**Unit 4: Corporate Governance**

« If I have seen further, because I was standing on the shoulder of giants »,

Isaac Newton, 1643-1727



Legislation determines how companies are allowed to operate. The State regulates the procedures for the setting up of a company, its management, change of activity or liquidation.

The way a company is managed and how executive directors are accountable to shareholders is named: **corporate governance**. The company is controlled by a **board of directors,** which do not work in full time. Some members are shareholders; they examine decisions taken by managers and inspect the company’s reports and results.

Shareholders can meet the **chief executive directors (CEO)** in the **AGM** **(Annual general meeting)**, they question them about the annual report, vote to accept or reject the dividend fixed, managers’ salary and the replacement of retiring member of the board. The meeting can also discuss any other issue planned in the agenda. If there's some emergency, directors and shareholders can request to hold an **extraordinary general meeting (EGM)**.

**Comprehension:**

1. Do shareholders manage their company?
2. What are the main missions of the board of directors?
3. What is the difference between AGM and EGM?

**Vocabulary:**

1. Find in the text synonyms of these words: dissolution, incorporating, to supervise, to check, to ask, to demand.
2. Complete this table

|  |  |  |
| --- | --- | --- |
|  **Verb** | **Noun** | **Adjective** |
|  | Agreement |  |
| To measure |  |  |
|  | Presentation |  |
|  |  | Operated |

**Grammar:** ***Compound nouns/ phrasel verbs***

1. What is the kind of these words: aim at, draw up, timeframe, such as, shareholders?
2. What are their meanings?

\* ***Compound nouns*** are formed with two words. The second one identifies the object or person in question. They may be written in many ways:

1. As one word: policeman.
2. As two words: dry-cleaning, dining table.

Here are all kinds of Compound nouns:

|  |  |
| --- | --- |
| The two parts may be  | Examples |
| Noun + noun | Bedroom, motorcycle, water tank. |
| Noun + verb | Rainfall, haircut. |
| Noun + adverbe | Passer-by.  |
| Present participle + noun  | Washing machine, driving licence, swimming pool. |
| Verb + adverbe | Backup, drawback, take-off. |
| Adjective + noun | Software. |
| Adjective + present participle | Public speaking. |
| Adverbe + noun | Onlooker = bystander, overseas.  |
| Adverbe + verb | Input, update, to overtake.  |