

To
B4Ukraine Coalition
at contact@b4ukraine.org

June 29, 2023

Dear B4Ukraine Coalition,

Thank you for contacting HUGO BOSS and the Supervisory Board regarding your concerns. In this context, we would like to provide you with the following information.

The war in Ukraine continues to fill us with great distress and as a company, our thoughts are with all people impacted by this terrible tragedy. Since the outset of Russia's invasion of Ukraine, HUGO BOSS called for an immediate end of the military war and provided support to affected communities in Ukraine in different ways – be it through in-kind and monetary donations or by contributing to the work of the German Red Cross on the ground.

HUGO BOSS has suspended its own retail and online business in Russia as well as all advertising and marketing activities since the beginning of March 2022. In 2022, our company's sales in Russia fell by around 20% compared to 2021, which was a direct consequence of this decision. As far as our wholesale business is concerned, we are fulfilling the contractual obligations we have to our partners. In this context, HUGO BOSS is and has been complying with the existing EU sanctions at all times. In regard to the observance of EU sanctions, the 300 Euro limit determined does not refer to the sales price in the store but to the purchase price, or export value, of a product from the EU. HUGO BOSS is not legally allowed to in any way influence the selling price.

The company has not changed its position since the beginning of the conflict and has always communicated it transparently to the public. In dealing with this extraordinarily complex situation, we continue to consider the safety of our 157 employees as well as compliance with the EU sanctions our top priority.

Yours sincerely,

HUGO BOSS AG

Daniel Grieder
Chief Executive Officer
HUGO BOSS AG
Hugo Boss Foundation
Dieselstraße 12,
72555 Metzingen,
Germany

June 26, 2023

RE: Hugo Boss AG's business operations in Russia

Dear Mr. Grieder and members of the Hugo Boss Foundation,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine.

On May 15th, we sent a letter to Hugo Boss' CEO, Daniel Grieder, CSO Oliver Timm, the head of corporate communications and the vice president of investor relations. The purpose of the letter was to request an urgent dialogue regarding potential inconsistencies between Hugo Boss' obligations under international humanitarian and human rights law and its ongoing business operations and relationships in Russia, which may be associated with human rights harms.

Unfortunately, we have not received a response to our letter. The recent developments surrounding Hugo Boss' Russian operations and Mr. Grieder's comments on the company's position, along with his broader political remarks concerning the war against Ukraine, have raised significant apprehensions regarding the fulfilment of Hugo Boss' legal and moral responsibilities while conducting business in Russia. The distressing nature of Mr. Grieder's remarks made to a Ukrainian activist on June 16th compelled us to send a letter to the Supervisory Board directly, seeking specific answers regarding the company's operations. Likewise, we are reaching out to the Hugo Boss Foundation, particularly interested in the nature of Hugo Boss' donations to Ukraine and how they relate to the company's ongoing business operations in Russia.

It has been over one year since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including war crimes and crimes against humanity, through attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, forcible transfer of civilians). More than 24,000 Ukrainian civilians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer war crimes charges for an alleged scheme to deport Ukrainian children to Russia.¹

¹ International Criminal Court, "Situation in Ukraine: ICC judges issue arrest warrants against Vladimir Vladimirovich Putin and Maria Alekseyevna Lvova-Belova," March 17, 2023, <https://www.icc-cpi.int/news/situation-ukraine-icc-judges-issue-arrest-warrants-against-vladimir-vladimirovich-putin-and> (accessed March 22, 2023).

In response to this unprovoked and unjustified war² many companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Hugo Boss has decided to stay and continue its operations in Russia.

Shortly after the invasion, Hugo Boss announced that it has temporarily closed its stores and suspended all retail and e-commerce business activities in Russia.³ According to the company, the Russian and Ukrainian market combined accounted for around 3% of Group sales in fiscal year 2021.⁴ In the same statement, Hugo Boss expressed its deep concern "by the terrible situation in Ukraine." At the time, Hugo Boss' Russian websites indicated that "delivery of orders to Russia is temporarily not carried out."⁵

However, Russian customs data shows that after a brief hiatus in spring 2022, Hugo Boss continued direct exports to Russia, predominantly from Germany as a departure country.⁶ In March 2023 alone, a year after the invasion, Germany exported almost \$9 million worth of goods to Russia.⁷ Russian media reports that Hugo Boss earned €6.27 billion in Russia last year, making the company the top premium brand in the country in 2022.⁸ These findings were also published in German media, which highlighted that Hugo Boss had delivered over \$71 million worth of goods to Russia since the full-scale invasion began on February 24, 2022.⁹

Given Hugo Boss' significant presence in Russia, the company also holds a substantial tax-paying role in the country. This raises concerns about potential indirect involvement in financing Russian aggression, as corporate taxes contribute significantly to Russia's GDP. Consequently, the taxes paid by Hugo Boss could be seen as contributing to the arsenal of missiles, bombs, and bullets used by the Kremlin to terrorize Ukraine. Understanding the amount of taxes paid by the company in Russia becomes crucial when making both business and political decisions regarding continued operations in the country.

