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THE SOCIAL ENTERPRISE DEVELOPMENT AND THE BIRTH OF HYBRID ENTITIES

A comparative law perspective

This article provides a general overview of several new types of hybrid entities, blending for-profit and not-for-profit purposes, which have been introduced in the United States, Europe and Latin America with the objective of providing social entrepreneurs with a proper vehicle for the conduct of their mission-driven business activities.

1. THE SOCIAL ENTERPRISE MOVEMENT AND THE BIRTH OF NEW HYBRID ENTITIES

The global financial crisis of 2008 brought about significant economic, social and political changes and fostered the transition from the shareholder capitalism model to a new form of stakeholder capitalism, no longer based on the maximisation of shareholders' wealth, but on what is termed the "triple bottom line" approach, introduced by John Elkington in 1994 to measure a company's degree of social responsibility and environmental impact along with its economic value [1].

The 3P (people, planet and profit) approach to business represents the cornerstone of the modern social enterprise (SE) sector [2], the new "fourth sector" of the economy [3], in which the boundaries between public, private and non-profit sectors have blurred and enterprises integrate social and environmental purposes with the business method.

The importance of the business sector as a force for social change is undisputed nowadays, and the role of social enterprises in creating equitable and sustainable economic growth has gained traction in the past few years [4].

Social enterprises have attracted the attention of consumers [5] (especially millennials [6]), investors (thanks to the growth of the impact investing movement [7]) and qualified employees [8].

Consequently, the past few decades have seen the birth of several certification systems aimed at measuring a company's social and environmental impact. Of these, the "B Corp Certification" system developed by the non-profit organisation B Lab, based on the "Benefit Impact Assessment" (BIA), merits special mention.

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In response to the challenges coming from the fourth sector, the past few decades have also seen a proliferation of new hybrid forms of business organisations, capable of bringing together social and environmental aims with business approaches. Indeed, several countries, from the Americas to Europe, have enacted a variety of social enterprise statutes introducing new entity types.

Social enterprise hybrid forms have attracted increasing academic attention in these countries. In particular, the current scholarship debate is mostly focused on whether it is truly necessary and appropriate to introduce new entity types in order to implement economic, social and environmental goals at the same time.

A significant body of scholarship is opposed to the introduction of new organisational forms. These authors argue that the existing for-profit and not-for-profit entities are sufficient for the development of the modern social enterprise sector.

Conversely, other scholars highlight the inadequacy of the traditional for-profit and not-for-profit organisational forms. Not-for-profit entities can be used only for certain kinds of activities indicated by law and within the limits prescribed by law. Moreover, the most relevant issues are the loss of tax benefits should commercial activity override the charitable activity and the *non-distribution* constraint – a key structural feature of the not-for-profit organisation [9]. Indeed, the *non-distribution* constraint prohibits the distribution of residual earnings to individuals who oversee the organisation or who have a vested interest in the organisation, including board members, managers and employees. This generates difficulties in raising risk capital and attracting the best-qualified professionals.

Problems with regard to the use of for-profit organisations concern i) the lack of public funding, which is generally oriented towards not-for-profit organisations; ii) the absence of tax incentives aimed at encouraging private donations; iii) the safeguarding of "fidelity to the mission" following a change of control [10]; iv) the predominance of the shareholder wealth maximisation principle as a parameter that directors have to consider in their decisions, to avoid a breach of fiduciary duty claim [11].

To overcome all these limitations and the dissatisfaction with the for-profit/not-for-profit dichotomy offered by traditional corporate law, several legal systems have introduced new hybrid entities designed to adequately meet the needs of social entrepreneurs and respond to the increasing demand for innovative corporate entities.

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2. THE UNITED STATES PERSPECTIVE

Since the 1980s, the US has experienced rapid growth in the modern SE movement, and the importance of the business sector as a force for social change is undisputed nowadays.

