

# Success and Social Responsibility

## A Guide to Future- Proofing Your Business

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### Success and Social Responsibility

#### A Guide to Future-Proofing Your Business

The aim of these guidelines is to help businesses recognise their social responsibility. Intended for use by any Austrian company, large or small, the guidelines list objectives for responsible business activity based on five fields of action: leadership, marketplace, workforce, environment and society. If a company chooses to adopt the guidelines, it can use them to implement measures step by step, and to systematically document their engagement.

In 2009, members of the Austrian business community compiled the guidelines in an open, transparent process based on in-depth discussions with the various stakeholders. The key outcomes of that process are the present document – conceived as a milestone in the debate on the social responsibility of Austrian companies – and a public dialogue on the issues that is likely to continue long after the guidelines are published.

#### Why should business examine its responsibility towards society?

Through their activities – the products and services they offer and the jobs they create – companies have a wide-ranging impact on how people live and on the natural environment. As a result, they bear far-reaching responsibility not only for the economic but also for the social and environmental consequences of their actions. At the same time, companies are themselves directly affected by changes in society, for example demographic trends, and environmental challenges like global warming.

Companies that recognise their social responsibility look for ways to minimise any potentially negative impacts of their activities, and to make an active contribution to finding solutions for acute problems. In addition to meeting their business goals, the decision-makers in these companies factor in the needs of future generations by aligning their actions with sustainable development principles.

### What is the role of responsible companies in society?

Successful, competitive companies are critical for the future development of the societies in which they operate because they create value and generate profits. Not only do they supply products and services but they also provide employment, contribute innovative ideas and technologies, and support social stability.

The hallmarks of responsible, future-proof business

- Business decisions are aligned with evolving social values and ethical principles
- The power of innovation is tapped to find solutions to societal challenges
- The company sees itself as part of society, engages in stakeholder dialogue, and behaves in an open and transparent manner
- The company never stops thinking about the decisions it makes and their local, regional and global impacts.

### How can my company put the principles of social responsibility into practice?

The term corporate social responsibility (CSR) is used to describe an approach to business activity that systematically, clearly and transparently, and voluntarily combines the pursuit of economic objectives with the principles of social justice and environmental responsibility.

The European Commission defines CSR as a company's voluntary contribution to sustainable development. The aim is to improve people's lives, and thus by extension the conditions under which the company operates. CSR can be implemented in any company regardless of size and business sector. It is no less suitable for small and medium-sized enterprises than it is for a multinational corporation.

The current consensus is that CSR

- is an integral part of business activity, impacting every area of the company and all its decisions
- requires compliance with laws and human rights standards
- is a leadership task and needs to be embedded in company strategy and governance
- must be systematically implemented and evaluated as a continuous improvement process.

## Why is it so important for companies to engage in responsible business behaviour?

Responsible business activities create added value for society when they successfully target social and environmental challenges:

- **Employees:** Companies improve the quality of life of their employees by addressing work-life balance issues and being family-friendly
- **Partnerships with the local community:** Companies strengthen social cohesion by promoting volunteer work and supporting community groups and partnerships with local organisations
- **Eliminating inequalities:** How a company treats women, older employees, foreign nationals, and other groups within its workforce sets an example beyond the company boundaries
- **Solving environmental problems:** New technologies and efficiency improvements enable companies to actively confront major environmental issues like climate change
- **Thinking ahead to the next generation:** Supporting education and training assures a successful future both for the individual beneficiaries and for the company
- **A fairer global market economy:** Responsible business practices help make the globalisation process more equitable.

Companies that act in awareness of their social responsibility are more stable as a result. They gain and maintain a social licence to operate. The public's trust in them bolsters the economy as a whole, which in turn is good for the individual companies and markets.

