

Social

Traders

Unlocking business for good

Social Enterprise Certification

Guidance Notes and Standards



Statement of principles

Social Traders follows the below principles in its approach to certification of social enterprises in Australia:

- We are inclusive and embrace the diversity of Australian social enterprises.
- We maintain a rigorous, yet flexible set of standards.
- We honour our responsibility as Australia's only social enterprise certification. We sustain integrity in use of the term 'social enterprise'.
- We keep the administrative burden for social enterprises minimal.
- We ask for only the necessary information to evaluate eligibility and communicate impact and associated costs.

Certification standards

Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people with access to employment and training, or help the environment.

Social Traders certification is focused on determining if a business is operating as a social enterprise, i.e. with primacy of social purpose. It is a supportive and developmental framework for social enterprises and also assures stakeholders that a business has; a social, cultural or environmental purpose as its primary objective, that a substantial portion of its revenue is derived from commercial trade rather than grants and donations, and that the majority of the organisation's efforts and resources are directed to the social purpose.

Specifically, assessment of a social enterprise is through the following three criteria, to determine that the enterprise:

1. Has a defined primary social, cultural or environmental purpose consistent with a public or community benefit,
2. Derives a substantial portion of its income from trade, and
3. Invests efforts and resources into its purpose such that public or community benefit outweighs private benefit.

The criteria are based on the definition developed through the FASES¹ research. Social Traders has operationalised the definition so that it can readily be applied to social enterprises.

Social Traders has a broad range of organisations applying for certification. Part of the assessment will involve a conversation with the applicant to understand more about their business and impact model. There are some organisations we cannot certify, predominately where there are implications outlined in the guidance notes below.

¹ Barraket, J. et al, (2010) Finding Australia's Social Enterprise Sector: Final Report Australian Centre for Philanthropy and Nonprofit Studies

The [Certification Terms and Conditions](#) and [Licensing Agreement](#) for use of the [Social Traders certification logo](#) apply to all certified social enterprises. Enterprises trading for less than two years will undergo recertification each year, and every three years for those established for two years or more. An enterprise may be subject to an audit by Social Traders within its certification period. Complex applications for certification will be referred to our [Advisory Group](#).

How to read the certification standards table and additional guidance notes

Below is a summary indicating where the certification standards table and additional guidance notes apply (as relevant to the model of a social enterprise):

Social enterprise approaches and models	Standards table	Additional guidance notes
Standalone entity (not-for-profit or for-profit)	✓	x
Business unit of a not-for-profit	✓	x
Hybrid model (not-for-profit and for-profit)	✓	x
Group structures and related organisations	✓	✓
Social and community service organisations	✓	✓
Sole traders and Partnerships	✓	✓
State government entities and statutory authorities	✓	✓
Transitioning (to a social enterprise) businesses	✓	✓

Certification standards table

Standard documents	
Social Traders collects various legal and financial documents based on the age of the social enterprise	
< 2 years	Variations
<ul style="list-style-type: none"> Signed legally binding governing documents e.g. constitution, shareholders agreement. Complete financials (to date). Business plan, including <ul style="list-style-type: none"> 12-month cash flow forecast Evidence of proof of concept for both business and impact model. 	<p>Business units of a parent not-for-profit supply the constitution and financial statements of the parent, as well as a profit and loss statement for each applying social enterprise.</p> <p>Private companies supply a shareholder's agreement, constitution and / or trust deed, Social Traders Verification Certificate (supplied by Social Traders once an application is made), and will be required to embed legal terms for social enterprises (supplied once an application is made) within 12 months after certification is approved.</p>
2+ years	<p>Sole traders and partnerships do not need to supply legally binding documents and can sign Social Traders Verification Certificate (supplied by Social Traders once an application is made).</p> <p>Hybrid models (not-for-profit / for-profit) may be assessed together and documents for all entities may be required.</p>
Standard assessment items	
There are some standard checks across all enterprises	
<ul style="list-style-type: none"> Initial meeting to understand the social purpose and business model ABN / ACN check Understanding of the relationship between related entities (if applicable) – Social Traders may assess multiple entities in a group structure Understanding of the approach the enterprise takes to the payment of wages Quick solvency assessment 	

Full criteria

Criteria One: The enterprise has a defined primary social, cultural or environmental purpose consistent with a public or community benefit

- Clear primary social purpose, consistency in its articulation, and alignment with the business model.
- Terms consistent with operating as a Social Enterprise embedded in governing documents OR Social Traders Verification Certificate for private companies indicating commitment to embed purpose into legal documents within 12 months (see 'For private companies' below).
- Public facing documents (e.g. website, annual report) integrating the stated purpose.

