



Sustainable Economies Due diLigence: good EXamples and the role of social dialogue

COUNTRY BACKGROUND REPORT

ITALY



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Author: Pina Sodano

Scientific editor: Anne Guisset

Project manager: Melinda Kelemen

Design and layout: Christian Deligia

Proofreading: Toby Johnson

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Published by:

DIESIS Network

Boulevard Charlemagne 74

1000 Brussels, Belgium

Tel: +32 2 543 1043 diesis@diesis.coop

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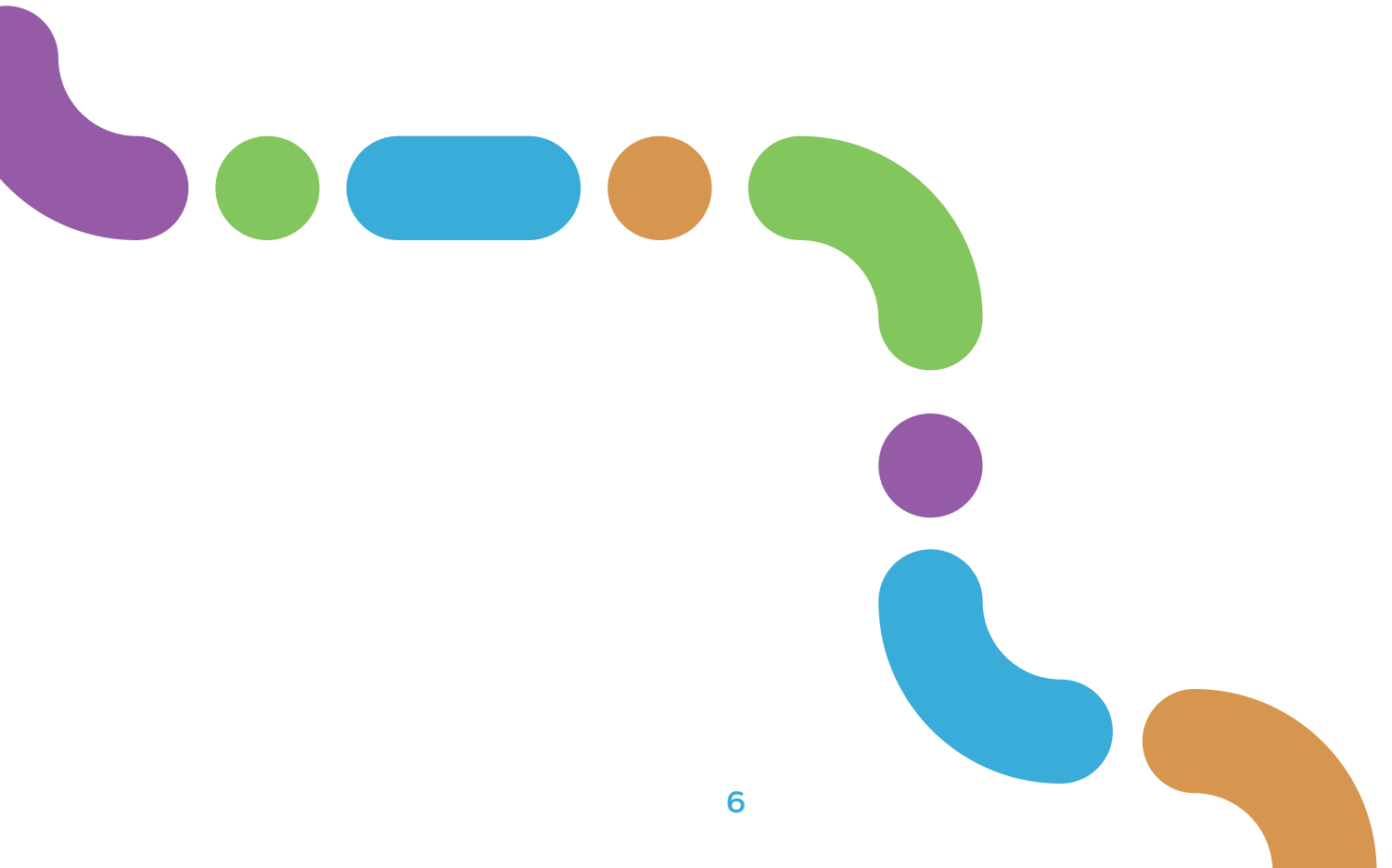
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01

National context



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1.1 CORPORATE SUSTAINABILITY REGULATORY FRAMEWORKS IN THE COUNTRY

This section explores the evolving landscape of corporate sustainability regulations in Italy. Following the EU Corporate Sustainability Reporting Directive (CSRD) and the EU Corporate Sustainability Due Diligence Directive (CS3D), Italy is adapting its framework to ensure that companies integrate sustainability into their operations. Key elements are presented including EU directives, national legislation and voluntary standards, highlighting how these regulations promote responsible business practices.

Following the adoption of the EU Corporate Sustainability Due Diligence Directive in May 2024, in August the Italian House of Representatives and Senate gave their favourable opinion to the draft legislative decree that will translate the directive into national law. In this opinion, both branches of parliament nevertheless urge the government to consider the risks for the conduct of business activities. They recall that the objective of the transposition is to avoid generating a burden on businesses. This includes cooperatives, but only large ones that meet the same size requirements as big companies. Until now, cooperatives could voluntarily report on their sustainability practices. This new law proposes to require reporting from large cooperatives.¹

It remains to be seen how the government will apply the new legal framework in concrete terms.

One important element refers to “**sub-limit**”² cooperatives. Sub-limit cooperatives fall below the threshold imposed for sustainability reporting obligations. The sub-limit cooperatives do not have to follow the CSRD reporting model but can report on “any element” related to sustainability. Since the purpose of the reporting framework, including the CSRD, is to ensure that companies report information in a comparable way, it would be helpful to create guidelines for smaller cooperatives. This would prevent them from reporting data in a disorganised or inconsistent manner. These guidelines should nevertheless pay attention to the proportionality and enforceability of the reporting measures.

