

# Term End Assignment – Business Ethics and CSR

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## Question 1

Explain in detail about the company you have chosen. Include its origin, structure, business, strategy, and changes. Include mergers and acquisitions it has been through (if any), and also elaborate on any scandals, lawsuits, or issues the company has faced (public information only).

Apple Inc. was originally founded as Apple Computer, Inc., an American corporation specialising in personal computers, smartphones, tablet computers, computer peripherals, and computer software. Apple was founded by Steve Jobs, Steve Wozniak, and Ronald Wayne in April 1976 and started manufacturing their first computer in the Jobs family's garage. The corporation's first product was the Apple I, a self-assembly personal computer package. Apple released the Apple II, a complete computer that was ready to use out of the box, in 1977. In 1980, the company's profits surpassed \$100 million thanks to the introduction of the Apple II, which featured a plastic case and coloured graphics. This was the same year the company's shares were first made publicly available (Apple Inc. | History, Products, Headquarters, & Facts, n.d.), (History of Apple Inc. And Its Products, n.d.).

Apple's headquarters are in Cupertino, California. The organisation has more than 154,000 employees worldwide. Apple's business structure is intricate and comprises several divisions. Apple's business has evolved significantly since its founding. Today, it operates in the following segments:

- iPhone: This segment contains all iPhone models manufactured by Apple, which are renowned for their design, technology, and security features.
- Mac: refers to Apple's selection of personal computers, including the MacBook and iMac.
- iPad: Apple's tablet line-up lies under this category.
- Wearables, Home, and Accessories: This segment includes the Apple Watch, Apple TV, Air Pods, Home Pod, and additional Apple- and third-party branded accessories.
- Services: This segment consists of Apple's digital content stores and streaming services (Apple Music, the App Store, the Mac App Store, Apple Podcasts, and Apple TV+), AppleCare, Apple Pay, and iCloud.

Apple's strategy is centred on continuous innovation, high-quality design, and user experience, emphasising the integration of hardware, software, and services. The company is known for maintaining a limited number of products while emphasising high quality and continuous refinement. Additionally, privacy and security are emphasised in the product design and services. The company endeavours to develop innovative and aesthetically appealing products. Apple invests significantly in R&D, which enables the company to remain ahead of the competition.

Being a multinational technology corporation, has become the world's largest technology company by revenue, with \$394,3 billion in revenue in 2022 (Apple Inc. - Wikipedia, 1976). Creating products that meaningfully enhance people's daily lives is central to the company's philosophy. This has necessitated the creation of entirely new product categories, such as the iPhone and Apple Watch, and constant innovation within these categories. The iPhone's camera exemplifies Apple's commitment to continuous innovation (How Apple Is Organized for Innovation, 2020). Additionally, Apple invests significantly in marketing and advertising to establish and maintain a powerful global brand image.

Over the years, Apple has undergone numerous changes. Initially, the company's focus was on selling personal computers. Late in the 1990s, Apple shifted its attention to selling consumer electronics. This pivot allowed Apple to become one of the most successful technology companies in the world. In 2007, Apple Computer Inc. changed its name to Apple Inc., signalling a significant transformation within the company. This rebranding signified an expansion of the company's product line to include the iPod, Apple TV, and subsequently, the iPhone and iPad (History of Apple Inc. And Its Products, n.d.).

As the organisation expanded into new markets and technologies, its functional structure and leadership paradigm adapted to meet these new demands (How Apple Is Organized for Innovation, 2020). The company operates in over 40 countries, and its business structure is a matrix organisation, meaning employees report to functional and product managers. This structure allows Apple to be flexible and adaptable to changing market conditions. Tim Cook is the current CEO, having succeeded Steve Jobs in 2011. The company has expanded its product line, entered new markets, and emerged as a global economic powerhouse. Apple has also encountered numerous obstacles, including the rise of Android and the decline of the PC market.

Apple has made several acquisitions to expand its product portfolio and technological capabilities. Notable acquisitions include NeXT Computer Inc. (1997), which signalled Steve Jobs' return; PA Semi (2008), which assisted the company in developing its own system on a chip; Siri (2010), which resulted in the voice assistant feature on Apple devices; Anobit (2011), a flash memory company; and Turi (2016), a machine learning platform.