As a consequence, the past few decades have seen the birth of several certification systems aimed at measuring a company's social and environmental impact, such as the above-mentioned BIA, developed by B Lab to certify companies as a "B Corporation" or "Certified B Corporation" [12].

Nonetheless, in the past few decades, there has been also a proliferation of new hybrid forms of business organisations.

The first social enterprise statute was the *Low-Profit Limited Liability Company* (L3C) introduced in Vermont in 2008 [13]. L3Cs are companies aimed primarily at performing a socially beneficial (charitable or educational) purpose, and not at maximising income. In particular, the L3C legal form is designed to make it easier for socially oriented businesses to attract investments from foundations, simplifying compliance with the Internal Revenue Service's Program-Related Investments' (PRI) regulations [14]. Indeed, through PRIs private foundations can satisfy their obligation to distribute annually at least 5% of their assets for charitable purposes. Investments in L3Cs that qualify as PRIs can fulfil this requirement while allowing the foundations to receive a return. L3Cs have been widely criticised and have not had huge success among practitioners [15].

Another social enterprise legal form is the *Social Purpose Corporation (SPC)*. It was introduced in California in 2011 (formerly known as the flexible purpose corporation), in Washington in 2012, and in Florida in 2014. The SPC is a new corporate entity enabling directors to consider and give weight to one or more social and environmental purposes of the corporation in decision-making. Unlike the L3C, where the charitable purpose overrides profit maximisation, the SPC give directors the discretion to choose social and environmental purposes over profits [16].

However, the most famous social enterprise legal form is the benefit corporation, which is reflected in more comprehensive legislation. The first benefit corporation statute was passed in Maryland in 2010. Today, 34 states plus Washington DC and Puerto Rico have passed statutes, the majority of which are inspired by the Model Benefit Corporation Legislation (Model Act) [17] proposed by B Lab with the support of the American Sustainable Business Council. The exception is Delaware, which in 2013 introduced its own statute, the *Public Benefit Corporation Act* [18].

Benefit corporations are for-profit corporations whose purpose, in addition to producing profits, is to reduce negative externalities and generate a positive impact on the environment, society, the workers and the community in which they operate. Benefit corporations differ from traditional business corporations in entity purpose, directors' accountability and transparency, but not in taxation.

The purpose of a benefit corporation is to create a "general public benefit", which is defined as a material positive impact on society and the environment [19] assessed against a third-party standard. Moreover, a benefit corporation may or must (depending on state law) identify one or more "specific public benefits" to pursue [20].

Directors of benefit corporations are required to consider (or balance in Delaware) the impact of their decisions on shareholders and on society and the environment.

Transparency provisions require benefit corporations to publish an annual benefit report (every two years in Delaware) on their social and environmental impact using a comprehensive, credible, independent and transparent third-party standard.

In the US, there is no public control over benefit corporations' reporting and activity. The only available remedy is the benefit enforcement proceeding (or shareholders' derivative action in Delaware) if directors fail to pursue the public benefit purpose.

With regard to taxation, benefit corporations are subject to the same income tax rules as other company types [21].

Social enterprise legislation in the US has evolved over time, and continues to do so. Benefit corporation legislation is currently under consideration in six states. Furthermore, Delaware has followed the lead of Maryland and Oregon by extending the application of the "benefit" model to another business entity – the limited liability company. It introduced the "statutory public benefit limited liability company" in July 2018.

Debate over this new form of stakeholder capitalism is fervent in the US. For instance, in August 2018 Senator Elizabeth Warren introduced the *Accountable Capitalism Act,* which would require every corporation with more than $1 billion in annual revenue to become federally chartered as a "United States corporation" and essentially to adopt the benefit corporation model [22].

3. THE EUROPEAN PERSPECTIVE

Sustainable development has long been at the heart of the European project, and the improvement of the single market has raised many complex issues, including the need to balance economic, social and environmental interests to ensure sustainable development and inclusive economic growth in European countries.

