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**To**

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**cc**

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## **Complaint**

### **Poverty wages of workers producing Hugo Boss products**

**Rationale:**

Europe plays an important role in the production and sales of Boss' products

According to Hugo Boss' Sustainability Report 2013, „the Group operates production facilities in Izmir (Turkey), which is its largest in-house production location, as well as in Cleveland (USA), Metzingen (Germany), Radom (Poland) and Morrovalle (Italy).“ „The main business operations of the HUGO BOSS Group are concentrated within Europe, where the primary administrative and production sites are located.“ „The Company has identified attractive growth opportunities in Eastern Europe.“ „Production, logistics and administration locations in Europe (...) represent 55% of the Group's employees.“

The company's claim with regard to remuneration

„The HUGO BOSS Group's remuneration system is designed to ensure the fair and transparent compensation of employees and promote a culture of performance and dedication.“ „At international locations the companies comply with the corresponding national framework conditions with regard to their pay structure. As such, entry-level wages must be at least equivalent to the statutory minimum wage.“ (p. 23, Sustainability Report).

The report does not account for any reality checks of these claims, let alone an independent verification.

CCC research on wages of Hugo Boss workers

The Clean Clothes Campaign researched in Turkey, Central, East and South East Europe in order to find out, which conditions workers who make Hugo Boss' clothes find themselves in – with specific focus on remuneration. Between May 2013 and February 2014, a total of 40 workers of four production sites in Croatia and Turkey where Hugo Boss clothes are produced were interviewed. The results of this research were published in June 2014:

<https://www.cleanclothes.org/livingwage/stitched-up>

<https://www.cleanclothes.org/livingwage/stitched-up-workers-voices>



The research revealed that the wages of workers producing Hugo Boss garments are far below an estimated minimum living wage. Moreover, the vast majority of workers in researched Hugo Boss production sites do not even earn 60% of an average wage in the country. 60% of the national average wage is a well-recognized poverty threshold. The vast majority of workers just earns the legal minimum wage (during their regular working hours). But the legal minimum wage in Croatia covers 36% and in Turkey 28% of an estimated minimum living wage.

The average wage of interviewed workers in **Turkey** (partly highly qualified, including overtime, partly workers in knitting depts. with higher wages compared to seamstresses) covers

- ca. 90% of a poverty line (60% of national wage) and
- ca 40% of an estimated minimum living wage (estimated by workers as total of living wage needs).

The average wage of interviewed workers in **Croatia** (seamstresses) covers

- ca 70% of that poverty line (60% of national average wage) and
- 55% of the EU defined poverty line (EU-SILC) and
- 36% of an estimated minimum living wage (estimated by workers as total of living wage needs).

In both countries, workers who produce Hugo Boss clothes earn just enough to buy food for their families. They cannot satisfy any other basic needs and cannot save for emergencies.

#### Hugo Boss commissioned social auditing

While Boss' assesses through its audits that violations of freedom of association do not take place (p. 40, Sustainability Report 2013), in **Turkey** CCC research found widespread intimidation of union activities and illegal dismissals due to union activities.

This reconfirms CCC's assessment of company led social audits: They are structurally unable to detect workers and human rights violations.

#### Hugo Boss' turnover and profits

Between 2004 and 2013 Hugo Boss turnover more than doubled. Profits rose by 3 and a half times and arrived at 329 Mio EUR in 2013.

#### **Conclusion:**

- 1. Hugo Boss' turnover and profit contrast dramatically with the incomes of workers, producing the clothes Hugo Boss is selling. While turnover and profits soared, workers have been receiving poverty wages. The remuneration of workers is far from „fair“. The research revealed that the wages of workers producing for Hugo Boss are far below an estimated minimum living wage and in their vast majority even below the poverty line.**
- 2. Contrary to Boss' own monitoring results, there are regular violations above all of the human right to a living wage and the human rights to freedom of association and collective bargaining.**



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**Recommendations:**

- 1. Hugo Boss publicly approves the human right to a living wage. Hugo Boss recognizes its obligation to implement the human rights to a living wage and to freedom of association within its due diligence. In this context, Hugo Boss acknowledges living wage issues in its production in Turkey, Central, Eastern and South East Europe.**
- 2. Enter into constructive dialogue with the Clean Clothes Campaign, worker representatives, local unions and labour / human rights organizations on ending unlawful practices.**
- 3. In the short run: Wages in production countries in Turkey, Central, Eastern and South East Europe must be raised to the poverty threshold (60% of national average wage). Buying prices must be calculated on this basis and allow for these wage hikes.**
- 4. With a perspective of five years: All supply chain being paid a living wage.**
- 5. Putting in place timeline and independent monitoring process for implementation.**