Apple has dealt with a few scandals, litigation, and other problems over the years. The organisation has been accused of antitrust violations, tax evasion, and labour violations. Apple has also been criticised for impacting the environment and its closed ecosystem. Notable examples include the following:

- Apple has been involved in antitrust litigation concerning its App Store's operation. According to critics, Apple's monopoly over the App Store causes consumers to pay higher prices.
- Taxation: Several nations have criticised and investigated Apple's tax practices. The EU General Court ruled in favour of Apple in 2020, in a case in which the EU Commission had previously ordered Apple to pay Ireland €13 billion in back taxes (Barrera & Bustamante, 2017).
- Labour and supply chain practises: The company has been subject to criticism and litigation regarding labour practises within its supply chain, particularly in relation to its largest supplier in China, Foxconn.
- Battery gate: Apple acknowledged in 2017 that software updates slowed older iPhones, resulting in multiple lawsuits and government investigations (BBC News Website, 2017).
- It was involved in a high-profile legal battle with Samsung over patent infringements.
- Most recently, it has been involved in a lawsuit with Epic Games over the App Store policies.

Apple is one of the world's most successful firms despite these challenges. The firm is a global leader in consumer electronics and has a strong brand image. Apple is also a key factor in the global economy, with a vast global influence. Apple Inc.'s development has been characterised by constant innovation, strategic decision-making, and the ability to influence consumer trends. However, it has encountered obstacles and criticism, which it has had to overcome while maintaining its commitment to producing high-quality goods and services.

## Question 2

Explain in detail the policies of the company that align with the global code of ethics and how they may have included the principles and guidelines from the global codes of ethics explained in this course.

Apple Inc. has a well-defined set of ethical standards that drive its operations and stakeholder relationships while adhering to universally recognised ethical principles. Apple Inc. follows several policies that align with global standards of business ethics. These policies show up in the areas of privacy, supply chain responsibility, environmental sustainability, and diversity and inclusivity. These policies are based on the principles and rules found in global codes of ethics. These policies include:

**Consumer Concerns:**

Apple is committed to developing innovative, safe, and high-quality products that meet consumer safety requirements. Their data privacy rules strive to defend consumer rights by mirroring concepts from international ethical standards such as the United Nations Guidelines for Consumer Protection (UN, 2015). Apple's new privacy features in iOS 14 are one real illustration of this. These features give customers more control and transparency over their data, underscoring Apple's dedication to consumer rights and privacy. The company's data minimisation practises, encryption methods, and data usage transparency comply with international privacy standards.

**Human Rights:**

Apple's Supplier Responsibility Standards are part of its Code of Conduct. This ensures that all of Apple's sellers follow widely recognised standards for human rights. Apple's Supplier Code of Conduct mandates that suppliers uphold the human rights of workers, handle them with dignity and respect and adhere to all applicable laws. This includes no use of compelled labour, juvenile labour, or excessive hours worked (Apple Inc., 2023). This promise resembles the United Nations Guiding Principles on Business and Human Rights. Apple also audits its suppliers regularly to ensure they comply with the company's code of conduct.

**Labour Practises:**

Apple's labour practices comply carefully with ILO conventions. (ILO Declaration on Fundamental Principles and Rights at Work (DECLARATION), n.d.). Apple, for instance, mandates equitable working conditions for all supplier employees. In accordance with ILO principles, this policy stipulates no forced labour, reasonable working hours, equitable remuneration, and no discrimination. Apple is committed to nurturing an inclusive culture and values diversity in accordance with global ethical codes' principles regarding equal opportunity and non-discrimination. This commitment is demonstrated by Apple's efforts to increase the representation of underrepresented groups in its workforce and leadership, as well as its initiatives to promote equality and inclusion in the tech industry. Apple's Business Conduct Policy prohibits discrimination and harassment based on race, colour, religion, gender, sexual orientation, national origin, disability, or age. This policy is aligned with the global code of ethics principle of non-discrimination.

**Environmental Stewardship:**

Apple is at the vanguard of embracing environmentally friendly practices, a pillar of the Sustainable Development Goals of the United Nations (United Nations, 2015). Apple's commitment to becoming carbon neutral by 2030 demonstrates its dedication to reducing its environmental impact (Apple Commits to Be 100 Percent Carbon Neutral for Its Supply Chain and Products by 2030, 2020). This commitment is further exemplified by Apple's strategies for employing safer materials and reducing waste in their production processes. Apple's adoption of recycled rare earth elements in its iPhone Taptic Engine, for instance, is a concrete example of its dedication to reducing electronic waste and the environmental impact of extraction.

Apple has pledged to reduce its environmental impact in accordance with the United Nations Global Compact and SDG's. The company's initiatives to achieve 100% renewable energy for its facilities, reduce emissions, transition to a closed-loop supply chain, and responsibly source minerals demonstrate a strong congruence with the environmental principles of global codes of ethics.

**Anti-Corruption:**

Apple has a Business Conduct Policy that guides employees on maintaining the highest ethical standards in their work. Their Business Conduct Policy upholds integrity, honesty, and accountability in all business operations. Employees and vendors are expected to avoid engaging in any actions that could be perceived as a conflict of interest. For example, Apple's Gifts & Entertainment Policy prohibits employees from accepting gifts or hospitality that could influence or appear to influence their professional decisions, thereby contributing to maintaining a culture of transparency and integrity. Apple's adamant opposition to extortion and corruption mirrors the United Nations Convention against Corruption.

