

ECONOMY



FOR THE COMMON GOOD

An economic model for the future

Applying the Common Good Matrix to Multinational Enterprises

The Case of Hugo Boss, Deutsche
Bank and BMW



The Common Good Matrix at a Glance

- Developed by the international movement for an Economy for the Common Good (ECG)
- Framework for the organizational development and evaluation of business activities in relation to all stakeholders and the common good
- Describes 20 common good themes and gives guidance for evaluating contributions to the common good
- Basis for creating a Common Good Report
- Possible score from -3.600 to +1.000 points
- Version 5.0 adopted in 2017



VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
A: SUPPLIERS	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
B: OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to the environment	B4 Ownership and co-determination
C: EMPLOYEES	C1 Human dignity in the workplace and working environment	C2 Self-determined working arrangements	C3 Environmentally friendly behaviour of staff	C4 Co-determination and transparency within the organisation
D: CUSTOMERS AND BUSINESS PARTNERS	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
E: SOCIAL ENVIRONMENT	E1 Purpose of products and services and their effects on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Social co-determination and transparency

The values shown in the columns refer to democratic constitutions and promote successful relationships and a good life ||| The rows reflect the five stakeholder groups which an organization has most contact with ||| The purpose of the evaluation is to show the impact of corporate activities on the common good |||

Background of the Project

- Starting Point
 - What results do you get when you apply the Common Good Matrix to publicly traded corporations based on the available information?
- First Research Question
 - On which topics and aspects of the Common Good Matrix do the corporations report publicly? And to what extent do they do it?



Project Goals

- Increase knowledge on ECG among big players in the mainstream economy
- Contacting them with the results of our assessment proposing a dialogue
- Reaching out to NGOs and discuss how they could use the Common Good Matrix to the advantage of their campaign and advocacy work
- Informing the further development of the ECG



Project Realisation

- Systematic comparison of the annual and sustainability reports along the 20 themes covered by the Common Good Matrix
- Currently 3 corporations from 3 sectors are in the focus
 - Textiles: Hugo Boss
 - Finances: Deutsche Bank
 - Automobile: BMW



Current Status and First Results

- Comparison of company reports with Common Good Matrix has been completed
- Overviews for all 3 corporations that show:
 - Which themes covered by the Common Good Matrix are touched not at all (white/blank)*
 - Which themes are touched a little (light blue)*
 - Which ones are touched in a more sophisticated manner (dark blue)*
- Reports tend to focus more on environmental sustainability (themes A3 to E3 in the ECG Matrix)





