

CODE FOR TRANSPARENT COOPERATION

**Guidelines and Quality Standards for Cooperation
Between Companies and Nonprofit Organizations**



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Preamble

Cooperation between companies and non-profit organizations (NPO) are omnipresent today. So far, however, they have been largely non-transparent and without generally accepted rules. This poses great risks for both sectors: Business and civil society. Distrust, loss of reputation, accusations of corruption, loss of central corrective roles - to name but a few.

This code offers - for the first time in Europe - orientation for such cooperation. It is the result of a stakeholder initiative and was coordinated and written by the Center for Responsible Management (see imprint and contact).

The main purpose is to create a clear framework for all parties involved and thus to ensure ethically correct actions, quality, eye level, transparency and credibility for both sectors: Business and Civil Society.

This code is written for companies and serves as an offer to regulate their relations with NPO.

A code of ethics represents a self-commitment, i.e., it signals a willingness to assume responsibility. The challenge is always to provide guidance for action that is as concrete as possible and goes beyond minimum standards and the "lowest common denominator".

For this reason, the following code has been kept very detailed, in the awareness that new ground is being broken here. The goal is to give stakeholders as much content as possible to create a framework and ideas for implementation.

The code is based on two pillars: a fundamental commitment with six basic principles as a basis, and concrete standards and areas of application. There, guidelines and minimum standards are defined that must be adhered to by companies using this code. The final chapter contains suggestions for implementation, but these are voluntary, and the form is left up to each company.

What is important here is that a code of ethics is always a process of reflection and examination of one's own principles, limits and responsibilities, and it is precisely as such that it should be regarded.

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1. Objectives

1.1. Initial Situation

Companies make a key contribution to solving ecological, social and economic problems. At the same time, they are increasingly responsible for the social impact of their activities¹ and, not least for this reason, are increasingly held in the public eye.

In the course of their activities, companies are also increasingly entering into donation relationships and cooperation with nonprofit organizations (NPOs) and social initiatives, both indirectly and directly, i.e., through performance in exchange for money or monetary value. These types of cooperation are increasingly practiced professionally and actively advertised, especially by large NPOs. However, they are currently not regulated by public commitments. There are no or hardly any publications of motives, figures, actors, responsible persons, etc., i.e., they are not transparent for outsiders.

At the same time, there is no or hardly any discourse on quality, roles, limits and (also ethical) principles in connection with collaborations. There are no "industry standards," i.e., there is currently no orientation framework that goes beyond individual or bilateral (internal) regulations of NPOs or companies.

At the same time, the relationship between NPOs and (transnational) companies or the nature of their cooperation has changed over the past decades - from confrontational to increasingly cooperative approaches of civil society activities towards companies. No data is available on how many such partnership projects actually exist. Often, the projects tend to be at the local level and are hardly known to the public. (Coni-Zimmer, 2012).

In research, little attention has been paid to the question of what risks the increase in cooperative strategies poses, especially for civil society, and what triggers the increase in cooperative strategies on the part of civil society. (Coni-Zimmer/Flor, 2015)²

Increasingly, however, researchers are questioning the impact of cooperatives on civil society. In this regard, according to Burchell and Cook (2013), civil society is under increasing systemic pressure to cooperate with the private sector. For example, public subsidies for NPOs are increasingly tied to the condition that they cooperate with entrepreneurs from the private sector in the implementation of the subsidized projects (e.g., in the context of public tenders of some Austrian ministries).

This raises a number of questions: To what extent do risks for civil society arise from collaboration with the private sector? And in particular, what does the rapidly growing number of multi-stakeholder initiatives and NPO participation in them mean for the role and self-image of NPOs, especially those that have hitherto seen themselves more as watchdogs? (Burchell and Cook, 2013)

¹ European Commission, (2011): 'A new EU strategy (2011-14) for corporate social responsibility (CSR)'. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:DE:PDF> (last download: 20.1.2021).

² Coni-Zimmer M. / Flohr, A. (2015): Zwischen Konfrontation und Kooperation – Das Verhältnis zwischen NGOs und Privatwirtschaft, Springer Fachmedien, Wiesbaden

At the same time, according to Coni-Zimmer and Flohr, NPOs are increasingly appropriated by their participation in new forms of governance. Their thesis: NPOs must devote their (scarce) human resources to the management and implementation of collaborative initiatives. This can be at the expense of dealing with other important issues.

So, can the private sector "occupy" civil society through partnership projects so that radical alternatives and policy changes become less and less conceivable as civil society operates within the prevailing governance paradigm? These questions - which have hardly been asked so far - could be addressed much stronger by a new generation of research on NPO-business cooperation.

A scan of Austrian NPO websites and their handling of corporate cooperation confirmed this picture from academia: boundaries and principles were almost never disclosed. Mostly it concerns pure 'Akquise' texts, in order to induce enterprises to co-operation. If own principles and positions are postulated, then weakly and restrained. This leads to the danger of instrumentalization of responsibility from both sides, which in turn reinforces already existing skepticism among the population, because intrinsic motives are automatically assumed with responsibility topics.³

This danger of instrumentalization applies not only to companies, but also to NPOs. Here, undue pressure can be built up on companies - especially on the part of the ever larger and increasingly internationally networked organizations - to participate in projects or groups, or to adopt so-called sustainability seals of approval in order to be perceived by the public as a committed company.

This poses a number of potential risks:

1.1.1 Risks for Companies

- Compliance risks⁴
- Reputational risks
- Resilience risks⁵
- Greenwashing allegations
- Funding of untrustworthy organizations.
- General suspicion in the wake of public incidents, e.g., party donation affairs or suspicion of money laundering.

1.1.2 Risks for NPOs

- Loss of credibility due to lack of transparency and strong corporate proximity ("bought opinions").
- Potential accusation: bought NPO, "embedded" NPO.

³ This mainly concerns projects around CSR and sustainability. Faber-Wiener (2013)

⁴ Compliance risks are risks arising from illegal or dishonest acts or omissions. Violations can lead to fines, penalties, or other government sanctions, as well as to a significant risk to assets and damage to reputation.

⁵ Intransparency creates greater fragility for companies, thus undermining trust and, in the long term, can jeopardize stability, security and thus resilience of the company and its existence.

- Differentiation of NPO from astroturf organizations.⁶
- Weakening of the NPO role as a corrective (especially in the case of a central advocacy task)⁷
- Immobilization through financial and/or emotional dependence on corporations, ("You don't bite the hand that feeds you")
- Paradigm shift of NPO role from (independent and critical) counterpart to commissioning and money taker (or consultant to companies).
- Loss of contours of all NPO, endangering the legitimacy of the whole sector.
- Conflict of interest within the NPO.
- Competition
- Between NPOs in the race for cooperation partners.
- Down-scaling and dumping of environmental, social or human rights standards.

Conclusion: Both partners - companies and NPOs - risk losing credibility, the most important prerequisite for trust and thus the basis of their own reputation, due to a lack of transparency and rules or voluntary commitments.

