

A photograph of the Frankfurt School building, a modern multi-story structure with a grid of windows and a brick-like facade. The building is partially obscured by green trees in the foreground. A blue square logo with a white stylized 'f' is visible on the upper part of the building. The sky is clear and blue.

# UN GLOBAL COMPACT COMMUNICATION OF ENGAGEMENT

2018-2021

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FRANKFURT SCHOOL



## Statement of Continued Support by Frankfurt School of Finance & Management

The COVID-19 global pandemic has caused unprecedented socio-economic impacts. The response to the crisis should have sustainability at its core to rebuild resilient and inclusive societies. These crisis response measures and solutions require integrated and innovative approaches. Frankfurt School is actively contributing to these efforts by disseminating sustainable international practices through education, research, training and advisory services.

We are one of the few business schools that not only research on and teach sustainability, we are actually 'living sustainability'. In this vein, we have embarked on several exciting projects and highlighted them in this Report. This includes activities undertaken as the host of the Green and Sustainable Finance Cluster and our Development Finance Summer Academies.

I am therefore pleased to renew our commitment to the Principles of the United Nations Global Compact. Pursuing an ethical and sustainable agenda has contributed to our success as a non-profit organization. Our commitment to ethics, responsibility and sustainability remains steadfast.

In addition, we inaugurated our new campus in 2017. The German Sustainable Building Council (DGNB) awarded Frankfurt School the Platinum Rating. This is an international benchmark in sustainability. We integrated core sustainability factors including energy efficiency, recycling and the choice of building materials into our building design.

We hope to facilitate and promote further exchange of best practices through sharing the information as part of our Statement of Continued Support. We will continue to report on our progress and contribute to promoting the UN Global Compact's principles globally.



**Prof Dr Nils Stieglitz**

President and CEO

## Frankfurt School's activities demonstrating our continued engagement with the UN Global Compact

Frankfurt School's status as a Business School and provider of technical assistance is a unique organizational set-up. It allows us to support the Ten Principles of the UN Global Compact. We unite research and fieldwork under one roof and promote innovative and tailor-made approaches. We have provided training and advisory services for both private and public sectors for more than 60 years. Our dedicated International Advisory Services (IAS) division has been implementing research, training and consulting projects in emerging and developing countries for over 25 years.

The accreditations awarded to the Frankfurt School are a testament to how the Ten Principles of the UN Global Compact play a guiding role in our activities. Frankfurt School joined the elite circle of "Triple Crown" business schools. These accreditations include the EQUIS (European Quality Improvement System), AACSB (Association to Advance Collegiate Schools of Business) and AMBA (Association of MBAs).

Sustainable development is a core objective that underpins our activities. The three pillars of sustainability are social, economic and environmental aspects. We contribute to the United Nation's Sustainable Development Goals (UN SDGs) throughout our project activities. We acknowledge that a successful implementation of these goals requires a multi-stakeholder approach.

### Action I

### Conduct applied research and thought leadership to advance best practices

## Description of actions

Our research output responds to questions arising from internal debate, academic discussion and practical problems. The School does not follow a "managed research agenda". Instead, we believe that a more dynamic approach to research should be adopted whereby the topics reflect the interests of individual researchers.

The Faculty publishes widely on a variety of issues related to management and finance. This also includes topics linked to ethics, global responsibility and sustainability. Professors are dedicated to research areas such as development finance and sustainable energy finance. For example, we conduct research on how to mobilize capital towards green technologies in climate finance. We are also routinely implementing cutting-edge projects by utilizing the latest financial mechanisms. Grants and/or collaborations with organizations such as the German Science Foundation (DFG) and the United Nations Environment Programme (UNEP) support these efforts.

In addition, ethical concerns such as ethical healthcare management are high on the agenda. Research topics include the ethics and economics of scarcity in healthcare such as hospital management, drug licensing and organ allocation.

# Outcomes

The following provides an outline of the topics of research conducted in the last few years. They advance the understanding of the roles impact of business and finance.

