Question #1 of 13

Question ID: 1463546

In the absence of any ESG-related constraints specified in an investment policy statement, a portfolio manager is *most likely* to violate fiduciary duty by using ESG factors to:

A) assess the expected return and risk of potential portfolio investments.

B) exclude investments with negative ESG characteristics from the investor's portfolio.

C) choose among investments with similar risk and return characteristics.

Question #2 of 13

Question ID: 1463543

Smith Company's board of directors assigns responsibilities to several committees. The committee that is *most likely* to be responsible for establishing the chief executive officer's compensation package is Smith's:

A) governance committee.

B) remuneration committee.

C) risk committee.

Question #3 of 13

Question ID: 1463544

Responsibilities of a board of directors' nominations committee are *least likely* to include:

A) recruiting qualified members to the board.

B) evaluating the independence of directors.

C) selecting an external auditor for the company.

Question #4 of 13

Question ID: 1463542

Special resolutions that require a supermajority of shareholder votes may be addressed:

A) at either the annual general meeting or an extraordinary general meeting.

B) only at an extraordinary general meeting.

C) only at the annual general meeting.

Question #5 of 13

Question ID: 1463541

A principal-agent relationship *most likely* exists between a company's:

A) shareholders and managers.

B) directors and regulators.

C) customers and suppliers.

Question #6 of 13

Question ID: 1463537

The interests of community groups affected by a company's operations are *most likely* to be considered in corporate governance under:

A) special interest theory.

B) shareholder theory.

C) stakeholder theory.

Question #7 of 13

Question ID: 1463538

Under shareholder theory, corporate governance is *most* concerned with managing conflicts of interest between the firm's managers and its:

A) customers.

B) owners.

C) employees.

Question #8 of 13

Question ID: 1463547

Environmental, social, and governance (ESG) investing is *most accurately* described as:

A) integrating environmental and social considerations into the investment decision making process.

B) investing only in companies that promote environmental or social initiatives favored by an investor.

C) excluding companies from consideration for investment based on environmental or social considerations.

Question #9 of 13

Question ID: 1463545

Risks that may arise from ineffective corporate governance *least likely* include:

A) reduced default risk.

B) less effective decision making.

C) weaker financial performance.

Question #10 of 13

Question ID: 1463539

The stakeholders of a company that are *least likely* to prefer a relatively riskier company strategy that has the potential for superior company performance are:

A) shareholders.

B) creditors.

C) suppliers.

Question #11 of 13

Question ID: 1463536

The stakeholder theory of corporate governance is primarily focused on:

A) the interests of various stakeholders rather than the interests of shareholders.

B) resolving the competing interests of those who manage companies and other groups affected by a company's actions.

C) increasing the value a company.

Question #12 of 13

Question ID: 1463540

The stakeholder group that typically prefers the greatest amount of business risk is:

A) directors.

B) shareholders.

C) senior managers.

Question #13 of 13

Question ID: 1463548

Thematic investing is *most accurately* described as:

A) identifying the best companies in each sector with respect to environmental and social factors.

B) considering a single environmental or social factor when selecting investments.

C) excluding companies or sectors from consideration for investment based on environmental and social factors.