1.2. Objectives of the Code for Transparent Cooperation

- Primary objective of this Code is to establish basic principles, standards and guidelines for cooperation between companies and NPOs.
- Indirect objective is quality assurance and risk reduction for all parties involved.
- Through the stakeholder approach, there is also the long-term perspective of creating a discourse level and platform for sensitive issues between NPO and company. The discussion on this code is thus a unique opportunity to discuss the topic area in a new light, since it is not about a separate project, but about the meta-level.

Goals at Companies:

- Creation of security and clear guidelines
- Facilitation vis-à-vis relevant internal stakeholders, esp. legal and
- Compliance department, management, PR/marketing department, CSR department.
- Transparency for external stakeholders
- Quality assurance and risk reduction
- Avoidance of indirect donations to political parties.
- Safeguarding externally, also economically
- Creation of a level playing field in the relationship with NPOs
- Increasing reputation and thus the intangible value of the company
- Contributing to the prevention of possible cooperation with associations involved in dubious projects, money laundering, other corrupt affairs, or characterized by close political ties to political parties
- Acceleration of internal development processes

⁶ Astroturf organizations are initiatives that adopt NPO methods of grassroots campaigning, but de facto serve other purposes, but disguise these (often monetary) intentions. (Walker, 2014)

⁷ Advocacy (advocacy in the sense of the mission) is the core task and purpose of the NPO sector. Financial means for this are always a means to an end (except for pure charity/fundraising organizations), i.e. should be subordinate to this task.

Goals at NPO:

- Resilience strengthening of the entire sector.
- Creation of clear parameters to facilitate collaboration settlements,
- Support for collaboration-inexperienced organizations.
- Strengthening transparency towards donors
- Strengthening organizational purpose.
- Creating a level playing field with companies
- Increasing the attractiveness for future cooperation
- Clarifying the distinction from politics
- Safeguarding against public scandals
- Establishment of internal reflection processes
- Strengthening internal know-how regarding ethics and responsibility
- Strengthening of image and position

Objectives for Both:

- Securing collaborations and thus increasing their impact.
- Strengthening internal training
- Raising awareness and consciousness of ethics issues.
- Reduction of potential risks and "blind spots".
- Signal effect that ethically reflected actions are important to both partners
- Prevention from political attacks and allegations of corruption
- Ensuring eye level and symmetry of the relationship.

Goals Among Recipients (clients, donors, and other stakeholders):

- Transparency and Clarity about Money Flows
- Strengthening trust in NPO and company.

Goals Among Employees:

- Strengthening of employer branding
- Increased motivation through pride in employer and its commitment to transparency
- Internal awareness raising
- Avoidance of internal conflicts ("Can I ethically represent my actions?")

1.3. Addressees and their Roles

The present Code is aimed at companies that cooperate with civil society organizations (NPO, NGO).^{8 9}

Both are essential for the further development of our society and the fundamental socio-ecological change associated with it in the coming years. For this change, a balance of all three relevant sectors is crucial: economy, politics and civil society.

Civil society organizations organize, loosely or institutionalized, collective interests and in many cases act as a counterweight and corrective entity to business and politics.

Because of their public interest function or collective goals, civil society organizations are under particular public scrutiny. Their scope of action is a very central one due to their inherent witnessing and advocacy tasks.

At the same time, this is precisely why their independence is an indispensable element and thus also the basis of the trust placed in them.¹⁰

This independent position is potentially endangered, especially when an organization ends up in the role of a contractor for companies, since this role is always associated with entering into obligations and thus potential dependencies.

Corporations, on the other hand, have long been seen more as the cause and part of the problem toward societal transformation, but are increasingly becoming part of the solution as well. Their role as change makers is now essential and indispensable due to the trend toward sustainability and increased corporate social responsibility.

When these two worlds - that of NPOs and companies - meet in the form of collaborations, this can result in very fruitful partnerships.

Ideally, the mutual - ideal - profit is increased.

For the companies, in addition to intrinsic motives such as changing social conditions, solving specific problems, increasing their social competence or exchanging ideas with independent experts in social, ecological or (development) policy areas, the aim is usually also to increase their credibility, reputation and public image.

For NPOs, cooperation also brings indirect benefits in areas such as strategy, competence and networking, over and above the direct financial benefits in the form of donations or sponsorship income. Above all, however, they have the opportunity to achieve a broader impact for targeted social issues via cooperation with companies.

⁸ Enterprises are all economic, financial and legal entities for which the principle of profit is a constituent element. These may be private enterprises, mixed-economy enterprises or public enterprises. Entrepreneurial non-profit organizations can also implement this code.

⁹ By civil society organizations, we mean nonprofit organizations (NPOs), including nongovernmental organizations (NGOs). For a precise definition of NPO and NGO, see. Appendix. This Code covers both forms of organization, NPO and NGO.

¹⁰ This can be seen in the increasing media reports on the topic of transparency of NGOs' sources of funding (e.g. DIE ZEIT 39/2018), in Austria increasingly due to the change of Global 2000's executive director to the position of environment minister, which have raised the issue of NGO transparency anew - e.g. Kleine Zeitung, 23.1.2020

The forms of cooperation vary widely and offer a wide range of possibilities. From the NPO's perspective, it is important to choose partnerships carefully, prudently and adequately in this process - especially in the case of longer-term ties. By entering into a purposeful association with a business enterprise, the respective NPO projects more or less its core competence, e.g., humanity, charity, sustainability or helpfulness, onto the partner company.

In return, companies can benefit from the NPO's expertise in dealing with social or environmental challenges and broaden their horizons, in addition to the goals and effects mentioned above (see chapter 1.2.).

Essential here are thus two points for both actors:

- not losing sight of their own role and (main) task, and
- being aware of their responsibility and accepting it.

1.4. Scope and System Boundaries

The present Code for the Regulation of Cooperation between Companies and NPOs defines concrete requirements for the execution of cooperation between both partners.

On the one hand, this concerns purely substantive cooperation, such as participation in initiatives and associations, but also donations and financial cooperation. The latter include, for example, memberships, licensing partnerships, sponsoring, paid studies and paid consulting services.

The Code sets out specific guidelines for each type of cooperation to which the company commits itself. Specifically, it deals with transparency provisions and incompatibility regulations, both for the selection of the NPO and for the execution and implementation of the cooperation.

This Code focuses on the normative aspects and requirements. Suggestions for measures for implementation, control and sanctioning are also provided, but must be adapted and individualized to the respective company.

In addition to companies and NPOs (for precise definitions, see chapters 1.3. and 6.1.), the Code also applies to companies or organizations which are owned by NPOs or which are de facto controlled through interlocking personnel relationships. (Hereinafter referred to as NPO).

Furthermore, the Code applies to cooperation's with initiatives that do not have their own legal form but have a name as loose associations and pursue certain goals (e.g. working groups, platforms, round tables, events co-produced by several NPOs, etc.).

This Code also applies to situations where a separate legal entity is interposed between the NPO and the company.

2. Content Basics

2.1. Self-Commitment

By signing or adhering to this Code, companies commit themselves to the following **six voluntary commitments and six basic principles**.