### **A commitment to giving back to the community:**

Apple is committed to giving back to the community and has set up several programmes to help education, the arts, and other charitable causes. The company has a fund that funds non-profit groups. Apple's foundation awards grants to organisations that promote education and the arts. This is consistent with the Global Code of Ethics' principle of promoting economic and social development. The company has donated billions of dollars to support education, health care, and environmental causes.

In conclusion, Apple's commitment to ethics and corporate social responsibility is evident in its policies and practices. This adherence to ethical principles is evidenced by the company's dedication to human rights, fair labour practises, environmental sustainability, anti-corruption, community support and consumer protection. These actions highlight the company's ethical commitment and substantial contribution to realising a sustainable and just global business environment.

It is important to note, however, that Apple's implementation of these principles, like that of any multinational corporation, is subject to scrutiny and can encounter challenges due to the complexity of its global operations.

### Question 3

a) Explain in detail the company's stance on the "sustainable development goals" by United Nations and all the actions it has taken or plans to undertake to meet the sustainable development goals.

Apple Inc. has shown that it is committed to the Sustainable Development Goals (SDGs) of the United Nations. The company has set big goals to lessen its effect on the earth and help make the future more sustainable. These goals are meant to help solve many global challenges, such as poverty, injustice, climate change, pollution, peace, and justice. Here are a few ways that Apple's activities are in line with the SDGs:

### **SDG 7: Affordable and Clean Energy**

Apple has promised to use 100% green energy in all its activities, which aligns with SDG 7. In 2020, Apple said that all its businesses in more than 44 countries are driven by 100% renewable energy (Apple Commits to Be 100 Percent Carbon Neutral for Its Supply Chain and Products by 2030, 2020). They are also helping their industrial partners switch to energy sources that don't come from fossil fuels.

Apple is investing globally in renewable energy initiatives. In addition to operating solar and wind farms in eleven countries, the company purchases renewable energy certificates from other initiatives.

In the year 2020, Apple's renewable energy initiatives generated sufficient electricity to power all its offices, retail stores, and data centres.

### **SDG 8: Decent Work and Economic Growth**

Apple's Supplier Responsibility Programme, which aligns with SDG 8, strives to improve labour conditions and encourage economic growth in its supply chain. For example, their Supplier Code of Conduct establishes rules for recruiting practices, salary remuneration, and working hours (Apple Inc., 2021). Apple has a very detailed vendor code of conduct that says its suppliers must meet high standards in areas like worker rights, protecting the environment, and health and safety. The company does regular checks of its suppliers to make sure they are following the code of conduct. They also run training programs for workers at supplier facilities to educate them about their rights, occupational health, and safety.

### **SDG 9: Industry, Innovation, and Infrastructure**

This objective is consistent with Apple's ongoing commitment to innovation and developing new technologies. They have pioneered products and services that have transformed the technology industry by investing significantly in R&D. Their ongoing creativity contributes to SDG 9. For example, Apple's use of recycled rare earth elements in its iPhone Taptic Engine exemplifies sustainable industrial innovation.

### **SDG 12: Sustainable Production and Consumption**

Apple is more focused on making its goods less harmful to the environment. Apple's products are created with energy efficiency and recycled materials in mind. The company also provides various services that help individuals live more sustainably, such as its recycling programme and climate change educational resources. They do this by recycling and using more eco-friendly materials, which helps achieve SDG 12. They have released a robot called "Daisy" that can take apart iPhones to get back important materials (Apple Adds Earth Day Donations to Trade-in and Recycling Program, 2018). The company has developed programs to recover and recycle products and has integrated recycled materials into its products. Apple is attempting to reduce its excess production with the goal that by 2025, the company will send zero waste to landfills. This shows their commitment to a closed-loop supply chain. In 2020 the company recycled or reused 99% of its manufacturing waste.

### **SDG 13: Climate Action**

Apple wants to be completely carbon-free by 2030, 20 years before the Paris Agreement's goal and in line with SDG 13 (Apple Commits to Be 100 Percent Carbon Neutral for Its Supply Chain and Products by 2030, 2020). They plan to do this by cutting pollution by 75% and finding ways to eliminate the other 25%. This involves switching to 100% renewable energy for its buildings, lowering emissions from its production process, and producing energy-efficient goods. This means that every Apple device sold will have a net-zero climate impact. This initiative aligns with SDG 13, which calls for urgent action to combat climate change and its impacts.

Apple's efforts to align with the UN's SDGs demonstrate its comprehensive approach to incorporating sustainability into its business model. Apple is committed to realising global objectives by instituting various initiatives, including using 100 percent renewable energy and responsible consumption and production practices. Apple's dedication to the SDGs is integral to its mission to develop products and services that improve people's lives and safeguard the environment. The company is a leader in the corporate sustainability movement and is making significant progress towards achieving the SDGs.

