

HUGO BOSS

HUGO BOSS AG Postfach 12 52 D-72543 Metzingen

Mr. Jyrki Raina
General Secretary of IndustriALL
54 bis, route des Acacias
Case Postale 1516
CH 1227 Geneva
Switzerland

Metzingen, September 1, 2014

Re: Your letter dated 19 August 2014

Dear Mr. Raina,

We refer to your letter dated 19 August 2014, addressed to Mr. Claus-Dietrich Lahrs, CEO of Hugo Boss AG.

The Hugo Boss Group, which finds its roots in Metzingen (Germany), is a worldwide textile manufacturer and retailer, founded in 1924 and with operations around the globe. Our Group has manufacturing facilities in many countries, including Turkey. Via our worldwide presence, The Hugo Boss Group plays an active role in the contribution of the countries' and communities' developments, by generating employment opportunities and economic growth.

Hugo Boss Tekstil Sanayii Limited Şirketi ("**Hugo Boss Turkey**"), which is referred to in your letter dated 19 August 2014 as our "local management in Izmir", is a limited liability partnership. It is incorporated and active under the laws of the Republic of Turkey and registered with the Izmir Trade Registry. While it is an independent commercial entity, Hugo Boss Turkey is also a subsidiary of the Hugo Boss Group, employing approximately 3,500 employees in its manufacturing facility in the Aegean Free Zone.

Thanks to the Hugo Boss Group's experience of over 90 years, each member of the Hugo Boss Group is more than conscious that one of the key factors in a company's success is maintaining excellent relations with and always treating in utmost respect its employees. All members of the Hugo Boss Group, including Hugo Boss Turkey, have always pursued and promoted labor-friendly policies and honored their employees' rights, as this can be seen from the Hugo Boss Group's website.¹ The Hugo Boss Group has always shown a sensitive approach to comply with applicable labor and social standards, including those set forth by the ILO, the OECD, Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, in addition to the applicable local laws.

¹ Please see:

- <http://group.hugoboss.com/en/employees.htm>
- http://group.hugoboss.com/files/Sustainability_Report_2013.pdf

H U G O B O S S

All employees of Hugo Boss Turkey are paid more than satisfactory salaries, as compared to other textile sector employees working in Turkey, and they enjoy substantive social benefits and programs as part of the Hugo Boss Group's global social policies.

We have reviewed the allegations in your letter dated 19 August 2014, with much surprise. The letter contains baseless allegations regarding Hugo Boss Turkey's adoption of an anti-union attitude towards its employees, who are or who intend to become a member of the Union of Textile, Knitting and Clothing Industry Workers ("**TEKSIF**"). The letter also refers to the dismissal of 28 employees of Hugo Boss Turkey, as a so-called proof of the company's unfair treatment of employees. In the said letter, you assert that these employees' employment contracts were terminated due to their memberships in TEKSIF. Such an allegation against Hugo Boss Turkey is unacceptable and delusive.

It is not even possible for Hugo Boss Turkey to be aware of these employees' membership with TEKSIF. Turkish law strictly prohibits keeping records of a person's membership with a labor union. Such memberships were at no point in time indicated or expressed by the 28 employees in question, and nor were it made apparent to Hugo Boss Turkey at any time. Had Hugo Boss Turkey had any collective bargaining agreement with any labor union, it would have known clearly which of its employees are members of that labor union and which employees are not. However, in the absence of any contractual relationship with any labor union, let alone TEKSIF, there is no record pertaining to any specific employee's involvement in any labor union. Accordingly, there was and still is no way for Hugo Boss Turkey to even be aware of these employees' membership in TEKSIF.

Hugo Boss Turkey's termination of these employees' contracts was completely in line with the relevant provisions of the Turkish Labor Law, not only in terms of substance but also in terms of procedure. IndustriALL is in no position to determine whether or not a dismissal is wrongful and that a dismissal was due to the employee being a labor union member. In the absence of the competent judiciary's determination to this effect, IndustriALL's demand for Hugo Boss Turkey to immediately re-employ these employees is simply unacceptable.

Please be advised that, the Hugo Boss Group and Hugo Boss Turkey reserve their right to take all necessary actions to protect their legal rights before public prosecution offices and other judicial authorities, against a possible defamation campaign as well as any wrongdoings that may cause damages to any member of the Hugo Boss Group.

Yours sincerely,


Christoph Auhagen
CBO