Deutsche Bank

VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
A:	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
SUPPLIERS	A1.1: Working conditions and social impact in the supply chain	A2.1: Fair business practices towards direct suppliers	A3.1: Environmental impact throughout the supply chain	A4.1: Transparency towards suppliers and their right to co-determination
	A1.2: Negative aspect: violation of human dignity in the supply chain	A2.2: Exercising a positive influence on solidarity and social justice throughout the supply chain	A3.2: Negative aspect: disproportionate environmental impact within the supply chain	A4.2: Positive influence on transparency and co-determination throughout the supply chain
		A2.3: Negative aspect: abuse of market power against suppliers		
B:	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to social and environmental impacts	B4 Ownership and co-determination
OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1.1: Financial independence through equity financing	B2.1: Solidarity and common Good-orientated use of funds	B3.1: Environmental quality of investments	B4.1: Common Good-orientated ownership structure
	B1.2: Common Good-orientated borrowing		B3.2: Common Good-orientated investment	B4.2: Negative aspect: hostile takeover
	B1.3: Ethical position of external financial partners			
C:	C1 Human dignity in the workplace and working environment	C2 Structuring of employment contracts	C3 Environmentally friendly behaviour of staff	C4 Co-determination and transparency within the organisation
EMPLOYEES	C1.1: Employee-focused organisational culture	C2.1: Pay structure	C3.1: Food during work hours	C4.1: Transparency within the organisation
	C1.2: Health promotion and occupational health and safety	C2.2: Structuring working time	C3.2: Travel to work	C4.2: Legitimation of the management
	C1.3: Diversity and equal opportunities	C2.3: Employment structure and work-life balance	C3.3: Organisational culture, cultivating awareness for an environmentally-friendly approach	C4.3: Employee co-determination
	C1.4: Negative aspect: inadequate working conditions	C2.4: Negative aspect: unfair employment contracts	C3.4: Negative aspect: guidance on waste/ environmentally damaging practices	C4.4: Negative aspect: obstruction of works councils
D:	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
CUSTOMERS AND BUSINESS PARTNERS	D1.1: Respect for human dignity in communication with customers	D2.1: Cooperation with other companies	D3.1: Environmental cost-benefit ratio of products and services (efficiency and consistency)	D4.1: Customer participation, joint product development and market research
	D1.2: Barrier-free access	D2.2: Solidarity with other companies	D3.2: Moderate use of products and services (sufficiency)	D4.2: Product transparency
	D1.3: Negative aspect: unethical advertising	D2.3: Negative aspect: abuse of market power to the detriment of other companies	D3.3: Negative aspect: wilful disregard of disproportionate environmental impacts	D4.3: Negative aspect: non-disclosure of hazardous substances
E:	E1 The purpose of products and services and their effect on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Transparency and co-determination
SOCIAL ENVIRONMENT	E1.1: Products and services should cover basic needs and contribute to a good life	E2.1: Taxes and social security contributions	E3.1: Absolute impact and management strategy	E4.1: Transparency
	E1.2: Social impact of products and services	E2.2: Voluntary contributions that strengthen society	E3.2: Relative impact	E4.2: Social participation
	E1.3: Negative aspect: unethical and unfit products and services	E2.3: Negative aspect: inappropriate non-payment of tax	E3.3: Negative aspect: infringement of environmental regulations and disproportionate environmental pollution	E4.3: Negative aspect: lack of transparency and wilful misinformation
		E2.4: Negative aspect: no anti-corruption policy		



VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
A:	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
SUPPLIERS	A1.1: Working conditions and social impact in the supply chain	A2.1: Fair business practices towards direct suppliers	A3.1: Environmental impact throughout the supply chain	A4.1: Transparency towards suppliers and their right to co-determination
	A1.2: Negative aspect: violation of human dignity in the supply chain	A2.2: Exercising a positive influence on solidarity and social justice throughout the supply chain	A3.2: Negative aspect: disproportionate environmental impact within the supply chain	A4.2: Positive influence on transparency and co-determination throughout the supply chain
		A2.3: Negative aspect: abuse of market power against suppliers		
B:	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to social and environmental impacts	B4 Ownership and co-determination
OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1.1: Financial independence through equity financing	B2.1: Solidarity and common Good-orientated use of funds	B3.1: Environmental quality of investments	B4.1: Common Good-orientated ownership structure
	B1.2: Common Good-orientated borrowing	B2.2: Negative aspect: unfair distribution of funds	B3.2: Common Good-orientated investment	B4.2: Negative aspect: hostile takeover
	B1.3: Ethical position of external financial partners		B3.3: Negative aspect: reliance on environmentally unsafe resources	
C:	C1 Human dignity in the workplace and working environment	C2 Structuring of employment contracts	C3 Environmentally friendly behaviour of staff	C4 Co-determination and transparency within the organisation
EMPLOYEES	C1.1: Employee-focused organisational culture	C2.1: Pay structure	C3.1: Food during work hours	C4.1: Transparency within the organisation
	C1.2: Health promotion and occupational health and safety	C2.2: Structuring working time	C3.2: Travel to work	C4.2: Legitimation of the management
	C1.3: Diversity and equal opportunities	C2.3: Employment structure and work-life balance	C3.3: Organisational culture, cultivating awareness for an environmentally-friendly approach	C4.3: Employee co-determination
	C1.4: Negative aspect: inadequate working conditions	C2.4: Negative aspect: unfair employment contracts	C3.4: Negative aspect: guidance on waste/ environmentally damaging practices	C4.4: Negative aspect: obstruction of works councils
D:	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
CUSTOMERS AND BUSINESS PARTNERS	D1.1: Respect for human dignity in communication with customers	D2.1: Cooperation with other companies	D3.1: Environmental cost-benefit ratio of products and services (efficiency and consistency)	D4.1: Customer participation, joint product development and market research
	D1.2: Barrier-free access	D2.2: Solidarity with other companies	D3.2: Moderate use of products and services (sufficiency)	D4.2: Product transparency
	D1.3: Negative aspect: unethical advertising	D2.3: Negative aspect: abuse of market power to the detriment of other companies	D3.3: Negative aspect: wilful disregard of disproportionate environmental impacts	D4.3: Negative aspect: non-disclosure of hazardous substances
E:	E1 The purpose of products and services and their effect on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Transparency and co-determination
SOCIAL ENVIRONMENT	E1.1: Products and services should cover basic needs and contribute to a good life	E2.1: Taxes and social security contributions	E3.1: Absolute impact and management strategy	E4.1: Transparency
	E1.2: Social impact of products and services	E2.2: Voluntary contributions that strengthen society	E3.2: Relative impact	E4.2: Social participation
	E1.3: Negative aspect: unethical and unfit products and services	E2.3: Negative aspect: inappropriate non-payment of tax	E3.3: Negative aspect: infringement of environmental regulations and disproportionate environmental pollution	E4.3: Negative aspect: lack of transparency and wilful misinformation
		E2.4: Negative aspect: no anti-corruption policy		



VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
A:	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
SUPPLIERS	A1.1: Working conditions and social impact in the supply chain	A2.1: Fair business practices towards direct suppliers	A3.1: Environmental impact throughout the supply chain	A4.1: Transparency towards suppliers and their right to co-determination
	A1.2: Negative aspect: violation of human dignity in the supply chain	A2.2: Exercising a positive influence on solidarity and social justice throughout the supply chain	A3.2: Negative aspect: disproportionate environmental impact within the supply chain	A4.2: Positive influence on transparency and co-determination throughout the supply chain
		A2.3: Negative aspect: abuse of market power against suppliers		
B:	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to social and environmental impacts	B4 Ownership and co-determination
OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1.1: Financial independence through equity financing	B2.1: Solidarity and common Good-orientated use of funds	B3.1: Environmental quality of investments	B4.1: Common Good-orientated ownership structure
	B1.2: Common Good-orientated borrowing	B2.2: Negative aspect: unfair distribution of funds	B3.2: Common Good-orientated investment	B4.2: Negative aspect: hostile takeover
	B1.3: Ethical position of external financial partners		B3.3: Negative aspect: reliance on environmentally unsafe resources	
C:	C1 Human dignity in the workplace and working environment	C2 Structuring of employment contracts	C3 Environmentally friendly behaviour of staff	C4 Co-determination and transparency within the organisation
EMPLOYEES	C1.1: Employee-focused organisational culture	C2.1: Pay structure	C3.1: Food during work hours	C4.1: Transparency within the organisation
	C1.2: Health promotion and occupational health and safety	C2.2: Structuring working time	C3.2: Travel to work	C4.2: Legitimation of the management
	C1.3: Diversity and equal opportunities	C2.3: Employment structure and work-life balance	C3.3: Organisational culture, cultivating awareness for an environmentally-friendly approach	C4.3: Employee co-determination
	C1.4: Negative aspect: inadequate working conditions	C2.4: Negative aspect: unfair employment contracts	C3.4: Negative aspect: guidance on waste/ environmentally damaging practices	C4.4: Negative aspect: obstruction of works councils
D:	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
CUSTOMERS AND BUSINESS PARTNERS	D1.1: Respect for human dignity in communication with customers	D2.1: Cooperation with other companies	D3.1: Environmental cost-benefit ratio of products and services (efficiency and consistency)	D4.1: Customer participation, joint product development and market research
	D1.2: Barrier-free access	D2.2: Solidarity with other companies	D3.2: Moderate use of products and services (sufficiency)	D4.2: Product transparency
	D1.3: Negative aspect: unethical advertising	D2.3: Negative aspect: abuse of market power to the detriment of other companies	D3.3: Negative aspect: wilful disregard of disproportionate environmental impacts	D4.3: Negative aspect: non-disclosure of hazardous substances
E:	E1 The purpose of products and services and their effect on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Transparency and co-determination
SOCIAL ENVIRONMENT	E1.1: Products and services should cover basic needs and contribute to a good life	E2.1: Taxes and social security contributions	E3.1: Absolute impact and management strategy	E4.1: Transparency
	E1.2: Social impact of products and services	E2.2: Voluntary contributions that strengthen society	E3.2: Relative impact	E4.2: Social participation
	E1.3: Negative aspect: unethical and unfit products and services	E2.3: Negative aspect: inappropriate non-payment of tax	E3.3: Negative aspect: infringement of environmental regulations and disproportionate environmental pollution	E4.3: Negative aspect: lack of transparency and wilful misinformation
		E2.4: Negative aspect: no anti-corruption policy		

