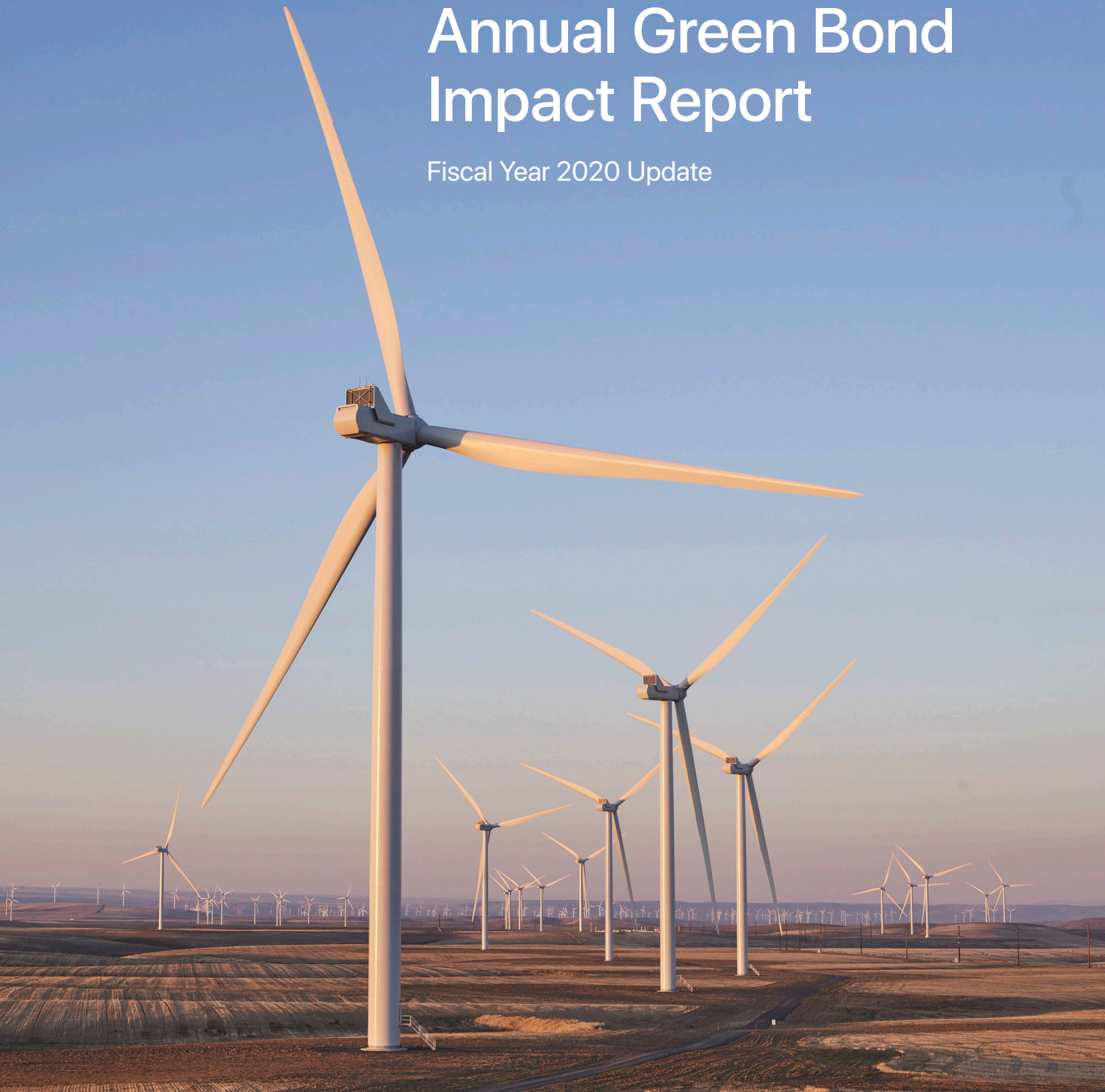




# Annual Green Bond Impact Report

Fiscal Year 2020 Update



Since 2018, Apple sources all of the electricity for its facilities from 100 percent renewable energy. The Montague Wind Farm in Oregon is one of Apple's largest projects at 200 megawatts and powers Apple's Prineville data center.

# Apple's Green Bonds

Apple is committed to leaving the world better than we found it, and that commitment is considered in everything we do—from how we design our products to the processes we use to make and recycle them. We believe it's more important than ever that companies like Apple continue to demonstrate leadership in protecting our planet.

