

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

22 Jul 2024



Factory Information

FLA Affiliates	Hugo Boss AG
Country	Laos
Number of Workers	2100

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
Child Labor (CL)	1
Compensation (C)	2
Employment Relationship (ER)	4
Health, Safety And Environment (HSE)	6
Hours Of Work (HOW)	5

Assessment Information

Assessor	OneStep Viet Co., Limited
Assessment Date	22 Jul 2024

Assessment Purpose	
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ASSESSMENT RESULTS

Child Labor (CL)

Benchmark ID	CL.4
Benchmark Details	Employers shall comply with all relevant laws that apply to young workers (e.g. those between the minimum working age and the age of 18), including regulations related to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.
Finding Details	Young workers worked overtime which was against the labor law. According to the labor law, young workers are prohibited from working overtime. However, sampled young workers worked overtime in May and June 2024.
Recommendation for Immediate Action	Ensure that young workers do no work overtime.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law (Amended), Article 101 (Revised)

Compensation (C)

Benchmark ID	C.9.3
Benchmark Details	Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country

Finding Details	When working on public Holiday on May 1, 2024; security guards were not paid at least 250%, 300% or 350% for overtime payment as legally required. In addition, workers who worked on public Holiday in April 2024 were paid 250% for overtime premium, instead of being paid: 250% (6:00 - 16:00), 300% (16:00 - 22:00), 350% (22:00 - 0:00) as legally required. Moreover, one security guard worked on his replacement rest day on May 2, 2024; but he was not paid for overtime premium as legally required.
Recommendation for Immediate Action	1) Overtime premium rate shall be calculated and paid sufficiently. 2) Provide the back payment for effected workers.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law (Amended), Article 115 (New)
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	No social security is applied to temporary workers (young workers) who signed a contract for less than 3 months in the factory.
Recommendation for Immediate Action	Contribute social security for workers as legally required.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law (Amended), Article 71 (Revised)
Employment Relationship (ER)	
Benchmark ID	ER.6.1

Benchmark Details	Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.
Finding Details	The factory has not developed written policies and procedures on personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.8
Benchmark Details	Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements.
Finding Details	The factory has not developed the policy and procedure regarding promotion, demotion and job reassignment.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.19.1

