



CSR/SME

Promoting Social Responsibility
in Small and Medium Size Enterprises

CORPORATE SOCIAL RESPONSIBILITY

STATE OF THE ART
IN AUSTRIA

2004

EDITORIAL

Title: Corporate Social Responsibility: State of the Art in Austria 2004

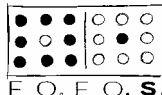
Edition: FO.FO.S - Forum for Supporting Self-Employment and SME

Coordination: Wolfgang Keck

Authors: Wolfgang Keck

Place of Edition: Vienna

Date of Edition: May 2004



Contacts:

FO.FO.S - Forum for Supporting Self-Employment and SME
Landstr. Hauptstr. 71/2
1030 Vienna
AUSTRIA
Wolfgang Keck
www.fofos.at
csr@fofos.at

TABLE OF CONTENTS



EDITORIAL.....	2
TABLE OF CONTENTS	3
FOREWORD	5
EXECUTIVE SUMMARY.....	6
CHAPTER 1. INTRODUCTION	8
1.1. COUNTRY DESCRIPTION	8
1.1.1. Population	8
1.1.2. Economic Performance	8
1.1.3. Structure of the Corporate Sector	9
1.1.4. International Conventions Subscribed by the Country	9
1.2. CSR HISTORY IN AUSTRIA	10
1.3. CSR OVERVIEW	10
1.3.1. CSR Situation in Austria	10
1.3.2. Main Facts Related to CSR Occurred in 2003 / 2004	11
1.3.3. Expected CSR Trends	11
CHAPTER 2. BUSINESS ETHICS	12
2.1. USE OF WRITTEN STATEMENTS	12
2.1.1. Visions and Values	12
2.1.2. Mission	12
2.2. CORPORATE GOVERNANCE	12
2.2.1. Codes of Conduct.....	12
2.2.2. Business Principles Statements	13
2.2.3. Dialogue with Stakeholders	13
2.2.4. Transparency	14
2.3 ACCOUNTABILITY	14
2.3.1. Financial Reports and Auditing	14
2.3.2. CSR Reports and Auditing	15
2.3.3. CSR Related Certifications	15
2.3.4. CSR Toolkits	15
CHAPTER 3. SOCIAL RESPONSIBILITY.....	16
A – INTERNAL DIMENSION	16
3.1. HUMAN RESOURCES MANAGEMENT.....	16
3.1.1. Lifelong Training	16
3.1.2. Balance between Working and Private Life	16
3.1.3. Equal Opportunities	16
3.1.4. Voluntary Social Protection Charges	17
3.2. HEALTH AND SAFETY AT WORK	17
3.3. ADAPTATION TO CHANGE.....	17
B – EXTERNAL DIMENSION.....	17
3.4. LOCAL COMMUNITIES	17
3.4.1. Sponsoring	17
3.4.2. Corporate Volunteering	18
3.5. BUSINESS PARTNERS, SUPPLIERS AND CONSUMERS	18
3.5.1. Development of Long Term Partnerships	18
3.5.2. Supply Chain Ethical Control	18
3.5.3. Responsible Marketing	19
3.5.4. Design for All	19
3.6. HUMAN RIGHTS	19
3.7. SOCIAL LABELS	19
3.8. FAIR TRADE INITIATIVE	19

CHAPTER 4. ENVIRONMENTAL RESPONSIBILITY.....	20
4.1. MANAGEMENT OF ENVIRONMENTAL IMPACTS AND NATURAL RESOURCES.....	20
4.1.1. Minimizing Environmental Impacts	20
4.1.2. Product Lifecycle Approach	20
4.1.3. Eco-labels	20
4.1.4. Savings in Natural Consumption	21
4.2. GLOBAL ENVIRONMENTAL CONCERNS.....	21
4.3. SUSTAINABILITY DEVELOPMENT PRACTICES	21
CHAPTER 5. SOCIALLY RESPONSIBLE INVESTEMENT (SRI)	22
5.1. SOCIAL RATINGS.....	22
5.2. ETHICAL FUNDS.....	22
5.3. COMPANIES LISTED IN SOCIAL INDEXES	23
CHAPTER 6. CSR LEGAL FRAMEWORK	24
6.1. HEALTH AND SAFETY AT WORK	24
6.2. SOCIAL AUDIT REPORTS	24
6.3. STAFF TRAINING	24
6.4. PROTECTION OF WOMEN, MINORITIES AND DISABLED PEOPLE	24
6.5. SRI AND PENSION FUNDS.....	24
CHAPTER 7. NATIONAL SUPPORT INITIATIVES ON CSR	25
7.1. FINANCIAL SUPPORT TO SOCIAL AND ENVIRONMENT CERTIFICATIONS	25
7.2. FISCAL EXEMPTIONS ON DONATIONS	25
7.3. CSR AWARDS	25
7.4. SOCIAL INDEX	26
7.5. REGIONAL OR LOCAL INITIATIVES	26
CHAPTER 8. OHTER CSR INITIATIVES.....	27
8.1. CAUSE-RELATED MARKETING	27
8.2. RESEARCH ON CSR (2000-2003)	27
8.3. ORGANIZATIONS DEDICATED TO CSR.....	27
8.4. MAIN CSR EVENTS DURING 2003	29
8.5. PRESS COVERAGE OF CSR DURING 2003.....	29
CHAPTER 9. OPPORTUNITIES AND OBSTACLES FOR CSR.....	30
9.1. MAIN REASONS AND MOTIVATIONS FOR COMPANIES TO BE ACTIVE IN CSR	30
9.2. IDENTIFIED BUSINESS BENEFITS.....	30
9.3. EXISTING BARRIERS TO CSR INVOLVEMENT	30
NATIONAL CSR KPI'S (KEY PERFORMANCE INDICATORS) 2003	32
BIBLIOGRAPHY.....	33

FOREWORD



This report is the first product conceived in the framework of the “CSR/SME – Promoting Corporate Social Responsibility in Small and Medium Size Enterprises” project, an European project developed with support from the Leonardo da Vinci Programme, promoted by CECOIA (a Vocational Training Centre for Trade from Portugal) and having partners from Austria (**FO.FO.S – Forum for Supporting Self-Employment and SME**), Estonia, Italy, Hungary and The Netherlands. The project will last until the end of 2005.

This report along with similar reports from the other countries belonging to the partnership and a highlights report with comparative and synthetic data from the different countries, constitute the final report on the “State of the Art” on Corporate Social Responsibility (CSR) on the countries belonging to the partnership.

The main goal of this work was to collect and organise relevant information to the project next phases. We are fully aware of the limitations and the credits resulting from the context in which the report was produced. This is not, therefore, a finished work, but a working document that should and must be improved in the coming future.

The data collection occurred until May 2004 reason why, all the information must be read taking in consideration this time framework.

The report structure was inspired in the Green Paper from the European Commission “Promoting a European Framework for Corporate Social Responsibility”.

In this report as well as in all the project, the accepted definition of Corporate Social Responsibility (CSR) is the one adopted by the European Commission in the Green Paper in which CSR is described “as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

We are aware of the fact that some of the subjects were not treated as deeply as they deserved. Considering the wide structure we choose, we dealt with many difficulties gathering information. Even thus we preferred to choose a more wide structure that could enable us to understand the long path we have yet to walk.

EXECUTIVE SUMMARY

Austria is ranked 9th in the "National Corporate Responsibility Index 2003" published by "AccountAbility".

In the beginning of 2002, discussions about corporate social responsibility (CSR) by the Federal Ministry for Economic Affairs and Labour and the Federation of Austrian Industry initiated the program "CSR Austria" together with the Austrian Chamber of Commerce as another partner. In a stakeholder dialogue, business representatives and politicians met representatives of social partners, international organisations and NGO to fundament the guiding CSR vision for Austrian businesses with the device: "Economic Success – Responsible Action" (published and presented in December 2003).

For this process, CSR Austria has been engaged in a number of workshops, round tables and publications to discuss and inform social responsibility of businesses together with a broad audience and supported by effective work with the media. The Austrian Business Council for Sustainable Development and the Austrian Institute for Sustainable Development established the Austrian Business Academy for Sustainable Development with the focus on training in corporate sustainability in spring 2004.

According to a study of CSR Austria in 2003 three-quarter of the Austrian companies have a system of values based on their specific profile, which is, in most of these cases, documented as a company's vision or its mission statement. Indeed, only some of the biggest companies publish social and environmental reports.

Concerning the Austrian Code of Corporate Governance, established in October 2002, the CSR Austria Study has shown that 59 % of the Austrian enterprises know the discussion about corporate governance. 16 % of the companies taking part in the study have signed the Code. The reasons for not signing are for every second company "not enough utility", followed by "too much bureaucracy" (43 %), "no demand on the side of clients, banks or investors" (36 %) and "not enough orientation on the needs of SME" (36 %).

According to the CSR Austria Study, 97 % of the companies in Austria were engaged in activities in any kind of corporate citizenship in 2002. Regarding small enterprises one third was engaged in an amount up to 2.500 EUR, the second third between 2.500 and 5.000 EUR and the most active third with more than 5.000 EUR. The first third of middle-sized enterprises have invested up to 7.000 EUR into corporate citizen activities, followed by a second third with up to 15.000 EUR and a final third engaged with over 15.000 EUR in one year. The appropriate limit values of large companies are 12.000 and 45.000 EUR. Cash donations are the most popular field in corporate citizenship with 93 % of the Austrian companies, followed by donations in goods (85 %). 68 % of the enterprises signed sponsoring contracts with non-profit organisations while another 58 % of businesses supported them in the field of corporate volunteering.

