Welcome to the UN Headquarters!

Roundtable
“Responsible Management: A New Frontier for 21st Century Management Education”
New York, December 4th 2008
presented by MEDIA CONSULTA
<table>
<thead>
<tr>
<th>City</th>
<th>Germany</th>
<th>Europe</th>
<th>Worldwide</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Berlin</strong></td>
<td>Founding year</td>
<td>1993</td>
<td>2002</td>
</tr>
<tr>
<td></td>
<td>Employees</td>
<td>298</td>
<td>901</td>
</tr>
<tr>
<td><strong>Cologne</strong></td>
<td>Turnover (forecast) 2008 in €</td>
<td>60 million</td>
<td>140 million</td>
</tr>
<tr>
<td><strong>London</strong></td>
<td>Billings (forecast) 2008 in €</td>
<td>413 million</td>
<td>933 million</td>
</tr>
<tr>
<td><strong>Brussels</strong></td>
<td>Turnover 2007 in €</td>
<td>52 million</td>
<td>119 million</td>
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<tr>
<td></td>
<td>Billings 2007 in €</td>
<td>347 million</td>
<td>797 million</td>
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</tbody>
</table>
MC Network worldwide

North America
- New York
- Ottawa

South America
- São Paulo

Middle East
- Beirut
- Cairo
- Dubai
- Riyadh

Asia
- Almaty
- Baku
- Delhi
- Kuala Lumpur
- Shanghai
- Seoul
- Tiflis
- Tokyo
- Eriwan

Africa
- Johannesburg

Australia
- Sydney/Melbourne

MC Competence Centres
- Competence Centre for translation services in Malta
- Creativity Centre in London
- Centre for pan-European coordination/Controlling in Berlin
## References

<table>
<thead>
<tr>
<th>Economic</th>
<th>Policy &amp; Associations</th>
<th>Media</th>
<th>Sports</th>
</tr>
</thead>
<tbody>
<tr>
<td>vodafone</td>
<td>Bundespräsident</td>
<td>Das Erste</td>
<td>FIFA World Cup</td>
</tr>
<tr>
<td>Lidl</td>
<td>DEUTSCHER BUNDESTAG</td>
<td>2DF</td>
<td>Tottenham</td>
</tr>
<tr>
<td>Bausch &amp; Lomb</td>
<td>Die Bundesregierung</td>
<td>axel springer</td>
<td>Deutscher Olympischer Sportbund</td>
</tr>
<tr>
<td>Dunlop</td>
<td>European Union</td>
<td>EuroNews</td>
<td>Davis Cup</td>
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<tr>
<td>Air Malta</td>
<td>Illes Balears</td>
<td>CNN</td>
<td>UEFA</td>
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</tbody>
</table>
MC Advertising

**Creation**
- Design and CD Manual
- Ads, Outdoor Advertising, Online
- TV Spots
  - Treatment, Storyboard, Screenplay
  - Complete Production

**Marketing**
- (Digital) Direct Marketing

**Media**
- Planning, Purchasing, Optimisation, Evaluation

**90 Specialists**
MC Public Relations

PR Events

- 55 International PR Managers
- Communication Strategies
- PR Publications
- PR Activities and Events
- TV and Radio PR
- Advertorials/Infomercials
- Media Cooperations
- Success and Impact Analysis
MC Interactive

Websites/Animations

- 20 Specialists
- Screen Design and Internet Programming
  - Development and Creation
  - All Programming Languages
  - Dialogue-orientated Interactive Tools
- Viral Marketing
  - Seeding Strategy
  - Viral Spots
- Online PR
  - Forums, Blogs, e-Newsletters, e-Media Centres
MC Event

Events

- MTV Olympics Show, Popkomm Cologne, European Festival at Brandenburg Gate
- Including Cooperations with Broadcasters
- Planning and Realisation in Content and Organisation
- Expo 2008, World Travel Market, ITB, CeBIT, ORGATEC, International Green Week
- Truck Tours and Touring Exhibitions
MC Film and Television

TV and Film Production

★ 21 Specialists

★ TV Spots
  - TV, Cinema, Viral
  - Creation, Production

★ PR and Information Films
  - From Screenplay through to Production
  - For Enterprises, Associations, Policy

★ TV Shows
  - Including Cooperations between Broadcasters and the Client

★ TV Reports and TV Magazines
  - For Broadcasters
MC Sports, youth and music marketing

Sport & Entertainment

- 38 Specialists
- TV Shows and Live Events
  - incl. Cooperations with Broadcasters
- Music and Entertainment
  - TV Concepts, Videos, Merchandising
- Sponsoring
  - Programme Trailers, Perimeter Advertising, Testimonials
- Sports Publications
  - Magazines, Calendars, Books
  - Editorial Services, Production, Distribution
- Management of music and sports stars
MC Network

