

# PROJECT resource

## Building an operating model and governance structure for NewCo (now Jita)

### Discussion points for shareholders, June 2011

In April 2011 potential investors in a social enterprise faced the challenge of setting up their board structure and principles of governance. This document is an annotated version of a presentation by Malcolm Ritchie, Accenture Development Partnership that helped them do exactly that. It was delivered to the shareholders of the start-up Bangladeshi business that operates and has commercialised the Rural Sales Programme (RSP), which had formerly been run as a project of CARE International. At the time the company was called NewCo – it is now called Jita. It is a social enterprise, explicitly combining social and commercial objectives.

This presentation was delivered as part of Business Innovation Facility support to the project. The task was to develop agreement on the operating principles of the company and the governance structure, prior to their formalisation within the Shareholder Agreement.

Building shareholder agreement on operating principles and governance structures is common to many inclusive business ventures, particularly start-ups and those bringing in external social investors. Therefore the presentation has been edited for use by other practitioners. Blue boxes throughout add a 'commentary' on top of the original presentation, highlighting what was done, what was useful, or what lessons emerged.

# Document Objective

## presentation

- This is a discussion paper for both Danone Communities and CARE International parties to agree key points on operating principles and governance of the new company.
- Agreements formed after review of this document will form the basis of the shareholder's agreement.

## commentary

***“Starting point of the two shareholders:** Danone Communities and CARE international are the two initial shareholders in the new business. At the time of writing, they had already agreed their respective investments and collaboration, and required a structure and operating plan for the new company.*

*“Danone Communities is based in France and the parent of CARE in Bangladesh is CARE International. For both investors, it is important the business deliver both social impacts (via participation of rural sales women as Aparajitas), and commercial success (as a sustainable business). The governance structure thus needed to reflect their respective legal requirements, partnership and their sense of purpose*

*“For CARE International, this enterprise approach is relatively new (the first such approach in CARE International in Bangladesh, intended to inform similar models) so ensuring everyone is on ‘same page’ was an important starting point.”*

# Structure and Contents

## Section 1 The foundations

- Rural Sales Programme Background
- Future Plans and Challenges
- Social Enterprise Definition
- Glossary of terms & definitions

## Section 2 Agreement on strategic priorities

- Vision Statement and Objectives
- Social Enterprises Guiding Principles & Policies
- Social Enterprise's Targets

## Section 3 Proposed governance structure

- Corporate Structure
- Board Construct
- Accountabilities of the Board
- Board Rules, Regulations & Operating procedures

### ***"The Process related to this document"***

*This presentation was developed by the consultants through intensive discussion with CARE International, then sent to Danone Communities as a basis for further discussion and agreement. It went through several iterations.*

*This achieved two purposes:*

- *The process of discussion helped clarify understanding of what the social enterprise will and will not do, and ensure stakeholders are on the same page. Section 2 was particularly important for this.*
- *The results of discussion delivered agreed text and structures, for reflection in the Shareholder Agreement and for implementation. Parts of Section 2 and most of Section 3 will be in the Agreement, albeit in legal language."*

# CARE International in Bangladesh's Rural Sales Program (RSP) 2004-2011



Hub – rural shop

*An Aparajita (Rural sales lady) selling products in her village*



## The Program:

- Since 2004, CARE International in Bangladesh has been implementing a Rural Sales Program (RSP)
- Consists today of 80 small distribution enterprises (Hubs)
- Located in 18 districts of Bangladesh and a rural sales force of 2,000 women.
- The Aparajitas sell products from the private sector partners through a cost effective rural distribution model.

## Impacts:

- Creates wage employment for rural people
- Women are empowered through engaging with sustainable livelihood opportunity
- Rural households are given access to essential products, including Hygiene & Nutrition
- Develops rural enterprises through increased access to market and services
- Provides private sector partners with opportunity to penetrate new markets

## Current RSP private sector partners:



Grameen Danone Foods  
Social Business Enterprise



Unilever



SQUARE TOILETRIES LTD.