However, continental Europe has long adhered to a narrow view of the social enterprise movement, considering SE to be a synonym for charitable activity rather than genuine blended-value enterprises.

As a result, the social enterprise movement in Europe is focused mainly on the development of third-sector services and is characterised by social cooperatives aimed at providing work integration services and personal services for disadvantaged groups.

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Within this conceptual framework, Italy was the first state to enact legislation regulating a new form of entity, the *cooperativa sociale* (social solidarity cooperative), in 1991. During the 1990s, other European states such as Belgium, with the *société à finalité sociale* (social purpose company), Portugal, with the *cooperativa de solidariedade social* (social solidarity cooperative), Spain, with the *cooperativa de iniciativa social* (social initiative cooperative), Greece, with the *Koinonikos Syneterismos Periorismenis Eufthinis* (limited liability social cooperative), and France, with the *société coopérative d'intérêt collectif* (cooperative company of collective interest), followed the Italian model [23].

As such, most social enterprises in Europe operate in areas from which the welfare state had retreated and under the legal form of not-for-profit associations or cooperatives [24], which are generally structured on the non-distribution constraint and restricted or prohibited from distributing profits to shareholders.

The most recent measures suggested by the European institutions to boost the growth of the social enterprise sector, such as the Europe 2020 Strategy for smart, sustainable and inclusive growth [25], the Single Market Act [26] and the Social Business Initiative [27], continue to reflect this narrow view of the SE movement [28].

A different approach has been taken by the United Kingdom, which in 2004 introduced a new hybrid model specifically designed for SE, the "community interest company" (CIC), consistent with the evolution of the SE movement towards blended enterprises aimed at pursuing social and environmental goals as well as generating shareholder wealth [29].

CICs are blended legal structures (companies limited by guarantee or companies limited by shares) for businesses that primarily have social and environmental objectives and whose surpluses are principally reinvested in the business or in the community, rather than being driven by the need to maximise profit for shareholders. The distribution of dividends is therefore capped at 35% of aggregate total company profits [30] and, in the event of dissolution, CICs' assets must go to similar entities pursuing community benefits.

Moreover, CICs are overseen by the CIC Regulator, which ensures compliance with the "community interest test" [31] and receives the CICs' annual report.

It is worth noting that CICs do not have tax advantages and are subject to the corporation tax regime.

CICs represent the first step towards a new blended-value entity, but the most innovative legal structure introduced in Europe for the SE movement is the Italian *società benefit* (SB), which is the legal transplant of the US benefit corporation [32]. The Italian legislation is inspired by both the Model Act and the Delaware Public Benefit Corporation Act.

The Italian SB is a governance model available to all types of existing business organisation (for partnerships, limited liability companies, corporations and cooperatives). As in the US, the Italian statute regulates only the SB's main features, such as entity purpose, directors' duties and disclosure requirements, while existing company law applies in matters not expressly regulated.

SB have a dual purpose: the production of profits and the pursuit of both a "general" and (one or more) "specific" public benefits.

To that end, the board of directors must manage the company in a responsible, sustainable and transparent manner, balancing the financial interests of the shareholders, the interests of other stakeholders (of those materially affected by the company's conduct) and the specific public benefit or public benefits identified in its certificate of incorporation.

The positive impact of the company must be reported on annually and assessed through the use of a third-party standard. The report must be appended to the company's annual financial statements and filed with the Company Register.

Moreover, unlike in the US, where there is no public enforcement of benefit corporations' activities, Italian law gives the Italian Competition Authority the power to apply the regulation on misleading advertising and misleading business practices to sanction companies that, using the SB's legal form, repeatedly and without good cause, do not pursue the public benefits provided for in the bylaws.

In Italy, too, there are no tax incentives associated with using the "for-benefit" model [33].

The Italian SB is the only genuine blended-value hybrid organisational form that exists in Europe, characterised by the absence of any non-distribution constraint and hence of any limits on the distribution of profits.

