

Risk assessment Italy 2013

Fair Wear Foundation



Copyright 2013 Fair Wear Foundation
www.fairwear.org

Table of contents

1. Introduction.....	4
2. Sources used.....	5
3. Garment industry.....	6
4. Legislative profile.....	14
5. Implementation of the FWF Code of Labour Practices.....	15
5.1 Employment is freely chosen.....	15
5.2 No discrimination in employment.....	16
5.3 No child labour.....	20
5.4 Freedom of association and the right to collective bargaining.....	24
5.5 Payment of a living wage.....	25
5.6 No excessive working hours.....	30
5.7 Safe and healthy working conditions.....	32
5.8. Legally binding employment relationship.....	35
6. Conclusions.....	40

1. Introduction

Fair Wear Foundation (FWF) conducted a country risk assessment for Italy between January and August 2013. The study was initiated as part of FWF's revisiting of Italy's low risk classification. The report will be used as input for FWF's low risk policy.

The study has been prepared by gathering information about national laws and local stakeholders' views on labour issues in the garment industry in Italy.

The information has been gathered by Dr. Melisa Cerizza. The information was obtained by desk research and by interviews with stakeholders. Apart from the stakeholder information, relevant laws regarding each part of FWF's Code of Labour Practices are also presented.

2. Sources used

The following stakeholders representing public authorities, employers, trade unions, and NGOs were consulted in writing this country study:

I. Government/public authorities

MINISTRY OF LABOUR

MINISTRY OF FOREIGN AFFAIRS

MINISTRY OF EQUAL OPPORTUNITIES

DIREZIONE LAVORO E POLITICHE SOCIALI (Direction for Labour and Social politics)

UNION CAMERE (CSR department of the National Chamber of Commerce) – Interview with Mr De Santcis;

REGIONE TOSCANA (Toscana Region) – Interview with Mrs Di Lorenzo;

REGIONE VENETO (Veneto Region)

II. Trade unions

SISTEMA MODA ITALIA (Fashion Trade Union) – Interviews with Mr Carlo Mascellani and Mrs Angela Codeghini;

CISL – FEMCA (Workers Union) – Interview with Mrs Cecilia Brighi;

CGIL- FILTEA (Workers Union)– Interviews with Mr Rucci Giuseppe and Mrs Maria Di Annunzio;

III. Business associations/Chamber of Commerce

CCCIA PRATO (Chamber of Commerce Prato) – Interviews with Mrs Silvia Gambi, Mr Luca Palamidessi;

CNMI (National Chamber of Commerce for Italian Fashion) - (online documentation and chart);

IV. NGOs

INAIL (National body for Social Security at work) –(online documentation and chart);

CLEAN CLOTHES CAMPAIGN - Interview with Mrs Ersilia Monti;

SAVE THE CHILDREN (NGO) – (online documentation)

3. THE GARMENT SECTOR IN ITALY

The garment sector in Italy is one of the country's most important industries. The sector is very diversified and complete offering a wide range of operations from spinning and weaving to packaging and finishing. Production is mainly organised around small and medium-sized companies which often operate in niche and luxury markets. As with many other industrial sectors in Italy, textile manufacturing is regionally diversified and based around small scale and family ownership. Regional centres of textile production include Toscana, and especially the province of Prato, which is Italy's number-one area of production; Veneto, which is the leader of the luxury fashion industry; and Lombardia which is the main centre of the Italian silk industry. Taking advantage of the concentration of petrochemical industries, Puglia is the country's leading producer of synthetic fibres, while Marche is the so-called Jeans valley.

In the garment industry, Italy makes a distinction in terminology between apparel manufacturers and textile manufacturers. Textile manufacturers include wool, cotton, linen, silk and housewear producers, while apparel manufacturers include clothes production and the accessories industries.

A study conducted by SMI (Sistema Moda Italia) in 2011 reveals a total of 51,873 garment manufacturers in Italy¹: 38,669 apparel manufacturers and 13,204 textile manufacturers. The research also shows the number of textile and apparel producers per region:

GARMENT MANUFACTURERS IN ITALY – REGIONAL NUMBERS		
2011		
REGION	TOTAL	Var. % 10/11
Abruzzo	1,452	- 0.7
Basilicata	276	- 4.1
Calabria	785	- 3.4
Campania	4,275	- 3.7
Emilia R.	5,162	- 0.8
Friuli Venezia G.	397	- 2.6
Lazio	2,392	- 1.0
Liguria	621	- 1.2

¹ Details and chart provided directly by SMI during stakeholder consultation.

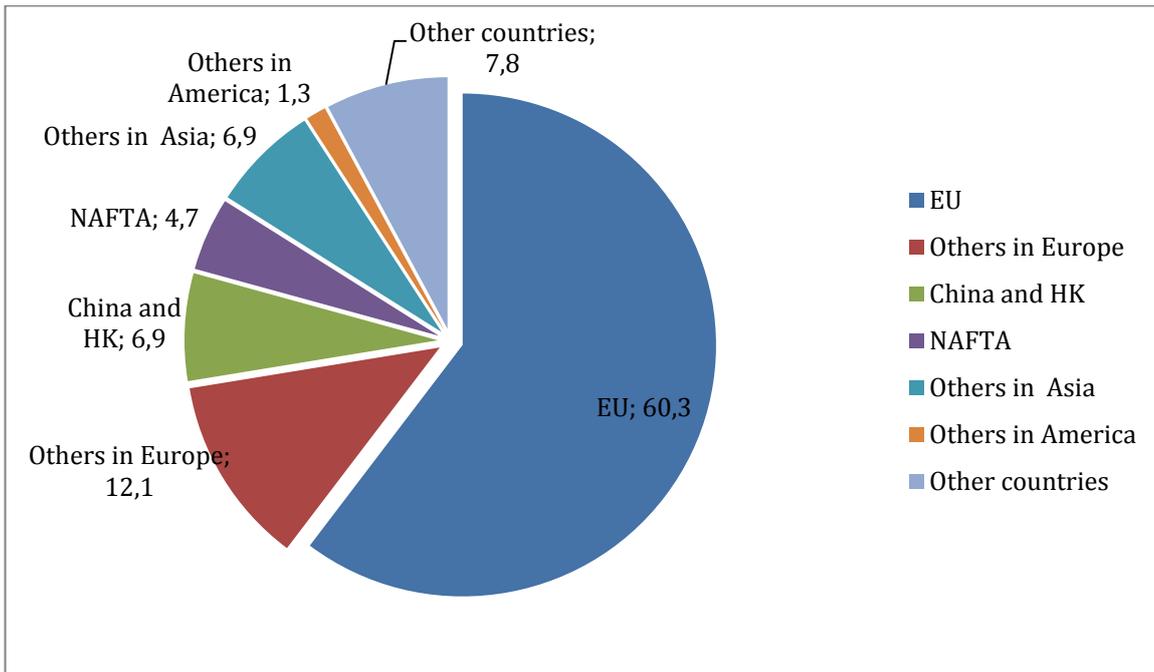
Lombardia	9,866	- 2.2
Marche	1,839	- 0.1
Molise	180	- 10.9
Piemonte	2,787	- 2.0
Puglia	3,571	- 5.3
Sardegna	491	- 4.1
Sicilia	1,368	- 6.0
Trentino Alto A.	318	1.5
Toscana	9,131	- 2.2
Umbria	1,228	- 1.8
Valle d'Aosta	33	6.9
Veneto	5,702	- 1.4
ITALIA	51,873	- 2.3

The Lombardia and Toscana regions have the highest number of manufacturers, although both regions have suffered a decrease in recent years. Valle d' Aosta and Trentino Alto Adige have seen an increase in their production, however, those regions do not have a significant impact on the total numbers. The general national trend shows a decrease of 2.3%.

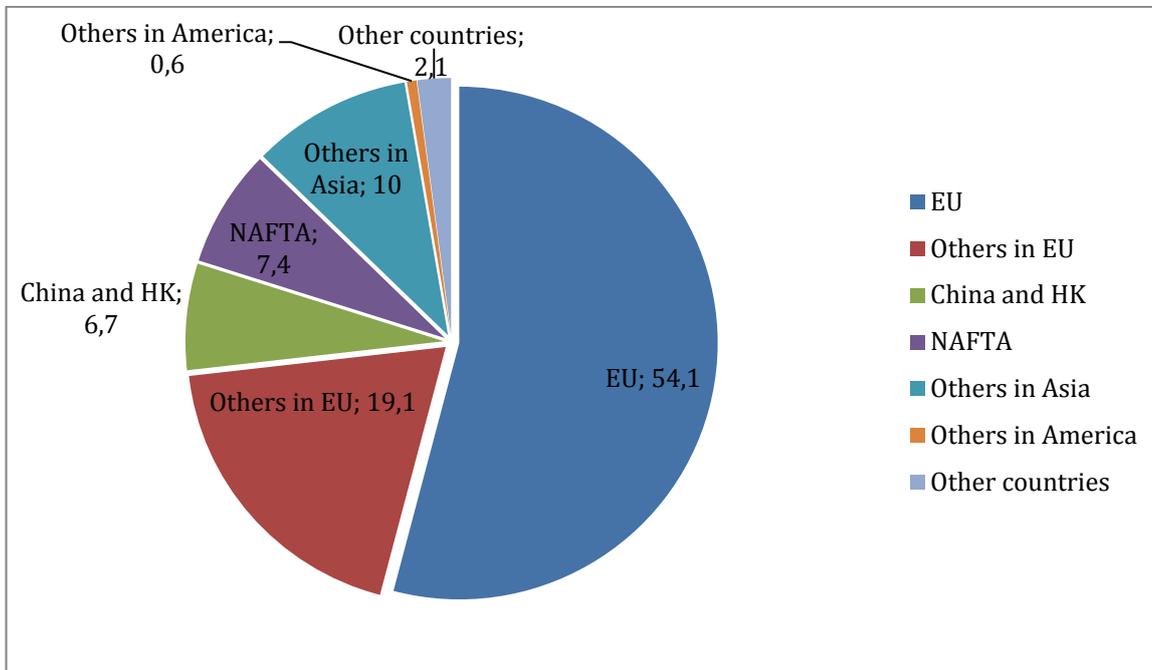
The textile sector currently has a total of 447,000 employees and exports 51% of its production², mostly to the EU. For more detail, see the below diagram.

² SMI number from 2011

a) TEXTILE SECTOR EXPORTS in 2011:



b) APPAREL EXPORTS IN 2011:



SMI also provided details about the main EU destinations and export quantities. The chart below details the period from January to December 2012.

