

Questions for garment brands re Syrian refugees in Turkey

October 2016

Company: Hugo Boss

1. Does your company have a policy specifically prohibiting discrimination & exploitative practices against Syrian refugees? How is this policy communicated to vendors in Turkey?

Basically, HUGO BOSS has a Code of Conduct and the HUGO BOSS Social Standards as core documents, which internally and externally rule business relationships including the general prohibit of discrimination and exploitative practices.

The HUGO BOSS Code of Conduct is a binding set of rules for all internal employees, which will be of assistance when dealing with the challenges, both ethical and legal, that arise in the course of strategic and operational work. The HUGO BOSS Code of Conduct applies in equal measure to everyone at HUGO BOSS throughout the world.

The HUGO BOSS Code of Conduct states in terms of discrimination and exploitative practices:

“Naturally, we respect human rights and are committed to ensuring that we comply with them. These rights include above all the protection of the personal dignity and privacy of each individual. Consequently, we do not accept discrimination against an employee, a business partner or any third party on the basis of gender, race, skin color, ethnic origin,

religious belief, age, disability, membership in a trade union or political party, sexual orientation or marital status.”

(Please see HUGO BOSS Code of Conduct, Page

3: http://group.hugoboss.com/files/Code_of_Conduct.pdf)

The HUGO BOSS Social Standards, which specify the fundamental rights for the employees of HUGO BOSS suppliers and contain basic environmental requirements. The Social Standards are based on the Core Conventions of the International Labor Organization (ILO) as well as the United Nations Universal Declaration of Human Rights.

They also state in terms of discrimination and exploitative practices:

“All employees must receive equal treatment and opportunities regardless of their race, color, gender, age, social, ethnic or national origin, faith, affiliation with employee organizations (including trade unions), political opinions, sexual orientation, marital status or any personal disability, being pregnant, or any other personal characteristics.

The principle of equal treatment shall apply in particular to the hiring process, discipline, retirement and termination of employees, the payment of salaries and company pensions as well as in relation to promotions.”

(Please see HUGO BOSS Social Standards, Page

2: http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_...rds.pdf)

Additionally, HUGO BOSS has provided an official letter to all of its Turkish suppliers in order to react to the challenging situation of refugee hosting with special care, especially Syrian refugees. Within this letter HUGO BOSS informs its Turkish suppliers furthermore about the “Regulation on Work Permit of Refugees Under Temporary Protection”, which

enables the issuance of work permits and allows refugees for an official employment of appropriate working conditions.

Should HUGO BOSS become aware of any employment of Syrian refugees in the course of visits, audits or by notice through suppliers themselves, HUGO BOSS would check on compliance with the HUGO BOSS Social Standards in detail.

2. How many first tier Turkish vendors does your company have?

Currently HUGO BOSS is working with 25 first tier suppliers in Turkey.

3. How many have been audited since in the last year? What percentage of audits have been unannounced?

HUGO BOSS has performed Social Compliance Audits for all Turkish suppliers within the last year. Based on the respective audit result and observation, HUGO BOSS schedules the sequence of audits between 3 and 18 months.

Unannounced audits usually come into place in case of indications of breaches of the Social Standards or in case of incidents identified during an audit. Thus, the above mentioned Social Compliance Audits were announced to the suppliers.

Nevertheless, HUGO BOSS reserves the right to perform worldwide unannounced Social Compliance Audits, in case of suspected irregularities concerning its HUGO BOSS Social Standards:

“The supplier agrees that HUGO BOSS may, at any time, without prior notice, verify during normal business hours that the supplier or its affiliates are complying with the

Social Standards or have compliance verified by one or more individuals or organizations designated by HUGO BOSS.”

(Please see HUGO BOSS Social Standards, Page

4: http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Social_Standards.pdf)

4. Does your company carry out audits beyond the first tier? If so what percentage of second & third tier Turkish suppliers have been audited in the last year and what percentage of these audits have been unannounced?

Active finished-goods suppliers are audited in accordance with defined criteria (e.g. sales volume) at regular intervals. Most raw-material suppliers are evaluated through Self-Assessments, but some are also monitored through audits. Overall, a total number of 271 audits were carried out at 234 production facilities in 2015. Considering the finished goods producers, the audit quota of audits is 92%. In 2014, HUGO BOSS has newly introduced this Self-Assessment Tool beyond the first tier to receive more information about factory standards and working conditions. During 2015, 51% of the significant suppliers were covered by this means and the Self-Assessment performance is currently being extended.

As mentioned above, HUGO BOSS reserves the right to perform worldwide unannounced Social Compliance Audits, in case of suspected irregularities within its HUGO BOSS Social Standards:

“The supplier agrees that HUGO BOSS may, at any time, without prior notice, verify during normal business hours that the supplier or its affiliates are complying with the

Social Standards or have compliance verified by one or more individuals or organizations designated by HUGO BOSS.”

