

A photograph of a modern, multi-story building with a brick and glass facade, identified by the Frankfurt School logo (a stylized 'f' in a blue square) on its upper corner. The building is surrounded by greenery, including trees with green and yellowing leaves, and a paved walkway in the foreground. The sky is blue with some light clouds.

# UN GLOBAL COMPACT COMMUNICATION OF ENGAGEMENT

2021-2023

---

FRANKFURT SCHOOL



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

As global economy rebounds from the impacts of COVID-19, the war in Ukraine poses new challenges such as rising inflation leading to higher food, energy insecurity, and perhaps most abhorrently, the disturbing increase of human rights violations in the region.

Next to the war in Ukraine, the climate crisis is intensifying. We all remember the apocalyptic images of droughts and bushfires that ravaged through Australia and the US in early and mid-2022. Meanwhile, on the other side of the globe, floods that devastated so many lives in Pakistan, and water shortages that placed millions at risk of severe and acute dehydration in the Horn of Africa continued to persist till the end of the year.

These are just two of the most pressing and complex challenges requiring a coordinated, integrated, and innovative approach. By propagating sustainable international practises through education, research, training, and advisory services, Frankfurt School is proud to actively contribute to these initiatives.

In March 2022, our School announced full scholarships to eligible undergraduate, graduate and doctoral students displaced by the war in Ukraine. That way we support student refugees to continue their studies and education. Parallel to this, a Hardship Fund was created whereby members of the Frankfurt School community could donate to the living expenses of student refugees enrolled at Frankfurt School. To date, over EUR 80,000 has been raised.

Through managing the InsuResilience Solutions Fund (ISF), established by KfW Development Bank on behalf of the Federal Republic of Germany, Frankfurt School is also increasing the resilience of poor and vulnerable households against the impacts of climate change and natural disasters. This past year, several of Frankfurt School's flagship activities in the area of climate risk analysis and climate risk finance were showcased by parts of our ISF team at the at the UN Climate Change Conference COP 27.

I am hence 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.

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.

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 unique status as a Business School and technical assistance provider enables us to support the Ten Principles of the UN Global Compact. We bring the spheres of research and fieldwork together under one roof to foster novel and tailor-made approaches. With this, over 60 years we have provided training and advisory services to both the private and public sectors, and over the last 25 years, our specialized International Advisory Services (IAS) division has been undertaking research, training and consulting projects in emerging countries globally.

The accreditations awarded to Frankfurt School are a testament to the guiding role the Ten Principles of the UN Global Compact play in our daily activities. 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, with social, economic, and environmental factors constituting the 3 pillars guiding our actions. Throughout our project's activities, we contribute to the United Nation's Sustainable Development Goals (UN SDGs) and 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. We do not follow a "managed research agenda". Instead, we believe that a more dynamic approach to research should be adopted to induce topics that reflect the interests of individual researchers.

The faculty publishes on a wide variety of issues related to management and finance including 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 and routinely implement cutting-edge projects by utilizing the latest financial systems.

To support these efforts, we maintain collaborations with organizations including:

Futury: Frankfurt School joint forces with Futury to support young talent with an entrepreneurial spirit. Futury runs "The Mission", a three-year initiative for a sustainable future supported by Bain & Company, Deutsche Bank, GreenCycle and Handelsblatt. Frankfurt School hosted Banking – Be Green, the second of twelve topics within the initiative. With support from corporate partners such as Daimler, Kaufland and DWS, over a three-month competition, twenty students from various universities developed and presented ideas on how to make the financial sector more sustainable. Some noteworthy achievements include: GreEnFin (an education platform to help students learn more about sustainable finance), Drive'N'Save (an app that encourages motorists to drive more sustainably), Your Choice (an app to help consumers make sustainable purchasing decisions), Budge (an app to help people

stick to sustainable lifestyle goals) and Impact4Real (a gamified app that guides young and conscientious investors to make more sustainable decisions).