It is important to note that while Apple's initiatives align with the principles of the SDGs, the implementation and impact of these initiatives should be subject to ongoing monitoring and evaluation.

b) If the company has not yet included any or all of the sustainable development goals, choose a set of sustainable development goal(s) and propose a plan (which aligns with the company details) that the company may implement to meet the sustainable development goals.

While Apple Inc. has shown commitment to several United Nations' Sustainable Development Goals (SDGs), there are areas where the company can further align its strategies and operations. Apple Inc. could strengthen its commitment to SDG 4, which promotes inclusive and equitable quality education and lifelong learning opportunities for all, as one of the Sustainable Development Goals (SDGs). Apple has made significant progress in other areas of sustainability, but this is one area where it could improve.

Apple is well-positioned as a major technology firm to contribute to improving quality education through digital solutions, particularly in marginalised regions and developing nations where access to excellent education is limited.

#### **Plan Proposed to Address SDG 4: Expanding Access to Digital Education**

Apple could form partnerships with educational institutions in underprivileged regions of the world through its Digital Education Partnership Programme. Apple could donate devices, offer special educational pricing, or develop leasing programmes through these partnerships to make their technology more accessible.

1. **Increase Access to Digital Education: Expanded Educational Content** Apple's platform, Apple TV+ can be utilised to provide high-quality educational content. This content may consist of virtual lectures, documentaries, and educational programmes. Apple could improve the quality and accessibility of education by making this content available for free or at a discounted rate to educational institutions.
2. **Teacher Training Programs:** Apple could expand its current training programmes to reach more teachers and students, especially in underserved regions. These programmes may teach digital literacy, computing, and other crucial 21st-century skills. This could be coupled with tailored educational content developed in collaboration with educational institutions, providing an engaging and interactive learning experience. These could focus on integrating technology into classroom teaching and leveraging Apple's educational apps to enhance learning outcomes.
3. **Education-focused Research and Development: Research and Development Grants-** Apple could offer grants to researchers who are developing innovative educational technology applications. These grants stimulate the development of new educational technologies and methodologies that could improve educational outcomes worldwide. Apple might invest in new technology research and development to improve education. Learning management systems, educational applications, and adaptive learning technologies are examples of such technology.
4. **Partnerships for Education:** Apple could collaborate with governments, non-governmental organisations, and educational institutions worldwide to promote high-quality education.



These collaborations might concentrate on curriculum development, teacher training, and infrastructure improvement.

By implementing this plan, Apple could contribute significantly to achieving SDG 4. This strategy correlates with Apple's current capabilities and corporate values and capitalises on its technology and education expertise. In addition, by enhancing access to education, Apple would be investing in future generations of potential Apple consumers and developers, aligning this strategy with its long-term business goals.

SDG 3, which promotes excellent health and well-being, is another Sustainable Development Goal that Apple Inc. might increase its commitment towards. Despite Apple's involvement in health through its Apple Health app and ResearchKit, a more targeted and expansive strategy might result in major gains in global health outcomes. Apple is uniquely positioned to contribute to this goal due to its technological capabilities and widespread consumer reach.

**Plan Proposed to Address SDG 3: Improving Health and Well-being: Proposed Plan,** here are some proposed strategies:

Health-focused Technology Development: Apple could expand its health technology capabilities by adding new applications or features promoting preventative healthcare. These might include chronic illness early detection and monitoring, mental health assistance, and even health education tools.

1. **Partnerships in Global Health:** Apple should collaborate with global health organisations to address major health challenges. Apple, for example, might collaborate with the World Health Organisation to develop comprehensive disease surveillance systems utilising its technologies as it did with the Covid-19 pandemic. Apple could help to improve health and well-being by providing access to healthcare and other essential services to those in need.
2. **Collaborations in Medical Research:** Apple could work with research institutions and universities worldwide to advance medical research. Researchers may undertake large-scale studies on illnesses such as diabetes, cardiovascular disease, and cancer using Apple's ResearchKit. These collaborations could facilitate the sharing of expertise, enabling the development of more effective health technologies and interventions.
3. **Data Privacy and Security:** Strengthen the capacity of all countries for early warning, risk reduction, and management of health risks. Apple could utilise its commitment to data privacy and security to handle sensitive health data responsibly, thereby building trust among users and facilitating the use of digital health solutions.
4. **HealthKit Expansion:** Apple can make HealthKit more accessible and affordable to underrepresented regions and people. This will enable more people to monitor and regulate their health, thereby lowering healthcare costs and improving health outcomes.
5. **Employee Wellness Programmes:** as an employer, Apple may set a good example by creating comprehensive health and wellness programmes for its staff. Such programmes should emphasise physical activity promotion, healthy eating alternatives at work, and mental health assistance.
6. **Digital Health Infrastructure in Developing Countries:** Apple could collaborate with governments and non-governmental organisations to enhance digital health infrastructure in developing countries, such as telemedicine services and remote health monitoring systems. This could facilitate access to health services in underserved or remote areas.

