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(Editor)

Governance of Sustainability

**The Role of the Board of Directors and
Management in Sustainable Value Creation**

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Introduction

Governance practitioners, regulators, and academics, as well as investors, seem to be focused on one debate in the 2020s: The role of business in society and toward the environment. Although these types of debate are not new, but recur periodically as they are inherent to capitalism, the scope of this debate can be seen as broader, both in terms of the number of debaters across all stakeholder groups and the range of issues raised. In addition to many technical, organizational, and legal issues, the debate touches on the foundation of business and the corporation: its purpose.

This raises important questions for corporate governance. In particular, the question of whether the concept of corporate governance needs fundamental reform or just expedient renewal. This meta-question is addressed in my introductory article and runs through the other 12 articles written by 16 practitioners and scholars.

In Section A, the authors present different **conceptualizations** of sustainable value creation. Boris Galonski proposes to combine the perspectives of sustainability and value creation, while Tomas Casas-Klett and Martin Nerlinger suggest the business model perspective to assess sustainability. I outline the concept of the multipurpose corporation as a way to overcome the perennial debate.

The authors in Section B offer complementary **interpretations** to enrich the debate. Elena Szederjei and Roderik J. P. Strobl introduce trust and Stefan R. Meier postulates cooperation as key aspects to better comprehend the concepts. Monique J. Morrow adds another key dimension to a comprehensive understanding of sustainable corporate governance by introducing corporate digital responsibility.

What are concrete **applications** of corporate governance of sustainability and sustainable corporate governance? Three articles in Section C highlight five cases. Reto Schnarwiler outlines how a leading reinsurance company integrates sustainability into its corporate governance approach, Mirjam Staub-Bisang explains the stance of a leading asset manager in Barbara Dubach's and Laura Brechlin's article on the relevance of stakeholder engagement, and Peter Brändle presents three cases from the cosmetics, food, and agricultural industries.

Finally, Section D includes three articles from which **implications** for board members are derived. Helle Bank Jorgensen suggests ten steps to climate governance, Katrin Muff outlines the concept of the positive impact board, and Antonio Hautle urges board members to take a comprehensive approach to sustainable governance.

These contributions highlight different perspectives on this fascinating and wide-ranging field, sometimes taking opposing viewpoints. Hopefully, they will provoke more questions than lay claim to the truth that did not, does not, and never will exist in answering the most fundamental question of capitalism: What is the role of capital and the corporations in society and vis-à-vis nature? In this spirit, I wish you pleasant reading, many startling insights, and new questions that will help you find the appropriate answers for your company and yourself.

Prof. Dr. Michael Hilb

Burgdorf, March 31, 2023

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