



TEXTS ADOPTED

P8_TA(2018)0317

Statute for social and solidarity-based enterprises

European Parliament resolution of 5 July 2018 with recommendations to the Commission on a Statute for social and solidarity-based enterprises (2016/2237(INL))

The European Parliament,

- having regard to its declaration of 10 March 2011 on establishing European statutes for mutual societies, associations and foundations,
- having regard to Article 225 and Article 50 of the Treaty on the Functioning of the European Union,
- having regard to its resolution of 19 February 2009 on ‘Social Economy’¹,
- having regard to its resolution of 20 November 2012 on ‘Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation’²,
- having regard to its resolution of 10 September 2015 on ‘Social Entrepreneurship and Social Innovation in combating unemployment’³,
- having regard to the Council conclusions of 7 December 2015 ‘The promotion of the social economy as a key driver of economic and social development in Europe’⁴,
- having regard to the Communication from the Commission of 13 April 2011 entitled ‘Single Market Act - Twelve levers to boost growth and strengthen confidence ‘Working together to create new growth’’ (COM(2011)0206),
- having regard to the Communication from the Commission of 25 October 2011 entitled ‘Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation’ (COM(2011)0682),
- having regard to Regulation (EU) No 346/2013 of the European Parliament and of the

¹ Texts adopted, P6_TA(2009)0062.

² Texts adopted, P7_TA(2012)0429.

³ Texts adopted, P8_TA(2015)0320.

⁴ 13766/15 SOC 643 EMPL 423.

Council¹,

- having regard to Regulation (EU) No 1296/2013 of the European Parliament and of the Council², and, in particular, to Article 2(1) thereof,
 - having regard to Directive 2014/24/EU of the European Parliament and of the Council³, and, in particular, to Article 20 thereof,
 - having regard to Council Regulation (EC) No 1435/2003⁴,
 - having regard to its resolution of 14 March 2013 with recommendations to the Commission on the Statute for a European mutual society⁵,
 - having regard to the July 2011 study commissioned by Parliament's Committee on Employment and Social Affairs entitled 'The role of mutual societies in the 21st century',
 - having regard to the report of the Commission Expert Group on Social Entrepreneurship (GECES) of October 2016 on “Social enterprises and the social economy going forward”⁶,
 - having regard to the study commissioned by the European Parliament Policy Department C of February 2017 entitled ‘A European Statute for Social and Solidarity-Based Enterprise’,
 - having regard to Rules 46 and 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Legal Affairs and the opinion of the Committee on Employment and Social Affairs (A8-0231/2018),
- A. whereas the terms ‘social enterprise’ and ‘solidarity-based enterprise’ are often used as synonyms, although the enterprises they denote are not invariably the same and can differ greatly from one Member State to another; whereas the concept of ‘social enterprise’ relates essentially to traditional social economy organisations, such as cooperatives, mutual organisations, associations and foundations; whereas the boundaries of the concept of ‘social enterprise’ are giving rise to important discussions among social scientists and lawyers; whereas it seems imperative to move without delay

¹ 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. 18).

² 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).

³ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

⁴ Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE) (OJ L 207, 18.8.2003, p. 1).

⁵ Texts adopted, P7_TA(2013)0094.

⁶ http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=9024

towards better recognition of the concept of ‘social and solidarity-based enterprise’ by establishing a basic legal definition that could make a solid contribution to the efforts made by the European Union and Member States to develop social and solidarity-based enterprises so they can also take advantage of the internal market;

