



UN Global Compact

COMMUNICATION ON ENGAGEMENT

SEPTEMBER 2018

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Statement by the President

Dear Mr. Secretary-General,

ESMT Berlin has been an academic member of the UN Global Compact since June 24, 2016. The school's mission is to create and impart new knowledge to advance business and society. We develop entrepreneurial leaders who think globally and act responsibly. Our mission is directly aligned with the UN Global Compact Principles. Furthermore, we contribute to the UN Global Compact Principles through education and research activities on topics related to the Global Compact and by raising awareness about these topics among businesses and leaders.

Our education programs for future and current business leaders offer a wide range of obligatory and elective courses on topics such as sustainability, business ethics, anti-corruption, integrity, corporate governance, and sustainable energy.

We founded a Center for Sustainable Business, which contributes to important research on the topics such as sustainable business, corporate governance, and human rights. We are especially proud of its role in the promotion of the UN Sustainable Development Goals among businesses.

In addition, our students and employees take active roles in various initiatives advancing the UN Global Compact Principles. Various student clubs, scholarship programs, and internal initiatives by ESMT team members attest dedication to sustainability, human rights principles, and ethics. We remain committed to promoting our activities in this direction.

We look forward to working alongside the UN Global Compact and its participants towards our common goal of a sustainable future. I hope you enjoy reading this report, which briefly summarizes our progress so far.

Kind regards,



Prof. Jörg Rocholl

President, Professor of Finance, and EY Chair in Governance and Compliance
ESMT Berlin

Academic activities relevant to the UN Global Compact

ESMT Berlin was founded by 25 leading global companies and institutions in 2002. The school focuses on three main topics: leadership, innovation, and analytics. Additionally, ESMT provides an interdisciplinary platform for discourse between politics, business, and academia. With its prominent name among academics, policymakers, top business executives, and leaders, the school engages a variety of networks and participants in teaching activities and events in Berlin. ESMT faculty publish in top academic journals and contribute to the academic discourse on the crucial topics of our society. UN Global Compact Principles are reflected in a wide range of academic activities at ESMT.

Teaching

ESMT offers a full-time MBA, an executive MBA, a Master's in Management, as well as open enrollment and customized executive education programs. Some of the courses taught in these degree and executive programs are in direct relation to UN Global Compact. Specifically, mandatory courses in each program area with relevant themes include:

- “Business Ethics and Sustainability” (MBA)
- “Sustainable Business” (Executive MBA)
- “Fraud and Corruption” (Executive MBA)
- “Sustainability” (Master’s in Management, “Innovative Management” track)

In addition, we offer the following elective courses in our MBA and Executive MBA programs:

- “Sustainable Supply Chain Management”
- “Impact Investing”
- “Sustainable Energy Future”
- “Fraud Detection and Investigation”
- “Anti-Fraud Management and Compliance”
- “Corporate Governance and Integrity”

The table below provides detail on the number of students that took the courses related to the topics of the Global Compact from 2016 to 2018.

Course name	Program	Type	Number of students		
			2016	2017	2018
“Business Ethics and Sustainability”	MBA	Mandatory	65	64	67
“Sustainable Business”	EMBA	Mandatory	47	64	53
“Fraud and Corruption”	EMBA	Mandatory	47	64	53
“Sustainability”	MIM	Mandatory ¹	—	59	66
“Sustainable Supply Chain Management”	MBA	Elective	13	21	24
“Impact Investing”	MBA	Elective	—	15	16
“Sustainable Energy Future”	MBA, EMBA	Elective	— ²	42	32
“Fraud Detection and Investigation”	EMBA	Elective	15	11	—
“Anti-Fraud Management and Compliance”	EMBA	Elective	15	11	— ³
“Corporate Governance and Integrity”	EMBA	Elective	12	11	14

Table 1 Student participation in mandatory and elective courses with UN Global Compact themes

¹ For students participating in the “Innovation Management” track only

² In 2016, “Sustainability,” “Impact Investing,” and “Sustainable Energy Future” courses were not part of the curriculum

³ Numbers are not yet known for “Fraud Detection and Investigation” and “Anti-Fraud Management and Compliance” in 2018

Research and thought leadership

ESMT founded the Center for Sustainable Business (CSB) in February 2015. The CSB acts as an international platform for research, teaching, and thought leadership on corporate sustainability. The mission of the Center is to help companies increase value from their sustainability investments and promote corporate sustainability and responsibility.

