

Criteria

# **How to define a Social Enterprise**

(or a Social Business, Impact Start-Up, Purpose Venture – however you want to call it)

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## Background and concept

The differentiation and identification of social enterprises has occupied companies, support organizations and academia for many years. Efforts have been made to differentiate between social enterprises and "traditional business" on the one hand and donation-based organizations on the other.

Other terms that are also used in this context and often mean the same or something similar are: Social Business, Purpose Enterprise, Impact Enterprise, Impact Start-Up, Solidarity Organization, Solidarity Enterprise, Social Enterprise and the social media handle SocEnt. For the sake of simplicity, **this document uses the term *Social Enterprise***.

A very closely related area is social innovation. This deals more deeply with the demand for innovative solutions to societal challenges and subordinates profitability or does not consider it at all. In order to facilitate the use of the list of criteria for those who only focus on social innovation, the term "organizations" is used more frequently than "companies". The term "company" is only used in criteria where economic activities are necessary.

The many attempts in solving the struggle for one coherent definition have not yet produced a result that is or can be used on a broad scale. One major challenge with existing definitions is that the social economy is very heterogeneous. Different focuses have therefore emerged that cannot be captured by a single definition. This is particularly evident in the topic of innovation. For some, it is essential that the organization in question is innovative. Others see innovation more as an additional feature and instead consider economic activity as necessary.

## Goals and target group

During development and in preparatory discussions with stakeholders in the sector, three objectives in particular emerged:

Firstly, a common language helps everyone involved to work together and enables synergies to be recognized and exploited. The criteria and, in particular the texts of the levels, should therefore be used in as many areas as possible in order to facilitate recognition and easier assignment of the aspiration. By using the texts provided in the criteria and levels, people and institutions with no or limited experience are enabled to use the definition quickly without the need of further interpretation.

Secondly, social enterprises can evaluate themselves more easily and determine which support services suit them. They can examine individual aspects in greater depth and recognize potential for adaptation. An improvement in the levels (from D to A) is transparent and provides incentives to increase the level in the future.

Thirdly, the available data on the existence of social enterprises in the overall economy should be improved. This requires a definition that is widely used by the institutions, is integrated into the processes and allows for statistics that are based on a uniform understanding.

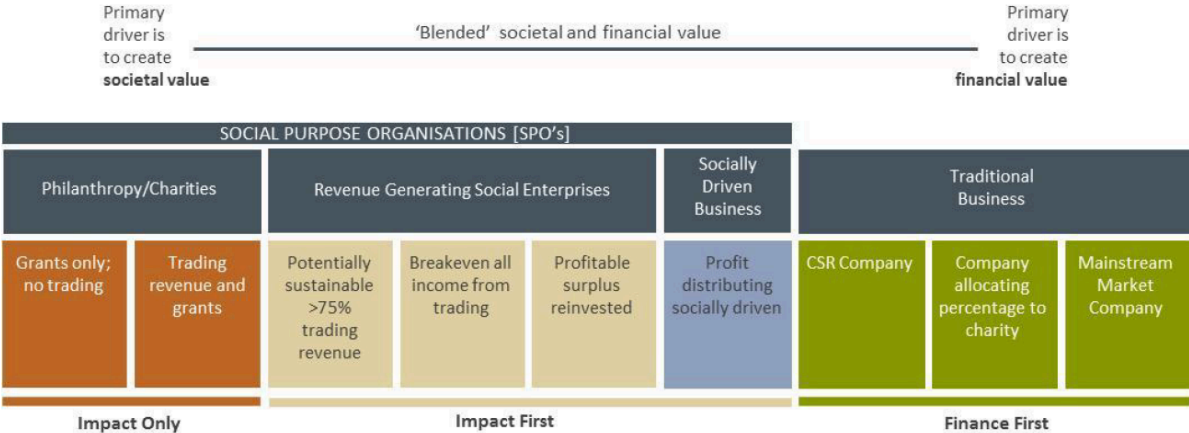
Two target groups in particular were identified: Social enterprises on the one hand and support organizations or intermediaries that work with social enterprises on the other.