Since the historic climate change agreement at the 2015 United Nations Climate Change Conference (COP21) in Paris, we have sought to demonstrate how businesses can lead in driving the reduction of global emissions. Our green bonds have been an important tool for Apple to demonstrate exactly that leadership, with our first \$1.5 billion green bond issued in February 2016. In June 2017, following the then-current U.S. Administration's announcement of its intention to withdraw from the agreement reached at COP21, we issued our second green bond, this time for \$1 billion. Both of these green bonds are fully allocated.

In November 2019, we proceeded with our third green bond, and our first in Europe—a €2 billion (approximately \$2.2 billion) offering of two series of green bonds (the "2019 Green Bond") dedicated to global initiatives that address Apple's carbon footprint. The 2019 Green Bond will support Apple's ambitious goal to reach carbon neutrality across our entire carbon footprint, including the full product life cycle, by 2030. Our goal is to reduce emissions by 75 percent by 2030, compared with 2015 levels, through product design and engineering, energy efficiency, renewable energy, and direct emissions abatement. We then plan to address residual emissions that are not otherwise avoidable today by investing in carbon removal solutions. Our dedication to this work was reflected again in our CEO's call for a carbon neutral economy at the United Nations' Climate Ambition Summit. This year's annual impact report covers the allocation of Apple's 2019 Green Bond proceeds to environmental projects that incurred spend between September 29, 2019, and September 26, 2020—Apple's 2020 fiscal year.

# Project Selection and Benefits

Green bond proceeds are intended to support the execution of Apple's 2030 carbon neutrality roadmap. Our Environment, Policy and Social Initiatives team leads an annual evaluation and project selection process to identify projects eligible for green bond proceeds. The final allocation of net proceeds to eligible projects is determined by our vice president of Environment, Policy and Social Initiatives based on each project's alignment with the 2030 carbon neutrality roadmap and projected ability to reduce greenhouse gas emissions across Apple's value chain.<sup>1</sup> All of the selected projects meet at least one of the following 2019 Green Bond eligibility criteria:

- "Low carbon" design and engineering
- Energy efficiency
- Renewable energy
- Carbon mitigation
- Carbon sequestration

Apple funded a variety of project types across the eligible categories, ranging from operational projects with immediate direct environmental benefits, to capacity building projects that enable suppliers to achieve environmental benefits, as well as research and development that will unlock future environmental benefits once scaled. For projects with a direct benefit, we've used the expected lifetime of the project and the total estimated carbon emissions reductions we expect to achieve to quantify annualized emissions reductions for the project (that is, average emissions reductions each year). We've also quantified renewable energy capacity and average annual generation based on the terms of our power purchase agreements and generation models provided by project developers.

# Fiscal Year 2020 Green Bond Allocation

## Projects

17

**\$329.6 million**

(~15% allocated)

## By Eligibility Category (in millions)<sup>2</sup>



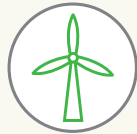
**\$12.96**

Low-carbon design  
and engineering



**\$1.14**

Energy  
efficiency



**\$310.01**

Renewable  
energy



**\$2.00**

Carbon  
mitigation



**\$3.50**

Carbon  
sequestration

## Projected Environmental Benefits<sup>3</sup>

The 17 projects to which Apple allocated 2019 Green Bond funds since issuance are estimated to result in the following direct environmental benefits.

**921,000**  
metric tons CO<sub>2</sub>e

Average annual greenhouse  
emissions to be avoided<sup>4</sup>

**1,260,000** MWh

Renewable energy generation  
(annual)<sup>5</sup>

**353.7** MW

Newly installed renewable  
energy capacity

A number of projects funded by the 2019 Green Bond in fiscal year 2020 are dedicated to research and development or capacity building. Research and development or capacity building projects don't have a direct, quantifiable carbon impact and therefore are not reflected at this time in our Projected Environmental Benefits in the chart above.





Increasing the amount of recycled material, like recycled aluminum, into the products we create helps us lower our carbon footprint.

## Featured Projects

What follows are select examples of the projects to which Apple allocated 2019 Green Bond funds in fiscal year 2020. A full list of projects with detailed descriptions and key performance indicators was provided to Sustainalytics for their second-party review, and their review statement can be found in the Appendix.

### Conserving Natural Resources

The use of recycled materials is central to our mission of conserving the resources required to build our products, while reducing our impact on climate change. Incorporating recovered materials into our design process has helped us lower the carbon footprint of the products we create.

