

PRME

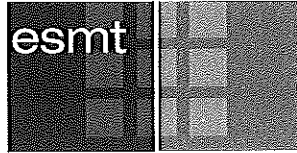
This is our **Sharing Information on Progress (SIP)**
Report on the Implementation of the **Principles for**
Responsible Management Education

ESMT European School of Management and Technology

Address: Schlossplatz 1, 10178 Berlin, Germany

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Prof. Jörg Rocholl, PhD
President
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Ernst & Young Chair in Governance and Compliance

Letter of renewed commitment to the Principles of Responsible Management Education

Berlin, December 2012

To whom it may concern:

I hereby certify the full and sustained commitment of ESMT European School of Management and Technology to the six core Principles for Responsible Management Education.

ESMT's mission is to develop entrepreneurial leaders who think globally, act responsibly and respect the individual. With a heritage rooted in European values and the potential of technology, ESMT develops and imparts new knowledge to foster sustainable economic growth.

Our purpose, values and methods continue to be focused solely on the achievement of this mission. Our research is consistent with the PRME commitment to advance understanding about the role and impact of business in the creation of a sustainable society.

We are committed to ongoing engagement with our network of corporate partners to promote the Principles for Responsible Management Education. We also believe ESMT can continue to play a significant role as a center for exchange and dialogue among different stakeholders on issues of global and corporate social responsibility.

Yours faithfully,

A handwritten signature in black ink that reads 'Jörg Rocholl'. The signature is fluid and cursive, with the first name 'Jörg' being particularly prominent.

Principle 1

We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.

Through our commitment to the integration of sustainability topics into our curriculum, as well as the support of the school for student initiatives, ESMT is at the forefront of sustainable management education in Europe. The detailed list of how sustainability is integrated into the ESMT curriculum is lengthy and can be taken from the Beyond Grey Pinstripes website. Almost every course has a sustainability angle. And students electing to follow a sustainability track can take up to five elective courses in the area of sustainability to build their sustainability profile (Sustainable Supply Chain Management, Corporate Environment Strategy, Fighting Poverty with Business, Business at the Bottom of the Pyramid, Global Growth Engines), as well as participating in an International Field Seminar to an emerging economy.

In addition, the school supports many student initiatives in this area and had tried to focus student efforts into the Social Impact Club channel. The Social Impact Club is run by ESMT students and alumni who share a common interest in applying their skills to the benefit of the community and to those in need, regardless of geographical location, ethnicity or religion. The club aims to facilitate support for those in need of help through a wide range of activities and projects, support which may be in the form of donations, volunteering, community service, and other initiatives. Its mission is to bring together social organizations, activate networks and promote social entrepreneurship activities. An example of a recent project is "Xrunner", which falls within the scope of one of the Club's stated goals to help and support national / international social businesses which target to create sustainable social impact (focusing on issues of poverty, environmental protection, social imbalance, etc.). The support mainly consists of regular (at least weekly, current 2-3 times a week) on-site consulting in matters of strategic alignment, revising business plans and projections, financing and funding, strategic partnerships and operational prioritization and planning. Currently the team is focusing on developing and driving a sound financing structure mainly consisting of funding through private equity investments and through social venture funds. X-runner is a social enterprise start-up that tackles the increasing sanitation crisis in urban areas in developing countries. The aim is to improve the living, health and security of families and individuals of the bottom of the pyramid in developing countries by introducing and distributing mobile toilets to private households in slums.

Principle 2:

Values: We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives.

ESMT European School of Management and Technology is an international business school based in the heart of Europe in Berlin. The School was founded in 2002 by 25 leading global companies and institutions to develop entrepreneurial leaders, who think globally, act responsibly and respect the individual. The school signed up to the PRME principles in 2010. In 2011, ESMT was ranked at number 4 in Europe by the Aspen Institute in its Beyond Grey Pinstripes ranking. The school consistently strives to live by the UN PRME.

ESMT's 31 faculty members come from 20 nations (as of January 2012) and have a wide variety of professional and academic backgrounds. The school currently runs Executive Education programs, both custom and open, for about 3,000 participants per year, as well as a full-time and Executive MBA program, both with approximately 50 participants per intake. The school does not currently offer other Bachelor's or Master's programs. ESMT is ranked by the Financial Times among the top 10 in Europe and top 20 worldwide for its executive education programs, in the top 40 for its Executive MBA.

Responsible leadership and behavior is built into the school's DNA, represented by its mission statement: ESMT develops entrepreneurial leaders who think globally, act responsibly and respect the individual. The school's MBA program opens with a six-week long discussion module on the context of the general manager, in which issues such as the role of business in society, business ethics and leadership challenges in management are introduced. These themes are followed through in each class during the schools MBA and Executive MBA programs. Participants can choose from two tracks, the first focusing on the technology management and innovation, the second on global sustainable business.

With a heritage rooted in European values and the potential of technology, ESMT develops and imparts new knowledge to foster sustainable economic growth. With events such as the ESMT Annual Forum, and open talks such as the Climate Lunch, initiated together with BDI (German Industry Federation), and WWF (World Wide Fund for Nature), ESMT provides an international platform for dialogue and exchange about corporate responsibility, responsible leadership, and sustainability.

