



Italy Risk Assessment 2020

Table of Contents

1. Introduction	5
2. Fashion industry overview	7
3. Labour rights risks	13
Employment is freely chosen	13
There is no discrimination in employment	14
No exploitation of child labour	16
Freedom of association and the right to collective bargaining	17
Payment of a living wage.....	19
No excessive working hours.....	23
Safe and healthy working conditions.....	24
Legally-binding employment relationship	26
4. Summary of key labour rights risks.....	31
ANNEX I- National labour laws	32
ANNEX II- Stakeholders consulted in this risk assessment.....	37

List of Abbreviations

ANPIT	National Association Small Enterprises and Sub-contractors
ASGI	Association for Judicial Studies on Immigration
CCNL	National Collective Employment Contracts
CGIA Mestre	Association of Craft and Small Enterprises Mestre
CGIL	Italian General Confederation of Labour
CISAL	Italian Confederation of Free Workers' Unions
CISL	Italian Confederation of Trade Unions
CNEL	National Council for Economics and Labour
EU	European Union
GDP	Gross Domestic Product
ILO	International Labour Organization
INL	National Labour Inspectorate
INPS	National Social Security Institute
IOM	International Organization for Migration
ISMU Foundation	Initiatives and Studies on Multi-ethnicity Foundation
ISTAT	Italian National Statistics Institute
LAIF	Free Association of Sub-contractors
OECD	Organisation for Economic Co-operation and Development
SME	Small and Medium Enterprises
SMI	Italian Fashion System (Sistema Moda Italia)
UIL	Italian Labour Union
UNGPs	United Nations Guiding Principles on Business and Human Rights

How to read this Risk Assessment

This risk assessment aims to provide an overview of the actual and potential labour rights risks in the fashion industry in Italy, an overview of the fashion sector in Italy and of the applicable national labour laws. This document is co-authored by Melisa Cerizza (MOST) and Emanuela Ranieri-Svendsen (The Right Business).

Information has been gathered through desk and field research as well as audit findings. The desk research was conducted by gathering knowledge available from public sources, including publications, studies and media reports. The field research was conducted through the engagement of ten national stakeholders. These stakeholders were interviewed separately in one-on-one meetings and represent a mixture of public authorities, business associations, trade unions and labour NGOs. If you would like to learn more about the stakeholders interviewed for this assessment, please see Annex II. Audit findings include Fair Wear Foundation (FWF) factories, as well as other factories audited by MOST.

The main limitation of this assessment is linked to the small number of stakeholders involved (ten) and the lack of direct engagement with the workers. A validation workshop will be organised at the beginning of 2020 with stakeholders representing public authorities, civil society and business associations in order to discuss the findings and identify recommendations for public authorities and companies on how to mitigate and avoid the labour rights risks captured in this assessment.

Please find below a breakdown of the aims of each of the sections of this assessment:

Chapter 1 is the introduction to the study contextualising this risk assessment within the United Nations Guiding Principles framework.

Chapter 2 presents an overview of the fashion industry with a more prominent focus on textile, garment, footwear and leather sectors. This chapter includes some key figures, main production hubs and type of products, size of factories, exports, sub-contracting structure and emerging trends.

Chapter 3 provides an assessment of actual and potential labour rights risks against the standards included in the FWF Code of Labour Practices based on publicly available information and stakeholders' views on the risks.

Chapter 4 is a table summarising the key labour rights risks presented in Chapter 3.

ANNEX I gives an overview of national laws relevant to labour standards.

ANNEX II lists and provides a brief description of the stakeholders consulted during the development of this assessment.

1. Introduction

This risk assessment makes frequent references to the situation of workers in Chinese-owned factories and this is mainly due to the fact that significant studies have been conducted on Chinese textile/garment factories, especially in Tuscany and Veneto regions, meaning that information is known and available. However, labour conditions in Chinese factories should not be seen as an ethnic stand-alone phenomenon, rather a salient factor for Italian fast-fashion production, as labour abuses allow for lower production costs throughout the supply chain at the benefit of larger profits for the overall industry.¹

The United Nations Guiding Principles (UNGPs) on business and human rights calls business enterprises to conduct human rights due diligence in order to identify, prevent, mitigate and account for how they address their adverse human rights impacts. This labour rights risk assessment is a tool for companies in the fashion industry manufacturing in Italy to know their actual and potential negative impacts related to labour conditions in order to address them. The UNGPs states that companies should address all their adverse human rights impacts, however, when necessary, a prioritisation of the impacts to be mitigated could be done according to their severity (Guiding Principle n.24). The severity of impacts is defined by their scale (gravity), scope (number of affected individuals) and irremediable character. The latter means the ability for workers to exercise of their right(s) as before the abuse.²

This risk assessment identifies some impacts that could be severe due to their scope, such as wages and legally binding employment relations. Lower categories of workers struggle to make ends meet, especially in the North and Centre of the country where the costs of living are higher. Wage levels are lower for workers covered by “pirate agreements”, providing fewer protections than the contracts bargained collectively at national level. Poverty levels are higher among workers with temporary contracts and in 2019 seasonal, there has been an increase in apprentice and discontinued contracts. High percentages of working poor, unemployment, and taxes on income plays a role in the size of the Italian informal economy. In addition, further attention should be given to the recent trend of employing migrant workers and exploiting their vulnerabilities, such as poverty and need for residence permits, to further contain production costs. Pakistani, Bangladeshi and sub-Saharan Africans work long hours, without weekly rest, are paid the lowest wages and often employed informally or through temporary contracts. Additional research would be needed to identify if those abuses could lead to

¹ Antonella Ceccagno, *City Making and Global Labour Regimes- Chinese Immigrants and Italy's Fast Fashion Industry*, 2017, published by Polgrave Macmillan.

² United Nations, *Guiding Principles on Business and Human Rights*, 2011:
https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf

forced labour, which according to the UNGPs belongs to the severe impact category due to its scale. Occupational health and safety risks are considered severe given the irremediable character linked to the difficulties of restoring the workers' right to health to the previous level of enjoyment. Finally, although industrial relations are strong in Italy, low trade union representation levels in the lowest tiers of the supply chain of the fashion industry and a lack of in-factory unions in smaller establishments should be closely monitored.

2. Fashion industry overview

This chapter presents an overview of the fashion industry with a more prominent focus on textile, garment, footwear and leather sectors. This chapter includes some key figures, main production hubs and type of products, size of factories, exports, sub-contracting structure and emerging trends.

KEY FIGURES 2018	
Total Value (Euros)	78 billion USD (55.2 billion textile/garment)
Export value (Euros)	51 billion (31.5 billion textile/garment)
Percentage of GDP	5%
Number of workers employed	500,000 (400,000 in textile/garment)
Number of companies	82,000 (46,000 garment 20,559 leather 15,493 textile)
Main production hubs ³	1) Lombardy region: Castel Goffredo and Como; 2) Piedmont region: Biella; 3) Veneto region: Riviera del Brenta, Vicenza and Verona; 4) Emilia Romagna region: Carpi; 5) Tuscany region: Prato; 6) Marche: Fermo and Macerata; 7) Campania region: Naples; and 8) Puglia region: Bari and Barletta-Andria

Source: Sistema Moda Italia (SMI) for textile/garment SECTOR and CRIF⁴

According to the National Social Security Institute (INPS) in 2017 about 93% of companies in Italy employed 15 or fewer employees, 78% of which employed 5 or fewer workers. However, those companies provided work to about 36% of all employees in the country.⁵ Manufacturing companies (all size) represent 16% of the total companies and provided 25% of all employment opportunities. A 2014 study by the research institute Ares 2.0 Soges reported that about 65% of companies in the fashion sector⁶ employed less than 9 workers, 30% employed between 10 and 49 workers and 5% had more than 50 employees.⁷ The fashion industry, being labour-intensive, employs high percentages (i.e. 70 to

³ Ministero dell'Ambiente e della Tutela del Territorio e del Mare, 2019:

https://www.minambiente.it/sites/default/files/archivio/allegati/reach/bollettino_sostanze_chimiche_anno10_numero1_2019.pdf and L'industria tessile e dell'abbigliamento in Italia, 2018:

http://www.schededigeografia.net/Italia/Economia/industria_tessile_abbigliamento_italia.htm and Clean Cloth Campaign, Quanto é vivibile l'abbigliamento in Italia, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf

⁴ CRIF, 2018: <https://www.crif.it/area-stampa/comunicati-stampa/2018/dicembre/cribis-industry-monitor-sistema-moda/>

⁵ INPS, Atatistiche in breve- Imprese nel settore private non agricole2017:

<https://www.inps.it/banchedatistatistiche/menu/impnew/statistiche.pdf>

⁶ The fashion sector includes textile, garment, footwear, and accessories (including leather, fur and optical goods).

⁷ Ares 2.0 and Soges, L'occupazione straniera nel settore del tessile-abbigliamento italiano, 2014:

https://www.ares20.it/pdf/societa_lavoro/occupazione_straniera_nel_tessile_abbigliamento_italiano.pdf

75%) of workers (compared to other categories of employees, such as managers and directors) and of female workers in particular.⁸

According to audit information provided by Most, due to the small size of most factories in the sector, sub-contractors, and to a lesser extent of homeworkers, play a key role in the textile/garment supply chain, which is fragmented and varied to cater to the different skills needed for the manufacturing of specific products. Factories receiving the commission from the client (brand) reportedly sub-contracted an average of two or three different factories, where the product was cut, sewn, dyed and assembled. The use of sub-contractors reportedly enables flexibility and the ability to deliver orders quickly to clients, while making margins by keeping out-sourcing prices down. Keeping prices down was reportedly accomplished by favouring Chinese sub-contractors. The Clean Clothes Campaign reported a lack of transparency in the supply chain.⁹

The Ares 2.0- Soges study reported that in 2012 about 19% of companies are owned by foreign nationals, largely in the garment sector, followed by leather and then textile sectors¹⁰. Those companies were most present in the Centre of Italy, making up about 5% of companies in the fashion sector.¹¹ Approximately 20,000 are owned by Chinese nationals ranking the Chinese number one for foreign owned factories. In total, there are about 80,000 Chinese entrepreneurs (given an overall Chinese population of 380,000 Chinese living in Italy), representing an increase of 2.7% from 2016 to 2017, according to CGIA.¹² Chinese factories were mostly located in Lombardia region (23.4%), followed by Toscana (17.3%) and Veneto (12%) regions¹³ and the larger ones employed 30-40 workers, though the majority generally employed 5 to 15 workers.¹⁴ Based on the audits carried out by MOST, Chinese sub-contractors offered low prices and quick delivery at the expenses of labour conditions, and often the client was not informed about the use of Chinese sub-subcontractors. These same audits indicated that the lower tiers in the supply chain were more likely to lower production costs by operating in the informal economy and by using undocumented migrant workers. Stakeholders interviewed during this risk assessment reported factories operating in the informal economy would

⁸ Badenoch & Clark, Fashion & Luxury Salary Guide 2018, 2019: <https://www.badenochandclark.com/it-it/-/media/IT/pdf/SALARY%20GUIDE/BCLuxurySalaryGuide2018>

⁹ Clean Cloth Campaign, Quanto é vivibile l'abbigliamento in Italia, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf

¹⁰ ¹⁰ Ares 2.0 and Soges, L'occupazione straniera nel settore del tessile-abbigliamento italiano, 2014: https://www.ares20.it/pdf/societa_lavoro/occupazione_straniera_nel_tessile_abbigliamento_italiano.pdf

¹¹ Ares 2.0 and Soges, L'occupazione straniera nel settore del tessile-abbigliamento italiano, 2014: https://www.ares20.it/pdf/societa_lavoro/occupazione_straniera_nel_tessile_abbigliamento_italiano.pdf

¹² Sistema Moda Italia, Il settore tessile-moda italiano nel 2018-2019, 2019: <https://www.sistemamodaitalia.com/it/area-associati/centro-studi/item/10861-il-settore-tessile-moda-italiano-nel-2018>

¹³ Sistema Moda Italia, Il settore tessile-moda italiano nel 2018-2019, 2019: <https://www.sistemamodaitalia.com/it/area-associati/centro-studi/item/10861-il-settore-tessile-moda-italiano-nel-2018>

¹⁴ Antonella Ceccagno and Devi Sacchetto, Current Sociology, The mobility of workers living at work in Europe, 2019.