# Future Plans and Challenges as a Social Enterprise

## The Expansion Objectives:

- Rapidly grow to 400 hubs from the current 80
- Expand 6 times the number of rural sales ladies up to 12,000 creating meaningful employment
- Enter 4 additional regions from the current 3 making this a national distribution network

## The Challenges:

- Creating a commercial joint venture between CARE International (Majority shareholder and DANONE Communities (Minority Shareholder)
- Ensuring this now-commercial entity still operates has the values of both DANONE Communities and CARE International
- Building in some commercial good practice into a very successful social programme so all the stakeholders are managed effectively and it is sustainable as a commercial operation

*“These plans and challenges provides the important context for defining business principles and governance. i.e. expanding the reach of the programme into rural areas, operationalising the values of two shareholders, and achieving commercial sustainability.”*



# Social Enterprise – a Definition

**Social enterprises** are social mission-driven organizations that apply market-based strategies to achieve a social purpose.

The movement includes both non-profits that use business models to pursue their mission and for-profits whose primary purposes are social.

Their aim – to accomplish targets that are social and or environmental as well as financial – is often referred to as the triple bottom line.

Many commercial businesses would consider themselves to have social objectives, but social enterprises are distinctive because their social or environmental purpose remains central to their operation.

*“This description of a social enterprise, drawn from research, was used as a way to build understanding and consensus on the approach. The discussion helped highlight that, as a social business, NewCo needs to be a sustainable business so that it can fulfil its social mission in a timely manner.”*

# Glossary of terms & definitions

- **Distributor** – company supplying products through the scheme
- **Aparajitas** – “women who never give up”; rural sales ladies
- **Service person** – distributor of products from the hub to the Aparajita
- **Hub manager** – rural shop owner and local entrepreneur
- **Hub** – rural shop
- **NewCo** – the name for the as yet unnamed social enterprise
- **Vision Statement** - aspiration statement for the social enterprise
- **Objectives** - precise statements what the Social Enterprise intends to achieve
- **Strategic Principles** - Strategic principles are known by all stakeholders and enables them to take action
- **Rural Sales Programme** - the programme established by CARE International in Bangladesh and operated for 6 years, which will now be taken over and run as a social enterprise by the new company.

*“The ‘Aparajitas’ (the rural sales women) represent the main social target, along with their rural customers. The ‘distributors’ are the large commercial brands, including Danone, Unilever, Bata, Grameen Phone, Square toiletries, Lalteer Seeds and Grameen Danone, that distribute their goods via RSP and provide its commercial revenues.”*



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*“Section 2 discussion points, covering the overall vision of the new company and the principles by which it would reach social and commercial objectives, were debated at some length. Fleshing them out in the presentation helped identify which areas were unproblematic, and which needed considerable attention, in order to reach consensus before operation.”*



# NewCo's Vision Statement and Objectives

## Vision Statement

- The social enterprise is dedicated to create access to healthy and nutritional products, communication services and daily necessities for BoP consumers.
- To economically empower women through a network of enterprises, creating employment opportunities and improving access to markets.
- Build scale by leveraging resources, assets and partnerships wherever possible and thus achieving significant social impact:
  - 12,000 poor women empowered through income and employment
  - 450 enterprises developed through increased linkages with companies
  - Employment created for 900 service persons
  - Improved access to markets for 10 million BoP consumers
  - Maintain a positive cash flow for a 10 year period after the initial start up investment through sustainable operations

***“Lessons learnt:** it is important to use vision, objectives and strategic principles to build consensus, ensuring that all stakeholders understand what the social enterprise stands for. These were widely commented on within CARE International, and these sections went through several iterations.*

*“Ensure a balance between social and business objectives (here 4 are mainly social, 1 is focused on commercial success). The social enterprise can only meet its social objectives if it remains in business.”*

# NewCo's Strategic Guiding Principles

## Strategic Principles (applying to all NewCo stakeholders)

**Empowerment:** Empower the poor to seize economic opportunities to increase their incomes and livelihoods by building individual capacity and helping them develop and strengthen their communities.

