



REPORT ON SUSTAINABILITY

April, 2011



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Background of Our Institution

INCAE Business School is a private, multinational, nonprofit organization dedicated to teaching and research in the field of business and economics. It is dedicated to management education from a global perspective, individuals capable of successfully occupy top management positions in Latin America. INCAE was founded in 1964 as a joint initiative between the governments and business communities in Central America. Since its inception, INCAE has had academic counseling from Harvard Business School.

“INCAE is one of the best business schools not only in this region, but in the world. INCAE loyally represents Harvard’s values... its ability to be a forum for Presidents and business leaders alike makes it unique”.

**Michael E. Porter
Harvard Business School**

INCAE Business School is recognized as one of the best business schools in Latin America. It is home to one of the most important centers of thought and action in the region (The Latin American Center for Competitiveness and Sustainable Development, CLACDS). It operates as a

focal point of a network of regional leaders in all sectors. Since its foundation, it has been a major catalyst for integration and sustainable development in the region.



Mission

INCAE’s mission is to actively promote the integral development of the countries it serves by training leaders for key sectors and improving their practices, attitudes, and values through:

- Research, teaching, and the dissemination of modern managerial concepts and techniques

- Strengthening their analytical capacities and comprehension of economic, political, and social phenomena
- Facilitating dialogue, understanding, and collaboration among individuals, sectors, and nations

Vision

To be recognized as a world-class business school and the premier business school in Latin America with leadership in business administration, applied economics and sustainable development.

Faculty

INCAE is the business school with the highest ratio of doctoral-level, full-time professors in Latin America.

Its multinational faculty –graduated from the best universities around the world– teaches exclusively at INCAE and has vast experience in applied research and consultancy for major companies in the entire region. Some faculty members also serve as Board members of different companies. This gives them the opportunity to offer students a diverse and complete vision of the business world.

Accreditations

INCAE Business School holds three prestigious global accreditations, providing its graduates all the benefits of a globally recognized degree, which is an important jumpstart for any international career. INCAE was the first business school in Latin America to receive all three such accreditations.

1. The Southern Association of Colleges and Schools (SACS): in 1994 INCAE was the first business school outside North America to receive this accreditation.
2. The Association to Advance Collegiate Schools of Business International (AACSB): in 1998, INCAE was invited to participate in a pilot project for international accreditation, and it was among the first business schools outside North America to receive this honor.
3. The European Quality Improvement System (EQUIS): this accreditation was granted to INCAE in 2003 by the European Foundation for Management Development (EFMD)

INCAE is also affiliated with NASPAA (National Association of Schools of Public Affairs and Administration), with BALAS (the Business Association of Latin American Studies), and is a member of CLADEA (The Latin American Council of Business Schools, or *Consejo Latinoamericano de Escuelas de Administración*).

Recognition

In over 40 years of experience in Latin America, INCAE Business School has offered more than 55 full-time MBA programs and more than 40 Executive MBA programs. This experience, combined with constant research innovation, a first class faculty and the relentless desire to create leaders has allowed INCAE to recently obtain high distinctions at an international level.

INCAE has consistently been ranked as the best business school in Latin America during recent years: Wall Street Journal 2005; Financial Times 2006; América Economía 2003, 2004, 2005, 2006, 2007, 2008 and 2009; Eduniversal 2008 and 2010; Financial Times Ranking Executive Education (Open) 2009 and 2010.



A Word from the President

During the last seven years, INCAE has made important progress in environmental management at its campuses. These institutional efforts have included energy efficiency, recycling and water management, as well as commitments from students, faculty and staff in each of these areas.

INCAE's main objective is the development of leaders for the region, so we have included sustainability issues in our programs and in the facilities planning for both of our campuses. It is our goal that students can take the sustainability concepts learned during their experience in INCAE back to their countries and organizations.



