

Avant Garde Consulting

| <u>Team Member Name</u> | <u>Year</u> | <u>Major</u> |
|-------------------------|-------------|------------------------|
| Pilar Reyes | 2022 | Data Analytics |
| Rachael Rusnov | 2024 | International Business |
| Paul Cornelius | 2022 | International Business |
| Sophie Bukrinsky | 2023 | Business Analytics |

Advisor(s): Anna Helm, Ph.D., Margaret Gonglewski, Ph.D., Alexis Gaul & David Ruda

Topic: Hugo Boss: Not the Boss of Workers Rights

Audience: Hugo Boss Board of Directors

Sustainable Development Goal

SDG #8: Promote inclusive and sustainable economic growth, employment and decent work for all

SDG #12: Ensure sustainable consumption and production patterns

Executive Summary

The COVID-19 global pandemic caused a supply chain crisis that drew a critical spotlight on sourcing and manufacturing challenges within the fashion industry, particularly regarding working conditions. While 91% of luxury brands have said they are committed to environmental sustainability in their sourcing and production, only 35% have publicly encouraged suppliers to allow trade unions to form, and only 50% have taken the steps to ensure that their workers are paid at least minimum wage. Studies show luxury consumers are now making purchase decisions equally based on brands' social and environmental policies. Transformation within the supply chain in regards to forced labor and human rights violations, is essential for the long-term success of Hugo Boss.

Hugo Boss sources their goods from numerous suppliers across the world. In their 2020 Sustainability Report, the company states that they are "...committed to the protection of human rights and standards in its value chain...". Recent scandals have revealed, however, that Hugo Boss is not living up to this statement. Since 2016, Hugo Boss has been in the headlines for numerous human rights violations. The company has been using suppliers in countries such as Bulgaria, Croatia, Serbia, Ukraine and more recently, the Xinjiang Uyghur Autonomous Region in Western China, where the suppliers are associated with a number of unethical labor practices, such as forced labor, unfair pay, and poor and hazardous working conditions. Each time the company has been approached about this issue; they claim they found no evidence of wrongful working conditions.

Hugo Boss' use of forced labor and hazardous working conditions compromises their compliance with the UN SDG #12: responsible consumption and production. The brand's harmful production practices imperil their human capital. We recommend that Hugo Boss follow its own internal corporate social responsibility (CSR) guidelines by taking the following actions: 1) terminating trade relations with unsustainable cheap labor suppliers to keep Hugo Boss' supply chain free of forced labor, 2) working in close collaboration with watchdog organizations and regulators to put an end to the human rights abuses and forced labor conditions, and 3) providing quarterly updates on the sustainability goals outlined in Hugo Boss' corporate sustainability report, as well as reporting on third-party human rights reviews.