In Italy, sustainability reports must be verified by an auditor or auditing firm. This verification process will initially be at a limited assurance level but will later increase to a reasonable assurance level. The European Commission will set the standards for these levels. Until then, Italian authorities will work with industry groups and professional bodies to develop national criteria. These criteria will be adopted by the Ministry of Economy and Finance after consulting with Consob, the Italian financial market regulator.

The efforts of Italian authority to comply with the CSRD and the CS3D demonstrate that corporate sustainability regulatory frameworks in Italy have evolved significantly over recent years. The primary focus is on environmental, social and governance

1 For more details, see <https://www.camera.it/leg19/824>

2 A “sub-limit” refers to a defined threshold that determines whether an organisation, such as a cooperative, is subject to specific reporting or compliance obligations. Cooperatives that fall below these thresholds can benefit from reduced regulatory burdens, allowing them to operate more efficiently while still maintaining essential standards of governance and transparency.

(ESG) criteria, aiming to ensure that companies operate sustainably and ethically. The key elements of Italy's corporate sustainability regulatory landscape are as follows.

EU directives and regulations: Beyond CS3D and CSRD (which still have to be implemented), Italy complies with several EU directives and regulations which heavily influence its national laws on corporate sustainability. These include:

- ✦ *Non-Financial Reporting Directive (NFRD)*: Requires large public-interest companies to disclose non-financial and diversity information;
- ✦ *EU Taxonomy Regulation*: Establishes a classification system for sustainable activities, helping investors identify environmentally sustainable investments;
- ✦ *Sustainable Finance Disclosure Regulation (SFDR)*: Obliges financial market participants to disclose how they integrate sustainability risks into their processes.

All these EU regulations are transposed into the national legal framework.

Beyond the transposition of EU regulations, Italy has developed its **own policy frameworks**, such as:

- ✦ *the Circular Economy Package* that encourages sustainable production and consumption patterns, promoting recycling and waste reduction;
- ✦ *Corporate Governance Code*: Italy's corporate governance code incorporates sustainability principles, emphasising the role of boards in overseeing ESG issues. The Italian Corporate Governance Code must be applied by listed companies. It is updated periodically and includes guidelines on sustainability, diversity and transparency.

Third, business actors may also choose to adhere to **voluntary standards and certifications**. Many Italian companies adopt international sustainability standards and certifications, such as the *Global Reporting Initiative (GRI)* that provides a framework for sustainability reporting. The Italian Stock Exchange (*Borsa Italiana*) encourages listed companies to adhere to sustainability practices, and the introduction of ESG indices (such as the *FTSE Italia ESG Index*) promotes responsible investing. Connected to that, green bonds are issued by both public and private entities to fund environmentally sustainable projects.

Finally, various public and private initiatives support corporate sustainability in Italy. For example, the *Sustainable Development Foundation* promotes sustainable development through research and advocacy.

This combination of voluntary frameworks and regulations ensure that Italian companies increasingly integrate sustainability into their core operations, aligning with broader European and global sustainability goals.

1.2 SOCIAL DIALOGUE

1.2.1 OVERVIEW OF THE SOCIAL DIALOGUE FRAMEWORK

Italy's social dialogue framework is built on a tradition of negotiation and consultation between the government, trade unions, and employers' associations. Social dialogue in Italy grew up after World War II, with the development of the *Statuto dei*

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Lavoratori (Workers' Statute) in 1970, which formalised workers' rights and collective bargaining structures. This period also saw the establishment of strong unions and cooperative relations between labour and capital.

In the 1990s, reforms strengthened the role of social dialogue in economic policy-making, including pension reforms, public sector reforms, and labour market flexibility. The introduction of concertation agreements, a form of institutionalised tripartite dialogue, helped to manage inflation and align wage growth with productivity.

Social dialogue plays a crucial role in shaping labour market policies, welfare and industrial relations. This system is deeply rooted in the country's post-World War II political and economic history, with key structures designed to ensure consensus-based decision-making on employment and social issues.

1.2.2 KEY ACTORS IN THE SOCIAL DIALOGUE

- Trade unions: Italian trade unions have historically been strong and influential. The three main union confederations are:
 - ✦ CGIL (Confederazione Generale Italiana del Lavoro): the largest and traditionally left leaning;
 - ✦ CISL (Confederazione Italiana Sindacati Lavoratori): Christian-democratic and centrist
 - ✦ UIL (Unione Italiana del Lavoro): more moderate and pragmatic.

- Employers' associations are represented mainly by:
 - ✦ Confindustria: the largest employers' organisation, representing private companies;
 - ✦ Confcommercio: represents businesses in commerce and services;
 - ✦ Confartigianato: represents small and medium-sized enterprises (SMEs).
- The government acts as both a mediator and policy-maker, engaging in discussions with unions and employers' associations to find consensus on labour and economic policies.

1.2.3 PRACTICES AND STRUCTURES OF SOCIAL DIALOGUE

In Italy, the social dialogue is protected by several laws and regulations. For instance, Article 39 of the Italian constitution guarantees the freedom of trade union association and rights to collective bargaining. Italy has a two-tier collective bargaining system:

- ✦ sectoral level: most collective agreements are negotiated at the sectoral level, which sets minimum wage standards, working conditions, and benefits for entire industries;
- ✦ company level: supplementary bargaining may take place at the company level to improve upon sectoral agreements.

There are also tripartite agreements that involve the government, employers' organisations, and trade unions and are a critical feature of Italian industrial relations. These agreements shape labour laws, wage policies, welfare reforms, and pension systems.

Finally, bilateral bodies are joint institutions formed by trade unions and employers' organisations to manage aspects of labour relations like vocational training, health and safety, and welfare funds. An important role is played by collective bargaining, beyond implementing the legislator's decisions. Collective bargaining institutions are capable of reacting actively and autonomously to deal with critical situations and emergencies (such as during the COVID-19 pandemic) and to equitably distribute the available resources. For instance, the agreement reached with the signing, by CGIL, CISL, UIL, the employers' representatives and the government, of the *Health and Safety Protocol of 14 March 2020* revealed a desire shared to adopt a cooperative, collaborative and non-conflictual approach in the complex management of a safe return to the workplace and to the maximum protection of workers' health.