Benchmark Details	Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.
Finding Details	According to the labor contract: 1) Clause 16, for employees who leave without advance notice (not submit a resignation form), the remaining wage is paid on the 10th instead of the 7th and in cash, not wire as normal. 2) Clause 17, for employees who are absent or take leave for at least 16 hours during 7 days before payment day, their wages would be paid one week later instead of the 7th, and also in cash, not wire as normal.
Recommendation for Immediate Action	Revise the terms of employment contract to comply with legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law (Amended), Article 110 (Revised)
Benchmark ID	ER.3.1
Benchmark Details	Employers shall provide an orientation to new employees at the time of hiring, which includes explanations of the employers' rules, compensation package and policies for human resources, grievance systems, industrial relations, including respect of the right to freedom of association, workers' rights and responsibilities, FLA Code of Conduct, health and safety, and environmental protection.
Finding Details	Employees are not aware of Company Code elements and Employment Functions.
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 fire drill in shift 3 (0:00 – 8:00) for the injection section during past year. There are approximately 20 workers of this section working in 3 shifts (8:00 – 16:00, 16:00 – 0:00 and 0:00 – 8:00).
Recommendation for Immediate Action	Ensure that all workers of all shifts participate in a full evacuation drill at least annually.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	Hazardous waste (around ten containers of used chemical) was stored near the maintenance room instead of being stored in the designated hazardous waste storage.
Recommendation for Immediate Action	Ensure that hazardous waste is stored in designated hazardous waste storage.
Compliance Classifications	Immediate Action Required
Local Law	Law on Hygiene, Disease Prevention and Health Promotion, Article 19
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	There is no hand drying means provided (e.g. tissue or drying facility) at the toilets. In addition, no toilet tissues were provided to the workers.
Recommendation for Immediate Action	Provide tissue and hand drying mean for toilet.
Compliance Classifications	Immediate Action Required
Local Law	Law on Hygiene, Disease Prevention and Health Promotion, Article 18
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	1) Traffic lanes and walking paths are not marked to ensure the safely traffic practice, 2) All sole grinding machines are not equipped with an emergency stop mechanism. The covers of approximately 30% of grinding machines are from the carton paper instead of the original cover; 3) The factory has not developed the lockout tag-out program and equipped the lockout device for the maintenance team.
Recommendation for Immediate Action	1) Ensure traffic lanes and walk paths clearly are marked; 2) Equip safety guard and an emergency stop mechanism for machines; 3) Develop a complete lockout-tag-out maintenance safety system.
Compliance Classifications	Immediate Action Required
Local Law	Law on Hygiene, Disease Prevention and Health Promotion, Article 18
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) Excessive underground water exploitation: a. In 2023, the factory exploited and used 59,404 cubic meters of underground water which exceeded the limit of 47,450 cubic meters regulated in the underground exploitation permit; b. In June – July 2024, the underground water exploitation exceeded the limit of 130 cubic meters regulated in the underground exploitation permit. For example, the factory used 190 cubic meters on June 10, 2024. 2) The factory has not conducted the asbestos assessment.
Recommendation for Immediate Action	1) Comply with the limit of underground water exploitation as regulated in the license. 2) Develop proper steps to ensure that workers are not exposed to asbestos;
Compliance Classifications	Immediate Action Required
Local Law	Law on Water and Water Resources (Amended) 2017, Article 47 and Agreement on groundwater management Ministry of Natural Resources and Environment No. 1509/MONRE, Article 11
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 does not provide chairs with backrests for workers performing prolonged sitting jobs (e.g. stitching and assembling section) and standing mats for workers performing prolonged standing jobs (e.g. cutting, shoe-forming) at the laser area.
Recommendation for Immediate Action	Provide anti-fatigue mats for workers performing prolonged sitting jobs.
Compliance Classifications	Immediate Action Required
Local Law	N/A

Hours Of Work (HOW)

Benchmark ID	HOW.22.2
Benchmark Details	Accurate time records shall be maintained by employers, including overtime, breaks, and leave.
Finding Details	The time records and payroll records could not fully be verified due to the following reasons: 1) Workers who worked on Sunday (such as in February 2024, May 2024, June 2024) were not recorded on the system. The factory management shared that workers preferred to receive Sunday work's payment in cash. There was a manual time record for these days. 2) Young workers who worked overtime (such as in June 2024) were not recorded on the system. There was a manual time record for these days. 3) Security staff working on national Holidays (such as on May 1, 2024) were not recorded on the system.
Recommendation for Immediate Action	Obtain the accurate attendance and payroll record.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HOW.3
Benchmark Details	Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with national laws.
Finding Details	Security guards are provided 30 minutes of rest period during working hours, instead of being provided 60 minutes of rest as per company's regulations.
Recommendation for Immediate Action	Provide break for workers as mentioned by company regulation.
Compliance Classifications	Immediate Action Required

Local Law	Labor Law (Amended), Article 51 (Revised)
Benchmark ID	HOW.11.1
Benchmark Details	Employers shall provide workers with paid annual leave as required under national laws, regulations and procedures.
Finding Details	The facility allows employees to choose to take annual leave for 15 days per year or get paid for annual leave per month instead which is against the legal requirements.
Recommendation for Immediate Action	Provide annual leave for workers as legally required.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law (Amended), Article 57 (Revised)
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	Some workers worked more than 60 hours per week (such as in February 2024, May 2024, June 2024) including regular working hours plus overtime hours. They worked up to 69 hours per week.
Recommendation for Immediate Action	Ensure workers to not work more than 60 hours per week.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HOW.2

Benchmark Details	Workers shall be entitled to at least 24 consecutive hours of rest in every seven- day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same seven-day period or immediately following.
Finding Details	Sunday work was found from manual time records in February 2024, May 2024, June 2024, which led to the fact that some workers worked up to 13 consecutive working days without the rest days.
Recommendation for Immediate Action	Ensure that workers receive 24 consecutive hours of rest every seven days.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law (Amended), Article 54

