



**2016/2237(INL)**

23.5.2018

## OPINION

of the Committee on Employment and Social Affairs

for the Committee on Legal Affairs

on the Statute for social and solidarity-based enterprises  
(2016/2237(INL))

Rapporteur for opinion (\*): Heinz K. Becker

(\*) Associated committee – Rule 54 of the Rules of Procedure

(Initiative - Rule 46 of the Rules of Procedure)

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## SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas there exists a great variety of regulatory frameworks for Social and Solidarity-based Enterprises at national level across Europe with wide differences in terms of legal approaches (such as cooperatives, associations, charities, mutual societies, foundations etc.), business models and public supports; whereas Social and Solidarity-based Enterprises are the actors of the social economy which is an integrated part of the European social market economy in social, educational, cultural and environmental fields;
- B. whereas Social and Solidarity-based Enterprises take an innovative approach to the challenges facing society and provide the Member States with much-needed support; whereas Social and Solidarity-based Enterprises make a valuable contribution to social innovation; whereas the Social and Solidarity-based Economy should be regarded as one of the driving forces in developing a socially and environmentally sustainable market economy and European internal market; whereas Social and Solidarity-based Enterprises highlight new ways of addressing social problems in a quickly changing world; whereas the impact of Social and Solidarity-based Enterprises, especially during the economic crisis, has been highlighted in terms of decent, inclusive, local and sustainable job creation, fostering economic growth, environmental protection and strengthening social, economic and regional cohesion<sup>1</sup>;
- C. whereas digitalisation, ambitious climate change goals, migration, inequalities, community development, especially in the marginalised areas, social welfare and health services, needs of persons with disabilities and the fight against poverty, social exclusion, long-term unemployment and gender inequality and specific environmental tasks offer great potential for social entrepreneurship; whereas most Social and Solidarity-based Enterprises operate in the market in an entrepreneurial fashion, accepting economic risks;
- D. whereas across all Member States, Social and Solidarity-based Enterprises should have a common identity while drawing attention to the importance of recognising their diversity; whereas the recent study carried out by the Directorate-General for Internal Policies entitled “A European Statute for Social and Solidarity-based Enterprises” recognises the added-value of Union level action and recommends establishing a status, and a related label, certification or mark, rather than a requirement to form a particular legal entity for Social and Solidarity-based Enterprises;
- E. whereas rural areas offer significant opportunities for social enterprises, and whereas, therefore, it is essential that appropriate infrastructure should be available throughout rural regions;
- F. whereas education and training must be priority areas in fostering an entrepreneurial

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<sup>1</sup> [http://www.europarl.europa.eu/RegData/etudes/STUD/2017/611030/EPRS\\_STU\(2017\)611030\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/611030/EPRS_STU(2017)611030_EN.pdf)

culture among young people;

- G. whereas the mutual societies operating in the healthcare and social assistance sectors in the Union employ 8,6 million people and provide support to 120 million citizens; those mutual societies have a market share of 24 % and generate over 4 % of the Union GDP;
- H. whereas Regulation (EU) No 346/2013 of the European Parliament and of the Council<sup>1</sup> lays down the conditions and requirements for the establishment of European social entrepreneurship funds;
1. Highlights the vital importance of the approximately 2 million social economy enterprises in Europe<sup>2</sup>, which employ more than 14.5 million people<sup>3</sup>, and their invaluable contribution to quality job creation, social and regional cohesion and continued economic growth in the internal market;
  2. Underlines that Social and Solidarity-based Enterprises have a long history in the majority of Member States and have established themselves as vital and important market players;
  3. Calls on the Commission and national authorities to respect the historical and legal specificities of social economy enterprises when it comes to market regulation;
  4. Stresses that, given the rising demand for social services, social enterprises in the Union are becoming increasingly important in providing social services to support people at risk of, or experiencing, poverty and social exclusion; stresses that Social and Solidarity-based Enterprises should not replace, but should rather play a complementary role to, publicly-provided social services; draws attention to the importance of Social and Solidarity-based Enterprises, providing social, health or education services and specific environmental tasks in cooperation with local authorities and volunteers; highlights that Social and Solidarity-based Enterprises can potentially solve certain social challenges through a bottom-up approach;
  5. Points out that Social and Solidarity-based enterprises provide employment opportunities for persons with disabilities as well as for persons from other disadvantaged groups;
  6. Points out that Social and Solidarity-based Enterprises have a strong local and regional basis, which gives them the advantage of being more aware of specific needs and of being able to offer the products and services required in the area, thus improving economic, social and territorial cohesion;
  7. Notes that Social and Solidarity-based Enterprises can contribute to greater gender equality and a reduction in the gender pay gap;
  8. Emphasises the importance of networking among social enterprises, and calls on the Member States to encourage the transfer of knowledge and best practices within the