WWF Germany: Frankfurt School and the World Wildlife Fund Germany developed and launched the Finance Fit for Paris Tracker (3fP). The tracker assesses existing financial market regulation and policies on a country by country basis to determine where national financial regulations stand in relation to the Paris Agreement's 2-degree target. Additionally, it provides insights on where the evolution of the regulatory framework may develop in the future by screening the areas of "Transparency & Disclosure", "Supervision, Risk Management, System Stability" and "Enabling Environment". With the data collected from these metrics, a score between 0 and 10 is generated to classify the gaps economies face in meeting the requirements of the Paris Agreement. The tracker's evaluation includes assessments for the EU, France, the Netherlands, Italy, Spain and Germany.

Africa Research and Impact Network (ARIN): For the past three years, Frankfurt School and Africa Research and Impact Network (ARIN) implemented the bilingual Nationally Determined Contributions (NDC)-Finance Fellowship (NDC-FFP) for policymakers and researchers from Sub-Saharan Africa, funded by the International Development and Research Centre (IDRC). The programme supports, promotes, and trains exceptional individuals from the fields of policy and research who are interested in further enhancing their knowledge in several areas including; financing NDCs, building leadership in NDC finance, contributing to publications and reports on NDC finance, and promoting dialogue and peer learning among researchers and policymakers. Fellows are offered online and on-site training in Frankfurt (Germany) and Nairobi (Kenya). This programme resulted in a collaboration between both organisations with the goal of jointly publishing work on the topic of NDC finance in the future and organise collective sessions, such during the Sharm el-Sheikh Climate Change Conference (COP 27).



Robert Bosch Foundation: The Robert Bosch Foundation sponsors the Assistant Professorship for the Sustainable Use of Renewable Natural Resources program at Frankfurt School, led by environmental economist Dr Oliver Schenker. The Foundation invested a sum of €1 million to be disseminated over five years to support his research in models that provide developing countries the opportunity to establish sustainable energy systems. More specifically, Dr Schenker investigates the reciprocal effects between policy instruments and their resilience to external shocks. The goal of his work is to identify options to shape energy and climate policies that guide the

essential development of energy systems in emerging economies to enable their transition to sustainable and low-carbon societies.

## 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.

- Baccianti, C., Schenker, O., 2022. Cournot, Pigou, and Ricardo walk in a bar: Unilateral environmental policy and leakage with market power and firm heterogeneity, *Journal of the Association of Environmental and Resource Economists*.
- Fischer, C., Hübler, M., Schenker, O., 2021. More birds than stones: A framework for second-best energy and climate policy adjustments, *Journal of Public Economics* Vol. 203(Nov.)(Art.-No 104515).
- Kempa, K., Haas, C., 2020. Low-Carbon Investment and Credit Rationing.
- Pauw, W., Kempa, L., Moslener, U., Grüning, C., Cevik, C., 2022. A focus on market imperfections can help governments to mobilize private investments in adaptation, *Climate and Development* Vol. 14(1), S. 91-97.
- Pauw, W., Moslener, U., Zamarioli, L., Amerasinghe, N., Atela, J., Affana, J., Buchner, B., Klein, R., Mbeva, K., Puri, J., Roberts, J., Shawoo, Z., Watson, C., Weikmans, R., 2022. Post-2025 climate finance target: how much more and how much better?, *Climate Policy*.
- Gören, E., Winkler, A., 2022. Statistical Capacity Matters: The Long-Term Effects of Africa's Slave Trade on Development Reflected by Nighttime Light Intensity, *Journal of African Economies*. (forthcoming)
- Lent, L., Sautner, Z., Vilkov, G., Zhang, R., 2022. Pricing Climate Change Exposure, *Management Science*. (forthcoming)
- Ilhan, E., Sautner, Z., Vilkov, G., 2021. Carbon Tail Risk, *Review of Financial Studies* Vol. 34, S. 1540-1571.
- Ilhan, E., Krueger, P., Sautner, Z., Starks, L., 2022. Climate Risk Disclosure and Institutional Investors, *Review of Financial Studies*. (forthcoming)
- Lent, L., Sautner, Z., Vilkov, G., Zhang, R., 2022. Firm-level Climate Change Exposure, *Journal of Finance*. (forthcoming)
- Maoret, M., Moreira, S., Sabanci, H., 2022. The impact of Analyst Coverage on the Reduction of Executive Gender Pay Gap. (revise and resubmit)
- Penner, A., Petersen, T., Hermansen, A., Rainey, A., Sabanci, H., et al., 2022. Within Job Gender Pay Inequality in 15 Countries.

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' component.

