

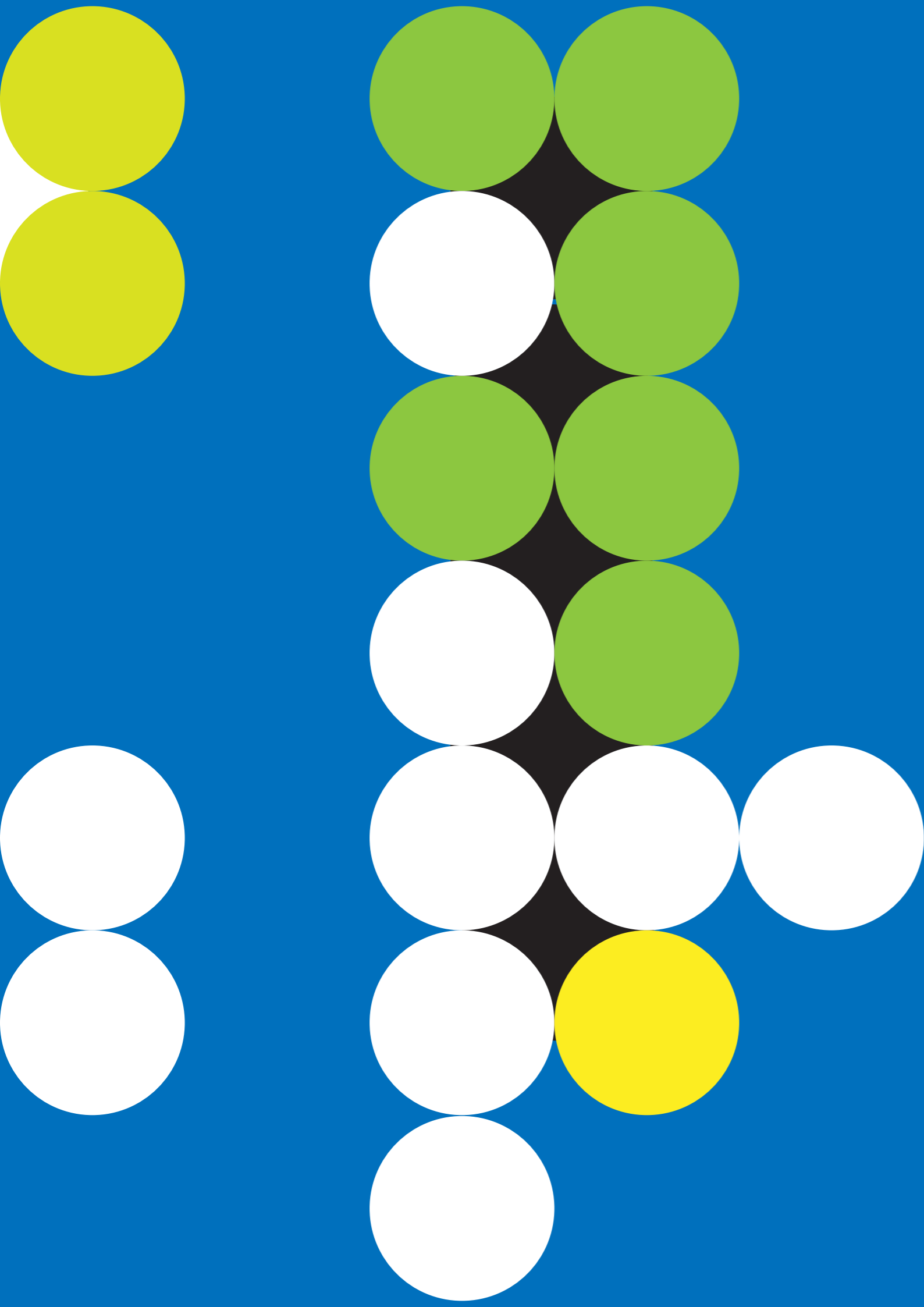
Guidelines
for
Benetton
Group
Code
of
Conduct
for
Manufacturers

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 practices, environmental protection, transparency and legal compliance. The BG Code of Conduct is periodically updated, according to a policy of continuous improvement, so please share with Benetton Group any comments or ideas.

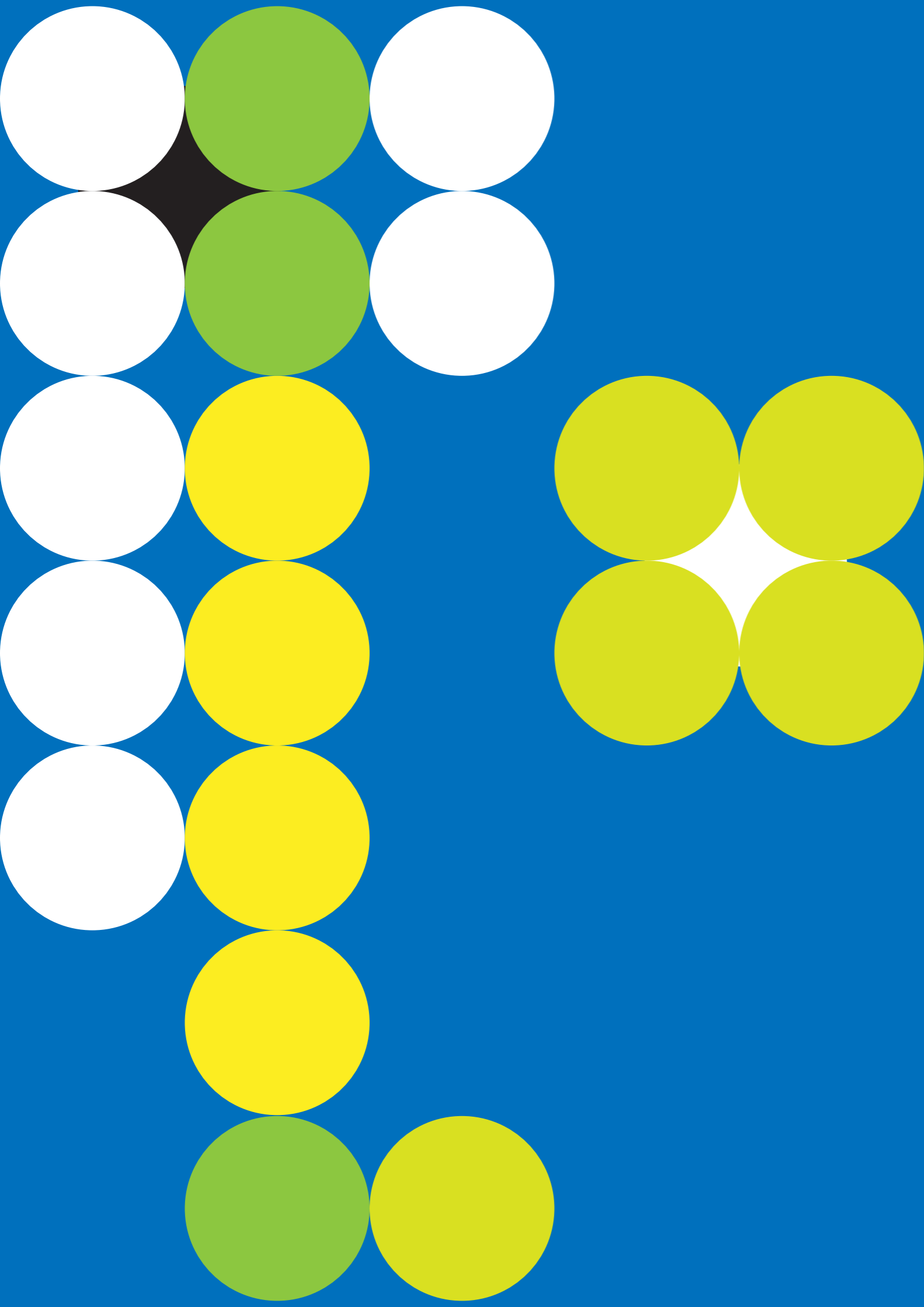
The requirements in the Code of Conduct apply to all suppliers and sub-contractors, as well as to anyone doing business with Benetton Group, and BG Business Partners are required to share these commitments and undertake to abide by the Code of Conduct.

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 factories by helping managers to understand and take action on each standard and regulation. Maintaining a socially 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 adheres to the UN 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 total compliance with ILO standards.