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<sup>1</sup> Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (OJ L 115, 25.4.2013, p.8).

<sup>2</sup> [https://ec.europa.eu/growth/sectors/social-economy\\_en](https://ec.europa.eu/growth/sectors/social-economy_en)

<sup>3</sup> <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7523>, p. 47

Member States (for example by setting up national contact points) and throughout the Union, involving not only the Social and Solidarity-based Enterprises themselves but also traditional businesses, academia and other interested parties; calls on the Commission, in the context of the Expert Group on Social Entrepreneurship and in cooperation with Member States, to continue collecting and sharing information on existing good practices, and to analyse both qualitative and quantitative data on the contribution of Social and Solidarity-based Enterprises both to public policy and to local communities;

9. Calls for a public online multilingual European platform for Social and Solidarity-based Enterprises, through which they could obtain information and exchange ideas on establishment, EU funding opportunities and requirements, participation in public procurement and possible legal structures;
10. Calls on the Commission to introduce at Union level a “European Social Economy Label” for Social and Solidarity-based Enterprises, based on clear criteria designed to highlight the specific characteristics of these undertakings and their social impact, increase their visibility, encourage investment, facilitate access to funding and to the single market for those willing to expand nationally or to other Member States, while at the same time respecting different legal forms and frameworks in the sector and in the Member States; notes furthermore that the criteria should set out in economic as well as in social terms, with references to financial viability, the explicit aim to benefit the community or a specific group of people; underlines that focusing on the social aspects should be the main objective for Social and Solidarity-based Enterprises; believes the awarding of such a label should be done following a request by enterprises that satisfy the qualifying criteria, such as pursuit of a social objective, an entrepreneurial dimension, participatory decision-making, and the substantial reinvestment of profits; considers that the “European Social Economy Label” should be voluntary for the enterprises but must be recognised by all Member States;
11. Stresses that criteria currently exist to help define Social and Solidarity-based Enterprises for the purposes of existing Union legislation, such as those set out in Regulation (EU) No 1296/2013 of the European Parliament and of the Council<sup>1</sup>, where ‘social enterprise’ means an undertaking, regardless of its legal form, which:
  - (a) in accordance with its articles of association, statutes or with any other legal document by which it is established, has as its primary objective the achievement of measurable, positive social impacts, rather than generating profit for its owners, members and shareholders, and which:
    - (i) provides services or goods which generate a social return and/or
    - (ii) employs a method of production of goods or services that embodies its social objective;

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<sup>1</sup> Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation (“EaSI”) and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 347, 20.12.2013, p. 238).