However, when questioned about the tax contributions, the CEO of Hugo Boss responded with a statement indicating a lack of knowledge, stating that he "had no idea" about the amount of tax paid by the company in Russia. This statement, coupled with the mention of Hugo Boss' contributions to humanitarian efforts in Ukraine, raises the question of whether Mr. Grieder's remarks suggest that **the company's humanitarian donations to Ukraine serve as a quid pro quo for maintaining business operations in Russia**. The hinted link between humanitarian aid and continued business presence in Russia is crucial in evaluating the **ethical implications of Hugo Boss' operations** in the region. **We are therefore compelled to ask whether these "transactional donations" represent an official Hugo Boss position on the war against Ukraine and its ongoing Russian operations?**

² The UN General Assembly condemned Russia's "aggression against Ukraine" and demanded that Moscow "unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders."

³ Hugo Boss, "Hugo Boss achieves strong comeback in 2021," March 10, 2022, <https://group.hugoboss.com/en/newsroom/news/news-detail/hugo-boss-achieves-strong-comeback-in-2021> (accessed May 15, 2023).

⁴ Ibid.

⁵ Interfax, "Hugo Boss has suspended sales in Russia," March 10, 2022, <https://www.interfax-russia.ru/rossiya-i-mir/hugo-boss-priostanovil-prodazhi-v-rf> (accessed May 15, 2023).

⁶ Squeezing Putin, "Hugo Boss Exports into Russia," May 3, 2023, <https://squeezingputin.com/support.html#HugoBoss3May23> (accessed May 15, 2023).

⁷ Ibid.

⁸ RBC, "Which luxury brand earned the most in Russia in 2022," May 2, 2023, <https://www.rbc.ru/business/02/05/2023/644f51619a794704837f3db3> (accessed May 15, 2023).

⁹ Ingo Malcher, "Bad Style," Zeit, June 14, 2023, <https://www.zeit.de/2023/26/hugo-boss-russland-ladenschliessungen-umsatz> (accessed June 15 2023).

Hugo Boss is undoubtedly facing significant reputational damage as a result of its ongoing business activities in Russia and the negative media coverage surrounding it. Germany is providing an unprecedented level of humanitarian and military support to Ukraine, with a substantial promise of 3 billion euros dedicated solely to military assistance. Companies like Hugo Boss, by continuing their operations in Russia, undermine these efforts. **The story of Hugo Boss' involvement in Russia has become public knowledge, and the resulting negative impact on the company's reputation is only expected to intensify. This extends to the operations of the new Hugo Boss Foundation.**

The illegal war, now in its 15th month, has been characterized by over 90,000 documented war crimes and a tragic toll of over 24,000 civilian Ukrainian casualties. The nature of this conflict is clear-cut, leaving it to the political will of Hugo Boss' leadership to make a decision regarding their continued presence in the Russian market.

Hugo Boss should learn from its own past mistakes and think deeply about positioning itself on the right side of history. However, the CEO's denial of the reputational effects and the suggestion that "things are not black and white" demonstrate a concerning perspective. By continuing to operate in Russia, Hugo Boss contributes to the normalization of everyday life in Russia. This sends a powerful message to both the Russian population and the rest of the world, suggesting that despite Russia's aggressive actions, life carries on as usual, with access to "premium" German clothing.

Hugo Boss' activities in Russia risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine.

In light of all the information presented above, we urge Hugo Boss to:

- Immediately cease all operations and presence in Russia and completely exit the Russian market.
- Refrain from any future business, trade, or investment in Russia until Russia ends its war in Ukraine, territorial integrity of Ukraine is restored, and accountability imposed for war crimes and the destruction of Ukrainian infrastructure and property.
- Establish and implement comprehensive human rights due diligence measures for any responsible exit from or re-engagement with Russia.

In consideration of the above points and B4Ukraine's [Declaration](#), we request an urgent dialogue with Hugo Boss' Leadership to discuss the company's ongoing activities and relationships in Russia, and associated risks to the people of Ukraine and the company. Please contact the B4Ukraine Coalition at contact@b4ukraine.org to schedule a call. We kindly ask for your response by 5:00pm CET, July 3rd, 2023.

Sincerely,

The B4Ukraine Coalition

Hermann Waldemer
Chairman of the Supervisory Board
HUGO BOSS AG
Dieselstraße 12,
72555 Metzingen,
Germany

June 23, 2023

RE: Hugo Boss AG's business operations in Russia

Dear Mr. Waldemer and members of the Hugo Boss Supervisory Board,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine.

On May 15th, we sent a letter to Hugo Boss' CEO, Daniel Grieder, CSO Oliver Timm, the head of corporate communications and the vice president of investor relations. The purpose of the letter was to request an urgent dialogue regarding potential inconsistencies between Hugo Boss' obligations under international humanitarian and human rights law and its ongoing business operations and relationships in Russia, which may be associated with human rights harms.

