



Company Engagement Questions:

KnowTheChain Apparel & Footwear benchmark

Companies can use these questions to provide additional information relevant to KnowTheChain's benchmarking of companies' commitments and programs targeted at addressing human trafficking and forced labor in the supply chain.

Please note that answers to these questions will be made publicly available on the [website of Business & Human Rights Resource Centre \(BHRRC\)](#), one of the partners in KnowTheChain. The project will maintain a strict standard of only including information provided via a company's public website or BHRRC's website in the evaluation.

Please send your answers to Felicitas Weber, KnowTheChain project lead: weber@business-humanrights.org, with a cc to Megan Wallingford, Senior Advisor, Advisory Services, Sustainalytics: megan.wallingford@sustainalytics.com.

We encourage companies to answer as many of the questions as possible. You may wish to focus particularly on those for which your company currently does not have information available on its website.

Name of company: [HUGO BOSS AG](#)

Name of respondent: [Dr. Reiner Hengstmann and Solveig Steinbrenner- Thaler](#)

Position of respondent: [Senior Head of Global Sustainability and Head of Product and Vendor Sustainability](#)

Respondent's contact information (email): Corporate_Responsibility@hugoboss.com

Note: For companies with vertically integrated supply chains, any reference to 'suppliers' in the following questions includes manufacturing and production sites owned by the company.

Documents

1. Please share links to any policy statements, reports, or other documents that you would like to be taken into account in a review of your company's approach to managing forced labor risks in the supply chain.

Note: You may be aware that the [Corporate Human Rights Benchmark \(CHRB\)](#) is analyzing companies' broader human rights policies and performance. Where the KnowTheChain benchmark indicators are related to [indicators of the CHRB](#), this is indicated under each engagement question.

We welcome that some companies have disclosed information on their human rights policies and practices for the [Corporate Human Rights Benchmark \(CHRB\)](#). Where companies have

disclosed information on specific CHRB indicators, as well as any links available from the company website, these will be considered in the KnowTheChain analysis. Third party information and links to third parties websites will not be considered.

HUGO BOSS Annual Report 2015:

https://group.hugoboss.com/files/user_upload/Investor_Relations/Finanzberichte/2016/Annual_Report_2015.pdf

HUGO BOSS Sustainability Report 2015:

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

HUGO BOSS Code of Conduct

HUGO BOSS has created a binding set of rules, which is of assistance when dealing with the challenges, both ethical and legal, that arise in the course of strategic and operational work. The Code of Conduct applies in equal measure to everyone at HUGO BOSS – the board of directors, the executives, all employees and own production sites – throughout the world. The procurement volume of own production sites is 20 %. It is understood as an internal set of rules, which determines for example the general conduction of businesses, the ban of forced labor, how to avoid risks and conflicts and how to deal with information and data.

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

HUGO BOSS Social Standards

The Social Standards specify the fundamental rights for the employees of HUGO BOSS' suppliers and, in addition, contain basic environmental standards. The procurement volume of external production sites is 80 %. The Social Standards also apply for all HUGO BOSS-owned production sites. The Social Standards are external requirements and obligations apply to all employees of the supplier whether they are directly, indirectly, permanent employed or so called homeworkers.

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. It is imperative that all suppliers adhere to these standards and are required for example to eliminate forced labor.

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

HUGO BOSS Procurement Policy

The HUGO BOSS Procurement Policy sets out principles, which must be adhered to during all of HUGO BOSS's procurement activities so as to ensure that it receives the best possible value. It applies to all companies and business areas in the HUGO BOSS Group. The provisions are binding for all employees. The Policy also defines/recommends appropriate controls that are designed to minimize the risk to the company of financial loss.

(Please see attachment: HUGO BOSS Procurement Policy)

HUGO BOSS Ombudsman- System

HUGO BOSS has a global ombudsman system as a supplementary reporting channel. Employees and third parties such as suppliers or customers or employees at our suppliers can confidentially notify an ombudsman, if there are indications of fraud, infringements of antitrust law or breaches of guidelines and compliance like forced labor. It is also possible to remain anonymous if desired.

For contact details please see:

<http://group.hugoboss.com/en/investor-relations/corporate-governance/corporate-governance-statement/corporate-management-practices/>

Commitment and governance

Awareness and commitment

2. Has your company made a formal commitment (e.g. adopted a policy) to address human trafficking and forced labor? Please include a link to the commitment.