DESTINATION COUNTRY	TONS
TOTAL EU	876,577
TOTAL OUTSIDE EU	599,110
TOTAL	1,475,687
TOP TEN COUNTRIES	
GERMANY	161,460
FRANCE	131,359
ROMANIA	76,318
SPAIN	76,240
UK	62,821
USA	37,238
SWITZERLAND	29,585
RUSSIA	24,262
HONG KONG	18,142
JAPAN	8,973

MAIN REGIONAL DISTRICTS: TEXTILE – APPAREL - LEATHER³

Below we refer to regional districts when analysing the type of product and market segment. This classification helps in understanding the regional characteristics and issues which will be further analysed in this risk assessment.

REGION	TYPE OF PRODUCTION	TOT.FACTORIES (2011)	TOT. EMPLOYEES
Abruzzo	Hemp transformation; men's and children's apparel; soft furnishings; leather accessories; shoes.	1,613	7,283

³ Details have been provided by the stakeholder - UnionCamere and National Observation Centre:
www.osservatoriodistretti.org. Only districts with more than 1,000 factories have been considered for this research.

Campania	Luxury menswear; shoes.	11,414	24,115
Emilia Romagna	Knitwear.	2,177	10,175
Lombardia	Printing; silk; hosiery; housewear; apparel.	7,798	62,146
Marche	Shoes; jeans; laundries.	6,642	37,993
Piemonte	Cashmere; alpaca; mohair and Australian wool.	1,575	17,044
Puglia	Leather accessories and shoes; laundries	18,394	48,087
Toscana	Yarn; wool; leather accessories and shoes; housewear	20,942	87,143
Veneto	Apparel; laundries.	4,252	35,841

Nationally, the majority of the factories are organised as family businesses and employ less than 50 workers. Those factories located in Campania operate mainly as subcontractors for major factories or commercial offices located in north-east Italy. The Lombardia region is famous for its high standards of technology, know-how and innovation, while the Piemonte region is the district that mainly exports to Russia, China, Hong Kong. Marche is the region which has suffered most from the economic crisis and the number of factories there is reducing drastically each year.

The Verona Fashion Region (Veneto) has now started to specialise in fast fashion products and mainly works with clients such as Zara, Liu Jo and Patrizia Pepe in order to compete with the eastern European countries. A large number of factories from the district have now moved their production to Slovenia, Croatia or Serbia close to Veneto, while the commercial offices and warehouses remain in Italy. Eastern European countries offer a cheaper labour force and lower taxation. But as the packaging and shipping operations are usually finalised in Italy, this allows manufacturers to label their products as “Made in Italy” (in compliance with the current country norms). In this specific case, the main risks are connected to the monitoring of the supply chain and the importance of the evaluation of working conditions in the Eastern European sites. Brands are not always aware that their products are leaving Italy during the production process as the final label carries the mark “Made in Italy”.

With regards to regional differences, the stakeholders interviewed felt that the most common violations were related to Health and Safety and it appears that this is a national issue rather than a regional one. The opinion was that employers and employees do not dedicate sufficient attention to the risks connected to the working environment, training and preventive/corrective actions. For example, INAIL (the social security centre) reported that in 2011 there were 725,174 injuries of which 920 were fatal⁴.

Another relevant issue concerns the employment terms as high numbers of employees are working either irregularly or illegally. Here, the Unions are currently classifying Lombardia and Campania as high risk regions. Lombardia has the highest number of illegal employees in the textile sector due to the lack of a strong monitoring system, while Campania has serious

⁴http://www.inail.it/Portale/appmanager/portale/desktop?_nfpb=true&_pageLabel=PAGE_SALASTAMPA&nextPage=Prodotti/News/2012/INAIL/info1811689707.jsp

issues related to “black labour”. According to the stakeholders, black labour in Campania is strongly related to cultural and economic aspects. Employees often prefer to work illegally in order to have more freedom and to avoid tax payments (cultural aspect), but it is also believed that higher salaries (economic aspect) in the area (Campania is the region with the lowest salaries) can help to reduce the choice for illegal employment. Further details on illegal and irregular employment terms will be discussed later on in this Risk Assessment.

The final issue considered during the interviews was that of the strong presence of Chinese factories in Toscana, Veneto and Lombardia, with special reference to the Prato district (Toscana) where 78% of the companies in the area are Chinese. In 2012, the Veneto Regional Trade Union Confartigianato and the Union Camere (Union of the Chamber of Commerce) published a report showing specific regional details. In 2012, there were a total of 10,130 Chinese factories registered in Italy. In this assessment we use the term “Chinese factories” to refer to factories managed and owned by Chinese employers and with a Chinese-only labour force.

CHINESE FACTORIES IN ITALY – 2012	
REGION	TOT. REGISTERED FACTORIES
ABRUZZO	332
CAMPANIA	24
EMILIA ROMAGNA	1,456
FRIULI VENEZIA GIULIA	7
LAZIO	101
LIGURIA	19
LOMBARDIA	1,661
MARCHE	739
MOLISE	1
PIEMONTE	141
PUGLIA	32
SARDEGNA	1
TOSCANA	3,904
TRENTINO ALTO ADIGE	3
UMBRIA	101
VENETO	1,608
TOTAL	10,130

The research shows that the number of Chinese factories is increasing annually but with strong regional differences. For example, the number factories in Veneto has increased by 392 units in 2012, while in Toscana, 865 additional factories have been registered and 429 in Lombardia. Trade Unions explain that the choice of the location is connected to the level of administration control. Between 2011 and 2013, the Veneto region promoted a strong campaign to monitor working conditions and the legality of Chinese sites in the textile sector, while other regions, such as Lombardia and Emilia Romagna, have weaker monitoring programs in place.

The report reveals that:

- 179 Chinese factories closed in 2012 while 2,379 opened;
- 8,629 Chinese factories out of 10,130 operate in just four regions: Toscana, Lombardia, Veneto and Emilia Romagna.

As Toscana is the region with the highest number of Chinese factories, representatives of the Chambers of Commerce of Toscana and Prato were interviewed as one of the main stakeholders for this Risk Assessment. The Chamber of Commerce of Prato published a study conducted in January 2012 which provides a total number of Chinese factories including illegal and irregular sites. It estimated that 4,808 Chinese factories were operating in Prato (31/12/2010).

The risks connected to the presence of Chinese factories are related to working conditions. On this matter the Prato Chamber of Commerce reported that the monitoring system is very accurate and that the police are working efficiently in the area to monitor non-compliant sites.

The most common violations found during police inspections are related to the presence of irregular workers with no VISA or passport, the presence of dormitories onsite with unacceptable hygienic conditions, the lack of permits to operate as a factory, dangerous and unsecure machinery, and the lack of basic H&S tools such as fire extinguishers or emergency lights.

Subcontractors

Subcontractors play a fundamental role in the Italian textile/leather supply chain due to their ability to offer specialisation and flexibility to manufacturers. Manufacturers often sell a finished product that was cut, sewn, coloured and assembled in two or three different factories. Clients often ask for different products and different prices and so, by having widely fragmented supply chains, manufacturers can always satisfy customers' requests and guarantee a prompt delivery or satisfy an urgent production demand. The Italian supply chain is characterised by this system and this is proved by the fact that the majority of the factories employ less than 50 workers.

An additional consideration focuses on the role of Chinese factories or sub-subcontractors. The demand by clients to maintain low prices and high quality has pushed manufacturers to use "cheap subcontractors". As considered above, Chinese factories can offer fast delivery and low prices, however the cost of ensuring those advantages poses high risks to the health and safety conditions of Chinese workers. Chinese factories can also be used as sub-subcontractors. In this case, the subcontractor contacted by the manufacturers accept the work order given with the promise to complete the job onsite. However, often the costs of the production are too high and so the goods are passed to a sub-subcontractor, a step which the clients are not informed about.

Having considered those aspects, we need to be aware of the risks connected to a segmented supply chain and the importance of having a monitoring system in place that covers those additional steps. Final clients must require that their manufacturers provide clear information about the path followed by their product and guarantee that the working conditions at the subcontractors' sites are compliant and regularly monitored. Clients must ensure that the workforce and equipment used by the manufacturer is adequate to complete the production within the time frame given; if this is not the case, this may be an indication of subcontractors use.

4. LEGISLATIVE PROFILE

INTRODUCTION

Labour is regulated by the Italian Constitution, the Civil Code, the Workers' Bill of Rights (Statuto dei Lavoratori), and other relevant laws and decrees. Employment terms and conditions are also periodically formed by Collective Labour Agreements (CCNL) within the various professional categories.

Italian Labour Law has been subject to some important changes after Law 28 June 2012 n. 92 came into force on 18 July 2012.

The core points of the new Law are the following:

- A wide range of employment measures to reduce unemployment and to promote young people's entry into the labour market.
- Outbound flexibility to simplify dismissal and termination procedures in the current economic situation.
- A social safety system to make active labour market policies more efficient, coherent and equal.

The applicable CBA for the textile and apparel sectors is the National Collective Agreement for Textile Manufacturers - "Contratto Collettivo Aziende Tessili ed Affini". There are two different CBAs based on the size of the company and the type of production: CBA for Industries and CBA for Artisans. Both contracts are the results of agreements between Unions and Trade Unions, and they are regularly issued by the trade union Confindustria and Confartigianato and by the employees three main Unions CGIL, CISL and UIL.

This specific CBA is also applicable to housewear production, leather accessories and shoe manufacturers.

The Department of Immigration works with the Minister of Labour to evaluate the working conditions of migrants in the country with particular attention to compliance with labour laws. The Ministry of Labour has overall responsibility for issuing laws related to working conditions, as well as yearly decrees establishing quotas for seasonal workers allowed in the country. The Ministry of Labour does not have the responsibility for monitoring working conditions, as this remains under the jurisdiction of each region and municipality. During her interview, Mrs Congia (the Director of the Integration Portal - a Ministry of Labour web platform to disseminate information on immigration⁵) said that the government's monitoring was insufficient, largely due to lack of funds and that this was particularly true for the southern regions of Italy.

⁵ <http://www.integrazionemigranti.gov.it/Pagine/default.aspx>

5. Risks per FWF labour standard

1. Employment is freely chosen

Country Law Profile:

Penal Code (1930) Amendment (2003), Art. 600-601-602

Keeping a person in slavery or in a condition analogous to slavery is punishable by five to fifteen years imprisonment.

Trading slaves or keeping people in conditions similar to slavery is punishable by five to twenty years imprisonment.

However, in cases other than the ones referred to in article 601, anyone who purchases or sells, or transfers any person who is in any of the conditions referred to in article 600, shall be punished by eight to twenty years imprisonment. The aforesaid penalty becomes harsher, increasing by one third to 50%, if the offences referred to in this present article are perpetrated against minors under eighteen or for sexual exploitation, prostitution, or organ removal purposes.

