



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Hugo Boss AG
COUNTRY: Italy
ASSESSMENT DATE: 09/28/17
ASSESSOR: FLA EMEA
PRODUCTS: Apparel
NUMBER OF WORKERS: 108

Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The factory does not have its own written policies and procedures on Recruitment, Hiring & Personnel Development, Industrial Relations, Grievance System, Termination and Retrenchment, Health, Safety and Environmental Protection. The factory follows general provisions of collective bargaining agreement as a management system, that includes all working conditions and procedures.
2. The factory does not have procedures on measures to protect the reproductive health of workers through minimizing exposure to workplace hazards, steps for workers to raise health and safety concerns or protection against retaliation for workers who raise health and safety concerns.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.28, ER.29, ER.30, ER.31, and ER.32; Health, Safety & Environment Benchmark HSE.1, Non-Discrimination Benchmark ND.8)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title

1.1 Development and implementation of the measures

Details

The project of development and implementation of the measures concerning the requested adjustments about Recruitment, Hiring & Personnel Development, Industrial Relations, Grievance System, Termination and Retrenchment, Health, Safety and Environmental Protection, will be completed and delivered to Hugo Boss on the planned completion date.

Planned Completion Date

10/31/18

Planned completion date

02/10/18

Company Action Plan Update

The factory works with an external consultant to solve this finding. Implementation will start after the summer break 2018.

Action Plan no 2.

Description

Action Plan Title

1.2 The reproductive health of workers

Details

The factory will adopt procedures on measures to protect the reproductive health of workers, minimizing exposure to workplace hazards.

Planned Completion Date

10/31/18

Planned completion date

02/10/18

Company Action Plan Update

The factory works with an external consultant to solve this finding. Implementation will start after the summer break 2018.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory provides orientation training to the workers verbally; however, the training does not cover Freedom of Association, Recruitment, Hiring & Personnel Development and Workplace Conduct & Discipline practises of the factory. Additionally, the factory does not provide a written documentation that substantiates all issues covered in the orientation. ER.15
2. The factory does not provide ongoing training on any of the Employment Functions except Health & Safety. ER.1 ER.15 ER.25
3. The factory does not provide specific training to supervisors on any of the Employment Functions. ER.1 ER.17 ER.27
4. The factory does not provide training on lifting technics to the relevant workers HSE.17

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25 and ER.27, Health, Safety & Environment Benchmark HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title

2.1 Orientation training to the workers

Details

The company will provide to organize orientation training to the workers including workplace conduct & discipline, recruitment, hiring, Freedom of Association, with a written documentation.

Planned Completion Date

10/31/18

Planned completion date

02/10/18

Company Action Plan Update

The factory works with an external consultant to solve this finding. Implementation will start after the summer break 2018.

Action Plan no 2.

Description

Action Plan Title

2.2 training on employment functions

Details

The factory is planning training for production workers with different functions, the dates are not yet scheduled.

Planned Completion Date

10/31/18

Planned completion date

02/10/18

Company Action Plan Update

The factory works with an external consultant to solve this finding. Implementation will start after the summer break 2018.

Action Plan no 3.

Description

Action Plan Title

2.3 specific training to supervisors

Details

The factory is planning specific training to supervisors for the year 2018. The dates are not yet scheduled.

The factory works with an external consultant to solve this finding. Implementation will start after the summer break 2018.

Planned Completion Date

10/31/18

Planned completion date

02/10/18

Company Action Plan Update

The factory works with an external consultant to solve this finding. Implementation will start after the summer break 2018.

Action Plan no 4.

Description

Action Plan Title

2.4 Training on lifting technics

Details

The factory does provide Training on Lifting technics to the relevant workers.

See attached. Signed Health and Safety Training including Lifting technics

Planned Completion Date

12/20/17

Planned completion date

02/10/18

Company Action Plan Update

The factory does provide Training on Lifting technic to the relevant workers.

See attached. Signed Health and Safety Training including Lifting technics

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The worker integration component is missing across Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Termination & Retrenchment and Environmental Protection. Workers are neither systematically integrated nor consulted in decision-making processes. ER.1 ER.25
2. The factory does not clearly communicate the internal union agreement (an addendum to the general collective bargaining agreement based on the region of the country), to workers. 75% of the interviewed workers were not aware of the requirements of internal union agreement. Nor does the factory provide a copy of the collective bargaining agreement to workers. ER.16

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16 and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title

3.1 Worker integration Component

Details

The factory is planning to provide a complete component in the planned completion date.