Over the last two years, the CSB has heavily engaged in promoting the UN Sustainable Development Goals (SDGs), for example, via events such as the Sustainable Business Roundtable and the Realtors Sustainable Business Breakfasts.

The Sustainable Business Roundtable (SBRT) is indeed one of the flagship initiatives of the CSB. It was founded already in 2011 by ESMT and acts as a peer-to-peer learning network of international companies. Its unique value proposition is that it shows how sustainability interfaces with other departments, such as human resources, marketing, and investor relations. The SBRT convenes twice a year and is attended by two representatives from every company—the sustainability manager and a colleague from another area (e.g., marketing, supply chain, human resources). This creates a rich environment for debate and discussion. The 24 international members include:

- | | | |
|-------------------------------|--------------|--------------------------|
| - Accenture | - E.ON | - McKesson |
| - Adidas | - Enel | - Orange |
| - Aegon | - Fragomen | - Osram |
| - BASF | - Fraport | - PricewaterhouseCoopers |
| - Coca-Cola European Partners | - H&M | - Siemens |
| - Covestro | - IBM | - Unilever |
| - Deutsche Bank | - ING | - UniCredit |
| - Deutsche Telekom | - KBC | |
| | - McDonald's | |

The topics discussed include issues such as implementing sustainable business, measuring impact, protecting human and labor rights, and advancing environmental responsibility.

The Realtors Sustainable Business Breakfast is an initiative similar to the SBRT but directed only at real estate companies and their stakeholders. The CSB realized that real estate companies are lagging behind other sectors in terms of creating shared value for business and society alike. The academic study on this topic is ongoing. The CSB has already hosted two Realtors Sustainable Business Breakfasts.

Please see the list below for more information on the events of the CSB related to Global Compact thought leadership and disseminating the Global Compact Principles.

Sustainable Business Roundtable

November 10–11, 2016

SBRT Fall 2016 Meeting: “Stakeholder Engagement”

Discussion topics included benefits of stakeholder engagement, the ways of engaging stakeholders, and how to collaborate with NGOs and other organizations, including competitors. The audience included senior executives of the member companies and guests (including companies and their stakeholders). Speakers represented Enel, HEINEKEN, ING, Orange Poland, London Business School, University of Mannheim, IKEA Global, ShareTheMeal, Nestlé, WWF, Oxfam, Greenpeace, BASF, CDP, Commerzbank AG, and Aegon.

April 27–28, 2017

Sustainable Business Roundtable: “Sustainable Innovation”

Speakers represented Accenture Strategy, SAP, Dassault Systèmes, Aegon, The Do School, adidas Group, METRO Group, OSRAM, Enel, and BASF. Senior executives of the member companies and guests (including companies and their stakeholders) discussed questions that included:

- How to gain circular economy advantages?
- What are the promises and perils of digitalization?
- How do large established companies innovate?
- How to implement sustainable innovation?
- Bringing sustainable innovation to the mass market

November 14–15, 2017

Sustainable Business Roundtable: “New Paradigms of Sustainable Governance”

Senior executives of the member companies and guests (including companies and their stakeholders) discussed topics ranging from human rights, modern slavery, anti-corruption and transparency to the Sustainable Development Goals and emerging issues and trends in sustainable governance (e.g., diversity, board engagement). Speakers represented Aegon, GRI, Hult International Business School, Business & Human Rights Resource Centre, Transparency International, PwC, OECD Working Party on Responsible Business Conduct, Orange, Covestro, and Siemens.

April 26–27, 2018

Sustainable Business Roundtable: “Implementing Sustainability Across the Company”

Speakers represented Adidas, Tchibo, Enel, London Business School, Volkswagen Group, Deutsche Bank, E.ON, McDonald's, Forum for the Future, and ING. Senior executives of the member companies and guests (including companies and their stakeholders) discussed questions that included:

- How to implement sustainability across different departments?
- How to convince others about sustainability?
- Putting sustainability and innovation together
- Learnings and experiences from the 20 years in the sustainability game
- Scenario planning for a sustainable future.