Given that INCAE is a recognized leader in sustainability in the business world, it is important for the institution to be consistent with what it teaches and to put those lessons into practice. INCAE wants to become a leader in its greenhouse gas emissions profile because of the growing concern and attention to global climate change. Recently, Costa Rica, one of our host countries, committed to becoming carbon neutral, or “C-neutral”, by 2021. Ahead of Costa Rica's position, INCAE has accepted the challenge to make all of its operations on both campuses - Costa Rica and Nicaragua- carbon neutral, including off-setting the business travel done by faculty members, by 2014, the 50th anniversary of our foundation.

Furthermore, INCAE is committed to continued progress in the implementation of the Principles for Responsible Management Education (PRME) initiative. This report provides an overview of the principal initiatives carried out by INCAE in the last 18 months. Some of them have been part of programs that our institution started decades ago. INCAE is committed to continuing those efforts that contribute to our mission to generate leadership for sustainable development for Latin America and for the world.

Best regards,

A handwritten signature in black ink, appearing to read 'Arturo Condo'. The signature is stylized and somewhat cursive, with a long horizontal stroke extending to the right.

Arturo Condo

President

INCAE Business School: Leadership for Sustainable Development

In 1983, almost 20 years after its creation and sole focus on business administration programs (PAG, MAE, etc.), INCAE began implementing three programs financed by the Inter-American Development Bank: Non-traditional Export Management, Energy Resource Policy and Management and Small and Medium Enterprise Development. The second program sparked INCAE's interest in eco-efficiency.

In September 1992 INCAE began a Natural Resources Management Program (called MARN for its name in Spanish), which focused on the transition to sustainable development together with provisions set forth in the Rio de Janeiro Earth Summit. This Masters Program was held continuously through 1998. That year INCAE introduced its Sustainable Development Concentration in the MBA program, a group of elective courses that combines management decisions with the most advanced ideas on sustainable development.

In September 1996, when INCAE established the Latin American Center for

Competitiveness and Sustainable Development (CLACDS, for its name in Spanish), under the leadership of Dr. Michael E. Porter, competitiveness and sustainable development became the drivers behind program research and innovation. INCAE's work in these areas has been pioneering in Latin America and includes projects with companies, productive sectors, governments and institutional entities.

Finally, the Sustainability Management Program (SMP) was launched in 2005 to provide the latest knowledge on integrating environmental and social aspects in competitive strategies of companies and other organizations.

Academic Program

In an increasingly globalized economy the word "competitiveness" cannot exist by itself. It now needs to be combined with the word "sustainability." Companies wishing to remain relevant in this new decade must be led by professionals that build a sustainable development vision into their competitive strategies in a creative and innovative manner. Those who see it this way will be called to continue transforming our society.

Sustainable Competitiveness is a way of doing business that is gaining ground in both the business and the academic world. Proof of this is that U.S. schools



are increasingly sending their MBA and Executive MBA students to take Sustainable Development programs at INCAE as part of their curriculum. These include the University of Minnesota, Thunderbird School of Global Management, Rollins College, Cranfield School of Management, Rotterdam School of Management, and UCLA (University of California at Los Angeles).

INCAE Business School is a pioneer in the field of sustainability, incorporating the subject into their curriculum for 25 years. The Sustainable Development Concentration in the MBA Program, as well as the different courses of sustainable development in the Master of International Agribusiness Management (MIAM) Program are examples of the importance of such

theme in the regular programs that INCAE offers.

Master of Business Administration Program (MBA)

Sustainable Development Concentration

Currently, INCAE offers an optional Concentration in Sustainable Development in its MBA program. This group of elective courses combines management decisions with the most advanced ideas on sustainable development. Offers a practical answer to the central issue of the new millennium and enables the individual to move from concern to action. By May 2010, INCAE had graduated 378 leaders in this concentration.

These courses respond to the need to formulate and implement sustainable development strategies for an organization, country or region. It also ensures the highest training in the rational use of natural resources and energy on the continent. Courses in this emphasis are required for the Concentration in Sustainable Development and are electives for others students of the MBA program.