1.3 SOCIAL ECONOMY ORGANISATIONS

The history of the modern social economy began in Italy in the second half of the 1970s, when the national welfare system began to go into crisis due to various economic and socio-cultural problems. Towards the end of the 1970s, in fact, the pace of economic growth began to slow down and led to an unexpected increase in unemployment and heavy inflation, leading to the emergence of a "new poverty". In order to respond to the social needs that these crises created or revealed, and given the inability of the national welfare system to remedy them, organisations were formed in the 1980s that had as their purpose this "social response", promoted by private citizens (Bernardoni and Picciotti 2014). The initial idea was that of voluntary work to

be carried out temporarily, until the public system recovered, but it soon became clear that the situation would not evolve in this direction. This evolution led to an increasing progression of social economy organisations in the Italian socio-economic landscape.

1.3.1 SOCIAL ECONOMY REGULATORY FRAMEWORKS

Italian law does not provide a specific legal definition of the "social economy". However, *legislative decree 460/1997* provided a legal framework for the wider "third sector", regulating non-profits and voluntary organisations and offering fiscal incentives for their growth. The Third Sector Reform Law (2016) defines the third sector as a sector that "supports the autonomous initiative of citizens who contribute, including in associated form, to pursuing the common good, to raising the levels of active citizenship, cohesion and social protection, favouring participation, inclusion and the full development of the person and enhancing the potential for growth and employment, in implementation of constitutional principles". This new status applies to non-profit organisations registered in the National Register of the Third Sector (RUNTS). Social economy organisations often fall within this third sector".³

A major reform of the third sector was enacted through *legislative decree 117/2017* (also known as the "Third Sector Code"), which reorganised the legal framework for non-profit organisations, social enterprises, and voluntary organisations. The reform

³ For more details, see Mesmer report: <https://www.diesis.coop/wp-content/uploads/2024/04/Diesis-Mesmer-Final-Mapping-Report.pdf>

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simplified the regulation of social economy actors and promoting transparency and accountability. The legislative decree of 3 July 2017 established that the third sector covers the following statutes: social promotion associations (APS), volunteer organisations (OdV), philanthropic organisations, social enterprises, associations, mutual aid societies, foundations and non-profit entities.

Here is an overview of the different forms of organisations belonging to the third sector:

- ✦ **Association:** private law body made up of a group of people organised spontaneously and permanently to pursue a purpose of common interest of a non-profit nature;

- ✦ **Social promotion association (APS):** third sector body constituted in the form of an association, for the carrying out in favour of its associates, their family members or third parties of one or more activities of general interest, making use mainly of the voluntary work of its members;

- ✦ **Social enterprise:** third sector entity that carries out a business activity of general interest on a stable and principal basis general, non-profit and for civic, solidarity and social utility purposes;

- ✦ **Third sector body:** private body other than a company (association (recognised or not recognised), foundation, social cooperative, ecclesiastical body, etc.), established for the pursuit, without purpose of profit, civic, solidarity and social utility purposes by carrying out activities of general interest, and registered in the single national register of the third sector;

- ✦ **Non-profit institution:** legal-economic unit with or without legal personality, of a private nature, which produces goods and services destined for or not intended for sale and which, according to the laws in force or its own statutory provisions, has no right to distribute, even indirectly, profits or other earnings, other than in remuneration of work performed, to the subjects who set it up or to the shareholders;

- ✦ **ONLUS (NGO):** private body (association, committee, foundation, cooperative society or other private body) established exclusively for the pursuit of social solidarity purposes and for carrying out activities in one or more of the following sectors: social and socio-health care, health care, charity, education, training, amateur sport, protection, promotion and enhancement of things of artistic interest and history, protection and enhancement of nature and the environment, promotion of culture and art, protection of civil rights, scientific research.

In addition to the specific legislations attached to each type of organisation, Italy has established regional laws and initiatives to support social enterprises and non-profit organisations, including measures to facilitate access to finance and procurement opportunities. The government also collaborates with social economy stakeholders to develop policies and programmes aimed at fostering the sector's growth and impact.

In addition to all the types of organisations aforementioned that belong to the third sector, **cooperatives** are an important part of the social economy in Italy. According to a study by Euricse in 2023, as of 2021, 57.3% of cooperatives had been

in operation for more than 10 years, with at least one worker remaining in the same organisation for more than 30 years. This demonstrates that Italian cooperatives are still growing and expanding. Their turnover tends to be small: more than two-thirds (64.9 %) do not exceed €500,000.⁴

→ **Social cooperatives:** the Law on Social Cooperatives (*law 381/1991*) recognises social cooperatives as a distinct legal form. It defines two types of cooperatives: (1) those addressing social needs and promoting inclusion by providing social, health, and educational services (type A); and those integrating disadvantaged people into the labour market through agricultural, industrial, commercial or targeted service activities aiming at the job placement of disadvantaged people (type B). This law provides incentives, tax benefits, and access to public funding for social cooperatives and large cooperative enterprises in various sectors. Social cooperatives aim to offer services to the most vulnerable members of the community. Control of the social cooperatives is frequently attributed to different categories of actors, such as users, volunteers or workers. Mutual societies

also fit into this type of cooperative, as they were created to insure members;

→ **Consumer cooperatives,** where the social base is represented by customers of the organisation (not only consumers of products but also of services, such as educational or water and electricity supply services) who are also the owners;

- **Workers' cooperatives,** where the social and shareholders' base is composed of workers who seek stable employment and an income that tends to be no lower than that prevailing on the market;
- **Producers' cooperatives,** born out of the dual need to preserve entrepreneurial autonomy and to increase the scale of production in order to face market competition.

