



## School Of Information Technology

### Governance Risk & Compliance

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## Table of Contents

<b><i>Governance of Apple Inc (494w)</i></b> .....	<b>4</b>
Values of Apple and their Mission Statement (26w) .....	4
Apple Values (82w) .....	4
Apple Governance Framework (41w) .....	5
Notable Governance features to communicating with shareholder's needs. (42w) .....	6
Prohibition on Hedging or other transaction .....	6
Access to Management & Shareholder participation (18w) .....	6
Diverse Board of Directors (61w) .....	7
Board Structure (44w) .....	8
Benefits realized from Governance Framework (86w) .....	9
Board Oversight Areas.....	10
Board Oversight Areas (cont'd) (57w) .....	11
Apple shareholder engagements (52).....	12
<b><i>Risks Management of Apple Inc (817w)</i></b> .....	<b>13</b>
Departments that oversee the Board of Director Risks .....	13
Audit Committee .....	13
Enterprise Risk Management .....	13
Internal Audit.....	13
Risks Apple is monitoring.....	13
1-Macroeconomic & Industry Risks .....	13
1-Apple Mitigations to Macroeconomic & Industry risks.....	13
2-Business Risks .....	14
2-Mitigations to Business risks.....	14
3-Compliance Risks.....	14
3-Mitigations to compliance risks .....	14
4-Financial Risks .....	14
4-Mitigations to Financial Risks.....	15
5-General Risks .....	15
5-Mitigations to general risks .....	15
<b><i>Compliance to the laws by Apple Inc (622w)</i></b> .....	<b>16</b>

<b>Compliance Issues faced by Apple.....</b>	<b>16</b>
Epic Games .....	16
Other legal Proceedings .....	16
<b>Policies Apple must ensure compliance.....</b>	<b>16</b>
Independent Audit .....	16
Applying of patents .....	16
Licensing Third Party Intellectual Properties .....	16
Privacy Policy Rights .....	16
Consumer Rights .....	17
Apple Trade Compliance .....	17
ethics and compliance policy .....	17
<b>Apple code of Conduct .....</b>	<b>17</b>
Apple Anti-Corruption Policy .....	17
<b>References.....</b>	<b>19</b>

## Governance of Apple Inc (494w)

### Values of Apple and their Mission Statement (26w)

Before tackling Apple's governance, we need to identify what is the organization's mission statement.

#### Mission Statement:

“Creating technology that empowers people and enriches their lives. “

### Apple Values (82w)

#### Apple Values

We are committed to demonstrating that business can and should be a force for good. Achieving that takes innovation, collaboration, and a focus on serving others. It also means leading with our values in the technology we make, the way we make it, and how we treat people and the planet we all share. We're always working to leave the world better than we found it, and to create powerful tools that empower others to do the same.

<b>Accessibility</b> We create the most accessible products and services in the world, because technology for everyone should meet everyone's needs.	<b>Our Commitment to Transparency</b>
<b>Education</b> We believe education is a great equalizing force and a powerful source of opportunity for all.	<b>ESG Report and Index</b> <a href="https://investor.apple.com/esg">investor.apple.com/esg</a>
<b>Environment</b> We believe doing right by the planet is good for people, for communities, and for business.	<b>People and Environment in Our Supply Chain Report</b> <a href="https://apple.com/supplier-responsibility">apple.com/supplier-responsibility</a>
<b>Inclusion &amp; Diversity</b> We're committed to making our company more inclusive and diverse and the world more just.	<b>Environmental Progress Report</b> <a href="https://apple.com/environment">apple.com/environment</a>
<b>Privacy</b> We believe privacy is a fundamental human right.	<b>Privacy Transparency Report</b> <a href="https://apple.com/privacy">apple.com/privacy</a>
<b>Supplier Responsibility</b> We set the highest standards for labor and human rights, working across our global supply chain to expand opportunity and empower people.	<b>Accessibility</b> <a href="https://apple.com/accessibility">apple.com/accessibility</a>
	<b>Education</b> <a href="https://apple.com/education-initiative">apple.com/education-initiative</a>
	<b>Inclusion &amp; Diversity</b> <a href="https://apple.com/diversity">apple.com/diversity</a>
	<b>Racial Equity &amp; Justice Initiative</b> <a href="https://apple.com/racial-equity-justice-initiative">apple.com/racial-equity-justice-initiative</a>
	<b>Human Rights Policy</b> <a href="https://apple.com/compliance/policies">apple.com/compliance/policies</a>
	<b>Ethics and Compliance</b> <a href="https://apple.com/compliance">apple.com/compliance</a>
	<b>Our Progress</b> This year, teams across Apple pushed forward in our work to infuse technology with our values, supporting the communities where we live and work, and protecting the planet we share. That included innovating to make our technology even more accessible for everyone, and designing products and services to protect people's fundamental right to privacy. We also continued to build on our environmental progress — Apple has been carbon neutral for its global corporate operations since 2020. And we're looking forward to continued partnership with our suppliers to make Apple's supply chain carbon neutral by 2030. Today, more than 200 of our suppliers have already pledged to power all Apple production with renewable electricity. We've also continued to improve representation and diversity, while fostering a welcoming environment where everyone belongs, and we remain committed to building a more equitable and inclusive world.