Project Assessment

Students will be able to perform evaluations of investment projects following an integrated technique (financial-risk-economic), as required in most consulting jobs. In addition, students will be able to understand the theoretical principles of the evaluation of environmental impacts and the practical application of their economic evaluation.

Leadership for Sustainable Development

Develop a personal and shared vision of the challenges facing our societies and the role of future business leaders in facing these challenges.

Students will achieve this vision through:

- classroom discussion based on lectures and cases
- dialogue
- reflection

Ethics

The class consists of two modules. The first module emphasizes the individual -

how managers of companies (especially new managers) can effectively navigate through the real-world ethical challenges that may face. The second module emphasizes corporate governance - the ethical responsibility of business.

Sustainability Management

The course is mainly based on case studies reflecting experiences where companies, due to various causes, have affected not only their profits but also private individuals and the planet. Much of the cases are accompanied by a note on environmental economics to enrich the discussion with the concepts of discipline and that are related to the case study. The course has also provided a field visit of two days and a movie at the introductory session and at the end of the course.

The course is divided into two main parts: 1) Environmental Economics and sustainability and 2) Business and Sustainable Development. This last part includes general topics such as Challenges and Business Opportunities offered by the environment, Competitive Environmental Strategies and Sustainable Business.

Creating Value from Values

“Creating Value from Values” examines the strategic business impact of environmental and social trends and business practices. The course explores

how environmental and social performance do (and do not) go hand in hand with business performance in a global economy with rapidly changing expectations and pressures.

Sustainable Development and Social Responsibility

This course is designed to familiarize the student with global environmental challenges businesses face, especially in the Latin American context, and to provide him/her with tools as to how to deal with those challenges. The student will learn about global environmental problems and policies and about the methods companies are employing to cope and respond.



Master of International Agribusiness Management Program (MIAM)

The Master of International Agribusiness Management Program recognizes the important role rural businesses can play in the sustainable development of rural sector in Latin America and in alleviation

of poverty throughout the region. MIAM graduates will perceive environmental and social responsibility not only as a social obligation but also as an opportunity for increased competitiveness of their businesses in global value chains.

MIAM is part of an agreement between INCAE Business School and CATIE, the Tropical Agronomic Center for Research and Teaching. The program is designed for students to learn the most of each institution's study system and program.

Integrated Supply Chain Management

The students develop a sound understanding of challenges related to the integration of smallholders and their business organizations in value chains.

Business Organization and Development

In this course, the students learn pertinent concepts related to business organizations and development in the context of rural Latin America and the Caribbean. They become skilled at different tools for valuating and designing intra- and inter-business organization and business planning for rural businesses.

Advanced Concepts of Sustainable Agriculture and Forestry

Students will be able to understand specific concepts related to decision making in sustainable agriculture and

forestry. They will dispose of tools and will learn to apply them to resolving issues related to business management in sustainable agriculture and forestry.

Rural Business Development in the Context of Sustainable Development

In this course, students will learn about basic concepts related to sustainable rural business development in the context of Latin America. They will be able to analyze the importance of environmental considerations relating to sustainable rural business development.

Sustainable Management Program (SMP)

SMP was offered jointly by INCAE Business School and InWEnt (German International Cooperation)(Now GIZ). It was a unique project in Latin America, which provided an unparalleled opportunity to acquire advanced knowledge in the areas of sustainable development and corporate social responsibility.

The SMP 2010 emphasized the preparation and financing of renewable energy and energy efficiency. In the program, participants gained deep knowledge and innovative on issues critical to the competitiveness of their organizations.

The program had 339 graduates in 6 years, in countries such as Argentina,

Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Spain, United States, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Trinidad and Tobago, and Venezuela.

[INCAE Students Sign an Ethics Oath upon Graduation -MBA Oath](#)

For the first time at INCAE, residential Masters Program and Global EMBA students joined the global OATH PROJECT to improve the business world. This global movement is promoted by institutions, such as Aspen Institute of Business and Society Program, United Nations Global Compact, Forum of Young Global Leaders at the World Economic Forum and Net Impact.