Frankfurt School is also a member of the Sustainable Finance Research Platform, a project led by the German Institute for Economic Research (DIW) - a network of five German institutions conducting research on sustainable finance. The aim of the platform is to provide scientific evidence to answer key social, political, and private sector questions, providing established and promising knowledge and to play an advisory role in political and public discourse. For example by providing input and feedback to the Sustainable Finance Advisory Board of the German Federal Government. Aside from research and advisory, the Platform produces a newsletter and organises workshops on a plethora of topics related to sustainable finance.



## Action II

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



## Description of actions

Frankfurt School's commitment towards the UN Global Compact Ten Principles and educating stakeholders on sustainability extends to all our departments:

Our Sustainable World Academy (SWA) for instance, has continued to expand its programmes and reach ever since its launch in 2019. The Academy's value proposition is to educate bankers, microfinance professionals, policymakers, students, and businesses dedicated to sustainability on specific techniques that can be leveraged to attain equitable and environmentally conscientious growth. With these priorities, the academy is able to offer professional and executive courses that advance the attainment of the UN's Sustainable Development Goals (SDGs). Moreover, despite already addressing 14 SDGs in its portfolio, the Academy's vision is to expand its professional education programmes to relevant topics that cover all 17 SDGs.

Courses within the Academy are clustered into four areas: Inclusive Finance, Green & Sustainable Finance, Financial Analysis and Sustainable Management. Within all these topics, participants have the opportunity to become certified or gain a diploma in speciality areas. The ca. 20 programmes (some of which are offered in several languages) include the Certified Expert in Sustainable Finance, Certified Expert in Climate & Renewable Energy Finance and the Diploma in Green Finance. In addition, academies are held several times a year addressing specific subject areas such as the Women's Leadership Academy, the Inclusive & Digital Finance Summer Academy and the Sustainable Finance Summer Academy. The Sustainable World Academy provides tailored programmes based on unique needs in order to develop an advanced skill set with sustainability as a priority.

Furthermore, the Frankfurt School-UNEP Collaborating Centre for Climate and Sustainable Energy Finance continues to be a mainstay of the School's activities in the field of sustainable finance. The Centre combines project

implementation on the ground, with think tank activities. The Centre conducts research, develops tools, carries out projects and offers training to equip leaders with skills to improve access to clean energy and climate finance in developing and emerging economies. The goal of these initiatives is to mobilise increased levels of sustainable energy and climate finance, bridging the public-private sector gap and contributing to the establishment of a global green economy.

Likewise, the Green and Sustainable Finance Cluster Germany (based at Frankfurt School since 2018), as part of the Integrated Climate Protection Plan Hessen 2025, continues to bundle activities in the field of sustainable finance to improve use of financial market experience in the field of sustainability. The Cluster is collaboration between the Accelerating Sustainable Finance Initiative (Deutsche Börse) and the Green Finance Cluster Frankfurt (Hessian Ministry of Economics). Its primary ambition is to formulate and implement robust strategies to foster sustainability in national and international financial markets. Projects are dedicated to searching for new ways to better understand the relationships and risks connected with financial investments and climate goals.

## Outcomes

The Frankfurt School's Master of Leadership in Sustainable Finance is an online degree programme designed to enhance professionals' careers in the development finance sector while contributing to the evolution of their nations' financial systems. Ethical business practice constitutes an integral part of each module's syllabus, where ethical and moral leadership specifically is addressed in the Leadership and Change Management module. Over 200 students from more than 50 countries have been awarded with the Master's degree since the start of this program.

A new crowd investing platform for sustainable investment was launched in 2021 that enables private investors to support innovative, green companies in emerging and developing countries. The platform, frankly.green, combines the expertise of the FS-UNEP Collaborating Centre and FS Impact Finance, while working together with GLS Bank and strategic local partners. The platform only offers green investment opportunities, defined in terms of sustainability and environmental protection. A green investment must, directly or indirectly, have a sustainable positive impact. At the same time, it must ensure that no negative consequences (even when unintentional) arise as a result of its actions (Do-No-Significant- Harm principle).