Apple (2023, Jan 12) Apple Values. Retrieved 2024, Jan 3. From the Apple Website.

[https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023\\_def14a.htm#3209561718846054:35899597](https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023_def14a.htm#3209561718846054:35899597)

In the Proxy Statement 2023, Apple as an organization aims to do business for the greater good of society. They achieve this through the sales and provisioning of goods and services to individuals. Apple products and services are defined by their values in the following categories.

1. Accessibility
2. Education
3. Environment
4. Inclusion and Diversity

5. Privacy
6. Supplier Responsibility

With these values, it forms the basis of Apple's Governance.  
Apple wishes to infuse these values into their products & services.

## Apple Governance Framework (41w)

To allow for apple values to be achieved, Apple has outlined a corporate Governance framework to best achieve Apple's mission.

### Our Corporate Governance Framework

Apple operates under a corporate governance framework designed to be a flexible working structure for principled actions, effective decision-making, and appropriate monitoring of both compliance and performance. Apple's key governance documents, including our Corporate Governance Guidelines, are available at [investor.apple.com/leadership-and-governance](https://investor.apple.com/leadership-and-governance).

<b>One share equals one vote</b>	We have a single class of shares with equal voting rights.
<b>Annual director elections</b>	All directors are elected annually for a one-year term.
<b>Majority voting</b>	We have a majority voting standard for uncontested elections of directors.
<b>Separation of Chair and CEO roles</b>	Our CEO is focused on managing Apple and our independent Chair drives accountability at the Board level.
<b>Stock ownership guidelines</b>	We have robust stock ownership guidelines for our directors and executive officers.
<b>Shareholder engagement</b>	We have a comprehensive year-round shareholder engagement program.
<b>Access to management</b>	Our Board has significant interaction with senior management and access to other employees.
<b>Time commitment policy</b>	The Nominating and Corporate Governance Committee annually reviews each director's various time commitments.
<b>Financial expertise</b>	All members of our Audit and Finance Committee qualify as audit committee financial experts.
<b>Continuing education and training</b>	Our Board regularly receives training and updates on ethics, compliance, and governance.
<b>Succession planning</b>	Our Board regularly reviews Board and executive succession planning.
<b>Executive sessions</b>	All quarterly Board and committee meetings include executive sessions.
<b>Board, committee, and individual self-evaluations</b>	Our Board, committees, and individual directors conduct annual performance self-evaluations led by our independent Chair, including one-on-one interviews.
<b>Prohibitions on hedging, pledging, and other transactions</b>	We prohibit short sales, transactions in derivatives, and hedging of Apple securities by directors, executive officers, and employees, and prohibit pledging of Apple securities by directors and executive officers.
<b>Special meetings</b>	Shareholders owning at least 10% of our outstanding shares have the right to call a special meeting of the shareholders.
<b>Proxy access</b>	Up to 20 shareholders owning at least 3% of our outstanding shares continuously for three years may nominate up to 20% of our Board.

Apple (2023, Jan 12) Our Corporate Governance Framework. Retrieved 2024, Jan 3. From the Apple Website.  
[https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023\\_def14a.htm#3209561718846054:35899597](https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023_def14a.htm#3209561718846054:35899597)

From Apple corporate governance above, Apple governance structure promotes transparency, accountability, and communication of Apple mission to their stakeholders in Apple.