The content of the oath adds a component of personal ethics to CSR and sustainability values. Part of the commitment to this professional oath is promising to lead companies with loyalty and with a moral conscience.

“As INCAE’s President and as an INCAE graduate, I am extremely satisfied and proud that these generations have taken this oath unanimously. Starting today, we will have a written record of the values that INCAE’s graduates promote and their vision of their role in society.”

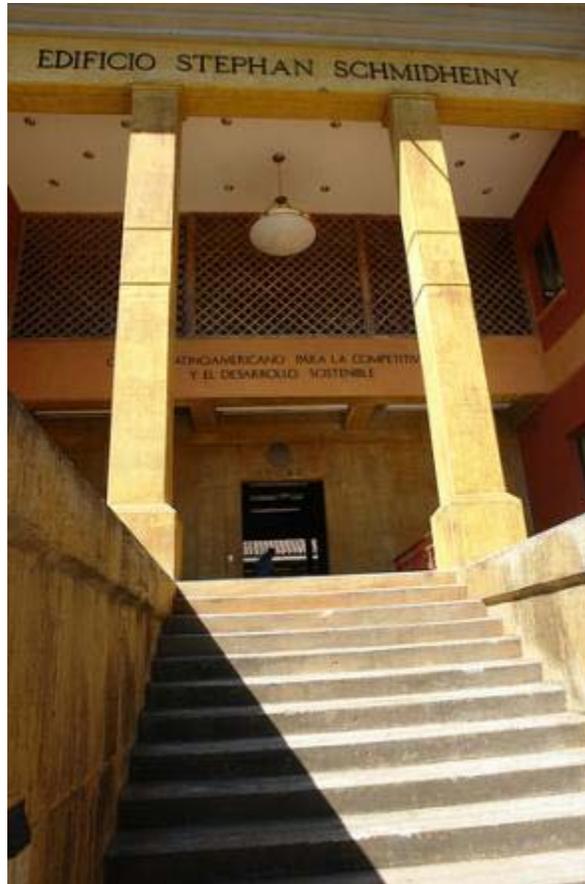
**Arturo Condo
President of INCAE**

Our Impact: Research and Outreach

INCAE is devoted to actively promoting the comprehensive development of the countries it serves. In order to contribute to the fulfillment of this mission, INCAE's Research Centers engage in the analysis of issues highly meaningful to the business community and the creation of proposals conducive to the sustainable development of Latin American countries. INCAE makes research findings available to different governments, business sectors, and societies in an attempt to exert a positive influence on them and to provide them with positive change drivers. Research in the region carried out by INCAE faculty results in improved education offered by the Institute to those aspiring to become business leaders in Latin America.

Some of our recent research programs are:

Program for Coherent Sustainable Energy Policies in Central America, Mexico and Colombia (2008-2010)



- More than 40 professionals in 3 cohorts of the International Leadership Training (1 year in Germany)
- More than 100 scholarships to 3 cohorts of the Sustainability Management Program (SMP) at INCAE
- More than 70 participants in the Women's Leadership Program for the Energy Sectors (2008 and 2009)
- Dialogue events in conjunction with regional institutions such as UCE-SICA, OLADE, ECLAC, AEA, IUCN, Integra, CCAD and CRRH
- Support for continuity of ECOBANKING program

Program for Strengthening Budget Management Offices, especially in the Education sector in Central America

Training component for the managers of education budgets in departments of Guatemala and Honduras

Program for Strengthening Public Budget Management

- In the year 2010 the first two modules were carried out, and during 2011 the remaining modules will be taught, in the form of **b-learning**, that is, each course is comprised of both in person and virtual components.
- Average attendance per session: 30 participants from different institutions from 6 countries in Central America.
- Directed at professionals of Central government institutions (ministries of education, finance, comptroller, etc.), universities (faculties of education) and opinion leaders, who directly or indirectly have an influence and impact on the operation of the educational system.
- Expected results:
 - Strengthening institutional capacities for improving the use of education resources.
 - Strengthen the relations between the authorities involved in the process of educational management.