- B. whereas the social and solidarity-based economy makes a major contribution to the Union economy; whereas Parliament highlighted in its resolutions of 19 February 2009, 20 November 2012 and 10 September 2015, that the social and solidarity-based economy provides employment for more than 14 million people, which represents around 6,5% of workers in the EU and 10% of EU undertakings; whereas this sector has proved particularly resilient to the economic and financial crisis and has potential for social and technological innovation, decent, inclusive, local and sustainable job creation, fostering economic growth, environmental protection and strengthening social, economic and regional cohesion; whereas social and solidarity-based enterprises highlight new ways of addressing social problems in a quickly changing world; whereas the social and solidarity-based economy continues to develop and is thus a driver of growth and employment and should be encouraged and supported;
- C. whereas there are substantial differences among Member States in the way they regulate social and solidarity-based enterprises and the organisational forms available to social entrepreneurs under their legal systems; whereas the distinctive organisational forms that social and solidarity-based enterprises adopt depend on the existing legal frameworks, on the political economy of welfare provision and solidarity, and on the cultural and historical traditions in a Member State;
- D. whereas in some Member States specific legal forms have been created either by adapting the cooperative model, mutual, association, or foundation and others or through the introduction of legal forms that recognise the social commitment taken on by a plurality of entities and that include some features specific to social and solidarity-based enterprises; whereas in other Member States no specific legal form for social and solidarity-based enterprises has been created and they thus operate using pre-existing legal forms, including legal forms used by conventional companies, such as the limited liability company or the public limited company; whereas in some Member States the legal form social and solidarity-based enterprises may adopt can be optional; whereas it should be noted that even when specific legal forms have been devised for them, social and solidarity-based enterprises frequently opt for other legal forms that better suit their needs and their objectives;
- E. whereas the adoption of diverse legal frameworks for social and solidarity-based enterprises in many Member States confirms the development of a new kind of entrepreneurship based on the principles of solidarity and accountability and that is more focused on social added value creation, local connections and the promotion of a more sustainable economy; whereas this diversity also confirms that social entrepreneurship is an innovative and beneficial field;
- F. whereas Parliament emphasised, in its resolution of 10 September 2015 on social entrepreneurship and social innovation in combating unemployment, that social innovation relates to the development and implementation of new ideas, whether they be products, services or social organisation models, that are designed to meet new social, territorial and environmental demands and challenges, such as the ageing population, depopulation, balancing work and family life, managing diversity, tackling

youth unemployment, the integration of those most excluded from the labour market, and combating climate change;

- G. whereas, in light of this diversity of legal forms available for the creation of social and solidarity-based enterprises across Member States, there is no consensus in the European Union at this point in time for setting up a specific form of social and solidarity-based enterprise; whereas Parliament has already stressed the importance of developing new legal frameworks at Union level, but has always made the point that these should be optional for enterprises in relation to national frameworks and preceded by an impact assessment to take into account the existence of various social business models across the Member States; whereas Parliament has also stressed that any measures should demonstrate Union-wide added value;
- H. whereas social dialogue is crucially important both in terms of realising the objective of the social market economy, which is full employment with social progress, and in terms of competitiveness and fairness in the EU single market; whereas social dialogue and consultation with the social partners in EU policy-making represent a major social innovation;
- I. whereas the fact that there is a choice in the available legal forms has the advantage of permitting social and solidarity-based enterprises to shape their structure in the manner which suits them best in the circumstances in question, the tradition where they have their roots and the type of business they wish to conduct;
- J. whereas notwithstanding the above, it is possible to derive from national experience at Member State level some distinctive features and criteria that a social and solidarity-based enterprise should fulfil, regardless of the legal form it adopts, if it is to be considered as such an enterprise; whereas it seems desirable to establish at Union level a common set of features and criteria in the form of minimum standards with a view to creating a more efficient and consistent legal framework for such enterprises and to ensure that, despite their diversity, all social and solidarity-based enterprises have a common identity regardless of the Member State of incorporation; whereas such institutional features should help to allow social and solidarity-based enterprises to continue to have an advantage over alternative ways of organising the provision of services, including social services;
- K. whereas in its communication of 25 October 2011 ('Social Business Initiative') the Commission defined a social enterprise as 'an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities';
- L. whereas for the purposes of Regulation (EU) No 1296/2013, '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;
 - (b) uses its profits first and foremost to achieve its primary objective and has predefined procedures and rules covering any 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;
- M. whereas in its resolution of 10 September 2015, Parliament noted that social and solidarity-based economy enterprises, which do not necessarily have to be non-profit organisations, are enterprises whose purpose is to achieve their social goal, which may be to create jobs for vulnerable groups, provide services for their members, or more generally create a positive social and environmental impact, and which reinvest their profits primarily in order to achieve those objectives; whereas social and solidarity-based enterprises are characterised by their commitment to upholding the following values:
- the primacy of individual and social goals over the interests of capital;
 - democratic governance by members;
 - the conjunction of the interests of members and users with the general interest;
 - the safeguarding and application of the principles of solidarity and responsibility;
 - the reinvestment of surplus funds in long-term development objectives, or in the provision of services of interest to members or of services of general interest;
 - voluntary and open membership;
 - autonomous management independent of the public authorities;
- N. whereas the above definitions are compatible and bring together the features shared by all social and solidarity-based enterprises regardless of the Member State of incorporation and the legal form they have chosen to adopt pursuant to national law; whereas such features should constitute the baseline for a cross-cutting and more definitive legal definition of ‘social enterprise’ universally agreed and applied at Union level;
- O. whereas social and solidarity-based enterprises are private organisations independent from public authorities;
- P. whereas social and solidarity-based enterprises operate in the market in an entrepreneurial fashion; whereas this implies that they carry on activities of an economic nature;