Related to indicator A.1.2 of the CHRB

Good working conditions and the well-being of employees associated with HUGO BOSS is fundamental for us.

HUGO BOSS states its formal commitment to address forced labor within its Sustainability Reports and its HUGO BOSS Social Standards:

HUGO BOSS states for example in its Sustainability Report 2015, that it is providing extensive support for suppliers and production partners and assist them in implementing and complying with the HUGO BOSS Social Standards. Partners shall be empowered to take social responsibility – like being able to manage the avoidance of forced labor independently.

(Please see HUGO BOSS Sustainability Report 2015, Page 3 and 57:

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

Within its Social Standards HUGO BOSS requires its suppliers to refrain in any way from forced laborers, indentured servants, slaves or prisoners or people, who are be employed or compelled to work against his or her will.

(Please see HUGO BOSS Social Standards, Page 2:
http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Social_Standards.pdf)

3. Does your company have a supply chain standard that requires suppliers to uphold workers' fundamental rights and freedoms, including the elimination of forced labor? Please include a link to the standard, and provide information on how frequently the standard is updated.

The HUGO BOSS Code of Conduct and the HUGO BOSS Social Standards are the core documents, which internally and externally rule business relationships.

HUGO BOSS has implemented a Code of Conduct. It 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 Code of Conduct is updated on a regular basis.

(Please see HUGO BOSS Code of Conduct, Page 3:
http://group.hugoboss.com/files/Code_of_Conduct.pdf)

The Social Standards, which are based on the HUGO BOSS Code of Conduct, specify the fundamental rights for the employees of HUGO BOSS suppliers and contain basic environmental standards. 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. It is imperative that all suppliers adhere to these standards and are required for example to exclude forced labor. The HUGO BOSS Social Standards are updated on a regular, at least bi-annual, basis.

(Please see HUGO BOSS Social Standards, Page 2:
http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Social_Standards.pdf)

Related to indicator A.1.2 of the CHRB

Management

4. Who within your company is responsible for the implementation of your company's supply chain policies and standards relevant to human trafficking and forced labor? Please indicate the committee, team or officer, and describe the scope of their responsibility and how they interact with other internal teams, groups or departments

HUGO BOSS has set-up an appropriate sustainability management for the consistent implementation of its strategy.

The Sustainability Committee is the central body for steering the sustainability strategy. The committee is chaired by the Chief Executive Officer and the Chief Sales Officer.

Furthermore, it comprises the Senior Head of Global Sustainability and the managers responsible for the divisional functions of Central Services, Investor Relations, Global

Communication, Logistics, Brand and Creative Management, Operations, Human Resources, Process Management, and Legal Affairs.

The functional areas of the Sustainability Committee are divided into the three working groups Corporate Responsibility, Sustainable Operations, and Corporate Culture. One or more committee members are responsible for these areas. The central functions of the working group Corporate Responsibility include monitoring stakeholder management. Work in the area of Sustainable Operations entails guaranteed standards for human rights and environmental standards along the value chain as well as developing more sustainable products. The responsibility of the implementation of Social Standards including the exclusion of forced labor lie with the people in charge of Global Sustainability, Human Resources and Operations. They all report directly to the Board.

The team “Vendor Compliance” which is part of the “Global Sustainability” department is in charge for the organization and administration of the HUGO BOSS Social Compliance Audits and Self-Assessments, which have a special focus on detecting and eliminating forced labor. The team also chooses the auditors or conduct Social Compliance Audits themselves as a number of team- members are certified auditors.

(Please see HUGO BOSS Sustainability Report 2015, Page 16:
https://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Nachhaltigkeitsbericht/Sustainability_Report_2015.pdf)

Related to indicator B.1.1 of the CHRB

Training

5. Does your company conduct training programs for internal decision-makers and suppliers' management teams on risks, policies and standards related to human trafficking and forced labor (this may include training on elements such as passport retention, payment of wages, and vulnerable groups such as migrant workers)? Please describe.

