

# Corporate Sustainability

## Second Edition

This introductory textbook explores key issues and recent discussions within the field of corporate sustainability and social responsibility, through theoretical and practical perspectives. Written by an international team of experts, the chapters introduce the actors and corporate processes that shape firms' management of environmental, social and governance (ESG) issues. Spanning strategy, communication, changing regulation and governance, the book grapples with critical issues such as anti-corruption, labour rights and climate change, balancing incisive critique with suggestions for meaningful change. This analysis, supported by study questions and further learning resources in each chapter, equips students to tackle sustainability challenges effectively in their future work. A regularly updated companion website provides adaptable lecture slides and case studies with discussion questions for instructors. This is an essential text for undergraduate and postgraduate courses on corporate sustainability, CSR and business ethics, and is also relevant to political science, international relations and communications.

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# Corporate Sustainability

## Managing Responsible Business in a Globalised World

SECOND EDITION

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## Preface

### Why This Text?

In 2014, Andreas was looking for a textbook for his course, *The Corporation in Society: Managing Beyond Markets*, but he couldn't find a suitable one. In conversation, Andreas, Mette and Jeremy found they all agreed: a different kind of textbook on corporate social responsibility (CSR) was needed. Existing textbooks focused on CSR as a concept, but they did not discuss specific environmental, social and governance (ESG) issues such as human rights or corruption. They often gave limited attention to some specific actor groups and institutions, like investors and standard setters, that influence what companies do in practice.

To produce a textbook with a more comprehensive scope, we decided to do something unusual. Rather than write it from our own vantage points, we invited thought leaders in the field to introduce students to their area of expertise. We then carefully integrated the different contributions, standardising the style and features of each chapter, so that a coherent textbook emerged that represents the best thinking in the field.

This 'Let the experts speak' approach works very well in the field of corporate responsibility and sustainability. The field is massive, covering many topics, debates and theories. Moreover, unlike other business courses, there is no standard curriculum. This makes it very challenging for a single author (or even an author team) to develop in-depth knowledge on all the important aspects of corporate sustainability that students should learn about.

### What's New in This Edition?

The most obvious change is the title: from *Corporate Social Responsibility* to *Corporate Sustainability – Managing Responsible Business in a Globalized World*. Changing a textbook title is unusual, but we wanted to highlight that the move from CSR to corporate sustainability does *not* just reflect a change in language, but also a change in the nature and scope of business responsibility and engagement in society.

Since 2016, when we delivered the first edition of this textbook to Cambridge University Press, the academic field has evolved significantly. Consider just three

developments: (1) social and environmental issues are now much more intertwined; (2) sustainability management has become mainstream; and (3) academics and practitioners are increasingly discussing the social and ecological systems in which sustainability activities are embedded. Framing the overall debate in terms of corporate sustainability better captures these (and other) developments. Our textbook has not lost its CSR content to make room for this new emphasis; we do not view corporate sustainability and CSR as fully separated concepts or practices (see Chapter 1). Instead, as the subtitle of the book suggests, we understand responsible business as part and parcel of making corporations more sustainable.

Moving towards corporate sustainability significantly broadened the scope of the book. We added eight new chapters on topics such as sustainable finance, sustainable corporate governance, climate change and firms' contributions to international development. We believe that this gives instructors more choice to align this textbook with the needs of their particular course. We are aware that few instructors will be able to assign all twenty-six chapters as core reading, but we hope that instructors will choose those chapters that best suit their course design and recommend the remaining chapters as further reading.

The final significant change is the addition of a fourth editor: Arno Kourula. He is an award-winning scholar and teacher from the University of Amsterdam who brings a wealth of experience in researching and teaching corporate sustainability, and a knowledge of interdisciplinary approaches to the associated issues.

## Our Approach to the Contents of This Book

Our general approach to this textbook is to be accessible without oversimplifying the debate. While the book can be used for introductory courses without any problem, it asks students to critically question prevailing assumptions, to reflect on newly developed regulation, and to understand explicit and implicit connections between topics and debates.

We ensure coherence and accessibility by structuring the book as four parts:

1. **Approaches:** Discussion of different conceptual and theoretical underpinnings of the corporate sustainability developments and debate. For example, in Chapter 5, we look at how corporate sustainability can be approached from a strategic perspective.
2. **Actors:** An introduction to different kinds of actors that shape corporate sustainability. For example, we discuss in Chapter 11 how investors have shaped the corporate sustainability debate in recent years.

