

# **Green Party**

## **Cooperative and Ethical Business Policy**



**May 2018**



**Table of Contents**

1. SUMMARY & KEY POINTS ..... 3

2. Policy Details..... 4

    2.1.1. Vision Statement (Open access) ..... 4

    2.1.2. Cooperative Business Models

        2.1.3 Ethical Trading

        2.1.4 Community Solidarity

3. APPENDIX ..... 6

## 1. Summary & Key Points

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This policy seeks to place ethical practice and global economic responsibility at the heart of our economic activity. We believe that transparent, ethical and community based business can strengthen and grow our society in a manner that is inclusive and wide reaching<sup>1</sup>. Unlike current ethical business models which are largely initiated by the companies and business groups in conjunction with legislative bodies we recommend a ground-up, community driven, decision making process that focuses on regional needs and opportunities<sup>2</sup>. We propose that this policy can be applied across a broad spectrum of industries from textiles, digital services, agricultural output and local trading business.

- We call on all economic entities and institutional groups, including pension funds and religious institutions, involved in investment and trade to immediately divest from all and any companies still involved in the exploration for and trade in fossil fuels and nuclear power.
- We propose a system of Cooperative Business that supports group ownership, ethical trade and community solidarity
- We call on Irish governments to work in conjunction with the International Labour Organisation and their Decent Work For All campaign to ensure employment standards both for Irish residents and global workers
- We propose the creation of **Irish Sourcing Code of Conduct** based on the Ethical Trading Initiative (ETI) Base Code that Irish and multi national businesses can participate in to ensure all products traded respect core international labour practice and ban products that use slave labour or exploitative working conditions to create.
- We will prioritise funding and support for the retention of existing Post Offices and the reopening of Post Offices in areas where they have been closed and where no other bank or financial outlet is operating. This is particularly key in towns and villages that act as community hubs for rural Ireland

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<sup>1</sup> Bedi A, Alpaslan CM and Green S (2015) A meta-analytic review of ethical leadership outcomes and moderators. *Journal of Business Ethics*, 1–20. DOI: 10.1007/s10551-015-2625-1

<sup>2</sup> Macklin, Rob, and Karin Mathison. "Embedding ethics: Dialogic partnerships and communitarian business ethics." *Journal of Business Ethics* (2017): 1-13

## 2. Policy Outline

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Our Cooperative Business Policy operates across three key topics

- Cooperative Business Models
- Ethical Trading Practice
- Community Solidarity

### 2.1 COOPERATIVE BUSINESS MODELS

#### PROMOTION OF COOPERATIVE BUSINESSES

The Green Party proposes to create a mechanism to allow the transfer the ownership of existing businesses to its employees and stakeholders. This would be especially appropriate for businesses that may not be able to continue to generate adequate profits to attract outside investment, e.g. shops, post offices and other socially important businesses in rural locations. Rather than continuing as a business owned by an individual or small number of people (with the associated burden on them), equity ownership could be spread affordably amongst a larger number of the community. This would also be ideal for a business whose owner is seeking to exit but staff wish to continue, or of a 'staff buy out' of a branch of a chain that wishes to close that particular branch.

Some of the inspiration for this policy includes the *Cooperativa Sociale* model in Italy (designed to deliver local educational health and social services) and the *Löntagarfonderna* plan introduced in Sweden in the 1970s.

All standard company types will be eligible, with the exception of Limited Liability Partnerships and Societas Europaea Companies.

#### Mechanism

Existing shareholders may pass an ordinary resolution under the company's memorandum of association to issue new share capital with the value up to 12.5% (or the prevailing corporate tax rate) of the company's net profits for the last full reporting year. Shares issued under this legislation will automatically be assigned to the company's cooperative. The value of shares issued may be claimed as a credit against the company's corporate tax liability for the same reporting year, with a cap set at the company's total corporate tax liability for that reporting year. Shares issued under this scheme will be exempt from stamp duty.

In addition, existing shares in a company may be sold or gifted at any time to the cooperative without either incurring capital gains tax liability on the part of the seller, nor gift tax liability on the part of the

receiver. Bequeathing of shareholdings to the cooperative by share owners will also not be liable for inheritance tax.

Non-profit financing for the purchase of shares in businesses by employees' trusts at face-value will be provided to the cooperatives by the proposed Public Banking system for SMEs, and by a special non-profit investment body set up at a national level for larger companies, within the usual parameters of prudent lending. Where deemed feasible, prudent and absolutely necessary, incentives may also be provided to commercial lending institutions to do the same.

Shares acquired by the cooperative may not be disposed of without special permission from the Registry of Friendly Societies (or a succeeding body, if it is deemed logistically necessary) at the Companies Registration Office (CRO). The cooperative would be required to prove that its members would be financially hurt by retaining the shareholdings; opportunity profit will not be admissible.

