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Editorial

Special Issue on Sustainable Governance and ESG Practices in the Modern Corporation

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1. Introduction

This editorial concerns the Special Issue, "Sustainable Governance: ESG Practices in the Modern Corporation", published in *Sustainability*. Its aim is to examine how companies integrate environmental, social, and governance (ESG) factors into their governance systems and business activities. It serves as a platform for research that links corporate strategy, accountability, disclosure, financial results, and technological innovation. The nineteen articles below offer different perspectives on these issues across various institutional and organizational contexts.

The shift from corporate social responsibility to ESG offers a useful context for the way the issue stresses strategic integration [1]. Earlier research into ESG controversies among European firms examines the sociopolitical environment in which corporate behavior takes place [2], and an international study of corporate social responsibility and national governance examines how institutional conditions influence the relationship between ESG ratings and stock returns during the COVID-19 pandemic [3]. These viewpoints help to place the collection's focus on organizational practices within the broader environments in which companies operate.

Disclosure credibility also serves as a link between the different points. Studies concerning fraud perception, ESG-washing, and investment trust examine concerns about corporate sustainability claims [4]. Moreover, a review of internal audit and ESG implementation supports this view by examining the role of internal oversight in sustainability and resilience [5]. This background provides the context for the contributions in the Special Issue on governance arrangements, information quality, and the relationship between reporting and implementation.

The collection is based on a practical issue: how sustainability commitments are incorporated into corporate decisions. Some of the papers examine internal arrangements such as board structure, organizational culture, and professional capabilities, while others examine reporting practices, external oversight, relationships with investors, and the financial effects of ESG performance. Taken together, they show that corporate sustainability should be studied by examining its mechanisms and context, with regard to the measures and research designs that support each conclusion.

2. Contributions to the Special Issue

In the first article, entitled "A Study on the Impact of Board Characteristics on the Environmental, Social, and Governance (ESG) Responsibilities of Listed Companies—Evidence from Chinese Listings", Ding et al. examine board characteristics in Chinese listed companies. Their analysis considers board independence, independent directors' overseas education, board size, and gender diversity. The reported results associate independence

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and overseas educational backgrounds with stronger ESG ratings, whereas board size and gender diversity do not show significant individual associations. The study focuses on the specific attributes of boards rather than assuming that every structural change yields similar sustainability outcomes [6].

In the second article, entitled "Nexus Between Intellectual Capital and Sustainable Growth: Moderating Roles of Military-Experienced CEOs and Sustainable Corporate Governance", Arshad et al. investigate intellectual capital and sustainable growth in Chinese non-financial firms, with attention to military-experienced chief executive officers and sustainable corporate governance. Using quantile regression, they report positive relationships between intellectual capital efficiency and sustainable growth across different parts of the outcome distribution. The contribution broadens the discussion of governance by considering how leadership backgrounds and organizational knowledge resources interact with firms' growth capacity [7].

In the third article, entitled "Sustainability Governance and Strategic Management as Predictors of Financial Performance in the Food Processing Industry", Kelemina et al. examine sustainability governance and strategic management in Slovenia's food processing industry. Survey evidence distinguishes sustainability-oriented vision and business policy, organizational culture, and sustainability strategies. Strategies and culture are positively associated with financial performance, while vision and business policy have a negative direct association in the estimated models. These differences underline the importance of examining implementation separately from formal commitments [8].

In the fourth article, entitled "From Sustainability Governance Architecture to Climate Strategy: Provider-Observed Sequence of Reporting and Internal Accountability", Alhanaya investigates the sequence in which sustainability reporting and internal accountability become visible in provider data. Reporting-first entry is associated with later formal governance assembly, although statistical precision weakens under some jurisdiction-level inference procedures. The study finds no broader climate strategy or lower-emissions advantage for reporting-first firms. Its contribution is a carefully bounded account of observed governance development, highlighting the distinction between formal architecture and climate implementation [9].

