

# CODE OF CONDUCT OF SOCIAL ENTERPRISES

- Having regard to the Declaration of the Social Entrepreneurship Forum of 2014,
- Having regard to the Declaration of the Social Entrepreneurship Forum of 2015, the Annexes thereto and in particular the Framework Agreement of Principles and Values which determines our Common Principles, Values and Views,
- Having regard to the strategy of Rome 2014, for Social Economy
- Having regard to the definitions of the European Commission and of the EMES research network for social enterprises,
- Having regard to the national legislation regarding social economy and social entrepreneurship,
- Having regard to the European experience in the area of the social economy and social entrepreneurship and the pilot projects in the area of social financing and social innovation,
- Having regard to the opinions of the European Economic and Social Committee on social economy and social entrepreneurship and its development tools,
- Having regard to the experience so far as well as the positions of the collective members of the community of social economy,
- Having regard to the 7 cooperative principles of the world cooperative movement,

## Whereas:

- The social, economic and environmental situation that has developed in the country especially in recent years, the sophistication and complexity of the problems that have arisen
- The networking of organisations and social enterprises for the exchange of know-how
- The disposition of many social enterprises and enterprises and social economy actors to cooperate jointly for a new development model
- The need for an ethical framework of partnerships and entrepreneurship within and beyond Greece with a view to activating venture culture
- The Code of Conduct is the most important document in cooperation between us that summarises our principles, values and vision of a more equitable and democratic society.
- Whereas social enterprises may adopt more detailed principles where the sector or industry has agreed broadly to them.

For the configuration of the Code of Conduct which captures the common characteristics of social enterprises which distinguish them clearly from the usual undertakings and traditional non-profit organizations, or informal structures, we take into account the existing European experience.

## Common views

Across Europe, as recognized by the European Commission, the common characteristics by which social enterprises recognize each other are:

- Mode of operation which differs from that of the private and public sector. Social economy is socially integrated in a way that promotes reciprocity and makes it “central” in the production and accumulation of social capital;
- Explicit commitment to pursuing a primary objective to achieve social and/or environmental benefits which is the reason for the economic activity;
- Earning income mainly through engaging in a continuous activity of production and/or exchange of goods and/or services;
- Commitment to reinvest profits exclusively or mainly in the business or the beneficiary community - and not to distribute to the owners/shareholders/investors: the purpose of such limits is to prioritise the societal aim over profit making. Part of the profits or of available resources is being invested for the creation and operation of structures of education, self-regulation and support;
- Independence and organizational autonomy from the State and politicians, government, partisan and unions and by undertakings with a sole aim of maximizing profits;
- Inclusive governance through participation of employees, consumers and stakeholders affected by its commercial activities in transparent and democratic decision-making processes.

## Common values

Social enterprise is part of the social and solidary economy, and share **core values**:

- Working for the common good - rather than the unlimited private gain of a few
- Solidarity with disadvantaged, excluded and future generations
- Trust and cooperation within and between social enterprises
- Transparency of business operations and their impact on society
- Gender equality and inter-generational responsibility
- Free and voluntary participation of persons (legal or physical), without discrimination
- Empowering of its members and participatory democratic decision making

## Common principles

Business practices of social enterprises therefore strive to follow a set of principles, in particular:

- All economic activity is based on the core values.
- Social enterprises are organised as sustainable businesses, and aspire to become financially independent – from both the state and philanthropy through operating in private or public markets.
- Regardless of its legal form, the constitution of a social enterprise includes defined procedures and rules governing the distribution of profits to shareholders and owners as well as an asset lock to ensure that assets remain dedicated to social purposes, even when the organisation ceases to exist.
- Social enterprises offer a dignified workplace; aim to pay a "living wage", have flatter pay structures than the private sector and not pay inequitable salaries to senior management.
- The statutes and practices of a social enterprise ensure democratic and/or participative government and close linkages with stakeholders sharing the same objectives.
- Social enterprises help and support one another - by learning from one another, both in Greece and elsewhere in Europe, and sharing business practices in the spirit of an open source community and take all the necessary measures to avoid clientelism and corruption.
- Social enterprises promote networking and collaborating with one another, and encourage procuring local goods and services from within the other social economy actors.
- Based on their vision, social enterprises carefully plan, design, implement, monitor and attempt to measure their social impact, and commit themselves to demonstrate to the public the added social value generated through producing annual social and economic impact reports, and to publish these reports on the web.

## Chapter I: GENERAL PROVISIONS

### Article 1: Object

This document lays down the Code of Conduct for Social Enterprises aiming to highlight common principles and ethical rules governing the activities of social enterprises and stands alongside all ethics and moral behavior legislation applicable to all businesses and bodies with economic and social activity and purpose.

