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The sustainable company and employee participation as a part of the solution to triple crisis in the European Union And Turkey: Example of OMV Samsun Elektrik

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Abstract

Nowadays, the time of leadership of the US model may be reaching an end and the European stakeholder model should be a strong candidate corporate sustainability system. According to the sustainable company approach, a key part of any solution to today's triple crisis will be to reorient companies and develop a set of performance indicators measuring environmental, social and financial sustainability at the company level. Our analysis is based on a critical evaluation of example company's position about as already declared by the company as being a sustainable European Company, mostly through annual reports and other documents of OMV Samsun Elektrik. Turkey's electricity supply depends on 55% natural gas which is imported from foreign countries such as the Russian Federation and Iran. Local economy mostly depends on agriculture in the Black Sea Region of Turkey, especially Samsun Province. This region has most beautiful and untouched green areas, forests, rivers, sea beaches and hills are the resource of agriculture and tourism. Local people and NGOs living near the Kozluk-Samsun gas-fired power plant construction afraid of ecological and severe impacts on public health which will be caused by the electric power plant of OMV.

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1. Introduction

"At a conference on sustainable investment, I once told a fellow participant that I am an analyst for oil companies. He turned away, saying oil could never be a sustainable business. That's true to some extent. But OMV shows that with the right strategy, sustainability is a realistic goal."
Philipp Chladek, Raffeisen Centrobank

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A review of history of 'hegemonic national models' since 1950s suggests that the time of leadership of the US model may be reaching an end and the European stakeholder model should have a strong candidate of corporate sustainability system: that is the capacity of a firm to continue operating over a long period of time, depends on the sustainability of its stakeholder relationships and presence of the employee participation system. In the 1970s and the 1980s the stakeholder seemed to be superior due to GDP growth rates were lover in the Anglo-Saxon countries. Since the early 1990s, concept of Anglo-Saxon shareholder value as the central guiding principle for companies has spread beyond the Anglo-Saxon countries to Europe and Asia. US institutions appear to be more efficient and have higher growth rate, but however found unsustainable in long run [25].

This new stakeholder view of the firm goes beyond previous work on the triple bottom line and balanced scorecard. Companies need appropriate systems to measure and control their own behaviour in order to assess whether they are responding to stakeholder concerns in an effective way and to communicate the results achieved mostly through annual reports and other documents [8].

Howard Gospel and Gregory Jackson (2005) show that approaches to corporate governance are not uniform and that a number of different models exist. Anglo-Saxon and other neo-liberal approaches to the corporate governance model whereby the firm is seen as a centerpiece for contracts justified on the grounds of economic and/or financial benefits for shareholders is central. Also, the aim of these contracts is to allow balance between shareholders and stakeholders and also enable the existence of added shareholder value. It is also important to develop the concept of the 'European identity enterprises' as a specific player in the EU [10].

Corporate social responsibility (CSR) applications investigated in leading emerging markets, and compared this with the situation in developed economies such as between Turkey and the EU countries and as we tried to do this in this research for OMV and we discovered same result with Jeremy Baskin which He found in his research that there are a high level of comparability between emerging and developed markets, at least for leading companies [1].

2. Triple Crisis in The EU

Today's business world is confronted with a triple crisis which are consisting of financial, ecological and social aspects that require a new approach to corporate governance as an alternative to neo-liberal ideology which has dominated US system of corporate governance system in Europe for the past decade and a half. Neo-liberal applications have contributed to the severity of triple crisis:

- Stock markets are increasingly dominated by the short-term pursuit of speculative profits,
- The dimensions of climate change and reduction of emissions for achieving environmental sustainability,
- The Lisbon Strategy goals for more and better employment, on which there was a notable lack of progress even before the financial crisis.

A key part of the solution to this crisis is the sustainable company and employee participation According to sustainable company approach, a key part of any solution to this triple crisis will be to reorient companies and develop a set of performance indicators measuring environmental, social and financial sustainability at the company level [23].

2.1. Financial Crisis and Sustainability Reporting in the EU

Financial crises in the World, accounting and remuneration scandals, and suspicion about the social and environmental implications of multinational enterprises (MNEs) have led to growing demand for transparency about corporate behaviour on a whole range of issues. MNEs confronted with a multitude of requests from shareholders and other stakeholders in different markets with frequently varying regulations and governance systems. Recent years have seen a rapid increase in accountability pressures on particularly large global companies. The increased call for transparency comes from two different angles, which show some (potential) convergence in terms of topics and audiences: accountability requirements in the context of corporate governance, which expand to staff-related, ethical aspects; and sustainability reporting that has broadened from environment only to social and financial issues [7].

