 2025 at 10AM ET

If these times don’t work, feel free to suggest alternatives. We aim to negotiate a withdrawal by addressing these concerns while minimizing resource use for shareholders, the company, and SEC staff. Feel free to contact me at [REDACTED], copying [REDACTED] and [REDACTED], so that we can determine the mode and method of that discussion.

Sincerely,

Signed by:

4543ASF49EC84EB

Walter Billingsley
Chief Financial Officer, AFA (Proponent)

Report on Costs and Benefits of Child Sex Abuse Material-Identifying Software & User Privacy

Whereas: In Apple’s Human Rights Policy¹, the company asserts that “we believe in the power of technology to empower and connect people around the world—and that business can and should be a force for good.” As the largest and most innovative tech company in the world, Apple is uniquely positioned to both defend user privacy and prevent victimization of at-risk populations.

And yet, the balance of privacy and safety at Apple has tilted in a concerning direction. In early 2024, Apple was named² to the National Center on Sexual Exploitation’s ‘Dirty Dozen’ list for the second year in a row, a record of the biggest companies engaged in facilitation and enabling sexual abuse and exploitation. Instances include Apple’s decision to reverse the implementation of NeuralHash, a program designed to scan for child sexual abuse material while maintaining user privacy, indicating to some that Apple’s willingness to prevent distribution of illegal, abusive content came second to its desire to protect users’ online privacy. Shareholders who care about both user privacy and child safety deserve further information on how Apple arrived at this decision.

Outside of NeuralHash, Apple still reportedly fails³ to block sexually explicit content from users under the age of twelve and does not default to censoring explicit content for teenage users on its messaging services. The App Store also recommends⁴ content rated above an account user’s entered age, a practice that exposes underage users to sexually explicit content. This inaction is impossible to reconcile with Apple’s stated commitments to “treating everyone with dignity and respect” and its business model as a “force for good.”

This is more than a moral point — it’s a significant liability for Apple. Apple is arguably the most valuable brand on earth, estimated⁵ at over \$1 trillion, a massive proportion of its more than \$3 trillion market value⁶. This makes Apple a brand built on trust, and

¹ <https://www.apple.com/compliance/pdfs/Apple-Human-Rights-Policy.pdf>

² <https://endsexualexploitation.org/apple/>

³ <https://www.wired.com/story/apple-csam-scanning-heat-initiative-letter/#:~:text=Today%2C%20in%20a%20rare%20move,collectively%20as%20Communication%20Safety%20features.>

⁴ <https://protectchildren.ca/en/resources-research/app-age-ratings-report/>

⁵ <https://fortune.com/2025/05/16/apple-worlds-most-valuable-brand-2025/>

⁶ <https://finance.yahoo.com/quote/AAPL/>

therefore more vulnerable to public scandal. Lawsuits⁷ surrounding online proliferation of CSAM threaten billion-dollar damages at Apple. Further scandals and litigation around CSAM pose a significant threat to company brand value.

If a company's corporate philosophy on human rights allows the sexualization of innocent children to fall through the cracks, this belies either a lack of meaningful commitment to those rights, or an inability to effectively protect them. Apple can do better—and create a world where “think different” means being the industry gold standard when it comes to protecting the most innocent among us.

Resolved: Shareholders request that Apple Inc. prepare a transparency report on the costs and benefits of the company's decisions regarding its use of child sex abuse material (CSAM) identifying software. This report shall be made publicly available to the company's shareholders on the company's website, be prepared at a reasonable cost, and omit proprietary information, litigation strategy and legal compliance information.

⁷ <https://arstechnica.com/tech-policy/2024/12/thousands-of-child-sex-abuse-victims-sue-apple-for-lax-csam-reporting/>

GIBSON DUNN

EXHIBIT C

(Redacted Version As Reflected in Court Records)

EXHIBIT D

Apple Response:

August 31, 2023

Ms. Sarah Gardner
CEO, Heat Initiative

Dear Ms. Gardner, Thank you for your recent letter inquiring about the ways Apple helps keep children safe. We're grateful for the tireless efforts of the child safety community and believe that there is much good that we can do by working together. Child sexual abuse material is abhorrent and we are committed to breaking the chain of coercion and influence that makes children susceptible to it. We're proud of the contributions we have made so far and intend to continue working collaboratively with child safety organizations, technologists, and governments on enduring solutions that help protect the most vulnerable members of our society.