ILO CONVENTION: C105 – Italy has ratified the convention concerning the Abolition of Forced Labour, 1957

Specific country situation:

The consultation with stakeholders reveals that employment is freely chosen and that human trafficking for labour purposes is a risk mainly connected to the agriculture sector. The industrial sectors are not currently experiencing such risks and employees are normally free to apply for any open positions and are free to resign. The role of the Unions is very strong on this matter; their assistance normally grants full compensation and benefits to employees who have resigned or have been dismissed. In the interviews with stakeholders, it was brought up that freedom of employment may be a risk for Chinese factories operating in Italy where workers are illegally transferred from China and employed under unacceptable working conditions and with no legal documentation. Deduction of wages or other schemes may exist that prevent Chinese workers from saving money and returning to China. The role of Chinese labour force will be discussed at a later stage in this Risk Assessment.

The stakeholders stressed that irregular and illegal employment is one of the main risks in the country, especially in recent years due to the current economic crisis and the seasonal character of the work. For more information, see the section on the 'Legally binding employment relationship' labour standard.

To analyse the role of migrant workers in the industry and the possible risk for forced labour, it is necessary to understand the process of recruitment and the country's legislation.

According to the annual migration report published by the Minister of Internal Affairs, there are currently 4,570,317 foreigners in Italy, of which 46,995 are in the country illegally.⁶ The largest group is from Morocco (7,900), followed by Tunisia (5,169), Nigeria (3,965), and Senegal (3,250). The regions with the highest number of registered foreigners are Campania, Veneto, and Lazio.

Migrant workers can either enter the country legally or illegally. Those who adopt the official recruitment process are recruited directly in their country of origin by local intermediaries who organize their trip and employment in Italy (mainly for the agricultural sector). They pay high sums to obtain an invitation letter from their employer in Italy and an invitation letter allows migrants to have a seasonal permit for a stay of a maximum of 9 months. However, once the 9 months permit expires migrants often do not have sufficient money to return home and so continue working illegally for the same intermediary. The labour intermediaries often belong to criminal organisations.

⁶ Secondo rapporto annuale sul mercato del lavoro degli immigrati (Second annual report on the migrant labour market) issued by the General Direction of Immigration – Ministry of Labour. July 2012.

Some migrants also enter the country illegally and they are approached by intermediaries at the harbour. Migrants are then offered a work opportunity - mainly in the fields and farms - and transported to where labour force is required.

In both cases, all migrants are handled by a “caporale”; individuals who act as intermediaries between the workers and the employer and provide transportation to the fields. The majority of these intermediaries are Tunisian, Sudanese, Romanian and Bulgarian and they are usually bilingual, which makes it easier for them to represent the workers.

The conditions described above are mainly connected to the agricultural and construction business. However, the Ministry of Internal Affairs does not exclude the possibility that this methodology is being used by industries and manufacturers that need a flexible and cheap labour force.

According to the Ministry of Labour, the countries of origin that receive the largest number of requests are China, Bangladesh, India, and Pakistan. There are very few requests for African workers, though most migrant workers in Italy are of African origin. The regions that accommodate the majority of legal workers who enter through the quota system are Campania, Veneto, and Lazio, while Calabria has one of the lowest numbers of these workers.

Finally, stakeholders believe that employers in the textile sector do not operate a system of direct recruitment in the migrants’ country of origin. However, the recruitment of migrant workers “escaping” from farms and fields and with no legal documentation may offer the possibility to find a cheap and flexible labour force, especially for hard and hazardous operations (loading/unloading, washing, dyeing etc.). Moreover the seasonal nature of the textile sector may often require an occasional work force during peak months.

2. NO DISCRIMINATION IN EMPLOYMENT

Country Law Profile:

Italian Constitution (1947), Art. 37

Working women are entitled to equal rights and, for comparable jobs, equal pay as men. Working conditions have to be such as to allow women to fulfil their essential family duties and ensure an adequate protection of mothers and children. The law defines a minimum age for paid labour. The Republic has established special measures for protecting juvenile labour and guarantees equal pay for comparable work.

Law 903, Equality of treatment between men and women with regards to work (1977), Art. 2

A female worker has the right to the same compensation as a male worker when the performance demanded is equal or of equal value. The professional classification system must adopt common criteria for men and women.

Law 903, Equality of treatment between men and women with regards to work (1977) Amendment (2005), Art. 1

Discrimination is forbidden based on sex with regards to access to employment, in subordinate, autonomous or any other form, regardless of the mode of appointment and sector or branch of activity at all levels of the occupational hierarchy. Discrimination referred to in the preceding paragraph is also prohibited if implemented: 1) in reference to marital or family status or pregnancy; 2) in an indirect way, through the mechanisms of pre-selection or publishing, or any other form of advertising that shows the requirement of one sex or the other for professional membership. The prohibitions in the preceding paragraphs shall also apply to initiatives regarding guidance, training, retraining and professional development, both access to and content of, as well as membership of and involvement in, an organization of workers or employers, or any organization whose members carry on a particular profession, and the benefits provided by such organizations. Any exceptions to the above provisions are only allowed for tasks involving heavy workloads as identified through collective bargaining. Conditional membership of a particular sex in the business of fashion, art and entertainment, when it is essential to the nature of the work or performance, does not constitute discrimination.

Law 40, Immigration control and provisions concerning the conditions of foreigners (1998), Art. 41

For the purposes of this chapter, discrimination is any conduct which directly or indirectly involves a distinction, exclusion, restriction or preference based on race, colour, descent or national or ethnic origin, convictions and religious practices, and has the purpose or effect to destroy or undermine the recognition, enjoyment or exercise, on equal terms, of human rights and fundamental freedoms in the political economic, social and cultural as well as any other field of public life. In any event, an act of discrimination shall be deemed to have been committed when: [...] c) anyone who wrongfully imposes less favourable conditions or refuses to provide access to employment, accommodation, education, training and social care or welfare services for legally resident foreigners in Italy solely because of their foreign status or because they belong to a given race, religion, ethnic or national group; [...] e) the employer or his delegated representatives who commit any act or engage in any conduct which has a discriminatory thus prejudicial effect, even indirectly, on workers because they belong to a given race, ethnic or language group, hold a given religious belief or citizenship. Indirect discrimination shall be any harmful treatment following the adoption of criteria which are proportionately more harmful to workers who belong to a given ethnic or language group, hold a given religious belief or citizenship and concern requirements that are not essential for carrying out the occupational activity.

Legislative Decree 198/2006

There is a distinction between direct and indirect discrimination.

Direct discrimination is based on dispositions, criteria, acts, agreements or behaviours that produce prejudicial effects or unfair treatment by discriminating workers based on their gender.

Indirect discrimination is again based on acts or behaviour that can place a female worker with the same rights, skills and experience as a male worker in a slightly lower position. Indirect discrimination can also apply to pregnancy or maternity.

Specific country situation:

The Ministry of Equal Opportunities, together with the Unions, has an important role to ensure that the work environment is free of any form of discrimination through the application of the law, a centralised monitoring system, and the Unions' assistance to workers when reporting issues.

The Ministry of Equal Opportunities is also supported by UNAR; a governmental body ensuring that equal treatment is applied in all contexts and forbids all types of discrimination with particular attention to ethnic discrimination. UNAR offers a toll free number to report discrimination in a direct or anonymous way.

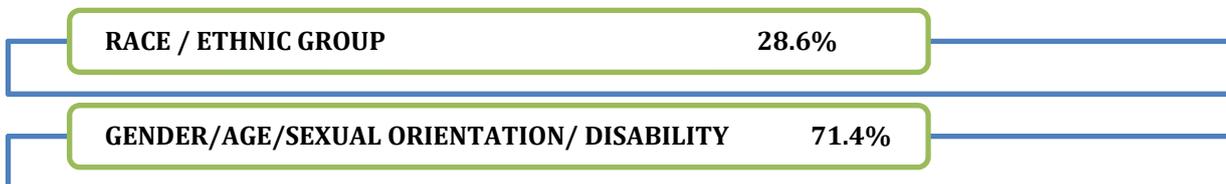
UNAR research⁷ published in January 2013 reveals that 35.6% of recorded discriminative acts are reported by workers. The following charts give specific details on the category and type of discrimination at work.

⁷ <http://www.pariopportunita.gov.it/index.php/unar>

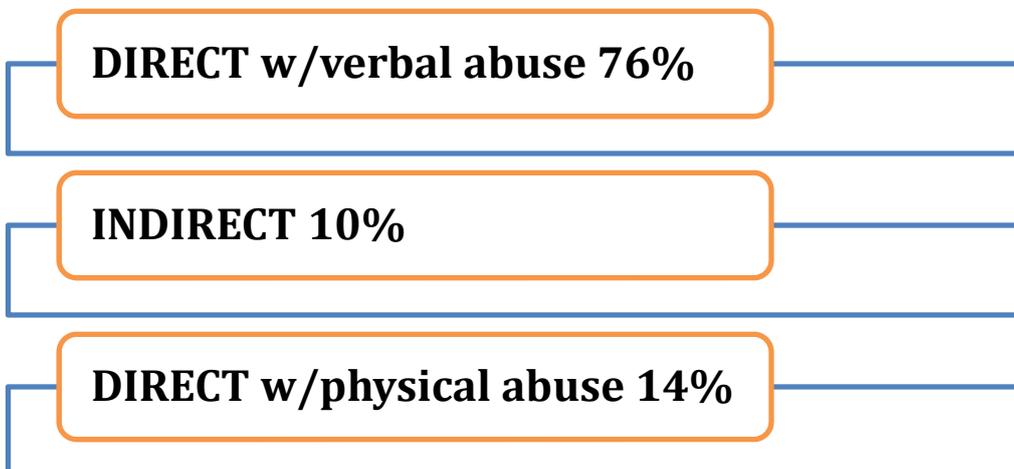
DISCRIMINATION AT WORK



DISCRIMINATION AT WORK / CATEGORIES



TYPE OF DISCRIMINATION



Some previous research was carried out in 2009 by the Ministry of Labour in association with the Labour Office of Torino. This research was based on anonymous phone calls to the UNAR toll free number⁸. The details below show the type of discrimination and the number of cases reported.

Report details 2009	
Type of Discrimination	Number of reported cases
Employment terms	20
Part time request	8
Working hours	4
Maternity leave	15
Racial Discrimination	10
Mobbing	7
Stalking	1
Downgrading	1
Sexual abuse	2
Verbal abuse	1
Unions	10
Others	11

Additional results revealed that women are main victims of discrimination with 86% of the total cases reported by women.

The Unions interviewed for this Risk Assessment confirmed that the most common form of discrimination concerned irregular employment terms (type of contract, duration, benefits), denied maternity leave, downgrading and racial discrimination. With regards to abuses, the Unions reported that physical abuse does occur, however it is not frequent while verbal abuses, in the form of yelling and insults, are often reported by employees. With regards to migrant workers, the

⁸ http://www.consiglieraparitorino.it/primopiano200907_casi/documents/200906_CDP_Casi.pdf

Unions confirmed that this category is often subject to verbal abuses and that the lack of communication skills and language barriers contributed to weaken their position.

