

# Statute for social and solidarity-based enterprises

2016/2237(INL) - 05/07/2018 - Text adopted by Parliament, single reading

The European Parliament adopted, by 398 votes to 78, with 44 abstentions, a resolution containing recommendations to the Commission on a statute for social and solidarity-based enterprises.

**Importance of the social economy:** Members recalled that the social and solidarity-based economy makes a major contribution to the Union economy. 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. 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. These mutual societies have a market share of 24 % and generate over 4 % of the Union GDP.

Members stressed that 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.

**Diversity of the sector:** 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. This diversity and the innovative character of certain of these legal forms indicate that it will be difficult to find consensus in Europe as to whether it is convenient or necessary at the present moment to set up at EU level a specific legal form of social enterprise.

This is why Members suggested adopting a more **cautious approach** that they consider could help build more political consensus and, more importantly, that can have substantial benefits for social enterprises.

**European label:** Parliament considered it desirable to move towards better recognition of the term ‘social and solidarity-based enterprise’. The Commission is requested 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 solidarity.

The legislative act should aim to create an **optional European social economy label** for enterprises based on the social economy and solidarity, regardless of the legal form they decide to adopt in accordance with national legislation.

The label should only be awarded to **enterprises complying with the following criteria** in a cumulative manner:

- 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;
- its purpose must be **essentially focused on the general interest or public utility**;
- 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;
- 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; in any case, the majority of the profits made by the undertaking should be reinvested or otherwise used to achieve its social purpose;
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it should be governed in accordance with democratic governance models involving its employees, customers and stakeholders affected by its activities.

In addition, 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;
- **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;
- 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;
- authorise the Commission to establish **guidelines** regarding good practices for social and solidarity-based enterprises in Europe;
- include a **list** of legal forms in Member States of enterprises and undertakings qualifying for the European social economy label. The list should be published on the European Commission website.

**Increasing support:** Parliament stressed the need to support social and solidarity economy enterprises with **sufficient funding**, as their financial viability is crucial for their survival. The Commission is invited to promote the European social economy label and to highlight the beneficial social and economic effects of social and solidarity economy enterprises, to better integrate the social economy into relevant EU legislation, policies and programmes and to explore the possibility of creating a line of financing to support innovation in enterprises based on the social economy and solidarity.

Lastly, Parliament strongly emphasised 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.