- Building a highly skilled community trained as change agents for education.

Partnership for Development and Capacity Building and Skills for Sustainable Management of Natural Resources in Central America

- Promoted by InWEnt (now GIZ) with funding from the German Ministry of Cooperation (2009 -2012)
- 5 regional training institutions: CATIE, Zamorano, ICAP, ESNACIFOR of Honduras and INCAE
- Joint internal and external training.
- Activities in INCAE
- Leadership Seminar for Women working in Natural Resource Management (2009)
- Leadership Seminar for Building Inter-institutional Partnerships (2010)
- Regional Dialogue on Energy and Rural Development (2010)
- For 2011, joint activities are planned in the areas of sustainable energy management, agro-environment and forest resources

National Economic, Development and Environment Study for Climate Change (NEEDS-Costa Rica)

- Objective: Analysis of mitigation cost estimates and impacts on mitigation practices in production and consumption patterns.
- Relevant results:
 - Provides policy makers of the region with potential options, alternative scenarios and associated costs of mitigation consistent with sustainable development objectives of the country.
 - Offers a mitigation cost curve (in tones of CO2 and its unit cost in dollars), allowing objective comparison of alternatives.
 - Allows links, opportunities and challenges for achieving the target of C-Neutrality for Costa Rica

Assessment of Technology Needs for Climate Change

- Objective: To propose a strategy for technology transfer and dissemination to mitigate emissions and reduce vulnerability to climate change through use of technologies.



- Relevant results:
 - Provides a portfolio of technologies to tackle climate change in Costa Rica
 - Identifies barriers to acquisition, deployment and diffusion of technologies identified as priorities.
 - Develop action plans for transfer, adaptation and diffusion of technologies.
 - Lets share with three Latin American countries: Argentina, Peru, Guatemala

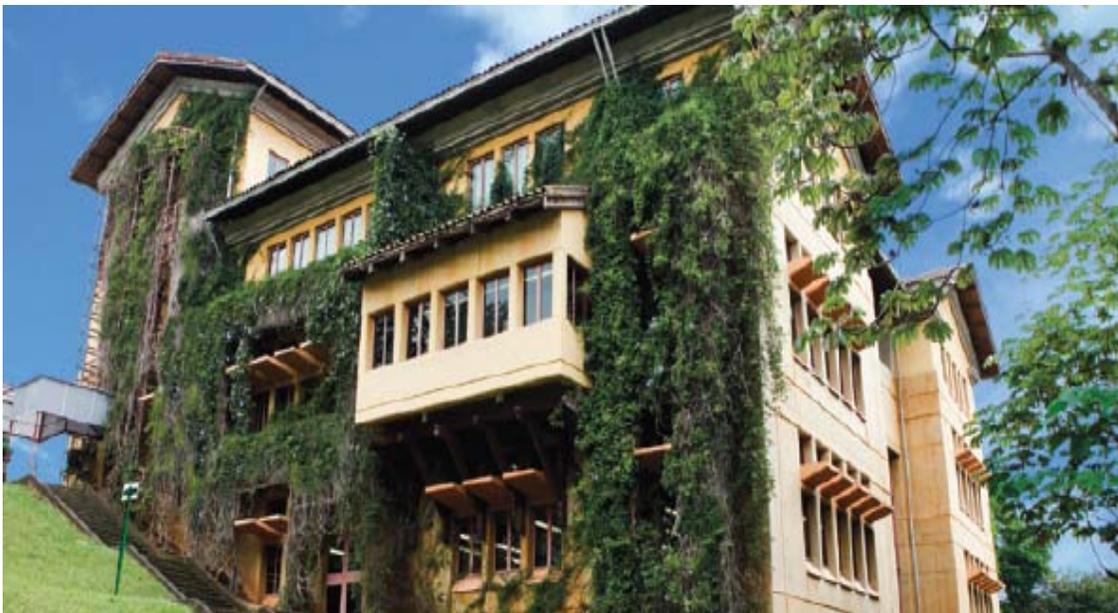
Mitigation Action International Network (MAIN)