Related to indicator B.1.5 (internal training) and B.1.7 (training of suppliers) of the CHRB

HUGO BOSS regularly conducts trainings for internal decision makers on risks, policies and standards, including aspects such as human trafficking and forced labor. Employees, who are in charge of sourcing or creative decisions, are trained to identify possible problems. These trainings address the importance of Social Compliance at HUGO BOSS and it's supply chain and sensitize internal decision makers for:

- The strict compliance with the according local laws and the HUGO BOSS Social Standards
- The main topics of a Social Compliance Audit, including for example:
 - Forced Labor
 - Worker Treatment
 - Discrimination
 - Hours of Work
 - Compensation & Benefits
 - Health and Safety
 - Freedom of Association & Collective Bargaining

Stakeholder engagement

6. In the last three years, has your company engaged on human trafficking and forced labor, especially as it relates to the supply chain a) with local stakeholders such as NGOs, trade unions or policy makers or b) in multi-stakeholder initiatives? Please describe with whom your company has engaged, the purpose of the engagement and how it relates to forced labor and human trafficking in the supply chain, and your company's role and level of engagement.

Related to indicator A.1.4 of the CHRB

HUGO BOSS works together with other companies and organizations in the development of sector-wide standards to create a sustainable structure for the textile supply chain including the elimination of forced labor and human trafficking. These partnerships include the commencement of the Company's membership with the German Partnership for Sustainable Textiles (Bündnis für nachhaltige Textilien), the membership with the Bangladesh Accord on Fire and Building Safety and the ongoing cooperation with the Fair Labor Association (FLA) and the Global Social Compliance Program (GSCP).

Initiative/ Multi-Stakeholder Initiative	Purpose of the engagement	Relation to forced labor/human trafficking	Level of engagement of HUGO BOSS
Fair Labor Association (FLA)	Participation to define industrywide Standards in terms of Social Compliance and to use textile and Multi- Stakeholder relevant networks (like NGO's, CSO's, suppliers and universities)	The FLA strives to improve working conditions and compensation through cross industry collaborations	Participating company and part of independent external assessments
German Partnership for Sustainable Textiles	Participation to define industrywide Standards in terms of Social Compliance and to use textile relevant networks supported by the German Government	The German Partnership for Sustainable Textiles strives to improve working conditions and compensation through interindustry collaborations	Member and cooperation in working groups
Global Social Compliance Program (GSCP)	Access to best practice solutions for audit processes	The GSCP strives to improve the efficiency of audit systems in terms of social compliance	Member and client
The Bangladesh Accord on Fire and Building Safety	Participation to build a safe and healthy Bangladeshi Ready Made Garment (RMG) Industry	The Accord strives to improve working conditions	Member

(Please see HUGO BOSS Sustainability Report, Page 26:
https://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Nachhaltigkeitsbericht/Sustainability_Report_2015.pdf)

Traceability and risk assessment

Traceability

7. Please describe your company's supply chain tracing processes.
Does your company publicly disclose a) the names and locations of first-tier suppliers, and b) some information on suppliers beyond the first tier? If yes, please provide a URL.

Related to indicator D.2.3 of the CHRB

HUGO BOSS has a supply chain tracing process, which monitors the social compliance performance of suppliers evaluated through the HUGO BOSS Social Compliance Audit system.

All new suppliers are assessed according to their risks (social, economic, environmental) within a qualification process in our Vendor Management System.

Compliance with the HUGO BOSS Social Standards is a mandatory pre-condition for starting a business relationship. Before entering into a contract, the adherence to the HUGO BOSS Social Standards is checked either in a process of Self-Assessments or by means of local audits.

Audits are usually announced by HUGO BOSS in advance to give our business partners time to prepare for the audit. Furthermore, it is essential that the responsible managers and relevant documents are available on the day of the Social Compliance Audit. Exceptionally HUGO BOSS also performs unannounced audits in case of any extraordinary findings and assumptions experienced through the auditor during the last performance of a Social Compliance Audit.

Due to the partnership approach of the HUGO BOSS Social Compliance Audit system, the auditor should give substantial support for the start of the improvement process. This is combined with a comprehensive and detailed corrective action plan (CAP). All corrective actions and the dates of completion are discussed with the factory management in the closing meeting of the audit.

HUGO BOSS provides each supplier a written audit report, which also includes the corrective action plan (CAP) after the audit. It contains all individual incidents the auditor found in the factory. Additionally, the CAP as the working plan for the factory 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 timeframe of 3 month for risky suppliers to 18 month for good suppliers.