typically stay open for an average of 1 to 3 years, then the entrepreneur closes their business license and re-opens on the same site with the same employees, but with a different factory name/employer to avoid taxation and sanctions.¹⁵ This practice of closing down the factory to avoid paying fines and reopen it with a name-lander as fictional owner increased in Prato, Tuscany region, between 2009 and 2014 when law enforcement agencies started targeted investigations and imposing heavy fines for non-compliance with labour laws in Chinese factories, according to Ceccagno. However, name-lending was an option only for wealthier owners, as small Chinese subcontractors were not in a position to afford name-lenders and often closed the factory permanently.¹⁶ Ceccagno stressed how the employment of predominately Chinese workers in Chinese-owned factories was to be understood as a possible way to increase productivity, rather than an ethnic way of doing business.¹⁷ Ceccagno and Sacchetto reported that the sleeping regime (or sleeping agreement)¹⁸ was the basis of the organisation of production in Chinese-owned factories, which allowed employers to meet tight deadlines, for example accepting orders in the evening to be completed by the following morning. The sleeping regime was also linked to inter-workshop mobility (more on this in Chapter 3.1 and 3.8).¹⁹ As stressed in the introduction, the use of Chinese subcontractors is a production regime to be analysed in the bigger picture, as Chinese factories are part of national social, institutional, and economic production networks and ultimately enable the generation of more profit in the Italian fashion industry.²⁰

In 2015 the Parliamentary Commission of enquiry on the phenomenon of on counterfeiting, piracy and illegal trade reported that since the previous years an increase in semi-finished products, made with sub-standard fabric, entered in Italy from China. This enabled a Chinese entrepreneur to save at least 60% of the costs compared to the costs an Italian entrepreneur faced.²¹ Also the anti-Mafia Parliamentary Commission investigated the money laundering mechanisms through which Chinese textile companies in Prato would allegedly receive payments from Chinese citizens and then make

¹⁵ Stakeholders interviews were conducted between April and June 2019.

¹⁶ Antonella Ceccagno, *City Making and Global Labour Regimes- Chinese Immigrants and Italy's Fast Fashion Industry*, 2017, published by Polgrave Macmillan.

¹⁷ Antonella Ceccagno, *City Making and Global Labour Regimes- Chinese Immigrants and Italy's Fast Fashion Industry*, 2017, published by Polgrave Macmillan.

¹⁸ A sleeping agreement is an agreement between the Chinese entrepreneur and the workers. The first provides for accommodation (in dormitories inside the factories or in nearby residencies) and food to the employee to have more flexibility from the worker.

¹⁹ Antonella Ceccagno and Devi Sacchetto, *Current Sociology*, The mobility of workers living at work in Europe, 2019.

²⁰ Antonella Ceccagno, *City Making and Global Labour Regimes- Chinese Immigrants and Italy's Fast Fashion Industry*, 2017, published by Polgrave Macmillan.

²¹ Commissione Parlamentare di Inchiesta sui Fenomeni della Contraffazione, della Pirateria in campo Commerciale e del Commercio Abusivo, *Relazione sulla Contraffazione nel settore tessile: Il Caso del Distretto Produttivo di Prato*, 2015: http://documenti.camera.it/_dati/leg17/lavori/documentiparlamentari/IndiceETesti/o22bis/002/INTERO.pdf

“payments” for fabrics in China. However, people investigated in one of the most prominent of such cases were acquitted by the judiciary.²²

Fashion production hubs are located across Italy, although some hubs are of relevance and manufacture specific products of which an overview is provided below.

Prato was historically one of Italy’s main fashion production hubs of carded wool textiles. In the mid-1980s the demand for those products dropped²³ and created the conditions for Chinese business to establish itself in the ‘90s, seeing a steady growth in the garment sector. First Chinese workers were employed as sub-contractors, then they started opening their “pronto moda” (semi-finished products) enterprises, becoming final goods companies, which largely employed Chinese nationals. In 2018, the Chinese population in Prato amounted to 11,500 legal residents plus about 25,000 people without legal permits, out of a total population of 191,000 people.²⁴ About 3,700 Chinese factories operated in the garment and 400 in the textile sector, as reported in 2019.²⁵ Prato reportedly had the highest ratio of Chinese immigrants to locals and of Chinese companies among all Italian provinces. Since 2014, law enforcement authorities started targeting Chinese factories for labour conditions and compliance with labour laws.²⁶

Tuscany also has a major leather-shoe hub, located in Valdinievole, Valdarno and Santa Croce sull’Arno, where there are 27,000 companies employing 150,000 workers.²⁷ Santa Croce alone accounted for nearly all soles produced in Italy and for 70% of European production. This district employs almost 13,000 workers in 240 small tanneries and 550 sub-contractors making specific parts of the product. Workers employed by sub-contractors were most exposed to labour rights abuses, according to the Clean Clothes Campaign.²⁸

According to a 2016 article by Sacchetto and Morrison, the fact that Italian entrepreneurs from Veneto region relocated part of the clothing production to Romania in the 90s opened the region up to Chinese

²² Commissione Parlamentare di Inchiesta sui Fenomeno delle Mafie e sulle altre Associazioni Criminali, anche Straniere, Relazione Conclusiva, 2013: http://www.parlamento.it/611?shadow_organo=405316

²³ Antonella Ceccagno, City Making and Global Labour Regimes- Chinese Immigrants and Italy’s Fast Fashion Industry, 2017, published by Polgrave Macmillan.

²⁴ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventiratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

²⁵ Il Mulino, Se l’operaio alle dipendenze del cinese è pachistano, 2019: https://www.rivistailmulino.it/news/newsitem/index/Item/News:NEWS_ITEM:4847

²⁶ Antonella Ceccagno, City Making and Global Labour Regimes- Chinese Immigrants and Italy’s Fast Fashion Industry, 2017, published by Polgrave Macmillan.

²⁷ Clean Cloth Campaign, Quanto é vivibile l’abbigliamento in Italia, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf

²⁸ Campagna Abiti Puliti, Una dura storia di cuoio, 2015: <http://www.abitipuliti.org/report/2015-report-una-dura-storia-di-cuoio/>

employers, increased use of migrant workers, and demand for technical workforce, such as quality control, pattern sketching, logistics, distribution and marketing.²⁹ Riviera del Brenta in Veneto region, one of Italy's traditional shoe-hubs, has seen the phenomenon of reshoring with luxury brands moving back part of their production to this area, resulting in a higher concentration of workers in factories and increased pressure on delivery time and quality. The hub had 550 companies employing about 10-11,000 workers with low education levels, of which 75% female. However, specialised positions (better paid), such as design, cutting and mounting tasks, were largely occupied by males.³⁰ About 10% of migrant workers were Bangladeshi, Moroccan and Romanian another 10% were Chinese mostly employed in the 150-200 Chinese owned factories, out of which about 10 were reported working in the semi-formal or informal economy. About 3-400 female workers (called *mistre*) were employed at home on hemming, which was reported as an activity increasingly delocalised outside Italy.³¹

Naples, Campania region, has high-quality handicraft tailoring (*haute couture*) especially menswear and ceremonial cloths, bags and gloves. Sub-contractors in fast-fashion manufacturing can also be found here, with a presence of Chinese owned factories and an increasing number of Pakistani ones and high level of factories operating in the informal economy. Workers employed in the sector have low education levels.³²

Virtually all leather tanning is concentrated in 1) Veneto region, Arzignano and Vicenza; 2) Tuscany region, Santa Croce sull'Arno and between Pisa and Firenze; and 3) Campania region, Solofra and between Naples and Avellino.³³ According to the Clean Clothes Campaign, most companies were small family business and some managed to become global players and delocalise production outside of Italy.³⁴

In 2018, despite the main textile and garment export markets being located within the European Union (EU), with Germany and France being the biggest ones, an increase in the export was reported outside of the EU, especially China, Hong Kong and the United States of America. In total exports increased by 2.8%, while imports increased by 3.3% in 2018 with China being the first market followed by France.

²⁹ Claudio Morrison and Devi Sacchetto, *Catene del lavoro e delle migrazioni tra Veneto e Romania*, 2016.

³⁰ Clean Cloth Campaign, *Quanto é vivibile l'abbigliamento in Italia*, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf and Devi Sacchetto, *Il lavoro ai confini dell'Europa*, 2017.

³¹ Clean Cloth Campaign, *Quanto é vivibile l'abbigliamento in Italia*, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf

³² Clean Cloth Campaign, *Quanto é vivibile l'abbigliamento in Italia*, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf

³³ Campagna Abiti Puliti, *Una dura storia di cuoio*, 2015: <http://www.abitipuliti.org/report/2015-report-una-dura-storia-di-cuoio/>

³⁴ Campagna Abiti Puliti, *Una dura storia di cuoio*, 2015: <http://www.abitipuliti.org/report/2015-report-una-dura-storia-di-cuoio/>

Despite a more significant increase in import than exports, the trade balance amounted to 9.7 billion Euros the same year. Domestic consumption decreased by 6.6% in 2018, which confirmed the trend of the last few years.³⁵ The Italian leather-manufacturing sector saw a 10.3% increase in exports in 2018 compared to the previous year, reaching almost 6.8 billion Euros of value. Exports to Switzerland registered a significant increase (about 25%), as the country is a logistics hub for many international fashion brands, with China and South Korea following as export markets registering about 20% or more increase.³⁶ The trade balance set to 4.3 billion Euros in 2018.³⁷

The Campagna Abiti Puliti (Italian chapter of the Clean Clothes Campaign) pointed out an emerging trend of reshoring production to Europe. Production in Italy includes both fast fashion and luxury products, which could attract brands catering to different markets and clients. Italy offers highly knowledgeable experts and skills, as well as competitive prices thanks to the containment of costs through the supply chain, especially in the lower tiers.³⁸ As described in Chapter 3, low production prices had implications on increased labour rights risks, so an increase in production volumes may impact the scope of the abuses. This is especially the case as the National Labour Inspectorate (INL), which started to operate in 2017³⁹, might be at risk of seeing its human and financial resources reduced.⁴⁰ Indeed, in 2020 the INL is supposed to receive 2 million Euros less than in 2018.⁴¹ The Inspectorate had a key role to play in the monitoring, prevention and remediation of labour abuses, particularly in the “grey areas” of the supply chain. The creation of the labour inspectorate was created to address the climate of impunity that exists within the industry on the issue of human rights.⁴²

Another emerging trend over in recent years is the increased employment of Bangladeshi, Pakistani and Sub-Saharan Africa migrants in factories. The few available studies seem to indicate the exploitation of migrants’ vulnerabilities to provide them with less favourable working conditions compared to those offered to Chinese and Italian nationals. A trend confirmed also by the stakeholders interviewed for this risk assessment. However, there are not enough studies offering an overview of the magnitude of this phenomenon.

³⁵ Sistema Moda Italia, Il settore tessile-moda italiano nel 2018-2019, 2019: <https://www.sistemamodaitalia.com/it/area-associati/centro-studi/item/10861-il-settore-tessile-moda-italiano-nel-2018>

³⁶ Pagine Tessili, Preconsuntivo 2018 della pelletteria italiana, 2018: <http://paginetessili.it/preconsuntivo-2018-della-pelletteria-italiana-a-cura-di-confindustria-moda.html>

³⁷ Pagine Tessili, Preconsuntivo 2018 della pelletteria italiana, 2018: <http://paginetessili.it/preconsuntivo-2018-della-pelletteria-italiana-a-cura-di-confindustria-moda.html>

³⁸ Stakeholder interview with the Campagna Abiti Puliti on 1 October 2019.

³⁹ The National Labour Inspectorate (INL) was established by legislative decree in 2015 and started its operations in 2017. It is the result of the merge of the inspectoral functions previously done by INPS e INAIL.

⁴⁰ Stakeholder interview with the Campagna Abiti Puliti on 1 October 2019.

⁴¹ Ispettorato Nazionale del Lavoro, Bilancio di Previsione- Anno 2018: <https://www.ispettorato.gov.it/amministrazione-trasparente/Bilanci/Documents/Bilancio-preventivo-anno-2018.pdf>

⁴² Stakeholder interview with the Campagna Abiti Puliti on 1 October 2019.

3. Labour rights risks

This chapter provides an assessment of actual and potential labour rights risks against the standards included in the FWF Code of Labour Practices based on publicly available information and stakeholders' views on the risks.