Responsible business practices deliver concrete benefits for the companies themselves:

- **Engaged employees:** Active responsibility strengthens work-force motivation and performance as well as identification with the company. Overall it has a positive impact on the culture of the organisation. A socially responsible company is an attractive employer that is in a position to recruit and retain the best people.
- **Customer loyalty:** Companies that are concerned about social and environmental issues have found the key to appealing to the customers of the future as the demand for sustainable products and services rises. With customer confidence comes brand loyalty.
- **Reducing risks:** Growing confidence in the economy and in the company minimises or eliminates risks from the outset. Sustainable value chains, transparent corporate communication, and the efficient use of resources safeguard a company's reputation. Awareness of social needs and market trends creates new opportunities for risk reduction.

- **Innovation boost:** When companies seek solutions for social and environmental issues as part of their core business, they increase their innovation potential and future viability. Companies that respond more quickly than others to the demands of the marketplace and of society gain fresh impetus and a pole position in the technology race.
- **Competitive advantages:** CSR helps a company position its brand and polish its image. Sustainable business practices mean efficiency improvements and synergies – and resulting cost savings. Because responsible companies provide their stakeholders and investors with comprehensive data on a timely basis, they are seen as attractive partners. What's more, their sustainable business models make them more likely to be successful in the financial markets.

Because it benefits both the company and society, responsible business creates **shared added value**. Socially responsible companies look at the **value chain** to see how their products or services relate to social issues they consider relevant. They link their social and environmental engagement to their core business, basing their contribution to society on what they do best.

# FIELDS OF ACTION FOR A COMPANY

## Fields of Action for a Company

This guide presents five fields of action for socially responsible companies:

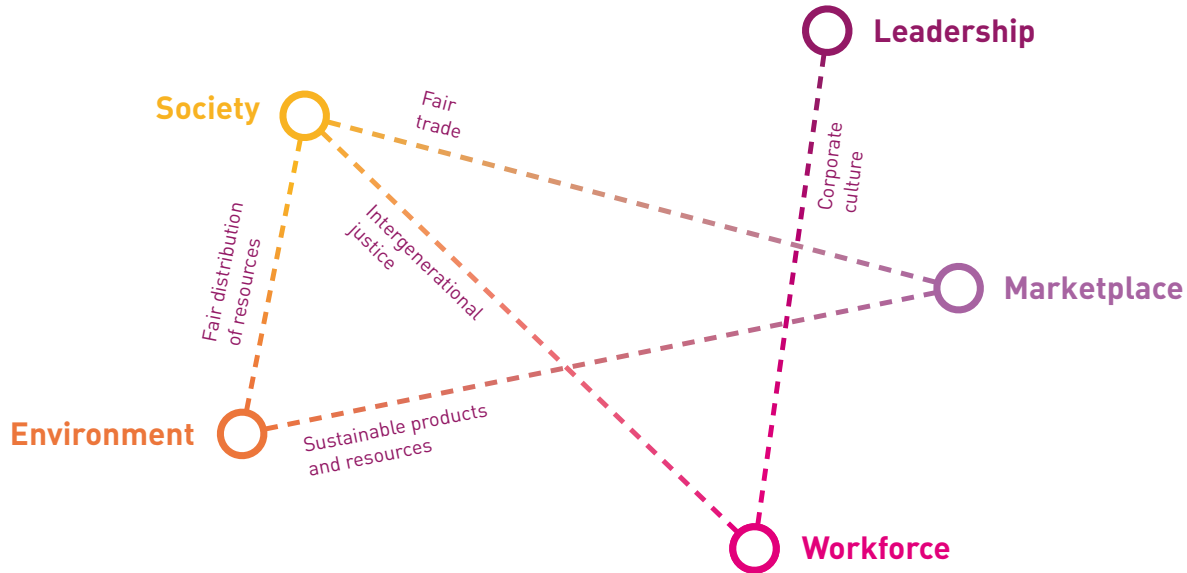
- 1 Leadership
- 2 Marketplace
- 3 Workforce
- 4 Environment
- 5 Society

For each field of action there are four specific applications, each with a short introduction and a list of key objectives. Some of the objectives will not be relevant to your company. But if you go down the list you may well discover a useful suggestion or two regarding risk management, for example, or new business opportunities.

