

Aptiv (APTV) ESG Report

Profile:

Aptiv is a supplier to the auto industry. Aptiv offers wires and connectors that power the electrical architecture of vehicles, including airbags, air conditioning, and the ignition. The company has products used in Advanced Driver Assistance Systems (ADAS), like automatic braking, blind spot detection, and lane departure warnings. Aptiv's products are in high demand for electric vehicles (EVs), as the amount of wiring, connectors, and battery packs are multiples of typical internal combustion engine vehicles.

What Aptiv Does Well:

Aptiv is an important supplier to EV manufactures, and hence an important cog in renewable energy transition. With this, the company has a litany of recognition for their sustainability contributions, including being named on Ethisphere's World's Most Ethical Company for the 11th year in a row, ranking in the top 5% of companies assessed for sustainable business by Ecovadis, and being placed on As You Sow's Carbon Clean 200 list.

Aptiv has received these accolades thanks largely to contributions to the EV industry. Since 2015, Aptiv products have helped save 100 million tons of emissions, reduced EV charging time more than 35%, and has advanced the safety of cars via driver assistance and increasingly autonomous vehicles.

Aptiv has committed to the Science Based targets initiative; the company is aiming to reduce internal carbon emissions by 25% by 2025, be carbon neutral via 100% renewable energy sourcing by 2030, and all products to be carbon neutral by 2039. This would lead to zero carbon footprint for the company by 2040.

Concerns:

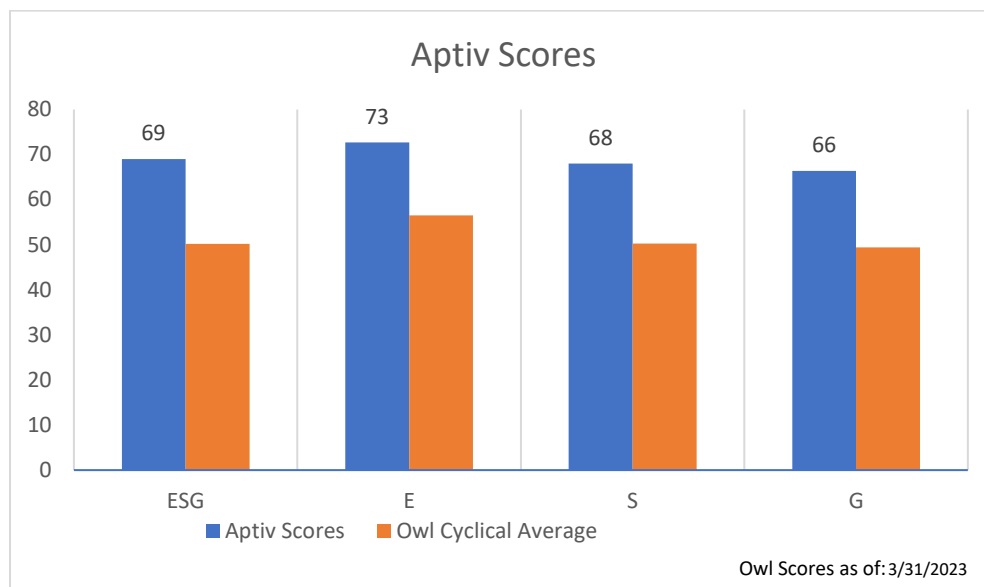
Our firm's main concern with Aptiv is excessive pay. In 2022, the CEO was paid nearly 2000 times more than the median employee, which is multiples above our firm's 400 times benchmark. The CEO was also included on As You Sow's 100 Most Overpaid CEOs. This largely stems from an extremely low median annual pay of roughly \$8,000. Aptiv targets having manufacturing facilities in countries where "pay and wage rates are generally lower" like in Mexico and China.

Another potential issue is the sourcing of goods from conflict countries like the Democratic Republic of Congo that often institute forced labor and human trafficking. While the company does not currently have any ties to this region, there is always the possibility of unknowingly sourcing materials from conflict areas.

Shareholder Engagement:

None.

ESG Scores:



Conclusion:

Overall, our firm believes Aptiv is vital for the transition to EVs. With the mission “to make the world safer, greener and more connected by ushering in the electrified, software-defined vehicles of tomorrow,” Aptiv is an exemplary sustainability company in the automotive industry.

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