## Reference to the spectrum

Since at least 2011, a spectrum that places social enterprises between donation-based organizations and the "traditional economy" has been used to help define social enterprises.

This spectrum focuses on just two characteristics: the driver of the organisation and its financial profitability (income and surpluses).

**Figure 1. The Investment Spectrum**



Source: Adapted from EVPA (2011).

Figure 1 - The investment spectrum according to EVPA 2011

Both aspects are also included in the criteria below. However, the list of criteria goes far beyond and comprehensively adds other properties that are used in the field.

## Development of the criteria catalog

The criteria were developed in a multi-stage process.

The basis was provided by the "Report on the definition of social economy enterprises" dated May 31, 2021, which was written by the IÖW - Institute for Ecological Economy Research on behalf of the Berlin Senate Department for Economic Affairs, Energy and Public Enterprises. This report focussed on the various definitions from practice and examined their commonalities. These "commonly used traits of social enterprises" were summarized into six overarching dimensions. These dimensions form the basis for the criteria presented here.

Between December 2021 and July 2022, various discussions were held with experts from the social economy field and the criteria were further developed based on their feedback.

The resulting draft version of the criteria was used in the first quarter of 2022 in the competition "Berlin's Social Enterprises 2022". They served both as an entry requirement as well as for the quality assessment by the jury. For that purpose the criteria were reformulated into questions. The questionnaire can be found in the appendix. User feedback was used to further develop the criteria.

The resulting beta version was then published in January 2023. It was developed into an online survey to be tested and commented on by organizations, companies and intermediaries. The results were in turn discussed with social enterprise experts on May 31, 2023 in an expert workshop.

The presented version therefore contains a wide range of feedback from organizations, social enterprises and intermediaries.

## Structure and use

The criteria are assigned to six dimensions and use a sentence template to make clear what the organization in question must fulfill.

For each criterion, there are four levels with texts that place basic (level D), medium (level C), high (level B) or very high (level A) demands on the organization.

Can or Must have	Dimension	Number	Criterion (short)	Criterion (long)	Level D	Level C	Level B	Level A

To ensure clarity, not all content is listed in the form of a table below. Instead, only levels D-A are shown in tabular form as levels, while the rest appears as text above the table.

### Order

Intermediaries must first choose the order for their particular circumstances.

In principle, the sequence presented here reflects use in a business administration. Criteria found to be more important are at the beginning. The sequence is therefore designed for data collection, particularly from intermediaries such as a public institution that promotes the general economy.

It is extremely important to adapt the sequence for your own context before using it. This is because after failing to meet at least the minimum level D, you may want to eliminate applicants from further answering questions in order to save their resources and time.. This procedure of “early elimination” should make it possible to use the criteria catalog with as little effort as possible, while making the order of appearance of each criterion very relevant.

### Use by social enterprises (or organizations that are unsure if they are one)

The greatest benefit for social enterprises comes from answering the criteria as a self-assessment. This allows them to determine who they are precisely, allowing for a good overview and enabling them to find support much more quickly.

The lower requirement levels tend to correspond to the early stages of development, meaning that start-ups and young organizations should be aiming to meet at least level D. However, it is not always the goal of every organization to reach level A. As a social enterprise, you might want to both assess your current situation as well as your ambition and rank both within the criteria.

This self-assessment can make it easier for social enterprises to determine their suitability for support offers and funding programs. Of course, this requires that the supply side also uses these criteria.

### Use by intermediaries

The criteria and the eligibility levels are written for intermediaries who work with social enterprises as well as for those working with social innovations, e.g. by promoting them. The criteria can be used for projects, measures, funding, guidelines, competitions or similar.

To get started, you must first choose which criteria are a prerequisite for entry ('must' criterion) and which are merely desirable ('can' criterion). Secondly, and as mentioned above, you must then determine the sequence. If the project is run with a partner organization, you might want to organize a meeting to clarify which criterion to set as 'must-have' and in which sequence to use them. Since a joined project with another organization will require a mutual understanding, these 'project criteria' might differ from the ones, which you generally use in your organization.

A project-independent list of 'must' criteria for an intermediary is referred to as a "profile". The profile of the Senate Department for Economic Affairs, Energy and Public Enterprises can be found below as an example.