Membership of the cooperative will consist of the ownership of one (and one only) unit of the trust. All full-time employees (as registered with the Department of Social Protection) will be entitled to join without charge. Thereafter, entry into a cooperative will be dictated by the cooperative's charter – part-time employees and other stakeholders may also be admitted, under the discretion of the cooperative's membership. All extant and future discrimination legislation will apply. Membership units of the cooperative will be non-transferable. When employment is terminated, the unit will be expunged.

### Requirements of the Cooperative

The structure of the cooperative will be at the will of its members, however it will be required to be constitutionally, explicitly democratic; decisions of the cooperative will be required to be taken democratically, by representation in person by members, or by recallable representative if this is impractical. The cooperative will be required to vote as many of its representatives on to the company's board of directors as is possible (limited by its shareholding). Decisions of the cooperative and elections to its bodies will be required to be fairly representative of its membership. Decisions of the cooperative may not materially benefit one member or a group of members over another. Cooperatives will seek to maintain positive, productive relations with their relevant trade unions.

## 2.2 ETHICAL TRADING

The Green Party proposes that all trading agreements and relationships on a micro and macro level within our economy should operate in harmony with the principles of reduction in consumption of resources, reuse and repair if possible, recycle and reclaim if viable and to consider the whole life and impact of consumer goods during their transaction and use. We believe that this ethos should be developed in line with best practice in employment and labour relations. We aim to address the volume of international trade that could have severe impacts on developing countries (in terms of society, environment and economy), many of which have become dependent on exports.

On this basis we propose the following:

- We call on Irish governments to work in conjunction with the International Labour Organisation and their Decent Work For All campaign to ensure employment standards both for Irish residents and global workers
- We propose that all civil and public service purchasing is Fairtrade and sustainable production best practice
- We propose an education and enterprise outreach scheme to Irish owned business that promotes the Ethical Trading Initiative and the UN Guiding Principles on Human Rights and Business (Ruggie Principles)
- We propose the creation of ***Irish Sourcing Code of Conduct*** based on the Ethical Trading Initiative (ETI) Base Code that Irish and multi national businesses can participate in to ensure all products traded respect core international labour practice and ban products that use slave labour or exploitative working conditions to create.
- We propose the creation of an annual audit requirement such as ISO 14001<sup>3</sup> (already in widespread use by larger companies within Europe) for large and medium sized companies to carry out on their social and environmental impact. Companies will make the findings of the audit available in an annual public report.
- In line with our Food Policy and our Agriculture Policy we propose to move towards more regional markets of food production and trade that would deliver greater food security for the nation.
- We propose to work with our European counterparts to establish new international trade rules to reconcile conflicts at national and international levels between free trade and sustainable resource management, which would place environmental protection and sustainable development above the pursuit of profit. Possible aspects for inclusion are whole life transport costs, energy creation and pollution costs and initiatives that enable countries to discriminate between products on the basis of the way they are processed/produced. Obligations on developing countries to comply with higher standards should be linked to the provision of transitional technical and financial support.

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<sup>3</sup> <https://www.iso.org/iso-14001-environmental-management.html>

### 2.3 COMMUNITY SOLIDARITY

Our policies promoting community solidarity operate in accordance with the Green Party objectives of bringing decision making to the most appropriate and lowest possible level, and promoting self reliance within communities and regions. The revival and support of the local economy is of the greatest importance. Policies are necessary to enable more local needs to be met by local work using local resources. We believe that such a methodology will result in members of our community and participants in the economy being, at all levels, less vulnerable to the damaging effects of economic decisions made elsewhere and over which they have no control. Strong communities, with access to finance and resources are better for all.

We envisage that a focus on community solidarity in business practice will result in a more decentralised economy and that inevitably this will reduce inequalities in wealth between different districts. As part of our ongoing and core commitment to local government and decision making at the lowest level we envisage a greater proportion of taxation will be levied locally, and more expenditure decisions will be made and public services provided at local level by local government. National taxation and strategic planning will still take place even as regional development is given a new and more dynamic focus.

- We will prioritise funding and support for the retention of existing Post Offices and the reopening of Post Offices in areas where they have been closed and where no other bank or financial outlet is operating. This is particularly key in towns and villages that act as community hubs for rural Ireland
- We believe that consumer choice and information are key to fostering community solidarity in business. Therefore we propose that

- the commission a register of ethical and Green businesses so that consumers can use their buying power to favour ethical economic behaviour

- openness, auditing and public reporting of ethical and sustainable impact in the workings of all public and private institutions

- In order to promote local economic management and planning we propose to create Local Business Partnership Bodies to enable a wide range of local people to participate in the development of policy, strategy, projects and enterprise. Membership should not be limited to those actively operating businesses but include a wide range of community individuals<sup>4</sup>
- In conjunction with the continued development of Credit Unions we propose the development of democratically accountable Community Banks, designed to encourage local people to invest in

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1. <sup>4</sup> Donaldson, T., & Dunfee, T. (1999). *Ties that bind: A social contracts approach to business ethics*. Cambridge, MA: Harvard Business School Press.

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