(Please see HUGO BOSS Social Standards, Page

4: http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Social_Standards.pdf)

5. Do the audit & monitoring teams have Arabic-speakers who have received special training tailored to the situation of Syrian refugees, and do they speak with the workers confidentially?

HUGO BOSS suppliers are not in the border area of Syria. They are mainly located in the west of Turkey. Also, HUGO BOSS hasn't identified any Syrian workers at its suppliers. The audits are usually performed by local auditors.

Should HUGO BOSS become aware of any employment of Syrian refugees in the course of visits our audits HUGO BOSS would check on compliance with its standards in detail and make use of Arabic speaking translators, who are well aware of the situation of Syrian refugees.

Worker interviews are generally an essential part of the Social Compliance Audits and focus on the survey about general working conditions as well as on the discrimination and exploitative practices, time recording and pay slips. The worker interviews are done in a confidential set-up to ensure a safe environment for the employees. The auditors are trained on grievance mechanisms, which give all workers the option to address complaints confidentially either during an audit or after the audit.

Furthermore, due to the participation of HUGO BOSS with the FLA, all workers can use the anonymous complaint procedure provided by the FLA. HUGO BOSS is obliged to investigate, follow-up and remedy these cases.

6. How does your company address the possibility of undeclared subcontracting in its supply chain?

According to the HUGO BOSS General Contract Agreement between HUGO BOSS and its suppliers, they have to disclose their engagement with subcontractors and sub-suppliers.

This has to be in consent with HUGO BOSS prior to subcontracting. (Please see HUGO BOSS Annual Report 2014, Page

65: https://group.hugoboss.com/files/user_upload/Investor_Relations/Finanzbe... port_2014.pdf)

HUGO BOSS agrees with its suppliers on a contractual seasonal planning before placing the orders to ensure a reliable capacity planning for the supplier. This includes volumes and delivery dates, which suit the supplier's individual production capacity.

7. Has your company identified supplier factories employing Syrian refugees in the last year? If the answer is yes please state how many factories, if possible

No. HUGO BOSS has not identified any Syrian workers at our suppliers.

8. Has your company identified supplier factories employing Syrian child refugees in the last year? If the answer is yes please state how many factories, if possible

No. HUGO BOSS has not identified any Syrian workers at our suppliers.

9. When Syrian refugees are identified at a supply factory, what process does your company expect the supplier to follow? In particular please state whether they remain in employment.

As HUGO BOSS has not identified any Syrian workers at its suppliers, there has no special process followed up until yet.

HUGO BOSS points out within its official letter to all of its Turkish suppliers, that HUGO BOSS strictly requests equal treatment of employed refugees to local workers. Within this letter HUGO BOSS informs its Turkish suppliers about the “Regulation on Work Permit of Refugees Under Temporary Protection”, which enables the issuance of work permits and allows refugees for an official employment of appropriate working conditions.

In case Syrian refugees are holding a valid working permission, they are allowed to work in the suppliers’ factory. Following the HUGO BOSS Social Standards, migrant employees holding a valid working permission, shall be treated equally like local workers. The workers shall get adequately informed about their rights under the HUGO BOSS Social Standards.

10. Does your company have a remediation plan that addresses instances of discrimination/abuse against Syrian refugees in its supply chain? If yes please provide details of the plan, how it is communicated to refugees, and examples of outcomes if available.

Remediation plans are based on the suppliers’ performance at the HUGO BOSS Social Compliance Audits.

Due to the partnership approach of the HUGO BOSS Audit System the auditor should give substantial support for the start of the improvement process during the HUGO BOSS Social Compliance Audit. Any breaches against the HUGO BOSS Social Standards, including any discrimination or exploitative practices, along with the corrective actions as well as their dates of completion are discussed and agreed with the factory management. This is combined with a comprehensive and detailed corrective action plan (CAP).

A written corrective action plan (CAP) is an integral part of the audit report, which HUGO BOSS provides to its suppliers after each audit. It contains all individual incidents the auditor found in the factory as well as the necessary steps that need to be taken in order to comply with the HUGO BOSS Social Standards and the local law. The CAP as the working plan for the factory is the core document for the implementation of the improvement process. It requires the supplier to fill in the performed corrections according to each finding stated in the CAP.

HUGO BOSS checks implementation of these scheduled corrective actions in follow-up audits and prepares detailed documentation for tracking the action taken.

11. Does your company work with any local NGOs or trade unions to provide remediation services to refugees?

In case HUGO BOSS receives indications or information about breaches of required standards, the company is actively engaging with external parties such as mediators for example to work on an improvement according to the requirements of the respective situation. For this HUGO BOSS relies on professionals with a strong expertise in the area of human rights.