Social Traders uses the following guiding principles when making a judgement on social purpose and its primacy:

- **Intent** – it should be clearly discernible that the primary intent for establishing and operating the enterprise lends itself to a public or community benefit.
- **Problem definition** – there is clear articulation of the social, cultural or environmental problem the enterprise is targeting through its business.
- **Additionality** – the model allows for social impact to occur that would not otherwise occur in a business carrying out similar activities.
- **Measures of success** – even if not formally measuring success / impact, a Social Enterprise should be able to communicate in general terms the results that would indicate it is making progress in meeting its social purpose.
- **Consistency** – there is a framework of activities that a Social Enterprise delivers that are aligned to its social purpose and that occur on a regular basis. While they may change from time to time, they are relatively consistent (vs random activities that change regularly in nature and outcomes).
- **Alignment** – there is a fit between the business and social purpose models and revenue sources don't compromise the social purpose.
- **Integration** – the social purpose and business model are sufficiently integrated.

Social Traders assesses each application's social purpose and primacy based on its performance across the six guiding principles:

Each guiding principle contains a 1 – 5 Likert scale, with 1 representing the lowest degree of alignment to the principle and 5 representing the highest degree of alignment, as shown in Figure One below. Definitions for the scales of each guiding principle are detailed in **Likert scale definitions** in **Appendix A**.

The individual scores from the Likert scales for each guiding principle will be weighted and aggregated to give an overall score which will be used to guide whether a business has sufficient social purpose to satisfy Criteria One.

Figure One: Alignment scale

1	2	3	4	5
Low or no alignment	Some alignment	General alignment	High degree of alignment	Comprehensive alignment

For private companies

Private companies often will not have the social purpose embedded into legally binding governing documents. Once the other certification criteria are met, a private company may sign Social Traders Verification Certificate that indicates its commitment to the social purpose and intention to incorporate relevant legal terms into the shareholder's agreement, constitution or other relevant documents within 12 months from the certification date. Social Traders will supply suggested legal terms once an application for certification is made.

Criteria Two: The enterprise derives a substantial portion of its income from trade (rather than grants and donations)

- Approximately 50% or more for ventures that are more than 5 years from start-up
- Approximately 25% or more for ventures that are 2 – 5 years from start-up
- Demonstrable intention to trade for ventures that are less than 2 years from start-up
- Enterprises with major shifts in strategy may be treated as start-up or early stage

Historical financial statements and/or planning documents may be requested to demonstrate intention to grow trading revenue for marginal cases

Criteria Three: The enterprise invests efforts and resources into its purpose such that public / community benefit outweighs private benefit

Our key test is that public / community benefit outweighs private benefit.

- If you are taking dividends or distributions out of the business, we check that these are no greater than the total (direct) social costs.
- Regardless of distributions, we check that the total (direct) social costs are equivalent to at least 50% of the prior year net profits after tax.
- We also assess the total social costs against total revenue in the current year particularly where there are no profits.
- Enterprises should be mindful of overlapping social costs (see **Examples for Criteria Three**).
- For start-ups with no trading history, we require detail of how impact will be delivered, and evidence of a proof of concept of both the business and impact models, and social impact targets within the business plan.

Direct social costs and impact indicators

Social Traders categorises enterprises across three main impact models. Depending on the primary model of the enterprise, we will collect the relevant headline impact activities associated with the social purpose and the associated delivery costs (direct social costs), as well as some additional indicators of social impact. A Social enterprise may focus on one or all the below, and figures should be provided for the most recent full financial year.

Impact Model One: Where the focus is employment and / or training for marginalised people. There are three sub-categories:

- **Employment** – if the organisation provides direct employment to marginalised people within the social enterprise
- **Training** – if the organisation provides unpaid training/mentoring to marginalised people. (Any paid training can be included as employment, above)
- **Pathways** – if the organisation assists marginalised people into employment outside of the social enterprise with an external (host) employer or assists them to return to study/progress to further study. Also for enterprises that provide tailored recruitment and placement services for a marginalised cohort.