Notable Governance features to communicating with shareholder’s needs. (42w)

Prohibition on Hedging or other transaction

<b>Prohibitions on hedging, pledging, and other transactions</b>	We prohibit short sales, transactions in derivatives, and hedging of Apple securities by directors, executive officers, and employees, and prohibit pledging of Apple securities by directors and executive officers.
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Apple (2023, Jan 12) Prohibition on Hedging or Other Transactions. Retrieved 2024, Jan 3. From the Apple Website. [https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023\\_def14a.htm#3209561718846054:35899597](https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023_def14a.htm#3209561718846054:35899597)

This ensures that the company board of directors do not do internal manipulation to artificially inflate Apple performance or to take advantage of Apples anticipated growths. This creates confidence to the public and other stakeholders that apple is transparent in doing business.

Access to Management & Shareholder participation (18w)

<b>Shareholder engagement</b>	We have a comprehensive year-round shareholder engagement program.
<b>Access to management</b>	Our Board has significant interaction with senior management and access to other employees.

Apple (2023, Jan 12). Access to Management , Shareholder engagement. Retrieved 2024, Jan 3. From the Apple Website. [https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023\\_def14a.htm#3209561718846054:35899597](https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023_def14a.htm#3209561718846054:35899597)

This ensure that Apple organization goals are well aligned and communicated with the needs of stakeholders at Apple.

## Diverse Board of Directors (61w)

### Apple's Board of Directors

Apple is overseen by directors with diverse skills, qualities, attributes, and experiences that effectively address the Company's evolving needs and represent the best interests of Apple's shareholders.

<b>55%</b> of directors self-identify as women or as from an underrepresented community		<b>44%</b> of directors self-identify as from an underrepresented community		<b>33%</b> of directors self-identify as women		<b>50%</b> of Board and committee leadership positions are filled by women	
Name	Occupation	Independent	Age	Director Since	Audit Committee	Compensation Committee	Nominating Committee
<b>Art Levinson</b> <i>Chair</i>	Founder and CEO, Calico	✓	72	2000		●	
<b>Tim Cook</b>	CEO, Apple		62	2011			
<b>James Bell</b>	Former CFO and Corporate President, The Boeing Company	✓	74	2015	●		
<b>Al Gore</b>	Former Vice President of the United States	✓	74	2003		●	●
<b>Alex Gorsky</b>	Executive Chair, Johnson & Johnson	✓	62	2021			●
<b>Andrea Jung</b>	President and CEO, Grameen America	✓	64	2008		●	●
<b>Monica Lozano</b>	Former President and CEO, College Futures Foundation	✓	66	2021	●		
<b>Ron Sugar</b>	Former Chair and CEO, Northrop Grumman Corporation	✓	74	2010	●		
<b>Sue Wagner</b>	Co-founder and Director, BlackRock	✓	61	2014	●		●

● Chair    ● Member



Apple (2023, Jan 12). Apple's Board of Directors. Retrieved 2024, Jan 3. From the Apple Website:

[https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023\\_def14a.htm#3209561718846054:35899597](https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023_def14a.htm#3209561718846054:35899597)