Unfortunately, we have not received a response to our letter. The recent developments surrounding Hugo Boss' Russian operations and Mr. Grieder's comments on the company's position, along with his broader political remarks concerning the war against Ukraine, have raised significant apprehensions regarding the fulfilment of Hugo Boss' legal and moral responsibilities while conducting business in Russia. The distressing nature of Mr. Grieder's remarks made to a Ukrainian activist on June 16th compels us to address the Supervisory Board directly, seeking specific answers regarding the company's operations.

It has been over one year since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including war crimes and crimes against humanity, through attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, forcible transfer of civilians). More than 24,000 Ukrainian civilians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer war crimes charges for an alleged scheme to deport Ukrainian children to Russia.¹

¹ International Criminal Court, "Situation in Ukraine: ICC judges issue arrest warrants against Vladimir Vladimirovich Putin and Maria Alekseyevna Lvova-Belova," March 17, 2023, <https://www.icc-cpi.int/news/situation-ukraine-icc-judges-issue-arrest-warrants-against-vladimir-vladimirovich-putin-and> (accessed March 22, 2023).

In response to this unprovoked and unjustified war² many companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Hugo Boss has decided to stay and continue its operations in Russia.

Shortly after the invasion, Hugo Boss announced that it has temporarily closed its stores and suspended all retail and e-commerce business activities in Russia.³ According to the company, the Russian and Ukrainian market combined accounted for around 3% of Group sales in fiscal year 2021.⁴ In the same statement, Hugo Boss expressed its deep concern "by the terrible situation in Ukraine." At the time, Hugo Boss' Russian websites indicated that "delivery of orders to Russia is temporarily not carried out."⁵

However, Russian customs data shows that after a brief hiatus in spring 2022, Hugo Boss continued direct exports to Russia, predominantly from Germany as a departure country.⁶ In March 2023 alone, a year after the invasion, Germany exported almost \$9 million worth of goods to Russia.⁷ Russian media reports that Hugo Boss earned ₺6.27 billion in Russia last year, making the company the top premium brand in the country in 2022.⁸ These findings were also published in German media, which highlighted that Hugo Boss had delivered over \$71 million worth of goods to Russia since the full-scale invasion began on February 24, 2022.⁹ However, Mr. Grieder, during his conversation with the Ukrainian activist, on June 16th at the Hugo Boss headquarters, disputed this figure, suggesting it was inaccurate. If this information is indeed incorrect, **please provide the accurate value of the shipments and profit made by Hugo Boss in Russia since the start of the invasion.**

Mr. Grieder emphasized that Hugo Boss falls under the category of a premium brand rather than a luxury brand. However, his insistence on highlighting this distinction **raises concerns regarding potential violations of sanctions that prohibit the export of luxury goods to Russia.** As you are aware, Article 3h of Regulation (EU) No 833/2014 as amended by Regulation (EU) 2022/428 prohibits the sale, supply, transfer or export, directly or indirectly, of luxury goods. The regulations determine luxury goods to be items whose individual value exceeds €300 based on the statistical value of the goods in the export declaration. The statistical value is defined as the price actually paid or payable for the exported goods, *excluding arbitrary or fictitious values*. While the value of any single Hugo Boss item as noted in customs data does not exceed €300, the clothing is sold for significantly higher prices in Russia. For example, men's suits in Russia are sold for over €500.¹⁰

² The UN General Assembly condemned Russia's "aggression against Ukraine" and demanded that Moscow "unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders."

³ Hugo Boss, "Hugo Boss achieves strong comeback in 2021," March 10, 2022, <https://group.hugoboss.com/en/newsroom/news/news-detail/hugo-boss-achieves-strong-comeback-in-2021> (accessed May 15, 2023).

⁴ Ibid.

⁵ Interfax, "Hugo Boss has suspended sales in Russia," March 10, 2022, <https://www.interfax-russia.ru/rossiya-i-mir/hugo-boss-priostanovil-prodazhi-v-rf> (accessed May 15, 2023).

⁶ Squeezing Putin, "Hugo Boss Exports into Russia," May 3, 2023, <https://squeezingputin.com/support.html#HugoBoss3May23> (accessed May 15, 2023).

⁷ Ibid.

⁸ RBC, "Which luxury brand earned the most in Russia in 2022," May 2, 2023, <https://www.rbc.ru/business/02/05/2023/644f51619a794704837f3db3> (accessed May 15, 2023).

⁹ Ingo Malcher, "Bad Style," Zeit, June 14, 2023, <https://www.zeit.de/2023/26/hugo-boss-russland-ladenschliessungen-umsatz> (accessed June 15 2023).

¹⁰ B4Ukraine, "Hugo Boss made millions in Russia after the invasion of Ukraine," <https://b4ukraine.org/whats-new/hugo-boss-made-millions-in-russia> (accessed June 21, 2023); TSUM, "Boss Men's Suits," <https://www.tsum.ru/catalog/men-kostyumy-19363/?brand=1395545> (accessed June 21, 2023).

