

SOCIAL ENTERPRISE MARK/GOLD MARK LICENCE TERMS & CONDITIONS

This page (together with the documents referred to) are the terms and conditions of the Trade Mark Licence (as defined below) that we, Social Enterprise Mark Community Interest Company, will grant if following completion of the Application Form (as defined below), you are accepted as a Licensee by us.

Please read these Terms (as defined below) carefully before applying for a Trade Mark Licence. You should understand that by applying for a Trade Mark Licence, you agree to be bound by these Terms. You should print a copy of these Terms for future reference.

Please note that payment of the annual licence fee constitutes your acceptance of these terms and conditions. Please make sure you have carefully read and understand these terms before confirming acceptance.

1. INTERPRETATION

1.1 In these Terms, the following words and phrases shall have the following meanings:

Applicant/You: the entity or individual applying, in the course of business, for a Trade Mark Licence.

Application Form: the application raised, providing details of how your organisation conforms with Social Enterprise Mark/Gold Mark criteria.

Application Confirmation: usually issued by email, confirming receipt of your application.

Commencement Date: the date on which these Terms come into force as stated in clause 2.

Contract: these Terms, and contents of the Application Form.

Force Majeure: any circumstances not foreseeable at the date of these Terms and not within the reasonable control of the party in question including, without limitation, strikes, lockouts, shortages of labour or raw materials, civil commotion, riot, invasion, war, threat of or preparation for war, fire, explosion, storm, flood, earthquake, subsidence, epidemic or other natural physical disaster.

Initial Period: means 12 months from the Commencement Date.

Licence Fee: is charged annually plus VAT, according to the annual income of the business (or other fee agreed between us from time to time) payable in accordance with clause 9. Please see Schedule 4 for the annual licence fee schedule.

Mark: the designs and devices, set out in Schedule 1. **Please note:** all references in these terms and conditions to “the Mark” specifically concern the Social Enterprise Gold Mark as well as the Social Enterprise Mark.

Mark User Brand Guidelines: means the guidelines specified in Schedule 3, as amended from time to time.

Qualification Criteria: means the standards of best practice as attached at Schedule 2, as amended from time to time.

Products: the products manufactured by you as detailed by you in the first section of the Application Form, "Company details" and such further services as may be added by agreement.

SEM CIC/we/us: Social Enterprise Mark Community Interest Company, a company registered in England with company number 07133698, whose registered office is at Unit 30, HQ Business Centre, 237 Union Street, Plymouth, PL1 3HQ.

Services: the services provided by you as detailed by you in the first section of the Application Form, "Company details" and such further services as may be added by agreement.

Site: the site accessible at www.socialenterprisemark.org.uk.

Terms: these terms and conditions.

Trade Mark Licence: the licence to use the Mark on these Terms.

1.2 References to **these Terms** or to any other agreement or document referred to in these Terms mean these Terms or such other agreement or document as amended, varied, supplemented, modified or novated from time to time and include the schedules.

1.3 A reference to a clause or a schedule is a reference to a clause of, or schedule to, these Terms. A reference to a paragraph is, unless otherwise stated, a reference to a paragraph of the schedule in which the reference appears. Clause and schedule headings do not affect the interpretation of these Terms. Each of the schedules shall have effect as if set out in these Terms.

2. HOW THE CONTRACT IS FORMED

2.1 These terms apply to all applications raised in support of your organisation's interest in attaining the Social Enterprise Mark or Social Enterprise Gold Mark.

2.2 After you have agreed and formally submitted your application details, we will acknowledge receipt, but this does not constitute approval of your application. Your application constitutes an offer to us to apply for a Trade Mark Licence. All Application Forms are subject to acceptance by us and we will confirm this, usually by email. The contract between us (the Contract) will only be formed following your payment of the invoice in respect of the assessment and Licence Fee.

2.3 In submitting an application for and being awarded the Mark, an organisation is agreeing to the following:

- That the information provided in support of their application is current and accurate.
- To seek to maximise social impacts and minimise environmental damage.
- As part of ongoing compliance monitoring, to forward whatever evidence the Social Enterprise Mark CIC may request in support of how Mark criteria is being met, within 2 weeks of this being requested.

- That information and evidence provided within their application describing social impact and value, may be shared with others and used in promotional material by SEMCIC.
- Consents to receiving information from the Social Enterprise Mark CIC, and to share the contact details and information about their services provided throughout their application form.

3. COMMENCEMENT AND DURATION

3.1 These Terms shall come into force on the date of these Terms or on obtaining all of the approvals referred to in clause 8.6 (whichever is later) and shall continue in force for the Initial Period and thereafter shall automatically continue at one year intervals, unless terminated by either party giving 2 months written notice expiring at any time after the end of the Initial Term or otherwise in accordance with any other clause of this Contract.