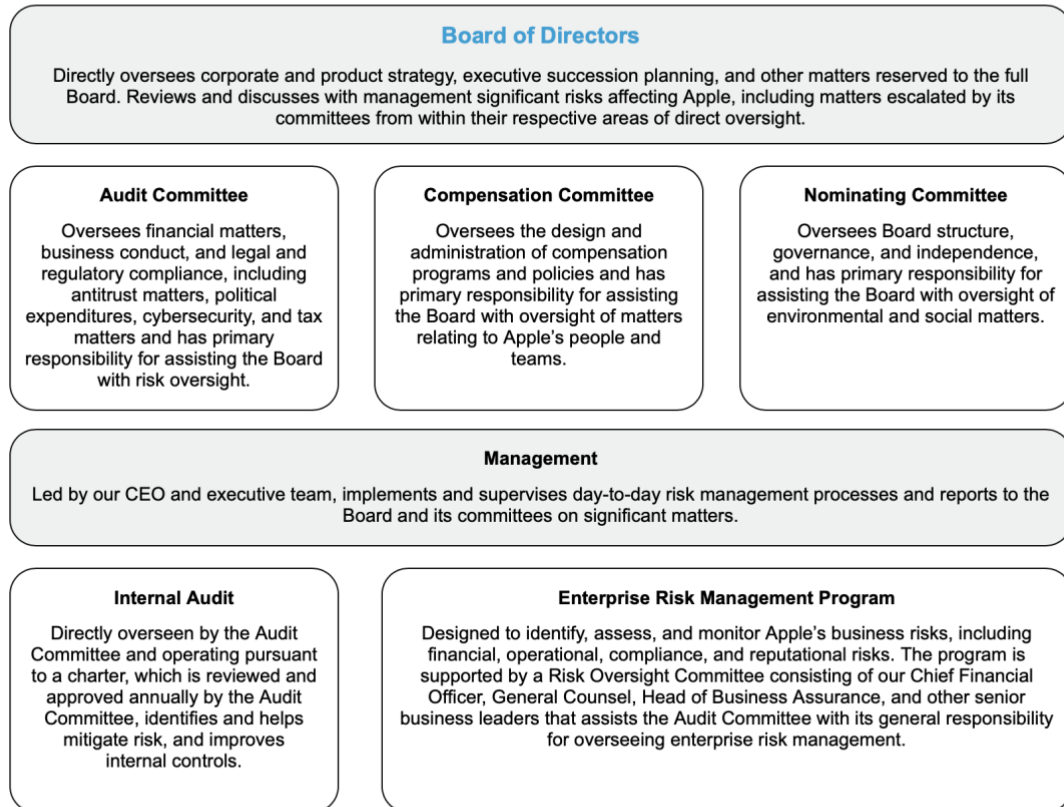
Above shows Apple Board of directors, Apple chooses their board of directors to be of diverse backgrounds and diversity. There is a majority of non-company members to company members. This ensures that Apple does not fall into the issue of group think.

Apple diverse board of directors allows for organization goals to be diverse and inclusive of different society and viewpoints.

## Board Structure (44w)

### Board Oversight

The Board takes an active role in overseeing corporate and product strategy and seeks to ensure the long-term interests of Apple and its shareholders are being served. The Board believes that evaluating the executive team's management of the risks confronting Apple is one of its most important areas of oversight. In carrying out this responsibility, the Board is assisted by its committees, each of which considers risks within its areas of primary responsibility and expertise and apprises the full Board of significant matters and management's response.



Apple (2023, Jan 12) Board Oversight. Retrieved 2024, Jan 3. From the Apple Website.

[https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023\\_def14a.htm#3209561718846054:35899597](https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023_def14a.htm#3209561718846054:35899597)

Above shows Apple Board Oversight Structure, Apple prefers separation of duties to allow effective risk and compliance management of Apple. Apple has a few committees created in the board oversight. This ensures that the board of directors is well assisted to meet their goals.



## Benefits realized from Governance Framework (86w)

The effectiveness of Apple's governance allows for the benefits to be realized.

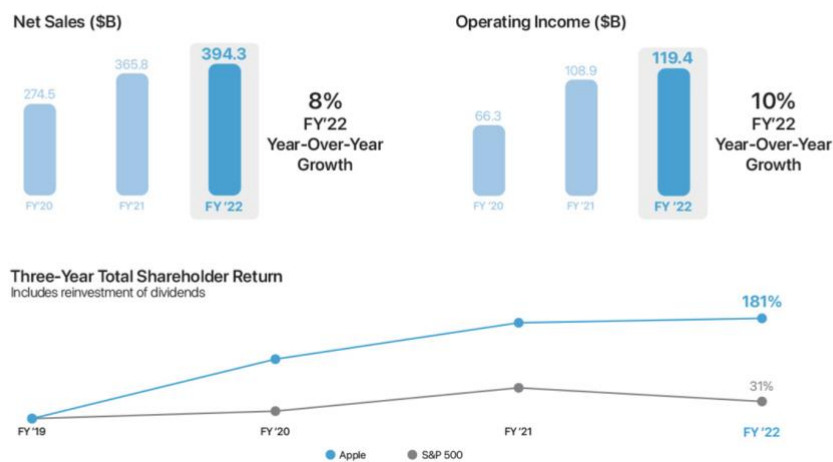
The Benefits of these governance framework allows for

- Financial gains
- Growth of shares
- Good Will / Reputation of the company has improved.

With strong governance, there will be greater trust in Apple company and their products and service.

### Our Business

Despite the many challenges in 2022, teams across Apple continued to innovate, focus on our users, and create the best products and services in the world — resulting in another record year.