- (b) uses its profits first and foremost to achieve its primary objective, and has predefined procedures and rules covering distribution of profits to shareholders and owners, that ensure that such distribution does not undermine the primary objective; and
  - (c) is managed in an entrepreneurial, accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities;
12. Stresses the need for a broad and inclusive Union definition, highlighting the importance of the principle that a substantial percentage of the profits made by the undertaking should be reinvested or otherwise used to achieve Social and Solidarity-based Enterprises' social purpose; highlights the particular challenges faced by social cooperatives and work-integration social enterprises (WISEs) when carrying out their mission of helping those most commonly excluded from the labour market, and stresses the need for such organisations to be included under the new label;
  13. Considers that the minimum criteria and legal requirements for acquiring and maintaining a "European social label" must be a socially useful activity which should be defined at Union level; points out that this activity should be measurable in terms of social impact in fields like social integration of vulnerable people, labour market integration of those at risk of exclusion in quality and sustainable jobs, reduction of gender inequalities, tackling marginalisation of migrants, improving equal opportunities through health, education, culture and decent housing, and fighting poverty and inequalities; stresses that Social and Solidarity-based Enterprises must comply in their own performance with best practices in terms of working and employment conditions;
  14. Stresses that the cost of, and the formalities involved in, obtaining the label should be kept to a minimum, to avoid putting social enterprises at any disadvantage with special regard to small and medium-sized Social and Solidarity-based Enterprises; accordingly, the Union wide common criteria must be simple, clear and based on material rather than formal factors, and relevant procedures must not be burdensome; notes that while reporting obligations are a reasonable tool to verify that Social and Solidarity-based Enterprises continue to be entitled to the "European Social Economy Label", the frequency of such reports and obligatory information to be included must not be excessively burdensome; sees that the costs of a labelling/certification process could be potentially limited if the central administration is carried out at the level of national authorities who could, in cooperation with Social and Solidarity-based Enterprises, transfer the execution and handling to national self-administration following the pan-European definition of criteria for Social and Solidarity-based Enterprises;
  15. Calls on the Commission and Member States to actively promote the "European Social Economy Label" and advertise the social and economic benefits of Social and Solidarity-based Enterprises, including quality job creation and social cohesion;
  16. Points out that implementing a corporate social responsibility strategy as part of a business plan is not enough for an enterprise to be classified as Social and Solidarity-based Enterprises and therefore highlights the importance of drawing a clear distinction between a Social and Solidarity-based Enterprise and an enterprise engaged in corporate social responsibility (CSR);
  17. Believes that investment priorities for social economy and social enterprises should not

be limited to social inclusion, but should include employment and education, to reflect the wide range of economic activities in which they are present;

18. Calls for the ‘Erasmus for young entrepreneurs’ programme to be continued, for its budget to be used effectively and for information about the programme to be made easily accessible;
19. Calls for the procedures for setting up social enterprises to be simplified, so that excessive red tape does not pose an obstacle to social entrepreneurship;
20. Calls on the Commission to better incorporate the social economy in Union legislation to establish a level-playing field for Social and Solidarity-based Enterprises on the one hand and other forms of enterprises on the other;
21. Emphasises the need to support Social and Solidarity-based Enterprises by providing them with sufficient funding, as financial sustainability is vital to their survival; highlights the need to foster financial support offered by private investors and public entities to Social and Solidarity-based Enterprises at regional, national and Union level, with special attention to financing innovation, calls on the Commission to strengthen the social dimension of existing Union funding in the context of the next Multiannual Financial Framework (MFF) 2021-2027, such as the European Social Fund, the European Regional Development Fund and the Employment and Social Innovation Programme, in order to promote the social economy and social entrepreneurship; calls on the Commission to strengthen the implementation of the European Programme for Employment and Social Innovation (EaSI) and its Microfinance and Social Entrepreneurship axis, and to increase awareness in the financial sector of the characteristics and the economic and social benefits of Social and Solidarity-based Enterprises; considers it necessary, furthermore, to support, in general, alternative means of funding, such as venture capital funds, start-up funding, microcredit and crowdfunding, to increase investments in the sector, based on the “European Social Economy Label”;
22. Calls for Union funds to be used effectively, and stresses that access to these funds needs to be made easier for beneficiaries, not least in order to support and bolster social enterprises in their primary objective of making a social impact rather than profit maximisation, which ultimately offers a return on investment for society in the long-term; calls on the Commission to review in the context of the next MFF 2021-2027 the regulatory framework for social investment funds to facilitate access to the financial market for Social and Solidarity-based Enterprises; calls, in this context, for an effective European campaign to cut red tape and to promote a “European Social Economy Label”;
23. Calls on the Commission and Member States to take quantifiable steps to unblock and attract public and private investment needed by Social and Solidarity-based Enterprises, including promotion of a “European Social Economy Label”; notes in this regard that social economy still faces difficulties in accessing public procurement, such as barriers related to size and financial capability; reiterates the importance of effective implementation of the public procurement reform package by Member States in order to achieve greater participation by these enterprises in tendering procedures for public contracts, by better disseminating procurement rules, criteria and information on

tenders, and by improving the access to contracts for such enterprises, including social clauses and criteria, simplifying procedures and drawing up tenders in a way that makes them more accessible to smaller operators;

