

# A1 Human dignity in the supply chain

## Scope

In A themes we evaluate everything that is got by the organization. It doesn't matter if it is a product or a service, if it is the rent of the office or the gasoline for your car. We also mean "everything that is got ..." and not "bought" because an organization could get services or products but without buying them (e.g. pro bono services)

There is a little overlap with A2 and A4. The statement "Working conditions" refers to many issues such as salaries, working times but also diversity, equal opportunities, health and safety, employee participation, collective bargaining, etc.

Following the mentioned issues, the allocation goes as stated here:

- Salaries and working times of the suppliers are evaluated in A2
- Diversity, equal opportunities and health and safety of suppliers are evaluated in A1
- Participation and collective bargaining of suppliers are evaluated in A4

As a main rule, organizations should evaluate their suppliers in A1 according to what is evaluated in their own organization in B1, C1, D1 and E1. According to this rule, A2 refers to what is evaluated in C2, D2 and E2.

## Further evaluation help

It is important that organizations don't focus only in their direct suppliers (tier 1) since it is well known that many of the impacts occur along very complex supply chains. Some organizations try to avoid their responsibility stating that they have no influence in the first links of the supply chain. The determination of the level of this responsibility is done by the auditor.

Many organizations don't know how to analyze their supply chain and find risks of social or environmental impact. This background information and further investigation done by the authors of the ECG Matrix 5.0 aim to fill this gap. New revisions of this document will be improved and will give new insights and available tools to enable a better and easier supply chain analysis.

In order to find the potential social negative impacts along your organization you can do as follows (but feel free to make a different risk analysis):

1. Identify the suppliers of your supply chain.
2. Fill the following table

3. Supplier	Product Process Industry	Region	Price	Price (PPP adjusted)	Social Risk (A1)	Measures

4. Find potential social risks according to indicators of international databases like the ones elaborated by the International Labour Organization ([ILO](#)) and the International Trade Union Confederation ([ITUC](#))
5. If you want to make a step further you can analyze the whole supply chain and many social indicators with [openLCA](#) and one of the following social impact databases: [PSILCA](#) or [Social Hotspot Database](#) (both available for openLCA).

The deeper an organization analyzes and responds to the risks along the whole supply chain, the better result in the ECG balance.

For example a retail company that sells T - Shirts could only analyze its direct supplier or could analyze 3 links in the supply chain. The best option would be to analyze not only the suppliers but each process involved - see the following example:

Supplier	Product Process Industry	Region	Price	Price (PPP adjusted)	Social Risk (A1)	Measures
A	Cotton	Indonesia			Very High	Fair Trade
A	Cotton processed	Indonesia			High	Fair Trade
B	Knitting	Vietnam			Medium	FWF
B	Dyeing	Vietnam			Medium	FWF
C	Transport	Spain			Low	

In order to define the priorities to implement measures we highly recommend that an organization focus both on economic value and social risk. We want to highlight that some of the most important risks are not allocated in the sectors that mean the most economic value. These sectors should not be forgotten.

The PPP adjustment can be done with the database provided by the World Bank (see this [link](#))

## Assistance for implementation

The following points aim to give some ideas to the organizations that want to face this theme step by step and improve each year.

1. Think of the main values that should guide your purchase policy and write it down.
2. Define an easy process in order to comply with your policy
  - a. Analyze risks according to your policy. See “further evaluation help” for some tips
  - b. Introduce a process to make decisions while selecting suppliers. For example give some points according to the level the suppliers comply with your policy. Alternatively, you can write down a budget that should be a limit and then choose the supplier that have more points according to your policy and is still within the budget limits. You can also use some exclusion criteria. Or you can combine some of the approaches mentioned. Important is that the process is easy to follow, to understand and enables to make decisions towards your targets
  - c. Write a survey to your suppliers in order to know their practices according to your policy.
3. Educate your suppliers. Be a partner of their transition to a sustainable organization
4. Select new suppliers in case they don't want to make the transition
5. Evaluate each year your progress according to your policy and the chapter “further evaluation help”

The United Nations Global Compact elaborated a “[Supply Chain Sustainability Guide](#)” that is a good introduction in supply chain management taken into account sustainability

## Indicators

### Mandatory Indicators

- Percentage of the total purchasing volume represented by goods and services, expressed in tabular form.

The first indicator means that the organization must present all goods and services purchased by the organization in a table like the following one.

Supplier	Total expenses	% Total expenses

- Percentage of purchased goods and services provided under fair and ethical working conditions.

The second indicator is calculated as follows = Expenses under fair and ethical working conditions/Total expenses

The organization should provide evidences that a supplier has fair and ethical working conditions. This can be proved by external audits but also by other means like data or facts provided by the supplier, unions, or visits done by the organization. The strength of the evidences are evaluated by ECG auditors.

### Optional Indicators

There other many indicators that a company could use in order to track its path to sustainability. The following list is only an inspiration:

- Percentage of suppliers that are regularly evaluated
- Percentage of suppliers that comply with the purchase policy of the organization
- Average employee turnover rate of suppliers
- Average employee hours dedicated to training
- Average maternity leave of suppliers
- Demographic distribution of employees in your suppliers (gender, age, ethnicity, sexual orientation, etc.)
- You can also find many indicators in the [Global Reporting Initiative](#)

## Concrete case studies and exemplary implementations

### VAUDE

ECG organization that has an exemplary supply chain management. Regarding social impacts, the suppliers of VAUDE are audited each year by Fair Wear Foundation along the supply chain. Following aspects are evaluated: purchasing practices, monitoring and remediation, complaints handling, training and capacity building, information management, transparency and evaluation.

The Fair Wear Foundation Report is published in [VAUDE's web page](#) and can be downloaded.

### Fairphone

Fairphone is a company that was born with the main purpose of changing the electronics industry. Because of that the risks along the supply chain are analyzed and faced day by day. This belongs to the DNA of Fairphone.

Consumers can download the list of suppliers in Fairphone website and see an [interactive map](#). Fairphone knows that there are still a lot of steps to do in a so complex supply chain and doesn't argue that all of the suppliers are fair. Fairphone explains what they are changing and improving and what not yet. The list of suppliers published by Fairphone marks the suppliers that are involved in programs initiated by Fairphone to make improvements regarding worker welfare and sourcing fair materials.

## Negative aspects

The difference between "Baseline and "20 negative points" leaves room to the interpretation for the auditor. Facing the auditing process we want to highlight some points:

1. A consulting company could "ignore" the computers they buy, but a computer trading company could get negative points (depending on the behavior).
2. We also want to emphasize that many highly negative impacts in the supply chain are not goods of high economic importance for many sectors (e. g. energy, food, IT, etc.). These sectors have to be taken into account in auditing process regardless their economic importance. For the relevance, please see point 1.

There are many approaches that an auditor could use for the interpretation:

1. Evaluate what is essential for the organization. Essential doesn't mean (only) with high economic value. For example a communication agency wouldn't spend a lot of money in ink, but ink is essential for their published documentation.
2. Evaluate if there are existing (and feasible) alternatives. The more feasible alternatives the more negative points.

The last two examples of approaches are only guides to help auditors and consultants. Other approaches are also welcomed and can be sent to [bilanz@ecogood.org](mailto:bilanz@ecogood.org) in order to improve this information.

## Literature Resources

[Global Reporting Initiative](#)

[SA 8000](#)

Business Social Compliance Initiative

[International Labour Organization](#)

[World Input Output Database](#)

[International Trade Union Confederation](#)

[openLCA](#)

[Social Hotspots Database](#)

[PSILCA](#)

[LabelInfo](#)

[Standards Map](#)

## Editors

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# A2 Solidarity and social justice in the supply chain

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## Differentiation from other topics

A4: A4 asks to what extent suppliers are given the opportunity to have a say in the issues that affect them (e.g. payment and delivery terms). It can be assumed that if this happens in an exemplary manner in A4, the consequence will be more fair business relations. On the other hand, a company can also be very transparent towards its suppliers (good rating at A4) but ultimately not maintain fair payment and delivery terms (poor rating at A2).

Please note: In the A-themes, the company's dealings with its suppliers or its supply chain management are considered. Whether the company itself engages in illegal tax avoidance, for example, is not asked here. It is asked whether the company checks its supply chain so that it does not purchase products or services from other companies that engage in illegal tax avoidance.

D1 = Sales price

D2 = Solidarity with fellow companies

Legal basis or international initiatives for more responsibility of companies for their supply chains:

EU Directive 2014/95/EU (CSR Directive): "...shall also include material disclosures on due diligence processes applied by the corporation in relation to its supply chain and its chain of subcontractors in order to identify, prevent and mitigate existing and potential adverse impacts."

France: [Introduction of due diligence in 2017](#)

Switzerland: Corporate Responsibility Initiative: <http://konzern-initiative.ch/>

Context SMEs: [Impact of the implementation of the CSR Directive on due diligence processes and SME compliance.](#)

## Further assessment aids

### A2.1

#### Supplier satisfaction

Whether a company's suppliers are satisfied with the business relationship can really only be determined through a supplier survey. The duration of the business relationship is a somewhat less precise indicator, but depending on the industry and type of company, it can also be sufficiently meaningful. However, a medium-sized company should already conduct supplier surveys in order to be able to prove that they have a high level of supplier satisfaction. In principle, it is only a question of suppliers that the company itself can influence or that have market power. The question of whether Amazon, for example, is satisfied with its business relations with the smallest company is, of course, rather less relevant.

#### Fair share of value creation

The aspect of fair share in value creation is mainly about companies considering whether their suppliers actually have a fair share in value creation and have a chance to build up their own value creation levels.

The aim is for all participants in the value chain to receive a fair share, so that it is possible for all companies to exist economically side by side. Especially in the case of enterprises that purchase agricultural products or raw materials, it is important to distinguish whether they purchase the goods at a fair price or whether they actively contribute to the suppliers receiving a higher share of the value added. The latter can improve the overall situation of the suppliers (e.g. building up their own distribution channels, generally higher and more stable income, independence from fluctuating world market prices). This can happen on the one hand by giving preference to suppliers who, for example, sell processed products, or on the other hand by supporting suppliers in building up capacities for further stages of the value chain (e.g. Choba choba).

## A2.2 Positive influence on solidarity and justice throughout the supply chain

It should be emphasised again that most supply chains are extremely complex due to global structures and direct suppliers usually only make up a very small part of the supply chain. This aspect is therefore explicitly about whether the company is taking advantage of its opportunities to have a positive impact on its entire supply chain. Since a company cannot do this on its own, it is primarily a matter of providing impetus from the end of the value chain, which continues deeper and deeper into the value chain stages over time and with the mass of commitment made. Two mechanisms are at work here. On the one hand, demanding compliance with ethical values and, on the other hand, encouraging the various actors within the scope of the company's possibilities. It is therefore assessed whether and to what extent the company demands from its suppliers that they live the values of solidarity and justice towards all their stakeholder groups. In addition, it is also assessed whether and to what extent the company actively supports and promotes its suppliers with regard to these two issues.

Optimally, an ECG company only sources from suppliers who also live the ECG values in an exemplary manner. We are still a long way from this optimum situation, as global supply chains have become very complex and it will take several years before complete transparency is possible. In a pragmatic approach, the most important and relevant risks and grievances should therefore be addressed first (80/20 rule). At A2, the most important aspects are related to solidarity and equity in the supply chain:

- Non-compliance with living wages,
- illegitimate tax avoidance,
- lack of corruption prevention, and
- abuse of market power,

It can be assumed here that the payment of living wages in particular has the greatest immediate improvement effect.

Currently, there will be few companies that are already advanced or even exemplary in terms of their sustainable supply chain management. Even the "first steps" may seem very demanding or not feasible to some entrepreneurs. However, this is not the case! The following examples show what every entrepreneur or consumer can do to commit to more solidarity and justice in the global supply chains of their suppliers.

### Examples for „First steps“ in A2

The company obtains initial information on risks and grievances regarding solidarity and justice along the supply chain. Inform yourself - anyone can do this, see for example the collection of links below or carry out a self-check at "Kompass Nachhaltigkeit" (German/French only): [kmu.kompass-nachhaltigkeit.ch/self-check/self-check-durchfuehren/](http://kmu.kompass-nachhaltigkeit.ch/self-check/self-check-durchfuehren/)

As a first measure to positively influence fairness and solidarity among all participants along the supply chain, direct contact with suppliers can be established, for example, to identify possible grievances.

As an indirect measure, the preferential consideration of labels that take solidarity and justice into account is a good possibility. Information on this can be found, for example, at [labelinfo.ch](http://labelinfo.ch) (German/French only) or <https://www.siegelklarheit.de/en/>.

### Mandatory indicators

Please note: There are not compulsory indicators for all topics or sub-topics. Where none are found in the workbook, none are required. The reporting questions as well as the assessment levels should be sufficient.

Please note: The mandatory indicators are intended to assist in the assessment and to encourage companies to collect concrete and relevant data. As there are very different companies with very different and differently complex supply chains, the mandatory indicators do not fit equally well for all. However, they give an indication of what is relevant in the topic and the assessment can then be made by the company, the ECG advisor or the auditor for the individual case.

In concrete terms, this means that although the mandatory indicators are obligatory to report, they only serve as an aid for the assessment. If a company does not have any labels, but nevertheless behaves (demonstrably) in an exemplary manner, then the indicator would have to be reported with 0% (no labels), but the assessment in this topic or aspect could still be very good. The justification would then of course have to state why.

### Implementation aids

**For me personally, the best working aid: Kompass Nachhaltigkeit (please definitely have a look!).**

The site offers a good overview of the implementation of sustainable procurement for SMEs as well as for public procurement. It is recommended to use the working aids, guidelines and examples offered there (<http://kmu.kompass-nachhaltigkeit.ch/>) (unfortunately German/French only):

A further implementation tool for the topic of supply chain management was published at the beginning of 2017 by the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) "Step by step to sustainable supply chain management - practical guide for companies". ([https://www.bmub.bund.de/fileadmin/Daten\\_BMUB/Pool/Broschueren/leitfaden\\_nachhaltige\\_lieferkette\\_bf.pdf](https://www.bmub.bund.de/fileadmin/Daten_BMUB/Pool/Broschueren/leitfaden_nachhaltige_lieferkette_bf.pdf)) (German only)

### Further helpful documents

[Atlas on Environmental Impacts: Supply Chains](#)

<https://www.iso.org/news/Ref2178.html>

### Case studies and exemplary implementations

### Example of fair business relations (Sonnentor)

SONNENTOR farmers receive a cultivation and delivery contract in which the cultivation area and the expected delivery yield for the respective raw material are fixed. The farmers receive a purchase guarantee - the entire quantity produced is purchased, even if it exceeds the expected delivery yield. The prices for the herbs and spices are fixed together with the organic farmers at the annual cultivation meeting in February and do not depend on the availability of the raw material. Sonnentor thus guarantees price stability. Every organic farmer receives the same price for the same raw material, so there is no competitive pressure and cooperation is promoted. (Source: Sonnentor ECG Report 2015, page 16-17)

### Example of fair share in value creation:

With Choba Choba, the customer buys the chocolate directly from the cocoa farmers, as there are no middlemen in between. This means that the farmers receive double for their cocoa compared to the price on the cocoa market. In addition, the brand also belongs to the farmers and the business plan states that the farmers will own a third of Chobachoba by 2020 and the majority in the medium term. This means that the coffee farmers are not just suppliers, but entrepreneurs. Even today, prices are set bottom-up, i.e. the farmers define the price of the cocoa. ([www.chobachoba.ch](http://www.chobachoba.ch))

### Example of targeted selection of suppliers (Bodan)

"The goal of primarily selecting suppliers oriented towards the common good was not yet achievable in 2014 due to a lack of appropriately identified and eligible suppliers. (...) When initiating new business relationships, relevant social and ecological indicators (...) were also asked of the applicants and taken into account in the decision-making process. Existing business relationships were (...) terminated if necessary. Product range decisions were increasingly made by the "Listing Conference" (...), a new committee created in 2014. The sustainability reports (...) written by the companies are also of interest here. (Source: ECG Report Bodan 2013/2014, page 5, 10)

### Example of directive fair trade relations:

[http://www.bio-suisse.ch/media/de/pdf2014/Regelwerk/rl\\_2014\\_d\\_teil\\_i.pdf](http://www.bio-suisse.ch/media/de/pdf2014/Regelwerk/rl_2014_d_teil_i.pdf) (German only)

### Examples of joint development of strategies / roundtables / sector initiatives/ joint introduction Certifications:

- Swiss platform for sustainable cocoa: <http://www.kakaoplattform.ch/>
- **Industry initiative "Peat phase-out Switzerland** - In order to reduce the use of peat in Switzerland, representatives of the retail trade, horticulture and soil producers have signed a declaration of intent: <https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-67703.html>

### Example Negative Aspect 1: Price dumping

(...) already now the big supermarket chains dictate prices to food producers and suppliers due to their immense purchasing power. Price dumping by supermarkets is one of the main causes of incomes below the poverty line and poor working conditions for workers and small farmers in countries of the global South." (<http://www.supermarktmacht.de/2015/04/bundeskartellamt-stoppt-weitere-machtkonzentration-der-supermarktketten/>)

### Example Negative Aspect 2: Abusive contracts

Farmers who purchase seeds from Monsanto contractually agree not to retain any part of their harvest for resowing, as is common in agriculture. Instead, they agree to purchase seeds from Monsanto each year and pay additional royalties. (<https://www.3sat.de/page/?source=/makro/magazin/doks/188650/index.html>)

## Negative Aspects

Please note: no mandatory indicator required

## Literature and Ressources

- ILUC-Index der International Labour Organisation: <http://www.ilo.org/berlin/arbeits-und-standards/kernarbeitsnormen/lang--de/index.htm>
- Human Rights Watch: <https://www.hrw.org/de>
- RepRisk: [www.reprisk.com](http://www.reprisk.com)

### Living Wages:

- Living Wage Calculator: <http://livingwage.mit.edu/>
- Global Living Wage Coalition: <https://www.isealalliance.org/our-work/improving-effectiveness/global-living-wage-coalition>
- <http://labourbehindthelabel.org/campaigns/living-wage/>
- [https://issuu.com/erklarungvbern/docs/pe\\_flyer-labels\\_d\\_labels\\_es?e=3524425/40082574](https://issuu.com/erklarungvbern/docs/pe_flyer-labels_d_labels_es?e=3524425/40082574)
- <https://www.publiceye.ch/de/themen-hintergruende/konsum/mode/existenzlohn/>
- [https://www.publiceye.ch/fileadmin/files/documents/CCC/2014\\_CCC\\_Existenzlohn-dt.pdf](https://www.publiceye.ch/fileadmin/files/documents/CCC/2014_CCC_Existenzlohn-dt.pdf)
- <http://labourbehindthelabel.net/wp-content/uploads/2016/02/DoWeBuyIt-spreadsml-1.pdf>
- <https://www.publiceye.ch/de/themen-hintergruende/konsum/mode/existenzlohn/>
- <https://www.getchanged.net/magazin.asp?kategorie=living-wages>
- <http://www.fairwear.org/living-wage-portal/>
- Daniel Vaughan-Whitehead: Fair Wages <https://www.elgaronline.com/view/9781849801478.xml>
- <http://www.independent.co.uk/news/business/news/uk-living-wage-increase-workers-pay-rise-minimum-living-wage-foundation-a8039601.html>

### Forced Labour

Forced labor: <https://www.reprisk.com/article/j3qm9>

## Labels & Siegel

Ein Label, das umfassend alle Gemeinwohl-Themen für jegliche Produkte garantiert, gibt es bisher nicht. Eine Übersicht, über viele Labels und Standards findet man unter den folgenden Links, man muss allerdings selber schauen, welche Labels welche Kriterien berücksichtigen:

- [www.siegelklarheit.de](http://www.siegelklarheit.de)
- [www.labelinfo.ch](http://www.labelinfo.ch)
- Itc standards map: <http://www.standardsmap.org>

Hier eine (keine vollständige Auflistung!) Gerne Links an mich, ich vervollständige dann die Liste hier ([susanna.fieber@gmail.com](mailto:susanna.fieber@gmail.com))

## Label, die das Thema Living Wages berücksichtigen

- Fair Labour Associaton: [https://www.publiceye.ch/fileadmin/files/documents/CCC/1\\_Labelcheck\\_CCC\\_CCK-LabelCheck\\_screen.pdf](https://www.publiceye.ch/fileadmin/files/documents/CCC/1_Labelcheck_CCC_CCK-LabelCheck_screen.pdf), auf Seite 13
- Fair Wear Foundation: Seite 15
- SA8000: Seite 26

## Label, die gesetzliche Mindestlöhne (Achtung ist nicht gleich Living Wage = Existenzsichernder Lohn) bezahlen:

- GoodWeave: <http://labelinfo.ch/de/labels?id=111>
- BSCI
- Care& Fair: <http://labelinfo.ch/de/labels?id=103>

## Beispiel für ein Label, das die Erhöhung der Wertschöpfung vor Ort berücksichtigt:

- GEPA-Kriterien für Fairen Handel, Seite 2 und Seite 4: [http://www.gepa.de/fileadmin/user\\_upload/Info/GEPA/GEPA\\_Handelskriterien.pdf](http://www.gepa.de/fileadmin/user_upload/Info/GEPA/GEPA_Handelskriterien.pdf)

## Supply Chain Mapping:

<http://www.sourcemap.com/>

Itc standards map: <http://www.standardsmap.org>

## Hinweise für nachhaltige Beschaffung, für Privatkonsum oder EPU's (nicht speziell für Transparenz und Mitbestimmung)

- Nachhaltiger Warenkorb: [http://www.nachhaltigkeitsrat.de/fileadmin/user\\_upload/dokumente/publikationen/broschueren/Broschuere\\_Nachhaltiger\\_Warenkorb.pdf](http://www.nachhaltigkeitsrat.de/fileadmin/user_upload/dokumente/publikationen/broschueren/Broschuere_Nachhaltiger_Warenkorb.pdf)

## Fairer Anteil an der Wertschöpfung

<http://www.tagesanzeiger.ch/wirtschaft/unternehmen-und-konjunktur/die-marke-gehört-den-bauern/story/31219091>

**Infos für 8 deutsche Branchen, auf welcher Wertschöpfungsstufe wie viel Wertschöpfung hängen bleibt:** Umweltatlas Lieferketten: <https://www.adelphi.de/de/publikation/umweltatlas-lieferketten>

## Illegale Steuervermeidung:

- <https://www.oxfam.de/unsere-arbeit/themen/steuervermeidung-unternehmen>
- <http://www.stern.de/wirtschaft/geld/steuer-vorwurfe-gegen-grosskonzerne-legale-staatsfeinde-3382274.html>
- ax optimaziation: <https://www.reprisk.com/article/omv7bl>
- <http://www.zeit.de/wirtschaft/unternehmen/2015-10/oecd-steuervermeidung-aktionsplan>
- <http://www.zeit.de/wirtschaft/2017-11/paradise-papers-neues-datenleck-enthuellt-offshore-geschaefte> (grosse Konzerne wie Apple und Nike vermeiden die Bezahlung von Steuern. Bei der Beschaffung von Mobiltelefonen könnte auf andere Alternativen zurückgegriffen werden wie z.B. Fairphone ([www.fairphone.com](http://www.fairphone.com)) oder Shiftphone ([www.fairphone.com](http://www.fairphone.com)) etc.)

## Sozialstandards in Lieferkette:

- [https://www.vbw-bayern.de/Redaktion/Frei-zugaengliche-Medien/Abteilungen-GS/Sozialpolitik/2015/Downloads/20150603-Sozialstandards-in-der-Lieferkette\\_%C3%BCberarbeitet.pdf](https://www.vbw-bayern.de/Redaktion/Frei-zugaengliche-Medien/Abteilungen-GS/Sozialpolitik/2015/Downloads/20150603-Sozialstandards-in-der-Lieferkette_%C3%BCberarbeitet.pdf)
- <http://schuhe.publiceye.ch/>

## Faire Arbeitsbedingungen in weltweiter Computerindustrie

- <http://www.clean-it.at/>: Clean-IT setzt sich für faire Arbeitsbedingungen in der weltweiten Computerindustrie ein. Mit Unterstützung europäischer KonsumentInnen üben wir Druck auf Computermarkenfirmen aus, Verantwortung für die Arbeitsbedingungen und ökologischen Auswirkungen der Herstellung ihrer Produkte zu übernehmen.

## Weitere Sammlung von Links, jedoch noch nicht geordnet und aussortiert:

- <https://blog.misereor.de/2016/02/01/die-eu-darf-afrika-nicht-im-stich-lassen-interview-mit-bischof-fridolin-ambongo/>

- <https://www.brandeins.de/archiv/2007/mehr-selbststaendigkeit/unternehmer-ohne-freiheit/>
- Erste Ergebnisse der Umfrage der Produzenten und Abnehmerbefragung:
- [ww.bio-suisse.ch/media/Konsumenten/Nachhaltigkeit/Fair/fairness-umfrage-erste-ergebnisse\\_web.pdf](http://www.bio-suisse.ch/media/Konsumenten/Nachhaltigkeit/Fair/fairness-umfrage-erste-ergebnisse_web.pdf)
- [https://www.amazon.de/Lieferant-Just-Time-Produktion-Automobilindustrie-Hans-B%C3%B6ckler-Stiftung/dp/378902175X?ie=UTF8&\\*Version\\*=1&\\*entries\\*=0](https://www.amazon.de/Lieferant-Just-Time-Produktion-Automobilindustrie-Hans-B%C3%B6ckler-Stiftung/dp/378902175X?ie=UTF8&*Version*=1&*entries*=0)
- <https://www.fairphone.com/projects/supply-chain-transparency/#>
- <http://www.globalgap.org/de/for-producers/coc/>
- <http://www.bsci-ch.org/uber-uns/bsci-kurze/bsci-kurze>
- [http://www.faire-woche.de/fileadmin/user\\_upload/media/service/materialien/materialien\\_zum\\_download\\_pdfs/FW\\_15\\_Hintergrundinfo\\_final.pdf](http://www.faire-woche.de/fileadmin/user_upload/media/service/materialien/materialien_zum_download_pdfs/FW_15_Hintergrundinfo_final.pdf)
- <http://www.clean-it.at/>
- <http://www.bewusstkaufen.at/guetezeichen.php>
- [http://www.woek.de/web/cms/upload/pdf/woek/publikationen/kda\\_2010\\_sozial\\_verantwortliche\\_beschaffung\\_wegweiser.pdf](http://www.woek.de/web/cms/upload/pdf/woek/publikationen/kda_2010_sozial_verantwortliche_beschaffung_wegweiser.pdf)
- <http://www.greenpeace.org/international/en/campaigns/climate-change/cool-it/Guide-to-Greener-Electronics/>
- [http://www.4sustainability.de/fileadmin/redakteur/bilder/Publikationen/Loew\\_2006\\_CSR\\_in\\_der\\_Supply-Chain.pdf](http://www.4sustainability.de/fileadmin/redakteur/bilder/Publikationen/Loew_2006_CSR_in_der_Supply-Chain.pdf)
- <http://www.zeit.de/auto/2012-09/rohstoffe-auto-menschenrechte>
- <http://www.cleanclothes.at/>

## Redaktion

[Susanna.fieber@gmail.com](mailto:Susanna.fieber@gmail.com)



# A3 Environmental sustainability in the supply chain

## Scope

In A themes we evaluate everything that is got by the organization. It doesn't matter if it is a product or a service, if it is the rent of the office or the gasoline for your car. We also mean "everything that is got ..." and not "bought" because an organization could get services or products but without buying them (e.g. pro bono services)

Overlaps with D3 and E3 have to be avoided. In A3 we evaluate the environmental impacts of the materials and suppliers that occur outside your organization and before the product or service is used.

- D3 covers the impacts in the use phase and in the "end of life" phase.
- E3 covers the impacts that occurred within the organization (plus consumed energy)

With the definitions mentioned above there should not be any double countability.

## Further evaluation help

It is important that organizations do not focus only in their direct suppliers (tier 1) since it is well known that many of the impacts occur along very complex supply chains. Some organizations try to avoid their responsibility stating that they have no influence in the first links of the supply chain. The determination of the level of this responsibility is done by the auditor.

Many organizations do not know how to analyze their supply chain and find risks of social or environmental impacts. This background information and further investigation done by the authors of the ECG Matrix 5.0 aim to fill this gap. New revisions of this document will be improved and will give new insights and available tools to enable a better and easier supply chain analysis.

In order to find the potential environmental negative impacts along your organization you can do as follows (but feel free to make a different risk analysis):

1. Identify the suppliers of your supply chain.
2. Fill the following table

Supplier	Product Process Industry	Region	Price	Price (PPP adjusted)	Environmental risk (A3)	Measures

3. As a guide you can use the following table to assess the environmental risk. This is also what is used in the ECG Calculator 5.0 for the weighting of different themes. The authors of ECG Matrix 5.0 are doing more research regarding this issue and will update and improve these guidelines

4. Sector	Environmental risk
A - Agriculture, hunting and forestry	very high
B - Mining and quarrying	very high
C - Manufacturing	high
D - Electricity, gas, steam and air conditioning supply	very high
E - Water supply; sewerage, waste management and remediation activities	medium
F - Construction	very high
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	high
H - Transportation and storage	high
I - Accommodation and food service activities	high
J - Information and communication	high
K - Financial and insurance activities	medium
L - Real estate activities	high
M - Professional, scientific and technical activities	medium
N - Administrative and support service activities	medium
O - Public administration and defence; compulsory social security	medium

P - Education	medium
Q - Human health and social work activities	medium
R - Arts, entertainment and recreation	medium
S - Other service activities	medium
T - Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	medium
U - Activities of extraterritorial organizations and bodies	medium

- Alternatively, you can find and assess potential environmental risks according to the indicators defined in reliable sources like for example [PEF](#) and [OEF](#) guides of European Commission, [GRI standards](#), [EMAS](#) or [Ecological Footprint of Global Footprint Network](#).
- If you want to make a step further you can analyze the whole supply chain with Life Cycle Assessment tools and databases, like [Open LCA](#), or to the environmental satellites of Input-Output databases, like [WIOD](#), classified by country and industrial sector.

The deeper an organization analyzes and responds to the risks and impacts along the whole supply chain, the better result in the ECG balance.

For example a retail company that sells T - Shirts could only analyze its direct supplier or could analyze 3 links in the supply chain. The best option would be to analyze not only the suppliers but each process involved - see the following example:

Supplier	Product Process Industry	Sector	Price	Price (PPP adjusted)	Environmental Risk (A3)	Measures
A	Cotton production	A - Agriculture			Very High	Organic agriculture
A	Cotton processed	C - Manufacture			High	
B	Knitting	C - Manufacture			High	
B	Dyeing	C - Manufacture			High	
C	Transport	H - Transport			High	Renewable energy powered

In order to define the priorities to implement measures we highly recommend that an organization focus both on economic value and environmental risk. We want to highlight that some of the most important risks are not allocated in the sectors that mean the most economic value. These sectors should not be forgotten.

The PPP adjustment can be done with the database provided by the World Bank (see this [link](#))

## Assistance for implementation

The following points aim to give some ideas to the organizations that want to face this theme step by step and improve each year.