**Increasing opportunities:** Increase economic opportunities for women by teaching them skills to make a living. Other stakeholders in the value chains will be coached in commercial and social basics.

**Pro poor:** Provide access to products and services created for rural households that have positive impacts on health, agriculture, livelihoods and access to information.  
Increase deriving economic and social benefit for poor and marginalized women and their families.

**Partnership:** Create and maintain mutually beneficial relationships between distributor organisations with shared objectives and contributions, to provide rigorous consumer orientation while focusing on the health and livelihoods of the Aparajitas.

**Sustainability:** Provide a sustainable model to set the path for blending social benefits and commercial sustainability. The social enterprise aspires to become a model that can be applied elsewhere beyond Bangladesh.

*“As with objectives, a balance must be struck in strategic principles between business and social.”*

# Key components of Aparajita Selection Policy

## Selection Criteria for Aparajitas

- **Financial Situation** - poor and destitute women will be first selected; women who have minimum start-up business capital – preferably over 500-1500 Taka; but microloan or lending options are also available.
- **Social situation** - preference to women with good local networks to run sales; family that is supportive of the business; only one woman per geographical area of 600-1000 households.
- **Aparajita Capability** - motivation on the part of the Aparajita that the money she will receive is a result of labour not charity; physical strength and mental preparation to visit at least 50-100 households per day.

*“These criteria are critical to achieving social impact. They were very well developed by the RSP programme over six years and are therefore ‘mature’ in terms of thinking. Relatively little discussion was therefore needed with stakeholders.”*

# Product Selection Policy

## Portfolio and product selection – options for criteria

- Products should improve health, hygiene, nutrition, daily necessities, agricultural inputs and communication.
- Shareholders have a right to veto a new product from being sold.
- The following are deemed harmful to the society and will not be allowed as part of the scheme:
  - Cigarettes and tobacco products
  - Arms, Alcohol and drug
  - Counterfeit consumer products
- Aparajitas will be requested to leave the scheme if found selling the products listed above.
- Poor local entrepreneurs and female groups producing craft, food, jewellery and clothing products can use the sales network to sell their products.

*“Product selection policy has required considerable discussion. Potential conflicts arise between objectives to promote healthy products and to promote products that will sell well and boost income. Snack foods and some cosmetic products do not improve health/nutrition of customers, but provide good income to the Aparajitas, which builds other social benefits.*

*“Lessons learnt: Some areas will require a great deal of debate, and thus take time.*

*“It is legally simpler to agree a list of excluded products than an exhaustive list of acceptable products. The policy needs to cater for future introduction of new products.*

*“Capacity to ensure compliance with any rules also needs to be considered. Rural Sales ladies are independent business women and do not sign a contract with RSP. They currently do sell local craft products and snack food although not officially sanctioned by RSP. So the burden and realism of monitoring compliance must therefore be considered when designing principles.”*

# NewCo's Operating Policies Summary

The social enterprise has a summary policy for the following areas (detailed in the appendix)

## Labor Policies

- Child Labor
- Forced Labor
- Discrimination in the workplace
- Health and Safety in the Workplace
- Working hours
- Wages

## Ethical Policy

- Non-discrimination
- Freedom to organize and the right to collective bargaining
- Corruption

## Environmental Policies

- Work Place
- Transportation
- Water
- Climate Change and Greenhouse Gases

*“More detailed operating policies drew on various policies of the parent organisations. Through discussion they were tailored to the local situation.*

*“**Lesson learnt:** Just pasting in values and policies from developed country companies and NGOs could significantly limit business capacity of a developing market social enterprise to do business. NewCo has to operate in a context where child labour is common, sewerage is not common, focusing exclusively on women is fundamental to the business, and local market conditions may be quite different to those of a multi-national or international NGO, so adapting general policies to local realities was important.”*

