

## **Introduction**

Apple Inc., a multinational leader in consumer electronics, software, and online services, ranks among the most valuable technology companies globally. Established in 1976 by Steve Jobs, Steve Wozniak, and Ronald Wayne, Apple reported a revenue exceeding \$260 billion and a market capitalization of over \$2 trillion as of 2021, cementing its position as a global corporate powerhouse. Headquartered in Cupertino, California, the company employs more than 150,000 individuals worldwide. The Organisation for Economic Co-operation and Development (OECD) has identified five core principles for effective corporate governance: the protection of shareholder rights and equitable treatment, consideration of stakeholder interests, responsibilities and roles of boards, transparency and disclosure, and equitable remuneration for boards and executives. This essay will provide an overview of Apple Inc.'s background and critically evaluate its corporate governance practices against these OECD principles.

## **Company Background**

Apple Inc. was founded in 1976 and formally incorporated in 1977. Initially focused on personal computing, its inaugural product was the Apple I personal computer. Over the decades, the company has diversified its portfolio to encompass consumer electronics such as smartphones, tablets, portable media players, smartwatches, and accessories. Today, Apple's iconic product lines include the iPhone, iPad, Mac computers, and accessories like AirPods.

Under the visionary leadership of Steve Jobs, Apple adopted a closed-ecosystem business model, exerting control over hardware and software to deliver unparalleled user experiences. This philosophy, which emphasizes innovation, design, and functionality, remains central to Apple's identity under the stewardship of CEO Tim Cook. Having weathered periods of turbulence in the 1980s and 1990s, Apple emerged as a global brand synonymous with innovation and quality. As one of the largest publicly traded companies, Apple prioritizes strong corporate governance as a cornerstone of its continued success.

### **OECD Corporate Governance Policies**

#### ***Protection of Shareholder Rights***

The OECD's first principle underscores the importance of protecting and facilitating shareholder rights, including voting in shareholder meetings, electing directors, sharing in profits, registering ownership, and accessing key company information (OECD, 2015).

Apple effectively empowers its shareholders through various mechanisms. At annual shareholder meetings, shareholders can vote on director elections, executive compensation, bylaw amendments, and major corporate decisions such as mergers and acquisitions. For time-sensitive matters, special shareholder meetings are convened. Apple provides shareholders with advance notice and proxy materials, enabling informed decision-making. During meetings, shareholders can engage directly with management and the board, with voting outcomes verified by an independent Inspector of Elections to ensure accuracy and fairness.

Shareholders also benefit from comprehensive access to financial and corporate information through quarterly earnings reports, annual disclosures, and an investor relations website. These platforms provide detailed insights into Apple's financial performance, strategic initiatives, and risk management practices. Additionally, ownership registration is securely managed by Apple's transfer agent, Computershare. Shareholders are equitably treated under a one-share, one-vote standard, and they share in profits through dividends and share buybacks. Collectively, these practices align closely with the OECD's recommendations for safeguarding shareholder rights.

### **Consideration of Stakeholder Interests**

The OECD's second principle emphasizes the recognition of stakeholder rights and the promotion of cooperative relationships to foster sustainable enterprise growth (OECD, 2015).

Apple demonstrates a commitment to its stakeholders, including customers, employees, suppliers, communities, governments, and the environment. Its human rights and supplier conduct policies mandate ethical sourcing, fair labor practices, workplace safety, and environmental responsibility. Apple audits its suppliers to ensure compliance, though criticisms persist regarding labor conditions at certain facilities. To address these concerns, Apple has implemented programs to improve supplier policies and management practices.

For employees, Apple offers competitive compensation packages, health and wellness initiatives, and professional development opportunities. However, retail and hourly employees have raised concerns over wages, highlighting room for

improvement. Apple leads its peers in environmental sustainability, pledging to achieve carbon neutrality across its entire supply chain and product lifecycle by 2030. Moreover, the company actively engages with governments on tax policies and compliance, contributing significantly to public revenues. While certain gaps remain, Apple's policies reflect a growing emphasis on balancing stakeholder interests.

### **Disclosure and Transparency**

Timely and accurate disclosure of financial performance, corporate objectives, governance practices, executive remuneration, and material risks is central to the OECD's third principle (OECD, 2015).

Apple adheres to high standards of transparency, exceeding regulatory requirements in its disclosures. The company publishes detailed, audited financial statements quarterly and provides extensive information on executive compensation, board independence, governance structures, and risk management. Shareholders gain a clear understanding of Apple's business strategy, opportunities, and challenges through regulatory filings and its investor relations website.

Apple's board member profiles, including qualifications, tenures, and independence statuses, are publicly accessible, alongside board committee charters. Executive compensation is transparently disclosed, detailing base salaries, incentives, and equity awards. Additionally, related-party transactions and risk factors are outlined in Apple's annual 10-K and proxy filings. While Apple lags slightly behind peers in disclosing certain environmental metrics, its overall transparency aligns strongly with OECD guidelines.

## **Board Responsibilities and Accountability**

According to the OECD, corporate boards should oversee strategy, evaluate management, monitor financial performance, and ensure accountability to shareholders (OECD, 2015).

Apple's board actively guides corporate strategy, reviews capital allocation, monitors performance metrics, and oversees risk management. With 8 out of 10 directors classified as independent, the board can objectively evaluate management's performance. However, appointing an independent chair could further strengthen governance.

The audit committee ensures financial reporting accuracy and compliance with legal and regulatory requirements, while the compensation committee aligns executive pay with long-term performance goals. Although CEO Tim Cook wields significant influence, the board effectively fulfills its governance obligations. Expanding committee roles and adopting an independent chair could enhance accountability further.

## **Institutional Investors, Stock Markets, and Intermediaries**

As a Nasdaq-listed company, Apple is subject to stringent governance standards enforced by the exchange, including requirements for director independence and audit committee composition. Major institutional investors like Vanguard, BlackRock, and Berkshire Hathaway hold significant stakes in Apple and influence its governance.

These investors exercise their voting rights at shareholder meetings, with most supporting Apple's governance proposals. While some opposed executive

compensation plans, the overall voting patterns suggest strong shareholder engagement. Apple engages regularly with institutional investors to discuss strategy, performance, and governance, fostering alignment with OECD principles. However, encouraging institutional investors to disclose their governance policies publicly could enhance transparency and accountability.

### **Conclusion**

Apple Inc. exemplifies adherence to the OECD's corporate governance principles, demonstrating robust shareholder rights protections, stakeholder engagement, transparency, and board accountability. By exceeding these principles and setting industry benchmarks, Apple reinforces its commitment to sustainable growth and investor confidence. The company's governance framework, characterized by independent directors, equitable shareholder treatment, and comprehensive disclosures, underscores its leadership in aligning governance with long-term corporate success.

## References (已省略)

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