



***Conference
on the Changes made to the
1997 Employee-owned Companies Act***

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CONFESAL
Spanish Business Confederation of Employee-owned Companies
Brussels
May 23, 2008

Political Parties

- Article 129-2 of the 1978 Spanish Constitution
- They have played a decisive role in the development of Employee-owned Companies:
 - UCD 1978 Constitution- FNPT (National Fund of Work Protection) Orders
 - PSOE 1986 Act, development and support of organisations
 - PP 1997 Act, development and support of organisations

Party Consensus

- THE VALUE OF
POLITICAL CONSENSUS
IN RELATION WITH ...
- EMPLOYEE-OWNED
COMPANIES

What is CONFESAL?

- The organisation that represents employee-owned companies and labour-managed firms in Spain
- 17 members: one organisation per Autonomous Region

Objectives

- To represent the “employee-owned” company model (companies that are the property of their workers)
- To promote the creation of new companies
- To liaise with the Government, social economic agents, and public and private entities
- To promote employee-owned and labour-managed companies on an international scale

Noteworthy Elements

- Confesal is a founder member of CEPES, the Spanish Enterprise Confederation of the Social Economy
- Maintains collaboration agreements with Spain's two major trade unions
 - The General Workers' Union (UGT) (signed on February 19, 1997)
 - The Workers' Commissions (CC.OO.) (signed on September 6, 1997)
- Committed to cooperating with respect to international development (agreement with the Spanish Agency for International Cooperation in Development (AECID signed in 2006)

4th Quarter 2007 DETAILS

- 19,737 employee-owned companies (20,266 in 2006)
- 124,784 workers (130,240 in 2006)
- Estimated turnover of 12 billion euros

DEVELOPMENT for 1st Half of 2007

- 2007 up to August:
 - Good prospects → upward revision of GDP (3.8% for 2007 and 3.1% for 2008 – current forecast: 2.3%)
 - Fall in unemployment (current: rise in unemployment)
 - Low level of inflation (current: high level of inflation: 4%)

Employee-owned companies: Net Jobs Balance in each Quarter of 2007

2006: 130,240 workers

	<u>Bal.</u>	<u>Prev. Q</u>	<u>Prev. year</u>
Q1	+1,566	1.2%	1.9% (+2,395)
Q2	-1,876	-1.4%	-0.1% (-125)
Q3	-2,846	-2.2%	-2.5% (-3,293)
Q4	-2,300	-1.8%	-4.2% (-5,456)

Development of Employment

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
■ 1996	-	2002	8.4%
■ 1997	5.5%	2003	8.0%
■ 1998	12.2%	2004	6.6%
■ 1999	20.8%	2005	7.5%
■ 2000	12.3%	2006	3.7%
■ 2001	9.6%	2007	-4.2%

Development of Companies

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
■ 1996	-	2002	17.7%
■ 1997	5.7%	2003	8.4%
■ 1998	26.1%	2004	5.4%
■ 1999	35.9%	2005	4.6%
■ 2000	24.1%	2006	-0.1%
■ 2001	20.0%	2007	-2.4%

What is an Employee-owned Company?

- It is a legally regulated mercantile company formed by wage and salary workers
 - Ownership is implemented via worker participation in the company's share capital
 - Control is implemented by the workers holding a majority of the shares or equity capital
 - Special preferential share subscription right in favour of non-partner workers
- Partners play a dual role:
- As a WORKER
- Permanent work contract
 - Part- or full-time work day/week
- As an ENTREPRENEUR (owner)
- The workers must own >50% of the capital
 - 1 partner holds shares (stock) or equity capital $\leq 1/3$ of share capital
 - 1 share \rightarrow 1 vote

The Social Economy

- Employee-owned companies are mercantile companies that form part of the social economy because:
 - their workers have a majority stockholding in them
 - each partner has limited control (maximum 1/3 of the share capital)
- There is a balance between the people and the capital, with the people having the upper hand

EMPLOYEE-OWNED COMPANIES

- THE DRIVING FORCE BEHIND THE GROWTH OF THE SPANISH SOCIAL ECONOMY
- Between 1996 and 2006 a net increase of **14,957** companies and **77,383** jobs was reported. These figures represent net increases of 282% and 146% respectively.

■ (Source: Social Security Codes of Accounts. Spanish Ministry for Employment and Social Affairs).

INDICATORS I

Employment in 2006

- Rises by 3.7% (7.5% in 2005) in employee-owned companies
- 3.6% in Spain as a whole (3.2% in 2005)
- **A tenth higher** (+1%) (in 2005 it doubled the rate)

INDICATORS II

Employment in 2006

- The rise in employment in employee-owned companies is higher by **1** percentage point (4.4 percentage points in 2005)
- This represents **0.67%** of the overall rise in employment in the Spanish economy as a whole (1.60% in 2005)

INDICATORS (31-12-2006)

Employment in employee-owned companies,

- **130,240 people,**
- represents 0.79% of the wage and salary earning population (0.81% in 2005; 0.83% in 2004, 0.80% in 2003 and 0.76% in 2002),
- Wage and salary earning population: **16,466,200** people.

INDICATORS (31-12-2006)

- Spanish Central Directory of Enterprises (DIRCE): **697,991** companies > 2 workers -> **21%** of the total (3,336,657 companies).
- Employee-owned companies make up **2.9%** of all companies (3% in 2005).
- The number of active companies in 2006 (DIRCE) increased by **5.1%** (3.6% in 2005).
- The number of employee-owned companies decreased by **-0.06%** (4.6% in 2005).

Balance for the Decade

Comparative figures for 2006:

- Existing Co-ops 9,841
- Existing E-o companies 20,266

Difference 10,250 E-o cos +

- Co-ops No. jobs 107,575

- E-o companies No. jobs 130,240

Difference 22,665 E-o co jobs +

Single Unemployment Benefit Payment

- Social economy
- Self-employed workers
- Within the social economy 72% of single payment capitalisations are received by entrepreneurs who integrate themselves as partner workers in employee-owned companies.
- Of 11,168 beneficiaries, 7,788 are part of employee-owned companies

1.- SOCIEDADES COOPERATIVAS Y SOCIEDADES LABORALES.-

1.1 SOCIEDADES.-

1.1.1 Distribución por Tipo de Sociedad

TIPO DE SOCIEDAD		TRIMESTRE	VARIACIONES			
		4/07	TRIM.ANTERIOR	AÑO ANTERIOR		
				Absoluto	%	Absoluto
TOTAL		45.451	-255	-0,6	-370	-0,8
COOPERATIVAS	Coop. + Emp.- owned companies	25.714	-21	-0,1	159	0,6
TOTAL		19.737	-234	-1,2	-529	-2,6
Emp.-owned comps.						
ANONIMAS		2.377	-29	-1,2	-167	-6,6
LIMITADAS		17.360	-205	-1,2	-362	-2,0