Planned Completion Date

12/31/18

Planned completion date

02/10/18

Company Action Plan Update

The factory works with an external consultant to solve this finding. Implementation will start after the summer break 2018.

Action Plan no 2.

Description

Action Plan Title

3.2 Communication of collective bargaining agreement

Details

The Factory will provide a copy of collective bargaining agreement to all workers and delivered to you the signed copies by January 15, 2018.

Planned Completion Date

01/15/18

Planned completion date

02/10/18

Company Action Plan Update

The factory provided a copy of the collective bargaining agreement. The attachment guarantees the action with the worker's signatures.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Since the employment contracts are prepared and kept by an external consultant firm, employees' files are not kept in the factory; even though hiring process is made directly by the factory. While files were provided for review, copies of official age documentation, also maintained by the consultant firm, were not available for review. Management reported that not all of age documentation is kept on file. (Note : There was no indication that the facility hired any underage or young workers.)

2. The factory renews employment contracts repetitively for temporary workers. 8 workers' employment contracts were renewed multiple times with a maximum of 5 times during a period of 3 years. While Italian labor law allows for serial renewal of contracts, the practice is in violation of FLA Workplace Code.

Local Law or Code Requirement

FLA Workplace Code (Child Labor Benchmarks CL.1; Employment Relationships Benchmarks ER.4, ER.11)

Recommendations for Immediate Action

1. Keep copy of official age documentation for all workers.

2. Ensure that employment contracts are not repetitively renewed with multiple short terms. Temporary workers shall be hired only if these conditions are valid:

- The permanent workforce of the enterprise is not sufficient to meet unexpected or unusually large volume of orders,
- Exceptional circumstances may result in great financial loss to the supplier if delivery of goods cannot be met on time;
- Or work that needs to be done and is outside the professional expertise of the permanent workforce.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title
4.1 Storage of employee documents
Details
The Factory is creating an archive with all the documentation related to the employees.
Planned Completion Date
01/15/18

Planned completion date
02/10/18

Company Action Plan Update
Company has created a digital file of each worker with all the information. A person in charge to kept the files was assigned.

Action Plan no 2.

Description
Action Plan Title
4.2 Temporary workers contract
Details
The transformation from temporary workers to full-time contracts was successful
Planned Completion Date
10/31/18

Planned completion date
02/10/18

Company Action Plan Update
The transformation from temporary workers to full-time contracts was successful

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation
Working hours records do not contain information on pregnant and lactating workers.

Local Law or Code Requirement
FLA Workplace Code (Hours of Work Benchmark HOW.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description
Action Plan Title
5.1 Working Hours Records - pregnant and lactating workers
Details
The factory will modify working hour records.
Planned Completion Date
01/15/18

Planned completion date
02/10/18

Company Action Plan Update
The factory implemented the working time sheet with information of pregnant and lactating workers.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. Based on interviews, workers are aware of deduction of union dues from their paycheck, but no written consent by the workers for the deduction of union dues was provided for review.
2. The factory does not use electronic or other foolproof system for tracking working hours; time sheets are filled in and signed directly by the workers.

Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmarks C.5, C.6, and C.11)

Recommendations for Immediate Action

Ensure that all working hours are fully and accurately recorded.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title

6.1 Deduction of union dues

Details

Planned Completion Date

12/20/17

Planned completion date

02/10/18

Company Action Plan Update

The factory provides the following documents:

- 1) written consent by the workers for the deduction of union dues
- 2) copy of the signed payroll on which the deduction is evident.

Action Plan no 2.

Description

Action Plan Title

6.2. Tracking working hours

Details

Planned Completion Date

12/20/17

Planned completion date

02/10/18

Company Action Plan Update

The time Sheets are filled in and signed directly by workers.

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

Suggestion box is located at the entrance of the factory instead of places that would ensure confidentiality such as restrooms or locker rooms. ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title

7.1 Location Suggestion Box
Details

Planned Completion Date
12/20/17

Planned completion date
02/10/18

Company Action Plan Update

The factory moved the Suggestion box to a more discreet place. (The room immediately before entering in the Toilette))

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory does not keep records regarding the disciplinary actions. ER.2
2. Disciplinary actions are not witnessed by a third party during imposition. ER.27

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title

8.1 Records regarding disciplinary actions
Details

Up to now it has not been necessary to activate written disciplinary procedures for employees.
The company will define an internal procedure and provide the document on the target completion date.