In July 2011, the ESMT Sustainable Business Round Table was inaugurated. The SBRT represents a unique partnership between business and academia where both parties can debate and discuss challenges and opportunities to mainstream sustainability practices within companies in a collegial and open setting. Almost 20 companies have signed up to the SBRT so far, and this number continues to grow. For further details, see notes under “Partnership: Principle 5”.

In March 2012, ESMT hosted a joint symposium on The Future of Management Education with EFMD, the European Foundation for Management Development. Details can be found under “Research: Principle 4”.

ESMT has pooled experts combining academic knowledge with capabilities to teach and consult. Corporate responsibility and sustainability classes are integrated in all of ESMT’s programs. The key benefits of CR and sustainability programs at ESMT are to understand not only the latest research but to provide key examples of it in cases, thus enabling its transfer into the everyday life of participants.

ESMT is a member of the Kofi Annan Business School Foundation. The school awards 2-5 Kofi Annan Business School Foundation Fellowships per year, which comprise a full-tuition MBA scholarship including a monthly stipend for living expenses, and one return air ticket to an outstanding candidate from a developing country. The high-potential professional must not only meet the application criteria of the ESMT’s full-time MBA, but must also prove his or her need of financial support. The Kofi Annan Business School Foundation aims to stimulate economic development, job creation, and poverty alleviation by educating a new generation of innovative and socially responsible managers. It offers study programs to motivated students who commit to returning to their home country to participate in the development of the regional economy. In addition the foundation also encourages knowledge exchange between business schools in Europe, Africa, Asia, and Latin America. It is based in The Hague.

Principle 3

We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.

There are several examples of how ESMT incorporates the principles of PRME into its educational offering. Here, we highlight two:

During the full-time MBA program at the school, ESMT MBA students undertake a team-based compulsory 7 week internship project. The school usually charges a fee of EUR 10,000 to participating companies, but this fee is waived for not-for-profit companies and social entrepreneurs selected for inclusion in the project shortlist by the school's Social Impact and Entrepreneurship Clubs. The school is also in discussions to include social entrepreneurs from the Ashoka network into its consulting projects. Since 2010, two projects have taken place successfully under the auspices of the school's Social Impact Club. The first, in November 2011, saw a group of 4 MBA students take on a consulting project to improve the operations of an NGO engaged in the training of mental-health professionals in post-conflict trauma. The students travelled to Afghanistan and to Haiti as part of their project. The equivalent project in 2012 saw a group of 5 students consult to an organization involved in setting up sustainable biomass energy supply in rural India.

In 2010, ESMT launched an add-on program to graduates of the Full-time MBA program who are interested not only in making an MBA at a quality school, but in taking a significant first step after graduation towards a career as responsible leaders. After graduation, the Fellows serve as interns in a 6- months responsible leadership field practice, preferably in a developing region of the world, working for example as assistant project managers in a not-for-profit local partner organization / NGO that helps to overcome human poverty and despair. After having completed their field practice the Fellows are free to pursue their careers, most likely having learned from unforgettable experiences at the forefront of responsible leadership. ESMT provides guidance during the project and, over time, assists the fellows in forming a strong international network. ESMT organizes contracts with local partner organizations. Fellows have financial support covering on-site cost of living, traveling and other project related expenses. The practice project is not compensated as a normal management job. The RL Fellowship serves the needs of the local organization, helps the world to become a better place and provides the ESMT graduate with the opportunity of a unique, lasting experience that will change her or his views on management and

business. An example of the type of Fellowships which are on offer is taking place in early 2013, when three such Fellows are traveling to teach in a Business School focused on educating bright talent from Cape Town's townships.

In addition to and alongside student-driven initiatives, teams of staff from the degree programs and Executive Education are involved in initiatives which have social impact, such as hosting local high schools for professional guidance workshops, and opening the doors of the campus to educate the local Berlin population on business in general. Staff members are also paid-up members of the school's Social Impact Club.

Principle 4:

Research: We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.

In 2009, the E.ON Chair in Corporate Responsibility was inaugurated. The Chair is currently occupied by Professor CB Bhattacharya. In the MBA curriculum, CR topics are integrated from the beginning of the one-year Full-time and the 18-month Executive MBA program, e.g., field trips to developing countries, 360-degree feedback sessions, modules on governance, business, and sustainability as well as responsible leadership. The Chair's expertise is in the area of business strategy innovation aimed at increasing both business and social value, specifically how companies can use underleveraged "intangible assets" such as corporate identity and reputation, membership and brand communities, and corporate social responsibility to strengthen stakeholder relationships.

In addition, the ESMT Center for Leadership Development Research brings together academics, educators, and practitioners in the field of leadership development with the aim to enhance our understanding of leadership development in modern organizations. We are particularly interested in studying how companies support their employees in making transitions to leader roles, how people embrace or create opportunities for learning to lead, and how leadership in organizations evolves. We also engage in research and practice of Executive Coaching as a professional service aimed at helping current and aspiring leaders realize their potential for the benefit of organizations and societies. The Center is a platform for collaboration between professors,

faculty professionals, practitioners, and executive coaches interested in promoting a better understanding of leadership development and experimenting with sustainable leadership development methods and tools.