EMPLOYMENT IS FREELY CHOSEN



The NGO CAT reported that there was a risk of forced labour in Chinese factories in Prato, Tuscany region, though the scale of the phenomenon was difficult to be measured and seemed to be limited. Indeed, Chinese workers reportedly enjoyed a high level of mobility, enabling them to move from one workshop to another with limited control by the employer on the worker.⁴³

Though several organisations reported excessive working hours in Chinese factories, up to 12 hours daily with no weekly rest, workers were also allowed to use flexible hours when needed⁴⁴, which seemed not to qualify as forced labour on excessive overtime grounds, according to the International Labour Organisation (ILO) forced labour standards⁴⁵. If the overtime is not compensated as per the law, it is however an abuse of working hours (see chapter 3.6), but not necessarily recognised as forced labour. However, there are no studies on whether non-EU nationals, such as Bangladeshi, Pakistani, and Sub-Saharan Africans, are allowed the same flexibility and mobility in Chinese-owned factories⁴⁶. So, a potential risk of forced labour for this category of workers could not be ruled out.

At times cases of forced labour appear in the media, though as we said before there are no existing studies on the magnitude of this phenomenon. The most notable case of forced labour in the garment sector emerged in 2016, in the outskirts of Naples, Campania region, when the strike of Bengali workers led to a police investigation and consequent arrest of the Bangladeshi owner of a cloth-manufacturing factory, who employed workers without a regular work permit and forced them to work in abusive conditions. The workers were lured into this forced labour scheme in their country of origin, where their families were made to pay 10,000 Euros with a promise of an 800- 1,000 Euros salary, which was, in

⁴³ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventiratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf and Antonella Ceccagno and Devi Sacchetto, Current Sociology, The mobility of workers living at work in Europe, 2019.

⁴⁴ Il Mulino, Se l'operaio alle dipendenze del cinese è pachistano, 2019: https://www.rivistaimulino.it/news/newsitem/index/Item/News:NEWS_ITEM:4847

⁴⁵ ILO, ILO indicators of forced labour, 2012: https://www.ilo.org/global/topics/forced-labour/publications/WCMS_203832/lang--en/index.htm

⁴⁶ Il Mulino, Se l'operaio alle dipendenze del cinese è pachistano, 2019: https://www.rivistaimulino.it/news/newsitem/index/Item/News:NEWS_ITEM:4847

reality, 300 Euros. Workers were made to work 17 to 18 hours six days a week and half a day (or full day) on Sunday. The factory owner retained the workers' passport and they could not leave the premises during working hours.⁴⁷ At least six (i.e. abuse of vulnerability, deception, restriction of movement, retention of identity documents, abusive working and living conditions, excessive overtime) out of the eleven ILO indicators of forced labour may apply in this case.⁴⁸

Reports and studies often focus on non-Italian owned factories, largely Chinese, so further research would be needed to assess if forced labour risks may apply to Italian owned factories, especially those employing non-EU nationals.

THERE IS NO DISCRIMINATION IN EMPLOYMENT



According to JobPricing, the gender pay gap in the textile and garment sector in Italy decreased from 11.5% in 2018 to 3.3% in 2019, which in absolute numbers terms means a yearly increase in women's wage of about 2,000 Euros. The report added that the percentage of women employed in the sector increased by 4 percentage points from 2018 to 2019.⁴⁹ This is reflected also in an improved ranking in the global gender gap index⁵⁰, though Italy remains in the bottom 4 countries at the European level.⁵¹ However, though women represent most of the workers employed by the sector, higher-level positions were often held by men,⁵² while women (and migrants) held lower level position (level 2 and 3) for longer periods of time, according to Sacchetto's research in Veneto region.⁵³

The Ministry of Labour and Social Policies reported in 2017 a foreign population (non-EU) in Italy of about 5 million people, amounting to 8.3% of the total population. This figure has steadily increased since 2014, in particular Nigerians, Pakistani and Chinese were among the nationalities increasingly

⁴⁷ L'Espresso, Il boss Alim e i bengalesi: "Così ci siamo ripresi la vita nella fabbrica degli schiavi", 2016: https://napoli.repubblica.it/cronaca/2016/10/11/news/il_boss_alim_e_i_bengalesi_cosi_ci_siamo_ripresi_la_vita_nella_fabbrica_degli_schiavi_-149510840/#gallery-slider=149511647

⁴⁸ ILO, ILO indicators of forced labour, 2012: https://www.ilo.org/global/topics/forced-labour/publications/WCMS_203832/lang-en/index.htm

⁴⁹ JobPricing, Gender Pay Gap report 2019, 2019: https://valored.it/wp-content/uploads/2019/07/JobPricing_Gender-Gap-Report-2019_8Lug2019.pdf and Gender Pay Gap report 2018, 2018: https://winningwomeninstitute.org/wp-content/uploads/2018/09/Gender_Gap_Report_2018.pdf

⁵⁰ The Global Gender Gap of the World Economic Forum looks at women participation in 4 areas: 1) Economic Participation and Opportunity, 2) Educational Attainment, 3) Health and Survival, and 4) Political Empowerment.

⁵¹ World Economic Forum, Global Gender Gap Index 2018, 2018: http://www3.weforum.org/docs/WEF_GGGR_2018.pdf

⁵² Clean Cloth Campaign, Quanto è vivibile l'abbigliamento in Italia, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf

⁵³ Devi Sacchetto, Il lavoro ai confini dell'Europa, 2017.

coming to Italy.⁵⁴ The majority of non-EU workers was reportedly employed in low skill positions with a salary 35% lower than an average Italian worker.⁵⁵ According to the research institute Ares 2.0, in 2014 about 12% of workers (about 39,000 in absolute numbers) in the fashion sector were foreign nationals, which reached 14% in the leather-footwear sector.⁵⁶ The majority of them being employed in the North (54%) and only 7% were employed in the South.

Most of the non-EU workers employed in the fashion sector are Chinese. However, a growing number of Bangladeshi nationals was reportedly employed by the sector, in the first seven months of 2017 almost 8,500 Bangladeshi arrived in Italy.⁵⁷ The Ministry of Labour and Social Policies reported about 4,000 Bangladeshi workers employed by the garment sector 2017, representing almost 25% of non-EU workers.⁵⁸ The International Organization for Migration (IOM) reported Bangladeshi workers were sending the highest amount of remittance back to their home country among migrant workers employed in Italy, reaching the annual per capita amount of 4,960 Euros.⁵⁹ Among migrant workers, female migrants represent about 46% of migrant workers employed in the textile/garment sector.⁶⁰ The Clean Clothes Campaign reported that in the footwear sector, migrants, especially Chinese and Pakistani, are employed in the shoe producing factories and in logistics.⁶¹ Human trafficking of Chinese nationals for the purpose of work was an exception and instead, those criminal networks were more broadly voluntarily used to enter the country illegally, according to CAT.⁶²

Migrants intrinsic vulnerabilities, such as poverty and family debts in countries of origin were exacerbated by certain situations, such as the lack of regular residence permit⁶³, and consequently

⁵⁴ Ministero del Lavoro e delle Politiche Sociali, Ottavo Rapporto annuale 2018 "Gli stranieri nel mercato del lavoro in Italia", 2018: <http://www.lavoro.gov.it/notizie/Pagine/Ottavo-Rapporto-annuale-Gli-stranieri-nel-mercato-del-lavoro-in-Italia.aspx>

⁵⁵ Ministero del Lavoro e delle Politiche Sociali, Ottavo Rapporto annuale 2018 "Gli stranieri nel mercato del lavoro in Italia", 2018: <http://www.lavoro.gov.it/notizie/Pagine/Ottavo-Rapporto-annuale-Gli-stranieri-nel-mercato-del-lavoro-in-Italia.aspx>

⁵⁶ Ares 2.0 and Soges, L'occupazione straniera nel settore del tessile-abbigliamento italiano, 2014:

https://www.ares20.it/pdf/societa_lavoro/occupazione_straniera_nel_tessile_abbigliamento_italiano.pdf

⁵⁷ Altraeconomia, Ecco perché cresce il numero di bengalesi che arriva in Italia, 2017: <https://altreconomia.it/migranti-bengalesi/>

⁵⁸ Ministero del Lavoro e delle Politiche Sociali, La Comunità Bangladesa in Italia, Rapporto Annuale sulla Presenza dei Migranti, 2018: <https://www.lavoro.gov.it/documenti-e-norme/studi-e-statistiche/Documents/Rapporti%2oannuali%2osulle%2ocomunit%C3%A0%2omigranti%2oin%2oItalia%2o-%2oanno%2o2018/Bangladesh-rapporto-2018.pdf>

⁵⁹ IOM, Selected dimensions of migration and transnationalism in Italy, 2018: https://italy.iom.int/sites/default/files/documents/IOM_Italy_Briefing%2003_February%202018_Migration%2oand%2otransnationalism%2oin%2oItaly.pdf

⁶⁰ INPS, Un fenomeno complesso: il lavoro femminile immigrate, 2016: http://www.felicitapubblica.it/wp-content/uploads/2016/12/Il_lavoro_femminile_immigrato.pdf

⁶¹ Clean Cloth Campaign, The real cost of our shoes, 2017: <http://www.abitipuliti.org/wp-content/uploads/sites/3/2017/04/The-real-cost-of-our-shoes-REPORT-ENG-LOW.pdf>

⁶² CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatorioeventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

⁶³ The provision of residence permits for work purposes is regulated by the "Decreto Flussi", which sets quota for the number of workers allowed to enter the country every year (i.e. the quota for 2019 is set at 30.850 workers). In order to employ a non-EU worker the employer must present a request to the immigration desk (*Sportello Unico per l'Immigrazione*) and based

exposed them to labour rights risks and abusive working conditions.⁶⁴ The magazine, *Il Mulino*, reported in 2019 that migrants' vulnerabilities were used by factory owners as a way to contain labour costs in manufacturing.⁶⁵ The Ministry of Labour and Social Policies reported about 227,000 migrants without registration, of which 60% were men, according to the latest available figures (2016).⁶⁶ The Initiatives and Studies on Multi-ethnicity (ISMU) Foundation estimated about 533,000 migrants without a residence permit in 2018⁶⁷, and the research institute ISPI projected the estimated number of undocumented migrants to reach about 700,000 by 2020. However, projections are difficult to be made due to the frequent change of government in the country and consequently change in migration policies.⁶⁸

According to the report by NGO CAT and Prof. Ceccagno, migrant workers hired by Chinese owners in the Prato area, Tuscany region, were generally males from Pakistan, Bangladesh and sub-Saharan Africa (especially Senegal, Nigeria and Ghana). The most common abuses ranged from long working hours, no weekly rest and lower wages compared to those set in the national collective bargaining agreement or those paid to Chinese workers. They were employed informally or through temporary contracts. More details are provided under each section of the relevant labour standard.⁶⁹

NO EXPLOITATION OF CHILD LABOUR



No risks related to this standard were identified, although the existence of potential or actual risks cannot be ruled out and may be due to the limitations of the methodology used in this risk assessment.

on the quotas the approval may be given or not. <http://www.interno.gov.it/it/notizie/decreto-flussi-2019-ingresso-30850-lavoratori-non-comunitari> The Legislative Decree 286, 1998, sets economic fines of 5.000 Euro for each non-EU worker employed without a regular residence permit for work purposes and incarceration from six months to three years. https://www.esteri.it/mae/normative/normativa_consolare/visti/d_lgs_25_luglio_1998_n_286.pdf

⁶⁴ UNRIC, Esperti ONU: l'Italia deve tutelare i lavoratori migranti sgomberati dalla baraccopoli di San Ferdinando, 2018: <https://www.unric.org/it/attualita/32753-esperti-onu-litalia-deve-tutelare-i-lavoratori-migranti-sgomberati-dalla-baraccopoli-di-san-ferdinando>

⁶⁵ *Il Mulino*, Se l'operaio alle dipendenze del cinese è pachistano, 2019: https://www.rivistailmulino.it/news/newsitem/index/Item/News:NEWS_ITEM:4847

⁶⁶ Ministero del Lavoro e delle Politiche Sociali, Ottavo Rapporto annuale 2018 "Gli stranieri nel mercato del lavoro in Italia", 2018: <http://www.lavoro.gov.it/notizie/Pagine/Ottavo-Rapporto-annuale-Gli-stranieri-nel-mercato-del-lavoro-in-Italia.aspx>

⁶⁷ ISMU Foundation, XXIV Rapporto ISMU sulle Migrazioni 2018, 2018: <https://www.ispionline.it/en/pubblicazione/new-irregulars-italy-21813>

⁶⁸ ISPI, The New Irregulars in Italy, 2018: <https://www.ispionline.it/en/pubblicazione/new-irregulars-italy-21813>

⁶⁹ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventiratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo-prato-ottobre_2018.pdf and *Il Mulino*, Se l'operaio alle dipendenze del cinese è pachistano, 2019: https://www.rivistailmulino.it/news/newsitem/index/Item/News:NEWS_ITEM:4847

FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING



Though the first forms of association (*società di mutuo soccorso*) dated back to the second half of 1800s, it was with the drafting of the Constitution (1948) that trade unions were defined in their current form and political orientations.⁷⁰ The concept of unified trade union representation (*rappresentanza sindacale unitaria*) at company level, representing all workers in the establishment regardless of their union membership, was introduced in 1993.⁷¹

Collective bargaining agreements, referred to as **National Collective Employment Contracts (CCNLs)**, provide a higher level of worker protection than that prescribed by the law. There are five CCNLs applicable to the fashion industry (excluding glasses manufacturing): 1) for large industrial companies in the textile/garment sector⁷² (valid until December 2019); 2) for large industrial companies in the footwear sector⁷³ (valid until March 2019); 3) for large industrial companies in the leather sector⁷⁴ (valid until March 2019); 4) for small and medium-size enterprises (SMEs),⁷⁵ applying to textile, garment, footwear and leather sectors (under negotiation for 2019-2022); and 5) for craft companies⁷⁶, applying to textile, garment, footwear and leather sectors⁷⁷ (valid until December 2019).