The companies that sign this Code....

"...are aware of their responsibility to society and their environment and are committed to acting ethically."

"...acknowledge their responsibility to make improvements in the environmental and social spheres."

"...respect the independence of NPO and enter into cooperation's based on these guidelines (code)."

"...engage in active dialogue and exchange with NPOs on an equal footing and respect the balance of power between the three sectors of business - politics - civil society."

"...are committed to fair competition and do not abuse donations, sponsorships, memberships and other financial cooperation's with NPO for their personal or exclusively business advantage."

"...commit to transparency in benefits they receive through the cooperation. I.e., these benefits are published and are thus comprehensible to outsiders."

2.2. Six Basic Principles as a Basis

Companies commit themselves to the following basic principles:

Fairness - Handle Power with Care.

By virtue of their activities and their field of activity, companies and NPOs have a potentially strong influence on others - both people and organizations. They therefore have a duty to use their power carefully and not to abuse it or harm others. Therefore, all participants must be aware of their influence as well as the consequences of their actions.

Respect - Recognizing the Other Person.

People and organizations make statements and take actions in accordance with their own value system in their respective environment. This is to be respected. It also means that others must not misuse these statements for other interests or their own interests. This is particularly true in the case of cooperation between different groups. In this context, it is important not to instrumentalize the cooperation partners for one's own concerns.

Responsibility - Taking Responsibility for One's Own Actions.

The unrestricted responsibility for actions lies with each cooperation partner. At the same time, when entering into a cooperation, there is a shared responsibility for the cooperation partner, of which both partners must be aware. In the case of a publicly made cooperation, this results not least from the image transfer between the two partners, which exists in both directions. The prerequisite and first step for accepting responsibility is the willingness to reflect on the part of both partners.

Moderation - Establish Clear Guidelines for Discourse.

When entering into a cooperation, companies and organizations are also required to establish corresponding rules of discourse. In each case, a balance must be struck between freedom of individual expression and responsibility for one's own company or organization. As a basis for the discourse, each cooperation should define practicable rules for itself and make them transparent so that decisions made in the course of the cooperation are comprehensible for all participants, as well as for the outside world.

Transparency - Disclose Role and Motivation.

For the sake of their own credibility, companies or organizations should act with "open sights" and disclose cooperative ventures. In doing so, they make the role and performance of their company or organization transparent. They should also disclose the motivation that is the driving force behind the cooperation for the company or their own organization.

Independence - Respecting the Independence of the Other Party.

Successful collaborations are characterized by eye level and symmetry. They respect the integrity of the respective cooperation partners and their independent, autonomous opinion and position. Cooperation between NPOs and commercial enterprises must therefore be consistent with and serve the statutory goals and tasks of the NPO. In all areas of cooperation with business enterprises, the organization must retain full control over the content of the work and remain independent. This applies to both non-material and financial support and cooperation.

3. Standards and Areas of Application (Mandatory)

The following chapter defines guidelines that are considered minimum standards. These guidelines must be adhered to. Basically, a distinction is made between four forms of cooperation between companies and NPOs^{11 12} :

- Unpaid cooperation, i.e., forms of cooperation in which no money flows (3.2.)
- Donations, i.e., contributions to NPO without consideration (3.3.)
- Paid cooperation's between companies and NPOs, e.g., sponsoring (3.4.)
- Memberships of companies and their representatives in NPOs (3.5.).

All four are discussed in detail in the following sections. Before that, some basic provisions are outlined, which serve as a basis for all four forms of cooperation.

¹¹ In many cases, there are gradations between these four forms of cooperation. Not least for this reason, the aim of this Code is to create more transparency and thus also clear classifications for outsiders.

¹² Tax law must also be observed here, which makes a clear distinction between remuneration and non-remuneration. This means that even some forms of cooperation described here as gratuitous may very well be regarded as gratuitous from a tax law perspective. This is particularly important to note, but varies from country to country and is therefore not explained in detail here. In case of doubt, however, remuneration applies, so special care must be taken.

3.1. Basic Cooperation Provisions

3.1.1 Applicable Law as a Basis

For any type of cooperation, it must be checked whether it does not achieve any dishonest advantages for the company and whether no other dishonest purposes are being pursued. Laws, regulations and internal guidelines are the basis and must be observed. These may vary from country to country. Compliance with legal requirements also includes correct tax processing. In order to ensure this, agreement should be reached between the NPO and the company on how the form of cooperation in question is to be classified for tax purposes.

3.1.2 Transparency as a Prerequisite

Cooperation's with NPOs are only carried out if they demonstrate a minimum level of transparency. This means that some information on the part of the NPO must be publicly available from the outset,¹³ and that further information must also be made available to the cooperation partner (the company):

Publication on the Part of the NPO:

- Basic documents such as articles of association, partnership agreement, foundation deed
- Annual report incl. source and application of funds for the last three years in the form of a profit and loss account (P&L) or income statement (in the case of application of funds incl. breakdown into project work, subsidies, fundraising and administrative costs, in the case of source of funds incl. breakdown into donations, membership fees, operating income, subsidies and other income),
- List of bodies and persons who have influence on the management of the NPO (e.g., founders, board members, advisory board members, authorized representatives etc.)
- Donation seal of approval if available

Provision on the Part of the NPO to the Company:

- Listing of cooperative agreements with companies (actual payments, timeframes, deliverables).

Publication of Cooperation Activities:

- The transparency provisions listed in detail in this Code concern the publication of cooperation agreements, including mention of the most important information of the cooperation (annual financial statements, financial report) of both partners. In any case, the financial or annual report and/or the sustainability report shall be used as a channel for this publication. In addition, it is the responsibility of the companies to signal their transparency in other means and channels (e.g., company website).
- Regardless of any offsetting of services by means of partial invoices, economically related services are to be considered as a unit. Thus, the limit for the publication of an amount per service and not per individual invoice applies.

¹³ Published in a suitable source, such as financial or annual reports or sustainability reports, which are posted online on the company or organization's website or another website that is easy for outsiders to find. The respective reports must remain online for at least three years. I.e., when this Code refers to "corporate report", this corresponds to the options indicated above.

3.1.3 Duty of Information and Trust

- When initiating cooperation, a **due diligence process** is helpful and must also be carried out. This includes an NPO scan, which enables the company to obtain the necessary information (for details, see section 4.2.1.).
- At the same time, a basic level of trust is necessary, i.e., the company must be able to assume in principle that the **use of funds** is in line with the purpose of the association. The responsibility for this lies exclusively with the NPO.
- The knowledge acquired in the course of the cooperation and the information exchanged in the course of this cooperation in confidence are subject to a **duty of confidentiality** as a matter of principle - unless they are already publicly known or have to be disclosed on the basis of the transparency and disclosure regulations of this Code.

3.2. Non-Remunerated Cooperation's

3.2.1 Participation in Initiatives

Participation by companies and their representatives in NPO initiatives requires a certain intrinsic motivation, i.e., it is not primarily done for competitive reasons.