Over 100 practical tips for the fields of action and applications can be found on our website [www.respect.at/csrleitbild](http://www.respect.at/csrleitbild).



The five fields of action, the applications and the respective objectives should not be seen in isolation. As the diagram below shows, they are all interlinked. For example, the two fields of action "Marketplace" and "Society" are connected by the line labelled "fair trade".



# FIELD OF ACTION 1 - LEADERSHIP

## Field of Action 1 – Leadership



Leadership is a demanding task that requires experience and knowledge of human nature.

Company owners and managers shape the culture and values of the organisation, and by extension the **employee incentive systems** and opportunities for career advancement. In order for responsible business to be taken seriously and practised consistently, top management must demonstrate its commitment and lead by example.

### 1.1 Corporate Culture and Leadership by Example

Responsible business is dependent on the engagement of all the groups within a company, starting with the owners and the senior management. Their active commitment to CSR and adherence to its defined principles foster a culture of sustainability that will aid company-wide implementation. When employees know what their company's values are, and if they support those values, their job satisfaction grows and the company is seen as a more attractive place to work.

#### Responsible businesses

- have owners and managers who are fully committed to CSR and will further awareness of it at all levels of the company
- incorporate CSR topics into their mission statement, and define and publish the company values
- are guided by the principles of good corporate governance
- align employee incentive systems with the objectives of sustainable development
- promote a corporate culture of appreciation and openness.

### 1.2 Strategy, Implementation and Risk Management

Responsible business practices cannot be delegated to a single person or department. They should be the operating principle at every level of the organisation. If you want to embed CSR in your operations, start by integrating it into the company strategy, then introduce measures and evaluate their results. The aim is to enable ongoing improvements and produce a learning effect.

#### Responsible businesses

- integrate CSR into the company objectives and develop strategies for boosting the company's performance as a result
- set measurable criteria, periodically carry out audits, and consistently follow through on suggestions for improvement
- regularly analyse internal and external risks and aim to prevent, reduce and manage social and environmental risks
- design and systematically implement a social and environmental policy.

### 1.3 Communication and Transparency

Companies that successfully implement socially responsible business practices enjoy a high degree of trust and credibility in the eyes of the public. However, attaining this competitive advantage is no easy task. As important as the quality of a company's products and its commercial success are, the public is increasingly interested in the company's record on social and environmental issues. And a company's commitment to transparency will be put to the test in the case of a dispute or a crisis situation, when a proactive and self-critical response is called for to retain credibility.

#### Responsible businesses

- create transparency by regularly reporting complete and accurate data on their economic position and the social and environmental impacts of their operations
- deal constructively with feedback, complaints and suggestions for change
- regard weak points as an opportunity for improvement instead of covering them up or whitewashing the situation
- allow comparison of products and services through the use of standardised labelling, and are clear and honest in their advertising

### 1.4 Stakeholder Relations

Every company has numerous internal and external stakeholders all along its value chain. The ability to identify these interest groups, know what their expectations are, and respond promptly and constructively can be a critical success factor. Companies behave responsibly when they treat their stakeholders as equals, conducting an open dialogue with them and communicating transparently. The rewards of building strong relationships and inspiring trust become clear in a crisis situation.

#### Responsible businesses

- find out who their stakeholders are and engage them in an open dialogue
- make every effort to understand the views of their stakeholders, meet information needs on a timely basis, and address concerns
- involve stakeholders in the business processes, thereby benefiting from their expertise
- set up contact points for stakeholders and clearly identify responsibilities held within the organisation.