The table below provides a summary of the requirements in the 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. A safe and hygienic work environment
11. Fair housing service
12. Regular risk assessment
13. Compliance with national law, conventions and agreements

B. Protection of the environment

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

C. Transparency

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

D. Supply chain and compliance

01. Control over 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 the 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 improving factory working conditions.

01 | Child labour

The 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 types and hours of work and the working conditions.

Actions

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

Companies must establish a strong age verification system, including ID control.

Benefits

The elimination of child labour will not affect the ability of a business to operate and earn a profit. On the contrary, evidence suggests that the majority of businesses which employ children are not well managed. The costs of eliminating child labour can be offset by savings made in other areas (e.g. through better organisation), while 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, communicated clearly to all employees, aspiring to total quality management, including procedures to comply with the requirements.

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

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

Do have employees' files organised properly, keeping a record of age verification procedures, with photocopies of all documentation.

Do have an emergency procedure in the event a child is found working in the factory, informing the parents and ensuring his/her schooling until he/she reaches the legal working age.

Do provide awareness training to all supervisors in respect of the employment rules of young workers, especially regarding the hours of work, apprenticeships, and exposure to 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 easy identification of 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 work or in overtime.

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

Do not retain original documents, only photocopies.

Do not allow access to production areas by unauthorized people, especially children, except in the case of school trips or organised visits.

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

Document checklist

- 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 licences
- 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 the parents of children at risk of child labour.

Training anyone associated with the hiring process (including contractors) with regard to 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 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
- Workers under 18 to wear colour coded ID cards
- Train managers and supervisors to understand policy
- Comply with the law

03. Emergency procedure if a child worker is found

- Factory to pay for schooling if worker is below legal age for education and to continue paying wage during education
- Factory to provide vocational training if worker is too old for schooling but too young to work – continue paying wage
- Comply with the law

FAQs

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

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

02 | Forced labour

The 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 services 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 a 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 must ensure 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 deposits or retaining 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 firm level indicates that it is economically advantageous for a rational firm to reduce forced labour, since such labour actually involves 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 worker retention.

✓ TO DO

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

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

Do pay all wages in cash or by cheque or direct transfer and do not allow 'payment in kind', whether goods or services, or any forms of deduction to be made as repayment of a bond or payment to a third party.

Do ensure that all workers are employed with standard 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 labour broker or the recruitment agencies are reliable, avoiding the restriction of workers' financial freedom through unreasonable recruitment fees, unfair employee loans, etc., and the lodging of 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 retain photocopies of workers' IDs for employment records.

Do not pay wages to a third party e.g. labour brokers.

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

Do not restrict free access to toilets, water and rest 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 impact on workers' overtime and do not oblige employees to work long hours because their wages do not meet the legal minimum or do not provide enough money to live on.

Do not post guards for reasons other than security.

Document checklist

- List of reliable recruitment agents
- Standard agreement with recruitment agents
- Worker employment contract or collective bargaining agreement
- Policies regarding freedom of movement in and out of the factory
- Overtime work forms (i.e. 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 must analyse its capacity, work schedules, total workforce population and the nature of orders each season in order to determine how the maximum number of orders can be completed in accordance with the legal maximum hours per week.

The factory should develop guidelines which facilitate workers' freedom of movement in and out of the factory, but maintain a safe and secure work environment.

The company must make use only of recruitment agents with a good reputation and who 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 do not apply introduction fees to new workers

02. Contracts

- Direct execution of the contract with the employee, not with a third party
- Regular and reasonable contract terms

03. Overtime

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

04. Freedom of movement

- Ensure workers can leave the factory any time
- Take photocopies, do not retain 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

The Benetton Group Code of Conduct states:

"BG Business Partners shall not engage in or support discrimination in procedures related to 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 respect of labour refers to any distinction, exclusion or preference in hiring, remuneration, and 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 closely linked to cultural norms, but all companies must refuse any form of discrimination, in accordance with equal and respectful treatment for all personnel in all matters.

The company must differentiate between workers based only on the ability and willingness to do the job rather than personal characteristics.

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

The company must protect women's rights in all 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 go beyond what is required from them by national law. Employers who adopt such approaches may derive a number of business advantages, including penetration of new markets, improved employee morale, a 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 that must be communicated clearly 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 the subject of diversity and awareness of equal employment opportunities, to prevent and correct any discrimination.

Do establish recruitment policies and procedures based on a worker's ability, expected performance 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 a 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 disciplinary matters.

X NOT TO DO

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

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

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

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

Do not apply actions such as transfer, demotion or termination based on trade union membership, political beliefs or religious observance.

Do not require unnecessary medical tests and do not treat the worker unfavourably based on such tests.

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

Document checklist

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

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

The organisation should consider how to ensure the provision of 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 such as workshops and teambuilding exercises to promote a sense of equality.

Process mapping to avoid discriminating practices

01. Job analysis	<ul style="list-style-type: none"> • Tasks, responsibilities, relationships, targets
02. Job description	<ul style="list-style-type: none"> • Focus on job requirements • No unlawful request for information
03. Advertisement	<ul style="list-style-type: none"> • No discrimination • No mention of age or gender
04. Interview	<ul style="list-style-type: none"> • 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 for information
05. Appointment	<ul style="list-style-type: none"> • Give worker's contract • Create personnel file with copy of all employee's documents
06. Training	<ul style="list-style-type: none"> • Disciplinary and grievance procedures • Job skills • Factory regulations • Familiarization with the Benetton Group Code of Conduct
07. Full employment	<ul style="list-style-type: none"> • Equal pay for equal work • Access to training and other job benefits • Proper job evaluation • Documented promotion and other post-hiring decisions
08. Termination	<ul style="list-style-type: none"> • 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 require special measures and the accommodation of differences, for instance concerning people with disabilities.

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

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

- 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 issue?

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 proportions between men and women, but also there should be no difference in receiving the opportunity to progress, work distribution, benefits or 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 compliant 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 takes 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.

