

Communist China Risk Audit

RESOLVED:

Shareholders request that, beginning in 2024, Berkshire Hathaway Inc. (“Company”) report annually to shareholders on the nature and extent to which corporate operations depend on, and are vulnerable to, Communist China, which is a serial human rights violator, a geopolitical threat, and an adversary to the United States. The report should exclude confidential business information but provide shareholders with a sense of the Company’s reliance on activities conducted within, and under control of, the Communist Chinese government.

Supporting Statement:

American companies doing business in China is a controversial public policy issue. CNN reported in 2021, “Doing business in China is difficult. A clash over human rights is making it harder.”¹

The Company does business in – and relies on materials, parts, labor, services, and investments in – entities in China.

China is a serial violator of human rights.

China is also hostile to the U.S. for a variety of reasons, including:

- China intends to displace the U.S. as the lone global superpower by 2049;
- The U.S. has committed to defend Taiwan, which China has asserted is part of its country and may attempt to seize by force;
- U.S.-China relations are tense over a number of issues including China’s military expansion; egregious human rights violations; actions related to the COVID pandemic; intellectual property theft; relentless espionage; elimination of freedom in Hong Kong; and environmental pollution.

The communist government, and by extension many companies based within its borders, were also identified in the U.S. State Department’s 2022 *Trafficking in Persons Report* as a state sponsor of human trafficking. The Company is subject to the *Uyghur Forced Labor Prevention Act*, which imposes strict verification of parts and products imported from China, that they are not generated from slave labor.

Yet the Company does not seem to take the China threat seriously. At the 2023 annual meeting, its vice chairman called tensions between the U.S. and China “stupid, stupid, stupid,” and added, “one thing we should do is get along with China, and have lots of free trade with China ... it’s in our mutual interest.”² The Company’s most recent 10-K annual report fails to specifically

¹ <https://www.cnn.com/2021/04/02/business/nike-china-western-business-intl-hnk/index.html>

² <https://www.axios.com/2023/05/06/berkshire-hathaway-annual-meeting-china>

address geopolitical risk, in China or elsewhere, for its many subsidiaries or portfolio companies.³

A July 2022 joint statement from the leaders of the British and American domestic intelligence agencies warned that the Communist Chinese Party is the greatest threat to the international order. “We consistently see that it’s the Chinese government that poses the biggest long-term threat to our economic and national security, and by ‘our,’ I mean both of our nations, along with our allies in Europe and elsewhere,” said Federal Bureau of Investigation Director Christopher Wray.⁴

Given the controversial, if not dangerous, nature of doing business in and with China, shareholders have the right to know the extent to which the Company’s business operations and holdings depend on Communist China.

³ <https://www.sec.gov/Archives/edgar/data/1067983/000095017023004451/brka-20221231.htm>

⁴ <https://www.fbi.gov/news/speeches/the-threat-posed-by-the-chinese-government-and-the-chinese-communist-party-to-the-economic-and-national-security-of-the-united-states>