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1. Renewal of the commitment to PRME

Porto, 27 September 2018

As an institution of higher education involved in the development of current and future managers, the School of Economics and Management of the University of Porto (FEP) is committed to progress in the implementation of the Principles for Responsible Management Education namely by:

• focusing on principles that are more relevant to FEP’s mission;
• reporting all initiatives to FEP’s stakeholders;
• exchanging effective practices related to those principles with other academic institutions.

We believe that our own organizational practices should serve as an example of the values and attitudes we wish to convey to our students.

As such, we encourage other institutions to adopt and support these Principles.

José Varejão
Dean
2. The Six Principles

As subscribers to PRME, we remain willing to progress in the implementation of the PRME Six Principles and acknowledge that our organisational practices should serve as example of the values and attitudes we convey to our students.

The PRME Principles

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<th>PURPOSE</th>
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<td>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.</td>
<td>We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.</td>
<td>We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.</td>
<td>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.</td>
<td>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.</td>
<td>We will facilitate and support dialog and debate among educators, students, business, government, consumers, media, civil society organisations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.</td>
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3. FEP at a glance

Our **mission** is to develop future business leaders as committed citizens, both engaged with the local community and working for the betterment of the society at large.

Our efforts focus in designing academic activities and developing an organisational environment that effectively promotes awareness of social responsibility values and engagement with global sustainability goals.

The **values** that underpin the mission statement and guide students, faculty and staff in all their activities are:

- Rigour, integrity and responsibility, without which the fundamental value of education and learning fails to materialize;
- Individual freedom and critical thinking, that we believe to be necessary conditions for the creation of true knowledge;
- Diversity, which we envisage as a source of knowledge, an enabler of cooperation, and a driver of progress.

Aligned with our **vision** statement we aspire to be recognized as:

- A school guided by strict principles of responsibility, pursuing its mission without abdicating respect for people, for ethical considerations and for the community;
- A school that commits itself to educating new generations of leaders capable of addressing the societal challenges of the 21st century and to promoting the goals of sustainable development;
- A school that generates tangible and intangible benefits for the region in which it operates and beyond; a school that produces a positive and relevant impact on the society and on the lives of people and organisations.
4. Information on Progress

#1 PURPOSE

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.

Every year 750 students complete a bachelor or master degree in Economics or Business from FEP and enter or re-join the labour market to follow a career in private or public organizations or become the creators of new ventures. Similarly, to the more than 17,000 of other alumni before them, they are likely to become influential leaders of private corporations or professional organizations, reach the top-ranks of public administrations or become successful entrepreneurs.

FEP’s educational project is built with the purpose of assuring that our graduates have the knowledge and the skills required for successful career progress, but also that they will be able and willing to put knowledge and skills to the service of moving forward the sustainable development agenda.

FEP alumni are now over 17,000 and constitute a vast and influential network of business leaders and top cadres working for private companies. FEP graduates are regularly appointed for top positions in the country’s public administration as well as in international organisations or in academia. No matter their position, the quality of their education is unanimously recognised. Other graduates became successful entrepreneurs. They successfully created and ran their own businesses, some of which are publicly recognized their innovative nature and/or their breath and scale. Still other created or joined not-for-profit organizations that actively and directly contribute to moving the sustainable development agenda forward.

We proudly recognise that the education they got from FEP – the curriculum content, the educational methods and the learning environment – represent a major head start that goes a long way in explaining their success.
# 2 Values

We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.

In 2016/17, FEP set an Assurance of Learning Process for all its degree programmes. The ethics and sustainability dimensions occupy a prominent position as one of the five transversal learning goals that came out of a long a participated selection process.