# FIELD OF ACTION 2 - MARKETPLACE

## Field of Action 2 – Marketplace



Companies are active in a variety of markets. They buy and sell products and services on the domestic market and abroad, they use capital markets to raise finance, and in the job market they both offer and provide labour. They are responsible for their products and services, their business relationships, and their links along the **value chain**. A company that is fully and actively aware of these responsibilities earns trust, while simultaneously enhancing the image of the business sector in general.

## 2.1 Products and Services

Economic activity is about products and services. How they are designed, manufactured and marketed will have a far-reaching impact on society and the environment. That's why these areas are the main focal point of responsible business. Companies that consistently conduct their core business in line with CSR criteria can gain credibility and develop new markets.

### Responsible businesses

- offer consumers products and services that meet the requirements of sustainable development
- when designing a product take into account the social and environmental impacts on its entire life cycle
- maintain a high level of safety in regard to their products and services, and document the relevant processes
- produce products that are long-lasting, repairable and recyclable
- when developing new products and services think about social needs and demographic trends
- make sustainable products and services attractive to the customer.

## 2.2 Innovation

Companies invent and distribute new technologies and innovative products and services, and engage in research and development. In a future-proof business, the power of innovation is also channelled into the search for sustainable solutions to social or environmental problems. A company with commitment can make its mark as a driving force for innovation.

### Responsible businesses

- work to develop resource-efficient, socially compatible product, service and process innovations
- apply advanced technologies that are environmentally friendly and socially compatible
- support social innovation
- invest in social and environmental R&D.

### 2.3 Value Chains

In our global economy, influences and impacts range way beyond company boundaries. Responsible business practices should extend along the entire **value chain** and be applied in far-off countries and organisations as well as at home. A responsible company sets an example for others, issues its business partners clear guidelines, and uses its networks to promote sustainable business.

#### Responsible businesses

- apply social and environmental criteria in their purchasing decisions, and audit the behaviour of their key suppliers using the same criteria
- develop a binding code of conduct and ask their business partners and suppliers to abide by it
- consider the social and environmental aspects of financing decisions, assessments and investments, and undertake adequate risk management
- aim for inclusion in ethical and environmental funds.

### 2.4 Business Relations

Fairness and honesty are integral to sustainable business. Responsible companies are law-abiding as a matter of course. They deal fairly with their business partners, meeting them on equal terms. These companies give business a positive image and enjoy a social **licence to operate**.

#### Responsible businesses

- treat their suppliers, competitors and customers respectfully, as equals
- charge suppliers and customers fair prices and refrain from abusing their market power
- take a decisive, transparent stand against bribery and corruption and the shadow economy
- protect and respect intellectual property and firmly condemn industrial espionage
- use fair advertising and marketing strategies that are free of discriminatory or misleading messages.

# FIELD OF ACTION 3 - WORKFORCE

## Field of Action 3 – Workforce



People tend to aspire to having material wealth and security. They seek social contacts and self-fulfilment. Companies have a major influence on people's quality of life and on social cohesion through the jobs which they create and the working conditions they provide. Responsible business involves respecting the rights, interests and needs of the workforce, treating employees as partners, recognising their *diversity*, and safeguarding equal opportunities.



### 3.1 Compensation and Working Hours

Compensation and working hours are leading parameters in the working world. Responsible business takes into account both the situation at a company and employee needs, and builds on the minimum terms of collective agreements. Employee motivation and loyalty increase when a company treats its workforce fairly, equitably and in a consistent and transparent way.

#### Responsible businesses

- apply fair and clear wage and salary models
- offer fair permanent and temporary work contracts
- guarantee equal pay for men and women for work of equal value
- create flexible working models to address work-life balance issues
- enable employee participation in the company where possible.

### 3.2 Employee Rights and Occupational Safety and Health

The protection of employee rights and occupational health are traditionally important issues in Austria. A future-proof company creates jobs that are fair and respect internationally recognised rights in countries where these values may not always be respected. By doing so they motivate their employees and reduce absenteeism. Responsible companies also let employees establish works councils and join trade unions, in conformity with international human rights standards. In such a spirit of cooperation it becomes easier to find solutions acceptable to employers and employees.

