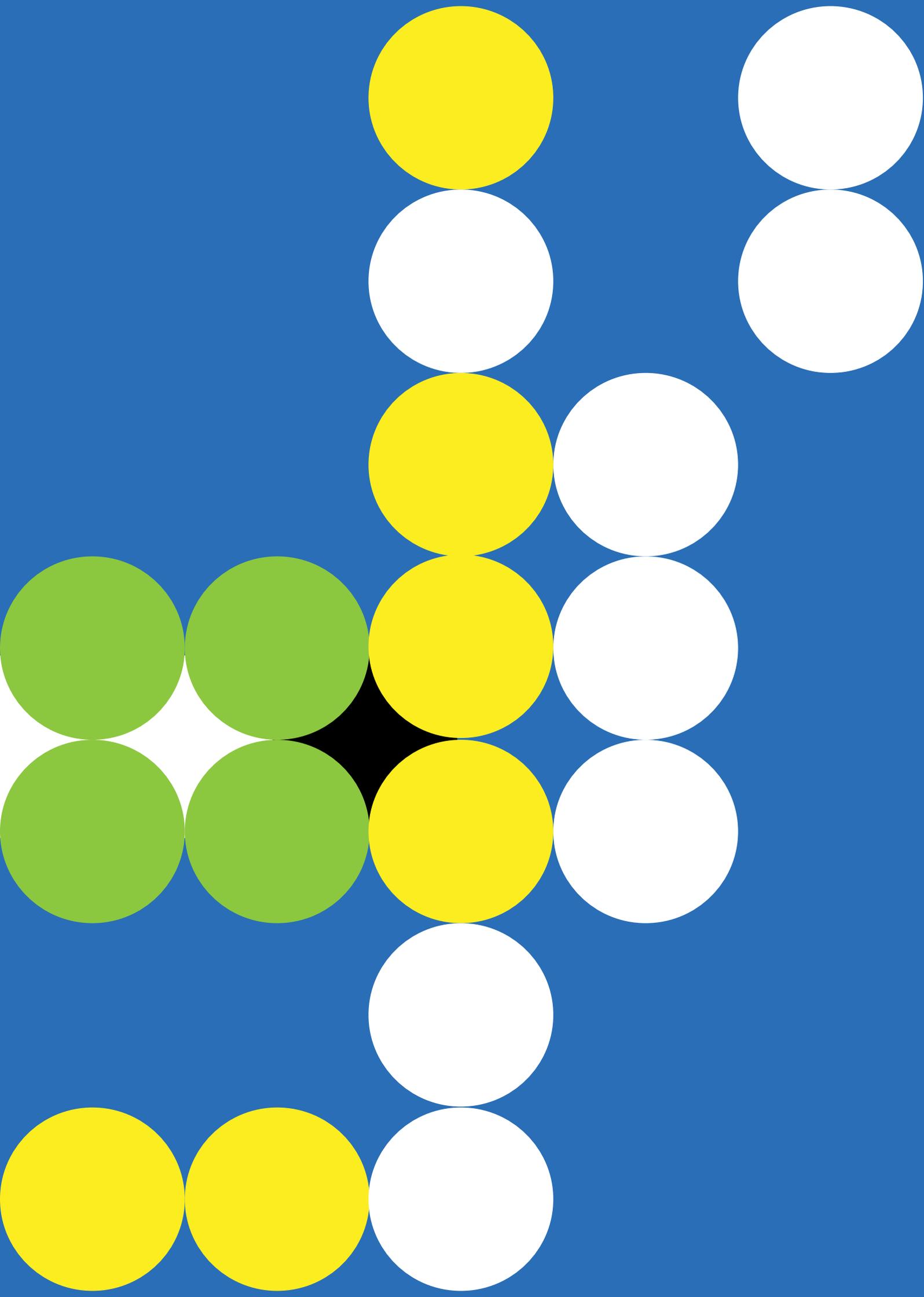


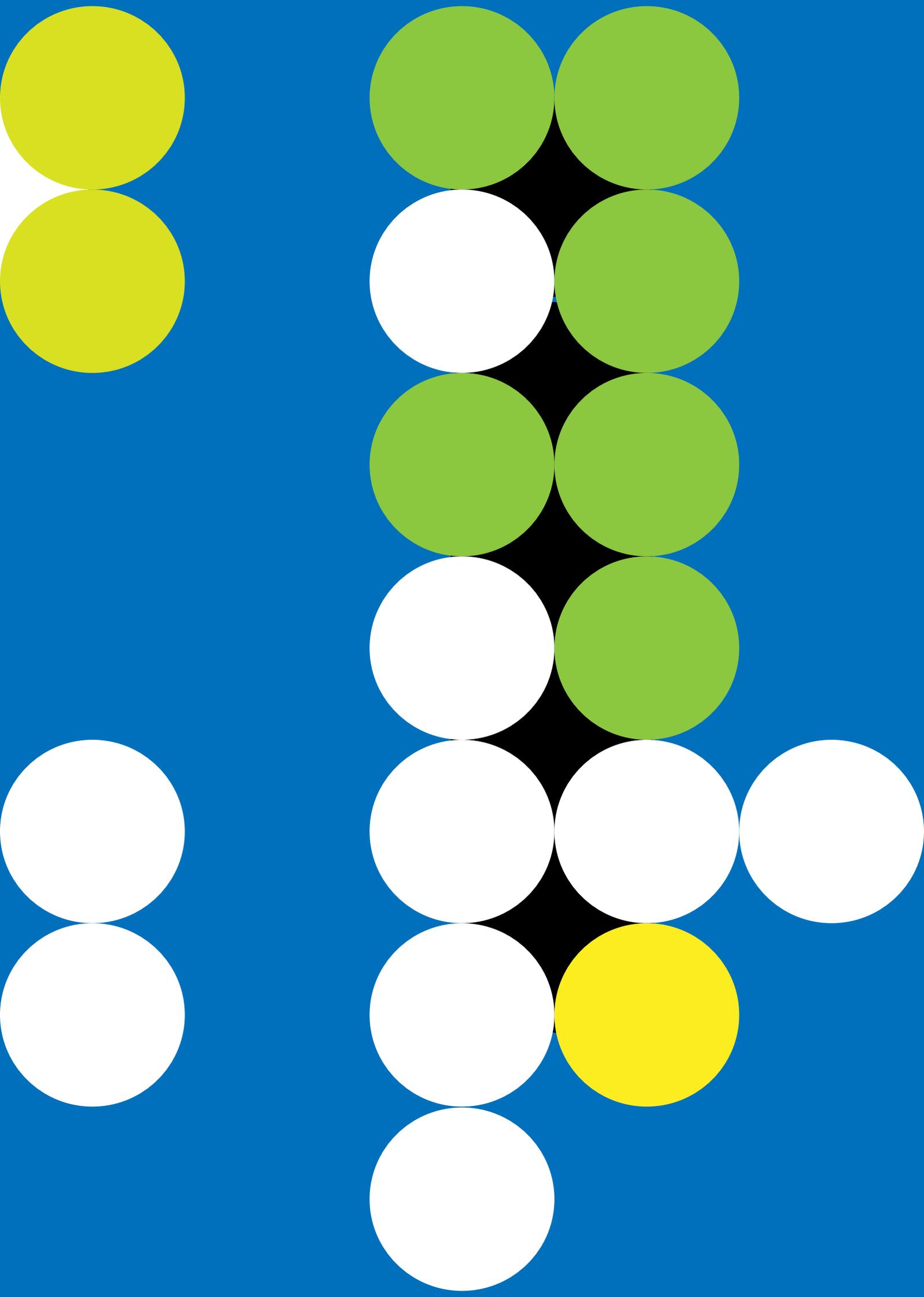
Guidelines
for
Benetton
Group
Code
of
Conduct
for
Manufactures

UNITED COLORS
OF BENETTON.



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Introduction

Benetton Group is committed to promoting respect for human rights and the environment, as well as to improving the world trade in textiles and clothing, which should be based on fair practice, equity and reciprocity.

The Code of Conduct describes Benetton Group standards and expectations from its business partnership with suppliers regarding labour standards, environmental protection, transparency and legal compliance.

The requirements in the Code of Conduct apply to all suppliers and subcontractors, as well as to anyone doing business with Benetton Group, and BG Business Partners are required to share these commitments and undertake to abide by the Code of Conduct.

The requirements in the Code of Conduct are further explained in the Guidelines for the Code of Conduct, which intend to be a supporting manual. The main purpose of the Guidelines is to improve the factories conditions by helping managers to understand and take action on each standard. Maintaining a social responsible supply chain is a common responsibility between Benetton Group and its partners, so these Guidelines represent an effort to encourage factories to take a pro-active approach to meet the requirements.

Benetton Group Code of Conduct

Benetton Group expects from suppliers a strong commitment to adopt the best practices regarding human rights, working conditions, health and safety, environmental and ethical responsibility.

The Code is informed to the UN's Guidelines on Business and Human Rights, dated June 2011, and to the European Commission Communication for a Renewed Strategy on Corporate Social Responsibility of October 2011. This implies the total compliance with ILO standards.

The table below provides a summary of the requirements in Code of Conduct.



Summary of requirements

A. International labour standards and safe place to work

01. No child labour
02. No forced labour
03. No discrimination in employment
04. No coercion and harassment
05. Respect for freedom of association and collective bargaining
06. Respect for regular workers' contracts
07. No excessive overtime
08. Fair remuneration, wages paid on time
09. Special consideration for migrant workers' rights
10. Safe and hygienic work environment
11. Fair housing service
12. Regular risk assessment
13. Compliance to nation law, conventions and agreements

B. Protection of the environment

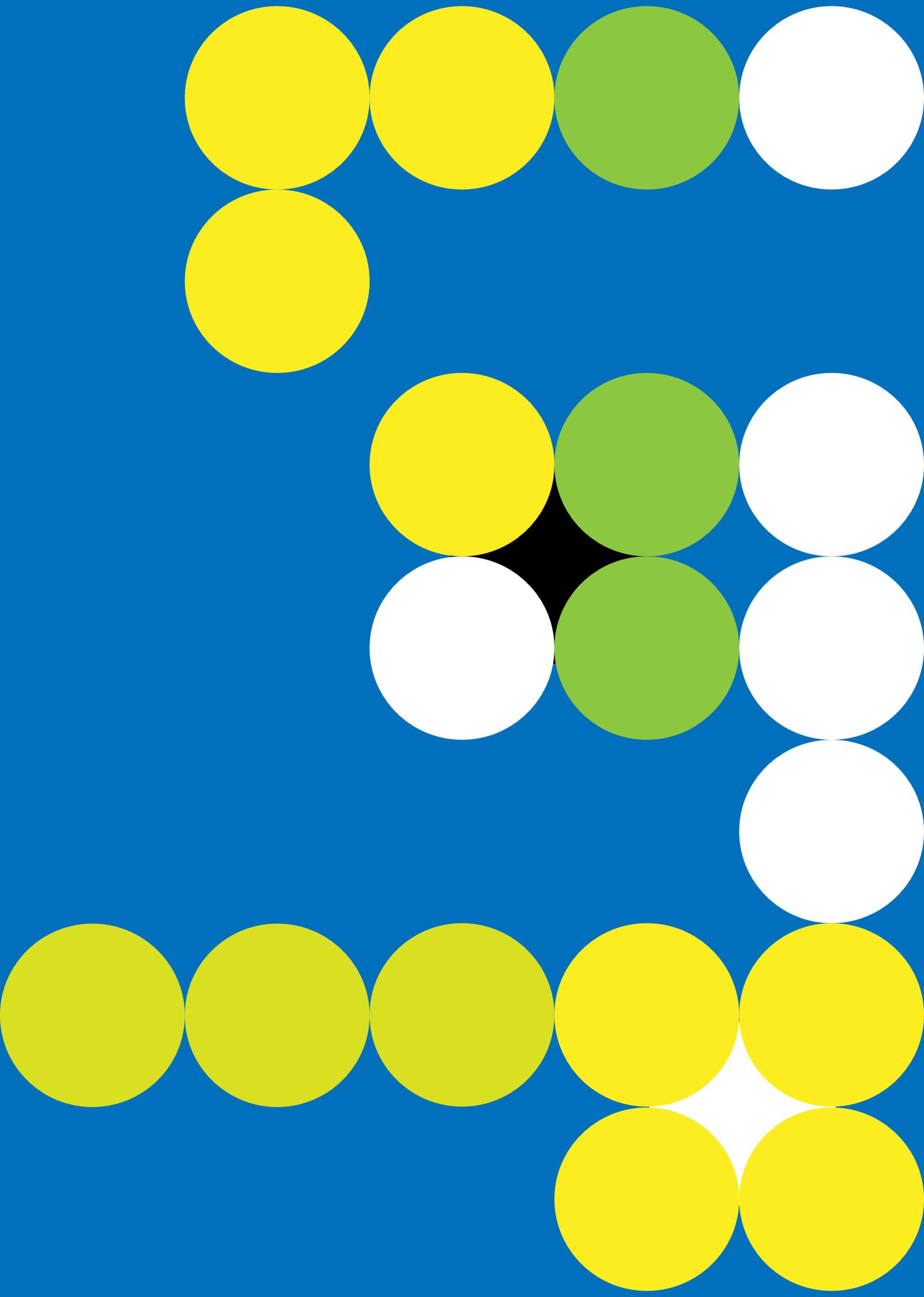
01. Compliance with legal requirements and control system
02. Reduction of the use of chemical and hazardous materials
03. Improvement in waste and water management

C. Transparency

01. Compliance with Code of Conduct and cooperation between suppliers and workers

D. Supply chain and compliance

01. Control on supply chain
02. Complete support in auditing process



A | International labour standards

This section is fully compliant with all standards of ILO Core Conventions and ILO Declaration on Fundamental Principles and Rights at Work. Benetton Group expects its suppliers to respect the human rights of workers and to cooperate in raising labour factory conditions.

01 | Child labour

Benetton Group Code of Conduct states:

"BG Business Partners shall not employ persons younger than 15 years or 14 years where national legislation so permits.

All legal limitations on the employment of children below the age of 18 must be applied, especially the minimum age of admission to work in hazardous activities."

Meaning

Child labour occurs when an employee hires a worker who is too young to work, depriving him/her of his/her childhood, potential and dignity and interfering with his/her schooling. The definition of "child/juvenile" labour depends on the age, the type and hours of work performance and the labour conditions.

Actions

Companies have to refuse the recruitment of under-age workers, developing adequate internal policies.

Companies have to establish a strong age verification system including ID control.

Benefits

The elimination of child labour will not affect the ability of business to operate and earn a profit. Evidence suggests on the contrary that the majority of businesses which employ children are not well managed. The costs of eliminating child labour can be compensated by savings found in other areas (e.g. through better organization), whereas a child labour free supply chain can help protect the company's reputation and ensure having an educated and capable workforce for the long-term.

✓ TO DO

Do have a written policy clearly communicated to all employees and inspired to total quality management, including procedures to comply with the requirements.

Do check that the policy is effective compliant with minimum age requirements determined by local legal and ILO Convention, prohibiting the recruitment of under-age workers and child labour.

Do have a system to verify the age of the new employees, based on a cross check of different types of documents (e.g. IDs, birth certificates, driving licenses) in order identify any falsifications.

Do have a good organization of employees' files, keeping record of age verification procedures, with the photocopies of all documentation.

Do have an emergency procedure if a child is found working in the factory, informing the parents and assuring his/her schooling until reaching the legal working age.

Do provide training to all supervisors about the employment rules of young workers, especially regarding the hours of work, the apprenticeship, and the exposition of unsafe and hazardous conditions.

Do provide the same training and education opportunities to juvenile workers that are provided to adult workers.

Do provide the same pay levels and access to benefits to juvenile workers that are provided to adult workers doing the same job.

Do develop a precise tracking system of juvenile workers, which allows to easily identifying the worker and the production area where he/she is employed.

✗ NOT TO DO

Do not hire child workers or employ juvenile workers at night hours, in hazardous works or in over timing.

Do not ignore the periodical health check required by law for juvenile workers.