1.3.2 SOCIAL DIALOGUE IN COOPERATIVES

Social dialogue for the social economy follows the same rules as for all productive sectors, but there is an additional focus on ensuring that social dialogue within social economy organisations represents everyone's interests. Reference is also made to education and training to develop the abilities of members and employees to participate effectively in social dialogue and the promotion of cooperative principles.

Regarding cooperatives in particular, thanks to the signing of the *Protocol for industrial relations in the cooperative enterprise system*, since 1990 both cooperatives and some social economy organisations in Italy have their own specific social dialogue and collective bargaining process.

This separated social dialogue for cooperatives is due to the fact that the cooperative model enables member workers to participate in the cooperative's share capital while they are also holders of association rights. This is a meeting point between work, participation and the market. No less important is the large presence of cooperative business federations in

⁴ For more details, see <https://euricse.eu/en/world-cooperative-monitor-2023/>

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Italy, which play a fundamental role in representing the interests of associated cooperatives, supporting favourable policies, providing support and facilitating collaboration within the cooperative sector. *AGCI*, *Confcooperative* and *Legacoop*, are important federations that represent cooperatives in sectors such as agriculture, services, healthcare, production, construction, distribution and social cooperatives. The Italian government, together with cooperatives and sector organisations, effectively promotes the development of the social economy in various sectors, recognising its contribution to the economic and social well-being of the country.

In 2018, the *Protocol for industrial relations* in the cooperative enterprise system was relaunched with an inter-confederal agreement between AGCI, Confcooperative, Legacoop, CGIL, CISL and UIL: the *Inter-confederal agreement on guidelines for the reform of industrial relations*. The objective was to strengthen relations between cooperatives and trade unions, but also to relaunch economic growth. The protocol enhances the role that the cooperative movement has played over the years, especially during crises, promoting worker buyouts, and engaging in the fight against false cooperatives and contractual dumping.

The agreement is divided into a series of chapters, each dedicated to a specific theme:

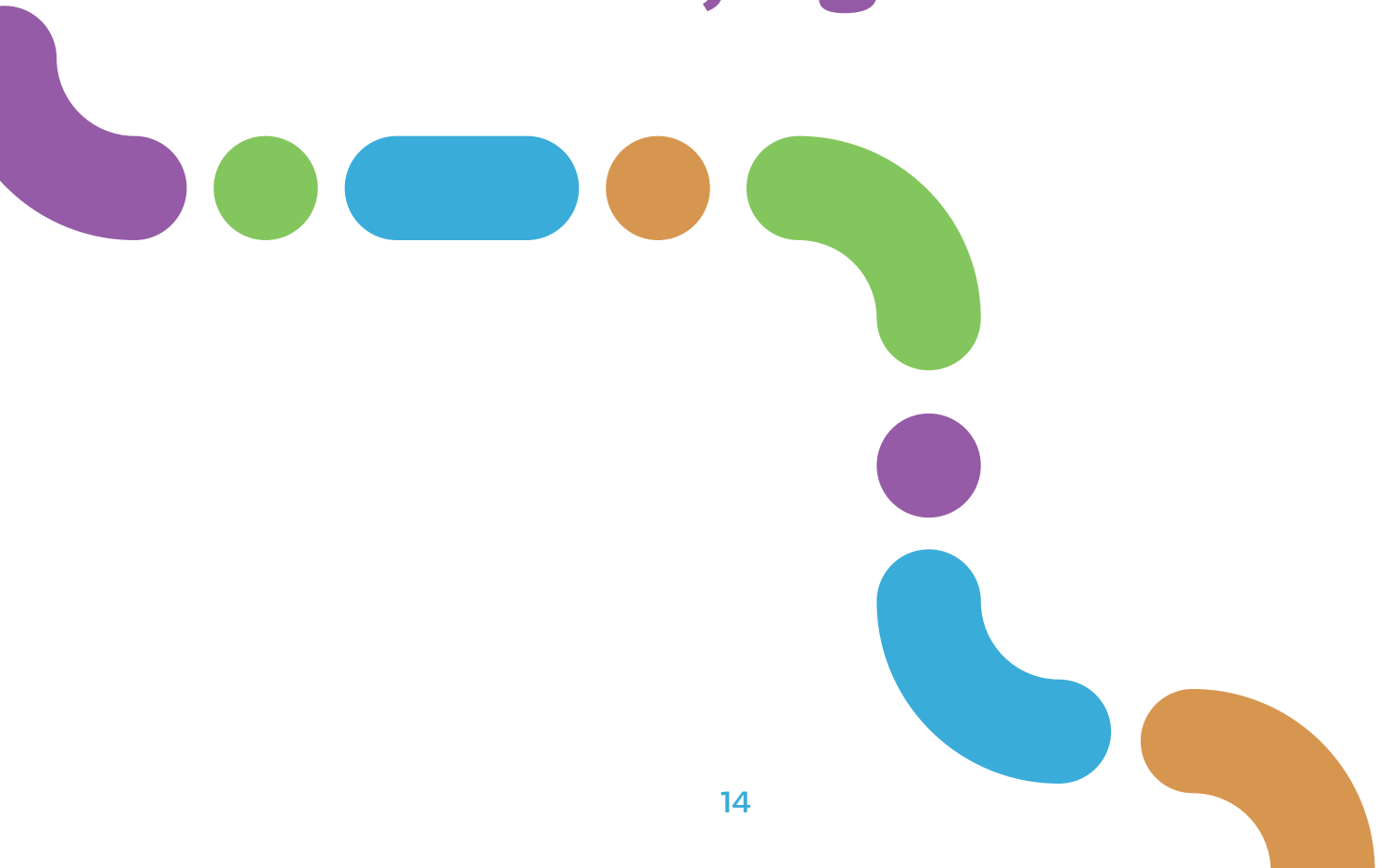
- Attention to its legal nature and to the mutualistic connotation of the cooperative enterprise;
- The participation of worker members in the share capital and through participation rights;

- The common objective of finding effective solutions to contribute to the growth of productivity and wages through general protection and working agreements;
- Continuous training, in the awareness that the competitiveness of the production system and cooperative enterprises is increasingly based on the wealth of knowledge and skills of the workers;
- Health and safety at work: the parties must build an authentic safety culture focused on the person, promoting the culture of prevention.