#### Responsible businesses

- implement health and safety measures in the workplace, and continually audit and upgrade them
- handle conflicts in a constructive, responsible way
- prohibit any form of bullying or sexual harassment in the workplace
- provide age-appropriate, disability-friendly and accessible workplaces and working conditions
- permit self-organisation and membership of interest groups
- protect confidential employee data and respect employee privacy

### 3.3. Employee Development and Training

Since well-trained, highly motivated employees form the backbone of future-proof businesses, companies would be wise to invest in employee development and training programmes on an ongoing basis. A responsible company draws up long-term training plans for its employees, encourages them to earn qualifications that are relevant to the requirements of the future, and provides a transparent career path. All this gives the company a competitive edge when it comes to attracting and retaining top employees.

#### Responsible businesses

- use non-discriminatory, transparent personnel selection procedures
- encourage employee initiative and personal responsibility
- invest in employee development, education and training, and enable employees to return to work after parental leave, unpaid training leave, or career reorientation
- conduct staff appraisals at regular intervals, survey job satisfaction, and help employees with their career planning
- promote employee self-organisation and membership of interest groups
- implement employment terminations and restructuring processes in a responsible way both through timely and transparent communication and by involving the affected employees and their representatives in the search for solutions.

### 3.4 Diversity and Equal Opportunity

Our society has become considerably more diverse than it used to be. Immigration, new family models and lifestyles, and the integration of people with disabilities have created a broad range of needs in the work environment. Responsible companies see diversity as an opportunity and take advantage of it to become more innovative, tolerant and adaptable.

#### Responsible businesses

- recognise that people are diverse, value their different abilities, and promote equality of opportunity
- prohibit discrimination of any kind, foster employee awareness of anti-discrimination measures, and facilitate civil courage
- support the inclusion and participation in the company's workforce of minorities and people with disabilities and special needs
- eliminate gender discrimination and support female employees through in-house programmes and career-planning
- help employees combine work and family life, and support child care and caregiving for family members.

# FIELD OF ACTION 4 - ENVIRONMENT

## Field of Action 4 – Environment

Long-term business success is contingent on the preservation of life-sustaining natural resources. Sustainable development means taking global responsibility for the current population and for future generations. Successful companies aim to minimise risks and damage connected with their activities, make efficient use of resources, and switch to renewable materials and energy sources. By behaving responsibly they can also cut costs while earning a positive image.



#### 4.1 Conservation, Protection and Precaution

Every form of economic activity has an impact on the environment. Efforts to preserve nature and the resources needed to sustain human life centre on conservation, protection and precaution. Responsible companies do more than comply with environmental legislation. They adhere to the **precautionary principle** and the **polluter pays principle**, and they are also concerned about indirect environmental impacts that may occur along the **value chain** or during the product life cycle.

##### Responsible businesses

- try to minimise their negative impact on the environment by reducing pollutants, emissions, waste water, waste, noise and odors
- avoid harmful materials wherever possible and maintain high safety standards, which they document
- preserve natural habitats and **biodiversity**
- protect drinking water supplies and set up efficient water management systems
- offset unavoidable adverse environmental impacts through investment in the construction, protection or rehabilitation of environmental public goods.

#### 4.2 Resource Efficiency

The success of our economy is largely dependent on resource availability. It is therefore in the interests of sustainable business to keep resource consumption as low as possible. Switching to renewable materials and energy sources renders a company less vulnerable to supply shortages and price rises, as well as economically more robust and crisis-proof.

##### Responsible businesses

- continuously increase the efficiency in the use of raw materials and energy to produce their products and services
- replace non-renewable materials and energy sources with renewable ones
- avoid overproduction, close material cycles and achieve optimal rates of reuse and recycling
- manage forests, land and water sustainably and prevent overuse
- adopt an environmental management system and get it certified where appropriate.