Do not keep original documents, only photocopies.

Do not allow access to production areas to unauthorized people, especially children, except in case of school trip or organized visits.

Do not use undocumented, unregistered or otherwise system to hidden child labour, e.g. payment of cash wages.

Document check list

- Birth certificates
- National or official ID cards
- Education certificates (such as school graduation certificates)
- Social security registration
- Residence permits / cards
- Work visas
- Voter registration cards
- Juvenile worker registration cards
- Driver's license
- Passports
- Annual health check cards
- Juvenile workers register (maintained by personnel)

Best practices

- Creating a community education program, to ensure schooling and promoting school-based income generating activities.
- Partnering between the single company and the public sector e.g. NGOs, to support the economic activities of parents of children at risk of child labour.
- Training anyone associated with the hiring (including contractors) on the legal requirements for managing young workers and ensuring that no child worker is hired.

Process mapping to avoid child labour

01. Recruitment

- Check original ID or birth certificate as a proof of age
- Cross check at least two other ID documents
- Keep a register for juvenile workers

02. Juvenile employees

- No heavy or hazardous work
- No night work
- No overtime
- Managers and supervisors trained to understand policy
- Comply with the law

03. Emergency procedure if a child worker is found

- Pay for schooling, economically support the child during the education process for education and continue paying wage during education
- Provide vocational training if worker is too old for schooling but too young to work – continue paying wage
- Comply with law

FAQs

- Birth certificate and other ID documents can be easily falsified in some countries. What are the suggestions for the employer for verifying working age?

To verify the age of workers, employers should keep and make available to the competent authority registers or other documents indicating the names and ages or dates of birth. When there are no birth certificates to verify age or where falsified documents are easily obtained, the following suggestions may be helpful: cross-checking multiple written documents and affidavits can help identify false documentation, holding interviews with employees and applicants who appear to be below the minimum age required for work to obtain further information, check school enrolment certificate.

02 | Forced labour

Benetton Group Code of Conduct states:

“BG Business Partners shall not use any forced, illegal or involuntary labour.

The concept of forced, illegal or involuntary labour includes: prison labour, indentured labour, and bonded labour.”

Meaning

Forced labour refers to all work or service that a person has not offered to do and is made to do under the threat of punishment or retaliation or that is demanded as means of repayment of debt. The definition includes bonded, indentured and prison labour. The worst examples of forced labour are connected to human trafficking.

Actions

The company has to assure that all labour is freely chosen and shall not engage in or support the use of forced or compulsory labour.

The company must not infringe upon the free choice of employment by requiring lodging deposits or identity papers.

The company must ensure that overtime is voluntary and must allow workers to terminate their employment contract after reasonable notice.

Benefits

A cost-benefit analysis of forced labour at the firm level indicates that a rational firm has economic convenience in reducing forced labour because it actually implies significant costs that could potentially outweigh any financial benefits. There are the costs of coercion to contrast disobedience, the costs of surveillance and punishment, the costs generated by strikes and rebellions; furthermore firms bear the costs of sub-optimal productivity, as slaves are not incentivized to work harder than the absolute minimum and have no risk aversion to losses. On the contrary, voluntary labour increases productivity and work retention.

TO DO

Do have a written policy that prohibits forced, bonded, indentured and prison labour; the policy has to address specific issues, e.g. recruitment fees, employment loans, overtime, freedom of movement etc., and to identify the pertinent corrective actions.

Do provide all wages and all benefits directly to the workers in a fully and promptly way, without applying “long-term bonus” or charging a penalty in case of contract termination.

Do pay all wages in cash or by cheque or direct transfer and not allow “payment in kind”, that is good or service, or any forms of work deduction as a repayment of a bond or a payment to a third part.

Do ensure that all workers are employed with standards labour contracts, compliant with a bargaining agreement or an employment factory agreement.

Do ensure that no supervisors or employees impose any “recruitment fees”.

Do verify that the labor broker or the recruitment agencies are reliable, avoiding to restrict the workers’ financial freedom wthrough unreasonable recruitment fees, unfair employee loans etc., and to lodge monetary deposits. Maintain a database of reputable employment agencies.

Do ensure that overtime is voluntary.

Do allow workers to freely exit the factory at any time, without fear of disciplinary action, discrimination or termination.

NOT TO DO

Do not prevent workers from resigning from employment with reasonable notice.

Do not force workers to stay in the accommodation provided by the factory.

Do not confiscate any original documents; only maintain photocopies of workers’ IDs for employment record.

Do not pay wages to a third part, e.g. the labour brokers.

Do not force workers to work against their will, ability, and in a manner outside the labour contract.

Do not restrict free access to toilets, water and breaks with the threats of disciplinary action, discrimination or termination.

Do not prevent workers from leaving the factory or unreasonably restricting movement around and out of the factory, especially using security guards, surveillance cameras or locked exits.

Do not increase production targets without considering the impacts on workers' overtime and do not oblige employees to work long hours because their wages do not meet the legal minimums or do not provide enough money to live on.

Do not post guards for other reasons than security.

Document check list

- List of reliable recruitment agents
- Standard agreement with recruitment agents
- Workers' employment contract or collective bargaining agreement
- Policies regarding freedom of movement in and out of the factory
- Overtime work forms (that is the record of voluntary work)
- Payroll records
- Personnel files
- HR / Personnel procedures (e.g. annual leave applications)

Best practices

- The company may propose a cross training program to ensure the workers can perform different tasks and functions, so labour peaks can be distributed without excessive overtime. Furthermore, the company has to analyze its capacity, work schedules, total workforce population and the seasonality in order to determine how the maximum number of orders that can be completed in accordance to the legal maximum hours per week.
- The factory should develop guidelines which facilitate workers' freedom of movement in and out of the factory, maintaining at the same time a safe and secure work environment.
- The company only has to avail itself of recruitment agents with good reputation and charge reasonable fees. In addition, it pays the recruitment agency fees as agreed with the agent on behalf of workers. The company will cover the total cost of round trip transportation for new workers, so no transportation costs are deducted from workers' wages.

Process mapping to avoid forced labour

01. Recruitment

- Hire local workers directly
- Select a good recruitment agency for migrant workers
- Cover recruitment fees
- Supervisors or other employees don't apply introduction fees to new workers

02. Contracts

- Direct signature with the employee, not with a third part
- Regular and reasonable contract terms

03. Overtime

- Plan partial and voluntary overtime to face production peaks
- Propose cross functional training

04. Freedom of movement

- Ensure workers can leave the factory anytime
- Take photocopies, not original documents

FAQs

- Does compulsory overtime constitute forced labour?

The imposition of overtime does not constitute forced labour as long as it is within the limits permitted by national legislation or collective agreements. Above those limits, it is appropriate to examine the case: if the work or service is imposed by exploiting the worker's vulnerability, under the menace of a penalty, dismissal or payment of wages below the minimum level, overtime becomes one of imposing work under the menace of a penalty.

- Is it considered forced labour when workers receive only accommodation and food?

A company should verify that no coercion or threat is involved; that the in-kind payments do not arise from debt bondage; and that the workers concerned are free to leave their employment. Payments in-kind in the form of goods or services should be avoided and in any case should not create a state of dependency of the worker on the employer.

03 | Non discrimination

Benetton Group Code of Conduct states:

“BG Business Partners shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement.

This applies to all forms of discrimination including those based on race, caste, union, membership, colour, gender, sexual orientation, disease or disability, pregnancy, religion, age, political opinion, social or ethnic origin or nationality.”

Meaning

Discrimination in labour context refers to any distinction, exclusion or preference in hiring, remuneration, access to training, promotion, termination or retirement based on a personal characteristic that damages the principle of equal opportunity and equal treatment.

Actions

In many countries, discrimination is intimately linked to cultural norms, but every company has to refuse any form of discrimination, in accordance to equal and respectful treatment for all personnel in all matters.

The company has to differentiate between workers only basing on the ability and willingness to do the job, rather than on personal characteristics.

The company should consider using “positive discrimination” to ensure effective equal opportunity and treatment for disable workers or in favor of underrepresented groups, such as indigenous people or other minority groups.

The company must protect women rights in every stages of their life.

Benefits

Companies that succeed in eliminating discriminatory practices and in creating the conditions for diversity and equality of opportunity and treatment in employment, often going beyond what is required from them by national law are several. Employers who adopt such approaches may derive a number of business advantages, including penetration of new markets, improved employees’ morale, wider pool of talent from which to recruit, reduced exposure to legal challenges, and reputational benefits.

V TO DO

Do have a non-discrimination policy, clearly communicated to all workers. The policy must be effectively implemented and must include accessible procedures for voicing grievances.

Do have predictable, fair, transparent and confidential grievance procedures and ensure that no worker is retaliated against for reporting a discrimination practice.

Do provide training programs to all managers and supervisors on diversity and awareness of equal employment opportunities, to prevent and correct any discrimination.

Do establish recruitment policies and procedures based on worker’s ability, expected performances and job specifications rather than personal characteristics.

Do ensure that workers with the same experience and job classification receive similar economic treatment.

Do grant any training, promotion or rotation program according to worker’s merit only.

Do ensure all legal protection and benefits to pregnant women or ill employees.

Do ensure that the decision to dismiss an employee is based on work-related matters only.

Do promote a zero-tolerance culture against any form of sexual harassment to preserve the safety and dignity of all workers.

Do give all workers fair and equal treatment in case of disciplinary matters.

X NOT TO DO

Do not request pregnancy/virginity tests as a precondition to employment.

Do not apply reduction in wages or pay for workers who return after maternity leave.

Do not request personal information that is irrelevant to job specification in the recruitment process.

Do not provide different economic treatment between men and women in the same work conditions.

Do not apply transfer, demotion or termination based on trade union membership, political believes or religious observance.

Do not require unnecessary medical tests and do not treat the worker unfavorably basing on these tests.

Do not blacklist based on union membership or participation in union activity.

Document check list

- All employment agreements or contracts
- Documentation on employment decisions such as to hire or not hire, transfer, promote or dismiss an employee
- Transfer notices, annual leave applications or pregnancy benefits
- Records of any grievances (and their resolution) relating to the implementation of your non-discrimination policies
- Employment applications
- Performance evaluations, which should be signed by the worker and manager/supervisor
- Medical records (where permitted by law)
- Termination notices and records of disciplinary actions
- Maternity leave register, if required by law
- Disciplinary procedures

Best practices

The organization can invest more in professional development or empowerment of women to help them progress in the workplace and gain access opportunities for advancement, implementing a training program for women.

The organization should introduce an evaluating tool that can be used for developing employee training and determining career advancement, so helping qualified and willing employees to gain increased wages, promotions, and opportunities to directly contribute to the factory success.

The organization should consider how to ensure a list of benefits (i.e. social security, health insurance, unemployment insurance) to migrant workers who are traditionally excluded from public and private welfare.

The employer may promote interactive activities like workshops and teambuilding exercise to promote a sense of equality.

Process mapping to avoid discriminating practices

01. Job analysis

- Tasks, responsibilities, relationships, targets

02. Job description

- Focus on job requirements
- No unlawful request of information

03. Advertisement

- No discrimination
- No mention of age and gender

04. Interview

- No pregnancy test
- No request about union membership
- Check original IDs
- Check if migrant worker is given free right and fare to return home by the recruitment agency
- Focus on job requirements
- No unlawful request of information

05. Appointment

- Give worker's contract
- Create personnel file with all employee's documents in copy

06. Training

- Disciplines and grievance procedures
- Job skills
- Factory regulations
- Familiarization with Benetton Group Code of Conduct

07. Full employment

- Equal pay for equal work
- Access to training and other job benefits
- Proper job evaluations
- Documented promotion and other post-hiring decisions

08. Termination

- Documented performance report
- Documented termination decisions

FAQs

- Is there any distinction which is not considered discriminatory?

Distinctions based on skills or efforts are legitimate, as well as compliance with government policies designed to correct historical patterns of discrimination and thereby to extend equality of opportunity and treatment in employment; in addition, special measures of protection or assistance provided by national law (e.g. health and maternity) which do not constitute discrimination. Finally giving effect to the principle of equal treatment may be legitimately required special measures and the accommodation of differences, for instance concerning people with disabilities.

- How does the employer deal with employees who act in discriminatory manner towards their subordinates, peers or supervisors?

Workers who repeatedly engage in rude behavior or act disrespectfully toward other workers should receive some form of disciplinary action, such as a written warning or even termination.

- The factory refuses to hire women for a post requiring heavy lifting on the grounds that women are weaker than men, is this a discrimination issues?

It is a discrimination practice since every worker has to be evaluated according to his/her skills and attitude, regardless of sex. There can be both strong women and men.

- The factory employs 50% men and 50% women; should the employer still be concerned about gender equality?

Yes, because gender equality implies not only equal proportion between men and women, but also there should be no difference in addressing, opportunity to progress, not in work distribution, benefits and salaries, regardless of sex.

04 | Coercion and Harassment

Benetton Group Code of Conduct states:

“BG Business Partners shall treat workers with dignity and respect and shall ban any form of corporal punishment, threats of violence or other forms of physical, sexual, psychological or verbal harassment or abuse.

Managers and/or supervisors of BG Business Partners must never threaten the use of or practice any form of physical contact.”

Meaning

Coercion and harassment refer to any uninvited and unwelcome conduct directed at an individual or improper or excessive treatment or discipline. In particular, harassment means unnecessary or excessive contact or communication with a person, to the point where that person feels intimidated, tired or demoralised. Coercion involves force (actual or threatened) that restricts another person's choice or freedom to act.

Actions

Coercion and harassment limit employees' choice and can be very demoralizing to workforce. Their effects are expressed in the employees' tendency to lose their self-esteem and morale. The company must ensure that workers are treated with the maximum dignity and respect:

- condemning any kind of bullying, harassment, intimidation, violence, corporal punishment or abuse and communicating this position to both management and workers;
- implementing a grievance process to denounce unacceptable behaviours and to protect employees from retaliation connected to reporting;
- applying disciplinary measures consistently and fairly among all personnel.

Benefits

Coercion and harassment can negatively affect workers' efficiency and productivity because they determine inconsistent timekeeping, increased absenteeism, lack of commitment and low performance, which eventually may lead to resignation.

The anxiety, the psychological and physical pressures may cause in the worst case even worker's suicide.

✓ TO DO

- Do** have written policies and effective procedures that strictly prohibit any type of harassment and coercion.
- Do** have a written system of progressive discipline based on the application of escalating disciplinary action (e.g. verbal warning, written warning, transfer, suspension, dismissal).
- Do** allow workers to challenge any unreasonable disciplinary practice.
- Do** ensure that all disciplinary actions imposed are reviewed by a higher authority than the person imposing them.
- Do** provide continuous cultural consciousness training to managers and supervisors on harassment and abuse, workplace violence and bullying.
- Do** have a discreet, effective complaint procedure to collect grievance and to protect employees from retaliation for reporting harassment or abusive behavior.
- Do** keep a record of all grievances regarding coercion and harassment and document the solutions implemented.
- Do** inform workers of any disciplinary procedure against them; allow them to respond or appeal and to have voice during disciplinary proceedings.
- Do** regulate the use of Security Personnel, including protocols for employee searches and crisis situation.
- Do** ensure that security practices are gender-appropriate and non-intrusive.
- Do** ensure that monetary fines (if applicable) are compliant with legal/CBA requirements and reasonable.

✗ NOT TO DO

- Do not** allow disciplinary actions based on physical punishment, psychological abuse or verbal harassment.
- Do not** allow intrusive body searches and physical pat downs.
- Do not** allow management to take unreasonable or disproportionate disciplinary action against workers when the disciplinary action doesn't match the offence.
- Do not** abuse of monetary fines and penalties as means to maintain labor disciplines.
- Do not** force workers to sign disciplinary warning letters or other records of discipline when they do not agree with them.

Do not tolerate any unwelcome sexual advances, comments, jokes or unwanted touches that could betray workers' dignity.

Do not impose monetary fines to maintain disciplines.

Do not suppress workers' to express their problems.

