

21492 LAW 44/2007 of December 13th, to regulate the regime of Social Integration Enterprises.

JUAN CARLOS I
KING OF SPAIN

To all who shall see and understand this.

Know that Parliament has approved and I endorsed the following Law.

PREAMBLE I

The principles on which this law is inspired are the mandate of the Spanish Constitution which, in section 2 of article 9, calls on the public authorities to facilitate the participation of all citizens in our country's public, economic, cultural and social life, leading the legislator to address the need to establish adequate channels for facilitating such participation, in particular the participation of persons who, for different reasons, find themselves in situations of difficulty and social exclusion.

On another front, these especially disadvantaged persons, in situations of marginalization or exclusion, face special difficulties in gaining access to the labour market due to their social, economic, education and labour skills deficiencies, therefore having a job, which is a right and duty of all citizens enshrined in article 35 of the Constitution, is particularly problematic for them owing to personal demotivation, ignorance or abandonment of basic social and labour habits and lack of minimum education levels and professional adaptation.

The transformations currently experienced by the economy and society, the constant technological advances, and the changes in labour habits and work organisation systems, coupled with weaker social and family ties, make up some of the many causes of social exclusion.

The relationship with the labour market is an essential aspect to be address in social integration processes. To the population within working age employment is not just a source of income but the source of a whole network of social relationships which facilitate integration.

A feature common to almost all situations of social exclusion are the obstacles in the way of participation in the normal mechanisms of job training and integration. It is therefore essential to involve the different Public Administration, within their means and sphere of competence, in combating social exclusion through integration initiatives aimed at promoting the full participation of the collectives affected by this situation.

The effectiveness of public policies aimed at promoting employment and combating social exclusion depend on the ability of public authorities to address these situations and to get involved in the respective solutions. This social policy model is essentially based on the introduction of new organisation methods.

At EC level, it is worth highlighting that one of the three global objectives of the European Employment Strategy (EES) is to consolidate social inclusion, prevent exclusion from the labour market and support the labour integration of disadvantaged persons. The guidelines established under the three priorities of the EES (supply of manpower; adaptability; human capital) place particular emphasis on promoting an inclusive labour market. In this respect, the 2005 Communication from the Commission on the European Union's Social Agenda announced the European Commission's proposal of a European Year of Combating Poverty and Social Exclusion in 2010. That year should measure the progress made during the decade in order to underline the particular vulnerability of the most fragile groups of the population.

II

Social integration enterprises are new initiative models in this area. They constitute a special form of enterprise within enterprises of a social nature and confirm that employment is and will continue to be, for the most disadvantaged and excluded, one of the main vectors of social integration and a means of participating in society.

In the last few years social integration enterprises in Spain have implemented many initiatives in this area, providing continuing support to the most disadvantaged persons in society who have participated in them. The initiatives are linked to the territory and local labour needs, searching for spaces in the labour market and creating jobs.

Through business activity accompanied by social and labour integration actions, these initiatives enable the social and labour inclusion of excluded persons so that they may subsequently join conventional enterprises or work in self-employment projects.

The methodologies developed during an integration itinerary, whilst performing a labour activity in the social integration enterprise, are aimed at improving the skills of the participants through technical know-how, social and labour habituation and establishing priorities adapted to the possibilities of the participants and those of the labour market.

This Law seeks to regulate social integration enterprises so that they may act as an additional instrument in the task of integrating sectors of the population excluded from society, in this case articulating integration through the provision of labour in the social integration enterprise to facilitate the transition of the person in a situation of social exclusion to regular employment.

It is therefore considered necessary to establish a legal framework for social integration enterprises at national level, as laid down in the National Reforms Programme of the Kingdom of Spain and in the Fourth National Action Plan for Social Inclusion 2006-2008, which fosters and promotes the employment of persons in a situation of exclusion so that they may join the labour market.

In this respect, the fifth final provision of Law 43/2006, of December 29th, on improving growth and employment, includes a mandate to approve a regulation with the status of a law within a period of six months from the approval of the former and after consultations with the most representative trade union organisations and employers' associations, including those of the sector itself, to regulate the regime of social integration enterprises.

In the discussions on the different drafts prepared by the Ministry of Labour and Social Affairs, the contributions made by the social agents, UGT, CCOO, CEOE and CEPYME, during the consultation process were considered, as well as the opinions put forward by the sector of social integration enterprises represented by FEDEI-CEPES. In the same way, the opinions of the different Autonomous Communities were also considered both in the draft and bill phases, following an exchange of ideas in the Sectoral Conference specifically held to address the information on the text presented in the Cabinet Meeting.

The Economic and Social Council gave its approval on June 27th 2007, after including a number of observations to the text.