HUGO BOSS has evaluated 94% of its finished goods suppliers (tier 1) through Social Compliance on-site audits in 2015 and has started to evaluate on raw material level (2nd tier) via a Social Compliance Self- Assessment tool. The company doesn't publish its supply chain partner.

(Please see <http://group.hugoboss.com/en/sustainability/current-topics/>)

Risk assessment

8. Please describe your companies' risk assessment processes. Please include specific examples of when your company has conducted forced labor risk or impact assessments focused on a particular commodity, region or group (e.g. migrant workers in a specific context), as well as the forced labor risks identified through these risk assessment processes (e.g. high risk commodities or high risk sourcing countries).

For examples of commodities where forced labor risks have been identified - such as cotton from Brazil, silk from Uzbekistan or leather from the Bangladesh - see Verite (2016) – "[Strengthening protections Against Trafficking in Persons in Federal and Corporate Supply Chains Research on Risk in 43 Commodities Worldwide](#)".

Related to indicator B.2.1 of the CHRB

All new suppliers are assessed according to their risks (social, economic, environmental) within a qualification process. Further risk analysis are done 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. Sustainability criteria are taken into account when new business partners are selected. Compliance with the HUGO BOSS Social Standards, which prohibit the practice of forced labor, is a mandatory enabler and validation is carried out either in a process of Self-Assessment or by means of local audits prior to a partnership.

HUGO BOSS assesses the producers concerning specific risks like forced labor and identified two cases of forced labor. An incident in relation to forced labor at a supplier from Italy was traced back to wages and social benefits that had not been paid. This was due to financial difficulties at the supplier in question. HUGO BOSS requested that the supplier makes immediate payment of the outstanding wages and benefits, and monitored that the amounts were indeed paid. For the second case HUGO BOSS intensified its own investigations at a supplier from Malta by conducting a number of measures including interviews with the affected employees. The supplier had already been subject to a court proceeding in 2014, on account of suspicion relating to forced labor. This investigation revealed that the allegation against the supplier could not be verified. HUGO BOSS will continue to review the progress of this situation within the framework of its monitoring system.

(Please see HUGO BOSS Sustainability Report, Page 59:

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

Purchasing practices

Purchasing practices

9. Does your company make an effort to avoid purchasing practices that increase the risk of human trafficking and forced labor in the supply chain (e.g. short-term contracts, excessive downward pressure on pricing, sudden changes of workload?) Please elaborate.

Related to indicator D.2.2 of the CHRB

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 responsible sourcing employees in terms of the selection of suppliers as well as the principles of conduct.

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

(Please see attachment: HUGO BOSS Procurement Policy)

and

HUGO BOSS Sustainability Report 2015, Page 26:

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

Supplier selection

10. Does your company assess risks of forced labor at potential suppliers prior to entering into contracts with them (this may include aspects such as passport retention and payment of wages)? Please describe.

Related to indicator B.1.7 of the CHRB

The HUGO BOSS Social Standards, which prohibit the practice of forced labor, are part of the general contracts with all suppliers and a precondition for the start of a business with HUGO BOSS in order to avoid the risk of forced labor or other breaches of human and labor rights. The HUGO BOSS Social Standards include environmental, social and governance (ESG) factors as well as the option to assess the supplier on ESG and to terminate contracts based on poor ESG performance.

Before entering into a contract the adherence to the HUGO BOSS Social Standards is checked either in a process of Self-Assessments or by means of local Social Compliance Audits.

11. How does your company take into consideration the capacity of suppliers to meet fluctuating demands (to reduce the risk of undeclared subcontracting)?

HUGO BOSS agrees with its suppliers on a contractual seasonal planning (3 - 6 month period) 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.

Furthermore, the HUGO BOSS Group's suppliers have been integrated via a uniform planning and collaboration web-based portal. This supplier platform simplifies communications and the exchange of data with the production partners, increasing the transparency of the flows of goods along the entire supply chain. Within this tool, suppliers can also enter their production capacity in the system, making it possible to reserve the actually required and possible capacity with the supplier at an early stage.

According to the unpublished HUGO BOSS General Contract Agreement between HUGO BOSS and its suppliers the suppliers also 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/Finanzberichte/2015/Annual_Report_2014.pdf)

Integration into supplier contracts

12. Does your company integrate its supply chain standards addressing forced labor and human trafficking into supplier contracts?