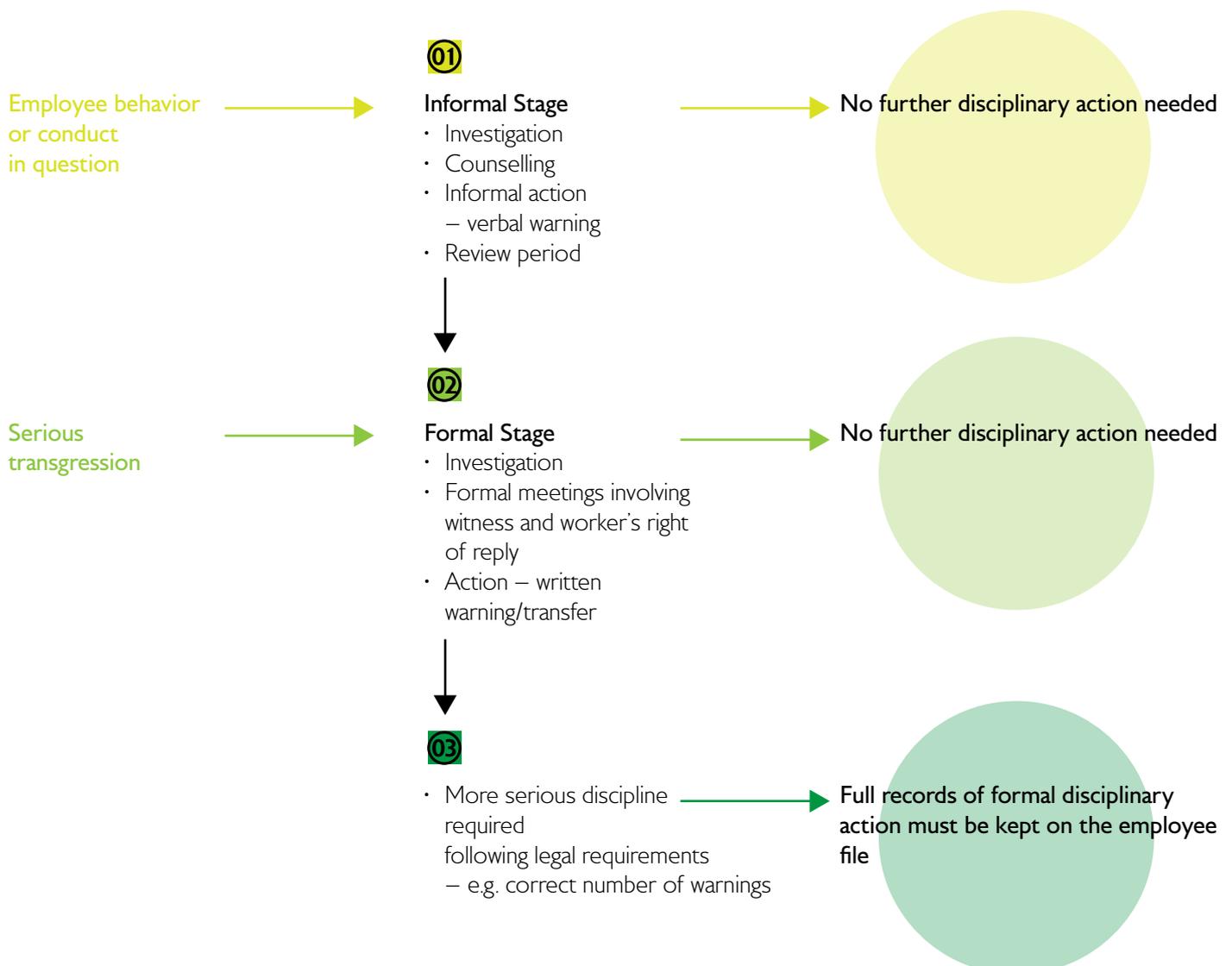
Document check list

- Termination notices and records of disciplinary actions
- All reported grievances along with the investigation report, and resolution
- Training materials and training records (harassment, abuse, workplace violence and bullying – both for management and workers)
- Wages paid to employees – verification that monetary fines are reasonable and compliant with law when applicable
- Grievance committee records or union records (if applicable)
- CCTV recording of the factory to review security searches (if applicable)
- Warnings form

Best practices

In order to win workers' trust and facilitate the reporting of mistreatment and degrading attitudes or behaviours, the organization has to provide a trusted counsellor who has previously established a rapport with the employees. The organization has to promote an open and transparent attitude, welcoming complaints, investing and addressing them and providing periodical feedbacks to workers who raised the questions.

Process mapping to prevent coercion and harassment



FAQs

- The use of abusive language is very common between workers. Does the management has to indulge or to condemn it?

Any form of verbal abuse is demeaning and disrespectful. The employer should refrain from using abusive language and promote a culture that explicitly condemns any form of abuse.

- Is the supervisors legitimated to practice a physic assault to stop other kind of abuse towards other workers (verbal/physical)?

No, any kind of physical abuse is unacceptable even if the other party is wrong.

05 | Association

Benetton Group Code of Conduct states:

“BG Business Partners shall permit freedom of association, organization and collective bargaining in a lawful and peaceful manner.

All BG Business Partners’ workers have the right to form or join associations or committees of their own choosing and to bargain collectively. Benetton Group shall not tolerate disciplinary or discriminatory actions from BG Business Partners against their workers who choose to peacefully and lawfully organize or join an association.”

Meaning

The freedom of association implies that all personnel shall have the right to form, join, and organize trade unions of their choice and to bargain collectively on the behalf with the organization. Suppliers have to adopt an open and collaborative attitude towards worker representations, acknowledging that the freedom of association is a fundamental principle for human and labour rights.

Actions

Trade unions and collective bargains can be considered as a mean to protect the workers’ legal rights and to improve their working conditions. The organization has to preserve the rights of free organization and collective negotiations with management, without any interference. Worker freedoms to associate and collective bargain are recognized in International Labor Standards as the basic for building blocks for healthy employer-worker relations.

- The company has to develop a written freedom of association policy, with clear statements about freedom of association as part of the body of universal human rights. The policy has to be posted visibly and workers have to be informed in an unbiased manner of their rights to associate and collective bargain.
- The company has to stem adverse activities that discriminate against workers’ representatives and member of workers organizations.
- The employer is not permitted to interfere in workers’ decisions about organizing or electing their own representatives.
- The company shall have a formal mechanism of dialogue between the legal workers’ representatives and the management to effectively ensure the improvement of working conditions.
- All negotiations are expected to be in good faith for both the parts involved.

Benefits

The respect for freedom of association can have a positive effect on economic development. First of all, the communication between the unions’ representatives and the management helps to improve trust and information-sharing, which can minimize industrial tension and bring down the number of days lost as a result of strikes and absenteeism. In these ways, grievances can be resolved internally before escalating into intractable problems. Secondly, genuine workers participation in decision-making processes can improve the quality of decisions, increase commitment to the decisions and smooth the way for change. Finally, consulting with workers and their representatives can improve the quality of training activities and outcomes.

V TO DO

Do have a policy and procedures that effectively recognize the rights of freedom of association and collective bargain and honor the terms of any agreement reached.

Do communicate in a fair way to workers their rights of association and collective bargaining without overtly encourage trade union memberships or sponsoring a particular trade organization.

Do bargain in good faith, without engaging in undue litigation or other actions to slow, stop or limit the bargaining process.

Do ensure that workers know their representatives.

Do ensure that workers have the ability to access the appropriate resources to address specific concerns or grievances without the fear of reprisal, intimidation, harassment or discrimination.

Do ensure that workers can properly exercise their rights of organizing with all the facilities required, including access to the workplaces, and allowing regular union’s meetings.

Do train managers and supervisors on the respect for freedom of association and collective bargaining and educate workers about their rights.

Do keep records about meetings between legal workers' representatives and management, specifying what subjects are covered, all written requests and demands received from the union or workers' representatives, together with the factory management response to the requests or demands.

Do require a written letter, signed by the employee, stating that the employee has voluntarily joined the union and that the factory is authorized to deduct union fees from the monthly wages, if applicable.

Do facilitate the establishment of alternative forms of representation and negotiation if the right to freedom of association and collective bargaining is restricted by law.

Do formally written collective bargain agreement and made available to workforce for reference. Do ensure the compliance with terms and conditions under the agreement.

✘ NOT TO DO

Do not deliberately prohibit workers from exercise their rights by requiring signature of letters agreeing to not join union.

Do not cause the dismissal of, otherwise prejudice or discrimination of a worker by reason of a trade union membership or because of participation in trade union activities.

Do not interfere in any aspect of organizing or collective bargaining, taking action such as the nominating, electing, administrating, or financing workers representation.

Do not favor one workers' organization over another.

Do not pursue any act aiming at placing workers' organization under the control of the employers or employers' organization.

Do not use unreasonable search, the presence of police or military to break up peaceful activities and allow the workers to organize in climate free of violence, pressure, fear and threats.

Do not obstruct attempts by employees to form alternative unions in favor of the majority union, or gives preferential treatment to the majority union.

Do not allow the signature of collective bargain agreements not compliant with local law.

Document check list

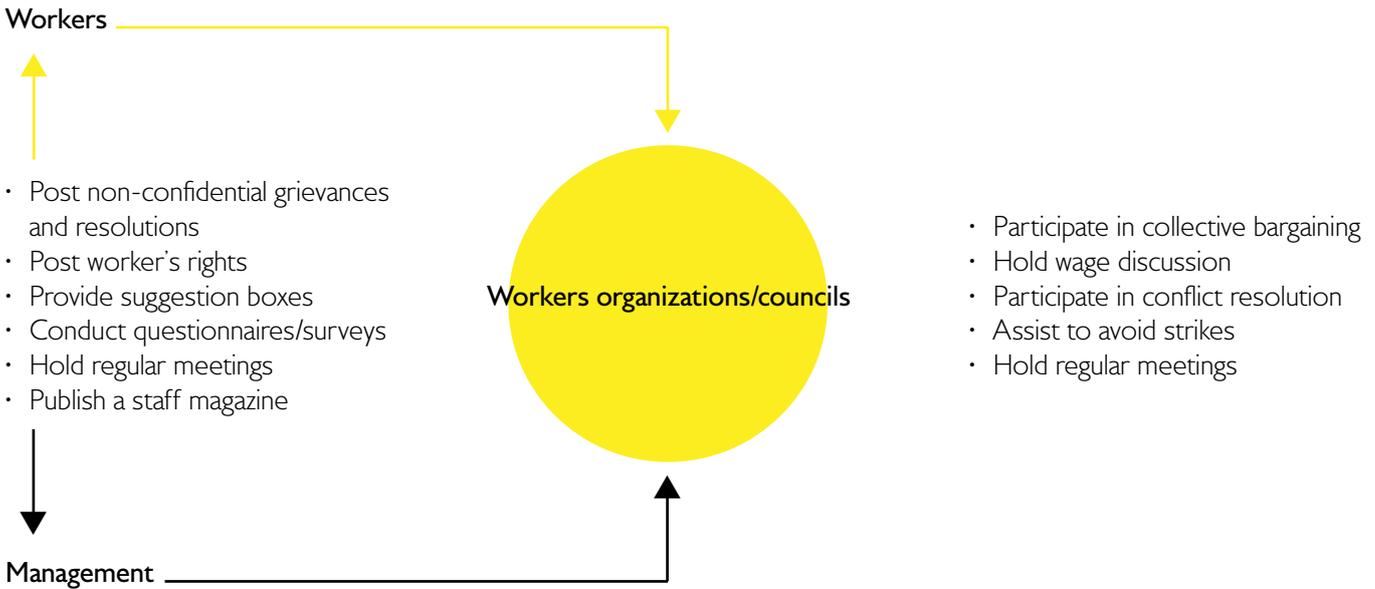
- Grievances record
- Collective bargaining agreements
- Minutes of the meetings between workers' representatives and the management
- Suggestions boxes
- Management worker communications
- Authorization from workers on deduction of union fees
- Training record

Best practices

Regular meetings are not only held between management and union representatives, but they are also expanded to include workers or workers' representatives. The agenda for each meeting is expanded to include projects that improve the running of the factory, the setting or revision of workplace rules and standards. In fact, the dialogue with workers is an important source of shop-floor "intelligence" on new ways to improve productivity and introduce efficiencies.

The company shall create a "suggestion box" to collect the workers' questions and provide adequate answers. It will be checked regularly, the contents will be read and reviewed, and the answers, together with other relevant information, will be posted on a board next to the suggestion boxes.

Process mapping to ensure freedom of association and collective bargaining



FAQs

- What constitutes “interference” in the context of freedom of association?

Interference is any act designed to promote the establishment of workers' organizations under the domination of employers or employers' organizations, or to support workers' organizations by financial or other means, with the object of placing them under the control of employers or their organizations.

- Must a company employer allow a union or a workers' representative to hold meetings on company premises during working time?

Employers are encouraged to make facilities available for workers to meet. Such meetings should not disrupt regular company operations, and management may require that the meetings are held outside of working hours.

- What is a workers' representative?

Workers' representatives are persons who are recognized as such under national law or practice, and they can be:

(a) trade union representatives by trade unions or by members of such unions; or (b) elected representatives who are freely elected by the workers.

- Does the employer have to let workers' representatives have time off for union business? Does he have to pay them?

To fully respect the right to collective bargaining, enterprises should provide facilities to workers' representatives as may be necessary to assist in the development of effective collective agreements. This may include affording workers' representatives the necessary time off work, without loss of pay or social and fringe benefits, for carrying out their representative functions or for attending trade union meetings, training courses, and congresses.

6 | Workers' contracts

Benetton Group Code of Conduct states:

"BG Business Partners' workers are entitled to a written employment contract, in the local language, stipulating their employment terms and conditions.

BG Business Partners have a responsibility to ensure that all their workers are aware of their legal rights and obligations."

Meaning

The company has to engage with workers on the basis of a recognized employment relationship established through national law and practice. Regular employment means that all workers are provided with a legally recognized employment relationship and that every effort is made to ensure that employment is continuous.

Actions

The company must establish legal, well-defined employment relationship that results in regular employment. The rights of employees in particular should be protected by:

- providing written labour contracts, including all legal terms and conditions;
- clearly communicating the employment policies of the business;
- providing regular employment, whenever possible;
- keeping all records regarding employment relationships.

Benefits

Regular hires are connected to several advantages for both the employer and the employee. Permanent employees develop a fondness of commitment to their employer and have a loyalty usually based on the feeling of job security. Furthermore, in many cases an increase in workers' satisfaction and moral leads to an increase in productivity. In addition, training time can be considered a long-term investment and the company experiences a reduction in recruitment and hiring costs due to less employees' turnover.

✓ TO DO

Do sign a written labour contract that spell out the terms and conditions of the employment, such as provisions and stipulates wage and benefits, rules of employment etc.

Do provide a copy of the contract to the worker in his/her native language.

Do establish a direct contact with the workforce to communicate clearly workers' rights and employer's expectations, such as rest day, holiday allowance, overtime request, etc.

Do provide a social insurance to employees, if requested by law, and keep regular payment records.

✗ NOT TO DO

Do not try to avoid obligations to employees under labour or social security laws through the use of labour-only contracting, subcontracting, homeworking or apprenticeship schemes without the effective intent of impart skills.

Do not prohibit with any provision a workers from dissolve his/her labour contract by giving a reasonable notice period stipulated by local law or as per industry best practice.

Do not allow contractual arrangements that have the effect of depriving workers of the protection they are due.