The agreement provides for the possibility of launching, including through the use of bilateral sector bodies, strategies and agreements with subjects belonging to the cooperative world as well as with the public administration, aimed at improving the scope of activity to promote the well-being of workers, improving both productivity and working conditions.

02

Overview of three key sectors: financial services, wholesale and retail trade, agriculture



2.1 FINANCIAL SECTOR

2.1.1 OVERVIEW OF THE FINANCIAL SECTOR

Economic activities and employment

The financial sector contributes 5-6% of Italy's gross domestic product (GDP). This includes activities in banking, insurance, and financial services. The key components of the financial sector include commercial banks, cooperative banks, investment firms, insurance companies, and pension funds. Regarding employment share, the financial sector employs 3-4% of Italy's total workforce. This figure encompasses a range of roles, from banking professionals to insurance agents and financial analysts.

The financial sector plays a vital role in Italy's economy, with cooperative banks making a significant contribution to both the financial landscape and local communities. These banks operate under a comprehensive regulatory framework designed to ensure their stability and adherence to cooperative principles, which enhances their ability to serve their members effectively. The main regulations of the financial sector and banking activities more specifically are:

1. the consolidated banking act (TUB) that outlines the framework for banking operations, covering licensing, governance, and risk management requirements;
2. capital requirements: cooperative banks must maintain adequate capital levels as per regulations set by the European Banking Authority (EBA) and the Bank of Italy, ensuring they can withstand financial stress.

Sectoral social dialogue

The sectoral social dialogue in the financial sector is a collaborative process that involves employers, employees, government and other stakeholders (such as investors, pension funds and insurance companies). By facilitating discussions and negotiations, it aims to address the challenges (like the high public debt – Italy's national debt is one of the highest in the EU – or low productivity and growth) faced in the sector, promote fair labour practices, and ensure a stable and responsive financial environment. This dialogue is essential for fostering trust and cooperation among all parties involved, ultimately benefiting both workers and the financial institutions themselves. This dialogue plays a crucial role in shaping the industry's labour relations, regulatory environment, and overall performance.

Key characteristics and practices include collective bargaining, tripartite structures, policy development, conflict resolution, and continuous improvement. Sectoral social partners include:

- ➔ Employers' associations: ABI (Associazione Bancaria Italiana) and ANIA (Associazione Nazionale delle Imprese Assicuratrici)
- ➔ Trade unions: FABI (Federazione Autonoma Bancaria Italiana) and First Cisl

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2.1.2 LARGEST COMPANIES WITHIN THE SECTOR: FOCUS ON THE COOPERATIVE BANKS

The cooperative Banks or *banche di credito cooperativo* (BCC), play a significant role in the Italian banking landscape. The term *Cooperative Credit* refers to the organisational and value system related to an original component of the Italian banking industry, the one represented by the 220 Cooperative Credit Banks (BCC), Rural Banks and Raiffeisen Banks (in Alto Adige), which have been widespread throughout Italy for over 135 years (the first Rural Bank was founded in Italy in 1883 in Loreggia, near Padua, by Leone Wollemborg).

BCCs, as they are concisely defined, are cooperative, local and mutual banks. They account for 6-7% of the total banking market in terms of total assets. Indeed, cooperative banks employ a notable portion of the financial sector workforce, contributing to local economies and fostering community development. BCCs have always focused on a banking role carried out in a 'different' way for families and businesses, and today more than ever it has been necessary to structure this innovative approach in a stable way over time that has allowed them to involve their employees more and more actively. Cooperative banks must comply with various regulations that ensure their stability, transparency, and adherence to cooperative principles. It is important to remember that the cooperative principles are governed by the Cooperative Law (law 59/1992), which emphasises democratic governance, member participation and social responsibility. Also, cooperative banks must focus on serving their members' interests, adhering

to the principle of mutual benefit. The central Bank of Italy oversees the operations of cooperative banks, ensuring compliance with financial regulations, risk management standards, and reporting requirements.

In Italy, *Cooperative Credit Banks* (BCC) are part of the social economy and a fundamental component of it. However, in order to fulfil the strategic role which it is called on to play, the social economy needs to consolidate, both from a capital and financial as well as an organisational and managerial point of view. All the major Italian banking groups (Intesa, UniCredit, BPER, BPM) seem to be aware of this and have for some years now made dedicated provision for the third sector, with products, initiatives, instruments, ratings and resources earmarked for the growth of the third sector. Many BCCs have been involved in supporting the third sector and in particular cooperatives and social enterprises since the early stages of their development. Several of them have set up foundations to make their support more visible and incisive.

Identification of potential organisation for case studies in SEDLEX

UNIPOL S.p.A. is an Italian financial company, operating in the insurance and banking sectors. The company's ordinary shares have been listed on the Italian stock exchange since 1990 and are included in the FTSE MIB. The group's main shareholders are a number of companies representing the Italian cooperative movement. Unipol has approximately 12,000 employees and serves around 15.5 million customers. At a consolidated level, as of 31 December

2021, the group has direct insurance premiums of €13.3 billion, of which €7.9 billion is in non-life business and €5.4 billion in life business. It is among the largest Italian companies by turnover.

2.1.3 SOCIAL AND ENVIRONMENTAL SECTORAL CHALLENGES AND THEIR RELATION WITH CORPORATE SUSTAINABILITY

The challenges faced by the financial sector are deeply interconnected with corporate sustainability and due diligence. By proactively addressing these challenges through sustainable practices, financial institutions can enhance their operational resilience, build stakeholder trust, and contribute positively to the broader economy and to society. This alignment not only mitigates risks but also positions institutions as leaders in the transition to a more sustainable future.

What is lacking is an overall vision that, on the one hand, makes more visible what cooperative credit institutions already do and, on the other, helps to develop a common strategy. This role could be taken over by ESG contact persons, who are already present in all cooperative credit banks, simply by enhancing this function. Large banking groups have also realised this and have allocated significant resources to the training of employees working in this area.