Related to indicator B.1.4.b of the CHRB

Sustainability criteria are taken into account when new business partners are selected. Compliance with the HUGO BOSS Social Standards, which prohibit the practice of forced labor, is a mandatory enabler and validation is carried out either in a process of Self-Assessment or by means of local audits prior to a partnership. HUGO BOSS takes the suppliers' compliance with the HUGO BOSS Social Standards very seriously. Therefore, the request of cooperation in a total of 26 cases was rejected during the assessment process for potential business partners. Reasons were non-compliant working conditions or the non-acceptance of contracts.

The HUGO BOSS Social Standards are a fixed constituent of the Company's contractual agreements. They 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. HUGO BOSS expects its suppliers to comply with local and national environmental laws. Suppliers also have to establish the conditions for measures relating to environmental protection at their locations. By giving priority to local sourcing with otherwise equivalent offers, HUGO BOSS also attempts to reduce environmental impacts when selecting its suppliers.

(Please see HUGO BOSS Sustainability Report 2015, Page 58:
https://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Nachhaltigkeitsbericht/Sustainability_Report_2015.pdf)

and

HUGO BOSS Social Standards, Page 1:
http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Social_Standards.pdf)

Cascading standards

13. Does your company have a process to cascade standards on forced labor down the supply chain (e.g. requiring first-tier suppliers to ensure that their own suppliers implement standards that are in line with the company's standards)? Please describe.

Related to indicator A.1.2 of the CHRB

The HUGO BOSS Social Standards define a process to ensure that also partners of our suppliers comply with the HUGO BOSS Social Standards or 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)

Recruitment

Recruitment approach

14. Please describe your company's recruitment approach, including a) whether your company requires recruitment agencies in its supply chain to uphold workers' rights (this may include aspects such as written contracts, access to passports, and regular payment of wages), b) whether it has a policy on direct employment (i.e. a policy prohibiting suppliers in its supply chain from using recruitment agencies), and c) whether it requires suppliers to disclose to the company the recruiters that they use.

Related to indicator D.2.5.b of the CHRB

HUGO BOSS defines important recruitment requirements within its HUGO BOSS Social Standards to uphold workers rights at its suppliers. They rule for example that the employees have to receive their contracts in writing, that keeping any employer's documents is prohibited, when not explicitly required by law or that salaries and wages must be paid out at least once a month.

In general, HUGO BOSS prefers to work with its suppliers in direct relationships. The cooperation with agencies are very limited to ensure the uphold and verification of the HUGO BOSS Social Standards, which prohibit the practice of forced labor

(Please see HUGO BOSS Social Standards, Page 2 and 3:

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

The internal recruitment process is basically determined through the HUGO BOSS Code of Conduct as well as through the HUGO BOSS Social Standards. The HUGO BOSS Code of Conduct rules, that all of our employees have to be treated equally and are assigned to work in accordance with their skills.

(Please see HUGO BOSS Code of Conduct page: 4:

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

Recruitment fees

15. Please describe your company's approach to recruitment fees in the supply chain, including whether your company requires that no fees be charged to supply chain workers during recruitment processes, and whether and how your company ensures that fees paid by workers are reimbursed.

Related to indicator D.2.5.b of the CHRB

The HUGO BOSS Social Standards include the approach to prevent the use of pre-employment fees.

"Employees may only be required to deposit personal documents with the supplier that the law requires to be deposited in order to establish and maintain an employment relationship. Suppliers may not require their employees to furnish a "security deposit". Nor may they retain employees' identification papers. Employees must be able to terminate their employment relationship at any time by giving due notice."

(Please see HUGO BOSS Social Standards, Page 2:

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

Recruitment audits:

16. Does your company audit recruiters used in its supply chain, to assess risks of forced labor and human trafficking, and/or require suppliers to audit their recruiters?

For further information, see Verité – [Fair Hiring Toolkit. Conducting Interviews with Labor Recruiters](#).

In cases where a supplier cooperates with a recruiter, he is required to comply with the HUGO BOSS Social Standards.

The HUGO BOSS Social Standards state, that 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. Furthermore, the contractual agreement including the HUGO BOSS Social Standards reserve HUGO BOSS the right to conduct audits in accordance with these regulations.