3. Processes: A presentation of different mechanisms that shape how firms enact corporate sustainability, such as business model innovation, reporting and forming partnerships.
4. Issues: Discussion of different topics that firms must address through their corporate sustainability activities and the challenges that arise. For example, we look at the latest management approaches to secure human and labour rights, fight corruption and respond to climate change.

## Special Features

We are pleased to offer extra pedagogical features that will help students take ownership of their learning journey. Instructors also benefit from additional online teaching resources.

- Each chapter starts with a well-defined list of learning objectives, which not only outlines the topic, but also enables students to check whether they have fully grasped it.
- All chapters have a Further Resources section containing links to videos (such as Ted Talks), websites and other articles. Students can use these resources to dig deeper.
- Each chapter concludes with a chapter summary and a list of study questions that students can use to recap the relevant content. These questions also invite students to further reflect on some of the puzzles and conundrums introduced in the chapter.
- The textbook is accompanied by online materials available from Cambridge University Press ([www.cambridge.org/rasche2](http://www.cambridge.org/rasche2)). The website contains thirteen short case studies, accompanied by discussion questions, that can be used to further explore certain chapter themes; as well as PowerPoint slides for instructors.
- The editors and contributors to this textbook also regularly share their opinion on recent developments through *The Business of Society* (BOS) blog (<https://bos.cbs.dk>).

## Acknowledgements

We thank our editors at Cambridge University Press, Valerie Appleby and Tineke Bryson, for developing this second edition with us. They provided excellent feedback on our ideas, and also introduced a number of ideas that improved the readability and accessibility of this book. We also thank Amaya Debal (Copenhagen Business School) who assisted us in compiling the final manuscript. A book with twenty-six chapters reflects a huge project with a high degree of complexity. Amaya always saw the bigger picture and helped us and the contributors to navigate the journey of turning the single chapters into a coherent final product.

Andreas and Jeremy also thank their academic home: CBS Sustainability at Copenhagen Business School. We both profited from many discussions with colleagues along the way, and we couldn't think of a better academic home than CBS Sustainability. Mette would like to thank her colleagues from the global PRME community where she has benefitted from stimulating ideas and discussion. Arno would like to thank the incredibly supportive Amsterdam Business School community at the University of Amsterdam.

Finally, we want to sincerely thank all the contributors to the book for working with us so patiently and for investing the time to write/update their contributions. Doing an edited textbook brings special challenges. Often, we approached contributors with unusual requests (e.g., to change their chapter title so that it aligns with the others), and they always responded favourably and kindly. Thank you!

## Abbreviations

AA1000AS	AA1000 Assurance Standard
AAC	Anglo-American Corporation
AC-DC	alternating current-direct current
ACFTU	All-China Federation of Trade Unions
ACTA	Alien Tort Claims Act
ADX	Abu Dhabi Stock Exchange
AFWA	Asia Floor Wage Alliance
AGM	Annual General Meeting
AI	artificial intelligence
AIDFI	Alternative Indigenous Development Foundation Incorporated
ALEC	American Legislative Exchange Council
ANC	African National Congress
API	American Petroleum Institute
ASEAN	Association of Southeast Asian Nations
BAT	British American Tobacco
BHR	business and human rights
BII	Biodiversity Intactness Index
BOP	bottom-of-the-pyramid
BSR	Business for Social Responsibility
C2B	consumer-to-business
CBM	Consultative Business Movement
CCC	Clean Clothes Campaign
CDM	Clean Development Mechanism
CDP	Carbon Disclosure Project
CDSB	Climate Disclosure Standards Board
CEO	Chief Executive Officer
CH <sub>4</sub>	methane
CO <sub>2</sub>	carbon dioxide
COP	Communication on Progress
CPI	Corruption Perception Index
CS	corporate sustainability
CSEAR	Centre for Social and Environmental Accounting Research
CSO	civil society organisation
CSP	cross-sector partnership
CSR	corporate social responsibility



