



علامة أبوظبي للمسؤولية المجتمعية
ABU DHABI SOCIAL RESPONSIBILITY

دائرة تنمية المجتمع
DEPARTMENT OF COMMUNITY
DEVELOPMENT



Social Enterprise Classification Policy



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Article 1: List of Applicable Laws, Regulations, Guidelines and Standards

No.	Reference Name
1	Law No. (1) of 1974 concerning the Reorganisation of the Governmental Body in the Emirate of Abu Dhabi and its amendments
2	Law No. (7) of 2018 concerning the Reorganization of the Department of Economic Development in the Emirate of Abu Dhabi
3	Law No. (12) of 2018 concerning the Establishment of the Department of Community Development
4	Law No. (6) of 2019 concerning the Establishment of the Authority of Social Contribution-Ma'an
5	Federal Decree Law No. (32) of 2021 on Commercial Companies
6	Chairman of the Executive Council Resolution No. (59) of 2018 Concerning the Additional Competencies of the Department of Community Development
7	Chairman of the Executive Council Resolution No. (19) of 2022 Concerning the Social Enterprise Classification Policy

Article 2: Definitions

DCD: The Department of Community Development.

Authority: The Authority of Social Contribution-Ma'an.

Private Establishment: A company or a sole establishment licensed by the competent authority in the Emirate to engage in economic activity.

Competent Authority: Any licensing authority in the Emirate concerned with issuing trade licenses in accordance with the provisions of the legislation in force, including those in the financial free zones.

Classification: The document issued by the Authority confirming its approval to grant the private establishment a Social Enterprise classification, following the establishment's entity's fulfilment of the requirements and conditions set forth in the policy.

A Social Enterprise: A private, for-profit establishment that also aims to achieve a social impact and is licensed by the relevant authority in the Emirate to carry out economic activity, including entities operating within financial free zones.

Social Mission: Social functions and/or activities explicitly stated in the constitutional documents of the private establishment or in any formal or private documents.

Social Impact Report: The annual report prepared by the private establishment for the purpose of obtaining or renewing its classification as a Social Enterprise and submitted to the Authority in accordance with the provisions of this policy. The report must include:

1. Legal form of the private establishment.
2. A description of the social impact achieved through the establishment's activities in support of its social mission since the classification was granted.
3. A list of the Key Performance Indicators (KPIs) used to measure that impact.
4. A financial report that details the sources of income generated through its business activities, the distribution of net profits for the previous fiscal year, and the level of compliance with the provisions of this policy.

Micro Social Enterprise: A private establishment that employs no more than five (5) individuals or generates annual revenue not exceeding AED two million (2,000,000).

Small Social Enterprise: A private establishment that employs between six (6) and fifty (50) individuals or generates annual revenue not exceeding AED twenty million (20,000,000).

Medium Social Enterprise: A private establishment that employs between fifty-one (51) and two hundred (200) individuals or generates annual revenue not exceeding AED two hundred million (200,000,000).

Mature Social Enterprise: A private establishment that employs more than two hundred (200) individuals or generates annual revenue exceeding AED two hundred million (200,000,000).

Article 3: Objective

This policy aims to support Social Enterprises by granting them an official classification that entitles them to a range of benefits and incentives designed to strengthen community engagement and promote social responsibility in the Emirate.

The approval to grant a classification to the applying private establishment under this policy constitutes an authorization to extend benefits and incentives to that establishment but does not create a binding obligation on the Authority.

Article 4: Scope of The Policy

This policy applies to all private establishments operating in the Emirate of Abu Dhabi.

Article 5: Conditions for Granting Classification

1. The Authority may issue the classification to a private establishment seeking to obtain it, based on its size in accordance with Article 1 of this Decision, and subject to the following conditions:

- a. The establishment must be licensed to conduct economic activity in the Emirate by the competent licensing authority in accordance with the applicable legislation. This requirement is mandatory for all companies seeking to obtain the classification.
- b. The constitutional documents of the enterprise, along with any formal or private documents, shall be drafted in accordance with applicable legislation. These documents must clearly define the social mission of the establishment, ensuring that it contributes to social benefit through one or more services. The stated mission must not conflict with public order or morality. This condition is mandatory for all companies seeking to obtain the classification.
- c. Obligations Based on the Size of the Social Enterprise:

- **Micro Social Enterprise:**

1. The company must clearly demonstrate its social mission through official documents, implementation plans, and/or endorsements from benefiting stakeholders.

- **Small Social Enterprise:**

- The company must clearly demonstrate its social mission through official documents and implementation plans, including endorsements from benefiting stakeholders.

The company must submit a report detailing the social impact of its activities.

- **Medium Social Enterprise:**

1. At least 40% of the company's total income in the fiscal year preceding the application must be derived from economic activities that serve its social mission.
2. The company must submit a detailed report that includes statements from beneficiaries of its social impact.

- **Mature Social Enterprise:**

1. At least 40% of the company's total income in the fiscal year preceding the application must be derived from economic activities that serve its social mission.
2. The company must submit a detailed report that includes a statement from the beneficiaries of its social impact activities and a plan for enhancing social impact through its investment programs. This obligation may be documented in a written and certified resolution issued by the owners of the private establishment, approved by the majority required under its constitutional documents/ Articles of Association for the adoption of valid resolutions by the competent authority.