These sustainability accounting systems should have the purpose of broadening and integrating the traditional financial approaches to corporate performance measurement, taking stakeholder needs into account. With regard to this point, convincing examples are provided by the protesting and boycotting campaigns carried out by NGOs against various companies operating in different industries and countries. Managers of these firms changed their strategic choices under the pressure of some specific stakeholder groups and the lack of an early recognition of their requirements brought in some cases harmful consequences for the company reputation and the business development. If the entire set of stakeholder relationships becomes strategic for the long-term success and survival of a company, the measurement of corporate success cannot be limited to the creation of value for only one stakeholder group, i.e. the shareholders. Major progress has been made in developing such indicators by the Global Reporting Initiative (GRI) and, for a narrower set of issues by Carbon Disclosure Project (CDP) [23].

There are two possible options: either reverting to the initial Lisbon strategy but trying to make it more balanced, or investing in the European Sustainable Development Strategy (SDS). The financial crisis of late 2008 proves that this approach ends in disaster. Some people would like to confine the fall-out to the financial sector and hence limit reregulation to this sector alone, however, to begin reflecting broadly and critically on the real outcomes of such approaches across all sectors [20].

A sustainability oriented company is fully aware of its responsibilities towards the different stakeholders and adapts methods and tools that allows to improve its social and ecological performance. Thus, new sustainability accounting systems are needed. With regard to this point, in the next section we advance our proposal, derived from theoretical analyses and empirical experiences and called SERS (sustainability evaluation and reporting system). Sustainability reporting is defined broadly and includes ethics, environmental and/or social issues (sometimes this is also labelled ‘corporate social responsibility’ or ‘triple bottom line’ (people, planet, profit) reporting. This framework is coherent with the stakeholder view and can support all kinds of company to manage in an integrated way the relationships that are crucial for their long-term success. The last section contains a discussion about the features of this approach and the further steps needed to improve the measurement of business success and go beyond the traditional financial and management accounting [8].

2.2. Social Crisis and Employment Creation in the EU

European perspective of the last crisis especially labour market developments clearly indicate that over the period since the initiation of Lisbon Strategy in 2000, Europe had seen rising rates of employment and falling rates of unemployment. However, the economic crisis has reversed this trend, The European Union (EU) average employment rate is back to its 2006 level as 64.8% and unemployment has increased two percent and the rate was 8.9% in 2009. Labour market policy response to a crisis should aim to achieve goals in four main areas: labour demand, match between demand and supply, income support and

targeting of vulnerable groups. The current (SDS) timely encompasses some social objectives: public health, and measures to combat social exclusion and poverty in the world.

Lisbon is a short-term (three-year) or medium-term (ten-year) strategy, the SDS extends over the medium and long term (10 to 40 years). The new strategy which could be named after a city combining environmental awareness with social cohesion should help us strive for social equity in a low-carbon society, rather than trying to imitate the US model of growth. Instead of the Lisbon target of becoming the most dynamic knowledge-based economy in the world, the mantra of the new strategy would be: '*achieving a fairer and more sustainable society in Europe and elsewhere*' [20].

2.3. Ecological Crisis and Environmental Protection in the EU

The EU has announced its intention to take the lead in climate change and environmental protection (European Council 2007) and implement an ambitious policy to reduce CO2 emissions by 20% by the year 2020, or by 30% in the event of an international agreement. Climate chaos is just one aspect of a more general ecological crisis affecting water forests, fish stocks, biodiversity and so on.

The greenhouse effect is a major environmental problem, and a cause of climatic changes. Gas species such as methane and carbon dioxide cause this effect. These substances are mainly produced by Vehicle Natural Gas (VNG, more than 85% methane)-powered engines, thermoelectric plants, etc. According to data of Eurostat, EU-27 Gross inland consumption of energy production was depend on natural gas 24.9% others was Oil 36.6%, nuclear energy 13.3%, Hard coal 10.7%, Renewables 9.0% and Lignite 5.5% in 2009. The EU-27 Energy Dependence Rate (EDR) was total 54.7 % of crude oil & petroleum products was 84.6% and natural gas was 61.3% in 2009 [6].

3. CSR and Sustainable Company Approaches of the European Companies

The key elements of the sustainable company include the following: a multi-dimensional concept of sustainability as the central guiding principle of the company, an externally verifiable reporting system, the formulation of concrete sustainability goals and detailed strategy for achieving these goals, the alignment of management incentives within the company and the involvement of stakeholders and in particular employees.

3.1. Neo-liberal Shareholder and European Stakeholder Approaches to CSR

The neo-liberal approach has been based on this principles:

- Shareholders as the dominant interest in the firm which shareholder capital hires labour, purchases supplies,…etc.,
- Shareholder value as the optimal performance measure for companies and the stock market is supposed to best judge of future value,
- Stock options as a key mechanism for aligning the interest of managers and shareholders,
- Corporate Social Responsibilty (CSR) as a voluntary approach to addressing the non-financial impact of companies [23].