An organisation may provide a combination of these above categories, and should submit data for the relevant models as per below:

- **Employment:**
 - Total wages to beneficiaries including super
 - Total direct supports costs for beneficiaries, including super for support staff wages
 - Total headcount of beneficiary employees
 - Total employment hours for beneficiary employees
- **Training:**
 - Total training hours (unpaid) for beneficiaries
- **Pathways:**
 - Total headcount of beneficiaries assisted into employment with an external employer
 - Total headcount of beneficiaries (above) who remained in external employment after three months (or first periodic check-in).
 - Total headcount of beneficiaries transitioned to further study
 - Were most beneficiaries placed into part-time/full-time/casual placements?
- **All:**
 - Total direct supports costs for beneficiaries, including super for support staff wages

Note: a beneficiary is someone who is actively receiving support from the social enterprise with the aim of removing barriers to work.

<p>Impact model Two: Where the focus is providing access to a product or service in response to a community need</p> <ul style="list-style-type: none"> • The direct expenditure on providing access to the product or service of need • Tonnes of waste diverted from landfill for enterprise operating in the waste industry.
<p>Impact model Three: Where the focus is donating profits for a specified charitable purpose</p> <ul style="list-style-type: none"> • The dollar figure donated <p>Direct expenditure on managing donor / recipient relationships</p>

Examples for Criteria Three

Below are examples of how we assess Criteria Three against the data provided, for each impact model. An example is also provided for overlapping social costs where an enterprise operates across more than one impact model.

Note: social enterprises are diverse, and these examples are not representative of all variations within each impact model.

Impact Model One

Employment and / or training for disadvantaged people

Enterprise A exists to train and create employment for refugee and migrant communities and supports these people in their employment and transition into other work.

Direct social costs

- Wages to beneficiary employees including super – \$150,000
- Direct support costs for beneficiaries including super – \$180,000 (including but not limited to wages of direct support staff)
- Total direct social costs – \$330,000
- Prior year net profit – \$148,819
- Total revenue – \$872,199
- Profit reinvested directly into purpose – 222%
- Revenue reinvested directly into purpose – 38%

Impact indicators

- Headcount of beneficiary employees – 30
- Total employment hours for beneficiary employees – 6,640
- Total training hours (unpaid) for beneficiaries – 1,000
- Headcount of beneficiaries assisted into external employment – 12
- Headcount of beneficiaries still in external employment after 3 months – 10
- Headcount of beneficiaries transitioned to further study – 2
- Most external job placements were – part-time

Impact Model Two

Providing access to a product or services in response to a community need

Enterprise B exists to provide free wellbeing programs for marginalised communities, cross-subsidised by corporate well-being programs.

Direct social costs

- The direct expenditure on providing access to the product or service of need – \$230,000 (including but not limited to wages of staff delivering programs to marginalised communities, and cost of maintaining platforms and training materials)
- Total direct social costs – \$230,000
- Prior year net profit – \$20,000
- Total revenue – \$520,000
- Profit reinvested directly into purpose – 1,150%
- Revenue reinvested directly into purpose – 44%

Impact indicators

- Direct expenditure on providing access to the product or service of need – \$230,000 (as above)

Impact Model Three

Donating profits for a specified charitable purpose

Enterprise C exists to channel profits into partners that provide access to food for disadvantaged individuals.

Direct social costs

- The dollar figure donated – \$18,332
- Direct expenditure on managing donor / recipient relationships – \$3,000 (including but not limited to wages of staff managing recipient relationships)
- Total direct social costs – \$21,332
- Prior year net profit – \$7,371
- Total revenue – \$187,946
- Profit reinvested directly into purpose – 289%
- Revenue reinvested directly into purpose – 11%

Impact indicators

The dollar figure donated – \$18,332 (as above)

More than one impact model

Example of overlapping direct social costs where an enterprise operates across more than one impact model

Enterprise D exists to promote multilingual literacy and community connectedness. The programs run for vulnerable people in the community are delivered by marginalised community members themselves (who are offered supported employment).