All above-mentioned CCNLs are signed by the trade unions members of the three most representative national confederations (i.e. CGIL, CISL and UIL) and the relevant employers' associations. Sistema Moda Italia represents the industrial companies in the textile/garment sector, while industrial companies in the footwear sector are represented by Assocalzaturifici and those in the leather sector

⁷⁰ CGIL, Breve storia del sindacato italiano: <https://www.cgil-nuoro.it/index.php/la-cgil-nuoro/la-storia-della-cgil.html?showall=1>

⁷¹ Treccani, Rappresentanze Sindacali Unitarie: [http://www.treccani.it/enciclopedia/rappresentanze-sindacali-unitarie_\(Diritto-on-line\)/](http://www.treccani.it/enciclopedia/rappresentanze-sindacali-unitarie_(Diritto-on-line)/)

⁷² CCNL.it, 2017: https://www.ilccnl.it/ccnl_Abbigliamento_Maglieria_e_Lana_-_Industria.html and Sintest SC CCNL, Tessili-Moda Industria, March 2017: https://www.mysolution.it/globalassets/nuovomysolution/pdf-schede-sintesi/tessili-industria_definitivo.pdf

⁷³ Contratto Collettivo Nazionale del Lavoro per i Lavoratori Addetti all'Industria delle Calzature, 2017: <http://ancis3.s3-website.eu-central-1.amazonaws.com/upload/6C3E40D5C37DE4E7C125802900331496/CCNL-27%20aprile%202017.pdf>

⁷⁴ Il CCNL.it, CCNL per Pelli, Cuioio, Ombrelli- Industria: https://www.ilccnl.it/ccnl_Pelli_e_Cuoio_-_Industria.html?#testo_btn

⁷⁵ SMIs are companies with less than 250 workers. FEMCA-CISL, CCNL Uniontessile Confapi, avviate le trattative per il rinnovo 2019-2022, 2019: <http://www.femcacisl.it/blog/ccnl-uniontessile-confapi-iniziate-oggi-le-trattative-rinnovo-2019-2022/>

⁷⁶ A craft company has less than 15 employees.

⁷⁷ Contratto Collettivo Nazionale del Lavoro Moda Artigianato- Pelletteria, Calzaturiero, Tessile e Abbigliamento, 2016: http://file.confavoro.it/pdf/ccnl/ccnl_moda_artigianato_confavoro_confasal.pdf

by Assopellettieri. SMEs are represented by Uniontessile Confapi, while Conflavoro represents craft companies.

The above-mentioned CCNLs reportedly provided similar levels of protection for workers, though workers in the craft sector had lower salaries than those employed in industrial companies. The CCNL for the textile/garment sector (industrial segment) applies to the significant number of workers and it is therefore discussed in more details. The agreement covers 40,000 companies and 420,000 workers.⁷⁸ It was renewed after almost one year from its expiration, during which several strikes took place. The CCNL included provisions favourable to workers, such as an increase in wages⁷⁹, in the employers' contribution to complementary social security⁸⁰, and the establishment of a fund for supplementary health care⁸¹. As a trade-off, the CCNL included also an increase of temporary contracts,⁸² offering less protection to workers (see Chapter 3.8) and an increase in "flexible hours"⁸³, which means less income for workers as more overtime was not paid, but instead taken as time off.

Despite the Constitution⁸⁴ mandating that agreements bargained collectively by registered trade unions should apply to all workers and all factories in the sector, in reality, the registration of trade unions never occurred.⁸⁵ So, the five above-mentioned CCNLs apply only to the workers of the businesses that are signatories of business associations.⁸⁶ The lack of necessity of being recognised as trade unions, together with an increased use of subcontracting in tier 2 onward, has led to the signature of "*pirate agreements*" between specific employers and local trade unions, which undermined the protection provided by the CCNLs, according to the Clean Cloth Campaign.⁸⁷ One such an example is the CCNL for subcontractors signed by a smaller trade union, CISAL, and two employers' associations,

⁷⁸ CCNL.it, 2017: https://www.ilccnl.it/ccnl_Abbigliamento_Maglieria_e_Lana_-_Industria.html and Sintest SC CCNL, Tessili-Moda Industria, March 2017: https://www.mysolution.it/globalassets/nuovomysolution/pdf-schede-sintesi/tessili-industria_definitivo.pdf

⁷⁹ Increase of 70 Euros in wages divided into 3 instalments, and for workers without collective bargaining at company's level, an increase of 250 Euros in 2017 and of 300 Euros in 2018 and 2019.

⁸⁰ Increase of 0.50% of the employers' contribution to complementary social security.

⁸¹ Companies should contribute with 12 Euros per month from 2018 to the newly established fund for supplementary health care.

⁸² Increase of 30% of temporary contracts.

⁸³ Flexibility hours are hours worked beyond the regular daily working hours, which the workers can use as time off without a wage cut instead of having them paid as overtime. Flexible hours allowed in the CCNL went from 96 to 104 hours.

⁸⁴ Art.39 Constitution of the Italian Republic, 1948:

https://www.senato.it/documenti/repository/istituzione/costituzione_inglese.pdf

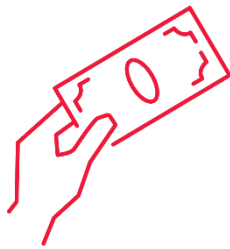
⁸⁵ La Voce, Il futuro dei contratti collettivi, 2018: <https://www.lavoce.info/archives/50767/rappresentanza-ed-estensione-futuro-dei-contratti-collettivi/>

⁸⁶ ILO, National Labour Law Profile: Italy: https://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158903/lang--en/index.htm

⁸⁷ Clean Cloth Campaign, Tailored Wages 2019- The state of play in the global garment industry, 2019: <http://www.abitipuliti.org/wp-content/uploads/2017/08/Salari-su-misura-Rapporto-completo.pdf>

LAIF and ANPIT providing less favourable conditions for workers employed by subcontractors.⁸⁸ Those agreements were legitimised by a 2011 law⁸⁹, which allowed the signature of collective bargaining agreements at company or regional level allowing exemptions from national collective bargaining agreements.⁹⁰ In 2019, the National Council for Economics and Labour (CNEL) reported 888 pirate agreements being registered in Italy across sectors.⁹¹ Workers employed by cooperatives,⁹² often used in the warehouse and logistics areas in the fashion sector, were not covered by the CCNLs and were paid less than what stipulated at national level. During 2017-2018 in audits conducted by MOST, most Chinese workers interviewed had little to no knowledge of their rights as stipulated in the CCNL.⁹³ Unionisation rates generally decrease the smaller the factory. In the shoe-making hub Riviera del Brenta in Veneto region, the unionisation rate was about 10-15% of workers. Migrant workers would make up 10-20% of all workers registered in a trade union, using unions to help them with bureaucratic issues too.⁹⁴

PAYMENT OF A LIVING WAGE



Italy does not have a minimum wage, so the reference salary standard is provided by the collective bargaining agreements, National Collective Employment Contracts (CCNLs). The previous government proposed a minimum wage draft law in 2018, which was met with resistance by trade unions and, at the time of writing, there is no clarity on if and how the new government⁹⁵ would take this forward.⁹⁶ Five CCNLs apply to the fashion industry (excluding glasses

⁸⁸ CISAL, Contratto Collettivo Nazionale Unico di lavoro per I Dipendenti di Aziende esercenti lavorazioni conto terzi a façon: <https://cisalterziario.it/wp-content/uploads/2017/04/ccnl-fa%c3%a7onisti.pdf>

⁸⁹ Decreto Legge 13 agosto 2011, art.8 <https://www.gazzettaufficiale.it/gunewsletter/dettaglio.jsp?service=1&datagu=2011-09-16&task=dettaglio&numgu=216&redaz=11A12346&tmstp=1316417614599>

⁹⁰ GCAP Italia: Sviluppo sostenibile: per chi? Una visione critica per la coerenza delle politiche italiane ed europee, 2018: <http://www.gcapitalia.it/wp-content/uploads/2018/06/Rapporto-Gcap-Italia-2018.pdf>

⁹¹ Adnkronos, Contratti, un codice unico contro accordi pirata, 2019: https://www.adnkronos.com/soldi/economia/2019/04/22/contratti-codice-unico-contro-accordi-pirata_sw0D8c54o1CYPWUtQGZj2H.html?refresh_ce

⁹² Cooperatives are companies owned and managed by their own workers.

⁹³ MOST, 2017-2018 audits

⁹⁴ Clean Cloth Campaign, Quanto é vivibile l'abbigliamento in Italia, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf and Devi Sacchetto, Il lavoro ai confini dell'Europa, 2017.

⁹⁵ The new government, also called Conte II government, took up its duties on 5 September 2019 and consists of an alliance of the Five Stars Movement and the Democratic Party <http://www.governo.it/it/i-governi-dal-1943-ad-oggi/xviii-legislatura-dal-23-marzo-2018/governo-conte-ii/12715>

⁹⁶ Sole24Ore, Sul salario minimo le resistenze della Lega alla proposta M5S, 2019: <https://www.ilsole24ore.com/art/sul-salario-minimo-resistenze-lega-proposta-m5s-ACdMVGn>

manufacturing): 1) for large industrial companies in the textile/garment sector⁹⁷; 2) for large industrial companies in the footwear sector⁹⁸; 3) for large industrial companies in the leather sector⁹⁹; 4) for small and medium size enterprises,¹⁰⁰ applying to textile, garment, footwear and leather sectors; and 5) for craft companies¹⁰¹, applying to textile, garment, footwear and leather sectors¹⁰².