By carrying out this strategy, Apple might make a significant contribution to the achievement of SDG 3. This strategy complements Apple's existing strengths and focuses on health. By improving global health outcomes, Apple would benefit its consumers and the larger global community and extend its market for health-related products and services. Apple could contribute to global health outcomes and potentially open new product development and market expansion avenues.

As with all corporate sustainability efforts, it would be crucial for Apple to ensure transparency in implementing these initiatives, including regular reporting on progress and impact. This would enable stakeholders to monitor and effectively assess Apple's contribution to the SDGs.

#### Question 4

Identify the main stakeholders of the selected company and based on the relationship, briefly discuss their 'stake' in the company. Be specific and not generic.

Stakeholders are any group or people affected directly or indirectly by an organisation's activities, choices, policies, practises, or goals. Apple Inc. has a diverse set of stakeholders as an international technological business. Here's a breakdown of Apple's key stakeholders and their respective stakes:

**Shareholders and Investors:** Individuals or entities who possess Apple shares, as the owners of Apple Inc., shareholders have a significant stake in the company. They have a financial interest in the firm. They gain from dividends and stock price increases and are concerned about the company's financial performance and growth prospects. Shareholders include individual investors, institutional investors, and Apple's own employees through employee stock ownership plans.

**Employees:** This category comprises everyone from Apple's upper management to its retail employees. Employees are vested in the company's performance since it influences their job security, possibilities for growth, salary, and work environment. They are concerned with Apple's human resource policy, organisational culture, and financial stability.

**Customers:** Customers are crucial stakeholders for Apple, as they generate the company's revenue by purchasing its products and services. Customers include people, corporations, and other institutions that use Apple's goods and services. Their stake is in product quality, functionality, dependability, value for money, and manufacturing ethics. Their primary focus areas include product innovation, customer service, privacy, and security.

**Suppliers:** Apple's suppliers provide the necessary components and services for the company's product manufacturing. They are vested in the company's business continuity, ethical procurement practises, and prompt invoice payment. Suppliers consist of key semiconductor manufacturers and purveyors of various supply chain services.

**Distributors and retailers:** Retail partners, such as authorised resellers and carriers, play a significant role in distributing Apple's products to consumers. These companies offer Apple products to customers, including online and physical stores. They are concerned about Apple's retail rules, as well as product availability, price, and marketing assistance.

**Governments and Regulators:** Apple operates in many countries, making governments and regulatory bodies significant stakeholders. Because of Apple's legal and regulatory compliance, government entities and regulatory agencies have a stake in the company. They are concerned about tax payments, labour practices, data security, antitrust difficulties, and environmental rules.

**Communities and Society:** As a global corporation, Apple has an impact on communities and societies around the world. Their interest is connected to Apple's corporate social responsibility, environmental impact, contributions to local economies, and societal effect of their goods and services.

**Competitors:** While not typically categorised as stakeholders, competitors have a stake in Apple's strategic decisions and market performance. Competitors can be influenced by Apple's innovations, pricing strategies, and market share.

**Non-Governmental Organisations (NGOs) and CSOs:** NGOs and CSOs are concerned with issues such as environmental preservation, human rights, and fair trade and have a stake in Apple's policies and practices.

Each stakeholder has a unique relationship with the firm and a vested interest in its success. All these stakeholders are critical to Apple's commercial operations. Maintaining strong, good relationships with all its stakeholders is in the firm's best interests, as they all contribute directly or indirectly to Apple's success and development. Understanding and meeting customer demands may assist the organisation in managing risks, capitalising on opportunities, and ensuring long-term sustainability and competitiveness. By effectively managing its relationships with these stakeholders, Apple can ensure its commercial success and positively impact society and the environment, ensuring a better future for all.

#### Question 5

a) For the selected company, in terms of their operation and functioning, what are the key ethical issues pertaining to the marketing practices (4 Ps) or supply chain? Give examples.

As a worldwide technological corporation, Apple Inc. confronts various ethical challenges with its marketing practices. The organisation's 4Ps of marketing (Product, Price, Place, and Promotion) provide unique issues, including planned obsolescence, pricing tactics and more.

#### Marketing Practices

**Product:** Apple's goods have been chastised for planned obsolescence, which is the practice of creating items with a limited usable life to entice customers to buy the most recent models (Manfredi et al., 2019). The "Batterygate" affair, in which Apple acknowledged deliberately slowing down older iPhones through software upgrades, resulted in a significant outcry and many lawsuits.