- Think of the main values that should guide your purchase policy and write it down.
- Define an easy process in order to comply with your policy
  - Analyze risks according to your policy. See "further evaluation help" for some tips.
  - Introduce a process to make decisions while selecting suppliers. For example give some points according to the level the suppliers comply with your policy. Alternatively, you can write down a budget that should be a limit and then choose the supplier that have more points according to your policy and is still within the budget limits. You can also use some exclusion criteria. Or you can combine some of the approaches mentioned. Important is that the process is easy to follow, to understand and enables to make decisions towards your targets.
  - Write a survey to your suppliers in order to know their practices according to your policy.
- Educate your suppliers. Be a partner of their transition to a sustainable organization
- Select new suppliers in case they do not want to make the transition
- Evaluate each year your progress according to your policy and the chapter "further evaluation help"

The United Nations Global Compact elaborated a "[Supply Chain Sustainability Guide](#)" that is a good introduction in supply chain management taken into account sustainability

## Indicators

### Mandatory Indicators

- Proportion of purchased goods and services that are environmentally preferable alternatives.

"Preferable alternatives" is defined as the highest current performance level in an industry, used as a standard or benchmark to be equaled or exceeded.

It is calculated as follows = Expenses under Best in Class alternatives / Total expenses

- Proportion of suppliers who have reduced their environmental impact.

The fact that a supplier contributes to a reduction of its environmental impacts it can be proved either by its environmental performance, compared with its sector performance (the indicators used to define the environmental performance can be those defined in reliable sources like for example [PEF](#) and [OEF](#) guides of European Commission, [GRI standards](#), [EMAS](#) or [Ecological Footprint of Global Footprint Network](#)) or by an obvious improvement of its environmental performance in the last two years.

It is calculated as follows

Expenses of suppliers that contribute to a reduction of their environmental impacts / Total expenses

## Optional Indicators

There are other many environmental indicators that a company could use in order to track its path to sustainability. Using one or other depends on the nature of the activity that is being assessed and the associated environmental risks and impacts, however it is required that these indicators are defined in a reliable source, like for example [PEF](#) and [OEF](#) guides of European Commission, [GRI standards](#), [EMAS](#) or [Ecological Footprint of Global Footprint Network](#).

## Concrete case studies and exemplary implementations

### VAUDE

VAUDE designs its products taken into account the life cycle of the clothes. Regarding the supply chain and the environmental impact associated, VAUDE chooses materials with low impact. The Green Shape label has been developed by VAUDE and contains strict rules based on other standards.

VAUDE has two very ambitious projects: to phase out the use of PVC and PFC, both materials very important in the outdoor industry. VAUDE has been developing a deep research in alternatives to these materials and nowadays can state that the whole new apparel doesn't contain or have been produced with help of PVC or PFC. Only a small amount of backpacks and some tents still need improvement but VAUDE doesn't give up and has set the target to be PVC free in 2020.

### Triodos Bank Office in Málaga

The Triodos Bank office in Malaga has been designed and built to the highest ecological standards and by professionals in sustainable architecture and construction. The selection of suppliers and materials has been an important part of the project. The architects belong to an organization that performs a Triple Bottom Line Management, the materials have been selected according to their Life Cycle Assessment and most of the suppliers come from the region.

## Negative aspects

The difference between "Baseline and "20 negative points" leaves room to the interpretation for the auditor. Facing the auditing process we want to highlight some points:

1. Agriculture, mining or construction are sectors with very high environmental risk, as defined in the environmental sector classification defined in ECG Calculator 5.0 for A3. These sectors are suppliers, direct or indirectly, of almost every company. But this doesn't mean that almost every company would get -20 points. A consulting company could ignore the mining of the metals contained in the mobile phones they use, but a mobile phones trading company should evaluate it and, depending on the behaviour, could get negative points.
2. We also want to emphasize that many highly negative impacts in the supply chain are not goods of high economic importance for many sectors (e. g. energy, food, IT, etc.). These sectors have to be taken into account in auditing process regardless their economic importance. For the relevance, please see point 1.

There are many approaches that an auditor could use for the interpretation:

1. Evaluate what is essential for the organization. Essential does not mean (only) with high economic value. For example a communication agency wouldn't spend a lot of money in ink, but ink is essential for their published documentation.
2. Evaluate if there are existing (and feasible) alternatives. The more feasible alternatives the more negative points.

The last two examples of approaches are only guides to help auditors and consultants. Other approaches are also welcomed and can be sent to [bilanz@ecogood.org](mailto:bilanz@ecogood.org) in order to improve this information.

## Literature Resources

[Global Reporting Initiative](#)

[World Input Output Database](#)

[openLCA](#)

[PEF](#) and [OEF](#) guides of European Commission

[EMAS](#)

[Ecological Footprint of Global Footprint Network.](#)

[Ecolabels](#)

[Greenhouse Gas Protocol](#)

[The Nine Planetary Boundaries](#)

## Editors

Carlos López and Pedro Olazabal

# A4 Transparency and Co-Determination

## In-depth info on the overall topic

Distinction from A2 and interdependencies between A4 and A2

A4: A4 asks to what extent suppliers are given the opportunity to participate in decisions on issues that affect them (e.g. payment and delivery terms). It can be assumed that if this is done in an exemplary manner in A4, the consequence will be that business relationships are more likely to be fair (see A2). On the other hand, a company can also be very transparent with its suppliers (good rating for A4), but ultimately not maintain fair business relationships (poor rating for A2).

Legal foundations or international initiatives for more responsibility of companies for their supply chains:

- EU Directive 2014/95/EU (CSR Directive): "...also includes material disclosures on due diligence processes that the corporation applies in relation to its supply chain and its chain of subcontractors in order to identify, prevent and mitigate existing and potential negative impacts."
- France: [Einführungs der Sorgfaltsprüfungspflicht 2017](#):
- Switzerland: Corporate Responsibility Initiative: <http://konzern-initiative.ch/>
- Context SME: [Auswirkungen der Umsetzung der CSR-Richtlinie auf Due-Diligence-Prozesse und die Compliance von KMU](#)

## Further evaluation aids

### A 4.1 Transparency and co-decision rights for suppliers

This aspect is particularly relevant for producers who purchase products and services on a large scale. For a service provider who possibly only purchases classic office and mobility needs, this aspect will usually be of little relevance.

**The essential criteria for evaluating transparency are:**

- Does the company inform its suppliers only about upcoming decisions or only about decisions that have already been made?
- Extent and depth of the respective information, especially with regard to critical decisions.
- Type of availability of information: only on demand - or proactively at an early stage

**The essential criteria for the classification of co-decision are:**

- Reactive - active/permanent access to suppliers.
- Extent of suppliers involved - some, few, all
- Proportion of supplier co-decision (0-100% of all relevant decisions)
- Degree of co-decision: from consultation to dialogue and co-design to co-decision. Lieferantenzufriedenheit

Whether a company's suppliers are satisfied with the company's information policy and their opportunities for co-decision-making can really only be determined by means of a supplier survey. The duration of the business relationship could be used as an indicator for assessing supplier satisfaction, but it is a somewhat less precise indicator. Depending on the industry and type of company, however, it could be sufficiently meaningful. However, a medium-sized company should already conduct supplier surveys in order to be able to prove that they have a high level of supplier satisfaction. In principle, it is only a question of suppliers that the company can influence itself or over which the company has market power. The question of whether Amazon is satisfied with the company's information policy and its co-decision-making possibilities with the EPU is rather less relevant.

### A4.2 Positive influence on transparency and co-decision-making throughout the supply chain

It should be emphasized once again here that most supply chains are extremely complex due to global structures, and direct suppliers usually only make up a very small part of the supply chain. This aspect is therefore explicitly about whether the company is taking advantage of its opportunities to have a positive impact on its entire supply chain. Since a company cannot do this on its own, it is primarily a matter of providing impetus from the end of the value chain, which continues deeper and deeper into the value chain stages over time and with the mass of commitment made. Two mechanisms are at work here. On the one hand, demanding compliance with ethical values and, on the other hand, promoting the various actors within the scope of the company's possibilities.

In the optimum case, a GWÖ company only purchases from suppliers who also live the GWÖ values in an exemplary manner. We are still a long way from this optimal state, as global supply chains have become very complex and it will take several years before complete transparency is made possible. In a pragmatic approach, therefore, the most important and relevant risks and grievances should be addressed first (80/20 rule). At A4, the most important aspects are related to transparency and participation in the supply chain:

- Preventing or combating works councils and trade unions
- Carrying out hostile takeovers

Here, it can be assumed that the fight against works councils in particular will have the greatest immediate improvement effect.

Currently, there will be few companies that are already advanced or even exemplary in terms of their sustainable supply chain management. Even the "first steps" may already appear to some entrepreneurs to be very demanding or even unfeasible. However, this is not the case! The following examples show what every entrepreneur or consumer can do within the framework of the first steps to commit to more transparency and co-determination in the global supply chains of their suppliers.

## Examples of "Getting Started" in A4

### First Steps

The company obtains initial information on risks and grievances regarding transparency and co-determination along the supply chain

- get informed - anyone can do this, see e.g. the collection of links below or do a self-check at Kompass Nachhaltigkeit: [kmu.kompass-nachhaltigkeit.ch/self-check/self-check-durchfuehren/](http://kmu.kompass-nachhaltigkeit.ch/self-check/self-check-durchfuehren/)

First measures to positively influence a transparent and participatory interaction of all stakeholders along the supply chain are implemented

- this can also be done by anyone: e.g. write an email to each supplier about what they require from them. Here is an example that can be adapted for the GWÖ topics: <https://www.publiceye.ch/de/themen-hintergruende/konsum/mode/was-sie-tun-koennen/> and [https://www.publiceye.ch/fileadmin/files/documents/CCC/2014\\_Kampagne\\_CCC\\_Website\\_Kassabon\\_DE.pdf](https://www.publiceye.ch/fileadmin/files/documents/CCC/2014_Kampagne_CCC_Website_Kassabon_DE.pdf). For more practical tips see [www.kmu.kompass-nachhaltigkeit.ch](http://www.kmu.kompass-nachhaltigkeit.ch)

Some purchased products and raw materials bear a label that takes transparency and co-determination into account.

- This first step is also easy to implement for everyone: see e.g. [labelinfo.ch](http://labelinfo.ch)

## Measures and strategies to positively influence the supply chain

For an assessment of how far a company has progressed in terms of strategies and measures for sustainable supply chains, see [www.kompass-nachhaltigkeit.ch](http://www.kompass-nachhaltigkeit.ch)

### Labels

As far as labels are concerned, we have the problem that there is not yet one that explicitly tests GWÖ issues. We therefore have to look at which labels exist and what they cover. Assistance is available from [www.labelinfo.ch](http://www.labelinfo.ch) or [www.siegelklarheit.de](http://www.siegelklarheit.de)

If there are product groups for which there is no label at all (there are labels for almost everything), the company can either engage that such a label is built up (e.g. together with industry representatives) or would have to prove in another way that it takes ECG values into account in the procurement of supplier XY.

## Mandatory indicators

Please note: There are not mandatory indicators for all topics or subtopics. Where none are found in the workbook, none are required. The report questions as well as the assessment levels should suffice.

Please note: The mandatory indicators are intended to assist in the assessment and to encourage companies to collect concrete and relevant data. Since there are very different companies with very different supply chain depths, the mandatory indicators do not fit equally well for all. However, they give an indication of what is relevant in the topic and the assessment can then be made by the company, the GWÖ consultant or the auditor for the individual case. In concrete terms, this means that although the mandatory indicators are mandatory to report, they only serve as an aid to the assessment. If a company does not have any labels, but nevertheless behaves (demonstrably) in an exemplary manner, then the indicator would have to be reported with 0% (no labels), but the evaluation in this topic or aspect could still be very good. The justification would then have to state why, of course.

## Aids for implementation

For me, the best working aid: Compass Sustainability (please definitely have a look!).

The site offers a good overview of the implementation of sustainable procurement for SMEs as well as for public procurement. The use of the work aids, guidelines and examples offered there is recommended. (<http://kmu.kompass-nachhaltigkeit.ch/>):

The **Sustainability Compass** supports companies in making procurement and supply chain management sustainable. The [implementation process](#) guides you through the various stages of sustainable procurement management. You will also find a [set of arguments](#) and background information. Under [Products & Labels](#) you will find detailed information on the procurement of individual product groups.

### Purchasing guidelines/ codes

<http://kmu.kompass-nachhaltigkeit.ch/umsetzung/2-strategie-definieren/verhaltenskodex/>

At the beginning of 2017, the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) published another guide on the subject of supply chain management: "Schritt für Schritt zum nachhaltigen Lieferkettenmanagement - Praxisleitfaden für Unternehmen" (**Step by step to sustainable supply chain management - practical guide for companies**). ([https://www.bmub.bund.de/fileadmin/Daten\\_BMU/Pool/Broschueren/leitfaden\\_nachhaltige\\_lieferkette\\_bf.pdf](https://www.bmub.bund.de/fileadmin/Daten_BMU/Pool/Broschueren/leitfaden_nachhaltige_lieferkette_bf.pdf))

### Help for 8 industries in the Environmental Atlas Supply Chains Germany:

<https://www.adelphi.de/de/publikation/umweltatlas-lieferketten>

"EMAS and Biodiversity - Protecting Biodiversity in Environmental Management Systems" On page 34 there is a good description of how to proceed if you are overwhelmed with supply chain analysis. <http://www.business-biodiversity.eu/de/biodiversitaet/biodiversitaetsmanagement/emas-leitfaden>

The International Organization for Standardization (ISO) has launched ISO 20400, a new standard for sustainable procurement, to make it easier for companies to procure goods sustainably.

<https://www.oebu.ch/de/news/aktuelle-news/neue-iso-norm-fuer-nachhaltige-beschaffung-2320.html>

<https://www.iso.org/news/Ref2178.html>

**Supply Chain Mapping:** <http://www.sourcemap.com/>

## Concrete case studies and exemplary implementations

### **Märkisches Landbrot:**

"Since 2013, an anonymous assessment of fairness of the buyers (i.e. us) towards the farmers by the farmers has been taking place - a fundamental shift in the balance of power. The long-term price agreements with our most important contact group the farmers, are published on our website. In 2009, the Grain Round Table decided to make pricing independent of fluctuating market prices, which reflect neither farmers' nor bakers' needs and are determined only by demand and supply on world markets. The agreed prices for rye, wheat and spelt are intended to ensure a good income for farmers and to be reasonable raw material prices for bakers. Thus, unlimited prices have been agreed since then. In the process, the grain prices are set jointly by the Demeter farmers. If the agreement no longer suits a business partner, the round table is convened and renegotiations take place. The minutes of the talks from the Grain Round Table are published annually to give other farmers a benchmark for their negotiations."

### **Premium-Cola:**

"But actually, everything belongs to the collective." And anyone can become part of the collective, whether it's a beverage distributor, shipper, bottler, bartender, or consumer - whoever has anything to do with Coke can sign up on a mailing list if they know a collectivist who recommends them.

By e-mail, **all business decisions are discussed, finances are disclosed, investments are voted on** - strictly according to the **rules of consensus democracy**. As long as only one collectivist votes against, the proposal is considered rejected.

### **Transparente Lieferkette bei Fairphone:**

Lieferketten für Mobiltelefone sind extrem komplex und umspannen den ganzen Erdball. Die meisten Anbieter kennen maximal ihre direkten Lieferanten, aber nicht die meist Tausenden von vorgelagerten Lieferanten, welche Komponenten und Rohstoffe liefern. Dadurch, dass Fairphone von den eigenen Lieferanten fordert, dass diese wiederum ihre Lieferketten durchleuchten, kristallisiert sich nach und nach ein Bild heraus, wer Teil der Lieferkette ist und was auf jeder Produktionsstufe passiert. Mit diesen Informationen kann erstmals ein umfassender Material- und Prozessfluss für die Herstellung eines Handys erstellt werden. Diese Information wird der Öffentlichkeit zur Verfügung gestellt. In einem zweiten Schritt prüft Fairphone dann genauer, wie die Lieferanten und Sublieferanten arbeiteten, wo es Verbesserungspotential gibt und wie die Lieferkette noch transparenter gemacht werden kann. (<https://www.fairphone.com/projects/supply-chain-transparency/>)

## **SMART makes value chains transparent**

For the food and agriculture sector, there is a scientifically based method that companies can use to make their value chains transparent. The tool minimizes risks and makes hotspots in the company and the entire supply chain visible. (<http://www.sustainable-food-systems.com/smart-methode/>).

### **Use of blockchain technology for transparent supply chains**

<https://reset.org/blog/provenance-eine-blockchain-fuer-transparente-lieferketten-07202017>

### **Example targeted selection of suppliers (Bodan)**

"The goal of selecting suppliers with a priority focus on the common good was not yet achievable in 2014 due to a lack of appropriately identified and eligible suppliers. (...) When initiating new business relationships, relevant social and ecological indicators (...) were also queried from the applicants and taken into account in the decision-making process. Existing business relationships were (...) terminated if necessary. Product range decisions were increasingly made by the "Listing Conference" (...), a new committee created in 2014. The sustainability reports (...) written by the companies are also of interest here. (Source: GWÖ Report Bodan 2013/2014, page 5, 10)

### **Examples of joint strategy development/roundtables/industry initiatives/joint rollout certifications:**

- Swiss Platform for Sustainable Cocoa  
<http://www.kakaoplattform.ch/>
- In order to reduce the use of peat in Switzerland, representatives of the retail trade, horticulture and soil producers have signed a declaration of intent: <https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-67703.html>

## **Negative aspect**

No negative aspect present at A4.

## **Literature Resources**

### **A 4.1**

Currently no further links

### **A4.2 Positive influence on transparency and co-decision-making throughout the supply chain**

#### **Labels, seals and standards**

A label that comprehensively guarantees all common good issues for any product does not exist yet. An overview of many labels and standards can be found under the following links, but you have to see for yourself which labels take into account which criteria.

- At A4, the most important aspects are related to transparency and co-determination in the supply chain:
- Preventing or fighting works councils and trade unions.  
Implementation of hostile takeovers

#### Labels und Standards:

- [www.siegelklarheit.de](http://www.siegelklarheit.de)
- [www.labelinfo.ch](http://www.labelinfo.ch)
- [lrc standards map; http://www.standardstap.org](http://www.standardstap.org)

Label, which take union freedom into account (not a complete listing!)

- Made in Green by OEKO-TEX® (<http://www.labelinfo.ch/de/labels?id=211>)
- STeP by OEKO-TEX® <http://labelinfo.ch/de/labels?t=0&id=132>
- <https://de.wikipedia.org/wiki/Flowerlabel>
  - Fairwear: <https://www.fairwear.org/labour-standards/#freedom-of-association>
  - GOTS: <http://labelinfo.ch/de/labels?id=129>

#### Guidance for sustainable procurement, for private consumption or EPU's (not specifically for transparency and co-determination).

- **Sustainable Shopping Cart:** [http://www.nachhaltigkeitsrat.de/fileadmin/user\\_upload/dokumente/publikationen/broschueren/Broschuere\\_Nachhaltiger\\_Warenkorb.pdf](http://www.nachhaltigkeitsrat.de/fileadmin/user_upload/dokumente/publikationen/broschueren/Broschuere_Nachhaltiger_Warenkorb.pdf)

#### Use of blockchain technology for transparent supply chains

- <https://reset.org/blog/provenance-eine-blockchain-fuer-transparente-lieferketten-07202017>
- <http://www.netzwoche.ch/news/2017-09-01/die-blockchain-entruempelt-die-supply-chain>
- <http://futuregram.trendone.com/blockchain/blockchain-und-die-versorgungskette/>
- <https://www.zdf.de/verbraucher/makro/blockchain-die-transparenz-maschine-100.html>

#### Transparency in supply chain

- <http://www.setlog.com/de/aktuelles/2015/mehr-transparenz-und-soziale-verantwortung-in-der-lieferkette>
- <http://www.zeit.de/2014/11/konfliktrohstoffe-foerderung-handel-transparenz>
- <http://www.marktundmittelstand.de/zukunftsmaerkte/lieferkette-mehr-erfolg-durch-mehr-transparenz-1201571/>
- <http://www.umweltdialog.de/de/verbraucher/textilien/2015/Transparente-Lieferkette-Woher-kommt-mein-Pyjama.php>

#### Prevention of trade unions

Unfortunately, there is no overview or list anywhere of which companies prevent or fight unions. This makes it more difficult to consider this point in procurement / supply chain

- <http://www.zeit.de/karriere/2014-05/studie-betriebsrat-gewerkschaft-bekaempfen>
- Union Bustin in Deutschland: <https://www.otto-brenner-stiftung.de/otto-brenner-stiftung/aktuelles/union-busting-in-deutschland.html>
- [http://www.amnesty-kolumbien.de/de/\\_gewerkschaften.html](http://www.amnesty-kolumbien.de/de/_gewerkschaften.html)
- [https://www.otto-brenner-stiftung.de/fileadmin/user\\_data/stiftung/Aktuelles/AH77/AH\\_77\\_UnionBusting\\_Info.pdf](https://www.otto-brenner-stiftung.de/fileadmin/user_data/stiftung/Aktuelles/AH77/AH_77_UnionBusting_Info.pdf)
- Fall Coca Cola: <https://www.azzellini.net/lateinamerika/coca-cola-und-die-gewerkschaften>
- Fall Nestlé: <https://www.woz.ch/-2809>

#### Hostile takeovers

Unfortunately, there is no (complete) overview or list anywhere of which companies engage in hostile takeovers, but some info can be found online:

- The biggest hostile takeovers: <http://www.wiwo.de/bilder/nachrichten-und-meinung-die-groessten-feindlichen-uebernahmen/4725486.html>
- <http://www.handelsblatt.com/finanzen/banken-versicherungen/feindliche-uebernahmen-das-grosse-schlucken/3269420.html>
- <http://www.brandeins.de/archiv/2007/ideenwirtschaft/was-ist-eigentlich-eine-feindliche-uebernahme/>

More links, but not yet sorted...

- <https://blog.misereor.de/2016/02/01/die-eu-darf-afrika-nicht-im-stich-lassen-interview-mit-bischof-fridolin-ambongo/>
- <https://www.brandeins.de/archiv/2007/mehr-selbststaendigkeit/unternehmer-ohne-freiheit/>

First results of the producers' and buyers' survey:

- [www.bio-suisse.ch/media/Konsumenten/Nachhaltigkeit/Fair/fairness-umfrage-erste-ergebnisse\\_web.pdf](http://www.bio-suisse.ch/media/Konsumenten/Nachhaltigkeit/Fair/fairness-umfrage-erste-ergebnisse_web.pdf)
- [https://www.amazon.de/Lieferant-Just-Time-Produktion-Automobilindustrie-Hans-B%C3%B6ckler-Stiftung/dp/378902175X?ie=UTF8&\\*Version\\*=1&\\*entries\\*=0](https://www.amazon.de/Lieferant-Just-Time-Produktion-Automobilindustrie-Hans-B%C3%B6ckler-Stiftung/dp/378902175X?ie=UTF8&*Version*=1&*entries*=0)
- <https://www.fairphone.com/projects/supply-chain-transparency/#>
- <http://www.globalgap.org/de/for-producers/coc/>
- <http://www.bsci-ch.org/uber-uns/bsci-kurze/bsci-kurze>
- [http://www.faire-woche.de/fileadmin/user\\_upload/media/service/materialien/materialien\\_zum\\_download\\_pdfs/FW\\_15\\_Hintergrundinfo\\_final.pdf](http://www.faire-woche.de/fileadmin/user_upload/media/service/materialien/materialien_zum_download_pdfs/FW_15_Hintergrundinfo_final.pdf)



- <http://www.clean-it.at/>
- <http://www.bewusstkaufen.at/guetezeichen.php>
- [http://www.woek.de/web/cms/upload/pdf/woek/publikationen/kda\\_2010\\_sozial\\_verantwortliche\\_beschaffung\\_wegweiser.pdf](http://www.woek.de/web/cms/upload/pdf/woek/publikationen/kda_2010_sozial_verantwortliche_beschaffung_wegweiser.pdf)
- <http://www.greenpeace.org/international/en/campaigns/climate-change/cool-it/Guide-to-Greener-Electronics/>
- [http://www.4sustainability.de/fileadmin/redakteur/bilder/Publikationen/Loew\\_2006\\_CSR\\_in\\_der\\_Supply-Chain.pdf](http://www.4sustainability.de/fileadmin/redakteur/bilder/Publikationen/Loew_2006_CSR_in_der_Supply-Chain.pdf)
- <http://www.zeit.de/auto/2012-09/rohstoffe-auto-menschenrechte>
- <http://www.cleanclothes.at/>

new Links Nov2017

- <https://www.theguardian.com/sustainable-business/supply-chain-transparency-relationships-suppliers>
- [https://dupress.deloitte.com/content/dam/dup-us-en/articles/supply-chain-transparency/DUP785\\_ThePathtoSupplyChainTransparency.pdf](https://dupress.deloitte.com/content/dam/dup-us-en/articles/supply-chain-transparency/DUP785_ThePathtoSupplyChainTransparency.pdf)
- <https://www.hrw.org/report/2017/04/20/follow-thread/need-supply-chain-transparency-garment-and-footwear-industry>

## **Editorial**

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# B1 Ethical position in relation to financial resources

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< Ethical position in relation to financial resources >

## In-depth info on the overall topic

**Money** is any item or verifiable record that is generally accepted as payment for goods and services and repayment of debts, such as taxes, in a particular country or socio-economic context. The main functions of money are distinguished as: a medium of exchange, a unit of account, a store of value and sometimes, a standard of deferred payment. Any item or verifiable record that fulfils these functions can be considered as money.

Money is historically an emergent market phenomenon establishing a commodity money, but nearly all contemporary money systems are based on fiat money. Fiat money, like any check or note of debt, is without use value as a physical commodity. It derives its value by being declared by a government to be legal tender; that is, it must be accepted as a form of payment within the boundaries of the country, for "all debts, public and private". Counterfeit money can cause good money to lose its value.

The money supply of a country consists of currency (banknotes and coins) and, depending on the particular definition used, one or more types of bank money (the balances held in checking accounts, savings accounts, and other types of bank accounts). Bank money, which consists only of records (mostly computerized in modern banking), forms by far the largest part of broad money in developed countries. [Wikipedia, 31.03.2020]

A **complementary currency** is a currency or medium of exchange that is not a national currency, but that is thought of as supplementing or complementing national currencies. Complementary currencies are usually not legal tender and their use is based on agreement between the parties exchanging the currency. According to Jérôme Blanc of Laboratoire d'Économie de la Firme et des Institutions, complementary currencies aim to protect, stimulate or orientate the economy. They may also be used to advance particular social, environmental, or political goals.

When speaking about complementary currencies, a number of overlapping and often interchangeable terms are in use: local or community currencies are complementary currencies used within a locality or other form of community (such as business-based or online communities); regional currencies are similar to local currencies, but are used within a larger geographical region; and sectoral currencies are complementary currencies used within a single economic sector, such as education or health care. Many private currencies are complementary currencies issued by private businesses or organizations. Other terms include **alternative currency**, auxiliary currency, and microcurrency. Mutual credit is a form of alternative currency, and thus any form of lending that does not go through the banking system can be considered a form of alternative currency. Barter is another type of alternative currency. These are actually exchange systems, which trade only items, without the use of any currency whatsoever. Finally, LETS is a special form of barter that trades points for items. One point stands for one worker-hour of work, and is thus a Time-based currency. [Wikipedia, 31.03.2020]

**B1. compact balance sheet, the dominant aspect is the provision of equity capital as a basis for autonomy and independence** from third parties. How secure this is, however, cannot simply be derived mathematically. The significance of the criteria from the external financing including the expected attitude of the financial partners must be considered and evaluated in detail from this point of view. In addition to the equity ratio, other influencing factors will also play a role. These include, for example, spheres of influence from the ownership structure, industry and company risks and their dimensions, market position and strategic strengths.

For instructions on how to calculate the indicators, see also for the compact balance sheet below under the individual aspects.

## Aspect B1.1: Financial independence through equity financing

**Equity** is that part of the capital of economic entities which is shown in the balance sheet as the positive difference between assets and liabilities, so that equity equals net assets. [Wikipedia 05.01.2018]

In contrast to borrowed capital, the funds that are raised by the owners of a company to finance it or that are left in the company as earned profit (self-financing). [Gabler Wirtschaftslexikon 05.01.2018].

Equity capital fulfils several functions in all economic entities:

- *Start-up function:* Without equity capital, newly founded companies can hardly obtain any outside capital. In some cases, legal regulations also require a certain minimum amount of equity capital (mostly depending on the legal form). This is especially the case with credit institutions and insurance companies.
- *Financing function:* Ideally, equity capital should finance long-term tangible fixed assets and financial investments on the one hand, and on the other hand, the equity ratio is the most important business ratio for creditors when assessing solvency and rating, i.e. creditworthiness.
- *Liability function:* Equity capital should serve to absorb losses and protect creditors. Occurring losses are absorbed by the equity capital. The higher the equity capital, the longer a company is able to absorb lasting losses without falling into a business crisis. Since equity capital - in the event of liquidation or insolvency - comes at the very end of the repay ability, it is fully liable to creditors.
- *Limiting function:* The amount of own funds limits the possible volume of business because deteriorating or negative debt ratios warn creditors against further transactions (undercapitalisation).
- *Measurement function in profit distribution:* The equity share of an individual shareholder usually determines the share of profits and losses. Particularly in the case of corporations, the amount of dividends is based on the share capital.
- *Reputation function:* The absolute amount of equity capital as risk capital can be presented to the public with the help of transparent information and create confidence in the stability of the business entity

The distinction between equity and debt capital is often not easy to draw in individual cases. The main reason for this is the consequences in the event of insolvency. There is no claim on the assets involved and outstanding equity capital can be demanded subsequently. The legal situation must be examined in the case of profit participation certificates, silent partners, shareholder loans, subordinated loans and hybrid bonds. Contributed risk capital represents special forms of equity capital. This is equity capital such as venture capital or private equity. Here, the risks that arise for the receiving owner as a result of the acceptance must be taken into account.

It is worth taking advantage of the opportunity to collect equal shares of equity. The legal form of a cooperative makes this possible. In Austria, the "RÜCKENWIND - Förderungs- und Revisionsverband gemeinwohlorientierter Genossenschaften" (Tailwind - Association for the Promotion and Auditing of Cooperatives for the Common Good) gave a new impetus to the cooperative system - <https://www.rueckenwind.coop/>.

The liability function gives rise to capital adequacy targets which are based on the respective risk assessment for the specific business. **Risk** is the possibility of deviating from planned targets (up or down, positive or negative) due to the unpredictability of the future, caused by "random" disruptions. Risk management is the systematic thinking and acting in dealing with risks. [Modern Value Orientation, International Controller Association, Haufe Group, Freiburg - Munich, 2015].

Good risk management identifies possible deviations and evaluates the probabilities of these deviations. In doing so, the effects are not to be seen in isolation, but in a context that must include factors external to the company.

The determination and control of the overall entrepreneurial risk takes place in numerous steps, which are usually referred to as the risk management process, i.e. a comprehensive and systematic survey of risks with a risk catalogue, risk inventory, risk assessment and risk report and the link to the objective, planning and control of the company

**A nice reflection and worthwhile collection of experience results from the question: Which of these risks can be minimized in their negative effects or avoided completely by consistent improvements based on the topics from the common good matrix?**

The overall risk cannot be determined by adding up the individual risks, as the risks do not usually occur simultaneously. For this reason, a mere addition of the risks of a company leads to an exorbitant overestimation of the overall risk.