## **Aggregation**

Other rankings, particularly those from the financial sector, are known for their aggregations. For example, the risk assessment results in an A+ rating.

A similar calculation, where all met criteria are calculated into a single score, does not make sense. As intermediaries prioritize different criteria as "must-haves", it is not possible to make a generally valid calculation. For example, it would not be ideal to still evaluate a social enterprise as A+ if it is very

## **Outlook and further development**

A wide range of perspectives, extensive feedback and expert knowledge have been incorporated into the development of this version. However, there are three aspects that were not considered. These should be included in a potential future adaptation. These are:

1. Consideration of certificates and labels
2. Examination of legal forms
3. Requirements of investors in social enterprises and social innovations

It is advisable to include these three aspects of investigation in a further development.

## Glossary

<b>Term</b>	<b>Explanation</b>	<b>Example</b>
<b>Vision</b>	A vision is a description of a desirable future. It does not include specific measures or the role of an organization in achieving this future.	A world without hunger.
<b>Mission</b>	A mission describes the activity of an organization to achieve its vision.	We are working with local farmers to increase their yields and convert their farms to organic farming.
<b>Goal</b>	A goal is specifically measurable, contains a time horizon and thus describes an activity (or a collection of activities) in more detail. It can but doesn't have to be written as a smart goal (Specific, Measurable, Achievable, Relevant, and Time-Bound)	By the end of the year, we want to reach 50% of local farmers by implementing 20 workshops and 50 individual consultations.
<b>Problem</b>	A problem is a grievance of a specific group of people that describes a human or environmental challenge to satisfy basic needs.	Farmers are often affected by hunger as their income fluctuates greatly throughout the year.
<b>Solution</b>	A solution is an activity that contributes to solving a problem for a target group. A solution is synonymous with an activity as long as it makes a clear contribution.	Workshops and individual consultations make it possible to generate higher yields and build up savings that can be used throughout the year.
<b>Input</b>	Inputs are resources that are required to implement a solution.	Money, knowledge, time, etc. spent on workshops and individual consultations.
<b>Output</b>	Output is all observable direct effects of a solution.	Counseling provided to farmers (in hours), individual counseling to farmers (in hours)
<b>Outcome</b>	Outcome is a measurable or observable change in the behavior, attitude or perception of the target group of a solution.	Change in the attitude and knowledge of farmers on the subject of finances.
<b>Impact</b>	An impact describes a change in society or a larger group of people as a result of a solution.	Society is better off, due to less hunger and resulting issues (health issues, social divide etc.).



**Criteria**

The 11 criteria are listed below.

**Dimension: Financial independence**

1a: Economic activities are socially and environmentally sustainable

**Criterion: The company works according to socially and ecologically sustainable principles in its business activities.**

Certificates can be the following below. This is not an exhaustive list, but is intended to reflect the range of possibilities:

Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification (PEFC), Rainforest Alliance Marine Stewardship Council (MSC), Fairtrade International, Global Organic Textile Standard (GOTS), Leadership in Energy and Environmental Design (LEED), Building Research Establishment Environmental Assessment Method (BREEAM), Cradle to Cradle Certification, Green Seal, Fairtrade International, Social Accountability International (SAI), Worldwide Responsible Accredited Production (WRAP), Business Social Compliance Initiative (BSCI), Ethical Trading Initiative (ETI), Fair Labor Association (FLA), SA8000 GoodWeave, Fair Wear Foundation, Worker Rights Consortium (WRC), Social Audit Certificate (SAN Ltd), DIN SPEC 90051-1, EMAS Plus, Guarantee System of the WFTO