The Green Paper issued in 2001 by the European Commission entitled "Promoting a European Framework for Corporate Social Responsibility" provides two definitions of CSR: "*CSR is essentially a consept whereby companies decide voluntarily to contribute to a beter society and a cleaner environment. Concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis"* [11]. (European Commission, 2001: 5-8). CSR refers to an 'atmosphere of trust' between business and stakeholder. OECD Guidliness

are said to be '*recommendations addressed by the goverments to multinational enterprises*', providing '*voluntary principles and standards for responsible business conduct consistent with applicable laws*' [3].

This was followed up in 2006 by a Communication on CSR The European Parliament has taken a number of initiatives in this area, including calling for a proposal for requirements for non-financial reporting by companies (COM(2006) 136 final Brussels, 22.3.2006). At the end of 2009 and in early 2010, a series of workshops was organized by DG Enterprise and Industry to gather stakeholder opinions about the need for stronger reporting requirements on performance on environmental, social and governance (ESG) criteria. Some stakeholders have argued that the current EU Directive on company reporting (Accounts Modernisation Directive of 2003) already includes a provision on nonfinancial reporting. Initiatives to support SRI by improving reporting on ESG practices at the company level include the Global Reporting Initiative (GRI) and the Carbon Disclosure Project (CDP). The GRI, a multistakeholder organization which recently released a third generation of ESG reporting standards (G3). The CDP, which is an NGO organized by institutional investors, is a more focused effort based on an annual questionnaire on company policies, risk management strategies and progress on the reduction of carbon emissions. Dow Jones Sustainability Index and the FTSE4Good index are the most popular indexes. Numerous consultancies and specialized rating services also provide investors with ESG data to assist with their investment decisions [22].

3.2. CSR and Employee Participation in the EU and Turkey

The idea of CSR in Turkey is firstly, *Macro-economic* and related with globalization and Multinational Companies (MNCs), secondly, *Micro-economic* and related with changing work organisation and also often extends beyond the doors of the firm into the local community and involves a wide range of stakeholders (employees, shareholders, business partners and suppliers, customers, public authorities and NGOs). Social and environmental impact assesments have been introduced in some companies within the EU, either on a voluntary basis or in response to legal requirements and it is important for also in Turkey [18].

An important reason for employee participation is the democratic deficit within the corporate world. Employee participation gives corporate decision-making more democratic legitimacy. Social dialogue and worker representation have to be seen as one of the core EU objectives namely 'social progress' as contained in the EU definition of 'sustainable development' (Article 3 of the Treaty of the European Union). Fair wages, good working conditions and workers' rights to information, consultation, participation and negotiation have to be seen as fully fledged components of this social dimension, and their improvement as a vitally important goal for the EU2020 Lisbon Strategy. In the case of Europe 2020, five headline targets have been included in the strategy. The five headline targets are as follows:

- 75% of the population aged 20-64 should be employed,
- 3% of the EU's GDP should be invested in R&D,
- The '20/20/20' climate/energy targets should be met,
- The share of early school-leavers should be under 10% and at least 40% of 30-34 years old should have completed a tertiary or equivalent education,
- At least 20 million people should be lifted out of the risk of poverty or exclusion.

Analysis shows clear evidence that countries with stronger worker participation already perform better than countries with weaker participation rights. In 2010, 953 EWCs are considered to be active, representing more than 17 million workers. Countries with stronger worker representation and social dialogue rights perform better on all five EU2020 targets as demonstrated by the European Participation Index (EPI). Which was used in the 2009 Benchmarking Report of ETUC and ETUI. There is strong evidence that workers and their representatives at company level –through information and consultation

procedures, including European Works Councils (EWCs); through board-level employee representation as in European Companies (SEs); and through negotiation procedures leading to transnational company agreements– make a significant contribution to sustainable economic and social progress [4].

Chapter 13 of the EU *acquis* related to social policy and employment evaluates Turkish Labour Law and thus Turkish company compliance with labour law and CSR issues related to employee protection and also consumer and environmental protection (chapters 22 and 23, promoting of fair competition (chapter 6) and combating corruption are basic criteria for EU membership for Turkey. The EU employee participation system is necessary through establishing EWC and Works councils to progress stakeholder approach in Turkey [5].

Increasing number of Turkish companies has already demonstrated leadership in some areas of CSR and are willing to engage in a number of CSR activities. Priority themes are training, certifications, reporting, stakeholder representation including representatives of employees in board or committees and engagement in socially responsible investment (SRI). Compliance with international conventions of the OECD Guidelines, the UN Global Compact and ILO decleration and conventions are necessary [9].

