Three lessons all tech companies should learn from Apple's latest audit

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The audit of facilities that manufacture Apple products, released by the Fair Labor Association last week, revealed nothing that wasn't already known. And despite immediate promises to end overtime abuses, activists are justified in remaining vigilant to make sure that happens.

But whatever its shortcomings, the report offers much for the rest of the tech industry. I spent some time examining the supply chain disclosures of 10 of the largest tech companies and found they fall all over the map. While some come close to matching Apple, others leave us almost completely in the dark.

The bar has been raised (even if there is a debate about how much), and every tech company ought to find a way to match it. This will require a steeper climb for some than others.

Here are three things the industry can do right now:

MORE TRANSPARENCY: What other tech companies tell us about their supply chains and manufacturing is too inconsistent.

At one end, for instance, is Oracle, which discloses pretty much nothing when it comes to this topic. The company acquired Sun Microsystems a couple of years ago, getting into the hardware business. On Oracle's website, it does have a copy of its supplier code of conduct, and notes that it does conduct audits. But as far as what those audits find, we're told nothing.

An Oracle spokesperson said the company had no comment.

At the other end are companies such as Hewlett-Packard and Intel. Each publishes an annual corporate sustainability report that provides information about the number and types of violations found and metrics about the progress being made to resolve them.

Intel also publishes a list of its 75 largest suppliers that account for about 90 percent of its supply chain. HP lists almost all of them. According to a statement from an HP spokesperson:

"HP takes seriously the challenge of raising social and environmental responsibility (SER) standards in its supply chain. HP was the first electronics company to publish its list of suppliers in 2008 and has published an aggregate table of audit results annually since 2006."

Publishing the results of audits and full lists of suppliers should become the norm. Currently, most tech companies (including Apple) have developed their monitoring through a trade industry group called the Electronics Industry Citizenship Coalition, or EICC. But the EICC doesn't mandate such disclosures. As a group, these companies should realize the game has changed and so should their rules.

TARGETING VIOLATIONS: Part of those changes should also extend to not just naming suppliers, but detailing where violations occur. One genuine step forward Apple took with the report last week was that it specifically talked about the conditions at a major manufacturer, Foxconn. The FLA will next audit the second- and third-largest manufacturers of Apple products and release reports on them as well.

Members of the EICC have in the past discussed and rejected this so-called "naming and shaming" approach to dealing with suppliers, arguing it would be counterproductive to publicly humiliate important partners. When I called the EICC last week to discuss their approaches, spokesperson Wendy Dittmer said the organization allowed for a wide range of approaches within certain frameworks.

"The thing to remember is that everyone is trying to improve conditions," Dittmer said. "We're not at odds in terms of the goal."

But the effect that the spotlight on Foxconn has had -- promises to end overtime abuses and raise pay -- makes me think the EICC should make naming supplier violations standard for members.

GREATER INDEPENDENT OVERSIGHT: Apple trumpeted its decision to become a member of the FLA, a third-party organization whose members primarily include apparel-makers and universities. The nonprofit was established in the wake of the sweatshop controversies of the 1990s.

The company noted that in asking the FLA to conduct inspections, these would be the first "independent" audits of its suppliers' facilities.

"We believe that workers everywhere have the right to a safe and fair work environment, which is why we've asked the FLA to independently assess the performance of our largest suppliers," said Tim Cook, Apple's CEO, in a news release at the time. "The inspections now underway are unprecedented in the electronics industry, both in scale and scope, and we appreciate the FLA agreeing to take the unusual step of identifying the factories in their reports."

The problem is that many human and labor rights activist view the FLA with skepticism because it receives the bulk of its funding from members, making it only slightly more credible than the EICC in their eyes.

"If the FLA doesn't have any teeth, it's fair to say the EICC doesn't have gums," said Scott Nova, executive director of the Workers Rights Consortium.

The FLA did not respond to a request for comments. But it has previously said that it has checks in place to make sure that its monitoring groups are not influenced by members' fees. And certainly, its detailed report on Foxconn has gotten good reviews.

Still, appearances matter, and the FLA should rethink its funding. When the organization first started, it got the bulk of its funding from government grants, but shifted over time to membership fees. This topic is critical enough to U.S. industry and consumers that the federal government (and some foreign governments) ought to be able to scrape together the $3.7 million to replace the member fees it received in 2010.

The money spent to enhance the credibility of the U.S. tech industry and home and abroad would be worth every penny.