Objective: Establishment of a network of experts and support to countries with initiatives of national mitigation actions (NAMAS), through a collaborative platform and South-South LAC cooperation.

o Relevant results:

- INCAE is selected as key partner of Latin America to be the learning partner network to support the driving experience technically

- INCAE supports the deployment of remote techniques for dialogue of parties and countries concerned.
- INCAE supports six Latin American countries: Costa Rica, Panama, Peru, Argentina, Colombia, Chile and the 5C's initiative on climate change for the Anglophone Caribbean countries.



Environmental Management on Our Campus

INCAE's Environmental Policy

INCAE, aware of the environmental impact of their activities and as an institution that seeks to develop leaders for the development of the region, by promoting initiatives to promote sustainable development, is committed to:

- Develop its operations so as to prevent and minimize negative impacts to the environment, preserving natural resources and rehabilitate degraded environmental components
- Meet and, where possible, exceed the compliance requirements set by the national environmental legislation and international conventions ratified
- Develop evaluation and monitoring procedures that enable continuous improvement of environmental performance in the areas of activity of the institution
- Positively influence the practices of community members of INCAE, incorporating the goal of reducing negative impacts and conserve natural resources
- Consolidate itself as a model school with environmental initiatives of national and regional impact

Our Actions and Achievements

Energy Efficiency

To take advantage of natural lighting, in the year 2010 INCAE installed 6 skylights in its finance building in Costa Rica. By this action was achieved average savings of 12% monthly in the electricity consumption. Energy efficiency projects that are planned for this year include:



Solar collectors for water heating

- Installation of solar collectors for water heating
 - Changing the exterior and interior lighting
 - Installation of water meters in the campus
 - Change of coolant in air conditioners
- These measures will help us achieve savings by 22% on our electricity consumption

Waste Management

Since 2000, first efforts were focused on promoting a culture of recycling in both staff and students of the institution. Currently, the campus has 10 recycling stations for the area of student houses, 20 stations located along streets and buildings and a storage facility where it receives and separates the material.



Since 2009, a recycling competition has been held annually with administrative staff, which attempts to make them aware of the importance of recycling not only in INCAE Campus but also in their own homes.

Water Conservation

The purchase of low-power devices was included in the procurement plans of INCAE to improve water management. In student restrooms, urinals were installed which do not consume water. Annual savings due to this change is estimated in 585 m³ of water.

Environmental Education

Internal communication system: INCAE regularly emails staff and students with information about different initiatives that have been carried out. In addition, each month INCAE publishes "The data of the month", which is a poster placed in different areas of the campus that provides interesting information about various environmental issues. INCAE conducts training on issues of waste management, energy and water resources.

Moreover, since 2007, INCAE has organized tree planting activities annually, with participation by the children of students and administrative staff.

Sustainable Development Club

The sustainable development club is a club organized by students seeking to develop environmental initiatives in INCAE. Activities include working with the INCAE's environmental department, to promote discussion about environmental issues among students, and organization of the contest "Casita Sostenible" (Sustainable House).

The competition "Casita Sostenible" is to reward the students of the house which generates energy savings and collects the most recycling in a given period.



CO2 Emissions Inventory

Scope: Inventory of CO2 emissions of INCAE, taking on account the activities of INCAE and those of outsourcing companies operating on the INCAE campus.

In 2010 the inventory of greenhouse gas emissions gases (GHG) indicated the generation of 2165 tons of CO2 equivalent. The main sources of emissions are the consumption of fuel, air travel and electricity consumption respectively.

Forestry Inventory

In 2010, forestry inventories were conducted on campus in Costa Rica and in Nicaragua. INCAE has the goal of meeting the forestry resource needs of both campuses and proposes and implementing forestry management practices.



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