EU Law currently currently requires MNCs to inform and consult employees in order to ensure the representation of employees' interests on transnational issues on the basis of The European Works Councils (EWCs) Directive 2009/38/EC of The European Parliament and of The Council of 6 May 2009 (Recast) (amended Directive no. 94/45/EC), "on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees" (OJL 122, 16.5.2009, p. 28) which is adopted to national laws of the EU member states until the end of 5 June 2011. This information and consultation must be related to matters shall be considered to be transnational where they concern the Community-scale undertaking or Community-scale group of undertakings as a whole, or at least two undertakings or establishments of the undertaking or group situated in two different Member States (Article 1.4 of the Directive). According to the article 2 of the Directive, 'information' means transmission of data by the employer to the employees' representatives in order to enable them to acquaint themselves with the subject matter and to examine it; information shall be given at such time, in such fashion and with such content as are appropriate to enable employees' representatives to undertake an in-depth assessment of the possible impact and, where appropriate, prepare for consultations with the competent organ of the Community-scale undertaking or Community-scale group of undertakings; (g) 'consultation' means the establishment of dialogue and exchange of views between employees' representatives and central management or any more appropriate level of management, at such time, in such fashion and with such content as enables employees' representatives to express an opinion on the basis of the information provided about the proposed measures to which the consultation is related, without prejudice to the responsibilities of the management, and within a reasonable time, which may be taken into account within the Community-scale undertaking or Community-scale group of undertakings.

As today, there is a limited single-tier or unitary board employee participation system through trade unions in Turkey. In the absence of a bipartite employee participation system which exist in the EU member states collective bargaining seems to have served as a only platform for a limited participation of employees in Turkey. According to the current Turkish Labour Law Number 4857, Articles 60 and 80, some committees do exist at company level, in which employee participation takes place. Employees participate and also involve in various joint boards and committees of enterprises through several legislated arrangements in Turkey. Such as participation of employees' representatives in the annual vocation committee (in companies that have at least 100 employees), the occupational health and safety

committee (in companies that have at least 50 employees and have been operating for more than six months), disciplinary boards…etc. [17].

Our point of view is that the example company of this research, The OMV Samsun Elektrik must implement and integrate same management style, culture and legal and other company rules in Austria, Germany, Romania related to CSR and sustainability issues as European Company operating in the EU member states and also in Turkey as a EU candidate country and trying to complete negotiations to be a full member in the near future. Our previous research concluded between the period February 2007 to March 2008 on the basis of a selection of 35 MNCs operating in Turkey found that the possible time table for establishing an EWC would be possible after Turkey's full EU membership [17]. As we already mentioned before in this paper, OMV EWC is established in the year of 1998 and must have representatives from Turkish subsidiarity companies such as OMV Samsun Elektrik and Petrol Ofisi (which holds % 95,72 share) to assess the impact of company to stakeholders specially to environment and local people.

4. Application Method

Even if we consider only the firm has really left the shareholder approach to adopt a more comprehensive stakeholder one also in Turkey comparing the company's activities in The EU member countries such as in Austria, Germany and Romania according to the continental European CSR model? And if the leading energy company OMV is not engaged in CSR and employee participation activities in Turkey as equal to employees of the EU member countries at the OMV European Works Council (EWCs), what about the small and medium-sized enterprises (SMEs) in Turkey. The purpose of this paper is exactly to address this need for change by presenting a relational view of the firm, based on the strategic value of the linkages with stakeholders, and its implication in terms of corporate performance evaluation and reporting systems. The following section of the paper starts from considering the ultimate goals of The OMV Samsun Elektrik company and proposes sustainability as a paradigm capable of ensuring the durable survival of firms. This model, which combines economic prosperity, social cohesion and environmental protection, is functional to and in keeping with the corporate objective of long-term value creation.

Another aim of this paper to explain that how is sustainable company application in Turkey examining OMV Gas & Power as a Multi-national company investing and planning to operate in Turkey and now commencing operations on the Turkish electricity market which total investment amount is calculated as EUR.600 million through its subsidiary OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş. and constructing a gas-fired power plant by using natural-gas imported from The Russian Federation. As a European group OMV, Austria declares a commitment to economic values, but also to those of an environmental and social nature. Environmental protection and sustainable economics are equally as important as the safety (plant safety, occupational safety) of their employees, customers, and partners. OMV Kraftwerk Haiming GmbH is which is the subsidiary of the OMV Gas&Power in Germany which is planning to construct another natural gas plant to produce elektricity which is one of the first companies in Germany to have already acquired EMAS certification (Eco Management and Audit Scheme). OMV declares that using low-emission technologies (e.g. compared to coal-fired power plants) and ensures the impact on the environment is as low as possible while meeting all current and foreseeable regulations [2].

Later, we will investigate the presence or the lack of the development of an adequate sustainability reporting system in the company which is the first step in the establishment of the sustainable company in Turkey. A next crucial step is the adaptation of concrete sustainability goals and strategy for attaining these goals and we will research the company's sustainability goals and strategy principles. These goals

must be related to the reduction of workplace accidents or the reduction of pollution. Employee involvement in company sustainability policies has remained far below its potentials both in Europe and also in Turkey. The main body of the paper will be presented the findings of research, will be conducted between March 2011- June 2011 since the Conference is to be held into the reported corporate responsibility behaviour of OMV, Austria as investing in Turkey as an emerging-market country and investing also in the Central and Eastern Europe (Germany, Austria and Romania).