# Social Impact Quantitative Targets

The company will measure social impact across three key stakeholders

1. Women's economic empowerment
2. Employment creation and enterprise development -Business associates (hubs and service person and distributors)
3. Consumers access to essential products

Expected Social Impact within 3 years from start	No. of People Impacted
Poor women receive sustainable and dignified employment as sales agents	11,000+
Enterprise developed	400+
Service person recruited	800+
Employees recruited within the Social enterprise acquire improved socioeconomic positions (head office & field)	60
Rural household getting access to more quality products,	10 million
Farmers and entrepreneurs getting access to more profitable markets and information for their initiatives	100,000

*"The above examples are simple to collect as they will need to be reported on quarterly for board meetings. When compiling social targets, the overhead to the enterprise needs to be considered."*

# Governance Operating Model

## Social Impact Qualitative Targets

Women's Economic Empowerment	
Pathway for change	Improve the capacity of women to benefit equitably and fairly from market and labor / wage/ employment opportunities
Core indicators	% men and women reporting meaningful participation of women in the public sphere.
	% of men and women reporting meaningful participation of women in household decision-making in a domain previously held by men.
	% men and women reporting ability of women to effectively control productive assets.

Employment creation and enterprise developed -Business associates (hubs and service person and distributors)	
Pathway for change	Improve the capacity of men and women to benefit equitably and fairly from market and labor / wage/ employment opportunities
Core indicators	% men and women employed from underprivileged group
	No of poor enterprises participating in value chain
	No of Poor and Extreme Poor established or improved Income Generating Activities

Consumers access to essential products	
Pathway for change	Improve livelihood and living condition of the consumers served by Aparajitas (will follow the future plan of undertaking a research for consumers with Said Business School and York University)
Core indicators	No of consumers Improved health through better hygiene conditions & nutrition (needed more work)
	No of households getting access to information on products and services
	No of consumers got access to quality inputs and service for their livelihood

*“Newco has qualitative targets as well as quantitative too. These were developed in 2010. They build on CARE International’s considerable expertise focusing on impact, including its theory of change for women’s empowerment (a long-term measurement over 3 – 5 years) and on collaboration with external independent researchers.”*



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*"Finally, proposals for the governance structure were developed and discussed, again with several iterations."*

# Corporate Structure

## Defining corporate structure and company registration.

### Items to consider:

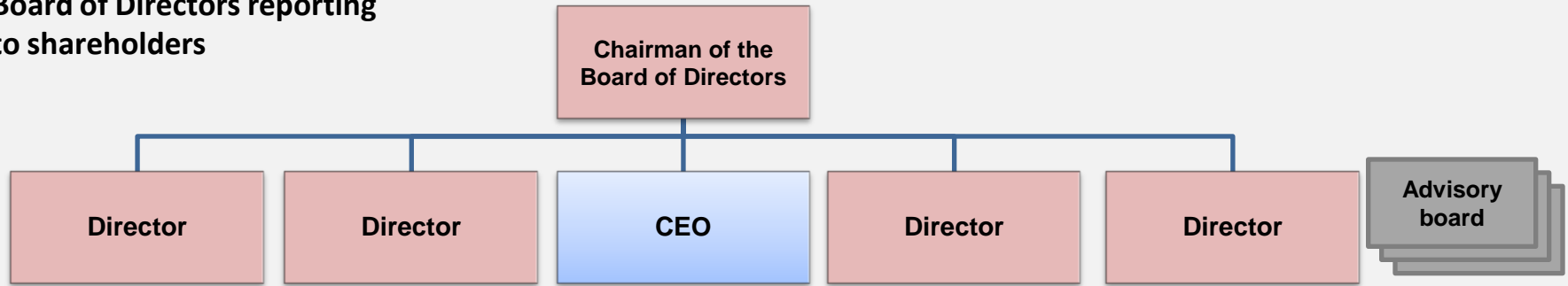
- Country of location of shareholders; country of operation of the company (Shareholders located in US and France, NewCo operational in Bangladesh)
- Legal requirements of each investor, given their country of location and own structure
- Incentives available to investors for investment in a developing country (French government will insure the investment if it is direct into a Bangladeshi company)
- How to leave flexibility in the structure for additional investor(s) in future.
- Differences between legal regimes in their recognition of intangible assets (intangible assets invested from the US are recognised in US law, not Bangladeshi law)
- Under which legal jurisdiction will any dispute between shareholders be heard?
- Tax implications of legal structure.

