

FINAL REPORT

Third Party Complaint; Aydinli Deri in Turkey

December 21, 2016



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On February 21, 2016, the Deriteks trade union in Turkey filed a Third Party Complaint with the FLA regarding the factory Aydinli Deri Konfekslyon San. ve Tic. S.A. (“Aydinli Deri”) located in Istanbul, Turkey. FLA-affiliated company Hugo Boss has had a long-standing sourcing relationship with Aydinli Deri and was actively sourcing from the factory at the time of the complaint.

The allegations by the Deriteks trade union centered on violations of freedom of association, and more specifically violation of the right to organize and anti-union animus on the part of factory management. The union alleged that in November 2015, two union members were dismissed and rehired once they agreed to resign from the union, an action that had a negative impact on Deriteks’ unionization campaign. The union also alleged anti-union practices/behavior on the part of management. The FLA Compliance Benchmarks that would appear to be breached by the alleged actions are FOA.2, Right to Freely Associate, and FOA.5, Anti-Union Discrimination/Dismissal/Other Loss of Rights.

On February 22, the FLA accepted the case at Step 2 of the Third Party Complaint procedure. As such, Hugo Boss had up to 45 days to provide the FLA with an assessment of the complaint and propose remedial actions, or waive

the internal investigation and agree to move to Step 3, whereby the FLA would conduct an assessment using an external monitor or expert. Hugo Boss opted for conducting an internal assessment of the allegations.

After the initiation of the case, the Deriteks union expanded the allegations of violations of freedom of association at Aydinli Deri, stating that as a result of anti-union organizing efforts by management, 58 union members had resigned from the union under duress, with only six of them re-registering at a later date. Thus, the Deriteks union argued, 52 workers at Aydinli Deri had permanently resigned from the union because of management interference, essentially negating the union’s organizing efforts.

HUGO BOSS ASSESSMENT

Hugo Boss engaged with Aydinli Deri management to conduct an assessment of the allegations. Hugo Boss representatives informed the FLA that their brand had very little production in the factory and had long-standing plans to end commercial relations with the factory. Therefore, Hugo Boss informed the FLA that they would reach out to other brands active in the factory (brands not affiliated with the FLA) in order to urge them to collaborate in addressing issues at the factory. Hugo Boss informed

the FLA that it had ceased to contract with Aydinli Deri as of August 2016.

Hugo Boss presented documentation received from Aydinli Deri management refuting the allegation that two union members had been dismissed and subsequently rehired in late 2015. Similarly, the investigation was unable to confirm that the workers who resigned from the union did so under pressure from factory management. Aydinli Deri management restated its commitment to respecting freedom of association and non-discrimination with respect to union members.

REMEDICATION PLAN

Working with Aydinli Deri, Hugo Boss developed a remediation plan with Fast Retailing, a company that affiliated recently with the FLA and has a commercial relationship with Aydinli Deri. The plan consists of the following elements:

1. Aydinli Deri management to make a statement to all workers and buyers that it respects the right of workers to freedom of association and collective bargaining.
2. Aydinli Deri management to conduct training of managers and workers on freedom of association. Training to be conducted by an outside expert with recognized expertise on the subject matter and knowledge of the freedom of association context in Turkey.

CONCLUSION AND NEXT STEPS

The remediation plan that Hugo Boss, Fast Retailing, and Aydinli Deri have developed is intended to improve the industrial relations climate at the factory and enhance the knowledge about freedom of association among workers and management.

The very limited commercial presence of Hugo Boss at Aydinli Deri, and the fact that the commercial relationship between the two companies has ended, makes it difficult for Hugo Boss to ensure that the remediation plan is carried out. In this regard, Fast Retailing will continue to oversee the implementation of the remediation plan after Hugo Boss exits the factory.