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Opening Address

ESMT European School of Management and Technology

ESMT Annual Forum 2010: People. Planet. Profit.

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ESMT Campus

Berlin

Dear Professor Röller, Dear members of ESMT's Board of Trustees, ESMT's Supervisory Board and ESMT's Academic Board, Your Excellencies, ladies and gentlemen.

Thank you very much. And on behalf of the ESMT Supervisory Board, welcome to the 2010 ESMT Annual Forum.

Allianz and ESMT – Partnership for Sustainability

8 years ago the founders of ESMT wanted it to be more than just another business school. And today the school is developing into a platform for excellence in education and fresh thinking and research for sustainability. It is built on a truly interdisciplinary foundation of business, academia, and management talent in close exchange with policymakers in Berlin and also in Brussels.

Today's topic at this Annual Forum is that *bottom* line is key but the *triple* bottom line is the future in respect to a peaceful international development of our societies. We truly believe that sustainable business practices must be the standard against which we measure all future economic success.

That was already a firm belief shared by the 25 global players from Germany who founded ESMT eight years ago. And this investment has born fruit. ESMT now ranks amongst the Top 10 European business schools in the Financial Times' list of top executive education open enrollment programs. Or as the *Financial Times* has put it: Step by step the school is becoming a recognized thought leader. ESMT research productivity today is - given its size - comparable to top European schools. ESMT's thought leadership and advisory role in the political arena is also growing steadily as the nomination of Professor Röller to the steering committee of the national platform for electro mobility shows.

And ESMT is at the forefront to train young managers to make sustainable decisions that benefit both business and society. I believe strongly that a responsible leader today needs to have a global perspective, integrity, and the ability to improve the strategic positioning of his company.

This is ESMT's mission and it makes it unique amongst the international business school landscape: Because it includes the German tradition of Soziale Marktwirtschaft, its European values and its dedication to the management of technology. In the end it all sums up to benefit societies at large by encouraging solutions for innovation management to meet fundamental challenges such as climate change or demographic shift, by improving European competitiveness to generate wealth and jobs and by fostering relations between business, society and politics based on participation, on progress and fair burden sharing. These values support sustainable prosperity for all stakeholders – now and in the long term.

It is important to stress that we founders and ESMT jointly defined and developed its mission long before the current economic crisis. We saw the need for a sustainable business culture that benefits all members of society. And we wanted to lay the foundations for a new generation of business leaders – leaders who understood the benefits of a sustainable, social market economy. So far there are first positive signs, and I am convinced we will hear a lot from ESMT in the future as the business school truly contributes to this agenda.

Balancing Risk and Reward

And now we need those kinds of leaders.

The world changed in 2008. The tried-and-true has been turned upside down. The old rules of the game are no longer enough.

Finding that critical balance between risk and reward will be the challenge in the coming decade. But it is a balance that we need now more than ever—as individuals, as organizations, as nations, and as a global community.

But as everyone in this room is painfully aware, risk is not so easy to contain in our interconnected world. We are all – as it were – in the *same* boat.

Today's risks and rewards do not happen in isolation. They are spread across a complex web of international stakeholders. This is one of the lessons of globalization. And how we respond – or don't respond – will determine how we achieve sustainable policies in this century and beyond.

The global financial crisis is forcing policy makers and business leaders to find a better balance between *risk* and *reward*:

- How can countries grow economically but avoid asset price bubbles?
- How can companies produce profits without risk to taxpayers?
- How can local communities protect their industries, jobs, and livelihoods while addressing carbon emissions and climate change?

If these questions seem complex, it is because they are. We need a new set of paradigms that address these complexities. And we can *start* by aligning people, planet, and profits.

Planet. People. Profit.

Planet

Our planet has only a finite set of resources. But in the next century, the demand on those resources will explode exponentially:

- Take emerging markets like Brazil, Russia, India and China. In just a few more decades, we will not be calling them emerging markets any longer. They will be full-fledged, fully-developed competitors. They will also consume a growing amount of resources to support this growth. And it will have a major impact on our global social infrastructure.
- The climate on our planet is also changing. It is real. It is happening. It cannot be ignored. And each of us must take action. Climate change will have a social and economic impact on every industry.
- New, tough environmental regulations are just around the corner. Those who take a wait-and-see attitude run the risk of falling short. Those who do act will help the environment. And they will profit from reduced costs for consumption and waste.

People

We must understand people's impact on our business – and our impact upon them.

- Changing demographics is a global challenge. And it will have far-reaching consequences across countries, industries and companies.
- People approach companies with a different set of expectations today. They don't just expect companies to be good employers. They expect companies to be good corporate citizens in the space where they operate.
- At the same time, today's companies expect more from their employees. We need their innovation. Their drive. For strategy development. For customer loyalty. For business improvement. And for sustainable development.

And of course – and this touches on my final point – we need them to create healthy, long-term profits.

Profit

- But we must take a more holistic view of profit. We have to look at profit in its proper perspective. The financial crisis made it clear that profit, alone, does not make a company healthy. The balance sheet is only one indicator.
- Risk management is a long-term proposition. We need an equally long-term perspective. At Allianz, this is the very core of our business. The more change happens, the more closely you need to manage your resources.

Conclusion

So I think the challenge is pretty clear. Balancing risk and reward means balancing the interests of planet, people, and profit. You cannot have one without the other.

I believe that sustainability has been very much at the heart of the German industry leaders' strategy and I hope that ESMT can play a substantial role in supporting this tradition.

Thank you.