November 25, 2024

Renewal of the National Collective Bargaining Agreement for executives of industrial sector

On 13th November 2024, Confindustria and Federmanager entered into an agreement for the renewal of the National Collective Labour Agreement for executives of companies producing goods and services (hereinafter, the “**NCBA**”), effective **from 1st January 2025** (save for specific effective dates expressly provided for in each single section) **to 31st December 2027**.

The renewal agreement expressly replaces the provisions of the NCBA signed on 30th July 2019, in order to enhance female managerial figures and the modernisation of management systems of companies, particularly small and medium-sized ones.

Below is a summary of the <u>main novelties</u> introduced by the aforementioned renewal agreement.

A. Broader definition of executive

The renewal agreement mainly intervened on the following profiles:

- implementing the prevailing case law, it expressly extended the qualification of “Executive” to all “*those professional figures of the highest qualification and consolidated technical-professional experience who contribute to defining and implementing in full autonomy*” (so-called “***professional*** **apical**”) not only the objectives of the company, but also those of an autonomous branch thereof;
- expressly introduced the **obligation** to submit any dispute concerning the recognition of the status of “Executive” to the conciliation procedure provided for by the NCBA itself (in Section 21), before the competent territorial organisations.

B. Salary profiles

The renewal agreement introduced amendments with regard to both items of fixed remuneration (called “*Trattamento minimo complessivo di garanzia*”, “**TMCG**”) and items of variable remuneration (in particular, through *Management by Objective* systems, “**MBO**”) of executives, as well as with regard to **travel and missions** (raising the related fixed amount due to EUR 100).

- **TMCG**

The TMCG, *i.e.* the minimum remuneration to be granted to the executive (considering the minimum contractual amount, seniority-related salary increases, ex increase item, *i.e.* so-called “*ex elemento di maggiorazione*”) and the *ad personam* superminimum and other items, also in kind, paid on a continuous basis), is raised from EUR 75,000 envisaged for the year 2023 to

- **EUR 80,000** from the year 2025;
- **EUR 85,000** from the year 2026,

to be double-checked on 31st December of each year.

Considering that the previous renewal of the NCBA expired on 31th December 2023, for the year 2024 the employer shall grant, by March 2025, ***a one-off*** **amount** equal to 6% of the gross annual salary granted in 2024

exclusively to executives who meet the following requirements:

- having been classified as executives in the company at least as of 1st January 2019;
- being granted with a gross annual salary of up to EUR 100,000 in 2024;
- having not received, from 1st January 2019 to 13th November 2024, any salary increase or other compensation[1] (excluding those due for the adjustment to the TMCG and seniority-related increases).

- **Variable remuneration systems**

An **obligation** to adopt variable remuneration (MBO) schemes **linked to indexes or performance** is introduced, with the express provision that such schemes shall take into account periods of maternity/paternity and parental leave for the purpose of calculating related remuneration.

C. Treatment in the event of illness and insurance coverage

In the event of **oncological diseases**, the period of job retention is increased to **18 months** (whilst for other kinds of illness it remains 12 months), with full salary. In any case, the additional period of 6 months granted above the 12 ordinary months can only be used in the first three years after the occurrence of the oncological disease.

The renewal agreement also provided for the obligation of an **insurance policy** that, in the event of the executive's death or permanent disability (due to causes other than an accident or occupational disease), grants, on a one-off basis, an additional sum to the normal payment (increased to EUR 300,000 as of 1st January 2025 for executives without dependent children or spouse and to EUR 400,000 in the event of a spouse and/or one or more dependent children). For the purposes of this policy, the employer shall withhold **EUR 300 per year** from the executive's payslip (in comparison with the past, additional EUR 100).

D. Measures to support parenthood and equal opportunities

The renewal agreement provided for several innovations concerning measures to support maternity, paternity and parental leave. In particular:

- the executive may set up **scheduled meetings** (also with the assistance of the works council, so-called "*RSA/RSU*") in order to be constantly informed of the activities under his/her responsibility during the period of compulsory maternity/paternity leave;
- through company collective bargaining, it is possible to extend the **paternity leave** period beyond the 10 days after the birth of the child provided for by law;
- for periods of **parental leave**, if taken before the child's sixth birthday, the relevant allowance is supplemented up to 100% for the first month of leave;
- during periods of maternity, paternity or parental leave, the executive is entitled to **keep his or her job** (unless he or she expressly renounces the right to do so by entering into a settlement agreement) and to

[1] *The statement between the Parties referred to in Section 29 of the NCBA specifies that the following do not constitute "increases" or "compensation of another nature", capable of excluding the one-off payment described above: **(i)** welfare measures granted by the employer to all employees or categories of employees and possibly benefitted from by the executive; **(ii)** one-off payments; **(iii)** variable compensation linked to indexes and/or results (MBO). The term "compensation of another nature", the fruition of which excludes executives from receiving the one-off amount, also includes fringe benefits (meaning goods and services provided ad personam to the executive) granted for the first time as of 1st January 2019, provided that they have not been recognised for the sole purpose of granting the executive a gross annual total remuneration equal to the TMCG.*

remain there until the child's first birthday, in accordance with the applicable legal provisions;

- greater **flexibility in the working hours** of executives with children under 12 years of age or with disabilities, or assisting relatives or relatives-in-law who are beneficiaries of measures under Law 104/1992, should be promoted.

With regard to **marriage leave**, for executives not in probationary period it is envisaged a period of 15 days, even consecutively (fully paid with related social security benefits), subject to the executive's request with at least three months' notice from the start of the leave. This period cannot be counted as annual leave or considered as notice of dismissal or resignation.

Finally, the renewal agreement expressly mentions the opportunity to promote initiatives aimed at the adoption of the **gender equality certification**, with the involvement of the RSA/RSU, where any. For this purpose, the companies associated with the Confindustria Representative System have to send the biannual report on the situation of gender equality also to 4.Manager association (which deals with collecting companies' '*best practices*' on pay equity between male and female executives).

E. Welfare and social security protection - corporate welfare

- **Supplementary social security contributions**

The renewal agreement amended the amounts of contributions and supplementary social security charges for executives enrolled in **PREVINDAI Fund**. Effective from 1st January 2025:

- the minimum amount borne by the company shall be at least 4% of the gross global remuneration actually paid to the executive, to be applied up to the limit of **EUR 200,000** per year (previously it was EUR 180,000 per year) and, in any case, the amount cannot be less than EUR 4,800;
- with the renewal agreement, an additional percentage is added to the above quota, borne by the employer as well, in the minimum amount of a **further 2%** of the gross global remuneration actually paid to the executive, up to the limit of EUR 200,000 per year;
- therefore, the quota to be borne by the executive is now 2% and no longer 4%, unless the employer bears an additional 1%.

F. Transfer of the executive

The renewal agreement introduced a ban on the transfer of the executive who has dependent children with a recognised disability, unless otherwise agreed (regardless of the age of the executive). The transfer of the executive who is at least 50 years old and of the executive having minor children remains prohibited, unless otherwise agreed by the parties involved.

G. Further measures

Finally, the renewal agreement introduced novelties in the areas of ***(i)*** **training**, active policies and corporate culture, ***(ii)*** **harassment and violence contrast** in the workplace, ***(iii)*** measures to foster greater autonomy of the **Fasi Open** (supplementary health care fund), ***(iv)*** meetings between employers and RSA/RSU to discuss **policies on management**, ***(iv)*** **corporate welfare, and** ***(v)*** **civil and/or criminal liability related to the working performance.**

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