24. Acknowledges the importance of providing financial support for enterprises in the social and solidarity-based economy; calls on the Commission to take into account the specificities of social enterprises when they receive state aid; proposes facilitating access to funding following the example of the categories set out in Commission Regulation (EU) No 651/2014<sup>1</sup>;
25. Stresses that the Commission and Member States, as well as regional and local authorities, should mainstream the social enterprise dimension in relevant policies, programmes and practices;
26. Highlights the necessity of offering employment to those most commonly excluded from the labour market, by reintegrating long-term unemployed people and combating unemployment in general;
27. Notes that, as well as funding, the provision of educational and training services for individuals employed by social enterprises especially to foster entrepreneurial skills and basic economic know-how in running an enterprise, as well as providing specialist support, and streamlining administration, are pivotal in enhancing the growth of this sector; invites the Member States to put in place policies aimed at establishing favourable fiscal treatment for social enterprises;
28. Strongly emphasises that the rules on how social enterprises operate must respect the principles of fair competition and must not permit unfair competition, in order to allow proper functioning of traditional small and medium-sized enterprises.

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<sup>1</sup> Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1).



## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

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| <b>Date adopted</b>   | 15.5.2018  |
| <b>Result of final vote</b>                                     | +: 40<br>-: 3<br>0: 0  |
| <b>Members present for the final vote</b>                       | Laura Agea, Brando Benifei, Vilija Blinkevičiūtė, Enrique Calvet Chambon, David Casa, Geoffroy Didier, Martina Dlabajová, Lampros Fountoulis, Elena Gentile, Arne Gericke, Marian Harkin, Danuta Jazłowiecka, Agnes Jongerius, Jan Keller, Ádám Kósa, Agnieszka Kozłowska-Rajewicz, Jean Lambert, Jérôme Lavrilleux, Jeroen Lenaers, Verónica Lope Fontagné, Javi López, Thomas Mann, Joëlle Mélin, Miroslavs Mitrofanovs, Elisabeth Morin-Chartier, Emilian Pavel, Georgi Pirinski, Robert Rochefort, Claude Rolin, Siôn Simon, Romana Tomc, Marita Ulvskog, Jana Žitňanská |
| <b>Substitutes present for the final vote</b>                   | Georges Bach, Tania González Peñas, Sergio Gutiérrez Prieto, Krzysztof Hetman, Miapetra Kumpula-Natri, Joachim Schuster, Helga Stevens, Neoklis Sylikiotis   |
| <b>Substitutes under Rule 200(2) present for the final vote</b> | Dominique Bilde, Dietmar Köster  |

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

| 40        | +   |
|-----------|---|
| ALDE      | Enrique Calvet Chambon, Martina Dlabajová, Marian Harkin, Robert Rochefort  |
| ECR       | Arne Gericke, Helga Stevens, Jana Žitňanská   |
| EFDD      | Laura Agea  |
| GUE/NGL   | Tania González Peñas, Neoklis Sylikiotis  |
| PPE       | Georges Bach, David Casa, Geoffroy Didier, Krzysztof Hetman, Danuta Jazłowiecka, Ádám Kósa, Agnieszka Kozłowska-Rajewicz, Jérôme Lavrilleux, Jeroen Lenaers, Verónica Lope Fontagné, Thomas Mann, Elisabeth Morin-Chartier, Claude Rolin, Romana Tomc |
| S&D       | Brando Benifei, Vilija Blinkevičiūtė, Elena Gentile, Sergio Gutiérrez Prieto, Agnes Jongerius, Jan Keller, Dietmar Köster, Miapetra Kumpula-Natri, Javi López, Emilian Pavel, Georgi Pirinski, Joachim Schuster, Siôn Simon, Marita Ulvskog           |
| VERTS/ALE | Jean Lambert, Miroslavs Mitrofanovs   |

| 3   | -                             |
|-----|-------------------------------|
| ENF | Dominique Bilde, Joëlle Mélin |
| NI  | Lampros Fountoulis            |

| 0 | 0 |
|---|---|
|   |   |

Key to symbols:

+ : in favour

- : against

0 : abstention