Document check list

- Workers' employment contract
- Payroll records and assurance records
- Personnel files
- HR/personnel procedures
- Workers' training records
- National and local labour codes
- Management-workers communications
- Notices and bulletin boards

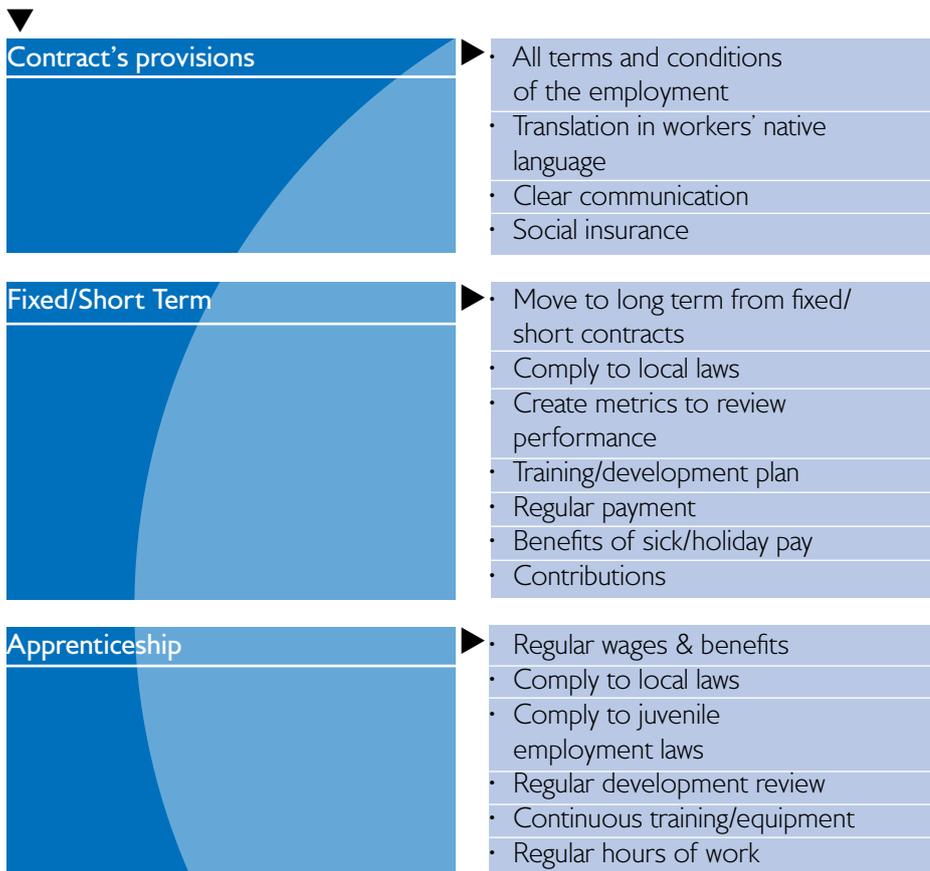
Best practices

A company should establish a list of circumstances under which temporary work is acceptable and should train core workers in a range of skills, so fewer temporary workers are required. This company may also publicize the payrolls to enable subcontracted workers to check they receive proper remuneration.

The company shall create a “suggestion box” to collect the workers’ questions and provide adequate answers. It will be checked regularly, the contents will be read and reviewed, and the answers, together with other relevant information, will be posted on a board next to the suggestion boxes.

Process mapping to ensure freedom of association and collective bargaining

Regular employment is provided



FAQs

- What are the minimum elements that need to be contractually agreed in an employment contract?

There is not an exhaustive list of matters that should be included in employment contracts. The employer has to refer to local requirements.

7 | Working hours

Benetton Group Code of Conduct states:

“BG Business Partners shall comply with all applicable laws or with the collective bargain agreement applicable for the sector in question, if the latter affords greater protection for workers. The normal working week shall be defined by law and shall not, on a regular basis, exceed 48 hours. Personnel shall be given at least one day off in every seven day period.

Overtime work must always be voluntary and compensated in accordance with the law.

Overtime hours must not exceed the number permitted by the law of the country of employment. If such limits do not exist, overtime work should not exceed 12 hours per week.”

Meaning

This standard aims to eliminate widespread abuse of worker's rights related to working hours, particularly the widespread use of systematic and/or involuntary overtime, in order to guarantee enough rest and free time. The limitation of working hours is connected to the need of reducing accident rates, promoting better life-work balance and lowering workers' stress related occupational condition.

Even if in the garment industry overtime is a reality, due to peak seasons, the challenge for the management is the balance between productivity and compliance.

Actions

A company has to ensure that all employees are not overworked by:

- defining working hours in accordance with local law, collective bargaining agreement (if applicable) and industry standards on working hours, break and public holiday;
- making all overtime voluntary;
- ensuring sufficient rest period and promoting life-work balance.

Benefits

Excessive overtime and insufficient weekly rest can have negative health impacts on workers, who can suffer from fatigue and work-related stress. In addition, when overtime levels are too high, a detrimental impact on workers' productivity quickly sets off: as working hours increase, the employees' attention and morale fall down and absenteeism rises. On the contrary, well-rested workers generally work faster and make fewer mistakes.

TO DO

Do maintain time cards or other records of working hours, including overtime and rest days for all workers.

Do define standard working hours by contract, specifying daily, weekly, monthly and annual limits in line with local law or collective agreement, with a maximum of 48h per week of regular time and 12h per week of overtime.

Do ensure that all overtime is voluntary, documenting workers' consent and giving them sufficient notice or overtime work.

Do compensate for regular and overtime hours in accordance with the law.

Do be supportive in workers' decision to refuse overtime and not force or coerce them in any way to work overtime hours.

Do ensure workers' right to rest on public holiday, as required by local law. If workers are requested to work on public holidays, they have to receive premium compensation.

Do have a written policy for working hours and overtime that clearly states that all overtime is voluntary.

Do clearly communicate the policy to all workers and educate them on standard work week, inquiring their wiliness to work overtime.

Do offer to all workers the same opportunity to work overtime.

Do provide at least one day off in every seven day period.

Do provide legally mandated breaks and reasonable meals, beverage, rest breaks, transportation and other benefits for normal and overtime working, at least compliant with local law.

Do allow workers to leave at the end of their shift, organizing transportation at the end of the normal working day (if it is provided by the employer).

X NOT TO DO

Do not rely on regular overtime to meet the production demands.

Do not use overtime to replace regular employment, trying to avoid the cost of recruiting extra staff.

Do not interfere with legitimate recording of working hours by workers.

Do not destroy or dispose of production records.

Do not allow supervisors manually record the working hours of workers and transfer directly information to the payroll department.

Do not base production targets on excessive overtime and fix daily goals achievable with standard working hours.

Do not impose any undue restriction on sick leave or annual leave.

Do not confuse standard working hours with overtime hours in time records.

Document check list

- Work schedule
- Time cards
- Payroll records
- Overtime approval forms
- Monthly overtime summary reports
- Production records and/or CCTV recordings
- Training record on work schedules and overtime policies and procedures

Best practices

The company should create a cross functional team in order to keep working hours under control and to investigate the root causes of excessive working hours. In particular, the team has to examine the production efficiencies to determine if realistic productions targets are set by management. There should be regular meetings between the factory management and the personnel department to balance the workload across the facility and to implement lean solution. In addition, the team may study employees' commuting patterns and transport time-tables to determine whether adjustment to the scheduled working hours is required.

The best use of overtime for a company is when well-trained employees volunteer for overtime hours in return for more income, so it's advisable to create a voluntary overtime program. A supervisor should approve each employee's overtime hours in writing, and then keep track of what each worker does during overtime to make sure the hours are productive.

Process mapping to avoid excessive overtime

Working hours record	<ul style="list-style-type: none">• Complete record of standard working hours• Complete record of overtime worked• Record of meal breaks and other unpaid time• Worker responsible for personally clocking on and off
Pay roll records	<ul style="list-style-type: none">• Pay for basic working hours• Breakdown of overtime at appropriate rates• Show all basic hours worked, overtime hours and its rate of pay, allowances and bonus, all deductions

FAQs

- If required, can employees work on the weekly day off?

Yes, but only under extraordinary circumstances. In this case the worker will have rest for a whole day on one of the three days immediately before or after the weekly off.

- Employees want to work overtime to maximize their income, even beyond the legal limit. What should the factory do?

Excessive overtime beyond the permissible statutory limit is always a non-compliance and the employer has to give the same opportunity to work overtime to all workers, without any distinction in order to avoid discriminatory practice. In order to reduce overtime, the employer has to provide adequate wages to meet the personal and familiar need of the workers.

- The employer pays overtime at a premium rate, but maintain an informal record for such work. Is this practice justified?

No, since the employer is not transparent; records must be maintained to demonstrate/substantiate compliance.

8 | Remuneration

Benetton Group Code of Conduct states:

“BG Business Partners shall ensure that wages paid for a standard working period shall always satisfy as a minimum the basic statutory minimum wage, the prevailing industry wage or the wage negotiated in collective agreements.

The wage shall be sufficient to meet at least the basic needs of workers, their families and any other reasonable additional needs. Wages must be paid regularly, on time, and must reflect the experience, qualifications and performance of the worker.

All other types of legally mandated benefits and compensations shall be paid.

No unfair deductions are permitted and workers have the right to a written specification of how the wage has been calculated.

Workers shall be granted and properly compensated for any types of paid leave to which they are legally entitled, including annual leave, maternity/parental leave and sick leave.”

Meaning

This statement is intended to ensure that all workers received a fair and adequate payment for the services rendered. The payment should meet at least legal or industry minimum standard and has to enable the workers to afford a decent standard of living for themselves and their families.

Actions

The company has to respect the workers' right of a living wage, ensuring that the payments meet the basic workers' need (including food, water, housing, education, health care, transport, clothing and provision for unexpected event) and that it is compliant with national law, industry practice and collective agreements. Business can do this by providing:

- accurate recording and calculation of regular and overtime hours and payments;
- convenient, full and timely payment, in compliance with local laws;
- clear and easily understandable information about wage calculation and fair deduction applicable.

Benefits

Adequate wages and benefits can motivate employees to be more productive and can increase their morale. Remuneration awarded to team may enforce team cohesion and collaborative attitudes. In addition, paying competitive wages can help in recruiting and training talents.

V TO DO

- Do** keep payroll documents and records complete, accurate, up-to date and available from auditor's inspection.
- Do** apply the remuneration standards to all workers within the organization control and influence, regardless of who is the direct wage payer.
- Do** include all workers in payroll records.
- Do** deposit on time PF/ESI deductions.
- Do** pay overtime work at an advantageous premium rate, as defined by national law or establish by a collective bargaining agreement. Where such laws do not exist, the reference is the organization's premium rate or the industry premium rate.
- Do** separate out bonuses and other items from basic in the payroll.
- Do** pay all wages in cash, in cheque, by direct transfer into the employee's account or other secure form of payment, without imposing to the employees any cost to collect their pay.
- Do** pay wages on time and ensure that the frequency is compliant with national law.
- Do** provide any social security, insurance or medical benefits as required by law. Any contributions which are based on, and deducted from workers' monthly wages, must be set out in the payroll and workers' pay slips.
- Do** provide termination payouts or packages to workers who leave the factory or are dismissed and track these operations.
- Do** make correct deduction required by law – i.e. taxation and social security – and require written consent for any voluntary deductions.

X NOT TO DO

Do not use multiple payroll records in order to hidden overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.

Do not apply unfair or involuntary deduction.

Do not set production targets, piece rates or any other incentive or production system at such a level that workers need to work beyond legal normal working hours (excluding overtime), in order to make the legal minimum wage.

Do not splint minimum wages for PF deductions.

Do not apply deductions for disciplinary purposes unless both national law and freely negotiate collective bargaining agreement allow the practice.

Do not adopt any labour practices that reduce workers' wages and benefits or result in a precarious employment situation for a worker, such as short term contract, labour-only contract and home work.

Do not use apprenticeship schemes to avoid workers' payments and benefits.

Do not pay wages "in kind" and may not use vouchers, promissory notes, coupons, products, or merchandise.

Do not pay homeworkers' without a traceable and precise remuneration method.

Document check list

- Payroll records
- Pay slips
- Performance evaluations
- Employment contracts
- Remuneration policies
- Records of lawful deductions, e.g. social security contributions
- Medical records
- Benefit allowance records
- Attendance, work hours records, leave records
- Termination, dismissal documents and other as required by law

Best practices

A company should use electronic payroll registers that automatically calculate payroll entries based on hours of work rather than manual or handwritten payroll registers. Electronic registers typically minimize the possibility for errors in wage and benefits calculation. Fewer errors mean increased efficiency (less time on corrections and complaints) and increased trust from workers.

Process mapping to avoid excessive overtime



FAQs

- The minimum wage was revised with the effect from date “MM/DD/YY”, but the factory received the notification two weeks after. Does the employer need to pay arrears?

Yes, arrears should be paid to the workers. The factory should always keep a track of any revision in the minimum wages.

- Is it ok if workers receive accommodation and food, but no cash payment for their work?

No, payments in kind are not acceptable.

- Is there a precise standard on deductions from wages?

International labour standards are silent on the issue of whether it is permissible to make disciplinary deductions from wages, it depends on national law. In general, deductions need an appropriate legal basis, must be limited so that the net amount of wages received by workers should in all cases be sufficient to ensure a decent living income for themselves and their families, and must be communicated in advance to the workers concerned so as to avoid any unexpected decrease in their remuneration.

9 | Migrant workers' rights

Benetton Group Code of Conduct states:

"Migrant workers shall have exactly the same entitlements as local workers. Any commissions and other fees in connection with the employment of migrant workers must be covered by the employer."

The employer may require a worker to submit identification documents but shall not retain the documents. Lump sum payments by the employer and deposits by workers are not permitted."

Meaning

The company has to pay particular attention on recruitment practices and employment conditions for migrant workers.

The purpose of this statement is to guarantee migrant workers' rights as well as their responsibilities.

Actions

Understanding and addressing the challenges specific to migrant workers is a tough exercise for companies. To reach this aim, the company should ensure the same rights and treatment for migrant and local workers.

Benefits

A company that guarantees migrant workers' rights can increase community integration, improving its reputation, and can have access to a pool of skills and competences which can strength its competitiveness in a global economy.

✓ TO DO

- Do apply all legal requirements for both country of origin and country of employment in hiring migrant workers.
- Do recruit migrant workers only through legally authorized bodies and/or by direct contact with the workers.
- Do keep a list of recruitment agencies that a company is working with.
- Do include in the recruitment advertisement the statement "No recruitment fee" prominently displayed.
- Do provide to migrant workers the same terms and conditions of employment as those provided to nationals.
- Do provide all applicable benefits outlined by law for migrant workers.
- Do ensure that migrant workers have the full control of their legal documents.
- Do keep precise and up-to date record about the number of migrant workers in factory, their personal details and pay-grade.

✗ NOT TO DO

- Do not charge any recruitment fee to migrant workers.
- Do not retain any original document, keep photocopies.
- Do not pay migrant workers less than the minimum wages stated by labor law, or less than employees who are legal residents of the country of employment.
- Do not require lump sum payments of any form of deposits to migrant workers.

Document check list

- National or official ID cards or Passports, in photocopies
- Work Visa
- All employment agreements or contracts
- List of reliable recruitment agencies
- Personnel files
- Employment policy
- Payrolls and pay slips

Best practices

The employer should ensure that all migrant workers receive a pre-departure and a post-arrival orientation; in the first step, migrant workers should be inform about the contract process, employment terms and conditions, receiving country living conditions, workplace conditions, rights and responsibilities, and job skills required. In second step, they should receive basic job training, information about occupational health and safety, working hours

and production requirements, workplace policies, rules, disciplinary systems, and communications systems, grievance channels and processes. In addition, basic local language skills class and meetings about receiving country culture and common practices might be organized to favor migrant workers Integration.

Process mapping to protect migrant workers' rights

<p>Respect migrant workers' rights</p>	<ul style="list-style-type: none"> • Identify legally permitted recruitment fees • Assess regulations related to labor agents • Establish contractual terms directly with recruitment agencies in line with local laws and customer and company standards • Develop a template work permit or employment contract in line with national and local laws and regulations 	<ul style="list-style-type: none"> • Establish a clear company policy for medical examinations for migrant workers • Establish a policy that ensures a decent standard of living for all workers • Ensure policy and procedure on calculation of wages is in line with national, local laws and with those provided to national workers • Develop a training program for both migrant workers and their supervisors
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FAQs

- Is it ok for a company to withhold the passports of migrant workers employed in the factory?

