

## THE NEW LAW ON EMPLOYEES' PARTECIPATION IN CORPORATE LIFE: HOW DOES IT AFFECT EMPLOYERS?

The Italian Senate, on 14 May 2025, definitively approved a citizens' initiative law that introduces a comprehensive regulatory framework regarding employees' participation in the management, capital, and profits of companies, implementing Article 46 of the Italian Constitution.<sup>1</sup>

The law is expected to come into force 15 days from the date it is published in the Italian Official Gazette.

The law does not impose an obligation on companies to adopt participation mechanisms, but aims to support collective bargaining. Only where collective agreements are reached on the matter may companies choose to amend their bylaws to make such employee participation in corporate bodies effective.

As for the practical implications for employers, the law addresses the following main areas.

### 1. MANAGERIAL PARTICIPATION

The most innovative aspect of the law concerns the possibility of appointing employees' representatives to corporate governance bodies (board of directors for companies with a monistic governance model, supervisory board for those with a dualistic model).

No minimum number of employees is required, rather, actual implementation will depend on the company's decision to amend its corporate bylaws. Such amendment may only occur after related collective bargaining, which must regulate the procedures for identifying the representatives (including timing, methods, and criteria for the appointment of workers). The representatives must satisfy the independence requirements set out in Article 2409-septiesdecies of the Italian Civil Code, as well as the requirements of integrity and professionalism provided for by the company's bylaws or, in their absence, by the codes of conduct issued by trade associations.

#### Key points

- Managerial participation
- Consultative participation
- Organisational participation
- Economic and financial participation
- Conclusion: practical implications

<sup>1</sup> Article 46 of the Italian Constitution states: "For the purposes of the economic and social advancement of labour and in harmony with the requirements of production, the Republic recognises the right of employees to collaborate, in the forms and within the limits established by law, in the management of companies."

Collective bargaining agreements may take place at any level—*national, territorial, or company*—but must be conducted exclusively by the most nationally representative trade unions and their workplace representatives RSA or RSU.

Therefore, in theory, even companies with fewer than 15 employees and without workplace representative may provide for employees' participation in management, for example, by adhering to national collective bargaining agreements. However, in such cases, it may be less likely that employees will undertake collective actions to encourage the employer to allow managerial participation.

## **2. CONSULTATIVE PARTICIPATION**

Collective bargaining agreements at the national, territorial, or company level, if signed by the most nationally representative trade unions and their workplace representatives RSA or RSU, may define the composition of **joint committees** - made up of an equal number of company and employees' representatives - to act as consultation bodies in relation to corporate decisions. These agreements may also establish the venue, timing, methods, and content of the related consultations.

Joint committees must be consulted in advance by the employer according to the following timeline (unless otherwise agreed):

- a) Written notice of the meeting sent by the employer;
- b) Consultation must begin within **5 days** of the committee receiving the notice;
- c) Consultation must conclude within **10 days** of its start;
- d) Within **30 days** of the consultation's conclusion, the employer must call a meeting to present the outcome and explain any decision not to adopt the suggestions made by the joint committee, if such suggestions were provided.

Although the law does not so expressly state, it is reasonable to assume that the employer may only implement the measures subject to consultation only after expiry of the above deadlines.

Expressly stated in the law is the option (but not the obligation) for the joint committee to agree on improvement and innovation plans regarding products, production processes, services, and work organisation.

## **3. ORGANISATIONAL PARTICIPATION**

The law makes it possible (though not mandatory) for companies, following the signing of company-level collective agreements, to include new roles in their organisational structure—such as representatives for training, welfare plans, pay policies, workplace quality, work-life balance, parenting, and diversity and inclusion of people with disabilities.

The law also provides that companies with fewer than 35 employees may promote forms of organisational participation through bilateral bodies. Therefore, in such cases, it is reasonable to assume that signing a company-level collective agreement is not required.

## **4. ECONOMIC AND FINANCIAL PARTECIPATION**

The law provides for fiscal incentives to encourage employees' participation in the economic results of the company. This measure is also optional, not mandatory. For the year 2025, the following incentives apply:

- The overall limit eligible for the substitute tax is increased from €3,000 to €5,000 gross, in cases where at least 10% of company profits are distributed to employees, and only when this is done in execution of company-level or territorial collective agreements.

- A 50% personal income tax (IRPEF) exemption is introduced on dividends derived from shares granted in place of performance bonuses, for an amount not exceeding €1,500 per year.

## 5. PRACTICAL IMPLICATIONS

As outlined above, the law does not impose any immediate obligations on employers.

Even with regard to the tax incentives—already applicable in 2025—the law introduces only options for employers, and no obligations; however, it will be in the interest of companies to act promptly to allow their employees to benefit from these tax advantages.

As for existing national collective bargaining agreements:

- No adjustments are required concerning participation in corporate bodies, as such clauses are not currently present in collective agreements;
- Adjustments may, however, be necessary with respect to consultative procedures. The law does not prejudice the more favourable provisions already established by collective agreements. Because a number of current national collective agreements (CCNL) limit consultative procedures to certain subject matters or to employers of a minimum number of employees, it may be argued that such provisions (i) do not preclude the stipulation of new, broader collective agreements at other levels (e.g., company-level) and (ii) may be deemed superseded by such agreements.<sup>2</sup>

In conclusion, the new legislation will require a process of adaptation by collective bargaining, and its practical effects will need to be assessed on a case-by-case basis.

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<sup>2</sup> For example:

- The CCNL *for the Metalworking Industry* provides for the establishment of a Consultative Participation Committee only in companies with over 1,000 employees and at least one production unit with more than 500 employees;
- The CCNL *for the Chemical Industry* foresees consultation on smart working, work-life balance, training and welfare policies, productivity, and organisational innovation;
- The CCNL *for the Tertiary, Distribution, and Services Sector* limits consultations to outsourcing, atypical work, franchising, corporate social responsibility, and work on Sundays;
- The CCNL *for the Insurance Sector* provides for the establishment of a national joint committee—and possibly regional ones—with responsibilities including interpreting CCNL provisions, defining operational rules for territorial conciliation committees, and reviewing proposals for new professional roles and female employment;
- The CCNL *for Tourism – Confindustria* establishes tripartite consultation tables at various levels to discuss institutional initiatives, including legislative and regulatory matters, affecting employer-employee relations and sector development;
- The CCNL *for Tourism – CNAI (companies with more than 14 employees)* includes an annual review of the sector's socio-economic landscape, structural dynamics, and development prospects. It addresses technological innovation, employment and training goals, professional retraining, and issues related to supplementary pension and health care. It also aims to create national-level bilateral sectoral tools;
- The CCNL *for Tourism – Confcommercio* provides for cyclical monitoring and information exchange on sector trends, structural dynamics, employment implications, and the implementation status of the framework law;
- The CCNL *for the Banking Sector* establishes a “National Bilateral and Joint Committee on the Impact of New Technologies/Digitalisation in the Banking Industry,” which acts as a steering body. Its purpose is to monitor and analyse digital transformation and propose shared solutions, including updates to the CCNL and identification of new roles and job classifications.

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