# Module: Corporate Governance and Executive Compensation

### Topics

This module includes the following three topics:

Topic 1: Goals of the Firm and Agency Costs

Topic 2: Corporate Governance

Topic 3: Executive and Director Compensation

## Topic 1: Goals of the Firm and Agency Costs

This topic discusses why share price and not profit maximization is the appropriate goal of a firm, but how the separation of corporate ownership and management often interferes with achieving this objective.

### Readings

Introduction, Section 1.1

### Learning Problems

None

## Topic 2: Corporate Governance

This topic provides an overview good corporate governance practices and the responsibilities of directors.

**Readings**

Sections 1.2, 1.3, and 1.4

### Learning Problems

Access the Module Learning Problems and complete the problems listed to reinforce your learning of this topic. Use the Module Learning Problem Answer Keys to check your work.

### Module Learning Problems

Corporate Governance at Toronto Dominion

Corporate Governance at CAE

Corporate Governance at Magna

**Module Learning Problem Answer Keys**

Corporate Governance at Toronto Dominion

Corporate Governance at CAE

Corporate Governance at Magna

## Topic 3: Executive and Director Compensation

This topic examines the different compensation practices used to align the interests of executives and corporate directors with those of investors, so they are better motivated to maximize shareholder value.

**Readings**

Section 1.5, 1.6 and 1.7

### Learning Problems

Access the Module Learning Problems and complete the problems listed to reinforce your learning of this topic. Use the Module Learning Problem Answer Keys to check your work.

### Module Learning Problems

### Annual Bonus at Netley

Employee Stock Options at Clearwater

Performance Share Units at Clemson

Deferred Share Units at Cascade

### Module Learning Problem Answer Keys

### Annual Bonus at Netley

Employee Stock Options at Clearwater

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## Module Summary

In this module, you have had the opportunity to learn about effective corporate governance and executive and director compensation practices in Canada.