

Sustainability Investment News

January 23, 2010

Apple Tells Shareowners to Reject Proposal for Annual Sustainability Report

by Robert Kropp

Asserting that industry peers HP and Dell issue such reports and are far more transparent on sustainability issues, shareowner proposal filed by As You Sow requests that Apple produce a report that includes greenhouse gas reduction targets.

SocialFunds.com -- For the second year in a row, a shareowner resolution requesting the publication by Apple of an annual sustainability report has been filed, and for the second year in a row Apple's Board of Directors has recommended that shareowners vote down the proposal.

Last year's resolution was filed by As You Sow, whose Corporate Social Responsibility (CSR) Program has used shareowner advocacy to encourage positive change within publicly held companies since 1997. This year, Calvert and the New York City Comptroller's Office joined As You Sow as co-filers.

A second shareowner resolution, requesting the establishment by Apple of a Board Committee on Sustainability, was filed this year by John Harrington of Harrington Investments. In its proxy statement, Apple recommended that shareowners vote down that proposal as well.

Last year's resolution from As You Sow won 8% of shareowners' votes. Following that vote, SocialFunds.com spoke with Conrad MacKerron, the Director of As You Sow's CSR Program, who said, "Apple's emissions data is very poor. Even with Al Gore sitting on its Board of Directors, Apple is not doing world-class reporting on greenhouse gas (GHG) emissions, while its peers seem to have no trouble doing so."

Since then, MacKerron acknowledged in a recent conversation with SocialFunds.com, Apple has improved aspects of its emissions reporting.

"Following our resolution last year, Apple improved that part of their performance by reporting aggregate emissions levels to the Carbon Disclosure Project (CDP), instead of just product-to-product," he said.

"We did acknowledge some of Apple's improvements in the text of our resolution," MacKerron continued.

Noting that over 2,700 companies issued sustainability reports in 2007, As You Sow's resolution states, "Among our industry peers, Dell, IBM, and Hewlett-Packard have taken leadership roles in these areas through publication of comprehensive sustainability reports that address their company's impacts with regards to issues such as greenhouse gas emissions reduction, toxics, and supply chain working conditions. These companies have provided detailed assessments of greenhouse gas emission exposure and made reduction commitments."

"Apple, however, lags behind global industry peers on sustainability reporting," the resolution continued. "Apple has not made public greenhouse gas reduction commitments."

Since a key strategy of shareowner activists is to engage in meaningful dialogue with companies, SocialFunds.com asked MacKerron about the quality of the conversations that As You Sow has had with Apple.

"Last year, we had a couple of phone conversations with Apple to discuss its thinking, but there wasn't much give-and-take, only the reading of prepared remarks," MacKerron said. "But Apple did report aggregate emissions levels to the CDP, which was one of our primary concerns."

"A culture of secrecy may be fine on the marketing side, but not on the stakeholder side," MacKerron added. "Almost everything on sustainability reporting that Apple does is reactive, which is not something you want to see from a company of its stature."

"There hasn't been a robust dialogue such as we enjoy at HP and Dell," he continued, "And they haven't responded to this year's resolution yet."

Both HP and Dell issue annual sustainability reports, which include disclosure of ambitious goals for GHG emissions reduction. Both companies have been recognized within the electronics industry and beyond for their efforts. HP, for instance, was ranked first in Newsweek's Green Rankings of America's 500 Largest Corporations.

Apple, on the other hand, has not made public emissions reduction goals. While it has released aggregate GHG emissions to the CDP, such information has not been published on its website.

While Apple and its industry peers have published information about GHG emissions throughout the life cycles of their products, MacKerron expressed concern over the lack of comparability in such data.

"In their assessments of emissions throughout the life cycles of their products, Apple and other companies do not report in comparable ways," MacKerron said. "Until we know what their assessments are based on, we don't have a clear idea of their implications."

“This is becoming an important issue for social investors,” MacKerron continued. “The social investment community is going to have to get more sophisticated in their analysis of the reduction targets released by companies. Right now, you’ve got quite a jumble. And with carbon such an important issue, trade associations are going to have to develop common reporting standards.”

MacKerron pointed out other areas in which Apple’s transparency is lacking. “On social issues, Apple does not release information on OSHA safety numbers,” he said. “Neither does it release any information on philanthropy, which many companies consider a key area of their social responsibility.”

In its recommendation that shareowners vote against As You Sow’s proposal, Apple stated, “The Company also provides its customers and shareholders with an unmatched level of detail on its environmental performance.”

“The Company is already substantially fulfilling—and in many respects exceeding—the request for information” in the As You Sow proposal, the company’s statement continued.

MacKerron said, “Clearly, in terms of emissions reductions targets, Apple is not doing so.” He noted the presence of former Vice President Gore on Apple’s Board of Directors, and said, “Gore has the opportunity to make this a world-class reporting company, but Apple is not out there in a way that supports Gore’s standards.”

Apple’s Annual General Meeting will be held on February 26.

“Anything a company can do to reduce risk helps its reputation,” MacKerron concluded. “Good CSR reporting addresses such risk. It’s frustrating to see that Apple does not choose to share such information.”

© 2010 SRI World Group, Inc. All Rights Reserved.