- Q. whereas rural areas offer significant opportunities for social and solidarity-based enterprises, and whereas, therefore, it is essential that appropriate infrastructure should be available throughout rural regions;
- R. whereas education and training must be priority areas in fostering an entrepreneurial culture among young people;
- S. 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;
- T. whereas the contribution to social value creation must be the main purpose of a social and solidarity-based enterprise; whereas those social and solidarity-based enterprises should expressly pursue the aim of benefiting the community at large or a specific group of people, transcending membership; whereas the social purpose pursued by social and solidarity-based enterprises should be clearly indicated in their documents of establishment; whereas the notion of social and solidarity-based enterprise should not be confused with that of corporate social responsibility (CSR), even though commercial enterprises with significant CSR activities can have a strong interconnection with social business; whereas social and solidarity-based enterprises are not to have as their aim traditional commercial profit creation but, instead, use any added value created for the further development of projects aimed at improving the environment for their target groups;
- U. 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;
- V. whereas social and solidarity-based enterprises should conduct a socially useful activity; whereas they may be active in a wide spectrum of activities; whereas social and solidarity-based enterprises have typically engaged in the delivery of services intended to improve living conditions for the community, in particular services to support individuals in precarious circumstances or affected by socio-economic exclusion and to facilitate work integration for disadvantaged groups; whereas, in light of the social value created and their ability for reintegrating long-term unemployed people, to further social cohesion and economic growth, there has been a common trend in national legislation to enlarge the range of activities in which social and solidarity-based enterprises are entitled to engage, provided that they are of general interest and/or have a social utility, such as the provision of community services, including the educational, health, cultural, housing, leisure and environmental fields;
- W. whereas social and solidarity-based enterprises provide a business model for the 21st century which balances financial and social needs; whereas social and solidarity-based enterprises are generally associated with social, technological and economic innovation, as a result of the expansion of their activity in new fields of production of goods or of delivery of services, including environmental, health, cultural, educational, and recreational services, and/or the introduction of innovative production or work

organisation methods, designed to meet new social, territorial and environmental demands and challenges, such as the ageing population, depopulation, work-life balance, managing diversity, tackling youth unemployment, the integration of those most excluded from the labour market and combating climate change;