In principle, the participation of company employees in initiatives such as round tables and established working groups is not a donation in kind on the part of the company, unless the employee is invited explicitly on the basis of his/her specific knowledge and as a source of input (e.g., presentation on a particular topic).

Initiatives refer to associations that do not have their own legal form but present themselves jointly to the outside world (e.g., on their own website or sub-page of a company or NPO). Loose meetings for exchange are not affected.¹⁴

Companies will only participate in such initiatives if there is a minimum level of transparency to the outside world. This includes information such as objectives, participating organizations, period and content of the planned activities, as well as information on the source and use of funds, if possible.

In the case of meetings, a written invitation with agenda and participants must be available. Particularly in the case of participation by more than one company, care must be taken to avoid actions and/or agreements which could constitute unlawful restraints of competition within the meaning of antitrust law; it must also be ensured that the passing on of confidential information cannot lead to the misuse of insider information. Essential points of what is discussed and agreed in this regard shall be recorded.

¹⁴ Loose meetings are mostly bilateral meetings in which no official or relevant decisions are made.

3.2.2. Organization of working groups of the company

In principle, it is possible for the company to organize non-institutionalized initiatives such as working groups, stakeholder workshops, advisory boards (e.g., in the area of sustainability) and round tables to which NPOs are invited. In doing so, the company commits to ensuring a minimum level of transparency. This includes information such as the objectives, timeframe and content and financing of the planned activities. The members of the respective bodies (such as advisory board, executive committee) are published. The company must publicly disclose agreed meeting fees (honoraria), as well as cost reimbursements to NPOs, such as travel allowances and per diems above a total of 500 euros per year per company.

For meetings, a written invitation with agenda and participants must be available.

3.3 Donations

Donations, i.e., charitable contributions¹⁵, are - in contrast to paid collaborations - not linked to any consideration on the part of the NPO. They are therefore not to be described as cooperation in the narrower sense, but are mentioned in this Code, as they are also subject to guidelines.¹⁶

In order to classify the transaction, it is essential that both partners - NPO and company - have a common view of what form of cooperation is involved, i.e., that there is a common understanding of whether it is a donation or a sponsorship involving consideration.

It is understood that the company also respects tax regulations for donations in kind and money, e.g., that donations to non-donor organizations are not recognized as operating expenses for tax purposes.

The following regulations apply to corporate donations¹⁷

3.3.1. Monetary Donations

- Donations of more than 7,500 euros/year to organizations that have a total annual income of more than 500,000 euros (as listed in the annual report) must be published by the company (incl. citation of the amount). Dedicated and undedicated donations from all organizations belonging to the respective NPO (e.g., branch associations) are counted.
- Donations made to NPOs with annual revenues of less than 500,000 euros do not have to be listed in the company's annual report with the name of the NPO, but rather as an expense (for example, only "donation in the amount of xy euros to NPO in the area of human rights"). In this context, dedicated and undedicated donations from all organizations belonging to the respective NPO count.
- Donations under 7,500 euros/year do not have to be published.

¹⁵ According to Austrian Tax Law: iSd § 18 (1) Z7 EStG,
<https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10004570>

¹⁶ All amounts shown here are net values excluding sales tax.

¹⁷ This is irrespective of whether the donations are made on a one-off or regular basis. Private donations from entrepreneurs or employees in companies may not be used to circumvent the provisions of this Code.

3.3.2 Donations in kind

Nonprofit organizations have a variety of social tasks to fulfill. They have the task and competence to carry out their activities as effectively and efficiently as possible and primarily need financial support to do so. For this reason, the principle of "monetary donations before in-kind donations" applies as a matter of principle. This means that donations in kind can be helpful and appropriate in individual cases, for example when products need to be recycled. However, it must be questioned whether a monetary donation would not serve the respective NPO or the respective purpose better, as this leaves the decision-making authority exclusively to the respective NPO and its competence.

The following provisions apply to the handling of in-kind donations:

- Even if donations in kind are not reciprocated, there must be written documentation covering the reciprocal activities (e.g., e-mail correspondence between the two partners, donation contract or similar).
- Donations in kind must be published from a market value of 7,500 euros/year, whereby the exact amount does not have to be published, only the object of the donation in kind. The company assesses the euro value of the donation in kind to measure this threshold. If items are donated that no longer have a market value, then that estimated market value must be applied that the items had before they were donated.
- Donations of services and know-how must be published from a value of 7,500 euros/year. This concerns services provided by the company. If the company commissions a service that is to benefit the NPO as a donation, it does so in strict compliance with relevant tax law provisions.

3.4. Paid Cooperation

In contrast to donations, this involves a relationship based on performance-reciprocity. The following forms of cooperation are common and are dealt with here:

- Sponsoring (3.4.1.)
(in the form of money, in-kind contributions, know-how or services)
- Licensing (3.4.2.)
(of logo and quality mark)
- Acquisition of services (3.4.3.)
(consulting, etc.)
- Jointly financed projects (3.4.4.)

3.4.1. Sponsoring

Sponsorship agreements must

- comply with the basic principles mentioned (chap. 2.2.),
- be set out in a cooperation agreement
(content: performance and consideration, exact amount, duration, purpose).

Transparency of sponsorship agreements and contracts

- Sponsorship agreements with amounts exceeding a value of 7,500 euros/year to organizations that have annual revenues of more than 500,000 euros must be published by the company (content: performance and consideration, duration, purpose, size class, see below¹⁸).

Fig. 1: Size classes for mandatory publication of sponsorship agreements

EUR		EUR	Vorgabe
0	up to	7.500	No publication requirement
7.500	up to	50.000	publication requirement
50.000	up to	100.000	publication requirement
100.000	up to	300.000	publication requirement
	more than	300.000	publication requirement

- Sponsorship contracts that go to NPOs with annual revenues of less than 500,000 euros do not have to be mentioned in the annual report with the NPO name, but basically as an expense (for example, only "Sponsorship in size class xy to NPO in the human rights field").¹⁹
- Sponsorship contracts under 7,500 euros/year do not have to be published.
- Sponsorship of non-cash assets must be published above an amount of 7,500 euros/year. This applies to tangible assets provided by the company as well as services. The monetary value of the non-cash assets does not have to be published, only their subject matter.

Here, too, it is understood that the company respects tax regulations, e.g., that sponsoring is only recognized as an operating expense if there is an adequate advertising service.

3.4.2. Licensing and Logo Allocation

In the case of licensing and logo awarding, a fundamental distinction is made between

- **Licensing of Quality Marks²⁰**
based on quality or/and sustainability standards and guidelines (includes payment of license fee)
(chapter 3.4.2.1.)

¹⁸ This means that in the case of sponsoring, the size category rather than the absolute number must be stated. The basis is the total amount according to the sponsoring contract per year (incl. VAT, if VAT is shown separately). The relevant size category must be marked with a cross or indicated.

¹⁹ The publication obligation does not apply to the entire sponsorship agreement, but to the above-mentioned contents.

²⁰ Quality labels are understood here as quality seals that include the quality or/ and sustainability criteria as well as certification processes (such as Fairtrade, Donau Soja, produced without genetic engineering, organic production).