Salary levels of workers employed in industrial establishments were the highest. However, some reports seemed to indicate that the wages provided, especially for lower categories of workers, did not match living wages across the country. In 2019, the Clean Clothes Campaign reported that while the CCNL for the textile/garment (large industrial companies) ensured living wages in the South of Italy and in rural areas, this was not the case for the North and Centre of the country or rural areas for a family of 4 people (2 adults and 2 children), where the net CCNL wage fell short of absolute poverty thresholds¹⁰³, highlighting a divide between cities and rural areas¹⁰⁴. Indeed, the Italian National Statistics Institute (ISTAT) estimated in 2017 that a family of two adults and one child needed about 2,600 Euros to live, while a family with two children needed almost 3,000 Euros per months.¹⁰⁵ Considering the salary for the lowest levels of workers (level 1 and 2)¹⁰⁶, as stipulated by the CCNL, ranged from 1,200 to 1,500 Euros, the economic stretch of a family to make ends meet becomes apparent. This is confirmed by a 2018 MOST study, according to which workers in Marche and Abruzzo regions with two children (approximately 70% of the total sample), who generally received wages in line with the CCNL requirements,¹⁰⁷ reported not being able to save and about 35% of them reported having difficulties to pay all bills, transport and school costs and had to resort to parents' pensions to cover the expenses.¹⁰⁸ Moreover, 40% of the interviewed workers suffered layoffs in the previous 3

⁹⁷ CCNL.it, 2017: https://www.ilccnl.it/ccnl_Abbigliamento_Maglieria_e_Lana_-_Industria.html and Sintest SC CCNL, Tessili-Moda Industria, March 2017: https://www.mysolution.it/globalassets/nuovomysolution/pdf-schede-sintesi/tessili-industria_definitivo.pdf

⁹⁸ Contratto Collettivo Nazionale del Lavoro per i Lavoratori Addetti all'Industria delle Calzature, 2017: <http://ancis3.s3.amazonaws.com/upload/6C3E40D5C37DE4E7C125802900331496/CCNL-27%20aprile%202017.pdf>

⁹⁹ Il CCNL.it, CCNL per Pelli, Cuioio, Ombrelli- Industria: https://www.ilccnl.it/ccnl_Pelli_e_Cuioio_-_Industria.html?#testo_btn

¹⁰⁰ SMIs are companies with less than 250 workers. FEMCA-CISL, CCNL Uniontessile Confapi, avviate le trattative per il rinnovo 2019-2022, 2019: <http://www.femcacisl.it/blog/ccnl-uniontessile-confapi-iniziate-oggi-le-trattative-rinnovo-2019-2022/>

¹⁰¹ A craft company has less than 15 employees.

¹⁰² Contratto Collettivo Nazionale del Lavoro Moda Artigianato- Pelletteria, Calzaturiero, Tessile e Abbigliamento, 2016: http://file.conflavoro.it/pdf/ccnl/ccnl_moda_artigianato_conflavoro_confsal.pdf

¹⁰³ Clean Cloth Campaign, Tailored Wages 2019- The state of play in the global garment industry, 2019: <http://www.abitipuliti.org/wp-content/uploads/2017/08/Salari-su-misura-Rapporto-completo.pdf>

¹⁰⁴ Stakeholder interview with the Campagna Abiti Puliti on 1 October 2019.

¹⁰⁵ ISTAT, Spese per consumo delle famiglie, 2017: <https://www.istat.it/it/files/2018/06/Spese-delle-famiglie-Anno-2017.pdf>

¹⁰⁶ CCNL categories start from level 1 (entry positions) and reach level 8 (director positions).

¹⁰⁷ MOST Wage Study for Nudie Jeans – Italian Living Wage Survey 2018 mostly included workers belonging to level 2 and 3 of the CCNL categorisation.

¹⁰⁸ MOST, Wage Study for Nudie Jeans – Italian Living Wage Survey 2018, 2018 (unpublished).

years, resulting in a wage cut of up to 80% of their monthly wage.¹⁰⁹ The research institute Eurispes reported that 12% of a total of 24,6 million Italian families had to resort to high interest pay day loans, due to lack of access to credit in banks.¹¹⁰ The collective bargaining agreement for subcontractors in the footwear industry provided the lowest wages to workers, amounting to a net of about 670 Euros per month, which was below the poverty threshold identified by ISTAT.¹¹¹

The Clean Clothes Campaign reported that the further you go in the supply chain, the lower the wages, as CCNLs were less likely to be implemented, hitting the bottom in the informal economy,¹¹² where many Chinese factories were operating.¹¹³ The increased use of collective bargaining agreements between specific employers and local trade unions, called “*pirate agreements*”, set wage levels below the national poverty line, according to the Clean Clothes Campaign.¹¹⁴ MOST estimated that workers covered by “*pirate agreements*” were paid about 25% less than workers covered by the CCNLs. Also, workers employed in cooperatives¹¹⁵ were not regulated by the CCNLs and received a lower hourly wage lower compared to the one agreed in the CCNL. Cooperatives were often used in warehouse and logistics in the fashion industry.

A study by Badenoch & Clark reported that wages of workers in the fashion industry in 2017 were up to 1,300 Euros lower than the annual net salaries perceived by workers in other sectors. While the sector continued to see an increase in profit (+2.1% in 2018¹¹⁶), this was not accompanied by a proportionate increase in workers’ wages.¹¹⁷ Meantime, the cost of living rose 1.7% from 2017 to 2019, according to ISTAT.¹¹⁸ Badenoch & Clark report added that an executive earned about 77,000 Euros more than a worker in the sector.¹¹⁹ High **income inequality** was aggravated in the South, confirming the Italian geographical divide, according to a 2019 Bank of Italy study. The study added that the economic

¹⁰⁹ MOST, Wage Study for Nudie Jeans – Italian Living Wage Survey 2018, 2018 (unpublished).

¹¹⁰ Eurispes, Povertà, disuguaglianze e fragilità in Italia. Risultati dello studio Eurispes – Mercatorum, 2018:

<https://eurispes.eu/news/poverta-disuguaglianze-e-fragilita-in-italia-risultati-dello-studio-eurispes-mercatorum/>

¹¹¹ Clean Cloth Campaign, The real cost of our shoes, 2017: <http://www.abitipuliti.org/wp-content/uploads/sites/3/2017/04/The-real-cost-of-our-shoes-REPORT-ENG-LOW.pdf>

¹¹² Clean Cloth Campaign, Quanto é vivibile l’abbigliamento in Italia, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf

¹¹³ Clean Cloth Campaign, The real cost of our shoes, 2017: <http://www.abitipuliti.org/wp-content/uploads/sites/3/2017/04/The-real-cost-of-our-shoes-REPORT-ENG-LOW.pdf>

¹¹⁴ Clean Cloth Campaign, Tailored Wages 2019- The state of play in the global garment industry, 2019: <http://www.abitipuliti.org/wp-content/uploads/2017/08/Salari-su-misura-Rapporto-completo.pdf>

¹¹⁵ Cooperatives are businesses owned and managed by their own workers. Cooperatives in the garment sector are often used in warehouse and logistics.

¹¹⁶ Sistema Moda Italia, Il settore tessile-moda italiano nel 2018-2019, 2019: <https://www.sistemamodaitalia.com/it/area-associati/centro-studi/item/10861-il-settore-tessile-moda-italiano-nel-2018>

¹¹⁷ Badenoch & Clark, Fashion & Luxury Salary Guide 2018, 2019: <https://www.badenochandclark.com/it/-/media/IT/pdf/SALARY%20GUIDE/BCLLuxurySalaryGuide2018>

¹¹⁸ ISTAT, Indice dei prezzi al Consumo per le Rivalutazioni Monetarie, 2019: <https://www.istat.it/it/archivio/30440>

¹¹⁹ Badenoch & Clark, Fashion & Luxury Salary Guide 2018, 2019: <https://www.badenochandclark.com/it/-/media/IT/pdf/SALARY%20GUIDE/BCLLuxurySalaryGuide2018>

recession hit the lowest income families particularly hard.¹²⁰ Looking at the European Union level the median hourly wage amounts to 13.14 Euros in companies with more than 10 employees, while in Italy it amounts to 12.49 Euros, according to Eurostat in 2017.¹²¹ However, 65% of companies in the fashion sector employ less than 9 workers, according to research institute Ares 2.0 and Soges.¹²²

Chinese workers employed in Chinese-owned factories were paid by quota or piece rate and not a monthly wage.¹²³ During audit interviews by MOST in 2017-2018 Chinese workers reported that in case of low production or lack of work, employees received a lower compensation or no compensation at all and were less likely to report those abuses due to fear of termination, which allegedly happened to those that raised complaints.¹²⁴ In the past few years, Chinese-owned factories started recruiting other non-EU nationals, mostly Bangladeshi, Pakistani and Sub-Saharan Africans and a wage scale based on ethnicity emerged and was reported mostly in Prato, Tuscany region.¹²⁵ Chinese workers were paid 1,300 Euros, Bangladeshi and Pakistani about 400-300 Euros and at the bottom of the pyramid, there were the African workers.¹²⁶ MOST audits reported that almost 70% of migrant workers in Chinese factories in Prato was paid less than 3 Euros per hour, a figure confirmed also by one of the major unions, FILCTEM-CGIL for especially Senegalese workers employed in the leather bags manufacturing in Florence.¹²⁷ Additionally, non-Chinese workers were not provided with food and accommodation (*sleeping agreement*), free of cost, as for Chinese workers, which represented a further cost non-Chinese workers had to face.¹²⁸

A 2006 research by the Fondazione Censis in the Marche region reported that skilled workers, such as cutters, were incorrectly categorised in lower levels, which determined a lower wage and were paid

¹²⁰ Banca d'Italia, The geography of Italian income inequality: recent trends and the role of employment, 2019: https://www.bancaditalia.it/pubblicazioni/qef/2019-0492/QEF_492_19.pdf

¹²¹ Eurostat, Median hourly earnings, all employees (excluding apprentices) by sex, 2017: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_ses_pub2s&lang=en

¹²² Ares 2.0 and Soges, L'occupazione straniera nel settore del tessile-abbigliamento italiano, 2014: https://www.ares20.it/pdf/societa_lavoro/occupazione_straniera_nel_tessile_abbigliamento_italiano.pdf

¹²³ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹²⁴ MOST, 2017-2018 audits

¹²⁵ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf and Il Mulino, Se l'operaio alle dipendenze del cinese è pachistano, 2019: https://www.rivistaimulino.it/news/newsitem/index/Item/News:NEWS_ITEM:4847

¹²⁶ Il Mulino, Se l'operaio alle dipendenze del cinese è pachistano, 2019: https://www.rivistaimulino.it/news/newsitem/index/Item/News:NEWS_ITEM:4847

¹²⁷ Cgil Firenze.it, Migranti sfruttati nelle fabbriche cinesi: la denuncia Filctem Cgil Firenze, 2018: <https://cgilfirenze.it/2018/10/migranti-sfruttati-nelle-fabbriche-cinesi-la-denuncia-filctem-cgil-firenze/>

¹²⁸ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf and Il Mulino, Se l'operaio alle dipendenze del cinese è pachistano, 2019: https://www.rivistaimulino.it/news/newsitem/index/Item/News:NEWS_ITEM:4847

additional money in cash.¹²⁹ A 2015 Clean Clothes Campaign reported the same issue in Tuscany and Campania regions.¹³⁰

NO EXCESSIVE WORKING HOURS



The amount of excessive overtime and its payment is set by the National Collective Employment Contracts (CCNLs). Most available studies on working hours concerned Chinese-owned factories, especially located in Prato, where working hours were reportedly long, an average of 12 hours per day, no breaks and no weekly rest.¹³¹ Excessive working hours applied to both Chinese and non-Chinese workers, although Chinese workers were provided with a certain flexibility of hours off when needed, which did not seem to be granted to other migrants workers, according to emerging news reports.¹³² However, since the trend of hiring non-Chinese migrants workers started only in the last few years, no conclusions can yet be drawn. One of the major unions, FILCTEM-CGIL, reported migrant workers, especially Senegalese, had contracts for a significantly lower number than the hours actually worked, which were 12 hours per day with no weekly day rest.¹³³

According to 2017-2018 MOST audits, overtime was largely paid by cash, despite the law¹³⁴ provides workers to be paid only through traceable methods, such as cheque or bank transfer. However, the fine for paying in cash ranged from 1,000 to 5,000 Euros, which was deemed too low to discourage this practice, according to MOST. Also, during the audits, most Chinese workers reported not receiving the additional pay as stipulated by the law for working overtime, rest days, holidays or night work. Workers instead received the usual piece-rate pay.¹³⁵ Also In the footwear sector, a 2006 research by the Fondazione Censis in the Marche region reported widespread irregular payment of overtime, especially

¹²⁹ Clean Cloth Campaign, The real cost of our shoes, 2017: <http://www.abitipuliti.org/wp-content/uploads/sites/3/2017/04/The-real-cost-of-our-shoes-REPORT-ENG-LOW.pdf>

¹³⁰ Clean Cloth Campaign, Quanto é vivibile l'abbigliamento in Italia, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf

¹³¹ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹³² CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf and Il Mulino, Se l'operaio alle dipendenze del cinese è pachistano, 2019: https://www.rivistailmulino.it/news/newsitem/index/Item/News:NEWS_ITEM:4847

¹³³ Cgil Firenze.it, Migranti sfruttati nelle fabbriche cinesi: la denuncia Filctem Cgil Firenze, 2018: <https://cgilfirenze.it/2018/10/migranti-sfruttati-nelle-fabbriche-cinesi-la-denuncia-filctem-cgil-firenze/>

¹³⁴ The law does not require to use only traceable methods to pay self-employed workers nor to reimburse expenses (i.e. hotel, travel etc.) to workers.