The company progressed the key projects in Gas and Power segment, such as Nabucco gas papeline which is the Nabucco gas pipeline project have ratified the Intergovernmental Agreement and the power plants are under construction in Romania, Germany and Turkey in 2010. The Group results shaped by the global economic crisis in many ways in 2009. For instance, the avarage dolar price of Brent was 37 percent down and remained highly volatile, climbing from 40/bbl at the start of the year to almost USD 80/bbl by mid-November. Group earnings were hit by significantly lower avarage oil prices, tighter refining margins and reduced sales volumes across almost all the markets as a results of the crisis. After negotiations with Doğan Holding on the possible acquisition of its interest in Petrol Ofisi resulted with EUR.1 billion investment. Products such as transportation fuels, heating oil, natural gas, etc, -contribute to energy supply security and economic development in the market that these products gives rise to carbon emissions which are connected with climate change. Natural gas is by far the cleanest fosil energy source but, generates electricity at highly efficient, modern gas-fired power plants that will provide an alternative to old coal-fired stations with much higher CO2 emissions. The company is also taking next step towards renewable power generation by evaluating wind and solar energy projects. Corporate social responsibility at OMV defined three main themes for sustainability activities: diversity and education; health and safety and CO2 emission reduction [14].

In 2010, the economic climate was shaped by a mild recovery in the main economies after the global crisis, though the after-effects were stil being felt in some countries in our core markets in Central and Southeastern Europe. Oil prices remained highly volatile, but the average Brent price was 29% up on 2009, at just under USD 80/bbl. Refining margins also improved significantly as compared to 2009 (OMV indicator refining margin up by 46%) (OMV Annual Report 2010: 4). OMV is investing in an 870 MW combined cycle gas-fired power plant (CCPP) in Kozluk-Samsun, Turkey, and wants to build trust and mutual understanding in the planning stage of the project. In 2010, activities held by OMV to that end included a field trip with 30 local administrators from Kozluk-Samsun to a gas-fired power plant already in operation in Bursa, an information fair with 600 participants, and installation of a grievance mechanism. Local residents were invited to the ground-breaking ceremony on October 8. In the run-up to construction of an 850 MW CCPP in Haiming, Germany, a referendum resulted in 60.9% of voters opting for continuation of the Project [16].

Kozluk, Samsun is in the Middle Black Sea Region of Turkey. Economy mostly depend on agricultural products such as hazelnut, rice, corn and vegetables. After the construction of Blue Storm Naturalgas Pipeline between Russian Federation to Turkey, Samsun is becoming an energy producing area by using natural gas. Nowadays more than eight investors applied for construction of gas-fired power plants. OMV is one of them and first starter company to construction.

4.1. Sustainability and Corporate Governance Report of OMV

OMV Aktiengesellschaft is one of Austria's largest listed industrial companies and has a workforce of 34,676 employees in 2009. The group has also 30% Austrian Goverment ownership. OMV is active in Refining & Marketing (R&M) in 13 countries. In Exploration & Production (E&P) OMV is active in 17 countries on four continents. OMV's Central European Gas Hub is with around 23 bcm annual trading

volume one of the most important gas hubs in Continental Europe. OMV is the leading energy Group in the Europe. OMV now has 2,310 filling stations (OMV Turkey, 2011). OMV plays a key role in ensuring energy security in three regional markets of Central Europe, Southeastern Europe and Turkey. At he same time the company shares the global challenge of significantly reducing future greenhouse gas emissions to counter climate change (OMV Sustainability Report 2009, 2009: 6). OMV's vision is to have a continued role in shaping the future of the energy industry along the Central and Southeastern European market and Turkey by extending operations in the Middle East and Caspian Region to secure oil and gas supplies to the European Union [14].

OMV has sought to meet the standards of good corporate governance and has adhered to the Austrian Code of Corporate Governance (ACCG'R' recommendations – the non-compulsory best practice sections of the Code. OMV is also a signatory of the UN Global Compact. The Company has adopted a comprehensive group-wide code of conduct and business ethics directive. OMV conforms to the ACCG issued by the Austrian Working Group for Corporate Governance which is the code is publicly accessible at www.corporate-governance.at. There were no deviations from the code during 2009. The external evaluation of compliance with the code is available for public inspection at www.omv.com. The Company corporate governance report consist of the sections such as remuneration report, basic salary, stock option plans, pensions, termination entitlements and benefits, directors' and officers' insurance, indemnity, settlement payments, executive board members' shareholdings, policy principles for the remuneration of senior executives and experts, supervisory board, employee representatives delegated by the OMV Group Works Council, audit committee, project committee, remuneration committee, employee participation, rights of minority shareholders and womens' promotion to management position [14].