#### 2022 Highlights

Overall	Products	Services
<ul style="list-style-type: none"><li>• All-time net sales records in Americas, Europe, Greater China, and Rest of APAC</li><li>• All-time net income, earnings per share, and operating cash flow records</li><li>• Double-digit growth and an all-time record in net sales in emerging markets</li></ul>	<ul style="list-style-type: none"><li>• All-time net sales records for iPhone, Mac, and Wearables, Home &amp; Accessories</li><li>• All-time record for installed base of active devices across all major product categories and each geographic segment</li><li>• Major updates across our product portfolio, including iPhone 14 Pro and Pro Max, Apple Watch Ultra, and M2 for Mac</li></ul>	<ul style="list-style-type: none"><li>• All-time services net sales and gross margin records</li><li>• Size of Fortune 50 company, nearly doubling net sales during the past four years</li><li>• 900 million paid subscriptions across the services on our platform, a 155 million increase year-over-year</li></ul>



Apple (2023, Jan 12). Our Business. Retrieved 2024, Jan 3. From the Apple Website.

[https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023\\_def14a.htm#3209561718846054:35899597](https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023_def14a.htm#3209561718846054:35899597)

As shown in the diagram above, apple has received a growth of 8-10% in sales and operation income. This suggest that their governance framework has a positive impact on the operations of Apple.

## Board Oversight Areas

### Selected Areas of Oversight

<b>Compliance and Business Conduct</b>	The Audit Committee regularly reviews and discusses with management Apple's compliance and business conduct risks. Apple's Chief Compliance Officer is responsible for the development, review, and execution of Apple's Compliance and Business Conduct program and regularly reports to the Audit Committee.
<b>Environment</b>	The Board reviews and discusses updates on environmental matters with Apple's Vice President of Environment, Policy and Social Initiatives, who is responsible for the development, review, and execution of plans designed to minimize Apple's impact on the environment. These reports include updates on Apple's progress towards environmental and climate goals and the environmental impact of our products and operations. In 2022, the Board formalized the Nominating Committee's oversight of Apple's strategies, policies, and practices relating to environmental and social matters.
<b>Human Rights</b>	In 2020, the Board adopted Apple's human rights policy—Our Commitment to Human Rights. The policy governs how we treat everyone, including our customers, employees, business partners, and people at every level of our supply chain. Apple identifies salient human rights risks through internal risk assessments and external industry-level third-party audits. Additionally, the policy requires Apple to maintain active communication channels with rights holders and other stakeholders. The Board is responsible for overseeing and periodically reviewing our Human Rights Policy. Apple's General Counsel is responsible for its ongoing implementation, and reports to the Board and its committees on any significant issues identified during the diligence process and Apple's progress.
<b>People and Teams</b>	<p>The Board takes an active role in overseeing matters related to our people and teams, including with respect to inclusion and diversity, culture and engagement, talent recruitment, development, and retention, and in November 2022 formalized its policy of allocating direct responsibilities for this area of oversight to the Compensation Committee.</p> <p>Additionally, Apple's Compensation Committee oversees risks related to Apple's compensation programs. Each year, the Compensation Committee evaluates whether the design and operation of Apple's compensation programs or policies encourage our executive officers or our employees to take unnecessary or excessive risks. In establishing and reviewing Apple's compensation programs for risk, the Compensation Committee considers program features that mitigate against potential risks for our executive officers, such as fixed base salaries; goals that are tied to specific company financial measures and payout caps for the annual cash incentive program; clawbacks for our cash and equity incentives; the quantity and mix of long-term performance-based and time-based equity incentives; and stock ownership requirements. The Compensation Committee also generally considers the program features that mitigate potential risks for our non-executive officer employees. In its annual review, the Compensation Committee concluded that Apple's executive compensation programs and policies continue to provide an effective and appropriate mix of incentives to help ensure performance is focused on long-term shareholder value creation, and do not encourage short-term risk taking at the expense of long-term results or create risks that are reasonably likely to have a material adverse effect on Apple.</p>



Apple (2023, Jan 12).Selected Areas of Oversight, Jan 3. From the Apple Website.