In general the management has to maintain only copies of the original documents. However the employer may be holding the workers' identity documents for safekeeping. In such cases, the workers must have access at all times to the documents, and there should be no constraints on the ability of the worker to leave the enterprise.

- A supplier deducts the legally mandated worker contributions for legally mandated worker insurance. However the supplier employs many migrant workers who will not be able receive the social benefits based on what they pay. What is the appropriate course of action of the supplier in this case?

The company should obey the law, including laws requiring them to collect and forward the workers' social security contributions. This should be done in a transparent manner and workers should be aware of their rights within the social security system. Every government administration should have a mechanism for the migrant worker returning to his or her country/region of emigration to receive back his or her pension contribution or to have the pension benefit paid abroad.

10 | Health and Safety

Benetton Group Code of Conduct states:

“We require all BG’s Business Partners to make workers’ safety a priority at all times.

BG Business Partners shall provide a safe and healthy working environment ensuring a minimum reasonable access to potable water and sanitary facilities, adequate lighting and ventilation.

BG Business Partners shall take adequate steps to prevent accidents and injury to health, in relation to both the working environment and any workplace and premises they provide for their workers.

BG Business Partners shall ensure that the building and premises, where the activity is carried out by its workers, are suitable and appropriate to host productive activities, comply with applicable local law and regulations for its use and comply with the legal provisions on local construction regulations,

BG Business Partners shall provide their workers with protective equipment as required by applicable law and industry standards. BG Business Partners should inform workers about the health and safety risks of not wearing the required personal protective equipment (eye protection, hearing protection, respirator masks, face shields, gloves, aprons, foot protection, etc.).

BG Business Partners should supply workers who perform potentially hazardous work with proper and suitable personal protective equipment and require that it be worn.

No hazardous equipment may be used.

Emergency exits on all floors must be clearly marked, well-lit and unblocked all the way out of the building.

Evacuation through emergency exits must always be possible during working hours. Everyone working on the premises must be regularly trained in how to act in case of fire or other emergency.

Appropriate first aid equipment must be available and where legally required a doctor or nurse should be available during working hours.”

Meaning

Over the recent decades, the attention given to health and safety issues has increased significantly, while some workplace disasters have drawn attention to human cost of ineffective implementation of health and safety standards. The intent of this statement is to recognize the obligation, shared between employer and workers, to maintain safe and healthy work environment. The health and safety requirements are intended to protect workers from exposure to short-term and long-term risks at work and reduce workplace injuries and illnesses.

Actions

The standard requires a holistic management system approach to identify, control and minimize workplace hazards. In order to reach this aim, the company has to:

- Clarify and amplify the role of the organization in managing workplace hazards.
- Identify specific measures to be implemented to address known common workplace hazards/risks.
- Promote awareness of workplace hazards throughout all levels of organization.

Benefits

Even if perceived as an imposition in the early stage, a planned approach to reducing accidents and injuries in the workplace delivers significant benefits in cost saving (thanks to reduced physical damages and fire accidents), efficiency gains (due to productivity increase directly related to workers happiness) and personnel retention (connected to less absenteeism for illness or injury).

✓ TO DO

- Do** conduct a risk assessment and hazard identification process of the complete organization, including operations, product lines and canteen.
- Do** develop a written health and safety policy and formalize procedures to set a clear direction for the organisation to follow.
- Do** conduct regular health and safety documented audits of the facility.
- Do** establish effective management leadership, structure and procedures, appointing a senior manager as responsible for health and safety.
- Do** obtain all certificates required by local authority and keep them visible.
- Do** ensure that all personnel are competent, motivated, trained and empower to work safely.
- Do** keep records of all training programs organized on health and safety issues.
- Do** allow workers and their representatives to make responsible and informed contributions to the organization's health and safety management.
- Do** allow workers to refuse to work under unsafe conditions with no penalty.
- Do** address risk through a hierarchy control method, eliminating risk if possible, minimizing and mitigating its impact.
- Do** provide training for new managers, supervisors and newly hired workers on company's health and safety policies and procedures and provide job-specific training as needed.
- Do** maintain a health and safety working environment, regarding sufficient lighting system for the work performed, comfortable temperature range, control level of noise, continuous ventilation, cleanliness and tidiness.
- Do** keep a record of all work related injuries, accidents and illnesses.
- Do** nominate an adequate number of supervisors for each work ship, considering the number of workers and activity-related risk.
- Do** make safe, free and clean drinking water available at all times and within reasonable distance of workstations.
- Do** provide a reasonable number of operating toilets and changing rooms that are hygienic and clean, offer privacy and are fully stocked with sanitation materials.
- Do** ensure that the canteen, the kitchen and the eating room are kept in a safe and sanitary manner in accordance with all applicable laws.
- Do** ensure that all employees working in the kitchen are suitable to food service, providing valid health certificate, certification or training on food hygiene and safety as required by law.
- Do** ensure a reasonable number of ready accessible first-aid kits available, at least one on each production floor.
- Do** ensure that first-aid kits are fully stocked with supplies as required by law and that there are clear signs to indicate the location of the first-aid kits.
- Do** provide eye and body washing stations in areas where caustic or irritating chemicals are used in the factory. Stations should be tested regularly and have to be provided with continuous water flow.
- Do** guarantee the presence of medical trained personnel on the site and maintain a separate medical room.
- Do** provide regular health check to all workers conducted by a qualified medical professional (keeping adequate records) and ensure that they are free of charge.
- Do** ensure that all site buildings, including dormitory facilities if provided, are stable and safe and do not exceed the approved loading.
- Do** conduct regular building inspections as per standard practice or country law.
- Do** ensure all construction projects of exiting facility's building have the proper certificate of intended use, the approval of the government or municipal authorities and any other document required by law.
- Do** post signs and warnings in production areas and on the machinery reminding employees to wear personal protective equipment.
- Do** provide appropriate PPE, free of charge, for all workers who require PPE to work safely (e.g. dust masks, needle guards, glasses, boots, protective clothing, respirators, hearing protection).
- Do** ensure that workers are trained on how to use PPE, why it is important and why it is required. Document trainings to demonstrate compliance.
- Do** provide valid inspection certificates and/or permits for boilers, elevators, pressure vessels, furnaces and other equipment per local regulation.
- Do** store gas-cylinders in a well-ventilated area, upright and secure against the wall.
- Do** ensure electrical safety protections are in place such as proper grounding, suitable insulation, effective guarding to prevent contact with live and exposed parts of electrical equipment.

- Do** conduct regular inspection and preventive maintenance on all electrical installations and machinery and maintain records for machine inspection/maintenance/repairs.
- Do** ensure that only competent electricians inspect, install and repair all electrical wires.
- Do** provide an emergency cut-off system for electrical safety.
- Do** keep area around electrical equipment dry to minimize the possibility of shock.
- Do** prepare guidelines on emergency procedure to be followed in case of electrical shock.
- Do** give accidents prevention training at the time of hire, transfer of position, change of machinery, update of internal procedures.
- Do** provided machine operators, special equipment operators and workers engaged in special tasks with specialized training (e.g. boiler operator, cargo lift operator, forklift driver and electrician) and ensure they acquire the license for such tasks.
- Do** ensure that all safety locks can be removed or placed only by employees exposed to the hazards or by the maintenance technician.
- Do** ensure that all machinery with exposed, moving, rotating or dangerous parts, pulleys and belts are equipped with guarding and safety devices.
- Do** ensure safety instructions are either displayed or posted near all machinery or are readily accessible to workers.
- Do** ensure all machinery are registered, maintained in current and valid manner and regularly inspected.
- Do** provide in all cases the machines with fully operational emergency cut-off switches.
- Do** display hazardous signs DO NOT TOUCH at vulnerable spots
- Do** nominate a person responsible for facility emergency preparedness and response program and train designated personnel at regular intervals.
- Do** prepare a fire and emergency response plan and post diagram in visible locations. It has to illustrate critical information, such as emergency evacuation routes, firefighting equipment, exit location, “you are here”, etc.
- Do** install, inspect and maintain an effective fire extinguished system as required by law at each facility floor.
- Do** provide an adequate number of fire extinguishers and/or other fire extinguish system as required by local law. Firefighting equipment must be easily accessible, clearly marked and adequate to address all types of fire possibility in the facility.
- Do** install and regularly automatic test fire detection devices (smoke, heat or flame detectors) if required by law.
- Do** train workers in the use of firefighting equipment and keep training records.
- Do** maintain exit routes easy to access, clearly marked, unlocked and not obstructed by equipment, materials, production etc.
- Do** provide valid inspection certificates issued by local fire service authority.
- Do** mark all exits and fire exits with brightly colored and glow-in-the-dark lines and arrows. Do ensure that all exit signs are illuminated with lamps and are expressed in local language.
- Do** install emergency lighting system and fire alarm system at each facility floor and connect them to an independent source of power supply.
- Do** conduct and document emergency evaluation drills regularly and at least once a year.
- Do** install the firefighting equipment at a proper height to facilitate easy access.

✘ NOT TO DO

- Do not** accept the management’s unawareness of the key legal requirements pertaining Health and Safety.
- Do not** confine Health and Safety policy to file, but effectively communicate it.
- Do not** restrict access to first aid kits. If kits need to be secured, locked, then some designed workers in near vicinity to the kits must have access to the keys.
- Do not** restrict the time and the frequency workers can have drinking water or do not unreasonably limit access to toilets.
- Do not** use the building for purposes not intended in the original design, unless the change is approved by a qualified engineer and government or municipal authorities.
- Do not** conduct business in a building that has structural concerns that indicate it might have significant defects.
- Do not** allow the use of PPE without providing proper training on the proper use, proper maintenance and proper storage of PPE.
- Do not** rely on PPE as primary control of exposure hazards. PPE should be used as a last resort when engineering, work practice and other controls are not sufficient to reduce exposure.
- Do not** permit electrical equipment with insufficient insulation or protection.

Do not lock exit doors while the building is occupied.

Do not conduct operations in areas without sufficient and unblocked emergency exits.

Do not hide from view or obstruct access to fire extinguishers.

Do not keep combustible materials (fabric, chemicals, etc.) near electrical points.

Document check list

- Risk assessment
- Training records for supervisors and employees about general H&S issues
- Result of internal audit or assessment
- Health and safety committee meeting minutes
- Records of worker's injuries/illnesses for at least 12 months (or longer if required by law)
- Building structural and architectural designs and approvals
- Certificate of "intended use"
- Building structural safety inspections
- Maintenance and inspection records (PMV, Electrical Installations, Machinery)
- Training records on PPE
- Site specific emergency plan
- Emergency/fire drill records
- Equipment and alarm inspection records
- Fire safety management plan and risk assessment
- Records of occupation health checks
- Canteen hygiene certificate
- Canteen workers health certificates
- Written policies and personnel organisation on H&S subjects

Best practices

- I. The company should require multiple feedbacks on health and safety training program in order to verify the effectiveness of communication through questionnaires and surveys, suggestion boxes, team meetings. Workers and supervisors have to be able to explain the functionality of H&S program, the mechanisms to control and minimize risks, the personnel organization, the emergency plan and should show an open culture related to health and safety.
- II. The company has to promote a well-balanced composition of H&S committee and a high level of workforce engagement: everyone, from the most senior managers to individual workers, has a part to play in building a strong health and safety culture.
- III. Monitoring is a very important part of H&S program since it means measuring H&S practice and policy against an organization's own H&S plans and standards. The main purpose of monitoring is to make sure that health and safety are being effectively managed. Monitoring requires the purchase of technical equipment to regularly assess the factory conditions (e.g. light meters, noise meters, thermometers, and indoor air quality meters).
- IV. In emergency/fire drills, the company should practice different scenarios in order to address the deficiencies of the response plan and provide the necessary corrective actions.

Process mapping on H&S procedures

01.	▼	• Analyze health and safety risks and reduce them
02.	▼	• Ensure all legal requirements on Health and Safety are met
03.	▼	• Mantain legal records pertaining health and safety
04.	▼	• Investigate all near misses and accidents
05.	▼	• Establish a H&S Commitee and monitor its functioning
06.	▼	• Review regularly on H&S to ensure that all management systems are functioning and risks are mitigated through effective corrective and preventive actions.

FAQs

- Is it mandatory to have a health and safety policy or it is a best practice?

It is a mandatory requirement.

- The employer has to keep the emergency exits locked in order to secure the factory from theft. What should he do?

The employer should install a door with a push bar so that it can be only open by inside.

- The employer has stopped to stock the first aid boxes adequately since workers used to steal medicine. What should he do?

The usage of the first aid contents should be monitored and entry should be made in injury book for every treatment. It should be kept in the custody of a person trained in first aid and should be easy accessible. Specifics drugs have to be prescribed by a registered medical practitioner. All employees have to be trained to use medicines to the requirements but not to misuse the contents of the first aid boxes.

- Must a company accommodate religious believes which hinder wearing of PPE (beards which infers with safety masks, heads covering which prevent wearing of safety helmet, etc.)?

A religion may require a special type of clothing which may not be compatible with personal protective equipment (PPE). In such cases the worker's right to practice fully his or her faith or belief at the workplace needs to be weighed against the need to meet genuine safety requirements. Enterprises are encouraged to make reasonable efforts to accommodate particular religious customs, however safety requirements may restrict workers' religious freedom. Workers, in particular through their representatives, should be consulted on possible steps which could be taken to accommodate religious practices.

- Is it acceptable that the workers must pay themselves for their personal safety equipment?

Adequate protective clothing and protective equipment should be provided wherever necessary free of charge to the workers.

- Is it ok to lock workers inside for the night in order to make sure that the workers are not stealing?

Workers must not be locked in enterprises for any reason.

- For smaller (5-9 employees) workplaces is a H&S officer need?

Some countries require the appointment of a safety representative who will have basic knowledge on H&S focusing on prevention. Beyond formal aspects, the important point is to have someone who is adequately trained to ensure an effective system for hazard identification, risk assessment, preparation and implementation of safety programs.

11 | Housing Conditions

BG Code of Conduct states:

“If a BG Business Partner provides housing facilities for its workers, the above requirements regarding the premises of the workplace should also cover the dormitory.

The housing facilities must be separated from the workplace.

No restrictions shall be applied which interfere with the worker’s right to leave the housing facility during their free time.”

Meaning

The standard ensures that dormitory facilities and housing (if permitted and provided by the supplier) meet the basic needs of personnel and respect all health and safety requirements.

Actions

In order to implement health and safety standards in the dormitories, the facilities have to be clean, tidy, not overcrowded, well ventilated and with adequate temperature, provided with toilets, showers and subject to adequate emergency planning arrangements and fire safety precautions. In addition, the organization is expected to apply processes of risk assessment, tracking and monitoring health and safety performance, similar to procedures implemented in workplaces.

Benefits

Understanding the vast need for affordable housing on a global scale, especially in distant inaccessible locations, a company that provides housing services can bring an incredible social benefit. In addition, a company can attract workers from different regions and can achieve significant cost saving in transport system and efficiency in time management, especially when the undertaking is located at a long distance from normal centers of population, or where the nature of the employment requires that workers should be available at short notice.

V TO DO

- Do** apply all legal requirements about residential facilities and follow all regulatory requirements such as hygiene certificates, fire-fighting measurements and health checks.
- Do** clearly separate dormitories from the production facility and/or warehouse.
- Do** provide kitchen or laundry facilities.
- Do** ensure that all areas are well maintained considering space, temperature, ventilation and lighting.
- Do** provide a reasonable number of washing and toilets facilities that are clean and separated by gender.
- Do** provide dorm residents with their own individual beds and secured storage space/locker for their personal possessions.
- Do** provide free access to potable water.
- Do** control access to dormitories.
- Do** provide dormitories with firefighting equipment required by law (e.g. escapes, exit signs, evacuation plans, emergency lighting, fire-hose equipment and fire extinguishers).
- Do** prepare a fire and emergency response plan and post diagram in visible locations. It has to illustrate critical information, such as emergency evacuation routes, firefighting equipment, exit location etc.
- Do** post emergency direction of evacuation in all sleeping quarters in the native language.
- Do** provide an adequate number of fire extinguishers and/or other fire extinguish system as required by local law in all sleeping quarters.
- Do** conduct regular fire drill and document it.
- Do** maintain exit routes easy to access, clearly marked, unlocked and not obstructed by equipment, materials, production etc. in each facility floor.
- Do** mark all exit routes with bright colored exit signs.
- Do** install emergency lighting system and fire alarm system at each facility floor.

