SEMESTER TWO 2026

ABERYSTWYTH BUSINESS SCHOOL

AB21320 : CORPORATE GOVERNANCE, RISK, AND ETHICS

Time allowed : **THREE HOURS (3 Hours)**

Answer THREE questions – Part A and any Two from Part B

Total marks available **100**

This paper contributes **60%** to the overall module mark.

CALCULATORS ARE NOT PERMITTED

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STUDENTS MAY SUBMIT ANSWERS TO THIS PAPER IN EITHER WELSH OR ENGLISH

Once seated, students may complete the front cover of the answer book(s) and the attendance slip ONLY.

DO NOT TURN THE EXAMINATION QUESTION PAPER OVER UNTIL INSTRUCTED TO DO SO.

Part A – Answer Question one. This question carries 50 marks

Question 1 (answer all parts)

Aber Energy Plc, a leading UK-based multinational oil and gas company, operates in over 20 countries and generates annual revenues exceeding £50 billion. As one of the largest players in the industry, the company has long been under public and regulatory scrutiny due to its environmental and social impacts. Concerns over its carbon emissions, oil spills, and broader impacts on the environment and society have placed Aber Energy at the centre of debates on corporate responsibility in the energy sector.

In recent years, the company has faced increasing pressure from investors, regulators, and environmental groups to provide more detailed and transparent disclosures on its sustainability impacts and practices With new regulations such as the UK's Sustainability Disclosure Requirements (SDR) and the European Union's Corporate Sustainability Reporting Directive (CSRD) setting stricter expectations for corporate sustainability reporting, the company is now considering whether to introduce a formal sustainability report. Despite the potential benefits of sustainability reporting, several executives within Aber Energy remain cautious about the decision to introduce sustainability reporting.

As an ESG consultant, you have been engaged by the board of directors to present recommendations to the board, weighing the regulatory requirements, stakeholder expectations, and financial implications of producing a standalone sustainability report.

Required:

a) Drawing on relevant theoretical perspectives, discuss the role of external assurance in enhancing the credibility of sustainability reporting. Critically evaluate the benefits and limitations of obtaining independent assurance over sustainability disclosures.

(20 marks)

b) Assuming Aber Energy introduces a standalone sustainability report, discuss what makes a good report, highlighting the characteristics of a good sustainability report.

(15 marks)

c) Drawing on Carroll's corporate social responsibility pyramid, discuss whether corporations have responsibilities beyond their obligation to maximise shareholder wealth.

(15 marks)

PART B – Answer any **Two** questions, **each** question carries **25 marks**

Question 2

Recent corporate governance failures have led to renewed scrutiny of the role of independent non-executive directors. Critics argue that individuals who are not involved in the day-to-day operations of a company cannot meaningfully challenge executive decision-making, particularly when executive directors possess deep firm-specific knowledge and long service within the organisation.

Critically evaluate the theoretical and practical rationale for the appointment of independent non-executive directors. In your answer, assess the strengths and limitations of their role and whether their continued appointment is justified.

(25 marks)

Question 3 (answer all parts)

Risk management is a central component of effective corporate governance, with the board of directors bearing ultimate responsibility for establishing, overseeing, and monitoring the effectiveness of a company's risk management framework. In some companies, responsibility for corporate risk management is included within the remit of the board audit committee, while others allocate establish separate risk committees.

a. Critically evaluate these approaches and assess which is more effective in promoting robust risk management and board accountability.

(15 marks)

b. Discuss foreign currency (exchange) risk and explain the three categories of foreign currency exposures.

(10 marks)

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Question 4 (answer all parts)

Stakeholder management is an important process to better understand stakeholder concerns and develop organisational policies to address these concerns.

Required:

a. Drawing on the stakeholder salience model, critically discuss the concept of stakeholder salience.

(10 marks)

b. Using Mendelow's stakeholder matrix, identify and map ten different stakeholders of Aberystwyth University. In your answer, explain the expectations/concerns of each stakeholder and suggest appropriate strategies for managing these stakeholder concerns.

(15 marks)

END OF PAPER