Apple could combat planned obsolescence by providing more substantive hardware enhancements and enhancing the software optimisation of older models, thereby extending product life. Transparency regarding the effects of software updates on device performance would also foster consumer confidence.

**Price:** Apple's premium price approach may contribute to the digital gap, which is a disparity in technology access (Pick & Azari, 2008). According to critics, ethical marketing should aim to widen access, and Apple's high production costs may be seen as limiting accessibility. Apple has also been accused of price gouging on its goods, most notably the iPhone. Some opponents claim that Apple's products are expensive and that the firm exploits its customers.

Apple could establish programmes that offer refurbished or less expensive devices, thereby fostering digital inclusion.

**Place:** The COVID-19 epidemic prompted concerns about Apple's reliance on physical storefronts for product distribution and the possible risk to both staff and consumers.

Apple should constantly adjust its distribution techniques to meet global health concerns, such as growing its online sales capacity, providing virtual product demos and assistance, and enhancing home delivery logistics.

**Promotion:** Apple's advertising techniques have been criticised for being opaque and occasionally deceptive, perhaps exaggerating product capabilities. On various occasions, Apple has been accused of deceptive advertising. For example, the Federal Trade Commission penalised Apple \$2 million in 2012 for fraudulently misrepresenting the battery life of its iPhone 4S. The company has also been accused of greenwashing or making false or deceptive claims regarding environmental sustainability. Apple, for example, has been chastised for using conflict minerals in its products.

Clear, straightforward advertising that appropriately depicts product capabilities can help to improve a company's reputation and consumer confidence.

Apple's acknowledgement of these ethical challenges and its efforts to address them is critical. As a market leader, the firm can set industry standards, resulting in beneficial improvements throughout the industry. Addressing these difficulties will necessitate the development of comprehensive strategies that include ethical considerations in product design and marketing, as well as prioritising responsible practices in supplier selection and management. Finally, these efforts would reduce possible reputational problems and increase brand equity and long-term shareholder value.

b) Describe the selected company's relationship with civil society organizations (CSOs) such as NGOs, community groups, clubs, etc. What steps has the company taken or can take to improve its social approval/license to operate in the market?

Apple Inc. is one of the greatest technology corporations in the world and is renowned for its innovative consumer electronics and software. Its social impact and relationship with Civil Society Organisations (CSOs) have evolved over time and are multidimensional.

Apple has participated in numerous initiatives with CSOs. Apple's commitment to environmental sustainability is one such area. The business has collaborated with non-governmental organisations to reduce its environmental footprint. For instance, the partnership with Conservation International, a non-profit environmental organisation, seeks to advance nature-based carbon removal initiatives of the highest quality (Apple Expands Innovative Restore Fund for Carbon Removal, 2023).

Apple has also taken substantial measures to ensure the ethical sourcing of materials. Apple is a member of the Responsible Minerals Initiative (RMI), which aims to promote the ethical procurement of minerals in global supply chains (Facility Database, n.d). Apple's Supplier Responsibility Report demonstrates its commitment to ethical procurement and labour rights, signifying collaboration with non-governmental organisations and labour rights groups (Apple Inc., 2020).

Apple has collaborated with CSOs on education, skill development, environmental sustainability, and responsible sourcing. Through its 'Apple Developer Academies,' the company has endeavoured to provide software engineering education and entrepreneurship training in the communities in which it operates (Pavlova et al., 2021).

Despite these engagements, there have been controversies regarding Apple's factory labour conditions (Kwong, 2021). Therefore, increased collaboration with labour rights non-governmental organisations and labour unions could alleviate these concerns and enhance its social licence.

Despite the positive engagements, CSOs have criticised Apple's business practices. Specifically, the company needs help with tax avoidance and financial transparency (Barrera & Bustamante, 2017). Apple could take additional measures towards financial transparency and equitable corporate taxation to counter such criticisms and enhance its social licence.

Apple could adopt additional measures to boost its social approval. First, enhancing transparency in all operations, including supply chain management, could increase CSO and public confidence. Sharing information regarding its practices publicly could aid in this regard. Apple could engage more thoroughly with local communities and contribute to local development in areas where it operates by, for example, creating opportunities for education and training. Community involvement fosters goodwill and can bolster a business's social licence.

Increasing direct collaboration and partnerships with local CSOs could be another essential strategy, particularly in Apple's manufacturing regions. By collaborating closely with local organisations, Apple can better understand the unique social and environmental challenges these communities confront and develop strategies to address these issues.

Apple could expand its philanthropic efforts and establish a formal corporate social responsibility (CSR) programme. A structured programme can demonstrate a commitment to certain social causes over the long term and strengthen partnerships with relevant CSOs.