CSRD	Corporate Sustainability Reporting Directive
CSRep	corporate sustainability reporting
CSV	creating shared value
DJSI	Dow Jones Sustainability Index
E/MSY	extinctions per million species per year
EITI	Extractive Industries Transparency Initiative
EMAS	European Union Eco-Management and Audit Scheme
EMS	environmental management systems
ESG	environmental, social and governance
ESGT	environmental, social, governance and technology
ETI	Ethical Trading Initiative
EU	European Union
FCCC	Framework Convention on Climate Change
FCPA	US Foreign Corrupt Practices Act
FDI	foreign direct investment
FIFA	Fédération Internationale de Football Association
FLA	Fair Labor Association
FMCG	fast-moving consumer goods
FNB	First National Bank
FRC	Financial Reporting Council
FSC	Forest Stewardship Council
GCC	Global Climate Coalition
GDP	gross domestic product
GMO	genetically modified organism
GP	Guiding Principle
GRI	Global Reporting Initiative
GSP	Generalized System of Preferences
HFCs	hydrofluorocarbons
HRM	human resources management
IBHR	International Bill of Human Rights
IBLF	International Business Leaders Forum
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social and Cultural Rights
ICN	India Committee of the Netherlands
ICTI	International Council of Toy Industries
IIRC	International Integrated Reporting Council
ILO	International Labour Organization
IMF	International Monetary Fund
INGO	international non-governmental organisation
IO	international organisation

IPO	initial public offering
ISAE	International Standard on Assurance Engagement
ISSP	International Society of Sustainability Professionals
ITTO	International Tropical Timber Organization
JO-IN	Joint Initiative on Accountability and Workers' Rights
KPI	key performance indicator
LEED	Leadership in Energy and Environmental Design
LET	Logistics Emergency Team
LETS	local exchange trading systems and networks
LOHAS	Lifestyles of Health and Sustainability
MACN	Maritime Anti-Corruption Network
MAS	Monetary Authority of Singapore
MDGs	Millennium Development Goals
MNC	multinational corporation
MSC	Marine Stewardship Council
MSCI	Morgan Stanley Capital International
MSI	multi-stakeholder initiative
N <sub>2</sub> O	nitrous oxide
NAPs	national action plans
NCPs	National Contact Points
NFI	non-financial information
NFRD	Non-Financial Reporting Directive
NGO	non-governmental organisation
NHRI	National Human Rights Institution
N	Nitrogens
NP	Afrikaner National Party
NPO	non-profit organisation
NVC	National Value Commission
NYSE	New York Stock Exchange
OECD	OECD Convention on Combating Bribery of Foreign Public Convention Officials in International Business Transactions
OECD	Organisation for Economic Co-operation and Development
OPT	Occupied Palestinian Territory
OSH	occupational safety and health
PACI	Partnering Against Corruption Initiative
PAC	Pan Africanist Congress of Azania
PBC	public benefit corporation
PFCs	perfluorocarbons
P	phosphorous
PIE	public interest entity

PRA	Prudential Regulation Authority
PRI	Principles for Responsible Investment
RBA	Responsible Business Alliance
R&R	repeatability and reproducibility
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RSPO	Roundtable on Sustainable Palm Oil
SAN	Sustainable Agriculture Network
SASB	Sustainability Accounting Standards Board
SBSR	Small Business Social Responsibility
SCDL	Supreme Committee for Delivery and Legacy
SCG	Sustainable Corporate Governance
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SEC	Securities and Exchange Commission
SF <sub>6</sub>	sulphur hexafluoride
SFDR	Sustainable Finance Disclosure Regulation
SME	small and medium-sized enterprise
SMO	social movement organisation
SOI	sustainability-oriented innovation
SOX	Sarbanes-Oxley Act 2002
SRI	socially responsible investing
SRI	socially responsible investment
SSE	Sustainable Stock Exchanges
TBL	triple bottom line
TCFD	Task Force on Climate-related Financial Disclosures
TI	Transparency International
UAE	United Arab Emirates
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNCAC	UN Convention against Corruption
UNCED	UN Conference on Environment and Development
UNDP	UN Development Programme
UNGC	UN Global Compact
UNGPs	UN Guiding Principles
UNICEF	UN Children's Fund
UNODC	UN Office for Drugs and Crime
UN SDGs	UN Sustainable Development Goals
WEF	World Economic Forum
WWF	World Wide Fund for Nature