Corporate Governance for a changing world

Executive Summary

Switzerland, October 2015

Frank Bold in partnership with the University of Zurich Centre for Human Rights Studies and the Institute for Business Ethics at University of St. Gallen held a roundtable on the purpose of the corporation and the future of corporate governance in Zurich on October 29, 2015. The roundtable was a part of the series organised by the Purpose of the Corporation Project with support from the Modern Corporation Project based at the City University London Cass Business School.[1] Keynote speeches were given by Christopher Wasserman, CEO of Terolab Surface Group, and Katrin Muff, dean of Business School Lausanne.

Introduction - Filip Gregor, Frank Bold[2]

Corporations are a man-made construct that require societal approval to exist. Business leaders are accountable not only to shareholders, but shareholder value has become an increasing focus. After the latest financial crisis, which many have argued was rooted in an excessive focus on shareholder value maximisation, the topic of corporate governance has experienced renewed interest. However, policy-makers have proposed solutions focused almost exclusively on encouraging more shareholder engagement.

In the previous events of this series in London and New York, several proposals for concrete changes emerged:

- Specify corporate purpose
- Clarify the fiduciary duties of directors in corporate governance
- Engage other stakeholders in corporate governance
- Review executive compensation rules
- Incentivise long-term shareholding

The aim of the Zurich roundtable and future events is to review the viability of these proposals, develop additional ideas and address several remaining questions:

1. What is long-term sustainable value?
2. How can good quality management be reflected in better results?
3. What is the role of investors?
4. How can we better reflect sustainable value?
5. What is the best framing and language for this discussion?

Christine Kaufmann, Centre for Human Rights Studies, University of Zurich[3]

American economist Milton Friedman (1970) argued that the role of business was to focus on increasing profits as long as it stayed within the rules of the game. Since then there has been an ongoing debate about the role of business in society. The Swiss Federal Council had difficulty developing a definition of corporate social responsibility when it undertook to write a position paper on CSR.

The current debate in Switzerland on responsible corporate behaviour is divided into three areas of focus:

1. UN Guiding Principles on Business and Human Rights - The Swiss National Action Plan on Business and Human Rights is expected at the end of 2015.

2. OECD Guidelines for Multinational Enterprises - New procedural rules have been developed for the National Contact Point. The Swiss Federal Council also adopted and published a CSR Position Paper in April 2015 which defines the government's expectations of companies in the area of CSR.[4]

3. Business initiatives - Voluntary efforts by business to define CSR include the Swiss Code of Best Practices on Corporate Governance[5](led by Economiesuisse), as well as a recent publication named « CSR from a Business Perspective » (led by Swissholdings and EconomieSuisse)[6] and company-specific approaches.

There is reputational risk for Switzerland if its companies fail to act in a responsible manner. Corporate responsibility is also in companies' own interests as sustainability is a driver of lasting economic success. At the same time, there is a lack of discussion by policymakers and business leaders about value that is not reflected in balance sheets.

While Switzerland has not until now exercised political leadership on responsible business issues, there are some signs that standards are rising. There are a variety of initiatives that attempt to implement responsible business, including the Swiss Federal Council's position paper on CSR the ongoing development of a Swiss National Action Plan on Business and Human Rights; and pending legislative proposals, including financial transparency obligations for the extractive industry, the revision of the Swiss public procurement law to include sustainability, food speculation and popular initiatives on food speculation and responsible business.

Swiss Position Paper on Corporate Social Responsibility - 1 April 2015

"The Federal Council expects companies to take responsibility for their impact on society wherever they conduct business, in Switzerland and abroad."

There is agreement about the need for responsible business but a lack of clarity about the broader picture: what is the purpose of the corporation? What does it need to produce wealth in a sustainable manner? What governance issues exist? Does it need to produce wealth? In Switzerland this broader debate is only beginning. We should address these questions directly before developing more detailed strategy to address the role of corporations in the society.