Our goal has been and always will be to create technology that empowers and enriches people's lives, while helping them stay safe. With respect to helping kids stay safe, we have made meaningful contributions toward this goal by developing a number of innovative technologies. We have deepened our commitment to the Communication Safety feature that we first made available in December 2021. Communication Safety is designed to intervene and offer helpful resources to children when they receive or attempt to send messages that contain nudity. The goal is to disrupt grooming of children by making it harder for predators to normalize this behavior.

In our latest releases, we've expanded the feature to more easily and more broadly protect children. First, the feature is on by default for all child accounts. Second, it is expanded to also cover video content in addition to still images. And we have expanded these protections in more areas across the system including AirDrop, the Photo picker, FaceTime messages, and Contact Posters in the Phone app. In addition, a new Sensitive Content Warning feature helps all users avoid seeing unwanted nude images and videos when receiving them in Messages, an AirDrop, a FaceTime video message, and the Phone app when receiving a Contact Poster. To expand these protections beyond our built-in capabilities, we have also made them available to third parties. Developers of communication apps are actively incorporating this advanced technology into their products. These features all use privacy-preserving technology — all image and video processing occurs on device, meaning Apple does not get access to the content. We intend to continue investing in these kinds of innovative technologies because we believe it's the right thing to do.

As you note, we decided to not proceed with the proposal for a hybrid client-server approach to CSAM detection for iCloud Photos from a few years ago, for a number of good reasons. After having consulted extensively with child safety advocates, human rights organizations, privacy and security technologists, and academics, and having considered scanning technology from

virtually every angle, we concluded it was not practically possible to implement without ultimately imperiling the security and privacy of our users.

Scanning of personal data in the cloud is regularly used by companies to monetize the information of their users. While some companies have justified those practices, we've chosen a very different path — one that prioritizes the security and privacy of our users. Scanning every user's privately stored iCloud content would in our estimation pose serious unintended consequences for our users. Threats to user data are undeniably growing — globally the total number of data breaches more than tripled between 2013 and 2021, exposing 1.1 billion personal records in 2021 alone. As threats become increasingly sophisticated, we are committed to providing our users with the best data security in the world, and we constantly identify and mitigate emerging threats to users' personal data, on device and in the cloud. Scanning every user's privately stored iCloud data would create new threat vectors for data thieves to find and exploit.

It would also inject the potential for a slippery slope of unintended consequences. Scanning for one type of content, for instance, opens the door for bulk surveillance and could create a desire to search other encrypted messaging systems across content types (such as images, videos, text, or audio) and content categories. How can users be assured that a tool for one type of surveillance has not been reconfigured to surveil for other content such as political activity or religious persecution? Tools of mass surveillance have widespread negative implications for freedom of speech and, by extension, democracy as a whole. Also, designing this technology for one government could require applications for other countries across new data types.

Scanning systems are also not foolproof and there is documented evidence from other platforms that innocent parties have been swept into dystopian dragnets that have made them victims when they have done nothing more than share perfectly normal and appropriate pictures of their babies.

We firmly believe that there is much good that we can do when we work together and collaboratively. As we have done in the past, we would be happy to meet with you to continue our conversation about these important issues and how to balance the different equities we have outlined above. We remain interested, for instance, in working with the child safety community on efforts like finding ways we can help streamline user reports to law enforcement, growing the adoption of child safety tools, and developing new shared resources between companies to fight grooming and exploitation. We look forward to continuing the discussion.

Sincerely, Erik Neuenschwander Director, User Privacy and Child Safety

November 4, 2025

VIA ONLINE PORTAL SUBMISSION

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: *Apple Inc.*
Shareholder Proposal of American Family Association
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

In a letter dated October 20, 2025 (the “No Action Request”), we requested that the staff of the Division of Corporation Finance concur that our client, Apple Inc. (the “Company”), could exclude from its proxy statement and form of proxy for its 2026 Annual Meeting of Shareholders a shareholder proposal (the “Proposal”) and statement in support thereof submitted by Bowyer Research (the “Representative”) on behalf of American Family Association (the “Proponent”). The Representative has withdrawn the Proposal on behalf of Proponent. In reliance thereon, we hereby withdraw the No-Action Request.

Please do not hesitate to call me at (202) 955-8671 if you have any questions.

Sincerely,



Ronald O. Mueller

cc: Walter Billingsley, American Family Association
Jerry Bowyer, Bowyer Research
Susan Bowyer, Bowyer Research