Employees and turnover

- **2002**
  - EU-15
  - Employees: 444
  - Turnover: 46 million €

- **2005**
  - EU-25 + Non-EU
  - Employees: 602
  - Turnover: 88 million €

- **2008**
  - EU-27 + worldwide
  - Employees: 1,770
  - Turnover: 330 million €
MC Network - Corporate Social Responsibility

MC at the United Nations Global Compact

- Accession in April 2008 in New York
- CSR Initiative founded in 1999 by the former UN Secretary-General Kofi Annan
- 2008 organisation of the UN World Conference on Corporate Social Responsibility
- As a member, MC supports the ten Principles of the Global Compact, including (amongst others):
  - Promotion of the Protection of Environment and Climate
  - Generation of socially acceptable conditions of employment
- MC CEO Harald Zulauf is a member of the International Business Leaders Forum (IBLF)
MC Network - Corporate Social Responsibility

UN Millennium Development Goals
MC supports “Schools for Africa”

- UNICEF and the Nelson Mandela Foundation project
- Since 2007 MC has been financing the building and operation of one school every year
- Education and advanced training of teachers
MC Network - Corporate Social Responsibility

European Idea and International Understanding

- **Lead Agency of the EU Commission**: support of the European Year of Intercultural Dialogue 2008
- **German-Chinese** art competition “Against Oblivion. 60 Years after the Holocaust Germany and the massacre of Nanjing”
- 2008: **German-Israeli** film competition on the occasion of the 60th anniversary of the foundation of the State of Israel
- MC signed the Charta der Vielfalt (Charter of Diversity), an initiative under the patronage of the German Chancellor Angela Merkel, as visible symbol against discrimination in the workplace
As market leader in the field of political communication, MC commits itself to protect the democratic principles and the freedom of press and expression the world.

MC also supports the international Human Rights Organisation “Journalists without Borders” (initiative for press freedom).

For Belarus, MC developed the campaign "Window to Europe", providing a free access to balanced and independent news.
MC aims at becoming the first ‘zero climate impact’ agency in the world. MC uses paper with verifiable ecological seals of approval (EU’s Eco Label, Freelife Cento). Furthermore, all consumables - from printer paper to paper towels in the toilets - are recyclable. Cooperation only with printing companies who share socio-ecological aims. Strict separation of garbage: paper, standard waste, hazardous waste as batteries and / or toners. Support of renaturation and afforestation project.
MC Network - Corporate Social Responsibility

MC Climate Balance / Annual CO² Emissions

<table>
<thead>
<tr>
<th>Unit</th>
<th>Annual consumption</th>
<th>CO² Emissions (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>163,150 kWh (MC Cologne)</td>
<td>164,670</td>
</tr>
<tr>
<td></td>
<td>116,304 kWh (Wassergasse, MC Berlin)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>70,000 kWh (Inselstraße, MC Berlin)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>60,000 kWh (Rungestraße, MC Berlin)</td>
<td></td>
</tr>
<tr>
<td>Heating</td>
<td>245,000 kWh</td>
<td>49,000</td>
</tr>
<tr>
<td>Energy</td>
<td>Overall</td>
<td>291,670</td>
</tr>
<tr>
<td>Short-distance flights</td>
<td>100</td>
<td>15,000</td>
</tr>
<tr>
<td>Middle-distance flights</td>
<td>150</td>
<td>28,500</td>
</tr>
<tr>
<td>Long-distance flights</td>
<td>50</td>
<td>150,000</td>
</tr>
<tr>
<td>Flights</td>
<td>Overall</td>
<td>193,500</td>
</tr>
<tr>
<td>Overall</td>
<td></td>
<td>485,170 kg CO²</td>
</tr>
</tbody>
</table>

- Completely neutralize inevitable CO² emissions, e.g. by planting trees
- In Cyprus and Malta first trees were already planted.
- To neutralise 296,280 kg CO2, 30,000 trees have to be planted.

Potential partners: WWF, Naturefund

MC supports e.g. the action Foresta 2000 in Malta. A restoration project on the protection of indigenous fauna and flora.
MC Network - Corporate Social Responsibility

MC Academy and MC Exchange Programme

- **MC Academy** since 2006
- Substantial international education programme for employees and clients
- **50** advanced training courses a year
- All fields of modern communication

- Network Exchange Programme with all MC network agencies worldwide
- For employees: intercultural competencies, languages, international exchange
MC is an **equal opportunity employer**: We do not tolerate the discrimination of women and mothers.