Christopher Wasserman, Foundation Ecophilos, Zermatt Summit Foundation and TeroLab Surface Group[7]

Mr. Wasserman suggested that in addition to corporate governance, we should recognise that the current economic framework is unsustainable. He asked the room to consider how we should shift from capitalism to post-capitalism, reflecting that the world has changed. As shareholders, we must develop a roadmap towards socially desirable progress. TeroLab Surface, Mr. Wasserman's company, has adopted a number of initiatives to integrate responsibility and sustainability in its business, including the Blueprint for Better Business' model for leadership, ISO 14000 and integrated reporting.

Mr. Wasserman suggested we should think from the outside in:

1. Look at companies' compliance with corporate governance guidelines.
2. Identify and measure important sources of value or loss that do not currently show in the balance sheet, such as human capital or environmental value.
3. Improve employee training and engagement to sharpen their understanding of sustainable value. It may be advantageous to give small groups within the business responsibility for different aspects of sustainability.

Responsible leadership comes from the top but at the same time management is undergoing a revolution as we recognise that top-down management is not working anymore. Millenials, in particular, do not automatically recognise and accede to authority.

New accounting standards are needed as traditional accounting frameworks do not capture human capital or externalities. Integrated reporting is one way of capturing intangible assets and value. Tax incentives would also encourage responsible behaviour. Finally, we need to think about how we can ensure better access to capital for responsible businesses.

Katrin Muff, Business School Lausanne[8]

Prof. Muff highlighted the need to step back and embrace first the bigger and broader picture. She suggested that we consider corporate governance in the context of the challenge of living well on one planet, which is the WBCSD Vision 2050 goal. A participant noted a challenge is to translate corporate governance from reporting to strong management.

Prof. Muff suggested that we frame corporate activity within the "safe operating space" of the doughnut model developed by Kate Raworth and Oxfam[9]. The doughnut model presents a visual framework in the shape of a doughnut that brings together the concept of planetary boundaries and the complementary concept of social boundaries. Although there is increasing recognition of the need to live within the boundaries of our planet's resources, no regulatory framework uses the doughnut model. Instead the current focus is mainly on voluntary action.

Ms. Muff suggested that regulatory signals are critical to trigger a significant shift in behaviour. The disconnection between the good initiatives that more and more businesses take on sustainability and the challenges facing us – or the lack of progress on the macro level on sustainability - is far greater than in 1992 when global leaders adopted the Rio Declaration on Environment and Development. We need to question this gap: why have business initiatives not led to more global improvement? What new models of company governance need to be developed?

Group discussions

In groups, the participants discussed the disconnection between the macro-level economy and the micro-level of individual corporations. There was general consensus that we need to redefine shareholder value and address the disconnection.

Strengthening voluntary action by companies:

One participant observed that regulatory reactions to crises will always occur ten years too late. It is therefore arguably necessary to strengthen voluntary business action and develop incentives for good behaviour but there was disagreement about whether the correct response was to focus on voluntary or mandatory rules.

Corporate governance as an answer to the problems of business:

It was suggested that corporate governance should be revisited in the context of a holistic assessment of changes to the way that organisations are run. What does a value-based recruitment and incentive system look like? What is the role of values in sustainable organisations? How can we recognise and create value?

A participant argued that the role of corporate governance is not only to protect the company but to ensure that a corporation is able to create value for society at large. In the financial sector, financial market regulations have been internalised within corporate governance while this is just starting to emerge in the context of climate change and within the extractive industry.

Prof. Muff cited to Ceres' report[10] on board leadership, which recommends two inter-related approaches for weaving sustainability more deeply across board functions:

1. Integrating sustainability into board governance systems
2. Integrating sustainability into board actions.

More concretely, Ceres recommends embedding sustainability within board committees, realigning risks and incentives, increasing board diversity to include directors with sustainability expertise, focusing on long-term strategy and linking executive compensation to sustainability goals. Additionally, sustainability may be embedded in the directors' charter[11], employees may be recruited into designated corporate responsibility positions, and boards should emphasise long-term strategic thinking.