Our commitment to research and development drives innovation in this area—from assembly to recovery. We funded new low-carbon fabrication techniques for our printed circuit boards and improvements to aluminum chip sorting that maximize use of recycled aluminum in enclosure manufacturing.



The new aluminum production method releases oxygen, rather than greenhouse gasses, during the smelting process.

## Aluminum Smelting

In May 2018, Apple partnered with aluminum companies and the governments of Canada and Quebec to invest in Elysis—a joint venture to commercialize patented technology that eliminates direct greenhouse gas emissions from the traditional smelting process. This is a revolutionary advancement in the manufacturing of one of the world’s most widely used metals.

As part of Apple’s commitment to reducing the environmental impact of our products through innovation, we helped accelerate the development of this technology. And Apple has partnered with the aluminum companies, and the governments of Canada and Quebec, to collectively invest in future research and development. In fiscal year 2020, Green Bond funds were used for a portion of Apple’s commitment to the project.

In December 2019, we announced our purchase of the first-ever commercial batch of aluminum resulting from this joint venture. This aluminum is currently being used in manufacturing the 16-inch MacBook Pro.



The Montague Wind Farm supports our Prineville data center producing over 560 million kWh of renewable energy a year.

## Renewable Energy Projects to Support Apple's Facilities

Since 2018, all of our offices, retail stores, and data centers across 44 countries source 100 percent renewable energy. In fiscal year 2020, we allocated part of the 2019 Green Bond funds to a range of projects to maintain this goal. For certain projects representing long-term financial commitments, we allocated 2019 Green Bond proceeds based on the net present values of the project's cost as of the time the project became operational. Our key fiscal year 2020 projects include:

- **Montague Wind Power Facility:** To support our Prineville data center, we signed a 200-megawatt power purchase agreement. Apple's support led to the construction of the Montague Wind Power Facility, which began commercial operation at the end of 2019. It's our largest project to date, producing over 560 million kWh of clean, renewable energy a year.
- **Green River Wind Farm:** A 112-megawatt virtual power purchase agreement with this wind farm in Illinois covers our electricity use at our East Coast retail stores and offices as well as a co-located data facility in Chicago, Illinois. This project also aggregated buyers, enabling other, smaller off-takers to access the same high-quality renewable energy as Apple. By working with others, we can help open the renewable energy market to companies of all sizes and accelerate the pace of new renewable energy generation.
- **Northern Jutland PV Project:** Our Northern Jutland PV project achieved commercial operation in late 2019. At 42.4 megawatts, it is one of Scandinavia's largest solar arrays and the first Danish solar project built without the use of public subsidies. This project will support the near-term electricity needs of Apple's newly completed data center in Viborg, Denmark, which is a 45,000-square-meter facility offering network support and data storage to its users across the region. The data center helps power Apple's App Store, Apple Music, iMessage, Siri, and other services in Europe that are run entirely on renewable energy from local projects.



## Supplier Energy Efficiency Program

Since the cleanest energy is the energy we don't use, we first try to support suppliers becoming more energy efficient, and then move them to clean, renewable energy sources. Our Supplier Energy Efficiency Program has three aims: to educate suppliers, identify initiatives to reduce energy use, and provide support for successful project completion. Historically, we prioritize facilities with the highest energy use and potential for improvement. More recently, we focus on supplier facilities by product line, like iPhone, which represents a significant percentage of Apple's manufacturing footprint.

To help suppliers reduce their energy use, we train them to uncover opportunities for energy efficiency and assist them with assessments and technical issues where appropriate. Typical projects may include replacing outdated or inefficient heating, cooling, and lighting systems; repairing compressed air leaks; and recovering waste heat. The number of facilities participating in our Supplier Energy Efficiency Program is now up to 98 in fiscal year 2020.



## Supplier Clean Energy Program

The Supplier Clean Energy Program launched in 2015 with an initial goal of bringing online 4 gigawatts of new clean energy by 2020. The effort has since expanded to include an even more ambitious target of transitioning our entire manufacturing supply chain to 100 percent renewable energy by 2030. More than 95 manufacturing partners in 23 different countries have committed to 100 percent renewable energy for Apple production. And Apple has continued to invest directly in renewable energy projects to cover a portion of upstream emissions.

**Building clean energy champions.** We leverage our own experience and bring in leading experts to help our supplier partners plan their transition to renewable energy. The Supplier Clean Energy Portal offers training and tools for suppliers, including policy guidance and financial analysis tools, intended to make adoption of clean energy in key markets even easier. Currently, the portal offers local content for the United States, China, Taiwan, Japan, and India including Japanese and Chinese translations. As of fiscal year 2020, over 100 suppliers had registered for the site. In fiscal year 2020, we allocated 2019 Green Bond funds to enable updates to materials on the Supplier Clean Energy Portal.