- **Licensing of Logos Based on Individual Cooperation Agreements** without underlying quality or/and sustainability standards and guidelines (i.e., permission to use the logo in return for payment of fees or licenses) (section 3.4.2.2.)
- **Co-Branding** (company and NPO logo) (chap. 3.4.2.3.)

3.4.2.1. Licensing of Quality Marks on Products (PoS)

Licensing of quality marks refers to quality and control marks that include quality and/or sustainability criteria, as well as certification processes (such as Fairtrade, Donau Soja, produced without genetic engineering, organic production). The aim of these quality marks is to distinguish the sustainable, ecological and/or social added value or, in particular, a certain specification of a product.

The award of such quality marks is subject to the following minimum requirements:

- Participation in (private/non-governmental) quality programs is published by the company.
- The cooperation agreement and the amount of the contribution or the key for calculating the contribution are published by the company. (e.g., in the annual report, incl. sum of royalties paid).
- The quality mark is subject to a publicly visible standard and transparent control guidelines.
 - Standard: The standard must be above any legally prescribed criteria or confirm the fulfillment of one or more specific criteria (e.g., geographical containment: origin, e.g. product characteristic: without genetic engineering, vegan).
 - Control: The award of the quality label is tied to independent control (e.g., by control bodies accredited in Austria with the Ministry for Digitalization and Economic Location, in other countries with an equivalent accreditation body).

3.4.2.2 Logo Award Based on Individual Cooperation Agreements

In addition to the quality marks described in 3.4.2.1, there is the possibility of cooperation agreements between individual NPOs and companies. In this context, NPO logos refer to those logos (marks of NPOs) that are not subject to any quality and/or sustainability standards and are not controlled by an independent control body. For this reason, transparency is particularly relevant here.

- Products

NPO logos on products represent a quality promise for consumers. If there is no such quality promise behind this logo use, i.e., if it is not a quality mark or control mark (see 3.4.2.1.), but a purely financial agreement between NPO and company, the use of this logo on the company's product is potentially misleading and therefore not permissible.

Cause-related marketing measures²¹ in which the sale of a product is linked to a donation to the NPO concerned must be transparent and clearly and immediately recognizable to customers, including the amount of the donation and the name of the NPO, but without the logo of the NPO, as this could be interpreted by customers as a promise of quality for the product.

- Advertising

Companies may use NPO logos for advertisements on posters, brochures, leaflets, etc., but are subject to the following transparency criteria:

Publication on website or annual and financial report of the company of:

- Key points of the contract for logo use / licensing of the logo (also applies to zero-euro agreements)
- Amount of the license fee paid, or the fee paid for the use of the logo
- Amount of the license fee paid per year
- List of services provided by the NPO

Existence of a framework agreement of the cooperation (duration, amount, purpose)
Clear guidelines published on the NPO website on the size, design and handling of the NPO logo in product and corporate advertising.

3.4.2.3 Co-Branding

Co-branding refers to the joint public appearance between a company and an NPO through the placement of both logos (marks) on merchandise products or promotional materials or similar. Co-branding is not permitted on products for sale if they suggest certification. Co-branding is subject to the same transparency provisions as listed under "joint advertising" (chap. 3.4.2.2.).

3.4.3. Acquisition of Services

3.4.3.1 Studies in the Corporate Contract

When a collaboration agreement is entered into, it is noted what type of NPO the collaboration is. If it is an advocacy NPO, i.e., an organization that assumes an advocacy role and publicly acts as a corrective body, commissioning studies, surveys or the like by companies is not compatible with its objectives, as it massively undermines its credibility. For this reason, they are not permitted for this type of organization.

If studies or surveys are commissioned by a company from an NPO without an advocacy mandate, this fact must be published. (Company website, annual report). If the study cannot be published for certain reasons, at least the contractor and client, financial framework, research question, research objective and time frame must be published.

²¹ Cause Related Marketing: companies donate a certain amount to a charitable cause or non-profit organization with every transaction, i.e. as soon as a consumer has purchased the advertised product. (Varadarajan/Menon, 1988)

3.4.3.2 Consulting Services in the Corporate Mandate

Consultancies by NPOs can lead to a conflict of interest by linking commercial consultancy services with an organizational goal that is predominantly oriented towards the common good, which must be avoided in any case. They bear the danger of a client-contractor relationship, which directly leads to dependencies and thus potentially contradicts the organizational goal of the NPO and the basic principles behind it. There is also a potential loss of reputation on the part of the recipients, since they presuppose intrinsic motives on the part of the NPO.

This applies above all to NPOs that have an advocacy mandate and have enshrined this in their statutes. When a cooperation agreement is concluded, it is specified what type of NPO the cooperation is. If it is an advocacy NPO, i.e., an organization that assumes an advocacy role and publicly acts as a corrective body, a paid consultancy service is not compatible with the objectives, as it massively undermines its credibility. For this reason, a consulting function is not permitted for these types of organizations.

NPOs without an advocacy mandate may provide consulting services but are subject to corresponding transparency obligations. This transparency obligation covers both the subject matter and the monetary value of the consulting services and must be published in the relevant corporate publications (annual report, sustainability report, etc.).

3.4.4 Jointly Financed Projects

Joint financing of projects by companies and NPOs (e.g., joint studies, jointly commissioned surveys, joint financing of personnel, joint trade fair stands, etc.) is permissible in principle, but must be published by the company if the value exceeds 7,500 euros/year. The monetary value of the service does not have to be stated. The financial contribution must be made by both partners in approximately equal parts, otherwise it is a donation or sponsorship.

3.5 Memberships with NPOs

A company may become a member of organizations if the purpose of the organization does not contradict either recognized basic values, or the company's objectives and values.

This also applies vice versa, i.e., the membership of company representatives must not contradict the respective organizational regulations (articles of association, statutes, articles of incorporation, etc.) and values of the NPO.

The variety of possibilities and functions of members is large: ordinary, supporting, extraordinary member, member with and without membership fee, general association work, networks/initiatives, advisory boards, etc. Thus, memberships of companies and their representatives can be of a paid or unpaid nature.

In principle, the following applies: In the case of memberships on the part of company representatives (especially executives, i.e., board members and management), care must be taken to avoid potential conflicts of interest. This means that memberships as private individuals (e.g., in parents' associations) are to be considered private and thus not public, while memberships in NPOs with potential points of contact with the company's interest are to be justified and made public.

Payments and Membership Fees:

- Information on membership fee amounts (corporate and other associations) must be available to all other members (not public).
- The annual membership fee is published from an amount of 500 euros. For membership fees below 500 euros/year, the membership but not the amount is published.
- Other payments by both parties must be disclosed for sums of €1,500 or more per year.