In the consideration of Syrian refugees, HUGO BOSS does not cooperate with any local NGOs etc. but is open for any kind of dialog.

Furthermore, due to the participation of HUGO BOSS with the FLA, the workers, which include in fact Syrian refugees, can use the anonymous complaint procedure provided by the FLA. HUGO BOSS is obliged to investigate in such cases, follow-up and remedy these cases.

(Please see HUGO BOSS Sustainability Report 2015, Page 59-

60: https://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Nachhaltigkeitsbericht/Sustainability_Report_2015.pdf)

12. As Syrian refugees cannot receive social security benefits at this time, is your company taking steps to ameliorate the impact of this?

Not applicable due to the described above.

13. Has your company undertaken any specific training with its first tier suppliers on this issue?

All aspects of the HUGO BOSS Social Standards including anti-discrimination are an essential part of the relationships with suppliers thus is taken into account when informing and training the HUGO BOSS suppliers. Besides that, HUGO BOSS has informed the suppliers in Turkey, see question 1 et seq. in order to raise awareness and to provide direct contact in case this becomes necessary.

14. What steps has your company taken to ensure that your policies/approach are being implemented by suppliers beyond the first tier?

The HUGO BOSS Social Standards define a process to ensure that also partners of our suppliers comply with the HUGO BOSS Social Standards or even stricter standards set by the supplier.

“The supplier is obliged to advise his subcontractors and sub suppliers on their obligation to comply with the HUGO BOSS Social Standards and to monitor and enforce in an appropriate manner compliance with the HUGO BOSS Social Standards. In particular, the supplier will agree on a suitable arrangement with its subcontractors and sub suppliers which allows HUGO BOSS the right to conduct audits in accordance with these Social Standards.” (Please see HUGO BOSS Social Standards, Page

1: http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Social_Standards.pdf)

15. Does your company engage with local civil society groups and trade unions on this issue, for instance, in negotiating a policy position & carrying out risk mapping?

[HUGO BOSS answered questions 15-18 together]

As HUGO BOSS has not identified any Syrian workers at its suppliers, there is no engagement with local civil society groups and trade unions on this issue on dealing with Syrian refugees in place.

Should HUGO BOSS become aware of any employment of Syrian refugees in the course of visits, audits or by notice through the suppliers themselves, HUGO BOSS would check on compliance with the HUGO BOSS Social Standards in detail and undertake if necessary any steps to engage with local civil society groups or trade unions in order to define further processes.

16. Does your company work with trade unions on identifying health & safety risks for Syrian refugees (where communication may be difficult)?

[HUGO BOSS answered questions 15-18 together]

As HUGO BOSS has not identified any Syrian workers at its suppliers, there is no engagement with local civil society groups and trade unions on this issue on dealing with Syrian refugees in place.

Should HUGO BOSS become aware of any employment of Syrian refugees in the course of visits, audits or by notice through the suppliers themselves, HUGO BOSS would check on compliance with the HUGO BOSS Social Standards in detail and undertake if necessary any steps to engage with local civil society groups or trade unions in order to define further processes.

17. Does your company work with trade unions or other partners to offer training and education programmes for refugees?

[HUGO BOSS answered questions 15-18 together]

As HUGO BOSS has not identified any Syrian workers at its suppliers, there is no engagement with local civil society groups and trade unions on this issue on dealing with Syrian refugees in place.

Should HUGO BOSS become aware of any employment of Syrian refugees in the course of visits, audits or by notice through the suppliers themselves, HUGO BOSS would check on compliance with the HUGO BOSS Social Standards in detail and undertake if necessary any steps to engage with local civil society groups or trade unions in order to define further processes.

18. Has your company engaged the Turkish Government regarding the legal framework for Syrian refugees?

[HUGO BOSS answered questions 15-18 together]

As HUGO BOSS has not identified any Syrian workers at its suppliers, there is no engagement with local civil society groups and trade unions on this issue on dealing with Syrian refugees in place.

Should HUGO BOSS become aware of any employment of Syrian refugees in the course of visits, audits or by notice through the suppliers themselves, HUGO BOSS would check on compliance with the HUGO BOSS Social Standards in detail and undertake if necessary any steps to engage with local civil society groups or trade unions in order to define further processes.

19. Please provide any further information regarding your company's activities on this issue which you think are relevant.

Based on our Corporate Citizenship strategy, HUGO BOSS supports children in their personal development especially by granting them access to education. As part of this engagement, HUGO BOSS has a long-term partnership with UNICEF. HUGO BOSS supports UNICEF's program for refugee children for example with the aim of offering them a better future and despite the dramatic conditions they find themselves in – where possible – access to education. The focus of this aid for refugee children is in Syria itself and neighboring countries. UNICEF has also built temporary schools in refugee camps where children from both inside and outside the camps can attend classes and enjoy at least one aspect of a normal upbringing.