The recommended method must therefore generate models of possible outcomes through simulation, which are calculated by substituting a series of values (the so-called probability distribution) for each uncertainty factor. The results are recalculated many times - each time using a different set of random values from the probability functions - until a corresponding distribution is obtained based on the law of large numbers. This method - known as Monte Carlo simulation - thus generates realistic distributions of possible result values taking into account the risks. It must also be noted that numerous risks do not occur independently of one another. A dependency matrix, which makes the dependencies between the individual risks transparent, can help. Monte Carlo simulation thus makes it possible to present the overall risk as a spread of profit and thus, for example, to assess the required capital requirement (Risk Adjusted Capital, RAC) as a measure of risk for the extent of possible losses, the rating and the planning reliability with the help of key figures.

## Further Assessment Support

### Indicator: Industry-average equity ratio

Please add comparable sources in other countries here, whoever finds them:

#### Equity Ratio Austria

Financial statement ratios of Austrian businesses <https://www.oenb.at/jahresabschluss/ratioaut?lang=en>

Financial statement ratios of Austrian businesses for 2013 to 2017 broken down according to the NACE classification of economic activities

Financial ratios can also be downloaded after each search in the database.  
Classification: Divisions

Sections:     Select a suitable industry

Ratio: Capital ratio  
Businesses: all (this displays all orders of magnitude)  
Statistics: all (this will display the median and lower and upper quartile)

### Equity Ratio Germany

found by Thomas Mönius <[thomas.moenius@ecogood.org](mailto:thomas.moenius@ecogood.org)>

General:

<https://www.bundesbank.de/resource/blob/853868/c26c96895f4bbc468a00c6ec5e99579f/mL/2020-12-ertragslage-data.pdf>

By Sector:

<https://www.bundesbank.de/resource/blob/848516/4b297a5f1c425d02c84f55fd4676664c/mL/3-i-unternehmen-nach-wirtschaftszweigen-data.pdf>

To be found under:

<https://www.bundesbank.de/de/statistiken/unternehmen-und-private-haushalte/-/jahresabschlussstatistik-verhaeltniszahlen-vorlaeufig-2018-2019-827830>

Switzerland: ?

Italy: ?

Netherlands: ?

Spain: ?

United Kingdom: ?

etc.

## Aspect B1.2: Common Good-oriented borrowing:

We prefer - if possible - any form of solidarity-based financing as a first step towards the necessary expansion of the capital base. The owners' orientation towards the common good secures the social "licence to operate" and thus also increases the attractiveness for those interested in such forms of financing. Whether the form of subordinated loans, e.g. from customers, or a "swarm financing" is the more promising solution must be considered in each individual case.

One can distinguish four variations of crowdfunding:

- Donation-Based Crowdfunding (Crowddonation), i.e. through donations, e.g. for social projects
- Reward-Based Crowdfunding (crowd supporting, divided into crowdfunding and pre-selling), i.e. advance orders with advance payment, e.g. for completely new products,
- Lending-based crowdfunding (crowdlending), i.e. the granting of loans,
- Equity-based crowdfunding (also known as crowd investing), has equity character.

So-called crowdfunding platforms are often used to organise such financing. In Austria the Vienna Cooperative for Common Good already offers these services.

<https://www.gemeinwohlprojekte.at/crowdfunding-fuer-gemeinwohl/>

In the search for ethical banks, the following can serve as a starting point:

[https://en.wikipedia.org/wiki/Category:Ethical\\_banking](https://en.wikipedia.org/wiki/Category:Ethical_banking)

**The Global Alliance for Banking on Values** (GABV) is an independent network of banks and banking cooperatives with a shared mission to use finance to deliver sustainable economic, social and environmental development. [https://en.wikipedia.org/wiki/Global\\_Alliance\\_for\\_Banking\\_on\\_Values](https://en.wikipedia.org/wiki/Global_Alliance_for_Banking_on_Values)

You can find ranking and information about banks and insurance here: <https://fairfinanceguide.org/>

Fair Finance International is a global network assessing, reporting on, and campaigning for more responsible investment policies & practices by financial institutions.

FFI is currently active in 10 countries: [Belgium](#), [Brazil](#), [Germany](#), [Indonesia](#), [Japan](#), [Netherlands](#), [Norway](#), [Sweden](#), [Thailand](#), and [India](#).

In order to avoid additional risks arising from bank conditions, it should always be examined whether fixed cost rates should be agreed, as they are clearly calculable, or whether variable cost rates can not only improve but also deteriorate. This applies in particular to so-called hedging instruments, which often contain speculative elements. Future conditions or prices are only hedged if their fixed amount is given. In this case, however, a possible improvement must be avoided. This is different with the traditional form of options. In this case, the option can be waived on the target date if a more favourable condition has arisen in the meantime. Then only the option fee is incurred as a known cost.

#### **Baseline: Calculation of the (notional) debt repayment period in years on a key date:**

Liabilities minus cash and cash equivalents divided by cash flow

Cash and cash equivalents = cash on hand + bank balances + short-term securities,

Cash flow = incoming payments - outgoing payments (directly calculated) or

Net income after taxes + depreciation and amortisation + allocation to provisions (indirectly calculated).

The ratio assumes that the entire cash flow continues to be collected and is used entirely for the repayment of liabilities, therefore "notional".

### **Aspect B1.3: Ethical position of external financial partners**

The financial sector in general is still geared towards achieving high returns on capital. Profit maximisation is seen as a financial-economic ethic that conflicts with socio-ecological values. Ethical banks are still thin on the ground. Ethics and sustainability ratings also still need to take a close look at what they confirm. These ratings primarily relate to the investment behaviour of the institutions and assess ethical, social and ecological orientation. Here, however, a holistic assessment of our financial partners should be made.

Note that own financial investments are valued in B3. Here in B1 it is about the valuation of financial partners as such, regardless of which of their products are used.

#### **Supplement to B1 Compact Balance Sheet and B 1.3. Full Balance Sheet:**

Evaluation of the ethical orientation of the financial partners\* in terms of securing our own ethical financial management.

**"Financial partners are not involved in unethical projects"** means that **they do not take part in such projects themselves**. The financial partner with whom the business relationship exists is to be evaluated. This also applies to institutions in the Raiffeisen banks, cooperative banks and saving banks sectors, as different business policies in the sense of the original principles can be observed here.

The **"Environmental Center"** of Raiffeisenbank Günskirchen in Austria and the **"Ethikbank"** of Volksbank Eisenberg in Germany can be cited as particular examples of this. **The decisive factor is proof that the money is used in accordance with social/ecological guidelines.**

**Financial partners who themselves report an audited common good balance sheet** can thus be evaluated directly. The regularity, frequency, exemplary nature and proven development of the results will **enable the classification of advanced upwards**. For the evaluation of other sustainability ratings, reference is made to the detailed further informations, which must be kept continual up to date in view of constant development. All indications - especially from the international areas - are gratefully processed.

In the Capital Markets Union Action Plan (CMU), the European Commission for a long time understood sustainability for the financial market to mean practically primarily the time dimension. Now the Final Report 2018 by the High-Level Expert Group on Sustainable Finance was published on 31.01.2018: [https://ec.europa.eu/info/publications/180131-sustainable-finance-report\\_en](https://ec.europa.eu/info/publications/180131-sustainable-finance-report_en)

It contains concrete ways and rules as recommendations for the actors on the financial market and to European policy-makers for guidelines for accompanying and monitoring the implementation of financing for the economy in its transformation to sustainability. The transformation of the financial world itself is seen as an essential prerequisite. This is taken from a commentary by oekom Research on the Final Report: "As far as the required systematic integration of ESG factors (environmental, social and governance factors) in investment and credit processes is concerned, this will only be possible if not only, as proposed, banks establish processes for assessing ESG risks, but also, to a greater extent than hitherto, insurance companies are given more attention". [[http://www.oekom-research.com/index.php?content=news\\_20180209151149](http://www.oekom-research.com/index.php?content=news_20180209151149), Statement of 09.02.2018] Rating agencies see an opportunity for themselves within the framework of the required reports. It will also be up to us to prove the suitability of the ECG balance sheet.

An initiative of UN Environment and the World Bank Group formulated a roadmap as a requirement for the design of a sustainable financial system that explicitly refers to the 17 sustainability goals adopted by the UN as a follow-up to the Millennium Development Goals <http://unepinquiry.org/> and gives the financial system an essential role in achieving these goals. The roadmap describes three drivers of this change: Market-based, national and international initiatives. Approaches are described. Criticism is voiced of continuing market failures and insufficient political influence. The progress achieved is modest. The aim would be to ensure that the financial markets act in an integrated manner to achieve the sustainability goals.

A separate report deals with the role of international financial centres and the International Network of Financial Centres for Sustainability, which was founded in 2017

Direct assessment of the sustainability performance of financial institutions can be carried out through sustainability rating. Since the ratings are based on different criteria, the results of different agencies cannot be compared.

Ethical-ecological rating, which is based on the Frankfurt-Hohenheim guidelines, takes cultural, social and natural compatibility into account.

Such ratings usually lead to "best in class" statements, i.e. this is a relative evaluation compared to the industry - in this case the financial market - and not an absolute evaluation of the sustainability status achieved.

**oekom Research**, Munich, [<https://nachhaltiges-investment.org/Ratings/Researchkonzepte/oekom-research-AG.aspx>] uses a 12-digit scale for the company rating:

The company shows weak performance D-, D, D+, C-, C, C+, B-, B+, A-, A to

The company shows exceptional performance: A+

The assessment of a company's social and environmental performance within the framework of the Corporate Ratings is based on more than 100 social and environmental criteria in six areas, selected for specific sectors:

Each industry faces different social and environmental challenges due to different products and services. For this reason, oekom research defines about one third of these criteria in terms of specific sectors. All the criteria are weighted and evaluated individually and finally aggregated to form an overall score.

<https://nachhaltiges-investment.org/?lang=en-GB>

**Exclusion Screening:** Irrespective of whether a company is classified as "prime", the fulfilment of certain criteria can lead to investors wishing to refrain from making an investment. oekom research therefore carries out a detailed exclusion screening of each company with regard to ethically controversial business areas and practices. The following list provides an overview:

**Controversial business areas**

Abortion

Alcohol

Nuclear Energy

Chlorinated hydrocarbons

Embryonic research

Video games that glorify violence

Gambling

green genetic engineering

Furs

Pesticides

Pornography

Armor

Tobacco

Animal experiments

**Controversial business practices**

Human Rights Controversies

Labour law controversies

Controversial environmental behaviour

Controversial economic practices

<https://www.nachhaltiges-investment.org/Fonds/Datenbank.aspx?lang=en-GB>

<https://www.nachhaltiges-investment.org/Indizes.aspx?lang=en-GB>

<https://www.nachhaltiges-investment.org/Unternehmen.aspx?lang=en-GB>

## Support for implementation

Addressing the issue of financial requirements,

Realistic assessment of one's own possibilities,

Considering the lowest possible need for financial resources,

committing as little money as possible in the long term:

only absolutely necessary equipment for operation,

low stock levels - the more often the stock "turns over" in the course of a year,

the smaller the difference between purchase and sales price can be,

the shortest possible payment terms for customers,

longer ones from suppliers to finance stock and accounts receivable (ideal but probably not fair),

looking for partners who are as attached to the business idea as you are, to supplement your own funds.

If you are thinking about crowdfunding, it is best to use an experienced platform for support, the Gemeinwohl Genossenschaft already runs one:

<https://www.gemeinwohlprojekte.at/crowdfunding-fuer-gemeinwohl/>

For smaller projects there is also <https://www.respekt.net/crowdfunding-fuer-eine-bessere-gesellschaft/>.

For considerations of founding a cooperative, in Austria there is the RÜCKENWIND Association for the Promotion and Auditing of Cooperatives for the Common Good

is available [www.rueckenwind.coop](http://www.rueckenwind.coop)

Additional information for other countries would be appreciated!

## Concrete case studies and Best-Practise Examples

*[also from the ECG area, see database Gitta]*

The references to ethical banks and sustainability assessments of financial institutions can be found in detail above in the additional explanations.

Banks with Common-Good balance sheets:

### **Raiffeisenbank Lech am Arlberg**

<https://www.raiffeisen.at/raiba-lech-am-arlberg/860041005464794945-860041005464794945-NA-41-NA.html>

has already prepared the Common-Good balance sheet three times since 2012. Download the reports under the link above.

### **Dornbirner Sparkasse**

<https://www.sparkasse.at/dornbirn/wir-ueber-uns/corporate-social-responsibility>

has already prepared the Common-Good balance sheet twice. Download of the presentation and the report on the website of the link above.

### **Sparda-Bank München**

<http://zum-wohl-aller.de/>

in great detail, Sparda-Bank München reports on its strong support for ECG in Bavaria and beyond at the above link.

Examples of Rückenwind members:

**BIO-SPHÄRE Süd-Ost eG**, Gleisdorf <http://bio-laden.at/Genossenschaft/index.php>

**Architektur: lokal eG** Genossenschaft m.b.H., Patsch <http://www.architektur-lokal.at/>

Tiroler Regionalitätspreis 2016 <https://www.youtube.com/watch?v=eCijrD7vINQ>

**GEA Mama eG** Genossenschaft mit beschränkter Haftung, Schrems <https://gea-waldviertler.de/engagement/gea-mama/>

Examples of cooperatives in Germany:

**GLS Gemeinschaftsbank eG** <https://www.gls.de/privatkunden/gls-anteile/>

**Volksbank Eisenberg eG** <https://www.my-volksbank.de/privatkunden/eigentuemer.html>

mit der Direktbank **EthikBank**<sup>®</sup> <https://www.ethikbank.de/>

Netherlands:

An interesting model of its own can be studied at the

**Triodos Bank NV** : <https://www.triodos.com/en/about-triodos-bank/>

Founded in 1971 in the form of a foundation, the bank could be opened in the Netherlands in 1980.

Today, Triodos Bank also has branches in Belgium, Great Britain, Spain and Germany.

An independent foundation holds the Triodos Bank shares (Stichting Administratiekantoor Aandelen Triodos Bank (SAAT)) and finances them by issuing depository receipts.

<https://www.triodos.com/en/about-triodos-bank/corporate-information/saat-organisation/>

Here you can find the main rules and regulations of this structure:

<https://www.triodos.com/downloads/about-triodos-bank/corporate-governance/articles-of-association-saat-8-june-2015.pdf>

<https://www.triodos.com/downloads/about-triodos-bank/corporate-governance/terms-of-administration-saat.pdf>

Switzerland:

**Alternative Bank Schweiz** since 29.10.1990

<https://www.abs.ch/de/ueber-die-abs/das-abs-geschaeftsmodell/>

[https://www.abs.ch/fileadmin/absch/20\\_Ueber\\_die\\_ABS/DE/Leitbild.pdf](https://www.abs.ch/fileadmin/absch/20_Ueber_die_ABS/DE/Leitbild.pdf)

[https://www.abs.ch/fileadmin/absch/20\\_Ueber\\_die\\_ABS/DE/Statuten\\_Alternative\\_Bank\\_Schweiz\\_AG\\_01.pdf](https://www.abs.ch/fileadmin/absch/20_Ueber_die_ABS/DE/Statuten_Alternative_Bank_Schweiz_AG_01.pdf)

Please add further examples



## Negative aspects

## Literature Resources

Leopold Kohr, *The Breakdown of Nations*, Routledge and Kegan Paul, London 1957 / E. P. Dutton, New York 1978 / Green Books, 2001 etc.

Leopold Kohr, *Das Ende der Großen. Zurück zum menschlichen Maß*. Otto Müller Verlag, Salzburg 2002, ISBN 978-3-7013-1055-5

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[1]Ulrich Thielemann, *Ethik des Finanzmarktes - Die unverstandene Rolle des Kapitals als angeblichem „Diener der Realwirtschaft“*, Berlin 2011 MeM – Denkfabrik für Wirtschaftsethik,

[http://www.mem-wirtschaftsethik.de/fileadmin/user\\_upload/mem-denkfabrik/2011/Ethik\\_des\\_Finanzsystems\\_MeM.pdf](http://www.mem-wirtschaftsethik.de/fileadmin/user_upload/mem-denkfabrik/2011/Ethik_des_Finanzsystems_MeM.pdf)

[2]Peter Ulrich, *Integrative Wirtschaftsethik. Grundlagen einer lebensdienlichen Ökonomie*, 4. Aufl.,

Haupt Bern/Stuttgart/Wien 2008, ISBN 978-3-258-05810-8

[3]Ulrich Thielemann, *Weg von Gewinnmaximierung, hin zu guter Unternehmensführung*

Vortrag am Verbandstag des Raiffeisenverbandes Steiermark, Graz, 30. September 2011

[http://www.mem-wirtschaftsethik.de/fileadmin/user\\_upload/mem-denkfabrik/2011/Kernaussagen.pdf](http://www.mem-wirtschaftsethik.de/fileadmin/user_upload/mem-denkfabrik/2011/Kernaussagen.pdf)

[4]Uwe Demele, *Finanzmarktwirtschaft und Ethik - Wege zum verantwortungsethischen Privatinvestment*, Oekom Verlag München 2015, ISBN-13: 978-3-86581-725-9

[5]Uwe Demele, *Kritische Finanzethik*, zfwu Zeitschrift für Wirtschafts- und Unternehmensethik, Jahrgang 11(2010), Heft 2 [http://www.zfwu.de/fileadmin/pdf/2\\_2010/zfwu\\_11\\_2\\_11\\_Demele.pdf](http://www.zfwu.de/fileadmin/pdf/2_2010/zfwu_11_2_11_Demele.pdf)

# B2 Social position in relation to financial resources

## In-depth info on the overall topic

Owners who are oriented towards the common good see themselves as safeguards for the central societal effect of a company, namely income security for all those who contribute to its continued existence.

This includes ensuring that customers recognise the meaning and relevant quality of products and services as the basis for earnings. The fulfilment of social and ecological sustainability objectives is playing an increasingly important role here. The second challenge is to maintain a constant balance between disposable income and expenditures. All expenditures of a company represent an income for the beneficiaries (suppliers, employees, owners, financial service providers, local authorities). This raises the question for both sides of the equation of social justice in distribution.

Where and in what way do our financial resources go and what effect is thereby supported. A central objective is to achieve fairness towards all stakeholder groups. It plays a major role in the economy for the common good and is examined in detail on the income side in topic D2 and on the expenditure side in topics A2, C2 and E2.

The corresponding payment flows represent the financial mapping of current business. Secured continued existence is not naturally given, also on the financial side. A company needs a constant input of funds for this purpose, which the current business should make available to it through a remaining surplus of funds

## Aspect B2.1: Solidarity and Common Good-orientated use of funds

The use of the remaining financial surplus is the subject of B2.1. The main focus is on the commitment to the ability to secure sustainable income as the basis for income payments to the stakeholders. It should be possible to make necessary and meaningful expenditures that secure the continued existence and further development of the company. In addition, risk reserves have to be formed so that business risks that arise unexpectedly can be covered. Only after these reserves have been allocated, it should be possible to make profit distributions to investors.

### Further valuation aids

Calculation of the net cash-flow from operating activities:

If a cash flow calculation in accordance with international accounting standards is available:

Cash flow from the result

plus/minus change in working capital

= Cash flow from operating activities

plus expenses for strategic expenditure

minus withdrawals for entrepreneurial wages

= net cash-flow from operating activities

We define strategic expenditures as all future expenditures that do not have to be accounted as additions to the fixed assets and are therefore included in operating expenses.

Withdrawals in the form of wages for entrepreneurs are a defined part of the private withdrawals that do not count as operating expenses, are to be assessed gross (including income tax and social security contributions paid) and are included in cash flow from financing activities.

Simplified calculation if no cash flow statement is available:

*(from the profit and loss statement)*

+/- Net annual profit/loss

+ Depreciation and amortisations

+ Allocation to long-term provisions

- Release of long-term provisions

= Cash flow from the result

*(from the comparison of last two balance sheets)*

+ Decrease in inventories, trade receivables, other receivables

- Increase in inventories, customer receivables, other receivables

+ Increase in supplier payables, customer prepayments, other liabilities and provisions  
- Reduction in supplier payables, customer prepayments, other liabilities and provisions  
= Cash flow from operating activities  
plus expenses for strategic expenditures (*see detail of profit and loss statement*)  
minus withdrawals for entrepreneurial salary (*gross, i.e. including income tax and social security contributions paid from private account*)  
= net cash-flow from operating activities

For income-expenditure calculators:

Operating Income  
minus operating expenses  
minus withdrawals for entrepreneurial wage (gross)  
plus depreciations included in operating expenses (depreciations)  
plus book values of disposed assets included in operating expenses  
plus strategic expenditures included in operating expenses (= future expenditures)  
= net cash-flow from operating activities

Calculation of the total needs for future expenditure:

Look at your company from a third party's perspective and determine and reflect which measures are already necessary to secure the future existence of the company. Such a list of necessary expenditures for securing the future viability is best kept and updated continuously (already identified or estimated expenditures). Start from the point of view at the end of the current reporting period of this common good report. Add to this need the strategic expenditures and additions to fixed assets listed in this report. Also, do not forget anything relevant that may already have been completed or is planned anyway. But it should not be limited to what is already planned. Rather, it should cover all the gaps needed for securing the future of the company.

Single-person companies consider this simply for themselves also as a person and consider (estimated) necessary expenses and their own income (including personnel expenses), e.g. for:

- Improvement of products and services
- Development of new products or services
- Customer binding
- Winning new clients
- Developing new markets
- Brand management
- Establishment of an online sales system
- Staff training and further education
- Organizational development
- Digitization of business processes
- Gaining expertise of technology
- Maintenance of installations
- Renewal investments
- Expansion investments

Current expenditures and own income expenditures from this collection are recorded as "strategic expenditures made", unless they are to be capitalised as additions to fixed assets.

The calculated total need for future expenditures minus the strategic expenditures made and additions to the fixed assets, is carried forward to the next Common Good report. The list is then to be continuously reduced by outdated, obsolete measures and added with newly arising requirements.

The percentages mentioned for "total necessary investment expenditure, securing the company's future" are to be understood as the ratio of the total (of the strategic expenditures made + asset acquisitions + current allocations to reserves in accordance with dividend distribution resolutions (retained earnings) + change in profit or loss brought forward)

to the reported updated needs for future expenditures.

**Support for implementation**

Strategic objectives

Medium-term planning

Consistent pursuit of the strategy

Seizing opportunities

# B3 Use of funds in relation to social and environmental impacts

## In-depth information on the overall topic

Investments in fixed assets represent a long-term commitment of financial resources. Investment decisions are therefore made very consciously. Traditionally, they were made on the basis of financial return expectations, as evidenced by an investment calculation. All other effects were of secondary importance, although they also remain long-term due to the generally long-term use of the facilities. The basis for decision-making must be broadened. Social and ecological impacts must be assessed and taken into account in the decision with at least the same weight as financial return expectations. Since this overall assessment can only be secured if it passes through all stages of the decision-making process, in B3 (in contrast to the other issues of ecological sustainability) both the ecological and the social aspects of the investments are considered together.

In enterprise groups it is necessary to consider the investments group-wide. For the establishment of sites or the participation in foreign companies, unfortunately often lower ecological requirements were also decisive. This does not correspond to an attitude oriented towards the common good.

The same comprehensive criteria should also be applied to the direct investment of financial resources. This applies to the assessment of funds, the financing of projects as well as the acquisition of participations.

## Aspect B3.1: Social and environmental quality of investments

In B3.1 we believe that organisations should have a plan – or should start making a plan – for the socio-environmental improvement of their organization. This plan should be updated continuously. This plan can also include the environmentally questionable resources treated under the B3.3 negative aspect.

Investments that lead to a significant improvement of the ecological impact of the organisation can be considered as those investments that will eventually lead to the reporting of an improvement of the impact of the organization reported under theme E3.

This aspect gains in importance with the investment intensity of the company. Conversely, there are business models, especially in the service sector, which almost or even completely function without fixed assets and for which this aspect hardly applies or does not apply at all.

As existing fixed assets can have a very negative impact on the ecological footprint of a company, we ask about possible ecological remediation measures. This will be particularly the case for commercial buildings, propulsion, heating and cooling systems, where the reduction of energy requirements and the switch to renewable energy sources will play the most important role. For buildings, the equipment of passive houses is considered a technological measure. A wide field can also be all equipment related to mobility. This begins with the means of transport in the company's own operations, concerns the company's own vehicle fleet, the (re-)establishment of rail connections, charging stations for all types of electric vehicles, including those of employees and suppliers\*. The main equipment that will be considered are machines and equipment that are designed for environmentally harmful operating resources. A particular challenge in the packaging sector is to avoid using "plastic" as a material. If we can consistently carry out ecological remediations, we will accelerate the reduction of our ecological footprint.

In order to avoid new permanent ecological burdens, special attention must be paid to all replacement and new investments. Any supposedly poorer economic efficiency must be questioned, as every new ecological burden also gives rise to new, as yet unknown risks. For example, the risk of bad investments increases due to further legal requirements that may come into force under the pressure of ecological damage.

### Further valuation aids

#### Calculation of ecological redevelopment requirements:

Review of the existing fixed assets according to the list of fixed assets

**Buildings**, measured against passive house standards ([https://en.wikipedia.org/wiki/Passive\\_house](https://en.wikipedia.org/wiki/Passive_house))

Check for each item in the list of fixed assets:

Existing ecological impact, e.g. heating, ventilation, lighting, special maintenance or treatment products (floors), process water, drinking water, proportion of recyclable materials ...

Possible rehabilitation through:

Achievable improvement of the ecological impact: energy demand, type of energy, consideration of recyclability in case of dismantling, ...

Achievable social impact: e.g. indoor climate, light values at workplaces, avoidance of maintenance or treatment products that are harmful to health, elimination of hazardous areas, creation of barrier-free areas, ...

Necessary acquisition costs in €thousand

Possible grants in €thousand

**Machines, mechanical plants**, measured by energy efficiency related to throughput or output, replacement of conventional types of energy by renewable ones, own production, failure protection through storage, water consumption, emissions, polluting resources, recyclability in case of dismantling, ...

Achievable improvement of the ecological impact: energy demand, type of energy, reduction of emissions, recyclability, ...

Achievable social impact: Work facilitation, Ergonomics at the workplace, Occupational health and safety, Avoidance of health-endangering equipment, ...

**Company equipment**, measured in terms of compliance with ergonomic requirements (<https://de.wikipedia.org/wiki/Ergonomie>), Recyclability during degradation

Achievable improvement of the ecological impact: energy demand, type of energy, recyclability, ...

Achievable social impact: Work facilitation, Ergonomics at the workplace, Occupational health and safety, Avoidance of health-endangering equipment, ...

Overview of the possible need for remediation and the resulting impacts in keywords and estimated costs:

**fixed assets    ecological impact    renovation by    achievable improvement    acquisition cost    grant**

**social impact**

Update: Reduction by realisation of the renovation or retirement of the asset, replacement by new improved technical solutions, increase by new asset acquisitions with improvable ecological or social impacts.

#### **Evaluation of new investment decisions (in detail and overall):**

Asset:

Meeting demand:

Solution:

Acquisition value (€thousand)

Planned period of use (years):

Ecological effect (type, indicator, assumption):

Social impact (type, indicator, assumption):

Expected amortization (result of investment calculation):

## **Aspect B3.2. Common Good-orientated investment**

### **PRI Principles for Responsible Investment**

"The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance issues and to support signatories in integrating these issues into investment and ownership decisions."

You can download the PRI brochure here : <https://www.unpri.org/about>

The 6 principles, the obligation applies "to the extent compatible with our fiduciary responsibility" (i.e. the responsibility is passed on to the client):

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles

ESG (environmental, social and governance factors) refers to issues relating to environmental and social issues as well as issues of good corporate governance.

Only just over 50% of the total assets under management are sufficient for recognition.

The **FNG Forum Nachhaltige Geldanlagen** Berlin publishes an annual report on market developments in Germany, Austria and Switzerland, 2017 under the focus "Human Rights": [http://www.forum-ng.org/images/stories/Publikationen/fng\\_marketbericht\\_2017\\_online.pdf](http://www.forum-ng.org/images/stories/Publikationen/fng_marketbericht_2017_online.pdf)

**EuroSif** - the European Sustainable Investment Forum - is active at European level. And FNG would like to thank its supporters: Union Investment, oekom research AG, BIB - Bank im Bistum Essen eG, Deutsche Bildung AG, [FondsDISCOUNT.de](http://FondsDISCOUNT.de), GES Switzerland, NKI-Institut für nachhaltige Kapitalanlagen, KlimaGut Immobilien AG, Pictet

Asset Management, Qualitates GmbH, Raiffeisen Kapitalanlage GmbH, RobecoSAM and South Pole Group. FNG distinguishes the following market segments:

<i>Exclusion Criteria</i>	<i>This approach systematically excludes certain investments or investment classes such as companies, industries or countries from the investment universe if they violate specific criteria.</i>
Best-in-class class are selected.	Investment strategy, according to which - based on ESG criteria - the best companies within an industry, category or class are selected.
Engagement	Long-term dialogue with companies to improve their behaviour with regard to ESG criteria.
Impact Investment addition to financial returns.	Investments in companies, organisations or funds with the aim of exerting influence on social and environmental issues in addition to financial returns.
Integration	Explicit inclusion of ESG criteria or risks in traditional financial analysis.
Sustainable theme funds	Investments in themes or assets that are related to the promotion of sustainability and have an ESG reference.
Norm-based screening	Review of investments for their conformity with certain international standards and norms, e.g. the Global Compact, the OECD Guidelines for Multinational Enterprises or the ILO core labour standards.
Exercise of voting rights	The exercise of shareholder rights at general meetings to influence corporate policy on ESG criteria.

In Austria, ÖGUT RIS, as a "Responsible Investment Standard", represents the roughest evaluation based on very few exclusion criteria:

[https://www.oegut.at/downloads/pdf/oegut\\_infoblatt\\_RIS\\_2016\\_fr-web\\_klein.pdf](https://www.oegut.at/downloads/pdf/oegut_infoblatt_RIS_2016_fr-web_klein.pdf)

The most widely used is the Austrian Eco-label, Guideline ZU 49 Sustainable Financial Products, Version 4.0 of 1 January 2016:

[https://www.umweltzeichen.at/richtlinien/UZ49\\_R4a\\_Nachhaltige\\_Finanzprodukte\\_2016.pdf](https://www.umweltzeichen.at/richtlinien/UZ49_R4a_Nachhaltige_Finanzprodukte_2016.pdf)

This product group includes investment products that are based on sustainable and ethical-social/ecological criteria, such as emissions by companies, public-sector emitters or investments in real estate. The criteria primarily include exclusion criteria, e.g.:

- Nuclear power: production and supply of core components
- Arms: production and trade
- Genetic modification: cultivation and marketing of genetically modified organisms and products; ethically questionable applications in the medical field - gene therapy on germ line cells, cloning procedures in the human field.
- Production of natural gas by fracking
- Production of crude oil by fracking and from tar sands
- Coal mining
- Systematic violations of human and labour rights
- When operating in high-risk sectors, -activities and -areas: not subscribing to or demonstrably and systematically violating the minimum standards of the International Labour Organisation (ILO) regarding child labour, forced labour and discrimination.