- Approximately 70% of our employees are female.
- MC supports financing competent children care for employees during the working hours.
- MC grants up to 50% of the costs (maximum **1,200 €** a year).
MC Network - Corporate Social Responsibility

Health and Spots

★ Employees get an **annual allowance** of 150 € **for sports activities**

★ Job posts fulfil **maximum health standards**, only non-smoking bureaus

★ Company-owned News Cafés daily **provide healthy and fresh food** at low prices for the employees at MC Headquarters
Corporate Social Responsibility: Effective communication brings competitive advantages
There is an increase in meaning of Corporate Social Responsibility: “The profits of large companies improve the lives for everyone who use their products and services.” Do you agree or disagree?

Source: MORI Research
CSR Global

CSR is booming due to the declining confidence in free market

"The free enterprise system and free market economy is the best system on which to base the future of the world." Do you agree?

"The free enterprise system and free market economy work best in society's interests when accompanied by strong government regulations." Do you agree?
Conclusion:
In addition to profit, the public and consumers expect social responsibility from companies.
Discrepancy between the societal expectations on CSR engagement of companies and their publicly recognised CSR performance

Source: GlobeScan
Conclusion:
The public expects companies to increase CSR engagement yet recognises that this is realised less and less.
CSR and the world’s financial crisis

Consumers’ attitudes towards brands:

- During a recession **consumers are loyal to brands** that support good causes
- **Social purpose bests** brand design and innovation
- Consumers say **brands spend too much money on advertising or marketing** and should **put more into a good causes**

Source: StrategyOne goodpurpose study, Ohio 2008
CSR Conference, Humboldt University Berlin 2008
Conclusion:
Economic crises promote the return on investment through CSR.
The European Union has developed the “Green Paper Promoting a European Framework for CSR”.

According to the EU, CSR is a concept that measures the total performance of a company by considering the company’s contribution to economical prosperity, environmental quality, and social capital.

“It is a concept which serves as a basis for companies to voluntarily integrate social and environmental issues in their business activities and interrelations to stakeholders.”
According to the most recent report of the German Council on Sustainable Development* the meaning of CSR in Germany has dramatically increased.

According to the report politics do not significantly contribute to the developments in CSR. At the same time politics see a growing need for CSR activities.

*The Council on Sustainable Development was founded by the German Government in April 2001. 13 percent of the public sector belong to the Council.
Conclusion:
In Europe CSR is also increasingly supported and demanded by policymakers.
Social responsibility is regarded as a significant aspect of work by businesses. The majority of German companies quote that CSR is an important topic for them.
Social Responsibility will become more meaningful in the future for most companies.
The significance of CSR is also reflected in the responsibilities within the company. The chart below shows who is responsible for CSR within businesses:

Source: German Brands Association
The main influencing factors for social commitment are (in percent)*:

- Importance for owners: 95.9%
- Influence on image: 95.9%
- Motivation of employees: 81.1%
- Interest of consumers: 75.7%
- Competitive advantages: 64.9%
- Industry requirements: 52.7%
- Regulatory requirements: 51.4%
- Pressure of NGOs: 37.8%
- Others: 23.4%

* Multiple answers possible

Source: German Brands Association
Conclusion: CSR has become an important tool in the marketing of global brands.
CSR and entrepreneurial success

CSR is often prejudiced to be nothing more but an expensive social programme. However: Every CSR tool can contribute to entrepreneurial success.

For example:
★ a long-term enhancement of company value through social commitment
★ staff motivation
★ cost reduction through energy-efficient economic activities
CSR and entrepreneurial success

More success on the sales market:

Consumers are aware of CSR activities when making purchasing decisions. A product’s price, brand/quality and CSR component have nearly equal influence on its purchase. A brand is preferred when the company is recognised being socially responsible.

Influence of the CSR component: 29,0%
Influence of brand/quality: 38,0%
Influence of price: 33,0%

Source: Vienna University of Economics and Business Administration 2006
The communication challenge:

Managers must recognise that social responsibility is an entrepreneurial opportunity which must be effectively communicated. Only then will the competitive advantage through CSR be seen.
Responsible Management Education

The communication chances:

All stakeholders are target groups for CSR communications.

Internal:
★ Employees

External:
★ Broad public
★ Consumer market: The development of particular target groups can be considered here. They actively support health and sustainability through their consumer behaviour and product choice. Examples are:
★ LOHAS (Lifestyle of Health and Sustainability)
★ “Scuppies” (socially conscious upwardly-mobile people)
Final conclusion:
If you really want to make the most from CSR do good and let people know.
Thank you for your attention!