Lastly, consistent communication with CSOs is essential. Apple can better comprehend emerging social concerns, respond to criticism, and collaborate on collaborative initiatives by engaging in regular dialogues with NGOs, community groups, and other CSOs. Notable collaborations characterise Apple's relationship with CSOs but also enhance opportunities. By increasing local engagement and fostering an open dialogue with CSOs, the company could further strengthen its social licence to operate. There is still room for improvement. Apple's social licence to operate could be considerably enhanced through greater financial transparency, enhanced local collaboration, and a well-structured CSR programme.

## Question 6

Read the following and answer based on your reading and analysis:

*"Your Chosen company is a globally diversified group headquartered in the United States of America. It operates multiple businesses in multiple geographies around the world. Its primary source of revenue is IT services and software selling. Your chosen group has shown tremendous innovation in applying multiple patents ensuring adherence to UN Global Compact, UN PRI, and COP 26 guidelines on sustainable development. All these actions have garnered tremendous goodwill and also ensured the channelization of ESG funds.*

*One of your employees (sent from HQ in the US) working in China tweets about political issues in China on various platforms, including Weibo and Twitter. While the US laws value freedom of expression, the Chinese laws discourage discussions on sensitive political issues. This has become a major source of tension between the company and the Chinese government".*

a) Discuss the potential consequences for the company (in the scenario above) in China and the USA.

The situation described involves the intersection of corporate governance, employee rights, international law, and geopolitical tensions, making it a complex issue. Here are some possible outcomes for the company in China and the United States:

#### **Consequences in China:**

- The Chinese government has stringent regulations regarding the discussion of sensitive political issues. If these laws are perceived to have been violated by the employee's tweets, the company could face legal action, including fines and other penalties.
- The Chinese government could make conducting business within the country more challenging for the company. This may involve increased regulatory scrutiny, delays in obtaining necessary permits or licences, or even the revocation of the company's ability to conduct business in China.
- Damage to Reputation: The incident could impair the company's reputation among Chinese consumers, resulting in a possible sales decline. Additionally, it could impair relations with local business associates.
- There may be concerns regarding the safety of the employee who sent the tweets and other employees in China. They may be subject to harassment or intimidation.

#### **Consequences in the United States:**

- The company could confront a public relations challenge in the United States, where freedom of speech is highly valued. If the company is perceived not to support the free speech rights of its employees, it could encounter censure from the public, its employees, and other stakeholders.
- Depending on the company's actions in response to this situation, there may be legal implications. For instance, if the company terminated the employee because of the tweets, it could be sued for unlawful termination.
- Investor Concerns Investors, especially those concerned with ESG (Environmental, Social, and Governance) factors, may be concerned with the company's handling of the situation. This may influence the stock price or the company's ability to entice future investment.
- Employee Morale and Recruitment: The situation may hurt employee morale, especially if employees believe that the company does not support their right to free speech. It could also make it more challenging for the company to recruit new employees, especially those who value free speech.

In conclusion, this circumstance presents the corporation with significant challenges in both China and the United States. Navigating both countries' legal, commercial, and ethical implications will require care.

b) What should the company in question do? Write down your views and strategy for the company.

The company is in a complex situation requiring a measured and considerate approach. Here are some possible strategies and actions for the company:

#### **1. Thorough Research and understanding:**

Before acting, the company should investigate the situation exhaustively. This includes comprehending the content of the tweets, the reaction in both China and the United States, and the

potential legal repercussions in both countries. The company should consult with solicitors familiar with both nations' legal systems.

## **2. Open Dialogue:**

The company should maintain an open dialogue with all interested parties. This includes the employee who tweeted, other employees, the Chinese government, clients, and investors. The company should attend to their concerns and express its commitment to resolving the situation in accordance with legal requirements and its own corporate values. It's important to show respect for Chinese laws and customs, even while upholding the company's values.

## **3. Effective Communication:**

The company should communicate the situation with clarity and candour. This includes both public statements explaining the company's position and actions and internal communications with employees. The company should endeavour for maximum openness while respecting privacy and legal constraints. This might involve acknowledging the situation, respecting Chinese laws and customs, and reaffirming the company's commitment to resolution.

## **4. Evaluation of Policies:**

The organisation should review its policies concerning employee conduct, especially on social media. If necessary, the company should revise these policies to provide employees with clearer guidance on what constitutes acceptable behaviour, especially concerning political issues and operating in various cultural and legal environments.

## **5. Crisis Management Plan:**

The company should establish a crisis management plan to guide its future responses to similar situations. This plan should include procedures for rapidly identifying and responding to potential crises, a communication strategy, and a plan for managing the potential business and legal consequences. This could involve steps to protect its operations in China, manage its reputation, and reassure stakeholders.