3.2 The continuation of the Licence and agreement to use the Mark is subject to an automatic annual renewal process and fee, through which you must confirm your continuing eligibility with the Qualifying Criteria.

3.3 We will automatically issue an invoice for the annual licence fee one month in advance of the renewal date, unless you advise us of an intention not to renew your licence or of any changes in your circumstances affecting your eligibility to hold the Mark (please see Schedule 2 below detailing Eligibility Criteria).

PLEASE NOTE: SEM CIC will undertake periodic eligibility checks but it is your obligation to ensure you remain eligible to hold the Mark prior to submitting payment. The issue of the invoice and its payment does not constitute confirmation of your continuing eligibility to hold the Mark. If you are found not to be eligible following payment of the Licence Fee a repayment will be calculated according to how long you have continued to retain the Mark into the new renewal year and to allow for an administration charge relevant to not having alerted us of your ineligibility prior to payment.

4. LICENCE

Subject to clause 2.2, we hereby grant you a non-exclusive licence to use the Mark in the United Kingdom or such other countries as may be agreed between you and us in the manufacture, promotion, distribution and sale of Products and/or the provision of Services, subject to the provisions of these Terms.

5. APPLICATION OF THE MARK

5.1 You shall ensure that, on all Products and Services (or any promotional material for the same) made and sold by you under these Terms carrying the Mark, shall comply strictly with our brand guidelines as set out in Schedule 3.

5.2 You may use your own trade name on packaging, advertising and promotional materials for Products and/or Services.

6. TITLE

You acknowledge and agree that we are the owner of the Mark and you shall not dispute or challenge the validity of the Mark, or any of our rights to the Mark, during the term of the Contract.

7. TRADE MARK REGISTRATIONS

7.1 You shall not apply for, or obtain, registrations of the Mark for any goods or services in any country.

7.2 You shall not apply for, or obtain, registrations of any trade or service mark in any country which is confusingly similar to the Mark.

8. DUTIES OF THE PARTIES

8.1 You shall not do, or omit to do, anything to diminish our rights in the Mark or impair any registration of the Mark.

8.2 You shall comply with our Qualification Criteria and Mark User Brand Guidelines.

8.3 We warrant that we are the owner of the Mark and may, at our discretion, on written notice to you, amend the design and devices as shown in Schedule 1

8.4 You shall promptly notify us of any attack on the validity of any registration of the Mark, once the Mark has been registered.

8.5 You shall abide by regulations and practices in force or use in the United Kingdom in order to safeguard our rights in the Mark.

8.6 In the event that any government approval is required in order for these Terms to be effective in any country in the United Kingdom or in your country, you shall obtain such approval and shall provide us with a certified copy of such approval together with a translation into English.

9. LICENCE FEE

9.1 For the Social Enterprise Mark, applicants are invoiced up front for the licence fee. In the unlikely event that an application is unsuccessful, the licence fee will be refunded, minus a £200 assessment fee. Payment shall be made through electronic BACS transfer or in exceptional cases by cheque issued by a UK Clearing Bank (which must be received by us by the due date specified on the invoice). Failure to pay the Licence Fee by the due date will constitute a breach of these terms and gives us the right to terminate the Contract in accordance with clause 19.

9.2 For the Social Enterprise Gold Mark, you will also be asked to pay the Licence Fee upon confirmation that you wish to proceed with an application. Payment shall be made through electronic BACS transfer or in exceptional cases by cheque issued by a UK

Clearing Bank (which must be received by us by the due date specified on the invoice). Failure to pay the Licence Fee by the due date will constitute a breach of these terms and gives us the right to terminate the Contract in accordance with clause 19. The application must then be submitted within 3 months of payment being received, with other assessment arrangements and timeframes also agreed with SEM CIC. Please note: at the discretion of SEM CIC, the Licence Fee is non-refundable.

- 9.3 For all new and renewing invoices, we reserve the right to charge interest and fees on late payments in accordance with The Late Payment of Commercial Debts Regulations 2013. Partial payments are applied first against interest and fees accrued to the date of payment and any balance is then applied against the principle sum outstanding.
- 9.4 Annual renewal fees are dependent on Mark holders last reported annual turnover. Where possible, SEM CIC will determine this from accounts filed with Companies House or you will be asked to provide management accounts at least two months prior to renewal invoicing. If we do not receive this information prior to invoicing, we reserve the right to charge an administration fee to cover the costs of invoicing amendments.
- 9.5 We will review the Licence Fee on an annual basis and will be permitted to revise the Licence Fee, as we see fit, by giving you 2 months prior written notice.