All internal stakeholders, as well as alumni and employer representatives participated in the process of definition of the competences that must be part of the graduates’ profile. At the end of this first stage of the process, four competences were selected as the most relevant that all students should have, independently of the programme they enrol, either because they were greatly emphasized by respondents or because they are core to the school’s mission. Ethics and Sustainability is one such area of competence, the other being analytic, problem-solving and decision-making, interpersonal (oral and written communication, and cooperation), and intrapersonal (planning, adaptability, resilience and autonomy). For the Ethics and Sustainability dimension, the learning goal is phrased as ‘graduates will be able to demonstrate ethical and sustainability awareness’ and it implies that students show evidence of the following traits: (i) recognize/ identify ethical issues/dilemma within organizations; (ii) consider all stakeholders involved and understand their different perspectives; (iii) display awareness of academic integrity; and (iv) are aware of, understand and evaluate global trends in sustainability.

The Ethics and Sustainability learning goal is further assessed by means of two tests: a sustainability literacy test (Sulitest) and a self-developed test on ethical issues that addresses the University of Porto Code of Ethics main areas of concern.

As part of the process of putting in place an AoL apparatus, an identification of the entire set of courses that are expected to contribute to the Ethics and Sustainability learning goal was pursued. The curriculum map showed that around 30% of FEP courses addresses these topics in their syllabus at an advanced level, whereas specific courses dedicated to the topic, in its strictest sense, are part of the curriculum in one bachelor program and three master programs. At the bachelor level of the courses in Ethics and Social Responsibility (core for undergraduate students in Management), Economics of the Environment and Social Economics (bot elective for undergraduate students in Economics). At the master level, all students may follow courses in Business Ethics, Social Responsibility and Corporate Governance, Environmental Economics and Sustainable Development, Economics of Urban Problems, Development Economics, Energy Economics, Health Economics, Environmental Auditing, Green Marketing,
Tradable Permits Markets, and Environmental Law and Health Law. Depending on their program choice, these courses may be core for some master students.

Furthermore, the school’s portfolio includes two master programs in areas directly linked to the Sustainable Development Goals: the Master Program in Environmental Economics and Management, and the Master Program in Healthcare Economics and Management.
# 3 Method

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

Education for responsible leadership requires a multifaceted approach where curricular content is key but not sufficient. In the past two years, the school has been working hard to launch the Global Learning Initiative with the aim to integrating curricular and co-curricular activities and assure that, upon completion of their degrees, students not only master the tools of their trade and possess the analytical skills and the ability to critically think about whatever problems they are confronted with, but also that they have the personal skills that will prove them capable of becoming generators of value for businesses and the society.

By defining learning goals, one of which specifically addresses ethical and sustainability concerns, translating them into learning outcomes and the corresponding traits, the whole process of Assurance of Learning set the roadmap for the Global Learning Project. In its curricular component, the project implied a comprehensive review of the curriculum of all programs and their revision so as to effectively incorporate the learning goals in the curriculum and to design the processes that will assure that the goals are actually met. Regarding the goals set for the ethics and sustainability dimension, this means that they are now embedded in the very core of all programs and that the courses that must contribute to their attainment and validation are identified and aware of what is required from them. Meeting the goals in the domain of ethics and sustainability is not a concern for the curricular component of the learning process only. Student-led projects have been an integral part of the learning process at FEP for many years now – since 2012, the Skills Academy has been actively challenging students to launch new projects as well as incubating them. These student-led projects are an integral part of the students’ learning process at FEP and have been playing a major role in the development of their personal skills and sustainability awareness. As part of the Global Learning Initiative, a project – Pro-Skills – was launched with the aim of integrating the co-curricular projects implemented under the auspices of the Skills Academy into the general AoL framework and thereby into the curricular path as well.

Pro-skills is a framework for classifying the co-curricular projects according to their nature and mapping each project into a set of participation outcomes (knowledge and skills) related to the learning goals attached to each program. In its initial version the program is structured in eight areas of activity including two that is focused on developing students’ sustainability awareness and community engagement.
Nevertheless, our method to effectively promote the values of sustainability and social responsibility amongst our undergraduate and graduate students would not be effective if the school itself could not lead by example. Important steps were taken in this direction in the past three years.

