

## APPLE'S COMMITMENT TO SAFE LABOUR PRACTICES, SEES WORKER COMPLIANCE IMPROVE



The recent controversies regarding hazardous working conditions at their Chinese supplier factories, where many of their devices, including iPhone, iPad and Macbook, are assembled, has the Apple public relations working overtime, declaring that they would not tolerate any worker abuse in their partner factories. Tim Cook Apple CEO said, "Every year we inspect more factories, raising the bar for our partners and going deeper into the supply chain. We've made a great deal of progress and improved conditions for hundreds of thousands of workers. We know of no one in our industry doing as much as we are, in as many places, touching as many people." As part of their renewed commitment to worker convenience and safety, Apple has published new information about the working conditions in Chinese supplier factories. Results from the Fair Labor Association probe show improvement in compliance with Apple's Supplier Code of Conduct, particularly the code stating, "a work week shall be restricted to 60 hours, including overtime, and workers shall take at least one day off every seven days." Apple said that compliance, with a 60 hour work week, in their Chinese supply chain has improved by 89 percent. "That's a substantial improvement over previous results, but we can do better," the company wrote on its supplier responsibility page. "We will continue to share our progress by reporting this data on a monthly basis." How does this 60 hour work week change things and what are its financial implications? Given that Apple did manage to sell 3 million iPads over a period of three days, it seems that Foxconn had to add more workers and these extra workers would have cost them some money, eating into their profits. Daniel Chang, Macquarie analyst said, "we estimate the iPad operating profit margin has improved from loss/breakeven due to yield improvement and larger scale. Sales volumes for both products continue to grow strongly, and should continue to support Hon Hai's margin performance." John Grubber, writer of the blog ,Daring Fireball fans suspicion, saying that the statistics showing an 89 percent compliance with the 60 hour work week may have occurred, after the iPad's were already assembled and the production was "ramping up". Moreover, he sarcastically asks, that it is ambiguous "how many hours the remaining 11 per cent of employees worked, the role they may have played in iPad production and how the reported work hours are verified." It's not always advisable to take the CEO of a mega-corporation at face value, but listening to what Tim Cook has to say, it really seems that they are tackling the problems head-on. Cook explicitly said: "We know that people have a very high expectation of Apple. We have an even higher expectation of ourselves. Our customers expect us to lead and we will continue to do so. We have the smartest and most innovative people on earth, and we put the same kind of effort and energy into supply responsibility as we do with our new product. That is what Apple is all about."