### ***“Learnings***

- *There are many different ways to define governance structures and having them across countries added complexity.*
- *It was key to assemble the appropriate expertise. In this case legal counsel was sought in France, USA and Bangladesh.*
- *Both shareholders had critical criteria to which the legal structure must adhere which determined the corporate structure.*
- *A legal structure was proposed based on these multiple considerations. “*

# Year 1 Board Construct

Board of Directors reporting  
to shareholders



## Board construct in the first year

- Board directors need to have a balance blend of skills to support both the social and business objectives
- Preferable for the directors to be based in Bangladesh or travel there on a frequent basis to enable face to face meetings
- The CEO will be a director of the board to connect the board to the operations (potentially non voting to allow majority votes to be passed)
- Advisors with specialist skills are able to appointed to the board to advise on specific issues
- The Advisory board should contain an Aparajita so views of the people to social enterprise are trying to impact are heard by the board of directors

*“One shareholder has significant experience in social enterprises and recommended a small and nimble board structure with no more than five directors. Rather than focus on which shareholder appoints which director, the consultants focused discussion on **which skills** are needed for the post, discouraging the shareholders from moving too fast to individual names. The need for relevant skills, rather than immediate familiarity with the project was also discussed.”*

# Board Rules & Regulations

## Proposed Rules

- Information for directors – The chairman is required to provide every director with all documents and information needed for performance of their assignment.
- Duty of expression – Each director has a duty to clearly express their opinions.
- Diligence – Each director must devote the necessary time, care, attention to his or her duties.
- Conflicts of interest – Each director must inform the Board of any conflicts of interests that arises in connection with duties he or she may hold in other companies and will not participate in a vote but use a delegate.
- Confidentiality – Directors are required to observe discretion concerning information of a confidential nature.
- Compensation of directors – at zero cost to NewCo

## Proposed Regulations

- The board should apply high ethical standards. It should take into account the interests of stakeholders.
- The board should be able to exercise objective independent judgement on corporate affairs.
- The board should incorporate the company's guiding social principles in all decision making.
- In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.

## Proposed Elections

- Board members are elected by a standing nominating committee proposed by the shareholders.
- There is a right for other shareholders to veto proposed candidates if not considered qualified enough.
- Length of terms is 3 years long and can only serve 2 terms. The exception is the CEO.

*“These did not require a great deal of discussion. But are important content for the Shareholder Agreement.”*

# Board Operating Procedures (1)

## Meetings

- Minimum requirement of four board meetings per year.
- Above the minimum requirement the Board of Directors may meet as often as they deem necessary.
- A meeting constitutes a quorum when:
  1. The Chairman of the Board and more than half of the members of the Board of Directors are present with both shareholders represented
  2. The Chairman and all members of the board are present.
- The Chairman and CEO will establish the agenda for each board meeting.
- Each board member is free to suggest the inclusion of item(s) on the agenda.
- A location for the meetings needs to be decided but will typically be Bangladesh.
- Those not able to travel to the location should use dial-in or telepresence tools.
- All materials relative to a meeting should be sent to all members via email 7 days in advance.
- Special meetings of the board may be called at any time with proper notice to handle specific items of association business. The purpose and scope are limited to that stated in the meeting notice.
- There will be an Annual General Meeting (AGM)