Small enterprises consider the positive impact on their business due to CSR only in 12 % - a number doubled considering middle-sized and large companies. Reasons for not improving their engagement in corporate citizenship are the missing financial resources (68 %), too less or too unclear use of the engagements in relation to its expenditures (53 %) and missing time resources (46 %).

Important industries in Austria are based on nature, like tourism and forestry. 315 enterprises are active in the environmental technology industry reaching 2.5 billion euro profit a year. Industries such as biomass technology, energy efficiency and solar technology secure 16.000 jobs, together with the sector of environmental services the number of jobs is 85.000. The export quote of these environmental enterprises is at 60 %, which can be regarded as a proof for high quality and competitive ability.

Considering fair trade initiatives, there are 68 world shops in Austria, of which 62 are members of the Austrian World Shop Association. Besides, fair trade labelled products are available in more than 1.500 supermarkets.

In spite of the fact that Austria's consumers are on the world top concerning waste separation with over 100 kilogram packing per person in one year (source: ARGEV), the OECD Report in 2003 showed that private consumers exhibit constantly rising values. OECD stated a better environmental responsibility particularly in the sectors of industry and energy supply, while the traffic sector remained on constantly high level. The report comes to the result that Austria could not get closer to the Kyoto goal of a 13-% reduction from greenhouse-effective gases until 2010. Nevertheless, the Environmental Sustainability Index (ESI), which measures the environmental performance of 122 countries, has listed Austria at place 8 at a glance and at number 5 in Europe (ESI 2001).

In 2002, private investing in ethical funds has reached 1.4 billion EUR, which is 0.4 % of the Austrian funds volume. Ethic funds have no long tradition in Austria, but this kind of investment is estimated just at the beginning. Following Austria's daily newspaper for economics (WirtschaftsBlatt), the total

number of funds with ethical, environmental or sustainable orientation available in Austria has been 46 in autumn 2003.

A study of the Austrian Gallup Institute in 2002 shows that 34 % of the Austrians and 58 % of investors orientated in environment, are interested in an index for the social and environmental sustainability of Austrian companies. 34 % of the investors without shares in Austrian companies are willing to invest in Austrian companies as soon as their social responsibility has been proofed. Indicators to measure CSR are developed in a current dialogue between the Stock Exchange in Vienna and the University for Economics at an open web platform. According to the Austrian Association of Financial Analysts, over a dozen of the 40 companies in the prime market at the stock exchange in Vienna already would fulfil the criteria of a CSR index. Currently it is planed to start the CSR Index with 12 up to 17 members. Important Austrian companies such as Erste Bank, voestalpine and UNIQA already have shown their interest.

According to the CSR Austria Study, the main reasons for Austrian businesses to support non-profit organisations are in three of four cases the ethical and moral convincement of management (concerning the owners in 38 %), while one quarter believes in a positive impact for their business success and 23 % are motivated for corporate citizenship due to their staff. Public pressure leads to engagements in 6 % and defaults of the parent company in 3 %.

Only 14 % of the companies plan their corporate citizenship activities in a strategic way. 52 % of the decisions are made regarding politics of the enterprise but without a strategic analysis. 32 % of the companies are engaged in corporate citizenship without any strategic relation to their business. These points reinforce the importance of implementing an information campaign on CSR in Austria with a special focus on the win-win strategy of corporate engagement as well as developing training materials on the subject in order to professionalize small and middle-sized companies and respectively NGO on CSR.



CHAPTER 1. INTRODUCTION

1.1. Country Description

1.1.1. Population

According to AUSTRIA STATISTIK the total population in Austria in 2002 was 8.053.106 including 708.000 people of foreign nationalities. All together 3.320.300 households include 1.050.600 single households (quote: 2.4 persons / household). In February 2004 the number of employees in Austria was 1.459.758 woman and 1.662.616 man, together 3.122.374 persons (BMWA1).

The self-employment quote is 10.7 % with a total number in 2002 of 267.700 persons (WKÖ2).

The unemployment quote in February 2004 was 8.8 % (EUROSTAT 4.4 %) with a total number of 302.319 (BMWA).

The following table shows the structure of qualification of employees (WKÖ):

Highest level of qualification	1981 %	1991 %	2000 %	Deviation 2000-1981
Universities and equal qualifications	4,7	7,2	9,6	4,9
Higher schools providing vocational education	4,0	5,6	9,7	5,7
General higher schools	3,4	4,3	6,4	3,0
Middle schools providing vocational education	11,8	13,0	11,3	-0,5
Apprenticeship Training	35,5	40,5	41,5	6,0
Obligated school	40,6	29,4	21,4	-19,2
In absolute numbers	3,411.521	3,684.282	3,917.700	506.179

1.1.2. Economic Performance

According to AUSTRIA STATISTIK the economic growth in Austria in 2003 was 0.7 %, compared with an international OECD-average of + 2.0 % and exactly in the EU-average of + 0.7 %.

The gross domestic product (GNP / BIP) in 2003 grew from 6.0 billion EUR, which is 2.7 % to 224.3 billion EUR. For each inhabitant the GNP is 27.760 EUR (+ 2.4%).

Export rose 0.9 % (nominal) / 1.0 % (real).

The domestic demand in 2003 had a definite stronger development as in the year before. Especially gross investment could rise, after two declining years, for + 5.4 % (nominal) / + 4.6 % (real).

The inflation rates in 2004: January 1.1 %, February 1.4 % and March 1.6 %.

The following table shows the development of Austria's GNP in the last years:

¹ BMWA – Bundesministerium für Wirtschaft und Arbeit (The Ministry for Economic Affairs and Labour)

² WKÖ – Wirtschaftskammer Österreich (The Austrian Chamber of Commerce)



	1998	1999	2000	2001	2002	2003
GNP nominal, in billion EUR	190,6	197,1	206,7	212,5	218,3	224,3
% to preceding year	4,5	3,4	4,9	2,8	2,7	2,7
% to preceding (real)	3,9	2,7	3,4	0,8	1,4	0,7

© STATISTIK AUSTRIA

1.1.3. Structure of the Corporate Sector

The total number of companies in Austria in 2003 is 248.909 (WKÖ). As the following table shows, the structure of the corporate sector has a main focus on small and middle-sized enterprises:

Number of Employees	Number of Companies	Percentage in the corporate sector
1 – 9	208.054	83.6
10 – 49	33.132	13.3
50 – 299	6.702	2.7
300 – 499	526	-
500 – 999	330	-
More than 999	165	0.4 (300 employees and more)

According to the Austrian Institute for SME Research, in 2003 64.8 % of all employees worked in the SME sector and 35.2 % in companies with more than 250 employees.

1.1.4. International Conventions Subscribed by the Country

Austria has subscribed most of the important international and European conventions on human rights and nature. Problems in which intensity some of these conventions are observed have i.e. been discussed in context with the Woman Referendum in 1997 that was signed by 644.665 Austrians. Consequent politics of sexual equality concerning the state and economies, in the way they were demand on the referendum, have not been realized until now.

Austria has signed the European Convention on Human Rights (ECHR) and therefore accepts the resolutions of the European Court of Human Rights concerning national law and courts.

In a number of matters concerning environment, Austria's demands exceed the European agendas, i.e. the engagement of Austria in the Convention for the Alps is in a permanent conflict with economical interests of the European Union. Another example of a distinctive environmental consciousness in public and consequent politics is the fact of not using nuclear energy in the country.

Moreover, concerning the Austrian development politics of the Federal Ministry for Foreign Affairs, things substantially changed in 1992. Up to this time the supports were predominantly assigned with many countries acting in small projects in different sectors. In 1992 a selection took place to select co-operation countries with the goal to concentrate the supports on these countries. In the consequence sector programs were formulated together with the partner countries.

The Austrian development politics were affected very strongly by international political changes in the starting nineties. On the one hand paging shifted the interest in development questions in Eastern Europe. Reasons for it can be seen to the better export chances for enterprises in the geographical proximity and in the embarrassment by the war events in former Yugoslavia. Further the entry of Austria to the European Union at in 1995 was a political and economic change with itself. By the entry Austria has the possibility of taking part of the common European Union development policy however it has also the obligation to co-finance the common development co-operations. Austria's commitment to the politics concerning international conventions of the European Union lets the country follow the mainstream of the international development policy, which sat down to the goal of decreasing the world-wide poverty, secure peace on earth and arrange a fair process of the globalization. The concrete goals are formulated in the International Development Goals (please see www.bmaa.gv.at). The Millennium Goals are today a firm point of reference in the international development policy.

1.2. CSR History in Austria

In the beginning of 2002 CSR was discussed by the Federation of Austrian Industry³ and the Federal Ministry for Economic Affairs and Labour leading to start the program CSR Austria together with the Austrian Chamber of Commerce as another partner. This program initiated the first study about CSR in Austria by sending a 14 pages questionnaire to 1.210 Austrian companies. The questionnaire was answered by 243 participants of the study (ratio of return: 20.1 %). From June to December 2003 business representatives met representatives from diverse social groups, social partners, international organisations and NGO's to fundament the guiding CSR vision for Austrian businesses with the motto: "Economic Success – Responsible Action."

