

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

13 Sep 2021



Factory Information

FLA Affiliates	Hugo Boss AG
Country	Peru
Number of Workers	1890

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element

Number of Violations

Compensation (C)	1
Employment Relationship (ER)	3
Freedom Of Association And Collective Bargaining (FOA)	1
Health, Safety And Environment (HSE)	5
Hours Of Work (HOW)	2
Nondiscrimination (ND)	2

Assessment Information

Assessor	VeLar International
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Assessment Date	13 Sep 2021
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Assessment Purpose	Factory Assessment (In-Person)
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ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
Finding Details	It was observed that trainings are carried out virtually and the factory does not pay employees during the virtual training time.
Recommendation for Immediate Action	Ensure employees are paid for the time spent in the trainings delivered by the factory.
Compliance Classifications	Immediate Action Required
Local Law	

Employment Relationship (ER)

Benchmark ID	ER.18.1
Benchmark Details	Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).
Finding Details	The factory has not established procedures and requirements for the nomination of workers' representatives to be on the "Intervention committee against sexual harassment". This committee is in charge of investigating any report of sexual harassment. No reports were noted during the audit.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Decreto Supremo T 014-2019 MIMP
Benchmark ID	ER.10.2
Benchmark Details	Employers shall not renew contracts for multiple successive short-terms in lieu of providing regular employment.
Finding Details	1. It was found that the factory does not provide permanent employment contracts to workers. It only signs temporary contracts on a consecutive basis. 2. Employees were receiving temporary contracts every two months (on average), even when they have been working for many years.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.4
Benchmark Details	The disciplinary system shall include a third party witness during imposition, and an appeal process.
Finding Details	The company has a procedure for disciplinary measures, but it does not include an appeal mechanism where employees can express disagreement with the decision or an impartial witness during the imposition of disciplinary actions.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	

Freedom Of Association And Collective Bargaining (FOA)

Benchmark ID	FOA.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining. national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	The company has a Freedom of Association Policy, but the policy has not been communicated to employees.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.3
Benchmark Details	Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually.
Finding Details	The factory has not conducted the number of fire drills required by the law. The legal requirement is to complete four fire drills per year and the factory has only performed two fire drills.

Recommendation for Immediate Action	Ensure the required number of fire drills take place with the participation of all employees.
Compliance Classifications	Immediate Action Required
Local Law	Ley 42F artículo 173
Benchmark ID	HSE.13
Benchmark Details	All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.
Finding Details	Electrical boxes are blocked by materials in the transfer room, the sewing threads warehouse, and the plastic materials temporary warehouse.
Recommendation for Immediate Action	Ensure all electrical boxes are kept unobstructed
Compliance Classifications	Immediate Action Required
Local Law	Codigo Nacional de Electricidad Tomo V, item 2.1.15 4.
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	There were three LPG cylinders stored in the incorrect location.
Recommendation for Immediate Action	Keep all gas cylinders properly stored with the required safety measures.
Compliance Classifications	Immediate Action Required
Local Law	Decreto Supremo 27-94-EM

Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	There are no protocols to maintain social distancing in the transfer area.
Recommendation for Immediate Action	Ensure to have at least one meter distance between working stations.
Compliance Classifications	Immediate Action Required
Local Law	Decreto Supremo 094-2020-PCM Artículo 4.
Benchmark ID	HSE.17.1
Benchmark Details	Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.
Finding Details	The factory has not carried out the psychological and ergonomic monitoring assessments as required by law.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Decreto Supremo 005-2012TR Artículo 32
Hours Of Work (HOW)	
Benchmark ID	HOW.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.

Finding Details	1. The company has not implemented an overtime reduction program. From payroll and time records review, it was found that working hours exceeded 60 hours a week in several months during 2020 and 2021. 2. The Textimax Code of Conduct displayed at the factory does not mention an overtime limit, and the factory indicated that this is in compliance with the local regulation, as there is no established limit on working hours. However, an overtime policy was found that indicated workers can only work a maximum of two overtime hours per day. This overtime policy is a separate document that is not included in the employment contracts or the Internal Rules Handbook. There is no evidence that it has been published, distributed, or implemented.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HOW.21
Benchmark Details	Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.
Finding Details	1. During the payroll and time records review, excessive overtime was noted in the following months: February 2021, November 2020, June 2021 and August 2021. The average number of overtime hours each week was 12 hours, with a maximum number of overtime hours ranging from 17 to 20 hours in one week.
Recommendation for Immediate Action	Reduce overtime hours to no more than 12 hours per week.
Compliance Classifications	Immediate Action Required
Local Law	

Nondiscrimination (ND)

Benchmark ID	ND.4
Benchmark Details	Employers may not request the disclosure of any personal, non-job related information during the application, recruitment, or hiring process, including but not limited to gender, race, religion, disability, sexual orientation, nationality, political opinion, social group, ethnic origin, or marital status.
Finding Details	Job application's for worker's include questions on: age, marital status and physical condition or disability.
Recommendation for Immediate Action	Stop the practice of asking personal information not required for the position.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	ND.3
Benchmark Details	Recruitment and employment policies and practices, including job advertisements, job descriptions, application and interview questions and job performance/evaluation policies and practices shall be free from any type of discriminatory bias.
Finding Details	1. Factory establishes 18 as the minimum hiring age. This is written in the company's Policy for Minors' labor prohibition; however, the law allows hiring young workers from 15 to 18, under security and human conditions and not allowing them to work is not only discriminatory, it can also affect their survival opportunities. 2. In the "Institutional Code of Conduct", there is a chapter on worker image which shows a difference in the expectations of how men and women should dress. This Code of Conduct is informed to the employees at the onboarding process.
Recommendation for Immediate Action	Ensure to eliminate any type of discrimination in the company practices.
Compliance Classifications	Immediate Action Required

Local Law

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