Shareholders' contribution to positive change:

One group suggested that companies should be required to report on responsible investments. Research has shown that socially and environmentally responsible companies have strong long-term financial performance, as measured by stock market and accounting metrics.[12]

The role of regulation:

A participant suggested that companies need a clear regulatory framework, e.g. a system for carbon pricing, and then within that regulatory framework companies should be left to adopt the corporate governance processes that best fit their needs. There was controversy about the role of companies in developing policy, with some suggesting that corporations should adopt a proactive stance in shaping the regulatory framework that they operate in to advocate for responsible regulation (rather than leaving it to those that will push for the lowest common denominator), while others argued that companies should not be politically active.

Participants identified that a major challenge in this respect is that most corporations only engaged on policy issues that threaten their business model and fail to mobilise in response to problems where a solution would provide benefits to society at large, such as climate change. As a result public policy is heavily influenced by a relatively small number of companies that are interested in maintaining the status quo.

Cornelio Sommaruga - former president of the ICRC

"Switzerland has a great responsibility both as the country of headquarters for humanitarian organisations as well as the home of many multinational companies. In the interests of the reputation of our country, we have to make our companies responsible too."

The role of corporate purpose:

Swiss law explicitly mentions shareholders only as one among other stakeholders and the responsibility of management and directors is towards the success of the company.[13] In other words, the law does not specify that companies should maximise shareholder value. The purpose of the corporation as such is not completely determined by law and companies have significant latitude to choose their priorities.[14]

It was suggested by one participant that corporate purpose need not be specified by legislation as it can be different for each company. In practice, however, corporate purpose is often dictated by the shareholders of public companies. It was put forward for reflection that other stakeholders should potentially be involved in the definition of purpose. It was asked how corporate governance affects who decides on corporate purpose and whether that could be changed. One participant suggested that the understanding of the responsibility of the board of directors could be expanded by nominating non-executive directors representing interests of stakeholders other than shareholders.

The role of shareholders and other stakeholders:

It was noted that other shareholders can serve as potential allies in the movement towards sustainability provided that they are convinced of such a shift eventually creates value.

In this context, it was noted that the Swiss legal system protects the controlling shareholders. One participant suggested that the potential positive impact of corporate governance and stewardship codes should be explored, in particular with respect to escalating beneficial shareholder engagement. Another suggestion focused on methods of organising investor pressure, e.g. the Carbon Disclosure Project.[15] Additionally, positive publicity may create an incentive to buy in if sympathetic journalists and media publish information about leading companies. Participants agreed that there is a lack of information available to individual investors regarding socially responsible and impact investing, which presents a major barrier to engaging and empowering end beneficiaries. This problem may be tackled through mandating environmental, social and governance (ESG) reporting.

A participant asked whether capitalism dictates that all corporations be shareholder value maximisers. One discussant noted that at the alternative bank where he works, profit is not the purpose of the institution and therefore it is recognised that the aim is to cover the cost of capital and achieve sustainable returns. He suggested that the maximisation of profits is the problem and that limiting profitability would ease pressure on companies. Another participant argued that capitalism is compatible with various types of corporate goals and has for most of its existence led to companies pursuing goals such as market share, maximising size, diversification, rather than maximising certain accounting measures focused on shareholder wealth.

The grocery chain Migros has the flexibility to exceed minimum legal expectations for social and environmental performance because it is a cooperative, not a publicly traded company. At the same time, it must compete with Coop and other large corporations and therefore faces economic pressure to maintain its market position. As a result, the legal form may not be the most important factor determining sustainability. Another participant suggested that we should distinguish between public and private organisations - according to this thinking, it does not matter whether the company is publicly traded or not but whether it is forced to respond to expectations and pressure from diverse stakeholders.

Swissholding, CSR from a Business Perspective[16] - 19 June 2015, p. 4

"For only companies that are competitive and successful in fact meet the requirements to assume their social responsibility in the long term. At the same time CSR is in the company's own best interest. Only those who live and respect the principle of sustainability can ensure lasting economic success."