**Advocating for strong policy.** Suppliers often face regulatory barriers to cost-effective renewable energy options. Clean energy technology offers tremendous benefits to our suppliers, electricity grids, and countries. When policy makers fully value these benefits, clean energy becomes more cost competitive than fossil fuel energy. We actively support policies that create cost-effective renewable energy markets, and work closely with suppliers and other companies to engage local, regional, and national governments. This advocacy encourages the development of country-specific policies that support scalable renewable energy solutions, with impact far beyond Apple's supply chain. In fiscal year 2020, we allocated 2019 Green Bond proceeds to policy advocacy efforts in Japan, Vietnam, and South Korea.



Image by Jeremy Goss

Apple, in partnership with Conservation International, furthers conservation of the Chyulu Hills landscape in Kenya with the help of Green Bond funds.

## Carbon Sequestration

We recognize the urgency of tackling our contribution to climate change. Beginning in April 2020, in addition to aggressively reducing our carbon footprint, Apple achieved carbon neutrality for our corporate emissions—which include business travel, employee commute, and direct emissions from corporate facilities—by investing in high-quality projects that protect and restore forests, wetlands, and grasslands.

In partnership with Conservation International, we allocated 2019 Green Bond funds to further conservation and community development in the Chyulu Hills landscape in Kenya. These actions will reduce pressure on deforestation and protect habitat for key wildlife while supporting the livelihood of the community.

**Report notes:**

- Regarding environmental benefits, we estimated the future environmental benefits of projects that are not yet fully operational, including carbon emissions avoided, energy capacity, and annual renewable energy generation. We estimated emissions avoided using regional emissions factors. Avoided emissions are annualized by accounting for the lifetime of the projected benefits.

<sup>1</sup>As calculated in Apple's comprehensive carbon footprint, including direct emissions, indirect emissions from electricity, and emissions from corporate travel, employee commute, and the full product life cycle.

<sup>2</sup>The bond allocations below do not capture financial returns from project investments. As a result, the information provided does not capture a full view of the abatement costs to Apple.

<sup>3</sup>In fiscal year 2020, proceeds from Apple's 2019 Green Bond funded new and ongoing projects.

<sup>4</sup>Estimated annual greenhouse gas emissions avoided are based on average annual emissions reductions over the lifetime of the projects as calculated to establish Apple's 2030 carbon neutrality roadmap. Projects dedicated to research and development or capacity building are not quantified here as they do not have a direct carbon impact at this time.

<sup>5</sup>Estimated based on renewable energy generation anticipated over the lifetime of the projects once projects are fully operational.

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February 2021

# Apple

**Type of Engagement:** Annual Review

**Date:** December 18, 2020

**Engagement Team:**

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## Introduction

In November 2019, Apple Inc. (“Apple”) issued green bonds aimed at financing projects that have positive environmental impacts, with the goal of reducing the carbon footprint associated with Apple’s own operations and more broadly across its entire value chain. In December 2020, Apple engaged Sustainalytics to review the projects funded through the issued green bonds to date and provide an assessment as to whether the projects met the Use of Proceeds criteria and the reporting commitments outlined in the Apple Green Bond Framework (the “Framework”).<sup>1</sup>

Between the period of September 29, 2019 to September 26, 2020, Apple committed a total of USD 329,610,270 to 17 projects. These projects fall into the five categories listed in the Framework, namely – Low Carbon Design and Engineering, Energy Efficiency, Renewable Energy, Carbon Mitigation and Carbon Sequestration.

## Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in Apple’s fiscal year 2020 (between September 29, 2019 and September 26, 2020) based on whether the selected projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

**Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs**

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
<b>Low Carbon Design and Engineering</b>	<ul style="list-style-type: none"> <li>• Expenditures related to the development or procurement of less carbon-intensive products and materials (compared to an established “pre-activity” baseline), such as improving product power usage efficiency, using materials produced from manufacturing processes requiring lesser greenhouse gas emissions, or sourcing materials with recycled or renewable content</li> </ul>	<ul style="list-style-type: none"> <li>• Estimated carbon savings / GHG emissions avoided (metric tonnes of CO<sub>2</sub> eq. or mtCO<sub>2</sub>e)</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Expenditures related to the development of energy efficiency projects intended to reduce emissions in new or existing corporate and supply chain facilities, such as sensors and controls, energy management systems, and facility design, commissioning, and retrofits</li> </ul>	