[https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023\\_def14a.htm#3209561718846054:35899597](https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023_def14a.htm#3209561718846054:35899597)

<b>Privacy and Data Security</b>	<p>The Audit Committee regularly reviews and discusses with management Apple's privacy and data security risks. The Audit Committee receives regular updates from management, including Apple's Head of Information Security. Additionally, the Audit Committee reviews reports on privacy and data security matters from Apple's General Counsel, and from the heads of Compliance and Business Conduct, Business Assurance, and Internal Audit.</p> <p>Apple also has a management Privacy Steering Committee chaired by Apple's General Counsel, with members including Apple's Senior Vice President of Machine Learning and AI Strategy, Senior Vice President of Software, and a cross-functional group of senior representatives from Services, Software Engineering, Product Marketing, Corporate Communications, Information Services &amp; Technology, Information Security, and Privacy Legal, and the Head of Business Assurance. The Privacy Steering Committee sets privacy standards for teams across Apple and acts as an escalation point for addressing privacy compliance issues.</p>
<b>Regulatory and Antitrust Compliance</b>	<p>Apple's full Board takes an active role in overseeing legal and regulatory risks related to Apple's business. The Board receives regular updates from Apple's General Counsel and Vice President of Product and Regulatory Law on legal and regulatory developments affecting the Company, including updates on legislative developments, government investigations, litigation, and other legal proceedings.</p> <p>The Audit Committee oversees Apple's antitrust compliance program. Apple's Antitrust Compliance Officer is responsible for the development, review, and execution of Apple's antitrust compliance program and, together with Apple's General Counsel and Apple's Chief Compliance Officer, regularly reports to the Audit Committee.</p>
<b>Supply Chain</b>	<p>The Board reviews and discusses with management reports regarding Apple's supply chain and operations. These reports include updates from Apple's Senior Vice President, Operations, on Apple's supply chain management, and our program to oversee Apple's Supplier Code of Conduct and Supplier Responsibility Standards. Apple reports publicly on its efforts and progress in the critical work of protecting people and the planet across its supply chain through an annual People and Environment in Our Supply Chain report.</p>
<b>Tax</b>	<p>The Audit Committee reviews and discusses with management reports on tax matters from Apple's Chief Financial Officer, General Counsel, the heads of Tax, Business Assurance, and Internal Audit, and Apple's independent auditor. These reports include updates on significant domestic and international tax-related developments, and international tax policy.</p>



Apple (2023, Jan 12). Selected Areas of Oversight, Jan 3. From the Apple Website.

[https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023\\_def14a.htm#3209561718846054:35899597](https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023_def14a.htm#3209561718846054:35899597)

## Board Oversight Areas (cont'd) (57w)

From the proxy Statement diagrams above.

These are the areas that Apple Board oversights. This ensure that apple meets regulation standards set by the respective countries and policies.

1. Compliance and Business Conduct
2. Environment
3. Human Rights
4. People and Teams
5. Privacy and Data Security
6. Regulatory and Anti-Trust Compliance
7. Supply Chain
8. Tax

## Apple shareholder engagements (52)

### Key responsive actions

1	<b>Executive Compensation</b>	The Compensation Committee made changes to the equity component of Mr. Cook's 2023 total target compensation and provided additional disclosures regarding their decision-making process. For detailed information on our engagement with shareholders on our executive compensation program and actions taken in response, see the section entitled "Compensation Discussion and Analysis" beginning on page 43.
2	<b>Civil Rights Audit</b>	Apple's Civil Rights Audit is currently underway. We have engaged a team from Covington & Burling LLP, led by former U.S. Attorney General Eric Holder, to conduct the audit, which will examine civil rights impacts on our business in the areas of our people, our products and services, customer connections, and communities. The Covington team is assessing the Company's policies, controls, and initiatives in these areas, and we expect to publish a report regarding their assessment in 2023.
3	<b>Report on Our Commitment to an Open and Collaborative Workplace</b>	Under the oversight of our Nominating Committee, we prepared a report "assessing the potential risks to the company associated with its use of concealment clauses in the context of harassment, discrimination and other unlawful acts." To assist with the preparation of the report, Apple engaged outside counsel to review and evaluate relevant Apple policies and documentation. Based on that review, we have concluded that the risks to Apple, including legal, brand, financial, and human capital risks, are low. The report has been published in the Leadership and Governance section of our investor relations website.
4	<b>Workers' Rights Assessment</b>	At Apple, we have long been committed to respecting human rights. We view this commitment as a fundamental part of who we are and our mission to enrich people's lives. We plan to conduct an assessment on Apple's efforts to comply with its Human Rights Policy as it relates to workers' freedom of association and collective bargaining rights in the United States by the end of calendar year 2023.