### 4.3 Energy Efficiency and Climate Protection

Climate protection is an urgent issue. If we succeed in stabilising greenhouse gas emissions at a significantly lower level than today, a global climate catastrophe can be averted. Companies that look to the future are proactive rather than reactive. They push ahead on raising awareness about climate protection and developing innovative ideas. This can give them a technological, market and brand advantage.

#### Responsible businesses

- reduce the amount of energy needed to produce and use their products and services, particularly the use of fossil fuels and energy derived from them
- increase the energy efficiency of their office buildings, plants and production processes
- avoid direct and indirect greenhouse gas emissions
- support awareness of climate protection issues and the development of new technologies.

### 4.4 Mobility and Transport

The transport sector contributes significantly to climate change and imposes major social costs. It should be the goal of government, society and business to facilitate environmentally and socially compatible and economically efficient mobility in the passenger and freight transport sectors. Responsible companies take that into account when choosing their means of transport and technologies and in their mobility management decisions, and can achieve cost savings as a result.

#### Responsible businesses

- acquire environmentally friendly and socially compatible vehicles for their transport fleet, and favour transport companies that use such vehicles
- assist employees who switch to environmentally friendly and socially compatible means of transport
- adopt technologies and work models that reduce the need to travel, thereby countering the trend towards enforced mobility
- optimise transport and mobility management through logistics planning.

# FIELD OF ACTION 5 - SOCIETY

## Field of Action 5 – Society

Companies influence our daily life with their products and services, and by creating jobs and value. Responsible companies respect human rights, equality and other basic social principles. They behave fairly towards the state and get involved in social causes. Linking their core business to social issues provides opportunities for innovative thinking and opens up new paths to success.



## 5.1 Human Rights and Cultural Diversity

Globally active companies encounter a diverse range of cultures, world views and political systems. By showing understanding and respect they can avoid conflicts in the host country and build trust. Responsible companies support the establishment of human rights standards in areas where these are not yet common.

### Responsible businesses

- respect human rights and seek to ensure that they are protected along the entire value chain
- enable employees to exercise their right to free expression and their right to form labour unions and engage in collective bargaining
- prohibit the use of child and forced labour throughout the value chain
- protect minority groups in their own country and abroad, and respect the cultures of different segments of the population
- strive to achieve the right balance and appropriate interaction between the culture of the host country and their own culture.

## 5.2 Development Cooperation and the Fight Against Poverty

Two billion people around the world live on less than two euros a day. Even in the industrialised nations 5% of the population lives below the poverty line. While fighting poverty is not a business responsibility, but an opportunity and a moral choice, every company, small enterprises included, can make its own contribution by creating jobs and income, and by supporting social innovations such as microcredit.

### Responsible businesses

- create jobs and produce wealth in the company and in the local community or region
- ensure that employees receive wages that enable them to live above the poverty line
- support social entrepreneurship
- are actively committed to the fight against poverty in their own country and abroad
- work together with development cooperation partners.

### 5.3 Social Commitment

The activities of many companies extend beyond the core business to embrace social and environmental issues and cultural affairs. These companies provide funding and in-kind donations, as well as the expertise and working time of their employees. Responsible companies continually get involved in such activities, evaluate their benefits, and use their cooperation with project partners to gain a better understanding of social trends.

#### Responsible businesses

- encourage community involvement by employees and allow them a reasonable amount of time off for it
- offer apprenticeships, summer jobs and internships for young people
- award their contracts wherever possible to social firms
- work together with social, health, environmental, cultural and sports organisations and support their activities.

### 5.4 Spreading the Word About Social Responsibility

Future-proof business is possible only if companies, society and governments work closely to achieve it. Responsible companies play an active role in society and espouse the cause of sustainable development. Through exemplary actions in its immediate sphere of influence even a small enterprise can lead the way towards the sustainable development of a region.

