

**NATIONAL REPORT ITALY**  
**26th June 2024**

**ECONOMIC SITUATION**

Since the early months of 2024, there has been a worsening of industrial production activities in Italy. In that first quarter, a decline of 1.3% was shown, with respect to the previous quarter and compared to the same period in 2023, and the contraction was even more considerable at -4.0%.

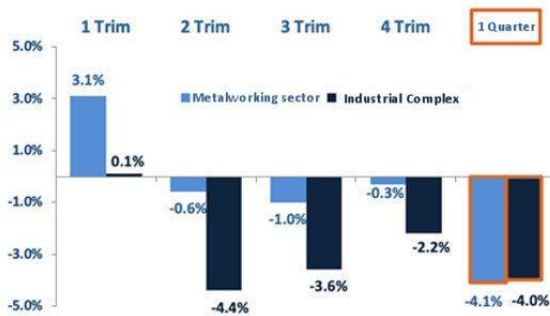
In the metalworking sector, the difficulties were even greater: the economic decline was 2.1%, and compared to the first quarter of 2023, the volumes produced decreased by 4.1%.

Business activities, in general, have been affected by highly critical factors, creating difficult and complex situations. Foremost have been the ongoing conflicts with growing geopolitical tensions, negative repercussion on supply chains, as well as still high credit costs.

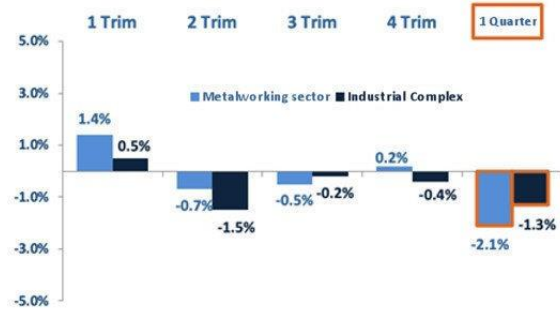
In fact, the production dynamics have been uneven in the different sectors, also due to the fact that the metalworking/mechatronics sector is a highly heterogeneous one. This is due both to the inclusion of a vast range of production activities, very different from each other, and to the dissimilarity of the dimensions that characterize metalworking companies.

Therefore, it can be said that the difficult economic phase that we have been experiencing for several years now, and, above all, the uncertainty about its future evolution, continues having a significant influence on all of the economic, financial and production aspects of our metalworking companies.

## 2024 Sectorial Dynamics in Industrial Production (% tendential and economic variations in the single quarters)



Tendential variations



Economic variations

Source: Based on ISTAT data

## COLLECTIVE BARGAINING

In 2018 a two-level bargaining structure was confirmed (national and company level) to avoid overlaps. The first one defines the national economic and regulatory treatment (minimum wage level, varying IPCA index of inflation and “comprehensive” wage level, including welfare benefits) valid for all workers of the same sector aimed at safeguarding the wage purchasing power.

Collective bargaining at the company level determines performance-related pay, workers rewarded efforts and the achievement of pre-determined objectives as key factors of competitiveness.

Furthermore, collective bargaining at the plant level, can be the subject of references both from the law and/or the national collective agreement (working time, remote work, corporate welfare, etc.).

Company-level negotiations can modify only selected items of the nationally negotiated contracts, where explicitly allowed by the later (so-called escape clauses).

This is the level at which performance premia are usually defined, on top of company-specific conditions.

There is also the possibility to sign agreements between social partners at territorial level (ie., between Assolombarda and Unions), especially on training and welfare. These agreements can be applied in companies where there are no in-company representatives of workers.

In this context, Assolombarda and the trade union secretariats FIM CISL, FIOM CGIL and UILM UIL of the metalworking sector of the Milan area and the Monza and Brianza area set up a territorial joint Observatory to create a tool to govern and monitor the most relevant issues of the mechanical sector in the territories concerned. The joint Observatory has the task of analysing the economic and social situation relating to the metalworking industry through the processing of data relating to the sector's performance in terms of productivity, employment, use of wage guarantee funds, crisis situations and collective bargaining at company level.

The Observatory jointly analysed the quality of integrative company bargaining in MET companies in the Milanese area. The analysis for the reference five-year period (2018-2022) highlights in the first instance the concentration of negotiation on performance bonuses in companies with between 50 and 250 employees, while it is much lower in companies with less than 50 employees.

The research then focused attention on the shared objectives and targets that define the performance bonus. The objectives connected to increases in productivity and profitability remain prevalent. In the last years of analysis the objectives of innovation and efficiency have begun to be increasingly present, demonstrating the development and implementation of negotiation practices and the cultural growth of the parties on the topic.

## **SECTORAL SITUATION**

Negotiations for the renewal of the NCA (National Collective Agreement) started on 30th May 2024.



As usual, the discussion focused on the requests presented by the trade unions (Fim, Fiom and Uilm.) The relative negotiations promise to be long and complicated, due to the unjustified requests by the unions for salary increases, which fall outside the rules established by the parties.