Looking a bit closer: 4 Sample ECG Scores for Hugo Boss

- What have we been looking at?
 - If covered to a certain degree, what is Hugo Boss actually saying in their reports regarding the ECG themes?
 - Assuming an official ECG certification, how many Common Good Points would Hugo Boss probably score in these themes?
 - Exemplary ECG themes chosen for the exercise:
A3.1, A3.2, C2.1, D1.1



VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
A: SUPPLIERS	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
B: OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to the environment	B4 Ownership and co-determination
C: EMPLOYEES	C1 Human dignity in the workplace and working environment	C2 Self-determined working arrangements	C3 Environmentally friendly behaviour of staff	C4 Co-determination and transparency within the organisation
D: CUSTOMERS AND BUSINESS PARTNERS	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
E: SOCIAL ENVIRONMENT	E1 Purpose of products and services and their effects on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Social co-determination and transparency

A3.1 Environmental impact throughout the supply chain

- *Sustainability Report (pp. 18-25, 37-38, 44-53)*
- *Annual Report (pp. 67-68)*

A3.2 Disproportionate environmental impact within the supply chain

- *Sustainability Report (pp. 44-45, 49)*

A3.1 Questions for Compiling the Common Good Report

- Which raw materials are used in the production process and in what quantity?
 - **Data available (see SR, p. 49)**
- What types of energy, materials and technologies are used in the production process?
 - **Data available, some details are missing (see SR, pp. 18-25)**
- What is the criteria for selecting raw materials, goods and services?
 - **Some data available (see AR, p. 67 and SR, pp. 49-50)**
 - **Natural Capital Protocol pilot project to identify impacts, only general info (AR, p. 67)**
- How are environmental risks in the supply chain monitored or assessed?
 - **Audits and country risk analysis (see SR, pp. 44-48)**
- What harmful environmental effects are there in the supply chain or in the production of purchased goods?
 - **No data available**



A3.1 Questions for Compiling the Common Good Report

- What environmental criteria are taken into account when selecting suppliers and their products?
 - Some data available (see AR, p. 67 and SR, p. 44)
 - Suppliers are required to use a Restricted Substances List (SR, p. 47)
 - Suppliers need to submit environment-related information in regarding management systems, energy, greenhouse gases and transport, water consumption, wastewater, waste and the prevention of hazardous substances (SR, p. 44)
- What measures have been put into place to reduce the environmental impact of suppliers throughout the supply chain?
 - Some data available but details on level of reduction are missing (see SR, pp. 18-25, 37-38, 44-53) and AR (pp. 67-68)
 - Audits at 24 strategic finished goods suppliers in the reporting year (SR, p. 44)
 - Continual monitoring system for checking the implementation of the agreed improvement activities for suppliers who were audited (ibid.)



A3.1 Compulsory Indicators for the Common Good Report

- How do we compare to competitors with regard to environmentally friendly purchases?
 - **No data available**
- Proportion of purchased goods and services that are environmentally preferable alternatives.
 - **Some data available (see SR, pp.17-25, 37 and p. 61)**
 - **Preference to local sourcing offers “when possible” (SR, p. 37)**
 - **Targets for 2017 not clearly quantified (SR, p. 61)**
 - **Most targets concern group’s own operations and not the whole supply chain (ibid.)**
- Proportion of suppliers who have reduced their environmental impact.
 - **No data available**



Selected Quotes from Hugo Boss' 2016 Annual and Sustainability Reports

“HUGO BOSS expects its suppliers to adhere to local and national environmental laws, as well as implement requirements for environmental protection measures at their sites. When possible, HUGO BOSS gives preference to local sourcing offers, in order to further reduce the environmental impact through the selection of its suppliers.” (SR, p. 37)