Level D	Level C	Level B	Level A
<ul style="list-style-type: none"> <li>- The economic activity contains approaches for social and ecological sustainability (e.g. "do no harm").</li> <li>- The organization can demonstrate that it operates in a more socially and environmentally sustainable manner than organizations in the same sector with a comparable company size or with comparable products/services</li> <li>- This aspiration is recorded in legal documents)</li> </ul> <p>Documents: Articles of association or similar</p>	<ul style="list-style-type: none"> <li>- The economic activity is conducted in full compliance with sustainable principles, but cannot provide detailed evidence of this (through measurements or certificates).</li> <li>- The actions go beyond reducing negative social or environmental impacts</li> <li>- The organization can demonstrate that it operates in a more socially or environmentally sustainable manner than organizations in the same sector with a comparable company size or with comparable products/services</li> <li>- This aspiration is recorded in legal documents)</li> </ul> <p>Documents: Articles of association or similar</p>	<ul style="list-style-type: none"> <li>- Economic activity is conducted in compliance with sustainable principles, and this can be verified by internal measurements. The</li> <li>- Action goes beyond reducing negative impacts.</li> <li>- The organization can demonstrate that it operates more sustainably than organizations in the same sector with a comparable company size or with comparable products/services and can also prove this with key figures and measurements</li> <li>- This aspiration is set out in legal documents)</li> </ul> <p>Documents: Internal measurements, articles of association, etc.</p>	<ul style="list-style-type: none"> <li>- In addition to internal measurements, the sustainability of the economic activity can also be proven by at least one certificate for sustainable action (public or private, see above for examples)</li> <li>- This aspiration is recorded in legal documents)</li> </ul> <p>Documents: Internal measurements, certificate, label, articles of association, etc.</p>

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1b: Stable financial situation

**Criterion: The company has a stable financial situation.**

<b>Level D</b>	<b>Level C</b>	<b>Level B</b>	<b>Level A</b>
<ul style="list-style-type: none"> <li>- The forecast for the next 2 financial years shows stable finances.</li>   <li>- Documents: Balance sheets or similar</li> </ul>	<ul style="list-style-type: none"> <li>- The past 1 financial years show stable finances.</li> <li>- The forecast for the next 2 financial years shows stable finances.</li> <li>- Documents: Balance sheets or similar</li> </ul>	<ul style="list-style-type: none"> <li>- The past 3 financial years show stable finances.</li> <li>- The forecast for the next 3 financial years shows stable finances.</li> <li>- Documents: Balance sheets or similar</li> </ul>	<ul style="list-style-type: none"> <li>- The past 5 financial years show stable finances.</li> <li>- The forecast for the next 3 financial years shows stable finances.</li> <li>- Documents: Balance sheets or similar</li> </ul>

1c: Level of income vs. expenses

**Criterion: The company can cover part of its expenses through sales revenue.**

Notes:

- Funds from public sector contracts or non-profit clients are to be counted as revenue as long as they have an equivalent value in the form of a product or service.

<b>Level D</b>	<b>Level C</b>	<b>Level B</b>	<b>Level A</b>
- Revenue accounts for at least 25% of all funding, i.e. up to 75% can be donations or philanthropic funds.  Documents: Balance sheets or similar.	- Revenue accounts for at least 51% of all funding, i.e. up to 49% can be donations or philanthropic funds.  Documents: Balance sheets or similar	- Revenue accounts for at least 75% of all funding, i.e. up to 25% can be donations or philanthropic funds.  Documents: Balance sheets or similar.	- Sales revenue accounts for at least 100% of all funding, i.e. donations or philanthropic funds are not raised or only obtained as a supplement. Documents: Balance sheets or similar.

**Dimension: Societal objective**

2a: Societal objective

**Criterion: The organization meets specific social or environmental needs or actively contributes to the public welfare.**

Level D	Level C	Level B	Level A
<p>- Problem areas are specifically named (social or ecological problem, affected stakeholders, interrelationships and causes of the problem).</p> <p>- The organization pursues at least one SDG.</p>	<p>- Problem areas are specifically named (social or ecological problem, affected stakeholders, interrelationships).</p> <p>- The causes of the problem can be presented in detail and underpinned with data.</p> <p>- The organization pursues at least one SDG.</p>	<p>- Problem areas are specifically identified (social or ecological problem, affected stakeholders, interrelationships and causes of the problem).</p> <p>- The problem area has been examined in detail. Scientific studies on the problem area can be cited.</p> <p>- The organization pursues at least one SDG.</p>	<p>- Problem areas are specifically identified (social or ecological problem, affected stakeholders, interrelationships and causes of the problem).</p> <p>- The problem area has been examined in detail. Scientific studies on the problem area can be cited.</p> <p>- The future prospects are presented (deterioration in the absence of intervention). Scientific sources are also cited for these future scenarios.</p> <p>- The organization pursues at least one SDG.</p>

## Dimension: Area of Impact

### 3a: Innovation

**Criterion: The organization is innovative or offers an innovative product or service.**

Note: In addition to an innovative product or service, an innovation can also include an innovation in the business model, the processes, the technologies used, the supply chains, corporate management, organizational management or the impact model.

