

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**09 Aug 2023**



## Factory Information

FLA Affiliates	Hugo Boss AG
Country	Pakistan
Number of Workers	2883

## 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

FLA Code Element	Number of Violations
Compensation (C)	1
Employment Relationship (ER)	10
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	10

## Assessment Information

Assessor	Innovatus
Assessment Date	09 Aug 2023
Assessment Purpose	



## ASSESSMENT RESULTS

### Compensation (C)

Benchmark ID	C.6
Benchmark Details	All wages, including payment for overtime, shall be paid directly and in full within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month.
Finding Details	The facility does not make wage payments within 10 days of the end of the wage cycle, as required by law. The assessment found that around 30% of the workers had not received their complete payments for July by the 10th of August.
Recommendation for Immediate Action	Ensure that all wages are paid within 10 days of completion of the wage cycle.
Compliance Classifications	Immediate Action Required
Local Law	SECTION 10. THE INDUSTRIAL AND COMMERCIAL EMPLOYMENT (STANDING ORDERS) ORDINANCE, 1968

### Employment Relationship (ER)

Benchmark ID	ER.17.5
Benchmark Details	Employers shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.
Finding Details	The facility's grievance procedure does not explain how to track the number, types, timing and resolution of grievances and the ways in which to communicate the resolution of grievances to the workforce.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.2
Benchmark Details	Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, and pregnant or disabled workers, are implemented. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	The proportion of disabled workers in the facility is less than local law's requirement of 3%. Currently, less than 1% of the employees are disabled workers. The facility is also not paying the legally-required contributions for not meeting the 3% quota.
Recommendation for Immediate Action	Meet the requirements for hiring disabled workers or pay the contributions to the government fund if not meeting the quota.
Compliance Classifications	Immediate Action Required
Local Law	SECTION 10, THE DISABLED PERSONS (EMPLOYMENT AND REHABILITATION) ORDINANCE 1981
Benchmark ID	ER.17.1
Benchmark Details	Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives.

Finding Details	The factory's procedure on grievances does not cover preventing retaliation against or discrimination towards workers who are filing grievances, including grievances regarding harassment, abuse, violations of factory procedures, compensation, or unsafe working conditions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.
Finding Details	The assessment observed the following issues with the factory's non-discrimination procedure: 1. The procedure does not cover the protection and accommodation of pregnant workers and new mothers. 2. The procedure does not cover reasonable modifications and adjustments to accommodate specific religious, ethnic, gender, and disability-based needs of all workers within the workplace as well as within any employer-provided facilities.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.17.3

Benchmark Details	Employers shall have in place written procedures that allow a direct settlement of the grievance by the worker and the immediate supervisor. Where this is inappropriate or has failed, there should be additional options for senior management review and consideration, depending on the nature of the grievance and the structure and size of the enterprise.
Finding Details	The factory's procedure on grievance does not allow for a direct settlement of the grievance by the worker and the immediate supervisor.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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 assessment observed the following issues in the factory's disciplinary procedure: 1. The procedure does not include a statement on non-retaliation for a worker who requests a witness during the process or who files an appeal of disciplinary action. 2. The procedure mentions that if a worker is suspended during the inquiry process, he/she will receive fifty percent of his wages. This provision is not allowable under local law.
Recommendation for Immediate Action	Update the disciplinary process to align with local law.
Compliance Classifications	Immediate Action Required

Local Law	SECTION 15, THE INDUSTRIAL AND COMMERCIAL EMPLOYMENT (STANDING ORDERS) ORDINANCE, 1968
Benchmark ID	ER.7.1
Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	50% of personnel files of employees who were promoted do not include any evaluations to demonstrate on what basis the decision to promote them was made.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.4
Benchmark Details	Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas.
Finding Details	Not all workers receive training on employment functions such as compensation & benefits, working hours, freedom of association, grievance, and disciplinary procedure. The assessment found that record-keeping for worker trainings was not complete and accurate. The training notices, attendance records, and content delivered were found missing in the records.