10. TAXES AND WITHHOLDINGS

- 10.1 All payments to be made by you under these Terms are exclusive of value added tax (if applicable), consumption tax or other sales tax or customs duty which shall, where appropriate, be payable by you.
- 10.2 All payments to be made by you under these Terms shall be paid without set off, delay or deduction and time for payment shall be of the essence.

11. QUALITY CONTROL AND APPROVAL PROCEDURES

- 11.1 We shall notify you of the standards and specifications which shall be adopted by you in the manufacture, promotion, distribution and sale of Products and/or Services in its Qualification Criteria and Mark User Brand Guidelines and you undertake to comply strictly with such standards and specifications. We will give you written notice of any modifications or changes to the standards of quality or specifications, and you shall implement any such modification or change as soon as is reasonably practicable.
- 11.2 We or any other person authorised by us shall, on giving 7 days prior written notice, at our own expense, have access during normal business hours to any of your premises used for the manufacture, storage and distribution of Products and/or Services to assess your compliance with these Terms.

- 11.3 In the event that, in our sole opinion, you are not complying with the Qualification Criteria, we may either:
- (a) terminate the Contract in accordance with clause 19; or
 - (b) require you to make such reasonable changes to ensure compliance.

12. ADVERTISING AND MARKETING

- 12.1 You undertake to ensure that your advertising and marketing of Products and/or Services you shall in no way reduce or diminish the reputation, image and prestige of the Mark or of products or services sold under or by reference to the Mark (including, without limitation, Products and/or Services).
- 12.2 You shall ensure that all your advertising and materials comply with the standards set out in the Qualification Criteria and the Mark User Brand Guidelines.
- 12.3 You shall bear the costs of all advertising and promotion for Products and/or Services in the United Kingdom.

13. COMPLIANCE WITH APPLICABLE LAWS

You shall ensure that each and every Product and/or Service distributed or supplied by you under these Terms shall comply with all applicable laws and regulations of governmental or other competent authorities in the United Kingdom from time to time, and any established industry standards in the European Community, the country of origin and the country of destination, and be safe for the use for which it is intended.

14. INDEMNITY

- 14.1 Subject to clause 14.2, you agree to indemnify us against all claims, liabilities and expenses arising out of your activities under these Terms, or out of defects (whether obvious or hidden) in any Products and/or Services manufactured, promoted, distributed or sold by you in the United Kingdom, or arising from personal injury, or from any infringement of our rights or any third party rights by the manufacture, sale, possession or use of the Products and/or Services by you, or from your failure to comply with all applicable laws and regulations.
- 14.2 We agree to indemnify you against all claims, liabilities and expenses arising out of any claim that your use of the Mark duly approved in accordance with the provisions of these Terms infringes the rights of any third party. You shall not be entitled to recover lost profits.

15. INFRINGEMENT

- 15.1 Each party shall promptly notify the other of any actual or suspected infringement within the United Kingdom of the Mark that comes to its attention (**Infringement**).

- 15.2 You shall co-operate fully with us in taking all steps required by us, in our sole discretion, in connection with any Infringement, including, without limitation, legal proceedings in the name of us or in our joint names. We shall be responsible for the costs of any legal proceedings we require and are entitled to any damages, account of profits and/or awards of costs recovered. You shall use your best endeavours to assist us in any legal proceedings relating to any Infringement.

16. DISCLOSURE AND CONFIDENTIALITY

- 16.1 If you or any of your subsidiaries, affiliates, employees, agents or advisers receive confidential, secret or any proprietary information of us pursuant to these Terms, you shall keep it confidential and not at any time after such receipt disclose, divulge or communicate the same to any person other than:

- (a) your officers or employees; and
- (b) persons engaged by you to manufacture Products for you, or on your behalf, for sale by you,

where necessary for performance of your obligations and in pursuance of your rights under the Contract.

- 16.2 The obligations of confidentiality set out in clause 16.1 shall not extend to information acquired by you which you can show:
- (a) at the time of your acquisition was in, or at a later date has come into, the public domain, other than following a breach of this clause 16; or
 - (b) you knew before the first disclosure to you by us; or
 - (c) you received independently from a third party with the full right to disclose.

17. ASSIGNMENT AND SUB-LICENSING

- 17.1 The Contract is strictly personal to you. You may not assign or transfer all or any part of your rights or obligations under the Contract without our prior written consent.

- 17.2 We may assign the benefit of the Contract and may delegate any of our duties under the Contract.

18. INSURANCE

- 18.1 You shall at your own expense carry product liability and comprehensive general liability insurance covering Products and/or Services as appropriate, and to an appropriate level, depending on the nature of its trading activity. Such insurance policy shall remain in effect throughout the term of the Contract and for a period of 2 years after termination.

- 18.2 Promptly on request from us, you shall provide a certificate confirming the existence of insurance in accordance with this clause 18.