Level D	Level C	Level B	Level A
- The organization offers an innovation that is offered only occasionally or rarely by a few other local providers, i.e. the innovation may already be the norm in the national context.	- The organization offers an innovation that is offered only occasionally or rarely by a few other national providers, i.e. the innovation may already be the norm in an international context.	- The organization offers an innovation that is not offered by any other national provider.	- The organization offers an innovation that is not offered by any other national provider.  - The innovation pursues the goal of structurally changing systems, especially those that have led to the cause of the social problem (systemic change).

### 3b: Process to increase impact

**Criterion: The organization has developed an impact model as well as introduced a process to improve its societal impact.**

Excerpt from the glossary:

<b>Output</b>	Output is all observable direct effects of a solution.	Counseling provided to farmers (in hours), individual counseling to farmers (in hours)
<b>Outcome</b>	Outcome is a measurable or observable change in the behavior, attitude or perception of the target group of a solution.	Change in the attitude and knowledge of farmers on the subject of finances.
<b>Impact</b>	An impact describes a change in society or a larger group of people as a result of a solution.	Society is better off, due to less hunger and resulting issues (health issues, social divide etc.).

Standards of impact measurement can be those listed here. This is not an exhaustive list, but is intended to reflect the range of possibilities:

GRI, IRI+, Social Reporting Standard, BCorp, GWÖ

Level D	Level C	Level B	Level A
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<ul style="list-style-type: none"> <li>- The intended impact, i.e. the societal effect, is described and defined in a legal framework, e.g. in the articles of association.</li> <li>- The output and outcome of the work are described.</li> </ul> <p style="margin-top: 20px;">- Documents: Articles of association or similar.</p>	<ul style="list-style-type: none"> <li>- The intended impact, i.e. the societal effect, is described and defined in a legal framework, e.g. in the articles of association.</li> <li>- The output and outcome are provided with qualitative or quantitative key figures (at least 3 key figures).</li> <li>- A qualitative and / or quantitative survey is carried out (at least every 5 years).</li> <li>- The potential for improvement based on the surveys can be described.</li> </ul> <p style="margin-top: 20px;">- Documents: Statutes or similar.</p>	<ul style="list-style-type: none"> <li>- The intended impact, i.e. the societal effect, is described and defined in a legal framework, e.g. in the articles of association.</li> <li>- The output and outcome are provided with qualitative or quantitative key figures (at least 3 key figures).</li> <li>- A qualitative and / or quantitative survey is carried out (at least every 2 years).</li> <li>- The potential for improvement based on the surveys is incorporated into the work.</li> <li>- External stakeholders are regularly informed about this process (reporting).</li> </ul> <p style="margin-top: 20px;">- Documents: Statutes or similar.</p>	<ul style="list-style-type: none"> <li>- The intended impact, i.e. the societal impact, is described and defined in a legal framework, e.g. in the articles of association.</li> <li>- The evaluation is carried out according to a standard (see above for examples) at least every 2 years.</li> <li>- The evaluation is accompanied by an external organization (on a one-off or permanent basis).</li> <li>- The potential for improvement based on the surveys is incorporated into the work.</li> <li>- External stakeholders are regularly informed about this process (reporting).</li> </ul> <p style="margin-top: 20px;">- Documents: Articles of association or similar; certification</p>
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## Dimension: Stakeholder relationships

### 4a: Involvement of the beneficiaries

**Criterion: The organization has established a relationship with the beneficiaries or their interest groups and includes them in its work**