Apple (2023, Jan 12). Key Responsive Actions, Jan 3. From the Apple Website.

[https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023\\_def14a.htm#3209561718846054:35899597](https://www.sec.gov/Archives/edgar/data/320193/000130817923000019/laap2023_def14a.htm#3209561718846054:35899597)

From the diagram above, Apple also has shareholders & stakeholders' engagements. This ensures that Apple goals are well aligned with stakeholder needs.

4 Areas which Apple is working to meet shareholder's needs.

1. Executive Compensation
2. Civil Rights Audit
3. Report on Commitment to open and collaborative Workplace.
4. Workers' rights assessment

## Risks Management of Apple Inc (817w)

Apple has identified the following risks that may impact the business operations of Apple.

### Departments that oversee the Board of Director Risks

Apple has 3 departments that oversees risk management at apple.

1. Audit Committee
2. Enterprise Risk Management
3. Internal Audit

#### Audit Committee

Oversees Financial matters, ensures compliance including cybersecurity. Responsible for assisting the board of directors on risks oversight.

#### Enterprise Risk Management

Risks Management arm of Apple.

Assists the audit committee with overseeing enterprise risk management.

#### Internal Audit

Help create internal controls within apple, ensures that risks are mitigated.

Overseen by an audit committee.

### Risks Apple is monitoring.

Here are some of the known risks Apple is monitoring:

1. Macroeconomic & Industry Risks
2. Business risks
3. Compliance Risks
4. Financial Risks
5. General Risks

#### 1-Macroeconomic & Industry Risks

In summary, Apple is affected by the global market and economic influences and policies. Apple has many global businesses outside of the US. Therefore, Apple is subjected to the fiscal, monetary or governance changes made by the respective nations. Certain fiscal policies may lead to consumers being less willing to spend money on goods and services. Therefore, are less willing to purchase Apples products and services.

Apple is affected by global wars & COVID 19 pandemics, as many of Apple Suppliers are outside of the US.

#### 1-Apple Mitigations to Macroeconomic & Industry risks

Apple has purchase insurance to cover for the event of risks such as terrorism and disruption to Apple vendors. However, it is not sufficient to cover all possible damages. Apple acknowledges the risks and would be actively monitoring and responding to global changes around the world.

## 2-Business Risks

Apple has identified many business risks that would affect Apple operations. To remain competitive Apple must manage introduction and transitions of products and services. Apple must anticipate demand for their products and services and anticipate for risks of defects and deficiencies that do not meet consumers expectations.

Apple has risks in product manufacturing and logistical services where many of which are outside the US. Apple relies on single source manufacturing partners outside of the US to supply and manufacture components. It could be disrupted by factors such as wars.

Apple depends on timeliness of manufacturing goods to meet consumers. Moreover, Apple must ensure that intellectual properties rights are obtained for use in their products.

Apple is dependent on the performance of their resellers, retailers, and carriers' sales of Apple products.

## 2-Mitigations to Business risks

While Apple has invested heavily in these manufacturers and logistics providers. Apple is reliant on the fact that these outsourcing manufacturers have the financial means to produce goods at a timely manner.

Apple also has invested in the programs to enhance the retailer's experience. Apple also invest in staffing selected retail store outlets with Apple employees to improving product displays.

## 3-Compliance Risks

Unfavorable legal proceedings can impact the reputation of Apple. Regardless of the claims of the legal proceedings It is financially and time consuming to address legal proceedings by Apple. Apple is subjected to compliance and changing laws throughout the world. Examples include anti-trust.

Apple would also need to comply with global push for environmental and social changes. Apple is also subjected to data protection laws from countries around the world. For example, credit card protection laws. Failure to comply would lead to damage to company business, reputation.

## 3-Mitigations to compliance risks

Apple has insurance to cover for certain claims made at the court. However, it may not cover for all claims.

Apple has programs, policies, and procedures in place to satisfy regulatory requirements. Apple also complies with the data privacy laws of the various nations. Apple is subjected with certain obligations and rules by each nation.

Apple also has goals to align with government environmental, social considerations.

## 4-Financial Risks

Apple has identified risk to credit risk of their vendors failure of payments. Apple also risk due to fluctuation of sales of goods and services. Apple has majority of their revenue from a

single product. Apple's financial risk is associated to foreign currency changes relative to the US Dollar. Benefits may be limited due to the strengthening of foreign currencies that lead to losses incurred from reduced international pricing.