OMV issues Sustainability Report for every year and presents key information on OMV's sustainability performance and relates to the typical impacts of an oil and gas company on social and environmental sustainability issues. The report describes how the company integrate environmental, social and economic considerations into business. Functional strategies in the areas of health, safety, security and environmental management (HSE), CSR and human resources (HR) support to sustainability management. OMV Sustainability Report 2009 and 2010 meets the requirements of the A+ application level of the GRI G3 Sustainability Reporting Guidelines. The company also reviewed Deolitte for a third party check of the GRI Application Level. The GRI develops [14].

The OMV Sustainability Report is published simultaneously with the Annual Report and focuses on approach to manage sustainability along the entire value chain. It provides, among other subjects, detailed information on stakeholder dialog, human resources, health and safety, human rights, security, environmental management, climate change, renewable and future energies and research and development. The sustainability reporting framework advocated by the Global Reporting Initiative (GRI) and corporate profile. The company has responded by reinforcing the functions in our organization that address sustainability issues, and by reviewing their strategies. For example, The company has adopted a diversity program that aims to increase the proportion of women in higher management by 2015. The company is systematically analyzing the safety and environmental risks associated with activities, in order to minimize these exposures. The company has also promoted the incorporation of sustainability objectives in all business processes by including targets relating to diversity and education, health and safety, CO2 emission reduction and energy efficiency in over 3,600 goal setting agreements with employees. Attainment of these targets is reflected in managers' individual bonuses. Meanwhile, the compay is following through on its commitment to renewable energy sources by building a wind park in Romania. This will help underpin OMV's long-term financial success by taking us another step along the road from an oil and gas company to an integrated energy Group. In all the company's activities, the company seeks social acceptance by maintaining an ongoing dialog and collaborative partnerships with

all of the stakeholders. At OMV, the integration of sustainability into the business is managed on the basis of three pillars: People, planet, profit [13].

The OMV Sustainability Report 2010 presents sustainability performance data which contains data from all OMV Group activities with a stake of more than 50%. The data is consolidated at Group level and contained environmental and safety key performance indicators. Vision of sustainability management at OMV is to make health, safety, security, environment, community relations, and social affairs natural and integrated parts of OMV Group's activities. The Company aim is to apply industry best practices, act responsibly, and promote sustainable growth for the benefit of all stakeholders. To this end, OMV identifies, risks to people, assets, the environment, company reputation, and local communities. The Sustainability Committee assissts the Executive Board for integrating sustainability practices into company management. OMV has drawn up a set of functional strategies that will cover all areas of sustainability management: health, safety, security, environment, community relations, social affairs, and human resources. The overall goals of Sustainability: HSSE Strategy 2015 are: Health, Safety, Security, and Environment (HSSE):HSSE is a natural and integrated part of the company activities which applies industry best practices, act responsibly, and are accountable for the company actions. Community Relations and Social Affairs: The company manage business responsibly, live a culture of integrity, and seek to obtain and maintain our license to operate. Human Resources (HR): In all HR activities, the company aim is to position OMV as an employer of choice on a truly international level [16].

4.2. Sustainability Focus Areas of OMV

OMV strengthens the integration of sustainability issues into all business processes, the company identified three areas of activity that have been targeted for the medium term:

- Diversity and Education: Promote the development of a multicultural and international workforce, while honoring cultural roots; provide equal opportunities for both women and men.
- Health and Safety: Create occupational health programs to ensure that employees are fit to perform their work safely and effectively; integrate community health projects into the sustainability management of the company operations; strengthen safety performance by training and empowering employees; identify and manage risks; enable organizational learning; improve process safety and technical integrity.
- CO_2 Emissions Reduction: Promote energy efficiency; decrease direct and indirect emissions; build awareness and foster behavioral changes on the part of employees, suppliers, and customers. As of 2010, the company has included the three sustainability focus areas in the target setting process, at the corporate level through the Balanced Scorecard, and at the individual Management level through the Performance & Development and Management by Objectives (MbO) systems. From 2010 on, a percentage of the non-result related variable compensation (bonuses) will be awarded for achieving targets in these focus areas. Thus, the two pillars People and Planet have now been added at the individual management level to the economic dimension of sustainability (Profit). In the first year of implementation, over 3,600 sustainability goals were defined by managers, with 53% thereof related to health and safety, 30% in the area of CO_2 emissions reduction, and 17% targeting diversity issues.