19. TERMINATION

- 19.1 We may terminate the Contract immediately by giving notice to you if:
- (a) you commit any breach of these Terms;
 - (b) we give notice to you to remedy the breach (or to the extent that the breach is not capable of remedy, to give compensation for it); and
 - (c) you fail to do so within 14 days of the notice.
- 19.2 You will be permitted to terminate the Contract by giving us 1 months written notice, in the event that we increase the Licence Fee in accordance with clause 9.3.
- 19.3 Either party may terminate the Contract immediately by giving notice to the other party if:
- (a) The other party becomes insolvent, is adjudicated bankrupt, or compounds with, or makes any arrangement with, or makes a general assignment for the benefit of, its creditors; or
 - (b) the other party compulsorily or voluntarily enters into liquidation, except for the purposes of a bona fide reconstruction or amalgamation, and with the prior written approval of the other party; or
 - (c) the other party has an administrator, receiver or manager appointed over the whole, or a substantial part, of its undertakings or assets; or
 - (d) there is a change in control of that party which materially affects the ability of that party to carry out its obligations under these Terms in a satisfactory manner; or
 - (e) the other party ceases or threatens to cease to carry on its business.

20. EFFECT OF TERMINATION

- 20.1 When the Contract is terminated:
- (a) the licence to use the Mark ceases immediately;
 - (b) you shall not manufacture, sell or offer any products or services of any type or description under, or by reference to, the Mark or any confusingly similar mark;
 - (c) you shall return to us all Social Enterprise Mark CIC materials (including plaques and certificates) at your own expense, within a period of 3 months following termination of the licence.
 - (d) You shall remove the Social Enterprise Mark/Gold Mark logo/badge, and all references to Social Enterprise Mark/Gold Mark accreditation, from your online communications, within a period of 3 months following termination of the licence. All printed materials bearing the Social Enterprise Mark/Gold Mark, or referring to Social Enterprise Mark/Gold Mark accreditation, should not be used after a period of 6 months following termination.

- 20.2 After any termination you may, for a period of 3 months from termination, continue to sell any Products to which the Mark was applied before the date of termination. If you continue to use or refer to the Mark beyond this period, or having been previously awarded or complying with the Mark, you will be in breach of the Trademark Licence and be subject to legal action.
- 20.3 Termination of the Contract by either party pursuant to clause 19 shall be without prejudice to the right to seek compensation for breach of any provisions of these Terms.

21. FORCE MAJEURE

If, and to the extent that, either party is prevented or delayed from performing any of its obligations under these Terms by Force Majeure, it shall promptly so notify the other party, specifying the matters constituting Force Majeure together with such evidence in verification of those matters as it can reasonably give and specifying the period for which it is estimated that the prevention or delay shall continue. The party so affected shall then be relieved of liability to the other for failure to perform, or for delay in performing (as the case may be), its obligations, but shall nevertheless use its best endeavours to resume full performance of its obligations under these Terms provided that, if the Force Majeure continues for a period of two months or more following notification, the party not affected by the Force Majeure may terminate the Contract by giving not less than 30 days' prior notice to the other party. Such notice of termination shall be of no effect if the party affected by the Force Majeure resumes full performance of its obligations under these Terms before the expiry of the notice period.

22. ENTIRE AGREEMENT

These Terms, together with any documents referred to in it, constitutes the whole agreement between us relating to its subject matter and supersedes any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature, whether in writing or oral, relating to such subject matter.

23. VARIATION

No variation of these Terms shall be effective unless made in writing.

24. INVALIDITY

If any provision of these Terms is held to be illegal, void, invalid or unenforceable under the laws of any jurisdiction, the legality, validity and enforceability of the remainder of these Terms in that jurisdiction shall not be affected and the legality, validity and enforceability of the whole of these Terms shall not be affected in any other jurisdiction.

25. RIGHTS OF THIRD PARTIES

No term of the Contract shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a third party, but this does not affect any right or remedy of a third party which exists or is available apart from under that Act.

26. NO WAIVER

No failure to exercise, nor any delay in the exercise, by either party to the Contract of any right, power, privilege or remedy under the Contract shall impair, or operate as a waiver of, such right, power, privilege or remedy.

27. WRITTEN COMMUNICATION

Applicable laws require that some of the information or communications we send to you should be in writing. When using our Site, you accept that communications with us will be mainly electronic. We will contact you by e-mail or provide you with information by posting notices on our website. For contractual purposes, you agree to these electronic means of communication and you acknowledge that all contract, notices, information and other communications that we provide to you electronically comply with any legal requirement that such communications be in writing. This clause does not affect your statutory rights.