The school went through a demanding process of evaluation of its economic, intellectual and social impact. This process was instrumental in raising awareness about the importance of thinking in terms of impact, not only the impact the school has on its students and workers, but also the impact that together they all have on the community and beyond that. Developing an impact culture proved to be an important first step towards raising internal awareness of the principles of social responsibility.

We also started the process of building a sustainable campus. First, we prepared and executed an ambitious plan of renovation of the main building in the campus. Because this building is a landmark of the modernist architecture in Portugal, recognized and protected as such, its renovation is, in fact, a process of conservation of the country’s cultural heritage and a way of drawing our internal stakeholders’ attention to cultural and environmental values. The renovation project was conceived to, external constraints permitting, enhance the schools’ energetic and environmental efficiency. The renovation of all the green areas in the campus (a vast park of nearly 36,000 m$^2$ of green area) is part of the overall project that will also set the conditions for reducing water and energy consumption. De-materialisation of internal processes was also implemented with the aim of reducing paper consumption whereas, at the same time, more decisive steps towards recycling are being taken.
#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.

The University of Porto is a research-based university. Hence, a great deal of its resources (human, infrastructural and financial) are devoted to research. Some research is fundamental in nature serving the purpose of expanding our understanding of fundamental economic and managerial problems, whereas other is applied research.

A major line of research focuses on sustainability reporting and assurance by European and Portuguese companies, and on how they communicate their sustainability credentials to the wider public. The aim is to look at differences in communication and reporting practices between countries and European regions, within countries across companies in different economic sectors and/or different governance structures, and over time and changing economic conditions. Current research also looks at companies’ anti-fraud disclosure and their relationship with their external environment (e.g., country’s level of corruption and press freedom) or the corruption risk associated with the industries they operate in.

Another line of enquiry considers how individual characteristics such as gender or educational background influence the orientation towards Corporate Social Responsibility and how different board composition along the same lines influence membership to the United Nations Global Compact. Finally, an emerging topic of research on corporate social responsibility is the integration of social sustainability concerns into the management of supply chains and how that may differ between upstream and downstream supply chain in different industries.

Selected articles on Corporate Social Responsibility and its Reporting

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The research agenda on sustainable development is focused on three major lines of research each corresponding to one SDG as defined by the UN. These are:

**SDG #3: Ensuring Healthy Lives and Promote Well-being for All at All Times,**

**SDG #7: Ensure Access to Affordable, Reliable, Sustainable and Modern Energy for All,**

**SDG #10: Reduce Inequality Within and Among Countries,**

Research on SDG #3: this is a long-term research on the efficiency of health systems and the management of healthcare services. Issues such as capacity building (especially overcapacity as a response to demand uncertainty) and human resource planning have been the focus of the research agenda on this topic. The aim is to provide insight into ways of planning the use of resources and managing the services that may be more cost efficient thereby contribute to mitigating the impact of rising costs in healthcare that, if translated into rising user costs, are known to have detrimental effects on access to healthcare.

**Selected articles on SDG#3**

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Almeida, Álvaro Santos; Cima, Joana Ferreira (2015); Demand uncertainty and hospital costs: an application to Portuguese public hospitals; EUROPEAN Journal of Health Economics: 16(1): 35-45.


Research on SDG #7: this line of research is focused on energy production from renewable sources. The main lines of inquiry include the assessment of the optimal mix of renewable and conventional sources from the viewpoint of both economic competitiveness and environmental sustainability, the impact of a greater share of renewable sources on prices for end-user consumers, and the optimal design of regulatory policies considering its impact both on investment decisions related with the transition to renewable sources and on economic growth and environmental sustainability.

**Selected articles on SDG#7**

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<th>Journal/Source</th>
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deLlano-Paz, Fernando; Calvo-Silvosa, Anxo; Iglesias Antelo, Susana; Soares, Isabel (2015); The European low-carbon mix for 2030: The role of renewable energy sources in an environmentally and socially efficient approach ; Renewable & Sustainable Energy Reviews, 48: 49-61.