## **6. Respect for Local Laws and Traditions:**

In addition to respecting the laws and customs of the countries in which it operates, the company must uphold its commitment to freedom of expression and other fundamental values. This may necessitate challenging decisions and a delicate balancing of competing interests.

## **7. Training and Support for Employees:**

The company should provide its employees with training and support to help them comprehend the company's policies and the potential consequences of their actions. This could include training on cultural sensitivity, the use of social media, and the legal and business environment in various countries in which they operate.

## **8. Engage with Governments:**

The company should communicate its concerns, elucidate its position, and seek a resolution to the situation with the US and Chinese governments. This may entail diplomatic channels, commercial associations, or other forms of participation.

In conclusion, the company must navigate this situation carefully, maintaining a balance between its commitment to its values, the demands of its stakeholders, and the legal requirements of the countries in which it operates. This will necessitate a deliberate, open, and proactive approach.

c) Discuss any ESG reporting standard that IT and Software companies should use for reporting their ESG compliances.

Environmental, Social, and Governance (ESG) reporting requirements are becoming more relevant for businesses across all industries, including IT and software. These guidelines offer a framework for businesses to declare their performance and influence on major ESG problems such as climate change, human rights, governance, and social well-being. Here are a few key ESG reporting standards that IT and software companies can consider:

The Global Reporting Initiative (GRI) Standards are among the most recognised and utilised ESG reporting standards. The GRI Standards are the first and most extensively used global sustainability reporting standards. They have a modular, interconnected structure and are the worldwide best practice for reporting various economic, environmental, and social consequences.

The GRI Standards provide a comprehensive collection of indicators that address the ESG issues most important to the IT and software industries. As an example:

Environmental impact indicators in the GRI Standards include energy consumption (GRI 302), water and effluents (GRI 303), emissions (GRI 305), and waste (GRI 306). These indicators may be used by IT and software firms to report on their efforts to decrease their carbon footprint, manage e-waste, and save resources.

Social concerns are also addressed in the GRI Standards, including labour practises (GRI 401-407), human rights (GRI 408-412), and society and community effects (GRI 413-419). These indicators may assist IT and software firms in disclosing how they deal with problems, including diversity and inclusion, employee well-being, data privacy and security, and community participation.

Governance: Indicators linked to the company's governance structure (GRI 102-37), ethics and integrity (GRI 102-16), and stakeholder involvement (GRI 102-40 to 102-44) are included in the GRI Standards. These indicators assist IT and software firms demonstrate their dedication to ethical business practices, corporate transparency, and stakeholder involvement.

Adopting the GRI Standards has various advantages for IT and software companies:

**Improved Reputation:** Companies that report on their environmental, social, and governance (ESG) performance are frequently perceived more favourably by consumers, investors, and other stakeholders. This may help their reputation and lead to more commercial prospects.

**Risk Management:** ESG reporting may assist businesses in identifying and managing risks associated with environmental and social concerns. This may assist them in avoiding possible financial and reputational harm.

**Investor Interest:** An increasing number of investors are considering ESG considerations in their investing selections. IT and software firms may attract these investors and expand their access to financing by publishing their ESG performance.

**Regulatory Compliance:** As rules governing ESG disclosure grow stricter, adopting a recognised standard such as the GRI may assist businesses in ensuring compliance and avoiding possible fines.



**Sustainability Accounting Standards Board (SASB):** The SASB Standards focus on industry specific ESG issues that are likely to be material to investors. The SASB has developed a standard for the Software & IT Services industry that covers data security, energy management, employee engagement, diversity & inclusion, and competitive behaviour.

**Task Force on Climate-related Financial Disclosures (TCFD):** The TCFD provides a framework for companies to disclose climate-related risks and opportunities in their financial filings. Given the significant energy use associated with data centres and other IT infrastructure, this can be particularly relevant for IT and software companies.

**CDP (formerly the Carbon Disclosure Project):** CDP runs a global disclosure system for companies to manage their environmental impacts and for investors to access environmental information for use in financial decisions. CDP focuses on climate change, water security and deforestation.

**United Nations Global Compact:** While not a reporting standard per se, the UN Global Compact encourages companies to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment, and anti-corruption. Companies that join the UN Global Compact are expected to communicate their progress in implementing these principles on an annual basis.

**Integrated Reporting (<IR>):** The <IR> Framework, developed by the International Integrated Reporting Council (IIRC), encourages a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of an organisation to create value over time.

Each of these standards has its own strengths and focus areas, and the best choice for a given company will depend on its specific circumstances, including its industry, size, geographic location, and the needs and interests of its stakeholders.

However, it is vital to highlight that ESG reporting might be difficult. Collecting, analysing, and reporting ESG data involves substantial resources and skills. Companies may also face data privacy and security vulnerabilities, particularly when reporting on social and governance problems.

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