28. NOTICES

Any notice required to be given under the Contract, or in connection with the matters contemplated by it, shall (except where specifically provided otherwise) be in writing and personally delivered, sent by pre-paid first-class post or by e-mail. We may give notice to you by email to the email address provided to us when submitting the Applicant Form, or any of the ways specified in clause 27. Such notice shall be deemed to have been given on delivery at the relevant address or, if sent by first-class pre-paid post, two business days (that is, any day which is not a Saturday, Sunday or public holiday in the place at or to which the notice is left or sent) after the date of posting, or if sent by fax, when despatched, subject to confirmation of uninterrupted transmission by a transmission report. If sent by e-mail such notice shall be deemed to have been given within 2 hours from being sent, unless a "not able to deliver" or "mail failure" notice is received by the sender.

29. TIME OF THE ESSENCE

Any time, date or period mentioned in these Terms may be extended by written agreement between us but otherwise, and except as expressly provided, as regards any time, date or period originally fixed or any time, date or period so extended, time shall be of the essence.

30. RELATIONSHIP

Nothing in these Terms shall constitute, or be deemed to constitute, a partnership between us nor, except as expressly provided, shall it constitute, or be deemed to constitute, any party as the agent of any other party for any purpose.

31. LAW AND JURISDICTION

These Terms shall be governed by, and construed in accordance with, English law and each of us irrevocably submits to the exclusive jurisdiction of the English courts.

Schedule 1 Marks

Part 1. Marks

1) UNREGISTERED TRADE MARKS



THE SOCIAL ENTERPRISE MARK
TRADING FOR PEOPLE AND PLANET



**TRADING
FOR PEOPLE
AND PLANET**

THE SOCIAL ENTERPRISE MARK



SOCIAL ENTERPRISE GOLD MARK
ACCREDITED FOR BUSINESS EXCELLENCE



**ACCREDITED
FOR BUSINESS
EXCELLENCE**

SOCIAL ENTERPRISE GOLD MARK

Social Enterprise Mark- Eligibility Criteria

Principles

- Social enterprises can be very different from one another. The Social Enterprise Mark does not dictate one legal form or one way of demonstrating social impact, so long as applicants are able to show how they fulfil the criteria outlined below.
- The Social Enterprise Mark is a brand that tells customers that a product or service comes from a social enterprise. In order to build a credible and trustworthy brand, documentary evidence is relied upon in support of the operational credentials of social enterprise that the Mark embodies.
- This evidence is often available in the public domain (i.e. Companies House, via an organisation's website) and this will be referred to as part of the assessment process. If information is not readily available applicants will be asked to provide this. They also need to provide at least a short statement describing their social impact (see Criterion F). As such the application process need not be onerous (please see Application Process and Application Guidance Notes).
- All applicants must also agree to the terms and conditions for holding the Mark, along with other declarations relevant to the application process. If ever there is reason to suspect a failure to comply with these conditions, Mark Holders may be required to submit additional evidence in support of how they are meeting different criteria.
- The Social Enterprise Mark CIC reviews all applications. Awards are overseen by a Certification Panel, who are independent to the Social Enterprise Mark CIC. They consider and make judgements on all new applications that do not readily conform to existing precedents governing eligibility and assessment of the evidence towards this. They also routinely examine a selection of all applications that have been approved by the Social Enterprise Mark CIC across the year, to ensure consistent standards of assessment are being applied.
- Social Enterprise Mark status is subject to an annual renewal process, through which an organisation must be able to confirm that it continues to meet the same eligibility requirements and commit to the same declarations and licence terms as when they first applied. Again, unless there have been significant changes or other developments in an organisation's circumstances, this is usually a very straightforward process.

The Eligibility Criteria

There are six key criteria, which together define the characteristics of social enterprise: an organisation driven by trade – applying profitable and sustainable principles of good business practice – but who exist for wider social benefit (which includes environmental benefit). The criteria are explained below with a commentary on what evidence an organisation may be asked to provide in support of their application.

	Criteria	Rationale	Test/Evidence	Commentary
A	A social enterprise must have social and/or environmental objectives.	Transparency of purpose is a vital element of being a social enterprise.	Governing documents. ¹	<p>Social and environmental purpose will be clearly articulated within the legal objects of the organisation. This may be directly relevant to an organisations trading activities and objects OR it may be evident in arrangements for the distribution of annual profits – in either case this must be defined in governing documents.</p> <p>If an organisation supports purposes that might be considered unethical or socially questionable, then this may render them ineligible.</p>
B	A social enterprise must be an independent business.	Independence and self-governance distinguishes businesses from the public sector, from projects within larger organisations, and from other corporate interests.	Governing documents (including Annual Returns or Shareholding Statements, Lists of Members, etc.).	<p>Independence means that no public or government agency, or other private, corporate bodies, hold decision-making control of the organisation: this may be evident in any external agencies or companies holding a dominant shareholding, membership, or director representation on the company board.</p> <p>The only exception to this is if the dominant shareholder, member and/or director representation is made up of organisations who are registered charities or social enterprises (and possibly some other forms of primarily social purpose organisations).</p> <p>Projects within other larger organisations are not eligible for the Mark as they are not independent businesses with their own constitutional documents. Such projects may still be able to benefit from using the Mark if their parent organisation successfully applies.</p>

¹ The term “governing documents” refers to a company’s constitution – typically memorandum and articles of association or company rules that are available in the public domain.