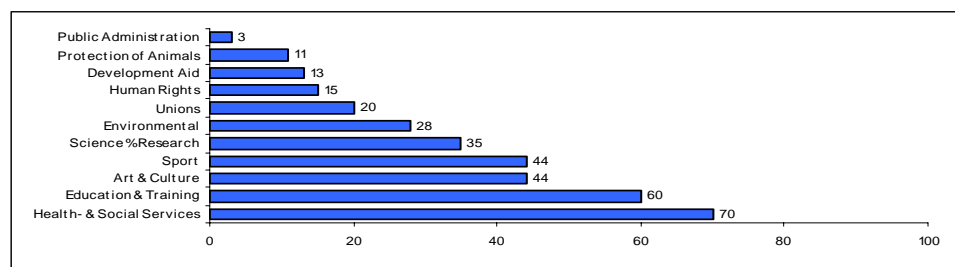
1.3. CSR Overview

1.3.1. CSR Situation in Austria

According to the CSR Austria Study in 2003 activities in any kind of corporate citizenship have been made in 2002 by 97 % of the enterprises. Regarding small enterprises one third was engaged in an amount up to 2.500 EUR, the second third between 2.500 and 5.000 EUR and the most active third with more than 5.000 EUR. The first third of middle-sized enterprises have invested up to 7.000 EUR into corporate citizen activities, followed by a second third with up to 15.000 EUR and a final third engaged with over 15.000 EUR in one year. The appropriate limit values of large companies are 12.000 and 45.000 EUR.

Cash donations are the most popular field in corporate citizenship with 93 % of the Austrian companies, followed by donations in goods (85 %). Non profit organisations are financially supported by sponsoring contracts with 68 % of the enterprises while another 58 % are engaged in the field of corporate volunteering of their co-workers.

Subjects of Interest in CSR



Source: CSR Austria Study in 2003.

Reasons for supporting non profit organisations are in three of four cases the ethical and moral convincement of management (concerning the owners in 38 %), while one quarter believes in a positive impact for their business success and 23 % are motivated for corporate citizenship due to their co-workers. Public pressure leads to engagements in 6 % and defaults of the parent company in 3 %.

To differentiate on the basis of companies' size, small enterprises consider the positive impact on their business due to CSR only in 12 % - a number that is doubled considering middle-sized and large companies.

Reasons for not improving their engagement in corporate citizenship are the missing financial resources (68 %), too less or too unclear use of the engagements in relation to its expenditures (53 %) and missing time resources (46 %).

Still there is no unique and an in general accepted definition of CSR in Austria.

³ Österreichische Industriellenvereinigung (IV).



1.3.2. Main Facts Related to CSR Occurred in 2003 / 2004

- 2003, February 19: Start of the website www.csr-austria.at;
- 2003, February: Start of the study "CSR Austria";
- 2003, June: Start of the stakeholder dialogue to develop the guiding vision of CSR for Austrian businesses;
- 2003, November 14: Presentation of the initiative CSR Austria at the CSR-Conference of the EU in Venice;
- 2003, November 17: In Seven steps to a sustainability report;
 - Presentation of a brochure;
- 2003, December 3: Guiding vision "Economic Success – Responsible Action";
 - Presented by the Minister for Economic Affairs and Labour;
- 2004, January 13: TRIGOS – First Austrian Award for CSR -Presentation of the initiative;
- 2004, February 19: CSR-Congress at the University of Economic in Vienna;
- 2004, March 16: CSR Graz, Start of a series of workshops in Steiermark.

Please also see 8.4. Main CSR Events during 2003.

1.3.3. Expected CSR Trends

Two of three companies taking part of the CSR Austria Study in 2003 want to keep on the same level considering their corporate citizenship activities. 23 % of the companies expect a rise of their engagements and 10 % a reduction.

Only 14 % of the companies plan their corporate citizenship activities in a strategic way. 52 % of the decisions are made regarding politics of the enterprise but without a strategic analysis. With 32 % of companies engaged in corporate citizenship without any strategic relation to their business it can be expected that on the long run corporate citizenship will become more professionalized.

A higher recognition for corporate citizenship activities is wished by 37 % of the companies, followed by the demand on higher professionalism of non profit organisations (26 %) and a certification of companies with a large engagement in corporate citizenship (21 %). On the first place however companies (as well as Austria's non profit organisations) would expect fiscal removability concerning their financial spending (78 %).

Finally, recognition of CSR as a win-win strategy is not enough developed in the Austrian CSR situation.

CHAPTER 2. BUSINESS ETHICS

2.1. Use of Written Statements

2.1.1. Visions and Values

According to the CSR Austria Study in 2003 three-quarter of the Austrian companies have a system of values based on their specific profile. In most of these cases it is documented as a company's vision or its mission statement. The intention about visions and values written by the companies is to improve the corporate culture (93 %), support the correct behaviour of their co-workers (68 %) and improve management qualities (61 %).

One of four companies has external reasons for writing the company's values to improve the image, 12 % of the companies want to increase their acceptance in the local surrounding field.

Values most highly classified are honesty (80 %), reliability (79 %) and responsibility (71 %).

One a second stage the estimation of values in their importance is following in:

- Self initiative (64 %)
- Success orientation (61 %)
- Flexibility (56 %)
- Team working (55 %)
- Openness (55 %)
- Thriftiness (39 %)
- Self-assurance (34 %)
- Tolerance (33 %)
- Discipline (30 %)

Arguments of the companies relying to written statements are the importance of economical success (66 %), followed by expectations of their stakeholders (64 %). Nearly one quarter of the written statements is regarded as an orientation for economical decisions in difficult circumstances.

The implementation of written statements is powered in 96 % by the company's management. In 33 % high-level personnel was responsible in working out written statements, followed by personnel department and co-worker committee (7 %), consultants (6 %) and communication department (3 %).

The responsibility to keep the written values is regarded in 86 % to be a matter of the management, high-level personnel (61 %) and the whole number of co-workers in 37 %.

2.1.2. Mission

Two of three companies in Austria express their high meaning of protecting nature in a way that they admit this mission in writing and in public. About half of the companies using written statements see this as a basis for developing the own company to a responsible corporate citizen. But there is also the opinion that values in the own enterprise – especially in family businesses – are a matter of course and don't need to be formulated as missions or in other forms of written statements.

Mission statements can also be regarded in the context of advertisement and product design that can point out an environmental or eco background and mission to its buyers (i.e. in opposite to genetically modified products). In this advanced sense a growing consciousness for missions can be noticed especially in the consumer goods markets in Austria.

2.2. Corporate Governance

2.2.1. Codes of Conduct

The Austrian Code of Corporate Governance is a "voluntary self-regulatory initiative designed to reinforce the confidence of investors by improving reporting transparency, the quality of cooperation between supervisory board, management board and shareholders, and by taking long-term value creation into account." (Preface of the Code).



Prepared as a draft by the Austrian Institute of Certified Public Accountants⁴ and the Austrian Association for Financial Analysis and Asset Management⁵, an Austrian working group consisting of representatives of IWP and ÖVFA, listed companies, investors, Stock Exchange Vienna and Academia finalized the Code in October 2002. The Code primarily applies to Austrian stock listed companies and is based on the provisions of Austrian corporation law, securities law and capital markets law as well as on the principles set out in the OECD Principles of Corporate Governance. It is also recommended that companies not listed on stock exchanges follow this Code.

The Code comprises different categories of rules from legal requirements and rules where any deviation must be explained up to recommendations, where it is the nature of these rules that any non-compliance with it requires neither disclosure nor explanation.

As the CSR Austria Study in 2003 has shown, 59 % of the Austrian enterprises know the discussion about corporate governance. 16 % of the companies taking part in the study have signed the Code. The reasons for not signing the Code are not enough use from it for every second company followed by too much bureaucracy (43 %), no demand on the side of clients, banks or investors (36 %) and not enough orientation on the needs of SME (36 %).

Companies having signed the Code do this for being better prepared for the future (62 %), thinking that transparency and control is a sign for a successful enterprise (62 %) and believing in the importance of corporate governance in the context of international financing (54 %).

2.2.2. Business Principles Statements

Based on the principles of relevant laws in Austria as on the OECD Principles of Corporate Governance (please see 2.2.1.), the Austrian Code of Corporate Governance contents laws, rules and recommendations in the following topics:

- Shareholders and the general meeting;
- Scope of competence and responsibilities of the management board;
- Rules governing conflicts of interest and self-dealing;
- Compensation of members of the management board;
- Scope of competence and responsibilities of the supervisory board;
- Appointment of the management board;
- Committees;
- Rules governing conflicts of interest and self-dealing (supervisory board);
- Compensation of members (supervisory board);
- Qualification of members of the supervisory board;
- Qualification of members and composition of the supervisory board;
- Co-determination;
- Cooperation between the supervisory board and the management board;
- Transparency and auditing;
- Transparency of corporate governance;
- Financial reporting and disclosure;
- Investor relations and the internet;
- Audit of the financial statements.