III

This Law is framed within the exclusive competence which article 149.1. 7.^a of the Constitution confers on the State in the area of labour legislation, without prejudice to the competences of the Autonomous Communities and the cities of Ceuta and Melilla in the area of Social Assistance.

The Law is structured in six chapters with eighteen articles: five additional provisions, three transitional provisions, one repealing provision and six final provisions.

The purpose and aims of the Law are established in Chapter I, followed by a definition of the workers hired by social integration enterprises, the targets of the social and labour integration processes and measures: persons in a situation of social exclusion, with special difficulties in gaining access to the labour market and belonging to socially disadvantaged collectives.

The collectives in a situation of social exclusion are determined in accordance with Law 43/2006, of December 29th, on improving growth and employment, including the collectives coming from alternative accommodation centres and prevention and social integration services authorised by the Autonomous Communities and the cities of Ceuta and Melilla.

The task of qualifying the social exclusion situation is entrusted to the competent Public Social Services. For this purpose, such services are understood as the pertinent services of the Autonomous Communities, in accordance with that provided for in article 148.1.20 of the Spanish Constitution and that established in the different Organic Laws on the Statutes of Autonomy, as well as, at local level, those determined by the municipalities, in accordance with Law 7/1985, of April 2nd, which regulates the basis of local government, based on that established in State or Autonomous Community legislation.

The Law defines the social and labour integration itineraries which these persons are to follow, during which they will perform their transitional labour activity as an additional means of facilitating their inclusion in society.

Chapter II establishes the legal regime of social integration enterprises. The social integration enterprises defined by the Law are corporations, including employee-owned

enterprises or co-operatives which, duly authorised, perform an economic activity involving the production of goods or provision of services with the main objective, as provided for in its corporate purpose, of facilitating the social and labour integration and training of persons in a situation of social exclusion.

On another front, as the purpose of these social integration enterprises is to facilitate the social integration of especially disadvantaged persons, and as this effort must necessarily be supervised by the Public Administrations, they must reinvest most of their financial benefits in expanding or improving their productive or integration structures.

Likewise, the Law regulates the number of workers in the process of integration which these enterprises must have as a share of the total number of workers in the workforce.

Furthermore, the social integration objective of this type of enterprises makes it necessary to include the essential requirement of the enterprise being promoted and controlled by one or several promoting entities. In this respect, the Law defines these promoting entities and establishes the interest that they must hold in the social integration enterprise.

Lastly, it includes the establishment of an Administrative Register of Social Integration Enterprises held at the Ministry of Labour and Social Affairs for information purposes, without prejudice to the competences held in this area by the Autonomous Communities.

The Law defines the registration, qualification and disqualification acts, as well as the documents subject to registration.

Chapter III defines the procedure to be followed by the Public Administration responsible for, in each case, the competent Public Social Services and the Employment Public Services with regard to integration processes, establishing the measures to be implemented prior to the worker joining a social integration enterprise, as well as follow-up and support measures to be implemented after the worker has concluded his or her stay in the social integration enterprise.

Chapter IV describes the labour relation to be entered into between a worker classed as in a situation of exclusion and a social integration enterprise, the purpose of which will be to perform remunerated work accompanied by a previously defined personalised integration itinerary.

In regulating the labour relation the Law takes into consideration the characteristics of workers in the process of integration and the special features of social integration enterprises, placing the labour relation in the common framework established in the Workers' Statute, and including in the text specific singularities inherent to the labour relations and working conditions in these enterprises.

As the main characteristic, the employment-promotion temporary labour contract is adapted as a contract type linked to the execution of an integration itinerary. As a

general use, the term of the contract may be a minimum of twelve months and a maximum of three years.

Within the measures aimed at promoting social integration enterprises, Chapter V establishes different support measures aimed at hiring persons classed as in a situation of social exclusion, as well as a series of grants to compensate for the extra labour costs derived from these persons' lower productivity in business activity and financial support for monitoring social integration itineraries.

Likewise, other support measures aimed at establishing and running a social integration enterprise are included.

Chapter VI focuses on the establishment of the Regime of infringements and sanctions, which is developed in the first final provision.

As a result of the demands voiced by different Autonomous Communities in the Sectoral Conference held for the purpose of discussing this Law, the additional provisions include the designation of the General Council of the National Employment System, as well as the competence of the Social Services and the Employment Public Services of the Autonomous Communities, for the purpose of assessing and monitoring the fulfilment of the objectives established in this Law. Likewise, the exemption from the calculation of workers in integration processes is introduced for workers who are not partners in Associated Work Cooperatives and Employee-Owned Companies in order to avoid introducing changes to the legislation governing these enterprises. Additionally, the Law establishes particular conditions governing the execution of contracts, the inclusion of considerations relative to the worker's situation of social exclusion associated with the execution of the contract, in accordance with that provided for in the legislation on public sector contracts. Furthermore, the fourth additional provision provides for the establishment of specific support measures for workers coming from social integration enterprises as well as for enterprises which hire these workers on an indefinite basis. Lastly, the third final provision modifies the second additional provision of Law 43/2006 of December 29th, on improving growth and employment, with regard to social exclusion and promoting employment, therefore article 2 of the Law to regulate the regime of social integration enterprises must be taken into consideration.