- Kempa, K., Moslener, U., Schenker, O., 2021. The cost of debt of renewable and non-renewable energy firms, *Nature Energy*.
- Kempa, K., Moslener, U., 2020. If a Measure Becomes a Target: How Maximizing Mobilized Private Climate Finance May Backfire, *Zeitschrift für Umweltpolitik und Umweltrecht* Vol. 43(1), S. 26-40.
- Haas, C., Kempa, K., 2020. Low-Carbon Investment and Credit Rationing.
- Emirhan, I., Sautner, Z., Vilkov, G., 2020. Carbon Tail Risk, *Review of Financial Studies*. (forthcoming)
- Haliassos, M., Jansson, T., Karabulut, Y., 2020. Financial Literacy Externalities, *Review of Financial Studies*. (forthcoming)
- Frankfurt School – UNEP Collaborating Centre for Climate & Sustainable Energy/ BNEF, 2020, *Global Trends In Renewable Energy Investment 2020*
- Gandjour, A., Kourouklis, D., 2020. A survey analyzing assumptions for rational decision making in health care, *Economics Bulletin* Vol. 40(1), pp. 828-836.
- Hirzel, A., Leyer, M., Moormann, J., 2020. It's mine, I decide what to change. The role of psychological ownership in employee's process innovation behavior, *International Journal of Innovation Management*. (forthcoming)
- Ostern, N., 2020, *Toward a Joint Theory on Social Identity and Individual Differences of Gender and IT: The Case of "Women in Blockchain"*, in: *ECIS 2020 Research Papers*. 28, Atlanta: Association for Information Systems, pp. 1-17.
- Kempa, K., Moslener, U., 2016. *Climate Policy with the Chequebook: Economic Considerations on Climate Investment Support*, Frankfurt School - Working Paper Series 219, Frankfurt am Main: Frankfurt School of Finance & Management
- Stender, F., Moslener, U., Pauw, W., 2020. More than money: does climate finance support capacity building?, *Applied Economics Letters*. (forthcoming)
- Pauw, W., Klein, R., 2020. Beyond ambition: increasing the transparency, coherence and implementability of Nationally Determined Contributions, *Climate Policy*.
- Krueger, P., Sautner, Z., Starks, L., 2020. The Importance of Climate Risks for Institutional Investors, *Review of Financial Studies*. (forthcoming)
- Schenker, O., Koesler, S., Löschel, A., 2018. On the Effects of Unilateral Environmental Policy on Offshoring in Multi-Stage Production Processes, *Canadian Journal of Economics* Vol. 51(4), S. 1221-1256.

As a campus equipped with state-of-the-art infrastructure, we have always ensured quality teaching on campus. We closed the campus during the peak of the COVID-19 pandemic in spring 2020. As a responsible university and employer, the safety and health of the students and staff remain a top priority. We slowly relaxed the measures in summer 2020 and re-opened in July 2020 after we had taken the necessary measures. While the campus remains open, teaching takes place exclusively online at least until end March 2021. We requested all staff to work on a mobile basis if possible.

## Our research related to COVID-19

- König, M. & Winkler, A. 2020. Monitoring in real time: cross-country evidence on the COVID-19 impact on GDP growth in the first half of 2020, CEPR, Issue 57, 13 November 2020
- König, M. & Winkler, A. 2020. COVID-19 and Economic Growth: Does Good Government Performance Pay Off?, Intereconomics, Volume 55, 2020
- Born, B., Bayer, C., Luetticke, R., Müller, G., 2020. The Coronavirus Stimulus Package: How large is the transfer multiplier?, CEPR Discussion Paper 14600.
- Winkler, A. 2020. COVID-19, Influenza and Economic Activity – An Impact Analysis Perspective, Wirtschaftsdienst 2020; 100(5):344-350.
- Schularick, M. & Steffen, S., 2020. A Protective Shield for Europe's Banks, Reinhard Selten Institute ECONtribute March 26.
- Afschin, G. 2020. Cost-effectiveness of providing additional intensive care bed capacity for the treatment of COVID-19 patients in Germany.

Our research affects both the academic and professional communities on a wide variety of topics. As such, our research activities support a number of the Ten Principles of the UN Global Compact, in particular the 'Environment'.

## Action II

### Promote the UN Global Compact Ten Principles and Educate a Variety of Stakeholders about Sustainability



## Description of actions

### Development Finance Academies

We offer professional education and training programmes for development practitioners worldwide. One of our flagship programs is the 'Inclusive Finance Summer Academy' and the 'Climate & Sustainable Energy Finance Academy'. Both are unique platforms where participants can develop the leadership skills necessary to supporting the UN Sustainable Development Goals (SDGs). They can also participate in broader exposure sessions daily. There are also crosscutting networking, teambuilding activities and field visits.