However according to a study of the law firm Haarmann Hügel in Vienna in 2003 that analyzed the websites of 37 companies on the Austrian prime market only one company could be identified accepts the Corporate Governance Code completely (OMV). Recent members of the Code are 17 companies.

2.2.3. Dialogue with Stakeholders

According to the Austrian Code of Corporate Governance shareholders (as one group of the total group of stakeholders) are to be treated equally unless there are legitimate reasons justifying a differentiation. The rights of shareholders are exercised at the general meeting which must be held at least once a year. The management board as well as the supervisory board or a minority of

4 IWP - Institut Österreichischer Wirtschaftsprüfer.

5 ÖVFA - Österreichische Vereinigung für Finanzanalyse und Asset Management.

shareholder owning 5 % of the shares may convene an extraordinary general meeting at any time (Austrian Code of Corporate Governance).

As the CSR Austria Study in 2003 shows, Austrian enterprises regard their clients and customers as the most important group of stakeholders (92 %), followed by co-workers on the second stage with 68 %.

In general the CSR-model promoted by CSR Austria is dividing stakeholders in three fields: Business ethics are concerned with co-workers, clients and suppliers; corporate governance is concerned with the responsibility of the management and supervisory board regarding shareholders and as a third field with corporate citizenship that shows the relations and role of the company regarding its social environment and the civil society with its organisations.

Considering the dialogue with important stakeholders in the context of being strategically aware on social, ethical and environmental risks, 63 % of the large Austrian companies followed by 51 % of middle- and 46 % of small-sized enterprises regularly accomplish risk analyses.

2.2.4. Transparency

As shown in 2.2.1, from all companies having signed the Austrian Code of Corporate Governance, 62 % regard transparency and control as a sign for a successful enterprise. However transparency in itself is not always wanted by all market players in the Austrian industries. As incorporated companies have the duty by law to publish at least one report a year, transparency is also become more and more a criterion of public awareness in reference to the credibility for all types of companies.

2.3 Accountability

2.3.1. Financial Reports and Auditing

In April 2002 the Austrian Financial Market Authority (FMA) assumed its powers and responsibilities under the Financial Market Supervision Act (FMABG). After a long debate on the establishment of an integrated financial supervisory authority, the act was approved in summer 2001.

All supervisory tasks and resources are transferred from the Federal Ministry of Finance (banking, insurance and pension funds) and the Austrian Securities Authority⁶ (securities supervision) to the new supervisory body. The reform has established the FMA as an institution under public law, and its independence is secured by constitutional provision. The FMA is now the single statutory supervisory body directly responsible for banking, insurance and pension funds, securities and stock exchange supervision.

The Austrian Constitutional Court's ruling from December 12, 2001 indirectly rendered the legal foundation of the FMA obsolete. The Supreme Judges saw the corporization of financial market supervision in conflict with principles of the Austrian Constitution. In an amendment, the Austrian Parliament repaired the act with the votes of all parties represented in parliament and the status of the FMA was secured by constitutional provision.

The need to reorganize the old supervisory regime came to a certain extent from the altered international regulatory conditions. This development particularly relates to the Basel Core Principles and the new, distinct capital provisions under Basel II, which are under consideration. On the other side, the growing globalization of the financial markets necessitates an expansion of audit and supervisory activities and increased international cooperation of supervisory authorities. New advances in the financial world, increasing complexity of financial services, growing cross border business, company mergers and the emergence of financial conglomerates pose a new challenge for supervisory authorities.

The Austrian approach to financial system supervision concentrates on the core functions performed by the financial system, rather than on institutions or sectors and is in line with a functional approach to supervision. The new, single financial supervision system overcomes the institutional segmentation of the old system and has considerable potential for increased cost efficiency and sufficiency of resources. In addition the new system is sector neutral and ensures a level playing field for all financial institutions doing business in Austria. To enhance the enforceability of supervisory measures, the FMA will be vested with administrative penal power and the power to enforce its supervisory rulings. Moreover, the FMA has the power to issue ordinances. No appeal of any kind is possible against rulings issued by the FMA (with the exception of administrative penal rulings).

The FMA is made up of an Executive Board and a Supervisory Board. The Executive Board consists of two directors, who are appointed on the basis of a proposal by the Federal Minister of Finance and the OeNB - the Austrian central bank - with reappointment permissible. Their term of office is three years when first appointed, five years in case of reappointment. The Board is in charge of all FMA's

⁶ Bundes-Wertpapier-Aufsicht.



operations and conducts the FMA's business. The Supervisory Board of the FMA is composed of the Chairman, the Deputy Chairman and six other members. The members of the Supervisory Board are appointed by the Federal Minister of Finance. The Deputy Chairman and two additional members of the Supervisory Board are designated by the OeNB. Two co-opted members are designated by the Austrian Federal Economic Chamber. Supervisory Board members serve for a period of five years, with reappointment permissible. The Supervisory Board oversees the management and the conduct of business of the FMA. Certain undertakings require the approval of the Supervisory Board (e.g. finance plan, purchase of property, annual accounts, rules of procedure).

To foster cooperation and the exchange of views and to provide advice on supervisory matters, a Financial Market Committee is set up at the Federal Ministry of Finance, serving as a platform for the institutions jointly responsible for financial stability. This committee, however, is no decision making body of the FMA.

As already the state of affairs in insurance and securities supervision, the costs of supervising the banking and pension fund sectors will be borne foremost by the supervised institutions themselves. The Republic of Austria pays an amount of € 3.5 million per fiscal year, and the FMA is obliged to perform in the most economical and cost efficient way.

Despite the establishment of the FMA as the single, statutory supervisory body, there is a far reaching and extended operational involvement of the OeNB in the supervision of the banking system. By law, the OeNB must be entrusted with on site inspections and the examination of credit and market risk of banks. The Banking Act anticipates the extension of auditory responsibilities to other financial institutions. A formal consultation process assures strong institutional cooperation between the FMA and OeNB (participation of FMA and OeNB members at on site inspections is possible), and OeNB's position in international supervisory cooperation is enhanced. The OeNB's rights to be consulted (e.g. prior to the granting of a license or issuance of an ordinance), which are laid down in the Banking Act, remain untouched. The OeNB will continue to collect and process money and banking statistics (e.g. monthly returns, quarterly reports, major loans register) on behalf of the FMA.

With the formation of the FMA, there is an independent, efficient Austrian supervision in line with recent international developments that is open to material improvements in supervisory instruments and future requirements benefiting the stability of the Austrian financial market. The FMA has budgetary independence, autonomy in employment and the resources to recruit highly qualified staff. The FMA will use its resources in the most economic and efficient way.

The FMA aims to be an open, transparent and consistent supervisor, and its accountability is clearly defined. (More information under www.fma.gv.at)

2.3.2. CSR Reports and Auditing

As it will be shown in 5.3., reports for sustainability have already been published by OMV, Telekom Austria, EVN, Verbund and others.

2.3.3. CSR Related Certifications

According to a report of ISO in December 2002 around 50.000 organisations over the world have been certificated with the norm ISO 14001. This report includes 429 certifications in Austria. For 2003 the analyses of the German Federal Environmental Agency show 500 certifications in Austria.

The initiative ÖkoBusinessPlan Vienna offers programs in the following environment certifications considering size and market of a company:

- ÖKOPROFIT
- EMAS
- ISO 14001
- UMWELTZEICHEN TOURISMUS
- ÖKOBONUS

More than 420 enterprises alone in Vienna have already took part at ÖkoBusinessPlan Vienna and realized over 5.000 projects and measures in environmental concerns.

2.3.4. CSR Toolkits

CSR toolkits are recently developed in a number of organisations (please see chapter 8), enterprises, non profit organisations and universities.

CHAPTER 3. SOCIAL RESPONSIBILITY

A – Internal Dimension

3.1. Human Resources Management

As the economic situation in Austria is in a strong interdependence with the problematic markets in Germany over the last years, human resources management is in a conflict between becoming a more important sector of economic success and the tendency of a “hire and fire” mentality. Low-paid jobs without social securities are one of the answers for the flexible needs in many industries while on the other hand human resources management is becoming more professional particularly in companies with the need of a permanent staff with high competences and qualifications.

Nevertheless a new project on human resources management in Austria was in Austria in March 2004: The IIP Standard (Investors in People) which was initiated in UK in 1991 to promote competitiveness and is internationalised since 1998 (now operating in 26 countries around the world) was introduced in Austria by IV in a pilot project in March 2004. Kick-off workshops in the companies taking part at the pilot project begin in April 2004. From April to June analyses and reports are made in these companies to be the basis for common works on action plans. Finally in March 2006 the companies should be awarded with renowned IIP Standard.

The nine Austrian companies chosen by IV to join the pilot project are:

-  AMS Burgenland
-  Benda-Lutz Werke GmbH
-  Borealis GmbH
-  Cimbria Heid GmbH
-  Intercell AG
-  ISS Facility Services GmbH
-  LEM NORMA GmbH
-  voestalpine AG
-  DLA Weiss-Tessbach

More information about the project is available under www.investorsinpeople.at.