	Criteria	Rationale	Test/Evidence	Commentary
B	A social enterprise must be an independent business (continued from above).		Additional evidence may be required for externalisations from the public sector.	Externalisations from the public sector may still retain some level of public sector involvement or control. In such cases, assurances will be required regarding the autonomy of the applicant.
C	A social enterprise must earn 50% or more of its income from trading.	50% traded income is currently accepted as a way of distinguishing a business from a donations or grant reliant organisation.	Annual company accounts (preferably registered in the public domain). Other financial statements that are produced in support of annual accounts.	As a minimum, a declaration of an organisation's last recorded annual turnover is required, along with confirmation of how much of this is derived from sources of trade. Ideally, a copy of annual accounts that have been registered in the public domain should be available to corroborate this i.e. accounts that have been submitted to Companies House, the FSA or the Charity Commission. Details from accounts should provide an adequate breakdown of different sources of income in order to distinguish the proportion of trading income. If filed accounts fail to provide such a breakdown, then alternative forms of evidence <i>may</i> be sufficient (e.g. management accounts). If an organisation has been trading under a different guise and has only recently incorporated, accounts from the previous trading history may be considered, if the activity is the same. Trading income most commonly derives from the sale of goods and services. This is typically evident in the receipt of payments and other fees, income from contracts or other agreements. It can sometimes be labelled as grant income; some grants are paid according to strict expectations of delivering specific activities and outputs that are subject to service level agreements or other contractually defined conditions, which effectively constitutes trading income.
C	A social enterprise must earn 50% or			

	Criteria	Rationale	Test/Evidence	Commentary
	<p>more of its income from trading (continued from above).</p>			<p>Loans, investments and interest receivable count against the balance of trading income compared to overall turnover. The exception to this is interest receivable in finance organisations, where the nature of their trading activity is directly linked to investments and other financial activities e.g. a Community Development Finance Institution.</p> <p><i>Pure</i> grant income also counts against the balance of trading income compared to overall turnover. Such grants are usually recognisable in that they are directed at organisational resource requirements (premises, tools, equipment, the recruitment of staff etc.) but are not solely directed at the delivery of the service itself; there may also be service conditions attached but they are not solely payable on delivery outputs and outcomes.</p> <p>In distinguishing if grant payments received from public bodies, charitable institutions or trusts constitute trading, asking the following questions may help:</p> <ul style="list-style-type: none"> ▪ are the services provided ones that the paying body is statutorily obliged to provide? If yes, it is likely to be a fee and is therefore trade; ▪ does the paying body benefit directly from the services provided? If yes, it is likely to be a fee and is therefore trade. <p>If an applicant is on the cusp of 50% trading, or has received a grant or loan (e.g. capital loans), causing them to dip below this, then trading levels in previous years and plans for future years can be considered in determining whether or not they are primarily trade dependent.</p> <p>If an organisation has been trading less than a year (or is just beginning to become trade dependent), they may still be able to apply for the Mark. An application can be submitted based on their projected income and evidence that they have started trading.</p>

	Criteria	Rationale	Test/Evidence	Commentary
D	A social enterprise dedicates a principal proportion (51%+) of any annual profit to social/environmental purposes.	Social enterprises are driven by social objectives rather than the maximising of profit for private gain by shareholders and owners.	<p>Governing documents.</p> <p>Annual company accounts (preferably registered in the public domain).</p> <p>Other financial statements that are produced in support of annual accounts.</p>	<p>There should be relevant clauses in governing documents, which confirm an organisation's commitment to how profits are distributed.</p> <p>The business may distribute its profits in a number of different ways that have a positive social/community and/or environmental benefit:</p> <ul style="list-style-type: none"> ▪ if the trading activity of the social enterprise is, in itself, socially beneficial, then direct reinvestment or retention of profits within the business is eligible; ▪ donated to other organisations or resources for social benefit, e.g. a registered charity, or investment in some other socially beneficial activity or resource that is external to the organisation. ▪ distributed to shareholders or members who primarily serve social purposes (most typically this will be formally constituted charities or other social enterprises). <p>It must be clear that at least 51% of any distributable annual profits generated are distributed as above. Remaining profit (or less) may be shared between other shareholders, owners or members (i.e. individuals or organisations who are not formally recognised as primarily serving social purposes).</p> <p>Organisations choosing to distribute profits to shareholders, owners or members, will be required to provide accounting evidence that confirms this has not exceeded 51% of distributable profits – at the time of their original application and at each subsequent renewal.</p>