Level D	Level C	Level B	Level A
<p>- At least one beneficiary is described (e.g. age, gender, place of residence).</p> <p>- The beneficiary(ies) and/or their representatives are informed about the work in an appropriate manner.</p> <p>- Documents: Invitations to past or future meetings; articles of association or similar.</p>	<p>- At least one beneficiary is described (e.g. age, gender, place of residence).</p> <p>- The beneficiary(ies) and/or their representative(s) have a right of co-determination in (certain) decisions, which are specified.</p> <p>- The beneficiary(ies) and/or their representative bodies are involved in the work in an appropriate manner.</p> <p>- Documents: Organizational documents such as articles of association or similar.</p>	<p>- At least one beneficiary is described (e.g. age, gender, place of residence).</p> <p>- The beneficiary(ies) and/or their representative(s) have a right of co-determination in (certain) decisions, which are specified.</p> <p>- The beneficiary(ies) and/or their representative(s) are often involved in the work in an appropriate manner, e.g. by being employees.</p> <p>- The public is informed transparently about this involvement. (e.g. press releases, newsletters).</p> <p>- Documents: Organizational documents such as statutes or similar, public reports</p>	<p>- At least one beneficiary is described (e.g. age, gender, place of residence).</p> <p>- The beneficiary(ies) and/or their representative bodies have a right of co-determination and a right of veto, e.g. by being shareholders.</p> <p>- The public is informed transparently about this involvement. (e.g. press releases, newsletters).</p> <p>- Documents: organizational documents such as articles of association or similar, public reports</p>

### 4b: Goal-oriented cooperations

**Criterion: The organisation considers collaborations with other organizations as an effective way to achieve its mission.**

Level D	Level C	Level B	Level A
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<p>- Possible collaboration partners can be listed.</p> <p>- Documents: List of possible cooperation partners</p>	<p>- The organization is in contact with potential collaboration partners from the same subject area (e.g. by inviting them to events).</p> <p>- Documents: Past invitations to events or meetings.</p>	<p>- The organization maintains at least one collaboration with at least one other (social) enterprise or organization from the same subject area.</p> <p>- Documents: cooperation agreement, presentation of the topic area of the cooperation partner.</p>	<p>- The organization maintains several collaborations; at least with one other (social) enterprise or organization from within or outside its thematic field.</p> <p>- Documents: Regular meetings with the cooperation partner, cooperation agreement, presentation of the topic area of the cooperation partner.</p>
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**Dimension: Appropriation of profits**

5a: Appropriation of profits

**Criterion: The company uses profits primarily to achieve its mission.**

Note: Profits are all financial resources that originated from sales revenues and remain as surplus income after all expenses have been settled.

Furthermore:

1. Expenses also include salaries and taxes.
2. Distribution of funds is a collective term that includes:
  - a. dividend distributions
  - b. capital distributions
  - c. and the like
3. The following use of profits is not considered a distribution of funds in this context:
  - a. the donation of surpluses to another social or charitable organization that pursues the same or a similar mission
  - b. a distribution to employees if this does not conflict with any strategic corporate objectives

Level D	Level C	Level B	Level A
- Profits are reinvested in the organization more often than they are distributed. - Individual distributions are limited to less than 30% of profits in a financial year.  - Documents: Articles of association or similar.	- Profits are only distributed in exceptional cases and are otherwise reinvested. - Individual distributions are limited to less than 20% of the profits in a financial year.  - Documents: Articles of association or similar.	- Profits are not distributed, with less than one exception in the last 5 years. - Individual distributions are limited to less than 10% of the profits in a financial year.  - Documents: Articles of association or similar.	- The company does not distribute profits.          - Documents: Articles of association or similar.