Leaving behind the business case for sustainability:

There was debate whether the business case for responsible corporate behaviour should be further strengthened. It was suggested by one group that there is no clear 'win-win' for sustainability as it requires difficult choices, conflicts of interests and power struggles. If profit is the only or primary goal, there will be problems addressing trade-offs as the interests of shareholders often conflict with those of other stakeholders, at least in the short-run. Furthermore, the business case logic may motivate greenwashing, as evidenced by the case of Volkswagen. Therefore it was suggested that a more comprehensive business case should not be developed but rather companies should work to change corporate culture and values and use them proactively.

Participants also suggested aligning management incentives to improved environmental and social performance to increase accountability for sustainability, which would require the corporation to define relevant strategic targetst. Addressing the end beneficiaries' dilemma, one participant suggested that companies may be requested to ask their employees how they would want to invest their pension contribution. Provided that pension funds offer different investment strategies with respect to sustainability considerations, this may provide a strong momentum to reshape the availability of financial capital to public companies.

Future Scenario Exercise, facilitated by Paige Morrow, Frank Bold[17]

Participants divided into groups that were assigned roles as different stakeholders of the corporation. Their task was to identify a potential corporate governance related innovation that their group could implement in a horizon of 5-10 years. The groups discussed the innovation as well as how to make it happen in practice.[18]

Institutional investors tackle carbon footprint:

A group representing institutional investors decided to address climate change. They debated whether to divest before eventually deciding that it was better to actively engage with the target company. They discussed whether they were in a difficult legal position if there was only a risk without evidence of material damage caused by climate change and noted that pension funds face a conflict between long-term interests and the short-term performance measurement that is standard within the industry. Furthermore, it was unclear how to measure carbon footprints.

With these caveats in mind, the group decided to convene a loose coalition of large investors for a carbon disclosure project that would evaluate and publish a list of the best companies and those that refused to respond to inquiries. These investors also pushed the Swiss government to commit at the Paris Climate Summit to a CO2 reduction target. The investors jointly announced that they engaged for the climate.

The pension funds then created an annual award ceremony that in its first year would publish a list of the best performing companies, before proceeding in its second year to publish a list of companies that performed poorly. The worst performers would be threatened with divestment, which would be done in the project's third year if those companies failed to improve their environmental performance.

Incentive schemes:

The group representing senior management designed an incentive scheme that could be implemented at all levels of management. Such a scheme would have to be based on a clearly defined set of long-term sustainable value goals. In other words, it must be linked to the corporation's strategic plan that integrates sustainability in the business model. All of this has to be supported by appropriate metrics.

The incentives should encourage addressing problems rather than hiding them. For example, in case of environmental damage the emphasis should be put on investigation of the cause. The incentive scheme should be intertwined with employee engagement in solving the sustainability challenges connected to company's business. Managers as well as other employees should cooperate on embedding and operationalizing values.

The company may be criticized by analysts and that may lead to a drop of stock price. To manage this risk, the company could actively seek new, patient investors who are sympathetic to the objectives pursued by the company. This will in turn require setting an appropriate reporting system that explains how the new scheme contributes to value creation. It may be built, for example, on the use of integrated reporting. The relationship with long-term sustainability-oriented investors could be further enhanced by preferential shares. The company could also harness benefits gained from publicity. In the mid-term, the company should aim to score high on a sustainability index, if available.

Diverse Boards of Directors:

The group representing boards of directors discussed the issue of diversity. The first requirement for a successful board is that board members should collectively have the experience and expertise necessary to direct the company, including expertise in sustainability.

At the moment in Switzerland boards are very homogenous : they are composed of a majority of men, aged between 50 years and 70 years, who have similar experiences and backgrounds, mainly as finance officers, legal experts or CEOs. A proposal to include a 30% quota of women on a comply or explain basis in the revision of Swiss company law is currently being intensively debated.
The business lobby opposes this measure. For members of this discussion group, the membership of boards should be much more diverse in terms of age, gender, experience, knowledge and - in the case of multinational companies – nationality. In order to increase corporate sustainability there needs to be a human rights and environment specialist within the board, as well as a specialist on other issues. The role of the Chair is equally important; they must be able to lead a diversified group and listen to diverse points of views.