Following the requests of various Autonomous Communities during the Sectoral Conference held for the purpose of discussing this Law, the first transitional provision establishes a period of adaptation to the provisions established in the Law for existing social integration enterprises, as well as to adapt Autonomous Community legislation and, in particular, the temporality of existing labour contracts, prior to the entry into force of the Law.

The second transitional provision lays down that Foundations and Associations which, on the date the Law enters into force, perform social and labour integration activities, as defined for Social Integration Enterprises, will be allowed a period to adopt the legal status that will enable them to be classed as a social integration enterprise, whilst being able to continue to perform such activities. The third transitional provision includes the possibility of the Register to be established by the Ministry of Labour and Social Affairs for information purposes exercising the registration and qualifying

functions should the competences of the Autonomous Communities in this area fail to exercise them.

With regard to the final provisions, it is worth highlighting that the first final provision develops article 18 of the Law, introducing the pertinent changes into the Law governing infringements and sanctions in the social order, revised text approved by Royal Legislative Decree 5/2000, of August 4th.

Lastly, in its second final provision the Law establishes the possibility of the Government modifying the collectives classed as in a situation of social exclusion in article 2.1, after consulting with the most representative employers' and trade union organisations, including the affected sector, and after the Autonomous Communities have issued a report.

CHAPTER I General provisions

Article 1. Purpose and aims.

1. The purpose of this Law is to regulate the legal regime of social integration enterprises and to establish a framework for promoting the labour integration of persons in a situation of social exclusion through this type of enterprise.

To fulfil these objectives, the content of this Law covers:

a) The establishment of a specific law to facilitate the operation and consolidation of social integration enterprises.

b) The establishment of the necessary requirements and procedure to be followed by social integration enterprises, through integration itineraries aimed at introducing persons in a situation of social exclusion into the regular labour market.

c) The establishment of a series of measures aimed at promoting social and labour integration through social integration enterprises, and the definition of the situations which, as the case may be, determine the adoption of such measures.

2. The objective of the work of these persons in social integration enterprises is to achieve their inclusion in the regular labour market, for which the social integration enterprise will facilitate access to training and guidance through the initiatives and measures established in this Law.

Article 2. Workers of social integration enterprises.

1. For the purpose of this Law, social integration enterprises may hire persons in a situation of social exclusion who are unemployed, are registered in the Employment Public Services, are facing special difficulties in gaining access to the labour market and are included in one of the following collectives:

a) Beneficiaries of Minimum Integration Incomes or any other benefit of the same or similar nature known by the specific name adopted in each Autonomous Community, as well as members of the household unit who benefit from them.

b) Persons who cannot collect the benefits referred to in the previous paragraph for one of the following reasons:

1st. They do not meet the required period of residence or registration in the municipal register, or the required period for constituting the Beneficiary Unit.

2nd. They have exhausted the legally established maximum period for collecting such benefits.

c) Young persons over eighteen and under thirty years of age coming from Youth Protection Institutions.

d) Persons with drug addiction problems or other addition disorders who are in the process of social rehabilitation and reintegration.

e) Inmates of penitentiary centres whose penitentiary status allows them to hold a job and whose labour relation is not included in the sphere of application of the special labour relation regulated in article 1 of Royal Decree 782/2001, of July 6th, as well as those on conditional release and ex inmates.

f) Juvenile internees included in the sphere of application of Organic Law 5/2000, of January 12th, which regulates the criminal responsibility of minors, whose status allows them to hold a job and whose labour relation is not included in the sphere of application of the special labour relation referred to in article 53.4 of the Regulations of the aforementioned Law, approved by Royal Decree 1774/2004, of July 30th, as well as those on parole and ex inmates.

g) Persons coming from alternative accommodation centres authorised by the Autonomous Communities and the cities of Ceuta and Melilla.

h) Persons coming from prevention and social integration services authorised by the Autonomous Communities and the cities of Ceuta and Melilla.

2. The social exclusion situation of persons belonging to the collectives referred to in point 1 must be confirmed by the competent Public Social Services.

Competent social services are understood as the pertinent services of the Autonomous Communities, in accordance with that provided for in article 148.1.20 of the Spanish Constitution and that established in the different Organic Laws on the Statutes of Autonomy, as well as, at local level, those determined by the local authorities, in accordance with articles 25 and 26 of Law 7/1985 of April 2nd, which regulates the basis of local government, based on that established in State or Autonomous Community legislation.