3.1.1. Lifelong Training

Further and external trainings for management and co-workers vary in view to the size of the Austrian companies. Two of three middle-sized or large companies are regularly engaged to train their staff in all levels of qualifications. Middle management is regularly qualified by in 73 % of the large Austrian enterprises and 64 % of middle-sized enterprises, followed by top management in 60 % of large and 56 % of middle-sized enterprises. Related to all groups of co-workers no training is offered to 3 % of the staff in large and 5 % in middle-sized enterprises. A big number of the companies in Austria have own programs for qualifications related to their specific needs.

The yearly engagement for every staff member of the Austrian enterprises taking part in the CSR Austria study in 2003 is up to 500 EUR in 67 % of the companies, between 500 and 1.000 EUR in 15 % and over 1.000 EUR in 18 %.

3.1.2. Balance between Working and Private Life

According to a study of GfK Group⁷ work is more important to the Austrians than their spare time. The international study shows that 41 % of the Austrians see more value on working than on the free time. For 20 % the recovery plays a larger role. 38 % consider a balanced relationship between work and spare time. For this study approximately 22.000 humans were asked in 21 countries in 2003.

3.1.3. Equal Opportunities

According to the CSR Austria Study in 2003 the equal treatment of co-workers is regarded as very important by more than half of the companies. To promote woman in high-level positions is estimated

⁷ GfK - Gesellschaft für Konsumforschung (Society for Research on Consumption).



as very important by 15 % and as important by 52 %. As family-friendly possibilities 85 % of the companies are offering flexible working times, 74 % part time jobs and 28 % working in the home office. Specific children-orientated offering are made by 5 % of the companies, while these measures could only be determined in the field of large companies.

3.1.4. Voluntary Social Protection Charges

53 % of the companies taking part in the CSR Austria Study in 2003 offer additional investigations for health care of their co-workers. Another 48 % are engaged in offering programs in sports and spare time, followed by 41 % in cultural activities. The additional social security often has a long-term tradition in family businesses in Austria.

3.2. Health and Safety at Work

With support of the European Union AEIOU as a new platform for healthy enterprises was founded in Austria in July 2003. Because already a quarter of all early retirement is caused by ill-health and the average age for retirement sinks, several Austrian organizations have created this platform in order to encounter this development (the Chamber of Commerce, the Trade Union Association OEGB, the Pensions and Accident Insurance, the Federal Office of Social Affairs and the Red Cross). Its purpose is launch projects which help to design work processes in a way that employees remain longer at work.

3.3. Adaptation to Change

An active employment policy is the central element of the European politics in social and labour fields including guiding lines to improve the adaptation to change. Austria's political measures in this field are focussed and realized by social partners, ministries and the Labour markets service of the state⁸. In special laws and recommendations, financial incentives for companies and concrete programs for unemployed people, Austria's strategy is to combine personal responsibility with advancement against the background of reforms in the social systems.

According to the CSR Austria Study in 2003 61 % of the companies include their co-workers in restructuring measures as every second company is looking for alternative solutions when its staff in danger due to operationally reasons. Every third company therefore is investing in measures to better qualifications or re-education of its co-workers.

B – External Dimension






3.4. Local Communities

3.4.1. Sponsoring

Sponsoring activities in Austria are estimated in an amount of 100 million EUR in 2003 with a tendency to rise (Chamber of Commerce Austria). Following a study of the non profit organisation CARE in June 2003 which includes 300 asked decision makers of the top 1.000 enterprises in Austria, the winner in attractiveness is social sponsoring with 37 %.

A study realized by GfK in 1998 shows the following picture on sponsoring in Austria. Participants of the study have been the top 500 Austrian companies of which 479 companies provided information about their sponsoring activities.

Participants of the study:

-  45 % Industry
-  32 % Retail
-  7 % Energy sector
-  4 % Banking
-  3 % Insurances

⁸ AMS – Arbeitsmarktservice.

As the study was focussed on the field of arts it shows the following segmenting:

- Fine arts 27%
- Music 25%
- Performing arts 21%
- Literature 8%
- Film/photography 8%
- Architecture/design 7%
- New media 6%

76% of the asked enterprises were represented with their art sponsoring activities in the media:

- 94% in printed media
- 58% in internal publications
- 49% on TV
- 38% in the radio

With their medial presence 20 % have been very satisfied, 25 % satisfied, 21 % neutral, 10 % are not and another 3 % not at all satisfied (21 % did not answer to this question).

3.4.2. Corporate Volunteering

The European Survey of Values from the University of Tilburg (NL) shows that in 2000 66.8 % of the Austrian population is a member of at least one voluntary organisation (West-Germany: 50.9 %). Voluntary work for an organisation is done by 30.4 % of the population (West-Germany: 22 %).

As shown in 1.3.1, the number of enterprises in Austria engaged in corporate volunteering is 58 %.

3.5. Business Partners, Suppliers and Consumers

3.5.1. Development of Long Term Partnerships

Besides to a growing consciousness concerning strategic partnerships for new business opportunities in the field of internet and communications technologies and other innovative sectors, there is also an upcoming focus of Austrian enterprises being partner in public projects like infrastructure, building industry, health service and cultural or social fields.

PricewaterhouseCoopers has analysed in 2003 a potential of savings for the Austrian state in an amount of 250 million EUR each year if joint-ventures and public private partnerships between private enterprises and the state were realized consequently. The management of Austria's Investkredit Bank estimates a potential of 1.5 billion EUR possible in public private partnerships projects in the country (Investkredit, Wilfried Stadler, Austrian Press Agency 2004). Every fourth road and up to 40 % of the health achievements come from private companies according to Investkredit. Public Private Partnership in the value of 2 - 3 billion EUR has already been realized in Austria. In addition the building of the mobile phone infrastructure is a public private partnership with an additionally volume of 1.5 billion EUR.

One of the latest initiatives in the field of public private partnership in Austria is the 3P Public Private Partnership Foundation www.ppp-f.at, founded by some of the most renowned advocates of Austria.

3.5.2. Supply Chain Ethical Control

Apart from cost reasons Austrian enterprises select their suppliers, according to the CSR Austria Study in 2003, for 84 % due to the criterion of quality management followed by standards in health and security (66 %), prohibition of children at work (44 %), engagement in protecting nature (38 %) and keeping of the human rights (33 %).

Besides to a growing public awareness on corporate social responsibility scandals i.e. in consumer goods like BSE have lead to a change in thinking about the derivation of products.



3.5.3. Responsible Marketing

Besides to a number of best practice responsible marketing activities in Austria, no representative data were available in this field. Even the office of the Austrian Advertisement Association and the president of the European Advertisement Association could not help us in getting data material in this field and respectively in 8.1. cause related marketing.

3.5.4. Design for All

Design for all is a challenge discussed in Austria in various contexts from equal conditions in studying at schools and universities up to technical developments i.e. automats in public. The government i.e. is supporting special university studies in design for all concerning e-accessibility.

In 2003 the Austrian Federal Chancellery was one of the winners of the eEurope Awards for eGovernment organised by the EU Information Society with the following project:

HELP – Virtual Guide to Austrian Authorities and Institutions, Federal Chancellery
HELP is a virtual guide to Austrian authorities, offices and institutions that provides citizens with information on official proceedings, dealings and fees, as well as forms that can be downloaded or completed on-line.

3.6. Human Rights

Within the human rights policy of the European Union Austria was especially engaged in the further development of the guiding lines of the EU based on the catalogue of measures from December 9 in 2002. Furthermore Austria was an active partner in the discussion of the EU concerning the preparations for the UN Commission on Human Rights at UN General Assembly. Austria was also a participant of several EU missions in 2002 in conflict areas.

3.7. Social Labels

No representative results for Austria could yet be identified for this research.

3.8. Fair Trade Initiative

EZW Dritte Welt, founded in 1975 is the largest importing organisation by far in Austria. It accounts over 60 % of the sales of Austrian world shops. The second largest organisation, Eine-Welt-Handel, has grown considerably in the last few years and has begun to establish a network of franchise shops. Five further organisations fulfil the Austrian world shops criteria for accreditation of suppliers to world shops: El Inka, CONA, LiCok, SAT and dritte-welt-partner (from Germany).

Austria has 68 world shops, of which 62 are members of the Austrian world shop association (ARGE Weltläden). Since 195 all member world shops have operated under the same name and logo. They also have a common marketing and communication plan and engage in many joint activities all the year round. The typical shop has one paid part-time coordinator working with a group of anything between 6 and 20 volunteers.

Since 1993 TransFair Austria has been active in bringing Fair Trade products into the supermarkets. Labelled products in Austria currently include coffee, tea, cocoa and chocolate as well as orange juice. Through 8 licensees, Fair Trade labelled products are available in more than 1.500 supermarkets.

The two largest importing organisations have a joint turnover of around 6.5 m. EUR. According to a market research in 1999 (Nielsen), 30 % of the Austrians recognise the Fair Trade label. Of these 9 % have bought TransFair products regularly, 38 % occasionally and 49 % not at all.

Source: European Fair Trade Association (EFTA, 2001)

CHAPTER 4. ENVIRONMENTAL RESPONSIBILITY

4.1. Management of Environmental Impacts and Natural Resources

4.1.1. Minimizing Environmental Impacts

The OECD Report 2003 shows that the efforts of Austria's industry to decouple economical growth and environmental pollution work out. One indicator for that is – according to OECD – that the GNP in Austria has grown about 40 % faster in the last ten years as the energy consumption.