- X. whereas, by virtue of their social and integrative character, social and solidarity-based enterprises offer employment to those groups of workers most commonly excluded from the labour market, and whereas they contribute significantly to reintegrating long-term unemployed people and to combating unemployment generally, thereby furthering social cohesion and economic growth;
- Y. whereas the social economy, given the particular nature of its component enterprises and organisations, its specific rules, its social commitments, and its innovative methods, has shown on many occasions that it can be resilient in the face of economic adversity and that it has the potential to rise above crises more rapidly;
- Z. whereas, in small and medium-sized enterprises in particular, employee financial participation often serves a social purpose, as demonstrated by the 'best practice' example of the successful reintegration of long-term unemployed people in Spain through the 'Sociedad Laboral (SL)' company model, whereby job-seekers can use their unemployment benefit to set up a company, and so create more jobs, with the state providing support and advice on management issues;
- AA. whereas social and solidarity-based enterprises are not necessarily non-profit organisations and can also be for-profit, provided that their activities fully satisfy the criteria for obtaining the European Social Economy Label; whereas this, notwithstanding the main focus of social and solidarity-based enterprises, should be, above all, on social values and on having a positive and durable impact on society's well-being and economic development rather than making a profit for their owners, members or shareholders; whereas in this context a severe constraint on distribution of profits and assets among members or shareholders, also known as 'asset lock', is essential to social and solidarity-based enterprises; whereas a limited distribution of profits could be allowed, having regard to the legal form adopted by the social and solidarity-based enterprise, but the procedures and rules covering that distribution should be established in a way so as to always ensure that it does not undermine the primary social objective of the enterprise; whereas, in any case, the largest and most significant proportion of profits made by a social and solidarity-based enterprise should be reinvested or used otherwise with a view to maintaining and achieving its social purpose;
- AB. whereas for it to be effective, the non-distribution constraint should cover a number of aspects, notably the payment of periodic dividends, the distribution of accumulated reserves, the devolution of residual assets at the entity's dissolution, the transformation of the social and solidarity-based enterprise into another type of organisation, if this is permitted, and the loss of the status of such an enterprise; whereas the non-distribution constraint could also be indirectly violated by the payment of remuneration to employees or directors that is unjustifiable and above market levels;
- AC. whereas social and solidarity-based enterprises should be managed in accordance with democratic governance models involving employees, customers and stakeholders affected by the activity in decision-making; whereas this participatory model represents

a structural procedure to control the actual pursuit of the organisation's social goals; whereas members' power in decision-making should not be based only or primarily on the capital stake they may hold, even when the legal form adopted for the social and solidarity-based enterprise is that of a commercial company;

- AD. whereas social and solidarity-based enterprises can adopt the legal form of a commercial company in some Member States; whereas the possibility of such companies to be recognised at EU level as social and solidarity-based enterprises should be made dependent on fulfilling certain requirements and conditions to resolve the potential contradictions between the company form and the social and solidarity-based enterprise model;
- AE. whereas the treatment of employees in social and solidarity-based enterprises should be comparable to that of employees of traditional business enterprises;
- AF. whereas the positive impact of social and solidarity-based enterprises on the community may justify the adoption of concrete actions in their support, such as the payment of subsidies and the adoption of favourable tax and public procurement measures; whereas those measures should in principle be considered as being compatible with the Treaties, since they aim at facilitating the development of economic activities or areas mainly intended to have a positive impact on society and the ability of these enterprises to raise funds and make profits is distinctively more limited than that of commercial enterprises;
- AG. whereas Regulation (EU) No 346/2013 of the European Parliament and of the Council¹ lays down the conditions and requirements for the establishment of European social entrepreneurship funds;
- AH. whereas the Union should create a certificate or label for social and solidarity-based enterprises in order to give such enterprises more visibility and foster a more coherent legal framework; whereas it is essential that public authorities check and ensure that a given undertaking fulfils the requirements to be issued a label as a social and solidarity-based enterprise before it is granted one and could thus take advantage of any measure established at EU level to their advantage; whereas a social and solidarity-based enterprise should have this certificate revoked in the event that it fails to respect those requirements and its legal obligations;
- AI. whereas social and solidarity-based enterprises should issue a social report on an annual basis in which they give account, at least, of their activities, results, involvement of stakeholders, allocation of profits, salaries, subsidies and other benefits received;
1. Highlights the vital importance of the approximately 2 million social and solidarity-based enterprises in Europe², which employ more than 14.5 million people³, and their invaluable contribution to quality job creation, social and regional cohesion and continued economic growth in the internal market;
 2. Calls on the Commission to introduce at Union level a European Social Economy Label to be awarded to enterprises based on the social economy and solidarity based on clear

¹ 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. 18).