Article 3. Itinerary of social and labour integration and of intervention and guidance services through social integration enterprises.

1. Social integration enterprises shall implement social and labour integration itineraries based on the criteria established by the competent Public Social Services and the Employment Public Services, in agreement with the social integration enterprises themselves. The itinerary must be accepted by the person in a situation of social exclusion who has been hired for the purpose of facilitating his or her inclusion into the regular labour market, and the itinerary must establish the necessary intervention and support measures.

2. The intervention and support measures will comprise benefits, guidance, mentoring, personalised and assisted remunerated work processes, on-the-job training, labour and social habituation aimed at settling specific problems derived from the situation of exclusion which make it difficult for the worker to follow his or her itinerary in the social integration enterprise.

CHAPTER II

Social integration enterprises

Article 4. Concept of social integration enterprise.

Social integration enterprises are legally established corporations or cooperatives which, duly authorised by the competent Autonomous Community authorities, perform any economic activity involving the production of goods or provision of services with the main objective, as provided for in its corporate purpose, of facilitating the social and labour integration and training of persons in a situation of social exclusion as a means to ordinary employment.

For this purpose, as part of the integration itineraries, social integration enterprises must offer workers experiencing the situations described in article 2, personalised and assisted remunerated work, on-the-job training and labour and social habituation processes. Likewise, these enterprises must provide intervention or support services for social and labour integration which facilitate the worker's future entry into the regular labour market.

Article 5. Requirements.

For the purpose of this Law, as well as fulfilling that provided in the previous article, social integration enterprises must meet the following requirements:

a) Be promoted and controlled by one or several of the promoting entities defined in the following article. In corporations, the held interest must be at least fifty one percent of the share capital. In cooperatives and employee-owned companies the held interest must be within the maximum limits established in the different legislations applicable to working partners or associates.

b) Be registered in the appropriate Register to its legal status, as well as in the Administrative Register of Social Integration Enterprises of the Autonomous Community.

c) As of the date the enterprise is officially qualified as a social integration enterprise, hold an annual percentage of workers in the process of integration, regardless of the type of contract, of at least thirty percent in the first three years of activity and at least fifty percent of the total workforce as of the fourth year, and the number must never be less than two.

d) Not perform any economic activity other the activity described in its corporate purpose.

e) Invest at least eighty percent of the year's earnings or available surpluses in improving or expanding its productive or integration structures.

f) On an annual basis present a corporate balance sheet of the enterprise's activity, including a financial and corporate statement, the rate of integration into the regular labour market, the composition of the workforce, and information on the integration tasks performed and those forecasted for the following year.

g) Hold the necessary means to fulfil the commitments derived from the social and labour integration itineraries.

Article 6. *Promoting entities.*

Promoting entities are non-profit entities, including those governed by public law, non-profit associations and foundations whose corporate purpose is the social integration of especially disadvantaged persons and which promote the formation of integration enterprises in which the promoting entity will hold an interest as described in letter a) of the previous article.

Article 7. *Qualifying.*

1. Qualifying an enterprise as a social integration enterprise shall be the responsibility of the competent Administrative Body of the Autonomous Community in which the work centre is based.

2. To apply for the status of social integration enterprise and to register the enterprise in the Administrative Register, the corporation or cooperative must previously be registered as such in the Trade Register or the Register of Cooperatives, and it must provide proof, in the form and manner established in the regulations, that the legal requirements necessary for obtaining the status of social integration enterprise are met.

Social integration enterprises shall be obliged to provide proof of their status, as well as of complying with that provided for in article 5 of this Law, in the respective Autonomous Communities in which their work centres are based.

For the purpose of providing proof of meeting the requirements established in letters c), e) and f) of article 5, the competent Administrative Body shall grant the provisional status of social integration enterprise to enterprises which meet the qualifying requirements established in letters a), b), d) and g) of the aforementioned article.

The definitive status of social integration enterprise shall be confirmed by the competent Administrative Register as soon as proof is provided to the latter that the requirements provided for in letters c), e) and f) of the aforementioned article are met. This must take place within a maximum period of one year from the date the provisional status is granted.

3. Social integration enterprises may include in the name of the enterprise the terms «*empresa de inserción*» or its abbreviation «*e.i*».

4. Obtaining the status of social integration enterprise by an eligible enterprise shall not constitute a company conversion.

Article 8. *Losing the status of social integration enterprise.*

1. An enterprise may be disqualified from operating as a social integration enterprise for the following reasons:

- a) Breaching the purpose defined in article 4 of this Law.
- b) Ceasing to meet the requirements on which the granting of the status was based.

2. Disqualifying an enterprise from operating as a social integration enterprise is decided by the body responsible for granting the status, following the pertinent report of the Labour and Social Security Inspectorate.

