# 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

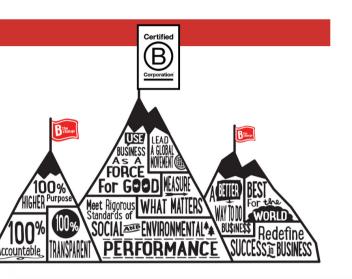
No legal framework for social business or B- corporations.

 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

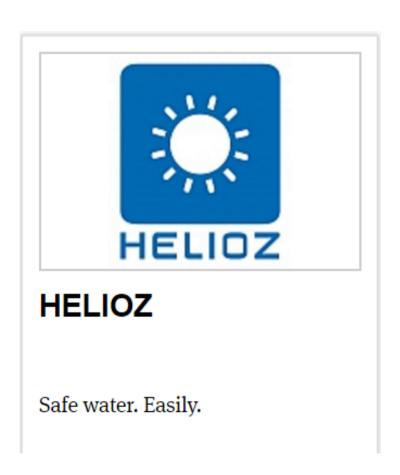
- since 2015
- really applied since autumn 2016
- So far two companies passed the assessment

#### tria



### Two so far...





# Problem? A Legislation with external factors

**Legal Framework Austria** 

Assessment and supervisory body?

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

- 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

Legislative measure?

 B-Lab assessment possible in Austria Impact unsure

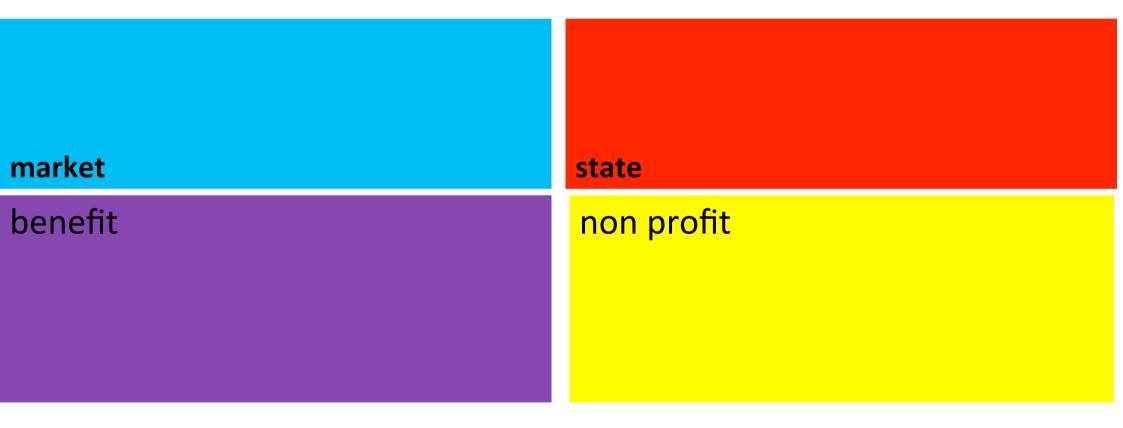
# Standardization needed for a hybrid business?

#### **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**.
- 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 of 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.