Among the other requests put forward are the reduction of working hours, improvement of information and consultation rights, specific regulations regarding artificial intelligence, improvements in welfare, introduction of national rules for smart working (remote working,) work/life balance and support for those workers who are parents.

During the first meeting, Federmeccanica expressed the absolute necessity of adhering to the reality in which the negotiations need to deal.

It is useful to remember that the parties have agreed on using a system of adjustment of the minimum wages based on inflation dynamics measured yearly during the month of June by ISTAT (National Institute of Statistics) with the HICP net of imported energy.

Furthermore, in the event that the amount relative to the HICP adjustment is higher than the overall salary amounts of each year, the minimum wage will be adjusted to that amount.

Starting from 1st June 2024, minimum wages have been adjusted. This is in line with what was established by the NCA signatory parties, considering the inflation dynamics relative to 2023 measured with the HICP index net of imported energy. This was equal to 6.9% and was thus higher than the percentage increase in the reference minimum wages.

The critical issue of the current negotiation lies in the fact that the salary request for the period 2024-2027 is just over 13% of the professional job classification level taken as reference. It must be pointed out that this disproportionate and unrealistic request was carried forth without providing any reasonable justification, and that after two consecutive years, such a contractual increase was much higher than what was foreseen by the NCA on 5th February 2021.

It should be emphasized that the forecast made by ISTAT of the HICP net of imported energy goods for 2024 was 1.9% and 2.00% for 2025.

Finally, the NCA expressly provides for the rule that the minimum wage increases absorb the fixed figures that may have been recognized in the company after 1st January 2017.

In this way, the role entrusted to company negotiations of distributing any wealth produced is guaranteed. Also, the addition of fixed costs deriving from the two levels of negotiation is avoided.

Regarding the "green clauses" in this collective bargaining, it must be noted that the unions refer to the necessity of identifying and defining specific environmental sustainability projects within the company that involve all or some of the workers.

Beyond this request, Federmeccanica intends to define another important aspect in this contractual renewal. They want to define an NCA geared towards ESG with reference also to the environmental issue, of great social value and at the same time a factor of competitiveness for companies. However, this is a topic that will be addressed and explored in depth during the negotiation.

Finally, it has been agreed upon by the parties to have an agenda of 4 meetings by the end of July 2024, during which all the topics under discussion will be addressed, starting with that of wages.

## **REMOTE WORK**

What does remote work mean in Italy?

Over the years, the Italian legislature has implemented two different regulations on remote work: the smart working (or, hybrid remote work) regulation and the teleworking regulation. The rules that apply to employees' work performance are different depending on the type of remote work they do.

Specifically, the smart working (hybrid remote work) regulation applies when employees work partially inside the office and partially outside the office. In contrast, the teleworking regulation applies when employees work from home entirely.

While teleworking has been in place since 2004, smart working or hybrid remote work was only introduced in 2017. However, after 2017 smart working has been more commonly used, as it generally guarantees more flexibility to both employers and employees.

The definition of telework stated in the European consultation document seems to concern both remote work (what in Italy is called “smart working”) and telework which in Italy are two institutions regulated differently. It is therefore difficult to understand where the “telework” defined at European level fits in with respect to Italian legislation and therefore it is also difficult to understand how to apply telework’s indications with respect to the provisions of Italian legislation.

In Italy there are already detailed provisions on the issues that Europe is dealing with.

In Italy, in fact, teleworking is already regulated by an inter-confederal agreement between employers’ organizations and unions and by the NCAs, also from a health and safety point of view: the workplace is fixed and a prior control by the employer is mandatory on suitability in terms of safety. Teleworking is also exempt from a series of provisions regarding working time (e.g. daily, weekly working time and overtime).

Smartworking/remote work is regulated by Law 81/2017 and by the national agreement between Confindustria and Unions which provides for the right to disconnect which is then mainly developed through company agreements. No fixed location or prior control of the workplace for safety purposes by the employer are stated for remote/smart working.

What are the rules and requirements under normal circumstances?

Under normal circumstances, to implement both smart working and teleworking arrangements, the employer and the employee must sign an individual agreement, regulating the employee's work performance outside the business premises.

The individual agreement, however, includes different information depending on whether smart working (hybrid remote work) or teleworking applies to the employee. Smart working rules don't have much in common with teleworking rules, which are generally quite strict in comparison.

- Working anywhere outside the office vs. working from home

Under a hybrid remote work arrangement, employees could decide to work from anywhere outside the office (unless specific places are excluded in the agreement); whereas, under a teleworking arrangement, employees will have a fixed workplace (usually their home) specifically identified in the agreement, meaning they cannot work from anywhere else.