3. Once the disqualification decision is confirmed as final through the administrative channel, the disqualification will automatically be officially registered. This will not necessarily lead to the dissolution of the enterprise.

Article 9. *Registers and information subject to registration.*

1. Social integration enterprises must be registered in the competent Register of the Autonomous Community in which the work centre is based.

2. Without prejudice to the above, an Administrative Register of Social Integration Enterprises shall be established in the Ministry of Labour and Social Affairs for the sole purposes of co-ordinating and exchanging information.

The Ministry of Labour and Social Affairs shall keep the Register up-to-date and provide statistical information every six months on the number of social integration enterprises, economic activity sector, number of workers in the process of integration and number of workers in the workforce as well as their respective types of contracts.

3. Once registered, social integration enterprises shall be obliged to submit the following documents to the competent Administrative Register of the Autonomous Community within the respectively established deadlines, without prejudice to any other information established by the Autonomous Communities themselves:

a) The documents confirming any modifications made to the articles of association which affect the authorisation granted to the enterprise to operate as a social integration enterprise, after registering such modifications in the appropriate Registers to their legal status.

b) Each year's programme of activities and budget, before the beginning of each year.

c) The annual accounts, the management report and the corporate balance sheet at each year end, without prejudice to the obligation to submit the annual accounts and the management report to the appropriate Register to its legal status.

CHAPTER III **Social integration enterprises and Public Administrations**

Article 10. Public Administration procedures.

1. To carry out the integration activities of the socially excluded workers hired by them, social integration enterprises may use the social intervention and support services provided by the competent Public Social Services and may also implement the workers' integration itineraries and processes provided by the Employment Public Services.

2. Social integration enterprises shall co-operate with the competent Public Social Services for the purpose of:

a) Confirming the situations of social exclusion referred to in point 1 of article 2.

b) Accessing the social intervention and support services which the Public Social Services provide to workers during their integration process in the enterprise, as described in article 3 of this Law.

c) Facilitating the Public Social Services' follow-up of the social and labour integration itineraries and processes of workers and providing support to workers joining the regular labour market once they have completed the integration process.

d) Any other function established in the respective Autonomous Community regulations.

3. Social integration enterprises shall co-operate with the Employment Public Services for the purpose of:

a) Monitoring workers' integration itineraries and processes and providing workers the training which, as the case may be, is offered by the Employment Public Services, both whilst the worker is employed in the social integration enterprise and afterwards.

b) Confirming, prior to signing the contract, whether the worker has worked in the same or another enterprise in the two years immediately prior to when he intends to be hired, in the light of the exemption established in point 3 of article 15 of this Law.

c) Confirming the training given in the framework of the integration itinerary and, as the case may be, the association between the experience acquired and the skills described in the profession certificates of the National Qualifications System.

d) Any other function established in the respective Autonomous Community regulations.

CHAPTER IV

Labour relations of workers in a situation of social exclusion in social integration enterprises

Article 11. Legal regime.

The labour relations associated with integration processes entered into between social integration enterprises and workers in a situation of social exclusion shall be governed by that provided for in the Law on the Workers' Statute, revised text approved by Royal Legislative Decree 1/1995 of March 24th, and the rest of the labour legislation, without prejudice to that established in this Law.

Article 12. Employment contract.

1. The employment contract between social integration enterprises and workers in a situation of social exclusion may be for a fixed term, in accordance with the types of contracts provided for in the labour legislation and the requirements established in the Workers' Statute and other applicable regulations, without prejudice to the temporary duration which the social and labour integration itinerary must necessarily have.

Likewise, regardless of the reason for hiring the worker, the employment contract regulated in article 15 of this Law may be entered into.

2. The employment contract, its extensions and modifications shall always be formalised in writing, in the form established by the State Public Employment Service, and communicated to the public office of employment.

A copy of these documents shall be sent to the competent Public Social Services for the purpose of monitoring the personalised integration itinerary.

The respective annex to the contract must include a description of the obligations assumed by the parties in the implementation of the personalised integration itinerary and the specific measures to be put into practice.

Article 13. Working conditions.

The labour relations of workers in a situation of social exclusion in social integration enterprises shall have the following special characteristics:

1. The employment contract may be for full-time or part-time employment. If part-time, the number of daily or weekly working hours must be more than half of the working hours of a similar full-time worker, as per the terms established in article 12.1 of the Workers' Statutes. If the initially agreed number of working hours is changed, the

social integration enterprise must communicate the change to the competent Public Social Services.

2. After providing notice and justification, the worker shall be entitled to be absent from work, without loss of pay, to attend rehabilitation treatments, participating in training and professional re-adaptation sessions or taking part in any other support measure provided for in his or her personalised integration itinerary and as per the guidelines established in the itinerary.