## Dimension: Organizational structure

6a: Decisions are made in favor of the mission

**Criterion: The organization protects the mission from the influence of non-mission interests.**

Level D	Level C	Level B	Level A
<p>- organizational but no legal separation: a) Management by one or multiple owners b) Other Organizational separation of financial shares from decision-making rights - All decision-making bodies are staffed in such a way that decisions are not made at the expense of the societal mission.</p> <p>- Documents: e.g. articles of association</p>	<p>- organizational and legal separation: c) The majority (51% or more) of the organization's financial shares belong to the employees or the beneficiaries</p> <p>- Documents e.g. articles of association, description of the decision-making bodies</p>	<p>- organizational and legal separation: d) Granting a veto right to a non-profit organization or foundation e) Set-up as a hybrid organization in which the decision-making rights are held, e.g. through patents, in a non-profit legal form, while the business operations (financial shares) are organised in another legal form</p> <p>- Documents: e.g. non-profit status, organization chart, shareholder agreement, etc.</p>	<p>- Organizational and legal separation: organization in steward ownership, i.e. "the assets remain tied to the company"</p> <p>- Documents: suitable documents that regulate the ownership of responsibility</p>

6b: Decisions made with employees

**Criterion: The organization involves employees in important decisions.**

Level D	Level C	Level B	Level A
<p>- Employees are informed about important decisions in an appropriate manner.</p> <p>- Documents: invitations to past or future meetings; articles of association, etc.</p>	<p>- Employees have a right of co-determination in a defined selection of decisions, which are set out i.e. in the articles of association.</p> <p>- Documents: Organizational documents such as articles of association or similar.</p>	<p>- Employees have a right of co-determination and a right of veto in a defined selection of decisions, which are set out i.e. in the articles of association.</p> <p>- Documents: Organizational documents such as articles of association or similar.</p>	<p>- The organization is employee-led.</p> <p>- Documents: Articles of association or similar.</p>

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## Profile of the Senate Department for Economics, Energy and Public Enterprises

As described above, the criteria must first be categorized into "can" and "must" criteria. Then the order must also be determined.

The following are the "must" criteria of the Berlin Senate Department for Economics, Energy and Public Enterprises. They are not universally valid, but are defined differently in certain programs or funding schemes in order to reflect priorities.

Nr.	Dimension	Criterion	Formulated criterion	Rating
1a	Financial independence	Socially and environmentally sustainable economic activity	The company works according to socially and ecologically sustainable principles in its business activities	Level D  - The economic activity contains approaches for social and ecological sustainability (e.g. "do no harm"). - The organization can demonstrate that it operates more sustainably than organizations in the same sector with a comparable company size or with comparable products/ services.
1c	Financial independence	Amount of income vs. expenses	The company can cover part of its expenses through sales revenue.	Level D  - Revenue accounts for at least 25% of all financial resources, i.e. up to 75% can be donations or philanthropic funds without consideration.
2a	Social objective	Social objective	The organization meets specific social needs or actively contributes to the common good.	Level D  - Problem areas are specifically identified (social or ecological problem, affected stakeholders, correlations and causes of the problem).
5a	Appropriation of profits	Appropriation of profits	The company uses profits primarily to achieve its mission.	Level D  - Profits are reinvested in the organization more often than they are distributed. - Individual distributions are limited to less than 30% of profits in a financial year.

# Appendix

## Berlin's Social Enterprises 2022 competition

With over 300 nominations and more than 150 registrations, the competition was very well received in its first implementation.

With around 39,300 views on the LinkedIn, Instagram, Twitter and Facebook platforms, it generated a lot of attention on social media. The award ceremony was reported on in the Tagesspiegel and on rbb inforadio, among others, so that a great deal of attention was generated for the award winners.

### Procedure

It was possible to register a company in two stages. The first stage corresponds to the entry criteria, the second to the qualitative evaluation criteria. The former had to be taken in order to be able to submit an application at all. The latter were text fields so that the jury could assess the quality of the application.

The entry criteria in the competition correspond to the criteria in the set at level "low" (D). Not all of the criteria presented here were used in this application round, as the catalog was not yet available at the time of the decision in March 2022.