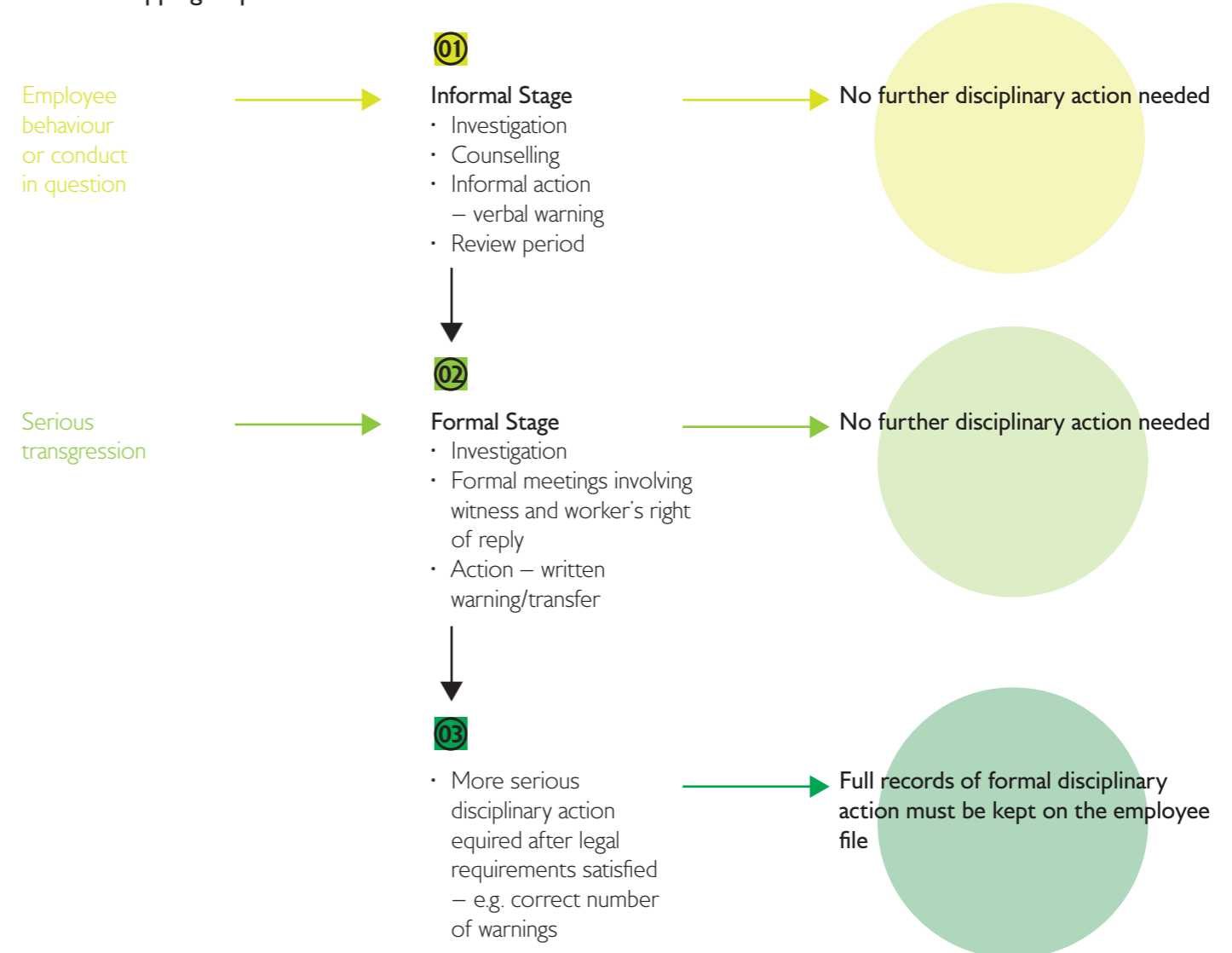
Document check list

- 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 – for both management and workers.
- Wages paid to employees – verification that monetary fines are reasonable and compliant with the law when applicable.
- Grievance committee records or union records (if applicable).
- Factory CCTV recording to review security searches (if applicable).
- Warnings form.

Best practices

In order to win the workers’ trust and facilitate the reporting of mistreatment and degrading attitudes or behaviour, the organisation must provide a trusted counsellor who has previously established a rapport with the employees. The organisation must promote an open and transparent attitude, welcoming complaints, investigating and addressing them and providing periodical feedback to the workers who raised the issues.

Process mapping to prevent coercion and harassment



FAQs

- The use of abusive language is very common between workers. Should management indulge or 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.

- Are supervisors legitimised to make a physical assault to stop another kind of abuse towards other workers (verbal/physical)?

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

05 | Association

The Benetton Group Code of Conduct states:

“BG Business Partners shall permit freedom of association, organisation 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 organise or join an association.”

Meaning

Trade unions and collective bargaining can be considered as a means to protect workers’ legal rights and improve their working conditions. The organisation must preserve the rights of free organisation and collective bargaining with management, without any interference. Workers’ right to freedom of association and collective bargaining are recognised in International Labour Standards as the basic building blocks for healthy employer-worker relations.

Actions

Trade unions and collective bargaining can be considered as a means to protect workers’ legal rights and improve their working conditions. The organisation must preserve the rights of free organisation and collective bargaining with management, without any interference. Workers’ right to freedom of association and collective bargaining are recognised in International Labour Standards as the basic building blocks for healthy employer-worker relations.

- The company must 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 must be posted in a prominent and accessible place and workers must be informed in an unbiased manner on their rights to associate and bargain collectively.
- The company must stem adverse activities that discriminate against workers’ representatives and members of workers’ organisations.
- The employer is not permitted to interfere in workers’ decisions about organising or electing their own representatives.
- The company shall have a formal mechanism of dialogue between the legal workers’ representatives and management to ensure the improvement of working conditions.
- All negotiations are expected to be in good faith for both parties involved.

Benefits

Respect for freedom of association can have a positive effect on economic development. First of all, communication between union representatives and management helps to improve trust and information-sharing, which can minimise industrial tension and reduce the number of days lost as a result of strikes and absenteeism. In this way, grievances can be resolved internally before escalating into intractable problems. Secondly, genuine worker 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 recognise the rights of freedom of association and collective bargaining and honour the terms of any agreement reached.

Do communicate in a fair way to workers their rights of freedom of association and collective bargaining without overtly encouraging trade union membership or sponsoring a particular trade organisation.

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 organisation with all the facilities required, including access to the workplace, and allowing regular union 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 have a formally written collective bargaining agreement and make it available to the workforce for reference. Ensure compliance with the terms and conditions under the agreement.

X NOT TO DO

Do not deliberately prohibit workers from exercising their rights by requiring the signing of letters agreeing not to join a union.

Do not cause the dismissal of or discrimination against a worker or in any way jeopardise his/her situation by reason of a trade union membership or because of participation in trade union activities.

Do not interfere in any aspect of workers' rights of organisation or collective bargaining, or in their taking action such as the nomination, election, administration or financing of worker representation.

Do not favour one workers' organisation over another.

Do not pursue any act aimed at placing a workers' organisation under the control of the employers or employers' organisation.

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

Do not obstruct attempts by employees to form alternative unions by promoting the largest unions, or give preferential treatment to the major union.

Do not allow the execution of collective bargaining agreements not compliant with local law.

Document checklist

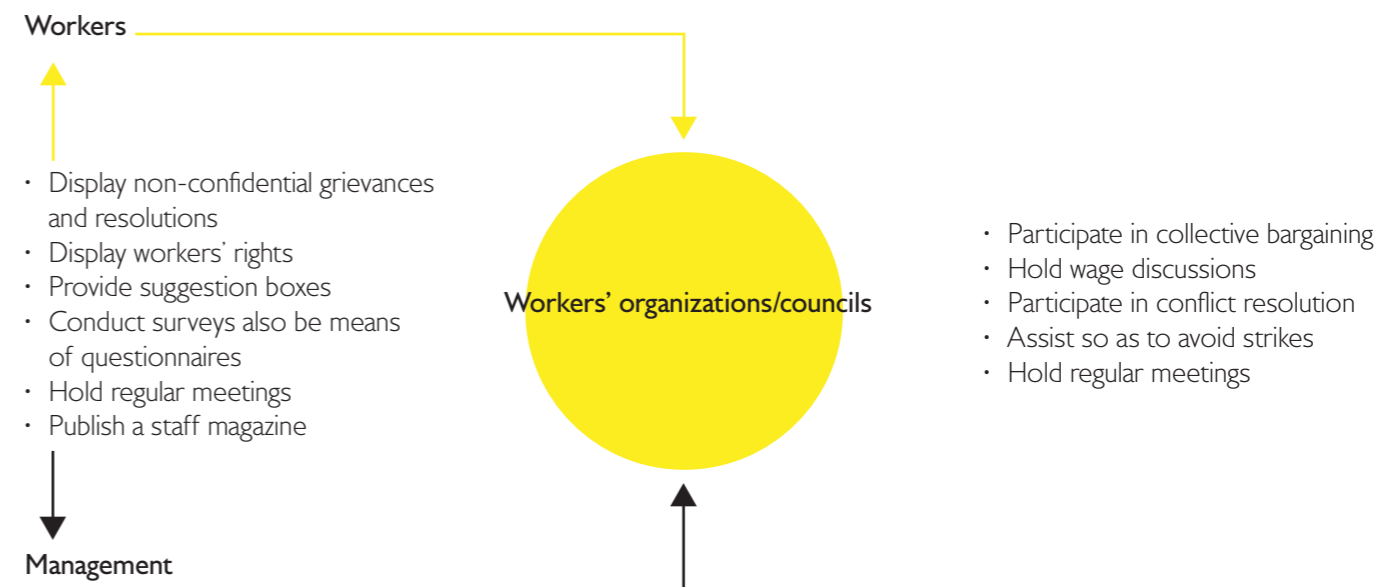
- Grievances record
- Collective bargaining agreements
- Minutes of the meetings between workers' representatives and management
- Suggestion boxes
- Management-worker communications
- Authorization from workers on deduction of union fees
- Training record

Best practices

Regular meetings are not only held between management and union representatives, but 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 and 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 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' organisations under the domination of employers or employers' organisations, or to support workers' organisations by financial or other means, with the object of placing them under the control of employers or their organisations.

- 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 recognised 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.

- Must the employer let workers' representatives have time off for union business? Must the employer 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' contract

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

Actions

The company must establish legal, well-defined employment relationships that result in regular employment.

The rights of employees in particular should be protected by:

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

Benefits

Regular recruitment offers several advantages for both the employer and the employee. Permanent employees develop a sense 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 morale 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 lower employee turnover.

✓ TO DO

Do sign a written employment contract that spells out the terms and conditions of the employment, such as provisions, and stipulates rules of employment regarding aspects such as, but not limited to, wage and benefits, working hours, annual leave and public holidays, dismissal and notice period, dispute resolution and disciplinary actions. All these topics must be treated following the disposition of the local law and, if applicable, of the Collective Bargaining Agreement.