This past year, representatives from Frankfurt School presented at the UN Climate Change Conference COP 27. Annette Detken and Arun Rana, from the School's InsuResilience Solutions Fund (ISF), showcased the activities of the School in the area of climate risk analysis and climate risk finance. In 2021, in preparation for COP 26, Frankfurt School Professor of Finance Zacharias Sautner spoke at The Economist Sustainability Week on "Optimizing Reporting and Transparency" and the Joint Banca d'Italia – Bank of England Research Conference on "The Macro- Financial Impacts of Climate Change and the Net-Zero Transition".







## Description of actions

Frankfurt School's mission explicitly emphasizes responsibility. The mission statement supports, encourages and provides 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 was one of the first signatories of 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, and as a top five teaching university in Europe, we strive to educate our students about the consequences of their actions in their future companies. This is why we incorporated the promotion of sustainability into the School's operations as a specific goal in our Strategic Plan (2016-2020). This way, we could lead by example and further develop sustainable actions in all business areas and constantly evaluate our activities through the lens of sustainable action.

## Outcomes

Beyond our expectations from student's conduct (Honour Code) and ethical research (Principles of Good Scientific Practice), the School relies on institutional functions such as an ombudsperson, an Ethics Commission, a Commission to Investigate Charges of Scientific Misconduct and an Examination Board and an Improvement & Complaints Management System to either mediate, investigate or reinforce ethical conduct.

Over the past two years, several initiatives at the School – both new and ongoing – reflect this commitment. Below is an overview.

- In May 2022, Frankfurt School launched a new FS Entrepreneurship Centre. The Centre connects Frankfurt School students and alumni entrepreneurs with relevant partners, and offers incubator and accelerator programmes to support them in the various phases of their start-ups. Its goal is to inspire, connect and provide training within Frankfurt School as well as with external stakeholders such as investors, alumni, founders and partners. Many of the start-ups in the Centre focus on sustainability, with projects such as sustainable paint products, affordable rent and employee well-being. The Centre also hosts regular events such as Women in Entrepreneurship, which aims to empower women to pursue their goals.
- In June 2022, construction on a new energy-efficient living space was started adjacent to Frankfurt School to help alleviate the tight housing market for students in the Rhein-Main region. Over 1100 apartments will be built by spring 2024, ca. 80% as subsidised apartments for students. Four hundred will be reserved for students of Frankfurt School. In addition, 137 serviced apartments will be built in manners similar to a hotel. The new building will also house a small theatre, co-working space, and a gym, and will thus be open to the public. Campus II was initiated by Frankfurt School and is being built by real estate developers i-Live and Commerz Real.
- Frankfurt School hosts a sub-site on its website dedicated to sustainability at the School. Entitled "Sustainability@FS", the site informs the public about a variety of new and on-going projects, conferences, education opportunities and research focused on sustainability at the School. That aside, the FS Blog induces dialogue on current and pertinent topics from the perspective of professors, students, and staff.
- In March 2022, Frankfurt School announced full scholarships to eligible undergraduate, graduate and doctoral students displaced by the war in Ukraine. Parallel to that, a Hardship Fund was created whereby members of the Frankfurt School community can donate to the living expenses of student refugees enrolled at Frankfurt School. To date, over EUR 80,000 has been collected.
- In November 2021, Frankfurt School, the German National Library and Frankfurt University of Applied Sciences founded a consortium coined "Campus V". The "V" stands for "Verantwortung", German for responsibility. Campus V will be a new type of learning and research centre located in the heart of Frankfurt's Campus Mile. The focus of Campus V will be on sustainability, including green finance and social entrepreneurship. A new building will link these educational and research institutions by space and content and will focus on co-learning, co-working and co-creation. The intention is to create an atmosphere of innovation and experimentation, ranging from learning groups and project work to research groups and start-up development. Currently, there is no such place in Frankfurt. Construction of the new building started in September 2022. The building is expected to be operational by 2025. 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.

In our previous CoE we had stated our intention to develop a Diversity Strategy to incorporate an annual review of indicators – as appropriate for the German market – in the areas of gender equality and internationalism. With the formation of the Diversity & Inclusion Task Force and the development of a Framework for Diversity Management (2020-22), data was gathered over the course of 2 years to produce the Diversity & Inclusion Reports in June 2021 and 2022. Based on this data, the School is now in the process of drafting a comprehensive Strategy for Diversity & Inclusion, with an initial draft aiming to be published by the spring of 2023.