One of the reasons for Hugo Boss' continued presence in Russia, as expressed by the CEO, is the concern over its 300 employees in the country, as well as its wholesalers. While German media reported that Hugo Boss employs 159 people in Russia, Mr. Grieder's claim of 300 raises further concerns, especially in light of Russian legislation that mandates companies to assist in the conscription of employees if even one is eligible for military service. The details of the legislation are provided below. **We seek clarification regarding the accurate number of Hugo Boss' employees in Russia. Has Hugo Boss received any requests from Russian authorities to deliver conscription notices to its employees? If so, what was the company's response, and have any Hugo Boss employees been drafted as a result?**

The safety of employees is and should be a considerable point of concern and obligations for companies. But in light of the specific context of the illegal war on Ukraine, there are other options for the safeguarding of employees that can and have been used by other international companies in Russia. Many companies have offered relocation packages, or contractual clauses which condition the continued employment and safety of employees remaining in Russia. For example, the French Publicis Groupe who employed 1200 people in the country included contractual clauses to ensure the continued safety and employment of its employees. **Has Hugo Boss considered any of these or other options before deciding to resume shipments to Russia?**

In March, Hugo Boss officially announced to the media that all of its own-retail and e-commerce operations in Russia had been temporarily suspended.¹¹ However, a customer service representative from Hugo Boss confirmed to B4Ukraine on June 3rd that the stores were open and new collections were available. Furthermore, we received an email listing the open shops. During the conversation held on June 16th at the Hugo Boss headquarters, the CEO confirmed that all stores were closed, but one of the present colleagues mentioned that one store remained open. The conflicting information presented raises uncertainty. **Therefore, could you please clarify whether we can confidently state that all Hugo Boss stores in Russia are closed?**

We understand that exiting the Russian market presents numerous challenges and complexities, as evident from Mr. Grieder's remark, "if you think this is easy, go speak to my legal department." However, it is crucial to acknowledge that many companies, despite facing even greater obstacles, have successfully managed to leave the Russian market.

For instance, Société Générale incurred a significant \$3 billion hit during its exit from Russian operations, yet it remained committed to its decision. Additionally, OBI GmbH & Co, another German consumer goods company, made the difficult choice to permanently shut down its Russian stores and operations, where it had approximately 5,000 employees.

These examples serve as a reminder that while the process may be challenging, it is possible to navigate and overcome the hurdles associated with leaving the Russian market. We are happy to provide further guidance and recommendations, drawing from the experiences of other companies who have successfully manoeuvred the exit from Russia.

Given Hugo Boss' significant presence in Russia, the company also holds a substantial tax-paying role in the country. This raises concerns about potential indirect involvement in financing Russian aggression, as corporate taxes contribute significantly to Russia's GDP. Consequently, the taxes paid by Hugo Boss could be seen as contributing to the arsenal of missiles, bombs, and bullets used by the Kremlin to terrorize Ukraine. Understanding the amount of taxes paid by the company in Russia becomes crucial when making both business and political decisions regarding continued operations in the country.

¹¹ Joshua Kirby, "Hugo Boss Closes Russia Stores," *The Wall Street Journal*, March 10, 2022, <https://www.wsj.com/livecoverage/russia-ukraine-latest-news-2022-03-09/card/hugo-boss-closes-russia-stores-hYJjh2JcCXJwKmdaqLrf> (accessed June 21, 2023).

However, when questioned about the tax contributions, the CEO of Hugo Boss responded with a statement indicating a lack of knowledge, stating that he "had no idea" about the amount of tax paid by the company in Russia. This statement, coupled with the mention of Hugo Boss' contributions to humanitarian efforts in Ukraine, raises the question of whether Mr. Grieder's remarks suggest that the company's humanitarian donations to Ukraine serve as a quid pro quo for maintaining business operations in Russia. The hinted link between humanitarian aid and continued business presence in Russia is crucial in evaluating the ethical implications of Hugo Boss' operations in the region. **We are therefore compelled to ask whether these "transactional donations" represent an official Hugo Boss position on the war against Ukraine and its ongoing Russian operations?**

Hugo Boss is undoubtedly facing significant reputational damage as a result of its ongoing business activities in Russia and the negative media coverage surrounding it. Germany is providing an unprecedented level of humanitarian and military support to Ukraine, with a substantial promise of 3 billion euros dedicated solely to military assistance. Companies like Hugo Boss, by continuing their operations in Russia, undermine these efforts. **The story of Hugo Boss' involvement in Russia has become public knowledge, and the resulting negative impact on the company's reputation is only expected to intensify.**

The illegal war, now in its 15th month, has been characterized by over 90,000 documented war crimes and a tragic toll of over 24,000 civilian Ukrainian casualties. The nature of this conflict is clear-cut, leaving it to the political will of Hugo Boss' leadership to make a decision regarding their continued presence in the Russian market.

Hugo Boss should learn from its own past mistakes and think deeply about positioning itself on the right side of history. However, the CEO's denial of the reputational effects and the suggestion that "things are not black and white" demonstrate a concerning perspective. By continuing to operate in Russia, Hugo Boss contributes to the normalization of everyday life in Russia. This sends a powerful message to both the Russian population and the rest of the world, suggesting that despite Russia's aggressive actions, life carries on as usual, with access to "premium" German clothing.