The largest drop corresponded to the 3rd quarter with 57% of the Employee-owned companies and 39% of the total annual drop

1.2 EMPLEO.-

1.2.1 Distribución por Tipo de Sociedad

TIPO DE SOCIEDAD	TRIMESTRE 4/06	VARIACIONES			
		TRIM.ANTERIOR		AÑO ANTERIOR	
		Absoluto	%	Absoluto	%
TOTAL	448.046	26.026	6,2	8.428	1,9
COOPERATIVAS	317.806	26.163	9,0	3.834	1,2
ANÓNIMAS	37.103	-585	-1,6	-708	-1,9
LIMITADAS	93.137	448	0,5	5.302	6,0

3.2 EMPLEO

3.2.1 Distribución por Tipo de Sociedad

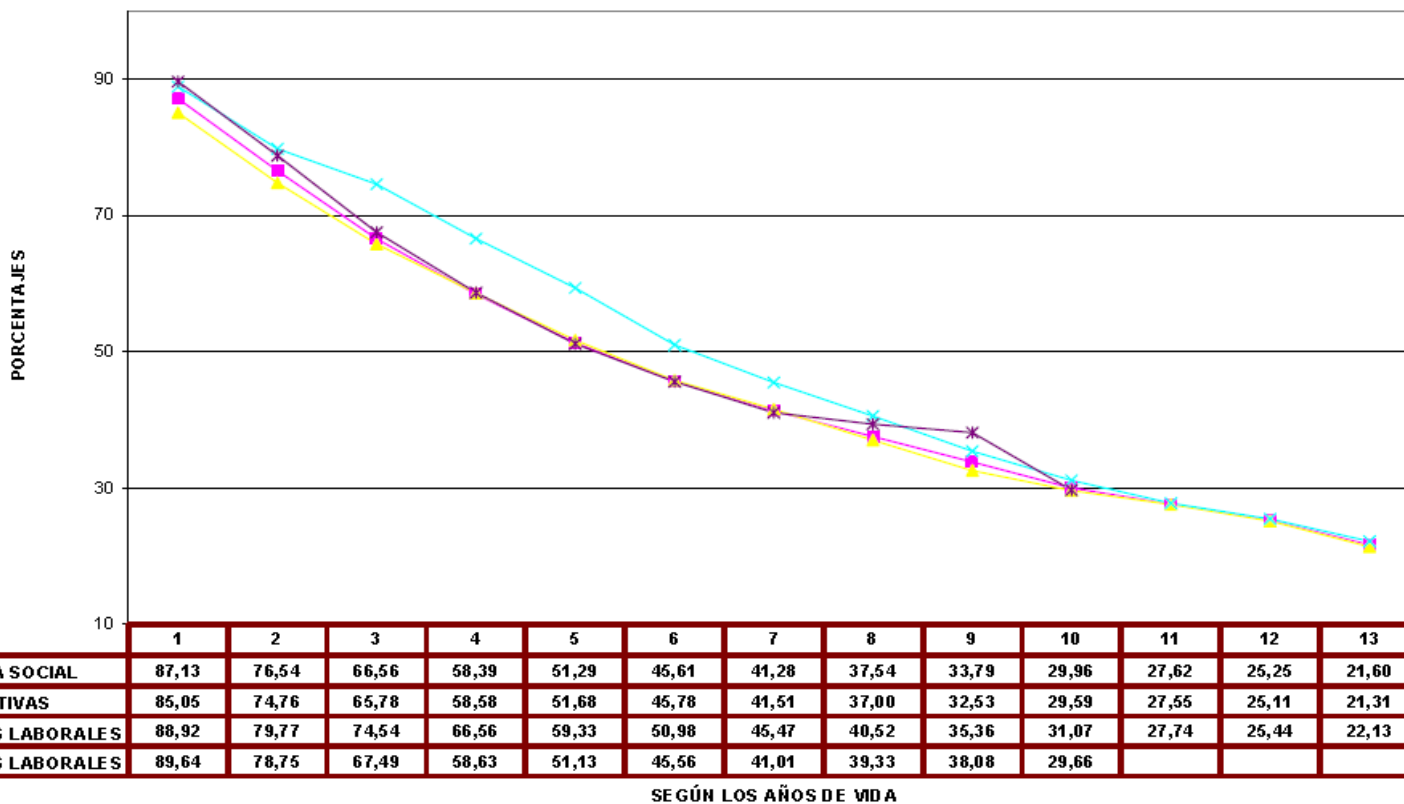
TIPO DE SOCIEDAD	TRIMESTRE 4/06	VARIACIONES			
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LIFESPAN (Employee-owned company v Conventional Companies)

España				
	empresas mercantiles	sociedades anónimas laborales	cooperativas	sociedades laborales- empresas
Supervivencia de empresas				
NÚMERO DE EMPRESAS nacidas en 1998	100%	100%	100%	
tasa de supervivencia en 1 año	82,9%	89,5%	84,1%	6,6%
tasa de supervivencia en 2 año	69,3%	82,2%	73,0%	12,9%
tasa de supervivencia en 3 año	61,6%	73,8%	63,4%	12,2%
Fuente: Consejo Económico Social				

1994-2007 LIFESPAN (Social Economy)