Recommendation for Immediate Action	1. Provide training to all workers on employment functions. 2. Maintain full training records, including training notices, attendance, and content delivered.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	1. There is no evidence that policies and procedures are regularly reviewed at the factory. All policies and procedures show the revision number as "zero" and are issued on the same date i.e. 1-4-2023. There is no defined review period on the policies and procedures. 2. The factory does not ensure to include representation from the worker-management council in disciplinary actions and grievance handling.
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 disciplinary procedure does not include workers' ability to have a third-party witness during the imposition and appeal process.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
<b>Harassment Or Abuse (H/A)</b>	
Benchmark ID	H/A.8.3
Benchmark Details	Employers, shall develop, implement and monitor policy and procedures for eliminating the risk of violence, harassment, and abuse in the workplace. Policies and procedures shall include a clear statement that violence, harassment, and abuse will not be tolerated, procedures for the investigation of allegations, and measures to protect any complainants, victims, and witnesses.
Finding Details	The assessment observed the following issues with the factory's procedure on controlling harassment: 1. The anti-harassment committee does not include worker representatives. 2. The procedure does not provide details on formal and informal procedures to handle complaints. 3. The procedure does not cover the ways in which protection is provided to the complainant/victim of the harassment. 4. The procedure only covers sexual harassment and does not include other forms of harassment such as physical, verbal, psychological harassment or abuse of power.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
<b>Health, Safety And Environment (HSE)</b>	
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 facility under assessment shares the premises with two other companies. Buildings used by all three companies are located within the same compound. However, there is no joint fire drill conducted among these companies. The facility conducts fire drills for its own employees only.
Recommendation for Immediate Action	Carry out joint fire drills with the other companies sharing the premises
Compliance Classifications	Immediate Action Required
Local Law	SECTION 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT, 2019
Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	1. As per hydraulic calculations conducted a couple of years ago, the capacity of dedicated water storage for the fire hydrant system is not enough for one hour of firefighting. There are further changes in the fire hydrant system after that and there is a need to conduct hydraulic calculations incorporating all the changes to determine the sufficiency of the fire hydrant system. 2. None of the emergency exits are provided with fire-rated doors including doors in high-risk areas such as warehouses, compressor rooms, generator rooms, and doors opening towards evacuation routes. The facility uses regular metal doors with push bars installed.

Recommendation for Immediate Action	1. Carry out fresh hydraulic calculations and determine the capacity for the fire hydrant tank. Ensure the required capacity for the fire hydrant. 2. Provide rated doors on all emergency exits and exits in high-risk areas such as warehouses, compressor rooms, generator rooms, and doors opening towards evacuation routes.
Compliance Classifications	Immediate Action Required
Local Law	SECTION 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT, 2019; SECTION 10.9.1.8.13 OF THE BUILDING CODE OF PAKISTAN 2016;
Benchmark ID	HSE.5.1.6
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: evacuation procedures and fire drills
Finding Details	The facility under assessment shares the premises with two other companies. Buildings used by all three companies are located within the same compound. However, there is no coordination for identifying and addressing fire risks.
Recommendation for Immediate Action	Coordinate with other companies housed in the same premises (within the same boundary wall) to address fire risks.
Compliance Classifications	Immediate Action Required
Local Law	SECTION 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT, 2019
Benchmark ID	HSE.5.1.2
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of fire alarms;

