

Apple csr polices and reporting business essay

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<http://www.guardian.co.uk/technology/2013/jan/25/apple-child-labour-supply>. Introduction. Nowadays, there are many strategies that being used to run business. In additions developing the goods, companies have high demand in the marketing of products that companies offer product and service quality to their customers. In the context of globalization, consumers, investors and policy maker are increasingly concerned over the impact on the rights of employees, environment and community welfare. They are starting to pay attention on social responsibility of the firm seriously. Therefore, Corporate Social responsibility (CSR) has increase rapidly to help firms to succeed in business and get the advantage over their competitors. Companies play an important role in development of society and environment, so they must have the obligations to do practice CSR. In additions developing the goods, companies have high demand in the marketing of products that companies offer product and service quality to their customers. In this essay, we will discuss about influences of CSR on business of Apple Inc. It will show how the company resolved and responded to the conflicts. II. Corporate Social Responsibility. In the business world today, CSR is an important part of many business organizations. It cannot be denying the effects of CSR to beneficial to all companies. They try to involve in activities that will keep both the business and social environment sound. There are many different ways to understand the relationship between CSR and the business. The definition of CSR has unclear because some firm are focus on making profit while others are interested in adopting a good sense of CSR. CSR means the commitment of the business to contribute economic development, through activities to improve the quality of life of the workforce and their family, as well as the development of society. Firms <https://assignbuster.com/apple-csr-polices-and-reporting-business-essay/>

must always comply with the standards of environmental protection, gender equality, labor safety, labor rights, fair wages, training and staff development and community development. In many ways, CSR can understand as an umbrella term that describe voluntary corporate initiatives concerned with community development, the environment and human rights. III. Apple Inc background. Apple Computer, Inc. (hereafter Apple) is an American multinational corporation that was established in 1977. Apple is registered on the NASDAQ Global Select Market exchange. Apple designs, manufactures and markets mobile communication and media devices, personal computers, and portable digital music players, and sells a variety of related software, services, peripherals, networking solutions, and third-party digital content and applications. Its products are sold through Apple's retail stores, online stores and third parties. It cannot be deny that Apple is a world leader in producing innovative electronic goods and technology. According to the annual report, in 2011, Apple's net sales were estimated at \$108. 2 million. Its net sales in 2011 in 2011 increased by 60% compared to 2010. Apple utilizes outsourcing the manufacturing of its products overseas with worldwide employs 60, 400 full-time people and 2, 900 temporary employees and contractors. The most of the factories are located in Asia. IV. Apple' CSR polices and reporting. Apple has made the Form 10-K annual report available on its website as well as required by SEC. The Form 10-K provides information on Apple's business strategy and organization, the company's risk factors, legal proceedings and financial data. It also includes the business conduct policy of Apple such as " Apple conducts business ethically, honestly and in full compliance with all laws and regulations. This applies to every business decision in every area of the company worldwide".

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Moreover, the business conducts deals with corporate governance, environmental health and safety. Apple does not publish a spate sustainability report but publishes information on the environment and supplier responsibility on its website. For the environment, human rights, society and labor, Apple has considered the GRI G3. 1 that its publication on Governance, Product Environmental Reports, Recycling and Facilities Environmental Report and Supplier Responsibility. Almost all of Apple's products are outsourced for manufacturing overseas. They states that employees have safety working conditions, treat with dignity and respect, use environmentally responsible manufacturing processes. Suppliers are obliged to respect the human rights of its workers, to inform the workers of their rights, and to treat them with dignity and respect by Apple's requirements. Suppliers also commit that they prevent discrimination, involuntary and underage labor, excessive working hours and that they pay workers with wages and benefits in accordance with the applicable laws and regulations. V. Apple's conflicts. Those troubles of Apple were really from those violations of its suppliers. They have violated the most basic components of CSR.

1. Labor and human rights.

In a news was published by Guardian. co. uk, Apple has discovered that its supply chain hired multiple cases of child labor. Among them is one Chinese company that employed 74 children under the age of 16 and a number of them had been recruited using forged identity papers. Guangdong Real Faith Pingzhou Electronics supply circuit boards for Apple that was hire these children to work on its production lines. An internal audit found 106 cases of

underage labor being used at Apple suppliers in 2011 and 70 cases historically. Guardian mentioned that there were 11 factories using children to work for Apple's suppliers. They found a list of other violence human rights in these factories, from mandatory pregnancy tests, which bonded worker wages confiscated to repay imposed by employment agencies. Even if, minors are being used to lift heavy goods, workers have their wages docked as a punishment, etc. Also in this article, they follow a series of worker suicides over working conditions at Foxconn and the Taiwan Company where produce Ipad and Iphone. Foxconn is one of Apple's suppliers. It is the largest contracted electronics manufacturer in the world, with dealings involving Dell, Sony and Apple. Foxconn is the manufacture of Iphones and Ipads and use over 900, 000 workers, of whom 420, 000 employees work at the Foxconn Shenzhen factory. This place covers 15 factories, including a hospital, a grocery store, dormitories and restaurants. The workers live and work here that are complex. Seem that Apple has risen to become the world's largest technology firm; the workers at Foxconn have broken under the stress of keeping up with new order. In July 2009, a worker of Foxconn jumped from a building after lost Iphone. In 2010, Telegraph reported that there are some cases of suicide at Foxconn factory. From 2009 to 2010, a total of 13 workers had committed suicide. The reason of these suicides is " inside the factory". In 2009, they must work an average 120 hours per month; it leads up to 70 hours per week. Although the factory supplies for workers free meal and accommodation with the entertainment park, workers did not have time to enjoy these facilities on offer.