There are studies that show that the social economy is a market segment that has a growing quantitative dimension. Its value for a cooperative banking group is qualitative, in terms of positioning, identity relevance, rootedness, perception by local communities, and

better knowledge of its dynamics. There are clearly other market segments that are strategically and dimensionally more important, but following this, and doing it in a certain way, is one of the concrete possibilities that the entire cooperative credit sector has to remain tied ‘hand and foot’ to communities, an element that is now presented as distinctive even in the communication of the *Groups* and *Federkasse*:⁵ the banking role performed in a ‘different’ way for families and businesses that hinges on relationships, on financing, combined with all-round services, to foster development and value creation in the community and for the social economy.

2.2 WHOLESALE & RETAIL TRADE

2.2.1 OVERVIEW OF WHOLESALE & RETAIL TRADE SECTOR

Economic activities and employment

In Italy, retail-related turnover amounts to €542 billion a year. Almost 2.5 million people work in commerce, representing 10% of total employment.

The retail trade in Italy is divided into two main spheres: small traders who carry out their work in small shops, and large retailers who have many resources and sell many products at competitive prices. Following this division, the trade is mainly conducted through two channels: large-scale organised distribution (*grande distribuzione organizzata* – GDO) represented by large commercial groups which, in some cases, also

⁵ Federkasse is the Italian Federation of Cooperative Credit Banks and Rural Banks. For more information, see: <https://www.credito-cooperativo.it/>

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operate under different brand names (e.g. Auchan, Carrefour) and small-scale organised distribution (*piccola distribuzione organizzata* – PDO) represented by sales in individual shops. These two systems are fundamental for the economic growth and social organisation of the country. The online sales channel is also gaining in strength in many sectors. The PDO sector covers retail operations that are smaller than the large-scale organised distribution but still operate under a structured, often franchise-based, system. These businesses typically include neighbourhood grocery stores, small supermarket chains, and local retail outlets that cater to specific regions or communities. PDO is structured by voluntary consortia or consumer cooperatives between individual retailers (e.g. Conad), while specialised large-scale distribution (GDO) is composed of medium-to-large retail outlets, bearing a single brand and marketing a good related to a single product sector (e.g. Decathlon, IKEA). On the one hand, small retailers act mainly at neighbourhood level, following a logic of direct relations, and offering a more human-scale service. Large retailers, on the other hand, can offer the same goods at better prices because they have more bargaining power due to the large quantities purchased from producers. The wholesale trade is the first step in the supply of products after production and deals with the purchase of large batches of goods at origin and their distribution to the retail trade. The most obvious problem with distribution in Italy is that it is predominantly done by road, with a relative exponential increase in costs, adding to the price of goods the burden of road transport. Increases in the cost of oil, for example, cause the price of diesel to rise, with a consequent increase retail prices.

E-commerce has also become central to the sector, with approximately 38 million Italian online consumers (62% of the population). Although online purchases still account for just 7% of total purchases, they nevertheless explain more than half of the growth in Italian retail in 2019. The e-commerce sector is characterised by a very low average company size in terms of employees and the lowest level of debt.

Sectoral social dialogue

In Italy, social dialogue in the retail sector functions similarly to that in other contexts, but has unique characteristics and frameworks shaped by the country's labour laws and cultural factors.

Collective agreements, negotiated between trade unions and employers' associations, are crucial in the Italian retail sector. These agreements cover wages, working conditions and benefits, and are typically renewed every few years. The Italian system often emphasises cooperation between various stakeholders, including unions, employers and government, fostering a spirit of partnership in addressing labour market issues. Various levels of consultative bodies exist, including regional and national committees that facilitate dialogue on issues affecting the retail sector, such as labour market trends and economic conditions.

Italy has established frameworks for dispute resolution, often involving mediation or arbitration to handle conflicts arising from labour relations. EU labour regulations and directives also affect social dialogue in Italy, promoting the harmonisation of labour standards across member states.

The main actors are:

- Retail employers' associations: organisations like Confcommercio (Italian General Confederation of Commerce) represent employers in the retail sector, advocating for their interests;
- Trade unions: major unions include the Italian General Confederation of Labour (CGIL), the Italian Confederation of Workers' Trade Unions (CISL), and the Italian Union of Labour (UIL). These unions represent retail workers and negotiate collective agreements.

From the government side:

- Ministry of Labour and Social Policies: this governmental body plays a critical role in labour regulation and oversight of collective bargaining processes;
- Consumer organisations: groups advocating consumer rights also participate in social dialogue, influencing discussions on ethical retail practices and consumer protection;
- NGOs and civil society: various NGOs may engage in advocacy related to labour rights, sustainability and corporate responsibility within the retail sector.

2.2.2 LARGEST NATIONAL COMPANIES WITH THE SECTOR

In the global ranking of the top 250 retailers, the major Italian players are still far from the podium, but also constantly growing: Conad (64th), Coop Italia (87th), Esselunga (116th) and Eurospin (145th). This is

the finding of the 26th edition of the Deloitte Global Powers of Retailing study, the annual report which analyses the world's largest retailers' results for the year to 30 June 2022.⁶ However Italy's retail giants show limited international presence: Coop Italia and Esselunga are entirely domestic, while Conad has a footprint in five additional countries and Eurospin in two. Companies that supply independent shops and independent retailers, especially those outside the food sector, demonstrate the highest profitability within the industry. Non-store retailing methods, such as door-to-door sales, TV shopping, and itinerant trade, tend to yield higher-than-average profit margins, albeit at the cost of greater debt exposure.

Identification of potential SE organisations for case studies in SEDLEX

Coop Alleanza 3.0 is one of the largest cooperatives in Italy and Europe, with around 2.7 million members, more than 400 sales outlets in 12 regions, and approximately 22,000 employees. It operates across numerous regions, primarily Emilia-Romagna, Veneto, Friuli-Venezia Giulia.