✘ NOT TO DO

Do not unfairly charged employees for sleeping quarters/meals/transportation/other services.

Do not restrict employees' freedom of movement when they are in dormitories.

Do not impose unreasonable curfews that excessively betray workers' freedom.

Do not oblige men and women to share the same dormitories.

Do not store combustible materials in the dormitories or in the connected buildings.

Document check list

- Building structural and architectural designs and approvals
- Certificate of "intended use"
- Building structural safety inspections
- Site specific emergency plan
- Fire safety management plan and risk assessment
- Hygiene certificate
- Canteen workers health certificates
- Records of occupation health checks
- Equipment and alarm inspection records

Best practices

- I. The company should promote an integration program between workers based in the dormitories and the community, first of all proving reasonable access to telephone or other modes of communication and organizing common rest and recreation occasions.
- II. In the design of housing for workers, every effort should be made to consult the representatives of future occupants who are best able to advice on the most suitable means of meeting their housing and environmental needs.

12 | Risk Assessment

Benetton Group Code of Conduct states:

“BG Business Partners should have a procedure for identifying workplace hazards and assessing their risks.

Potential emergency situations and events are to be identified and assessed and their impact minimized by implementing emergency plans and response procedures.

Moreover, BG Business Partners shall include procedures for verifying the environmental and social impact of their operations on the whole of the local community.”

Meaning

The purpose of this statement is to identify all hazards within the workplace which could reasonably be expected to cause harm and to assess the risks presented by those hazards. The fundamental of a risk assessment are to evaluate the probability of a negative event happening and the severity of the negative impact if it did happen, and rate risks in order to prioritize actions and operational controls to address them.

Actions

The company has to conduct a periodic risk assessment to identify the areas of actual or potential non-conformance with the standards, prioritize risks, implement emergency plan and response procedures, effectively communicate it and implement recommend action to address the identified risks.

Benefits

Hazard identification and risk assessment will help the company in recognizing and controlling hazards in workplace, creating awareness among employees, setting risk management standards, based on acceptable safe practices and legal requirements, reducing incidents in the workplace, saving costs by being proactive instead of reactive.

TO DO

Do have a procedure for identifying workplace hazards and assessing their risks.

Do review risk assessment and safety action plans on a periodic basis, verifying the adequacy and/or the opportunity to take additional actions.

Do implement emergency and response procedures to minimize the impact of emergency situations.

Do ensure that competent people are carried out to conduct risk assessment.

Do continuously communicate the compliance policy to all employees through employment contract, employee manual, newsletter/poster or employee training.

Do implement appropriate actions to address the recurrent labour/H&S problems.

Document check list

- Risk management policy and operations instructions
- Result of internal audit and external audit
- Written risk assessment
- Personnel organization
- Facility emergency plan
- Training program records and materials
- Record of accidents, warnings and compliances

Best practices

Risk assessment process should be conducted in partnership with third parties, who are experts on occupational safety, health, discrimination, freedom of association and other subject matter, and have the ability to offer a fresh perspective on workplace risks.



FAQs

- What should the employer include in risk assessment?

Risk assessment should include consideration of what in the business might cause harm and now; it should take into account any controls which are already in place and identify what, if any, further controls are required.

- Is risk assessment a legal requirement?

Yes, it is a legal requirement for every employer.

- What responsibilities do the employees have?

The employees have to take care of the workplace safety, to co-operate, to follow the instructions and trainings provided and highlight any potential risk of failing in the procedures.

- When should risk assessment being performed?

Risk assessment should be performed if it is no longer valid or if there has been a significant change.

- In doing risk assessment, who should be involved?

The employer has to consult the staff of their representatives since the actual risks can be better understood with a deep knowledge about how the work is done.

13 | Reference to National Legislation, Conventions and Agreement

Benetton Group Code of Conduct states:

“The provisions of this Code of Conduct only constitute minimum standards.

All references to “applicable laws and regulations” in this Code of Conduct shall include local and national codes, rules and regulations as well as applicable treaties and voluntary industry standards.

If this issue is covered by national regulations or any other applicable law or any other commitments undertaken or applicable, including collective bargaining agreements, the provision which offers greater protection for workers shall be applied.”

Meaning

The purpose of this standard is to ensure that Benetton Group suppliers at all times meet the legal requirements of the countries they are working in. The legal requirements refer to any laws or regulations which apply to the factory.

Actions

Where the provision of law and The Code of Conduct addresses the same subject, suppliers must apply that provision which offers the greater protection for workers or the environment.

Benefits

The issue of legal compliance, and of what it means to comply responsibly, is part of CSR agenda since it represents what is required for businesses to be deemed legitimate. In particular, CSR put pressure on businesses to review the attitude to law and compliance, shifting the threshold from compliance with the letter of the law to compliance with its spirit and so, potentially, enhancing the effectiveness of legal control.

TO DO

Do be in compliance with all legal provisions.

Do understand specific local requirements, which can differ from country to country, and ensure to meet them.

Do communicate changes in local law and implement the necessary actions to ensure continued compliance with the law.

Do always act with the aim to offer maximum protection of workers and the environment.

Do provide a crèche viable for worker's children, if mandatory, and ensure that all services are compliant with all national and local requirements.

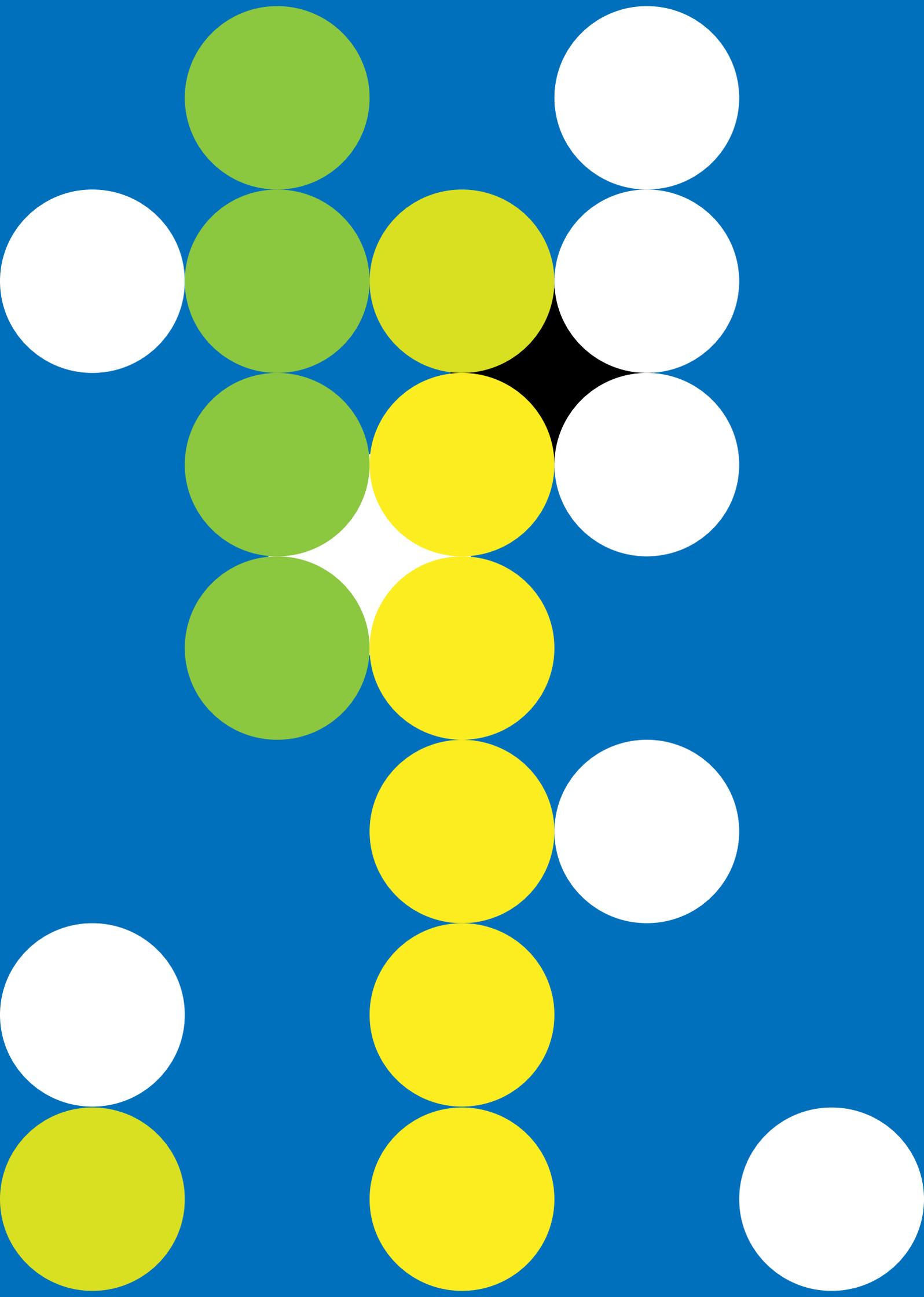
Do ensure that crèche rooms provide adequate accommodation for children, are well lighted and well ventilated, are clean and safe; finally crèche has to be under the charge of personnel trained in the care of infants.

Document check list

- All documents/certificates/permits required by national and/or local law.
- Written document to communicate to personnel information or changes on local labour, health & safety and environmental laws.

Best practices

The company should consider law requirements not simply as an external obligation, but also as a way to enforce commitments to ethics, human rights, and social and environmental responsibility.



B | Protection of the environment

Benetton Group firmly believes that a health environment is an essential prerequisite for future success as an industry; in order to reach this aim, it requires to respect the legal framework on the protection of the environment and on the right to a safe and healthy environment and expects full compliance from its suppliers. BG partners remain in any case responsible to ensure that they meet all legal requirements relating environmental matters.

01 | General provision

Benetton Group Code of Conduct states:

“A healthy environment is essential to human well-being. BG Business Partners shall comply with all applicable environmental laws and regulations as well as local industry standards if higher.

In all operations, BG Business Partners shall apply the precautionary principle as a general process of environmental due diligence. The general objective of all operations should be to prevent adverse environmental impacts, based on the precautionary principle, including the commitment to zero discharge of hazardous substances by 2020.

BG Business Partners must have the relevant environmental permits and licences for their operations.

Such permits shall be aimed at preventing soil, water and air pollution and shall be accompanied by relevant implementation procedures by BG Business Partners.”

Meaning

Benetton Group aims at building a business model that is sustainable in financial and environmental terms. Working with its suppliers, Benetton Group promotes responsible practices that reduce the impact on the environment, protect communities, and preserve natural resources.

Actions

Moving from the awareness that supply chain deeply impacts on the environment, the challenges of preserving environmental resources and protecting the welfare of future generation require to apply the precautionary principle and to commit in responsible practices, including the engagement into zero discharge of hazardous substances.

Benefits

Environmental problems can create economic costs in the company's value chain, in the form of internal inefficiencies and/or externalities. On the contrary, major improvements in environmental performance can yield net cost savings through enhanced resource utilization, process efficiency, and quality. Heightened environmental awareness can unlock efficiency opportunities through all value chain activities. In addition, environmentally sustainable businesses often have a competitive edge when it comes to attracting customers. Finally, the respect of the environment is the logical precondition to maintain health local communities that represent the basin of health workforce and consumers.

TO DO

Do comply with all relevant local and national environmental protection laws and regulations, and aim to meet international environmental protection standards.

Do obtain all necessary environmental permits, licenses and/or registrations and keep them update. Do have in particular all documents to engage in collection, storage, use, disposal, and discharge of solid waste, hazardous waste, wastewater, storm water, and air emissions.

Do understand how business activities affect the environment and be aware of the most important impact of its site.

Do have a policy or guidelines that define the approach towards managing the environmental impacts.

Do have basic management controls in place to reduce or eliminate the facility's environmental impacts.

Do assign the responsibility for environmental performance to a senior manager representative.

Do establish a clear framework for setting and reviewing environmental objectives and targets.

Do establish an environmental committee to integrate environmental impact into business decisions.

Do disclose environmental information to internal and external stakeholders.

Do train all workers on environmental matters and keep records.

✘ NOT TO DO

Do not undertake any production activities without obtaining all required permits and/or registrations.

Do not tamper with the evidence records of wastewater, waste storage inspection, energy monitoring.

Do not set unrealistic target and monitor performance and progresses at least annually.

Do not use unauthorized waste facilities to dispose of any types of waste including but not limited to solid waste, hazardous waste or sludge.

Document check list

- Valid environmental certificate and permits
- Training records
- Hazardous waste inventory and manifests
- Waste handler permits/certifications
- Wastewater monitoring results
- Air emission monitoring results
- Water and energy efficiency monitoring

Best practices

The company may consider reducing the energy needs and maximizing the use of renewable and sustainable energy through the value chain. Renewable energy in fact is an essential component of cutting global carbon emissions and it is an effective way to impact on climate change and global warming. Additionally, the return on investment can be significant due to the reduction in energy costs.

Process mapping

01. Comply with law

- Obtain all necessary environmental permits, licenses and/or registrations and keep them update
- Establish business procedures required by local and/or national law and/or international standards

02. Monitor

- Define a clear framework for setting and reviewing environmental objectives and targets
- Monitor waste, wastewater, air emission and energy efficiency

03. Disclose

- Disclose environmental information to internal and external stakeholders
- Provide adequate training to all workers on environmental matters and impact

02 | Chemical and hazardous materials

Benetton Group Code of Conduct states:

“Chemicals used must be in compliance with Benetton Group’s chemical restrictions as referred to in its Technical Safety Specification document, as in force from time to time for the relevant production type. In particular, we require BG’s Business

Partners to use only APEO – free chemical formulations – as from June 2013 and to eliminate all PFC use by no later than 31 December 2015.

Chemical containers must be properly labeled and safely stored. A material safety data sheet must be available in the local language and the instructions in it must be followed.”

Meaning

Benetton Group aims at building a business model that is sustainable in financial and environmental terms. Working with its suppliers, Benetton Group promotes responsible practices that reduce the impact on the environment, protect communities, and preserve natural resources.

Actions

Hazardous chemicals and materials are present in most workplaces and can determine different levels of risks, depending on the dose, concentration and duration of exposure, the exposure route, the mixing of substances. Management should identify and collect information about all hazardous chemicals and materials used within the facility, inform workers, clearly label them and dispose precaution procedures for storage and handling.

Benefits

Managing hazards caused by chemicals and materials can provide tangible benefits to the company in the short-term such as the reduction of accidents and incidents, minimization of labour costs, the reduction of forced business interruption. In addition, in the long-term the company can create a safe work environment, improve the relation with employees and enforce corporate image and credibility.

✓ TO DO

- Do establish a written policy for monitoring and controlling restricted substances.
- Do train designated personnel on how storage, handle, use and dispose of dangerous/hazardous chemicals.
- Do assign overall responsibility for chemicals only to qualified personnel.
- Do maintain a master inventory list of all chemicals substances used and stored-site, and keep it up-to-date.
- Do include in the inventory chemicals name, quantity, locations, and general hazards.
- Do identify all chemicals with a proper label and a ready accessible Material Safety Data Sheets (MSDS).
- Do respect Benetton requirements on Restricted Substances List (MRSL/PRSL) and clearly communicate them to chemical suppliers, to suppliers of fabrics and other materials, if applicable.
- Do store all chemicals in a designated, labeled, cool and well ventilated storage area, with access limited to authorized and trained personnel.
- Do provide a secondary container at all locations where chemicals are stored.

✗ NOT TO DO

- Do not store incompatible chemicals together.
- Do not store hazardous materials at workstation in quantities that exceed the amount needed for a work shift.