<sup>1</sup> Apple, SEC Filing Details, Prospectus Supplement: <https://investor.apple.com/sec-filings/sec-filings-details/default.aspx?FilingId=13730390>



<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>Building on successful transition to 100% renewable electricity at facilities, expenditures related to the development of renewable energy projects intended to reduce emissions in corporate facilities and supply chain, such as solar and wind projects, or associated energy storage solutions, including work to advance market structures, regulations and policy that support renewable energy through coalition and capacity building</li> </ul>	
<b>Carbon Mitigation</b>	<ul style="list-style-type: none"> <li>expenditures related to the development of projects intended to reduce direct and process emissions (compared to an established “pre-activity” baseline) from Apple’s and supplier’s operations, such as abating direct emissions from manufacturing or sourcing non-fossil low carbon fuels</li> </ul>	
<b>Carbon Sequestration</b>	<ul style="list-style-type: none"> <li>expenditures related to the development of projects that sequester carbon, such as habitat restoration and conservation.</li> </ul>	

### Issuing Entity’s Responsibility

Apple is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

### Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Apple’s Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Apple employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Apple with respect to the selected projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Apple.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

### Conclusion

Based on the limited assurance procedures conducted,<sup>2</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Apple’s Green Bond, are not in conformance with the Use of Proceeds and Eligibility Criteria outlined in the Framework. Apple has disclosed to Sustainalytics that, as of September 26, 2020, 14.9% of the net green bond proceeds have been allocated.

<sup>2</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

### Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the green bond in 2020 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Apple Green Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the green bond in 2020 to determine if impact of projects was reported in line with the KPIs outlined in the Apple Green Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

## Appendices

### Appendix 1: Allocation Reporting by Eligibility Criteria

Use of Proceeds Category	FY20 Amount Allocated (USD mm)	Total Amount Allocated (%)
Low Carbon Design and Engineering	12.9	3.93
Energy Efficiency	1.14	0.35
Renewable Energy	310.0	94.0
Carbon Mitigation	2.00	0.61
Carbon Sequestration	3.50	1.06
<b>Total</b>	<b>329.6</b>	<b>100</b>

### Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Environmental Impact Reported by Eligibility Criteria for select projects
<b>Low Carbon Design and Engineering</b>	<ul style="list-style-type: none"> <li>FY20 projects will achieve projected annualized savings of 25,000 MTCO<sub>2</sub>e, with a total of 125,000 MTCO<sub>2</sub>e projected for the five-year lifetime of the projects.</li> <li>There will be additional indirect carbon savings from R&amp;D investment into low carbon component production techniques.</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>FY20 projects will achieve projected annualized carbon savings of 16,000 MTCO<sub>2</sub>e, with a total savings of 480,000 MTCO<sub>2</sub>e over the thirty-year lifetime of the project.</li> <li>There will be additional indirect carbon savings from supplier efficiency capacity building investments.</li> </ul>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>FY20 projects will achieve projected annualized carbon savings of 380,303 MTCO<sub>2</sub>e, with a total savings of 6,186,488 MTCO<sub>2</sub>e over the lifetimes of the projects.</li> <li>There will be additional indirect carbon savings from supplier clean energy capacity building investments.</li> </ul>
<b>Carbon Mitigation</b>	<ul style="list-style-type: none"> <li>Projected carbon savings of 1.9 kg MTCO<sub>2</sub>e/kg of aluminum produced</li> </ul>
<b>Carbon Sequestration</b>	<ul style="list-style-type: none"> <li>Total carbon reductions of 500,000 MTCO<sub>2</sub>e achieved.</li> </ul>

## Disclaimer

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.



## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world’s foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the “Largest Approved Verifier for Certified Climate Bonds” for the third consecutive year. The firm was also recognized by Environmental Finance as the “Largest External Reviewer” in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).