(Please see HUGO BOSS Social Standards, Page 1:

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

Worker voice

Communication of policies to workers

17. Please describe how your company communicates its human trafficking and forced labor related policies and standards to workers in its supply chain, and whether your company makes its policies and standards available in the languages of suppliers' workers (including migrant workers).

Related to indicator B.1.4.b of the CHRB

It is the duty of the supplier to appropriately inform its workers about the content of the HUGO BOSS Social Standards, including forced labor. The HUGO BOSS Social Standards include a paragraph, which clearly defines how employees have to be informed about their rights set by the HUGO BOSS Social Standards.

“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. The supplier will make sure to appoint a company representative being in charge of implementing the Social Standards. The designated person’s name will be submitted to HUGO BOSS.”

(Please see HUGO BOSS Social Standards, Page 1:

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

Worker voice

18. Please describe how your company engages with workers in its supply chain on labor related issues and rights outside of the context of the factories/farms in which they work? (whether directly or in partnership with stakeholders).

[Example available here](#)

Related to indicator B.1.8 of the CHRB

Primarily HUGO BOSS engages with workers in its 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 the survey about general working conditions as well as on the verification of work-related documents like pay slips and time recording.

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

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

Worker empowerment

19. Please explain how your company encourages its suppliers to ensure workplace environments where workers are able to organize, including through alternative forms of organizing, where there are regulatory constraints on freedom of association.

For additional information on worker empowerment, see context in "Responding to Challenges of Freedom of Association" chapter of Ethical Trading Initiative's practical guide on "Freedom of Association in Company Supply Chains", and related company example on page 35

Related to indicator D.2.6.b of the CHRB

HUGO BOSS determines the freedom of association for its suppliers within its HUGO BOSS Social Standards, which clearly state that employees have the right to establish or join an 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."

The right for HUGO BOSS own employees to establish or join an organization of choice is basically determined through the HUGO BOSS Code of Conduct, which is linked to the HUGO BOSS Social Standards.

*(Please see HUGO BOSS Code of Conduct, Page 18:
http://group.hugoboss.com/files/Code_of_Conduct.pdf*

and

Page 3:
http://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Partner/HUGO_BOSS_Social_Standards.pdf)

Grievance mechanism

20. Please describe your company's grievance mechanism, and clearly indicate whether it is available to workers in the supply chain, and how it is communicated to workers in the supply chain. Please also note whether you require your suppliers to establish a grievance mechanism, and to convey the same expectation to their suppliers.

Related to indicator C.1 and C.5 of the CHRB

Employees can obtain support and advice on issues concerning legally correct conduct from their superiors or the Compliance Officer. HUGO BOSS has also established a global ombudsman system as a supplementary reporting channel. Employees and third parties such as suppliers or customers can confidentially notify an ombudsman, if there are indications of fraud, infringements of antitrust law or breaches of compliance guidelines. It is also possible to remain anonymous if desired.

Primarily HUGO BOSS engages with workers in its 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 the survey about general working conditions as well as on the verification of work-related documents like pay slips and time recording.

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

Additionally HUGO BOSS determines in its HUGO BOSS Social Standards the requirement for suppliers to offer their employees a grievance system.

“In any case a system of Grievance shall be in place for the employees.”

(Please see HUGO BOSS Social Standards, Page 3:

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

Monitoring

Auditing process

21. Please describe your company’s supplier auditing process including whether the process includes a) scheduled and non-scheduled visits, b) a review of relevant documents (documents may include wage slips, information on labor recruiters, contracts, etc.)ⁱ, and c) interviews with workers.

For further details on document reviews see Verite – [Fair Hiring Toolkit. Conducting a Review of Documentation](#).

Related to indicator B.1.6 of the CHRB

Usually audits are announced by HUGO BOSS in advance to give our business partners time to prepare for the audit. The reason is that it is important that the responsible managers and relevant documents are available on the day of audit. But HUGO BOSS also visits business partners without prior notice.

HUGO BOSS performs unannounced audits in case of any extraordinary findings and assumptions experienced through the auditor during the last performance of a Social Compliance Audit for example.

Every audit starts with an opening meeting with all relevant managers (e.g. responsible person for Social Compliance, the factory owner and Human Resources manager). During the meeting, the organizational structure and the daily work process should be clarified.