Realtors Sustainable Business Breakfast

November 14, 2017

First Realtors Sustainable Business Breakfast

The event presented best practices and latest insights on sustainability in the real estate industry, focusing on social aspects during project developments. The event was attended by real estate professionals and representatives of related industries as well as our students involved in the MBA Consulting Project. Speakers represented ZIEGERT, Deutsche Architektur Zentrum (DAZ), and ES EnviroSustain.

April 26, 2018

Second Realtors Sustainable Business Breakfast: “Sustainability in the Real Estate Industry: Megatrends, Market Transformation and the Sustainable Development Goals”

In this second Realtors Sustainable Business Breakfast, ESMT encouraged real estate companies to take the lead and discover how they change the face of business, as we know it. We presented the latest insights on the megatrends shaping the inevitable shift towards sustainability and share ideas on sustainable practices that companies can implement to achieve the Sustainable Development Goals. Speakers represented Hillbreak, RICS, and ZIEGERT. Invited and registered participants included real estate professionals and representatives from related industries.

The CSB, as well as other researchers from ESMT not directly associated with the CSB, regularly conduct research on topics related to the Global Compact, for example, sustainability, corporate governance, human rights, sustainable energy, and circular economy. The research is widely disseminated via academic and practitioner publications.

One of the examples of such research is a large study conducted by the CSB on how sustainability is embedded in mainstream companies. The following companies participated in this research project:

- | | | |
|-------------------------------|-----------------|-------------------|
| - AEGON | - Enel | - Marks & Spencer |
| - Allianz | - Holcim/Ambuja | - Nestlé |
| - Apple | - IBM | - Old Mutual |
| - BASF | - ING | - Unilever |
| - Coca-Cola European Partners | - ITC | - Whirlpool |
| | - JCB | |

The CSB uncovered key factors that contribute towards embedding sustainability across corporate value chains. It currently continues disseminating findings from this project among different audiences.

Another example is a study conducted by researchers from ESMT's Executive Education department, as a consortium partner of the ETIBLOGG (Energy Trading via Blockchain – Technology in the Local Green Grid) project. The project is conducted within the Smart Service World II program of the BMWi with the objective of evaluating blockchain technology as a means to lower transaction costs for energy trading in a world of more decentralized, renewable energy generation by integration consumers in the energy system, enabling local balancing markets, measuring supply and demand patterns.

Within the consortium, ESMT is focusing on a literature review on technology, business model and regulation, an analysis of best practices of business models with regard to technical and economic viability, customer acceptance as well as an analysis of regulatory frameworks to combine the findings in a best practice study with lessons learned and recommendations for the way forward. Through this project, the school and its partners are contributing to and supporting energy efficiency and related research. Intermediary findings of the project were published with Harvard Business Review (The 3 Stages of a Country Embracing Renewable Energy, April 17, 2017), and Palgrave Macmillan (The Decentralized Energy Revolution, 2017), and were disseminated widely through online media.

In addition, some of the most recent publications⁴ on relevant topics written by ESMT faculty members include:

- CB Bhattacharya, Ernesto Ciorra, and Joanna Radeke. *Tolerating Failure: a key to creating sustainable business*. The European Business Review, 2018.
- CB Bhattacharya. *How to make sustainability every employee's responsibility*. Harvard Business Review, 2018.
- Sankar Sen, Shuili Du, and CB Bhattacharya. *The Business Case for Sustainability Reporting: evidence from stock market reactions*. Journal of Public Policy & Marketing, 2017.
- CB Bhattacharya and Paul Polman. *Sustainability lessons from the front lines*. MIT Sloan Management Review, 2017.
- Urs Müller and Ulf Schäfer. *The Dirty Dozen: how unethical behavior creeps into your organization*. The European Business Review, 2016.
- Sankar Sen, Shuili Du, and CB Bhattacharya. *Corporate Social Responsibility: a consumer psychology perspective*. Current Opinion in Psychology, 2016.
- CB Bhattacharya and Paul Polman. *Engaging employees to create a sustainable business*. Stanford Social Innovation Review, 2016.
- Christoph Burger, Andreas Kuhlmann, Philipp Richard, and Jens Weinmann. *Blockchain in the energy transition. A survey among decision-makers in the German energy industry*. German Energy Agency (DENA) and the ESMT Berlin, 2016.
- Christoph Burger and Jens Weinmann. *How the 'Big Beyond' will change business models of utilities*. Oxford Energy Forum, 2016.
- CB Bhattacharya. *Responsible Marketing: doing well by doing good*. GfK Marketing Intelligence Review, 2016.