Article 6: Procedures for the Submission and Review of Classification Applications

1. The classification application shall be submitted to the Authority using the form designated for this purpose.
2. The following documents must be attached to the application:
 - a. A copy of the valid license issued by the competent authority in the Emirate authorizing the practice of economic activity. This condition is mandatory for all companies seeking to obtain a classification.
 - b. A copy of the enterprise's constitutional documents and/or Articles of Association, or any formal or private documents that explicitly state a clear social mission aimed at achieving a social benefit through one or more services. This condition is mandatory for all companies seeking to obtain a classification.
 - c. Documentation Requirements According to Company Size.
 - **Micro Social Enterprise:**
 1. Documents demonstrating its social missions, implementation plans, and/or endorsements from benefiting stakeholders.
 - **Small Social Enterprise:**
 1. Documents demonstrating its social missions and implementation plans, including endorsements from benefiting stakeholders.
 2. A detailed social impact report.
 - **Medium Social Enterprise:**
 1. An original copy of the external auditor's report, issued by an accredited auditor, for the previous fiscal year. The report must confirm that at least forty percent (40%) of the enterprise's total income during that fiscal year was generated from economic activities aligned with its social mission.
 2. A detailed social impact report that includes statements from the beneficiaries of the enterprise's social impact activities.
 - **Mature Social Enterprise:**
 1. An original copy of the external auditor's report, issued by an accredited auditor, for the previous fiscal year. The report must confirm that at least forty percent (40%) of the enterprise's total income during that fiscal year was generated from economic activities aligned with its social mission.
 2. A detailed social impact report that includes statements from the beneficiaries of the enterprise's social impact activities and the enterprise's plan to enhance social impact through its investment programs.
3. The Authority may request any additional documents or clarifications it deems necessary to decide on the application.

Article 7: Granting Classification

1. The Authority shall issue its approval on the classification application within thirty (30) business days from the date of submission or from the date the applicant provides the required documents or information, in accordance with the provisions of this policy. If approval is not granted within the prescribed timeframe and if the Authority does not notify the applicant within this period that the review timeline has been extended, by no more than an additional thirty (30) business days, the application shall be deemed implicitly rejected.
2. If the Authority approves the classification, it shall issue the classification decision in accordance with the provisions of this policy.

Article 8: Classification Period

The classification period shall be as follows:

1. The Authority shall grant classification for a period of one (1) year, renewable annually, to private establishments that meet all the conditions set forth in this policy.

Article 9: Classification Renewal or Rejection

Applications for classification renewal shall be submitted to the Authority using the designated form at least one (1) month prior to the expiry of the valid classification period.

1. The documents referred to in Article (5) above must be attached to the application.
2. When reviewing the renewal application, the Authority may request any documents, clarifications, information, or additional data related to the contents of the social impact report or the accredited external auditor's report.
3. The Authority may reject the classification renewal application if the conditions set out in this policy are not met or if it deems rejection necessary for reasons of public interest.

Article 10: Declassification or Classification Suspension

1. The Authority may issue a decision to suspend the classification granted to a private establishment.
2. The decision to suspend the granted classification of a private establishment shall specify the duration of the suspension. If the original suspension period or its renewal exceeds sixty (60) consecutive business days without the Authority issuing a decision to revoke its previous ruling, the suspension shall be implicitly considered a decision to cancel the classification.
3. The Authority shall issue a decision to cancel the classification in any of the following cases:
 - a. The private establishment has decided to cease its operations as a classified private establishment and has submitted a request for cancellation.
 - b. The classified private establishment has been dissolved.
 - c. A decision has been issued by a competent authority prohibiting the classified private establishment from carrying out its activities.
4. The Authority may revoke or suspend the classification granted to the private establishment for consideration of public interest.
5. The Authority shall notify the concerned private establishment of any decision issued in accordance with Clauses (1), (3), or (4) of this Article within thirty (30) business days from the date of issuance. Such cancellation shall take effect on the date it is notified to the concerned private establishment.
6. The issuance of a decision to revoke or suspend the classification shall result in the suspension of any benefits or incentives granted to the concerned private establishment, in accordance with the provisions of Article (10) of this policy.

Article 11: Benefits and Incentives

1. A private establishment classified as a Social Enterprise may apply to the Authority for any benefits or incentives established under this policy and in accordance with the criteria adopted for their allocation.
2. The benefits or incentives that may be granted to the private establishment following the issuance of a classification decision shall be provided by the Authority, in coordination with the relevant entities, in accordance with the provisions of this policy and the terms and conditions approved by the Authority for such benefits or incentives.
3. The Authority shall issue the necessary decisions and regulations, in coordination with DCD, setting out the procedures for requesting such incentives or benefits, the conditions for granting them, the grounds for their suspension or termination, and any other related conditions.

Article 12: Disclosure and Transparency

1. A private establishment classified as a Social Enterprise shall adhere to the principles of transparency, publicity, and disclosure regarding its social mission, including the clear presentation and breakdown of activities, financial allocations, and expenditures undertaken to achieve that mission, in both the social impact report and the accredited external auditor's report for each fiscal year.
2. A private establishment classified as a Social Enterprise shall maintain all documents, files, and records related to its social mission, or certified copies thereof. Furthermore, the establishment shall organize these documents both chronologically and thematically, in a manner that facilitates their review, and the identification of the data contained therein, if required by the Authority.

Article 13: Grievance

1. Any stakeholder may submit a written grievance to DCD concerning the decision to reject, revoke, or suspend the classification application, within sixty (60) days from the date of notification of the decision.
2. DCD shall decide on the grievance referred to in Clause (1) of this Article within ninety (90) business days from the date of its submission. The decision issued on the grievance shall be final; however, it shall not preclude judicial appeal before the competent court, where such appeal is permitted.
3. Filing an appeal against a decision shall not affect its validity or hinder its implementation during the period in which the appeal is being reviewed.

Article 14: Entry into Force

This Decision shall enter into force on the date of its issuance and shall be published in the Official Gazette.

United Arab Emirates - Emirate of Abu Dhabi
Issued by: Department of Community Development

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