In the fifth article, entitled "The Effect of Corporate Governance on the Quality of Integrated Reporting and ESG Risk Ratings", Colak and Sarioglu examine board and audit committee characteristics, integrated reporting quality, and ESG risk ratings. They report positive associations between reporting quality and board independence, women's board participation, audit committee independence, and meeting frequency. Higher reporting quality is also associated with lower ESG risk scores. The study connects governance arrangements with disclosure quality while identifying differences among the characteristics examined [10].

In the sixth article, entitled "Does Integrated Reporting Enhance the Value Relevance of Corporate Governance? Evidence from Saudi Arabia", Alatawi studies whether integrated reporting strengthens the relationship between corporate governance and firm value in Saudi-listed companies. Using a governance index and a disclosure-based integrated reporting measure, the analysis finds positive relationships with firm value and a positive interaction between the two. The article contributes a national-market perspective on how connected reporting may complement corporate governance in explaining valuation [11].

In the seventh article, entitled "Textual Attributes of Corporate Sustainability Reports and ESG Ratings", Huang et al. analyze the textual characteristics of corporate sustainability reports and their relationships with ESG ratings. Their study considers length, readability, tone, boilerplate language, redundancy, and completeness. Report length and completeness matter across the rating providers examined, while responses to other textual features differ

between international and domestic agencies. The findings demonstrate why disclosure characteristics and the evaluation methods used by rating providers deserve separate consideration [12].

In the eighth article, entitled "A Systematic Review of the Effects of Mandatory Corporate Sustainability Reporting", Papafloratos and Pantazi provide a systematic review of the effects of mandatory corporate sustainability reporting. Drawing on 171 articles, they examine reporting quality and quantity, financial outcomes, ESG-related outcomes, and other institutional effects. The review identifies potential benefits of reporting regulation alongside legislative complexity, fragmentation, and contextual differences. It gives the collection a broader perspective on how legal requirements influence corporate reporting and behavior [13].

In the ninth article, entitled "Environmental Justice Specialization and Corporate ESG Performance: Evidence from China Environmental Protection Court", Meng and Yang investigate environmental justice specialization through the establishment of environmental protection courts in China. Their difference-in-differences analysis reports improvements in corporate ESG performance, with mechanism tests pointing to external supervision, media attention, and analyst interest. The study extends the issue's governance focus beyond the corporation to the institutions responsible for environmental enforcement [14].

In the tenth article, entitled "Strategic Management of Environmental, Social, and Governance Scores and Corporate Governance Index: A Panel Data Analysis of Firm Value on the Istanbul Stock Exchange", Yucel et al. examine ESG scores and a country-specific Corporate Governance Index in relation to firm value on the Istanbul Stock Exchange. Their panel analysis reports positive associations for both measures. By combining an international sustainability perspective with a domestic governance indicator, the study emphasizes the relevance of institutional context when assessing corporate valuation in emerging markets [15].

In the eleventh article, entitled "The Impact of Environmental Social and Governance Performance on Systematic Tail Risk of Chinese Corporations", Fu and Jia investigate ESG performance and systematic tail risk among Chinese corporations. They report a negative relationship and explore financing constraints, information transparency, and corporate reputation as possible mechanisms. The governance dimension has the strongest reported relationship among the ESG pillars. This contribution adds a financial risk perspective while illustrating the need to distinguish the individual dimensions of aggregate ESG measures [16].

In the twelfth article, entitled "Climate Risk Disclosure and Corporate Financial Performance: Pathways to Sustainable Value Creation", Li and Shuang examine climate risk disclosure and financial performance among Chinese A-share listed firms. A text-based disclosure index is positively associated with accounting-based and market-based outcomes. Their pathway analyses consider financing costs and green innovation, while institutional ownership and accounting information quality help explain variation in the relationship. The study frames the financial relevance of climate disclosure as conditional on the corporate information environment [17].

In the thirteenth article, entitled "Corporate Social Responsibility and Stock Illiquidity: The Moderating Role of Board Independence", Alsadan and Saif-Alyousfi investigate corporate social responsibility, board independence, and stock illiquidity in Australian non-financial firms. Stronger environmental and social performance is associated with lower illiquidity, and board independence strengthens this relationship in their models. The analysis also identifies differences across firm characteristics and periods of market uncertainty. Its contribution connects sustainability and governance with trading conditions

while treating additional estimations as robustness evidence rather than definitive causal identification [18].