⁴ List includes book chapters, peer reviewed articles, magazine articles, and other briefs

ESMT student clubs and the UN Global Compact Principles

ESMT Student Clubs are student initiatives that begin with a desire to get directly involved. Through each club's contacts, students have a unique opportunity to complement and develop their academic experience. Some of the student initiatives are directly linked to the UN Global Compact Principles on environmental and social issues.

Social Impact Club

The Social Impact Club is pursuing projects and programming along three core themes: sustainability, social entrepreneurship, and education.

- In sustainability, the team has created external partnerships to connect ESMT with the global sustainability community and to scale projects. The team is engaged in a "Zero Waste" initiative to transform ESMT into the first environmentally friendly business school in Germany. Finally, the club also participates in "Screening Sustainability," in which club members attend and host environmental documentaries and films.
- In social entrepreneurship, the team is providing consulting services to social businesses created and run by current ESMT students and is engaging the local social startup community for workshops and networking opportunities.
- In education, the club is engaged in a student-mentoring program at the Berlin Metropolitan School as well as in two separate programs in Africa. Further, the team is continuing ESMT's tradition of fundraising for student scholarships in Haiti.

The club also hosts an assortment of speakers and guests to share their knowledge with ESMT students and provide opportunities for future collaboration. At the last club event, participants discussed reinventing healthcare with a special guest from Novartis senior executive team.

Net Impact Chapter

ESMT MBA students have created the Net Impact chapter in Germany. Net Impact, a global community of students and professionals who aspire to be the most effective change agents they can be, offers emerging leaders the skills, experiences, and connections they need to make a lasting social and environmental impact, now and throughout their careers. Net Impact helps turn passions into a lifetime of world-changing actions.

In September 2018, the chapter is organizing a large-scale networking event, panel discussion, and a campaign called “Clean the Spree.” To mark World Cleanup Day, the club members will gather hundreds of participants at Spree riverbanks to get involved and raise awareness on water pollution.

Pro bono consulting projects (MBA, MIM)

ESMT has created opportunities for all students to engage in activities with positive social impact, from the compulsory MIM Social Impact Project to consulting projects in the MBA and EMBA programs. This includes the launch of new and innovative scholarship programs for participants from developing countries as well as the MIM Social Impact Project, an analytical consulting project with a social purpose.

Responsible Leadership Fellowship

ESMT collaborates with organizations and companies in emerging areas of Africa and Asia that are keen to employ ESMT MBA graduates as volunteers and make use of their knowledge and capabilities. During their studies, our students enjoy the privileged support of ESMT’s founding companies that make scholarships, company projects, career opportunities, and other benefits available.

Accordingly, these students have good reason to “give back.” The Responsible Leaders Fellowship program creates a platform to do so and sends a graduate to one of the organizations for a pro-bono six-month assignment.

Responsible Leadership Award

The Responsible Leadership Award honors extraordinary leadership in promoting responsible business practices. From 2010 to 2017, ESMT awarded it to eight outstanding business leaders who had demonstrated a deep commitment to the principles of sustainability and whose actions had inspired others.

Alumni Network Fellowship

ESMT alumni have initiated an Alumni Network Fellowship with the aim to support diversity and give back to future students. The fellowship provides full tuition and fees to qualified MBA and EMBA candidates from the non-profit sector that plan to return to the field after graduation. Every donation is matched by the school. Since the initiative, alumni have funded five such scholarships.

Other relevant activities and memberships

Refugee internship program

ESMT staff and students are participating in a mentoring scheme for refugee students enrolled with Berlin-based Kiron University. Kiron offers refugees certified entry points to traditional university systems across Europe through flexible online learning and mentorship. In addition, ESMT offers internships to refugees.