Document check list

- Benetton Group RSL policies and accompanying test results
- Hazardous handler permits/certification
- Material Safety Data Sheets (MSDS) for all chemicals on factory site
- Training records
- Inventory list of all chemicals and hazardous materials

Best practices

Full SDS or MSDS provide very detailed information on the properties of chemicals and hazardous materials and may be difficult to understand for most workers. A company should expose a summary information sheet in local language about the use, the handling, and the safety procedures required. This information has to be clearly understandable by workers and should be posted where the relevant chemicals are stored or used.

Process mapping

01. Hazards assessment

- Identify the types and amounts of hazardous materials present in the factory
- Analyze the potential for uncontrolled reactions of hazards and the accidental consequences on health and environment
- List all hazardous chemicals and materials

02. Release prevention and control planning

- Establish a written policy for monitoring and controlling restricted substances
- Provide hazard communication and training programs to prepare workers to recognize and respond to workplace chemical hazards
- Provide a secondary container at all locations where chemicals are stored

03 | Waste and Water management

Benetton Group Code of Conduct states:

“Any waste and in particular hazardous waste must be handled in a responsible manner and in accordance with relevant laws and regulations, whichever are stricter.

All emissions must be managed in a proper and transparent manner in accordance with the relevant laws and regulations, whichever are stricter.

Water is a scarce resource in many parts of the world and we believe it should be used as efficiently as possible. We ask BG’s Business Partners to share this concern by paying the strictest attention to the management of water resources.

All outgoing wastewater from wet processes must be treated, before it is discharged, in accordance with local laws.”

Meaning

BG Business Partners are expected to take measures to reduce waste through design and operational efficiency, facilitate reuse and recycling when possible, and to apply the best method available to use water in a responsible manner.

Actions

The separation and treatment of waste generated in the production process, the monitoring of any emissions, and the management of water are becoming more and more a part of good management practice. The company has to comply with national and local law requirements and to identify additional opportunities to face environmental issues, setting ambitious but realistic targets.

Benefits

Waste reduction and responsible water management are connected to a long list of benefits: first of all, by practicing waste reduction, the company will purchase, use and throw away less due to cost-effective management. In addition to reduction of raw materials costs, responsible waste practices will lower solid waste disposal and service costs while potentially generating revenue from recyclable materials. Moreover, waste and water management enhance the company’s public image, demonstrating a conscious approach to environmental issues and the willingness to comply with legislation.

TO DO

Do prepare a list of hazardous and non-hazardous wastes.

Do segregate hazardous and non-hazardous wastes.

Do manage hazardous waste in a way that minimizes the possibility of exposing workers and contaminating the environment (e.g. air, land or water).

Do be familiar with local laws and regulations governing the management of hazardous waste and comply with all applicable requirements, as well as with the best management practices.

Do identify the types and the amount of hazardous waste generated as a result of production and business activities, and determine waste disposal method for each waste stream.

Do ensure that wastewater permits are held and permit conditions are met.

Do ensure that outgoing wastewater complies at least with legal requirements.

Do carry out tests and measures to verify compliance with legal requirements.

Do implement efficient extraction and treatment systems for polluted air.

Do have documented procedures for identifying, monitoring and controlling waste and allow auditing of these procedures.

Do disclose waste, wastewater volume and air emission to relevant stakeholders and ensure that appropriate remediation is performed, if necessary.

✘ NOT TO DO

Do not mingle or mix hazardous and non-hazardous waste.

Do not allow waste to pollute the watercourse or any other water ways.

Document check list

- Detailed list of waste generated
- Monitoring tests and results on waste and water management
- Licences and permits for waste transportation, storage and disposal
- Air emission monitoring results
- Diagram showing waste storage areas and routes for waste handling
- Waste water discharge licences
- Water treatment plant inspection and regular maintenance records

Best practices

The company should conduct a footprint analysis that identifies water use in all stages of production and use, in order to show the impacts of the company's water use and to explore ways to conserve water and save money for the business.

The company may also engage with suppliers and consumers to identify opportunities for waste reduction through prevention, minimisation, reuse, and recycling, e.g. avoiding excessive packaging and implementing better design.

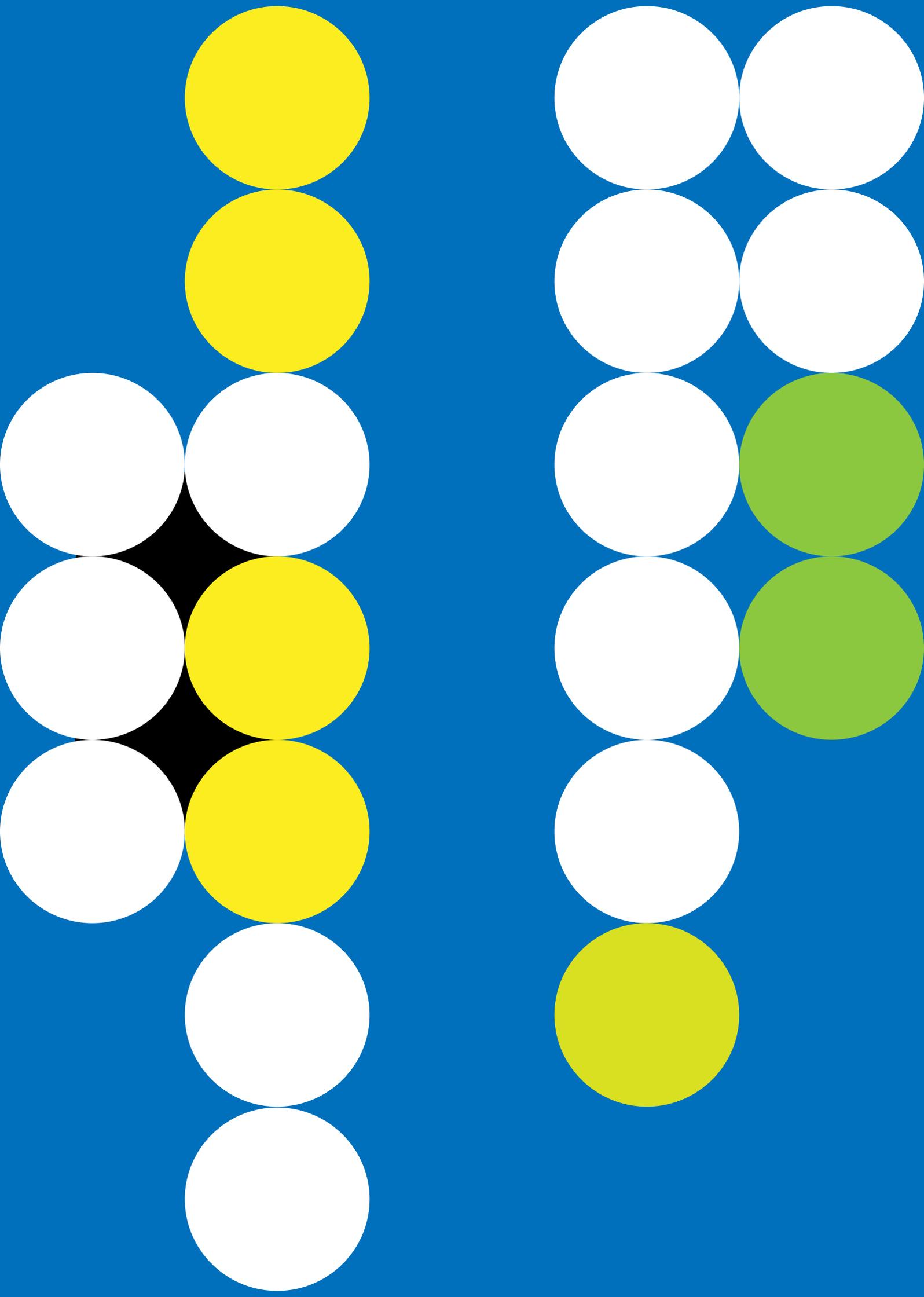
Process mapping

01	• Account for waste, wastewater and air emissions.
02	• Develop consciousness and awareness on waste and water management good practices
03	• Identify waste, wastewater and emission minimisation opportunities, setting ambitious but realistic targets.
02	• Disclosed monitoring results and quality data to Benetton Group and to internal or external stakeholders, if required.

FAQs

- The factory does not carry out any wet processes like washing or dyeing. Can it produce hazardous waste?

Yes, it can. Waste oil, empty chemical containers, oil soaked cloth, used PPEs, discarded oil filters, used batteries, fused tube lights, broken asbestos, etc. all comprise hazardous waste.



C | Transparency

Benetton Group firmly recognize that adhering to the Code of Conduct can be challenging for its Business Partners, but believes that it is a critical factor in maintaining its sustainability commitment. Benetton Group is ready to support the suppliers encouraging them to meet the required standards, but it expects from Business Partners to be honest, open and committed to continuous improvement.

01 | Transparency and Cooperation

Benetton Group Code of Conduct states:

“Benetton Group requires BG Business Partners to respect this Code of Conduct. Benetton Group also expects BG Business Partners to be transparent in the information they provide on their operations. Benetton Group believes in cooperation and it is willing to work with BG Business Partners to achieve sustainable solutions and to promote BG Business Partners who are in compliance.

BG’s Business Partners will take appropriate steps to ensure that the provisions of the Code of Conduct are communicated to their workers, including the prominent posting of a copy of the Code of Conduct, in the local language and in a place readily accessible to workers, at all times.”

Meaning

Benetton Group expects its Business Partners to be completely transparent on their ability to adhere to policies, process and standards in relations to the Code, and to conduct regular assessments and investigations.

Actions

Suppliers have to be responsible for their compliance program and have to take the ownership for communicating requirements of the Code of Conduct to their workers and subcontractors. Since Benetton Group aims at building long term relationships with suppliers who are genuinely committed to working together towards sustainable goals, it is ready to offer to them all necessary support to overcome the difficulties they may face.

Benefits

Transparency is a fundamental part of business relationship: operating in a transparent way demonstrates respect for employees and consumers, disclosing corporate information shows integrity to stakeholders, and more information implies more certainty for investors.

TO DO

- Do** proactively manage adherence to Code of Conduct, implementing an effective management system and an adequate framework for policies and procedures.
- Do** assign the responsibility for compliance to a senior management representative.
- Do** post the Code of Conduct in a ready accessible place to workers, at all times.
- Do** make the workers aware of the requirements of the Code of Conduct, posting it in local language.
- Do** provide training to all employees and managers on their rights and responsibilities regarding Benetton Group Code of Conduct.
- Do** ensure that all training is conducted in local languages that employees understand.
- Do** conduct internal assessment on regular basis to verify the conformity to legal and regulatory requirements and to Code of Conduct.
- Do** implement a grievance mechanism related to the Code of Conduct, develop action plans and then follow-up on the progress.

NOT TO DO

- Do not** voluntarily hide critical issues concerning the compliance with law and Code of Conduct.
- Do not** superficially monitor the implementation of Code of Conduct, but keep records of the improvements and making it available so that compliance can be effectively assessed.

Document check list

- Code of Conduct posted in local language
- Records of any grievances (and their resolution) related to the implementation of Code of Conduct.

Best practices

The company should choose an internal compliance team with the ability to communicate the standards in a manner that is understandable by all employees. The internal team members should have the trust, confidence and respect of the management and other employees. Finally, they should have a familiarity with the operations, practices and policies of the partner's factories or suppliers. To ensure success with the internal compliance program, the team will need management support and has to be knowledgeable about local laws and Benetton Group Code of Conduct.

Process mapping

Be transparent

- Post and clearly communicate Code of Conduct
- Be proactive in resolve any grievances



C | Supply Chain and Compliance

Benetton Group expects from its Business Partners a transparent attitude in the disclosure of the production units used worldwide and an open collaboration during the audit assessment. Benetton Group in fact is committed to responsible management of supply chain and the relationship with suppliers is based on principles and criteria of competitiveness and of transparency, besides the respect for social, ethical and environmental principles.

01 | Supply Chain

Benetton Group Code of Conduct states:

“BG Business Partners shall not use sub-contractors for the manufacture of (or of parts of) Benetton Group products without Benetton Group’s prior written consent.

Business Partners shall ensure that sub-contractors abide by this Code of Conduct and sign a copy of the Code of Conduct.”

Benetton Group’s vendors and suppliers are invited to sending any compliance to the address audit.committee@benetton.it, also in the form of anonymous report.

Meaning

Supply chain management is a key aspect for business activities of Benetton Group since the company’s aim is to promote a commitment within its supply chain to adopting the best practices on sustainability issues; in addition, Benetton Group has undertaken to provide a complete mapping of its supply chain.

Actions

Suppliers are required to communicate all subcontractors and have to obtain Benetton Group written approval prior to the start of production. They are also expected to take the ownership of the compliance of their subcontractors.

Benefits

The disclosure of all production units used worldwide can bring many incentives not only to Benetton Group, but also to its suppliers, who will be able to understand risk in their own supply chains and improve their own business resilience.

✓ TO DO

Do disclose all subcontractors who participate in various ways in the manufacturing of Benetton products, including but not limited to cutting, sewing, embroidery, trims, accessories, printing, laundry/washing, dry processing, garment dyeing, panel knitting, linking, and final assembly/packaging.

Do communicate all outsourced production to individuals, families or collective work group, specifying what articles/components are produced.

Do obtain the written approval from Benetton Group for all the production units, prior to the start of the production.

Do take the responsibility for ensuring compliance with the Code of Conduct by sub-contractors.

Do provide a copy of Code of Conduct signed by the subcontractor.

Do check the conditions at subcontractor’s businesses before giving them orders or contracting their services.

Do ensure that individual workers, families or collective work groups who are in charge with outsourced production are fully guaranteed and promptly paid for the work they have carried out.

✗ NOT TO DO

Do not use any unauthorized production unit.

Do not subcontract any part of the production process if the subcontractors refuse to sign the Code of Conduct and/or to comply with it.

Do not use subcontracting or home-working arrangements to avoid social or environmental obligations.

Document check list

- Copy of Code of Conduct signed by subcontractors
- Benetton Group written approval for any production units
- Clear records and vendor descriptions for all suppliers and sub-contractors

Best practices

Every company should build with its suppliers and subcontractors a close collaborative relationship, as it is the best route to high-quality internal and external transparency. This may require companies providing technical, operational, or financial assistance to suppliers to share the cost burden, foster learning, and ensure that there is a culture of transparency throughout the supply chain. Once a company has established a strategy for disclosure, it should work on maintaining a stable supply chain.

Process mapping

01	• Disclose all subcontractors
02	• Communicate Benetton Group Code of Conduct and take the responsibility for suppliers' signature and compliance
03	• Build a collaborative relationship based on internal and external transparency
04	• Post and clearly communicate Code of Conduct • Be proactive in resolve any grievances

FAQs

- How a factory can prove to have communicated its subcontractors to Benetton Group during audit inspection?

Even if Benetton Group does not give a formal and direct feedback following the communication of the factory subcontractors, the management has to show a copy of a document/mail or any other evidence of the communication (direct or through the vendor) to the auditor. In addition, the factory has to be ready to list its subcontractors to the auditor, in order to allow a data cross check.

02 | Monitoring and compliance

Benetton Group Code of Conduct states:

“Upon request by Benetton Group, BG Business Partners shall permit and provide (free of charge) all necessary assistance to Benetton Group and its designated agents (including third parties) to facilitate unrestricted access to all BG Groups’ Business Partners and their sub-contractors’ workplace and/or to all relevant records to verify compliance with this Code of Conduct, including but not limited to unannounced on-site inspections, records and correspondence, appropriate documentation and private interviews with workers.

BG Business Partners are required to keep Benetton Group informed at all times of where each product is being produced, including subcontracting and homeworking.

Relevant documentation must be maintained for auditing purposes.”

Meaning

Benetton Group encourages its Business Partners to be completely transparent during the audits and to pay close attention to the documentation and record keeping requirements because assessors rely on written records to verify the compliance to BG standards. In addition, suppliers’ lack of collaboration and transparency will negatively impact on the continuation of business relationship.

Actions

BG Business Partners have to collaborate with third-part auditors, allowing the access to all production units, providing business records and relevant documentation, and conceding private interviews with workers. They are also expected to provide assistance to Benetton Group in supply chain mapping activities.