It does not aspire to cover every event or challenge we face, but to become an everyday implementation guide of the values we share. It explains what do the concepts of integrity, business excellence, social innovation, teamwork and commitment mean and how these lead to solid and ethical decisions to the benefit of social enterprises and stakeholders.

This Code a) encodes the fundamental principles governing the activities of social enterprises and the organizations they create, (b) identifies potential risks, c) brings out appropriate courses of action, assisting in making the right decisions and d) formulates a framework of relations between social enterprises and other organisations that support the social economy.

### Article 2: Scope - Aims

The Code refers to all social enterprises which share the principles, values and common positions described above.

These social enterprises will work to promote quality employment, social inclusion and cohesion, local development and environmental protection. Its Aims should be (or are):

- The nurturing of a culture of communication and solidarity relations between members
- The promotion of joint positions, both among themselves and with those who would like to serve and promote the social and solitary economy and social enterprises.
- The promotion of cooperation on education, diffusion of knowledge and improvement of activities of social enterprises, as well as of the wider community.

- The promotion of cooperation with all organisations which recognize, strengthen and support the social and solitary economy and its structures.

## **CHAPTER II: RELATIONS WITHIN AND OUTSIDE THE SOCIAL ENTERPRISE**

### **Article 3: Integrity**

The undersigned:

- Act with honesty, integrity, transparency and trust, around common values & principles, practices & behaviors, visions & concerns.
- Manage potential conflicts of interest in a democratic and sincere manner
- Ensure the accuracy and correctness of financial and accounting statements
- Are open in their communication and seek primarily consensus
- Manage internal information and confidential information in a correct and lawful manner
- Refuse to carry out in any way and by no means inappropriate, illegal or non-transparent payments

### **Article 4: quality and sustainable jobs**

The undersigned:

- Develop work environments that utilize the skills and knowledge of employees, enabling them to participate in shaping decisions as well as in decision making at general meetings - even if they are not members - having the right to speak and make proposals
- Select, place and evaluate employees on the basis of merit and performance
- Provide development opportunities for their associates and their employees
- Declare that their relations are underpinned by mutual respect and that intimidation and harassment are not tolerated
- Condemn and shall not accept any discrimination within and outside their workplace/business environment
- Aim at the acquisition of fair income through a continuous activity of production and/or exchange of goods or services.
- Deter from introducing significant gaps in their remuneration system

### **Article 5: Quality - Innovation**

- Seek the best possible quality in products and services they offer to their customers
- Seek to meet factual needs in an innovative way
- Promote environmental awareness and environmental-friendly practices
- Recognize good national/international practices and disclose them to other social enterprises and organisations
- Promote whenever possible the principles of fair trade by giving priority to supplies from and trade with social economy organisations.

### **Article 6: Commitment**

The undersigned:

- Take personal responsibility for ensuring compliance with the Code of Conduct
- Protect their health and safety and that of others
- Suggest ethical investments that promote Social Entrepreneurship and Sustainable Development
- Ensure that social enterprises are open and jointly shape their plans in an open relationship with society

### **Article 7: Code Application Visibility - Logo**

Social enterprises that accept and apply the Code of Conduct have the right of reference in their activities, products, and promotional material. The logo will be indicative of the implementation of this Code and will indicate full acceptance of the values and rules described.

## **Chapter III: VALIDATION - ENTRY INTO FORCE - PUBLICITY**

### **Article 8: Code of Conduct Validation Process**

The final version of the Code of Conduct was decided in a democratic and effective way by stakeholders on 20 March 2016, but it may be also signed after that date by as many social enterprises bound to implement this in principle framework agreement. It is signed by the legal representatives of social enterprises and of the organisations they have created.

### **Article 9: Entry into Force - Publicity**

The validity of this Code of Conduct shall run from the day following its publishing on the website of the Social Entrepreneurship Forum. The Code is binding on all its content and is being applied by social enterprises and social entrepreneurship supporting bodies that sign it.

## **Chapter IV: CONFIRMATION OF COMPLIANCE WITH THE CODE OF CONDUCT BY MEMBERS - CERTIFICATION, CONNECTION WITH OTHER INITIATIVES - NETWORKS, COLLECTIVE BODIES**

### **Article 10: Confirmation of compliance with the Code of Conduct by members - Certification**

In the near future the participating organizations and social enterprises will work together to prepare the implementation of the Code of Conduct, the full application of all its provisions, as well as the creation of an enforcement control mechanism and assurance.

In a next phase the voluntary commitment will be replaced by a certification procedure.

### **Article 11: Connection with other initiatives - Networks**

Interconnection and exchange of experience is pursued at a European and international level to continuously improve the Code of Conduct.

### **Article 12: Code Management**

The way in which the Code of Conduct will be managed, processed and disseminated shall be decided by the undersigned in a democratic manner and in accordance with the principles established by the Code.