It is interesting to note how the path followed by the Italian legislator seems to be consistent with a new direction in European harmonisation of company law. Over recent years, this seems to have opened up to more comprehensive protection of stakeholders' interests in for-profit entities. In this respect, from the early 2000s onwards, the EU recognised the UN Guiding Principles for Business and Human Rights and developed its Strategy on Corporate Social Responsibility (CSR) [34]. Moreover, in addition to soft law instruments, the EU started to introduce mandatory rules with a view to

"The Italian SB is a governance model available to all types of existing business organisation."

enhancing the integration of stakeholders' interests into company law, as in the case of the Directive on non-financial reporting of 2014 [35] and the Directive on long-term shareholder engagement of 2017 [36].

4. THE LATIN AMERICAN PERSPECTIVE

Latin American countries are also exploring new models of growth that focus not solely on making profits but also on a social and environmental mission. "Sistema B" was therefore founded in 2012, as the Latin American partner of the "B Corp" certification system started by B Lab in the United States.

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Since 2012, the Latin American "B Corp" movement has grown significantly. Moreover, a legal model designed for SE is pending introduction in Argentina and Chile, while it has already been adopted by Colombia.

Sociedades de Beneficio e Interés Colectivo (*BICs*) were introduced in Colombia in July 2018 [37]. Like benefit corporations, BICs are for-profit companies with a social and environmental impact. As in Italy, the BIC model in Colombia may be adopted by any organisational form provided for by law.

BIC companies have a dual purpose. In addition to the interests of their shareholders, they must pursue the interests of the community and the environment and must specify in their entity purpose clause the activities of collective interest (public benefit) that they intend to promote.

Consequently, BIC directors must take into account the interests of the company, its shareholders and the collective benefits defined in its bylaws.

The law requires an annual report, based on a third-party standard, on the impact of the company and the fulfilment of the collective interest activities pursued by the company. Unlike in the US and Italy, the report may be subject to audit by the competent authorities or a third party.

Moreover, oversight of BICs is assigned to the *Superintendencia de Sociedades,* an administrative body which maintains a public list of the third-party standards and oversees compliance with the law and may also declare the loss of BIC status in the event of serious and repeated violation of the independent evaluation standards.

In Colombia there are explicitly no tax advantages for BIC companies, which will continue to comply with the ordinary applicable companies' tax regime.

5. TOWARDS A UNIFORM MODEL OF "FOR-BENEFIT COMPANY"?

The development of the "B Corp" movement has taken hold in several countries. The B Lab certification system and community have spread all around the world, with an increasing number of certified companies.

Meanwhile, statutes enabling hybrid entities, and in particular the benefit corporation model, have been passed in several states, while bills are pending in a number of countries and provinces, such as Australia, Argentina, Chile and British Columbia.

Today, the main questions are whether other countries need to introduce a new hybrid entity designed for the SE and whether we are facing the birth of a uniform "for-benefit" model statute.

Trying to answer these questions, it is possible to affirm that once introduced into a legal system, a specific regulation for social enterprises can have a number of positive effects, such as i) helping entrepreneurs to adopt an appropriate business entity to protect their socially conscious mission; ii) supporting business companies in building public trust, credibility and confidence among consumers, investors and employees; and iii) providing an innovative policy tool that can both help governments to address seismic changes in the economic environment and support social protection, employment and inclusive growth.

Moreover, the introduction of a well-known and recognised international hybrid entity model may play an important role in the development of the fourth sector in a global market perspective and in enhancing the credibility and branding aspect of these companies.