The Union CGIL recently conducted some research based on interviews with migrant workers⁹. The survey revealed that 60% of migrant workers were discriminated against by their colleagues and 40% by the employer. Discrimination is mainly related to the country of origin, religion and beliefs. Reports of sexism were made by migrant women who are often verbally abused by colleagues and employers. Some rare cases of physical abuse were also reported during the survey.

The review of the employment contracts conducted by the Union during the same research revealed that 40% of migrant workers were hired with the lowest wages and undertake the hardest work, mainly chemical handling and night shifts.

The Unions members interviewed for this Risk Assessment also reported that high management positions are rarely occupied by women. In addition, women employed in production are rarely offered higher wages, benefits or better positions. Education and training is often offered to men rather than women.

Finally, employees rarely report discrimination due to fear and difficulties to prove the issue. In addition, the Union reported that the Ministry toll free number is not always operational, it is not publicised, and it is available only for Italian speakers.

During the past few years, the Unions have trained a considerable number of foreign representatives (mainly from Africa and India) in an attempt to reduce cultural and language barriers.

3. NO CHILD LABOUR

Country Law Profile:

Law 977, Protection of children and adolescents at work (1967) Amendment (1999), Art. 1(2)

For the purpose of this law: (a) "child" shall mean any minor of less than 15 years of age or who is still subject to compulsory education; (b) "adolescent" shall mean any minor of at least 15, but less than 18 years of age, who is no longer subject to compulsory education; (c) "working time" shall mean any period during which the minor is at work, at the employer's disposal and carrying out his/her activities or duties; (d) "rest period" shall mean any period which is not working time.

Minors are anyone below 18 years old.

Legislative Decree n. 345 4/8/1999 as per European directive 94/33/CE

As per Law 977, there is still a distinction between a child (minor of less than 15 years) and an adolescent (between 15 and 18).

Children can only be employed in cultural and artistic activities. However it is always necessary to obtain the parents' agreement and authorization from the Provincial Labour Office.

As far as adolescents are concerned, in this case it is compulsory to complete the mandatory education as per Law "Finanziaria" 296/07 c. 622 art 1 which requires a compulsory school education for at least 10 years. The minimum age to start working is therefore raised to 16 years old.

Minors cannot be employed in dangerous and unhealthy working situations. Minors cannot be employed in any work involving the use of biological and chemical products.

Before commencing any employment, minors need to be declared "fit to work" by a doctor who is required to issue a medical certificate. Medical tests shall be repeated annually.

Minors below 18 years old cannot conduct night work (2200 hrs to 0600 hrs).

⁹ <http://www2.no-discrim.fr/web/xmedia/etudes/NDp5ItalieEenI.pdf>

Specific Country situation:

The Trade Union CGIL was interviewed as a relevant stakeholder for this Risk Assessment and it identified factors such as economic poverty and cultural backwardness as causes of child labour/minor labour.

Child labour in Italy is a relatively well-studied phenomenon but it is also one that is difficult to analyse as it is associated with illegal and clandestine employment. However, the trade unions are increasingly concerned about it and the CGIL Union has conducted a wide-ranging survey of child labour in Italy ("Lavoro e lavori minorili", Gianni Paone and Anna Teselli, Ediesse, Rome, 2000). The main aim of the CGIL research was to determine the characteristics of child labour by covering a total of 16 territorial units (large cities, medium-to-small towns and provinces). The majority of the minors sampled were aged between 11 and 14.

The study did not consider informal and unpaid work (e.g. in childcare) or the agricultural sector as those have specific features of their own; the survey was only focused on employment on a continuous basis and therefore seasonal work was also not considered.

The following indicators were used for the study:

- education - school attendance, drop-out rates, and repeats;
- the family - the composition of households and the number of working members of the family;
- the underground economy.

On the basis of these indicators, under-age labour in Italy involves around 370,000 children, a much higher number than estimates provided by other research (i.e. the International Labour Organisation estimated child labour at 12,000 units (in 1996), the United Nations Children's Fund (UNICEF) at 200,000-300,000 (in 1993), and Censis (an Italian research institute) at 230,000).

From a geographical point of view, child labour is more widespread in Southern Italy (60% of the total) although it is also relatively common in the northern regions (40%).

One key factor has been identified in the role of the employer who may be family or a third party. The formalisation of the employment relationship varies according to the employer. In general, if the employer is the family, work tends to be casual, while if performed for a third party, it is more continuous. In the latter case, the work also tends to be distributed more uniformly across the days of the week. Working hours also tend to be longer when minors work for a third party (in many cases as much as eight hours a day, while minors working for their families tend to work around four hours a day).

Another issue raised by the survey is the high risk of social exclusion to which working children are exposed. Analysis of the relationship between school and child labour indicates a lack of opportunities for professional development and the risk of exclusion from the labour market.

Awareness of the child labour phenomenon is essential to create preventive and corrective action. CGIL believes that it is important to reform the school system and to remedy situations of social breakdown by involving families, voluntary organisations and other social agencies. The government and social parties have a very important role to play in this.

At the national level, in April 1998 a charter of commitments was signed by the Italian Government and central social partner organisations, which seeks to safeguard the rights of infants and adolescents and to eliminate the exploitation of minors. The main measures envisaged were:

- raising the school-leaving age and drawing up schemes to encourage the return to school of children who have abandoned their studies;
- increasing repressive action against clandestine employment and the introduction of sanctions against firms which use under-age labour, both in Italy and abroad; and
- economic support for poor families.

The charter also envisaged forms of certification (product marks and a register of companies) attesting that a firm had not used child labour at any stage of the production process. A bill on the matter was approved by the Senate in June 1999.

Collective bargaining actions are also important, in 1998 the trade unions and the employers' association for textile manufacturers created a "social mark" attesting that child labour is not used to manufacture products.

ISPESL (the Security and Prevention Institute) provided additional data through a study on "Child and Minors Labour". The study was conducted between 2000 and 2006 and it reveals the presence of children and adolescents in the labour market in Italy.¹⁰

The study was conducted with the support of three different organisations: Istat (Statistic National Centre), CGIL (Union) and Save the Children (NGO). The research was carried out by questionnaire and direct interviews and it reveals the difficulties in identifying the real numbers of children employed due to the high percentage of illegal/off the record work (26%), of which 15% is estimated to be covered by employees under 18 years old. The chart below summarises the study:

ORGANISATION	SUBJECT	YEAR	AGE RANGE	TYPE OF STUDY	RESULTS: WORKING MINORS		
					ITALIAN	MIGRANT	TYPE OF WORK
ISTAT	Project "Slim" on child labour	2000	7-14 yrs	Questionnaire	144,823	-	Homework, seasonal work, hazardous work
CGIL	Survey on child labour in Italy	2001	11-14 yrs	Questionnaire	300,000/350,000	50,000	Food Industries and Construction
SAVE THE CHILDREN	Survey on migrant child labour in	2006	11-14 yrs	Interviews	410,000/420,000	70,000/80,000	Homework, commercial activities and artisanal

¹⁰ <http://www.ispesl.it/lavorominorile/documenti/factsheet.pdf>

	Italy						activities
--	-------	--	--	--	--	--	------------

The same research revealed the following facts:

Migrant minors between 11 and 14 years old are more at risk of illegal employment than Italian minors.

Migrant minors (90% Chinese) are employed in family activities (factories or homework).

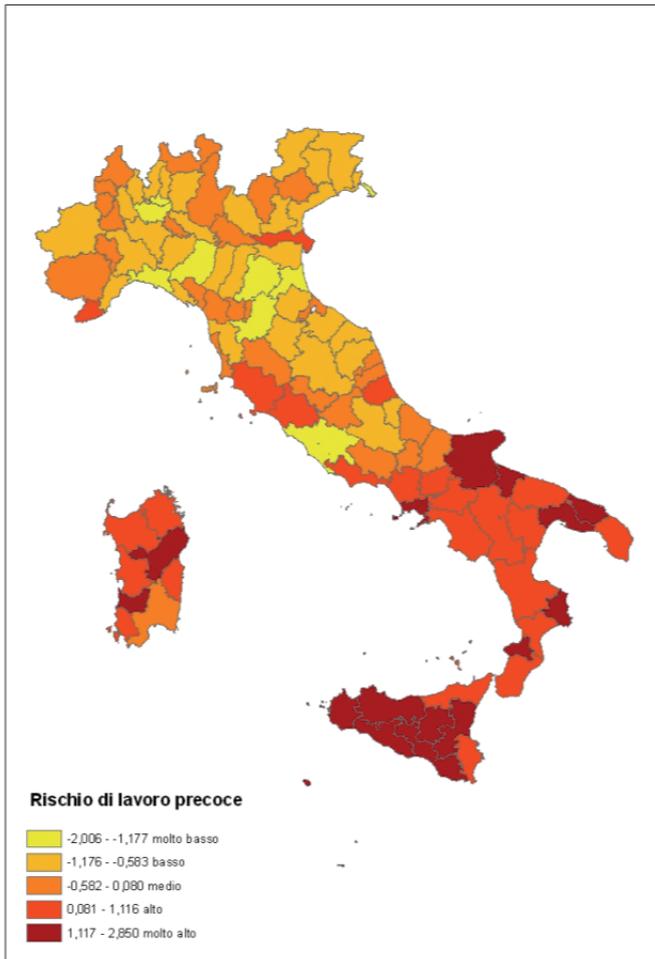
59% of Chinese minors and 42% of other foreign workers work all year long, while the majority of Italian minors work occasionally as seasonal workers or homeworkers.

The most recent research was conducted by Save The Children in 2012 and it published a full report in June 2013 ¹¹.

This research has identified five levels of risk with regards to child labour:

- Very low risk (yellow on the map) concentrated on the metropolitan areas of north-central Italy (i.e. Rome and Milano).
- Low risk (light orange on the map) covering the majority of the north-central areas of Italy.
- Medium risk (dark orange) again in the north-central areas of Italy and Sardegna.
- High risk (light red) frequent cases in the south and island, with some cases in the central Italy (Teramo and Grosset) and the north (Imperia).
- Very high risk (dark red) special cases found in Sicily and Southern Italy (Foggia and Vibo Valentia).

¹¹ http://www.savethechildren.it/IT/Tool/Press/All/IT/Tool/Press/Single?id_press=592&year=2013



Today it is estimated that some 260,000 children are working in Italy and that 0.3% of children below 11 years old have already had experience of work, while 72.3% have had their first work experience between 13 and 16 years old. It was estimated that 40.7% of children sampled work in the family business while 32.7% work for third parties. 40% of the children do not work more than 2 hours per day, however 26.7% work every day of the week and 40% work after school hours. Finally, it was estimated that 54.9% of the children are not compensated when working. As with previous surveys analysed above, the survey indicated that the risk of child labour is very strong among migrant workers.

4. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

COUNTRY LAW PROFILE:

Italian Constitution (1947), Art. 39

Everyone is free to organize a trade union. No obligations may be imposed on trade unions except the duty to register at the local or central offices as provided by law. Trade unions are only registered on condition that their by-laws lead to an internal organization of a democratic character. Registered trade unions are legal entities. Being represented in proportion to their registered members, they may jointly enter into collective labour contracts which are mandatory for all who belong to the respective industry of these contracts.

Legislative Decree No. 276 (2003), Art. 24

Notwithstanding the specific provisions for cooperative work, the trade union rights provided for in the Law of 20 May 1970, n. 300 and its amendments shall apply to workers of the society and agency for leasing workers and contractors. (2) The

worker, whilst with the user, has the right to exercise for the entire duration of the lease, the rights of freedom of association and to trade union activity as well as to participate in employee meetings at the user enterprise. (3) A specific right of assembly, in accordance with existing regulations and the specific arrangements determined by collective bargaining, applies to workers who are employed by only one employment agency and work for different hirers. [...]

Specific country situation:

The Textile factories apply the National Collective Agreement for Textile Manufacturers and the main Unions are the CGIL, CISL and UIL.

Representatives of the two main Unions' were interviewed for this assessment and they revealed that Italian employers rarely prohibit freedom of association and that the application of the CBA is compulsory by law. Reports of threats for joining Unions have increased in the past years, however the numbers are still not sufficient enough to consider this issue as a common violation.

The most common non-conformity is the lack of a Collective Agreement onsite. Most of the textile manufacturers in Italy use an external consultant who is responsible for preparing the employment contracts and payslips. The consultant is in possession of the CBA, however the employer is not. The subsequent lack of the CBA onsite does not give the employees the possibility to access the document and have a free consultation. Unions often stress the importance of maintaining a copy of the CBA onsite.

Employees also have the possibility to form an RSU (Rappresentanza Sindacale Unitaria), which is a Workers' Committee. RSUs are formed through regular elections (every three years) held by the employees directly at the factory. Candidates can be either Union members or not, and at least three members need to be voted for to create a RSU. RSU-elected members represent the employees at the factory and ensure that the Collective Agreement is applied in all its parts by the employer. The RSU is also responsible for implementing a communication system to handle disputes and to support employees when entering into discussions about their rights.

The RSU meets regularly with the employer and local Unions and it has the right to be informed about any plans regarding changes related to working hours, production processes, wages etc.

Within the RSU, an additional member called the RLS must be elected, nominated and trained to represent employees with regards to Health and Safety conditions. The RLS is responsible for ensuring that the employees are working in a safe environment and for regularly meeting employees to understand any possible corrective and preventive actions required concerning Health and Safety.

Finally, an employee can report a dispute through the RSU or directly to the Union with a "controversy claim" (*vertenza*). Claims can be about violations of the collective agreement (working hours, wages, sick leave, maternity, denied holidays, delayed payments etc.) or abuses. The Union is responsible for contacting the employer and ensuring the full application of the CBA. In the case of a negative response from the employer a judicial case will be opened with the support of a legal advisor. The costs of the claim will be covered by the Unions.

5. Payment of a living wage

Italian Constitution (1947), Art. 36

Workers are entitled to remuneration commensurate with the quantity and quality of their work, and in any case sufficient to ensure to them and their families a free and honourable existence. The law establishes limits to the length of the working day. Workers are entitled to a weekly day of rest and to annual paid holidays; they cannot relinquish this right.

Explanatory Note: Wages are determined through collective agreements between employers and Regional Trade Unions.

Law 4, Regulations concerning the obligation to pay workers' remunerations by means of pay slips (1953), Art. 1

Employers must provide employees with pay slips on which is indicated the workers name, last name and professional qualifications, the period to which the compensation refers, and all the elements that regard compensation including individual withholdings. Such pay slips should show the signature, initials or emblem of the employer. (...)

Civil Code (1942) Amendment (1943), Art. 2108

In cases of prolonging the normal work schedule, the worker must be compensated for each hour of overtime work with an increase of pay with respect to what is received for the ordinary rate. The limit to overtime and night work and the increase in pay for such work is established through legislation or cooperative norms. Overtime rates are agreed through the CBA.

Legislative Decree 112, Urgent provisions for economic development, simplification, competitiveness... (2008), Art. 39

The private employer, with the exception of domestic employers, shall establish and keep the "Libro Unico" (a payroll book) of work in which all employees, collaborators and members of coordinated and continuous participation in the associated working input are noted. For each worker the name and surname, tax code and, if applicable, the qualification and level, salary basis, length of service as well as insurance related position must be indicated. (2) In the "Libro Unico" there should be noted every remark on payments in cash or in kind or managed by the employer, including amounts for reimbursement of expenses, the deductions made for any reason, tax deductions, the data concerning the checks for the household, benefits received from social security institutions and establishments. The amounts paid by way of premium or in respect of overtime must be specifically mentioned. The "Libro Unico" of work must also contain a schedule of appearances, which shows, for each day, the number of hours worked by each employee, as well as an indication of overtime, any absences from work, even unpaid leave, holidays and rest days. In cases where the worker is paid a fixed salary or by day or for a longer period, only the day of attendance at work is noted. (3) The "Libro Unico" should be completed with the data referred to in paragraphs 1 and 2 for each month, within 16 days of the next month.

Minimum wages are updated annually by the trade union and employees' unions through the National Collective Agreement. The charts below show details of the last updated minimum wages for the two different CBAs (Textile Industries and Artisans). There are eight different level of employment based on the position, years of work and experience. In both cases, the lowest level is Level 1 and it can therefore be considered as the minimum wage. The figures below are gross wages.

NATIONAL COLLECTIVE AGREEMENT FOR THE TEXTILE INDUSTRIES

LEVEL	MINIMUM WAGE in EUROS per month Updated April 2012
8	1,946.99
7	1,840.09
6	1,724.63
5	1,614.00
4	1,531.51

3 super	1,497.80
3	1,464.81
2 super	1,424.53
2	1,392.66
1	1,127.55

NATIONAL COLLECTIVE AGREEMENT FOR TEXTILE ARTESANS

LEVEL	MINIMUM WAGE in EUROS per month Updated June 2012
6	1,559.44
5	1,425.35
4	1,319.20
3	1,265.50
2	1,211.67
1	1,142.80

In the textile and apparel sectors, there are several CBAs based on the type of industry and size. It is relevant to this assessment to understand the existence of different CBAs for laundries, dyeing houses, shoe manufacturers and subcontractors. To evaluate the compliance to the CBA during a monitoring project or an assessment, it is fundamental to understand what CBA the factory is following and to ensure that a copy is available onsite. Copies of the CBA are also available on the website for the National Council for Labour and Economy www.cnel.it

COST OF LIFE – ESTIMATION

According to the National Consumers Research Centre ADOC, Italians spend 80% of their salary on basic life needs, 2% more than other European countries. It was estimated by ADOC that a normal day would “cost” 40 Euro and that the average gross wage per month in Italy is 1,400 Euros. VAT on products has been recently increased to 21% bringing a consequential increase to all products.

In the northern regions, salaries are higher than in the southern regions where employees in the textile sector in particular only receive the minimum wage. In addition, due to cultural aspects and lack of working opportunities, women from southern regions often do not work and therefore there is only one income in the family.

With regards to the Unions comments, they believe that wages are too low with respect to the cost of living. Moreover wage updates are always delayed and this often causes strikes and union protests. Some stakeholders believe that a single person can adequately live on a minimum wage, however problems are more related to families with children where only one person is employed.

The chart below give a more accurate breakdown of basic costs:

TYPE	MONTHLY COSTS IN EUROS	
	1 person	A family of 4 people
HOUSE (1)	410	820
FOOD (2)	180	410
SERVICES (3)	55	110
TRANSPORT (4)	110	135
INSURANCE (5)	55	120
CLOTHES (6)	55	220
TOTAL	975	1,995

Notes:

A House is considered a studio for 1 person or a two bedroom apartment in a medium size town and not in the city centre.

Only includes food with no “rich food” or alcohol.

Only includes the costs of heating, water, electricity and tv.

Includes maintenance costs for one car: petrol and insurance. Petrol for short distances.

Includes a basic social security insurance and a life insurance.

Includes basic unbranded clothes.

Specific Country situation:

Stakeholders interviews, research and the experiences of personal audits reveal that the issues shown below are the most common in the country in terms of compensation.

Differences between northern and southern regions:

As reported in a study conducted in 2010 by Union Camere, a production worker in the south receives a 15% lower salary than a production worker covering the same position in the north. This detail concerns factories with more than 20 employees. In addition, allowances and bonuses are higher in the northern regions.

Minimum wages not respected:

As discussed with those stakeholders interviewed, southern regions have a higher number of violations related to the minimum wage than northern regions. Southern employers also tend to apply expired CBAs with “old wages” and therefore the compensation is lower than that required by the law.

Illegal employment – illegal compensation:

As reported in previous chapters, the risk of irregular employment and “black Labour” is an issue in the country. Payment of illegal workers is made in cash and no traces or proofs of payments are maintained. It is therefore difficult to estimate whether such employees receive adequate compensation. In addition, when workers are illegally employed, they do not receive any form of benefits and social security coverage.

Cash Payments:

Employers from the southern regions are often “pushed” by employees to compensate working hours in cash. The cultural aspect has a strong impact on this matter as employees prefer to maintain cash at home rather than opening a bank account. Cash payments create issues related to traces and proofs of compensation. Employers rarely document cash payments and therefore it is difficult to estimate whether the payment occurred in time and in compliance with the law. Although cash payments are legally forbidden when exceeding 1000 Euros, as per Law 6/12/2011, this compensation method is still very common in the southern regions.

Unclear overtime compensation:

Irregular or illegal overtime compensation is one of the most common violations in Italy.

Overtime shall be compensated in accordance to the CBA art. 37 (CCNL Tessili Moda) and it can be compensated at 135% (day overtime for first 5 hours of the week), 145% (if the overtime exceeds 5 hours per week), 156% (night overtime), 161% (holiday overtime) and 167% (night holiday overtime).

Overtime can also be compensated through flexibility procedures as per Art. 35 (Flessibilità dell’orario contrattuale) and Art. 36 (Flessibilità tempestiva) which grant the employee time off for as many overtime hours as undertaken (within the limits and the requirements prescribed by the CBA). This practice is very common in factories with seasonal production.

The most common violations are related to unregistered overtime and the cash payment of extra hours. As it is not compulsory by law to use time cards or electronic badges, the majority of small-medium size factories do not keep track of working hours. When overtime is conducted, this is not registered in the payslip or attendance sheet (manually completed) and overtime hours are paid in cash without being recorded on the payslip. It seems that this practice is a “win-win” situation as neither the employer nor the employees pay taxes on such an operation. However, in this situation, it is not possible to estimate whether employees receive adequate overtime compensation. Through interviews with employees of the sector it appears that overtime compensation is paid with a lower overtime rate than the one required by the CBA.