Planned Completion Date
10/31/18

Planned completion date
02/10/18

Company Action Plan Update

Work is in progress. Company works with an external service provider to solve this finding. Please see Attachement for progress

Action Plan no 2.

Description

Action Plan Title

8.2 Policy on disciplinary action
Details

Up to now it has not been necessary to activate written disciplinary procedures for employees.
The company will define an internal procedure and provide the document on the target completion date.

Planned Completion Date
10/31/18

Planned completion date

02/10/18

Company Action Plan Update

Work in progress. Company is working with an external service provider. Please see attachment for progress

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The workers smoke near the emergency exit or the factory building where the compressor is located. HSE.5
2. Trolleys of fabric rolls was obstructing evacuation route through the assembly area. (Note: They were removed during the assessment.) HSE.5
3. There were unlabelled bottles in maintenance room, which appeared to contain machine oils. HSE.9
4. No safety instructions were found posted near or on the machinery. HSE.14
5. The factory does not implement lockout-tagout (LOTO) program to lock out equipment when needed. HSE.14

Local Law or Code Requirement

Legislative Decree 81/2008, Article 294, Annex IV, 1.5.9 and Annex XXIV, 12; FLA Workplace Code and Benchmark (Health, Safety & Environmental Benchmarks HSE.5, HSE.9 and HSE.14)

Recommendations for Immediate Action

1. Ensure that smoking is prohibited within 15 meters of all closed areas and places near machinery which carry risk of explosion.
2. Ensure that all evacuation routes are free from obstruction.
3. Label each chemical container in the factory properly.
4. Provide safety instructions near or on the machinery
5. Implement lockout-tagout (LOTO) program.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title

9.1 Smoking Area

Details

Planned Completion Date

12/20/17

Planned completion date

02/10/18

Company Action Plan Update

Appropriate signals no-smoking area have already been placed in the designated areas.

Action Plan no 2.

Description

Action Plan Title

9.2. Obstruction of evacuation route

Details

The health & safety manager make periodic check to ensure that all the evacuation routes are constantly free from any obstacle.

Planned Completion Date

10/31/18

Planned completion date

02/10/18

Company Action Plan Update

On 4 July, safety procedures were correctly applied and the escape routes were free.

Action Plan no 3.

Description

Action Plan Title

9.3 Labelling of Bottles

Details

The factory already has proceeded to label the bottles, clearly indicating the content.

Furthermore the person responsible is keen on improving the situation.

Planned Completion Date

10/31/18

Planned completion date

02/10/18

Company Action Plan Update

All bottles have been labeled

Action Plan no 4.

Description

Action Plan Title

9.4 Safety Instructions on Machinery

Details

Planned Completion Date

12/20/17

Planned completion date

02/10/18

Company Action Plan Update

All the machines are homologated and already equipped with safety instructions.

Action Plan no 5.

Description

Action Plan Title

9.5 LOTO

Details

Planned Completion Date

01/15/18

Planned completion date

02/10/18

Company Action Plan Update

The Company has been equipped with a lockout-tagout device on the target completion date.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory was found not to be taking any step to reduce repetitive motion stress. HSE.17
2. No lightning protection system is installed. HSE13
3. The factory does not keep records related to workplace accidents, injuries and illnesses. HSE.1 HSE.3

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1, HSE.3, HSE.13 and HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title

10.1 Repetitive motion stress

Details

The factory is developing a program to reduce the repetitive Motion stress.

Planned Completion Date

08/31/18

Planned completion date

02/10/18

Company Action Plan Update

On 3 August 2018, the factory staff will be trained by experts in the field.

Action Plan no 2.

Description

Action Plan Title

10.2 Lightning protection system

Details

The factory is remediating the issue.

Planned Completion Date

10/31/18

Planned completion date

02/10/18

Company Action Plan Update

Kindly note that HUGO BOSS and the company agreed that there is no need to install a lightning protection system. The company worked with an external service provider and conducted a technical risk test which explains that there is no need to install a system

Action Plan no 3.

Description

Action Plan Title

10.3 Records on workplace accidents, injuries and illnesses

Details

Planned Completion Date

12/20/17

Planned completion date

02/10/18

Company Action Plan Update

The factory provided a policy on workplace accidents.