² https://ec.europa.eu/growth/sectors/social-economy_en

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

criteria designed to highlight the specific characteristics of such 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 legal forms and frameworks in the sector and in Member States.

3. Considers that the European Social Economy Label should be available for private organisations and entities that strictly satisfy the legal requirements for a social and solidarity-based enterprise in all of their activities, regardless of the legal form of their incorporation in a Member State; notes that the label should be optional for the undertaking;
4. Considers that the European Social Economy Label should be voluntary for the enterprises but must be recognised by all Member States;
5. Considers that the legal requirements for acquiring and maintaining the European Social Economy Label should be identified by reference to certain features and common criteria, in particular those laid down in the annex to this resolution;
6. Stresses that, given the rising demand for social services, social and solidarity-based 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;
7. Points out that social and solidarity-based enterprises provide employment opportunities for persons with disabilities as well as for persons from other disadvantaged groups;
8. 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;
9. Notes that social and solidarity-based enterprises can contribute to greater gender equality and a reduction in the gender pay gap;
10. 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;
11. Is of the opinion that a mechanism involving Member States should be established, through which entities that fulfil the relevant legal requirements can obtain the European Social Economy Label; any legal entity governed by private law and fulfilling the legal criteria should be entitled to the EU label, regardless of whether the Member State of incorporation has a special legal form for social and solidarity-based enterprises;
12. Considers that a mechanism should be established in close cooperation with Member

States for the protection of the European Social Economy Label and the prevention of the establishment and operation of ‘false’ social and solidarity-based enterprises; this mechanism should ensure that enterprises bearing the European Social Economy Label are monitored regularly regarding their compliance with the provisions set out in the label; considers that effective and proportionate penalties should be established by the Member States to ensure that the label is not improperly obtained or used;

13. Considers that social and solidarity-based enterprises bearing the European Social Economy Label should be recognised as such in all Member States, according to the types of activity in which they engage, and should enjoy the same benefits, rights and obligations as enterprises incorporated under the law of the Member State in which they operate;
14. 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;
15. Considers that the minimum criteria and legal requirements for acquiring and maintaining a European Social Economy 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;
16. Stresses that the cost of, and the formalities involved in, obtaining the label should be kept to a minimum, to avoid putting social and solidarity-based enterprises at any disadvantage with special regard to small and medium-sized social and solidarity-based enterprises; accordingly, Union-wide common criteria must be simple, clear and based on substantive 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; observes that the costs of a labelling or certification process could be limited if the central administration were carried out at the level of national authorities who could, in cooperation with social and solidarity-based enterprises, transfer the administration and handling of the label to an independent national body following the pan-European definition of criteria for social and solidarity-based enterprises;
17. 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;

18. 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;
19. Calls on the Commission to ensure that its policies reflect a commitment to create a favourable environment for social and solidarity-based enterprises; calls on the Commission, in this regard, to carry out, in cooperation with Member States and the social enterprise sector, a comparative study of the various national and regional legal frameworks governing social and solidarity-based enterprises throughout the EU, and of the operating conditions for social and solidarity-based enterprises and of their characteristics, including their size and number and their field of activities, as well as of the various national certification, status and labelling systems;
20. 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;
21. Believes that investment priorities for social economy and social and solidarity-based 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;
22. 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;
23. Calls for the procedures for setting up social and solidarity-based enterprises to be simplified, so that excessive red tape does not pose an obstacle to social entrepreneurship;
24. Calls on the Commission to establish, in cooperation with Member States, a list, which should be subject to review, of the existing legal forms in Member States and that have the characteristics of social undertakings and to maintain that list updated while respecting the historic and legal specificities of social and solidarity-based enterprises.
25. 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;
26. Emphasises the importance of networking among social and solidarity-based enterprises, and calls on the Member States to encourage the transfer of knowledge and best practices within the 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 the development of public policy and to local communities;