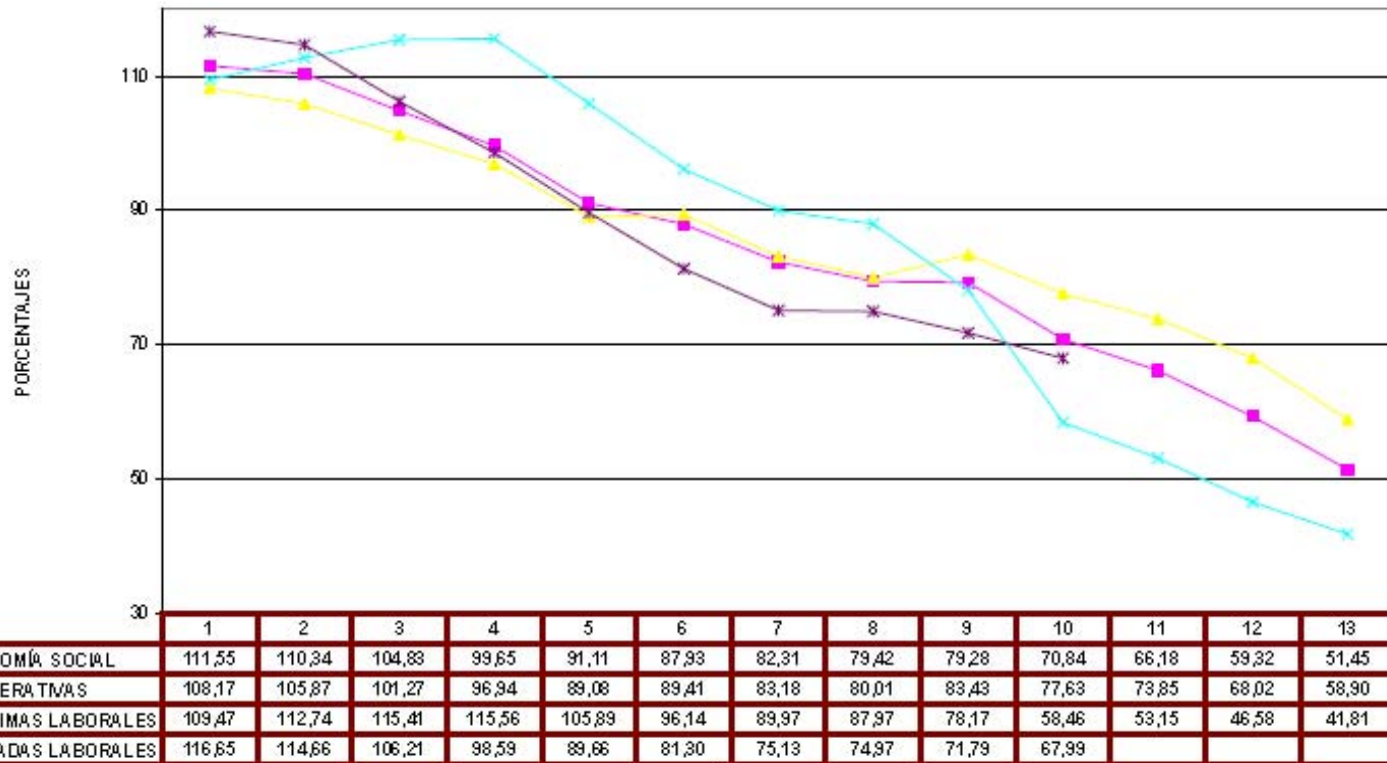
SUPERVIVENCIA DE LAS SOCIEDADES RESPECTO AL ORIGEN



—■— ECONOMÍA SOCIAL —▲— COOPERATIVAS —×— ANÓNIMAS LABORALES —*— LIMITADAS LABORALES

1994-2007 Worker Stability

SUPERVIVENCIA DEL NÚMERO DE TRABAJADORES RESPECTO AL ORIGEN



SEGÚN LOS AÑOS DE VIDA DE LA SOCIEDAD

—■— ECONOMÍA SOCIAL —◆— COOPERATIVAS —▲— ANÓNIMAS LABORALES —×— LIMITADAS LABORALES

Distribución porcentual de los trabajadores en las sociedades de Economía Social, por diversas variables.

TsRe

31-12-
2008

	TOTAL	COOPERATIVAS	LABORALES	
			ANONIMAS	LIMITADAS

Por Tipo de Relación	100,0	100,0	100,0	100,0
INDEFINIDA	68,4	72,1	69,5	54,6
TEMPORAL	31,6	27,9	30,5	45,4

31/12/2006

Por Tipo de Relación	100,0	100,0	100,0	100,0
INDEFINIDA	66,9	70,6	71,0	52,4
TEMPORAL	33,1	29,4	29,0	47,6

31/12/2005

Por Tipo de Relación	100,0	100,0	100,0	100,0
INDEFINIDA	64,9	69,1	67,3	48,5
TEMPORAL	35,1	30,9	32,7	51,5

Staff Turnover

- In the 4th quarter of 2007
- Priv. Emp.-owned 30.5% - permanent 69.5%
- Pub. Emp.-owned 45.4% - permanent 54.6%
- Staff turnover in public employee-owned companies fell by 2.2 percentage points and
- Rose by 1.5 percentage points in private employee-owned companies

Employee-owned Companies

Situation

Strengths

- Extremely strong development over the last decade
 - from 5,000 to 20,000 companies
 - from 50,000 to 130,000 jobs
 - Income per employee €80,000/year
- Longest lifespan of the corporate sector in general (including the Social Economy)

EVOLUCIÓN PLURIANUAL DEL SECTOR EMPRESARIAL DE LA ECONOMÍA SOCIAL							
		variación 1996-2006		variación neta	variación bruta	variación 1996-2007	variación neta
TOTAL SOCIEDADES		178%	20.111	78%	179%	20.231	79%
Cooperativas		125%	5.154	25%	126%	5.366	26%
Laborales		382%	14.957	282%	380%	14.865	280%
Anónimas		48%	-2.765	-52%	46%	-2.866	-54%
Limitadas		&	17.722	&	&	17.731	&
		variación 1996-2006		variación neta	variación bruta	variación 1996-2007	variación neta
TOTAL TRABAJADORES		168%	180.712	68%	159%	157.979	59%
En Cooperativas		148%	103.329	48%	138%	80.906	38%
En Laborales		246%	77.383	146%	246%	77.073	146%
Anónimas		70%	-15.754	-30%	67%	-17.485	-33%
Limitadas		&	93.137	&	&	94.558	&
datos a 31 de diciembre de cada año							

Recent Negative Development

- Active employee-owned companies exceeded the general corporate growth \leftrightarrow stagnation rate
- Job creation used to be far higher, now it hardly reaches 1 pp.
- The number of companies founded has fallen by 27% (-940) for the fourth year running (since 2003)

The Economic Environment I

- Financial system affected by a crisis of confidence
 - Liquidity
 - Rise in interest rates
 - Credit restrictions
 - Loss of value of real-estate assets
 - Uncertainty and worsening of prospects

The Economic Environment II

- The productive system might be affected by:
 - Credit restrictions – higher interest rates
 - A drop in productive investment
 - A rise in unemployment
 - A drop in consumption
 - A deterioration of world commerce

Repercussions

- In the past employee-owned companies have shown they know how to act effectively with regard to maintaining and creating employment during times of crisis.
- The new feature since 1998 has been that during boom times they have grown vigorously.
- It is advisable to strengthen the role played by employee-owned companies in light of current economic uncertainty.