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

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

Do provide social insurance to employees, if required 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, sub-contracting, home-working or apprenticeship schemes without the effective intent of imparting skills.

Do not include any provision that prohibits workers from terminating their employment contract by giving reasonable notice as 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 checklist

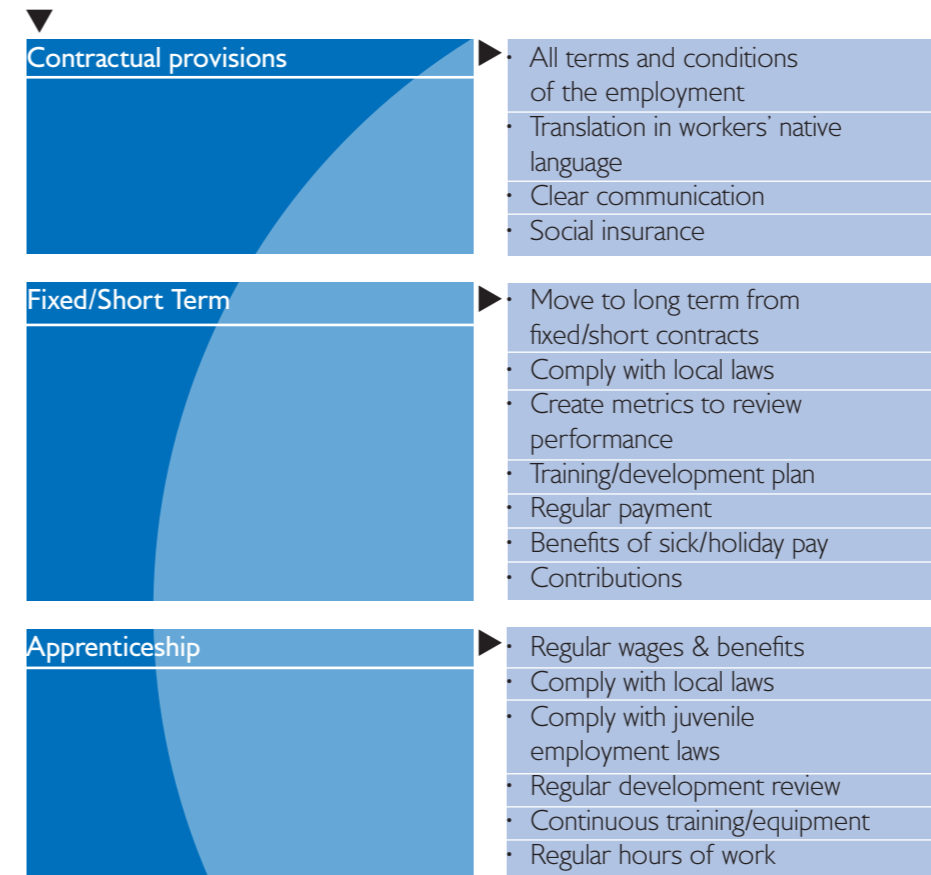
- Worker employment contract
- Payroll records and insurance records
- Personnel files
- HR/personnel procedures
- Worker training records
- National and local labour codes
- Management-worker communications
- Notices and bulletin boards

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 that fewer temporary workers are required. Such a company may also publish the payrolls to enable sub-contracted workers to check they are receiving proper remuneration.

Process mapping to ensure regular employment

Regular employment is provided



FAQs

- What are the minimum requirements 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 must refer to local requirements.

7 | Working hours

The Benetton Group Code of Conduct states:

“BG Business Partners shall comply with all applicable laws or with the collective bargaining 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 at eliminating widespread abuse of workers’ 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 with the need to reduce accident rates, promote a better life-work balance and reduce workers’ stress-related occupational conditions.

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

Actions

A company must ensure that all employees are not overworked by:

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

Benefits

Excessive overtime and insufficient weekly rest can have a negative health impact 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 can be seen very quickly: as working hours increase, employees’ attention and morale drop and absenteeism rises. Well-rested workers, on the other hand, 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 agreements, 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 of overtime work.

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

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

Do ensure workers’ rights to rest on public holidays, as required by local law. If workers are requested to work on public holidays, they must receive premium compensation.

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

Do clearly communicate the policy to all workers and educate them on the standard working week, asking about their willingness 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, beverages, 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, organising transportation at the end of the normal working day (if it is provided by the employer).

✗ NOT TO DO

Do not rely on regular overtime to meet production demands.

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

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

Do not destroy or dispose of production records.

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

Do not base production targets on excessive overtime, but fix daily goals that are achievable with standard working hours.

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

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

Document checklist

- 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 must examine production efficiencies to determine if realistic production 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 solutions. In addition, the team may study employees’ commuting patterns and transport timetables 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
Payroll 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 rate of pay, allowances and bonuses, all deductions

FAQs

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

Yes, but only under extraordinary circumstances. In this case the worker will rest for a whole day on one of the three days immediately before or after the weekly day 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 must give the same opportunity to work overtime to all workers, without any distinction, in order to avoid discriminatory practice. To reduce overtime, the employer must provide adequate wages to meet the personal and family needs of workers.

- The employer pays overtime at a premium rate, but maintains 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

The 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 receive a fair and adequate payment for services rendered. The payment shall meet at least legal or industry minimum standards and enable workers to afford a decent standard of living for themselves and their families.

Actions

The company must respect the workers' rights to a living wage, ensuring that payments meet the basic workers' needs (including food, water, housing, education, health care, transport, clothing and provision for unexpected events) and that they are 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;
- full and timely payment by a convenient method, in compliance with local laws;
- clear and easily understandable information about wage calculation and applicable fair and reasonable deductions.

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.

✓ TO DO

Do keep payroll documents and records complete, accurate, up-to-date and available for audit.

Do apply the remuneration standards to all workers under the organisation's control and influence, regardless of who is the direct wage payer.

Do include all workers on payroll records.

Do deposit PF/ESI (Provident Fund/Employee State Insurance) deductions on time.

Do pay overtime work at an advantageous premium rate, as defined by national law or established by a collective bargaining agreement. Where such laws do not exist, the reference is the organisation's premium rate or the industry premium rate.

Do separate bonuses and other items from the basic wage in the payroll.

Do pay all wages in cash, by cheque or by direct transfer into the employee's account or other secure form of payment, without inflicting any cost on employees 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 deductions required by law - i.e. taxation and social security - and request written consent for any voluntary deductions.

Do provide payroll and employee wage statements with all the information necessary for an employee to calculate the monthly wages and allowances, including all lawful and reasonable deductions.

Do ensure that workers can choose freely whether or not to use services provided by the employer, such as transportation, meals, accommodation. In any case, deductions for non-essential services are voluntary and shall not exceed the cost of the service.

Do provide job-essential items/services, such as necessary tools or protective gear, etc., without applying any deduction.

Do guarantee workers sufficient breaks, national and public holidays, and any other leave to which they are legally entitled e.g. marriage leave or sick leave.

X NOT TO DO

Do not use multiple payroll records to hide overtime, to demonstrate false hourly wages or for any other fraudulent reason.

Do not apply unfair or involuntary deductions.

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 reach the legal minimum wage.

Do not split minimum wages for PF deductions.

Do not apply deductions for disciplinary purposes unless both national law and freely negotiated collective bargaining agreements 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 a short-term contract, labour-only contract or home work.

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

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

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

Document checklist

- Payroll records
- Pay slips
- Performance evaluation
- 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 others 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 usually minimise the possibility for errors in wage and benefits calculation. Fewer errors mean increased efficiency (less time spent on corrections and complaints) and increased trust from workers.

Process mapping to avoid excessive overtime

Reliable time clock system

- Workers' responsibility for personally clocking on and off
- Meal breaks and other unpaid times to be recorded



Working hours record

- Complete record of hours worked



Payroll records

- Show hours worked
- Regular & OT rates
- Performance bonus
- Skill allowance
- Lawful deductions
- Factory and worker contribution to social insurance
- Leave used and accrued
- Any special allowances



Pay slips

- Show basic hours worked
- Show overtime hours + rates of pay
- Show allowances + bonuses paid
- Show all deductions
- Understood by employee

FAQs

- The minimum wage was revised with effect from "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 track of any revision in 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

The 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 must pay particular attention to recruitment practices and employment conditions for migrant workers. The purpose of this statement is to guarantee migrant workers' rights as well as set out their responsibilities.