Kofi Annan Business Schools Foundation

ESMT plays a leading role in the Kofi Annan Business Schools Foundation and ensures that up to 10 percent of all spots on degree programs are made available through full scholarships to candidates from developing countries or to candidates who work in positions that have a demonstrable social impact. Since the accreditation, ESMT has raised more than 3 million euros for this scholarship. Annually 10 to 15 such scholarship holders graduate from ESMT.

Gender diversity and women's leadership

ESMT Berlin is committed to ensuring an environment in which diversity and equality are fundamental values. Within its internal organizational setup, as well as through external activities, ESMT supports diversity, inclusion, and engagement of women. Some of its relevant activities include:

Scholarships: Annually, ESMT offers between 10 to 15 full and partial scholarships to women looking to advance in leadership. Executive education programs such as Executive Transition, Bringing Technology to Market, IT Leadership, and the General Management Seminar are some of the sessions through which ESMT supported female participants. Thus far, over 80 outstanding women were awarded such scholarships.

ESMT Inclusive Leadership Roundtable (ILRT): The Roundtable operates openly and inclusively, inviting everyone to become a member with an interest in the Roundtable's activities. Members convene at least twice a year. An ESMT degree student and a faculty member coordinate the roundtable jointly, while the ESMT Berlin Center for Leadership Development Research assumes the role of professional mentoring and oversight.

30 % Club: ESMT supports and cooperates with the 30% Club, a global gender diversity campaign that aims to increase the number of women on boards and throughout the pipeline. ESMT and the 30% Club are committed to addressing gender imbalance and to helping more women reach influential

positions. The 30% Club/ESMT MBA Scholarship was established to encourage and support outstanding women who are aspiring towards senior leadership roles.

Executive education for women leaders: Since 2018, ESMT has run the Women's Leadership Excellence program. The program aims to provide women with the necessary competencies to create, explore, and feel comfortable using the value that their gender brings to their leadership. The program focuses on companies in industries that are challenged by talent shortages and where women are underrepresented.

Guest speakers: ESMT regularly hosts female leaders from top German and international companies as guest speakers. The speakers present to students and faculty and speak on various industry-relevant topics as well as their professional development path, encouraging the female students.

Global Board Ready Women: ESMT Berlin is a founding member of the European Business Schools/Women on Board initiative and the establishment of the Global Board Ready Women (GBRW) searchable database to respond to global corporate governance needs for more gender diversity on publicly quoted company boards. Women's networking groups and business schools around the world joined forces with the European Commission's vice president—then Vivian Reding—to identify and promote senior female leadership.

ESMT places second internationally in the female entrepreneur category, with 44 percent of the student entrepreneurs being women. The topic is of regular interest to ESMT faculty and staff members when planning activities, events, and new projects. A number of ESMT research initiatives focus on topics relevant to women in leadership, such as Prof. Laura Guillén's "Is the Confidence Gap Between Men and Women a Myth?" published in Harvard Business Review, 2018.

Internal guidelines and compliance

ESMT strictly oversees ethical standards and principles within its Internal Code of Conduct. In addition to internal regulations, ESMT has mandated several bodies and individuals to ensure adherence to ethical standards (for example, the research ombudsmen, data security responsibilities). In order to address issues at a broader level and to allow for a more in-depth analysis, ESMT has also established the ESMT Ethics Committee (EEC). The EEC convenes upon request and provides guidance/recommendations to the responsible business unit. The main goal of the EEC is not a yes/no decision or to formulate new rules, but rather, to provide guidance and recommendations for the specific situation and request.

Outlook and commitment

ESMT is fully committed to support and promote the UN Global Compact Principles. Environmental and social issues, sustainable development, good governance, and better investments for a sustainable future are of high importance and are embedded in the core values of ESMT.

ESMT will continue to:

- Initiate academic programs on crucial and innovative topics for future society
 - Initiate teaching programs that promote social responsibility and sustainable development
 - Build sustainable networks and bridges among businesses, politics, and society for common good.
 - Be one of the key platforms for discussions among decision makers in the heart of Berlin
 - Support social projects and organizations with social impact through its various fellowships and support programs
 - Engage women and people with diverse cultural and ethnical backgrounds
- Make impact locally through collaborating with local UN Global Compact participants and other local actors

ESMT BERLIN
Schlossplatz 1
10178 Berlin

Business Development Department
Email: development@esmt.org
Phone: +49 30 21231-1067