While the latest OECD report shows progress in some fields, especially the water quality of the rivers and lakes, non profit organisations criticise a still not satisfying environmental situation in Austria concerning climatic protection. In this field Austria belongs to the latecomers in Europe. Looking to the future, the OECD report in 2003 recommends that Austria:

- Improves its water and nature management framework in the European context, including the challenging Water Framework and Habitat Directives. A coherent network of protected areas is still missing in Austria, and management is not sufficient in a number of protected areas.
- Improves the efficiency of its environmental policies and cuts environmental subsidies to be in line with the "polluter pays" principle. This will entail a wider use of economic instruments.
- Better integrates environmental concerns in sectoral policies such as energy, transport, agriculture and forestry policies through institutional integration and market-based integration. This includes a need for better demand management (e.g. transport, waste).
- Translates the environmental diplomacy objectives of the country more clearly in its Official Development Assistance programs and financial assistance to central and eastern European.
- Implements the national climate strategy, including by use of fiscal and other economic instruments.
- Focusing on the past 10 years, the report recognizes Austria's major environmental achievements, including:
 - Continuous progress in reducing emissions of a range of air pollutants and decoupling SO_x, NO_x and CO₂ from economic growth, reaching low levels of pollution intensity, reflecting a low energy intensity and relatively high supply in renewable energy (24% of total).
 - The quality of surface waters has continued to improve, and the quality of groundwater can rightly be a matter of national pride.
 - The effective enforcement and compliance of environmental regulations reflect the convergence of public demands, federal and provincial efforts and industry's commitments to environmental progress.
- Overall, Austria's expenditure on pollution abatement and control - more than 2.1% of GDP - represents a strong environmental effort by OECD standards and has generated economic benefits such as exports of environmental technology and encouragement of its large tourism industry.

4.1.2. Product Lifecycle Approach

Austria's consumers are on the world top concerning waste separation with over 100 kilogram packing per person in one year (source: ARGEV). The largest growth of potential recyclable in 2002 were light packing (+ 5.1 %), metal packing (+ 5.2 %) and wood packing (+ 6%).

In a study of IMAS in 2003 96.6 % of the Austrian population say that they separate packing.

4.1.3. Eco-labels

Besides to a number of special eco-labels offered in special stores in Austria (please find more at <http://e-taten.municipia.at>, 315 enterprises are active in the environmental technology industry reaching 2.5 billion euro profit. In industries such as biomass technology, energy efficiency and solar technology secure 16.000, together with the sector of environmental services the number of jobs is 85.000 places. The export quote of these environmental enterprises is at 60 %, which can be regarded

as a proof for high quality and competitive ability. Important industries in Austria are based on nature, like the tourism and forestry.

4.1.4. Savings in Natural Consumption

The OECD Report in 2003 showed a better environmental responsibility particularly obtained in the sectors industry and energy supply, while private consumers exhibit constantly rising values. The traffic sector remained on constantly high level. The goal of 103.000 tons of NO_x as a national maximum quantity of air pollution in 2010 (EU guideline 2001/81/EG) was by far exceeded in 2001 with emissions by 199.000 tons. Following STASTIK AUSTRIA the companies in Austria pay 10 million EUR each day for environment protection which is 3.7 billion EUR in one year. The spending in environment is divided as follows:

- 55.2 % by companies
- 24.7 % by the state and non profit organisations
- 20.1 % by private households

In 2000 the spending for environment protection was at a total amount of 6.7 billion EUR (in 1999: 6.9 billion EUR). The spending has been invested in the following fields:

- 34 % for water protection
- 33 % for waste management and industry
- 13 % for nature protection
- 8 % for air and climate protection
- 4 % for research and development, noise control and radiation protection

4.2. Global Environmental Concerns

The Environmental Sustainability Index (ESI) of the Yale Centre for Environmental Law and Policy and the Centre for Earth Science Information of the Columbia University which measures the environmental performance of 122 countries has listed Austria at place 8 at a glance and at number 5 in Europe (ESI 2001).

A problematic situation, according to the Austrian Ministry for Environment, is that in 2003 the country emitted 4.8 % more greenhouse gases than in 2001. In the comparison to 1990, the Kyoto base year, Austria emitted in 2003 7.8 million tons, which is 10 % more greenhouse gases in 2001. The OECD Report in 2003 shows the result that Austria could not come nearer to the Kyoto goal of a 13-% reduction from greenhouse-effective gases till 2010.

4.3. Sustainability Development Practices

As the CSR Austria Study in 2003 shows, only 27 % of the small-sized companies have written statements for environmental concerns although the readiness of protecting nature is highly developed in the country. Reasons for this gap may lie in the traditional aspect that the regional locations of these companies often are at the same time tourist regions so that sustainable development practices are in their own interest. Still many of the SME, which are not in the same extent under the pressure of public, see not enough need or use in a declaration of their position concerning environment.

Austrian non profit organisations furthermore postulate that the government should get in use of fiscal and economic instruments of environmental protection.



CHAPTER 5. SOCIALLY RESPONSIBLE INVESTEMENT (SRI)

5.1. Social Ratings

A study of the Austrian Gallup Institute in 2002 shows that 34% of the Austrians and 58 % of investors orientated in environment, are interested in an index for the social and environmental sustainability of Austrian companies. 34 % of the investors without shares in Austrian companies are willing to invest in Austrian companies as soon as their social responsibility has been proofed.

Indicators to measure CSR are developed in a current dialogue between the Stock Exchange in Vienna and the University for Economics at the open web platform www.easey.at (please find more at 5.3.).

5.2. Ethical Funds

In 2002 private investing in Austria in ethical funds has reached 1.4 billion EUR, which is 0.4 % of the Austrian funds volume (Source: Oberösterreichische Nachrichten, 29.01.2003).

Ethical funds in Austria have been tested by the Magazine Konsument in February 2003 following the criteria of analyses like:

- Nuclear power
- Genetic engineering in agriculture
- Effects on climate change
- Persistent organic pollutants
- Armament goods
- Human rights
- Research on embryo

The only ethical funds that could keep all criteria were Prime Value Mix. Other ethical funds are evaluated in the following table – for further information please see the websites below:

- Prime Value Mix: ++
(Bank Gutman, www.gutmann.at), since 28.12.1995
- Raiffeisen-Ethik-Aktien: +
(Raiffeisen Zentralbank Österreich, www.raiffeisencapitalmanagement.at), since 13.05.2002
- Kepler Ethik Aktienfonds: +
(Raiffeisenlandesbank Oberösterreich, www.kepler.at), since 02.07.2002
- s EthikAktien: +
75/117/EC – Equal payment between men and women (Sparkasse Oberösterreich, www.kag.at), since 02.05.2002
- Superior 3: +
(Bankhaus Schelhammer & Schettera, www.schelhammer.at/kag/), since 18.11.1991
- s EthikBond: +
(Sparkasse Oberösterreich, www.kag.at), since 02.05.2002
- Espa Stock Ethik: +
(Erste Bank, www.sparinvest.at), since 17.06.2002
- ABN Amro Funds – SICAV Socially Responsible Equity: 0
(Ernst & Young Vienna, www.asset.abnamro.nl), since 03.12.2001
- Invesco Fair / Invest Balance: -
(Constantia Privatbank, www.invesco.at), since 13.05.2002

AXA World / II – Global Ethical Equities:

(Bank Austria Creditanstalt, www.axaim.de), since 02.01.2002

As the list shows, ethic funds have no long tradition in Austria, but it can be expected that this kind of investment is just at the beginning. Following Austria's daily newspaper for economics, the total number of funds with ethical, environmental or sustainable orientation available in Austria has been 46 in autumn 2003 (WirtschaftsBlatt, 09.09.2003).



5.3. Companies Listed in Social Indexes

According to the Austrian association of financial analysts (ÖVFA) over a dozen of the 40 companies in the prime market at the stock exchange in Vienna already would fulfil the criteria of a CSR index. As talked about in 5.1., a new index is planned at the stock exchange in Vienna especially for CSR. At the current status it is planned to that this EASEY-Index should start with 12 till 17 members. Important Austrian companies such as Erste Bank, voestalpine and UNIQA already have shown their interest. According to the newspaper Standard (03.11.2003) VA Tech is one of Austria's leading companies in CSR, also listed in the FTST4Good-Index. Reports for sustainability have already been published by OMV, Telekom Austria, EVN, Verbund and others.

CHAPTER 6. CSR LEGAL FRAMEWORK

6.1. Health and Safety at Work

Health and safety at work is a field with many guiding lines that have to be converted in the Austrian law. The law for protection of employees in Austria⁹ is based on regulations in health protection and safety on the one side and regulations for the use of stuff on the other side concerning especially youth workers and (pregnant) women.

6.2. Social Audit Reports

No representative results for Austria could yet be identified for this research.

6.3. Staff Training

No representative results for Austria could yet be identified for this research.

6.4. Protection of Women, Minorities and Disabled People

Protection of women, minorities and disabled people is a living discussion in Austria in various contexts in schools, public, companies and authorities or in fields of initiatives against racism, discussions about asylum, a better education (i.e. concerning German language) etc. With the website www.help.gv.at the Austrian government agency has implemented a help site on the Internet in different languages offering information which is necessary for living and working in Austria (please find more about HELP at 3.5.4.).

