

## Glossary

*The purpose of this glossary is to provide a common understanding of the concepts as they are used in this Annex. Definitions in this glossary should not be taken as validated/legal ones in any specific country, indeed these concepts may differ across countries and industrial relations contexts.*

- **Collective bargaining:** according to Article 2, ILO Convention No. 154, collective bargaining extends to all negotiations which take place between an employer, a group of employers or one or more employer organisations, on the one hand, and one or more worker organisations, on the other, for:
  - a) determining working conditions and terms of employment; and/or
  - b) regulating relations between employers and workers; and/or
  - c) regulating relations between employers or their organisations and a worker organisation or worker organisations.

Collective bargaining normally results in a written document (*collective agreement*) that is mutually binding for a stipulated time.

- **Cross-sectoral (or national) agreement:** collective bargaining agreement signed by peak-level social partner organisations, covering the entire economy, the entire private sector or several sectors.
- **Derogations from the law and/or from higher-level agreements:** opening or derogation clauses which allow to set lower standards, *i.e.* less favourable conditions for workers, in a generalised way and not specifically related to economic difficulties (in this latter case see “opt-out clause”).
- **Erga omnes:** literally in Latin, “towards everybody”. In labour law it refers to the extension of agreements for all workers, not only for members of signatories unions. For cases where agreements are extended to workers in non-signatories firms, please, refer to “extensions”.
- **Extension or administrative extension:** extending the terms of collective agreements at sectoral level also to workers in firms which have not signed the agreement or are not affiliated to an employer organisation which signed the agreement. This also includes automatic extensions which therefore do not need a formal legal act but rely on standard administrative practice or jurisprudence (for instance, relating to the setting of minimum wages, working hours or social insurance contributions and entitlements).
- **Firm-level agreement:** company-level collective agreements between an employer and a trade union or between an employer and an employee body, elected and/or mandated by the company’s staff.
- **Favourability principle:** the most favourable conditions to employees apply in case of diverging standards in different agreements covering the same workers.
- **Opt-out clause:** temporary “inability to pay” clauses allow the suspension or renegotiation of (part of) the agreement in cases of economic hardship.
- **Peace clause:** clause which states that unions which have signed the agreement, and their members, cannot lawfully strike on issues regulated in the agreement.
- **Retroactivity:** extension of the provisions of a newly signed agreement to a period before its actual signature or extension (usually to the period between the expiration of the previous agreement and the

entry into force of the new one). Usually it implies the payment of arrears corresponding to the increase in negotiated wages.

- **Sectoral agreement:** collective bargaining agreement signed by trade unions and employer organisations which represent workers and employers of a specific sector (e.g. metal sector, chemical sector, etc.).
- **Social pact:** a peak-level deal (for instance at national level) over a comprehensive public policy package negotiated between governments, trade unions and/or employer organisations.
- **Social partners:** representatives of employers and workers, usually employer organisations and trade unions.
- **Ultra-activity or after-life:** validity of the agreement beyond its termination date.
- **Wage co-ordination:** co-ordination between and/or within trade unions and/or employer organisations (sometimes with some role of the Government) to set formal or informal objectives on wage increases or wage freezes/cuts. Wage co-ordination can take different forms, *i.e.* “pattern bargaining”, where first a sector or a region starts and the others follow; formal or informal inter- or intra-associational guidelines to follow when negotiating; or wage increases or cuts agreed with a social pact or national agreement.
- **Work council:** official firm-level body which represents workers (often directly elected by employees and different from unions or union branches at firm level).

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