Direct social costs

- Wages to beneficiary employees including super – \$114,427
- Direct support costs for beneficiaries including super – \$178,962
- The direct expenditure on providing access to the product or service of need – \$402,853
- Total direct social costs – \$402,853

Part of the direct expenditure on providing access to the product or service of need is the wages of the people delivering the programs (\$114,427) and the direct support costs for beneficiaries (\$178,962). While the costs for each of the different impact models are recognised, for the purposes of calculating total social costs, wages are counted only once.

- Prior year net profit - (\$16,576)
- Total revenue – \$463,582
- Profit reinvested directly into purpose – N/A due to loss
- Revenue reinvested directly into purpose – 87%

Impact indicators

- Headcount of beneficiary employees – 5
- Total employment hours for beneficiary employees – 3,928
- Direct expenditure on providing access to the product or service of need – \$402,853 (as above)

Additional guidance notes

For some certification applications there will be a variation in the requirements where the following additional guidance notes apply.

We apply these notes in those areas that have the greatest implication for the integrity of certification – for example, primacy of social (or environmental, cultural etc) purpose, or using commercial trade as the main mechanism to sustain the organisation.

We understand the role certification plays in helping to create the standards for social enterprises and the social procurement sector in Australia. It is for this reason we take a substance over form approach when it comes to assessing social primacy and whether an entity meets the criteria. This means assessing certain approaches to social enterprise requires a more thorough assessment. We are looking to help build the sector in a sustainable manner.

We endeavour to apply precedent and consistent standards and methodologies in assessing for certification. However, there will be circumstances where we apply our commercial judgment and take a substance over form approach.

While we are prepared to consult, listen and provide feedback to assist an organisation seeking certification, there will be instances where we exercise judgment and decline certification. We look to national and international perspectives and take the advice of our **Advisory Group** and experts in the sector when making these judgments.

Group structures and related organisations

These guidelines are related to both not-for-profit and for-profit social enterprise group structures and related entities.

A social enterprise must have social, cultural or environmental objects as the primary purpose, prevailing over private gain and the majority of its efforts and resources must be invested into the social purpose. Social Traders will examine business models and intragroup transactions in such matters to determine independence and the veracity of the business model and social primacy.

A social enterprise will be assessed in the context of the broader group:

1. Where other businesses are operating under the same ABN
2. Where there are related organisations operating under different ABNs which share directorship / governance or where there is auspicing from one organisation to another, in particular where any of the following apply:
 - a. Shared **branding / marketing**
 - b. Shared **employees**
 - c. Shared **scope of operations**
 - d. Shared **customer base**

Considering the above guidelines, it will be up to the applicant to demonstrate that social primacy prevails in a manner which is sustainable and protected by appropriate governance frameworks – this may also include ensuring appropriate contract and governance arrangements are in place or meeting other conditions applied by Social Traders.

In principle, entities within a group structure may be certified where:

1. There is primacy of social purpose, both in substance and form;
2. Public or community benefit outweighs private benefit, given the relative size of the entities; and
3. The proposed business models, intragroup arrangements and governance protections are acceptable and sustainable.

Social Traders may consider certification of a group, where the relevant criteria are met on a group basis, although conditions may be applied.

Transitioning business guidance notes (in this document) will also apply to organisations within group structures that have transitioned to a social enterprise model in the 12 months prior to enquiry for certification.

Social and community service organisations

We do not certify organisations that deliver social services or programs funded by government where there is no other commercial trading activity. Social enterprises are commercially trading organisations that sell a product or service that is often replicable with a variety of customers, and trading revenue is their main source of income.

Commissioning of social services, despite many times being won on a competitive basis, is not considered commercial trading activity and the source of revenue is government funding rather than 'trade'.

Example

Job Active (JA) and Disability Employment Service (DES) providers are fully funded by the Commonwealth Government, and act as intermediaries on behalf of Government, providing employment services to both beneficiaries (i.e. people looking for work) and employers for free.

In this respect they provide services on behalf of government, even though they may operate under a contestable funding model. Hence JA / DES do not meet the trading test for certification purposes.

Sole traders and partnerships

Sole traders and partnerships are individuals that are not separate from the business i.e. there is no business entity.