Board and Advisory Board Functions:

- Functions in governing bodies of NPOs may only be accepted by executives in companies (board of directors and management) if they are honorary and transparent. These functions must be publicly disclosed. If attendance fees (honoraria) are agreed upon, these must also be publicly disclosed. Reimbursements of expenses such as travel allowances and per diems must be published above a sum of 500 euros per person per year.
- The function in a body of the NPO may not be misused for the direct or indirect competitive advantage of the company.
- Functions of company representatives in bodies and committees of an NPO that do not enable influence on the management of the NPO are permissible in principle, but here, too, attention must be paid to the risk of instrumentalization and the associated loss of independence and image. If meeting fees (honoraria) are agreed, these must also be made public. Reimbursements of expenses such as travel allowances and per diems must be published if the amount exceeds 500 euros per person and year.

Participation in Committee Meetings:

- Participation in committee meetings of NPOs, such as associations, of which the company is a member, has a function in a committee (or has such a function exercised by a company employee) or is invited as a guest is only possible if the company has access to all relevant information in good time before the respective meeting.
- The documentation of the meeting must present a complete picture of the course of the meeting (esp. resolutions, voting behavior and relevant statements).
- The minutes are sent out to all participants after the meeting and give them the opportunity to object to them or to release them (at the latest at the next meeting).
- The following information must be provided by the NPO:
 - Invited participants
 - Agenda
 - Objective and context
 - Background information on previous resolutions in the given context (e.g., voting history and results, prior minutes)

3.6. Transition Periods

Companies that implement the contents of the Code for Transparent Cooperation have ONE YEAR to adapt their cooperation's accordingly and to adapt the internal processes. If this is not possible (e.g., due to long-term contracts), this must be justified and published - according to the motto "comply or explain", which is common in international reporting - and implemented and adapted as soon as possible.

4. Implementation, Control and Sanctions (Voluntary)

The successful integration and anchoring of the guidelines are central prerequisites for success - and thus for the desired credibility and legitimacy of both cooperation partners. To this end, the following chapter provides a number of suggestions for activities and instruments, the individual application of which is left to the company. This also applies to the termination of collaborations. The implementation of the Code differs depending on the size and existing structures in the company. The larger the company or organization, the more formalized and structured the program.²²

Central to the effectiveness of the code is the involvement of employees. A code can be the initial spark for business ethics, as it has an orientation, as well as a motivational and legitimizing function.

4.1 Internal Communication of the Code

In order to turn a declaration of intent into a manageable instrument, it is not least important to develop a clear communication concept for implementation, as well as rules for dealing with the code, which also include an appeal body (e.g., ethics committee). The decisive factor here is a form of communication with internal target groups that is as intrinsic, discursive and dialogic as possible, i.e., a strong focus must be placed on personal communication in addition to clear information.

In principle, the company attempts to anchor the Code internally accordingly (e.g., anchoring it in the compliance guidelines, see below), to make it known and to train all employees concerned respectively. Measures for communicating the contents of the Code for Transparent Cooperation may include:

Dialogic communication:

E.g., meetings, coaching, peer education, mentoring, conferences, events, hotlines, training tools such as assessments, team-building activities, role-playing, etc.

One-way communication:

E.g., employee magazines, intranet, newsletters, giveaways (e.g., mouse pads with principles, brochures, flyers, posters, films), social web tools such as forums, wikis, communities, Q+As²³, etc.

²² Cf. Karmasin / Weder (2008)

²³ Q+As (Questions and Answers) are information sheets in simple language with the most common questions and answers, also called "Frequently Asked Questions" (FAQ)

4.2 Organizational Measures at Companies

4.2.1 Due Diligence Process for Cooperation Initiation

The first step in initiating cooperation should be a due diligence process that is conducted openly and mutually as far as possible, i.e., whose signal is not mutual distrust but striving for transparency and the best possible compatibility. It is formulated here from the corporate perspective but should ideally be supplemented in a next phase by the NGO perspective or adapted for NGOs.

This due diligence process consists of a series of steps:

- Questioning One's Own Motives:
 - Reflection on the reasons, causes and objectives for the cooperation, questioning whether the cooperation can fulfill the corresponding objective.
- NPO Scan²⁴, consisting of the following elements:
 - Advocacy role (determining whether the NPO is an organization with an advocacy mission. These are even more in the public eye.)
 - Registration of the NPO (e.g., extract from the register of associations, declaration of incorporation, company register, articles of association)
 - Documents of the NPO (request for key documents such as mission statement, charter, mission statement, etc.)
 - Issue and values check (mission/vision statement to question values or to see if values are compatible with own corporate values, questioning of NPO issues and communication about them, comparison with own issues)
 - Type of NPO (advocacy function, consulting, cultural/sports association, etc.)
 - Financial check (income statement, balance sheets, cash flow, financial statements, annual and financial report, audit if available)
 - Seal of approval and certifications (especially donation seal of approval, other seals of approval and certifications, donation privileges)
 - Cooperation check (which existing cooperation's does the NPO already have; to whom does it already award its logo, in which organizations is it a member, in which committees is it active or which committees has it already founded)
 - Human resource check (organization chart, list of contact persons, relationship networks, e.g., of a party-political nature, etc.)²⁵
 - Legal check (Ensure that the NPO complies with the legal provisions relevant to its existence and activities).
 - Reputation check (research in social and classic media, rating platforms, etc. sources to determine past or current reputation risks of the organization or to obtain a more comprehensive picture of the organization's reputation (caution: individual opinions in social media, i.e., not representative). Ideally supplemented by existing surveys and image studies of and about NPOs as well as interviews with trusted persons who have experience with the NPO.

²⁴ As this code is intended for companies in the first phase, the scan is also formulated from a company perspective. However, it should ideally be supplemented by the NGO perspective or adapted for NGOs in a next phase. The NPO scan outlined here contains suggestions that can be implemented depending on the cooperation.

²⁵ Relationship networks of key persons within the NPO are, for example, queried within the scope of the audit for the Austrian Donation Seal of Approval, i.e. it can be assumed that this disclosure exists for holders of the Seal of Approval.

- Questioning Compatibility:
 - After initial conversations:
 - Do we fit together? Are our topics compatible?
 - What is the climate of the conversation like?
 - Is there openness and eye level, also in the discussion?
 - Are there "hidden issues" that are not talked about?
 - Is instrumentalization noticeable? (from both sides)

Through this due diligence process, companies (as well as NPOs) have a systematic approach that helps them remain authentic and assess potential (reputational) risks. Above all, the company uses it to check whether the NPO fits its own institution in terms of its values, impact factors and core objectives.

It is important here to disclose the motives - both for oneself and to the cooperation partner: If stakeholder management is carried out extrinsically, i.e., the cooperation partner is viewed purely as a means to an end, dialogue can lead to cynicism and mistrust, especially if it is applied instrumentally and superficially and accordingly is not accepted as genuine by its counterpart.²⁶

If it succeeds, a company and its (CSR) activities are perceived intrinsically by its stakeholders and its concern is accordingly judged to portray seriousness and integrity.

Three elements are crucial for the success of a sustainable stakeholder relationship that is successful for both partners: acceptance of the stakeholders by the organization, acceptance of the organization's communicative efforts by the stakeholders, and acceptance of the stakeholder communication in relation to the individual value systems. These three elements are what make the sustainable development of social capital possible in the first place.²⁷ In other words, it is about the fundamental recognition of the other, including his or her values, tasks and characteristics.