Likewise, work absenteeism or unpunctuality due to the physical or psychological circumstances derived from the worker's situation of social exclusion shall be considered justified when so determined by the competent Public Social Services, without prejudice to the worker's obligation to notify the enterprise.

3. If at the end of the contract associated with an integration process the worker remains in the company, a new trial period may not be established and the length of time during which the worker has rendered his or her services in the enterprise shall be included in his or her length of service.

4. At the end of the contract the worker shall be entitled to receive a certificate from his or her employer certifying the length of time in the enterprise, the jobs held, the main tasks of each job and how the worker adapted to them.

Article 14. *Termination and suspension of the contract.*

1. Employment contracts shall be terminated as per that provided for in the Workers' Statute and the special terms established in this article.

2. The termination of a contract for the objective reasons established in article 52 d) of the Workers' Statute shall not be applicable to workers in a situation of social exclusion. Likewise, absenteeism by workers in a situation of social exclusion shall not be included in the rate of absenteeism of the work centre's total workforce, and these workers shall not be included in the calculation of the work centre's workforce for the purposes of the aforementioned article 52 d).

3. The grounds for disciplinary dismissal established in article 54.2 f) of the Workers' Statute shall not be applicable to the workers referred to in article 2.1 d) of this Law. In cases where, during the term of the contract, the social integration enterprise finds that the worker has committed the breach mentioned in the previous paragraph, it shall communicate it to the competent Public Social Services so that they may suggest to the affected worker the possibility of initiating a detoxification process or a process to help him or her overcome the habit. In this case, the employment contract may be suspended if deemed necessary by the Social Services. If the worker does not initiate one of the above-mentioned processes or leaves without a justified reason, this shall be considered a breach of the obligations assumed under the integration itinerary, in which case that established in article 54.2.f) of the Workers' Statute shall be applicable.

4. The competent Public Social Services shall issue a report prior to the termination of the employment contract, regardless of the reason.

Likewise, the employer shall communicate the termination of the worker's employment contract, whatever the reason, to the aforementioned Services and to the Employment Public Services.

Article 15. Employment-promotion temporary employment contract.

1. Social integration enterprises and workers who find themselves in any of the situations provided for in article 2 of this Law may enter into the contract regulated in the first additional provision of Law 43/2006 of December 29th, on improving growth and employment, with the special characteristics established in this article.

2. The purpose of the contract is the voluntary provision of remunerated services, on an employee-basis, in a social integration enterprise as an essential part of a personalised integration itinerary.

3. Workers who in the past two years have rendered their services to the same or a different enterprise, through a labour contract, including the contract regulated in this article, may not be hired unless deemed otherwise by the competent Public Social Services in the event of an unsuccessful previous integration process or the worker falling back into a situation of exclusion. The aforementioned services shall base their decision on the worker's personal circumstances.

4. The term of the contract may be for a minimum period of twelve months and a maximum of three years. However, the term may be for a shorter period if so recommended by the competent Public Social Services in a previously agreed integration itinerary for the purpose of monitoring the integration process. Nevertheless, the term may never be less than six months.

If the contract is for a shorter term than the maximum term established in the previous paragraph, it may be extended to the maximum term, although the minimum term of each extension must be the same as or longer than the initial term of the contract. The competent Public Social Services must inform of the adequacy of the extension.

5. When the worker has concluded the contract he or she shall be entitled to receive a financial compensation equivalent to twelve days' salary for every year worked.

6. That established in points 1, 2, 5 and 6 of the first additional provision of Law 43/2006 of December 29th, on improving growth and employment, shall not be applicable.

7. The hiring of workers in a situation of social exclusion by social integration enterprises through the contract regulated in this article shall give rise to the right to the allowances applicable to the temporary contracts provided for in article 16.3.

CHAPTER V
Promotion measures

Article 16. Promotion of social integration enterprises.

1. Within the sphere of their respective competences and in the framework of the commitments assumed in the European Union, public authorities shall do their utmost to promote social integration enterprises by supporting their formation and operation so that they may fulfil their social function of facilitating the integration of persons in a situation of exclusion into the regular labour market.

2. Social integration enterprises may receive financial support to adapt to the provisions of this Law, for their formation, set up and exercising their activity, as well as for technical assistance, training, hiring experts to manage the enterprise, and R, D & I initiatives.

3. Social integration enterprises may receive the following kinds of support:

a) Social Security contribution rebates for the employment contracts of the persons referred to in article 2 of 70.83 Euros/month (850 Euros/year) throughout the term of the contract, or three years for indefinite contracts. That established in Law 43/2006 of December 29th shall be applicable with regard to the requirements to be met by the beneficiaries, exclusions in the applicability of rebates, maximum amount, incompatibilities or reimbursement of benefits.

b) Subsidies for maintaining social and labour integration jobs, in the form of financial compensation for the extra labour costs derived from integration processes.

c) Financial support for fixed investments associated with carrying out the activities described in the enterprise's corporate purpose.