We can certify these businesses where accounting is transparent and personal finances are separate from business finances. The sole trader and / or partnership should have:

1. A separate business account, and
2. Management accounts should be maintained and provided for certification.

We will not review personal income tax statements or assess financials which account for personal items unrelated to the social enterprise.

We will also consider the size of the business and whether the sole trader and / or partnership is considering a transition to incorporation. Sole traders and / or partnerships that are trading above \$250,000 in annual income may be encouraged to incorporate to contain the activities of the social enterprise, which also has a benefit from a liability perspective to the individual.

State government entities and statutory authorities

We may certify government entities and statutory authorities that are operationally independent from government, comply with competition policies and are not required to return surpluses back to government now or at a future date.

We will assess:

1. The organisation has its own structure / ABN.
2. Whether the organisation has governance and decision-making that is separate from government.
3. Whether the organisation complies with state and federal competition policies including competitive neutrality.
4. That the organisation has complete flexibility in how it treats surpluses and is not required to direct them to government.
5. Legal governing documents and financial statements in line with Social Traders usual certification standards.

Where not already provided, Social Traders may request to review annual reports and or relevant statements from a senior representative in the organisation.

Transitioning businesses

Generally, we will accept an application for certification from a transitioning business where there has been at least six (6) months of operational history (as a Social Enterprise). Social Traders will seek to understand the business transition process, prior to applying the usual certification standards. In most cases, Social Traders will treat a transitioning business as a start-up or early stage social enterprise.

Social Traders will seek to understand the following matters via an initial conversation with the business:

1. The planning process undertaken to support the transition to a social enterprise.
2. The model of impact / how the best model for impact was determined.
3. The framework for delivering on the impact model, including an understanding of the relevant partnerships required, based on the specific model.
4. Any intragroup relationships and sharing of value and costs.
5. Other relevant factors.

Where a robust transition process has been undertaken by the applicant, the usual certification standards will be applied. In most cases, Social Traders will treat a transitioning business as a start-up or early-stage social enterprise and will collect planning documents including a business plan and cash flow forecast.

In some cases, we may determine that certification is not suitable or that the business takes additional time in its transition to a Social Enterprise model before seeking certification.

Appendix A

Likert scale definitions

Each guiding principle for Criteria One contains a 1 – 5 Likert scale, with 1 representing the lowest degree of alignment to the principle and 5 representing the highest degree of alignment (captured in the figure below).

Alignment scale

1	2	3	4	5
Low or no alignment	Some alignment	General alignment	High degree of alignment	Comprehensive alignment

Definitions for each of the scales across the principles are captured in the corresponding tables below.

1. **Intent** – it should be clearly discernible that the primary intent for establishing and operating the enterprise lends itself to a public or community benefit.

1	<ul style="list-style-type: none">• Business established for, or largely oriented toward, personal or private profit. Social impact a secondary consideration or an addition to business as usual.• Operationally, business is largely commercially focused, with little to no governance structures in place to oversee social impact considerations.• For existing businesses that have transitioned toward social enterprise, primary motivation is associated with opportunity for personal profit and business growth rather than social impact.
2	<ul style="list-style-type: none">• Organisation established based on business opportunity; however, its operations also address social impact and target a specific social problem or set of social problems.• Operationally, the business is focused on expanding the business to generate personal or private profit, however, there are discernible aspects of its operations that target the delivery of social benefit and address a social problem.
3	<ul style="list-style-type: none">• Purpose for establishing business mixed, with clear personal or private profit drivers evident from infancy, however, delivering community benefit also appears as a central tenet.• Organisation's operations are mixed in their focus between personal or private profit and impact focus, with

	<p>some specific governance mechanisms established to oversee social impact.</p> <ul style="list-style-type: none"> For existing businesses that have transitioned toward social enterprise, motivation is mixed between delivering social benefit and generating personal or private profit.
4	<ul style="list-style-type: none"> Business is established largely to create social benefit and address problem area. Operationally, there are clear governance and strategy mechanisms to support the delivery of social impact.
5	<ul style="list-style-type: none"> Business established with the explicit and sole purpose solving a social problem and generating social benefit. Clearly discernible within the business's operations that its central focus is on delivering social benefit and addressing social problem (ie. structurally and strategically). For existing businesses that have transitioned toward social enterprise model, centrally focused on delivering social benefit and addressing a defined social issue.