The Situation of Employee-owned Companies

Employee-owned companies are SMEs who employ 130,000 workers (2006):

- 32,000 in industry (25%)
- 38,000 in construction (29%)
- 58,000 in services (44.5%)
- 2,000 in agriculture (1.5%)

Distribution of Centres v Companies (DIRCE)

Employee-owned companies occupy
23,626 work centres:

- 4,270 in industry (18.1%)
 - (7.3%) of all industrial companies registered in the DIRCE
- 5,728 in construction (24.2%)
 - (14.6%) of all construction companies registered in the DIRCE
- 58,000 in services (56.4%)
 - (78%) of all services companies registered in the DIRCE
- 308 in agriculture (1.3%)

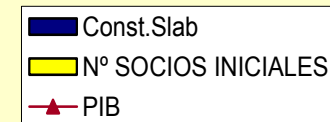
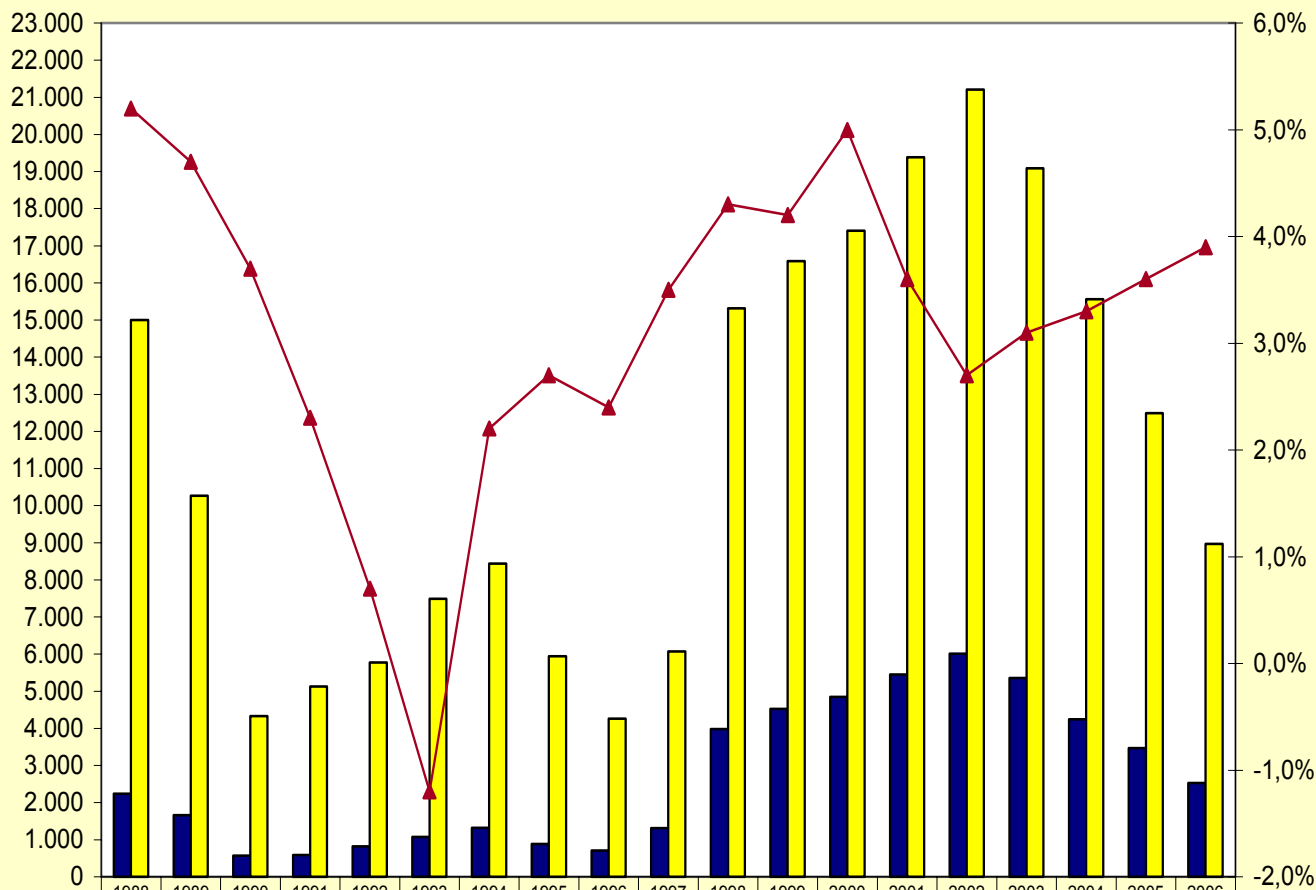
Problems and Causes

1. **Fall in the number of new employee-owned companies being founded. Causes:**
 - Labour reforms
 - Promotion and support of self-employed labour
 - Gaps in the law which make generational change and the transfer of shares difficult and, generally speaking, provide neither companies nor workers with any incentives to integrate worker partners
2. **Disqualification of existing employee-owned companies as being employee-owned. Causes:**
 - The influence of labour reforms
 - Gaps in the law as regards the incorporation of new partners
3. **High staff turnover**
 - Gaps in the law:
 - With respect to encouraging job stability and at the same time
 - Becoming a partner

Employee-owned Company Development Details

- In 2006 the No. of companies founded (or registered) dropped by 27% (-940).
- The No. of active companies has fallen slightly by -0.06% for the first time in 10 years.
- In 2007 this decrease was confirmed to be -2.6%.

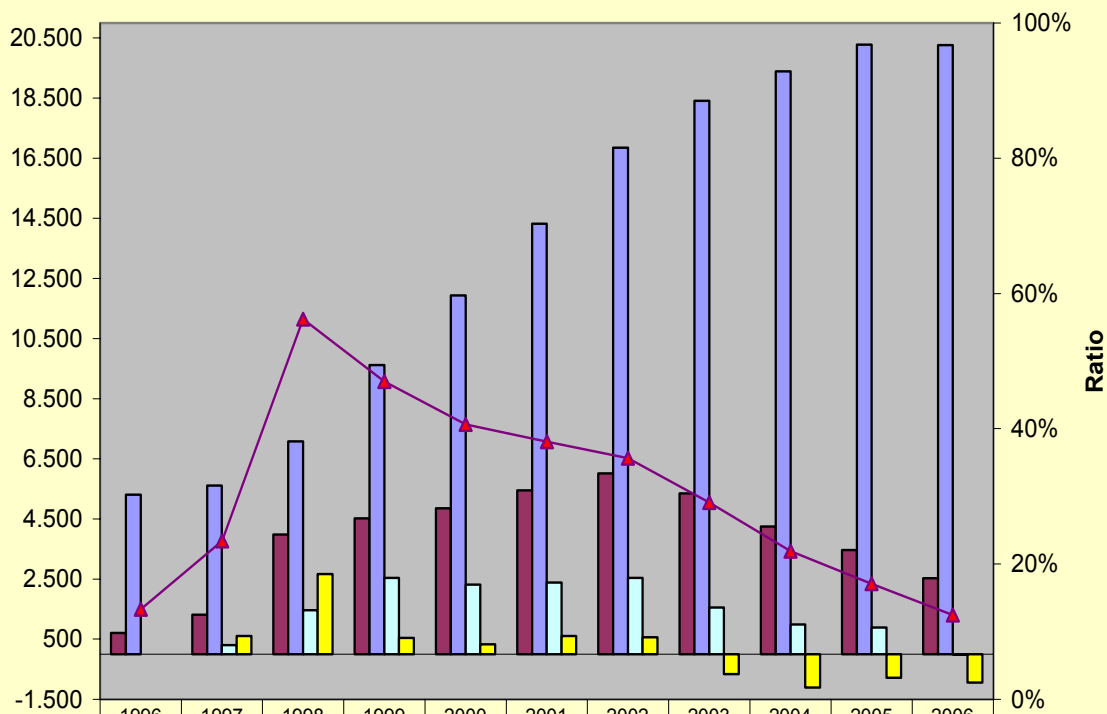
Constitución de Slab y nº Socios iniciales en relación al crecimiento del PIB