Actions

Understanding and addressing the challenges specific to migrant workers is a tough exercise for companies. To achieve this goal, 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 and thereby improve its reputation, enabling it to 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 when 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 with which the company is working.

Do include in the recruitment advertisement the statement "No recruitment fee" and ensure it is prominently displayed.

Do provide migrant workers with 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 full control over their legal documents.

Do keep precise and up-to-date records about the number of migrant workers in the 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 labour law or less than employees who are legal residents of the country of employment.

Do not require lump sum payments or any form of deposits from migrant workers.

Document checklist

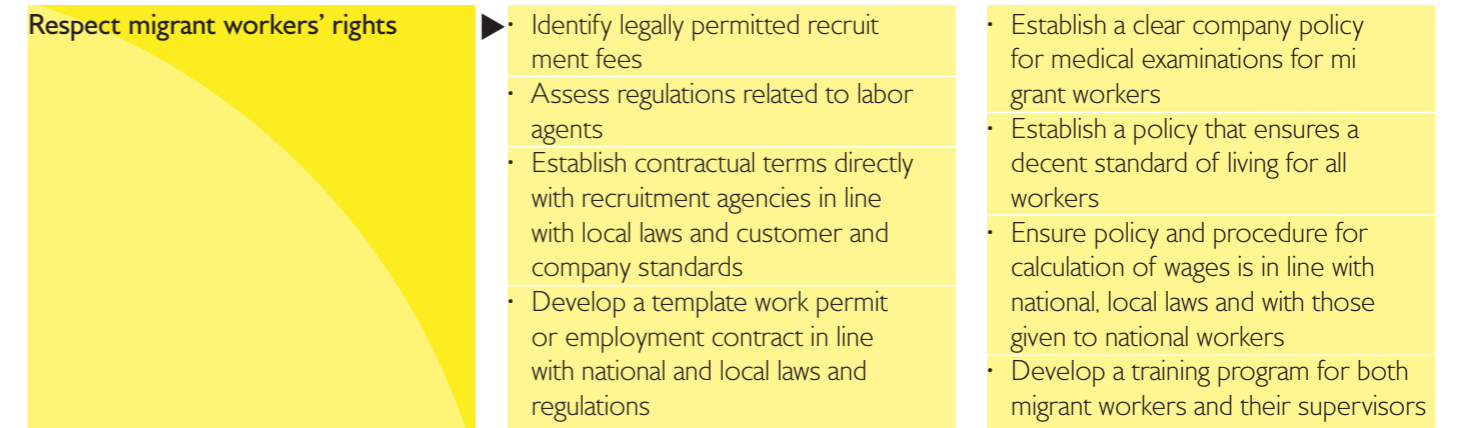
- Photocopies of national or official ID cards or passports
- Work Visa
- All employment agreements or contracts
- List of reliable recruitment agencies
- Personnel files
- Employment policy
- Payrolls and pay slips

Best practices

The employer should ensure that all migrant workers receive a pre-departure and a post-arrival orientation session. In the first stage, migrant workers should be informed about the contract process, employment terms and

conditions, receiving country living conditions, workplace conditions, rights and responsibilities, and job skills required. In the second stage, they should receive basic job training, information about occupational health and safety, working hours and production requirements, workplace policies, rules, disciplinary systems, communication systems, as well as grievance channels and processes. In addition, basic local language skills classes and meetings about receiving country culture and common practices could be organised to encourage migrant worker integration.

Process mapping to protect migrant workers' rights



FAQs

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

In general, management must retain only copies of the original documents. The employer may, however, be holding 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 be unable to 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 migrant workers returning to their country/region of emigration to receive their pension contributions back or to have the pension benefit paid abroad.

10 | Health and safety

The 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 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 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 unobstructed 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 the event 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 recent decades, the attention given to health and safety issues has increased significantly, while some workplace disasters have drawn attention to the human cost of ineffective implementation of health and safety standards. The intent of this statement is to recognise the obligation, shared between employer and workers, to maintain a safe and healthy work environment. 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 minimise workplace hazards. In order to achieve this goal, the company must:

- clarify and amplify the role of the organisation 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 the organisation

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 damage 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 organisation, 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 and documented health and safety audits of the facility.
- Do establish effective management leadership, structures and procedures, appointing a senior manager as responsible for health and safety.
- Do obtain all certificates required by local authorities and post them in a prominent location.
- Do ensure that all personnel are competent, motivated, trained and empowered to work safely.
- Do keep records of all training programs organised on health and safety issues.
- Do allow workers and their representatives to make responsible and informed contributions to the organisation's health and safety management.
- Do allow workers to refuse to work under unsafe conditions with no penalty.
- Do address any risk through a hierarchical control method, eliminating the risk if possible or minimising and mitigating its impact.
- Do provide training for new managers, supervisors and newly hired workers on company health and safety policies and procedures and provide job-specific training as needed.
- Do maintain a healthy and safe working environment in terms of sufficient lighting for the work performed, a comfortable temperature range, controlled level of noise, continuous ventilation, cleanliness and tidiness.
- Do keep a record of all work-related injuries, accidents and illnesses.
- Do appoint an adequate number of supervisors for each work shift, considering the number of workers and activity-related risk.
- Do make safe, free and clean drinking water available at all times within a 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/eating room and kitchen are kept safe and hygienic in accordance with all applicable laws.
- Do ensure that all employees who work in the kitchen are suitable for food service and have a valid health certificate as well as certification or training on food hygiene and safety as required by law.
- Do ensure a reasonable number of readily accessible first aid kits are 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 must be provided with a continuous water flow.
- Do guarantee the presence of medically trained personnel on site and maintain a separate medical room.
- Do provide regular health checks 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 national law.
- Do ensure all construction projects of existing facility buildings 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 the 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. Keep training documentation to demonstrate compliance.
- Do provide valid inspection certificates and/or permits for boilers, elevators, pressure vessels, furnaces and other equipment as per local regulations.
- Do store gas cylinders in a well-ventilated area, upright and secure against the wall.
- Do ensure electrical safety devices are in place, such as proper earthing/grounding, suitable insulation, effective

guards to prevent contact with live and exposed parts of electrical equipment.

Do conduct regular inspections and preventive maintenance on all electrical installations and machinery and maintain records for machine inspection/maintenance/repairs.

Do ensure that only qualified electricians inspect, install and repair all electrical wiring.

Do provide an emergency cut-off system for electrical safety.

Do keep the area around electrical equipment dry to minimise the possibility of shock.

Do prepare guidelines on the emergency procedure to be followed in the event of electrical shock.

Do give accident prevention training at the time of hire, transfer of position or change of machinery, or update of internal procedures.

Do give machine operators and special equipment operators and workers engaged in special tasks (e.g. boiler operator, cargo lift operator, forklift driver and electrician) specialized training and ensure they acquire the licence for such tasks.

Do ensure that all safety locks can only be removed or placed by the employees exposed to the hazards or by the maintenance technician.

Do ensure that all machines with exposed, moving, rotating or dangerous parts, pulleys and belts are fitted with guards and safety devices.

Do ensure that safety instructions are either displayed or posted near all machinery or are readily accessible to workers.

Do ensure that all machinery is registered, effectively and regularly maintained and regularly inspected.

Do always provide the machines with fully operational emergency cut-off switches.

Do display the hazard sign DO NOT TOUCH at vulnerable spots

Do appoint a person to be responsible for the facility emergency preparedness and response program and train designated personnel at regular intervals.

Do prepare a fire and emergency response plan and post the plan in visible locations. It must give critical information, such as emergency evacuation routes, fire-fighting equipment location, exit location, "you are here", etc.

Do install, inspect and maintain an effective fire extinguishing system as required by law on each facility floor.

Do provide an adequate number of fire extinguishers and/or other fire extinguishing systems as required by local law. Fire-fighting equipment must be easily accessible, clearly marked and adequate to address all possibilities of fire in the facility.

Do install and regularly carry out an automatic test of fire detection devices (smoke, heat or flame detectors) if required by law.

Do train workers in the use of fire-fighting equipment and keep training records.

Do keep exit routes easy to access, clearly marked, unlocked and not obstructed by equipment, materials, production, etc.

Do provide valid inspection certificates issued by the local fire service authority.

Do mark all exits and fire exits with brightly coloured and glow-in-the-dark lines and arrows. Ensure that all exit signs are illuminated with lamps and are printed in the local language.

Do install an emergency lighting system and fire alarm system on each facility floor and connect them to an independent source of power.