*“Flexibility in the frequency and number of board meetings is very important so flexibility in how Board members attend them is also needed. Face to face full attendance sessions, although preferable, are not required.”*

# Board Operating Procedures (2)

## **Situations requiring approval from the Board**

- Selection of new distributors & investment partners
- Revision of the vision statement and objectives of the social enterprise
- Decisions that adversely affect performance on health and nutrition
- Approval of the Annual Budget
- Distribution of profits
- Recruitment, salary and incentives of the CEO
- Related party transaction
- Appoint advisory board members

## **Situations that are the responsibility of the CEO and do not require approval of the board**

- Hiring and firing of employees below board level
- Setting salaries and benefits for key employees against a board approved salary structure
- Process improvement provided it does not fundamentally alter the principles of the social enterprise
- Creation of the Annual budget
- All capital expenditure including up to an agreed limit of X BDT (Bangladeshi Taka)

/cont'd

*“It was important to set out the respective roles and accountabilities of the board and the management team, so it is clear who can do what.”*

# Board Operating Procedures (3)

## **Decision making by the Board**

- A quorum is required to make decisions.
- When votes are cast, the Board's decision will reflect the majority opinion (everyone's vote is treated equally).
- A nominate structure should be created, whereby if a director is unable to attend a meeting, they can nominate another NewCo director to act on their behalf.
- If a director is missing from 2 - 3 consecutive meetings they have to be replaced

## **Loans, Profits and Dividends**

- Until certain social milestones have been achieved, no dividends will be payable.

## **Distributor Auditing**

- Terms and conditions of distributors to joining and already involved in the scheme should be consistent with the principles of the social enterprise
- Auditing of the distributor will need to be carried out at least on an annual basis to ensure adherence

*"It was important to agree between the shareholders what the criteria should be before the social enterprise could pay profits out."*



# Critical roles on the board

These are critical roles the board of directors will require the skills to provide the necessary guidance to NewCo. Roles can be filled by more than one individual.

Critical Roles Required	What Do They Do?
<b>Chairman of the Board of Directors</b>	<ul style="list-style-type: none"> <li>Facilitates voting; conflict Management resolution; ensures the legal context is provided for decision; balances between commercial &amp; Social impact; ensures statutory requirements for managing a board</li> </ul>
<b>Chief Executive Officer</b>	<ul style="list-style-type: none"> <li>Executes the social enterprise's strategic plans and policies as established by the board of directors; advises the Board &amp; ensures staff and Board have sufficient and up-to-date information; looks to the future for change opportunities; formulates policies and planning recommendations to the Board and oversees operations of organization ; manages human financial and physical resources of the social enterprise</li> </ul>
<b>Social Impact Director</b>	<ul style="list-style-type: none"> <li>Sets &amp; ensures social principles for the enterprises; sets &amp; ensures environmental principle; ensures compliance for qualitative social indicators for the company; requires an M&amp;E background; reviews each new distributor from a social &amp; environmental; provides necessary social linkages</li> </ul>
<b>Commercial Director</b>	<ul style="list-style-type: none"> <li>Ensure the commercial objectives/directives and ownership of commercial strategy; reviews new distributors from a commercial perspective; drive into the growth plans; investment guidance; provide corporate linkages; consumer insight into BoP consumers</li> </ul>
<b>Finance Director</b>	<ul style="list-style-type: none"> <li>Financial health (KPIs) and the Social Enterprise remains in the budget (KPIs); future investor management (Future KPIs); accounting background (Skill set); M&amp;E background (optional skill set)</li> </ul>

*"It is important to get the balance in skills between 'social' and 'business' skills. For a small board, there were the 5 critical areas. The team recommended strong finance and commercial directors to be provided from Danone."*