#### Responsible companies

- advocate for sustainable development issues and concerns at home and abroad
- make sure their employees understand what responsible business and sustainable development are all about
- work together with organisations that develop and promote CSR
- engage in a political discourse at the regional, national and international level aimed at improving the conditions for CSR.





— **Biodiversity** (“variation of life”) is commonly used to refer to species richness on earth, specifically the wealth of species in a given ecosystem or population and their genetic diversity.

— **Collective bargaining** is the process in which two or more organised interest groups agree binding work rules or labour contracts covering the performance and compensation of the negotiating parties. For example, collective agreements are negotiated by employers’ organisations and employee representatives.

— **Corporate governance** refers to a framework for operating and controlling a company in line with responsible business conduct and the aim of long-range value creation. The concept is primarily important for publicly traded companies and deals in particular with the relationship between the management board and the supervisory board, protecting shareholder interests, and maintaining an open approach towards stakeholders.

— **Corporate social responsibility (CSR)** entails the integration of social and environmental concerns into a company’s business activities and its stakeholder relationships (see the European Commission’s 2001 Green Paper on promoting CSR).

— **Demographic trends** are current changes in the age structure of a population (birth rate, life expectancy, migration patterns, etc.).

— **Direct and indirect emissions** denote the release of radiation, pollutants or fuels into the atmosphere. A distinction is made between direct emissions – those incurred directly by an actor (company) – and indirect emissions, which arise through processes that precede or follow.

— **Diversity** is viewed by Austria’s Litigation Association of NGOs Against Discrimination (Klagsverband) as a constructive, appreciative approach to human diversity in terms of gender, ethnic origin, religion and beliefs, age, sexual orientation, and disabilities. Use of the term also extends to differences in social status, physical appearance, health, education, etc.

— **Employee incentive systems** are aimed at boosting job motivation and satisfaction in a company. They cover material incentives, including social benefits and profit-sharing, and non material incentives, such as a positive working environment or employee development.

— **Enforced mobility** is the result of structural changes in how people live and work. These have led to rising mobility because high property prices in urban centres and a lack of jobs in rural areas force an increasing number of people to commute on a daily or weekly basis. Their quality of life declines and the growth in road traffic harms the environment.

— **Environmentally and socially compatible mobility** represents an alternative to motorised private transport and the problems it causes, such as land use, the destruction of natural habitats, exhaust emissions, non-renewable resource consumption, and noise pollution. Technical and social innovations and traffic-reduction strategies offer solutions.

— **Equal protection** means that all persons living in Austria, regardless of race, gender, language or religion, enjoy human rights and fundamental freedoms, including the freedom of expression, freedom of the press, freedom of religion, freedom of political expression, and freedom of assembly.

— **Ethical principles** are those values and precepts which a social system, such as a company, regards as judicious, desirable and meaningful, and therefore decides should be the basis for its behaviour. Companies may draw up a code of conduct or guidelines for their employees that will be binding on them, and in some cases on the company's partners as well.

— **Human rights** are defined in the Universal Declaration of Human Rights, adopted by the United Nations in 1948, as the equal and inalienable rights of all human beings as the foundation of freedom, justice and peace in the world.

— **ILO core labour standards** were agreed in 1998 when the 175 member states of the International Labour Organization adopted the Declaration on Fundamental Principles and Rights at Work. Aimed at safeguarding human rights in industrial relations, the ILO Declaration contains four principles: freedom of association and the right to collective bargaining; the elimination of forced labour; the abolition of child labour; and the elimination of discrimination in the workplace.

— **Inclusion** refers to the need to recognise differences between people within a society and ensure the participation of all groups in the life of that society.

— **ISO 26000** ("Guidance on Social Responsibility") is being developed by the International Organization for Standardization in a process initiated in 2001 and involving stakeholders around the world. This uniform international standard for the implementation of social responsibility by companies and other organisations is expected to be issued in 2010.

— **Labelling of products and services** provides information for the consumer. Standardised labelling ensures transparency and comparability.