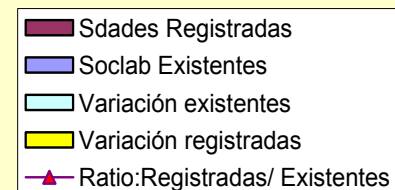
Const.Slab	2.237	1.662	572	586	820	1.077	1.318	888	706	1.315	3.979	4.522	4.851	5.454	6.013	5.353	4.249	3.466	2.526
Nº SOCIOS INICIALES	15.005	10.265	4.335	5.132	5.772	7.493	8.439	5.939	4.260	6.071	15.313	16.589	17.405	19.387	21.209	19.088	15.558	12.491	8.969
PIB	5,2%	4,7%	3,7%	2,3%	0,7%	-1,2%	2,2%	2,7%	2,4%	3,5%	4,3%	4,2%	5,0%	3,6%	2,7%	3,1%	3,3%	3,6%	3,9%

% Relación Sdades.Registradas / Sdades existentes

n° sociedades



Ratio



■ Sdades Registradas	706	1.315	3.979	4.522	4.851	5.454	6.013	5.353	4.249	3.466	2.526
■ Soclab Existentes	5.309	5.613	7.079	9.620	11.935	14.318	16.855	18.407	19.393	20.279	20.266
■ Variación existentes		304	1.466	2.541	2.315	2.383	2.537	1.552	986	886	-13
■ Variación registradas		609	2.664	543	329	603	559	-660	-1.104	-783	-940
▲ Ratio:Registradas/ Existentes	13%	23%	56%	47%	41%	38%	36%	29%	22%	17%	12%

años

Diagnosis

- Recent development up to the 2nd quarter of 2007 has nothing to do with the overall economic situation
- Its causes lie in the specific legal framework and in a number of regulations that have a bearing on it.

Causes

- A lack of adaptation of the current law to tackle:
 - The impact of the labour reforms
 - The promotion of self-employment
 - The incorporation of worker-partners. There are no incentives either for the company or for the potential partners, (in some cases it creates absurd inconveniences)

PROPOSALS

- The reformed text of the current law proposed by Confesal intends to have a bearing on the two major problems presented by today's reality:
 - The disqualification of companies as "employee-owned"
 - The decrease in the number of new employee-owned companies founded

MAIN OBJECTIVES

- TO ESTABLISH A STANDARD THAT FAVOURS AN ADVANCED PARTICIPATION IN THE ECONOMIC, SOCIAL AND CORPORATE MANAGEMENT PLAN OF THE WORKERS IN THOSE MERCANTILE COMPANIES CLASSIFIED AS BEING "EMPLOYEE-OWNED"
- TO EXPAND CORPORATE OPTIONS

The Balance of the Current Law

- The law governing employee-owned companies has run its course. However, ...
- It has proved to be extremely positive during a determined period of time, given that it:
 - Has resulted in an exceptional increase of the corporate world and of employment figures.
 - Has imbued workers and professionals who initially never thought of themselves as entrepreneurs with the entrepreneurial spirit.
 - Has generated wealth in areas of scarce productive investment and lacking in entrepreneurial tradition.
 - Has created a culture of investment among wage and salary earning workers and made them familiar with the concept of entrepreneurial risk.
 - Has boosted the culture of participation among workers within the company.
 - Has made Spain a benchmark and point of reference in Europe as regards being the most advanced example that exists of envisaging the essential aspects of Corporate Social Responsibility, with respect to worker participation in the company management process and regarding the distribution of profits.

Proposal

- The interest in improving the way in which the law is applied and our concern regarding the manner in which the sector is developing ...
- Led to Confesal initiating a study into the solutions that would ensure a strong future for existing companies and provide an incentive for the foundation of new ones in 2004.
- The work and debates involved in this study have led to the proposed law that we present below.

THE CONFESAL PROPOSAL

A LAW FOR THE FUTURE

- DOING AWAY WITH THE URGENT MANNER IN WHICH WE RESPOND TO CRISIS SITUATIONS
- TARGETING THOSE ENTREPRENEURS WHO CHOOSE EMPLOYEE-OWNED COMPANIES AS A PERMANENT CORPORATE OPTION
- A EUROPEAN LAW combining British, French, Irish and German legislation

ENCOURAGING EMPLOYEES TO PARTICIPATE IN THE COMPANIES FOR WHOM THEY WORK

- Fiscally
 - Providing support for the worker's savings-investment
 - Giving wage and salary earning workers an incentive to become partners
- Eliminating causes of disqualification
(reserves without the 25% annual limit, proportion of permanent employees against worker-partners $25\% < 25$ workers or $15\% > 25$ workers)
- A modern law for a consolidated corporate sector

LAW GOVERNING THE PARTICIPATION OF WORKER IN THE COMPANIES FOR WHOM THEY WORK

- EFFECTIVE ACCESS TO THE
POSITION OF PARTNER
 - ACCESS TO THE OWNERSHIP OF THE MEANS
OF PRODUCTION
 - PARTICIPATION IN THE PROFITS
 - JOB STABILITY
- CORPORATE SOCIAL
RESPONSIBILITY

General Objective

COHERENCE

BETWEEN:

COMPANY REGULATION
AND
THE TAX SYSTEM

Key Points of the Proposal

- Modification of the Special Reserve
- Elimination of the limitation of the number of permanent workers
- Limitations to the % of a partner's vote instead of share capital
- Preferential right of acquisition for the workers
- Tax system reforms

Developing the Proposal

being made by CONFESAL

.....

Key Points of the Reform

■ Corporate System:

- Do away with prohibitions and limits
- Increase possibilities for growth

■ Tax System:

- Provide an incentive for the social functions of the company
- Related with these social functions
- Substitute the corporate limits of Law 4/1997

Concept of “Employee-owned Company” in Law 4/1997

- A company with a **majority participation** of workers, on two fronts:
 - 1) The majority of the share capital pertains to the workers
 - 2) A majority of the workers have a share of the share capital
(limitation of the number of temporary workers, rights of acquisition, etc.)