# Accountabilities of the Board

1. Establish vision, mission and values
2. Set strategy and structure
3. Social impact
4. Commercial impact
5. Monitoring and evaluation
6. Financial resources management
7. Stewardship
8. Exercise accountability to shareholders and be responsible to relevant shareholders
9. Human resources management
10. Select and support the CEO

*“These issues did not require much discussion, but are useful to give more detail on Board roles both during and after recruitment.”*

# Specific Roles on the Board

## Chairman of the board

- The chairman's role includes managing the board's business and acting as its facilitator and guide. This can include:
  - Determining board composition and organization;
  - Clarifying board and management responsibilities;
  - Planning and managing board and board committee meetings;
  - Developing the effectiveness of the board;
  - Facilitate voting for critical decisions;
  - Manage Conflict if it arises amongst board members;
  - Ensure the legal context is provided for decisions;
  - Ensure balance between commercial & social impact;
  - Ensure statutory requirements for managing a board.

## Advisory board

- An individual or group of individual convened to offer advice and assistance with a project, issue or subject requiring expertise.
- Advisors do not bear legal responsibilities for the actions of the board or management team.
- Advisory board to consist of an Aparajita so the voice of the people the social enterprise is trying to help is heard by the board of directors
- The Advisory board could also contain academics.

# Annex 1: NewCo's Operating Policies

## **Labour Policies**

### **Child Labour**

- The social enterprise does not use labour by children under the age of 15.

### **Forced Labour**

- The social enterprise does not use forced labour, *i.e.* all labour or services demanded under a threat of any kind of punishment or to which the person has not given his consent.

### **Discrimination in the workplace**

- The social enterprise will not tolerate any form of harassment or exploitation, be it physical, sexual or psychological towards women.

### **Health and Safety in the Workplace**

- The social enterprise ensures that the work area and surroundings do not harm the employee's physical health & well-being.
- Efforts to reduce the causes of accidents and to improve working conditions are continually made.
- Restrooms, cafeterias and housing provided by the company are constructed and maintained in compliance with the standards prescribed by legislation in force in the country.
- The company is required to provide potable water, an adequate amount of clean lavatories, effective ventilation, emergency exits, properly lit work areas, and access to medical care.

### **Working hours**

- The company ensures adherence to national laws relating to working hours, including overtime hours.
- Failing exceptional circumstances in a limited time period, employees are entitled to at least one day of rest per week.

### **Wages**

- The social enterprise ensures that:
  - No wage is below the legal minimum wage set by the country
  - All employees receive pay slips
  - All employees are adequately paid with respect to wage practices in the country
  - Overtime is systematically compensated at a higher rate than the normal hourly wage

### **Code of ethics**

- A standard code of ethics for conflicts of interest, code of ethics will apply to employees

# Annex 1: NewCo's Operating Policies - cont.

## **Ethical Policy**

### **Non-discrimination**

- The social enterprise, in compliance with national legislation, abstains from all discriminatory practices.
- Discrimination includes all distinctions, exclusions or preferences having the effect of reducing or altering equal opportunity or treatment as a result of race, colour, sex, sexual orientation, creed, political opinion, age, nationality, family responsibilities or other considerations.

### **Freedom to organize and the right to collective bargaining**

- The social enterprise recognizes and respects employees' freedom to organize and to freely appoint their representatives.
- The social enterprise recognizes the right to collective bargaining.
- The social enterprise ensures that there is no discrimination against employees' representatives.

### **Corruption**

- The social enterprise ensures that it does not engage in corrupt or fraudulent practices
- A corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party
- A fraudulent practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

# Annex 1: NewCo's Operating Policies - cont.

## **Environmental Policies**

### **Work Place**

- The social enterprise should work to reduce its energy consumption, regardless of the source.

### **Transportation**

- The social enterprise should optimize its transportation practices in order to reduce the consumption of fuel.

### **Water**

- The social enterprise should reduce its water consumption.