### 5th Green Bond Pioneer Awards

Climate Bonds Initiative

Largest Verifier for Certified Climate Bonds of 2019

awarded to Sustainalytics



More information [conference.climatebonds.net/awards](http://conference.climatebonds.net/awards)



### GlobalCapital SRI Awards

Named

2015: Best SRI or Green Bond Research or Rating Firm  
2017, 2018, 2019: Most Impressive Second Opinion Provider



The Green Bond Principles



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## Report of Independent Accountants

To the Management of Apple Inc.:

We have examined management’s assertion in Exhibit A, that \$329.6 million of net proceeds from the 0.000% notes due 2025 and 0.500% notes due 2031 issued by Apple Inc. (“Apple”) were allocated, during the fiscal year ended September 26, 2020 (the “Reporting Period”), to qualifying Eligible Projects that meet one or more of the Eligibility Criteria (each as defined in the “Use of Proceeds” section of the Prospectus Supplement dated November 7, 2019, to the Prospectus dated November 5, 2018, filed by Apple on November 8, 2019, with the Securities and Exchange Commission pursuant to Rule 424(b)(2) under the Securities Act of 1933, as amended). Apple’s management is responsible for its assertion, selection of the Eligibility Criteria and the allocation, during the Reporting Period, of amounts to Eligible Projects that meet one or more of the Eligibility Criteria. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management’s assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management’s assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination was not conducted for the purpose of evaluating (i) the completeness of the amount allocated to Eligible Projects during the Reporting Period or the amount allocated to each category of Eligible Projects during the Reporting Period, (ii) that any payments made pursuant to any power purchase agreements or virtual power purchase agreements to which amounts were allocated during the Reporting Period were in accordance with such agreements, (iii) the environmental benefits of the Eligible Projects, (iv) conformance of any Eligible Projects with any third-party published principles, standards or frameworks, such as the Green Bond Principles, dated June 2018, published by the International Capital Market Association, or (v) any information included in Apple’s Annual Green Bond Impact Report, Fiscal Year 2020 Update. Accordingly, we do not express an opinion or any other form of assurance other than on management’s assertion included in Exhibit A.

In our opinion, management’s assertion, included in Exhibit A, that \$329.6 million in net proceeds from the 0.000% notes due 2025 and 0.500% notes due 2031 issued by Apple were allocated during the Reporting Period to qualifying Eligible Projects that met one or more of the Eligibility Criteria is fairly stated, in all material respects.

February 11, 2021



## Exhibit A

### Apple Inc. Management’s Assertion

We assert that \$329.6 million of net proceeds were allocated from our issuance of the 0.000% notes due 2025 and 0.500% notes due 2031, during the fiscal year ended September 26, 2020 (the “Reporting Period”), to qualifying Eligible Projects that meet one or more of the Eligibility Criteria (each as defined in the “Use of Proceeds” section of the Prospectus Supplement dated November 7, 2019, to the Prospectus dated November 5, 2018, filed by Apple Inc. (“Apple”) on November 8, 2019, with the Securities and Exchange Commission pursuant to Rule 424(b)(2) under the Securities Act of 1933, as amended). The Eligibility Criteria are also set forth in Table 1 below. Apple’s management is responsible for this assertion, selection of the Eligibility Criteria and the allocation, during the Reporting Period, of amounts to Eligible Projects that meet one or more of the Eligibility Criteria.

**Table 1: Eligibility Criteria**

<b>“Low carbon” design and engineering</b>	expenditures related to the development or procurement of less carbon-intensive products and materials (compared to an established “pre-activity” baseline), such as improving product power usage efficiency, using materials produced from manufacturing processes requiring lesser greenhouse gas emissions, or sourcing materials with recycled or renewable content,
<b>Energy efficiency</b>	expenditures related to the development of energy efficiency projects intended to reduce emissions in new or existing corporate and supply chain facilities, such as sensors and controls, energy management systems, and facility design, commissioning, and retrofits,
<b>Renewable energy</b>	building on our successful transition to 100% renewable electricity at our facilities, expenditures related to the development of renewable energy projects intended to reduce emissions in our corporate facilities and supply chain, such as solar and wind projects, or associated energy storage solutions, including work to advance market structures, regulations and policy that support renewable energy through coalition and capacity building,
<b>Carbon mitigation</b>	expenditures related to the development of projects intended to reduce direct and process emissions (compared to an established “pre-activity” baseline) from Apple’s and our supplier’s operations, such as abating direct emissions from manufacturing or sourcing non-fossil low carbon fuels, and
<b>Carbon sequestration</b>	expenditures related to the development of projects that sequester carbon, such as habitat restoration and conservation.

**Note 1:** Apple Inc. or its subsidiaries directly invest in Eligible Projects in its own operations or its suppliers’ operations.

**Note 2:** Proceeds are considered allocated upon the date of commercial operations for power purchase agreements or virtual power purchase agreements. The allocated amount is calculated as the net present value of future cash flows based on estimated annual production in megawatts and fixed power price over the contract term.

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