Limiting the Number of Workers

- **Ineffective** in achieving its objectives
 - Does not take the will of the workers into account
 - Does not eliminate the barriers to the acquisition of the workers' capital:
 - Absence of shares on the market
 - Lack of worker liquidity
- **Penalises** recruitment of temporary workers
- **To be eliminated as a corporate, and therefore, tax requirement.**

Special Reserve

- It is obligatory, but it does not result in the loss of the rating
- Amount: 10% of profits up to the share capital figure
- Represents a requirement for certain tax benefits.
- Its **purpose** is:
 - To make it easier for the workers to access the share capital
 - Operating investments
 - To compensate for losses

Company Control

- Changing the majority share capital participation criterion for that of **voting rights**
- Provides a way in for **venture capital companies**, allowing them to join the Entities who can have a stockholding of more than 1/3
 - Objective: increase self-financing

Corporate-Tax System Relations

- Corporate System:

- 1 Special reserve



- 2 Limitation on the number of temporary workers



- Tax System:

- 1 Requirement of the system, not of the qualification
- 2 Replaced with incentives for participating via acquisition plans

Social Security

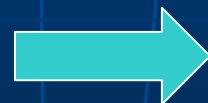
Framing Scheme within the
Social Security System

Framing within the Social Security System

- To be a worker-partner → be a contracted wage and salary earner (part- or full-time) on a permanent basis

 General system

- Administrators

 General system
(formerly assimilated)

Tax System

Description of the Proposal

Premises of the Proposal

■ Reasons for reform

- Need to modify the corporate system
 - Modification of the tax requirements
- Existing system is technically deficient and practically non-existent
- Inefficient for incentive purposes

■ Criteria:

- Coherent and provided in compliance with the **social and occupational function**
- Observance of the principle of **neutrality**
- Compliance with **EU Legislation**:
 - As regards the participation of the workers
 - As regards State tax assistance

Foreseen Classes of Incentives

- For the company:
 - Incentives for **founding** and starting up a company
 - **Permanent incentives**
- For the worker-investor/developer
 - For the **acquisition**/subscription of capital
 - For **saving** for the same purpose

The Objective of the Incentives

- To encourage the founding of an Employee-owned company
- To make it easier for the workers to acquire capital
- To increase the financing



- Incentives towards the setting up, the expansion, etc.
- Special reserve incentives
- Incentives for the worker-investor

Incentives Planned for the Employee-owned Company

- 1) For all employee-owned companies (with qualification)
 - Wealth Transfer Tax (ITP), Stamp Duty (AJD) and Payment by Instalments Incentives
- 2) For the employee-owned companies that make up the Special Reserve
 - Tax depreciation freedom
 - Deduction for reinvestment
- 3) For those who draw up a shares acquisition plan with 25% of the Reserve
 - Tax rate of 20%

Incentives for all the Employee-owned Companies

- **Requirements:**
 - To be classified as an employee-owned company (does not include:
 - the limit on the number of temporary workers
 - the endowment to the Special Reserve)
- **Benefits:**
 - Exemption from ITP/OS/AJD for:
 - Formation, capital increase and contribution of losses
 - Statutory modification or transformation
 - The setting up of loans for fixed assets
 - The acquisition of real estate during the first two years.
 - Exemption from payment by instalment during the first two years

Employee-owned Company with Special Reserve

- Requirements:
 - Set up the Special Reserve
 - Endow it with:
 - 10% of profits until the Share Capital figure is reached (not 25%)
 - The amount of the tax benefits
- Benefits:
 - Tax depreciation freedom (without 5-year limit)
 - Deduction for reinvestment of percentage of profits in fixed assets:
 - Hours worked by partner-workers/total number of hours worked by partners and non-partner temporary workers

Example

An employee-owned company with 10 workers $\rightarrow 1,700$ hours/year $\times 10 = 17,000$ hours

- Non-partners with permanent work contract, 2 (3,400 h)
- Worker-partners, 8 (13,600 h)
- Ratio of hours (partners)/(partners + non-partners) = $13,600/17,000 = 0.80$

Example

- If the company qualifies for a grant/tax rebate of 100,000 euros
- In accordance with the proposal, it could take 80,000 euros (80%)
- If all the workers are partners -> 100,000 euros (100%)

Employee-owned Company with Capital Acquisition Plan

■ Requirements:

- 1. The setting up of a Special Reserve and endowment
- 2. The drawing up of a workers' capital acquisition plan
- 3. Endowing the plan with 25% of the Reserve

■ Benefits:

- Tax rate of 20%

Benefits for the Workers/Investors

- For what **they receive** from the employee-owned company:
 - No benefit in kind from the shares/equity capital received
 - Exemption from making payments to the employee-owned company for the acquisition of share capital (discounts, cash, etc.)
- For what **they contribute** towards the employee-owned company:
 - A 15% deduction from the purchase/subscription amounts
 - Company savings account
 - Total exemption from unemployment capitalisation

Objectives to be Achieved (1)

- 1. To allow the **recruitment of permanent workers** but encouraging them to become partners, thereby enabling us to:
 - Breakdown barriers:
 - More shares/equity capital in circulation (the possibility of expansions charged to the Special Reserve)
 - Facilitate worker liquidity by subsidising their acquisition using contributions from the employee-owned company and tax benefits
 - Stimulate the Employee-owned Company to convert more of its workers into partners:
 - Tax benefits increase when worker participation in the company is strengthened

Objectives to be Achieved (2)

- 2. A **self-financing** increase
 - The Special Reserve becomes a guarantee that all tax benefits are reinvested in the company
 - At the same time this enables us to make the most of the possibility of venture capital to boost the contributions of capital made by the workers
- By improving these parameters we make it easier to receive external financing

Objectives to be Achieved (3)

- 3. What is more, the Company becomes an instrument that enables the worker to accumulate equity by way of the **corporate savings fund**.
- In this way, the company performs a new social occupational function that is better suited to the new sociological circumstances of the Employee-owned Companies.

Objectives to be Achieved (4)

4. A **flexible** system:

- That enables different sized Employee-owned Companies to choose their own worker participation model,
- by adapting their tax system to the efforts they make in this direction.

Conclusion

- This standard establishes mechanisms that encourage better practices with respect to the integration of the workers into the company by way of contributions that are shared and well weighted between: the tax authorities, the company and the worker.

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Confederación Empresarial de Sociedades Laborales de España

End of the Presentation

Informational Appendix

2007 Development of Companies

3.1.2 Distribución Geográfica

COMUNIDADES AUTÓNOMAS	TRIMESTRE 4/07	VARIACIONES			
		TRIM.ANTERIOR		AÑO ANTERIOR	
		Absoluto	%	Absoluto	%
TOTAL	19.737	-234	-1,2	-529	-2,6
ANDALUCIA	4.716	-12	-0,3	-2	0,0
ARAGON	673	-6	-0,9	-44	-6,1
ASTURIAS	589	5	0,9	50	9,3
BALEARES	211	-5	-2,3	-19	-8,3
CANARIAS	668	-22	-3,2	-45	-6,3
CANTABRIA	164	-4	-2,4	-3	-1,8
CASTILLA LA MANCHA	1.798	2	0,1	28	1,6
CASTILLA Y LEON	986	-7	-0,7	-12	-1,2
CATALUÑA	1.779	-57	-3,1	-167	-8,6
COM. VALENCIANA	1.755	-25	-1,4	-97	-5,2
EXTREMADURA	480	2	0,4	-8	-1,6
GALICIA	1.070	-22	-2,0	-35	-3,2
MADRID	2.147	-31	-1,4	-123	-5,4
MURCIA	1.100	-33	-2,9	-6	-0,5
NAVARRA	496	-3	-0,6	-2	-0,4
PAIS VASCO	1.023	-15	-1,4	-39	-3,7
RIOJA (LA)	69	-1	-1,4	-5	-6,8
CEUTA	7	0	0,0	1	16,7
MELILLA	6	0	0,0	-1	-14,3

These decreased in 14 of Spain's 17 autonomous regions and in Melilla. Catalonia led the way with -8.6% and -167 companies.