— **A licence to operate** is what a company has when it gains social acceptance of its activities, or a kind of clearance granted for its operations. If a crisis situation evokes broad condemnation, however, it can be quickly withdrawn.

— **OECD Guidelines for Multinational Enterprises** are a set of voluntary recommendations for responsible business activity addressed by adhering governments to the multinational enterprises operating in or from their countries.

— **The polluter pays principle** is a basic principle of environmental policy. It requires that the environmental and social costs of business activities be borne by the companies that cause them.

— **The precautionary principle** takes into account all potential impacts, even those that cannot yet be assessed with certainty, of current actions on the lives of future generations

— **"Protect, Respect and Remedy: A Framework for Business and Human Rights"** is the name of a report presented in 2008 by the United Nations Secretary-General's Special Representative for business and human rights, John Ruggie. Its topics include the establishment of CSR standards and the liability of transnational corporations.

— **Shared value creation** is an approach advocated by Michael E. Porter. It is based on the idea that business and society are interdependent. Decisions and activities must benefit both sides and follow the principle of shared value. The goal should be to simultaneously

create economic and social value, which will generate long-term success for both business and society.

— A **social and environmental policy** comprises the measures to be undertaken to define and implement social and environmental improvements within an organisation or in society. The required timeframes and budgets, milestones and the individuals involved are specified.

— **Social entrepreneurship** aims at achieving social change through innovative and effective long-term business practices. Social entrepreneurs try to find entrepreneurial solutions that can help solve social problems.

— **Social firms** integrate or reintegrate into the workforce people who have disabilities or are otherwise disadvantaged in the labour market.

— **Social innovation** is the development of new ideas, for example new forms of organisation or lifestyles, that can help shift the direction of social change and lead to better problem-solving.

— **Stakeholders** are interest groups or interested parties which are affected by or can influence a company's actions. The internal stakeholders of a company are its owners, management and employees. Its external stakeholders can include suppliers, customers, local residents, the national government and local authorities.

— **Sustainable development** was defined in the Brundtland Report, published in 1987 by the United Nations World Commission on Environment and Development, as "development that meets the needs of the present without compromising the ability of future generations to

meet their own needs". The three pillars of sustainable development, i.e. the main areas that need to be addressed, are economic development, environmental protection and social development.

— **Work-life balance** is an ability to combine family or private life with the demands of the workplace. When people use the expression, their focus is often on individual choice and self-organisation as well as the need to reconcile employee and employer interests.

— A **value chain** is a chain of activities for a firm operating in a specific industry. It categorises the generic value-adding activities of the organisation.

— **Volunteer work** is unpaid work, usually for community organisations and charities. Corporate volunteering is volunteer work initiated by a company and carried out by employees during working hours.

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## Links

### Success and Social Responsibility Online

The extended online version of this publication [www.respect.at/csr-leitbild](http://www.respect.at/csr-leitbild) includes useful links, information resources and 100 practical tips for the fields of action and applications.

#### [www.respect.at](http://www.respect.at)

The Web portal of respACT, the leading Austrian platform for corporate social responsibility (CSR) and sustainable development

#### [www.fairantwortung.at](http://www.fairantwortung.at)

The Austrian Federal Economic Chamber's online CSR platform

#### [www.wirtschaft-und-gesellschaft.at](http://www.wirtschaft-und-gesellschaft.at)

The website of the Federation of Austrian Industries

## How these guidelines were prepared

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The Austrian and international reference resources used to prepare the guidelines included RespACT's guiding vision for corporate social responsibility, "Economic Success. Responsible Action" (2003); the Austrian Mission Statement on External Trade; CSR-related publications by the Austrian Standards Institute; the ISO 26000 "Guidance on Social Responsibility"; the commission of the United Nations Global Compact; the Global Reporting Initiative criteria; the OECD Guidelines for Multinational Enterprises; and the United Nations report "Protect, Respect and Remedy: A Framework for Business and Human Rights".

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