¹³⁵ MOST, 2017-2018 audits

around the time orders had to be delivered, working beyond eight hours per day, as well as Saturdays.¹³⁶

In the shoe-making hub Riviera del Brenta in Veneto region, the Clean Clothes Campaign reported longer working hours in peak seasons, generally 9 or more hours per day with no weekly rest day for few weeks, which were not paid up to 120 extra hours and instead taken and “flexible hours” (though the CCNL provided for fewer), and beyond that threshold additional hours were paid cash.¹³⁷ Similarly, cash payment for extra hours worked was common in the soles-making district of Santa Croce in Tuscany region, according to the Clean Cloth Campaign.¹³⁸

SAFE AND HEALTHY WORKING CONDITIONS



In a 2013 report endorsed by the Italian permanent consultative commission on health and safety at work, the most recurrent diseases among workers employed in the cutting, sewing and ironing phases were identified as: 1) skin, eye and respiratory irritations; 2) cardiovascular, psychological and digestive tract diseases linked to continuous exposure to noise in the cutting phase (even within acceptable levels by law); 3) muscular-skeletal problems, especially hand and arms and spine for lifting heavy rolls of fabric, long hours standing (ironing) or sitting (sewing); and 4) eye problems for fixed and prolonged visual tasks (sewing and ironing).¹³⁹ A growing number of fatal or serious injuries, such as crashing of limbs or by forklift truck or falling from heights, started to re-emerge in the last few years in companies in the textile supply chain owned by Italian nationals in Prato area, according to the NGO CAT.¹⁴⁰ The same source reported the low number of reported accidents at work by Chinese workers in Prato due to fear of the employer’s retaliation.¹⁴¹ Accidents were mainly linked to lack or inadequacy of personal protective equipment, lack of workers’ training, use of

¹³⁶ Clean Cloth Campaign, The real cost of our shoes, 2017: <http://www.abitipuliti.org/wp-content/uploads/sites/3/2017/04/The-real-cost-of-our-shoes-REPORT-ENG-LOW.pdf>

¹³⁷ Clean Cloth Campaign, Quanto é vivibile l’abbigliamento in Italia, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf

¹³⁸ Campagna Abiti Puliti, Una dura storia di cuoio, 2015: <http://www.abitipuliti.org/report/2015-report-una-dura-storia-di-cuoio/>

¹³⁹ Punto Sicuro, Comparto tessile e abbigliamento: i rischi per la salute e la sicurezza, 2017: <https://www.puntosicuro.it/sicurezza-sul-lavoro-C-1/settori-C-4/industria-tessile-cartaria-C-22/comparto-tessile-abbigliamento-i-rischi-per-la-salute-la-sicurezza-AR-16871/>

¹⁴⁰ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹⁴¹ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

chemicals without protection and absence of protection devices for machinery, which slowed down the performance of the machinery.¹⁴²

A 2006 research by the Fondazione Censis in the Marche region reported small shoe factories operating in unhealthy buildings due to the materials and adhesives used, with minimal compliance with national health and safety requirements.¹⁴³ From 1997 to 2014 in the soles-making district of Santa Croce, Tuscany region, the most recurrent OHS issues were: 1) muscular-skeletal problems (44%); 2) cancer (19%); 3) contact dermatitis, 4) hearing losses; and 5) respiratory disease.¹⁴⁴

Sub-standards health and safety working conditions in Chinese-owned factories had been widely reported. The 2013 fire in a Chinese garment factory in Prato led to judicial actions and the development of a three-year-plan on safety at work by the Tuscany region, which led to confiscations, administrative sanctions and criminal actions, according to the NGO CAT.¹⁴⁵ In the same territory, more than 1,300 penal cases were filed for non-compliance with health and safety norms at work in 2017, of which 83% were against Chinese entrepreneurs.¹⁴⁶ In 2017, a fire in an apartment where Chinese workers were making clothes in Prato province was reported by CAT, which cautioned against the trend of moving part of garment production from warehouses to civilian residences to further reduce costs. However, in 2018 there was no increase in such cases.¹⁴⁷ In 2019, fires originating from warehouse or machinery were reported by the media in textiles factories (not only Chinese-owned) in Lombardy, Abruzzo and Tuscany regions, and shoe factories in Campania region. The fires had no casualties.¹⁴⁸

¹⁴² CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹⁴³ Clean Cloth Campaign, The real cost of our shoes, 2017: <http://www.abitipuliti.org/wp-content/uploads/sites/3/2017/04/The-real-cost-of-our-shoes-REPORT-ENG-LOW.pdf>

¹⁴⁴ Campagna Abiti Puliti, Una dura storia di cuoio, 2015: <http://www.abitipuliti.org/report/2015-report-una-dura-storia-di-cuoio/>

¹⁴⁵ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹⁴⁶ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹⁴⁷ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹⁴⁸ Il Tirreno, Notte di fuoco: fiamme in una ditta tessile, bruciata anche la copertura di un'altra azienda, 2019: <https://iltirreno.gelocal.it/prato/cronaca/2019/01/01/news/bruciata-la-copertura-di-un-azienda-a-san-giorgio-a-colonica-1.17612346>, Varese News, Principio d'incendio in un'azienda tessile, 2019: <https://www.varesenews.it/2019/10/principio-incendio-unazienda-tessile/860366/>, Il Giorno, Bisuschio, incendio in azienda tessile: alta colonna di fumo, 2019: <https://www.ilgiorno.it/varese/cronaca/bisuschio-incendio-1.4789272>, Vigili del Fuoco, Chieti- incendio in un'azienda tessile, 2019: <http://www.vigilifuoco.it/asp/notizia.aspx?codnews=61113>, Teleclub Italia, Frattamaggiore, maxi incendio nella notte: Vigili del Fuoco sul posto, 2019: <https://www.teleclubitalia.it/168976/maxi-incendio-nel-napoletano-vigili-del-fuoco-sul-posto/> and Caserta News, Rogo nella fabbrica di scarpe, ferito il proprietario, 2019: <http://www.casertanews.it/cronaca/incendio-fabbrica-scarpe-proprietario-intossicato-aversa.html>

LEGALLY-BINDING EMPLOYMENT RELATIONSHIP



The NGO CAT reported in 2018 that a weakening of the legal system protecting workers, favouring greater flexibility and temporary contracts, coupled with the effects of the global economic crisis on the Italian market, increased the vulnerability of the lower categories of workers.¹⁴⁹ According to Italian National Statistics Institute (ISTAT), in 2017 Italy was the fifth country in the EU with the highest percentage of working poor (12.2%), which increased compared to the previous year, while the average European percentage decreased.¹⁵⁰ This was reported to be linked to the type of contract a worker has, and fewer hours of work due to the discontinuity of the working relationship.¹⁵¹ Despite a positive trend of turning fix-term contracts into open-ended contracts, an increase in seasonal, apprentice and discontinued contracts was also reported by INPS in 2019.¹⁵² This is coupled with a high unemployment rate, an average of 10.6% in 2018, with the highest percentage (20.9%) being recorded among female workers in the South and the lowest (5%) among male workers in the North-East.¹⁵³ The average unemployment rate in the European Union was reported at 7% in 2018¹⁵⁴, which further reduced to 6.3% in July 2019¹⁵⁵. Unemployment among non-EU workers was reported at 17.3% in 2014, according to the research institute Ares 2.o.¹⁵⁶

The Organisation for Economic Co-operation and Development (OECD) reported Italy to be in the top three countries with the highest tax on labour income (tax wedge)¹⁵⁷, which means that the take-home pay of an average single worker, after tax and benefits, was 68.6% of their gross wage, against the OECD average of 74.5%. The figures are better for an average married worker with two children, who manages to take home 80.1% of her/his gross wage, after-tax and family benefits, but remain below

¹⁴⁹ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹⁵⁰ Istat, Esame dei disegni di legge n. 310 e n. 658 in materia di istituzione del salario minimo orario, 2019: https://www.istat.it/it/files/2019/03/Istat-Audizione-DDL-310-e-658_EC.pdf

¹⁵¹ Istat, Esame dei disegni di legge n. 310 e n. 658 in materia di istituzione del salario minimo orario, 2019: https://www.istat.it/it/files/2019/03/Istat-Audizione-DDL-310-e-658_EC.pdf

¹⁵² INPS, Osservatorio sul Precariato, 2019: https://www.inps.it/docallegatiNP/Mig/Dati_analisi_bilanci/Osservatori_statistici/Osservatorio_precariato/Osservatorio_Precariato_Gen-Giu_2019.pdf

¹⁵³ Istat, Tasso di disoccupazione, 2019: http://dati.istat.it/Index.aspx?DataSetCode=DCCV_TAXDISOCCU1

¹⁵⁴ Statista, Unemployment rate in the European Union and the Euro area from 2008 to 2018, 2019: <https://www.statista.com/statistics/267906/unemployment-rate-in-eu-and-euro-area/>

¹⁵⁵ Eurostat, Unemployment Statistics, 2019: https://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics

¹⁵⁶ Ares 2.o and Soges, L'occupazione straniera nel settore del tessile-abbigliamento italiano, 2014: https://www.ares2o.it/pdf/societa_lavoro/occupazione_straniera_nel_tessile_abbigliamento_italiano.pdf

¹⁵⁷ New York Times, Un viaggio nell'economia sommersa dell'Italia, 2018: <https://www.nytimes.com/2018/09/24/fashion/italia-economia-moda-lusso.html>

the OECD average of 85.8%.¹⁵⁸ There is no one agreed methodology to calculate the informal economy's value, resulting in different estimates. A 2018 study of the Ministry of Economy and Finance reported that according to 2015 figures tax evasion in Italy was estimated at 190 billion Euros, representing 11.5 of the GDP with the highest evasion linked to informal employment (*lavoro in nero*) and underreported income by companies.¹⁵⁹ However, in 2018 the research institute Eurispes estimated the informal economy produced 300 billion Euros wealth, to which 156 million Euros had to be added due to corporate tax evasion. Six million Italian worked double jobs and 600,000 registered migrants were illegally employed.¹⁶⁰ Tax avoidance through cash payments and non-payment of social security reportedly caused "unfair competition" in the industry, according to the Ministry of Economy and Finance.¹⁶¹

High percentages of working poor and unemployment, together with high taxes on income, rendered workers vulnerable to enter the informal economy and to accept precarious working conditions.¹⁶² In 2018, Cgia Mestre estimated the number of unregistered workers to 3.3 million generating 42.6 billion Euros of income evading the taxation system, with the highest numbers found in the South of Italy, especially Calabria region, followed by Campania, Sicily and Puglia regions.¹⁶³ In an attempt to combat the black market labour and the use of cash payments for seasonal workers, the job voucher¹⁶⁴ payment system was established in 2008¹⁶⁵ and later abolished in 2017 due to its misuse. For example, it was allegedly used to pay workers with a regular contract.¹⁶⁶ Fair Labour Association reported the voucher system was extensively used in the garment and footwear-manufacturing sector, reaching 115 million vouchers issued in 2015. This was reported to reflect an increase in informalisation of work, which was previously performed by permanent workers.¹⁶⁷

¹⁵⁸ OECD, Taxing Wages – Italy, 2019: <https://www.oecd.org/tax/taxing-wages-italy.pdf>

¹⁵⁹ Ministry of Economy and Finance, Relazione sull'economia non osservata e sull'evasione fiscale e contributiva anno 2018, 2018: http://www.mef.gov.it/documenti-allegati/2018/A6_-_Relazione_evasione_fiscale_e_contributiva.pdf

¹⁶⁰ Eurispes, Povertà, disuguaglianze e fragilità in Italia. Risultati dello studio Eurispes – Mercatorum, 2018: <https://eurispes.eu/news/poverta-disuguaglianze-e-fragilita-in-italia-risultati-dello-studio-eurispes-mercatorum/>

¹⁶¹ Ministry of Economy and Finance, Relazione sull'economia non osservata e sull'evasione fiscale e contributiva anno 2018, 2018: http://www.mef.gov.it/documenti-allegati/2018/A6_-_Relazione_evasione_fiscale_e_contributiva.pdf

¹⁶² Tax Wedge is the tax on labour income, which includes the tax paid by both the employee and the employer as defined by the OECD: <https://www.oecd.org/tax/taxing-wages-italy.pdf>

¹⁶³ CgiaMestre, In Italia ci sono 3.3 mln di lavoratori in nero, 2018: <http://www.cgiamestre.com/wp-content/uploads/2018/07/LAVORO-NERO-VOUCHER.pdf>

¹⁶⁴ The job vouchers were redeemed by the worker for 75% of its value, while the remaining 25% went to fund the administration of the exchange, social security, and industrial injury insurance.