Fig. 2: Elements for a Successful Stakeholder Relationship

Source: Karmasin / Weder (2008), in Faber-Wiener (2013)

Stakeholder acceptance by the organization
+ Stakeholder acceptance of the organization's communication efforts.
+ <u>Acceptance of stakeholder communication in relation to individual value systems.</u>
= Building of social capital (trust, reputation, connectivity to networks, etc.)

This means that ethically correct stakeholder management, which is based on stakeholder requirements and not purely on power politics, is no longer a pure cost factor. It contributes to efficiency through the creation of social capital such as reputation and trust for the company and thus also makes economic sense.

Beyond the due diligence process at the outset, there are a number of internal organizational measures to consider depending on the size of the company:

²⁶ Cf. Koch (2011)

²⁷ Karmasin / Weder (2008), p. 184

4.2.2 Principle of Dual Control and Separation of Functions

If persons in the company have a close relationship with the NPO or hold a function there (e.g., advisory board, board of directors), this fact should be taken into account in strategic decisions (e.g., about the continuation of the cooperation), i.e., their opinion should be heard, but any vote on it should take place without their vote.

In addition, a four-eyes principle is recommended for all collaborations, i.e., decisions as well as important measures within the framework of the collaboration should always be coordinated with a second person, if possible independent of the deciding person. This also includes communication measures planned in the course of the cooperation.

4.3 Compliance Management

The Code is included in any existing internal compliance guidelines and integrated into the company's own internal control processes.

This means, among other things, that any cooperation agreements are cross-checked for the contents of the Code (see above Due Diligence 4.2.1.).

Many companies are switching from pure compliance (i.e., following rules) to the "integrity" approach, which focuses on the definition of values and the corresponding ethical reflection work, building on employees' own initiative and motivation.^{28 29} This means personal responsibility and self-assessment, and this is precisely what this Code aims to achieve.

4.4 Anchoring in Reporting

With this Code, the company commits itself to transparency. This applies not least to internal and external reporting. In concrete terms, this means the integration of the data, figures and facts specified in the Code in the financial and/or sustainability report, including the necessary breakdown of cooperation's (see minimum levels and transparency guidelines, chapter 3).³⁰

For NPOs, this would mean the publication of the cooperation and the associated data, figures and facts in their own annual report or financial report, including the required breakdown of cooperation's (see minimum levels and transparency guidelines, ch. 3).

Due to international developments in reporting (especially the Global Reporting Initiative and the Integrated Reporting Framework), preventive transparency is appropriate here. It meets the increasing obligation to disclose and accordingly leads to higher credibility.

²⁸ Cf. Steinmann et al. (1998), p. 134 ff.

²⁹ For example, the U.S. company Levi Strauss & Co. Their experience: "We learned that you can't force ethical conduct into an organization. Cf. Haas (1994), p. 506 - 509

³⁰ For NGOs, which should also apply this code in the next stage, this means, for example, publishing the cooperation and the associated data, figures and facts in their own annual report or financial report (see chapter 3).

4.5 Process for Contentious Issues

It is important to define a simple but effective process for contentious issues in the cooperation agreement, which is communicated both to the cooperation partner (NPO) and to internal stakeholders in the company.

This includes clear contact persons (see above), a possible monitoring committee or other appeal bodies, as well as the creation of a procedure for difficult decisions, i.e., active dilemma management. This focuses on four key questions ³¹: "What do we want?", "What can we do?", "What should we do?", "What are we allowed to do?"

The basis for decision-making is a broad ethical awareness of the management, as well as an awareness of the employees and an open climate that promotes discussions concerning dilemmas.

4.6 Internal Training and Further Education

The goal of all training and further education measures is to convey to employees the scope of the content of the Code of Transparent Cooperation so that they understand it as a guideline for their actions.

This means that employees who hold a responsible position in the area of the company relevant to cooperation should be familiar with the content of the Code, especially those who have the authority to conclude a cooperation agreement. In addition, the Code should be the subject of HR contracts or compliance guidelines.

In larger companies, this also includes compliance officers, as well as representatives of external and internal appeal bodies and ombudsmen.

4.7. Control and Sanction

In the event of non-compliance with the Code, sanctions are initiated by the relevant supervisory body, which may vary in each case within the framework of the existing compliance guidelines. What is important here is the appropriate openness in the working atmosphere and clear structures and contact persons (see above). This ensures that employees report cases of violation to the responsible body without having to fear any disadvantages of their own.

4.8 Further Development of This Code

In the first phase, this Code is written **for companies**. Since we are dealing with partnerships with NPOs, it is naturally expedient to have a code that is congruent in terms of content in the

³¹ Cf. Karmasin / Weder (2008), p. 20

long term, i.e., adapted for NPOs and applied as widely as possible by both partners, since it is ultimately a matter of trust and transparency for both sectors: companies and NPOs.

At the NPO level, there are also opportunities for development, such as the inclusion in the **code of honor of the Austrian Fundraising Association (FVA)**, in which there is currently a commitment to transparency, but this is not specified.³² Already now, many NPOs also submit to provisions on transparency within the framework of the **Austrian Seal of Approval for Donations (OSGS)**. For this reason, it would be obvious to create synergies here, so that the contents or specifications of this code also flow into the specifications for the Donation Quality Seal.

One conceivable option for companies would be to incorporate the **GRI criteria** for CSR reporting, which already exist at a high level.³³

This presupposes an **international roll-out** of the code, which is quite realistic, as no comparable examples of public cooperation agreements or transparency initiatives exist to date, and it significantly facilitates transnational work and its justification, especially for international companies as well as international NPOs. In a first phase, the German-speaking region will be addressed.

In the long term, the introduction of a **transparency database** makes sense or should be considered. However, since this would require a great deal of effort and, above all, public and, to a certain extent, political commitment, it should be assumed that this is a longer-term goal.

³² Thus, members of the Austrian Fundraising Association currently commit themselves to "...present all fundraising activities truthfully, carefully and not misleadingly." Furthermore, they document at the same time their willingness to "carry out fundraising according to ethical guidelines, transparently and with the greatest economic efficiency."