2006 Development of Companies

3.1.2 Distribución Geográfica

COMUNIDADES AUTÓNOMAS	TRIMESTRE 4/06	VARIACIONES			
		TRIM.ANTERIOR		AÑO ANTERIOR	
		Absoluto	%	Absoluto	%
TOTAL	20.266	-77	-0,4	-13	-0,1
ANDALUCIA	4.718	6	0,1	128	2,8
ARAGON	717	-2	-0,3	-19	-2,6
ASTURIAS	539	-1	-0,2	3	0,6
BALEARES	230	-4	-1,7	-10	-4,2
CANARIAS	713	1	0,1	-57	-7,4
CANTABRIA	167	0	0,0	0	0,0
CASTILLA LA MANCHA	1.770	14	0,8	43	2,5
CASTILLA Y LEON	998	0	0,0	14	1,4
CATALUÑA	1.946	-35	-1,8	-72	-3,6
COM. VALENCIANA	1.852	10	0,5	61	3,4
EXTREMADURA	488	-3	-0,6	-11	-2,2
GALICIA	1.105	-23	-2,0	-14	-1,3
MADRID	2.270	-22	-1,0	-35	-1,5
MURCIA	1.106	-5	-0,5	29	2,7
NAVARRA	498	-5	-1,0	-22	-4,2
PAIS VASCO	1.062	-6	-0,6	-41	-3,7
RIOJA (LA)	74	-1	-1,3	-10	-11,9
CEUTA	6	0	0,0	0	0,0
MELILLA	7	-1	-12,5	0	0,0

2005 Development of Companies

3.1.2 Distribución Geográfica

COMUNIDADES AUTÓNOMAS	TRIMESTRE 4/05	VARIACIONES			
		TRIM.ANTERIOR		AÑO ANTERIOR	
		Absoluto	%	Absoluto	%
TOTAL	20.279	32	0,2	886	4,6
ANDALUCIA	4.590	66	1,5	491	12,0
ARAGON	736	4	0,5	13	1,8
ASTURIAS	536	-2	-0,4	33	6,6
BALEARES	240	-9	-3,6	3	1,3
CANARIAS	770	-2	-0,3	-31	-3,9
CANTABRIA	167	0	0,0	7	4,4
CASTILLA LA MANCHA	1.727	11	0,6	71	4,3
CASTILLA Y LEON	984	4	0,4	30	3,1
CATALUÑA	2.018	-2	-0,1	36	1,8
COM. VALENCIANA	1.791	3	0,2	72	4,2
EXTREMADURA	499	7	1,4	4	0,8
GALICIA	1.119	-21	-1,8	43	4,0
MADRID	2.305	-12	-0,5	19	0,8
MURCIA	1.077	6	0,6	105	10,8
NAVARRA	520	1	0,2	9	1,8
PAIS VASCO	1.103	-22	-2,0	-21	-1,9
RIOJA (LA)	84	0	0,0	2	2,4
CEUTA	6	-1	-14,3	0	0,0
MELILLA	7	1	16,7	0	0,0

2007 Development of Employment

3.2.3 Distribución Geográfica

COMUNIDADES AUTÓNOMAS	TRIMESTRE 4/07	VARIACIONES			
		TRIM.ANTERIOR		AÑO ANTERIOR	
		Absoluto	%	Absoluto	%
TOTAL	124.784	-2.300	-1,8	-5.456	-4,2
ANDALUCIA	29.034	-526	-1,8	-747	-2,5
ARAGON	3.100	-23	-0,7	19	0,6
ASTURIAS	3.545	39	1,1	126	3,7
BALEARES	1.094	-45	-4,0	-39	-3,4
CANARIAS	2.985	-93	-3,0	-576	-16,2
CANTABRIA	1.504	-26	-1,7	70	4,9
CASTILLA LA MANCHA	10.274	-519	-4,8	-508	-4,7
CASTILLA Y LEON	4.881	-130	-2,6	-96	-1,9
CATALUÑA	10.834	-251	-2,3	-1.732	-13,8
COM. VALENCIANA	10.482	22	0,2	-834	-7,4
EXTREMADURA	2.795	-135	-4,6	-48	-1,7
GALICIA	5.592	-106	-1,9	-458	-7,6
MADRID	13.075	-169	-1,3	-324	-2,4
MURCIA	7.562	-240	-3,1	-204	-2,6
NAVARRA	4.061	-18	-0,4	10	0,2
PAIS VASCO	13.462	-54	-0,4	-123	-0,9
RIOJA (LA)	431	-14	-3,1	7	1,7
CEUTA	56	-10	-15,2	2	3,7
MEULLA	17	-2	-10,5	-1	-5,6

Employment decreased in 12 of Spain's 17 autonomous regions. The Canary Islands led the way with -16.2% followed by Catalonia, -13.8% and -1,732 jobs, the former in absolute terms.

2006 Development of Employment

3.2.3 Distribución Geográfica

COMUNIDADES AUTÓNOMAS	TRIMESTRE 4/06	VARIACIONES			
		TRIM.ANTERIOR	AÑO ANTERIOR		
		Absoluto	%	Absoluto	%
TOTAL	130.240	-137	-0,1	4.594	3,7
ANDALUCIA	29.781	146	0,5	2.078	7,5
ARAGON	3.081	-49	-1,6	-139	-4,3
ASTURIAS	3.419	43	1,3	390	12,9
BALEARES	1.133	-36	-3,1	-16	-1,4
CANARIAS	3.561	-18	-0,5	-351	-9,0
CANTABRIA	1.434	12	0,8	117	8,9
CASTILLA LA MANCHA	10.782	-77	-0,7	494	4,8
CASTILLA Y LEON	4.977	-111	-2,2	245	5,2
CATALUÑA	12.566	-254	-2,0	323	2,6
COM. VALENCIANA	11.316	364	3,3	105	0,9
EXTREMADURA	2.843	-23	-0,8	85	3,1
GALICIA	6.050	141	2,4	362	6,4
MADRID	13.399	-57	-0,4	-54	-0,4
MURCIA	7.766	-92	-1,2	491	6,7
NAVARRA	4.051	-48	-1,2	128	3,3
PAIS VASCO	13.585	-85	-0,6	347	2,6
RIOJA (LA)	424	12	2,9	-12	-2,8
CEUTA	54	-4	-6,9	0	0,0
MELILLA	18	-1	-5,3	1	5,9