### Sustainable World Academy (SWA)

The FS Sustainable World Academy offers professional and executive courses dedicated to advancing UN Sustainable Development Goals. Our courses offer hands-on skills on how to finance and manage a better future for all. Our target participants include bankers, microfinance professionals, policy makers, students and businesses dedicated to sustainability. They will be educated about concrete techniques to achieve environmentally conscientious growth.

The Frankfurt School Development Finance e-Campus (FSDF e-Campus) e-learning platform offers online distance learning in development finance topics. Education is central to personal and professional development. We designed the certification courses to allow for remote learning. Students can learn in their countries of residence. At the same time, they can select their preferred time of day for learning. Participants can combine working commitments with online learning. Students that are affected by power cuts or slow internet connections can still learn with the curriculum summarized in pdf scripts.



The FSDF e-Campus (formerly known as the LinkEd e-learning platform) has been providing lifelong learning opportunities to emerging markets since 2010. We are offering sixteen different certification courses in six different languages. In addition, we offer Master Classes and a fully-fledged Master programme as well as two diploma programmes offered completely online (as of March 2021). Since its launch, we have been contributing to developing skills of more than 8,500 participants globally.

For example, the aim of our online course on "Certified Expert in Agricultural Finance" is to teach our participants the intellectual tools to promote the eradication of poverty (SDG 1), zero hunger (SDG 2), responsible consumption (SDG 12) and better life on land (SDG 15) by providing small agri-businesses with access to finance.



## **Green and Sustainable Finance Cluster**

The Green and Sustainable Finance Cluster (GSFC) was founded in 2018 as a result of the Accelerating Sustainable Finance Initiative (Deutsche Börse) and the Green Finance Cluster Frankfurt of the Hessian Ministry of Economics. The objective of the 'merger' of the two initiatives is to bundle activities in the field of sustainable finance. This allows a more efficient use of financial market expertise in the area of sustainability. It also aims to formulate and implement concrete approaches for the sustainability of financial markets.

Frankfurt School is home to the GSFC on the Frankfurt campus and supports its development work. Frankfurt School staff holds a director position in the cluster.

"Green and Sustainable Finance" represents a key element of the transformation process towards a sustainable global economic system. We need to change the basic structure of capital allocations to achieve the goals in the Paris agreement. It is important to develop application-oriented concepts for the implementation of sustainable criteria in the private and public sectors.

Transparency is key to fostering an understanding of green and sustainable finance. This applies to both among financial sector players and the public. We aim at identifying climate-related risks and opportunities. It also analyzes current sustainable finance activities in German financial markets. The analysis will us to identify areas of further development and innovation. Those activities actively contribute to the UN Global Compact principles.

# Outcomes

## Development Finance Academies

The yearly **Inclusive Finance Summer Academy** offers its participants the opportunity to deepen their specialist knowledge across six concentration themes. These themes are Risk Management, Housing Finance, Digital Finance, SME Banking, Agricultural Finance and Human Resources. It also aims at providing participants with an insight into topics such as management responsibility and negotiating skills. Participants visit major German private and public sector enterprises to develop a better understanding of current developments. This is because we are motivated to contribute to sustainable growth in emerging markets.

The **Climate and Sustainable Energy Finance Summer Academy** supports the UN SDGs. We have designed the well-established course for public and private sector practitioners. It offers a comprehensive framework on sustainable energy financing projects in the context of international climate policy.



With two different tracks to choose from, participants from all over the world have the opportunity to build a solid foundation in green finance.

As of end 2020, more than 1,340 participants attended the Development Finance Academies.

## Sustainable World Academy (SWA)

As of March 2021, 16 different online certification courses have been developed. They are focused on developing qualifications and building careers while supporting the social function of education. More than 8,500 participants from all across the world have benefitted from the distant learning opportunities offered, including:

