

KNOWTHECHAIN | QUESTIONS REGARDING FORCED LABOUR RISKS IN YOUR COMPANY'S LEATHER SUPPLY CHAIN

In countries including but not limited to Pakistan, Bangladesh and India, leather processing is characterised by hazardous and poor working conditions, which may be early indicators or eventually lead to forced labour.¹ In countries including India and China forced labour risks have been documented. Through this questionnaire, KnowTheChain would like to get a better understanding of how your company is addressing risks related to forced labour specifically in its leather supply chain.

In answering these questions, **please indicate where your company's policies or practices specifically apply to cattle sourcing, leather processing or leather goods manufacturing countries at risk of forced labour and human trafficking** such as **Brazil, China and India**² or other countries where you might have identified forced labour risks.

Please note the information in blue indicates relevant existing information identified for your company.

Sources:

- **HUGO BOSS Social Standards:**
http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Supplier_Map.pdf
- **HUGO BOSS Annual Report 2016:**
https://group.hugoboss.com/files/user_upload/Investor_Relations/Finanzberichte/2017/Annual_Report_2016.pdf
- **HUGO BOSS Sustainability Report 2015:**
https://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Nachhaltigkeitsbericht/Sustainability_Report_2015.pdf
- http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Supplier_Map.pdf
- <http://www.fairlabor.org/>
- <https://www.textilbuendnis.com/en/>

Traceability:

1. Leather goods manufacturing:
 - a. In which countries does your company and/or your suppliers manufacture leather goods (option to indicate percentage or volume of supply from each country)?

HUGO BOSS works with carefully selected partners that satisfy stringent requirements like, for example, the HUGO BOSS Social Standards and environmental standards. Compliance with the local law is also expected from all partners.

¹ Associated Press (2017) - [Report examines grim Bangladesh leather trade, links to West](#); India Committee of the Netherlands (2017) - [Do leather workers matter?](#); Undark (2017) - [Skin Deep: Feeding the Global Lust for Leather](#); SOMO (2016) - [Hell-bent for leather. Labour conditions in the leather industry in Pakistan](#); Human Rights Watch (2012) – [Toxic tanneries](#).

² The [US Department of Labor](#) identified risk of forced labour in the cattle industry in Brazil, the leather industry in China, as well as related to sourcing leather goods / accessories from India.

The HUGO BOSS Social Standards specify the fundamental rights for the employees of HUGO BOSS' suppliers and are based on the internationally recognized core conventions of the International Labour Organization (ILO) and the Universal Declaration of Human Rights of the United Nations.

Leather makes up slightly more than 10 % of the materials used within HUGO BOSS collections. The HUGO BOSS leather goods manufacturing suppliers are based in the following countries:

Europe:

- Italy
- Portugal
- Romania

Africa:

- Tunisia

Asia:

- China
- India
- Laos
- Sri Lanka
- Turkey

Leather production in Bangladesh is stopped by the third quarter of 2017.

HUGO BOSS has published a supplier map with information of the countries of its finished goods suppliers on the company website:

http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Supplier_Map.pdf

Further sources:

HUGO BOSS Annual Report 2016 (p.58):

https://group.hugoboss.com/files/user_upload/Investor_Relations/Finanzberichte/2017/Annual_Report_2016.pdf

HUGO BOSS Social Standards (p.1):

https://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Social_Standards.pdf

HUGO BOSS Sustainability Report 2015 (p.69):

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

- b. What are the names and addresses of your company's and/or your suppliers' leather goods manufacturers? Please indicate the nature of your relationship to them, e.g. direct owned or purchasing only (option to indicate workforce data you deem relevant, such as workforce composition (e.g. percentage of informal/migrant/female workforce) or rate of unionisation). What are the names of the persons legally responsible for the production facilities?

Currently HUGO BOSS does not disclose the names and addresses of its suppliers, but nevertheless provides transparency on their locations in the above mentioned map. HUGO BOSS intends to further increase the transparency-level in the future.

2. Leather processing / tanneries:

- a. In which countries does your company and/or your suppliers process and produce leather?