In the fourteenth article, entitled "The Effect of ESG Controversies on Corporate Financial Performance: Evidence from US Listed Firms", Altaany and Alomari examine ESG controversies and subsequent financial performance in US-listed firms. Recorded controversies are associated with lower subsequent return on assets and a lower Tobin's Q, although the market-based result is more sensitive to model specification. The return-on-assets association is concentrated among firms with limited analyst coverage. The authors explicitly recognize that their observational design establishes within-firm associations rather than causal effects [19].

In the fifteenth article, entitled "Angel Investment, Venture Capital, and the Sustainable Development of Technology Companies: The Moderating Role of ESG Performance", Jin et al. study angel investment, venture capital, and the sustainable development of listed technology companies. They report a positive role for angel investment and examine venture capital as a channel linking early investment with sustainable development. ESG performance strengthens the reported relationships, with differences across technology intensity, ownership, and asset structure. The article places entrepreneurial finance within the issue's discussion of sustainable corporate development [20].

In the sixteenth article, entitled "Construction and Validation of a 5P–ESG Composite Index for Sustainable Corporate Governance and Financial Analysis in Emerging Markets: Evidence from the MSCI COLCAP", Acevedo Amorocho et al. develop a 5P–ESG Composite Index for emerging-market corporate assessment. The framework incorporates People, Planet, Prosperity, Peace, and Partnerships and applies a structured indicator selection and weighting process to issuers in the MSCI COLCAP universe. Comparisons with a conventional three-pillar ESG scheme show that the broader framework can alter relative rankings and classifications. The study foregrounds the conceptual and methodological choices embedded in sustainability metrics [21].

In the seventeenth article, entitled "Integrating Environmental, Social, and Governance (ESG) Practices into Sustainable Banking Governance: The Roles of Capacity Building, Green Competencies, Financial Technology, and Green Innovation in Advancing Sustainable Finance", Affini et al. examine sustainable finance in Indonesian small-capital banks. Their survey-based analysis considers capacity building, green competencies, financial technology, and green innovation. Capacity building and financial technology are positively related to sustainable finance, while several proposed green innovation relationships are unsupported. The article highlights organizational readiness and digital capabilities, showing why plausible implementation pathways still require empirical examination [22].

In the eighteenth article, entitled "Intelligent Manufacturing Pilot Demonstrations and Corporate ESG Performance: Evidence from Chinese Listed Manufacturers", Zhang and Wang analyze China's Intelligent Manufacturing Pilot Demonstration Program and corporate ESG ratings. Their preferred difference-in-differences estimate is positive but less statistically precise than the conventional fixed-effects benchmark. The analysis considers information verification, managerial incentives, and financing as possible channels. The authors limit their conclusions in light of selective designation and provider-specific ratings, distinguishing an improvement in measured ESG performance from independently verified sustainability outcomes [23].

In the nineteenth and final article, entitled "ESG Integration and Green Computing: A 20-Year Bibliometric Analysis", Angelaki et al. present a bibliometric analysis of research on ESG integration and green computing. Examining 750 publications, they map research development, intellectual connections, and gaps across the two domains. The contribution identifies opportunities for industry-specific research and further investigation of imple-

mentation. As a mapping study, it helps situate technological themes within the collection without independently establishing the financial or environmental effects of particular computing practices [24].

3. Conclusions and Future Research

The contributions to the Special Issue demonstrate the breadth of research on sustainable corporate governance. Their common focus is the connection between organizational arrangements, sustainability information, and corporate outcomes. At the same time, the studies differ in institutional context, measurement, and evidential strength. The collection therefore supports a contextual understanding of ESG integration and careful interpretation of what particular indicators and findings establish.

Future research can build on these contributions by following governance changes over time, comparing implementation across jurisdictions, and distinguishing disclosure improvements from substantive environmental and social outcomes. Greater attention to causal identification, rating-provider differences, and organizational mechanisms would strengthen the practical value of this work. We hope that the Special Issue supports further dialog among researchers, corporate decision-makers, and policymakers on the conditions required for accountable sustainability.

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