



UNIVERSITÀ
CATTOLICA
del Sacro Cuore

Corporate governance

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Course aims and intended learning outcomes

Students will learn how companies manage their responsibility towards shareholder and stakeholders, so as to increase transparency and responsiveness towards the context where they operate.

By the end of the course students:

- will develop a strong knowledge of the legal environment and of the key issues that determine the extended responsibility of companies and will be able to understand the importance of the integration of the economic, legal, social and environmental dimensions;
- will be able to apply their knowledge to the study and analysis of real business cases, thus developing the ability to propose new solutions and to solve critical situations;
- will acquire the capability to share and critically discuss their personal opinion in order to define a collaborative proposal for the further improvement of the corporate practice and commitment;
- will know how to communicate their ideas and proposals in a clear and constructive way;
- will be able to autonomously analyze the corporate commitment in different and complex contexts.

To reach this aim, the course is structured around two modules, each with a specific focus area.

I MODULE

The 1st module aims to offer a general overview of the main issues on Corporate Governance in terms of corporate bodies, organizational structure so to provide students with the essential tools to understand and manage, in a future professional activity, corporate governance themes as a value creation lever.

II MODULE

The 2nd module presents the topic of Sustainability and Corporate Social Responsibility (CSR) as a new approach to business activity. The course aims at teaching students how to design an effective CSR strategy, able to contribute to the firm competitive advantage and performances.

Course content

I MODULE

The 1st module explores theory and practice of Corporate Governance (CG), including topics such as ownership structure, agency problems, structure and functioning of the Board of Directors, risk management, executive compensation and shareholder activism.

1. An overview of CG matters and institutions. Terminology. The shareholders vs. stakeholders debate. Ownership structure as a determinant of CG.
2. Regulation and Self-Regulation. CG Codes around the world.
3. The Board of Directors. The Role of the BoD. Board structure and firm value. The quest for an optimal board structure. Differences in Board structure. Slate voting and minority representation. The Board Committees.
4. Corporate gatekeepers and Internal Controls. The system of corporate gatekeepers. Enterprise risk management. Related Parties Transactions.
5. Executive Pay. The setting of executive pay. Components of executive pay. Criticisms of current arrangements. The Pay for Performance principle and the Say on Pay debate.
6. Shareholder Activism. Institutional investor activism. Hedge fund activism. Activism in Europe and in the US. The Stewardship Codes experience.



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II MODULE

The 2nd module presents the topic of Corporate Social Responsibility (CSR) as a new approach to business activity. In particular, the course will discuss how CSR can be integrated into firm strategy and become a lever of competitive advantage. Main topics can be identified in the following:

1. *Introduction to the concept.* Definition and main elements of CSR, the role of stakeholders and stakeholder management.
2. *CSR and innovation.* Integration of social and environmental issues along the value chain, strategic philanthropy, sustainable supply chain, circular economy, social innovation.
3. *CSR reporting and measurement.* Trends in corporate reporting of non-financial information, international standards, social impact measurement.

Reading list

Articles will be provided at the beginning of the course and updated on Blackboard.

Teaching method

Lectures, case-studies, seminars with corporate guests.

Assessment method and criteria

I Module

Based on a final oral exam, which accounts for 100% of the module grade and considers both lectures by the instructor and corporate guests' presentations.

II Module

Attending students: 60% determined by a demanding project work based on the analysis of social/sustainability policies of one company; 40% determined by a final oral exam. Further details on the project work method and output will be provided in the detailed syllabus on Blackboard at the beginning of the course.

Non-attending students: 100% based on a final either oral or written exam. Non-attending students will have to study a broader literature.

Final Grade

The final grade will be computed as follows: 50% grade obtained in module 1 examination, 50% grade obtained in module II examination.

Please, note that the exams of the two modules are independent, therefore students can take them in different dates. Each grade is valid for the entire academic year. Afterward, students will have to re-take the exam of both modules.

Notes and prerequisites

I Module

Although the module is not very quantitative students are expected to read and understand financial statements, and to have sufficient knowledge of the topics which are normally part of a basic course in Corporate Finance (Finanza aziendale I or an equivalent course) and Corporate Law (in the student's home country). For a successful participation, previous attendance to corporate finance and corporate law course is warmly recommended.

Further information can be found on the lecturers' personal webpage at

<http://docenti.unicatt.it/web/searchByName.do?language=ENG> or on the Faculty notice board.