Various laws in Austria handle with the protection of women, minorities and disabled persons. At work they are discussed between the unions, works committees, chambers of commerce and labour courts.

6.5. SRI and Pension Funds

Sustainable investment in pension funds is developed in many Austrian companies. The standard ÖGUT for the declaration and reporting about sustainability was established in December 2002 and is already fulfilled of the pension funds of following companies in Austria:

-  APK MVK
-  BAWAG/Allianz MVK
-  BONUS MVK
-  BUAK GmbH
-  NOE Vorsorgekasse
-  ÖVK Vorsorgekasse AG
-  Victoria Volksbanken MVK AG

⁹ ASchG Arbeitnehmerschutzgesetz.

CHAPTER 7. NATIONAL SUPPORT INITIATIVES ON CSR



7.1. Financial Support to Social and Environment Certifications

The financial support for enterprises in environmental fields, especially in renewable energies, in building and infrastructure, led to the law for governmental support in environment¹⁰ established in 1993. The responsibility for the execution of this financial support was put on the Kommunalkredit Austria AG because of costs and efficiency. In the period of ten years (till 31.03.2003) the Federal Ministry for Environment has supported on this way 19.017 projects of companies enabling a volume of 12.7 billion EUR by a present value of support by the state of 4.2 billion EUR.

7.2. Fiscal Exemptions on Donations

In almost the same manner NPOs and companies in Austria demand more fiscal exemptions on donations. The comprehensive body of legislations in this field is still a special case in the EU and OECD because of the status quo that fiscal exemptions are only possible concerning donations in the field of science and research. Private donations have a fiscal recognition up to 10 % of the earnings in the year before, donations by companies up to 10 % of their last year's profit.

The Austrian fiscal does not accept donations for social projects, arts and cultural affairs (others than science and research), disabled people, development cooperation, humanitarian help, environmental and animal protection etc.

Together with Finland, Austria holds the last place in the field of exemptions on donations in the EU.


According to information from the Coordination Point of the Austrian Bishop Conference for international Development and Mission¹¹ given fiscal exemptions on donations not only in science and research the amount of private donations would rise by 2.5 % and the donations by companies by 8.5 %.

The situation could change in 2005 when the Austrian government could reform its fiscal systems.

7.3. CSR Awards

An innovation of CSR in Austria is the first Award for CSR www.trigos.at whose awards show will take place in May 2004. Trigos is an award initiated by the Federation of Austrian Industry, Austrian Red Cross, Caritas, Austrian Chamber of Commerce, SOS Kinderdorf, WWF and Humans.World.

Categories of the award are:

-  Society
-  Working place
-  Market

The public invitation to Austrian companies to tender the award is between January 13 and April 6, 2004. The award is sponsored by Telekom Austria, Siemens, ÖBB and other companies.

¹⁰ Umweltförderungsgesetz.

¹¹ Koordinierungsstelle der Österreichischen Bischofskonferenz für internationale Entwicklung und Mission.

7.4. Social Index

As i.e. the Danish Ministry of Social Affairs has launched a Social Index as a tool for measuring a company's degree of social responsibility and show its result as a number between 0 and 100, a measurement like this is still missing in Austria but currently discussed between a wide range of institutions and companies.

7.5. Regional or Local Initiatives

As the initiative CSR Austria is a common platform of the Federation of Austrian Industry, the Ministry for Economic Affairs and Labour and the Austrian Chamber of Commerce the regional dependences of these institutions are currently engaged in promoting CSR also in the local areas of Austria. One of them is the Business CSR Network Vorarlberg (by Federation of Industry in Vorarlberg) with currently 9 members.

Another relevant platform, founded in the end of 2002 is WIN¹², a business initiative for sustainability which is initiated by the Styrian Business Promotion Agency (SFG), the Styrian Chamber of Commerce and the Styrian Provincial Government.

Main activities of WIN are:

- Online information platform: www.oeko.steiermark.at
- Business School: WIN is offering a Business School program for the duration of 8 month, awarding to maximum 15 participants the certificate "Styrian Sustainability Manager".
- E-Learning: WIN is offering programs in waste management and sustainable building.
- Regional events: From end of April till June 2004 WIN is realizing 9 local events around Graz to inform about CSR.

¹² WIN - Wirtschaftsinitiative Nachhaltigkeit.

CHAPTER 8. OTHER CSR INITIATIVES



8.1. Cause-Related Marketing

Austria's non profit organisations that are from time to time involved in cause-related marketing campaigns as well as the asked marketing and advertisement associations in Austria could not deliver representative data on the amount of projects or money spend / earned in the field of cause-related marketing for this report.

8.2. Research on CSR (2000-2003)

YEAR	NAME / DESCRIPTION	TYPE	ENTITY
2003	CSR Austria / Business Ethics in Austria	Study	GfP-Gesellschaft für Personalentwicklung; imug Beratungsgesellschaft; NPO Institut an der Wirtschaftsuniversität Wien

8.3. Organizations Dedicated to CSR

NAME	TYPE	# MEMBER	COMPANIES
Austrian Business Academy for Sustainable Development www.asd.at			
Austrian Business Council for Sustainable Development www.abcsd.at	Platform for Sustainability in the sense of CSR	55 Companies	
Austrian Code for Corporate Governance www.corporate-governance.at			
ADA Austrian Development Agency	The Austrian Foreign Ministry		
AGEZ – Arbeitsgemeinschaft für Entwicklungszusammenarbeit www.oneworld.at			
corporAID www.icep.at	An ICEP-initiative for companies helping in the field of global poverty; corporAID - Magazine Platform of the		
CSR-Austria www.csr-austria.at	Federation of Austrian Industry, the Ministry for Economic Affairs and Labour and the Austrian Chamber of Commerce		

NAME	TYPE	# MEMBER COMPANIES
NachhaltigkeitsTATENbank http://e-taten.municipia.at	Best practise database of Austrian sustainable development projects	contains more than 100 outstanding Austrian projects and initiatives supporting sustainable development
nanu! – Netzwerkagentur für nachhaltige Unternehmenskultur www.nanu.biz	Network of experts on CSR consulting and implementing projects and strategies	
ICEP Institut zur Cooperation bei Entwicklungsprojekten www.icep.at	Partner of „Strenghtening a Culture of Corporate Social Responsibility in European Universities“ as an EU-project (B7-6000) with partners in Italy and Portugal	
Sustainable Europe Research Institute www.seri.at	Pan-European think tank aiming to explore sustainable development options for European societies	
Südwind Agentur www.suedwind-agentur.at	Agency for development cooperations; Südwind Magazine and other own media	
The World of NGO's www.ngo.at	Centre for information and networking between NGO's in Austria and Europe	
TRIGOS Die Auszeichnung für Unternehmen mit Verantwortung www.trigos.at	Award for CSR (first awards show in May 2004) Partners: Federation of Austrian Industry; Austrian Red Cross; Caritas; Austrian Chamber of Commerce; SOS Kinderdorf; WWF; Humans.World	
WIN - Wirtschaftsinitiative Nachhaltigkeit www.oeko.steiermark.at	Regional organisation by the Styrian Business Promotion Agency, the Styrian Chamber of Commerce and the Styrian Provincial Government. Main activities of WIN are a online platform, a Business School for Sustainability, eLearning and local events (i.e. on CSR)	

8.4. Main CSR Events during 2003



DATE	TITLE	ORGANIZER
January 20	Corporate governance Evening meeting	CSR-Austria in cooperation with Share Forum
March 3	CSR and sustainability Evening meeting	CSR-Austria in cooperation with the Austrian Business Council for Sustainable Development
March 14	Economical success with responsibility in the society Press conference	CSR-Austria
July 8	Presentation of the study "CSR Austria" Press Conference	CSR-Austria
August 25	Trick or Trend CSR-Talk	CSR-Austria in cooperation with ATTAC, Investkredit AG and DIE ZEIT
September 30	CSR-Conference in context with the stakeholder dialogue	CSR-Austria
November 14	Presentation of the initiative CSR Austria at the CSR-Conference of the EU in Venice	CSR-Austria
December 3	Guiding vision "Economic Success – Responsible Action" Evening meeting	CSR-Austria

8.5. Press coverage of CSR during 2003

Two of altogether five releases by the Austrian Press Agency written in 2003 about "Corporate Social Responsibility" deal with the subject in general, the other three articles bring up CSR in context with different main aspects. The term "Corporate Citizen" was not used at all by the Austrian Press Agency.

The term "Corporate Governance" is used in around 80 releases in the context of news in finance and economics by the Austrian Press Agency in 2003.

Considering the term CSR this situation turns around looking at the newspapers coverage in total. From the beginning of 2003 till March 20 in 2004 Austrian newspapers have published altogether 41 articles about CSR, allocated on the most important newspapers such as: Wirtschaftsblatt (8), Standard (7), Die Presse (6), Wiener Zeitung (6), Kurier (5), Kleine Zeitung (3), Salzburger Nachrichten (3), Vorarlberger Nachrichten (1), Dolomiten (1), Kronenzeitung (1).