OMV Annual Sustainability Program 2010-2011 provides a consolidated overview of OMV's performance during the reporting period in eight areas: Leadership, Economy, Human Rights, Employees, Health, Safety and Security, Environment and Community Relations. It also sets out the targets for the next reporting period. The Company commitment by joining the UN Global Compact (UNGC), OMV made a commitment to implement the 10 UNGC principles on human rights, labour standards, the environment, and anti-corruption. The OMV Code of Conduct sets forth clear rules of behaviour in accordance with the UNGC. It applies to all OMV employees in all business segments as well as to

contractors. “Professionals, Pioneers, Partners” are OMV’s corporate values. As an intrinsic part of the 3plus Strategy, they are a key driver of the company sustainable growth, motivating and guiding OMV employees. OMV convened its Fifth Annual Stakeholder Forum on October 21, 2010 at its Vienna head office to discuss the Group’s sustainability performance and enable a better understanding of stakeholder needs and expectations. Some 100 stakeholders attended the event. The topics chosen for discussion at the 2010 OMV Stakeholder Forum were related to OMV’s three pillars of sustainability: People, Planet, Profit. A total of six round-table discussions were held simultaneously. OMV had defined three focus areas for its sustainability management: being a leader in health and safety issues, managing diversity and education using regionally specific models, and meeting the challenges of climate change by moving initially from oil to natural gas and then to renewables Participants at this round table described the European Union’s plan to cut emissions by 80–95% from 1990 levels by 2050 as a radical challenge. How will OMV deal with it? Is OMV’s commitment to a sustainable future compatible with the products it currently offers, which one participant called “absolutely unsustainable”? OMV Board Member Werner Auli explained OMV’s strategy for tackling the challenge of climate change, namely, to transform itself from an oil company into a natural gas company and then into an integrated energy group with electric power and renewable energy in its portfolio. OMV has already invested EUR 2.5 billion in its power business, said Martin Thomas, managing director of OMV Power International, which no one would have expected only five years ago. Responding to the high expectations for electromobility, company representative said that OMV would like to move toward CO2-free mobility, but that key preconditions, such as the required infrastructure, were not yet in place. Regarding a reduction of greenhouse gas emissions in general, even critical stakeholders realize that numerous technical and other issues still need to be resolved. They gave credit to OMV for already having taken concrete action. Participants expressed different views of the consumer’s role in this area. The participants of this round-table discussion focused on two recent events, the oil disaster in the Gulf of Mexico, which was caused by one of OMV’s competitors, and a fatal incident in Yemen. OMV representatives said that it had led OMV to reexamine its own emergency planning and safety management. On the issue of carbon capture and storage (CCS), a participant asked about OMV’s position and company representative said that while major issues, such as the future cost of carbon dioxide and amounts of CO_2, remained unresolved, OMV cannot commit to binding CCS targets. Nevertheless, OMV is working with the Austrian Ministry of Economic Affairs and the University of Leoben to develop a CCS strategy. OMV has identified 13 stakeholder groups. Responding to stakeholders’ requests for a more systematic approach in its stakeholder management, OMV has set up a stakeholder database over the past year that will be used for internal coordination starting in 201. Environmental protection expenditures, excluding depreciation, integrated pollution prevention to reduce the environmental impact of OMV products, such as desulfurization and the production of hydrogen for the desulfurization process. Environmental investments for assets put into operation. Provisions for environmental costs, decommissioning, and restoration are reviewed in a standardized process twice a year, based on a detailed inventory. The cross-functional process involves line management, HSSE experts, and controlling staff. As energy demand grows, the industry has a primary responsibility to contribute to the security of the energy supply. Yet in order to mitigate climate change, greenhouse gas (GHG) emissions must be reduced in all economic sectors [16].

Samsun Branch of Turkish Chamber of Electric Engineers, Samsun Branch of Turkish Medical Association, some opposition party Member of Turkish Parlament, Ünye Clean Environment Platform (Temiz Ünye Çevre Platformu-TÜÇEP) and Sivaslılar Village Environment Platform already protested and criticized to construction of Power Plant construction in Kozluk-Samsun by OMV. Although natural gas leaves three times a smaller carbon footprint than fueloil or coal. The minimizationof impacts on water bodies is considered both in the design of facilities, e.g., discharge of cooling water from planned Kozluk-Samsun gas-fired power plant into the Black Sea and in environmental management plans.

OMV activities generate solid and liquid wastes, including oily sludges, waste chemicals, spent catalysts, and construction debris. Total waste generated in 2010 increased by 16% to 602,186 t. Due to cleaning and remediation of sludge pits, the amount of hazardous waste increased by 95,000 t compared to the previous year. There was no transport, import, or export of waste deemed hazardous under the regulations of the Basel Convention. While emissions of sulfur dioxide (SO_2) were significantly reduced over the past years, Emissions of nitrogen oxides (NO_x) and non-Methane volatile organic carbon compounds (NM-VOCs) increased. Today, wind power and solar energy have moved beyond the nice little pilot project stage. The industry is investing in really large-scale plants. Gigantic wind farms and major strategic solar energy projects, such as the Desertec initiative are being built. To produce wind and solar energy, we need gasfired power plants that provide back-up energy. We can't make a genuine effort to expand the use of renewable energies without gas, at least not in the foreseeable future [16].