Research on SDG #10: the focus of the research on inequality is both on its determinants (public investment, structural adjustment, demographic change) as on its effects on economic growth. These topics are addressed at the macro level in the framework of biased technological models, as at the micro-level, focusing in this case, on wage inequality (and unemployment).

Selected articles on SDG#10


Figueiredo, Hugo; Rocha, Vera; Biscaia, Ricardo; Teixeira, Pedro (2015); Gender pay gaps and the restructuring of graduate labour markets in Southern Europe; Cambridge Journal of Economics, 39(2): 565-598.

#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.

FEP is committed to working with the corporate world to provide solutions for their needs. The creation of the knowledge centres which carry out applied research at the request of institutions, governmental bodies and industry. In the last 2 years, FEP conducted studies with impact in the community. Some examples of these studies are:

- Needle exchange project for the Health Ministry;
- Strategic Consultancy for Porto Municipality;
- ProCIVIC Stat project – European project to promote civic engagement via explorations of evidence;

The University of Porto is an Academic partner of GRACE, the largest Social Responsibility Association in Portugal with the aim of promoting the development of Social Responsibility activities in Portuguese society.

The student-led projects (already described in the Principle 3) are also a way to promote the interaction with external stakeholders (mainly from the corporate world). The Financial Literacy Project (described in Principle 3) is one of these projects that combines the interaction with a Private Foundation (Foundation Dr. António Cupertino de Miranda) and with the primary and higher schools community.
# Dialogue
We will facilitate and support dialog and debate among educators, students, business, government, consumers, media, civil society organisations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

FEP supports the debate on the role and impact of corporations in the creation of sustainable social, environmental and economic development by organizing and supporting seminars and international conferences. A few recent examples in the last two years are:

- I2FC 2015 – Third Interdisciplinary Insights on Fraud and Corruption Conference ‘The costs of economic crime’.
- 7th International Congress ‘The Voice and Choice of Migrant Women in Portugal and the Diaspora: Mobility, Time and Space’
5. The road ahead

The year 2018 marks the beginning of a new stage of implementation of the PRME principles at FEP. So far, much work was done to raise internal awareness of the social responsibility values and sustainable development goals. Among the steps taken in this direction (reviewed in section 3), the following are noteworthy:

- The principle of University Social Responsibility were included in the mission, vision and values statements;
- A thorough assessment of the school’s impact (financial, intellectual, and on the regional ecosystem) was done within EFMD’s Business Schools Impact System;
- The ethics and social responsibility principles became one of the five learning goals of all programs in the school’s portfolio and are now an integral part of the Assurance of Learning system;
- Research attention was specially devoted to the study of Corporate Social Responsibility and its reporting and to three Sustainable Development Goals;
- Students’ engagement with the regional community continued to be developed by means of new projects designed by their organizations and/or by the school as part of the co-curricular activities proposed to students.

Further progress on the implementation of PRME commitment requires an institutionalization of the Social Responsibility and Sustainability agenda, greater internal reach of the activities in this domain and a formal Corporate Sustainability Unit (CSU) plan that ensures coherence, consistency and effectiveness.

In July 2018, a first draft of a CSU plan for the school was presented and is now in the process of discussion with internal and external stakeholders. As part of the process, a Committee will be appointed in October 2018, chaired by the author of the draft plan, with the mission of finalizing the plan and implementing it. The plan is organized in four pillars – internal organization and operations, educational project, research plan, and community outreach.

Our commitment for the next reporting period is to conclude the drafting of the plan, and implementing it, having on board the entire community of internal stakeholders. A social responsible approach to the three core areas of the university’s mission – education, research and outreach – will be championed by the said Committee that will also see that the School’s board leads by example and adheres to the same principles governance wise and operations wise.