1. Certified Expert in Microfinance (CEMF), launched in 09/2010 (ENG) and 03/2015 (FR).
2. Certified Expert in SME Finance (CESF), launched in 09/2012 (ENG), 03/2015 (Chinese - Discontinued), 04/2018 (Russian).
3. Certified Expert in Risk Management (CERM), launched in 03/2013 (ENG), 03/2014 (French), 03/2017 (Spanish), 03/2018 (Russian).
4. Certified Expert in Climate & Renewable Energy Finance (CECRF), launched in 03/2014 available in English.
5. Certified Expert in Micro insurance (CEMI), launched in 09/2015 available in English.
6. Certified Expert in Islamic Microfinance, launched in 09/2016 available in English.
7. Certified Expert in Financial & Managerial Accounting (CEFMA), launched in 03/2017 available in English.
8. Certified Expert in Financial Inclusion Policy, launched in 09/2017 available in English.
9. Certified Expert in Climate Adaptation Finance, launched in 09/2017 available in English.
10. Certified Expert in Agricultural Finance, launched in 09/2018 (ENG), 06/2020 (TUR) and 03/2020 (FR).
11. Certified Expert in Sustainable Finance offered as online course but also as blended training, available in English and German, both launched in 02/2019.
12. Certified Expert in Digital Finance, launched in 09/2019 available in English.
13. Certified Expert in Financing NDCs, launched in 09/2020 available in English
14. Certified Expert in NPLs and Distressed Debt Resolution, launched in 03/2021 in English
15. Certified Expert in Risk Management, Corporate Governance & Compliance, launched in 03/2021 in English
16. Certified Expert in ESG and Impact Investing, to be launched in 09/2021 in English



## Green and Sustainable Finance Cluster

We support the **harmonization of existing frameworks, labels** etc. in relation to sustainable finance. In this regard, we had to evaluate, adapt and further develop existing models. Doing so will enhance the latter's suitability for the specific needs of the German financial markets. This requires reliable data and their integration into established business processes. A central pillar of this field of action is the establishment of a core business-related risk analysis of financial institutions. The 'Task Force on climate-related Financial Disclosure' (TCFD) of the Financial Stability Board had provided these recommendations. We also support the development of materiality-based reporting concepts in environmental, social and governmental aspects.

We also work on the development of **alternative investment strategies and requirements for digital data**. We analyze the connections between sustainability and digitization of the financial market. This allows us to comment effectively on environmental and social issues. We also cover aspects of corporate governance that companies can consider adopting. Such an expansion of ESG (environmental, social, governmental) information enables companies to develop a more holistic approach to investments.

### Action III

### Join the Principles for Responsible Management Education (PRME)



## Description of actions

Frankfurt School was one of the first signatories that joined the United Nations Principles for Responsible Management Education (PRME) in 2016. We demonstrate our commitment to ethics, responsibility and sustainability in all of our activities. This is why we incorporated the promotion of sustainability into the School's operations as a specific goal in our Strategic Plan (2016-2020). In this way, we could lead by example and further develop sustainable actions in all business areas. We constantly evaluate all activities in light of acting sustainably. As one of the top five teaching universities in Europe, we aim to teach our students about the consequences of their actions for their future companies.

Frankfurt School's mission explicitly emphasizes responsibility. The mission statement supports, encourages and provides for the development of students to become responsible managers capable of contributing to the international business community in the areas of finance and management.

Frankfurt School commits to developing a Diversity Strategy to incorporate an annual review of indicators- as appropriate for the German market – in the areas of gender equality and internationalism. Moreover, as it has done in its executive education, the School will oblige to map its academic curriculum against the SDGs to better assess and highlight its commitment to responsible management education as well as raise awareness amongst faculty and programme management about further integrating sustainability into programmes and teaching.

## Outcomes

In late 2017, Frankfurt School proudly launched its new campus. We had the new building designed in accordance with international sustainability benchmarks by the German Sustainable Building Council (DGNB). DGNB awarded us a Platinum rating. In order to obtain this rating, the campus had to meet the highest standards for eco-balance, responsible use of resources, indoor air quality, thermal comfort etc. It has installed a photovoltaic system and the wind turbine on the roof. It also uses a natural gas co-generation plant in the basement and an electric charging station on the property.

- Each year, Frankfurt School has 2,460 m<sup>3</sup> of rainwater at its disposal. We collect water in a cistern on the School's campus use it, among other things, in the School's toilets.
- Solar panels covering an area of 336 square meters on the roof of Frankfurt School convert energy from the sun into electricity. For the general electricity consumption of the building, 57,000 kWh will be supplied annually to the power grid and with that a savings of 37,000 kg of carbon dioxide.
- A small wind turbine on the roof of the building converts wind energy into electricity. This adds on to the power network of the building by approximately 10,000 kWh.
- We combined environmentally friendly building materials with a highly architectural approach. We examined the overall costs, construction and operating costs during the building design stage.
- Frankfurt School continues to support student initiatives, many of which aim to improve social awareness and responsibility. Such activities include: Enactus (ENTrepreneurship, Action, US – ENACTUS) focuses on helping build sustainable business with the motto that one can thereby change the world for the better.