#### 4-Mitigations to Financial Risks

Apple uses derivative instruments such as Foreign Currency forward and options contracts to limit exposure caused by fluctuation of foreign currency exchange rates.

Apple also monitors the effects of the various risks associated with financial risks.

#### 5-General Risks

Apple performance will impact stock prices.

Apple also aims to ensure that the stock dividend for shareholder is increasing or constant. If Apple does not meet expectations of profitability, dividends and growth of share repurchase. Apple may lose investor confidence and employee retentions.

#### 5-Mitigations to general risks

Apple aims to maintain expectation of profitability, dividends, and growth to have continued investor confidence and employee retentions.

In all, Apple has effective risk management that is forward looking and strategic.



## Compliance to the laws by Apple Inc (622w)

### Compliance Issues faced by Apple.

#### Epic Games

US Northern District of California Lawsuit by Epic Games. Epic Games filed a legal proceeding for unfair competition law against Apple.

However, in September 10, 2021 the district court has ruled the case in favor of Apple. Epic Games have since filed an appeal.

#### Other legal Proceedings

Apple also has legal proceedings with other entities. However, it is not disclosed, and they are in the process of being resolved.

### Policies Apple must ensure compliance.

Apple has two board oversight to ensure compliance.

These are the

1. Audit Committee.
2. Enterprise Risk Management Program.

#### Independent Audit

Apple is audited by independent auditors, Ernst & Young. This ensures that the financial reports are compliant with regulations.

#### Applying of patents

Apple is compliant to the law through filing for patents, trademarks, design, and copyright to protect their intellectual properties. As Apple believes owning intellectual properties is a differentiating factor from other competitors.

#### Licensing Third Party Intellectual Properties

Many of Apple's services and products are designed to include intellectual properties owned by third party. As such Apple complies to the law by licensing the cost of using such intellectual properties during their time of lease.

#### Privacy Policy Rights

Apple has a comprehensive privacy policy rights documentation highlighting how Apple manages privacy and data protection.

Some of the privacy policy rights includes.

1. Compliance to GDPR for Data security.
2. Accountable Data Transfer:  
where Apple adheres to Asia Pacific Economic Cooperation Privacy Framework.  
Apple Global Privacy Policy and practices are reviewed by independent third-party agents. This ensures that Apple is compliant to Asia Pacific privacy requirements.



## Consumer Rights

Apple has a comprehensive consumer rights documentation for the various countries that Apple operates in. This ensures that consumers are granted the rights for Warranty and exchanges when manufacturing defects are found.

## Apple Trade Compliance

To ensure that Apple products and services are legal to be used in different countries. Apple has a trade compliance to allow for sales of goods to be compliant to the respective nations policies.

## ethics and compliance policy

Apple has an ethics and compliance policy. These policies highlight how apple should conduct business globally.

## Apple code of Conduct

Apple has a code of conduct policy that covers anti-corruption practices such as money laundering. Apple code of conduct also includes workplace behaviors and individual accountability. This ensures that Apple staff maintain the expected standards and ethics that best aligns with Apple missions and objectives.

## Apple Anti-Corruption Policy

Apple has an anti-corruption policy for bribery, kickbacks, facilitating payments and more. This ensures that Investors remain confident in their investment and employees are assured that Apple practices transparency in their business.

## Apple Internet Services Security Certifications

Apple is certified with ISO/IEC27001 and ISO/IEC 27018 Standards to be compliant with data security compliances.

## ISO/IEC27001

The Security domain that Apple is registered with for ISO/IEC27001 are:

1. information security policies
2. Organization of information security
3. Asset management
4. Human resources security
5. Physical and environmental security
6. Communications and operations management
7. Access control
8. Information systems acquisition, development and maintenance
9. Information security incident management
10. Business continuity management
11. Compliance

## ISO/IEC 27018

The Domains which apple is register for protection of Personally Identifiable Information (PII) are.

1. Consent and choice.
2. Purpose legitimacy and specification
3. Collection limitation
4. Data minimization

5. Use, retention and disclosure limitation.
6. Accuracy and quality
7. Openness, transparency, and notice
8. Individual participation and access
9. Accountability
10. Information security
11. Privacy compliance

In all, it shows that Apple has strong compliance frameworks and has worked with many international and independent third-party organization to ensure that Apple upholds to their compliance policies and code of conducts.

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