



Shareholder Advocacy Update: January 2023

APPLE AGREES TO A THIRD-PARTY ASSESSMENT ON THE RIGHTS OF WORKERS TO ORGANIZE



In the midst of a unionization campaign in May 2022, Apple employees in New York City, Atlanta, and Maryland filed a complaint with the National Labor Relations Board (“NLRB”) alleging that Apple management interrogated and surveilled staff, restricted them from posting union fliers, and made them attend mandatory anti-union speeches.¹ These allegations raised concerns for a number of reasons, including that they appeared to break with Apple’s public human rights commitments.²

Interrogation by a manager about unionizing can be a stressful and intimidating experience for a worker. A manager may use a variety of interference tactics, such as threatening the loss of benefits or disciplinary action, questioning the worker's loyalty to the company, or even terminating the worker. They may also pressure the worker to provide information about other employees who may be involved in unionizing efforts. Workers may feel uncomfortable discussing sensitive and potentially controversial topics with their manager, who holds a position of authority within the company. For these reasons, both legal and illegal anti-union allegations are a serious matter when examining workplace conduct.

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¹ <https://www.cnn.com/2022/05/19/apple-interrogating-staff-at-world-trade-center-store-cwa-says.html>

² [https://s2.q4cdn.com/470004039/files/doc_downloads/gov_docs/2021/03/Our-Commitment-to-Human-Rights_Final-copy-\(updated-links-Feb-2021\).pdf](https://s2.q4cdn.com/470004039/files/doc_downloads/gov_docs/2021/03/Our-Commitment-to-Human-Rights_Final-copy-(updated-links-Feb-2021).pdf)



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Apple has built its reputation as a good corporate citizen, with CEO Tim Cook saying, “We believe that business, at its best, serves the public good, empowers people around the world, and binds us together as never before.... We are committed to demonstrating that business can and should be a force for good.”³ Apple notes that it depends heavily on a high-performing and enthusiastic workforce in its 10-K annual report: “The Company’s success depends largely on the talents and efforts of its team members, the continued service and availability of highly skilled employees, including key personnel, and the Company’s ability to nurture its distinctive and inclusive culture.”⁴

Most importantly, Apple publicly states in its Human Rights Policy:

We’re deeply committed to respecting internationally recognized human rights in our business operations, as set out in the United Nations International Bill of Human Rights and the International Labour Organization’s Declaration on

Fundamental Principles and Rights at Work. Our approach is based on the UN Guiding Principles on Business and Human Rights. ...In keeping with the UN Guiding Principles, where national law and international human rights standards differ, we follow the higher standard...(emphasis added)

Trillium, a long-term investor of Apple stock, has written about the benefits of worker organizing recognizing both the financial and ethical aspects. In July 2022 we published a paper making the investor case for supporting workers’ rights to organize citing, for example, a study which found an increase in union density of 1% raised overall firm productivity by 1.7%-1.8%.⁵

With these events and concerns in mind, Trillium co-led a group of investors in June 2022 to send a letter to the Independent Chair of the Apple Board of Directors with an invitation to meet and discuss Apple’s approach to unionization efforts at the company. We were concerned that the company’s conduct may have violated federal labor laws, was contrary to its own Human Rights Policy, and could be harmful to the company, its employees, and investors.

Unfortunately, our invitation was not accepted and we received no meaningful communication from the company about our concerns. This unwillingness to meet and discuss what was clearly an important issue was not only troubling, but also inconsistent with our relationship with Apple in the past. Trillium has a long history of positive engagements with Apple reaching back to the early 2000s. On topics such as toxic chemicals in Apple devices, working conditions in Chinese factories in the early 2010s, user privacy protections in 2012, and board diversity in 2013, Trillium has had productive dialogues with the company that led to positive changes.⁶

As is often the case in situations like this with other companies, we felt that the importance of the issue and the reticence of management to respond warranted a shareholder proposal. Co-leading with the same coalition of investors from June 2022, Trillium filed a shareholder proposal on September 1, 2022, asking Apple to commission an independent assessment of the company’s adherence to its stated commitments to workers’ freedom of association and collective bargaining rights, including non-interference principles. The proposal also requested a review of management’s practices when employees exercise their rights to form or join a trade union, as well as steps to address any departures from Apple’s stated commitments.⁷

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³ <https://investor.apple.com/esg/default.aspx> January 21, 2023

⁴ <https://d18rnop25nwr6d.cloudfront.net/CIK-0000320193/b4266e40-1de6-4a34-9dfb-8632b8bd57e0.pdf>

⁵ <https://www.trilliuminvest.com/whitepapers/the-investor-case-for-supporting-worker-organizing-rights>

⁶ <https://www.trilliuminvest.com/leadership-corporate-engagement/spotlight-apple-inc>

⁷ <https://www.trilliuminvest.com/documents/aapl-workers-rights-assessment-proposal>



It was our position that Apple could create a process to ensure its conduct is consistent with the higher standards to which it holds itself. The proposal proved to be timely. In early October, the NLRB filed a complaint against Apple after finding merit in the accusations that the company interrogated its retail workers about their union support and prevented pro-labor information from being shared.⁸

All of this led to a series of meetings with Apple in December to discuss how the company could meet our request and address our concerns. The results were as we hoped – a firm commitment to a meaningful process. Apple agreed to conduct a third-party assessment overseen by its board of directors of the company’s adherence to its Human Rights Policy, with a focus on the rights of workers to organize and bargain collectively. It will also review management’s practices when

employees seek to exercise their rights to form a union. Apple has agreed to publicly release the report by the end of 2023.

This process commitment is an important path for the company to take. As media, investor, regulator, worker, and public attention focuses on the process and eventual report, Apple will be in the spotlight. This creates the opportunity for changes in behavior right now, a better understanding by all parties of Apple’s commitment to non-interference, and improvements to Apple’s approach going forward. We are committed to ensuring Apple conducts a meaningful assessment. We have provided our expectations of the assessment process through a January 2023 letter to Apple’s board of directors and will continue to provide input to Apple through the year.⁹

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⁸ <https://www.nytimes.com/2022/10/04/business/apple-store-nlr-ruling.html>

⁹ <https://comptroller.nyc.gov/wp-content/uploads/2023/01/AAPL-Shareholder-to-Board-Letter-January-17-2023-1.pdf>