	Criteria	Rationale	Test/Evidence	Commentary
E	On dissolution of the business, a social enterprise distributes all remaining residual assets for social/environmental purposes.	As for (d) above. A commitment on residual asset distribution demonstrates a commitment to social/environmental objectives.	Governing documents.	<p>There should be relevant clauses in governing documents, which confirm an organisation's commitment to how any residual assets would be distributed in the event of dissolution ("winding up" of the company).</p> <p>The Mark is not limited to Charities, Community Interest Companies (and some forms of Industrial Provident Society/Co-operative) where such "asset locks" are subject to legal statutes. Other legal forms may also be eligible if they have an appropriate dissolution clause that commits all residual assets on dissolution, to the furtherance of social/environmental purposes. This usually takes the form of the residual assets being committed to other organisations who are formally constituted charities or social enterprises serving similar objectives.</p> <p>Any outstanding company debts are payable before any residual assets are finally calculated. In the case of Companies Limited by Shares, shareholders may also be repaid the <i>nominal value</i> of their shareholding, prior to the distribution of remaining assets (i.e. the original price of the shares at the point the company was formed – not the price it may have changed to at the point of dissolution or the price the shareholder may have purchased the shares for during the lifetime of the business).</p>
F	A social enterprise can demonstrate that social/environmental objectives are being achieved.	Social enterprises exist to produce social and environmental benefit as well as be a financially	Statements regarding social inputs, outputs and outcomes.	<p>Organisations are required to commit to a statement that they have strived to fulfil their social purpose over the previous year. They are also required to provide up to three statements illustrating how they have or are achieving this.</p> <p>When thinking about these statements, an organisation is encouraged to consider the following elements of information:</p>

	Criteria	Rationale	Test/Evidence	Commentary
		<p>sustainable operation.</p> <p>At the very least, a social enterprise must be able to describe how it has strived to achieve its social objectives.</p> <p>Applicants must agree to a statement that as a Mark Holder they would strive to maximize social impacts and minimize negative environmental effects in the course of trading.</p>	<p>Applicants commit to Social Enterprise Mark values and statements of intent within the application.</p> <p>Other supporting evidence can be provided on request.</p>	<ul style="list-style-type: none"> ▪ social inputs – a description of actions, activities, services etc. that at least imply a social purpose, benefits and beneficiaries; ▪ social outputs - specific measures that show the extent to which social inputs have been delivered (i.e. service productivity levels); ▪ social outcomes – the nature of the benefits achieved and/or experienced by people as a result of inputs and outputs. <p>Organisations can also consider how they have involved stakeholders in planning processes, consulting on matters relevant to them and the social purposes being served, in order to make sure products and services are being targeted in ways that are addressing key interests.</p>

The Social Enterprise Gold Mark- Additional Eligibility Criteria

GOLD STANDARD	RATIONALE	LIKELY SUPPORTING EVIDENCE AND CONSIDERATIONS FOR ASSESSMENT (KEY MANDATORY REQUIREMENTS ARE MADE IN BOLD)
<p><i>Criterion G</i></p> <p>Robust Governance.</p>	<p>Strong governance for social enterprise is evident through stakeholder representation at board (or governing body/trustee) level and other arrangements that may be in place to ensure there is an informed and capable leadership.</p> <p>Clauses to this effect should ideally be defined within governing documents, providing public transparency and enshrining the commitment to inclusive governance that represents different stakeholder groups.</p> <p>Other arrangements may also be in place that encourage and ensure stakeholder representation in top level decision making at board level.</p>	<p>Governing documents (your organisation's constitution e.g. company rules, memorandum & articles of association). These should describe company ownership (shareholdings and/or membership), and ideally confirm that stakeholders have majority representation on your board.</p> <p>Board recruitment policies and methods, along with their induction & ongoing training.</p> <p>Diverse range of skills evident at board level.</p> <p>Board processes that demonstrate:</p> <ul style="list-style-type: none"> • Democratic/representative decision-making; • Accountability; • Inclusive and effective communication with stakeholders that takes into account their feedback and views. <p>A copy of latest governing documents must be provided in support of an application, including any amendments, along with details of company shareholding and/or membership composition.</p> <p>If stakeholder representation is not defined within governing documents then evidence must be provided confirming how stakeholders are consulted and their views taken into account in organisation decision-making.</p>