Finally, we are deeply concerned upon learning about some of Mr. Grieder's personal political views regarding the war against Ukraine and Russian aggression. During the discussion with the Ukrainian activist, instead of acknowledging the daily suffering of the Ukrainian people, the CEO insisted that the focus should be on convincing the Ukrainian government to engage in negotiations with "the other side" rather than demanding Hugo Boss to exit the Russian market. He strongly disapproved of the military support provided to Ukraine by the West, suggesting that increased militarization would lead to more violence. According to the CEO, the real solution lies in negotiating with Moscow rather than urging companies like Hugo Boss to reconsider their operations.

These statements are deeply troubling as they reveal Mr. Grieder's personal views, which raise doubts about his ability to distinguish between his own political stance and the official position of the company he represents. **We request clarification and confirmation from the Supervisory Board on whether these views can be considered the official position of Hugo Boss and whether they influenced the company's decision to continue operating in Russia.**

We are requesting a meeting to clarify the points raised above and to provide an overview of the expanding universe of financial, legal, and reputational risks facing remaining companies:

On September 21, President Vladimir Putin escalated the war by announcing a "partial mobilisation" of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#)) mandates all organisations, including the more than 1,500 international companies that are currently operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one

of the employees is eligible for military service.¹² They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

A new decree issued by President Putin on March 3, 2023, enables the Russian government to suspend shareholders' rights and implement external management in companies that don't fulfil state defence contracts under conditions of martial law.¹³ By specifying the process of appointing Russian government representatives to manage businesses that fail to meet state orders, the latest Decree effectively creates a scenario of "partial nationalization."

With new legislation introducing partial mobilisation, nationalisation, and potentially martial law in Russia, it is highly likely that corporations will be unable to prevent or mitigate negative human rights impacts; an obligation imposed on companies by the United Nations Guiding Principles on Business and Human Rights. As such, continuing to conduct business in Russia entails significant legal risks for companies, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.¹⁴ By remaining in Russia, companies face the rising risk of criminal liability for complicity in international crimes, which can be prosecuted by domestic courts outside Russia under

¹² Federal Law No. 31-FZ of February 26, 1997 "On mobilization training and mobilization in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed November 14, 2022).

¹³ Decree of the President of the Russian Federation No. 139 dated March 3, 2023 "On Certain Issues of Carrying Out the Activities of Business Companies Participating in the Fulfilment of the State Defense Order", <http://publication.pravo.gov.ru/Document/View/0001202303030004> (accessed March 22, 2023).

¹⁴ International companies remaining in Russia are now at a greater risk of violating sanctions regimes as implementation of the legislation will likely involve transacting with sanctioned individuals or entities. Furthermore, new domestic civil and criminal cases against companies involved in violations of international law demonstrate the risk of significant liability for facilitating state-sponsored human rights abuses abroad (e.g., Lafarge case, Lundin case, Castel Group indictment, Nevsun holding, and Dassault Aviation, Thales, and MBDA France criminal complaint.) Victoria Riello and Larissa Furtwengler, "Corporate Criminal Liability for International Crimes: France and Sweden Are Poised To Take Historic Steps Forward," *Just Security*, September 6, 2021, <https://www.justsecurity.org/78097/corporate-criminal-liability-for-human-rights-violations-france-and-sweden-are-poised-to-take-historic-steps-forward/> (accessed November 14, 2022); The Sentry, "Breaking: France Opens War Crimes Inquiry Focused on Iconic Food and Beverage Conglomerate," July 1, 2022, <https://thesentry.org/2022/07/01/7216/breaking-france-opens-war-crimes-inquiry-focused-iconic-food-beverage-conglomerate/> (accessed November 14, 2022); *Rfi*, "French technology firm charged over Libya cyber-spying," July 2, 2022, <https://www.rfi.fr/en/business-and-tech/20210701-french-tech-firm-charged-over-libya-cyber-spying> (accessed November 14, 2022); Preston Lim, "Canadian Supreme Court Allows Corporate Liability for International Law Violations," *Lawfare*, March 12, 2022, <https://www.lawfareblog.com/canadian-supreme-court-allows-corporate-liability-international-law-violations> (accessed November 14, 2022); Sherpa, "Aiding and abetting war crimes in Yemen: Criminal complaint submitted against French arms companies," June 2, 2022, <https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed November 14, 2022).

the doctrine of "universal jurisdiction."¹⁵ Companies may also be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.¹⁶

Firms which continue to trade with Russia also face high levels of risk attached to financial transactions. On 24 February 2023, the Financial Action Task Force (FATF) suspended Russia's membership as a result of the war, calling on all actors in the international financial system to exercise extreme caution in all dealings with Russia.¹⁷ In practice, the decision means that all international banks will scrutinise all Russian payments, making financial transactions more expensive, lengthy, with no guarantee that the transaction will occur at all.¹⁸ Although FATF has not yet blacklisted Russia, it highlighted the consensus among its 36 member countries that "the Russian federation's actions represent a gross violation of the commitment to international cooperation upon which FATF Members have agreed to implement and support the FATF Standards."¹⁹ Previous practice shows that noncooperative behaviour is one of the reasons for FATF blacklisting. As a result, companies should examine and mitigate the high levels of risk attached to financial transactions with Russia and based on that risk, companies should reconsider all ongoing business operations related to Russia.