The exclusion and assessment criteria must relate to a share of at least 95% of the consolidated turnover of the company.

Political and social standards for public-sector emitters:

- States that violate fundamental rights regarding democracy and human rights
- States in which the death penalty is applied
- States with particularly high military budgets

And environmental standards:

- States, without (strategic) targets or measures to reduce Greenhouse Gases
- Countries with expansive policies regarding the development of nuclear energy

and that properties are excluded that do not meet the basic criteria of climate: active building standard:

- Quality of the infrastructure
- Economic transparency
- High energy efficiency
- Use of renewable energy sources
- Use of ecological building materials
- Thermal comfort

For defined domains, additional selection criteria are specified, such as

identify emissions (bonds, equities) that perform above average

and/or

emissions, which are suitable for solving current problems or contributing solving future problems

and/or

emissions, whose industries, activities or practices contribute to current or future problems.

Further extensive specifications for the implementation of the selection procedure and the assessment to be applied in this process, as well as the design of the proof, are intended to ensure transparency as to why an emission is awarded the eco-label and thus considered sustainable.




# B4 Ownership and co-determination

## In-depth info on the overall topic

This theme is based on the understanding of a company, an organisation, as a community of those who work in it. Specifically, it is about co-decision-making on issues arising from the responsibility of ownership. In principle, ownership of a company entitles people to make decisions about:

- the business model (what is the business purpose and how is it achieved and carried out),
- the definition of the values that are lived out in relation to all contact groups in the value creation process,
- the long-term security of the company, including the admission of new shareholders,
- the rules for the use of generated funds.

Ownership is liable in the event of failure and can be lost in its entirety in order to serve creditors.

The ECG respects entrepreneurial performance and wants to support the creative power of entrepreneurs. It goes beyond the conventional framework that strongly distinguishes private ownership from employees and encourages empowering interested employees to co-act and co-own. This is based on the assumption that being a co-owner particularly strengthens loyalty and commitment to the company. Bringing the value of co-thinking employees to bear is an old topic in human resource development. Empirical research results confirm two major influencing factors: the experience of an appropriate corporate culture (topic in C1) and the experience of actual co-decision-making (initially at the immediate work level, topic in C4). The expansion of co-decision to the strategic level has long been recognised as essential for the understanding of meaning and the attitude towards innovation, without which any implementation of necessary change in our turbulent times will only be made more difficult.

The introduction of the extended B topics up to B4 triggers intense discussions that bring much stimulation for further development. Bringing this development attitude into the organisation should also be appreciated in the evaluation.

## Aspect B4.1: Common Good-oriented ownership structure

With Matrix 5.0, the owners are addressed for the first time as a defined relationship group. Especially for small and medium-sized enterprises, the largest group of enterprises in the ECG, it is important that the co-entrepreneurs are considered in their two roles. As part of the employees in their role in the immediate world of work and as owners in the role of the bearers of the risk capital employed. In general, no chosen legal structure excludes the management of the enterprise as being oriented towards the common good. ECG aims above all at decision-making for the benefit of all. In this sense, participation in decision-making has priority over participation in ownership. Unfortunately, a separate aspect originally planned within the framework of the theme could not be implemented at the first attempt. Therefore, at present, the actual participation in ownership decisions can only be taken into account within the framework of the evaluation. The same applies to all activities in preparation for this and for the possible expansion of the circle of owners. In this context, it is essential to take into account:

- learning how to deal jointly with the necessary expanded transparency,
- examining the attitude of future owners towards the company, and
  - interested in independent viability
  - willing to contribute skills, knowledge and resources in a strategically strengthening way,
  - and to strengthen the chosen common good orientation.

The Common Good-orientation does not depend on the legal structure, the ECG aims above all at decision-making for the benefit of all. In the SME sector (small and medium-sized enterprises), the predominant form of ownership is sole ownership, which for reasons of liability limitation is often set up as a GmbH, UG, Ltd or KG, etc. Other forms of ownership for companies are limited liability companies (GmbH). Other forms of ownership for enterprises are GbR's, cooperatives, joint-stock companies or foundations. With all forms of ownership, Common Good-oriented business models are possible.

It is understandable that employees often have reservations about co-ownership. For too long, the roles of employer and employee have been portrayed in the economy as opposing interest groups, and furthermore, there is also an awareness that the share of ownership also entails a share of risk. Therefore, the most common legal structure for co-ownership is the cooperative and, in the case of a partnership, the limited partnership business entity. In any case, developments towards co-entrepreneurial models need very targeted support through appropriate human resource development, which should not be limited to managers.

In the case of joint-stock companies, employee participation is very easy to establish. But co-decision-making is meaningless for the individual small shareholder. Combining them in employee foundations can then lead to a certain voting strength in the general assembly and possibly also to seats on the supervisory board, but the experiences with classic forms of co-determination through representatives on supervisory boards are not always the best.

### Further valuation aids

With version 5.0.1 a correction is made for B4 compact version and B4.1 of the full version for the level "Advanced":

The requirement in brackets "(at least three)" is deleted.

Reason: Especially for small enterprises, this minimum requirement has proven to be impracticable and thus blocked further development.

Inserted: "Co-decision on ownership issues is extended to employee representatives in an appropriate form".

Justification: The enabling of appropriate co-decision should be recognised. The previous wording did not ensure this.

# C1 Human dignity at work

## FAQ

### C1.1 Employee-oriented corporate culture

Question: Number of (unsolicited) applications (C1.1) => Why is this important?

Answer: Indicator for the attractiveness of the company for employees.

Definition of conventional corporate culture: Corporate culture that is not oriented toward employees, but instead focuses on customers, for example, or on sales or exclusively on performance.

### C1.2 Health promotion and occupational safety

Question: Indicator: health/illness rate (depending on demographic distribution) -> according to which distributions is it meant, is there a recommendation for clusters, e.g. 0-40 - 41-60 ?

Is recommended to keep this separately in the company?

Answer: I recommend to survey exclusively according to the management level - the wording will be adapted in the future. The significance of results such as men are more often ill than women or younger employees are more often ill than older ones are less relevant in my opinion. It is not a matter of catering to stereotypes, as in the case of age, for example.

As far as I know, larger companies usually collect the key figure in controlling anyway.

Question: What are the categories of industrial accidents?

Answer:

- Documentable work-related injuries Employees
- Serious work-related injuries (excl. fatalities) Employees
- Fatalities due to work-related injuries Employees

Question: Health/sickness rate (C1.2) => Is the sickness rate not sufficient?

Answer: It is meant health or sickness rate. One of the two is quite sufficient. See calculation

<http://ross.htw-berlin.de/RoSSApp/Catalog/Catalog/Index/6>

Question: Claimed offers in the area of health/diversity: Contents and number of hours per employee (C1.3) => Duplication with C1.2: Health promotion and occupational safety: Offers taken up by employees: Content + number of hours per employee?

Answer: no, these are two different focal points. It may be possible to report in one course if the offers overlap, then only one indicator needs to be reported and for the second one a comment that the offers overlap is sufficient. In C1.2, the focus is on offerings in the area of health promotion and occupational health and safety (e.g., training and continuing education on these topics), and in C1.3, the focus is on offerings on the topic of diversity.

### C1.3 Diversity and equal opportunities

Question: Why is it necessary to report on health in C1.3 (page 52) as part of the mandatory indicators (services used in the area of health/diversity: content and number of hours per employee)?

Answer: For C1.2, report on the services used in the area of health and for C1.3, report on the services used in the area of diversity. This will be corrected in the next edition.

Question: How should the following indicator in C1.3 be understood: demographic distribution of employees with regard to the dimensions of diversity (e.g., age, gender, ethnicity, physical/psychological limitations, sexual orientation, religion - if ascertainable and relevant) and to what extent does this indicator comply with the legal framework?

Answer: The primary aim is to show the diversity practiced by the company. We discussed this point in detail during the preparation of the report. The main point is to raise awareness. If, in general, no data is collected on the diversity of the workforce, the company can hardly say that it lives diversity and that its employees reflect diversity.

The workbook says "for example" on the one hand, and "if relevant and collectible" on the other. No one has to come out or should be forced to. Illegal things are certainly not required. If information on the individual dimensions of diversity is known, it can be added to the report. If they are neither known nor relevant (such as sexual orientation, religion,...) they need not be reported.

I welcome food for thought and input on how to show and survey diversity in the company - not only according to the obvious characteristics and criteria, such as age and gender.

Question: Social diversity of the environment (at least according to the core dimensions of diversity) (C1.3) => dimensions of diversity e.g. age, gender, ethnicity, physical/psychological limitations, sexual orientation, religion => definition "core dimensions" is missing! What is meant by "environment"? Where do you get the relevant statistics?

Answer: The core dimensions of diversity are the dimensions listed above (see: <http://www.vielfaltbringts.at/diversitymanagement.html>)

By environment, the regional environment is meant in terms of the composition of the local population on site, which could be reflected in the composition of the workforce. The relevant statistics would need to be obtained from the country's statistical authority (e.g. Statistics Austria, Federal Statistical Office in Germany). Data will not be available for all core dimensions, depending on which are ascertainable, these can be reported.

### Negative aspect

Question: Which structures, behaviors or partial aspects could be meant?

Answer: This refers to all those behaviors that reverse or prevent the partial aspects from the positive examples.

Question: What does AK mean in terms of the number/content of complaints from the works council and/or the AK and/or the trade union during the reporting period and the reaction to these complaints?

Answer: Chamber of Labor

## NaDiVeG-Compliance

In order to ensure **NaDiVeG-Conformity** (Austria), the following must be taken into account in C1.3 according to the expert opinion - nothing further must be taken into account for Germany according to the expert opinion:

The **reporting questions** must explicitly address the composition of the company's Executive Board and Supervisory Board:

- What role does diversity play in the admission of and dealings with employees, and what company agreements or measures are already in place?
- In which areas could (potential) employees feel disadvantaged, and what is being done about this?
- What measures have already been taken to compensate for (hierarchical) differences and to promote special talents?

Composition of the company's Board of Management and Supervisory Board with regard to aspects such as age, gender, educational and professional background Diversity concept pursued

The **indicators** should take into account the following

- demographic distribution of employees in the company with regard to dimensions of diversity [e.g., age, gender, ethnicity, physical/psychological limitations, sexual orientation, religion - if ascertainable and relevant]
- Separated according to management levels
- Diversity offerings used: content and number of hours per employee
- Social diversity of the environment [at least according to the core dimensions of diversity].
- Number of paternity or maternity leaves in months
- " Number of new hires/fluctuations broken down by dimensions.

All data should be reported separately, especially by age, gender, educational and professional background, and by supervisory board & management board.

In the corresponding reporting questions on the concepts/offers, companies should also explain, where appropriate, the associated results of these concepts or refer to the corresponding sources of the results.

In order to also meet the requirements of the NaDiVeG with regard to the separate non-financial report, the reporting questions and the mandatory indicators must also include

allow for statements on ensuring equality with regard to gender, origin and religion. A relevant addition or a corresponding note for the reporting company at an appropriate place or such a guarantee by the public good auditors is therefore additionally required.

However, care is required with regard to the statements on diversity aspects according to the NaDiVeG, such as age, gender, educational and professional background, and the corresponding objectives.

is required. The same applies to the requirements of the NaDiVeG with regard to the separate non-financial report on ensuring equality in terms of gender, origin and religion. Here, too, reference is made to the possibility of adding any remaining information under "was implemented in the reporting period" and "potential for improvement/objectives" in the report template after answering the reporting questions and specifying the mandatory indicators.

## Good Practices C1.1

e.g. company events and culture-promoting measures

ECG-examples:

- [B.it](#) Bueroservice + Spardabank München
- Innovia + Ökofrost
- Bürgerstiftung Pfalz + FH Burgenland + IGS Bremen + Kirchner Konstruktion+ Märkisches Landbrot + Oikopolis + Sonnentor + Sonnendruck + Vaude Sport

### Dark Horse Innovation (30 MA)

- At Dark Horse, there are a variety of approaches for appreciative cooperation, which are described in their book "Thank God it's Monday", e.g. a regular failure award for the best failure of the month,
- weekly meetings in which everyone can get involved
- quarterly retreats in which time is taken above all for personal togetherness (relationship work)Vgl. Dark-Horse-Innovation: Thank God it's Monday, <http://ullstein.de/thankgoditsmonday/>

### soulbottles (15 MA)

All employees are trained in Nonviolent Communication (NVC), Holacracy is adopted and adapted as an organizational model, and there is a special role for personal development and cultural development that deals precisely with these issues. This includes regular 1:1 coaching conversations, the organization of community events, the organization of continuing education programs as well as structural measures for a culture of appreciation.

### Sparda Bank München:

Sparda Bank München combines the strengths-based approach with energy balances. Since 2009, the strengths-based approach has been further developed in constant dialog with employees. All employees have identified their five greatest strengths via workshops and these are then discussed together in the respective team. To this end, each team member can mark tasks as energy donors, neutral or energy thieves. Tasks are then distributed democratically within the team so that everyone has as few energy drainers as possible.

Since 2014, there has been comprehensive training on the topic of mindfulness and the development of potential.

See their GWÖ report on [https://www.sparda-m.de/pdf/sparda-m/gemeinwohlbericht\\_2013\\_2014.pdf](https://www.sparda-m.de/pdf/sparda-m/gemeinwohlbericht_2013_2014.pdf) page.29-32

### Upstaalsboom (600 MA) and Corporate Happiness

Corporate Happiness is the headline for the togetherness at Upstaalsboom: Happy employees make for satisfied customers. On the basis of a poor MA survey, Bodo Jansen has radically turned the company on its head. The highest possible transparency, extensive further training in spirituality and lifestyle, as well as cooperation at eye level led to steady growth and satisfied employees.

Cf. <https://www.brandeins.de/archiv/2014/im-interesse-des-kunden/upstaalsboom-hotels-bodo-janssen-wir-haben-keine-angst-mehr/> und Bodo Jansen: Die stille Revolution. Führen mit Sinn und Menschlichkeit, Ariston, 2016 und Zeuch, Andreas: Alle Macht für Niemand, 2015, page 143-61

## Good Practices C1.2.

ECG-examples

- Sparda Bank München (100%)
- [B.it](#)-Büroservice (90%)
- Innovia (80%)
- Bio-Balance-Hotel + Dornbirner Sparkasse + Göttin des Glücks + Holzhof (70%)

Some concrete measures

- Free/financially supported sports courses/fitness offers
- Free preventive medical checkups
- Free seminars on topics related to health in the broadest sense
- Free coaching/crisis counseling/support for personal issues

Cf. SWR short documentary - Health management at the workplace (<https://www.youtube.com/watch?v=zRVkLvHzU8M>)

- Weekly gymnastics for production workers before starting work + permanent use of the Powerplate in the production hall (Peguform, Bötzingen)
- 5 minutes of daily gymnastics before the start of the shift (Schreinerei Uebelhack, Freiburg)
- Treadmills instead of sedentary work - approx. 10 km per MA per day (Kybon AG, Switzerland)

Sparda Bank München

- "Building blocks of workplace health promotion are:
- Health and occupational safety
- Health promotion
- Workplace integration management (BEM)
- Absenteeism management
- Leadership and health
- Conflict management
- Addiction/Prevention
- Crisis management

The provital team controls the company's health management. The team is made up of nine employees from different functions, so that the interests of the various employee groups are taken into account.

The strategic health objectives were derived from the corporate objectives and are also continuously supported and exemplified by the company management."

Sparda Bank, ECG-Report 2013-14, page. 45, [https://www.sparda-m.de/pdf/sparda-m/gemeinwohlbericht\\_2013\\_2014.pdf](https://www.sparda-m.de/pdf/sparda-m/gemeinwohlbericht_2013_2014.pdf)

## Good Practices C1.3

Diversity Leadership:

The management guidelines of ÖBB-Technische Services GmbH "Promoting Diversity, Living Equality, Preventing Discrimination" promote and require diversity. Workshops on "Diversity & Inclusion" for all managers are a fixed component.

Practical article in: Andriik M.; Pauser, N. (Hg.) (2015): Realisierung von Diversity & Inclusion. facultas Verlag: Wien

Gender Budgeting:

The city of Vienna is already implementing gender budgeting. Vienna's 12th district shows how it's done. From the 4 R analysis to the publicly accessible presentation of the district's expenditures.

Practical article in: Andriik M.; Pauser, N. (Hg.) (2015): Realisierung von Diversity & Inclusion. facultas Verlag: Wien

## Negative aspect

Which structures, behaviors or partial aspects could be meant?

Which structures, behaviors or partial aspects could be meant? Examples would be very helpful here, similar to what is done in C3N.

Cf.. Martin Wehrle: „Ich arbeite im Irrenhaus“ und „Bin ich hier der Depp?“

· Cf.. ILO Kernarbeitsnormen: <http://www.ilo.org/berlin/arbeits-und-standards/kernarbeitsnormen/lang--de/index.htm>

## Differentiation from other topics

The concrete statements on C2 and C4 can also be seen as extended formations of a lived human dignity at the workplace.

- C2: Working time and payment - ensures a dignified life and a good balance between work and leisure time.
- C4: Transparency and participation - ensures equal co-decision-making and contact at eye level. All decisions at the team level belong in C4, the self-organization of the employee in his own work area belongs in C1.

Editorial

Sigrid Koloo

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Preliminary work: Christian Rütter

# C2 Design of Working Agreements

## Questions and Answers (Q&A)

### C2.1 Structure of the salary

#### Question: How is the wage calculated?

Original question: How is the wage calculated? EPU: private withdrawal + income tax + tangible assets + social security = gross annual income gross/12 = monthly wage. Salaried employee: net + social security contribution of employee = gross; gross annual income/14 = gross monthly wage + special payments + social security contribution of employer = wage costs. Please confirm the calculation and that it is also indicated in the work book. It would actually be fairer not to compare the gross incomes but the net incomes, since the state already makes an initial equalisation via taxes, see also SBW.

Answer: Wages are calculated in gross terms. This is the socially accepted figure for comparing wages and the basis for calculating tax and social security contributions. However, the net wage should also be taken into account, especially if its level is below the average income in the country or the cost of living in the region is above average.

#### Question: Is the salary spread 1:? sufficient?

Original question: Smaller enterprises find it difficult to provide this information. Question: From what size of enterprise is it reasonable? Isn't the specification of salary spread 1:? not sufficient? Salary information is quite sensitive and is subject to a legal duty of confidentiality to protect employees. Answer: Yes, the salary spread is sufficient for the balance sheet. Salaries, other payments, etc. should be taken into account when calculating the wage spread, but should not be included in the balance sheet.

### C2.2 Arrangement of working time

#### Question: Does the reduction in working time also mean a reduction in salary?

Original questions/comments Reduced working hours also means reduced pay. Having a goal of reduced working hours may not sit with having proper regard for employees' financial well being.

Answer: No, it is about reducing working hours with full pay compensation, otherwise the measure will be to the financial detriment of the individual employees and not of the organisation. To ensure that the productivity of the company does not fall as a result, it means introducing measures to increase efficiency in agreement with the employees or allowing the employees to benefit from the increased profit due to automation measures with correspondingly reduced working hours.

Of course, it depends on whether it is a question of changing comprehensively agreed employment contracts (e.g. collective agreements), or individual agreements of existing or new employment relationships. Ultimately, the current wage level before the reduction in working time is the benchmark for full wage compensation. The more individually the working time/wage structure is structured, the less clearly wage compensation can be defined in the event of a reduction in working time. Since the individual organisation of working time is seen as just as important as a general reduction in working time, the employees must also be involved in the decision-making process for the latter and pay equity must be taken into account.

A unilateral reduction of working time decided by management without full wage compensation is not in the spirit of the common good economy and often not legally possible.

#### Question: What is the difference between the rating at "experienced" and the rating at "exemplary"?

Answer: At the "experienced" assessment level, the process is started top-down. At the assessment level "exemplary" the initiative is started bottom-up.

### C2.3 Design of the employment relationship and work-life balance

#### Question: What is the difference between C2.2 and C2.3?

Original question/comment: Put C2.2+C2.3 together Aspect C2.2: Organisation of working time and aspect C2.3: Organisation of the employment relationship and work-life balance actually belong together and are also assessed together, both aspects are de facto identical.

Answer: C2.2 is exclusively about working time models, while C2.3 includes other points of the employment relationship that are relevant for a balanced work-life balance, e.g. possibility of working from home and possibilities of caring for employees' children in the organisation. These points should be further differentiated and concretised in the future and replace the term "working models".

### C2.4 Negative aspect: unfair structuring of employment contracts

#### Question: Why is "profit" an obligatory indicator for the design of labour contracts?

Original question: Compulsatory indicator: profit - Why is this an indicator for this aspect?

Answer: A company with high profit is able to pay higher wages than one with low profit. Pay equity also depends on how the company allocates the profit it makes to its employees. Accordingly, the company's profit should be taken into account in the common good assessment of pay equity.

## Special features of the evaluation

### C2.2 Arrangement of working time

This aspect applies to all sectors and company sizes; there is no further typification. Exception: Not all criteria fully apply to EPU (cf. also EPU guidelines). Special instructions apply to newly established enterprises (start-ups) and enterprises with seasonal business (tourism, construction industry).

The aspect can be used - with great restrictions - for the assessment of voluntary work in non-profit organisations.

#### Restriction for EPU (one-person enterprises)

The sub-indicator reduction of normal working hours refers here exclusively to the weekly working hours (incl. overtime) of the self-employed. He/she is exemplary if his/her average working hours are 10% lower than the sectoral working hours or a maximum of 38.5 hours. Special attention should be paid here to the recording of working hours/overtime. For work above this, employees should be hired or jobs should be passed on to colleagues. The sub-indicator also provides a good rough estimate for individual entrepreneurs as to whether self-exploitation (risk of burn-out) is present.

#### Notes for seasonally dependent enterprises (e.g. hospitality industry, construction industry)

In the case of seasonal dependency of a company, seasonal employees are classified as full-time or part-time employees depending on the volume of work in relation to full-time employees, but not as temporary employees. In addition, the ratio of self-employed (working on own account) "employed" service and temporary workers is to be collected and indicated.

#### Notes for newly founded enterprises (e.g. start-up, self-employed)

The start-up phase can be considered a special event in the history of an enterprise. If there is a temporary additional workload in a newly founded EPU or by mutual agreement with the employees in a start-up over a longer period of time (not exceeding 3 years), this leads to a temporarily lower score for these enterprises in the sub-indicator reduction of normal working hours. The additional workload at the beginning of an enterprise is normal (cf. reaction enthalpy = initial energy required to set a chemical reaction in motion). Compensation (better evaluation) for this does not take place in order to underline the importance of long-term orderly working hours.

If there is extensive training on self- and time management, this indicates that the newly founded company is intensively dealing with the underlying issue.

#### Advice for non-profit organisations

Volunteer work can also contribute to an unbalanced lifestyle and take on exploitative characteristics (organisations with full-time and volunteer staff). In this case, the individual's personal responsibility must be strengthened and awareness must be created (among staff, beneficiaries, organisation, society) that this is a voluntary service that does not directly serve to secure a livelihood. The organisation reports on the workload completed by its staff/members and provides education and training in self and time management courses.

## Background information

### C2.2 Arrangement of working time

According to surveys, people all over Europe would like to spend only 26-39 hours per week on gainful employment.<sup>1</sup> The British think tank "nef" (new economics foundation) goes even further. In a paper, it sketches the picture of a 21-hour week. The authors promise that a piecemeal transition to this new "norm" will solve a number of pressing and interrelated problems. Among them: Overtime and unemployment, mass consumption and CO2 emissions, low well-being and inequalities. This frees up more time for sustainable lifestyles and social exchange, and offers the opportunity to participate in the diversity of life.<sup>2</sup>

Work in general, and gainful employment in particular, fulfils several human needs. On the one hand, it makes it possible to realise (mental) ideas and thus to make a direct contribution to our own well-being (self-esteem, recognition, success). On the other hand, it serves our fellow human beings, whom we help to satisfy their needs with the goods or services we produce.

Last but not least, work is an important instrument of communication (social exchange) and also serves social participation through participation in economic life (creative freedom). However, if there is a one-sided focus on working life, gainful employment can also contribute to creating/maintaining an imbalance between the areas of life and make social participation more difficult. Functions in non-work areas of life then remain unfilled or can only be carried out under high time pressure. Often these tasks outside the company are of social significance and contribute to the development of the employees' personality and subsequently to the re-integration of the acquired skills, experience and qualifications into the company.

The indicator addresses the current work situation and tries to come to a more conscious approach to lifetime working time. In Austria, 330 million hours of overtime are worked annually, which is 8.2 hours of overtime per week per person working overtime. If the overtime were converted into additional jobs, this could create up to 200,000 full-time jobs.<sup>3</sup>

Currently, the "systemic growth imperative" is justified, among other things, by the need for growth to create jobs. From an ecological point of view, it is problematic that the non-reduction of working hours with further increasing overall economic productivity (technical progress, improved organisational structure, increased quality of work, etc.) finds its reflection in further economic growth. Statistical evaluations show that shorter working hours result in higher productivity of employees until an optimum is reached (partial compensation of productivity losses), while overall economic production decreases in the process (shorter operating times, etc.).<sup>4</sup> Longer working hours do not per se result in a direct increase in quality. In addition, human working time loses value through disregard (waste of time).<sup>5</sup>

In order to preserve jobs in the face of stagnating economic performance and simultaneously rising productivity (if this continues to be seen as the primary goal), the logical consequence is to shorten working hours. As early as the 1970s, there was an initiative by the IAB (Institute for Employment Research) that envisaged a productivity-oriented reduction in working hours.<sup>6</sup>

A central and openly discussed issue is the question of the optimum working time. Different studies show that a reduction towards an optimal arrangement of working time leads to an improvement in the quality of work (more productive), while an increase in working time due to additional strain leads to a lower quality of work (less productive). So-called optimum curves (also tolerance curves) are known from biology. They indicate the range in which a species or an (eco-) system is viable.

So far, little attention has been paid in the context of working time organisation to the health consequences of overtime (increased productivity at the expense of employees' health) and the consequential costs for the health system.<sup>7</sup>

#### Evaluation of temporary work

Temporary work is an attractive instrument for companies. It offers them the possibility of bridging seasonal/temporary effects more easily without incurring long-term disadvantages by tying up employees (flexibility). As a rule, this advantage is not remunerated accordingly. Equivalent remuneration should therefore at least correspond to that of a comparable employee (incl. higher risk, social security, profit sharing). If temporary staff are employed for more than one year or if the percentage exceeds 10%, permanent employment should be provided.

#### Aids to implementation

Self- and time-management helps employees to deal better and more responsibly with the resource time.

Employee surveys serve to analyse the current situation and make it possible to work out attractive long-term solutions for and with the employees.

The 4-day week is a possibility to reduce working time (at the same salary<sup>8</sup>). It requires more organisational effort (at the beginning) and can be used as a first step to recognise and value this non-remunerated (but socially important) work of employees who have an increased workload outside of their job (bringing up children, voluntary work, care).

There is also room for manoeuvre if a reduction in working hours is agreed instead of a wage increase.

Employees are responsible for determining the working time they need to achieve their work activities or project goals.

Direct involvement of employees and employee representatives in the organisation of working time. (They themselves know best which activities require which time).

Self- and time-management training (promotion of inspiration and drive, proper handling of effectiveness and efficiency).

Regular employee surveys on working time and working time models

Determine the "optimal" working time in the company, based on the individual observations of all employee (groups).

Important factors that can be helpful in delineating the groups: Age, gender, family situation, social commitment as well as cross-company variables (what phase is the company currently in, what projects need to be mastered). Overall, this can promote a balance of interests that takes into account both the needs of the employees and the long-term success of the company.

Consider how to deal with productivity increases. E.g. reduce working hours, increase wages, increase product and service quality (investment), reduce costs, distribute profits.

