

Austria Feasibility Report Benefit Corporations

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Legacy

1811 ABGB (Allgemeines bürgerliches Gesetzbuch)

- Civil code

2007 UGB (Unternehmensgesetzbuch)

- Commercial Code
- No
 - Social business
 - Benefit Corporation

Status quo Austria

No legal framework for social business or B- corporations.

- Austria is considering a law on social business at the moment.

Self regulation by a voluntary non legislative instrument

B-Corp Assessment of B- Lab

- since 2015
- really applied since autumn 2016
- So far two companies passed the assessment

tria



Two so far...



HELIOZ

Safe water. Easily.

Problem?

A Legislation with external factors

Legal Framework Austria

- Rules could be implemented into the UGB (Commercial Code)
- Interconnection with other instruments and players difficult.

Assessment and supervisory body?

- Who shall do the assessment?
- Which authority shall be competent in B-Corporations?

Is the legal recognition of a self regulatory instrument needed?

Certification as a self regulatory measure

- B-Lab assessment possible in Austria

Legislative measure?

- Impact unsure

Standardization needed for a hybrid business?

Profit making

- How shall the statutes and the report look like?
- Is the social benefit subordinated to the aim of profit making?
- Or on equal foot?

Social benefit

- Shall it be visible in the name of the company?

Lacking legal framework offers no clear determinations

Where is the cutting line?



I. Clear trends in Austria

report carried out by the Wirtschaftsuniversität Wien

- 1. The consumer attitude changed, instead of looking to the price - **consumers ask for fair and sustainable products.**
- 2. Business is more orientated towards **sustainability and social activities.**
- 3. In addition, **the state changes and supports less and asks more from the civil society.**



- **Time is ready for at least social business.**

II. Clear trends in Austria

Identity

- Interest of future employees
 - Preference for social business or B Corporations

Network

- Choice of trading partners
- Preference for other social business or B Corporations

Public Procurement

- Shall there be a preference given to social and benefit companies?
- Or will this influence also price making in the future?

Is the Italian way a model for other civil law countries?

- Companies pursuing common benefits have a twofold opportunity only in Italy.
- They can choose for
 - 1. the new legal option and become a Benefit company or
 - 2. they may voluntarily be accredited by B-Lab.
 - 1+2: They can also combine the legal and the self regulatory measure and comply with both standards.
- **The Benefit Corporation is a new philosophy.**

My personal opinion

- For the time being for Austria it is a good start with the possibility offered by B-Lab.
- It is inherent in the Austrian legal system to avoid overregulation in civil and commercial law.
- Austria has rarely been a key player in legal innovation.

The European Perspective

- Legal landscape of 28 or after the Brexit of 27 Member States
- Not desirable to have too many individual national approaches.
- Let us wait for a soft legal measure from the EU side which could serve as European framework and think then of further harmonization in the EU.