Subsequently, the auditor will make a tour of the premises and check all the requirements of the facilities in terms of health and safety and general working conditions:

The next Social Compliance Audit step requires the auditor to check several documents like:

- Certificates, policies, laws and rules (e.g. hiring procedures, factory rules)
- Worker and employee related documents (e.g. signed working contracts, employee register)
- Compensation data and working time related documents (e.g. time recording documents)
- Etc.

Worker interviews are an essential part of the Social Compliance Audits and focus on the survey about general working conditions as well as on the verification of work-related documents like pay slips and time recording.

At the end of the audit day, there is a closing meeting, where all responsible managers are obliged to take part, because all findings and the corresponding corrective actions will be discussed and scheduled.

Following the audit, every audited supplier receives a detailed audit report including all findings and a related corrective action plan. HUGO BOSS checks implementation of these scheduled corrective actions in follow-up audits and prepares detailed documentation for tracking the action taken.

Audit disclosure

22. Does your company disclose

a) the percentage of suppliers audited annually

HUGO BOSS has evaluated 94% of its finished goods suppliers (tier 1) through Social Compliance on site audits in 2015 and has started to evaluate on raw material level (2nd tier) via a Social Compliance Self- Assessment tool.

The number stated in the HUGO BOSS Sustainability Report 2015 (32% of active suppliers) does not only refer to our manufacturers, but also includes our direct suppliers for raw materials and finished goods, where we have anchored our Code of Conduct and social employment requirements contractually. Adjusted accordingly, the actual auditing rate for our finished goods producers in 2015 was 94%.

(Please see HUGO BOSS Sustainability Report 2015:

https://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Nachhaltigkeitsbericht/Sustainability_Report_2015.pdf Page 58

and

<http://group.hugoboss.com/en/sustainability/current-topics/>)

b) the percentage of unannounced audits

c) information on who carried out the audits (this may include further information on the expertise of auditors such as relevant certifications, in cases where third-party audits are used, the names of the auditors, and in cases where internal auditors are used, details on department/team/group within which the auditor(s) sits), and

The reviews are carried out by HUGO BOSS own auditors (2014: 44%) and in cooperation with experienced external service providers (2014: 56%). These numbers haven't changed significantly. The selected business partners are provided with detailed, advance information on the procedure and requirements of HUGO BOSS for the review.

(Please see HUGO BOSS Sustainability Report 2014, Page 64:

https://group.hugoboss.com/files/user_upload/Nachhaltigkeit/Nachhaltigkeitsbericht/Sustainability_Report_2014.pdf)

d) a summary of findings, including details of any violations revealed?

HUGO BOSS publishes the kind of breaches of the HUGO BOSS Social Standards through the supplier.

(Please see HUGO BOSS Sustainability Report 2015, Page 59-60:

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

Please provide a URL with the relevant information.

Related to indicator B.1.6 of the CHRB

Remedy

Corrective action plans

23. Does your company have a process for creating corrective action plans when violations are discovered through an auditing process? Please describe this process and the elements of a corrective action plan.

Related to indicator B.1.6 of the CHRB

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 closing meeting of the HUGO BOSS Social Compliance Audit. This is combined with a comprehensive and detailed corrective action plan (CAP). All corrective actions, and the dates of completion are discussed with the factory management in the closing meeting of the audit.

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 legal 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.

Remedy

24. Does your company have a process to provide remedy to workers in its supply chain in cases where violations are discovered, including for responding to instances of forced labor and human trafficking? If yes, please provide examples of outcomes.

Related to indicator C.7 of the CHRB

HUGO BOSS has a supply chain tracing process, which monitors the Social Compliance performance of suppliers evaluated through the HUGO BOSS Social Compliance Audit system. Following the audit, every audited supplier receives a detailed audit report including all findings and a related corrective action plan, including actions for remediation. HUGO BOSS checks

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

As an example an incident in relation to forced labor at a supplier from Italy was traced back to wages and social benefits that had not been paid. This was due to financial difficulties at the supplier in question. HUGO BOSS requested that the supplier makes immediate payment of the outstanding wages and benefits, and monitored that the amounts were indeed paid.

Furthermore, due to the participation of HUGO BOSS with the FLA the workers can use the anonymous complaint procedure provided by the FLA. HUGO BOSS is obliged to investigate, 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