Additionally, the Ukrainian government's [National Agency on Corruption Prevention](#) (NACP) has created a list of "foreign companies that, despite the international recognition of Russia as the aggressor state and the introduced sanctions restrictions, continue to cooperate with it."²⁰ These companies are recognised as "international sponsors of war" by the Ukrainian state. The listed entities will be included into the World-Check database to protect the global financial sector from Russian sponsors of war. Since banks and insurance companies use World-check to assess risks, companies on the list will be limited in freely accessing personal and corporate finances. So far there are 29 companies on the list, but the NACP notes that it will be expanded with "international companies that provide the public and private sector with goods and services of critical purpose, as well as [those that] contribute to the Russian budget."²¹

¹⁵ For example, ongoing proceedings in the US and France against the French multinational Lafarge for complicity in human rights violations in Syria. The Paris Court of Appeal, "La Cour d'appel de Paris confirme la mise en état de la multinationale française Lafarge pour complicité de crimes contre l'humanité commis par l'Etat islamique," May 18, 2022, <https://www.doughtystreet.co.uk/sites/default/files/media/document/Press%20release%20french%20version.pdf> (accessed March 22, 2023); United States Attorney's Office, Eastern District of New York, "Lafarge Pleads Guilty to Conspiring to Provide Material Support to Foreign Terrorist Organizations," October 18, 2022, <https://www.justice.gov/usao-edny/pr/lafarge-pleads-guilty-conspiring-provide-material-support-foreign-terroris> (accessed March 22, 2023).

¹⁶ Venable LLP, "Do You Contract with State Governments? If So, Beware of Emerging State Sanctions' Obligations Related to Russia and Belarus," *JD Supra*, June 3, 2022, <https://www.jdsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed January 2, 2022).

¹⁷ FATF, "FATF Statement on the Russian Federation," February 24, 2023, <https://www.fatf-gafi.org/en/publications/Fatfgeneral/fatf-statement-russian-federation.html> (accessed March 14, 2023).

¹⁸ Liudmyla Slieptsova, "Russia's membership in the FATF suspended. What does this mean and how ruinous is this for the aggressor's economy?," *Mind*, February 27, 2023, <https://mind.ua/en/publications/20253993-russias-membership-in-the-fatf-suspended-what-does-this-mean-and-how-ruinous-is-this-for-the-aggre> (accessed March 14, 2023).

¹⁹ FATF (n 17).

²⁰ NACP, "International Sponsors of War," <https://sanctions.nazk.gov.ua/en/boycott/> (accessed February 6, 2023).

²¹ NACP, "Companies from the NACP list of "International Sponsors of War" are now in the World-check database, used worldwide for reviewing counterparties," September 7, 2022, <https://nazk.gov.ua/en/news/companies-from-the-nacp-list-of-international-sponsors-of-war-are-now-in-the-w>

Hugo Boss' activities in Russia risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine.

In light of all the information presented above, we urge Hugo Boss to:

- Immediately cease all operations and presence in Russia and completely exit the Russian market.
- Refrain from any future business, trade, or investment in Russia until Russia ends its war in Ukraine, territorial integrity of Ukraine is restored, and accountability imposed for war crimes and the destruction of Ukrainian infrastructure and property.
- Establish and implement comprehensive human rights due diligence measures for any responsible exit from or re-engagement with Russia.

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Sincerely,

The B4Ukraine Coalition

Daniel Grieder
Chief Executive Officer
HUGO BOSS AG
Dieselstraße 12,
72555 Metzingen,
Germany

CC: HUGO BOSS AG's Executive Team and Board of Directors

May 15, 2023

RE: HUGO BOSS AG's business operations in Russia

Dear Mr. Grieder,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine. In the spirit of respect for the fundamental rights of all people, the rules-based international order, and a prosperous global economy, we expect companies to demonstrate public support for the people, democracy, and territorial integrity of Ukraine, opposition to Russia's war of aggression, and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs).

We request an urgent dialogue regarding potential inconsistencies between HUGO BOSS' obligations under international humanitarian and human rights law and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

It has been over one year since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including war crimes and crimes against humanity, through attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, forcible transfer of civilians). More than 23,000 Ukrainians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer war crimes charges for an alleged scheme to deport Ukrainian children to Russia.¹

Moreover, as outlined below, recent developments in Russia point to an expanding universe of financial, legal, and reputational risks facing remaining companies.

On September 21, President Vladimir Putin escalated the war by announcing a "partial mobilisation"

¹ International Criminal Court, "Situation in Ukraine: ICC judges issue arrest warrants against Vladimir Vladimirovich Putin and Maria Alekseyevna Lvova-Belova," March 17, 2023, <https://www.icc-cpi.int/news/situation-ukraine-icc-judges-issue-arrest-warrants-against-vladimir-vladimirovich-putin-and> (accessed March 22, 2023).

of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#)) mandates all organisations, including the more than 1,500 international companies that are currently operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of the employees is eligible for military service.² They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

A new decree issued by President Putin on March 3, 2023, enables the Russian government to suspend shareholders' rights and implement external management in companies that don't fulfil state defence contracts under conditions of martial law.³ By specifying the process of appointing Russian government representatives to manage businesses that fail to meet state orders, the latest Decree effectively creates a scenario of "partial nationalization."