Another risk is connected to flexibility procedures as those are often not compliant with the legal requirements. The CBA art. 35 requires that flexibility cannot exceed 48 hours per week and/or 96 hours per year, and moreover, flexibility procedures always need to be agreed with the Unions (RSU). In discussions with the stakeholders, it appeared that employers often organise flexibility without the participation of the Unions and with this approach employees’ rights are not always respected. Flexibility procedures require that each extra hour worked should correspond to an hour of time off and that extra hour compensation should be increased of 12%. A very common violation, with no regional difference, is that the employer grants the employee the time off, but that the overtime hour worked is not compensated with the increased rate of 12% but with the regular rate.

Finally, it is noted that overtime can sometimes be compensated in payslips under a different description: e.g. merit bonus, monthly bonus, additional premium. However, the total amount of the bonus compensated rarely reflects an adequate compensation for the overtime. This practice is very common in the north-central regions where financial controls are stricter and cash transactions are strongly monitored and compensation has to be registered in the payslips. This practice allows the employer to pay the employee through bank transfer while regularly registering the additional payment in a lower form than the CBA requirements.

Delayed payments:

Due to the current crisis, delayed payments of compensations can occur. When payments are delayed, the employer is required to add interest of 5% (when exceeding a 30 day delay) according to the CBA. However, it has been found that employers very rarely apply the 5% interest. Stakeholders reported that delays on payments are more common in the central east regions and southern regions.

6. No excessive working hours

Legislative Decree 66, ...Organization of work hours (2003), Art. 3

The normal work schedule is fixed at 40 hours weekly. Collective bargaining agreements can establish, for the purposes of the contract, a lesser duration than the normal schedule, with the average work period related to the normal work schedule over a period not exceeding one year.

Legislative Decree 66, ...Organization of work hours (2003), Art. 4

Collective bargaining agreements establish the duration of the maximum weekly working hours. The average duration of the working hours cannot in any case exceed, for every period of seven days, 48 hours, including the hours of overtime. The average duration of the working hours must be calculated with reference to a period not greater than four months. Collective bargaining agreements can, in any case, increase the limit to six or twelve months in the case of reasonable objectives, technical reasons or reasons inherent to the organization of work as specified by the CBA. In the event of exceeding 48 hours per week, for production units that employ more than ten employees, it is the employer's obligation to inform, at the expiry of the period referred to in subparagraphs 3 and 4, the local labour office [Direzione Provinciale del Lavoro] and the Inspection Office. The CBA can establish the terms of this obligation.

Legislative Decree 66, ...Organization of work hours (2003), Art. 9

The employee has the right to a rest period of at least twenty-four hours every seven days, usually in connection with Sunday, to be combined with hours of daily rest of Article 7. Exceptions to the provision contained in paragraph 1 are: for shift work activities when each time the worker changes the shift from the end of the service of a shift, and the beginning of the next shift does not allow the worker the daily or weekly rest periods; activities involving periods of work split during the day; (...) Collective contracts may provide different estimates, subject to the terms of Article 17, paragraph 4 [compensatory rest or other means of protection for worker].

Legislative Decree 66, ...Organization of work hours (2003), Art. 5

The use of overtime must be controlled. When there is agreement between the two parties, it may be authorized to add to the normal work day an extra period that does not exceed 2 hours per day and 12 hours per week, or an average equivalent duration of a determined period; in every case, the extra work is computed separately and is compensated with an increase in pay, on top of ordinary work, of not less than 10 percent or with a corresponding increase to the piece work. In the absence of applicable collective agreements, overtime is only permitted with prior agreement between employer and worker for a period that does not exceed 250 hours annually.

Legislative Decree 66, ...Organization of work hours (2003), Art. 8

When daily work hours exceed six hours, the worker must benefit from a break, the modality and duration of which is established by collective bargaining agreements, with the goal of recovering psycho-physical energies and eventually consuming a meal, as well as attenuating the repetitive, monotonous work. (2) In the absence of a collective agreement providing for a rest interval, as referred to in the above paragraph 1, a rest break must be granted to the worker, also at the work place, between the beginning and the end of every daily shift, of at least ten minutes and the placement of that period must take into account the technical requirements of the working process.[...]

Law 903, Equality of treatment between men and women with regards to work (1977) Amendment (1999), Art. 5

It is prohibited for women to be employed from the hours of midnight to 6am from the time they are determined to be pregnant until the child reaches one year of age. (2) Night work cannot be obligatory: (a) from the working mother of a child of less than 3 years or alternatively from the father cohabitating with the same; (b) from the female or male worker who is the only guardian of a cohabitating child of less than 12 years of age. [...]

Legislative Decree 532, Regulations on night work... (1999), Art. 4(1)

The working time of night workers cannot exceed eight hours within a twenty-four hour period, except in instances of collective agreements and business agreements that foresee multiple week working schedules and a larger reference period for calculating this limit. (...)

Specific Country situation:

In general, excessive overtime is not a big risk in Italy. On the contrary, especially considering the financial crisis, the available working hours is decreasing while the unemployment rate continues to rise. A worker employed in the manufacturing sector (which includes the textile-apparel sector) works an average of 98.3 hours per month. Overtime is an average of 3.3% on the total monthly hours, however it reduced by 0.1% in 2012. Overtime is rarely excessive.

A survey published by ISTAT¹² (Italian organisation for statistics) in June 2013 reveals that working hours have been reduced by 0.2% with respect to the last three months of 2012. Although the current crisis has led to a higher rate of unemployment and excessive use of lay-off procedures, there are still risks connected to excessive overtime.

According to a trade union representative, the textile sector follows a specific seasonality and therefore some months of the year may be very busy while some others are not. During the low season, an employer is normally using lay-off procedures or asking employees to take holidays. For these reasons a manufacturer is not in the position to hire a continuous, stable workforce. During the peak months, high quantities of orders may be accepted and those numbers are often excessive with respect to workforce capacity, with excessive overtime occurring as a result.

According to the stakeholders interviewed, international brands are frequently asking for fast deliveries and this request can also create excessive overtime. Unions are often witnessing night work and weekend work. Working hours can extend up to 13-15 hours per day, and 7th day rest is not always granted. Reports of compulsory overtime have been made to Unions but the national monitoring system is currently weak due to the economic crisis. However, at the same time overtime and high quantities of orders are often seen as good indicators of a financial recovery.

¹² http://search.istat.it/search?q=cache:wIQ70ooKuvwJ:www.istat.it/it/files/2013/06/CS-ore_1trim13.pdf%3Ftitle%3DOre%2Blavorate%2B-%2B19%252Fgiu%252F2013%2B-%2BTesto%2Bintegrale.pdf+straordinario&output=xml_no_dtd&client=istat_fe&proxystylesheet=istat_fe&ie=UTF-8&site=istat_it&access=p&oe=UTF-8

Another issue is raised by the fact that the majority of small-medium size factories are not recording working hours with an electronic system. The lack of an appropriate working hours recording system means that there is no accurate monitoring program and it is often difficult to assess the real working hours. Trade unions have reported cases of employees signing the end of their day shift on an attendance book but still being required to perform “unrecorded” overtime at the factory. Unfortunately the majority of employees are satisfied with this practice as they will be able to receive cash and untaxed overtime compensation. A major risk in this case is that the employee is not covered by social security for these hours and when injuries occur those cannot be registered and declared. Finally the employee will not be reimbursed and covered for any injury.

The risk of excessive overtime is more likely in Chinese factories or subcontractors that employ illegal workers. However, this is difficult to verify, since those companies also do not keep track of working hours. When checking payslips and production output during audits, excessive overtime is in some cases suspected when the fast delivery and high production rates of workers does not match with the low number of working hours performed.

7. Safe and healthy working conditions

In terms of health and safety (H&S), Italian legislation is very wide ranging and detailed. However, we can pinpoint **Decree 81/2008** as the main law which regulates working conditions along with employer and employees responsibilities. Decree 81/2008 requires an employer to provide a safe and secure working environment. The workplace has to be free of any dangers, bright and well ventilated. It also requires them to provide a sufficient number of fire extinguishers and any other fire equipment according to the type of production involved. At least two emergency exits are required in each department and they should be marked, open outwards, and be provided with emergency lights. Evacuation paths should also be marked and illuminated.

The Decree also requires regular maintenance on machinery and gives details about chemical handling, storage and training.

An employer is required to train a specific number of employees with regards to fire fighting procedures, first aid, forklift driving, chemical handling, PPE, and any type of risks connected to the working environment.

The employer is required to prepare a factory risk assessment that analyses all departments and positions. The risk assessment should be regularly updated and monitoring of the workplace is required.

In terms of fire fighting, more details are provided by the Law **Decreto Ministeriale Marzo 1998** including the first aid procedures.

In terms of environmental requirements, the main legal references can be found in **Decreto Legislativo 66/2003** and **Decreto Legislativo 152/ 2006**.

Specific Country situation:

The interviews with the main stakeholders revealed a high number of H&S violations in the textile sector. The main non-conformities reported to the Unions and the Ministry of Labour were those connected to a lack of training, lack of PPE usage, dangerous machines, and accidents involving fire.

The considerations below are a result of stakeholders’ interviews and audit findings:

PHYSICAL RISK:

Microclimate issues can be linked to all working areas, however excessive heat is often a non-conformity where ovens and washing machines are used. The quality of the air can also be polluted by excessive dust (i.e. from the scraping of jeans) or the improper use of chemicals.

Noise issues are mainly related to spinning and weaving departments. It is very common that employees are not wearing earplugs. The lack of specific training by the management and a monitoring system is the cause of this non-conformity. A lack

of PPE usage is particularly common in the southern regions.

CHEMICAL RISK:

Chemical risks are mainly present at laundries/dyeing plants and printing factories. Chemicals are also used in the shoe and leather factories in the form of glue and colours, albeit with a lower impact. A high number of laundries are present in the Marche Region and Mantova district (Lombardia) while printing operations are often conducted in the northern regions, especially in the Como and Milano districts (Lombardia). It was noted that the number of non-conformities are strongly connected to the size of the factory and the technology used, more than because of the locations. Smaller and family run factories have a higher number of non-conformities related to the chemical risks: lack of training, improper chemical storage and waste disposal, inadequate chemical handling. Chemicals are often lacking secondary containers, covers and identification labels, while Material Data Safety Sheet (MSDS) are often kept in the offices and not where the product is handled or maintained. Finally, it is very common to find factories lacking goggles and emergency eye wash, or to store incompatible chemicals.

There was a discussion with stakeholders about cases of improper chemical disposal, especially in the southern regions where factories find it expensive to contract external companies for the collection of chemical waste. It is always necessary to ensure that laundries and printing factories are provided with adequate water waste and air emissions authorisations.