⁶ <https://news.italianfood.net/2023/03/09/deloitte-global-powers-of-retailing-4-italian-retailers-included-in-top-250-ranking/>

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2.2.3 SOCIAL AND ENVIRONMENTAL SECTORAL CHALLENGES AND THEIR RELATION WITH CORPORATE SUSTAINABILITY

In Italy, the retail sector faces significant social and environmental challenges that are closely tied to corporate sustainability. By addressing these challenges through responsible practices, companies can enhance their competitiveness while contributing positively to society and the environment. The shift towards sustainable business models is not only a response to regulatory and consumer pressures but also an opportunity for innovation and growth in a rapidly changing market. The problem of retail is above all the many steps from origin to consumption; if these steps could be shortened, the same products could be supplied more cheaply. Another problem is the excessive cost of transport and the low use of rail transport in Italy, in comparison with other European countries. This method could be much cheaper than lorry transport, which suffers enormously from fluctuating oil prices. As far as foreign trade is concerned, Italy has lost a lot of positions compared to other emerging countries. This situation is mainly caused by two factors, Italy's lack of competitiveness due to the unfavourable exchange rate between the euro and the dollar where this is the currency used for commercial transactions, and the high cost of labour in Italy, which encourages Italian traders to source from Eastern countries that produce at much lower prices, while home-produced goods are penalised by their higher prices.

Lastly, some consumption trends, which have been under way for a few years now and are profoundly

transforming the typical consumer, deserve a mention. Increasingly selective and aware, consumption is becoming polarised towards two shopping modes: on the one hand a return to proximity and the progressive abandonment of large out-of-town outlets with respect to food, and on the other increased recourse to shopping centres and outlets for non-foods. With specific reference to the food expenditure of Italian households, it is noted that more than 84% of the total is still done through modern distribution channels, with supermarkets and hypermarkets playing a preponderant role, despite the already highlighted progressive shift towards proximity commerce.

For social economy retailers in Italy, embracing corporate sustainability is not just a trend but a strategic approach that can enhance their social impact, operational efficiency, and market positioning. By integrating sustainable practices into their business models, these social economy businesses can serve their communities better while ensuring long-term viability and success in a competitive retail environment.

2.3 AGRICULTURE

2.3.1 OVERVIEW OF THE AGRICULTURE SECTOR

Economic activities and employment

The extensive agri-food chain (agriculture, food industry, distribution and horeca) is a leading economic sector in Italy, with a turnover of over €500 billion and almost 4 million employees or 17% of total national employment. The supply chain

profit is unevenly distributed along the value chain. Agriculture and livestock farming, including fishing and forestry, accounts for 17.7% of the total, while the entire food industry accounts for over 43%. Together, these two sectors, which account for more than 4% of the national economy, represent the core of the chain, with more than 60% of the profit produced and a central role in the creation of value for the entire system of agribusiness. The remaining component is divided between the intermediation sector (around 20%), distribution (12%), and catering (8%).

In Italy, the agricultural sector falls within the context of the EU's Common Agricultural Policy (CAP). In fact, along with European strategies in recent years, there has been a strong focus on environmental impact and food quality at the Italian national level as well. In order to make this perspective real, it was necessary to use indicators that were suitable for the economic characterisation of the sector and at the same time functional for the assessment of environmental impact, and would recognise new activities that were able to combine development with sustainability and the protection of the rural environment. According to the 7th General Census of Agriculture, in 2020 there were 1,133,006 farms in Italy with a usable agricultural area of 12.4 million hectares.⁷ The same report shows that between 2020 and 2021, there was an increase in the number of certified operators in the food sector of quality agri-food products, demonstrating that certified food quality leads to significant economic growth, while the number of processors will remain virtually unchanged. The growth in operators and

producers mainly concerns the South, followed by the North, while the trend is stationary in the Centre of the country.

Another interesting fact is that the share of companies that sell 100% of their production rose from 19.2% to 36.7%. Regarding the same data, the share of companies that are shifting towards the adoption of digital technologies and automation rose from 3.8% to 15.8%.

The agricultural sector also includes agrotourism, which shows a growth trend in recent years: between 2007 and 2022, the number of agrotourism farms rose from 17,720 to 25,849 – an increase of 45.9%. In 2022, the number of municipalities hosting at least one agritourism farm was almost 64%, up from 58% in 2011. The average density of farms over the entire Italian surface area is 8.6 per 100 square kilometres (it was 6.7 in 2011). Multifunctional farms (those that offer at least three services) are a confirmed reality. One in three farms is a multifunctional agritourism farm, and these account for 28.2% of all active farms. Meanwhile farms that carry out two activities (bifunctional) comprise 24.7%, and those that carry out only one activity (monofunctional) comprise 44.1%.

Another interesting fact is that there are 8,820 farms run by women, a slight increase compared to 2021 (+0.7%). The percentage of female participation at a national level is 34.1%, which helps to confirm the propensity of women to run multifunctional businesses and educational farms: among the multifunctional businesses almost one in three is

⁷ For more information, see: <https://www.istat.it/en/statistical-themes/censuses/agriculture/7th-general-census-of-agriculture/>

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run by women (those run by males make up 27.8%). Among the farms managed by women, 9.4% have educational farms, while only 7.2% of those with male tenants do.

Sectoral social dialogue

The sectoral social dialogue in Italy's agriculture is a vital mechanism for addressing labour relations, promoting fair working conditions, and influencing agricultural policies. By facilitating collaboration among employers, employees, government and other stakeholders, this dialogue aims to foster a sustainable and equitable agricultural environment that supports both workers and the broader community.