With new legislation introducing partial mobilisation, nationalisation, and potentially martial law in Russia, it is highly likely that corporations will be unable to prevent or mitigate negative human rights impacts; an obligation imposed on companies by the United Nations Guiding Principles on Business and Human Rights. As such, continuing to conduct business in Russia entails significant legal risks for companies, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.⁴ By remaining in Russia, companies face the rising risk of criminal liability for complicity in international crimes, which can be prosecuted by domestic courts outside Russia under

² Federal Law No. 31-FZ of February 26, 1997 "On mobilization training and mobilization in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed November 14, 2022).

³ Decree of the President of the Russian Federation No. 139 dated March 3, 2023 "On Certain Issues of Carrying Out the Activities of Business Companies Participating in the Fulfilment of the State Defense Order", <http://publication.pravo.gov.ru/Document/View/0001202303030004> (accessed March 22, 2023).

⁴ International companies remaining in Russia are now at a greater risk of violating sanctions regimes as implementation of the legislation will likely involve transacting with sanctioned individuals or entities. Furthermore, new domestic civil and criminal cases against companies involved in violations of international law demonstrate the risk of significant liability for facilitating state-sponsored human rights abuses abroad (e.g., Lafarge case, Lundin case, Castel Group indictment, Nevsun holding, and Dassault Aviation, Thales, and MBDA France criminal complaint.) Victoria Riello and Larissa Furtwengler, "Corporate Criminal Liability for International Crimes: France and Sweden Are Poised To Take Historic Steps Forward," *Just Security*, September 6, 2021, <https://www.justsecurity.org/78097/corporate-criminal-liability-for-human-rights-violations-france-and-sweden-are-poised-to-take-historic-steps-forward/> (accessed November 14, 2022); The Sentry, "Breaking: France Opens War Crimes Inquiry Focused on Iconic Food and Beverage Conglomerate," July 1, 2022, <https://thesentry.org/2022/07/01/7216/breaking-france-opens-war-crimes-inquiry-focused-iconic-food-beverage-conglomerate/> (accessed November 14, 2022); Rfi, "French technology firm charged over Libya cyber-spying," July 2, 2022, <https://www.rfi.fr/en/business-and-tech/20210701-french-tech-firm-charged-over-libya-cyber-spying> (accessed November 14, 2022); Preston Lim, "Canadian Supreme Court Allows Corporate Liability for International Law Violations," *Lawfare*, March 12, 2022, <https://www.lawfareblog.com/canadian-supreme-court-allows-corporate-liability-international-law-violations> (accessed November 14, 2022); Sherpa, "Aiding and abetting war crimes in Yemen: Criminal complaint submitted against French arms companies," June 2, 2022, <https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed November 14, 2022).

the doctrine of "universal jurisdiction."⁵ Companies may also be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.⁶

Firms which continue to trade with Russia also face high levels of risk attached to financial transactions. On 24 February 2023, the Financial Action Task Force (FATF) suspended Russia's membership as a result of the war, calling on all actors in the international financial system to exercise extreme caution in all dealings with Russia.⁷ In practice, the decision means that all international banks will scrutinise all Russian payments, making financial transactions more expensive, lengthy, with no guarantee that the transaction will occur at all.⁸ Although FATF has not yet blacklisted Russia, it highlighted the consensus among its 36 member countries that "the Russian federation's actions represent a gross violation of the commitment to international cooperation upon which FATF Members have agreed to implement and support the FATF Standards."⁹ Previous practice shows that noncooperative behaviour is one of the reasons for FATF blacklisting. As a result, companies should examine and mitigate the high levels of risk attached to financial transactions with Russia and based on that risk, companies should reconsider all ongoing business operations related to Russia.

Additionally, the Ukrainian government's [National Agency on Corruption Prevention](#) (NACP) has created a list of "foreign companies that, despite the international recognition of Russia as the aggressor state and the introduced sanctions restrictions, continue to cooperate with it."¹⁰ These companies are recognised as "international sponsors of war" by the Ukrainian state. The listed entities will be included into the World-Check database to protect the global financial sector from Russian sponsors of war. Since banks and insurance companies use World-check to assess risks, companies on the list will be limited in freely accessing personal and corporate finances. So far there are 24 companies on the list, but the NACP notes that it will be expanded with "international companies that provide the public and private sector with goods and services of critical purpose, as well as [those that] contribute to the Russian budget."¹¹

⁵ For example, ongoing proceedings in the US and France against the French multinational Lafarge for complicity in human rights violations in Syria. The Paris Court of Appeal, "La Cour d'appel de Paris confirme la mise en état de la multinationale française Lafarge pour complicité de crimes contre l'humanité commis par l'Etat islamique," May 18, 2022, <https://www.doughtystreet.co.uk/sites/default/files/media/document/Press%20release%20french%20version.pdf> (accessed March 22, 2023); United States Attorney's Office, Eastern District of New York, "Lafarge Pleads Guilty to Conspiring to Provide Material Support to Foreign Terrorist Organizations," October 18, 2022, <https://www.justice.gov/usao-edny/pr/lafarge-pleads-guilty-conspiring-provide-material-support-foreign-terroris> (accessed March 22, 2023).