- Suggested evidence:

Sources of evidence	<p>Required:</p> <ul style="list-style-type: none"> Governing legal documents <p>Supporting:</p> <ul style="list-style-type: none"> Related entities map (if relevant) Governance or organisation structure (to establish oversight for social impact)
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- Problem definition** – there is clear articulation of the social, cultural or environmental problem and purpose the enterprise is targeting through its business.

1	<ul style="list-style-type: none"> No problem definition has been developed or one is loosely discernible in public reporting or communications. Very limited or no documentation available to demonstrate intention to deliver social benefit. For example, no mention in annual reports, on website or governance documents.
2	<ul style="list-style-type: none"> Problem definition identifiable, however, the problem is poorly defined or contains multiple issues, rather than one specific problem. Scattered approach to solving the social issue, which contributes to a lack of targeted impact.

	<ul style="list-style-type: none"> Inconsistency in how this problem definition is depicted across various documentation, for example, in annual reports and on website.
3	<ul style="list-style-type: none"> Defined problem is general or broad in nature rather than refined to a specific issue. Problem definition is referred to relatively consistently, however, limited clarity on how the organisation addresses the problem. The business's contribution to addressing the defined problem is only loosely articulated in public documents.
4	<ul style="list-style-type: none"> Problem definition is consistently articulated internally and externally. Problem definition relates to a specific social problem, however, the way in which the business contributes to addressing this social problem is loosely articulated in public documents.
5	<ul style="list-style-type: none"> Problem definition contains clear articulation of a specific problem (social, cultural or environmental). It relates to a specific problem faced by a group or demographic and shows meaningful understanding of its target beneficiaries. Problem statement includes clear indication of how the business intends to improve the problem, which is consistent with internal governance structures and approaches.

- Suggested evidence:

Sources of evidence	<p>Required:</p> <ul style="list-style-type: none"> Website Business plan <p>Supporting:</p> <ul style="list-style-type: none"> Theory of Change (if available) Annual report Strategic or business plan Organisation research
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3. **Additionality** – the model allows for the delivery of social benefit to underserved communities or groups that would otherwise not be provided by a business carrying out similar activities.

1	<ul style="list-style-type: none"> No ability to determine if the organisation is providing additional benefit to underserved communities beyond what would occur through a business carrying out similar activities. Depending on the proposed model for impact - no obvious intent to provide wrap around support to people facing barriers to employment, or to provide increased access to products or services to underserved communities, or to create targeted impact through donations for a charitable purpose.
2	<ul style="list-style-type: none"> Business communicates about its delivery of additional or unique social benefit to underserved communities, whether through enhancing access to employment and training, or providing unique products or services, or donations for a charitable purpose. However, limited ability to demonstrate how the business does this.
3	<ul style="list-style-type: none"> Organisation provides some unique or additional impact to underserved groups; however, generally delivers social benefit through methods and practices that overlap with other business e.g. offering mainstream employment through low skilled labour Understanding of social impact differentiators largely internal, with low degree of external communication of additionality.
4	<ul style="list-style-type: none"> Organisation provides additional benefit to underserved communities in the form of wrap around support to people facing barriers to employment, or providing increased access to products or services to underserved communities, or targeted impact through donations for a charitable purpose, however, the level to which this impact is delivered is difficult to determine. The model for delivering this additional benefit is well understood and communicated effectively to the public.
5	<ul style="list-style-type: none"> Business provides unique social impact relative to other organisations in its sector that clearly targets underserved groups both in terms of unique offering and access, with the impacts experienced to a large extent by its beneficiaries. Where possible, the level to which these additional impacts are delivered is articulated in public documents. Impact differentiators are readily available, known and understood in the market.

- Suggested evidence:

Sources of evidence	<p>Required:</p> <ul style="list-style-type: none"> • Impact indicators and social costs requested by Social Traders • Website <p>Supporting:</p> <ul style="list-style-type: none"> • Organisation research • Planning documents • Impact report
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4. **Measures of success** – even if not formally measuring success / impact, a Social Enterprise should be able to communicate in general terms the results that would indicate it is making progress in meeting its social purpose.