OMV employed over 34,676 people worldwide in 2009. High safety and health standards, fair pay, and flexible employment models create a positive work environment, making OMV an employer of choice on a truly international level. Safety awareness has been successfully integrated into the corporate culture and employees share responsibility for ensuring full compliance with the Group's strict safety standards. Gaining and maintaining trust in the communities where the company operate is based on honesty and integrity. OMV employees are required to comply with the company Code of Conduct. Open interaction with stakeholders enhances the company reputation as employer of choice and reliable business partner. Human Rights are subjective rights to which all people are equally entitled. By signing the UN Global Compact, OMV committed itself to protect human rights within its sphere of influence. Over the last few years, the company were able to develop human rights management system and implement a comprehensive matrix covering business processes. Furthermore, the basic principles of the OMV Code of Conduct, the OMV Business Ethics Directive, as well as the company approach to sustainability were on the agenda of the trainings. OMV has established a grievance mechanism for the power plant project in Kozluk-Samsun, Turkey, and in countries, where this is legally binding (e.g., for the filling stations in SEE).

Large companies depend on people's trust. For OMV to continue its successful growth, the company needs to gain and retain not only the trust of customers, investors, and employees, but also that of the local communities in which the company operate. OMV take this responsibility very seriously, and build this trust by taking the social impacts and risks that OMV activities can create into consideration. Because it is essential that the company maintain excellent reputation, OMV carefully evaluates potential partners and suppliers as well as NGOs for collaborative efforts. For that reason, OMV is planning to construct a teacher high school with 480 student capacity, dormitory, a sports hall and 10 apartment for teachers accommodation which is budget estimated 10 million Turkish Lira in Kozluk-Terme, Samsun. OMV concentrates its CSR activities now in the Municipality of Kozluk, district of Terme, Samsun. Kozluk OMV Anatolian Teacher High School" will have a capacity of 480 students. OMV has agreed with Samsun Governorship and Mayor of Kozluk to construct the school buildings and to donate them to the Turkish Administration which will then operate the High School. Previously, OMV already realized a lot of CSR and sponsoring projects mainly in the fields of educations and sports. Examples are 'Functional Adult Literacy - Women's Support Program and Reading Days' in Istanbul with AÇEV (The Mother Child Education Foundation), the 'Energy Sciences Competition' in cooperation with Samsun Ondokuz Mayis University and the renewal projects of sport facilities of the selected schools in Terme and Municipality of Kozluk. "Kozluk OMV Anatolian Teacher High School" project will include: A High school building with a capacity of 16 classrooms for 480 students, 2 different dormitories for 360 students, Sports complex, Refectory, and Lodging building complex for teachers with 10 flats. OMV recently, announced its new sponsorship project which is aiming to support "energy sciences" research projects. In collaboration with Samsun Ondokuz Mayis University OMV will be providing EUR 75.000

worth funding to support selected research projects after a jury evaluation which are expected to be submitted to Ondokuz Mayis University by 31 March 2011 [12].

5. Conclusions

OMV creates employment as a sustainable company and employee participation found both as a part of the solution to triple crisis in the EU and Turkey. Our example company OMV Samsun Elektrik as a subsidiary of a European Company operating in Turkey must implement and integrate same management style, culture and legal and other company rules which is OMV applied in Austria, Germany and Romania related to CSR and sustainability issues in Turkey also as an EU candidate country and trying to complete negotiations to be a full member in the near future and. The Company's employee participation organ OMV EWC must have representatives from Turkish subsidiarity companies to inform and consult Turkish employees for economic, social and environmental issues. OMV already declared that using low-emission technologies (e.g. compared to coal-fired power plants) and ensures the impact on the environment is as low as possible while meeting all current and foreseeable regulations of Turkey. NGO, university academicians and government and local authorities are determined to control and criticise OMV activities during production of electricity after mid-2012. OMV considers stakeholder engagement an integral part of a responsible business strategy. OMV Stakeholders include investors, customers, employees, communities, suppliers, authorities and others. By engaging in dialogue with all interested parties, the company goal is declared as to earn their trust and build lasting relationships.

The company seeks to minimize the impacts of its activities on the earth's resources and ecosystems through environmental practices include efficient water use, proper waste treatment and disposal, emission reductions and pollution prevention mesures with scrupulous care in the Kozluk-Terme area of Samsun which is rich in biodiversity. OMV's other activities, European Company orientation and declarations are showing clear evidence as being a sustainable company. The presence of EMAS certificate in OMV Kraftwerk Haiming GmbH and the Turkish plant in Kozluk is a promising declaration to being a sustainable company.

The company will use last technology product equipment of General Electric 9FB for OMV Samsun Elektrik construction of power plant to produce electricity. OMV declared that health, safety, security and environment (HSSE), community relations and social responsibility are seen as integral to business activities. Responsible behaviour and sustainability management are firmly embedded in vision and strategy, and are crucial to surmounting future challenges that the company will face as an integrated energy Group. These include shortages of skilled personnel, as well as work and process safety, and the need to provide energy markets with secure energy supplies whilst simultaneously reducing greenhouse gas emissions.

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