¹⁶⁵ Fair Labor Association, Use of Job Vouchers as Payment in Italy, 2016: <https://www.fairlabor.org/report/use-job-vouchers-payment-italy>

¹⁶⁶ Il Sole 24Ore, L'abolizione dei voucher è legge, 2017: <https://www.ilssole24ore.com/art/l-abolizione-voucher-e-legge-AEEVlt7>

¹⁶⁷ Fair Labor Association, Use of Job Vouchers as Payment in Italy, 2016: <https://www.fairlabor.org/report/use-job-vouchers-payment-italy>

Homeworkers were mostly employed in the informal economy, despite a lack of official statistics, the book, *Invisible Fabrics*, estimated about 2,000 to 4,000 homeworkers to be employed without a contract by garment factories.¹⁶⁸ A 2018 news report, stated homeworkers being subcontracted by factories in Puglia region without contracts or social protection schemes. Workers were paid monthly in cash.¹⁶⁹ In the footwear sector, a 2017 Clean Clothes Campaign study reported that in the cities of Casarano and Supersano, in Puglia region, about 20% of work in shoe manufacturing was illegal. Families reportedly bought second-hand machinery to perform finishing operations without being registered in the Companies' Register often to make a living in situations of unemployment.¹⁷⁰

In Chinese-owned factories in Prato, Tuscany region, Chinese workers were generally provided with permanent contracts, however, contracts were short (just less than one year). Many Chinese workers frequently changed job and moved to other factories in Prato or in other regions and only a minority worked in the sector for four years. The high-mobility of Chinese workers can be attributed to dormitory agreements,¹⁷¹ and was reported as the most important salary-negotiating tool those workers had.¹⁷² As workers built peer networks, they were able to compare the working conditions offered by different employers.¹⁷³ This allowed workers not only to be mobile through short-term assignments, but it empowered them to leave their jobs to seek better opportunities in another workshop, according to Ceccagno and Sacchetto.¹⁷⁴ During MOST audits from 2017-2018, the overwhelming majority of Chinese workers interviewed reported to be paid by quota or piece rate either by cash or check and not receiving a copy of the payslip.¹⁷⁵ However, Ceccagno and Sacchetto reported that during peak seasons Chinese employers increasingly offered experienced workers monthly wages and other benefits, such as no work at night, accommodation in residencies in the vicinity of the workshop but not inside it and sometimes allowing children, and Wi-Fi, in exchange of the worker's commitment not to change job in the middle of the season.¹⁷⁶ Half of the interviewed

¹⁶⁸ New York Times, Un viaggio nell'economia sommersa dell'Italia, 2018: <https://www.nytimes.com/2018/09/24/fashion/italia-economia-moda-lusso.html>

¹⁶⁹ New York Times, Un viaggio nell'economia sommersa dell'Italia, 2018: <https://www.nytimes.com/2018/09/24/fashion/italia-economia-moda-lusso.html>

¹⁷⁰ Clean Cloth Campaign, The real cost of our shoes, 2017: <http://www.abitipuliti.org/wp-content/uploads/sites/3/2017/04/The-real-cost-of-our-shoes-REPORT-ENG-LOW.pdf>

¹⁷¹ A sleeping agreement is an agreement between the Chinese entrepreneur and the workers. The first provides for accommodation (in dormitories inside the factories or in nearby residencies) and food to the employee to have more flexibility from the worker. Usually, no children are permitted on the premises.

¹⁷² CAT, Forme di sfruttamento lavorativo a Prato, 2018: <https://www.osservatoriointerventiratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo-prato-ottobre-2018.pdf>

¹⁷³ Antonella Ceccagno and Devi Sacchetto, *Current Sociology*, The mobility of workers living at work in Europe, 2019.

¹⁷⁴ Antonella Ceccagno and Devi Sacchetto, *Current Sociology*, The mobility of workers living at work in Europe, 2019.

¹⁷⁵ MOST, 2017-2018 audits

¹⁷⁶ Antonella Ceccagno and Devi Sacchetto, *Current Sociology*, The mobility of workers living at work in Europe, 2019.

Chinese workers by MOST reported not being covered by social security in case of injuries, sickness or maternity.¹⁷⁷

Chinese factories increasingly hired other non-EU migrant workers informally (with no or illegal contracts and paid cash), especially Bangladeshi and Pakistani in the packaging, and Ghanaian, Senegalese and Sudanese in the ironing departments, a growing trend that started to be reported since 2016. In Chinese-owned tanneries in Prato, the percentage of Pakistani workers reached 40% and North Africans accounted for 15% of employees, whereas in knitwear factories about 10% of workers were from Pakistan.¹⁷⁸ The employed migrant workers generally had no regular working permits or no renewal and being employed without a (regular) contract implied not having the possibility to apply for the residence permit.¹⁷⁹ The same vicious circle was reported by the Clean Clothes Campaign in the footwear sector.¹⁸⁰ On the other hand, migrant workers that had a valid work permit were more open to accepting abusive working conditions in order to keep their work permit active, according to MOST. In,¹⁸¹ Police in both Prato (2016) and Sinigallia (2018)¹⁸² (Marche region) in conducted operations in Chinese factories linked to irregularities in the residence permit of non-EU migrant workers and informal economy. The NGO CAT reported low numbers of non-EU workers that obtained a residence permit on labour exploitation grounds.¹⁸³ However, it remained to be monitored whether a change in how to obtain residence permits may impact on workers complaints about abusive labour conditions.

Migrant workers in Chinese factories in Prato area were recruited either via “WeChat” or directly at the Refugee Camp or through a middleman, according to CAT. This method of hiring workers was prevalent in the textile and shoe-making factories, and laundries. The study revealed that 71% of migrant workers were employed in manufacturing textile factories (sewing and finishing), 12% printing factories, 9% in the laundry/dyeing factories, 6% leather factories (shoes and bags).¹⁸⁴ Also, it was found

¹⁷⁷ MOST, 2017-2018 audits

¹⁷⁸ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹⁷⁹ Il Mulino, Se l'operaio alle dipendenze del cinese è pachistano, 2019:

https://www.rivistailmulino.it/news/newsitem/index/Item/News:NEWS_ITEM:4847

¹⁸⁰ Clean Cloth Campaign, The real cost of our shoes, 2017: <http://www.abitipuliti.org/wp-content/uploads/sites/3/2017/04/The-real-cost-of-our-shoes-REPORT-ENG-LOW.pdf>

¹⁸¹ Nove da Firenze, Prato: operazione della Guardia di Finanza contro i falsi permessi di soggiorno, 2016:

<https://m.nove.firenze.it/prato-operazione-della-guardia-di-finanza-contro-i-falsi-permessi-di-soggiorno.htm>

¹⁸² Cronache Ancona, Fantasma al lavoro nei laboratori tessili: cinque arresti e sette attività chiuse, 2018:

<https://www.cronacheancona.it/2018/06/21/fantasma-al-lavoro-nei-laboratori-tessili-cinque-arresti-e-sette-attivita-sequestrate/110218/>

¹⁸³ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹⁸⁴ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

that migrant workers were made to pay towards social security while employers did not always deposit the contributions to the relevant institutions. This practice, together with payment per piece, long working hours and lower salaries (compared to the CCNL) enabled Chinese entrepreneurs to be competitive on the market.¹⁸⁵

In the footwear sector, a 2006 research by the Fondazione Censis in the Marche region, reported the common practice of extending probationary periods beyond legal deadlines.¹⁸⁶ This was also reported in the shoe-making hub in Veneto region by a later (2015) study of the Clean Cloth Campaign, where workers were kept at the low levels of the salary structure established by the CCNL for long periods of time.¹⁸⁷ In the sole-making district of Santa Croce in Tuscany region, sub-contractors largely employed workers with temporary arrangements, resulting in almost 3,500 workers out of 5,000 being employed in this way in 2014, according to the Clean Cloth Campaign.¹⁸⁸ Also, 54% of temporary contracts were with non-EU migrant workers whose population in the district grew from 5,000 to more than 14,000 in few years. Clean Clothes Campaign reported Senegalese migrants being made to sign blank termination letters when employed and then being dismissed for too long periods of absence due to family visits.¹⁸⁹

¹⁸⁵ CAT, Forme di sfruttamento lavorativo a Prato, 2018: https://www.osservatoriointerventitratta.it/wp-content/uploads/2018/10/Forme-di-sfruttamento-lavorativo_prato-ottobre_2018.pdf

¹⁸⁶ Clean Cloth Campaign, The real cost of our shoes, 2017: <http://www.abitipuliti.org/wp-content/uploads/sites/3/2017/04/The-real-cost-of-our-shoes-REPORT-ENG-LOW.pdf>

¹⁸⁷ Clean Cloth Campaign, Quanto é vivibile l'abbigliamento in Italia, 2015: http://www.abitipuliti.org/wp-content/uploads/2015/01/AbitiPuliti_LivingWage_IT_2014_005_Web.pdf

¹⁸⁸ Campagna Abiti Puliti, Una dura storia di cuoio, 2015: <http://www.abitipuliti.org/report/2015-report-una-dura-storia-di-cuoio/>

¹⁸⁹ Campagna Abiti Puliti, Una dura storia di cuoio, 2015: <http://www.abitipuliti.org/report/2015-report-una-dura-storia-di-cuoio/>

4. Summary of key labour rights risks

The table below summarises the key labour rights risks presented in Chapter 3.

FWF CODE OF LABOUR PRACTICE	LABOUR RIGHTS RISKS
Employment is freely chosen	<ul style="list-style-type: none"> Risks of forced labour appear to be limited and mostly concerning migrant workers (i.e. Bangladeshi, Pakistani, and Sub-Saharan Africans). A lack of research on the magnitude of the phenomenon emerged.
There is no discrimination in employment	<ul style="list-style-type: none"> The gender pay gap was reduced from 2018 to 2019. Despite a predominantly female workforce, male workers were employed in higher and better-paid jobs. Use of migrants' vulnerabilities to contain production costs, especially in the lower tiers of the supply chain.
Freedom of association and the right to collective bargaining	<ul style="list-style-type: none"> National Collective Employment Contracts (CCNLs) apply only to factories members of signatory business associations. The level of workers' protection provided by CCNLs was undermined by pirate agreements. Low unionisation rates below tier 1 factories. Lack of knowledge of CCNLs content by Chinese workers.
Payment of a living wage	<ul style="list-style-type: none"> Salary levels bargained collectively in CCNLs did not match living wages for the lower categories of workers and those living in the North and Centre of the country. Pirate agreements allowed lower wages than CCNLs. Payment per quota or piece rate of Chinese workers. Wage scale based on the ethnicity of workers in Tuscany region.
No excessive working hours	<ul style="list-style-type: none"> Long working hours, no breaks and no weekly rest in Chinese-owned factories and in general during peak season/orders delivery. Overtime largely paid by cash. Chinese workers received the usual piece-rate pay for overtime. Overtime not paid and given as flexible hours for up to 120 hours in Veneto region.
Safe and healthy working conditions	<ul style="list-style-type: none"> Main OHS issues: 1) skin, eye and respiratory irritations; 2) cardiovascular, psychical and digestive tract diseases; 3) muscular-skeletal problems; and 4) eye problems. Sub-standards health and safety working conditions in Chinese-owned factories. Growing number of fatal or serious injuries.
Legally binding employment relationship	<ul style="list-style-type: none"> The weakening of the legal system protecting workers favoured greater flexibility and temporary contracts. About 12% of working poor with higher poverty rates among workers with temporary contracts. High unemployment rate (10.6%) and high tax on labour income, increased workers vulnerability into entering the informal economy. Homeworkers mostly employed in the informal economy and paid cash. Migrant workers often employed without regular working permits and recruited via "WeChat" or directly at the Refugee Camp or through a middleman. Abuses of probationary periods or workers kept at the low levels of the salary structure for long periods of time.

ANNEX I- National labour laws

This annex provides an overview of national laws related to labour rights.