This dialogue involves collaboration between the government, employers' associations, and trade unions representing agricultural workers. Key aspects of social dialogue in Italian agriculture include:

- Collective bargaining: one of the main outcomes of social dialogue is collective bargaining agreements (CCNL) that set minimum wages, working hours, and conditions for farm workers across the country. These agreements are often negotiated at the national, regional, and sometimes local levels;
- Addressing labour exploitation: social dialogue has been critical in combating illegal labour practices, such as *caporalato* (illegal recruitment and exploitation of workers), which is a widespread issue in the agricultural sector. The government has worked with trade unions and employers to address this through laws, inspections and

campaigns aimed at improving transparency in labour practices;

- Seasonal and migrant workers: social dialogue also focuses on the integration and protection of seasonal and migrant workers, who make up a significant portion of the workforce in agriculture. Discussions often revolve around ensuring decent housing, fair pay, and access to social services;
- Sustainability and innovation: the agricultural sector in Italy is increasingly influenced by discussions on sustainability, environmental protection and innovation. Social dialogue helps ensure that workers' rights are protected and taken into account alongside the need to modernise the sector and promote sustainable practices.

Through these mechanisms, social dialogue has been essential in managing labour relations, improving workers' rights, and ensuring the competitiveness of Italian agriculture.

However, the collective bargaining system for the agricultural sector does not apply to cooperatives working in the agricultural sector, because they have a specific collective agreement for the agricultural cooperative sector, the *National Collective Labour Agreement for employees of agricultural cooperatives and consortia*.

2.3.2 LARGE COMPANIES WITHIN THE SECTOR

Among the top five traditional Italian agricultural companies by turnover are, in descending order, A.I.A. Italian agricultural company with a turnover

of €3,520,899 and 696 employees. It is followed by the cooperative Agricola Tre Valli with €2,264,930 in annual turnover and 500 employees. In third place is Gesco Sca with a turnover of €1,565,176 and 610 employees. In fourth place is the agricultural company La Pellegrina S.p.A. with a turnover of €1,090,050 and 392 employees, and finally in fifth place is Casillo Commodities Italia S.p.A. with €1,088,854 and only 15 employees.

The Italian social cooperatives that carry out their activities in the agricultural sector are mainly social co-operatives for work integration. This does not exclude the presence of social cooperatives that, while providing social welfare and especially educational services, have set up social farms and educational and rehabilitation activities in the agricultural field. Social co-operation is a phenomenon that has developed since the 1980s as a self-promoted initiative by groups of citizens to respond to an unsatisfied demand for services of social interest. The role of social cooperatives is therefore well identified from their origins: to be productive organisations, thus differentiating themselves from the many non-profit organisations with only advocacy or redistributive functions, and to offer services to the economically and socially disadvantaged parts of the population. By typological definition, type B cooperatives are the only ones that can predominantly carry out activities in the agricultural field.

Identification of potential SE organisations for case studies

Social cooperatives play an important role in social agriculture. They are organisations that, according to the legal definition given by law 381/1991, pursue the general interest of the community in the human promotion and social integration of citizens through the management of social, health and educational services or the performance of different activities – including agricultural ones – aimed at the employment of disadvantaged people.

Fileni: In 2023, Fileni Group, a leader in organic poultry in Italy, achieved a turnover of approximately €500 million. The company has been focusing on sustainable practices and expanding its organic offerings, positioning itself as the largest European producer of organic poultry products. Fileni is also committed to reaching carbon neutrality by 2040, aligning with both animal welfare standards and renewable energy initiatives. This commitment to sustainability and innovation continues to be a driving force in its growth and market presence.

Covalpa Abruzzo: In 1989, seven agricultural cooperatives joined the Marsicana Association of Potato Producers and created the company with the aim of offering genuine and 100% Italian frozen foods to the general public. Today Covalpa Abruzzo boasts more the 150 producer members, grouped into two cooperatives, located in the Fucino plain in Abruzzo. Thanks to the commitment made every day by certified farmers, quality vegetables are grown and harvested, carefully selected and processed in the factory.

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2.3.3 SOCIAL AND ENVIRONMENTAL SECTORAL CHALLENGES AND THEIR RELATION WITH CORPORATE SUSTAINABILITY

The number of farms in Italy has steadily decreased, with closures among smaller farms contributing significantly. This trend, combined with a rise in larger holdings, has driven up the average size of farms. Italian farms' utilised agricultural area (UAA) now averages over 10 hectares, significantly higher than in past decades, and total agricultural area per farm has increased. By 2020, almost all Italian farms (93.5%) were still family-owned, down slightly from 96.1% in 2010, reflecting minor shifts toward other management types, but family management remains predominant.

Ownership of land has shifted, with a notable decline in cultivation on owned land, from 73.3% in 2010 to 58.6% in 2020. Concurrently, the share of rented land has grown, rising from 4.7% to 10.1% in ten years, showing a trend toward more flexible land management practices as farmers adapt to changing economic pressures and land costs.

The organic farming sector in Italy continues to expand, positioning the country well above the European average, with 15% of farms organically managed compared to the EU's 7.5%. In 2023, organic cultivation covered 2.46 million hectares, marking a 4.5% increase over the previous year and contributing approximately 106,000 hectares dedicated to crops grown without synthetic chemicals. This expansion brings the share of Italy's utilised agricultural area (UAA) that is organically managed close to 20%, edging

the country nearer to its 2027 target of 25% set by the CAP National Strategic Plan.

Additionally, the number of organic operators reached 94,441, a 1.8% increase, with organic farms specifically growing by 1.9% to 84,191.

On the consumer side, Italy also saw a 5.2% increase in organic food sales in 2023, reaching a total market value of €3.8 billion, reflecting rising demand for organic products.

It should also be noted that the agricultural sector is one of the sectors most affected by climate change: heavy rains and floods, which alternated with periods of prolonged drought, have dramatic impacts on agricultural production.

Performance in terms of emission intensity is promising, with values that place the sector among the best in Europe, demonstrating a path towards a low carbon intensity production model, even if emissions are still far from the specific targets set by the Paris Agreement or EU guidelines. Significant efforts should still be made in the directions of: 1. increasing the use of renewable resources; 2. further reducing pollutant emissions; 3. paying more attention to the issues of soil and water consumption and erosion.⁸

⁸ EIB Group Climate Bank Roadmap 2021-2025, (2020) European Investment Bank. <http://www.eib.org/>.

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