- Working for objectives vs. respecting working time

Employees on a smart working arrangement can work based on the achievement of objectives, meaning that they will not be requested to comply with a specific working time but rather are expected to achieve objectives set by their employer. In contrast, employees on a teleworking arrangement are strictly bound to the working time set up by employers. The employees will therefore be required to work the hours indicated in their employment contracts.

- Different health & safety (H&S) obligations

The teleworking regulation is also stricter than the smart working regulation regarding H&S obligations. Under the smart working regulation, employers would be required to simply deliver notice to employees informing them of the risks connected to working outside the office. In contrast, under the teleworking regulation, employers are required to inform and train employees on the risks connected to the performance of work via computer terminals. They are also entitled to check that employees comply with their H&S directions by accessing the employees' residence (together with the employees' representatives and relevant authorities).

- Working tools

Both regulations provide that employers need to provide working tools unless otherwise agreed with employees. Teleworking rules, however, additionally provide that employers must reimburse the costs derived from teleworking (e.g., internet connection, telephone bills, etc.) to employees or pay them a flat-rate indemnity, which is an obligation that is not present in the smart working rules.

SMART WORK (HYBRID REMOTE WORK).

As far as agile work is concerned, the general legal framework has been established by Law No. 81/2017, while leaving to the parties of the employment contract to determine a wide range of working conditions. According to this law, remote working is not a kind of contract but a different way of performing one's job.

This law clearly states the goal of remote working promotion in order to foster competitiveness and work-life balance. Employees work partially at their employers' premises and partially outside their company, with no fixed workplace. A written agreement is mandatory.

Companies willing to offer their employees the chance to work remotely must sign a written agreement with the workers involved.

Such agreement defines remote working, ruling:

Work activity (working time definition, right to disconnect)

Information concerning employer's management and control

- Instruments and devices used by workers
- Pauses and technical/organizational measures to ensure workers' disconnection from devices

The unions have increasingly asked companies for collective remote working agreements and nowadays there is an important spread of these collective agreements.

These collective agreements regulate the possibility of carrying out work outside the company premises, defining, among other aspects: potential beneficiaries; coordinates of space and time of the work performance; health and safety protection measures; limits to the managerial power of control in compliance with privacy rules; confidentiality obligations.

Collective agreements generally claim in their preambles the ambition to promote productivity and work-life balance by means of a new organization of work based on time and space flexibility.

The majority of them allow for the free allocation of the activity within a given reference time (normally the 8-20 span), in which the agile worker is basically permitted to adopt an intermittent and discontinuous schedule. However, such flexibility is usually mitigated by the obligation to remain available for calls and to stay on duty in certain time slots.



in December 2021 the government drew up guidelines, shared and signed by the social partners, the main feature of which is the enhancement of collective bargaining, both at company and national level, as a source of regulation for remote work not provided for by the 2017 law, which had instead only indicated individual bargaining.

These guidelines provide indications that are not too rigid within which collective bargaining can act to regulate the main aspects such as: working time and disconnection, workplace and work tools, health and safety, trade union rights, equal treatment and equal opportunities, vulnerable workers, personal data protection and confidentiality, training and information.

Remote Work will also be a topic to discuss during the renewal of the NCA with particular regard to the right of disconnection.

Company policies and/or union agreements can define the guidelines to refer to for any individual agreement.

Such policies usually define employee eligibility according to job profile, working time and place and Health & Safety (H&S). Job roles must be completely compatible with remote working.

No specific daily working schedule applies to remote workers who only have a maximum working hours' limit (per day or per week) established by law or by NCA. Companies, while respecting the right to disconnect, can define specific time slots during which a remote worker must be available.

As remote working is different from teleworking, no fixed location is required. A training of the workers on working location choice is highly recommended. Companies can define the type of location: clearly a room or a silent space - not a public/crowded one - for noise and confidentiality issues.

The abovementioned written agreements define employers' power of control as well as sanctions linked to specific behaviours for activities performed outside a company.

Employers can control the activity of their employees according to the law and employees must be provided with a written notice about the possible control from their employers.

By law, employers are obliged to guarantee H&S and to provide their employees - at least once a year - with a written notice on H&S risks.

Companies are responsible for the safety and good functioning of technical devices. Employees, on the other hand, are required to cooperate on H&S prevention measures implementation.

Insurance does not cover workers' choices or behaviours not consistent with their activity and clearly not aimed at fulfilling their job requirements. Obviously, remote workers are insured against accidents while they are working outside their company.

## **RIGHT TO DISCONNECT**

In Italy the right to disconnection is governed by law 22 of 2017 n. 81 on Agile Work (Remote work), which provides for an individual agreement between worker and employer that identifies the necessary measures to ensure disconnection. Recently, then, in the conversion law of Legislative Decree no. 30/2021, a rule has been introduced that recognizes the worker's right to disconnect from technological instruments and IT platforms, in compliance with what is established in individual agreements, in which periods of availability can be agreed. In practice, as there are no general rules that are of reference for all workers, the application of the right to disconnect falls into individual negotiation.