Do conduct and document emergency evacuation drills regularly and at least once a year.

Do install fire-fighting equipment at a proper height to facilitate easy access.

NOT TO DO

Do not accept management lack of knowledge of the key legal requirements pertaining to Health and Safety.

Do not confine the Health and Safety policy to a file, but effectively communicate it.

Do not restrict access to first aid kits. If kits need to be secured and locked, then designated workers in the vicinity of the kits must have access to the keys.

Do not restrict the time or frequency when workers can have drinking water and do not limit access to toilets unreasonably.

Do not use the building for purposes other than those for which it was originally designed, unless the change has been approved by a qualified engineer and government or municipal authorities.

Do not conduct business in a building that has structural concerns, which indicate it might have significant defects.

Do not allow the use of PPE without providing proper training on the correct use, maintenance and storage of the PPE.

Do not rely on PPE as a primary control of exposure to 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 to be used.

Do not lock exit doors while the building is occupied.

Do not conduct operations in areas without sufficient and unobstructed 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 checklist

- 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)
- PPE training records
- Site specific emergency plan
- Emergency/fire drill records
- Equipment and alarm inspection records
- Fire safety management plan and risk assessment
- Records of occupational health checks
- Canteen hygiene certificate
- Canteen workers' health certificates
- Written policies and personnel organisation on H&S matters

Best practices

- I. The company should get multiple feedback on the health and safety training program in order to verify the effectiveness of communication through questionnaires, surveys, suggestion boxes and team meetings. Workers and supervisors must be able to explain the functionality of the H&S program, the mechanisms to control and minimise risks, personnel organisation, the emergency plan and should show an open-minded culture in relation to health and safety.
- II. The company must promote a well-balanced H&S committee composition 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 the H&S program, since it entails measuring H&S practice and policy against an organisation'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 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 Committee 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 is it a best practice?

It is a mandatory requirement.

- The employer must 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 only be opened from inside.

- The employer has stopped stocking the first aid boxes adequately because workers were stealing medicine. What should he do?

Use of the first aid contents should be monitored and an entry made in the injury book for every treatment. The first aid box should be kept in the custody of a person trained in first aid and be easily accessible. Specific drugs must be prescribed by a registered medical practitioner. All employees must be trained to use the medications as necessary but not to misuse the contents of the first aid boxes

- Must a company accommodate religious beliefs which hinder the wearing of PPE (beards which interfere with safety masks, head coverings which prevent wearing a 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 fully practice 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.

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

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 of H&S, focussing 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

The 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 must be clean, tidy, not overcrowded, well ventilated, at an adequate temperature, provided with toilets, showers and subject to adequate emergency planning arrangements and fire safety precautions. In addition, the organisation is expected to apply processes of risk assessment as well as health and safety performance tracking and monitoring, 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 about incredible social benefit. In addition, a company can attract workers from different regions and can achieve significant cost saving in transport and efficiency in time management, especially when the undertaking is located far away from normal population centres, or where the nature of the employment requires that workers be available at short notice.

✓ TO DO

Do apply all legal requirements on 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. Provide kitchen or laundry facilities.

Do ensure that all areas are well maintained, taking into consideration space, temperature, ventilation and lighting.

Do provide a reasonable number of washing and toilet 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 fire-fighting 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 the plan in visible locations. It must give critical information, such as emergency evacuation routes, fire-fighting equipment, exit location, etc.

Do post emergency directions of evacuation in all sleeping quarters, printed in the local language.

Do provide an adequate number of fire extinguishers and/or other fire extinguishing systems as required by local law, in all sleeping quarters.

Do conduct regular fire drills and document them.

Do keep exit routes easy to access, clearly marked, unlocked and not obstructed by equipment, materials, production, etc. on each facility floor.

Do mark all exit routes with brightly coloured exit signs.

Do install an emergency lighting system and fire alarm system on each facility floor.

X NOT TO DO

- Do not** unfairly charge 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 encroach upon workers' freedom.
- Do not** oblige men and women to share the same dormitories.
- Do not** store combustible materials in the dormitories or in any connected buildings.

Document checklist

- 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 occupational health checks
- Equipment and alarm inspection records

Best practices

- I. The company should promote a program of integration between workers based in the dormitories and the community, first of all providing reasonable access to a telephone or other modes of communication and organising 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 advise on the most suitable ways of meeting their housing and environmental needs.

12 | Risk assessment

The 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 minimised 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 purpose of a risk assessment is to evaluate the probability of a negative event happening and the severity of the negative impact if it did happen, as well as to rate risks in order to prioritise the actions and operational controls to address the risks.

Actions

The company must carry out a periodic risk assessment to identify the areas of actual or potential non-conformance with standards, prioritise risks, implement the emergency plan and response procedures, effectively communicate and implement the recommended action to address the identified risks.

Benefits

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

V 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 action.
- Do** implement emergency and response procedures to minimise the impact of emergency situations.
- Do** ensure that competent people are appointed to carry out the risk assessment.
- Do** continuously communicate the compliance policy to all employees through the employment contract, employee manual, newsletter/poster or employee training.
- Do** implement appropriate actions to address recurrent labour/H&S problems.

Document checklist

- Risk management policy and operational instructions
- Internal audit and external audit results
- Written risk assessment
- Personnel organisation
- Facility emergency plan
- Training program records and materials
- Record of accidents, warnings and compliances

Best practices

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



FAQs

- What should the employer include in the risk assessment?

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

- Is risk assessment a legal requirement?

Yes, it is a legal requirement for every employer.

- What responsibilities do the employees have?

Employees must embrace workplace safety, co-operate, follow the instructions and training provided and highlight any potential risk of failure in the procedures.

- When should risk assessment be performed?

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

- Who should be involved in doing risk assessment?

The employer must consult staff/workers or their representatives since the actual risks can be better understood by those with a deep knowledge about how the work is done.

13 | Reference to national legislation, conventions and agreements

The 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 the 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 meet the legal requirements of the countries they are working in at all times. 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 the CSR agenda, since it represents what is required for businesses to be deemed legitimate. More specifically, CSR puts pressure on businesses to review their 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 controls.

✓ TO DO

Do comply with all legal provisions.

Do understand specific local requirements, which can differ from country to country, and ensure that they are met.

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

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

Do provide a viable crèche for workers' 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 lit, well ventilated, clean and safe; finally the crèche must be under the charge of personnel trained in the care of infants.

Document checklist

- 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 legal 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 healthy environment is an essential prerequisite for future success as an industry; in order to achieve this goal, BG requires observance of the legal framework on environmental protection and on the right to a safe and healthy environment and expects full compliance from its suppliers. BG partners remain in any case responsible for ensuring that they meet all legal requirements relating to environmental matters.

As stated in Benetton Group's Biodiversity policy, the Group recognizes the critical role of natural resources and ecosystems for the future of people, planet and businesses. Considering that the most material impacts on biodiversity are due to the value chain, Benetton Group asks its business partners to be in full compliance to all the environmental regulations and industry standards to limit the environmental impact. Finally the Biodiversity policy has to be effectively communicated to raise awareness and enlist support to the Group's commitments in transitioning to preferred materials and implementing traceability systems.

01 | General provision

The 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 impact, 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 up 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

Starting from the awareness that the supply chain deeply affects the environment, the challenges of preserving environmental resources and protecting the welfare of future generations require application of the precautionary principle and commitment to responsible practices, including 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. Major improvements in environmental performance, on the other hand, 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, respect for the environment is the logical precondition to maintain the good health of local communities, which represent the basin of a healthy workforce and healthy 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, licences and/or registrations and keep them updated. In particular have all documents authorising the 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 the site.

Do have a policy or guidelines that define the approach towards managing the environmental impact. In particular, the policy shall define actions to reduce energy consumption and CO₂ emissions, waste creation and water usage. Moreover, a waste recycling initiative shall be put in place, paying particular attention to textile waste.

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

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 wastewater, waste storage inspection or energy monitoring records.

Do not set unrealistic targets and monitor performance and progress at least once a year.

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

Document checklist

- 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 energy needs and maximizing the use of renewable and sustainable energy through the value chain. Renewable energy is in fact an essential component of cutting global carbon emissions and 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 updated
- 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

The 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 in force at the 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 labelled and safely stored. A material safety data sheet must be available in the local language and the instructions in it must be followed.”