2. Worker's health and safety.

<http://www.guardian.co.uk/technology/2011/may/20/foxconn-apple-blast-china> Concerning workers' health and safety conditions at the suppliers, in May 2011, two workers were killed and ten employees were injured during an explosion at Foxconn. According to the Guardian, the cause of explosion may be due to dust explosion on production line. In a statement, an Apple spokesperson stated that they would work closely with Foxconn to understand what caused this terrible event. Same this case, in December 2011, another Apple's supplier – Pegatron Corp's plant in Sanghai was rocked by an explosion. It injured 61, including 23 workers who had to be hospitalized. <http://www.abc.net.au/news/2010-10-26/workers-poisoned-while-making-iphones/2311522> In the same month, the ABC news reported that workers from Wintek had been poisoned by n-hexane, a toxic chemical used to clean the touch screens of iPhones. N-hexane were use to glue and polish the logos on Apple products and show that it were not fake. Workers breathe this chemical's vapors that became dizzy and paralysis. Most recently, the Catcher Technology has been forced to shut down a factory in produce Macbook laptops in China, due to reasons related to environmental pollution.

VI. Apple's CSR policy post-conflicts. Apple ensures that suppliers comply with the Supplier Code by the audits. The audits include working and living conditions, health and safety, environmental activities at the facility. According to the annual report of Apple, it conducted 102 audits in 2009. In 2012, Apple conducted 229 audits and it increased up 80% compared to 2010. These audits was created and supported by local third-party auditors. In Report Supplier Responsibility 2010 that published in February 2011, Apple includes a section dealing with the suicides at Foxconn. The Apple <https://assignbuster.com/apple-csr-polices-and-reporting-business-essay/>

COO Tim Cook and other Apple executives have met with Foxconn Terry Gou to understand the conditions of its supplier's factories in China. To response to the suicides, Foxconn installed suicide-prevention netting at some facilities. Moreover, it promised to offer higher wages for workers. Besides that, Apple created an independent " team of suicide-prevention experts" to survey Foxconn workers about their quality of life and the factory's living conditions. Foxconn also had a positive move that increase wages at the plant an average of 20%. Timing issues also involved that the average hours worked per week was fewer than 50. In the Supplier Responsibility Report 211, Apple reports that it discovered ten facilities with underage labor violations during inspections. One of the facilities had a large number of underage workers. Apple requires the suppliers immediately correct their action as part of our Underage Labor Remediation Program. Suppliers must return underage workers to school and finance their education at a school chosen by the family. Moreover, underage labor will receive the living stipends and lost wages for six months or until they reaches the age of sixteen. If some suppliers did not want to address the problem, Apple terminated businesses with them. To prevent the suppliers hire underage labor, Apple conducted training for 84 facilities how to solve this problem. In 2012, Apple provided a guidebook to help with identifying legal IDs and assessing recruitment practices of the suppliers. In addition, regarding scratch out underage labor, Tim Cook, the CEO of Apple said that they feel very strongly about these problems and want to eliminate. Also in the Supplier Responsibility Progress Report of 2011, Apple issues the use of N-hexane in the facilities. Apple requires Wintek to stop using N-hexane, and repair its ventilation system. Wintek must be work with a consultant to

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improve its environmental health and safety system. In a report in May 2012 of Apple about the safety of workers, human rights and environmental impact, Apple said it would monitor all suppliers to handle aluminum dust – generated during grinding and polishing I pads 2 as well as the frame of the Macbook laptops. Moreover, Apple required the suppliers to apply safety measures in the new location. About 18 months after the media coverage of suicides, early 2012, Apple has joined Fair Labor association (FLA), striving to set a new standard in the electronics industry and a supply chain can be seen as a model for the industry. It would not completely solve the violations in their supply chain, but a marked and serious effort for their problems related to the employees. FTA also noted significant improvements that they have made after much effort. FTA give report on Foxconn led Apple announced that it fully supports the recommendations of the FTA and publicly committed to trying to change it to work. The role of FTA, external stakeholders and consumers will to see how Apple compliance with its commitments. VII. Summary. To conclude, reputation damage can be a critical factor for the application and adjust a CSR policy to contribute a better society. The research case of Apple illustrate that multinational company has applied those change in social responsibility of them. Moreover, they must public policy report through the media or in the annual report or their sustainability when the conflicts happen. The media and the work of other civil society can influence in consumer confidence in their products and can reduce levels of the companies' consumption and company's stock prices. To prevent these conflicts with stakeholders, companies can apply social responsibility policy as an effective way to manage risk and avoid large losses or penalties due to the lack of

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appropriate regulations. To maintain standards sustainable development that is important for companies must be transparent.