GOLD STANDARD	RATIONALE	LIKELY SUPPORTING EVIDENCE AND CONSIDERATIONS FOR ASSESSMENT (KEY MANDATORY REQUIREMENTS ARE MADE IN BOLD)
<p><i>Criterion H</i></p> <p>Ethical and good business practice.</p>	<p>Ethical and good business practices reinforce a social enterprise culture, contributing to the positive social and/or environmental differences being achieved.</p>	<p>Policies and practices that demonstrate compliance with accepted principles and standards of best business practice (including any formal accreditations and awards).</p> <p>Evidence and examples illustrating the implementation and monitoring of policies and practices, along with the outputs and other ways in which they have benefited the organisation and people.</p> <p>Key Performance Indicators used to assess progress, inform improvement actions and measure success over time.</p> <p>Evidence must be provided showing staff pay ratios are monitored and recorded. This should confirm the ratio for highest to lowest pay levels, (e.g. 1:20) and any measures in place for monitoring improvements, preventing slippage etc. If Directors/Senior Managers have received bonuses or other in-kind benefits in the last year, details should be provided.</p> <p>Evidence and illustrative examples should be provided confirming good practice covering at least 3 of the following areas:</p> <ul style="list-style-type: none"> • employee contributions influencing operational delivery, the design of your products and/or services; • stakeholder contributions influencing operational delivery, the design of your products and/or services; • your investment in employee training and development (including how you develop opportunities for people to improve themselves); • complaints procedures, customer feedback mechanisms (and how you have responded to this feedback); • employee work-life balance, health and well-being policies; employee benefit initiatives; • quality management policies and standards employed; • health & safety policy; • equality & diversity policy; • environmental/recycling policies. <p>As well as providing details of the above areas of interest, consider specific examples that illustrate the differences and benefits that have been experienced by people and the organisation as a result of the policies etc. concerned.</p>

GOLD STANDARD	RATIONALE	LIKELY SUPPORTING EVIDENCE AND CONSIDERATIONS FOR ASSESSMENT (KEY MANDATORY REQUIREMENTS ARE MADE IN BOLD)
<p><i>Criterion 1</i></p> <p>Social Impact and Financial Transparency (how financial assets are being deployed to maximise social and/or environmental impact).</p>	<p>Transparency in how the accumulated annual income and any profits generated are invested in social and environmental purposes, whilst ensuring financial robustness and sustainability.</p> <p>Transparency includes being able to quantify and qualify the social and environmental differences – the impact, benefits and value - created through the business and from profits generated.</p>	<p>Financial transparency should be primarily evident through audited, filed accounts, and/or management accounts. It should be further evident in any annual reports published as well as current and future business plans.</p> <p>Financial accounts, business plans and other supporting evidence should ideally provide details of the following:</p> <ul style="list-style-type: none"> • that trading activities are the primary sources of income and means of achieving your social and/or environmental mission; • prior annual profits generated and what proportion of these have been specifically invested in social and/or environmentally targeted commitments; • investment plans towards social and/or environmental purposes for the next 1 - 3 years; • any payments to business owners/shareholders, or other payments to external sources (not linked to operational expenditure requirements) that do not have clear social and/or environmental purposes; • what additional social value has been achieved through the investment of ongoing income in operational activities <i>before</i> profit is calculated (through investment and activity within the business, or in external projects, developments etc.); • key performance indicators - financial but also those showing how social and environmental impact is being measured and valued; • targeted and expected sources of future income; • how competitive edge is achieved through innovation, the diversification of products, services and other business activities. <p>Copies of business plans should be provided that give details of targeted and/or expected sources of income, investment and expenditure (ideally covering the previous, current and forthcoming business years).</p> <p>A copy of audited accounts for the last two years should be provided, along with any supporting management accounts that provide additional details of all income and expenditure and how this breaks down.</p> <p>Confirmation of which individuals and/or groups (if any) hold a responsibility for helping set targets for, then monitoring and reporting on, social value and impact, should be provided.</p>

Schedule 3 Mark User Brand Guidelines

[Social Enterprise Mark Brand Guidelines](#)

[Social Enterprise Gold Mark Brand Guidelines](#)

Schedule 4 Annual Licence Fee Schedule for Social Enterprise Mark

ANNUAL INCOME	FEE (+ VAT)
less than £150,000	£350
£150,000 – £499,999	£450
£500,001 – £999,999	£550
£1,000,000 – £2,999,999	£690
£3,000,000 – £4,999,999	£760
£6,000,000 – £9,999,999	£1,500
£10,000,000 – £14,999,999	£2,200
£15,000,000 – £29,999,999	£3,300
£30,000,000 – £49,999,999	£5,000
£50,000,000 – £99,999,999	£6,000
£100,000,000 and above	£7,500

Please note that the above fee table relates only to the Social Enterprise Mark annual licence.

The assessment process for the Social Enterprise Gold Mark can vary in scope, according to the size and complexity of an organisation, so the annual licence fee for this can also vary – please [contact Social Enterprise Mark CIC](#) for further guidance.