



Minimum Requirements

A business which ***doesn't meet these basic requirements*** is not considered a social enterprise.

- 1 SEs are businesses operating in the market – through the production of good and services – whose primary objective is to achieve social and environmental impact.
- 2 The constitution of an SE includes the legal requirement that profits are reinvested in the business or in the community – rather than distributed to owners/shareholders. (CICs and some co-operatives allow limited payment of dividends).
- 3 There will also be a clause to ensure that on dissolution the assets of a SE must be redirected in accordance with the social or environmental objectives of the business. (Asset Lock)
- 4 A SE can be the subsidiary of a registered charity – but not of a public body or private company.

Desirable Behaviours

This is an 'aspirational' list. It's unlikely that any SE will meet all these criteria.

- 1 Social enterprise is part of the market economy – but it is an eco-social market economy – which values social fairness and protection of the planet as preconditions of all economic activity.
- 2 These values define not only mission – but also business practices – which are expected to be ethical.
- 3 They will be good employers – promoting fairness – paying a 'living wage' and having flatter pay structures than the private sector; a maximum ratio of 1:5 between highest and lowest pay is a useful guide.

- 4 They are managed in an accountable and transparent way – involving workers, customers, directors etc.
- 5 They aspire to record and ideally measure the social and environmental benefits of their work – to prove and improve social impact.
- 6 They try to attract ‘patient’ investment from sources which support their mission – where the original sum is repaid but ideally no enhancement.
- 7 They aspire to financial independence by maximising the percentage of their income from trading.
- 8 They recognise the benefits of small/local scale – when circumstances call for growing large organisations – safeguards are put in place to preserve human scale.
- 9 They work particularly well serving a local community – building social capital and self-sufficiency.
- 10 They recognise that they are part of a wider SE Community of practice. Within the context of common sense and commercial confidentiality – there is a commitment to share information and experience.