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In conclusion, the adoption of a uniform SE model statute (such as the "for-benefit" model), capable of solving the problems arising from the governance structure of a dual-purpose company, can serve the fundamental purpose of offering domestic legislators a uniform point of reference in implementing domestic regulation of hybrid companies. ■

Footnotes: *Lawyer, PhD in Comparative and Uniform Business Law from Sapienza University of Rome, Research Fellow in Private Comparative Law at LUISS Guido Carli University of Rome, SJD from Temple University Beasley School of Law. **1)** Elkington J., Cannibals with Forks: The Triple Bottom Line of 21st Century Business, Capstone, Oxford, 1997. On this issue, see also Fisk P., People Planet Profit: How To Embrace Sustainability For Innovation And Business Growth, London – Philadelphia, 2010; Slaper T.F. and Hall T., Triple Bottom Line: What Is It And How Does It Work?, in 4 Ind. Bus. Rev. (2011), at 4–8. **2)** Europe and the United States have different approaches towards social enterprise. In Europe, SE is considered an alternative to traditional charities, while the United States has embraced a broader view of SE, including profit-oriented business organisations engaged in socially beneficial activities, hybrid dual-purpose businesses mediating profit goals with social objectives, and non-profit organisations engaged in mission-supporting commercial activity. In this article we refer to a broader definition of SE, as described by Paul Light (Light P.C., The Search for