Employment in 2005

3.2.3 Distribución Geográfica

COMUNIDADES AUTÓNOMAS	TRIMESTRE 4/05	VARIACIONES			
		TRIM.ANTERIOR		AÑO ANTERIOR	
		Absoluto	%	Absoluto	%
TOTAL	125.646	618	0,5	8.794	7,5
ANDALUCIA	27.703	650	2,4	3.713	15,5
ARAGON	3.220	-131	-3,9	21	0,7
ASTURIAS	3.029	-150	-4,7	257	9,3
BALEARES	1.149	-22	-1,9	63	5,8
CANARIAS	3.912	-61	-1,5	235	6,4
CANTABRIA	1.317	22	1,7	79	6,4
CASTILLA LA MANCHA	10.288	142	1,4	882	9,4
CASTILLA Y LEON	4.732	-76	-1,6	312	7,1
CATALUÑA	12.243	-88	-0,7	287	2,4
COM. VALENCIANA	11.211	396	3,7	586	5,5
EXTREMADURA	2.758	6	0,2	96	3,6
GALICIA	5.688	-139	-2,4	251	4,6
MADRID	13.453	110	0,8	813	6,4
MURCIA	7.275	28	0,4	775	11,9
NAVARRA	3.923	1	0,0	-413	-9,5
PAIS VASCO	13.238	-81	-0,6	832	6,7
RIOJA (LA)	436	15	3,6	7	1,6
CEUTA	54	1	1,9	4	8,0
MELILLA	17	-5	-22,7	-6	-26,1

EVOLUCIÓN DE COOPERATIVAS Y SOCIEDADES LABORALES

	2002	%	2003	%	2004	%	2005	%	2006	%	4º Trim 2007	%
TOTAL SOCIEDADES	42.191	100%	43.314	100%	44.747	100%	46.425	100%	45.821	100%	45.451	100%
Cooperativas	25.336	60%	24.907	58%	25.354	57%	26.146	56%	25.555	56%	25.714	57%
Laborales	16.855	40%	18.407	42%	19.393	43%	20.279	44%	20.266	44%	19.737	43%
Anónimas	3.494	8%	3.180	7%	2.885	6%	2.735	6%	2.544	6%	2.377	5%
Limitadas	13.361	32%	15.227	35%	16.508	37%	17.544	38%	17.722	39%	17.360	38%

EVOLUCIÓN DE COOPERATIVAS Y SOCIEDADES LABORALES

	2002	%	2003	%	2004	%	2005	%	2006	%	2007	%
TOTAL TRABAJADORES	385.450	100%	429.351	100%	425.660	100%	439.618	100%	448.046	100%	442.326	100%
En Cooperativas	284.675	74%	319.755	74%	308.808	73%	313.972	71%	317.806	71%	317.542	72%
En Laborales	100.775	26%	109.596	26%	116.852	27%	125.646	29%	130.240	29%	124.784	28%
Anónimas	44.105	11%	41.489	10%	38.207	9%	37.811	9%	37.103	8%	34.701	8%
Limitadas	56.670	15%	68.107	16%	78.645	18%	87.835	20%	93.137	21%	90.083	20%

datos a 31 de diciembre de cada año

VARIACIONES INTERANUALES

	1997-1996		1998-1997		1999-1998		2000-1999		2001-2000		2002-2001		2003-2002		2004-2003		2005-2004		2006-2005		4º Trim 2007-2006	
		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación
TOTAL SOCIEDADES	1.434	5,6%	2.090	7,7%	2.950	10,1%	3.085	9,6%	3.400	9,6%	3.522	9,1%	1.123	2,6%	1.433	3,3%	1.678	3,7%	-604	-1,3%	-370	-0,8%
Cooperativas	1.130	5,5%	624	2,9%	409	1,8%	770	3,4%	1.017	4,4%	985	4,0%	-429	-1,7%	447	1,8%	792	3,1%	-591	-2,3%	159	0,6%
Laborales	304	5,7%	1.466	26,1%	2.541	35,9%	2.315	24,1%	2.383	20,0%	2.537	17,7%	1.552	8,4%	986	5,4%	886	4,6%	-13	-0,1%	-529	-2,6%
Anónimas	-160	-3,0%	-282	-5,5%	-307	-6,3%	-406	-8,9%	-356	-8,6%	-304	-8,0%	-314	-9,9%	-295	-9,3%	-150	-5,5%	-191	-7,0%	-167	-6,6%
Limitadas	464		1.748	376,7%	2.848	128,8%	2.721	53,8%	2.739	35,2%	2.841	27,0%	1.866	12,3%	1.281	8,4%	1.036	6,3%	178	1,0%	-362	-2,0%

VARIACIONES INTERANUALES

	1997-1996		1998-1997		1999-1998		2000-1999		2001-2000		2002-2001		2003-2002		2004-2003		2005-2004		2006-2005		2007-2006	
		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación		% Variación
TOTAL TRABAJADORES	16.058	6,0%	23.886	8,4%	28.085	9,1%	18.570	5,5%	16.431	4,6%	15.086	4,1%	43.901	10,2%	-3.691	-0,9%	13.958	3,3%	8.428	1,9%	-5.720	-1,3%
En Cooperativas	13.132	6,1%	17.102	7,5%	15.046	6,1%	9.306	3,6%	8.322	3,1%	7.290	2,6%	35.080	11,0%	-10.947	-3,4%	5.164	1,7%	3.834	1,2%	-264	-0,1%
En Laborales	2.926	5,5%	6.784	12,2%	13.039	20,8%	9.264	12,3%	8.109	9,6%	7.796	8,4%	8.821	8,0%	7.256	6,6%	8.794	7,5%	4.594	3,7%	-5.456	-4,2%
Anónimas	1.119	2,1%	17	0,0%	805	1,5%	-2.827	-5,2%	-3.486	-6,7%	-4.380	-9,0%	-2.616	-6,3%	-3.282	-7,9%	-396	-1,0%	-708	-1,9%	-2.402	-6,5%
Limitadas	1.807		6.767	374,5%	12.234	142,7%	12.091	58,1%	11.595	35,2%	12.176	27,4%	11.437	16,8%	10.538	15,5%	9.190	11,7%	5.302	6,0%	-3.054	-3,3%

Datos a 31 de diciembre de cada año

Fuente: Fichero de códigos de cuentas de cotización y de autónomos en situación de alta en la Seguridad Social. Ministerio de Trabajo y Asuntos Sociales

Elaboración: Dirección General de Fomento de la Economía Social y del Fondo Social Europeo.

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INFORMATIONAL APPENDIX

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