FIRE RISK:

The risk of fire is linked to all type of factories, although the risks are higher when chemicals and flammable or explosive materials are maintained onsite. The most common violation is inaccessible fire equipment and emergency exits that are blocked. Textile factories in Italy are normally small-medium size and family run. Due to the size of the factories, and reduced spaces during high season, it often happens that fire equipment and emergency exits are blocked by packages and products ready to be shipped.

Additional violations have been identified by the Unions are:

LACK of TRAINING: according to Italian Law, employees shall be regularly trained on the risks connected to their working environment, on the use of machinery, and emergency procedures. It is a very common violation to find untrained employees. The majority of workers employed in the textile sector have many years of experience in the same facility and therefore the employer trusts in the familiarity with the job and the workers' skills. It appears that most injuries are caused by the wrong use of machinery (cutting, electrocution etc.) and a lack of PPE usage.

According to Italian legislation, the factory shall ensure that at least two employees are regularly trained on fire fighting procedures and first aid procedures. It is a very common violation that only one employee (most of the time the factory manager who is rarely present onsite) is trained on fire fighting and first aid procedures. It also happens that the training was conducted several years ago and is therefore no longer valid.

Personal Protective Equipment (PPE) ISSUES: the use of PPE is not sufficiently promoted in Italian factories. PPE in textile factories is necessary in form of metal gloves (cutting), earplugs (weaving, spinning), protective shoes (warehouses), masks and goggles (laundries and printing factories) etc. It appears that very often PPE is not used by the employees, either because it is not provided by the factory or because employees do not find it comfortable. It was also discussed with the Unions that in some cases workers reported that they had to pay for their own PPE.

PPE should always be free of charge and the employer has the responsibility to ensure that PPE is used at all times. PPE should be promoted with signs and training and the employer should ensure that the most suitable PPE is provided to workers.

INJURIES: the rate of injury in the textile sector is very low, however the unions brought up the risk involved for illegal and irregular workers who are not covered by social security. Unions often have reports of "black labour workers" who have suffered injuries but could not be covered by the employer as they were hired irregularly.

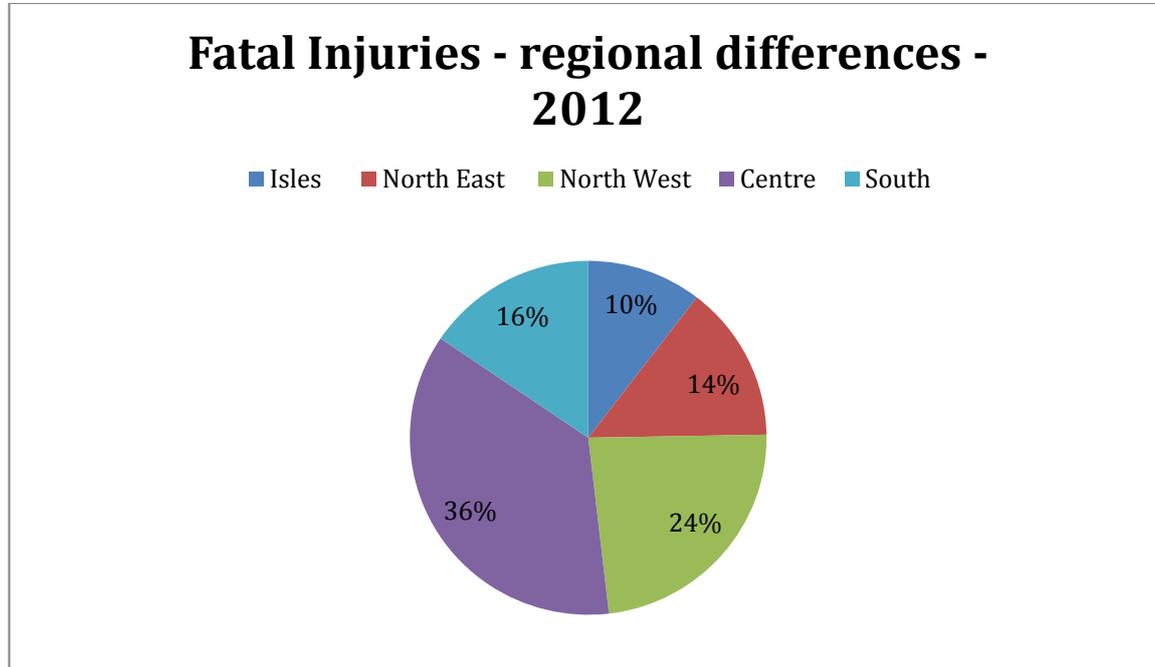
With regards to more specific details about injuries occurring in the textile sector, the stakeholder Fondo Impresa provided details for this Risk Assessment concerning 2008. It was noted that the number of injuries had been reduced over the years and that in 2008 the total number of injuries in the textile sector were 8,087 (of which 8 were fatal). The majority of injuries occurred in the north region, especially in Lombardia (31.2%), however this is due to the high number of employees in the sector. Veneto experienced 14.1% of the total number of injuries while Toscana recorded 13.1%.¹³ The main cases of injuries are: hitting, cutting, electrocution and burning.

Finally the Osservatorio Sicurezza sul Lavoro provided the following details on a general and national scale:¹⁴

FATAL INJURIES IN ITALY		
YEAR	NUMBER OF CASES	VARIATION 2011/2012
2010	526	-
2011	533	+ 5,1%
2012	509	-8,0 %

In 2011, Italy saw an increase of 5.1% on the total number of injury cases, however in 2012 a reduction of 8% was noted. This improvement was mainly produced by a stricter monitoring process, but also by the crisis which reduced workforce and production.

According to the research, the central regions of Italy are those with the highest number of fatal injuries. In 2010, the central regions experienced 145 cases of fatal injuries. This increased by 29% in 2011 to 187 and then decreased by 1.1% in 2012 to 185 cases. The regions with least cases are Lombardia, Lazio, Piemonte and Veneto.



¹³ http://www.informatex.it/cms/attachments/article/72/2010_11_09_LE_CIFRE_SUGLI_INFORTUNI.pdf

¹⁴ <http://www.vegaengineering.com/download/Rapporto-morti-bianche-triennio-2010-11-12.pdf>

In the years 2010 to 2012, the major sectors experiencing fatal injuries were agriculture and construction. The main causes of death here were truck/tractor accidents (84 cases in 2012), falling (24 cases), and injuries with the rotating parts of machinery (13 cases). With regards to the textile sector, only 0.2% of the total injuries occurred in 2012, down from 0.9% in 2011. The textile sector using chemicals and hazardous products (laundries, printing etc.) had 1% of the total injuries in 2012.

SANDBLASTING IN ITALY

The topic of sandblasting deserves special attention in the discussion of Health & Safety risks. The risks of sandblasting were discussed during a seminar in Italy and in stakeholder consultations with among others, the Clean Clothes Campaign, the Union's representatives, and with H&S representatives from a factory in Marche which has been specialised in sandblasting for many years.

There is currently no specific country legislation with regards to sandblasting. However the Ministry of Labour and the INAIL (National body for Social Security at work) established a maximum value of quartz emissions of 0.05 mg/m³ during sandblasting operations.

The Clean Clothes Campaign (CCC) in Italy (Abiti Puliti campaign) bans sandblasting during jeans production in line with the CCC International Campaign. Several demands from the CCC have been forwarded to Italian brands such as Diesel, Dolce e Gabbana, and Armani to ban sandblasting and monitor where sandblasting takes place in the supply chain. The CCC believes that fashion should not put employees' lives at risk in any country.

Trade union representatives report that the Marche region was very famous in the past for sandblasting jeans. However, as the main brands have recently banned this technique, a high number of factories have closed down these departments. Stakeholders explained that Italian factories have always been innovative with regard to sandblasting technologies and attentive to the use of PPE and regular medical monitoring. International brands which are still accepting sandblasting are mostly not operating in Italy as the costs are too high compared to Bangladesh or other countries in Asia. The social consequences of a sandblasting ban in Italy can be seen today. Although compliant to the regulations, sandblasting factories suffered from the ban and shut down machines and dismissed employees. High investments had been made and the impossibility of now using those machines created financial problems for manufacturers which led to workers contracts being terminated. Local Unions believe that sandblasting can be performed if regularly monitored and if the activities are performed in compliance with H&S and environmental country regulations.

Finally, the factory that was a leader in sandblasting until a few years ago, agreed to share information and documentation to prove that sandblasting was done using safe and secure methods. The factory is provided with semi-automatic and automatic cabins. The semi-automatic cabins require the presence of an employee, however full PPE (uniform, masks, shoes, mask and helmet) is provided and required. Employees are regularly monitored by the factory doctor and air emissions are measured constantly. Automatic cabins do not require the presence of an employee as sand is sprayed on the jeans by a robot.

Documentation in terms of a Risk Assessment conducted by external professional consultants and by a factory doctor reveals that, if sandblasting is conducted according to the norm, it is not harmful and does not cause any physical consequences to the employees. However, given the extremely harmful consequences associated if not done in a safe way, creating a market for sandblasting remains a risk for this technique being used in a different location that is not regularly monitored and is not conducted in a safe way. Currently the factory has created an alternative method to sandblasting called "eco-aging" which is using natural and non-harmful elements to create the same effects as sandblasting.

8. LEGALLY BINDING EMPLOYMENT RELATIONSHIPS

Country Law Profile:

Legislative Decree 152, The obligation of the employer to inform the worker of the conditions of work and the work relationship (1997), Art. 1

The employer in the public and private sectors must provide the employee, within thirty days from the date of appointment, with the following information: a) the identity of the parties; b) the workplace, in the absence of a fixed or predominant place of work, indicating that the employee works in different places as well as the seat or home of the employer; c) the date of commencement of employment; d) the duration of the employment relationship, whether it is employment for a fixed term or indefinite; e) the duration of the probation period if required; f) grading, level and status attributed to the employee, or the characteristics or description of the work; g) the initial amount of salary and related components with the period of payment; h) the duration of paid leave to which the employee is entitled or the mode of determination and enjoyment of the holidays; i) working hours; l) the terms of the notice in the event of termination/withdrawal.

Legislative Decree No. 276 (2003), Art. 20(1)

Employment contracts may be terminated by any party, hereinafter referred to as the hirer, which requests the services of another party, hereinafter referred to as the employment agency, as qualified, thereto under provisions of Articles 4 and 5.

Legislative Decree No. 368 (2001) Amendment (2012), Art. 6

Employees under fixed-term contracts are entitled to holidays, a Christmas bonus or an additional month's salary, the distribution of severance pay, and any other compensation structure in place within the company for comparable employees under permanent contract, meaning those classified in the same level by virtue of the classification criteria established by collective bargaining, and in proportion to their length of employment, unless it is objectively incompatible with the nature of the fixed-term contract.

Legislative Decree No. 276 (2003), Art. 23 (1)-(4)

Employees from a leasing agency are entitled to the remuneration and conditions that are in total not less than those enjoyed by the user's employees who are of the same level and perform the same tasks.