4. Social integration enterprises promoted by public administrations or agencies may receive the support referred to in the previous section.

5. Social integration enterprises or promoting entities which carry out the support services for social and labour integration referred to in article 3 of this Law may receive support from the respective administration to provide such services.

6. To defend the interests of social integration enterprises and to organise advice, training, legal or technical assistance services as well as any other services deemed convenient in the interests of their members, within the rules of fair competition, social integration enterprises may organise themselves in specific associations or groups, both at autonomous community and state level. These associative structures representative of social integration enterprises may receive financial support from the Public Administrations to cover promotion and operating expenses.

Article 17. Legal regime of support and subsidies.

The financial support and subsidies regulated in this Law shall be governed by that provided for in Law 38/2003 of November 17th, as regards the General Law on Subsidies.

CHAPTER VI

Infringements and sanctions

Article 18. *Infringements and responsible subjects.*

1. The actions or omissions of employer/owners of social integration enterprises which infringe the obligations established and classed in this Law shall constitute an administrative breach in the social order and be subject to a sanction, in accordance with that established in the general and common provisions of Royal Legislative Decree 5/2000 of August 4th, which approves the revised text of the Law on Infringements and Sanctions in the Social Order.

First additional provision. *Application of the regulations of the Law on Public Sector Contracts.*

The special conditions governing the execution of contracts may include considerations related to the situation of social exclusion of the worker concerned, in accordance with that provided for in the legislation on public-sector contracts.

Second additional provision. *Number of workers in the process of integration.*

Workers holding an employment-promotion temporary contract shall not be included in the authorised maximum percentage of participation of non-partner workers in Associated Work Cooperatives and Employee-Owned Companies.

Third additional provision. *Assessment and follow-up of compliance with the Law.*

The Public Social Services and Employment Public Services of the Autonomous Communities shall exercise the functions of assessing, co-ordinating and ensuring the fulfilment of the objectives established in this Law with regard to social integration enterprises, within the spheres of their territory and competence.

Among its responsibilities, the Council for the Promotion of the Social Economy, established by Law 27/1999 of July 16th on co-operatives, and regulated by Royal Decree 219/2001 of March 2nd, shall adopt the functions of co-ordinating and ensuring the fulfilment of the objectives established in this Law.

Likewise, the General Council of the National Employment System, regulated by Royal Decree 1458/1986 of June 6th, shall be responsible for co-ordinating and assessing the fulfilment of this Law within the sphere of its competence and functions.

Fourth additional provision. *Support measures for workers coming from social integration enterprises and for enterprises which hire them.*

1. Specific support measures for workers coming from social integration enterprises shall be established to help establish themselves as self-employed workers or in social economy schemes.

2. The exclusion provided for in letter d) of article 6.1 of Law 43/2006 of December 29th, on improving growth and employment, shall not be applicable to workers coming from social integration enterprises who were hired in accordance with that established in Chapter IV of this Law when hired indefinitely by an ordinary enterprise.

Fifth additional provision. *Reports from the Public Social Services.*

The reports requested from the competent Public Social Services by virtue of that provided for in Chapter IV of this Law must be issued within a maximum period of ten working days from the date the request is received.

After the aforementioned period, the social integration enterprise may adopt the appropriate decision to each case in line with that established in the labour legislation.

First transitional provision. *Adaptation of social integration enterprises and Autonomous Community regulations to the provisions of this Law.*

1. To be able to make use of this Law, social integration enterprises which are already in operation on the date this Law enters into force must adapt to its provisions within a period of one year from the aforementioned date.

2. For purposes of qualifying and registering social integration enterprises, the provisions of articles 7 and 9 may be adapted by Autonomous Communities within a maximum period of six months from the date this Law enters into force.

3. Employment contracts entered into prior to the date this Law enters into force shall continue to be governed by the legal or conventional regulation under which they were entered into.

Second transitional provision. *Adaptation of specific entities to the provisions of this Law.*

1. Foundations and Associations performing social and labour integration activities on the date this Law enters into force may request to be registered as such in the Administrative Register of Social Integration Enterprises within the year following the aforementioned date. They will qualify for the provisional status of social integration enterprise if their activities are the same as those described for social integration enterprises and they meet the other requirements established in this Law with regard to their formation.

2. The provisional status of social integration enterprise shall be for a transitional period of two years, during which time to acquire the definitive status of social integration enterprise the entity must adopt the legal status of corporation or co-operative.

Third transitional provision. *Competences in the area of registration.*

The Ministry of Labour and Social Affairs may exercise the functions referred to in point 1 of article 7 and point 1 of article 9 of this Law until the Autonomous Communities are in a position to exercise them.