Meaning

BG Business Partners are expected to work towards the elimination of hazardous substances from the supply chain. Hazardous chemicals are substances that pose a wide range of health, physical and environmental hazards at any stage of their life cycle, from production to use, to disposal.

Actions

Hazardous chemicals and materials are present in most workplaces and can determine different levels of risks, depending on the dosage, concentration and duration of exposure, the exposure route and the mixing of substances. Management should identify and collect information about all hazardous chemicals and materials used within the facility, duly inform workers, clearly label such materials and draw up precautionary 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 a reduction in accidents and incidents, minimisation of labour costs and reduction of forced business interruption. In addition, in the long-term the company can create a safe work environment, improve the relationship with employees and strengthen the corporate image and credibility.

✓ TO DO

- Do establish a written policy for monitoring and controlling restricted substances.
- Do train designated personnel on the storage, handling, use and disposal of dangerous/hazardous chemicals.
- Do assign overall responsibility for chemicals only to qualified personnel.
- Do maintain a master inventory list of all chemical substances used and stored on site, and keep it up to date.
- Do include in the inventory the name of the chemicals, quantity, locations, and general hazards.
- Do identify all chemicals with a proper label and a readily accessible Material Safety Data Sheet (MSDS).
- Do respect Benetton requirements regarding the Restricted Substances List (MRSL/PRSL) and clearly communicate them to the chemical suppliers as well as to the suppliers of fabrics and other materials, if applicable.
- Do store all chemicals in a designated, labelled, cool and well-ventilated storage area, with access limited to authorised 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 a workstation in quantities that exceed the amount needed for one work shift.

Document checklist

- 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 post a summary information sheet in the local language about the use, handling, and safety procedures required. This information must be clearly understandable by workers and should be posted where the relevant chemicals are stored or used.

Process mapping

01. Hazard 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

02. Emergency preparedness and response

- Establish procedures and practices for quick and efficient responses to accidents that could result in human injury or damage to the environment.

03 | Waste and Water management

The 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, to 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 must comply with national and local legal requirements and identify additional opportunities to tackle environmental issues, setting ambitious but realistic targets.

Benefits

Waste reduction and responsible water management are linked to a long list of benefits: first of all, by practising waste reduction, the company will purchase, use and throw away less due to cost-effective management. In addition to a reduction in 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 waste.
- Do segregate hazardous and non-hazardous waste.
- Do manage hazardous waste in a way that minimises the possibility of exposing workers and contaminating the environment (i.e. 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 best management practices.
- Do identify the types and the amount of hazardous waste generated as a result of production and business activities, and decide the 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 waterway.

Document checklist

- Detailed list of waste generated
- Monitoring tests and results for 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
- Wastewater discharge licences
- Water treatment plant inspection and regular maintenance records

Best practices

The company should conduct a footprint analysis that identifies water usage in all stages of production and use, in order to show the impact 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.

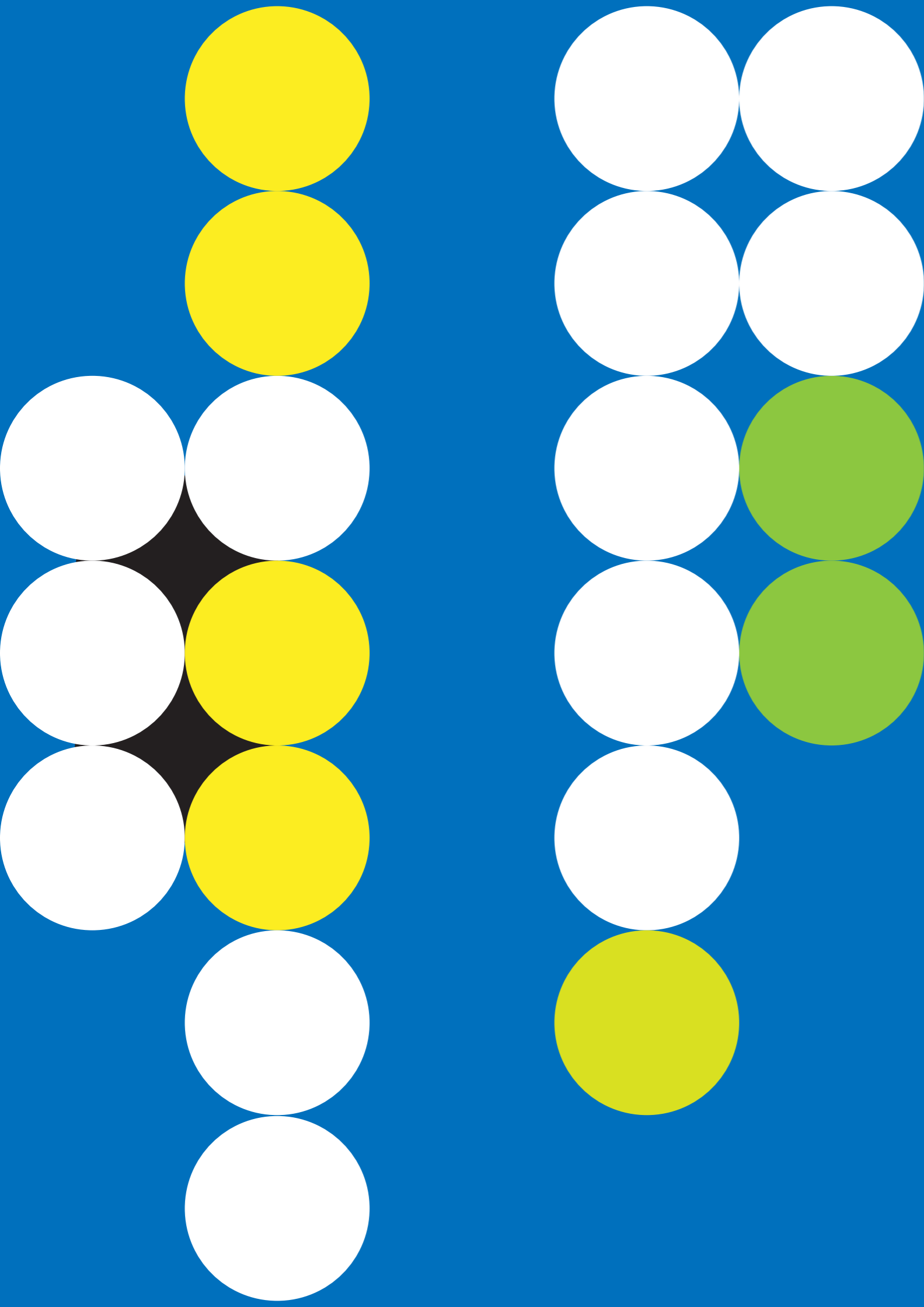
Process mapping

01	
02	• Account for waste, wastewater and air emissions.
03	• Develop consciousness and awareness on waste and water management good practices
02	• 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 has firmly recognised 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 suppliers, encouraging them to meet the required standards, but it also expects Business Partners to be honest, open and committed to continuous improvement.

01 | Transparency and Cooperation

The 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 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.”

Benetton Group has a confidential whistleblowing system through which BG Business Partners can report unethical behaviours. The issues reported through this procedure can refer to topics such as, but not limited to, bribery, corruption, presentation of false information, wilful misconduct, and breaches of the Code of Conduct as well as of the Code of Ethics. The Whistleblower Procedure is published in the company website (http://assets.benettongroup.com/wp-content/uploads/2018/04/Regolamento_whistleblower_2018-March_en.pdf). Each of suppliers is required to display a poster communicating details of the mechanism in a location that can be seen by all factory workers.

Meaning

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

Actions

Suppliers are responsible for their compliance program and for communicating the Code of Conduct requirements to their workers and sub-contractors. 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 them all the necessary support to overcome the difficulties they may face.

Benefits

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

✓ TO DO

Do proactively manage compliance with the 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 place that is readily accessible to workers at all times.

Do make the workers aware of the requirements of the Code of Conduct, posting it in the local language.

Do provide training to all employees and managers on their rights and responsibilities regarding the Benetton Group Code of Conduct.

Do ensure that all training is conducted in local languages which employees understand.

Do conduct internal assessments on a regular basis to verify conformity with legal and regulatory requirements and the Code of Conduct.

Do implement a grievance mechanism related to the Code of Conduct, develop action plans and then follow up on progress.

Do display a poster communicating the details of the Whistleblower procedure in a location that can be seen by all factory workers.

✗ NOT TO DO

Do not voluntarily hide critical issues concerning compliance with the law and the Code of Conduct.