27. Stresses that the Commission and Member States, as well as regional and local authorities, should mainstream the social and solidarity-based enterprise dimension in relevant policies, programmes and practices;
28. Strongly emphasises that the rules on how social and solidarity-based 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.
29. Calls on the Commission to examine existing Union law and to submit, where appropriate, legislative proposals aimed at establishing a more coherent and complete legal framework in support of enterprises based on the social economy and solidarity, specifically, but not only, in the fields of public procurement, competition law and taxation, so that such undertakings are treated in a manner that is consistent with their particular nature and contribution to social cohesion and to economic growth; considers that such measures should be made available to enterprises having obtained the European Social Economy Label, which guarantees the respect of the criteria to be considered a social and solidarity-based enterprise; considers that such legislative proposals could in particular make it easier for social and solidarity-based enterprises to cooperate and transact with other such enterprises cross-border;
30. Calls on the Commission and Member States to take tangible steps to unblock and attract increased public and private funding needed by social and solidarity-based enterprises, including promotion of a European Social Economy Label;
31. 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;
32. Considers it appropriate that the Commission examine the possibility of establishing a line of financing to support innovation in enterprises based on the social economy and solidarity, in particular when the innovative character of the activity carried out by the undertaking makes it difficult for it to ensure sufficient financing under normal market conditions; calls on the Commission and the Member States to take tangible steps to make it easier for enterprises based on the social economy and solidarity to attract the funds they need to continue functioning;
33. 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;

34. Calls for Union funds to be used effectively, and stresses that access to those funds needs to be made easier for beneficiaries, not least in order to support and bolster social and solidarity-based 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;
35. Notes in this regard that the 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 such 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;
36. 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 and solidarity-based enterprises when they receive state aid; proposes facilitating access to funding following the example of the categories set out in Commission Regulation (EU) No 651/2014¹;
37. Notes that, as well as funding, the provision of educational and training services for individuals employed by social and solidarity-based 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 and solidarity-based enterprises;
38. Calls on the Commission and Member States to engage in the collection of both quantitative and qualitative data, and analyses on social and solidarity-based enterprises and their contribution to public policy within and across countries, taking into account the specificities of these enterprises, and using suitable and relevant criteria, with a view to improving policy and strategy making and developing tools to support them in their development;
39. Requests the Commission to submit, on the basis of Article 50 of the Treaty on the Functioning of the European Union, a proposal for a legislative act on the creation of a European Social Economy Label for enterprises based on the social economy and

¹ 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).

solidarity, following the recommendations set out in the Annex hereto;

40. Considers that the financial implications of the requested proposal should be covered by the Union and the Member States;
41. Instructs its President to forward this resolution and the accompanying recommendations to the Commission and the Council, and to the governments and parliaments of Member States.

ANNEX TO THE RESOLUTION:

RECOMMENDATIONS AS TO THE CONTENT OF THE PROPOSAL REQUESTED

Recommendation 1 (creation of the European Social Economy Label and qualifying undertakings)

The European Parliament considers that the legislative act to be adopted should aim to create a ‘European Social Economy Label’, which will be optional for enterprises based on the social economy and solidarity (social and solidarity-based enterprises), regardless of the legal form they decide to adopt in accordance with national legislation.