One participant provided further reflection on representation of a wider set of stakeholders in the Board or AGM. Board representation of stakeholders already exists, for example in Germany where there is compulsory employee representation on the supervisory board and traditionally banks - as lenders, shareholders, and financial advisers of companies - are also present on boards.

This type of representation is not without problems. It may ensure protection of the interests of a relatively narrow set of stakeholders but it does not guarantee sustainability. Furthermore, it might make firm-level decisionmaking more cumbersome and less efficient in proportion to the diversity of stakeholders and potentially contradictory interests included.

Regulators:

The respective group mainly discussed the basic principles government should employ in its regulatory approach. The group thus identified the following three principles:

> **First**, government should make sure that its regulative approach does not put too many extra-pressures on corporations (which are already under considerable pressure due to the current economic situation in Switzerland). This involves making clever decisions as to which regulatory interventions bear the greatest potential in making corporations more sustainable, whilst simultaneously not encroaching on their competitiveness.
>
> **Second**, government should also make sure that its regulatory interventions are harmonized both with existing national and international regulations, so that no unnecessary doublings and redundancies do occur.
>
> **And third**, regulations should be flexible enough to account for differences in corporations’ size, sector or industry of operation, legal form, etc.

At the roundtable and in follow-up reflections, participants explored several options for regulatory intervention. One possibility suggested by one of the participants would be to limit pension funds investments in terms of sustainability of assets, rather than asset classes. The participants discussed also how to limit capital market pressures on companies. A very radical suggestion would be to legally limit corporate profitability. While not a sufficient condition for sustainability, it might be eventually a necessary one, in the sense that it would ease market pressure on firms. The limit could be discussed and defined in terms of the 'doughnut model', i.e. a model that links profitability to the concept of planetary boundaries.

Restricting advertising to products that meet sustainability standard:

The group representing external stakeholders suggested that we should adopt a measurable scale of sustainability and use it to rank companies or financial products according to their positive contributions to society.

It would also be advantageous to restructure accounting systems to better reflect the sustainable value of a corporation in its balance sheet.

Plenary session moderated by Barbara Dubach, Engageability[19]

A recurring idea in the debate was the need for activism by diverse corporate governance actors. It was further suggested that in order to drive change within Switzerland, we need to change management and boards to increase diversity. In order to achieve that, we need to convince investors (especially ethical investors / SRIs) to support this change and the processes needed to get there. The traditional way of understanding profitability is out of date and needs to be expanded beyond economic risk and return to encompass social and environmental risk and return.

While there needs to be multiple responses to the looming crisis, it is necessary to identify the most significant leverage points for change, and especially those actors who have the market power needed to mainstream transformative ideas, such as pension funds. Regulation will likely be needed to guide the behaviour of laggards, such as certain small and medium companies. Leading by example is good but the question is how long it will take to achieve transformative change if we rely exclusively on a voluntary approach. Existing shareholders and boards often represent an obstacle to this change and it is unclear how to convince them or whether this is feasible.

The change-making strategy must engage mainstream corporations and present a realistic pathway for large multinational enterprises. It is important to engage the public in the debate. The corporations will not adjust if there is not a strong and broad public demand. Those who lead the change in the business world should therefore address their message to the public as well as to business insiders. The role of shareholders should not be underestimated. Given their position and influence in the present model of corporate governance, companies cannot change if they would resist it. One way to change shareholders behaviour would be to mobilise end beneficiaries. The key question in that respect is how we can educate people and create options for their engagement.

One participant suggested that it would be important to identify and present best practice examples to demonstrate that change is realistic and how it can be implemented. Another participant suggested that we should explore how to harness the synergies between different actors ranging from civil society representatives to investors to business leaders.