The most relevant countries in which HUGO BOSS suppliers process and produce leather are:

Europe:

- France
- Great Britain
- Italy

USA

New Zealand

Asia:

- China
- India
- Pakistan
- Turkey

- b. What are the names and addresses of your company's and/or your suppliers' tanneries? Please indicate the nature of your relationship to them, e.g. direct owned or purchasing only (option to indicate workforce data you deem relevant, such as workforce composition (e.g. percentage of informal/migrant/female workforce) or rate of unionization). What are the names of the persons legally responsible for the production facilities?

At this point in time HUGO BOSS does not disclose the names and addresses of either suppliers or tanneries.

However, transparency for the finished goods suppliers will be created within 2017.

Purchasing practices:

3. How does your company use its leverage to influence its leather supply chain with regards to labour practices and/or reward suppliers with good labour practices?

All new suppliers are assessed according to their social, economic and environmental standards within an on boarding process:

Compliance with the HUGO BOSS Social Standards is a mandatory pre-condition for starting a business relationship for both leather goods and textile goods manufacturers. Before entering into a direct collaboration with HUGO BOSS, adherence to the HUGO BOSS Social Standards is checked with either local Social Compliance Audits or process based local assessments. HUGO BOSS conducts regular audits as part of the collaboration with a partner and also performs unannounced audits.

Further, analysis takes place during the vendor performance rating (twice a year). Current analysis is based on social, environmental and economic topics. HUGO BOSS focuses on all regions of its operations within its supply chain covering leather goods, as well as textile goods suppliers.

HUGO BOSS provides each supplier with a written audit report, which also includes a Corrective Action Plan (CAP), after the audit. It contains all individual incidents the auditor found in the factory. Additionally, the CAP is the working plan for the factory and serves as the core document for the improvement process. Suppliers are required to fill in the performed corrections according to each finding stated in the CAP.

HUGO BOSS checks the implementation of these scheduled corrective actions in follow-up audits and prepares detailed documentation for tracking the actions taken. The audit frequency depends on the result of the former Social Compliance Audit and takes place within a time frame of 3 months for risky suppliers to 18 months for good suppliers.

These Social Compliance Management procedures apply both for leather goods suppliers and for textile goods suppliers.

Besides the HUGO BOSS Social Standards, the company has established an internal HUGO BOSS Procurement Policy, which is linked to the HUGO BOSS Social Standards and defines rules for sourcing in terms of the selection of suppliers that the responsible employees must follow.

HUGO BOSS has been a participating company of the Fair Labor Association (FLA) since 2014. In order to reduce the risk of human trafficking and forced labor in the supply chain, the FLA Sourcing Principles are understood as a set of additional requirements at HUGO BOSS. The FLA Principles of Fair Labor and Responsible Sourcing define workplace standards, grievance mechanisms, timely and preventative remediation, and responsible purchasing practices.

4. How does your company ensure its labour standards are cascaded down its leather supply chain beyond tier 1 suppliers?

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

“Furthermore, 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.” (HUGO BOSS Social Standards (p.1))

This requirement for the suppliers to advise subcontractors and sub suppliers on their obligation to comply with the HUGO BOSS Social Standards applies for both leather goods and textile goods manufacturers

Source:

HUGO BOSS Social Standards (p.1):

https://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Social_Standards.pdf

Worker voice:

5. Grievance mechanisms: Does your company ensure workers in its leather supply chain have access to grievance mechanisms? If yes, please explain what mechanisms are available for workers in both owned and third party leather goods production facilities and tanneries. Please also explain how your company ensures those mechanisms fulfil the [effectiveness criteria under the UN Guiding Principles for Business & Human Rights](#), e.g., they are trusted and used by workers.

HUGO BOSS engages primarily with workers in its direct Finished Leather Goods supply chain on labor-related issues during the HUGO BOSS Social Compliance Audits. Worker interviews are an essential part of the Social Compliance Audits and focus on questions about general working conditions.

During the worker interviews, the auditor hands out communication cards with the e-mail address of HUGO BOSS. This grievance system gives workers the option to address complaints independent of an experienced audit, as well as to state whether they were threatened by the factory management after the audit as a result of their conversation with the auditor.

Furthermore, due to the membership of HUGO BOSS with the FLA, the workers can use the anonymous complaint procedure provided by the FLA in addition. HUGO BOSS will investigate, follow-up and remedy such cases should they occur.