Social Entrepreneurship, Washington, DC: Brookings Institution Press, 2008, at 5) as organisations or ventures that achieve their primary social or environmental missions using business methods, typically by operating a revenue-generating business. SE entities are entities seeking to blend the production of shareholder wealth with social and environmental goals under the umbrella of a single entity. On this issue see Katz R.A. and Page A., The Role of Social Enterprise, in 35 Vt. L. Rev. (2010), at 59; Esposito R.T., The Social Enterprise Revolution in Corporate Law, in 4 Wm. & Mary Bus. L. Rev. (2013), at 646; Kerlin J.A., Social Enterprise in the United States and Europe: Understanding and Learning from the Differences, in International Journal of Voluntary and Nonprofit Organizations, November 2006, at 247–263. **3)** Kelley T., Law and Choice of Entity on the Social Enterprise Frontier, in 84 Tul. L. Rev. (2009), at 340, 347 ff.; Gaffney R.J., Hype and Hostility for Hybrid Companies: A Fourth Sector Case Study, in 5 J. Bus. Entrepreneurship & L. (2012), at 329 ff.; Esposito R.T., The Social Enterprise Revolution in Corporate Law, cit., at 648; Yockey J.W., Does Social Enterprise Law Matter?, in 66 Ala. L. Rev. (2015), at 772. **4)** Accenture, Havas Media RE:PURPOSE, The Consumer Study: From Marketing to Mattering, The UN Global Compact-Accenture CEO Study on Sustainability, https://www.accenture.com/us-en/insight-un-global-compact-consumer-study-marketing-mattering.aspx, at 7–8. **5)** See Accenture, Havas Media RE:PURPOSE, The Consumer Study: From Marketing to Mattering, cit., at 9–10; The 2010 Cone Cause Evolution Study, http://www.ppqty.org/2010_Cone_Study.pdf (2010), at 5; Honeyman R., The B Corp Handbook, San Francisco, 2014, at xi; Cortese A., Business; They Care About the World (and They Shop, Too), in The New York Times (20 July 2003) http://www.nytimes.com/2003/07/20/business/business-they-care-about-the-world-and-they-shop-too.html. **6)** Deloitte, Millennial Innovation Survey, January 2013, https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/dttl-crs-millennial-innovation-survey-2013.pdf, at 9. **7)** In the last 30 years, the number of investors following sustainable and responsible investment strategies has increased significantly. This has contributed to the emergence of specific stock market indices (such as the Dow Jones Sustainability Indices or the Financial Times Stock Exchange 4Good) and dedicated financial markets (such as the Social Stock Exchange in London and the Impact Investment Exchange Asia); see among others Troilo P., Are Social Stock Exchanges the Great Equalizer to Democratize Development Finance?, in DEVEX Impact (15 July 2013), https://www.devex.com/en/news/are-social-stock-ex-changes-the-great-equalizer-to-democratize-development-finance/81436; and the US SIF Foundation's 2016 Report on US Sustainable, Responsible and Impact Investing Trends, Executive Summary, https://www.ussif.org/files/SIF_Trends_16_Executive_Summary(1).pdf, at 12–13. **8)** See Montgomery D.B. and Ramus C.A., Including Corporate Social Responsibility, Environmental Sustainability, and Ethics in Calibrating MBA Job Preferences (December 2007), Stanford University Graduate School of Business Research Paper No. 1981, http://ssrn.com/abstract=1077439; Talent Report: What Workers Want in 2012, a study by Net Impact and Rutgers University, https://www.netimpact.org/research-and-publications/talent-report-what-workers-want-in-2012. **9)** Hansmann H., The Role of Nonprofit Enterprise, in 89 Yale L.J. (1980), at 835 ff.; Hansmann H., Reforming Nonprofit Corporation Law, in 129 U. Pa. L. Rev. (1981), at 501 ff. **10)** Following a change of corporate control, the new controller can decide to terminate the original social mission and to pursue only the profit purpose, which is the only corporate purpose provided for in the articles of incorporation and bylaws of an ordinary business entity. **11)** On the shareholder primacy model, see Friedman M., The Social Responsibility of Business Is to Increase Its Profits, in The New York Times Magazine (13 September 1970), http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html; Jensen M.C., Value Maximization, Stakeholder Theory, and the Corporate Objective Function, in 14 Journal of Applied Corporate Finance (2001), at 8 ff. **12)** For more information on B Lab and the BIA certification system, see https://bcorporation.net/about-b-lab. **13)** See Vt. Stat. Ann. Tit. 11, §3001(27). Other states such as Illinois, Louisiana, Maine, Michigan, Rhode Island, Utah and Wyoming have introduced the L3C statute. On L3Cs, see Lang R. and Carrott Minnigh E., The L3C, History, Basic Construct, and Legal Framework, in 35 Vt. L. Rev. (2010), at 15. **14)** I.R.C. §§4944(c); 170(c)(2)(B); 26 CFR 53.4944-3(b) Ex. (3). The purpose of the L3C statute is to attract PRIs from foundations, investments considered by the IRS as "qualifying distributions", meaning that they count toward the IRS's requirement that private foundations spend 5% of their net worth in any given year, see KELLEY T., Law and Choice of Entity on the Social Enterprise Frontier, cit., at 356. **15)** Esposito R.T., The Social Enterprise Revolution in Corporate Law, cit., at 682–688; Murray J.H., The Social Enterprise Law Market, in 75 Md. L. Rev. 541 (2016), at 545–546. **16)** Esposito R.T., The Social Enterprise Revolution in Corporate Law, cit., at 693. **17)** See http://benefitcorp.net/sites/default/files/Model%20benefit%20corp%20legislation%20_4_17_17.pdf. **18)** See Subchapter XV of the "Delaware General