Benefits

Collaboration and transparency are inherently part of the audit process. Working together with the assessors provides the opportunity to create significant efficiencies, to minimize duplication, to reduce time consuming activities and ultimately to objectively recognize strengths and weaknesses of the factory.

✓ TO DO

Do allow BG and/or its designated agents (including third parties) to perform assessments, whether announced or unannounced.

Do be cooperative and transparent during an assessment, and provide unrestricted access to workers, records, work areas, and to dormitories, if applicable.

Do allow private interviews with workers without interfering with these activities.

Do maintain complete and accurate records so that compliance can be effectively assessed.

Do promptly inform Benetton Group of where each product is being produced, including subcontracting and homeworking.

Do provide assistant to third parties assessor to perform audits in the factory suppliers and subcontractors, upon the request of Benetton Group.

Do make sure that staff and safety guards grant access to the assessors for the audits.

Do work in cooperation to implement the corrective action plan signed with the auditor.

✗ NOT TO DO

Do not refuse access to an auditor to any facilities or relevant document.

Do not prohibit workers from talking openly with the visitors and do not coach employees on how to respond to investigation questions.

Do not conceal, falsify, and alter records in order to misrepresent any aspects of factory operation.

Do not discipline or punish workers for discussing factory conditions with the auditors.

Document check list

- National and local labour codes
- National and local health and safety regulations
- National and local environmental requirements
- Liability insurance documents
- Business registrations and certificates
- Government registrations or permits
- All relevant record to verify compliance with Code of Conduct

Best practices

The company should consider the corrective action plan not as an external imposition, but as an opportunity of continuous improvement. Factories are expected to correct all identified compliance issues as a condition for continuing business relationship, but on the other hand Benetton Group is ready to provide all the support required to reach this aim. The ultimate objective of this monitoring and collaboration process is to raise factory conditions to a standard whereby the social and environmental audits are no longer needed.

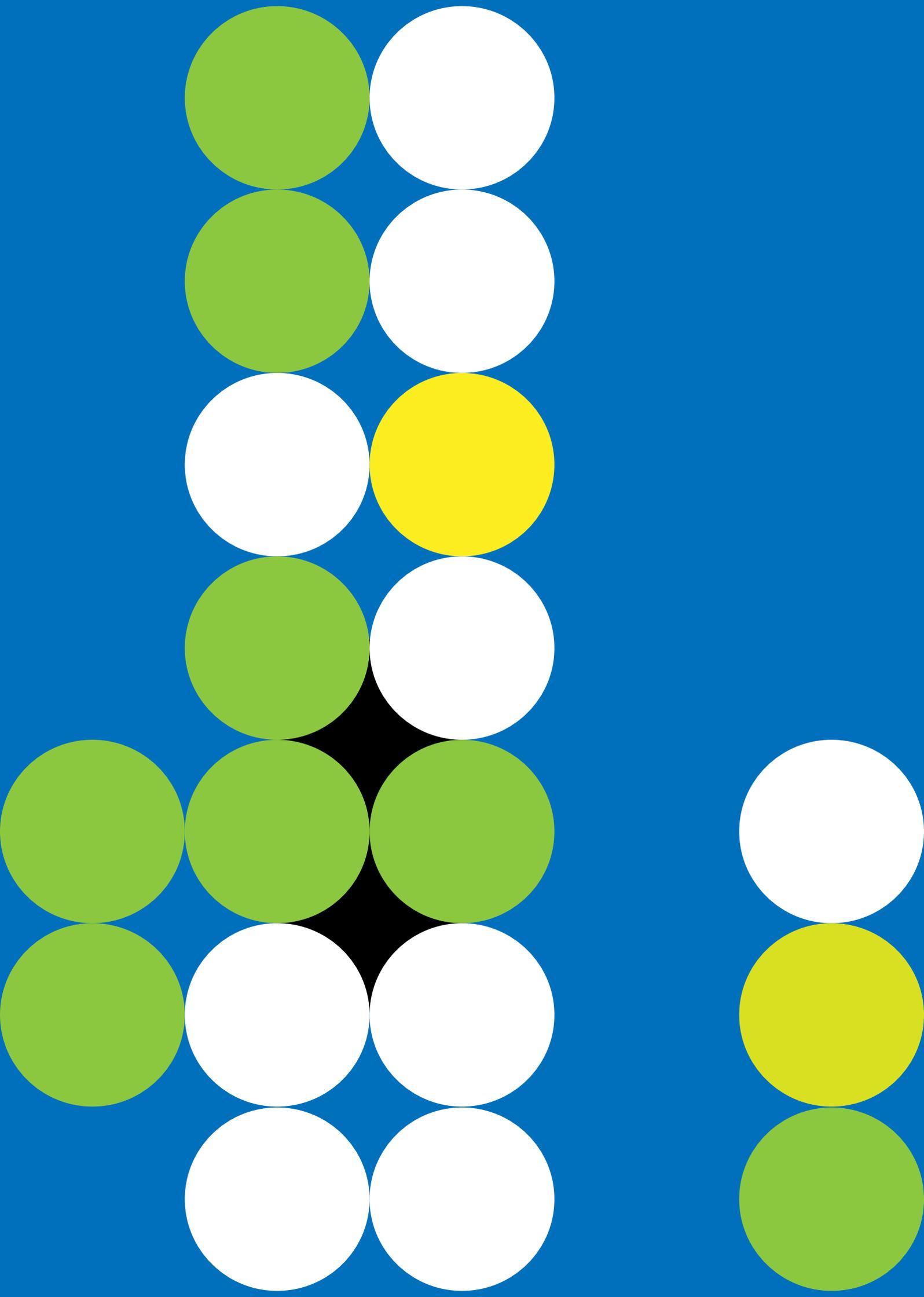
Process mapping

01 Audit inspection

- Collaborative attitude
- Full access to work areas, business records and relevant documentation
- Privacy during the interviews with employees

02 Monitoring

- Implement all corrective actions
- Respect the timeline agreed with the auditors
- Continuous improvement approach



Definitions

Adult labour | The employment of workers aged 18 years old and above.

Agent | 1) If used in an auditing relationship, agent refers to any individual or company acting on behalf of BG.
2) If used when referring to the hiring of workers, agents are organizations or individuals who supply workers for factories.

Annual Leave/Vacation | A certain number of paid days per year given to a worker, as time off from his/her occupation, for the purpose of rest and recreation and usually mandated by law or through collective bargaining.

Assessor | An internal BG associate or an external third party vendor contracted to perform an assessment of the factory.

Assessment Report | A detailed, written record of the findings cited during a full factory assessment.

Basic Needs | Essential expenses such as food, clean water, clothes, shelter, transport, education.

Benefits | Compensation paid to employees in addition to remuneration (wage/salary). Benefits can be classified as legal, when stipulated by labour or federal agencies such as holiday or vacation pay, or voluntary, when not required by law, such as tuition reimbursement or food baskets.

Bonded Labour | An illegal practice in which employers give high-interest loans to workers who either individually or as an entire family then labour at low wages to pay off the debt.

Broker | A person who is contracted by an employer to recruit workers from the country of origin.

Blacklisting | Creating, maintaining, using and/or communicating lists of employees or potential employees for the purpose of denying employment or other penalty based on non-job related criteria, such as association membership.

Bribery | Any offer to, and acceptance by, any of BG associates or its agents of money, gifts, travel or entertainment or other consideration that is intended to or may be construed as an inducement to act (whether by commission or omission) in any manner is strictly prohibited.

Corrective Action Plan (CAP) | A written corrective action plan which details a factory's action items for improvement, the person responsible for monitoring the factory's implementation of such action items and a timetable for completing those items.

Child Labour | The employment of any worker less than 15 years old or 14 years old, where national legislation so permits.

Coercion | Any behaviour that involves force (actual or threatened) that restricts another person's choice or freedom to act.

Collective Bargaining | Negotiations between an employer and a group of employees that determine the conditions of employment; often employees are represented in the bargaining by a trade union or other labour organization.

Collective Bargaining Agreement (CBA) | An agreement negotiated between a group of employees (e.g. union) and an employer that sets forth the terms of employment. This type of agreement may include provisions regarding wages, vacation time, working hours, working conditions, and health and insurance benefits. When legally negotiated and registered, the terms of the CBA become legally binding and are accepted workplace terms and conditions.

Contract Workers | Workers who are hired for specific period of time to conduct a certain kind of work as described and agreed to on the basis of a contract.

Corporal Punishment | Any disciplinary practice that involves bodily contact or harm, or the threat of bodily harm.

Denial of Access | Any situation where a BG associate or its agents (including third parties) or Independent External Assessor consultant is refused entry to the manufacturing site, access to documents or permission to interview workers.

Disciplinary Practice | Actions used by managers or supervisors to change the behaviour of employees.

Discretionary Expenditure | An amount of money remaining once basic needs have been met, which may be used by employees as they choose for saving or spending, for example, toward purchase of a home or the development of a small business.

Discrimination | Any distinction, exclusion or preference based on a personal characteristic which deprives a person of access to equal opportunity or treatment in any area of employment.

Domestic worker | An individual whose nationality/country of origin is the same as that of the country in which supplier's facility is located.

Emergency Action Plan | An emergency action plan (or contingency plan) is a building or site specific plan that takes into account all actions (e.g. evacuation), related to fire or other emergencies with a clear definition of roles and responsibilities to prevent, mitigate and recover from an event such as a workplace fire or other emergency (e.g. earthquake, flood, act or terrorism, etc.). An emergency action plan must be in writing, kept in the workplace, and available to employees for review.

Emergency Alarm System | System used to identify or warn of emergency within a worksite, based on electrical or manual warning devices.

Extraordinary circumstances | Events which are extremely unusual, including natural calamities such as earthquakes and floods, fires, riots and demonstrations, and in some cases power failures. Events which happen frequently, such as interrupted electrical supply or late delivery of materials, do not constitute extraordinary circumstances.

Fair Wage | Compensation sufficient to meet workers' basic needs and provide some discretionary income.

First Aid | Emergency treatment for injury or sudden illness administered before regular medical care is available.

Forced Labour | Any situations in which women and men, girls and boys are made to work against their free will or do not have the choice to leave their working arrangement when they choose, coerced by their recruiter or employer. Coercion can be expressed through violence, threats, debt or retention of ID papers, and it includes human trafficking and slave labour in the cruelest situations.

Forced Overtime | Overtime that is imposed under some form of penalty (dismissal, transferring to a lower grade job, no future overtime opportunities, etc.), by threat of force, by physically prohibiting from exiting by closing factory gates, or by restricting access to transportation.

Freedom of Association | Freedom of association is referred to forming, or joining any type of organization (e.g. a workers trade union) without persecution or hindrance from the employer or the government.

Harassment | unwelcome conduct which manifests in unnecessary or excessive contact or communication with a person, to the point where that person feels intimidated, tired or demoralised. Harassment can be severe enough to create an intimidating, hostile or offensive work environment.

Hazardous Work | labour or work that places the worker in physical or psychological harm; requires the use of dangerous machinery; places the individual in unhealthy environment due to the materials used; or places the worker in difficult physical conditions.

Hazardous Material | Any substance or material, which presents a risk to health, safety, environment, and property when used, stored or transported.

Hazardous Waste | Any waste or combination of wastes with the potential to damage human health, living organisms or the environment when improperly treated, stored, transported or disposed. A waste may be considered hazardous if it is ignitable, corrosive, or reactive, or if it contains certain amounts of toxic chemicals.

Health and Safety Committee | A committee of both workers' representatives and management's representatives that meets regularly to establish procedures for investigating all health and safety related incidents, ensure workplace inspections are performed, and make recommendations for actions. The purpose of a committee is to get workers and management working together to prevent workplace injuries and accidents, ultimately producing a safer and healthier workplace.

Home Worker | A person who carry out a job in his/her home or on other premises of his/her choice, other than the workplace of the employer, for remuneration which results in product/service as specified by the employer; irrespective of who provides the equipment, materials or the other inputs used, unless this person has the degree of autonomy and economic independence necessary to be an independent worker under national laws, regulation or court decisions.

Incompatible Materials | When certain materials are mixed together and produce a reaction such as a fire or explosion. Incompatible materials should be physically separated in the storage area.

Indentured Labour | Work, performed by an individual contractually bound to an employer for a specific time period, which is usually in return for payment of travel and living expenses. Indentured labourers may work on behalf of another person's debt.

Juvenile Labour | The employment of workers between the minimum working age and the age of 17; typically they need written permission to work and are restricted from working overtime and in hazardous occupations.

Material Safety Data Sheet (MSDS) or Safety Data Sheet (SDS) | An informational document intended to provide workers and emergency personnel with procedures for handling or working with that substance in a safe manner and includes information such as physical data (melting point, boiling point, flash point, etc.), toxicity, potential hazardous effects, first aid, reactivity, storage, disposal, and recommendations for appropriate human protective measures.

Maternity Leave | The period during which a worker takes leave to give birth and/or care for an infant. In most jurisdictions, maternity leave is defined and usually ranges from 3 months to 1 year.

Migrant Worker | A person who is to be engaged, is engaged or has been engaged in a remunerated activity in a country of which he or she is not a national.

Minimum Wage | Minimum sum payable to a worker for work performed or services rendered, within a given period, whether calculated on the basis of time or output, which may not be reduced either by individual or collective agreement, which is guaranteed by law.

Minimum Working Age | The legal age requirement that is mandated by the government and/or defined by international law.

Overtime | Work performed in addition to regular working hours as defined by country law. In many countries, this is usually time worked over 8 hours in a day and 48 in a week.

Overtime Wage | Compensation for work that exceeds the basic hours established by law; this premium should be described in a country's labour laws.

Personal Protective Equipment (PPE) | Devices used to protect employees from injury or illness resulting from contact with chemical, radiological, physical, electrical, mechanical, or other workplace hazards.

Physical Abuse | Physical abuse is any act that includes pushing, slapping, cutting, punching, kicking, and/or tripping which is intended to inflict pain on another person.

Post-hiring | Includes any procedure, process, activity, or terms and conditions related to employment after a person has been recruited. For example, training, promotion, transfer or disciplinary action.

Prison Labour | Work performed by individuals who are incarcerated by the state, military, or any other entity. Under prison labour arrangements, prisoners may be brought to the factory, or the production may be carried out in prison facilities. Although prisoners may be paid, it is a form of forced labour since they do not have choice to refuse work.

Prevailing Wage | The level of wage generally paid in the relevant country or region of the country for work in the same sector and for comparable levels of responsibility and experience.

Psychological Abuse | Behaviour that may result in psychological trauma, including anxiety, chronic depression, or post-traumatic stress disorder.

Recruitment | The engagement of a person in one territory on behalf of an employer in another territory, or the giving of an undertaking to a person in one territory to provide him/her with employment in another territory, including the seeking for and the selection of migrants and the preparation for departure of the emigrants.

Recruitment Agencies | A fee-charging employment agency that carries out, under contract, and in exchange for financial compensation, operations on behalf of the Contractor, to ease or speed up access to employment procurement or career progression by filling a vacancy.

Risk Assessment | A systematic process of evaluating the potential risks that may be involved in an area task, job or other activity.

Secondary Containers | Apparatus installed around storage devices to prevent wastes or accumulated liquids from leaking into the soil, groundwater or surface water by capturing any leaks.

Sexual Harassment | Harassment involving the making of unwanted sexual advances or obscene remarks.

Short Term Contract | An employment agreement that is valid for a short period of time.

Subcontracting | Refers to the process of outsourcing part of all production to another vendor, factory or facility, including but not limited to sewing, cutting, embroidery, dyeing, washing, ironing, packing, screen printing, fabric mills; Benetton Group does not allow subcontracting without prior approval.

Temporary Worker | A person with a labour contract of limited or unspecified duration with no guarantee of continuation.

Verbal abuse | Behaviour that includes screaming, insulting language, name calling, threatening, and/or sexually demeaning language.

Wages | Monetary compensation (money) paid to workers for producing goods or providing services.

Waste water | Process water that contains chemicals or additives generated throughout manufacturing process.