The European Parliament considers that the European Social Economy Label should only be awarded to enterprises complying with the following criteria in a cumulative manner:

- (a) the organisation should be a private law entity established in whichever form available in Member States and under EU law, and should be independent from the State and public authorities;
- (b) its purpose must be essentially focused on the general interest or public utility;
- (c) it should essentially conduct a socially useful and solidarity-based activity, i.e. via its activities it should aim to provide support to vulnerable groups, to combat social exclusion, inequality and violations of fundamental rights, including at the international level, or to help protect the environment, biodiversity, the climate and natural resources;
- (d) it should be subject to an at least partial constraint on profit distribution and to specific rules on the allocation of profits and assets during its entire life, including at dissolution; in any case, the majority of the profits made by the undertaking should be reinvested or otherwise used to achieve its social purpose;
- (e) it should be governed in accordance with democratic governance models involving its employees, customers and stakeholders affected by its activities; members’ power and weight in decision-making may not be based on the capital they may hold;

The European Parliament considers that nothing prevents conventional undertakings from being awarded the European Social Economy Label if they comply with the above-mentioned requirements, in particular regarding their object, the distribution of profits, governance and decision-making.

Recommendation 2 (mechanism for the certification, supervision and monitoring of the European Social Economy Label)

The legislative act should establish a mechanism of certification and of supervision and monitoring of the legal label with the involvement of Member States and representatives of the social economy; such a mechanism is essential to protect the legal label of enterprise based on the social economy and solidarity’ and preserve its intrinsic value. The European Parliament considers that this control should involve organisations representative of the social enterprise sector.

Penalties for the infringement of the relevant rules could range from a mere admonition to the withdrawal of the label.

Recommendation 3 (recognition of the European Social Economy Label)

The European Social Economy Label should be valid in all Member States. An enterprise bearing that label should be recognised as a social and solidarity-based enterprise in all Member States. The label should allow any undertaking bearing it to carry out its main activity in other Member States under the same requirements as national undertakings bearing that label. They should enjoy the same benefits, rights and obligations as social and solidarity-based enterprises incorporated under the law of the Member State in which they operate.

Recommendation 4 (reporting obligations)

The legislative act should require social and solidarity-based enterprises willing to maintain the label to issue on an annual basis a social report on their activities, results, involvement of stakeholders, allocation of profits, salaries, subsidies, and other benefits received. In this regard, the Commission should be authorised to produce a model to help social and solidarity-based enterprises with this endeavour.

Recommendation 5 (guidelines regarding good practices)

The legislative act should also authorise the Commission to establish guidelines regarding good practices for social and solidarity-based enterprises in Europe. Such good practices should include, in particular, the following:

- (a) models of effective democratic governance;
- (b) consultation processes for the establishment of an effective business strategy;
- (c) adaptation to social needs and to the employment market, particularly at the local level;
- (d) wage policy, professional training, health and safety at work and quality of employment;
- (e) relations with users and clients and the response to social needs not covered by the market or the State;
- (f) the situation of the enterprise with regard to diversity, non-discrimination and equal opportunities for men and women among their members, including positions of responsibility and leadership;

Recommendation 6 (list of legal forms)

The legislative act should include a list of legal forms in Member States of enterprises and undertakings qualifying for the European Social Economy Label. Such list should be reviewed regularly.

In order to ensure transparency and effective cooperation between the Member States, that list should be published on the European Commission website.

Recommendation 7 (revision of existing legislation)

The Commission is invited to review existing legal acts and to submit, where appropriate, legislative proposals establishing a more coherent and complete legal framework in support of social and solidarity-based enterprises;

Recommendation 8 (on the eco-system for social and solidarity-based enterprises and cooperation between Member States)

The Commission should ensure that its policies reflect the commitment to create an eco-system for social and solidarity-based enterprises. The Commission is invited to take account of the fact that social and solidarity-based enterprises have a strong local and regional influence, which gives them the advantage of being more aware of specific needs and able to offer products and services, most of them community-based, as well as to enhance social and territorial cohesion. The Commission is invited to take steps to promote cooperation between social enterprises and solidarity-based enterprises across national and sectoral boundaries so as to nurture the exchange of knowledge and practices in such a way as to support the development of such enterprises;