Do not superficially monitor implementation of the Code of Conduct, but keep records of improvements and make them available so that compliance can be effectively assessed.

Document checklist

- Code of Conduct posted in local language
- Records of any grievances (and their resolution) related to implementation of the 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 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 must be knowledgeable about local laws and the Benetton Group Code of Conduct.

Process mapping

Be transparent

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



C | Supply Chain and Compliance

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

01 | Supply Chain

The Benetton Group Code of Conduct states:

“BG Business Partners shall not use sub-contractors for the manufacture of (or 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.”

Meaning

Supply chain management is a key aspect for Benetton Group business activities 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 sub-contractor names to Benetton Group and must obtain the latter’s written approval prior to the start of production. They are also expected to take responsibility for the compliance of their sub-contractors.

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 the risks in their own supply chains and improve their own business resilience.

✓ TO DO

Do disclose all sub-contractors 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 inform Benetton Group of all outsourced work to individuals, families or collective work groups, specifying what articles/components are produced.

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

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

Do provide a copy of the Code of Conduct signed by the sub-contractor.

Do check the conditions at sub-contractors’ businesses before placing orders with them or contracting their services.

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

✗ NOT TO DO

Do not use any unauthorised production unit.

Do not sub-contract any part of the production process if the sub-contractors refuse to sign the Code of Conduct and/or to comply with it.

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

Document checklist

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

Best practices

Every company should build a close, collaborative relationship with its suppliers and sub-contractors, as it is the best route to high-quality internal and external transparency. This may require that companies provide technical, operational or financial assistance to suppliers to share the cost burden, to 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	
02	• Disclose all subcontractors
03	• Communicate Benetton Group Code of Conduct and take the responsibility for suppliers’ signature and compliance
04	• Build a collaborative relationship based on internal and external transparency
	• Work to maintain a stable supply chain

FAQs

- How can a factory prove to have informed Benetton Group of its sub-contractors during an audit/inspection?

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

02 | Monitoring and compliance

The 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 audits and to pay close attention to the documentation and record-keeping requirements because auditors rely on written records to verify compliance with BG standards. In addition, suppliers’ lack of cooperation and transparency will negatively impact on continuation of the business relationship.

Actions

BG Business Partners must cooperate with third-party auditors, allowing 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

Cooperation and transparency are inherently part of the audit process. Working together with the assessors/ auditors provides the opportunity to create significant efficiencies, minimise duplication, reduce time-consuming activities and ultimately to objectively recognise the 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 sub-contracting and home-working.
- Do** provide assistance to third-party assessors/auditors to perform assessments/inspections at suppliers’ and sub-contractors’ factories, upon the request of Benetton Group.
- Do** make sure that staff and safety guards grant access to the assessors/auditors for the audits.
- Do** work in cooperation to implement the corrective action plan signed with the auditor.

✗ NOT TO DO

- Do not** refuse access by 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 investigative questions.
- Do not** conceal, falsify or 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 checklist

- 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 records to verify compliance with the Code of Conduct

Best practices

The company should consider the corrective action plan not as an external imposition, but as an opportunity for continuous improvement. Factories are expected to correct all identified compliance issues as a condition for a continuing business relationship, but on the other hand Benetton Group is ready to provide all the support required to reach this goal. 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.

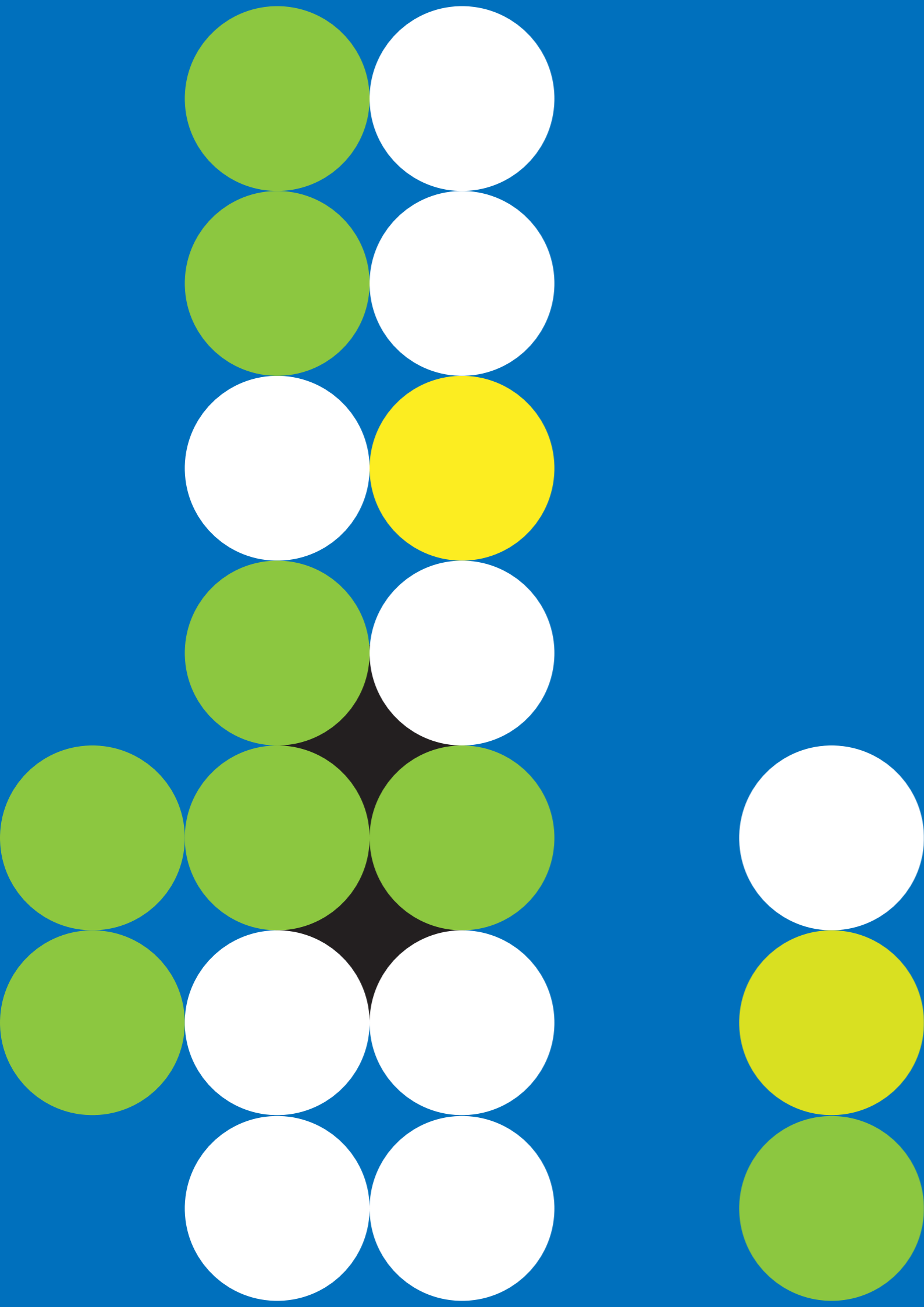
Process mapping

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 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 organisations 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 finding 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, e.g. holiday or vacation pay, or voluntary when not required by law, e.g. 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 work for 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/trade union membership.

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

Collective Bargaining Agreement (CBA) | An agreement negotiated between a group of employees (e.g. union) and an employer, which 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 a 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, its agents (including third parties) or Independent or 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, e.g. towards the 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 the 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 of 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 an 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 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, transferral to a lower grade job, no future overtime opportunities, etc.), by threat of force, by physically stopping workers from leaving 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 organisation (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 can cause the worker physical or psychological harm; requires the use of dangerous machinery; places the individual in an 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 harm human health, living organisms or the environment when improperly treated, stored, transported or disposed of. 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 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 carries out a job i) in his/her home or on other premises of his/her choice, other than the workplace of the employer, ii) for remuneration, iii) which results in a 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, regulations or court decisions.

Incompatible Materials | When certain materials are mixed together and produce a reaction such as 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 to pay off the latter'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) | A document that is intended to provide workers and emergency personnel with procedures for handling or working with the 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 and 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 national law. In many countries, this is usually the time worked in excess of 8 hours 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 the 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 waste 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.

Sub-contracting | 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, packaging, screen printing, fabric mills; Benetton Group does not allow sub-contracting 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.

Wastewater | Process water that contains chemicals or additives generated through the manufacturing process.