Corporation Law" (Del. Code Ann. Tit. 8, §§ 361–368). **19)** Model Act § 102 – "General public benefit" and § 201(a). **20)** According to the definition provided in the Model Act § 102, the specific public benefit includes: (1) providing low-income or underserved individuals or communities with beneficial products or services; (2) promoting economic opportunity for individuals or communities beyond jobs in the normal course of business; (3) protecting or restoring the environment; (4) improving human health; (5) promoting the arts, sciences, or advancement of knowledge; (6) increasing the flow of capital to entities with a purpose to benefit society or the environment; and (7) conferring any other particular benefit on society or the environment. **21)** See IRS Information Letter 2016–0063 of 2 June 2016, which authorised benefit corporations to deduct contributions to charities as business expenses when the payments are for institutional or goodwill advertising to keep the corporation's name before the public. These contributions, which are treated as business expenses, essentially produce an immediate reduction in taxable income. As such, the IRS in fact provides for a tax advantage allowing benefit corporations to make donations or payments to charitable organisations greater than the current 10% limit on corporate charitable contributions. **22)** These chartered corporations have the purpose of creating a "general public benefit" and directors have a duty to balance the financial interests of the shareholders with the best interests of persons that are materially affected by the conduct of the corporation (such as employees, customers, the communities and the environment). Moreover, the bill empowers workers to elect at least the two-fifths of the members of the board of directors and restricts the sales of company shares by directors and officers, in order to ensure they are focused on the long-term interests of all corporate stakeholders. See Accountable Capitalism Act, S. 3348, 115th Congress (2017–2018). **23)** Defourny J., Nyssens M., Social Enterprise in Europe: Recent Trends and Developments, in 4 Soc. Enterprise J., at 206–208 (2008); Esposito R.T., The Social Enterprise Revolution in Corporate Law, cit., at 671–674; Kerlin J.A., Social Enterprise in the United States and Europe: Understanding and Learning from the Differences, cit., at 254. **24)** Kerlin J.A., Social Enterprise in the United States and Europe: Understanding and Learning from the Differences, cit., at 252–254. **25)** Europe 2020: A Strategy for Smart, Sustainable and Inclusive Growth, at 2, COM (2010) 2020 final (3 March 2010). **26)** Single Market Act: Twelve Levers to Boost Growth and Strengthen Confidence, at 24–25, COM (2011) 206 final (13 April 2011). **27)** Social Business Initiative: Creating a Favourable Climate for Social Enterprises, Key Stakeholders in the Social Economy and Innovation, at 2, COM (2011) 682 final (25 October 2011). **28)** The various communications released by European Commission suggest the creation of a comprehensive European legal framework to promote the development of the SE sector and to facilitate investments in these enterprises at a European regional level. Moreover, the Commission suggests reforming the statute of the European Cooperative Society, considering that many social enterprises operate in the form of social cooperatives. The European Commission is therefore focused on the development of an organisational form characterised by the non-distribution constraint with limits on the distribution of profits. On this issue see Esposito R.T., The Social Enterprise Revolution in Corporate Law, cit., at 679–680. **29)** See Companies (Audit, Investigations and Community Enterprise) Act, 2004, c. 27, § 26. In legal literature see Lloyd S., Transcript: Creating the CIC, in 35 Vt. L. Rev. (2010), at 31 ff.; Esposito R.T., The Social Enterprise Revolution in Corporate Law, cit., at 674–678. **30)** See Office of the Regulator of Community Interest Companies, Community interest companies: guidance chapters, Chapter 6: The asset look, at 6 ff. **31)** Companies (Audit, Investigations and Community Enterprise) Act, 2004, c. 27, § 35(2), according to which "A company satisfies the community interest test if a reasonable person might consider that its activities are being carried on for the benefit of the community." **32)** Law of 28 December 2015, n. 208 "Disposizioni per la formazione del bilancio annuale e pluriennale dello Stato (Legge di Stabilità 2016)" (G.U. 30 December 2015), art. 1, paragraphs 376–384. **33)** However, there is a debate over the possible reduction of the company's taxable income with regard to all costs relating to the pursuit of the public benefits provided for in the bylaws. See Setti M., Implicazioni fiscali del nuovo istituto delle società benefit, in Corriere tributario, 29/2016, pp. 2301–2306. **34)** See e.g. the Green Paper "Promoting a European framework for Corporate Social Responsibility", 18 July 2001, COM(2001) 366; Commission Communication of 15 May 2001 on "A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development", COM(2001) 264; Commission Communication of 13 December 2005 on the review of the Sustainable Development Strategy – A platform for action, COM(2005) 658; Commission Communication of 25 October 2011 on "A renewed EU strategy 2011–14 for Corporate Social Responsibility", COM (2011) 681. **35)** Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups. **36)** Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement. **37)** Ley No. 1901, 18 June 2018.