1 [http://www.boeckler.de/pdf/impuls\\_2011\\_03\\_4-5.pdf](http://www.boeckler.de/pdf/impuls_2011_03_4-5.pdf)

2 [http://www.neweconomics.org/sites/neweconomics.org/files/21\\_Hours.pdf](http://www.neweconomics.org/sites/neweconomics.org/files/21_Hours.pdf)

3 <http://derstandard.at/1304554218427/Zeit-fuer-Familie-Eine-voellig-entgleisende-Arbeitszeitkultur>

4 [http://www.boeckler.de/pdf/impuls\\_2007\\_17\\_6.pdf](http://www.boeckler.de/pdf/impuls_2007_17_6.pdf)

5 <http://iat-info.iatge.de/iat-report/2003/report2003-07.pdf>

6 [http://doku.iab.de/mittab/1977/1977\\_4\\_MittAB\\_Kunz\\_Mueller.pdf](http://doku.iab.de/mittab/1977/1977_4_MittAB_Kunz_Mueller.pdf)

7 [https://www.baua.de/DE/Angebote/Publikationen/Berichte/Gd59.pdf?\\_\\_blob=publicationFile&v=2](https://www.baua.de/DE/Angebote/Publikationen/Berichte/Gd59.pdf?__blob=publicationFile&v=2)

8 <http://www2.alternative-wirtschaftspolitik.de/uploads/m0413b.pdf>

## Literature / Links

### Job security

brand eins article: Firing employees in times of crisis is out (05/2012) <http://www.brandeins.de/magazin/loyalitaet/halten.html>

FAZ article: Job security is becoming increasingly important <http://www.faz.net/aktuell/wirtschaft/studie-arbeitsplatzsicherheit-wird-wichtiger-11816978.html>

## C2.2 Organisation of working time

- Böckler Impuls 17/2007: Working hours. Short working hours, high productivity. [http://www.boeckler.de/pdf/impuls\\_2007\\_17\\_6.pdf](http://www.boeckler.de/pdf/impuls_2007_17_6.pdf)



- Böckler Impuls. 03/2011: Equality. Parents in the traditionalisation trap. [http://www.boeckler.de/pdf/impuls\\_2011\\_03\\_4-5.pdf](http://www.boeckler.de/pdf/impuls_2011_03_4-5.pdf)
- Der Standard (10.11.2011): "A completely derailing working time culture". <http://derstandard.at/1304554218427/Zeit-fuer-Familie-Eine-voellig-entgleisende-Arbeitszeitkultur>
- Haug, Frigga : The four-in-one perspective. [http://www.friggahaug.inkrit.de/documents/DA291\\_fh.pdf](http://www.friggahaug.inkrit.de/documents/DA291_fh.pdf)
- Kretschmer, Tobias et al: Wachstum und Produktivität. An expert report commissioned by the Enquete Commission "Growth, Prosperity, Quality of Life", Project Group 1. Munich 2011. <http://www.bundestag.de/bundestag/gremien/enquete/wachstum/gutachten/m17-26-14.pdf>
- Kunz, Dieter u. Müller, Wolfgang G.: Produktivitätsorientierte Arbeitszeitverkürzung als beschäftigungspolitisches Instrument. Mitteilungen aus der Arbeitsmarkt- und Berufsforschung. IAB. Nuremberg 1977. [http://doku.iab.de/mittab/1977/1977\\_4\\_MittAB\\_Kunz\\_Mueller.pdf](http://doku.iab.de/mittab/1977/1977_4_MittAB_Kunz_Mueller.pdf)
- Lehndorff, Steffen: How long are working hours in Germany? IAT Report. Wuppertal 2003. <http://iat-info.iatge.de/iat-report/2003/report2003-07.pdf>
- nef (new economics foundation): 21 Hours. Why a shorter working week can help us all to flourish in the 21st century. London 2010. [http://www.neweconomics.org/sites/neweconomics.org/files/21\\_Hours.pdf](http://www.neweconomics.org/sites/neweconomics.org/files/21_Hours.pdf)
- Seifert, Hartmut: Konfliktfeld Arbeitszeitpolitik. Friedrich Ebert Foundation. Düsseldorf 2006. <http://library.fes.de/pdf-files/asfo/04303.pdf>
- The Proudfoot Report. Productivity Study 2006. An international study of productivity at company level. [http://www.optimal-office-management.de/downloads/Productivity\\_Report\\_Proudfoot\\_06.pdf](http://www.optimal-office-management.de/downloads/Productivity_Report_Proudfoot_06.pdf)
- Wirtz, Anna: Gesundheitliche und soziale Auswirkungen langer Arbeitszeiten. Federal Institute for Occupational Safety and Health. Dortmund 2010. [https://www.baua.de/DE/Angebote/Publicationen/Berichte/Gd59.pdf?\\_\\_blob=publicationFile&v=4](https://www.baua.de/DE/Angebote/Publicationen/Berichte/Gd59.pdf?__blob=publicationFile&v=4)
- brand eins article: Neue Arbeits-Zeit (01/2004) <http://www.brandeins.de/magazin/harmonie-verbloedet/neue-arbeits-zeit.html>
- brand eins article: Freedom and its price (01/2009) <http://www.brandeins.de/magazin/-afc796490a/die-freiheit-und-ihr-preis.html>
- brand eins article: In time with the calendar (12/2011 - Microsoft) <http://www.brandeins.de/magazin/warenwelt/im-takt-des-kalenders.html>
- brand eins article: Die große Freiheit (05/2007 - Rowe Principle) <http://www.brandeins.de/magazin/schwerpunkt-ideenwirtschaft/grosse-freiheit.html>
- Wiki entry on trust-based working time <http://de.wikipedia.org/wiki/Vertrauensarbeitszeit>
- Markus Albers: Morgen komm ich später rein, Campus, 2012 (book with examples)

## C2.3 Shaping the employment relationship and work-life balance

- Familie und Beruf - Management GmbH Austria <http://www.familieundberuf.at/home/>
- cf. State Award "Most Family-Friendly Company" <http://www.familienfreundlichsterbetrieb.at/2012/>
- brand eins article: Equation with unknowns (12/2010) <http://www.brandeins.de/magazin/unberechenbar-die-oekonomie-der-familie/gleichung-mit-unbekannten.html>
- brand eins article: Room for manoeuvre (12/2010) <http://www.brandeins.de/magazin/unberechenbar-die-oekonomie-der-familie/spielraeume.html>
- Wikipedia entry on work-life balance <http://de.wikipedia.org/wiki/Work-Life-Balance>
- Work-life balance brochure BMFSF FRG [http://www.rwth-aachen.de/global/show\\_document.asp?id=aaaaaaaaaagxqg&download=1](http://www.rwth-aachen.de/global/show_document.asp?id=aaaaaaaaaagxqg&download=1)
- SME Handbook Family and Work <http://www.news-service.admin.ch/NSBSubscriber/message/attachments/6871.pdf>
- Brochure Work-Life+Health (trade union related) [http://www.btq-kassel.de/upload/Work\\_Life\\_Balance\\_BTQ.pdf](http://www.btq-kassel.de/upload/Work_Life_Balance_BTQ.pdf)
- Comprehensive collection of links on work-life balance <http://www.perwiss.de/links-zuwork-life-balance.html>

# C3 Environmentally friendly behavior of staff

Inhalt	Unterseiten	Seiten-Verantwortlich
<ul style="list-style-type: none"><li>• More in-depth info on the overall topic</li><li>• Further assessment aids [supplementary to the workbook]</li><li>• Aids for implementation in the company</li><li>• Negative aspects</li><li>• Literature Resources</li></ul>		Siehe übergeordnete Seite

## More in-depth info on the overall topic

The indicators are evaluated with regard to several issues. In addition to specific topics that are characterised by a high ecological impact (nutrition at the workplace; distance to the workplace), the handling and integration at the organisational level (training & awareness, organisational culture) will also be evaluated.

## Further assessment aids [supplementary to the workbook]

### Company size

While individual lifestyles can certainly be included in the case of very small companies, the institutional influence of the management increases with the size of the company, e.g. through an existing canteen or the possibility of a shuttle bus.

### Regional risks

The difference between urban and rural areas must be taken into account, as companies in urban areas tend to have better starting opportunities due to public infrastructure (public transport). Creativity in the design of environmentally friendly mobility (e.g. promoting car pooling, charging stations for e-bikes with green electricity) should be particularly taken into account for companies in rural areas.

Das Stadt/Landgefälle muss berücksichtigt werden, da Unternehmen im urbanen Raum durch öffentliche Infrastruktur (ÖPNV) tendenziell über bessere Ausgangsmöglichkeiten verfügen. Kreativität bei der Gestaltung umwelt-schonender Mobilität (z.B. Forcieren von Fahrgemeinschaften, Ladestationen für E-Bikes mit Ökostrom) sollte bei Firmen im ländlichen Gebiet besonders berücksichtigt werden.

## Aids for implementation in the company

### Respect privacy

Interfering with an individual's diet is a massive invasion of individual privacy! Food is a private matter. Nobody likes to be told what and how much of what he or she can eat - not even meat. But is eating really a purely private matter? See e.g. [publiceye.ch](https://www.publiceye.ch/de/) (formerly: Berne Declaration, <https://www.publiceye.ch/de/>)

(Exemplary here: The annual meat consumption of the average Austrian rose from about 25 kg in 1950 to almost 67 kg of meat, while the meat consumption of a resident of a developing country averages 32.7 kg of meat. Even today, emphasis is placed on the regional origin of meat and other animal products, forgetting, however, that Austria's land area is no longer sufficient to meet the immense demand for feed for livestock farming).

### Ecological footprint

The ecological footprint indicates how many hectares of the global surface area each person consumes through their daily activities (living, mobility, eating, consumer behaviour). Although only theoretical in nature and very complex in data collection, the ecological footprint is considered an easy-to-understand tool to rethink routines and change them into a more ecologically friendly approach. The larger the footprint, the more intensive the impact on the environment. "The area of the footprint is expressed in 'global hectares' (gha). The global hectare is a measure that takes into account the varying fertility of soils and their ability to build up raw materials and break down pollutants. The global hectare is thus an average value calculated from the different 'biocapacity' of soils. This makes it possible to compare the environmental consumption of different countries or their inhabitants." The average Austrian currently uses 4.9 global hectares, while the average Indian has 0.8 global hectares at his disposal. Sustainable, future-proof and fair would be 1.8 global hectares for every citizen of the world. The multitude of Footprint calculators often leads to distortions. Footprint calculators should be aligned with the international Ecological Footprint Standards of 2006. This can be ensured by the transparency of the methodology and by ensuring that the calculator has been produced by a Global Footprint Network partner.

### Examples

An overview of the CO<sub>2</sub> emissions of all means of transport à Fairmove:

Verkehrsmittel	gCO <sub>2</sub> /pkm (passenger kilometers) with occupancy rate of 1.17 persons
----------------	---

Car	208,4
Motorcycle	187,7
Railway	79,8
Train (Ö.)	23,9
ÖV	etwa 40
E-Car	118
E-car with green electricity	60,4

CO2 equivalents of food (production, processing and trade, data for Germany)

food made from animals	CO2 equivalents (g/kg)	plant-based foods	CO2 equivalents (g/kg)
Beef	13.300	Cooking oil	1,890
Cheese	8.500	Tofu (Case study)	1.100
Raw sausage	7.820	Pasta	920
Poultry meat	3.490	Bread	720
Pork	3.250	Vegetables	450
free-range eggs	2.570	Wheat grains	415
Cream cheese	1.930	Potatoes	200
Milk	940	Vegetables	150

## Negative aspects

Remark:

The indicators for the negative aspect are the "assessment levels incl. score" according to C3.4 itself: the mentioned "harmful behaviour" has to be checked / documented for its existence.

## Literature Resources

### General

<https://www.radeltzurarbeit.at>

<https://www.publiceye.ch/de/>

[http://www.swissre.com/corporate\\_responsibility/coyou2\\_programme.html](http://www.swissre.com/corporate_responsibility/coyou2_programme.html)

### Food

Google: „Fleischatlas“ auch: Wikipedia – Artikel

<http://www.fao.org/docrep/010/a0701e/a0701e00.HTM>

[https://www.cdc.gov/nceh/ehs/docs/understanding\\_cafos\\_nalboh.pdf](https://www.cdc.gov/nceh/ehs/docs/understanding_cafos_nalboh.pdf)

[http://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/WWF\\_Fleischkonsum\\_web.pdf](http://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/WWF_Fleischkonsum_web.pdf)

### Footprint

<http://www.footprint.at>

<https://www.footprintnetwork.org>

Virtuelles Wasser: [https://de.wikipedia.org/wiki/Virtuelles\\_Wasser](https://de.wikipedia.org/wiki/Virtuelles_Wasser)

### Mobility

<http://www.fairmove.at>

<https://www.umweltbundesamt.de/themen/betriebliches-mobilitaetsmanagement-fachtagung>

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### Experts:

Michael Müller-Camen, <https://www.wu.ac.at/persm/mitarbeiter/mcm/>

# C4 Co-determination and transparency within the organization

The translation of the background information is mainly based on DeepL [www.DeepL.com/Translator](http://www.DeepL.com/Translator) (free version)

## In-depth info on the overall topic

The aim of this indicator is to enable co-determination for all employees. Ideally, all employees should also become co-entrepreneurs, even if the road there is a long journey. The value of participation and transparency should be lived with the employees as much as possible. In principle, participation is based on the highest possible degree of self-responsibility and self-organization of the employees in their day-to-day work and on the possibility of democratically influencing the immediate workplace and the fundamental decisions of the organization. Participation is the legal anchoring of human dignity at the level of the organization. Every viewpoint is important and it is important to encourage ownership as well as engagement of employees. An essential prerequisite for any form of democracy is comprehensive transparency within the company, so that employees can make informed decisions for the company and the achievement of the common goal. Intra-company democracy does not necessarily mean grassroots democracy. A form must be found that on the one hand enables effective and efficient working and on the other hand enables co-decision-making at least on the respective level/in one's own team.

We believe that there are several positive effects of a strong employee participation in organizational decision making [1]:

- Empowerment and thus higher motivation of the employees
- More identification with and loyalty to the company and consequently lower employee fluctuation
- Human corrective to the shareholder value approach
- Change in corporate culture toward partnership-based division of tasks; appreciative, respectful working climate in which mistakes and conflicts are dealt with constructively
- More creative solutions because the views of all stakeholders are heard
- More committed employees and better performance
- Greater solidarity and prosocial action among the workforce.

Internal democracy can be implemented structurally or in individual decisions.

Tannenbaum and Schmidt[2] (1958) developed a leadership continuum that distinguishes between different gradations from authoritarian to participatory:



In this overview, the decision-making power lies with the manager. He/she decides which form of employee participation is allowed or enabled.

**Authoritarian and democratic leadership**

Lewin, Lippit, and White (1939) studied three leadership styles in young students: "authoritarian," "laissez-faire," and "democratic." The results showed that work performance was about the same in the authoritarian and democratic leadership groups, while it dropped in the laissez-faire group.

However, there were different behaviors among the two groups<sup>[3]</sup> which can be also found in adult work group<sup>[4]</sup>

Authoritarian led group	Democratically led group
<ul style="list-style-type: none"> <li>• High tension, expression of hostility</li> <li>• Submissive, obedient group behavior</li> <li>• High intensity of work</li> <li>• Interruption of work in the absence of the leader</li> <li>• High cohesion, low resignations</li> <li>• Higher interest in the task</li> <li>• High originality of work results</li> <li>• Continued work even in the absence of the leader</li> </ul>	<p>Relaxed, friendly working atmosphere</p>

**Reasons for selecting leaders:**

- 1) It is not necessarily the next higher manager, but the employees themselves who are most able to judge a person's leadership qualities.
- 2) Leaders are not "rulers" but "servants" of the respective team and support them in executing the common goals ("servant-leadership" as an ideal).

**Intensity of co-decision**

- majority democracy, i.e. the relative or absolute majority decides. Usually there is a group of "winners" and a group of "losers" or
- consensual, e.g. with consensus = no one has a serious objection to a proposal (not negative) or consensus = all agree (positive) or by systemic consensus (weighted votes of opposition per proposal). In most cases, there are no more losers because either everyone agrees, no one has a serious
- objection, or the votes of resistance are all taken into account in the result.

**Misconceptions about participation**

- Participation = company co-determination:
- Participation = grassroots democracy
- Participation = disempowerment of the owner/supreme manager

**Distinctions from other issues:**

Co-decision-making by other touch groups is covered in A4, B4, D4 and E4. The ownership issue is now covered in B4. Self-organization at the team level is covered by C1.1.

## Further evaluation aids

If there is no works council, the possible co-determination rights that would exist if there were a works council should be used as a starting point and the extent to which these exist or are guaranteed in their current form should be checked in each case.

If the participation rights of the employees are less than the rights guaranteed in the respective law, the aspect of "co-determination in decision-making" can be no more than "first steps". If essential rights are not available, it must be critically examined whether the works council is prevented (cf. negative aspect below)

## Aids for implementation

*"Eine Reise, tausend Meilen lang, mit einem ersten Schritt fing sie an! (A journey a thousand miles long, with a first step it began)"<sup>[5]</sup>*

First, it should be considered why a manager wants to allow more participation in the first place = clarification of motivation and intention.

Then, practical experience should be gathered as soon as possible and evaluated together with the manager = does this work at all in our company?

There are many concrete methods and possibilities to experiment in this field. It would make sense to start with small steps if possible. The leadership continuum of Tannenbaum and Schmidt (1958) is suitable as a first orientation:

The question to leaders would be:

- Where could I start to involve the employees more?
- What would be a good first step for me? And how do I know that this process has been successful?
- What are my measurement criteria?

It is also important to involve the employees in this process as soon as possible and to reflect together. They will certainly be very skeptical:

"What is the boss thinking up now?" and

"Is this a phase now and can you really say what you think or will there be negative repercussions again afterwards?"

More participation has a lot to do with mutual trust and a good quality of relationship. This grows and cannot be imposed from above.

More participation always requires patience and staying power, as well as critical self-reflection and a willingness to learn on the part of the supervisor. We are brought up in an authoritarian way, almost every job is hierarchical, so these structures and ways of thinking are still in our cells.

Varying scope of participation:

- Individual actions in everyday life or in change processes.
- Established structures in individual teams or the entire organization

The manager can have the team vote on individual controversial decisions, for example. This can also be done initially for topics that are not so explosive or essential for survival.

**Types of organizational decisions:**

- Operational (short-term, workplace level): e.g., personal work equipment, vacation planning, setting work schedules
- Tactical (medium-term, work group level): e.g., wage system, hiring and firing of colleagues, operational innovations
- Strategic (long-term, organizational level): e.g., major capital investment, corporate restructuring, election of management/board of directors

**Tactical** and, above all, **strategic decisions** are considered **key decisions**.

**Varying degrees of co-determination**

Information	<ul style="list-style-type: none"> <li>• Information Provide rationales after the fact for all major decisions and allow for open feedback (either anonymously or in an audience event)</li> </ul>
Anhörung	<ul style="list-style-type: none"> <li>• Consultation Moods on individual topics about the <a href="http://www.konsensieren.eu">www.konsensieren.eu</a> or <a href="http://www.appstimmung.de/">http://www.appstimmung.de/</a></li> <li>• Anonymous executive assessment, all results can be read online, less than 80% agreement not desired (Semco)</li> <li>• Large group formats for strategy decisions.[6]</li> <li>• two seats at board meetings free for everyone (Semco)</li> </ul>
Participation	<ul style="list-style-type: none"> <li>• Proposals and objections of subordinate organizational units must be bindingly included in the decisions of superordinates and cannot be rejected without an attempt to reach agreement.</li> </ul>
co-decision making	<ul style="list-style-type: none"> <li>• Project groups decide on specific content on their own responsibility</li> <li>• Direct democratic right of initiative or correction, i.e. the entirety of the employees can</li> <li>• co-decision on individual topics via the <a href="http://www.konsensieren.eu">www.konsensieren.eu</a> odr <a href="http://www.appstimmung.de/">http://www.appstimmung.de/</a></li> </ul>
Self-organization resp. Full participation	<ul style="list-style-type: none"> <li>• Full co-determination Employees have their own sphere of decision-making with all consequences as extensive as possible</li> <li>• Peer pressure instead of controlling by a manager (e.g. Semco/Morning Star)</li> <li>• Team decisions are made by majority democracy or consensus (e.g. consensus facilitation in sociocracy)</li> <li>• Employees elect the top or direct leader (e.g. (Haufe-Umartis)</li> </ul>

**Concrete distinction between participation and co-decision-making:** according to Weber<sup>1</sup> (1999).

„Participation occurs when employees are not allowed to exert influence arbitrarily by superordinate bodies. Rather, once internal regulations have been made, they determine when the right of participation comes into effect and how to proceed if proposals from hierarchically subordinate units deviate from those of the superordinate unit. Accordingly, participation ... means that proposals or objections of subordinate organizational units must be bindingly included in the decisions of superordinates and cannot be rejected without an attempt to reach agreement. Co-determination, on the other hand, means that subordinate units can participate in decision-making in bodies with equal representation, while sharing responsibility for the consequences of the decision.“ (Weber, 1999, S. 273). Participation therefore lacks the co-responsibility of employees for the consequences of decisions.“

<sup>1</sup> Weber, W. (1999). Organisationale Demokratie. Anregungen für innovative Arbeitsformen jenseits bloßer Partizipation. Zeitschrift für Arbeitswissenschaft, 53, 270-281.

**Proposal for the concrete allocation of points for the evaluation levels of part C4.3 - Co-decision-making by employees (based on POPD – Weber & Unterrainer, 2012)**

**Evaluation based on two dimensions::**

1. Dimension (X-axis): Employees’ participation in strategic and tactical decisions– 4 possible parameter values:

- X0 – (0-level) no participation
- X1 – (1) Participation only in tactical decisions
- X2 – (2) Participation in some strategic decisions
- X3 – (3) Participation in many or all strategic decisions

1. Dimension (Y-axis): **Employees’ level of participation** – 4 possible parameter values:

- Y0 – (0-level) no participation
- Y1 – (1) Information
- Y2 – (2) Consultation or participation (acc. To Weber, 1999; Wegge et al., 2010) or veto right
- Y3 – (3) (equal) co-decision-making or employees’ collective decision making

**Two-dimensional checkbox table (data matrix):**

**Horizontal (Y-axis):** Strategic & tactical decisions: values from “non” to “many”

**Vertical (X-axis):** Level of participation: 4 values from „none“ to „co-decision-making/ collectiv-decision-making“

	X0	X1	X2	X3
Y0	0	0	0	0
Y1	0	1	1	1
Y2	0	2	3	3
Y3	0	4-5	5-6	7-10

10 possible values: Each company can be assigned to a specific cell. The matrix cell value applicable to a particular company can be assigned according to the previous rating levels (from Baseline to Exemplary):

- Baseline: 0 Points
- First steps: 1 Points
- Advanced: 2-3 Points
- Experienced: 4-6 Points
- Exemplary: 7-10 Points

Two additional secondary dimensions to be considered especially in the Y3 axis:

- a) If decisions are typically made by consensus, there is a premium of 1 point.
- b) If instead of direct participation there is typically "only" indirect (representative participation, there is a deduction of 1 point.

Further methods/measures:

<http://www.partizipation.at/methoden.html>

Weber, W.G. & Unterrainer, C. (2012). The Analysis of Preconditions für the Fostering of Democratic Behavioural Orientations – The ODEM Questionnaire (POPD). In W. G. Weber et al. (Hrsg), Democratic Competences and Social Practices in Organizations (S. 118-143). Wiesbaden: Springer.

## Concrete case studies and exemplary implementations



## TRANSPARENCY

### GWÖ-examples:

- [b.it](#) (90%)
- Innovia + Ökofrost + Ulenspiegel Druck (80%)

#### [b.it:\[7\]](#)

All data (except private data of employees, HR data of employees who have left the company), including minutes of meetings, can be viewed by all employees. The financial data has been simplified and the employees have been trained so that it is easy to understand.

#### [Innovia\[8\]](#)

All data (except private data of the employees, HR data of employees who have left) including meeting minutes can be viewed by all employees. The financial data has also been simplified and the employees have been trained so that it is easy to understand.

#### [Ökofrost\[9\]](#)

*"The goal is for all employees to understand the larger interrelationships throughout the company so that they can also contribute consciously and in the best possible way to the common goals. The basic understanding of transparency is not that everyone must always be informed about everything (information overload), but that information is actively provided about the essential interrelationships and the details are available to everyone on request. It is also important to respect personal rights (data protection).*

*Since 2012, the company figures have been presented to the entire team on a quarterly basis, explained and analyzed together. The aim is to ensure that all employees are aware of the company's financial situation and understand the background and interrelationships of its business activities."*

## ELECTION OF LEADERS

### GWÖ-examples:

- [b.it](#) + Ulenspiegel Druck (80%)
- Vitale Lunchbox (70%)
- Innovia + Ökofrost (50%) [b.it:\[10\]](#)

In 2013, the managing director and two team leaders were confirmed by the employees. In 2015, two additional managers and a proxy were unanimously elected by the employees..

### Haufe Umartis:

*"In November 2013, all managers [...] faced a vote by their 120 employees. 25 candidates, consisting of CEO, COO as well as leaders and managers from ten teams, were up for election for 21 positions. Eleven supervisors were confirmed in their positions, and seven employees were promoted to management. Three positions will be filled externally; one executive was voted out."*

#### [Soziokratie\[12\]](#)

In sociocracy, there is a double linkage between all levels. The manager is elected in the upper circle, the delegate in the delegating circle, and they legitimize each other by consensus. In the event of serious arguments, a removal process can also be set in motion, in which the person concerned is not entitled to vote.

The CEO is elected in the top circle, which includes four external experts and a delegate from the company. In the Brand One article, Marten Disperg tells how he feels about standing for election every two years as founder and CEO of the company himself.

#### [Ulenspiegel Druck\[13\]](#)

*„There are no managers within the workforce. Technical knowledge and company-specific or production processes are communicated directly and at eye level between employees within the individual departments. [...]*

*In 2013, there was a change of shareholder and managing director. This change and the conditions for implementing it were discussed and communicated with the entire workforce over a period of seven years. All employees were given the option of joining the new collective of managing directors and acquiring equal shares in the company. In the end, one employee and one female employee opted for this option. Three of the previous four owners sold their shares in the company to these two younger ambitious employees and the remaining shareholder, so that a meaningful generational change took place. The legitimacy of the former salaried employees as new managers naturally resulted from their assumption of overall responsibility for the company."*

## CO-DECISION BY EMPLOYEES

### GWÖ-examples:

- [b.it](#) + Ulenspiegel Druck (90%)
- Vitale Lunchbox + Innovia (80%)

- Ökofrost (70%)
- Bürgerstiftung Pfalz + FH Burgenland + Oikopolis + Sonnentor (60%)

#### **Autowelt Hoppmann[14]:**

Autowelt Hoppmann has been a pioneer in corporate democracy since the early 1960s. In the meantime, ownership is in the hands of an independent foundation, which may only make major decisions with the approval of the MA. The highest body, the Economic Committee, consists of five employee representatives and five managers and decides on the essential matters largely by consensus and sometimes also by majority democracy, mostly across the interest groups.

#### **b.it:[15]**

The employee meeting is the highest decision-making body. Every employee has one vote there. The decision-making process has been defined in a voting catalog, and the ideal is for decisions to be as consensual as possible. All employees also have the opportunity to veto a decision at any time after a staff meeting in order to optimize or readjust the decision.

Individual teams have the highest possible autonomy and are free to make decisions within their budget framework.

The team leader meeting acts as an advisory/coordinating body in the operational area.

#### **Premium Cola[16]:**

Premium Cola is a small beverage company that integrates all contact groups to a special degree. All employees (as well as all other touch groups) are distributed across the German-speaking region and can gain access to the Premium forum. This is the beginning of online democracy. There, all information (minus personal privacy) can be viewed, everyone can enter a topic themselves, comment on any topic and veto any topic at any time. The decision-making process is consensus democracy, i.e., one veto is enough to block a proposal. In practice, however, this rarely happens because relatively clever and social proposals are found through the discussion process. Even after a veto, it is often possible to pick up the thread of discussion again and work out a joint solution.

#### **Semco[17]**

Semco is a Brazilian conglomerate that has a unique corporate culture. In 2003, there are about 3000 employees, most of whom work together in small units. There are no guidelines, only an illustrated survival book, a lot of self-organization and a high level of employee participation. They can choose their own managers, determine their own working hours and salaries, and everyone can attend all meetings and have a say in decisions. Transparency and a focus on results in the teams are the key regulations. Salaries must be justified in front of colleagues and earned by the employees themselves. There is a high level of transparency of figures, facts and decisions and a highly innovative working atmosphere.

In addition, there is a semi-annual management survey of the respective team. If they score below 70%, they have to improve significantly within a year. Typically, managers receive 80-85%.

Semco is economically very successful: annual growth rates are between 25% and 40%, and profits increased from \$35 million to \$160 million between 1993 and 2004.

All decisions at Semco are made democratically. Anyone can initiate a decision-making process. Just email the staff, set up a meeting place and off you go. When people show up, the topic is of interest and the group works as long as there is energy and the decision process is progressing. In the process, the group can always regroup. In the end, decisions are made democratically by those present with a simple majority (one person = one vote). Ricardo Semler, the main owner of Semco, also has only one vote and has been outvoted several times. Although he formally has a right of veto, he has never made use of it so far, according to his own statement, because then the entire system would seem to be at risk for him. Otherwise, an attitude could develop among employees such as, "We can vote what we want, the boss decides according to his wishes anyway."

The special thing about this form of co-determination is that it is very simple and flexible. Anyone who is interested in the topic can have a say. Those who don't get involved agree. In this way, decisions are made very quickly that are supported by the people involved/interested.

A total of eight members sit on Semco's highest committee. One is for Ricardo Semler, three are permanently occupied by CEOs of sub-companies, two seats are rotated by high-ranking managers below the board level, and two can be filled by any employee on a first-come, first-served basis. These one-time members have the same voting rights as permanent members on the board. The minutes can be viewed by anyone, but in the Board office and not via the intranet.

#### Further resources about Semco

Article in Brandeins <http://www.brandeins.de/magazin/nachfolge/mach-es-zu-deinem-projekt.html>

Article in Sein <http://www.sein.de/gesellschaft/neue-wirtschaft/2010/die-befreiung-der-arbeit-das-7-tage-wochenende.html>

Documentation about Semco from 2005: [https://www.youtube.com/watch?v=gG3HPX0D2mU&feature=youtuve\\_gdata](https://www.youtube.com/watch?v=gG3HPX0D2mU&feature=youtuve_gdata)

Comprehensive article with collection of materials <http://christianruether.com/2011/03/ricardo-semler-und-semco-behandle-deine-mitarbeiter-wie-erwachsene/>

#### **Tele Haase[20]:**

"The ideal is an intelligent organism that functions all by itself," says Christoph Haase, owner of Tele Haase. This no longer requires hierarchies. Work is divided into a large number of processes and these in turn are brought together in three larger committees so that the common overview and overall view work.

The decision-making power lies with the respective employees of the processes/bodies, and the two managing directors learn about the decisions from the intranet. They only have a right of veto in the case of decisions that are detrimental to business, but this had to be exercised first. And at that time, discussions continued and a better solution was found."

## EXCURSUS SOCIOCRACY

Sociocracy is an organizational model in which employees make all fundamental and framework decisions on an equal footing with managers by consensus. Consensus means that no one in the respective team (also called a circle) has a serious objection to a proposal with regard to the common goal.

Basic and framework decisions are, for example, budget, hiring, firing, strategy, distribution of tasks, etc. These decisions are no longer made by the manager alone, but jointly in the respective team on the basis of equality. Everyone can say "no" and give arguments for saying no, so that a feasible other solution can be found that everyone can execute.

Leaders are elected after open debate and can be dismissed in the same way. For each higher level of the hierarchy there are elected delegates, so that in a possible board of directors there are three chairmen and three elected delegates and decide on the basis of consensus.

Sociocracy was developed in Holland in the late 1960s and is quite common there and in parts of the US, especially in NPOs and SMEs. In the Netherlands, a 100% sociocratic company no longer needs to have a works council.

Depending on how far the implementation of sociocracy is, the gradations can be evaluated as follows:

Je nachdem wie weit die Implementierung der Soziokratie ist, können die Abstufungen wie folgt bewertet werden:

Category	First steps (0-10%)	Advanced (11-30%)	Experienced (31-60%)	Exemplary (61-100%)
<b>for example: Sociocracy</b>	Pilot Circle Sociocracy	circle based on consensus principle	Full circle structure sociocracy[2 1]	Sociocracy is legally anchored, institutionalized

In recent years, the holacracy approach has emerged from sociocracy, which is similar in many areas. This approach goes in the direction of democratic co-determination, but not in the quality of sociocracy. In sociocracy, the circle member alone decides whether a serious objection exists or not. In holacracy, the moderator or the group can decide whether the objection is valid or not.

Ultimately, it would have to be examined in each individual case to what extent a holacratic enterprise fits into the above gradation and how it is to be evaluated.[22]

### Further resources about sociocracy

- Comprehensive script on sociocracy (with a list of sociocratic enterprises worldwide). <http://soziokratie.org/wp-content/uploads/2011/06/soziokratie-skript2.7.pdf>
- Brandeins-article (Endenburg/ Reykx) <http://www.brandeins.de/magazin/-afc796490a/die-ideale-welt.html>
- Waldhubel, Thomas: Der Weg des Kreises, online auf: <https://www.sein.de/soziokratie-die-magie-des-kreises/>

Comprehensive collection of materials on sociocracy <http://soziokratie.org/was-ist-soziokratie/>

## LIST OF OTHER COMPANIES

There are a large number of organizations that organize themselves entirely democratically or have adopted aspects of participatory involvement. Unfortunately, they are seldom known or are not covered in the classic business literature. They are exotic, but they prove that lived participation is possible.