³³ GRI criteria are the criteria of the Global Reporting Initiative, currently the most recognized international framework for sustainability reporting. Detailed information: <https://www.globalreporting.org>, Download: 15.2.2020

5. Appendix

5.1 Appendix 1: Definitions and Terms

NPO

"A wide variety of terms and definitions for nonprofit organizations have evolved since the 1970s. Unless otherwise noted, this summary is based on the most common definition, also in international use definition (Badelt et al. 2007). According to this definition, NPOs are organizations that:

- o are characterized by a minimum of formal organization;*
- o are private, non-governmental organizations;*
- o do not distribute profits to owners or members;*
- o have a minimum of self-governance or decision-making autonomy;*
- o are characterized by a minimum of voluntarism.*

Most NPOs are organized as associations; other legal forms include nonprofit foundations, corporations, and cooperatives."³⁴

NGO

*"Non-governmental organizations (NGOs) are in principle all associations or groups that are not dependent on governments or state agencies and represent common interests without pursuing commercial goals. In common parlance, the term NGO has come to mean organizations, associations and groups that are engaged in socio-political activities and are oriented toward the common good. Some important and typical fields of activity of NGOs are development policy, environmental policy and human rights policy. (...) A common feature of all NGOs is that they have no means of state power and that the state has no direct influence on them. Nevertheless - or precisely because of this - the acceptance of the work of NGOs is high among the population and in the media worldwide."*³⁵

NGOs thus prove to be a significant corrective to society because of their exposure of grievances.³⁶ All NGOs are also nonprofit organizations (NPOs), but not all NPOs are NGOs.³⁷

Corruption

There is no international, standardized definition of corruption. Transparency International defines corruption as *"...the abuse of entrusted power for private gain or advantage"*,³⁸ or business gain. Corruption occurs in many forms and at different levels and can be practiced to varying degrees. Corruption goes beyond bribery and includes other acts such as embezzlement, fraud, favoritism (nepotism) and the like. The most common form of corruption is bribery in the initiation and execution of business transactions.

³⁴ Source: Simsa, R./Schober, D. (2012): Nonprofit Organizations in Austria, Vienna University of Economics and Business

³⁵ Source: http://www.bmz.de/de/ministerium/wege/bilaterale_ez/akteure_ez/nros/index.html, Download: 14.2.2020

³⁶ <https://ngo.at/NGO/bedeutung>, Download: 20.01.2020

³⁷ <https://utopia.de/ratgeber/ngo-und-non-profit-organisationen-definition-und-unterschiede/>
https://www.ngojobs.eu/NGO/?cs_company_name=%C3%B6gut&location=

³⁸ <https://www.ti-austria.at/worum-es-geht/korruptions-grundwissen/definition-von-korruption/>, Download: 27.01.2021

The preliminary stage of corruption in many cases is corrupting. Unlike corruption, it is not illegal under criminal law, but it is ethically reprehensible. Applied to NGOs, this means that an organization betrays its basic ethical values or reinterprets them in a questionable manner, for example, in order to gain economic advantages.

Cooperation

Collaborations are defined by written or verbal contractual cooperation that benefits both parties. Cooperation's are: Memberships, cooperation agreements including or exclusive monetary benefits and donations in kind (including third party agreement), such as contracts for sponsorship and license agreements. Donations are also covered under cooperation's in this Code.

Donations

Donations can be made in the form of monetary amounts or donations in kind, such as items or services. According to the Austrian Federal Economic Chamber, a donation must be made "...without the expectation of any particular benefit; the motivation to donate must be paramount." ³⁹ Donations are thus voluntary services given without consideration, but often with a certain purpose.

Sponsoring

Sponsoring is a commercial communication tool in which the sponsor provides monetary benefits, non-cash benefits or services in return for a connection with a target group. In contrast to patronage or donations, sponsoring is based on the principle of performance and consideration.

Money is often the sponsor's core service, but in-kind resources such as technology, giveaways or food can also be used. Employee know-how and services can also be part of sponsorship agreements. In return, the sponsored party offers the opportunity to exploit connections with a reached target group. This is done, for example, through joint appearances at events, partnership-based communication or the promotional use of the sponsor's brand and logo. Sponsoring is generally based on written agreements, which are usually made at the beginning of the partnership. In any case, they include performance and consideration as well as the duration of the partnership.

³⁹ https://www.wko.at/branchen/information-consulting/werbung-marktkommunikation/Was_ist_der_Unterschied_zwischen_einer_Spende_und_dem_Spon.html, Download: 14.2.2021
Code for Transparent Cooperation / Faber-Wiener, 2021

5.2 Contract Module Cooperation Agreement

Template for a transparency passage in the cooperation agreement between company and NPO:

"The company (XX) hereby declares to conduct the cooperation with the NPO (xx) on the basis of the basic principles and standards of the "Code of Transparent Cooperation". This ensures that the cooperation is transparent and ethically correct and that there is no misleading.

The responsibility for the use of funds on the part of the cooperation partner NPO (xx) lies exclusively with the latter, the company (xx) assumes that this use of funds is in accordance with the organizational purpose."

5.3 Other Ethics Instruments

In addition to this code, there are a number of other instruments for dealing with ethical issues and challenges. They help to translate the code into everyday life and make it part of a true ethics management.

Below is a selection of possible processes and ethics tools. They can be applied and adapted according to company size, industry and situation.

Fig. 2: Ethics processes and instruments, Source: Faber-Wiener, 2013

Processes & Instruments	Description and Details
Internal Discourse	Active discussion within the company about ethics, morals and values, about boundaries and dilemmas. This space for ethical reflection should be present in every company and NGO and gives employees support and orientation.
Ethics Education and Training	Seminars and workshops based on ethical case study work, as an integral part of human resource development, to raise awareness among organizational members and strengthen their ethical decision-making skills.
Dilemma Management	Establishment of a procedure for difficult decisions. Process in five phases: Problem identification, problem assessment, creation and evaluation of courses of action, authorization, and implementation.
Ethics-Committee	The core task is to anchor ethics management at the highest management level. As a forum for understanding or a staff unit of the management, it has the task, on the one hand, of bringing about the resolution of important decisions and conflicts or preparing the ground and know-how for this, and on the other hand, it is responsible for the internal further training of socially relevant topics.

	Its structure and scope depend on the size and nature of the company. ⁴⁰ An ethics committee signals how openly and "officially" a company deals with the topic of CSR.
Ethics Advisory Board	Establishment of an advisory board with external ethics experts to monitor business policy from an ethical perspective and to provide support in resolving ethical conflicts and dilemma situations, particularly those specific to the industry. (Transparency rules of the Code to be applied).
Roundtables / Discussion Groups	Conducting internal company roundtables or regular roundtable discussions with external experts, representatives of interest groups, etc. on current or company-specific ethical issues.

Area-Specific guidelines	Guidelines concretizing the Code of Ethics to support day-to-day decision-making in the various management areas (possibly enriched with practical case studies to illustrate ethical conflict situations)
Ethics Officer or Ombuds-person	A person, usually at the top management level, who is responsible for managing ethical issues, maintaining an ethics program, etc., but who is also the contact person for ethically relevant issues
Ethics Hotline	Establishment of an internal or external hotline as a point of contact for ethically relevant questions from company members or (confidential) information regarding ethical conflict potentials of the company
Ethical Criteria in Personnel Management	Consideration of ethical aspects in personnel selection procedures of all kinds (recruiting, management trainees, etc.), integration of corresponding criteria in assessment and personnel development programs
Internal Ethics Audits	Periodic internal auditing process which - like other auditing procedures - serves to check the compliance of organizational processes and structures, as well as the individual behavior of the company's members, with the company's ethical commitments.

(Source: Responsible Communication, Faber-Wiener, 2013, Springer Verlag)

⁴⁰ I. e. increasing size of a company implies increasing formalization of the commission.

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