6. Worker engagement and empowerment: How does your company ensure that workers in its leather supply chain know about, and can exercise their rights (e.g. freedom of association or, where there are regulatory constraints for freedom of association, alternative means of organising)?

In the Social Standards, HUGO BOSS makes mandatory the respect of freedom of association in its suppliers' organizations. The Social Standards clearly state that employees have the right to establish or join any organization of their choice.

“The employees shall have the right to establish or join the organizations of their choice and, as a group, to conduct negotiations on working conditions, in particular wages, and bargain freely. The supplier must not discriminate, harass, intimidate, or retaliate against employees who are exercising this right to associate freely or bargain freely and collectively.” (HUGO BOSS Social Standards (p.3))

The supplier is obliged to duly inform the employees about their rights and duties within the workplace according to the HUGO BOSS Social Standards and international and national laws.

These Social Compliance Management procedures apply for both leather goods suppliers and textile goods suppliers.

Source:

HUGO BOSS Social Standards (p.3):

https://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Social_Standards.pdf

Monitoring / certification:

7. Do you participate in sustainable leather sourcing / certification?

HUGO BOSS is currently working on a sustainable leather sourcing strategy in order to achieve more transparency within the supply chain, as well as to ensure environmental and social compliance at the tannery-level.

8. If yes, how does the verification initiative/certification address labour rights, and how does your company ensure labour standards are adequately covered?

The HUGO BOSS sustainable leather sourcing strategy is planned to also include cooperation with a multi-stakeholder initiative who assesses the environmental stewardship and compliance of leather manufacturers.

Stakeholder engagement:

9. Does your company actively participate in one or more multi-stakeholder or industry initiatives focused on forced labour and human trafficking or work with peer companies to address risk in high risk regions/clusters of tanneries or manufacturers?

Yes: In order to promote and protect workers' rights and to improve working conditions globally within the whole supply chain for textile and leather goods, HUGO BOSS has joined initiatives such as the FLA and the German "Partnership for Sustainable Textiles"

Within these cooperation's HUGO BOSS is working with other companies to continuously improve standards in this regard.

10. If so, please specify who you work with and how you address forced labour risk related to leather sourcing.

Fair Labor Association (FLA)

The mission of the FLA is to combine the efforts of business, civil society organizations, and colleges and universities to promote and protect workers' rights, in terms of forced labor and human trafficking, among others, and to improve working conditions globally through adherence to international standards.

As an affiliate of the FLA, HUGO BOSS works with other brands on continuous improvement of international labor standards.

Please see: <http://www.fairlabor.org/>.

German Partnership for Sustainable Textiles

The multi-stakeholder initiative Partnership for Sustainable Textiles, comprised of the textile and clothing industry, retailers, trade unions and civil society organizations, pools the strength and expertise of its members in order to improve social, ecological and economic conditions through the whole textile supply chain.

In doing so, the Textile Partnership aims to tackle common challenges like forced labor and human trafficking more effectively, exploit synergies through joint projects on the ground, learn from one another, and thus improve underlying conditions in the producer countries.

HUGO BOSS engages in working groups to progress on common environmental and social improvements in the supply chain.

Please see: <https://www.textilbuendnis.com/en/>.

Additional information

Please provide any additional information regarding how your company addresses forced labour risks in its leather supply chain (e.g. related to risk assessment and due diligence, supplier training, recruitment) or regarding your company's supply chain structure which you think is relevant.

Background information:

This questionnaire has been sent to the following companies:

- Footwear companies: Belle International, adidas, Nike, Kering (Puma), VF (Timberland)
- Luxury brands: Hugo Boss, Prada, Kering (Alexander McQueen, Balenciaga, Brioni, Gucci, Saint Laurent Paris, etc.), Ralph Lauren, PVH (Tommy Hilfiger, Michael Kors, Calvin Klein)

Please note your response will be made public on the [Business & Human Rights Resource Centre website](#). In addition, KnowTheChain will publish a short analysis to highlight better practices, as well

as companies and areas where disclosure is limited. For an indication of what KnowTheChain regards as better practices, please review the [methodology](#) and the [findings report](#) of [KnowTheChain's apparel & footwear benchmark](#).