### Small companies (5-50 employees)

- Cafe Ruffini (25 employees): <http://www.ruffini.de>
- CCP-Studios (40 employees) <http://www.cppstudios.de/>
- Dark-Horse Innovation (30 employees, partly sociocratic) <http://ullstein.de/thankgoditsmonday/>
- IT-Agile, Hamburg (30 employees) <https://stefanroock.wordpress.com/2014/02/13/how-we-decide-at-it-agile/>
- Partake, Berlin (8 employees) <http://www.zeit.de/2013/14/hierarchien-abschaffen-management>
- Premium Cola <https://www.premium-cola.de/betriebssystem>

### SMEs (50-250 employees)

- Allsafe Jungfalk: (ca. 180 employees) <https://www.allsafe-group.com/home/>
- Haufe Umantis (ca. 120 employees) <https://www.haufe-lexware.com/ueber-uns/>
- HPP-Berlin (ca. 140 employees) <https://www.hhpberlin.de/>
- Tele Haase (ca. 100 employees): <https://www.tele-online.com/>

### Large-scale enterprises (über 250 employees)

- Autowelt Hoppmann (ca. 400 employees) [http://www.demokratie-im-alltag.de/htm/html-2/das\\_hoppmann-modell.htm](http://www.demokratie-im-alltag.de/htm/html-2/das_hoppmann-modell.htm)
- Buurtzorg (ca. 9.000 employees) <http://www.buurtzorgnederland.com/>
- Cecoseola (ca. 1.000 employees): <https://de.wikipedia.org/wiki/Cecosesola>
- John Lewis (ca. 68.000 employees) – Retailer, UK <http://www.johnlewispartnership.co.uk/about/our-constitution.html>
- Mondragon (ca. 80.000 employees) – largest cooperative in EU, conglomerate
- SWR Documentation – Jobwunder Mondragon <https://www.youtube.com/watch?v=n6kCEvYRgDs>
- Morning Star (400-2.400 employees – depending on saison) – food production, USA <https://hbr.org/2011/12/first-lets-fire-all-the-managers>

- W.L. Gore (9.000 employees) – textile producer Gore Tex <http://www.managementexchange.com/story/innovation-democracy-wl-gores-original-management-model>

# Negativaspekte

Overview of the most important co-determination rights in Austria:



The most important particip...f the works council acc.pdf

Overview for Germany:

[http://www.precht.wiso.uni-erlangen.de/download/ar/uebung/ar2\\_02\\_Beteiligungsrechte\\_BR.pdf](http://www.precht.wiso.uni-erlangen.de/download/ar/uebung/ar2_02_Beteiligungsrechte_BR.pdf)

General Wikipedia article on the works constitution:  
<http://de.wikipedia.org/wiki/Betriebsverfassung>

## Tasks and powers of the Work Council in Austria:

<https://www.wko.at/service/arbeitsrecht-sozialrecht/Betriebsrat.html>

“Tasks: The works council has numerous powers. These range, for example, from the conclusion of works agreements, through participation in dismissals, redundancies and transfers, to participation in supervisory board meetings in companies.

The powers of the works council include

Monitoring and control rights (e.g., compliance with the collective agreement, works agreements and employee protection regulations),

information rights (e.g. on the establishment and termination of employment relationships or on ongoing management matters) and

rights of intervention (e.g. to improve working conditions or in-company training) and

consultation rights (e.g., at the request of the Works Council, the owner of the establishment must hold joint consultations on a quarterly basis and provide information on important matters).”

In Austria the work council is not obligatory by law, but a company with at least 5 employees can found a work council. Depending on the number of employees who are working in a company the amount of representatives increases.

Source: <https://www.wko.at/service/arbeitsrecht-sozialrecht/Betriebsrat.html>

### Valuation aids prevention of works council:

The works council is prevented if the employers take various measures to prevent the establishment or election of a works council.

The prevention can only be partially proven. The following information can be helpful:

an anonymous survey of the employees asking who would like to have a works council, whether there were measures to prevent it and how employees who campaigned for it were dealt with.

Statements by dismissed employees\* if they see a connection with the establishment of a works council.

Information from the Chamber of Labor or the respective trade unions as to whether complaints have been filed against the company or whether relevant negative experiences have been documented.

The burden of proof may be reversed, so that the company must prove that there were no preventive or credibly supportive measures towards the establishment of a works council.

### Examples

The two examples document the difficulty in dealing with the prevention of a works council. Both articles give the strong impression that official and unofficial efforts were made to prevent this. What really happened cannot be determined, and as long as there are no legally binding convictions, the presumption of innocence applies.

### Goodgames (Germany)[23]

At Goodgames, 28 employees were laid off in December 2015, some of whom would have lobbied for a works council. Officially, overcapacity, misconduct or performance deficits had been the reason for the dismissals. In some cases, direct supervisors were surprised by these measures.

In January 2016, the majority of the workforce voted against a works council and instead an alternative co-determination model is to be worked on.

### Servus TV (Austria)[24]

There were only a few days between the possible formation of the works council and the announced closure of the station due to financial bottlenecks.

After a large part of the staff had assured that they did not want to form a works council, Servus TV continued to operate. Here there is at least a temporal proximity of the decisions, whether they are causally related is not clearly clarifiable.

### Further examples/resources

- Cf. <http://derstandard.at/2000017788819/Neos-Mitarbeiter-nach-Betriebsrats-Initiative-gekuendigt>
- Companies without a works council: [http://www.boeckler.de/1055\\_1069.htm](http://www.boeckler.de/1055_1069.htm)
- Overview of work councils in Austria: <http://diepresse.com/home/wirtschaft/economist/4983875/Wo-ist-der-Betriebsrat>

## Literature resources

- Bontrup, Heinz: Wirtschaftsdemokratie statt shareholder value <http://www.linksnet.de/de/artikel/19818>
- Elsner, Richard: Leading Owners, Kurzinterviews mit 14 Führungskräften in Employee owned Companies, 2014
- Employee ownership association: Case Studies und Reports aus Großbritannien
- Fenton, Traci: The democratic Company. Four Organizations Transforming our Workplace and our World, 2002 – (kostenloses PDF)
- Lohmann, Detlev: Und mittags geh ich heim, Gespräch mit Detlev Lohman
- Ögut: Partizipation und nachhaltige Entwicklung in Europa: <http://partizipation.at/>
- Skripten zum Arbeitsrecht/ Betriebsrat (VOEGB)
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## Editorial

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[12] Vgl. [https://www.brandeins.de/uploads/tx\\_b4/144\\_b1\\_01\\_09\\_soziokratie.pdf](https://www.brandeins.de/uploads/tx_b4/144_b1_01_09_soziokratie.pdf)

[13] Aus ihrem GWÖ-Bericht auf <http://www.ulenspiegeldruck.de/gemeinwohl-oekonomie.html>

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[15] Vgl. GWÖ-Bericht von ihnen auf <http://www.bitservice.at/ueber-bit/gemeinwohloekonomie>

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[17] Die Quellen über Semco beziehen sich auf die beiden Bücher von Ricardo Semler, wobei das letzte 2003 erschienen ist. Es ist stark zu vermuten, dass Semco auch in den letzten Krisenzeiten Schwierigkeiten hatten. Inwieweit diese durch das demokratische Miteinander abgefedert werden konnten oder diese Elemente in der Krise heruntergefahren wurden, dazu fehlen mir im Moment die Quellen.

[18] Vgl. Semler, Ricardo: Maverick, 1992, Kap.22, S.160-63 und Semler, Ricardo: 7day, 2003, S. 212/3.

[19] Vgl. Semler, Ricardo: 7day, 2003, S.223.

[20] Vgl. <http://kurier.at/wirtschaft/karriere/lasst-die-mitarbeiter-entscheiden/126.717.243/print>

[21] Die Kreisstruktur überlagert die lineare Struktur. Auf der Kreisebene sind alle Mitarbeiter gleichwertig in der Beschlussfassung, auf Augenhöhe. Hier werden die Grundsatz- und Rahmenentscheidungen getroffen. Daneben existiert weiterhin die lineare Struktur für das Tagesgeschäft oder die operationalen Entscheidungen. Hier kann es weiterhin Vorgesetzte geben, die ohne Absprache innerhalb von bestimmten Vorgaben entscheiden können.

[22] Vgl. die Unterschiede zwischen Soziokratie und Holokratie, <http://soziokratie.org/wp-content/uploads/2012/11/Vergleich-Soziokratie-Holokratie1.1.pdf>

Es ist mir noch nicht ganz klar, ob die Validität des Einwandes vom Moderator entschieden wird oder von der Gruppe und wie von der Gruppe. Das ist für mich die Kernfrage, inwieweit die Holokratie auch demokratisch ist. Vgl. 22.00 vom Video: <http://community.holacracy.org/clip/holacracy-overview> (autocratic decision making of holacracy)

[23] Vgl. <http://www.bento.de/politik/goodgame-kampf-um-betriebsrat-empire-hersteller-hamburg-212332/#refsponi> + <http://www.spiegel.de/wirtschaft/unternehmen/goodgame-studios-mitarbeiter-lehnen-betriebsrat-gruendung-ab-a-1073017.html>

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# D1 Ethical customer relationships

The focus is on the customer as a person with his or her real needs and wishes, not on his or her potential as a sales driver. The goal is the optimal fulfillment of the real customer benefit. This can mean deliberately offering the customer a cheaper variant or a smaller quantity and, in extreme cases, even leading to a recommendation from a competitor if one's own company cannot offer anything suitable.

Inhalt	Unterseiten	Seiten-Verantwortlich
<ul style="list-style-type: none"><li>• Background and goal</li><li>• Delimitations/relation to other topics</li><li>• Definitions/clarification of terms</li><li>• Stages of marketing development<ul style="list-style-type: none"><li>• Values/virtues and their concrete meaning for marketing</li></ul></li><li>• Help for the implementation</li><li>• Guiding questions and tests for marketing decisions</li><li>• Literature and resources</li><li>• Editorial</li></ul>		Siehe übergeordnete Seite

## Background and goal

In the relationship with customers, aspiration and reality often diverge. The customer, who is the focus of a company's efforts, is not treated as an equal partner at eye level, but as a "cash cow" (in the sales process) or as a process to be worked off (in complaints management or project handling). In addition, there is a wide range of advertising measures that are increasingly based on manipulation and the setting of permanent incentives to buy, rather than on meaningfulness or sustainability.

The goal is to view customers as equal partners, to establish contact at eye level, and to focus on the well-being and fulfillment of customer needs as the main intention - in all phases of the customer relationship.

The topic requires a comprehensive examination of the company's own values and attitudes and offers scope for individual design, depending on the target group, industry and customer requirements. A company's own concept and ethics in dealing with customers are fundamental.

- The following questions help to reflect on your own values in dealing with customers:
- What are our values/principles in the customer relationship?
- How do we live these values/principles in the different phases of the sale? (Product development/marketing/sales/after-sales service)
- How useful are our products/services? Do they meet essential needs and serve people/planets or are they substitute satisfactions? (E1)
- How transparent are we about our products/services (D4)?
- What is the quality and durability of our products/services? (D3)
- How fair is our pricing?

With these questions it already becomes clear that not all aspects of the ethical customer relationship are dealt with in D1, but that there are overlaps with the other topics of the matrix.

The aspects of quality and durability are dealt with in D3 and meaningfulness/societal impact in E1.

Based on the remaining questions, the following aspects can be distinguished and evaluated:

- Concept with values/principles of our ethical customer relationship and the anchoring of this concept in the company.
- Implementation of the values/principles in marketing and advertising
- Implementation of the values/principles in the sales process
- Implementation of the values/principles with regard to customer service
- Barrier-free access to P/D and social pricing

This subdivision is an attempt to make the different aspects clear and should make a clear evaluation possible. In practice, the areas are closely related and cannot always be considered separately.

## Delimitations/relation to other topics

The ethical customer relationship in a broader sense includes more aspects than can be covered in this topic, with some already mentioned above:

- Quality and durability of a product (D3)
- meaningfulness and social impact (E1)
- In addition, there is cooperative marketing - cooperation with competitors - transparency towards competitors (D2)
- The value *transparency and co-determination* in D4

## Definitions/clarification of terms

The term "ethical customer relationship" refers quite comprehensively to all measures in contact with a customer. This term is new and not widespread. Ethical customer relationship covers the entire sales process from marketing, sales and service management, i.e. contact with the customer in the product life cycle.

Here, the real customer benefit takes precedence over the sale, i.e. as a vendor, I only sell the customer something if he really needs it and it really adds value for him and if my product also best fits the customer's needs.



As a salesperson, I do not awaken any "unnecessary" customer needs, do not make any bait-and-switch offers and, if necessary, refer the customer to better and more suitable products from my competitors.  
 The long-term customer relationship and the optimal fulfillment of customer needs are in the foreground. I provide comprehensive information about the advantages and disadvantages of my offers and offer extensive service measures.  
 In the long run, this will bring more success than any other measure.

The following three tables are intended to provide an overview for distinguishing between ethical customer relations and unethical customer relations. Please replace "marketing" with "customer relationship" in each case.

## Stages of marketing development

Philip Kotler distinguishes three different forms of marketing:

	<b>Marketing 1.0 Product-oriented marketing</b>	<b>Marketing 2.0. consumer-oriented marketing</b>	<b>Marketing 3.0 Value-based marketing</b>
<b>Goal</b>	Selling products	Satisfying and retaining consumers	Improving the world
<b>Drivers</b>	Industrial revolution	Information technology	New wave technology
<b>How companies view the market</b>	Mass buyers with physical needs	Consumers with heart and mind	Whole people with head, heart and human spirit
<b>Central marketing function</b>	Product development	Differentiation	Values
<b>Corporate marketing policy</b>	Product specification	Positioning of companies and products	Mission, vision and values of the company
<b>Value proposition</b>	Functional	Functional and emotional	Functional, emotional and spiritual
<b>Interaction with consumption</b>	One-to-many transaction (mass clearance)	One-to-one relationship (individual support)	Many-to-many cooperation (from the masses for the masses)

An example of "world improvement" as a goal in marketing could be the activities of the organic industry, which positively helps to educate consumers' ecological awareness with its approach and products. Unterschied zwischen manipulativem und integrem (ethischem) Marketing

acc. to Thomas Maak/Peter Ulrich

<b>Dimension</b>	<b>Manipulative marketing</b>	<b>Integrated marketing</b>
<b>Basic understanding</b>	Influence by (almost) all means	Legitimate and meaningful satisfaction of needs
<b>conception of man</b>	Instrumentalist: "immature consumer"	Human-oriented: "responsible citizen"
<b>Marketing tools</b>		
<b>Product</b>	Means of generating revenue	Means to satisfy needs
<b>Placement</b>	Profit maximization	Appropriate differentiation
<b>Placement</b>	Efficiency-oriented	Integrity-conscious
<b>Promotion</b>	persuade	convince
<b>slogan</b>	"Sales at all costs"	„Does it make sense?"

## Values/virtues and their concrete meaning for marketing

acc. to Maak und Ulrich

<b>Virtue</b>	<b>Description</b>	<b>Significance for Marketing (Ex.)</b>



<b>Respect</b>	Respectful treatment of others as human beings and responsible citizens; respect for faith, origin, skin color, and gender.	<ul style="list-style-type: none"> <li>• No discriminatory advertising, or advertising that could offend cultural or religious sensibilities</li> <li>• No sexist advertising</li> <li>• No sale of defective or unsafe products</li> </ul>
<b>Empathy</b>	Being aware of the wishes, needs and concerns of others	<ul style="list-style-type: none"> <li>• Responding to the real needs of customers</li> <li>• Responding to the needs of consumers in the relevant cultural context</li> <li>• Refraining from selling expensive products or small loans to customers who are overindebted or in danger of becoming overindebted</li> </ul>
<b>Honesty /Transparency</b>	Say what you mean and mean what you say Openness about one's own intentions, one's own offer and its origin	<ul style="list-style-type: none"> <li>• Traceability of the origin and specifics of the product.</li> <li>• Provide customers with correct and complete information, including information that could be detrimental (e.g., side effects of drugs)</li> <li>• No "KidNabbing"</li> <li>• No misleading of consumers</li> </ul>
<b>Fairness</b>	Acting on the basis of freedom, equality and justice (free from prejudice and favoritism).	<ul style="list-style-type: none"> <li>• No overreaching of consumers</li> <li>• Ensuring value for money, i.e. an adequate price/quality ratio</li> <li>• Price fairness, e.g. between national markets</li> </ul>
<b>Responsibility</b>	Being accountable for one's actions (and inactions) to all those affected (or potentially affected).	<ul style="list-style-type: none"> <li>• Understanding marketing responsibility as an integral part of corporate integrity Principled action</li> <li>• Responsibility for products and services to customers must be a priority</li> </ul>

## Help for the implementation

- Survey the current state (What forms of marketing do we use? How successful are we? Evaluation according to ethical aspects)
- Determine target state (vision/goal)
- Strategy on how to achieve this target state - clear measures + monitoring

For the implementation of marketing with integrity, Maak and Ulrich suggest discussing and reflecting on key ethical issues, regular dialog forums with stakeholders (cf. E4: Co-determination of society) and the definition of a "Code of Marketing Ethics".

## Guiding questions and tests for marketing decisions

Dimension	Leading Questions
<b>Compliance Test</b>	Does the intended marketing activity violate legal standards, e.g. consumer rights, or internal company guidelines (esp. Code of Marketing Ethics, series below)?
<b>Consequences-Test</b>	Could the action or product endanger stakeholders in any way? Could moral feelings of stakeholders be hurt or could the action or product have discriminatory consequences?
<b>Commitment-Test</b>	Could the action or product violate specific (moral) obligations we have towards our customers or stakeholders (e.g. regarding the side effects of medicines or the safety of toys)?
<b>Equity-Test</b>	Do the production or use of the product lead to an unequal distribution of burdens or are the rights of stakeholders (e.g. wage equity in the supply chain, right to an intact environment, information rights) violated in the process?
<b>Common Decency-Test</b>	Could our actions or product violate principles of generally decent behavior (e.g., good faith, benevolence, honesty)?
<b>Virtue-Test</b>	Does our intended action correspond to the elementary marketing virtues (respect, honesty, openness, responsibility, etc.) and is it consistent with our values?
<b>Integrity-Test</b>	Do our intentions endanger our integrity by being divorced from the principles of our business ethics?

In addition to these guiding questions for their own reflection, dialog forums with affected stakeholders and NPOs as well as the formulation, implementation and sanctioning of a general Code of Marketing Ethics are suitable. In this context, they cite the [Code of Ethics der American Marketing Association](#) as an example.

They also point out that this needs to be translated into practical processes and sanctioned so that Talk and Walk match. In principle, a separate project or OE process can be set up for each of the topics, and it is helpful to find and involve existing experts. The advantage of being a pioneer is also to set standards and become a role model for the business community.

In connection with ethical marketing and advertising, we refer to the Advertising Council in Austria, which has formulated a **code of ethics** at [www.werberat.at](http://www.werberat.at)

Here is a guide to voluntary self-restraint.

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Further Resources:

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[http://www.bio-oase.at/solidarische\\_landwirtschaft.html](http://www.bio-oase.at/solidarische_landwirtschaft.html)

## Editorial

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Draft: Diese Seite ist noch im Aufbau

💡 Die Anleitung unter [Wiki - Confluence](#) hilft Dir, schnell, effektiv und sauber im Wiki zu arbeiten 💡

# D2 Cooperation and solidarity with fellow companies

If there are competition law requirements that speak against cooperation or solidarity between (larger) companies in the same industry (cf. e.g. ban on cartels, Act against Restraints of Competition (GWB)), this must be mentioned and explained in the report.

## FAQ

### D2.1 Cooperation with other companies

Q: What does the information in parentheses in indicator D2.1 mean: "In which of the following areas is the company involved? (Number: x/3)"?

A: The specification x/3 means how many ranges of the three choices are applicable. This can be 1 of 3 (1/3), 2 of 3 (2/3) or all 3 of 3 (3/3).

Q: How does "collaboration on initiatives to raise environmental/social/quality industry standards" differ from the other two, especially the 2nd (active contribution ...)?

A: All three indicators are aimed at industry standards, i.e. they are exclusively concerned with the topic of industry standards. The first point is specifically about cooperation with **civil society institutions**, which can take very different forms. These collaborations go beyond "cooperation"; they are designed for the long term or for specific projects and provide a formal framework. The second point is about legal standards. Keyword Responsive Lobbying and cooperation with **political decision makers**. The third point is specifically about **cooperation with industry colleagues** or other **companies along the value chain**.

Q: What exactly do you mean by "cooperation with companies in other sectors"? In the construction sector, cooperation with co-enterprises from other sectors is normal and a must in the case of a joint construction site/project. A construction company/masonry company cooperates with carpenters, hydraulic engineers, electricians, etc. and with the various specialist planners, and in the course of these cooperations, experience and knowledge are also inevitably shared. To me, this is not a special cooperation in the sense of GWÖ.

A: If it is a contracting relationship, it is not a "special" cooperation. So e.g. construction company hires an electrician for the installations / for a work production. A cooperation starts where a project is approached jointly, i.e. where risks and liabilities are assumed jointly - from a legal point of view and where it is not a relationship between contractor and client.

### D2.2 Solidarity with other companies

Q: D2.2: What is meant by financial resources in the indicator "What is the total amount of financial resources given to enterprises ..."?

A: This refers to financial resources given to a company to support it - in whatever way, e.g. a loan or orders. The financial sum that is passed on via an order should be captured in this indicator, because each order can be expressed as a financial figure.

Q: What is the difference between: Companies in the same industry, targeting a different audience regionally and companies in the same industry in the same region, targeting a different audience.

A: In the first case it is a cooperation between companies from different regions, e.g. a management consultant from Berlin, who mainly consults companies in and around Berlin cooperates within the framework of a project with a management consultant from Rome, who does her main business with companies in Italy. These are therefore companies that operate in the same industry (in this case, management consulting), but address a different regional target group.

In the second case, for example, two business consultants from Vienna cooperate with each other, one being a CSR consultant and advising larger companies in the field of sustainability, and the other focusing on start-ups, providing start-up advice and consulting on business models and working mainly with EPUs and small companies. These are two companies from the same industry (management consulting), operating in the same region (in this case Vienna), but addressing different target groups.

### Negative aspect

Question: Does a judgmental comparison (better/worse or in the USP) with the performance and offers of other companies take place in the communication? (N D2.3) => Is this permitted by law? Wording "in the USP" unclear...

Answer: yes, as it is not necessarily necessary to mention the competitor by name. It can be mentioned in external communication or also internally, e.g. in business plans, if, for example, it is stated in the unique selling proposition (USP) that the company offers a better product than the competitor.

## D2.1 Cooperation with other companies

Clarification of the mandatory indicators:

To answer the mandatory indicators, either hours OR sales are to be reported as an option.

"In which of the following areas does the company engage": this indicator can be answered in the form of the following reporting questions:

- What collaborations exist with civil society initiatives to raise environmental/social/quality industry standards?

- To what extent is an active contribution made to raising legal standards within the industry (responsible lobbying)?
- What cooperation/commitment is there with initiatives to raise environmental/social/quality industry standards?

## D2.2 Solidarity with other companies

Clarification of the mandatory indicator:

How many orders and **in what value** were passed on to co-enterprises ...

- of other industries to support the co-enterprises in the short term
- of the same industry to support fellow companies in the short term?

### Good Practices

**Märkisches Landbrot** regularly accepts bakers from other bakeries as guest bakers in order to exchange knowledge and experience, and they also exchange apprentices with the confectionery located on the same premises upon request. This gives the apprentices the opportunity to get to know both the organic bakery and the organic confectionery. Märkisches Landbrot also sells products of the direct co-entrepreneurs as merchandise. Märkisches Landbrot is a founding member of the industry initiative fair & regional Bio Berlin Brandenburg and the Fördergemeinschaft Ökologischer Landbau Berlin-Brandenburg e.V. (FÖL).

**Göttin des Glücks** does not think in terms of competition, but in terms of cooperation. The outstanding cooperation is the one with the long-standing cooperation partner and direct competitor EZA Fairer Handel. The cooperation was contractually agreed on a permanent basis in 2007 and is based on a classic win-win situation: GDG brought in the fashion expertise and had no experience with sustainable, global production chains. EZA, on the other hand, had no fashion expertise and brought in the certified trading partnerships in India and Mauritius. Since then, GDG fashion has been produced in congenial and cooperative partnership through this production chain. Since 2011, the two companies are direct competitors. The partnership built on cooperation, trust and mutual respect. They work alongside and with each other, but not against each other. Both sides see it as a mission to jointly play the niche in which they operate and to make it bigger by transforming consumers' awareness.

**Premium Cola** cooperates with more than 20 other manufacturers, although some of them also produce cola or beer, share information and employees, pool logistics up to mixed pallets, organize production and logistics for two other cola manufacturers, and have helped nine other beverage manufacturers start up free of charge, of which there are still eight. More cooperation is hardly possible.

**Salzburger Holzcluster** declares that one of its main objectives is to initiate and secure cooperation and collaboration between woodworking and wood processing companies. The aim is to promote joint marketing, qualification, purchasing and sales as well as a targeted exchange of communication.

**Region Steirisches Vulkanland:** 33 municipalities in the districts of Südoststeiermark, Fürstenfeld, Weiz and Leibnitz form the region Steirisches Vulkanland. As a unique cooperation, the region is committed to the vision of shaping its future viability in a human-ecological-economic self-responsible way: to take intelligent steps and measures already today in order to shape the value and dignity of the special living space in a sustainable and responsible way.

## D2.2 Solidarity with other companies

### Good Practices

Workforce transfer / cooperative crisis management: Mondragon, the largest cooperative (over 200 companies in various industries, employing over 74,000 people) - if a company is in financial difficulties, they can be absorbed by reducing wages with the agreement of the workers. In the event of major business problems or order peaks, employees work for a short time in other cooperatives. Taking on workers because the other company is in an emergency situation.

Financial means / liquidity equalization of the Blumau Manifesto: Companies support each other in the respective off-season, so that the company that is currently achieving seasonally weak sales is supported by the company that has seasonally strong sales and vice versa. (The Waldviertler Schuhwerkstatt GEA sells a lot of shoes in winter and Thoma Holz sells a lot of wooden houses in summer; in the respective off-season they support each other with liquidity). Interest-free loans in situations of need, e.g. for crop failures or investments

## D2.3 Negative aspect Abuse of market power vis-à-vis other companies

To what extent does an evaluative comparison (better/worse or in USP) with the performance and offers of the competitor take place in the communication?

Share of products or services with dumping price strategy in the total number of products or service offers (estimate)

- How often are secret/covert price agreements made with other companies?
- Are numerous patents obtained for own product ideas that are not themselves pursued or used and that could or should block other companies in further development/research/innovation?

- What proceedings for anti-competitive behavior were conducted during the reporting period? (Number of proceedings concluded / number of ongoing proceedings / results of proceedings due to anti-competitive behavior).
- What is the practice regarding referrals from other companies?

**Editorial:**

Sigrid Koloo

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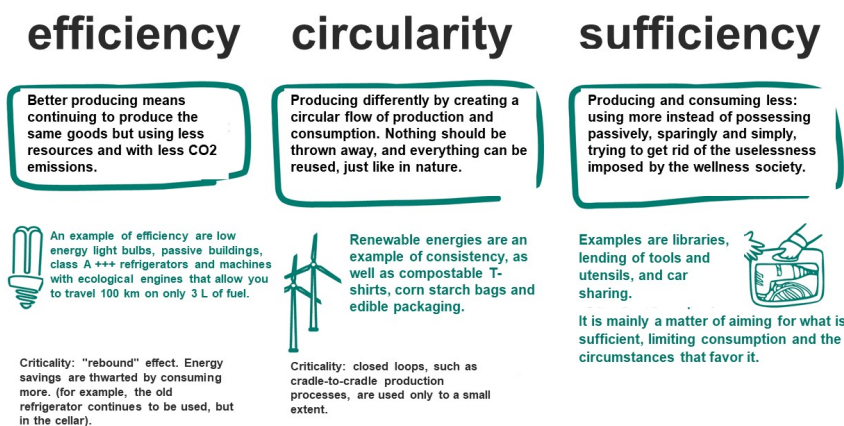
# D3 Impact on the environment of the use and disposal of products and services

Table of contents	Subpages	Page responsible
		See parent page

## Definitions and further information D3:

### The 3 sustainability strategies efficiency, circularity and sufficiency

The following diagram gives a clear explanation of how the three strategies differ and complement each other:



Source: <https://www.genug.org/suffizienz/>

Translation: Bianca Albanese and Marta Avesani

**Pay attention!!! Until the end of 2021 the term "Konsistenz" has been translated into English with "consistency". However, after consultation with English native speakers, we agreed that "circularity" is the right translation. Take this translation into account when approaching D3 in the ECG Handbook!**

An in-depth (terminological) clarification of the three complementary sustainability strategies efficiency, circularity and sufficiency can be found in the study "Sufficient is better" by Alternative Bank Switzerland

In German: [https://www.abs.ch/fileadmin/absch/25\\_Themen\\_Positionen/DE/Suffizienz/ABS\\_Reflexion\\_Genuegend\\_ist\\_besser.pdf](https://www.abs.ch/fileadmin/absch/25_Themen_Positionen/DE/Suffizienz/ABS_Reflexion_Genuegend_ist_besser.pdf)

In French: <https://core.ac.uk/reader/226973990>

Further helpful links to „Sufficiency“:  
Only in German

- BUNDJugend: „Ein gutes Leben für alle! – Eine Einführung in Suffizienz“, 2017, [here](#)
- Uta von Winterfeld: „Keine Nachhaltigkeit ohne Suffizienz“, vorgänge Heft 3/2007, S. 46-54, [here](#)

In English:

- Friends of the Earth Europe: „Sufficiency – Moving beyond the gospel of eco-efficiency“, Full Report, March 2018 [EN]: [http://www.foeeurope.org/sites/default/files/resource\\_use/2018/foee\\_sufficiency\\_booklet.pdf](http://www.foeeurope.org/sites/default/files/resource_use/2018/foee_sufficiency_booklet.pdf)
- Academic paper on concepts of eco-efficiency, eco-effectiveness, sufficiency, ... by Young and Tilley: <https://core.ac.uk/download/pdf/19503107.pdf>

## Sufficiency as a business case

The Wuppertal Institute's impulse paper "Sufficiency as a Business Case" explores the question whether sufficiency strategies, i.e. approaches of "less", "slower", "regional" can become a point of orientation for entrepreneurial strategies. It turns out that there are already many examples of companies making "sufficiency a business case". The impulse paper embeds its considerations in the current debate on sustainable resource strategies and shows what contributions enlightened management research can make to this.

Another helpful article on sufficiency in companies can be found on the following page:

<https://www.postwachstum.de/suffizienz-und-unternehmen-20131211>

(Automatic google translation in your own language available)

### Off-Setting

Off-setting is a climate protection instrument that is used to offset greenhouse gas emissions by financing reduction measures elsewhere. Emissions avoidance should always be the first choice and compensation should only be used as a "residual option" if emissions cannot be reduced or avoided in any other way. If offsetting is chosen as a measure, care should be taken to ensure that minimum standards, such as the Gold Standard (<http://www.goldstandard.org>) etc., are observed.

The Federal Environment Agency has formulated four key tips for dealing with compensation:

- Give priority to avoiding greenhouse gas emissions over offsetting them.
- If possible, offset unavoidable greenhouse gas emissions through voluntary compensation payments.
- When making compensation payments, pay attention to the quality of the provider and the offer (Gold Standard).
- Please note that "climate-neutral" does not automatically mean that the products are environmentally friendly.

Source: <https://www.umweltbundesamt.de/umwelttipps-fuer-den-alltag/mobilitaet/kompensation-von-treibhausgasemissionen> (Automatic google translation in your own language available)

### Planetary Boundaries

With our way of consumption and economy and the resulting overuse of resources, we humans are pushing the environmental systems of our planet to the limits of their stability. The concept of Planetary Boundaries shows us where and to what extent. The concept considers nine ecological dimensions that are important for the Earth's system, in case fixed limits are exceeded there would be serious consequences for humanity would.