1	<ul style="list-style-type: none"> • Little or no communication of the impact that the business has on its target beneficiaries and a lack of understanding of how to measure the success of the business in delivering social impact. • Where impact is referenced, this occurs at a conceptual level, with little or no ability to demonstrate how benefit is delivered.
2	<ul style="list-style-type: none"> • Limited ability to articulate impact of the business or its products and services • Limited understanding of how to measure the success of the organisation in meeting its social impact objectives.
3	<ul style="list-style-type: none"> • Moderate ability to articulate the business's social impact in terms of how it is delivered and what is ultimately achieved. • General understanding of approaches and methods to measure the success of the business in meeting its desired social impact, with some formal or informal metrics or indicators present.
4	<ul style="list-style-type: none"> • Business is able to clearly communicate social impact that it delivers. • Business able to clearly demonstrate how it uses KPIs and indicators to assist with measuring social impacts.
5	<ul style="list-style-type: none"> • Comprehensive ability to articulate social impact of business. • Business able to demonstrate mature understanding of social impact measurement approaches to aid it with meaningfully measuring social benefit, with formal or informal metrics or indicators present.

- Suggested evidence:

Source of evidence	Required: <ul style="list-style-type: none"> • Impact indicators and social costs requested by Social Traders • Business plan (for start-ups)
	Supporting: <ul style="list-style-type: none"> • Impact report

5. **Consistency** – there is a framework of activities that a Social Enterprise delivers that are aligned to its social purpose and that occur on a regular basis. While they may change from time to time, they are relatively consistent (vs random activities that change regularly in nature and outcomes).

1	<ul style="list-style-type: none"> • The business's activities for delivering social impact are not clearly defined and its activities are delivered on an ad-hoc or inconsistent basis. • Activities appear to be random in nature (when they are delivered and their anticipated impact).
2	<ul style="list-style-type: none"> • Social impact activities are defined at a high-level; however, activities appear to change frequently, leading to a lack of targeted impact.
3	<ul style="list-style-type: none"> • Social impact activities are defined; however, these appear to change based on new approaches or ideas to deliver impact, leading to changes in target outcomes or methods for delivery.
4	<ul style="list-style-type: none"> • Activities are clearly defined and their connection to delivering social impact can be easily discerned. • Activities appear to change sparingly, however, there is evidence to suggest that occasional changes may dilute its impact at some level.
5	<ul style="list-style-type: none"> • There is a clear set of activities that the business delivers to achieve its social purpose. • These activities are delivered on a consistent basis, ensuring the organisation is actively delivering its target outcomes through its operations.

- Suggested evidence:

Source of evidence	Required: <ul style="list-style-type: none"> • Headline impact activities and associated social costs
	Supporting: <ul style="list-style-type: none"> • Program materials • Planning documents

6. **Alignment and integration** – the business and social purpose models are integrated, and revenue sources enable the social purpose and the intended social impact.

1	<ul style="list-style-type: none"> The business model and method for delivering social impact are not aligned and the business model does not appear to enable the intended social impacts.
2	<ul style="list-style-type: none"> There is some level of alignment between the business model and social purpose model, however, there appears to be a demarcation that limits the business's ability to optimise its social impact. The business model appears to enable delivery of social impact to a small extent, however, social impact activities are not integrated throughout the business.
3	<ul style="list-style-type: none"> There is general alignment between the business and social purpose models, however, the business model and revenue streams at times compromise the social purpose and there is limited understanding of how to address this tension. Social impact activities are embedded in the business and monitored at a governance level, however there is room to optimise this
4	<ul style="list-style-type: none"> There is alignment between the business and social purpose models, and the business model generally enables social impact. There is a high level of integration of social impact activities across all areas of the business and it is monitored through a formal governance mechanism.
5	<ul style="list-style-type: none"> Comprehensive alignment between business and social purpose models and business model enables social impact to a large extent. There is a high degree of awareness and management of the tensions that exist between the business model (money) and social impact model (mission). There is a high level of integration of social impact activities across all areas of the business and it is actively monitored and maintained at a governance level.

- Suggested evidence:

Source of evidence	<p>Required:</p> <ul style="list-style-type: none">• Financial statements• Business plan (for start-ups) <p>Supporting:</p> <ul style="list-style-type: none">• Impact report• Social Business Model Canvas/ Business Model Canvas
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