GENERAL LAWS	
<p>Constitution, 1948¹⁹⁰</p>	<ul style="list-style-type: none"> • All citizens have equal social dignity and are equal before the law, without distinction of sex, race, language, religion, political opinion, personal and social conditions; • Working women are entitled to equal rights and, for comparable jobs, equal pay as men; • Minors workers are protected by special provisions providing the right to equal pay for equal work; • Citizens can associate freely, and employers and employees can join associations or unions; • Workers have the right to a remuneration commensurate to the quantity and quality of their work and in any case such as to ensure them and their families a free and dignified existence; • Only registered trade unions can obtain legal status and make collective agreements valid for all employers and employees (<u>this provision was never implemented</u>); • Right to strike, as regulated by law. Only one law regulates strikes and that is for the public essential services (Act 146, 1990). Therefore, there is a <u>large freedom to strike</u>; • One day rest a week.
<p>Civil Code, 1942</p>	<ul style="list-style-type: none"> • Affirms the statutory minimum leave of eight days, for domestic workers only. Minimum leave of all other workers is determined by collective agreements, which generally provide for paid annual leave of not less than four weeks per year; • Termination of a worker for “just cause”.
<p>Statute of the Workers, Act 300, 1970¹⁹¹</p>	<ul style="list-style-type: none"> • Prohibits discriminatory behaviour on the grounds of union membership or activity; • Trade unions can deduct union dues from the employee’s wages; • Workers can choose representatives, who form plant-level union bodies. Plant-level unions can convene mass meetings and conduct secret ballots among employees, take paid or unpaid time off for carrying out trade union duties, have a room at the workplace for their activities and space to display notices;

¹⁹⁰ Constitution of the Italian Republic, 1948:

https://www.senato.it/documenti/repository/istituzione/costituzione_inglese.pdf

¹⁹¹ Including latest updates through Legislative Decree n. 185, 2016: <http://www.di-elle.it/leggi-voce-menu/117-l-300-70-statuto-dei-diritti-dei-lavoratori-aggiornato-alla-l-92-12>

	<ul style="list-style-type: none"> In case of insolvency of the enterprise, workers' claims are paid after taxes and court fees (and creditors if a mortgage or liens exist) over the employer's estate.
FORCED LABOUR LAWS	
Penal Code, 1930¹⁹²	<ul style="list-style-type: none"> Prohibition of forced labour with jail terms from one to six years plus from 500 to 1,000 Euros per abused worker or five to eight years jail and 1,000 to 2,000 Euros per abused worker (in case of violence or threat); Prohibition of slavery and servitude, including sale and purchase of slaves, with jail terms from eight to twenty years; Prohibition of human trafficking.
DISCRIMINATION LAWS	
Act 903, 1977	<ul style="list-style-type: none"> Provides for equality between men and women at work.
CHILD LABOUR LAWS	
Act 345, 1999	<ul style="list-style-type: none"> Minimum age for employment at the end of compulsory schooling (now less than 15 years old).
Act 977, 1967	<ul style="list-style-type: none"> Special medical certificates guaranteeing the minor physical fitness for work, periodical medical check-ups, limits on working hours and prohibition of night work are provided.
FOA AND CBA LAWS	
Act 300, 1970	<ul style="list-style-type: none"> In cases of employers hindering or limiting the exercise of freedom of association and trade union activities, or the right to strike, trade unions can demand that the judge with jurisdiction order the employer to cease and desist from his illegal conduct and to redress any grievances or obviate the effects thereof.
Act 533, 1973	<ul style="list-style-type: none"> Labour disputes are settled by one professional judge in the first instance, whatever the monetary amount of the case. The decisions of the first instance judge can be appealed before a Tribunal of three judges, with a possible further appeal before the five members Supreme Court Labour Chamber.
WORKING HOURS LAWS	
Act 196, 1997	<ul style="list-style-type: none"> Daily working hours 8 hours or 40 hours a week. Work performed in excess of 40 hours a week is overtime. Different overtime limits can be fixed by collective agreements;

¹⁹² Codice Penale 1930: <http://www.procuragenerale.trento.it/attachments/article/31/cp.pdf>

	<ul style="list-style-type: none"> • Work beyond 48 weekly hours must receive authorisation from the Department of Labour (<i>Ispettorato Nazionale del Lavoro</i>).
OHS LAWS	
Legislative Decree 81, 2008¹⁹³	<ul style="list-style-type: none"> • Provides for specific requirements for the workplace buildings and internal areas to comply with. <p><u>No law against sexual harassment at the workplace exists in Italy.</u></p>
Act 1204, 1971	<ul style="list-style-type: none"> • Compulsory maternal leave is provided from two months before until three months after childbirth. It is paid at 80% of regular pay from Social Security, although collective agreements generally have the employer cover up for the remaining 20%.
Act 53, 2000	<ul style="list-style-type: none"> • Provides for parental leave. Both parents have the right to leave for no more than a total of 10 months during the first eight years of a child's life; • Parental leave is paid at 30% of regular pay for six months.
EMPLOYMENT RELATIONSHIP LAWS	
Act 230, 1962	<ul style="list-style-type: none"> • The contract of employment is considered indefinite except in cases specified by legislation; • Fixed-term contracts of employment are permitted in case of seasonal work, replacement of employees on sick leave or maternity leave, and extraordinary and occasional work.
Act 604, 1966	<ul style="list-style-type: none"> • Limits to the employer's freedom to dismiss, for companies employing more than 35 people (extended to all organizations regardless of size by Act 108 in 1990); • Dismissal for discriminatory reasons, such as political and union views, religion, participation in union activities, is prohibited.
Act 108, 1990	<ul style="list-style-type: none"> • Termination by the employer is only possible for a "justified reason" and provided that the notice period is respected, or without notice for a just cause; • Dismissals on the grounds of political opinion, trade union membership, sex, race, language or religious affiliation are null and void; • Dismissal on the ground of pregnancy and marriage is prohibited.
Act 297, 1982	<ul style="list-style-type: none"> • For any termination of the contract of employment, on whatever ground, even for dismissal for just cause or resignation, the employee is entitled to receive from the employer a severance payment (<i>trattamento di fine rapporto</i>). The calculation is based

¹⁹³ D.lgs. 9 aprile 2008, n. 81, Testo Unico sulla Salute e Sicurezza sul Lavoro, 2008: <https://www.ispettorato.gov.it/it-it/Documenti-Norme/Documents/Testo-Unico-Dlgs-81-08-edizione-di-luglio-2018.pdf>

	<p>on the formula 7,5% of every year's salary, plus revaluation according to a composed index of 75% of price index increase +1,5%.</p>
Act 788, 1954	<ul style="list-style-type: none"> • Establishes a social security provision (<i>Cassa Integrazione Guadagni</i>) in case of suspension or temporary reduction of activity due to causes beyond the will of the enterprise or the workers, or market fluctuations, and includes suspension of activity in the building industry due to bad weather.
Act 92, 2012¹⁹⁴	<ul style="list-style-type: none"> • Apprenticeship contracts defined as the prevailing way to access the job market for young people. Period of apprenticeship set to a minimum of 6 months, with the exception for seasonal workers; • Temporary contracts are allowed for a maximal duration of 36 months and are thought to ease young people's entry into the job market. Break-in service between temporary contracts has been increased from 10 to 60 days (for contracts valid for less than 6 months) and from 20 to 90 days (for contracts valid for more than 6 months); • In case of unfair termination, the reinstatement of the worker is no longer compulsory, introducing instead other penalties on the employer (economic sanctions); • A new social safety system (<i>assicurazione sociale per l'impiego-asp</i>), only available to unemployed people that make a premium payment through social contribution paid in previous employment (leaving out people that were never employed or those that paid social contribution for a shorter period than what prescribed by the law).
Act 183, 2014 (Jobs Act)	<ul style="list-style-type: none"> • Permanent contracts are made more cost-effective for companies (i.e. zeroing social contributions for three years); • Introduced a new unemployment scheme (<i>nuova assicurazione sociale per l'impiego-naspi</i>) extended in coverage and duration; • Introduced unemployment check (<i>assegno di disoccupazione</i>) for a maximum of 6 months after the end of the support provided to the worker by naspi; • Review of the <i>Cassa integrazione guadagni</i> reduced to a maximum of 24 months in a five-year moving period, at the same time extending covered sectors and firms through insurance-based funds (<i>fondi di solidarietà</i>). • Reduced the number of temporary contracts options; • In case of unfair termination, the reinstatement of the worker remains compulsory in case of discrimination (Act 300, 1970). In all

¹⁹⁴ Legge n.92, Disposizioni in materia di riforma del mercato del lavoro in una prospettiva di crescita, 2012: https://www.cliclavoro.gov.it/Normative/Legge_28_giugno_2012_n.92.pdf

other cases, an economic sanction is imposed to the employer (i.e. 2 monthly wages per worked year with a cap of 18 to 24 monthly wages depending on challenged misconduct).

ANNEX II- Stakeholders consulted in this risk assessment

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

1 Government/public authorities

- **Ispettorato Nazionale del Lavoro** <https://www.lavoro.gov.it/>

Based on the directives issued by the Ministry of Labour and Social Policies, the National Labour Inspectorate exercises and coordinates at national level the supervisory function in the areas of labour, social security contributions, compulsory insurance and social legislation, including occupational health and safety of workers (technical supervision).

- **Prato Immigration Service** <http://www.comune.prato.it/immigra/>

Prato Immigration Service is part of the Prato Municipality, which signed an agreement with the Public Prosecutor to fight illegal employment in Chinese factories in May 2018. The number of refugees hired by Chinese factories increased notably in the previous two years and the agreement aimed at supporting workers and enhance monitoring and control. The agreement established a special task force to operate in Prato.

- **Association for Workers' Safety (ASL) Tuscany**
<http://www.regione.toscana.it/lavoraresicuri/impresecinesi>

The ASL office in Tuscany region is particularly active on the safety of Chinese workers in the region. Documents are published in Chinese to promote secure and safe workplaces and regular monitoring is conducted.

2 Employers

- **Camera Nazionale della Moda Italiana (CNMI)** <https://www.cameramoda.it/en/>

The Camera Nazionale della Moda Italiana is a business association founded in 1958 and it promotes Italian fashion globally. In 2010, CNMI included a focus on sustainability and set-up a dedicated working group. Afterwards, CNMI also established the Sustainability

Committee and three Working Groups on: 1) Chemicals; 2) Retail; and 3) Chemicals Analysis.

- **Sistema Moda Italia (SMI)** <https://www.sistemamodaItalia.com/it/>

Sistema Moda Italia is the national business confederation representing the fashion industry and it is associated with Confindustria, the General Confederation of Italian Industry. SMI supports and promotes the interests of the fashion industry representing its members and offering studies, research and statistics on specific topics. SMI has a team dedicated to social responsibility and sustainability.

- **Associazione per gli Studi Giuridici sull'Immigrazione (ASGI)** <http://www.asgi.it/>

ASGI is a lawyer's association established in 1990 to support migrant workers in Italy. The association is specialised in anti-discrimination legal actions of workers against employers. ASGI worked with the Police in Naples, Campania region, to assist Bengalese workers filing complaints on abusive working conditions and low wages in the 2016 strike.

3 Trade Unions

- **CGIL PRATO** <https://www.cgilprato.it/>

CGIL is one of the biggest national trade unions in Italy. CGIL opened an office in Prato, Chinatown area, to provide workers with easier access to their premises. CGIL Prato includes Chinese union representatives to facilitate communication with the workers and it runs a project on occupational health and safety.

- **CNA - Marche Regional Office** <http://www.marche.cna.it/>

CNA supports craft and small and medium enterprises to improve employment practices. CNA Marche works with more than 1,000 factories in the region and has extensive knowledge on issues related to migrant workers from a regional perspective.

4 Labour related NGOs

- **CAT Cooperativa Sociale** <https://www.coopcat.it/>

CAT is an NGO with a focus on modern slavery. It provides support to migrant workers with work permits and other documents. The NGO is also working in Firenze and Prato municipalities, Tuscany region, to support migrants employed in Chinese factories.

■ **Campagna Abiti Puliti** <http://www.abitipuliti.org/>

Campagna Abiti Puliti is the Italian chapter of the global Clean Clothes Campaign, which is the garment industry's largest alliance of labour unions and non-governmental organizations. The Clean Clothes Campaign includes a network of more than 250 aiming at improving labour conditions in the global fashion industry.