“HUGO BOSS obliges suppliers to sign a guarantee of compliance with the Restricted Substances List (RSL). The RSL outlines the observance of relevant local legislation and industry standards on the use of chemicals, as well as provides guidelines on the reduction of other potentially harmful substances in products and production processes.” (AR, p. 67)



Selected Quotes from Hugo Boss' 2016 Annual and Sustainability Reports

“The company requires that its suppliers submit environment-related information in at least six core areas. This includes key figures in relation to management systems, energy, greenhouse gases and transport, water consumption, wastewater, waste and the prevention of hazardous substances. On this basis, HUGO BOSS was able to audit an additional 24 strategic finished goods suppliers in the reporting year. Thus, the company achieved its goal of covering all strategic finished goods suppliers through audits. The Company set up a continual monitoring system for checking the implementation of the agreed improvement activities for suppliers who were audited in 2015. The system documents the agreed activities and dates, and enables the suppliers to be re-classified.”
(SR, p. 44)



Selected Quotes from Hugo Boss' 2016 Annual and Sustainability Reports

“HUGO BOSS collaborates as a pilot company in the Natural Capital Protocol ... The protocol provides a standardized framework that identifies and measures various environmental impacts of products. Using the Natural Capital Protocol allows HUGO BOSS to translate environmental impacts (e.g. climate change, water and soil pollution) into monetary values. The Company is now in a position to directly compare and contrast different environmental influences and to identify the most influential factors in the supply chain.” (AR, p. 67)



04|04 STATUS ENVIRONMENTAL COMPLIANCE PERFORMANCE

(portfolio of active finished goods suppliers¹)

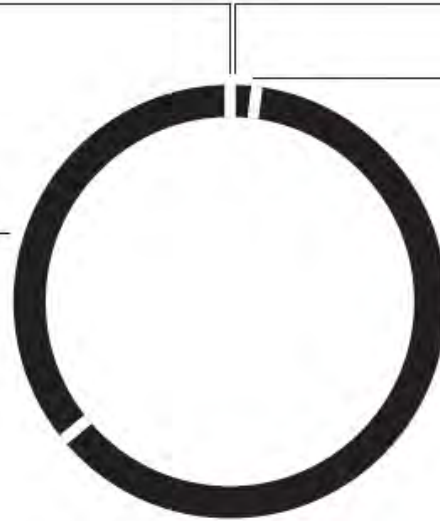
Insufficient 0%

Good 0%

Satisfying 2%

Risky 36%

Improvements needed 62%



¹ The chart refers to 55 valid audits for finished goods suppliers.

Good = Regular review of relevant consumption and emissions, processes and structures to improve the company's environmental performance are established.

Satisfying = Basic structures and processes are established, however relevant documentation is not available.


Improvements needed = Potential risks relate in particular to a lack of awareness and non-existence of relevant data.

Risky = Relevant licenses are not available, existing practices represent an immediate risk and can lead to significant environmental impacts and violations of legal obligations.

Insufficient = Existing practices lead to significant environmental impacts.

05|01 MATERIALS USED (in t)

	2016	in %
Cotton	6,192	46%
Wool	2,383	18%
Synthetic fibers	1,704	13%
Leather	1,513	11%
Regenerated fibers	470	4%
Rubber	468	3%
Polyurethane	216	2%
Silk	106	1%
Linen	76	1%
Compressed wood fibers	45	0%
Other	151	1%
Total	13,324	100%

02|03 ENERGY CONSUMPTION WITHIN THE ORGANIZATION BY REGION AND BY ENERGY SOURCE 
INCL. RETAIL¹ (in MWh)

Direct energy consumption	Europe	Americas	Asia/Pacific	Total
Heating oil	209	–	–	209
Liquified petroleum gas (LPG)	413	–	7	420
Natural gas	33,839	3,662	14	37,515
Other energy sources	593	–	–	593
Photovoltaic	547	–	–	547
Total direct energy consumption	35,601	3,662	21	39,284

Indirect energy consumption	Europe	Americas	Asia/Pacific	Total
Certified green electricity	21,541	–	457	21,998
Electricity	26,908	16,308	6,398	49,614
Total indirect energy consumption	48,449	16,308	6,855	71,612

¹ Energy data for retail are generally based on data queries at stores and outlets. 30% of stores and outlets were able to report energy consumption with respect to natural gas. 75% of stores and outlets reported data on electricity and district heating. Extrapolations on the basis of existing consumption data have been conducted by calculating average values (kWh/m²) for all other stores and outlets.