⁶ Venable LLP, "Do You Contract with State Governments? If So, Beware of Emerging State Sanctions' Obligations Related to Russia and Belarus," *JD Supra*, June 3, 2022, <https://www.jdsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed January 2, 2022).

⁷ FATF, "FATF Statement on the Russian Federation," February 24, 2023, <https://www.fatf-gafi.org/en/publications/Fatfgeneral/fatf-statement-russian-federation.html> (accessed March 14, 2023).

⁸ Liudmyla Sliptsova, "Russia's membership in the FATF suspended. What does this mean and how ruinous is this for the aggressor's economy?," *Mind*, February 27, 2023, <https://mind.ua/en/publications/20253993-russias-membership-in-the-fatf-suspended-what-does-this-mean-and-how-ruinous-is-this-for-the-aggre> (accessed March 14, 2023).

⁹ FATF (n 7).

¹⁰ NACP, "International Sponsors of War," <https://sanctions.nazk.gov.ua/en/boycott/> (accessed February 6, 2023).

¹¹ NACP, "Companies from the NACP list of "International Sponsors of War" are now in the World-check database, used worldwide for reviewing counterparties," September 7, 2022, <https://nazk.gov.ua/en/news/companies-from-the-nacp-list-of-international-sponsors-of-war-are-now-in-the-w>

In response to this unprovoked and unjustified war¹² many companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), HUGO BOSS has decided to stay and continue its operations in Russia.

Shortly after the invasion, HUGO BOSS announced that it has temporarily closed its stores and suspended all retail and e-commerce business activities in Russia.¹³ According to the company, the Russian and Ukrainian market combined accounted for around 3% of Group sales in fiscal year 2021.¹⁴ In the same statement, HUGO BOSS expressed its deep concern “by the terrible situation in Ukraine.” At the time, HUGO BOSS’ Russian websites indicated that “delivery of orders to Russia is temporarily not carried out.”¹⁵

However, Russian customs data shows that after a brief hiatus in spring 2022, HUGO BOSS continued direct exports to Russia, predominantly from Germany as a departure country.¹⁶ In March 2023, a year after the invasion, Germany exported almost \$9 million worth of goods to Russia.¹⁷ Likewise, Russia is still included on the HUGO BOSS’ websites, particularly focused on employment opportunities.¹⁸ Russian media reports that HUGO BOSS earned ₺6.27 billion in Russia last year, making the company the top premium brand in the country in 2022.¹⁹

These activities in Russia risk enabling and financing Russia’s violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine.

We seek to understand the status of HUGO BOSS’ exposure to Russia and how HUGO BOSS has conducted and continues to conduct heightened human rights due diligence, and how the findings of such a process have resulted in these continued business activities and relationships. As noted by the UNGPs:

...the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.

[orld-check-database-used-worldwide-for-reviewing-counterparties/?hilit=sponsor+of+war](#) (accessed February 6, 2023).

¹² The UN General Assembly condemned Russia’s “aggression against Ukraine” and demanded that Moscow “unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders.”

¹³ HUGO BOSS, “Hugo Boss achieves strong comeback in 2021,” March 10, 2022, <https://group.hugoboss.com/en/newsroom/news/news-detail/hugo-boss-achieves-strong-comeback-in-2021> (accessed May 15, 2023).

¹⁴ Ibid.

¹⁵ Interfax, “Hugo Boss has suspended sales in Russia,” March 10, 2022, <https://www.interfax-russia.ru/rossiya-i-mir/hugo-boss-priostanovil-prodazhi-v-rf> (accessed May 15, 2023).

¹⁶ Squeezing Putin, “Hugo Boss Exports into Russia,” May 3, 2023, <https://squeezingputin.com/support.html#HugoBoss3May23> (accessed May 15, 2023).

¹⁷ Ibid.

¹⁸ HUGO BOSS, “Hugo Boss in Russia,” <https://group.hugoboss.com/en/career/locations/location-russia> (accessed May 15, 2023).

¹⁹ RBC, “Which luxury brand earned the most in Russia in 2022,” May 2, 2023, <https://www.rbc.ru/business/02/05/2023/644f51619a794704837f3db3> (accessed May 15, 2023).

In consideration of the above points and B4Ukraine's [Declaration](#), we request an urgent dialogue with HUGO BOSS' relevant senior management and staff to discuss the company's ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact the B4Ukraine Coalition at contact@b4ukraine.org to schedule a call. We kindly ask for your response by 5:00pm CET, May 29, 2023.

Sincerely,

The B4Ukraine Coalition