### Comments from the participants

"I was very pleased to be able to take part in this application. In addition to the opportunity to win an award and social recognition, it was a good opportunity to reflect on my own company's vita - by formulating the answers to your questions - and to become aware of the company's strengths and goals for the future. Thank you very much :-)" (Quote from a company from the application form)

"We think your questions are very good, and they confirm our decision to focus on some of the topics that cannot yet be answered this year. For example, we have already planned to develop an impact model for 2022." (Quote from a company from the application form)

### Feedback incorporated

The following criteria in particular were considered critical in the application, led to questions or had to be changed due to unstructured answers:

Financial independence	Submitting proof of the required 50% of own income was a hurdle in the application process. The criterion was therefore lowered here and the hurdle of 50% was moved from level D to level C. A note has also been added. □ see 1c
Revenue	The question "What percentage of your costs do you cover with income from the sale of products or services?" was answered very differently and hardly allowed for a comparison. The main difference was the time horizon, i.e. whether the status quo or the future was considered. This was specified in the criterion and given a time period. □ see 1b
Employees	Whether or not a company involves its employees in decisions was not always answered by the question "How do you promote inclusive structures within your team?". Instead, diversity and inclusion of disadvantaged people were addressed. The

criterion can be better covered by the question "How do you involve employees in decision-making processes?" □ see 6b

#### Surpluses

Very few applicants provided specific information about surpluses. It was often not clear whether surpluses are generated. Rather, it was often added here that the generation of surpluses is not a company objective. The question should therefore rather be asked with a predefined answer option (possibly with an optional explanation). □ see 5a

#### Volunteer work

This evidence was requested in two questions. On the one hand, respondents were asked to state how much of their work was paid and how much was unpaid work. Only in rare cases did both answers add up to 100%. As the criterion is intended to prove that a business operation exists in principle, this question can be omitted. □ see 1b

### Questions and criteria in the registration form for the 2022 competition

Question	Answer options	Entry criterion/ Evaluation criterion/ Information
Would you like to continue in German or English?	German English	I
You have read and agree to the [Privacy Policy].	Yes No	Z
You have read and agree to the [conditions of participation].	Yes No	Z
What is the name of the social enterprise?		I
What legal form do you have?	[All legal forms] - Multiple answers	I
In which price category are you applying?	Human Planet Transformation	I
Please insert the website of your company:		I
In which year was the social enterprise founded?		I
Who is the contact person in the competition?		I
Do you have at least one branch in Berlin?	Yes No	Z
Which phase are you in?	Idea phase Implementation phase Growth phase	Z
Which UN Sustainable Development Goal (SDGs) do you serve?	[All SDGs] - Multiple answers	Z
Can you prove your impact qualitatively and/or quantitatively?	Yes No	Z
What percentage of your costs do you cover with income from the sale of products or services?	0 - 24% 25 - 49% 50 - 74% 75 - 100%	Z

If financial surpluses are distributed, how high have they been in the past (as a percentage of the total surplus)?	0 - 24% 25 - 49% 50 - 74% 75 - 100%	Z
Describe the social and/or environmental problem that your social enterprise addresses. Describe possible causes of the problem and what impact it is having:		B
Who is affected by the problem? Describe the target group that your social enterprise addresses. Are you in contact with them?		B
Describe your approach to solving the problem just described. How do you help the target group? Why is your solution successful?		B
There are certainly other organizations that are working on the same problem. What makes your social enterprise special?		B
What positive impact do you generate for the target group? What impact do you generate for society as a whole?		B
Have you developed an impact model?	Yes No	I <sup>1</sup>
Describe your impact model. You are also welcome to include a link to a graphic.	[If no, skip question]	B
Describe your business model. What products or services do you sell? To whom are they sold (buyers\inside)?		B
Can you finance yourselves sustainably from the business model? How much philanthropic money (donations, etc.) do you use to cover all your expenses?		Z
Does your economic activity directly contribute to alleviating the problem or indirectly by donating profits?		B
What do you normally do with financial surpluses?		B
What does your financial future look like? Will the composition of income from sales vs. donations etc. change? If so, how?		B
How do you plan to scale your impact? If you don't plan to scale, why not?		B
How many people work for you?	[Number]	Z
How many working hours (in percent) are attributable to permanent employees?	[Number]	Z

<sup>1</sup> The existence of an impact model was not part of the assessment. It was not rated as "negative" if no model was available.



How much working time (as a percentage) is spent on volunteers (people who work without pay)?	[Number]	Z
Describe the composition of your team. What experience and skills make you the right people for your social enterprise?		B
How do you promote inclusive structures within your team?		B
Why are you applying for the competition? What would you like to do with the prize money of €10,000?		I