Concluding remarks by Florian Wettstein, University of St. Gallen[20]

Prof. Wettstein concluded the event by suggesting that we need to move beyond the discussion about sustainability as a win-win for business and external stakeholders and recognise the need to challenge the dominant business paradigm. He contended that the focus on the business case for sustainability was useful to achieve a certain level of sustainability but has limitations. Notably, sustainability has not been empirically proven to result in improved financial returns in all cases. Additionally, it is impossible to address the question of conflicting interests within the win-win paradigm as it does not instruct us on how to address these conflicts when they arise. The real challenge is to move beyond the business case and for that we need to change values and incentives.

About Frank Bold

Frank Bold is a public interest law firm leading a collaborative project on the Purpose of the Corporation, which brings together business, regulators, civil society and academics to forge a new vision for the future of corporate governance and company law, and more generally the role of business in society. The academic basis for the project is provided by Dr. Jeroen Veldman and Prof. Hugh Willmott, who run the Modern Corporation Project at Cass Business School, London (themoderncorporation.org)

The event in Zurich was part of a global roundtable series on corporate governance bringing together experts from business, academia, regulators and civil society to discuss the future of big business. The first event was held in London and it has been followed by discussions in New York and Zurich. Further roundtables are being planned in The Netherlands, Norway, France, and Germany. All discussion occurs under Chatham House Rules.

References

1 The Modern Corporation Project is lead by Prof. Hugh Willmott and Dr. Jeroen Veldman. Jeroen Veldman is Senior Research Fellow at Cass Business School, City University, London. He has held appointments at Cardiff Business School, the Utrecht School of Governance, Utrecht University and a visiting professorship at UPMF, Grenoble. His research addresses the historical development of the public limited liability corporate form and its current status in and between organization studies, management, company law, economics, finance, accounting, politics, and corporate governance.

Hugh Willmott is Professor of Management at Cass Business School, City University, London and Research Professor in Organization Studies, Cardiff Business School, UK. He has held visiting professors at Copenhagen Business School and the Universities of Uppsala, Lund, Innsbruck, Sydney and the University of Technology, Sydney. He previously held professorial appointments at the UMIST (now Manchester Business School) and Cambridge. He co-founded the International Labour Process Conference and the International Critical Management Studies Conference.

2 Filip Gregor is Head of the Responsible Companies Section at Frank Bold. Since 2007 he has represented Frank Bold in the Steering Group of the European Coalition for Corporate Justice where he has coordinated global research projects focused on policy and regulatory framework for global business operations. He is also a member of the Eminent Persons Group overseeing the Human Rights Reporting and Assurance Frameworks Initiative organised by the Shift Project and Mazars.

3 Christine Kaufmann is a Professor of international and constitutional law at the University of Zurich Law School. Before joining the law faculty in Zurich, Ms. Kaufmann worked in the legal department and then as Director of Human Resources at the Swiss Central Bank. Later she served as Director of Legal Research and as member of the board at the World Trade Institute (WTI) in Bern. In 2013 she was appointed co-president of the newly set-up Federal Advisory Committee of the National Contact Point for the OECD Guidelines for Multinational Enterprises. Ms. Kaufmann's main research interests include the interactions between human rights and business, the relationship between the international trade and the international financial system as well as the related implications on global governance.

4 http://www.seco.admin.ch/themen/00645/04008/?lang=en

5 http://www.economiesuisse.ch/sites/default/files/downloads/swisscode_d_20140926.pdf

6 The text can be found in German: http://www.economiesuisse.ch/sites/default/files/downloads/Corporate%20Social%20Responsibility%20aus%20Sicht%20der%20Unternehmen_1.pdf

Or in french: http://www.economiesuisse.ch/sites/default/files/downloads/Responsabilit%C3%A9%20sociale%20des%20entreprises%20-%20le%20point%20de%20vue%20des%20entreprises.pdf.