Legislative Decree No. 276 (2003), Art. 56 [IN FORCE UNTIL 31 DEC 2012]

The placement contract is concluded in writing and it must specifically indicate the personal reintegration program referred to in Article 55. In absence of the written form, the contract is null and the worker is understood to be a permanent employee.

Specific Country situation:

Irregular employment is defined as when contracts between the parties do not respect the legal requirements (type of contract – permanent vs. temporary or seasonal, duration of the contract, low level of employment with high responsibilities, lack of benefits etc.).

Illegal employment is defined as when workers are performing working activities at the site with no contract and no registration with the labour office. Italian stakeholders refer to illegal employment as “black labour” or “labour off the record”.

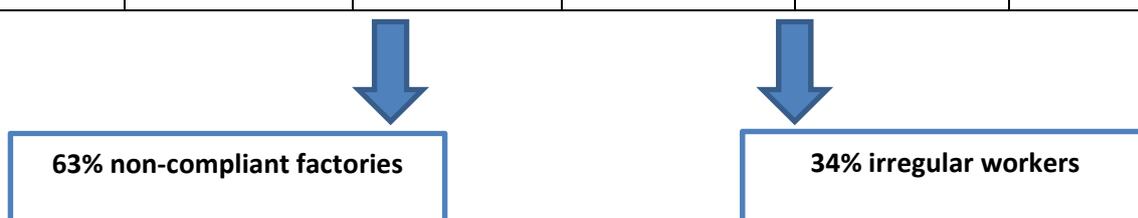
In 2012, the Minister of Labour published a report following a study concerning employment practices in Italian industries that paid particular attention to the presence of irregular and illegal employment, the employment of minors, the

employment of irregular migrant workers, and the lack of social security and H&S conditions¹⁵. The research was conducted in association with the INPS (National Social Welfare) and the INAIL (National Institute for injuries at work).

The research revealed that a total of 243,847 factories had been inspected and that irregular employment practices had been found in 154,820 sites (13% more than in 2011).

A total of 295,246 employees were found to have been irregularly hired, while 100,193 (34% of the total) were found to have been working illegally (“off the record”) with no social security coverage and health insurance.

MONITORING RESULTS - 2012					
NATIONAL RECORDS					
MONITORING BODY	TOTAL COMPANIES INSPECTED	TOTAL IRREGULAR COMPANIES	No. OF IRREGULAR WORKERS	No. OF WORKERS “OFF THE RECORD”	TOTAL UNPAID BENEFITS
Ministry of Labour	139,937	75,087	163,305	47,877	€ 450,079,448.00
INPS	80,960	59,823	78,207	44,261	€ 1,124,159,151.00
INAIL	22,950	19,910	53,734	8,055	€ 57,464,693.00
TOTAL	243,847	154,820	295,246	100,193	€ 1,631,703,292.00



From 1st January to 30th September 2012, factories approved a total of 7,930,568 contracts of which:

4,983,964 were temporary;

1,369,593 were permanent;

¹⁵Ministero del Lavoro “Rapporto in materia di lavoro e previdenza sociale 2012”

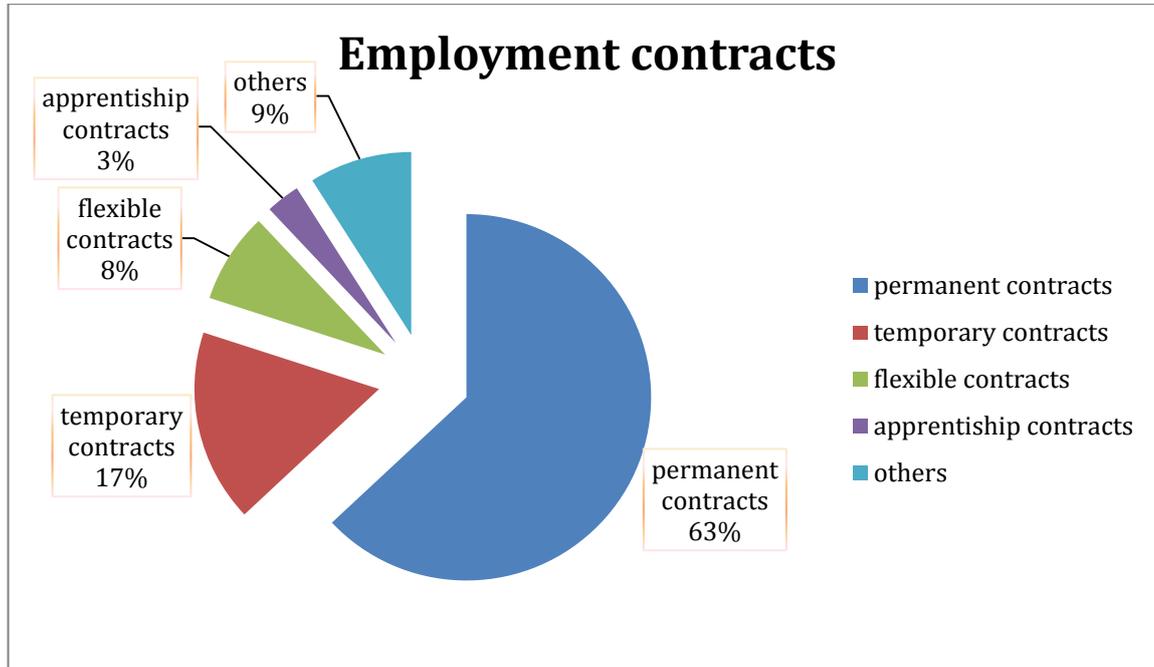
http://www.lavoro.gov.it/NR/rdonlyres/E45EFA51-8217-4CBD-B52B-D0A77E9F8F76/0/Rapporto_annuale_vigilanza_2012.pdf

732,476 were seasonal;

623,507 were collaboration temporary contracts and,

219,230 were apprentice contracts.

The Ministry of Labour stresses the abuse of temporary and flexible (collaboration) contracts – 16% more than the previous year. Employees are hired to cover fixed and permanent positions through temporary or flexible contracts which do not offer the full benefits granted to permanent workers. The use of temporary or seasonal contracts was often found not to be in compliance with the legal requirements, especially with regards to the duration and repetition of the contracts.



The study also revealed that the regions with the highest number of flexible contracts were the following:

Emilia Romagna (n): 88,016;

Lombardia (n): 81,831;

Veneto (n): 63,577;

Toscana: 55,138.

The regions with the highest number of violations were the following:

Lombardia (n): 2,403 violations;

Veneto (n): 1,888 violations;

Sardegna (n): 1,688 violations;

Toscana (n) : 1,536 violations;

Umbria (n) : 1,504 violations.

An important note to make here is that the data does not reveal authentic information as the majority of illegal workers (with no contract) have been found in the southern regions where the statistics are not available.

With regards to the regional violations, the findings are based on reports from employees to the Union and the following inspections. It is clear that the northern-central region has a stronger monitoring and reporting system than the southern regions as well as more visible and active Unions. When talking about reports of violations from the employees to the Unions, the cultural aspect is also very important to consider as this is not a common practice in the southern regions.

The Union UIL, which was also interviewed as one of the main stakeholders, provided a report and a survey conducted in 2011¹⁶.

The details below were provided following the Union inspections conducted in 2011. The Regions with the highest violations in terms of irregular employment were found to be:

Liguria (73.1%);

Lombardia (63.9%);

Marche (62.9%);

Campania (il 59.8%);

Umbria (59.4%).

¹⁶ Rapporto UIL Lavoro sommerso 2011 - <http://www.uil.it/sint-rapp-sommerso.pdf>

6. Conclusions

Based on the conclusions from this risk assessment, FWF classifies Italy as **a medium risk country**. However, within this classification great regional differences exist in terms of labour violations and risks.

The research conducted through examining country laws and regulations and with the involvement of the stakeholders confirms that the main violations with regard to the employment terms and conditions are:

Illegal employment: the abuse of illegal employment is a serious and real violation in the country. Even though the Ministry of Labour conducts regular inspections and the Unions, especially in the north-centre regions, guarantee a minimum level of support for employees to report violations, remediation remains challenging and monitoring often inefficient.

Irregular employment: a common abuse of irregular employment is found through the excessive use of temporary, flexible and seasonal contracts. Legal requirements related to the duration and the limits of temporary/seasonal contracts are often not respected. Due to the current crisis, it seems that employers need to find and recruit a cheap and flexible workforce.

Migrant workers: as analysed in the first labour standard, migrant workers are easily exploited due to their irregular or temporary presence in the country. The need of a visa/permit pushes migrant workers to accept any type of working conditions, including illegal or irregular employment.

Informal sector

The consequences associated with employment in an 'informal economy' pose the main risks for the garment industry in Italy along with undisclosed subcontractors and the subsequently unmonitored supply chain. It is clear that the northern-central regions have a stronger monitoring and reporting system than the southern regions as the Unions in those regions are much more active.

Lately there have been reports of delayed payments. Employers have financial difficulties due to the financial crisis, which may lead to them violating the law regarding timely payment to workers. This could not be verified on a large scale as it seems to be a new phenomenon. However, Union representatives confirmed the risk, especially in the central regions.

The risks mentioned per labour standard are all the more likely to affect migrant (Chinese) workers and/or illegal workers. Discrimination, wages, a legally binding employment relationship, working hours etc. against workers in that category are all higher risks of violations. And given that this is an increasing group in Italy, FWF affiliates should look at that part of the industry rather than the 'formal' numbers when analysing the garment industry in Italy.

Italian costs of employment and taxes are very high. If a factory can offer low prices, there is a risk that employment conditions are not compliant or that the manufacturer is supported by cheaper subcontractors. It is therefore necessary to map the subcontractors and ensure that the working conditions respect FWF Code of Labour Practices.

Recommendations

Given the various risk levels listed in this report, additional monitoring instruments are required from our members who have production there. Affiliates should use the findings from this report to evaluate the risks associated with the region where their suppliers are located. Depending on this evaluation, various steps can be taken to mitigate those risks. For instance:

Organise regular visits to discuss and mitigate risks of violations.

Identify the possible use of subcontracting. During visits, ensure all stages of the production process are done on site, or whether some steps are performed by (unknown) subcontractors.

Investigate whether Chinese migrants are employed and under what conditions. Additional inspection of documents may be required; pay slips, working hour records etc. should be analysed by FWF affiliates. Using factories located in Toscana increases the risk that products are produced at Chinese factories (especially in Prato area). Using factories in Campania increases the risk of irregular and illegal workers.

Organise training sessions to create awareness for workers' labour rights.

Particularly in the southern regions, where monitoring systems are often insufficient, FWF affiliates are required to closely monitor suppliers' locations in that area.

FWF's activities in this area continue through its affiliates who will verify that improvements have been made. And through consultations with local stakeholders, and contact with trade unions, FWF will monitor the situation to see if any additional verification means are necessary.