Austrian magazines have not yet fully adapted the field of CSR, except to Profil with a CSR special in October 2003 and the weekly newspaper Furche with articles on CSR and relevant interviews. Besides to the commercial media CSR is more and more becoming a story for alternative media such as Südwind Magazin (special in April 2004), CorporAID and others.

Most of the coverage deals with CSR in a well-balanced, informative and expatiated way, talking about companies and NGOs, concrete measures and projects on CSR as well as business benefits.

Much coverage is generated by the initiative CSR-Austria, its foundation, events and programs i.e. the first award on CSR in Austria.

An improvement about CSR should be made with the newspaper Kronenzeitung, where only one short story about CSR has been published since the beginning of 2003. This newspaper however is read by more than 40 % of the Austrian population. It can also be expected that the upcoming public relations work on CSR in Austria will help generating more coverage in newspapers as well as magazines.

CHAPTER 9. OPPORTUNITIES AND OBSTACLES FOR CSR

9.1. Main Reasons and Motivations for Companies to be Active in CSR

As written in 1.3.1 reasons for supporting non profit organisations are in three of four cases the ethical and moral convincement of management (concerning the owners in 38 %), while one quarter believes in a positive impact for their business success and 23 % are motivated for corporate citizenship due to their co-workers. Public pressure leads to engagements in 6 % and defaults of the parent company in 3 %.

To differentiate on the basis of companies' size, small enterprises consider the positive impact on their business due to CSR only in 12 % - a number that is doubled considering middle-sized and large companies.

9.2. Identified Business Benefits

Although CSR involvement offers a remarkable potential for strengthen a company's image and its positioning / unique selling proposition in the markets as well as long-term relationships with important stakeholders offer business opportunities for the future, companies in Austria are still not familiar enough with the business benefits of CSR.

9.3. Existing Barriers to CSR Involvement

As written in 1.3.1 – according to the CSR Austria Study in 2002 - reasons for not improving their engagement in corporate citizenship are the missing financial resources (68 %), too less or too unclear use of the engagements in relation to its expenditures (53 %) and missing time resources (46 %).

As the Austrian fiscal still does not accept in its exemptions donations for social projects, arts and cultural affairs (others than science and research), disabled people, development cooperation, humanitarian help, environmental and animal protection etc, a broad potential for strengthen CSR involvement lies idle.

As this report shows, important indicators and mechanisms to measure and control the sustainability of CSR activities and therefore strengthen the credibility and professionalism on CSR are still missing in Austria (but they are in work at the moment).

Other aspects noticed in personal discussions in Austria deal with the terms "Corporate Social Responsibility" and "Corporate Citizen" which are in a German speaking country still very unusual to many business people especially in small and middle-sized enterprises. Sometimes this discussion sounds to SME like it was only a new marketing strategy for large companies. Marketing and public relations management, familiar with this terminology, is furthermore only found in the larger companies, while most PR agencies with know-how on CSR only work for this segment of economy. The term CSR is in addition not really suitable for journalists that work in the need of finding a simple and understandable language for their readers.

As this report shows, for many companies, especially in the field of SME, the benefits of CSR mostly are not clear enough. SME furthermore are not used to communicate their engagements to the public in a way large companies can do, often because of missing budgets and stuff for public relations work or missing platforms for events. Especially small enterprises often do not even have an own website (nether they could use own print media) to communicate their engagements. At public events in Austria, discussions, congresses and also in the media, it is mostly spoken with and about larger companies engaged in CSR, missing the perspectives for SME.

As long as qualification programs and therefore qualified personal for strategies in CSR are missing, many companies in Austria just wait how CSR is developing in its own instead of being an active Corporate Citizen themselves.

CSR is in Austria also just in the beginning concerning its awareness and discussions in the political landscape and in the various fields of opinion leaders as well as coverage in the media. There are still prejudices on both side of partnerships – on the one hand NPOs and on the other hand the companies – regarding a different economical thinking and professionalism of working so that a special qualification on CSR with a focus on finding out the needs of both sides of a partnership as well as qualified mediators could help to overcome obstacles of a common mission.

The recently difficult economic situation in Austria where the question is more about how to keep the jobs for a company's stuff – which is in turn a sustainable question on CSR itself – can at the moment also be seen a serious barrier to a wider CSR involvement in the companies' extern stakeholder fields.



NATIONAL CSR KPI's (KEY PERFORMANCE INDICATORS) 2003

	KPI- KEY PERFORMANCE INDICATORS	AUSTRIA
1	ISO 14001 Certifications ¹³	500
2	EMAS Registrations	286
3	OSHAS 18001 Certifications	
4	SA 8000 Certifications	
5	CSR reports published ¹⁴	45
6	Case studies listed in Smekey CSR Europe site ¹⁵	Search data base does not yet include Austria for selection
7	Social labels / Fair trade labels	
8	Fair trade commerce volume; # stores	> 6.5 m EUR 68 stores
9	European Eco-label products	
10	Local Organizations dedicated to CSR; # member companies	2
11	Relevant CSR events; # people involved	8 in 2003; several events come over in 2004
12	Relevant community involvement initiatives	
13	Univ. Doctorates, Masters and Post-Graduations	
14	Overall research on CSR	1
15	Media coverage of CSR	Around 50 print articles
16	CSR Awards	1 (starting in 2004)
17	Consultancy companies offering services on CSR	
18	% of permanent contracts	
19	% of women in total workforce	46.75 %

¹³ Source: www.ecology.or.jp/isoworld/english/analy14k.htm.

¹⁴ Source: www.corporateregister.com.

¹⁵ Source: www.smekey.org/reports/default.asp.

BIBLIOGRAPHY



Reference Documents

- CSR Austria (2003). Leitbild "Erfolgreich wirtschaften. Verantwortungsvoll handeln." Wien.
- CSR Austria (2003). Die gesellschaftliche Verantwortung Österreichischer Unternehmen. Wien.
- Etzioni, Amitai (1995). Die Entdeckung des Gemeinwesens - Ansprüche, Verantwortlichkeiten und das Programm des Kommunitarismus. Stuttgart: Schäffer-Poeschel Verlag.
- Hermanns, Arnold (1997). Sponsoring: Grundlagen, Wirkungen, Management, Perspektiven. München: Verlag Franz Vahlen.
- HRH The Prince of Wales, Charles (2001). Business in Society: Good Corporate Citizenship in the Commonwealth, London: Commonwealth Business Council.
- Maak, Thomas (1999). Die Wirtschaft in der Bürgergesellschaft. Bd. 2. Bern: St. Galler Beiträge zur Wirtschaftsethik.
- Ulrich, Peter (1998). Integrative Wirtschaftsethik - Grundlagen einer lebensdienlichen Ökonomie. Bern: Verlag Paul Haupt.
- Reese-Schäfer, Walter (1995). Was ist Kommunitarismus? Frankfurt am Main: Campus Verlag.
- Corporate Responsibility Magazine Allianz Group – Edition One. (2002). München: Allianz AG. Informationen 1 / 2 2002. München: Hanns-Seidel-Stiftung.
- McK Wissen 03 (McKinsey). 2002. Hamburg: Verlag brand eins.
- Soziale Verantwortung und wirtschaftlicher Nutzen. (2002). Hamburg: Bundesinitiative „Unternehmen: Partner der Jugend (UPJ)“.

Online Sources

- Arbeitsmarktservice Österreich: www.ams.or.at
- ARGEV Verpackungsverwertungs-Ges.m.b.H.: www.argev.at
- Austrian Association for Financial Analysis and Investment Advisory Services: www.oefva.at
- Austrian Business Committee for the Arts: www.iwk.at
- Austrian Business Council for Sustainable Development: www.abcsd.at
- Austrian Code for Corporate Governance: www.corporate-governance.at
- Austrian Chamber of Commerce: www.wko.at
- Austrian Foreign Ministry: www.bmaa.gv.at
- Austrian Government Agency Help: www.help.gv.at
- Austrian Institute for SME Research: www.kmuforschung.ac.at
- Austrian Press Agency
- Arbeitsgemeinschaft für Entwicklungszusammenarbeit: www.oneworld.at
- Care: www.care.at
- Coordination Point of the Austrian Bishop Conference for international Development and Mission: www.koo.at
- CSR Austria: www.csr-austria.at
- Der Konsument: www.konsument.at
- e-Europe Awards: www.e-europeawards.org
- Ecological And Social Efficiency: www.easey.at
- Federal Ministry for Economic Affairs and Labour: www.bmwa.gv.at
- Federal Ministry of Finance: www.bmf.gv.at
- Federal Ministry for Health and Women: www.bmgf.gv.at
- Federation of Austrian Industry: www.iv-net.at
- Financial Market Authority: www.fma.gv.at
- GfK Group: www.gfka.at
- IV Vorarlberg: www.iv-vorarlberg.at
- www.nachhaltigkeit.at
- NachhaltigkeitsTATENbank: <http://e-taten.municipia.at>
- ÖkoBusinessPlan: www.oekobusinessplan.wien.at
- Österreichisches Gallup Institut: www.gallup.at
- Organisation for Economic Co-operation and Development: www.oecd.at
- Statistik Austria: www.statistik.at
- Trigos Award: www.trigos.at



Leonardo da Vinci
Pilot projects

This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Promoter



Centro de Formação Profissional
para o Comércio e Afins

Partners