Several ESMT Faculty are researching at the intersection of sustainability and economic value. An example of some of the publications in this area since ESMT signed up to the PRME can be found below:

Corporate social responsibility and competitive advantage: Overcoming the trust barrier; *Management Science* 57(9): 1528-1545 - Shuili Du, CB Bhattacharya, Sankar Sen (2011)

Corporate social responsibility: A corporate marketing perspective; *European Journal of Marketing* 45(9/10): 1353-1364 - Diogo Hildebrand, Sankar Sen, CB Bhattacharya (2011)

Marketing's consequences: Stakeholder marketing and supply chain CSR issues; *Business Ethics Quarterly* 20(4): 617-641 - CB Bhattacharya, N. Craig Smith, Guido Palazzo (2010)

Introduction to the special section on stakeholder marketing; *Journal of Public Policy and Marketing* 29(1): 1-3 - CB Bhattacharya (2010)

Maximizing business returns to corporate social responsibility: The role of corporate social responsibility communication; *International Journal of Management Reviews* 12(1): 8-19 - Shuili Du, CB Bhattacharya, Sankar Sen (2010)

Principle 5

Partnership: We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.

ESMT's close corporate network makes Partnership in implementing the PRME Principles a priority. There are several examples of how ESMT works with managers to explore effective approaches to meeting the UN PRME.

ESMT hosts an Annual Forum each year, welcoming more than 300 guests and prominent thought leaders from international business, politics, and academia to the school. The interdisciplinary platform established at the 2010 Annual Forum inspired high-level debate and rich discussion on the topic of "People, Planet, Profit"; these three pillars for sustainable organizational and economic prosperity represent the triple bottom line challenging today's leaders. Emphasizing its continued dedication to drive leadership excellence, ESMT honored Infosys founder and chief mentor N.R. Narayana Murthy with the inaugural "ESMT Responsible Leadership Award," for his deep commitment to the principles of sustainability and his inspirational business conduct.

In July 2011, the ESMT Sustainable Business Round Table was inaugurated. The SBRT represents a unique partnership between business and academia where both parties can debate and discuss challenges and opportunities to mainstream sustainability practices within companies in a collegial and open setting. Almost 20 companies have signed up to the SBRT so far, and this number continues to grow. In a key departure from other forums of this kind, the SBRT hosts biannual meetings that bring together sustainability managers from leading companies with their colleagues from other departments (e.g., HR, investor relations, marketing, etc.) as well as other institutional partners such as suppliers, NGOs or regulators.

The SBRT provides a learning platform that combines the latest academic insight with best in class business practices to develop leading-edge concepts that produce a "sustainability advantage" for businesses. The vitality and balance members bring to SBRT will allow them to better understand how they can maximize their own professional performance as well as that of their organizations and professional communities. By joining the Roundtable, companies can learn how triple bottom line strategies create value for different functional areas within companies; discuss best practices, opportunities, and challenges of implementing CR strategies

with other world class companies; formulate and implement strategies that maximize both business and societal value; and set up joint research projects with ESMT as an academic partner.

Principle 6

Dialogue: We will facilitate and support dialog and debate among educators, students, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

Since joining the UN PRME, ESMT launched a Climate Change speaker series cooperation with WWF (World Wide Fund for Nature) and BDI (Bundesverband der deutschen Industrie), focusing on the structures we need on our way towards a low carbon economy while competing in a global economy. Other seminars included "Concepts for the Mobility of the Future - Opportunities and Limits of Electro Mobility."

ESMT has also co-designed an executive education program in the area of Managing for a Low Carbon Economy with Stanford University.

In March 2012, ESMT hosted a joint symposium on The Future of Management Education with EFMD, the European Foundation for Management Development. The symposium was attended by almost 30 Deans from business schools across the world, and focused on the following areas: Transformational Change; The Role of Accreditations; Sustainability and a More Holistic Approach; Critical Thinking and Powerful Whole Person Learning. The symposium resulted in a white paper published by EFMD.

Further information on all these developments and on progress at ESMT can be found on our website www.esmt.org.

III. Future perspectives/Key objectives.

ESMT will continue to develop its sustainability track in the curriculum. We aim to expand the activities of our Social Impact Club at student level. Research in the area of Corporate Social Responsibility will continue to be a major focus of the school, and the Sustainable Business Roundtable will continue to grow. We will continue to act as a creator of and a conduit for information between academics and business in the area of responsible management education.

Overall, the mission of ESMT is entirely congruent with the UN PRME principles and we strongly support the aims of the PRME. We continue our commitment to long-term adherence to and support for the Principles. However, as we would prefer to prove ourselves by our actions rather than our promises, this paragraph will be kept short. We do not envisage specific actions for which specific support of PRME signatories will be required at this stage, but will not hesitate to call on members of our academic, corporate and institutional network for assistance and contacts whenever necessary.

Berlin, 18.12.2012

ESMT/Nick Barniville