7 Christopher Wasserman is President and co-founder of the Foundation Ecophilos as well as the Zermatt Summit Foundation, a catalyst designed for business leaders to spark inspiration, share innovation and translate into action new business development models that promote human dignity in our globalized world. He is also founder and President of the TeroLab Surface Group based in Lausanne (Switzerland). He holds a MBA from New York University/USA.

8 Katrin Muff is Dean of Business School Lausanne (BSL) and Program Director of the DBA, Diploma in Sustainable Business and MBA & EMBA in Sustainable Business programs. Katrin worked nearly a decade for ALCOA in different countries and holding various positions. She assumed after the position of Director, Strategic Planning EMEA of IAMS Pet Food in the Netherlands. Prior to joining BSL, Katrin co-founded Yupango, an independent coaching consultancy dedicated to developing start-up companies and training management teams.

9 Raworth, K (2012) "Introducing 'The Doughnut': A safe and just space for humanity", https://www.oxfam.org/en/research/safe-and-just-space-humanity?utm_source=oxf.am&utm_medium=oe8&utm_content=redirect and https://www.oxfam.org/en/video/2012/introducing-doughnut-safe-and-just-space-humanity; based on Rockström, Johan, et al. "A safe operating space for humanity." Nature 461.7263 (2009): 472-475.

10 Ramani, Veena, View from the top: How corporate boards engage on sustainability performance. Ceres, October 2015, https://www.ceres.org/resources/reports/view-from-the-top-how-corporate-boards-engage-on-sustainability-performance/view.

11 Ceres, "Governance: Board Charters for Sustainability", http://www.ceres.org/company-network/how-we-work-with-companies/board-charter.

12 Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. Management Science, 60(11), 2835-2857.

13 The primary duty of directors is to safeguard the interests of the company, in accordance with article 717 para 1 of the Swiss Code of Obligations.

14 For further details on the Swiss debate about the shareholder versus stakeholder models, see P. Böckli, 'Corporate Borads in Switzerland' in Davies, P., Davies, P.L., Hopt, K., Nowak, R. and van Solinge, G. eds., 2013. Corporate Boards in European Law: A Comparative Analysis. Oxford University Press at p. 657. The author argues that in Switzerland neither is dominant but rather there is tacit acceptance that decisions taken in the best long-term interests of the company will serve both stakeholder and shareholder interests.

15 The Carbon Disclosure Project promotes the disclosure of greenhouse gas emissions by major corporations, in coordination with shareholders and companies.

16 http://www.swissholdings.ch/fileadmin/kundendaten/Dokumente/Archiv_Publikationen-Studie/Corporate_Social_Responsibility_from_a_Business_Perspective.pdf

17 Paige Morrow is Head of Brussels Operations at Frank Bold, where she specialises in corporate governance and company law. Paige is a Canadian-qualified lawyer who advised clients and litigated human rights, employment and commercial law matters for several years at McCarthy Tétrault LLP. She has also held positions at the Centre for the Study of Human Rights at the London School of Economics and Political Science (LSE), the Kenya National Commission for Human Rights and the South African Legal Resources Centre.

18 Based on a backcasting strategy process developed by the Drucker Institute (www.druckerinstitute.com).

19 Barbara Dubach is Founder and managing director of engageability. Barbara worked for Holcim during 13 years in different functions in Switzerland and abroad. Between 2003 and 2010, she was Senior Vice President of the Holcim Group. In 2010, Barbara founded engageability, providing advice to profit and non-profit organizations in the area of sustainable development and stakeholder engagement. She holds a PhD on "Managing Environmental Communication in Multinational Companies" at the University of St. Gallen.

20 Florian Wettstein is Professor of Business Ethics and Director of the Institute for Business Ethics at University of St. Gallen. Florian held various positions at Boston College, Massachusetts Institute of Technology, York University (Toronto) and University of St.Thomas in the Twin Cities (Minneapolis/ St. Paul). He is also a member of the executive committee of the International Society of Business, Economics, and Ethics (ISBEE).