A3.1 Sample Assessment and Score

Levels of evaluation

Evaluation level	Score
Exemplary	7 – 10
Experienced	4 – 6
Advanced	2 – 3
Getting started	1
Baseline	0

Exemplary

Ecological purchasing management is part of the company's corporate identity and positioning. Policies for environmentally friendly purchasing and for reducing the environmental risks of purchased goods are innovative in all areas of business.

Experienced

Comprehensive purchasing guidelines have been established outlining how purchased goods are assessed and selected according to environmental criteria, and how suppliers are supported in implementing required environmental standards.

Almost all main suppliers fulfil above average environmental standards.

Advanced

First measures have been put into place to reduce the environmental risk or impact associated with the purchase of goods and services. There is a commitment to reduce the use of environmentally damaging products.

Initial steps have been taken to encourage suppliers to reduce environmentally damaging activities.

Getting started

Purchased goods and services are checked for environmental risks and impact, and environmentally preferable alternatives are sought.

Initial exclusion criteria are met when making purchases.

Baseline

Legal requirements are met. There is no further assessment of suppliers according to the environmental impact of their activities.

A3.2 Questions and Compulsory Indicator for Compiling the ECG Report

Questions

- Which suppliers or goods in the supply chain have a particularly damaging effect on the environment?
 - E.g. while there's data on how much cotton is used, there's no info on the environmental impact that has, Other statements concern animal welfare and biodiversity protection (see e.g. SR pp. 47-49)
- What measures have been put into place to reduce these effects?
 - e.g. product life-cycle studies, Nature Capital Protocol, collaborations with institutions, universities and NGOs, MSI memberships, RSL's for suppliers (see e.g. SR, p. 47-48)

Compulsory Indicator

- Proportion of purchased goods and services that are regarded as having a disproportionately high impact on the environment.
 - The reader is only given the proportion of the different materials but not about the impact of the materials on the environment (SR, p. 49)



Selected Quotes from Hugo Boss' 2016 Annual and Sustainability Reports

“When using materials of animal origin, such as leather, wool and down, the Company complies strictly with recognized animal welfare and biodiversity protection regulations ...

HUGO BOSS rejects animal testing and non-species appropriate animal breeding and animal husbandry methods ...

the Company demands its suppliers to guarantee that they comply with the RSL and actively conduct extensive tests of harmful substances”
(SR, p. 47)



A3.2 Sample Assessment and Score



Levels of evaluation

- **Baseline:** The company has low environmental risks in its supply chain and/or reduces any potential negative impact to a minimum.
- **20 minus points:** The company purchases goods and services from environmentally critical areas; measures put into place do not adequately reduce damaging effects on the environment.
- **100 minus points:** The company purchases essential goods and services from environmentally critical areas, and has made little attempt to introduce measures to improve this.
- **200 minus points:** The company's business practices contribute significantly to negative effects on the environment.



VALUE				
STAKEHOLDER	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
A: SUPPLIERS	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
B: OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to the environment	B4 Ownership and co-determination
C: EMPLOYEES	C1 Human dignity in the workplace and working environment	C2 Self-determined working arrangements	C3 Environmentally friendly behaviour of staff	C4 Co-determination and transparency within the organisation
D: CUSTOMERS AND BUSINESS PARTNERS	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
E: SOCIAL ENVIRONMENT	E1 Purpose of products and services and their effects on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Social co-determination and transparency

C2.1 C2.1 Pay structure

- *Sustainability Report (pp. 31-32)*
- *Annual Report (pp. 57, 90-101)*

C2.1 Questions for Compiling the Common Good Report

- How does the company remunerate for work done, and how transparent are the underlying conditions?
 - Compensation in line with industry-specific wage agreements (SR, p. 31)
 - Allowances above the pay scale and variable salary components for certain employee groups (ibid.)
 - Sustainability aspects form a fixed component of the medium-term management compensation but no further info (ibid.)
 - All other employees share in the Group's success through an annual success bonus, linked to achievement of internally defined Group targets but no further info (ibid.)