In the video "The planetary limits of stability - and what they mean for the future of mankind" by the Swiss Federal Office for the Environment, the concept is explained in a simple and understandable way: <https://www.youtube.com/watch?v=SieN0lrZ5wg>

Further information can be found on the following pages: <https://www.stockholmresilience.org/research/planetary-boundaries/planetary-boundaries/about-the-research/the-nine-planetary-boundaries.html>

The Doughnut Economics model by Dr. Kate Raworth take its sources from planetary limits studies.

- In this TEDx video Raworth explains the model: <https://www.youtube.com/watch?v=1BHOflzxPjI&t=562s>
- <https://doughnuteconomics.org/about-doughnut-economics>

### Eco-Design

Eco-Design is a systematic and comprehensive approach to the design of products in order to reduce environmental impact throughout their life cycle through improved product design. In the product planning and design phase, producers can influence every phase of the value-added chain and the material life cycle and promote ecological innovations.

Topic page Ecodesign of the German Federal Environment Agency:

<https://www.umweltbundesamt.de/themen/wirtschaft-konsum/produkte/oekodesign> (Automatic google translation in your own language available)

What is Eco-Design? Practical Handbook for Ecodesign including Toolbox, Federal Environment Agency, 2015: <https://www.umweltbundesamt.de/publikationen/how-to-do-ecodesign>

Eco-Design criteria:

- material-efficient design

- material-compatible design
- power-efficient design
- low-emission, waste-avoiding design
- durable, easy to repair and time resistant design
- design suitable for recycling, disposal and logistics

Source: <https://de.wikipedia.org/wiki/Ecodesign>

Further useful information on Eco-Design can be found:

In German:

- [www.bundespreis-ecodesign.de](http://www.bundespreis-ecodesign.de)
- [https://www.umweltbundesamt.de/sites/default/files/medien/378/publikationen/texte\\_90\\_2015\\_kossolobow\\_instrumente\\_zur\\_\\_0.pdf](https://www.umweltbundesamt.de/sites/default/files/medien/378/publikationen/texte_90_2015_kossolobow_instrumente_zur__0.pdf)
- <https://www.ecodesign-beispiele.at/c005-ecodesign-kriterien.html>

In English:

- Academic paper on the concept of „Triple Top Line“ by McDonough (Architect and Industrial Designer) & Braungart (Chemist). They are considered among the fathers of circular economy and ecodesign: <https://mcdonough.com/writings/design-triple-top-line/>
- <https://sustainabilityguide.eu/ecodesign/>
- Resources on Circular Design by EllenMcArthur Foundation: <https://ellenmacarthurfoundation.org/resources/design/overview>

## Circularity

Swiss resources

- selected examples of success of companies in the field of recycling management: <https://www.oebu.ch/de/service/projekte/erfolgsbeispiele-kreislaufwirtschaft-122.html> (Automatic google translation in your own language available)
- Win-win situations: "Tried and tested circulation models": <https://www.bafu.admin.ch/bafu/de/home/themen/wirtschaft-konsum/dossiers/magazin2019-4-dossier/win-win-situationen.html> (Automatic google translation in your own language available)

"Action Plan for the Recycling Industry" as part of the European Union's Green Deal:

[https://ec.europa.eu/environment/circular-economy/pdf/new\\_circular\\_economy\\_action\\_plan.pdf](https://ec.europa.eu/environment/circular-economy/pdf/new_circular_economy_action_plan.pdf)

EllenMcArthur Foundation is considered one of the most reliable institute working on circular economy:

- <https://ellenmacarthurfoundation.org/>
- <https://www.ellenmacarthurfoundation.org/explore/circular-design>
- <https://www.circulardesignguide.com>

NEGATIV ASPECT

### Disproportionate ecological effects

Products and services are disproportionate if, in the current combination of the ecological impacts per use and the usual type of use / amount, extrapolated to all people, contribute to exceeding one of these limits (e.g. coal-fired electricity, air travel, etc.). The exclusion criteria that are used in the area of sustainable investments or violations of or non-ratification of international agreements on ecological issues (species protection agreements, biodiversity conventions, etc.) can serve as a guideline.

<https://www.kfw.de/nachhaltigkeit/KfW-Konzern/Nachhaltigkeit/Nachhaltige-Unternehmensprozesse/Nachhaltiges-Investment/Nachhaltiger-Investmentansatz-der-KfW/Ausschlusskriterien/> (Automatic google translation in your own language available)



# D4 Customer Participation and product transparency

## Delimitations/relationship to other indicators

- Consideration of higher value alternatives and framework conditions of fair pricing (A1.1 and A1.3)
- Ethical customer relationship (D1) - Customer acquisition/ customer service
- Quality and durability of a product (D3)
- Meaningfulness and social impact (E1)
- Social pricing and barrier-free access to products/services (D1)

## Concrete case studies and exemplary implementations

### CUSTOMER PARTICIPATION: **PREMIUM-COLA**

Premium Cola is a product network that has created a completely new form of cooperation. Successfully on the road since 2002 with organic and Fairtrade quality beverages, the customer also has a say in the decision-making process. Every customer, whether end consumer or business, has access to the online board, an intranet platform. This is where the upcoming decisions are communicated. Everyone can follow decisions, formulate a proposal for a decision and has a right of veto. Currently (Jan. 2016), 75 end consumers and 75 businesses participate in the online board. <http://www.premium-cola.de/>

### TRACEABILITY: **BIOPOLAR**

Since 2014, the Berlin-based company Ökofrost has offered traceability and evaluation of its suppliers for its Biopolar brand, broken down for many of its 28 products (as of January 2016). Where does the fish, turkey or tarte flambée come from? Not only is the manufacturer or supplier named, but an in-house assessment is also provided: How much do suppliers pay attention to environmental friendliness, animal welfare, fair working conditions and transparency? <http://biopolar.de/das-ganze-verstehen/>

### INGREDIENTS: **Interface Inc.**

The US carpet tile manufacturer Interface Inc. promotes the creation of Environmental Product Declarations (EPDs) for the industrial sector: "It's similar to the ingredient and nutrition labels on food. Instead of calories and recommended daily allowances, an EPD shows things like raw material extraction, energy use, air, soil and water emissions and water use and waste generation." EPDs include a Life Cycle Inventory Analysis (LCI), a Life Cycle Impact Assessment (LCIA), information on other indicators such as waste production, and are calculated, verified and published by third parties.

### PRICE TRANSPARENCY: **Fairphone**

The Dutch company Fairphone B.V., founded in 2013, produces fair smartphones whose raw materials are sourced from mines that do not finance civil war parties, among others. At the end of 2015, 39 employees are employed and 60,000 fairphones have been sold by then. Fairphone breaks down the purchase price of one of its smartphones into price components and publishes them on its homepage.<sup>3</sup> In doing so, the price of the Fairphone 2 is broken down into 5 categories (taxes, product, investments and labour processes) and their smallest sub-items. This makes the price comprehensible and enables the customer to decide whether the price is perceived as fair. <https://www.fairphone.com/wp-content/uploads/2015/09/Fairphone2-Cost-Breakdown.pdf> (Accessed 7.01.2016).

### EXTERNALISATION OF ENVIRONMENTAL DAMAGE AS A RISK FACTOR

In a free market economy, prices do not tell the truth. Externalisations are regularly included. This refers to environmental damage that does not result in costs for the company because it is part of the 'commons', the global commons, and does not have to be paid for. With progressive legislation or sustainable corporate practices, these price components increasingly become part of the business calculation. The extent of externalisation quantifies the risk that the change to legally required sustainable business practices would have for the company.

In a study commissioned by Union Investment, Prof. Dr Alexander Bassen and Prof. Dr Timo Busch from the University of Hamburg have investigated how the CO<sub>2</sub> intensity and the capital market performance of companies are linked. In view of the international climate protection efforts, it is likely that the so-called external climate costs will be distributed in a way that is fair to those who cause them, not borne by the company, but by the general public. The result: even assuming that 50 per cent of the costs are passed on to customers via the electricity price, the climate costs would exceed profits for the two German companies RWE and E.ON. If car manufacturers were to add the climate-related costs to the sales price, cars would cost between 1,500 and 2,000 euros more.

[https://institutional.union-investment.de/dms/institutional/nachhaltigkeit/Studie\\_Bassen\\_Wesentlichkeit\\_von\\_CO2-Emissionen\\_2016.pdf](https://institutional.union-investment.de/dms/institutional/nachhaltigkeit/Studie_Bassen_Wesentlichkeit_von_CO2-Emissionen_2016.pdf) Accessed 13.7.2016

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- [Umfassender Artikel zum KundInnenbeirat auf Business-Wissen.de](#)

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## Redaktion

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# E1 Purpose and social impact of products and services

The purpose of a common good oriented company is to produce and/or offer only products and services that make an active contribution to the common good. This means that they are necessary for a physically and mentally healthy and simple (sufficient) life and are produced in a socially acceptable and environmentally friendly way as possible. In addition, common good companies offer solutions to the greatest challenges facing humanity, such as poverty reduction, quality nutrition for all people, education, health, and the resolution of social grievances.

## Demarcation form other topics Background and goals E1.1

Many products and services in the Western world are short-lived luxury and usually provide marginal basic benefits to customers. Pure consumerism is in at odds with the ecological resources on our planet. Moreover, the one-sided increase in consumption levels threatens the social cohesion of the human community.

### Meeting basic human needs:

The purpose of a product or service can be seen in whether a P/D serves basic human needs and in what form benefits are provided. Max-Neef's Human-Scale Development approach helps to measure nine basic human needs and to classify different types of benefits (see Evaluation Guide for details).

### Relation to negative consequences:

The degree of satisfaction of needs has to be seen in relation to the negative consequences arising from production, transport, consumer behavior up to disposal or final storage (compare to D3 ecological impacts from the use and disposal of products and services).

On the one hand, the **social and cultural compatibility** must be taken into account, such as area of application, health effects, risk of addiction or status function that are not used, and on the other hand, the **environmental compatibility**, i.e. the ecological effects such as climate change, use of scarce resources, damage to health, ecological footprint, etc.

Many products and services only develop their destructive power through the current intensity of use (e.g. fossil fuels, animal foods).

Calculation:  $\frac{\% \text{ positive impacts of a product/service}}{\% \text{ negative consequential effects}}$

### Target group addressed:

Whether basic needs are met and what negative consequences result is only one side of the coin. In addition, the targeted customer group is also important in meeting basic needs. Companies that provide basic needs for the lowest, disadvantaged classes of the population are rated higher in terms of social impact than those with customers at the top of the population pyramid.

### Indirect needs satisfactions and impacts in the B2B sector:

A service that is meaningful in itself can be provided to a clientele oriented toward the common good as well as to a clientele that violates the common good. Here, direct and indirect effects have to be distinguished. On the one hand, suppliers directly satisfy a customer's need, on the other hand, these customers indirectly contribute to company's performance and thus indirectly to the impact of its products/services.

## Demarcation form other topics

The meaningfulness of the products and services refers to the overall impact of the entrepreneurial activity (business model), to humanity/society or further development of people towards more compassion or human values and overlaps with the topics of the customers/market contact group (D1, D3) and the supplier contact group A1-A4) or owners (B4) in case of a broad group of owners.

The meaningfulness can be specifically evaluated by

- social and cultural compatibility
- environmental compatibility, sufficiency

This is always compared to alternatives with similar end use.

For example, a car is not only to be seen in comparison with other cars, but with all alternatives regarding mobility (train, bus, railroad, bicycle, car sharing etc.). The entire life cycle/value chain "from raw material to disposal or recycling" is considered here, as well as the social and cultural impact of the product.

E1 must be clearly separated from D1. Pioneers often say: "But my product brings the following advantages to the customers ...!"

This describes the customer benefits that can be evaluated in D1. E1 is about the social added value.

## Background and details E1.2

In addition to benefiting their customers, common good enterprises bring about a socio-cultural transformation with their products and activities in order to solve the greatest challenges facing humanity, such as poverty reduction, high-quality nutrition for all, education, gender equality, health, and solving social or ecological problems. Here, the main focus is on the impact on the contact group, which goes beyond the own customers.

It must be evaluated whether social concerns are supported or **current social challenges are solved**, such as healthy nutrition for children, solving refugee problems, integrating the unemployed, education for the disadvantaged, social justice, data protection. The highest level of social impact is achieved when the company's offering supports and drives socio-cultural change to a high proportion. This is achieved through effective problem-solving for the more disadvantaged social classes.

**Personal growth/development of people:** an increase of education, knowledge and job opportunities for as many people as possible is a basic prerequisite for peaceful coexistence on our planet under the condition of a rapidly growing world population and increasingly scarce resources. It is measured which widespread effect the P/S has for the development of people and whether the P/S is directed at previously disadvantaged people, e.g. P/S for the integration of long-term unemployed, etc.

**Community development:** products or services that positively influence peoples living or working together, e.g. architecture that promotes social contact; management systems that enable better cooperation between departments within companies, etc.

**Regenerating the ecosystem and conserving nature/resources:** P/S that are produced or used in a more resource-efficient way than comparable products, e.g., zero-energy house, non-toxic print products, etc.

## Societal challenges and UN development goals



## Solving global problems

In order to become a common good company, it is appropriate to take up the 17 Sustainable Development Goals of the United Nations and offer solutions to the greatest challenges of our planet.

1. fighting against extreme poverty
2. fight against hunger
3. health and well-being for all
4. primary education and quality education for all
5. gender equality, empowerment of women
6. clean water and sanitation
7. affordable and clean energy
8. full employment and sustainable economic growth
9. innovation and infrastructure
10. reduction of inequality
11. sustainable cities and communities
12. responsible consumption and production
13. climate protection
14. diversity of life in water
15. diversity of life on land
16. peace, justice and strong institutions
17. building global partnership and development

## Solving problems/challenges of the western world

Within European/Western societies, there are also a number of societal problems that can either be solved by government institutions or addressed by NGOs or social business enterprises. In order to provide a good basis for the evaluation of E1, an attempt is made to provide a non-exhaustive list of major societal problems: :

- resource-saving nutrition (organic farming, no genetic engineering)
- inexpensive and ecological housing, resource-saving heat/ energy efficiency
- inexpensive and high-quality health care (beyond western medicine)
- comprehensive education and training (beyond the traditional school system)
- poverty reduction and basic income
- migration, immigration and nationalism
- waste prevention / recycling / upcycling
- replacement of conventional products by renewable raw materials
- resource-saving mobility (away from cars to alternative options)
- demographic change: work and living situation for older people
- regional strengthening - as a counterweight to the globalisation

## Reduce the negative effects

The negative consequential effects are a possible first filter for the evaluation of the social product impact.

All negative effects of the service offering that possibly or actually occur are to be evaluated:

- production/resource consumption
- transportation/resource consumption
- excessive consumer behavior
- discrimination against certain social classes/ population groups
- health risks/diseases
- destruction and endangerment of ecosystems
- high intensity of use - does not correspond to the sufficient lifestyle
- excessive energy consumption
- Inhibiting benefits, such as risk of addiction, dependence, etc.
- pseudo-benefit, no problem solving, but only combating symptoms

In addition, the following three categories can be distinguished:

Evaluation tool/interpretations E1.1

In the evaluation, the company's products and services are to be classified according to whether they fulfill the basic needs for the simple and good life or are merely dispensable luxury.

According to M. Max-Neef and M. Rosenberg, the following nine needs are to be understood as **basic human needs**:

1. life support/health/well-being
2. protection/security
3. affection/love
4. understanding/empathy
5. participation/security
6. leisure/recreation
7. creative work
8. identity/meaning
9. freedom/autonomy

In addition, the type of **benefit for customers** must be evaluated (according to Max-Neef).

Products/services with multiple benefits are to be rated highest, followed by single benefits, inhibiting benefits, pseudo-benefits. Negative benefits see negative aspect below.

a) multiple benefits: the product or service fulfills multiple positive benefits, e.g. breastfeeding a baby fulfills the basic need for food and also the need for attention.

- b) simple benefits: the product or service fulfills only the simple benefit, e.g., a sporting event fulfills ONLY the benefit of leisure activities
- c) inhibiting benefits, e.g. TV shows satisfy the need for leisure activities, but can inhibit creativity and independent creation.
- d) pseudo-benefits, e.g. mechanistic medicine: "A tablet for each disease" often does not solve the cause of the problem, but in part combats only the symptoms and in the worst case can lead to symptoms shifting.
- e) negative benefits of products and services that even hinder the fulfillment of basic needs, e.g. nuclear power plants, weapons, slot machines or violent videos.

## Further forms of evaluation

In addition, the following three categories can be distinguished:

Category 1	Category 2	Category 3
sufficiency	prosperity	luxury
simple life	good life	abundance
basic needs	Wahlbedürfnisse	status symbols

The following evaluation questions can help to classify your own products into the three categories:

- Are they products/services for a sufficient or "simple" life? Are they essential to life or do they belong to the basis of life? (see nine basic needs)
- Do the products/services ensure a "good life," i.e., they are not essential to life in the way they are, but they simplify, facilitate, or enrich the "simple" life? (choice needs)
- Are they luxury products that mostly serve "only" their own status and can be replaced by cheaper, less resource-damaging products of the simple or good life?

To help to distinguish between them, specific examples have been found for all three categories. This list is a "first supplement".

sufficient products/services are:

- simple, home-cooked fresh products and predominantly vegetarian diet
- housing including water/heat/electricity (a living/bedroom of about 20 sq. m. per person)
- simple clothing in sufficient quantity
- education: school education up to Matura, vocational training
- telecommunication/Internet and computer
- basic medical care and health insurance
- mobility and participation in social life and independent press/media

All these products/services can be obtained in a variant of the "good life" or "luxury life". The boundaries are not always easy to draw. In the case of housing, for example, a distinction can be made between a social housing apartment with fewer rooms than people, a prestigious apartment in a popular residential area with more than 20sqm per person ("good life") up to the suburban villa and second home in the countryside ("luxury life"). Above all, the boundary between good living and luxury cannot always be clearly defined.

In any case, luxury products are products/services that either cost more than three times the sufficiency variant or consume resources.

### Rating Overview:

To evaluate the company's most important products/services, the following structure can help:

Top 5 products /services offered (in % of sales)	What basic needs does the P/D meet?  How does the P/D meet a basic need (sufficiency) and is it essential for life?  Does it serve the simple life, a good life, or is it a luxury?	Positive impact on people /community/earth	Negative possible/actual consequential effects of the P/D.


## Evaluation tool/interpretations to E1.2

The social impact goes beyond the pure customer sphere. Here, we consider which part of humanity is reached that does not directly belong to the company, such as neighbors, people in the region, communities, national and international non-governmental organizations, citizens' initiatives, etc. To evaluate the impact, it is important that topics and communication content go beyond pure product information, e.g. additional information on the package, organic supermarket offers workshops on deep ecology, organic farmers give guided tours in the field to convey knowledge about ecological relationships.

## Assistance for the implementation

### Establishment of a social business enterprise

The term "Social Business Enterprise (SBE)" was coined by Muhammad Yunus and refers to a company that makes money while changing society. It is neither an NGO nor a charitable foundation. While an SBE is built from the ground up with a social thought in mind (social mission), it is also possible to convert established businesses into SBEs. The determining factor in designating a business as an SBE is whether the social mission is a primary business objective and is clearly reflected in its decisions.

A common good enterprise can evolve into a social business enterprise through appropriate corporate mission.

## Concrete case studies and exemplary implementations

### R.U.S.Z. - Reparatur- und Servicezentrum

A social enterprise founded in Vienna with the purpose of reintegrating the long-term unemployed into the work process. The entrepreneurial activity, repair of electrical appliances, only serves to fulfill the social purpose and offers additional positive ecological effects, as electrical appliances can be used longer and less new appliances have to be bought.

### Märkisches Landbrot

Organic bakery founded as an organic business in Berlin with comprehensive public welfare measures.

### Culumnatura

A natural cosmetics manufacturer in Lower Austria, has launched the profession of natural hairdresser, as hairdressing is the profession with the most health risks of all apprenticeships due to the use of toxic chemicals. Culumnatura offers an alternative for hairdressers. This includes its own training center as well as trade and production with natural cosmetic products for natural hairdressers. Also exemplary are the ethical customer relations with the renunciation of online stores and distribution through traditional trade.

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Randers, Jorgen: 2052 – der neue Bericht an den Club of Rome, Oekom, 2012

[Wellbeing-Index für England und Deutschland](#)

## **Editorial**

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# E2 Contribution to the Common Good

## Definitions and Background Common Good - as we understand it

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Common Good - as we understand it

In simplified terms, we understand community as all organizational forms of human coexistence in general, public [community](#) that goes beyond [family units](#). In the present, the [state](#) is the primary perceived form of community. However, [municipalities](#) as its elementary subsystems can also be perceived as communities. A polity forms the space for [political action](#).<sup>[1],[2]</sup>

In detail, it is often understood as a territorially defined area (district, village, region) or a homogeneous whole that represents common interests and presupposes active memberships (functional community). However, the term refers to a wide variety of dimensions of social life: to personal reference persons and their social networks, to local conditions such as infrastructure and embedding in the region, to development structures and their ownership, etc.

The community is at the same time "essence of man as an 'ensemble of social relations'. They are represented by the multiplicity of common life needs as well as the manifestation of such needs in 'representational practice' in manifestations such as district, association, institution."<sup>[3]</sup>

Within the community, a "social space" of collective processes emerges, in which individuals (but also organizations) can shape their "lifeworlds" according to their respective possibilities. Any contribution to the community is therefore both the shaping of individual living conditions and the shaping of social processes.

## Goals of the Topic

Every company should accept its social responsibility and make an appropriate contribution within the scope of its possibilities in order to increase the capabilities of society (the respective community) as a whole and the opportunities or development possibilities of individuals within the community. This can be done, for example, by strengthening social cohesion, by developing social structures, by taking measures to increase opportunities for the disadvantaged or to compensate for social deficits, or by creating common goods.

Every person and every organization benefits from the common good, e.g. through services provided by municipal institutions and the existing infrastructure. Taxes and social contributions are levied to finance these services. In addition, many individuals or organizations make voluntary contributions, either in the form of financial donations, in-kind contributions or through labor.

This contribution is all the more valuable the more of the individually available productive factors <sup>[4]</sup> are used not for private value creation but to strengthen the community. In addition to the services provided by companies, the impact of these measures (the "societal footprint") should also be evaluated to a greater extent.

The aim is to achieve tangible effects as comprehensively as possible by using these productive factors. While performance refers to an effort that already appears remarkable regardless of the success achieved, the concept of impact is aimed at real tangible changes that are achieved through these efforts. However, performance is much easier to quantify and thus evaluate than impact, so both are included in the evaluation.

## Background

In the debate on business ethics, the term "corporate citizenship" has become established to describe the active engagement of the company as a citizen for the community. Similar to how a person can volunteer, an organization can also make a (non-profit) contribution to the community.

Closely related to the concept of community appears the notion of "social capital," which was explored in more detail by the World Bank and OECD immediately after the turn of the millennium. The background to this was the realization that the well-being and economic success of nations appears to depend not only on classic economic indicators, but also on the individual education of a broader group of the population ("human capital") as well as the social cohesion of the community ("social capital"). According to the available evidence, human and social capital can make a crucial contribution to a whole range of positive outcomes, from higher incomes to stronger social cohesion to greater life satisfaction. <sup>[5]</sup>

The World Bank defines social capital as all the institutions, relationships and norms that make up the quality and quantity of social interaction. These relationships and networks allow actors to draw on greater resources and achieve common goals more easily. Social capital is the social cohesion of a community, which has a crucial impact on sustainable economic and social development. <sup>[6]</sup> Any investment (governmental or private) in these "capitals" can therefore be understood as a contribution to the personal well-being and economic survival of the members of a community.

Arguably, however, common goods that are available for free use by all members of a community (free from private rights of use or ownership) must also be understood as a component of the common good. A special form is represented by public goods for which there is no rivalry of use, i.e. which can be used by several members simultaneously without mutual hindrance. This includes the so-called "knowledge commons", which comprises all the freely available knowledge of a society. This can also include shared and freely usable resources that are accessible under a collective use agreement ("commons"), such as Open Software.

Contributions with benefits to the community can take a variety of forms. Judith Polerauer, for example, distinguishes between the following areas when considering a company's corporate citizenship engagement: <sup>[7]</sup>

### Forms of engagement

- Instruments: donations, exemptions, other instruments
- Cooperations

- Characteristics: Continuity and institutionalization

### **Internal implementation**

- Organizational anchoring and responsibility
- Planning and implementation
- Monetary effort rate

### **Subject area**

- Engagement areas
- Selection processes
- Influencing factors

Thus, in addition to the actual services (forms of engagement), the anchoring in the organization and the process of selecting the areas of engagement are also considered in order to arrive at a comprehensive assessment.

### **Services are e.g.**

#### **Financial resources**

- Monetary donations, e.g. to organizations in which employees are involved
- Release of employees during working hours
- Sponsoring (but only under certain conditions, see below)
- Interest-free or low-interest loans
- Sponsorship awards
- Participation in community foundations, development funds, donation parliaments, NPOs

#### **Provision of other material resources**

- Free or low-cost services, products and logistics
- Free or low-cost provision of products and material resources
- Use of rooms, grounds and office facilities

#### **Provision of intangible resources**

- Time, know-how, knowledge
- Support for the commitment of employees in their free time
- Engagement missions of teams or the entire workforce
- Secondment of executives to boards of charitable and support associations, etc.
- Consulting/training/qualification of social organizations e.g. in PR, IT, controlling, strategic planning, financing
- Provision of contacts and network, e.g. suppliers, customers, service clubs, experts
- Lobbying for community organizations or concerns in the community
- Fundraising for the organization

Contributions are measured in terms of the monetary value of all measures (% of annual sales or share of own intangible assets).

The classic contribution to the community usually consists of the payment of taxes. [8] Since tax payments should normally be made in accordance with the legal basis, this contribution is not considered here. However, the contribution to the community is also NOT sponsoring, which is primarily done for marketing or PR reasons (e.g. for professional sports or major events), whereby the dividing line is not always easy to draw. This becomes particularly clear when considering the intended and actually achieved effects.

**Impacts (for the community) are e.g.**

- The improvement of individual well-being, health and employability (see e.g. UN Human Development Goals)
- The reduction of social costs that arise, for example, as a result of economic activity (e.g. costs due to rehabilitation measures, elimination of ecological damage)
- Increasing the efficiency of social institutions or improving the availability of collective goods such as space, capital or knowledge for the general public

Additionally, the impact spectrum of the measures (single effect or broad effect, structural change or symptom effect) and the temporal impact (short-term and/or sustainable) are evaluated. Specific measures in problem areas that receive little attention from society are rated higher than non-specific donations.

In addition to the effects for the general public, however, there are usually also positive effects for the company itself. Dresewski describes the following benefits of corporate citizenship for the company and means a respective positive increase or development for all points: [9]

**Personnel development**

- Employee satisfaction and retention
- Recruitment of employees
- Qualifications
  - Social and leadership skills
  - Communication and teamwork skills
  - Goal orientation, self-activity, creativity

- Work-life balance

**Marketing and sales**

- Product innovations

- Access to new markets

- Customer loyalty

- Access to important and new customers

- Sales promotion with social commitment

**Corporate communications**

- name recognition

- reputation

- Differentiation in the market

- Brand development

**Location and regional development**

- Intact environment

- Living conditions of employees

- Soft location factors

- Contacts to the immediate environment

In the optimum case, there is a balanced relationship between effects for the community and effects for the organization. If, however, a company's own benefit is clearly in the foreground, the assessment will have to be less favorable. Equally critical would be if the receipt of donations would create a dependency of the recipient on a single donor.

The orientation of the evaluation of benefits to the monetary value of the measures is based on several sources (quoted from Judith Polterauer [10]):

On the one hand, Bernhard Seitz examined the companies with the highest employment in 2002 and calculated an expenditure ratio of 0.4 per mille of sales.

Frank Maaß and Reinhard Clemens state "that small and medium-sized companies (up to 99 employees) are significantly more involved in terms of sales than larger and large companies (more than 100 and 500 employees respectively)".

This is confirmed in a Forsa study [11], which provides a more detailed breakdown:

Company Turnover	Financial/cash expenses as a percentage of annual sales on average
Under 250.000 Euro	3,1%
250.000 – 500.000 Euro	1,9%
500.000 – 1 Mio. Euro	0,9%
1 Mio. to 5 Mio. Euro	0,5%
5 Mio. to 50 Mio. Euro	0,4%
50 Mio. Euro and more	0,1%

Dreowski provides other figures. According to these, companies with more than 500 employees invest approximately 0.05% of sales for their social commitment, and small and medium-sized companies with up to 100 employees invest approximately 0.2% for their civic engagement. [12]

It also seems important to distinguish whether the company is American or European. In the case of American organizations, there is a more pronounced culture of giving, because the state also performs significantly fewer tasks. However, this is a very general assumption that cannot (yet) be substantiated in concrete figures.

The current determination of concrete figures for monetary benefits is based on the Forsa study. In the course of the first balance years, the feedback from the pioneers will be included in this category.

Assessing the impact of the measures appears to be even more difficult. An initial orientation is provided by the World Bank with its evaluation approaches to social capital. Here, specific questions were formulated in relation to six survey categories, which represent a yardstick for social commitment on the part of individuals. [13] The higher a society's social capital, the more pronounced its social commitment should be:

**Groups and networks:** individuals' involvement in different types of social organizations and informal networks. Consideration is given to the extent of one's contributions in relation to the benefits received, but also to the diversity of involvement and how involvement changes over time.

**Trust and solidarity:** includes trust toward neighbors, key public service providers, and strangers, as well as the evolution of this perception over time

**Community activities and cooperation:** involvement in community projects and community crisis management. Also considered is the societal reaction to the refusal to cooperate

**Information and communication:** ways in which poorer households gain access to information, e.g., through markets and public services. Extent of access to communication tools and infrastructure.

**Social cohesion and non-exclusion:** Includes a consideration of social differences, their character and how they are dealt with.

**Empowerment of individuals for political activity:** ways of controlling institutions and processes that have a direct impact on one's own individual well-being.

#### The "intensity" sub-indicator assesses

- The balance between the actual capabilities of the company (which normally increase with the size of the company) and the services actually provided
- The "coherence" of the intended effects with the company's overall strategy and economic activities (e.g. regionally specific measures at all company locations)
- The assumption of concrete responsibility and the sustainability of the commitment (e.g. the permanent operation of a training center for unemployed young people is to be rated higher than a one-off donation to a financial foundation)

BITC (Business Network in England) is currently developing two measurement tools, the Community Mark and Community Footprint. Both are still in the development phase and currently not yet arrived in the German-speaking countries, but could become interesting measurement methods (cf. the ecological footprint). [14]

## Delimitation

In addition to statutory taxes and levies, E2 primarily takes into account voluntary services to the community that are not related to the company's immediate purpose. In the area of core business, the focus is always on self-interest; these activities can therefore only be taken into account for E2 if they are explicitly aimed at strengthening the community and do not cover costs.

Examples:

- Social tiered pricing primarily the sale of products and services and is therefore not understood as a contribution to the community.
- Intended and unintended knock-on effects of products and services are addressed in other topics (e.g., D3 and E1), as are social aspects (e.g., social tiered pricing for products and services in D1). Sponsorship with the main purpose of advertising belongs in D1 and is not assessed here.