Sole repealing provision. *Regulatory repeal.*

The ninth additional provision of Law 12/2001 of July 9th, on urgent measures to reform the labour market in order to increase employment and improve its quality,

remains repealed, as well as any other provision which comes into conflict with that established in this Law.

First final provision. *Modification of the revised text of the Law on infringements and sanctions in the social order, approved by Royal Legislative Decree 5/2000 of August 4th.*

The articles of the Law on Infringements and Sanctions in the Social Order listed below are modified as follows:

One. Point 13 is introduced into article 2 with the following wording:

«13. Social integration enterprises, with regard to the obligations established in their specific legislation, without prejudice to that established in other numbers of this article.»

Two. Article 5.1 is modified and remains worded as follows:

«1. The actions or omissions of employers which contravene the legal and statutory regulations as well as the regulatory clauses of collective bargaining agreements in the area of labour relations, both individual and collective, relative to placement, employment, vocational training, temporary employment and social and labour integration are considered labour infringements and are classed and sanctioned in accordance with this Law. Likewise, other actions or omissions on the part of the responsible subjects in the areas regulated in this Chapter are also classed as labour infringements.»

Three. A new Section 5 is added to Chapter II, with the following wording:

«SECTION 5. INFRINGEMENTS IN THE AREA OF SOCIAL INTEGRATION ENTERPRISES

Article 19 bis. *Infringements of social integration enterprises.*

Infringements of social integration enterprises.

1. The following are classed as serious infringements:

a) Failing to comply with any of the requirements established in the applicable Law with regard to the formation of social integration enterprises.

b) Concealing or falsifying the supporting documents of the changes to the articles of association which have a bearing on the enterprise qualifying for the status of social integration enterprise.

c) Failing to supply each year's programme of activities and budget, as well as the annual accounts, the management report and the balance sheet at each year end.

d) Failing to supply to the competent Public Social Services and the Employment Public Services the information referred to in articles 12, 13, 14 and 15 of the Law to regulate the regime of social integration enterprises.

e) Failing to comply with the obligations assumed under the employment contract in relation to the personal integration process of each worker or failing to put into practice the specific measures provided for in the aforementioned process.

2. The following are classed as very serious infringements:

a) Performing the activities without complying with the fundamental objective of social integration enterprises, i.e., the social and labour integration of workers in a situation of social exclusion.

b) Wrongfully obtaining or employing the subsidies or financial support established in social and labour integration support programmes which are fully or partly financed or guaranteed by the State or the Autonomous Communities in the framework of the execution of the labour legislation, independent of the economic regime of the Social Security.»

Second final provision. *Application and implementation regulations of the Law.*

1. Where no provision is made in this Law, the applicable provisions of the current Law 30/1992 of November 26th, on the Legal Regime of Public Administrations and Common Administrative Procedure, shall apply.

2. The Government may modify, through Royal Decree, the collectives considered in a situation of social exclusion in accordance with article 2.1, after the pertinent report has been issued by the Autonomous Communities and after consulting with the most representative trade union and employers' organisations, including those of the affected sector.

3. The Government is empowered to pass any provision deemed necessary for the appropriate implementation and application of this Law. Likewise, the Autonomous Communities may pass the necessary provisions for the implementation and application of this Law within the sphere of their competences.

Third final provision. *Modification of the second additional provision (social exclusion and promotion of employment) of Law 43/2006 of December 29th, on improving growth and employment.*

The second additional provision (social exclusion and promotion of employment) of Law 43/2006 of December 29th, on improving growth and employment, is reworded as follows:

«For the purpose of the Employment Promotion Programme regulated in Section 1 of Chapter I of this Law, the situation of social exclusion shall be recognised when the individual concerned belongs to one of the collectives listed in point 1 of article 2 of the Law to regulate the regime of social integration enterprises.»

Fourth final provision. *Administrative Register of Social Integration Enterprises.*

On the proposal of the Ministry of Labour and Social Affairs, the Government shall approve, within a maximum period of six months from the publication of this Law in the «Official Bulletin of the State», the operation regulations of the Administrative Register of Social Integration Enterprises, establishing the rules for co-ordinating and exchanging registration and statistical information between the competent Registers of the Autonomous Communities.

Fifth final provision. *Constitutional grounds.*

This Law is passed under the exclusive competence of the State, conferred in article 149.1. 7. of the Constitution, in the area of labour legislation, without prejudice to the competences of the Autonomous Communities and the cities of Ceuta and Melilla in the area of Social Assistance.

Sixth final provision. *Entry into force.*

This Law shall enter into force thirty days after its publication in the «Official Bulletin of the State».

Therefore, I call on all Spaniards, individuals and authorities, to observe and ensure the observance of this Law.

Madrid, December 13th 2007.

JUAN CARLOS R.

The President of the Government,
JOSÉ LUIS RODRÍGUEZ ZAPATERO