### **Climate Change and Greenhouse Gases**

- The social enterprise should work to limit direct and indirect emissions of greenhouse gases arising out of its activities

*“NewCo's Operating Policies are appropriate for a social business in Bangladesh. It was useful to draw on international policies, but essential to adapt them.”*

A final word from  
the author.....  
Malcolm Ritchie

### ***“Some lessons learnt in this process***

***“Time:*** *Delivery of this task took longer than anticipated. It was a major item of work during 9 weeks in the field. Roughly 2 weeks were spent developing the content and 4 weeks on discussion, feedback revision and further iterations.*

***“Value:*** *The presentation and its related process gave value in two different ways:*

- It built understanding across staff of what the social enterprise approach will mean in practice, particularly within CARE International, which has been operating RSP as an NGO programme for several years.*
- It developed the basic content for the shareholder agreement, thus making the legal work faster and easier.*

***“Process:*** *The value-added was only possible because CARE International staff were closely involved in the process. It could not have been delivered by external consultants in isolation.*

***“Scope:*** *It would not have made sense to focus only on the legal governance structures of the Board without covering the operating principles as well. Securing agreement on operating principles at this point slowed the process down, but means that expectations are clear before business operation starts, and shareholders have consensus.*

***“Specifics of a social enterprise:*** *Compared to a commercial business, the governance structure is similar, but the operating principles are different. Compared to an NGO programme, both the structure and principles are different. Given both Danone Communities and CARE International are strong on social development, the consultants role was to emphasise commercial thinking. How to maintain social focus while injecting commercial sustainability had to be teased out.”*



### Project information:

The project on which this document draws is Jita, a rural sales venture that generates income and employment opportunities for rural women called 'Aparajitas'. Jita was legally registered as a Bangladeshi company on December 12th 2011. Currently there are 2580 Aparajitas engaged through 86 'hubs' selling products of seven companies. The shareholders of Jita are CARE International and danone.communities (France): thus Jita is a 'multinational social enterprise'. Between April and August 2011, support from the Business Innovation Facility was provided by several team members including, Matt Badenoch, Christina Chou and Malcolm Ritchie from Accenture Development Partnerships, Caroline Ashley from the Business Innovation Facility, Ken Bell from Challenges World Wide and Parveen Huda from Renaissance Consulting.



Jita Bangladesh is a joint venture social business of Care International and danone.communities, dedicated to empowering women through a network of enterprises, creating employment opportunities, and improving access to markets for the base of pyramid consumers.

[www.jitabangladesh.com](http://www.jitabangladesh.com)



CARE International is one of the world's leading aid agencies – we fight poverty and injustice. In the last year, we worked in 84 countries, supporting 1015 poverty-fighting projects that reached more than 122 million people.

[www.careinternational.org.uk/](http://www.careinternational.org.uk/)



Our mission is to support and develop local businesses, with a sustainable economic model, oriented towards social goals: reducing poverty and malnutrition.

[www.danonecommunities.com/en/home](http://www.danonecommunities.com/en/home)

### Further Information:

This document should be read in conjunction with: [Inside Inclusive Business: Striking a balance between profits and impact](#), which is also based on the Jita project

More material on this topic can be found in the **Know-how** section of the Practitioner Hub – [Commercialising NGOs](#)

To view other **Project Resources**, go to: Practitioner Hub on Inclusive Business:  
[www.businessinnovationfacility.org](http://www.businessinnovationfacility.org)

### Contact us:

Malcolm Ritchie, Accenture Development Partnerships: [malcolm.ritchie@accenture.com](mailto:malcolm.ritchie@accenture.com)

Parveen Huda, Bangladesh Country Manager, Business Innovation Facility: [parveen@rcl-bd.com](mailto:parveen@rcl-bd.com)

Project resources are materials which have been produced during support from the Business Innovation Facility team to a specific inclusive business project. They include inputs provided as part of technical assistance and summaries of findings and outputs. They are adapted for wider use so that other practitioners can also make use of the material.



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