## Perspektives

An overall view of the contributions to the community would also have to include indirect consequential effects of entrepreneurial activity (e.g. consumption taxes paid by employees, the avoidance of social costs in the case of unemployment, but also the use of community services such as infrastructure or education of employees). At present, however, this comprehensive view appears to be too complicated to be subjected to a simple evaluation.

## Evaluation Aids

The relative net tax ratio refers to the average tax ratio of salaried employees in the respective country (wage tax payments and social security contributions in relation to gross income = reference figure). As corporate citizens, companies should at least achieve a comparable or higher tax ratio. These net levies are related to the reported value added and thus result in the net levy ratio. The following contributions should be included:

Net taxes		
E2	Contributions paid by employers	Duties on a payroll basis (e.g. municipal payroll tax)
		Social security contributions
E2	Contributions paid by employees	Total of income tax on wages and salaries
		Total of social security contributions
E2	Effectively paid income taxes	Personal income tax
		Corporate income tax
		Country-specific additional taxes, e.g. business taxes
		Social Security Contributions of self-employed
E2	<b>Sum Net Taxes</b>	

Value added		
E2	Sales revenues	
	+/- inventories movements	+ inventory increase - inventory decrease
	+ internally produced and capitalised assets	
	+ additional revenues	
	+ subsidies	Total of all company-related subsidies and grants
	<b>intermediate inputs (consumption)</b>	raw materials, auxiliary material, merchandise, expenses for outsourced production, other operating expenses, <b>or simply a total transfer of the purchase amount from A1 as a minus amount</b>
	depreciation and amortization	
	<b>= Value added</b>	

Net tax ratio	Net taxes / value added	
	(divided by)	

The assessment is based on the performance of the company. Non-profit organizations are generally considered to be less efficient than profit-oriented companies. The following gradation could serve as orientation (for companies):

	Net tax ratio (in relation to the reference figure)
First Steps	+/- 10%
Advanced	+11-20%
Experienced	+21-30%
Exemplary	+31-50%

Calculation example tax rate (OnePersonCompany, OPC)				Matrix 5.0 Categories
		Profits	Levies	
Turnover (without VAT)	49.595			
Total income (after deduction of all costs excl. SSC contributions)		37.345		Profit before taxes and social security contributions
SSC contributions			15.615	
Assessment basis income tax	21.730			
Income Tax			4.025	Income taxes effectively paid (income tax, corporate income tax)
Net Income	17.705			
(not applicable for OPC)				payroll taxes and employers' social security contributions
Subsidies/funding			0	less all company-related subsidies and grants
Other income		0		Interest on borrowings plus income from rents and leases
Sum		37.345	19.640	
<b>Tax ratio (SSC+Income Tax in relation to gross income)</b>			53%	

For example, if the average tax rate for non-self-employed persons in the country of this OPC is 40%, then this OPC contributes 13% more.

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The contribution of an enterprise is to be estimated all the higher, the more of the individually available productive factors (land, capital, labor and knowledge) are not used for private value creation, but for strengthening the community. In addition to the services provided by the companies, it is primarily the impact of these measures (the "societal footprint") that is to be evaluated.

Impacts are real changes in specific target groups (individual empowerment through to concrete changes in behavior) or in society as a whole (e.g. strengthening of social institutions, creation of common goods or strengthening of social trust).

The effectiveness of measures can be rated all the higher if they are permanent, have a certain breadth and depth, and involve a certain assumption of responsibility by the company.

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Benefits are quantifiable as monetary measures (% of annual revenue or paid or billable annual work time spent on voluntary contributions to the community).  Benefits are taken into account only to the extent that they do not serve self-benefit.  Valuation is based on the organization's performance. However, voluntary contributions may be limited in some types of organizations (especially in the non-profit sector), and this must be taken into account in the valuation. The following gradation could serve as orientation (for companies):	Voluntary scope of services (as % of total sales)
First Steps	0-0,5%
Advanced	0,51-1,5%
Experienced	1,51-2,51%
Exemplary	2,51-5%

Individual measures are less sustainable than long-term commitment.

The assumption of responsibility for a measure should be particularly recognized (pure donation activity takes place without assumption of responsibility, the operation of a training facility for the disadvantaged requires far greater commitment).

The breadth (diversity) and depth (getting to the bottom of the causes of problems) of the measures are also relevant.

## Special Features of the Evaluation

In the case of SMCs and large companies, the monetary value of the services will normally have to be taken into account. In the case of microenterprises (OPU, TPU), where essentially personal labor services are rendered, the ratio of working time can also be used for valuation. However, if there is a loss of earnings as a result of this service, a higher proportion may have to be taken into account.

Example:

An OPC has an annual turnover of €32,000. With 40 hours of voluntary work per year, this corresponds to a working time share of approx. 2.5%. In relation to the saleable portion of his working time (e.g. 40%) the equivalent sum (2.000,- for 40 sold hours à 50,-) already makes up about 6%. Normally, the smaller value is to be taken into account, but if the public service results in a reduction of income (e.g. because other orders cannot be accepted), a higher share can also be taken into account.

The greater a company's profit, the easier it is to make a fraction of it as a donation to social causes. Donations are important for many activities (especially in the social sector), but there is no particular risk involved, nor is there any real responsibility for the social commitment. The use of know-how and personal manpower, on the other hand, must be assessed differently. Very often, microenterprises do not use a considerable portion of their labor to make a profit, but dedicate it to community services. This means that a professional service is provided free of charge, which in this form can generate maximum benefit, and for the company itself this is also associated in most cases with the fact that other orders cannot be taken on to the full extent.

## FAQ

*How should the monetary value of an hour of work be assessed?*

In principle, the realistic equivalent value of the service provided should be included in the calculation (what would this service cost on the market?) and not the equivalent value of the person's loss of earnings (otherwise the working hour of a CEO of a multinational corporation who is involved as an auxiliary in the social sector would be extremely overvalued).

*After all, I provide extensive sponsorship, why isn't that taken into account?*

We would like to clearly separate the contribution to the community from all sponsoring and marketing activities (arts/culture and sports), because they primarily serve a self-interest and are mostly paid from the marketing budget.

However, activities to promote up-and-coming artists or in the area of popular sports have a higher proportion of general benefit and are therefore to be valued more highly.

In the case of SMEs and regional sponsoring that have a clear social connection, exceptions can also be made in the self-assessment and evaluation.

*How should involvement in political movements be evaluated?*

Here, the focus should be on the principle of impact. Is the activity also associated with concrete, positive effects for society, or is it primarily working to implement a political idea? Even if there are the best intentions behind the idea (see also, for example, the involvement in the common good economy movement), but this does not yet result in any tangible benefit, this involvement should not (yet) be taken into account here.

*We are a social business, why should we make additional contributions to the community?*

Even for a social business, only voluntary activities that are not part of the company's core business are assessed for indicator E2. The lack of profit orientation alone is not a contribution to the community; the meaningfulness and benefit of the services are to be assessed under indicator E1.

## Aids for Implementation

Dresewski sees three entry points for implementation: [15]

- 1) Try out new forms of social engagement
- 2) Establishing long-term cooperation projects
- 3) Developing a corporate citizenship strategy

The corporate citizenship mix can provide further orientation for implementation: [16] It describes nine instruments that companies of all sizes already use in practice and - similar to the marketing mix - is a kind of construction kit from which a company can select suitable instruments as part of its corporate citizenship strategy and implement them. The size of the company and the scope of the resources used that may be associated with it do not play a role here. In principle, medium-sized companies can use all nine instruments.

**1) Corporate giving** is the generic term for ethically motivated, selfless giving, donations or endowments of money or material resources, as well as for the free provision or donation of corporate services, products and logistics.

**2) Social sponsoring** is the transfer of the common marketing measure sponsoring - as a mutual business - to the social sector, which opens up new communication channels for the company and new financing channels for the non-profit organization.

Cause-related marketing is a marketing tool in which the purchase of a product/service is advertised as a way for the company to donate a portion of the proceeds to a social cause or organization.

**3) Corporate foundations** refers to the establishment of foundations by companies - a type of commitment that is also being used more and more frequently by medium-sized companies.

**4) Corporate volunteering** refers to the social commitment of companies by investing the time, expertise and knowledge of their employees and supporting employee volunteering in and outside working hours.

**5) Social commissioning** refers to the targeted business partnership with non-profit organizations that employ, for example, disabled and socially disadvantaged people, as (equally competent and competitive) service providers and suppliers, with the intention of supporting the organizations through commissioning.

**6) Community joint venture** refers to a joint venture between a nonprofit organization and a company, to which both partners contribute resources and expertise and which neither could undertake alone.

Social lobbying is the use of a company's contacts and influence to further the goals of nonprofit organizations or specific community groups.

**7) Venture philanthropy** refers to entrepreneurial venture capitalists who invest both money and expertise in nonprofit organizations for a limited time and for a specific purpose.

Typical examples of first steps include foregoing Christmas gifts or mail in favor of donations to social initiatives, promoting social employee projects, supporting apprentices entering the job market through mentoring, food donations from supermarkets, or even opening up one's own customer network to social initiatives.

## Good Practices

Good practices, i.e., above all larger companies that make an exemplary contribution to the community and are comprehensively institutionalized, are hardly known at present. On the other hand, there are individual cases, particularly among microenterprises (and especially among OPCs), in which social commitment far exceeds the company's own economic contribution.

An individual example of this: Patagonia is a U.S. outdoor outfitter that has been donating 1% of its sales to the "1% for the planet" initiative ([www.onepercentfortheplanet.org](http://www.onepercentfortheplanet.org)) every year since 1985. This unites companies that consider their responsibility for the natural environment to be an integral part of their business activities. [17] Patagonia is one of the leading companies in this field.

At the same time, Patagonia is rated only average in its assessment of social standards in the supply chain and production. Here it becomes clear that companies can be exemplary in some areas and only experienced or advanced in others. [18]

Good practices of cooperation between for-profit companies and non-profit organizations from Austria are presented annually at the Austrian Social Business Day. See e.g.: <http://www.socialbusinessday.org/blog/blog-asbd2012/66-goodpractice.html> as well as further information on the homepages of the respective companies or non-profit organizations.

An example of successful corporate citizenship is the company Betapharm. See <http://www.brandeins.de/magazin/vom-modebegriff-zum-wirtschaftsfaktor/profit-mit-non-profit.html> and the guide to successful CSR: <http://www.betapharm.de/unternehmen/unser-engagement/pionierarbeit-csr.html>.



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## Editorial

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[1] Source: Wikipedia

[2] [Boulet, Jaak J./ Krauss, Jürgen E./ Oelschlägel, Dieter: Community work as a working principle. A foundation. Bielefeld, 1980, p. 156

[3] Boulet, Jaak J./ Krauss, Jürgen E./ Oelschlägel, Dieter: Gemeinwesenarbeit als Arbeitsprinzip. Eine Grundlegung. Bielefeld, 1980, S. 156

[4] Today, this is usually understood to mean land, capital, labor and knowledge.

[5] OECD [2004]

[6] Weltbank [2002]

[7] Polterauer, Judith: Unternehmensengagement, 2010, S. 212/13.

[8] In Switzerland, the concept of community apparently subsumes primarily the tax system in the first place.

[9] Dresewski [Citizenship 2004-1], p.499-508 (with concrete examples from practice).

[10] Partially quoted directly and indirectly from: Polterauer 2010, p.222/23.

[11] Forsa: "Corporate Social Responsibility" in Germany, 2005, download e.g. at: [http://www.aktive-buergerschaft.de/fp\\_files/StudienBerichte/bg\\_forsa\\_csr\\_in\\_deutschland\\_2005.pdf](http://www.aktive-buergerschaft.de/fp_files/StudienBerichte/bg_forsa_csr_in_deutschland_2005.pdf)[12]

[12] Dresewski [Citizenship 2004-1], p.492, although the one study of large companies dates from 1988 and social engagement and civic engagement probably differ in scope.

[13] World Bank: Measuring Social Capital (2004)

[14] More info here: [http://www.bitc.org.uk/community/communitymark/about\\_the\\_communitymark/about\\_the.html](http://www.bitc.org.uk/community/communitymark/about_the_communitymark/about_the.html) and [http://www.bitc.org.uk/community/community\\_footprint/index.html](http://www.bitc.org.uk/community/community_footprint/index.html)

[15] Cf. Dresewski [Citizenship 2004-1], pp. 509-514 with a more detailed description.

[16] Source: Dresewski [Citizenship 2004-2], p. 21f

[17] Cf. Maak, Thomas/ Ulrich, Peter: Unternehmensführung, 2007, p. 299.

[18] Cf. article in the Swiss Tagesanzeiger of 14.11.2010: Hip label - unfair production: <http://www.tagesanzeiger.ch/wirtschaft/unternehmen-und-konjunktur/Hippe-Label--unfaire-Produktion/story/23511741> (08.August 2011).

# E3 Reduction of environmental impact

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## Vertiefende Infos zum Gesamt-Thema

More detailed information on the overall topic

## Absolut-Werte der Umweltwirkung

Hintergrund der Ermittlung von Indikatoren entsprechend dem Tätigkeitsfeld eines Unternehmens ist der Grundsatz für E3 in Matrix 5.0 (Kompakt- wie Vollbilanz), Absolut-Werte der Umweltwirkung zu ermitteln und via betrieblicher Zielsetzungen möglichst zu reduzieren. Dazu haben wir einerseits das Konzept der Wirkungskategorien gemäß [2013/179/EU](#), andererseits das der [planetary boundaries](#) berücksichtigt.

## Lebensweg

Zudem – und wie im Arbeitsbuch auf Seite 16 unter „ökologische Nachhaltigkeit“ beschrieben muss der gesamte Lebensweg der Produkte betrachtet werden. Bei dieser ersten Analyse muss die Aufteilung im Bericht zwischen A3, D3 und E3 festgelegt werden. Beispiele zu Lebenswegen sind im Anhang gelistet.

## Quartett der Nachhaltigkeit

Die Unternehmensaktivitäten sollen dem [Quartett der Nachhaltigkeit](#) folgen:

- **Konsistenz** ist die Notwendigkeit, alle (wirtschaftlichen) Tätigkeiten so zu gestalten, dass sie sich in natürliche Kreisläufe einfügen können (Einsatz von naturverträglichen Technologien).
- **Effizienz** ist die bessere Nutzung der Ressourcen wie z.B. Energie, Material, Flächen oder auch Geld (Ressourcenproduktivität).
- **Suffizienz** zielt auf einen geringeren Verbrauch von Ressourcen durch eine verringerte Nachfrage nach Gütern.
- **Resilienz** bedeutet, das Puffervermögen unserer Systeme (natürliche wie technische oder wirtschaftliche) soweit zu festigen, dass die Systeme auch bei Störungen halbwegs stabil bleiben können.

## Absolute values of environmental impact

The background to the determination of indicators according to a company's field of activity is the principle for E3 in Matrix 5.0 (compact and full balance sheet).

full balance sheet) is to determine absolute values of the environmental impact and to reduce them as far as possible via operational objectives. To this end, we have on the one hand used the

the concept of impact categories according to 2013/179/EU on the one hand, and that of planetary boundaries on the other.

## Life cycle

In addition - and as described in the workbook on page 16 under "environmental sustainability" - the entire life cycle of the products must be considered.

be considered. In this first analysis, the division in the report between A3, D3 and E3 must be determined. Examples of life cycles are listed in the annex.

## Quartet of sustainability

Business activities should follow the Quartet of Sustainability:

Consistency is the need to organise all (economic) activities in such a way that they can be integrated into natural cycles (use of nature-friendly technologies).

of technologies that are compatible with nature).

Efficiency is the better use of resources such as energy, material, land or even money (resource productivity).

Sufficiency aims at a lower consumption of resources through a reduced demand for goods.

Resilience means strengthening the buffer capacity of our systems (natural, technical or economic) to such an extent that they can remain reasonably stable even in the event of disruptions.

systems can remain reasonably stable even in the event of disruptions.

# Weitere Bewertungshilfen

Further assessment aids

**Branchen-/Größenbesonderheiten:**

Größere Unternehmen haben im Allgemeinen eine höhere Umweltwirkung, auch die Art der P/D „wirken“ anders. Letzter Aspekt ist Gegenstand von D3, und von großen Unternehmen kann man sicherlich auch eher erwarten, an höherwertigen Standards mitzuarbeiten (D2).

Mit E3 geht es hauptsächlich darum, die Unternehmen zu „öko-effizienteren“ Herstellprozessen zu bewegen – Vergleichsbasis ist stets der Branchenstandard und natürlich die Branche (das P/D) selbst.

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**Sector/size specifics:**

Larger companies generally have a higher environmental impact, also the type of P/D "work" differently. The latter aspect is the subject of D3, and large companies can certainly be expected to work more towards higher quality standards (D2).

E3 is mainly about getting companies to adopt more "eco-efficient" manufacturing processes - the basis for comparison is always the industry standard and of course the industry (the P/D) itself.

## Hilfen für die Umsetzung

Aids for implementation

## Abgrenzungen zu anderen Themen (siehe auch oben: Lebensweg)

- A3 bewertet die Umweltwirkung in der Zulieferkette
- D2 enthält die Verantwortung für die Erhöhung der sozialen und ökologischen Branchenstandards, in E3 ist nicht der Standard das Entwicklungsziel, sondern die Reduzierung von Umweltwirkungen.
- C3 betrifft das ökologische Verhalten der Mitarbeitenden. Hierbei überschneiden sich das Mobilitätsverhalten für die An- und Abreise zur Arbeitsstelle - eine Doppelbewertung sollte vermieden werden. Das ökologische Verhalten (z.B. Ernährungsverhalten) der Mitarbeiter ist durch Weiterbildungsmaßnahmen in Richtung ökologischer Bewusstseinsbildung beeinflussbar.
- D3 betrachtet die jeweilige Produktebene im gesamten Lebenszyklus, während E3 das gesamte Unternehmen als Produktionsort betrachtet. Hier gibt es Überschneidungen. Zudem ist das Quartett der Nachhaltigkeit auch Orientierungsschema für E3.

## Management - Standards

„You can't manage what you don't measure.“ Zur Evaluierung und Reduktion der ökologischen Auswirkungen des Unternehmens ist eine prozessorientierte Herangehensweise in Form eines an Größe und Branche angepassten Umweltmanagementsystems sinnvoll. Hier kann auf etablierte Standards zurückgegriffen werden. Nachfolgend eine Auflistung der wichtigsten Umweltmanagementsysteme:

- **ISO 14001:** Information des ÖkoBusinessPlan Wien zu ISO14001 - <http://www.wien.gv.at/umweltschutz/oekobusiness/modul-iso.html>
- **EMAS (eco-management and audit scheme)**
- Informationen des österreichischen Lebensministeriums zu EMAS <http://www.emas.gv.at/article/articleview/52454/1/16769>
- Die Deutsche Webseite zu EMAS: <http://www.emas.de/>

Die EMAS-Richtlinie EG 1221 /2009 (enthält ISO 14001:2004)

- <http://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32009R1221>
- <http://eur-lex.europa.eu/legal-content/DE/TXT/?uri=CELEX%3A32009R1221>
- **easyEMAS:** ein auf die Bedürfnisse von KMUs zugeschnittenes, an EMAS orientiertes Umweltmanagement: [www.emaseasy.eu](http://www.emaseasy.eu)

Für EPU und Kleinstunternehmen ohne wesentliche Produktionsprozesse (z.B.: Beratungsunternehmen) ist der Informationsbedarf geringer ausgeprägt, für eine Beurteilung sollten zumindest quantitative Angaben zum Energieverbrauch (Strom, Gas), Mobilitätsaufwand (ungefähre km, Verkehrsmittel), Ressourcenverbrauch (siehe E1) herangezogen werden.

## Delimitations to other topics (see also above: life cycle).

A3 assesses the environmental impact in the supply chain.

D2 contains the responsibility for raising social and ecological industry standards, in E3 the development goal is not the standard but the reduction of environmental impacts.

C3 concerns the ecological behaviour of employees. Here, the mobility behaviour for travelling to and from work overlaps - a double assessment should be avoided. The ecological behaviour (e.g. eating habits) of the employees can be influenced by further training measures in the direction of ecological awareness.

D3 considers the respective product level in the entire life cycle, while E3 considers the entire company as a production site. There are overlaps here. In addition, the Quartet of Sustainability is also an orientation scheme for E3.

## Management - Standards

"You can't manage what you don't measure." In order to evaluate and reduce the ecological impact of the company, a process-oriented approach in the form of an environmental management system adapted to size and sector makes sense. Established standards can be used here. The following is a list of the most important environmental management systems:

ISO 14001: Information from ÖkoBusinessPlan Wien on ISO14001 - <http://www.wien.gv.at/umweltschutz/oekobusiness/modul-iso.html>

EMAS (eco-management and audit scheme)

Information from the Austrian Ministry of Life on EMAS <http://www.emas.gv.at/article/articleview/52454/1/16769>

The German website on EMAS: <http://www.emas.de/>

The EMAS Directive EG 1221 /2009 (contains ISO 14001:2004)

<http://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:32009R1221>

<http://eur-lex.europa.eu/legal-content/DE/TXT/?uri=CELEX%3A32009R1221>

easyEMAS: an EMAS-oriented environmental management system tailored to the needs of SMEs: [www.emaseasy.eu](http://www.emaseasy.eu)

For EPU and micro-enterprises without significant production processes (e.g.: consulting firms), the need for information is less pronounced; for an assessment, at least quantitative data on energy consumption (electricity, gas), mobility expenditure (approximate km, means of transport), resource consumption (see E1) should be used.

# Konkrete Fallbeispiele und beispielgebende Umsetzungen

**Beste Verfügbare Technik:**

- EU BAT - <http://eippcb.jrc.ec.europa.eu/reference/>
- Umweltbundesamt (D) <https://www.umweltbundesamt.de/themen/wirtschaft-konsum/beste-verfuegbare-techniken>

**CO<sub>2</sub>-Rechner:** Tools zur Berechnung betrieblicher CO<sub>2</sub> Emissionen

- [http://www.izu.bayern.de/praxis/detail\\_praxis.php?pid=0203010100217](http://www.izu.bayern.de/praxis/detail_praxis.php?pid=0203010100217)

**Öko-Business-Plan der Stadt Wien:**

- <http://www.wien.gv.at/umweltschutz/oekobusiness/>
- <http://www.umweltbundesamt.at> - Suchwort Abfallvermeidung

**EMAS - Anwendungen:**

- EMAS – Register: <http://www.emas-register.de>

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**Best Available Technology:**

EU BAT - <http://eippcb.jrc.ec.europa.eu/reference/>

Federal Environment Agency (D)

<https://www.umweltbundesamt.de/themen/wirtschaft-konsum/beste-verfuegbare-techniken>

**CO<sub>2</sub> Calculator:** Tools for calculating operational CO<sub>2</sub> emissions

[http://www.izu.bayern.de/praxis/detail\\_praxis.php?pid=0203010100217](http://www.izu.bayern.de/praxis/detail_praxis.php?pid=0203010100217)

**Eco-Business-Plan of the City of Vienna:**

<http://www.wien.gv.at/umweltschutz/oekobusiness/>

<http://www.umweltbundesamt.at> - Search word waste prevention

**EMAS - Applications:**

EMAS - Register: <http://www.emas-register.de>

## Negativaspekte



## Literatur Ressourcen

Literature Resources

- Millennium Ecosystem Assessment des UNEP: <https://www.millenniumassessment.org/en/index.html>
- Treibhausgase - die Seite des Bundes Umweltamts (D): <https://www.umweltbundesamt.de> Suchbegriff: Treibhausgase
- Verringerung der klimawirksamen Emissionen in Mitteleuropa um > 75% (vgl. Sondergutachten 2009 des WBGU; [www.wbgu.de](http://www.wbgu.de)),
- absolute Reduktion des Ressourcenverbrauchs bzw. dessen Auswirkungen (vgl. UNEP 2011, Decoupling Natural Resource Use and Environmental Impacts from Economic Growth; [www.unep.org](http://www.unep.org)),
- Vermeidung von Risiko-Stoffen (vgl. The International Chemical Secretariat; [www.sinlist.org/](http://www.sinlist.org/))

**ökologischer Fußabdruck:**

- [verschiedene meist private Footprint-Rechner für Österreich](#) (für EPU)
- [Broschüre zum Ökologischen Footprint](#)
- <http://www.mein-fussabdruck.at>
- <http://www.footprint-deutschland.de>
- <https://www.wwf.at/de/klimatipps/>

... für Unternehmen:

- <http://areteiarasc.com/blog/medio-ambiente/sabes-calculer-huella-carbono/>

#### Webseiten zu Wasseräquivalenten

- <http://www.wasserfussabdruck.org/?page=files/home>
- <http://www.waterfootprint.org/?page=files/home>

#### Planetary Boundary

- <http://www.stockholmresilience.org/research/planetary-boundaries.html>
- [https://de.wikipedia.org/wiki/Planetary\\_Boundaries](https://de.wikipedia.org/wiki/Planetary_Boundaries)

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UNEP Millennium Ecosystem Assessment: <https://www.millenniumassessment.org/en/index.html>

Greenhouse gases - the website of the Federal Environment Agency (D): <https://www.umweltbundesamt.de> Search term: greenhouse gases

Reduction of climate-impacting emissions in Central Europe by > 75% (cf. WBGU Special Report 2009; [www.wbgu.de](http://www.wbgu.de)),

absolute reduction of resource use or its impacts (cf. UNEP 2011, Decoupling Natural Resource Use and Environmental Impacts from Economic Growth; [www.unep.org](http://www.unep.org)),

avoidance of risky substances (cf. The International Chemical Secretariat; [www.sinlist.org/](http://www.sinlist.org/)).

#### Ecological Footprint:

various mostly private Footprint calculators for Austria (for EPU's).

Ecological Footprint brochure

<http://www.mein-fussabdruck.at>

<http://www.footprint-deutschland.de>

<https://www.wwf.at/de/klimatipps/>

... for companies:

<http://areteiarasc.com/blog/medio-ambiente/sabes-calculer-huella-carbono/>

#### Water Equivalents web pages

<http://www.wasserfussabdruck.org/?page=files/home>

<http://www.waterfootprint.org/?page=files/home>

#### Planetary Boundary

<http://www.stockholmresilience.org/research/planetary-boundaries.html>

[https://de.wikipedia.org/wiki/Planetary\\_Boundaries](https://de.wikipedia.org/wiki/Planetary_Boundaries)

## Redaktion

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## Lebensweg – Muster und Beispiele



- [Übersicht Lebensweg beispielhaft.pdf](#)
- [Lebensweg Präzisionsmechanik.pdf](#)
- [Lebensweg Maschinenbau.pdf](#)
- [Abschnitte eines Lebenswegs Beispiel Galvanik.pdf](#)
- [Abschnitte eines Lebenswegs Beispiel Beratung.pdf](#)

? Unbekannter Anhang

# E4 Social co-determination and transparency

## E4.3 Negative criterion: Promotion of intransparency and deliberate misinformation

Explanation to: "In what respect do the company's publications contradict the Universal Declaration of Human Rights?"

Example Roman Catholic Church: discrimination of employees\* because of divorce, their sexual orientation or religious affiliation.

A divorce, a same-sex marriage or the choice of another religion can lead to dismissals under employment law in the Roman Catholic Church.

The Vatican is one of the few states that to date reject the UN Charter of Human Rights.

Human rights cannot be taken for granted and are also violated in Europe.

(Amnesty International).

## Risk: Money laundering

Money laundering is the process of disguising the fact that certain assets have been obtained illegally in order to use them in the legal economic circuit and to make it appear that they are legal proceeds. For example, the assets may originate from illegal activities such as corruption, bribery, robbery, extortion, drug trafficking, arms trafficking or tax evasion.

The basic problem is that companies such as banks, insurance companies, lawyers, jewellers, estate agents, art dealers, merchants or even casinos naturally maximise their economic purpose and their self-interest is not in combating money laundering or creating transparency or legal certainty.

In the fight against money laundering, the "Financial Action Task Force on Money Laundering" (FATF) has established itself worldwide. The FATF has drawn up 40 recommendations. Although these are primarily aimed at the financial sector, they also cover the non-financial sector such as legal professions, traders, casinos and other gambling operators, accountants, tax advisors and, since October 2018, also the area of virtual currencies.

In implementation of the Third Money Laundering Directive (2005/60/EC of 26 October 2005, OJ No. L 309 p. 15), the Money Laundering Act (AMLA), among other things, was recast. As a result, the Money Laundering Act now (since 2008) covers as obligated parties not only: banks and insurance companies, fiduciaries and brokers, as well as lawyers and tax advisors, but also all "persons who trade in goods on a commercial basis". It thus affects practically the entire economic life and every contract. The requirements have been further tightened with regard to transactions with cryptocurrencies. The member states had to implement the new requirements in national law by 10 January 2020.

## Reporting issues

Explain the company's risk management to prevent money laundering.

What internal security measures are to be taken?

If money laundering is suspected, what should be reported where, how and when?

How long must documents be kept?

Is the company legally obliged to appoint a money laundering officer and a deputy and, if so, has it complied with this obligation?

Companies that do not have a risk management system in place to prevent money laundering

must, in accordance with the principle of "comply or explain", explain

and justify why they do not follow the recommendation.

References:

<https://www.juraforum.de/lexikon/geldwaesche>

<https://www.fma.gv.at/download.php?d=4215>

<https://www.darmstadt.ihk.de/produktmarken/beraten-und-informieren/recht-und-fair-play/wettbewerb-und-schutzrechte/geldwaesche-und-compliance/geldwaesche/geldwaeschepraevention-gwg-2552714>

<https://www.wiwo.de/unternehmen/banken/geldwaesche-das-kann-noch-teuer-werden/25201486.html>

[https://www.bafin.de/DE/Aufsicht/Geldwaeschepraevention/geldwaeschepraevention\\_node.html](https://www.bafin.de/DE/Aufsicht/Geldwaeschepraevention/geldwaeschepraevention_node.html)

<https://www.anwalt.org/geldwaesche/>

E4.1 p.112

What is the value attitude of the company?

The value attitude of the company means the establishment and maintenance of a system of values and standards. This system of values and standards is known to all those involved. Everyone knows (more or less) what is regarded as morally correct behaviour (for good reasons). If this climate of values is missing in the company, counterproductive behaviour can easily occur, e.g. theft, covering up mistakes, wasteful material/energy consumption, opportunistic behaviour, etc.

E4.1 and E4.2 deal with the value of the company in terms of transparency and co-determination. The aim here is to create the prerequisites and forms for transparency and a communication culture for social co-determination. Responsibility here is perceived in a social-democratic way; it must be seen in the context of ecological, social and economic responsibility. A social participation procedure must be established in order to find the morally correct behaviour of the company with regard to the basic values of eco-social responsibility, freedom and justice.

E4.1 p.112

Investments in other companies? What is meant here? What does this have to do with relocations?

Initially, participation has nothing to do with relocation. But participation may change the strategy. Participations and interests must be transparent. Especially when participations lead to mergers/acquisitions and market power arises. Then damage arises for the common good, which stands and falls with the principle of transparency and with the equality of the market participants. The threat of a relocation, if the policy does not act as desired, belongs to the power play of enterprises. They use the job argument to exert pressure on politicians. The local community is threatened not only with job losses but also with holes in public budgets due to the lack of tax revenue if the company relocates. If co-determination were established for such far-reaching and momentous decisions as relocation, the threat potential could be reduced.