C2.1 Questions for Compiling the Common Good Report

- How does the organisation ensure that all employees are paid a 'living wage' relative to the local cost of living?
 - **No data available**
 - **Word 'living wage' not even mentioned, also no mentioning of wage situation in the supply chain**
- What possibilities exist in the organisation for salaries to be self-determined?
 - **Non-payscale employees receive basic salary plus bonus, 50% linked to Group targets and 50% to achievement of qualitative and quantitative personal goals but no further info (SR, p. 31)**



C2.1 Compulsory indicators for Compiling the ECG Report

- Maximum and minimum earnings (spread within the company)
 - **No data available**
- Median earnings
 - **No data available**
- Location-dependent 'living wage' (for all operational sites)
 - **No data available**



C2.1 Sample Assessment and Score

Evaluation level	Score
Exemplary	7-10
Experienced	4-6
Advanced	2-3
Getting started	1
Baseline	0

Levels of evaluation



Exemplary

A system for self-determining salaries has been developed. Salaries are adjusted individually where necessary and set by the employees themselves.

Experienced

The spread between the highest and lowest earnings within the organisation stands at a maximum of 1:5. The ratio can be adapted to the needs of the organisation if given appropriate approval by all employees. A mandate is sought when required.

Advanced

Measures have been taken to ensure a 'living wage' that is in keeping with the cost of living in the local area.

Getting started

There are regular analyses and discussions on a fair pay structure.

Baseline

The legal minimum requirements (e.g. minimum wage) are met.



VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
A: SUPPLIERS	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
B: OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to the environment	B4 Ownership and co-determination
C: EMPLOYEES	C1 Human dignity in the workplace and working environment	C2 Self-determined working arrangements	C3 Environmentally friendly behaviour of staff	C4 Co-determination and transparency within the organisation
D: CUSTOMERS AND BUSINESS PARTNERS	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
E: SOCIAL ENVIRONMENT	E1 Purpose of products and services and their effects on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Social co-determination and transparency

D1.1: Respect for human dignity in communication with customers

- *Sustainability Report (pp. 47, 53)*
- *Annual Report (37, GB 47-49)*

D1.1 Questions for Compiling the Common Good Report

- How are new customers acquired and what customer care services are provided to regular customers?
 - **No concrete info available**
 - **Various survey formats conducted regularly both worldwide and in specific regions (SR, p. 47)**
- How does the company ensure that the benefit to the customer takes precedence over the pursuit of revenue?
 - **Products exclusively from high-quality materials in terms of comfort, durability, an excellent fit and colorfastness (SR, p. 49)**
 - **Product safety measures to ensure customers' well-being (SR, p. 47, p. 53)**



D1.1 Questions for Compiling the Common Good Report

- In what form are ethical issues considered in advertising and in the sales process?
 - **No data available**
- What is the procedure for responding to requests and complaints from customers and how does the company ensure that a pragmatic approach is taken?
 - **No data available**



D1.1 Compulsory indicators for Compiling the ECG Report

- Overview of the marketing, sales and advertising budgets: expenditure for activities or campaigns
 - **No data available**
- Method of payment for sales staff: percentage share of fixed and sales-related earnings
 - **No data available**
- Does the company set sales targets for its staff:
Yes/ no
 - **No data available**



D1.1 Sample Assessment and Score

Levels of evaluation



Evaluation level	Score
Exemplary	7-10
Experienced	4-6
Advanced	2-3
Getting started	1
Baseline	0

Exemplary

An approach to customer relations that respects customers as equals forms an integral part of the company's market positioning strategy. Innovative solutions to ensuring respectful communication with customers are implemented in the long term.

Experienced

In addition to ethical guidelines on sales, all points of contact with customers are regularly reviewed and improved with the aim of better fulfilling customer needs and cultivating a spirit of partnership.

Advanced

Clear and precise ethical guidelines on customer acquisition and customer care as well as the promotion of word-of-mouth marketing are mandatory.

Getting started

Active efforts are made to address genuine customer needs. This applies to the range of products and services offered as well as to customer acquisition and customer care.

Baseline

The company adheres to the rules of fair competition, communicates honestly with customers and refrains from comparative advertising.