Finding Details	1. An automatic fire detection system and fire alarm call point are not present in the waste storage area. 2. At the time of the assessment, the automatic fire detection system was being installed in Production Hall #207, which uses a hanger system. (Presently, only 50% of this Hall is operational, while the hanger system is being installed in the other half.)
Recommendation for Immediate Action	Provide an automatic fire detection system in the waste storage area and in the Production Hall.
Compliance Classifications	Immediate Action Required
Local Law	SECTION 25 THE FACTORIES ACT 1934
Benchmark ID	HSE.19
Benchmark Details	All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.
Finding Details	1. The factory has not established a food sampling procedure for the food served in the canteen. 2. The childcare facility lacks several essential amenities, including a breastfeeding room, a freezer for storing milk and food, a designated area for food preparation, a play area, and a rest area. Furthermore, the childcare room is small and can accommodate only a small number of children. At present, the childcare room remains unoccupied.
Recommendation for Immediate Action	1. Ensure food sampling for an appropriate time frame in the canteen. 2. Ensure child care room is equipped with all the required amenities to ensure a safe, comfortable, and conducive environment for childcare activities.
Compliance Classifications	Immediate Action Required
Local Law	SEC 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT, 2019; SECTION 94. PUNJAB FACTORIES RULES, 1978
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 panels placed in open areas are not ingress-protection (IP) rated. The panels are also not provided with residual current devices (RCDs) for preventing electric shocks and fire.
Recommendation for Immediate Action	1. Ensure electrical panels in open areas are IP-rated. 2. Provide RCD devices of appropriate rating in electrical panels for preventing electric shocks and fire.
Compliance Classifications	Immediate Action Required
Local Law	SEC 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT, 2019
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	1. The facility does not have markings to indicate safe driving speed for vehicles within the facility, nor does management communicate speed limits to drivers. 2. The facility does not maintain separate traffic lanes and walking paths to control the movement of vehicles in the facility. Workers' buses, loading trucks, and vehicles move within the facility. 3. Lightning arresters/protection are not provided in any area of the facility. 4. Three LPG cylinders were observed not secured/chained outside the canteen area, posing a risk of their tipping over.
Recommendation for Immediate Action	1. Provide safe speed markings/postings in the facility and communicate it to all the drivers. 2. Provide markings for traffic lanes and walking paths 3. Provide lightning arrestors on all the buildings, especially buildings having metal sheds. 4. Ensure LPG cylinders are chained to avoid the risk of falling.
Compliance Classifications	Immediate Action Required

Local Law	SEC 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT, 2019
Benchmark ID	HSE.6.1
Benchmark Details	All safety and medical equipment (e.g. fire fighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.
Finding Details	1. The facility does not have a sprinkler system installed in the shipment and accessories warehouse. 2. A dedicated backup diesel generator is not provided with the fire hydrant pump in case of emergency to provide automatic backup in case of emergency. At the moment, the fire pump is connected to the backup diesel generator that serves the whole facility, which is operated manually in case of emergency. 3. Service connections are not provided for the fire hydrant system to provide access to the municipal fire brigade. 4. An eye wash station is not provided in the generator/boiler area where chemicals are stored.
Recommendation for Immediate Action	1. Provide sprinklers in the warehouses. 2. Provide a dedicated diesel backup generator with the fire pump. 3. Provide service connections for the external fire brigade to connect with the fire hydrant system. 4. Provide eye wash facilities in the boiler and generator area,
Compliance Classifications	Immediate Action Required
Local Law	SECTION 9.3.2.28, BUILDING CODE OF PAKISTAN; SECTION 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT, 2019
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.

Finding Details	1. The government approved of the layout of buildings at the factory does not include the prayer area, workers' motorbike parking, leftover goods warehouse, elastic warehouse, or waste storage. 2. There is no fire compartmentation between the warehouses and the production departments in the cut parts warehouse, finished goods warehouse, main storage, elastic warehouse, and leftover goods warehouse. 3. The racks in the cut parts warehouse, accessories storage, and finished goods storage are damaged and tilted. The racks are not bolted to permanent positions and are missing maximum load markings. 4. The return steam pipes and the steam tank in the wood boiler section do not have insulation.
Recommendation for Immediate Action	1. Revise the building layout and get approval from the local government authority. 2. Provide fire compartmentation between warehouses to avoid the spread of fire. 3. Repair damaged racks and ensure all the racks are bolted to the ground. Also, provide load markings on the racks. 4. Provide insulation on steam pipes and tank.
Compliance Classifications	Immediate Action Required
Local Law	SEC 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT, 2019
Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.
Finding Details	The workers responsible for moving/loading materials and shipments on trolleys are not provided with safety shoes to avoid the risk of injury.
Recommendation for Immediate Action	Provide safety shoes to loaders.



Compliance Classifications	Immediate Action Required
Local Law	SECTION 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT, 2019

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